DRAFT—Report

Housing Needs Assessment

Arapahoe & Douglas Counties

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Housing Needs Assessment

Prepared for

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Table of Contents

Table of Contents

Table of Contents

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
Arapahoe and Douglas Counties
Housing Needs Assessment

This section summarizes the top findings from a housing needs assessment that was conducted of both Arapahoe County and Douglas County in 2008. The study was conducted by BBC Research & Consulting (BBC) in Denver, and funded by the Colorado Division of Housing and the two counties.

The Housing Market, Broadly Defined

The vision of a joint housing study between Arapahoe County and Douglas County developed out of the recognition that "the market for housing does not stop at the county line." Residents live in one county and work in another. Households use services and patronize businesses in both counties. Employers depend on workers coming from both counties, as well as other counties in metro Denver.

To better understand the interdependence of the two counties from a housing and workforce perspective, the counties decided to conduct a housing needs assessment together. This Executive Summary reports the primary findings from the joint study with a particular focus on workforce housing. It begins with an overview of the demographics and housing markets in the two counties, moves into a discussion of the counties' relative affordability for workforce and then concludes with recommendations for how the two counties can better address unmet housing needs.

Demographics and Housing Markets

Growth, growth and more growth. Both Arapahoe County and Douglas County remain very popular places to live and work in the Denver metro area. Arapahoe County's heyday for growth occurred first in the 1950s, when the County grew at an average rate of 12 percent per year. Population surged again in the 1970s, when the County added more than 130,000 people (a growth rate of 8 percent per year). Since then growth has slowed considerably, and the County now grows at about 1-2 percent annually.

Douglas County also experienced a population explosion in the 1970s when its population almost tripled. Between 1970 and 2000 the County's average annual population growth ranged between 14 and 20 percent. The current decade has seen a relative slowdown with average annual growth of 6 percent—still strong for the Denver metro area.

As a result of this population growth, Douglas County's housing stock has grown by about 345 percent since 1990; Arapahoe County's housing stock has grown by 35 percent. On average, Arapahoe County has added more than 3,500 units and Douglas County, 4,500 units, to its housing stock every year between 1990 and 2007.

Finding housing. In 2007, the median priced home for sale in Arapahoe County was $205,000. This compares to $345,000 in Douglas County. Exhibit ES-1 compares the median prices by housing type for 2007. As demonstrated by the exhibit, except for single family attached units, homes are much more affordable in Arapahoe County.

Exhibit ES-1.
Median Price of Housing For Sale, 2007

	Arapahoe County	Douglas County
Overall median	$ 205,000	$ 345,000
Single family detached	$ 239,900	$ 372,900
Single family attached (duplexes and triplexes)	$ 222,565	$ 249,900
Condominiums and townhomes	$ 135,000	$ 199,000

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Second Quarter 2008.

The median rent in Arapahoe County was $838 in the second quarter of 2008; in Douglas County, the median was $1,045. Rents were lower in Arapahoe County for all rental unit sizes, as shown in Exhibit ES-2.

Exhibit ES-1.
Median Price of Housing For Rent, 2007

	Arapahoe County	Douglas County
Median, all sizes	$ 838	$1,045
Efficiency	$ 571	$ 675
1 bedroom, 1 bath	$ 723	$ 922
2 bedroom, 1 bath	$ 815	$ 954
3 bedroom	$1,225	$1,368

Source:

Genesis Group, Multiple Listing Service during 2007 and BBC Research & Consulting.

Housing to buy. It is easy to buy a home in Arapahoe County if you earn more than $50,000. Households at this income level could buy 70 percent of the County's attached units (4,900 units) for sale in 2008 and 19 percent of the County's detached units (3,070 units).

Households earning between $35,000 can also afford about one-third of the County's attached housing stock. If these renters want to buy they are mostly limited to attached homes. But, unlike in Douglas County, they have purchase options in Arapahoe County.

Buying in Douglas County is more difficult than buying in Arapahoe County, and attached housing becomes the only affordable product for low to moderate income renters who want to be homeowners. Renters earning $50,000 could afford to buy about one-third of attached units but just 1 percent of the detached units in the County. The County has a sizable proportion of renters—47 percent—who make enough to buy attached units but are choosing to rent, suggesting that they are having difficulty finding homes they want to buy in Douglas County.

The recent growth in Douglas County has provided the County with newer housing stock that has minimal condition concerns. Because of its new housing stock and locational demand, Douglas County is a more expensive market than neighboring areas. An analysis of listings of homes for sale in 2007 showed households must earn over $100,000 annually to be able to afford the median priced single family home. These higher home prices make it difficult for the County's essential workers, such as teachers, to afford to live in the community they work.

Housing to rent. In Arapahoe County, a little more than half of the County's renters can easily afford the median rent, and renters earning more than $25,000 have an adequate number of rental units from which to choose. This leaves about half of the County's renters unable to afford the median rent.

Renters earning less than $20,000 per year have the hardest time finding affordable units. In 2007, about 20,520 renter households—30 percent of all renter households in Arapahoe County—earned less than $20,000. These households need to pay $450 or less in rent and utilities each month to afford their housing costs, leaving money left over for other household expenses. Arapahoe has approximately 7,800 units affordable to these renters in addition to rental assistance vouchers—leaving a gap of approximately 12,500 underserved households.

The number of underserved renters in Douglas County is much smaller, as Douglas County has fewer renters and its renters are mostly moderate income. We estimate that there are 1,670 renters who cannot find rental units at their price range and are paying more for their rents than is affordable.

Who Cannot Afford to Live in Arapahoe and Douglas Counties?

Arapahoe County:

- Renters earning less than $35,000 find it difficult to buy in the current market. Many of these renters are unlikely to become owners unless they desire to buy attached housing units.

- Seniors and other residents living on low, fixed incomes need to stay in their homes because they cannot afford to move to other housing units in the County. Seniors living on Social Security Income (SSI) are unlikely to be able to afford the repairs their aging homes need.

- Approximately 12,500 renters who earn less than $20,000 are paying so much for their rental housing that they have difficulty affording other necessary household costs—such as transportation, childcare and health care.

Douglas County:

- Renters earning less than $50,000 find it quite difficult to buy in the current market. These renters were able to afford 1 percent of the single family homes and 31 percent of the multifamily units.

- Current owners who earn less than $50,000 would find it difficult to move within Douglas County's market and not be cost burdened, unless they have significant equity in their homes.

- There is a shortage of 1,670 units exists for Douglas County households earning less than $35,000 and seeking apartments renting for $225 to $800 per month. This means that these households are cost burdened because they are renting units at higher rental rates than they can afford.

Unmet need summarized. Exhibits ES-3 and ES-4 summarize the areas in the two counties' housing markets where supply is inadequate to meet demand.

Exhibit ES-3.
Arapahoe County
Market Mismatches,
2008

Source:
BBC Research & Consulting.

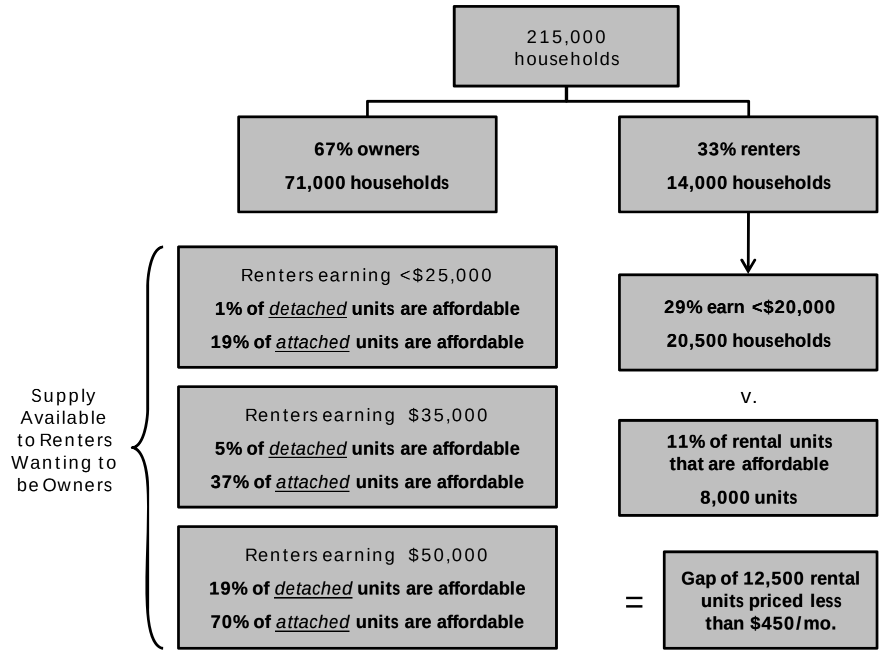
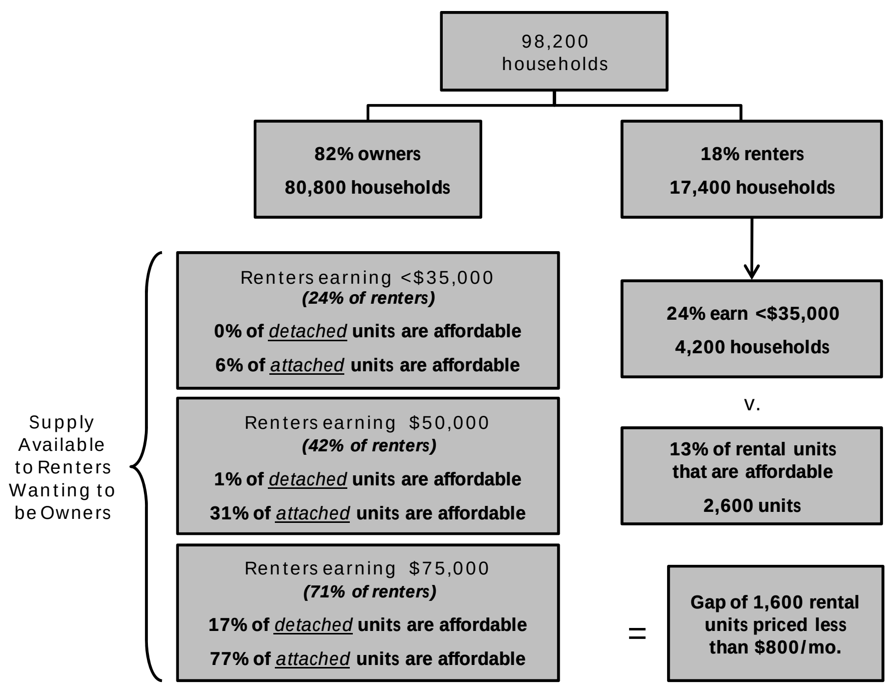


Exhibit ES-4.
Douglas County
Market Mismatches,
2008

Source:
BBC Research & Consulting.



Will future workforce be able to live in Arapahoe County and Douglas County?

Douglas will be challenging. The lack of housing at certain price levels has implications for Douglas County's, and to some extent, Arapahoe County's ability to house their current and future workforce. Except for workers in managerial and professional positions in Douglas County, it is challenging for most workers to afford a median priced rental unit today.

For workers earning the average salary in many professions, it is not possible to buy the median valued home in Douglas County. Even with two earners, workers in service and support occupations, sales, construction and production, as well as transportation jobs, cannot afford to buy in the County.

Douglas County's strongest growth in employment through 2016 is expected to come from construction, retail trade and accommodation and food services—currently its dominant industries. Workers in these jobs could afford homes ranging from approximately $51,000 to $158,000 depending on the occupation. Today, these worker households can afford to buy only 4 percent of the for sale homes in Douglas County. Assuming households have additional part-time or full-time workers contributing additional income, these affordability levels increase, thereby making slightly more homes affordable. Still, if current trends continue, the County is in a poor position to provide affordable housing for workers in its fastest growing professions through 2016.

And this assumes that prices appreciate in line with income growth. In reality, costs of housing in Douglas County may continue to outpace income growth. Douglas County offers a living environment that is very competitive in the Denver metro area—new housing stock, good schools, strong communities, beautiful landscapes and proximity to major employment centers (both north and south along I-25), entertainment, shopping centers and recreation.

For the County to avoid increased traffic congestion from new workers living in more affordable communities like Aurora and driving to work in Douglas County, the supply of affordable housing in Douglas County must increase.

Arapahoe will have affordable housing, but it is very location specific. Arapahoe County has some affordability concerns with its workforce, however there are more moderate- and high-wage jobs located in Arapahoe County as compared to Douglas County. In Arapahoe County, the occupations with the strongest growth in numbers—health care and social assistance, administrative support, construction and professional and technical services—could afford homes ranging from approximately $116,000 to $260,000 in Arapahoe County. Today, these worker households can afford to buy 19 to 68 percent of the housing stock in Arapahoe County. Assuming households have additional part-time or full-time workers contributing additional income, these affordability levels increase, thereby making an even greater percentage of homes affordable. If current trends continue, the County is well-positioned to provide housing for workers in its fastest growing professions through 2016.

However, even though Arapahoe County has much more affordable homes to buy at lower income levels, these homes are not always in close proximity to major employment centers and many have rehabilitation needs. In Arapahoe County, home prices are very much location-specific. The amenities accompanying expensive housing stock in Arapahoe County include locales in Cherry Hills Village, Bow Mar and Greenwood Village, more square footage and, most likely, a larger lot.

Typically the denser part of the County is home to older homes that may require more rehabilitation needs but are also more affordable.

The most affordable parts of Arapahoe County are the Sheridan/Englewood/north Littleton area—and mostly Aurora. Of the 2,683 multifamily units for sale in 2007 and affordable at 50 percent of the AMI, 86 percent were in Aurora. Of those affordable at 80 percent of the AMI, 74 percent were in Aurora.

For single family units, Aurora provided 90 percent of those affordable at 50 percent of AMI and 84 percent of those affordable at 80 percent of AMI. No other community comes close to matching this contribution to the for sale affordable housing stock. And, Aurora also offers very affordable rents compared to other areas in the County.

Although Sheridan and parts of Englewood and Littleton are also very affordable, they have far fewer units, and the units are closer to employment centers in Jefferson County and Denver than to future employment centers in Arapahoe County (to which central and southeast Aurora is closer). In essence, Arapahoe County depends on Aurora to provide much of its affordable housing, and this is likely to continue.

Addressing Unmet Housing and Workforce Needs

Arapahoe County. Arapahoe County has worked very hard in the past to ensure that residents have adequate housing. Programs the County provides and fund include home rehabilitation and improvements, public facility improvements, infrastructure improvements, public services and other housing programs. Housing programs also include a first time buyer program, single family rehabilitation, multifamily rehabilitation and new construction assistance.

Communities within Arapahoe County have also provided incentives for the production of affordable housing. For example, Englewood and Sheridan have waived fees for affordable housing development on a case-by-case basis.

Douglas County. The Community Services Division of the Community Development Department is the lead agency for Douglas County Community Development Block Grant (CDBG) activities. Recent programs the County has funded include housing projects, facility projects and public service projects. Housing projects include funding a homeownership program, land acquisition, water/sewer tap fee assistance, renovation/repairs, and emergency housing assistance.

Communities within Douglas County and also have programs to promote affordable housing:

- The community of Castle Rock has an Attainable Housing Fee Reduction ordinance. It states a developer can receive a 25 percent reduction in development impact fee per affordable unit. However, this program has not been well utilized yet.

- Lone Tree negotiated with the developer of the RidgeGate development to have primary housing for workforce built in a later phase (approximately 5-10 years out) of the development. Housing will be targeted for persons earning $10-20 per hour[1].

[1] These are 2000 wages.

Recommendations for Arapahoe County

1. Set affordable rental goals. Set a goal for reducing the gap in rental units and work with the County's housing authorities, including the Aurora Housing Authority, to build more deeply subsidized rental units.

Approximately 29 percent of the County's renters earn less than $20,000 per year. Six percent of the County's rental units (including voucher subsidies) are affordable to these renters. We recommend this proportion be increased to 15 percent, so at least half of these renters have an opportunity to avoid being cost burdened. This means that the number of affordable units in the County are doubled.

2. Establish formal collaborative relationships. Continue to work with Aurora to gauge housing affordability and need since Aurora provides such a large portion of affordable housing, particularly for sale housing, in Arapahoe County. Formalize a method of communication and collaboration on workforce housing developments.

3. Offer developer incentives. The County should encourage density around employment centers and transit sites by offering fee waivers and/or density bonuses to developers who integrate affordable units into their developments. Formalize an incentives package and offer deeper incentives for more affordable developments. The County should also encourage municipalities to adopt similar incentive packages, so that the incentives are consistent, transparent and applied equally across the County.

4. Continue rehab efforts. Continue acquisition and rehabilitation programs in the older portions of the County to preserve housing stock and keep lower-income owners in safe and sound housing. Although this study did not contain a detailed analysis of the senior housing market and needs, it is likely that as the County's population ages, affordable senior housing with services will be needed.

5. Educate the public. Educate the public about options for development, the consequences of sprawl and how affordable housing can be attractive and dense.

Recommendations for Douglas County

1. Eliminate the rental gap. Douglas County's rental gap is modest compared to many other areas. As discussed in Section III.D, the County is short 1,670 units to meet the needs of low income renters. The County could meet this demand in five years by building about 330 units per year—or one larger sized rental development each year for five years.

2. Create more homeownership opportunities. The County's biggest need is creating affordable homes for moderate income renters to buy. Unless the County creates more affordable homeownership units—preferably small lot single family detached units—the County's growing workforce will need to commute to jobs within the County from out of the County. These units should be created through negotiations with developers, offering development incentives and potentially implementing inclusionary zoning policies (see below).

To facilitate the creation of such opportunities, we recommend that the County establish a goal for the proportion of affordable units that are for sale (on average) in any given year. At the time this market study was completed, just 1 percent of single family detached units, and 31 percent of attached units for sale were affordable to households earning $50,000 per year. The County should establish a goal to increase the proportion of affordable units available for purchase by moderate income households.

3. Offer developer incentives. Take the lead on developing an incentives package for developers of affordable housing. Encourage all communities within Douglas County to adopt such incentives (this study can be used as the platform for a regional discussion about affordable housing needs). These incentives should include fast track approval and fee waivers, and potentially density bonuses.

- **Fast track approval.** Projects that meet County targets for affordability should go directly to the top of the development queue and receive fast track approval. These projects must contain the actual development of affordable housing (i.e., developments receiving density bonuses by paying an in-lieu fee would not receive fast track approval). The County should diagram the fast track approval process and demonstrate the amount of time and cost a developer will save through fast track approval.

- **Fee waivers.** Waive development fees for developments that integrate a certain portion of affordable units. This helps lower development costs and reduces the price of housing. These fees might be basic development fees, development impact fees and, in some cases, water and sewer fees. Some communities offer fee waivers that are proportionate to the level of affordability in a project (e.g., the more affordable the housing, the higher the fee waiver). In the current budgetary climate, some communities are authorize fee waivers up to a certain point each year (e.g., $150,000 of fee waivers annually).

- **Density bonuses.** Density bonuses give developers the right to build more units on a parcel of land than what is currently allowed. Increasing allowable density means that developers can generate additional revenue by building more units. They then use that revenue to lower the per unit selling price, making all the units more affordable.

  Other ways to decrease development costs are to grant building variances—for example, allowing fewer parking spaces than would otherwise be required by zoning ordinances to allow more land for development. If a developer can add units or reduce costs of a development through height variances, reduced parking requirements, reduced setbacks, and landscaping or design requirements, they can better afford to add cost-effective housing to the overall development plan.

4. Establish a land bank. Land banking is a program whereby land is acquired by a division of government or nonprofit with the purpose of developing affordable/workforce housing or engaging in revitalization activities. After a holding period, the land is sold to a nonprofit or private developer, often at a price lower than market, who agrees to the land use conditions (e.g., creation of affordable/workforce housing).

Land bank programs can serve dual purposes. While some programs are created solely for the acquisition of land for future affordable housing development, others have broader long-term community planning goals. In distressed communities, land banking programs allow cities to acquire vacant and underperforming parcels, be a catalyst for redevelopment, and to benefit from increased tax revenues from the properties. In communities with rapidly rising land costs, land banking programs promise a long-term savings to taxpayers: for example, when public buildings need to be constructed, they can be built at less than the current market cost due to the earlier acquisition of the property by the land bank.

The County should establish a regional land bank to which private property may be donated (with potential tax benefits) and public property may be held for future affordable housing development. The County can also purchase appropriate parcels to add to the land bank as they become available. The County should explore partnerships with school districts, municipalities, utility companies and other public landowners to donate the land for affordable housing in exchange for a certain proportion of the units that have first right of refusal to public sector employees (e.g., teachers).

As part of the land bank effort, the County, with the municipalities, should inventory and identify land parcels appropriate for affordable housing development. This would include both vacant land and land currently being used/leased, that might be appropriate for affordable housing development.

Private landowners who are also employers in the community should also be engaged in this effort to the extent possible. Private land owners and developers may be motivated to donate some or all of the market value of property that is suitable for affordable housing development. This motivation may be charitable in nature, or it may be part of a developer/owner's efforts to meet requirements and gain governmental approvals for new development. Land donation can also be linked to other developer incentives (e.g., density bonuses).

5. Increase revenue sources. The County should consider bolstering the funds from the cash-in-lieu program with a dedicated source of revenue. This could come from increasing the development impact fee on market rate units (currently a modest $1,000) or establishing a housing trust fund, funded by a mill levy increase. The cities of Albuquerque and Austin have recently passed general obligation bonds dedicated solely to funding the development of affordable housing, ranging from homeless shelters to workforce housing developments.

6. Inclusionary zoning. Keep inclusionary zoning on the table. The County may want to establish a voluntary inclusionary zoning program where developers provide a certain portion of affordable units (most communities start with 10 percent) in exchange for incentives such as fee waivers and density bonuses. If such a program does not produce many affordable units, the County should consider mandatory inclusionary zoning. Although controversial, mandatory inclusionary zoning programs are highly effective in producing affordable units at very little cost to the public. They must be designed carefully, though, with input from the development community if possible, to ensure that the units are marketable and appropriately meet community demand.

7. Educate the public. Educate the public about options for development, the consequences of sprawl and how affordable housing can be attractive and dense.

SECTION I.
Introduction

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In 2008, Arapahoe County and Douglas County contracted with BBC Research & Consulting (BBC) to complete this housing needs assessment. The purpose of this study is to expand the data, analysis and knowledge of housing needs at the county, city and joint-county level. In addition, the Counties' desired study to include a housing market and needs assessment, while serving as the foundation for the required strategic planning component of the federal Consolidated Plan regulations.

The housing needs assessment will also be the vehicle through which relevant stakeholders will come together to create and implement housing programs to address the identified needs. The study was funded by a grant from the Colorado Division of Housing (CDOH), in addition to contributions from Arapahoe County and Douglas County.

Study Area

The study area for this needs assessment includes Arapahoe County and Douglas County, Colorado; the incorporated municipalities in both counties that choose to participate in the HUD grant funding process; and the unincorporated areas of each county. The following municipal level data is included in the community and housing profiles where available.

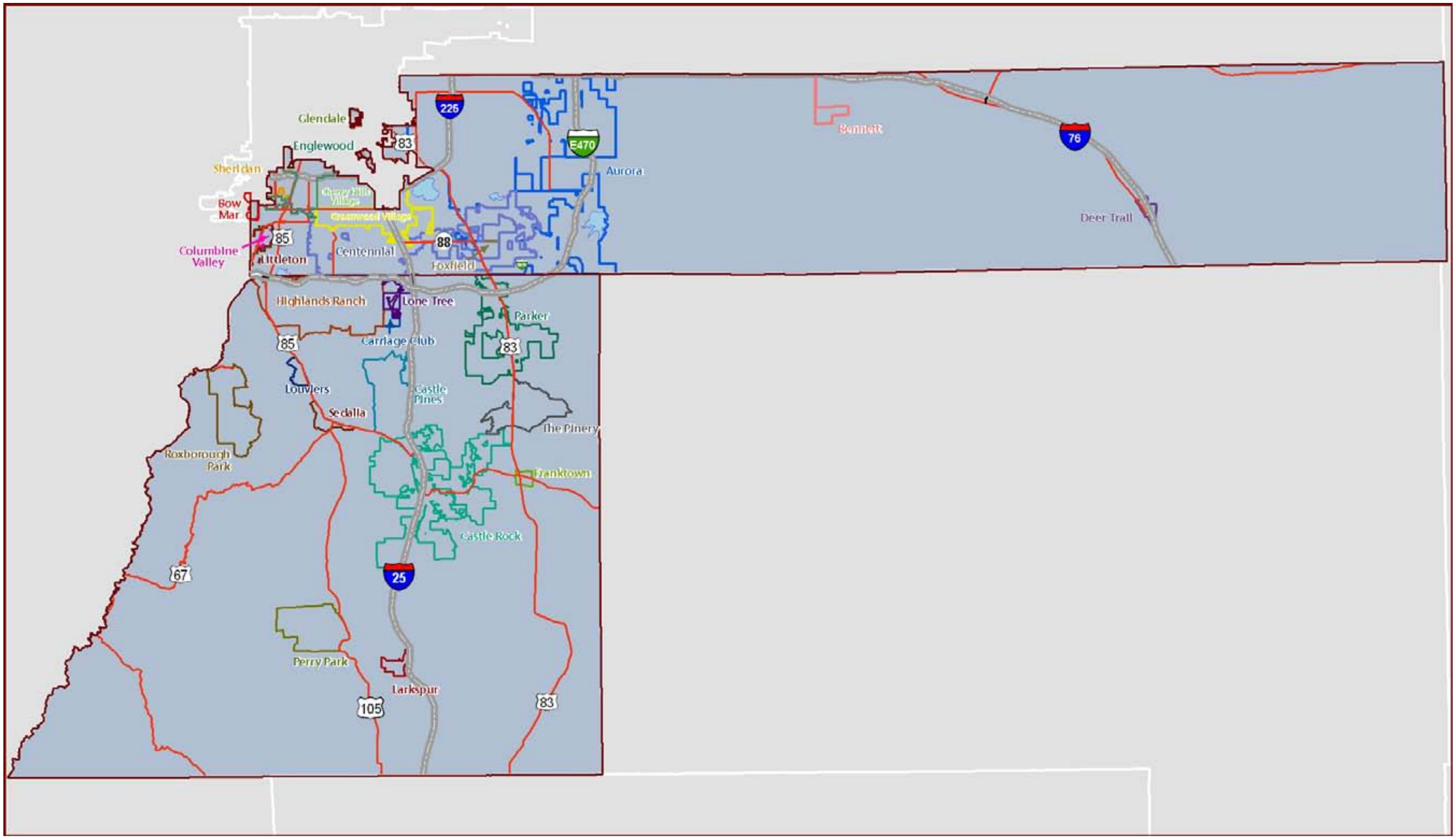
Arapahoe County. These cities include:

- Aurora
- Centennial
- Deer Trail
- Englewood
- Glendale
- Greenwood Village
- Littleton
- Sheridan

Douglas County. Douglas County contains five incorporated areas that are partially or fully with County boundaries. The cities include:

- Castle Pines North (newly incorporated)
- Castle Rock
- Larkspur
- Lone Tree
- Parker

Exhibit I-1.
Location of Municipalities, Arapahoe and Douglas Counties



Source: BBC Research & Consulting.

Methodology and Data Used

We followed the housing needs assessment template of the Colorado Division of Housing (CDOH) to conduct the needs assessment portion of this study. The template contains a comprehensive list of data to collect and analyze for housing studies. We rounded out the template with a resident telephone survey, community meetings, focus groups and key person interviews. The study also contained a strategic planning component, meant to develop a specific plan to address housing needs within Arapahoe County and Douglas County.

Data in this study are provided for the County overall. Data at the municipal level are provided for key variables to demonstrate trends and for comparative purposes (e.g., where housing is located at various price points). The housing mismatch model and employment analysis are conducted at county levels.

We used a number of data sources in this report including the following: projections from the Colorado State Demographer/Division of Local Affairs (DOLA), the U.S. Census (current estimates), the Colorado State Department of Employment & Labor, the Denver Regional Council of Governments (DRCOG), Claritas, a commercial data provider, The Genesis Group (MLS/for sale housing data) and the Apartment Association of Metro Denver.

Arapahoe County and Douglas County also conducted a consultation and citizen participation process to elicit input regarding housing needs. That process consisted of three major parts:

- Five hundred residents of Arapahoe County and Douglas County completed a telephone survey about their current housing situation and needs and their perceptions of need in their community;

- Public meetings, including three community meetings and three stakeholder focus groups, were held at various sites in Arapahoe and Douglas counties during the month of November 2008; and

- Approximately 25 interviews with key persons who are knowledgeable about the housing needs in the counties were conducted.

Report Outline

The remainder of the report is made up of the following sections:

Arapahoe County:

- **Section I.A. Demographic and Economic Profile.** This section provides information on population growth, household characteristics, income and poverty and employment.

- **Section II.A. Housing Profile.** This section provides information on Arapahoe County's existing housing stock in terms of tenure (renter/owner), cost, affordability and condition.

- **Section III.A. Housing Affordability Analysis.** This section examines the affordability of housing in Arapahoe County through a model that compares the supply of housing at different price points to demand by household income level. It demonstrates where the County's housing market is under serving residents with housing needs.

- **Section IV.A. Community Input.** This section contains the results of the telephone survey, community and focus group meetings and key person interview efforts conducted for the study.

Douglas County:

- **Section I.D. Demographic and Economic Profile.** This section provides information on population growth, household characteristics, income and poverty and employment.

- **Section II.D. Housing Profile.** This section provides information on Douglas County's existing housing stock in terms of tenure (renter/owner), cost, affordability and condition.

- **Section III.D. Housing Affordability Analysis.** This section examines the affordability of housing in Douglas County through a model that compares the supply of housing at different price points to demand by household income level. It demonstrates where the County's housing market is under serving residents with housing needs.

- **Section IV.D. Community Input.** This section contains the results of the telephone survey, community and focus group meetings and key person interview efforts conducted for the study.

Section V. Arapahoe County and Douglas County Workforce. This section contains an examination of the employment characteristics of each county, the economic vitality of the counties and the current housing stock available for workforce participants.

Section VI. Recommendations. This section contains our recommendations for addressing housing needs.

Acknowledgements

This study was overseen by Housing and Community Development Services of Arapahoe County and the Community Development Department of Douglas County.

Signy Mikita and Karinne Wiebold of Arapahoe County and Jennifer Eby of Douglas County were the Project Coordinators, and oversaw the completion of the study. They dedicated valuable time and effort to study oversight and provided the project team with everything that was needed to ensure the project's completion.

In addition, the many stakeholders and residents who participated in the study provided an invaluable amount of information to determine housing needs. Their input is deeply appreciated.

SECTION II.A.—ARAPAHOE COUNTY
Demographic and Economic Profile

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Demographic and Economic Profile

This section provides a demographic and economic overview of Arapahoe County. Information is presented on historical and current population, as well as the overall composition of households residing in Arapahoe County, as described by household size, composition, race and ethnicity, income distribution, length of residency and educational attainment. Additional information is presented on Arapahoe County's target groups, which include low-income and impoverished households, the elderly and the homeless. This chapter also provides a synopsis on the County's overall economy and concludes with population and employment forecasts to set the context for determining future housing needs.

Summary

Arapahoe County's population was 487,967 in 2000. By 2007, the County added more than 63,700 new residents, for a population of 551,733. A substantial portion of the growth in the current decade was absorbed by Aurora and Unincorporated Arapahoe County, which added nearly 62,000 residents among the two areas. Overall, Aurora contains almost half of all residents in Arapahoe County. Centennial has an additional 18 percent of residents and the unincorporated portion of the County houses a 13 percent of residents.

Arapahoe County's population is projected to increase by about 290,000 people between 2005 and 2035. Although this growth is quite significant, the projection assumes slightly lower average annual growth rates than the County has recently experienced. Arapahoe County now provides about 20 percent of the seven-county metro area employment. Although the County is projected to continue to be a major employment center in the future, its role in the metro area employment will decline proportionately as counties like Douglas and Broomfield expand their employment bases. Geographically, employment growth is expected to be concentrated east of E-470 and around the Denver Tech Center.

The Denver Regional Council of Governments (DRCOG) predicts that the fastest growing areas in the County will be scattered by the E-470 corridor through the eastern portion of the urban area of the County. Employment growth is expected to be more concentrated, congregating around major transportation arteries like I-25 and I-70, in addition to parts of Aurora and east of the E-470 loop.

Historical Growth in Arapahoe County

Arapahoe County is currently Colorado's 3rd largest County, with a July 2007 population estimate of 551,773 residents. The counties in Colorado with larger populations are Denver (596,582) and El Paso (587,590) counties. [1] [2]

1 Population estimates are for 2007, from the Colorado Department of Local Affairs State Demography Office.

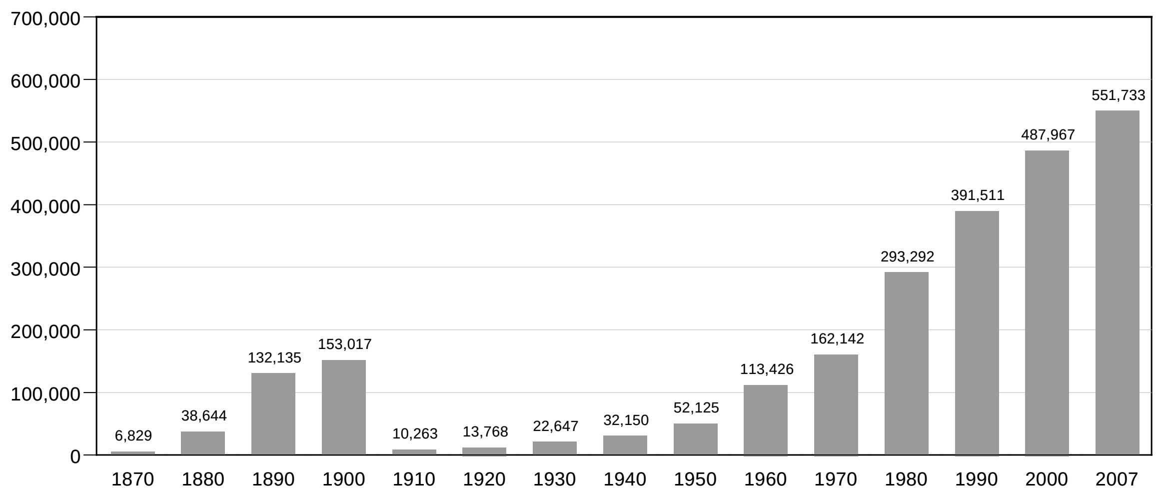
2 U.S. Census Bureau's Population Estimates for July 1, 2007 Arapahoe County population was estimated at 545,089, which was lower than DOLA's July 1, 2007 estimate.

Exhibits II.A-1 and II.A-2 display Arapahoe County's growth trends since 1870.

Arapahoe County was formed in 1861 and Denver City served as the Arapahoe County Seat from 1861 until Denver's consolidation in 1902. In 1901 the Colorado General Assembly voted to split Arapahoe County into three parts: a new consolidated City and County of Denver, a new Adams County, and the remainder of the Arapahoe County to be renamed South Arapahoe County.[3] The splitting of Arapahoe County during 1901 is reflected in the substantial population decrease from 1900 to 1910, as shown in Exhibit II.A-1.

Arapahoe County saw its population double in the 1950s following the end of World War II. During the 1950s, the County grew by 12 percent per year—the most rapid growth in the County's recent history. Growth has continued into 2000s. The largest population increase Arapahoe County experienced was in the 1970s, when the County added over 131,000 new residents.

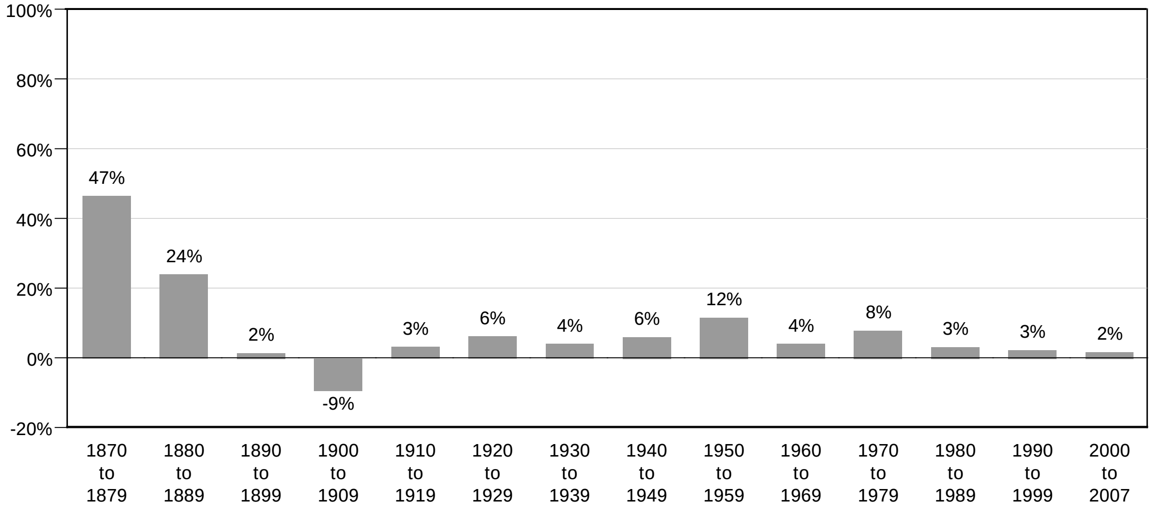
Exhibit II.A-1.
Historical Population Growth, Arapahoe County, 1870 to 2007



Source: Colorado Department of Local Affairs.

[3] A ruling by the Colorado Supreme Court, subsequent legislation, and a referendum delayed the creation of the City and County of Denver until 1902.

Exhibit II.A-2.
Average Annual Growth, Arapahoe County, 1870 to 2007



Source: Colorado Department of Local Affairs.

There are two reasons counties gain or lose population:

1. New residents are born and current residents pass away. The net effect is called "net increase." Usually births exceed deaths, but not always. In Arapahoe County, births have historically exceeded deaths, most recently by approximately 4,000-5,000 people.

2. New residents move into an area and existing residents move out. The net effect is called "net migration." When net migration is negative, this means more residents left Arapahoe County than moved in. When net migration is positive, more moved in than left.

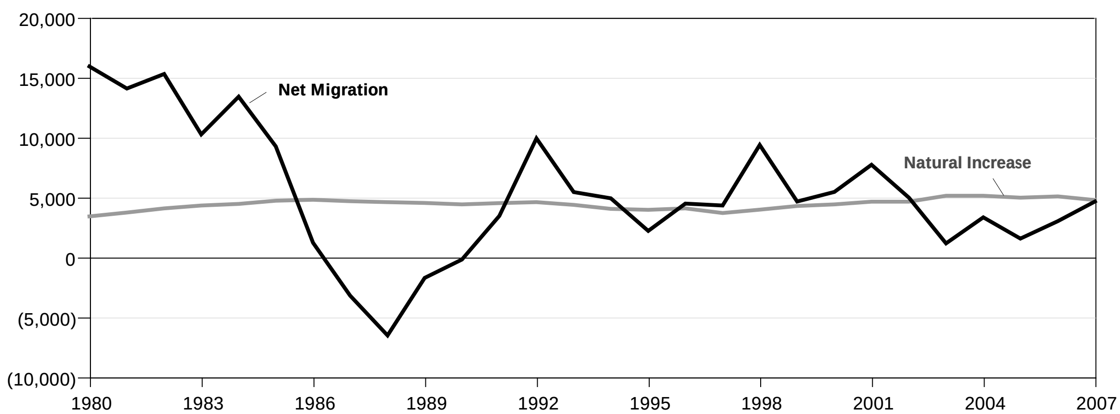
During much of the 1990s, migration was the primary driver of the County's population growth. This changed in 2003, when the County's net migration amount dropped and the number of births increased slightly. In the last five years, Arapahoe County has added an average of 5,000 residents through natural increase and over 2,700 through net migration, for an overall average of slightly over 7,700 residents. Exhibits II.A-3 and II.A-4 display the components of population change in the County since 1980.

Exhibit II.A-3.
Component of Population Change, Arapahoe County, 1980 to 2007

Source:
Colorado Department of Local Affairs.

Year	Births	Deaths	Natural Increase	Net Migration	Total Change
1980	4,692	1,278	3,414	15,908	19,322
1981	5,089	1,364	3,725	14,057	17,782
1982	5,505	1,431	4,074	15,292	19,366
1983	5,790	1,477	4,313	10,241	14,554
1984	5,948	1,508	4,440	13,384	17,824
1985	6,276	1,565	4,711	9,246	13,957
1986	6,436	1,648	4,788	1,212	6,000
1987	6,342	1,679	4,663	(3,220)	1,443
1988	6,269	1,694	4,575	(6,539)	(1,964)
1989	6,235	1,718	4,517	(1,738)	2,779
1990	6,182	1,771	4,411	(205)	4,206
1991	6,404	1,909	4,495	3,439	7,934
1992	6,551	1,970	4,581	9,898	14,479
1993	6,407	2,036	4,371	5,418	9,789
1994	6,250	2,223	4,027	4,908	8,935
1995	6,231	2,289	3,942	2,192	6,134
1996	6,343	2,281	4,062	4,464	8,526
1997	6,166	2,475	3,691	4,302	7,993
1998	6,504	2,534	3,970	9,371	13,341
1999	6,905	2,641	4,264	4,643	8,907
2000	7,111	2,711	4,400	5,437	9,837
2001	7,526	2,909	4,617	7,705	12,322
2002	7,553	2,932	4,621	4,960	9,581
2003	8,031	2,914	5,117	1,139	6,256
2004	8,013	2,884	5,129	3,321	8,450
2005	7,949	2,994	4,955	1,545	6,500
2006	7,989	2,924	5,065	2,999	8,064
2007	7,786	3,013	4,773	4,635	9,408

Exhibit II.A-4.
Components of Population Change, Arapahoe County, 1980 to 2007



Source: Colorado Department of Local Affairs.

Growth by city. Arapahoe County has grown at an average rate of 1.9 percent since 2000, which is much slower than neighboring Douglas (8.1 percent); lower than Adams (3.1 percent); about the same as El Paso (2.0 percent); and faster than Denver (1.1 percent) and Jefferson (0.3 percent) counties.

The individual communities have contributed in different magnitudes to the growth experienced in Arapahoe County. The largest contributors to the County's overall growth since 2000 were the Arapahoe County portion of Aurora, which added 36,371 new residents and the unincorporated portion of the County, which added nearly 24,299 new residents. Greenwood Village's growth accounted for an additional 3,109 new residents. In contrast, the Littleton portion of Arapahoe County experienced a decline, as did Sheridan and Centennial.

Overall, Cherry Hills Village, Glendale, Englewood, Foxfield and Columbine Valley have all experienced equal or slower growth than the County as a whole, while Bow Mar, Centennial, Littleton, Deer Trail and Sheridan have experienced population decline. The unincorporated portions of the County (7.1 percent), Greenwood Village (4.0 percent) and Aurora (2.2 percent) have all experienced higher annual growth than Arapahoe County as a whole (1.9 percent) since 2000.

Exhibit II.A-5 displays municipal population data from the Colorado Department of Local Affairs (DOLA), by total municipality population and by the portion of the municipality's population within Arapahoe County, as the borders of Aurora, Bennett, Bow Mar and Littleton extend beyond Arapahoe County.

Exhibit II.A-5.
Population Growth by Municipality, Arapahoe County, 2000 to 2007

	Total Municipal Population				Municipal Population within Arapahoe County			
	2000	2007	Growth	Average Annual Percent Change	2000	2007	Growth	Average Annual Percent Change
Aurora	276,393	315,584	39,191	2.0%	236,144	272,515	36,371	2.2%
Bennett	2,021	2,360	339	2.4%	0	319	319	-
Bow Mar	847	824	-23	-0.4%	607	590	-17	-0.4%
Centennial	100,770	100,633	-137	0.0%	100,770	100,633	-137	0.0%
Cherry Hills Village	5,958	6,229	271	0.6%	5,958	6,229	271	0.6%
Columbine Valley	1,132	1,280	148	1.9%	1,132	1,280	148	1.9%
Deer Trail	598	579	-19	-0.5%	598	579	-19	-0.5%
Englewood	31,727	32,375	648	0.3%	31,727	32,375	648	0.3%
Foxfield	746	787	41	0.8%	746	787	41	0.8%
Glendale	4,547	4,765	218	0.7%	4,547	4,765	218	0.7%
Greenwood Village	11,035	14,144	3,109	4.0%	11,035	14,144	3,109	4.0%
Littleton	40,340	40,477	137	0.0%	40,168	38,861	-1,307	-0.5%
Sheridan	5,600	5,422	-178	-0.5%	5,600	5,422	-178	-0.5%
Unincorp. Area	48,935	73,234	24,299	7.1%	48,935	73,234	24,299	7.1%

Note: Unincorporated Arapahoe County estimate includes Watkins, which recently unincorporated.

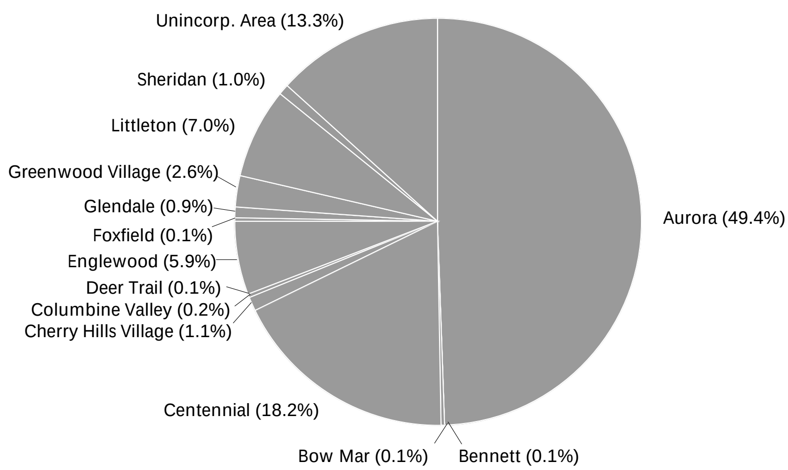
Source: Colorado Department of Local Affairs.

Exhibit II.A-6 shows the overall share of Arapahoe County's population among the municipalities. Although the City of Aurora's recent growth has been modest relative to the unincorporated area and Greenwood Village, it remains one of the largest population centers in the County overall.

Exhibit II.A-6.
Population by Municipality, Arapahoe County, 2007

Source:

Colorado Department of Local Affairs.



Who Lives in Arapahoe County?

This portion of the study helps define the composition of the population that resides in Arapahoe County. DOLA and DRCOG forecasts predict that Arapahoe County will continue to contain much of the region's population. As a result, an understanding of the characteristics of both existing and new residents is crucial to determine the types of residents that have been and may be attracted to Arapahoe County.

Number of households. DOLA estimated that 215,137 households resided in Arapahoe County in 2006. The American Community Survey (ACS) estimated a slightly lower number (211,875) for 2006 and DRCOG estimated a higher number of households (218,627) for January 2007.[4]

Movement within the County. According to recent data on movement within Arapahoe County, the majority of residents lived in the same house in 2000 as in 1995. If they moved, they moved within the County. This contrasts with Douglas County, where most current residents moved into the County from other areas. For example, 64 percent of Arapahoe County's residents in 1995 still resided in Arapahoe County in 2000. Exhibit II.A-7 shows where Arapahoe County residents resided in 1995 compared to 2000, and in 2005 compared to where they lived in 2006.

[4] Vastly differing methodologies of each data producing entity have led to differing household estimates. As the estimates move further away from the 2000 Census, they become even more different.

Exhibit II.A-7.
Arapahoe County Residency in 1995 to 2000, and 2005 to 2006

Source:

U.S. Census Bureau's 2000 Census and 2006 American Community Survey.

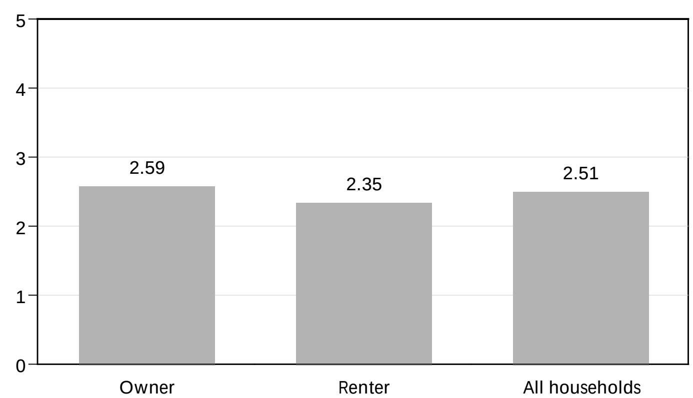
Moved from:	1995 to 2000 Number	1995 to 2000 Percent	2005 to 2006 Number	2005 to 2006 Percent
Same house	201,552	44%	434,675	82%
Different house in Arapahoe County	89,917	20%	39,948	8%
Different county in Colorado	73,182	16%	30,629	6%
Different state	72,450	16%	20,763	4%
Abroad	17,716	4%	4,165	1%
Total	**454,817**	**100%**	**530,180**	**100%**

Average household size. According to the 2006 Census, an average of 2.51 people lived in each housing unit in Arapahoe County. Households that owned their Arapahoe County residence had a household size of 2.59; renters had a slightly smaller household size of 2.35, as shown in Exhibit II.A-8. The relatively small difference in household size between owners and renters suggests that many renters are families. For example, in Denver, owners have an average household size of 2.46 compared with 2.07 for renters (meaning that renters more often live alone or as couples/roommates).

Exhibit II.A-8.
Average Household Size by Tenure, Arapahoe County, 2006

Source:

U.S. Census Bureau's 2006 American Community Survey.



Household composition. According to Census, 35 percent of Arapahoe County households had children in 2006. Most of the County's children lived in married-couple families (65 percent of all households with children).

The majority of the County's households do not have children; instead they are married couples without children, living alone, or living with other to which they are not related. Exhibit II.A-9 displays the distribution of households by familial status for Arapahoe County in 2006.

Exhibit II.A-9.
Household Type,
Arapahoe County, 2006

Note:
Households with children include one or more persons under 18 years.

Source:
U.S. Census Bureau's 2006 American Community Survey.

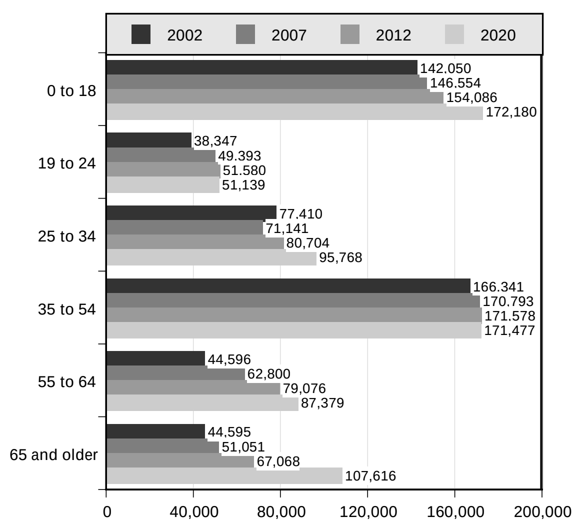
Household Type	Number	Percent
Households with children	**74,518**	**35%**
Married-couple family	48,758	23%
Female-headed households	19,122	9%
Male-headed households	6,638	3%
Households without Children	**137,357**	**65%**
Married-couple family	54,682	26%
Female-headed households	43,518	21%
Male-headed households	39,157	18%
Total Households	**211,875**	**100%**

As shown in Exhibit II.A-9, 12 percent of Arapahoe County households contained single-parent households with children. This is a slightly higher percentage when compared to the entire State. Ten percent of Colorado households contained single parents with children in 2006.

Age. Like many other communities across the United States, Arapahoe County will be faced with an aging Baby Boomer population. The growth of older residents will increase demand for senior services, senior-friendly housing options and a workforce to fill jobs vacated by retiring employees.

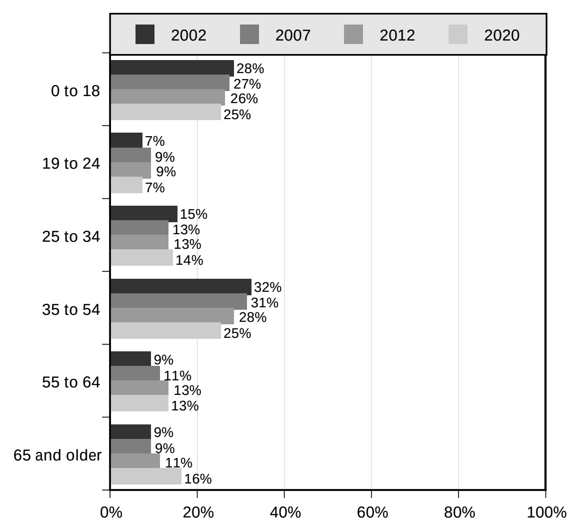
However, Arapahoe County will feel the effects of an aging population earlier than Douglas County. By 2012, Arapahoe County's senior population will shift from 9 percent seniors in 2007 to 11 percent. Douglas County will not experience a similar distributional shift until 2020, when 10 percent of Douglas County population is predicted to be senior citizens (an increase from 5 percent in 2007). Exhibits II.A-10 and II.A-11 show growth in total population by age groups and by the percentage of population, respectively.

Exhibit II.A-10.
Age of Residents, Arapahoe County, 2002, 2007, 2012 and 2020



Source: Colorado Department of Local Affairs.

Exhibit II.A-11.
Percentage of Residents in Arapahoe County by Age Category, 2002, 2007, 2012 and 2020



Source: Colorado Department of Local Affairs.

Race and ethnicity. Overall, most residents of Arapahoe County identified themselves as White (77 percent). The second most common category was Black or African American. Since 2000, the overall racial composition has changed slightly, as new residents have primarily been White and African American.

Seventeen percent of the County's residents are Hispanic/Latino. In contrast with many communities in Colorado, Arapahoe County has experienced only modest growth in Hispanic/Latino residents. According to the U.S. Census estimates, 31,722 residents that consider themselves of Hispanic or Latino ethnicity moved into or were born in Arapahoe County between 2000 and 2006. In 2000, Hispanic and Latino residents accounted for 12 percent of Arapahoe County's population, while in 2006, Hispanic and Latino residents accounted for 17 percent of the population.

Exhibit II.A-12 presents race and ethnicity data for 2006 for Arapahoe County as a whole.

Exhibit II.A-12.
Race and Ethnicity of Population, Arapahoe County, 2006

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Number	Percent
Total Population	**537,197**	**100%**
American Indian and Alaska Native Alone	3,200	1%
Asian Alone	26,644	5%
Black or African American Alone	51,105	10%
Native Hawaiian and Other Pacific Islander Alone	890	0%
White Alone	412,538	77%
Some Other Race Alone	27,529	5%
Two or More Races	15,291	3%
Hispanic or Latino	89,531	17%

Deer Trail and Greenwood Village have similar distributions of racial minorities in 2007 and over 90 percent of their population was White. Glendale and Sheridan both had a larger portion of their populations that were minorities, 33 percent and 30 percent respectively, when compared to other places in Arapahoe County. Glendale and Sheridan also reported higher percentages of Hispanic or Latino persons, 41 percent and 44 percent respectively, when compared to other places in the County and the County overall. The racial and ethnic distributions of Arapahoe County and jurisdictions within the County are shown in Exhibit II.A-13.

Exhibit II.A-13.
Race and Ethnicity, Arapahoe County and Selected Municipalities, 2007

	Total Population	American Indian and Alaska Native	Asian	Black or African American	Native Hawaiian & Other Pacific Islander	White	Some Other Race	Two or More Races	Hispanic or Latino
Arapahoe County	**539,641**	**1%**	**5%**	**9%**	**0%**	**74%**	**6%**	**4%**	**17%**
Centennial	104,023	0%	5%	3%	0%	87%	2%	3%	7%
Deer Trail	600	0%	1%	1%	0%	95%	1%	2%	5%
Englewood	32,574	2%	2%	2%	0%	84%	7%	3%	19%
Glendale	4,882	1%	7%	8%	0%	67%	10%	7%	41%
Greenwood Village	13,118	0%	3%	2%	0%	92%	1%	2%	6%
Littleton	40,600	1%	2%	2%	0%	89%	4%	3%	13%
Sheridan	5,595	3%	2%	2%	0%	70%	17%	6%	44%
Unincorp. Area	68,429	1%	7%	7%	0%	78%	4%	4%	11%

Source: Claritas, 2007 estimates.

Income. The U.S. Census estimates and reports both *family* median and *household* median income. Median household income is usually lower than median family income, since household income includes single-person households and unrelated persons living together (e.g., students), where median family income does not. That is, the median family income category has a larger proportion of two-earner households, who usually have higher earnings than one-person households do.

In 2006, the family median income for Arapahoe County was $69,291. This means that in 2006, exactly half of Arapahoe County's families earned less than $69,291 and exactly half earned more. The median *household* income in 2006 was $55,161. In 2006, half of Arapahoe County's households earned less than $55161; half earned more. Overall, 19 percent of Arapahoe County households earn less than $25,000; 26 percent earn between $25,000 and $50,000; and 31 percent of households in Arapahoe County earn between $50,000 and $100,000. Exhibit II.A-14 presents the U.S. Census' 2006 overall household income distribution for Arapahoe County households.

Exhibit II.A-14.
Household Income as a Percent of Total Households, Arapahoe County, 2006

Source:
U.S. Census Bureau's 2006 American Community Survey.

	Households	Percent
Less than $25,000	40,359	19%
$25,000 to $49,999	56,006	26%
$50,000 to $74,999	39,097	18%
$75,000 to $99,999	27,099	13%
$100,000 to $149,999	28,761	14%
$150,000 or more	20,553	10%
Total	**211,875**	**100%**

Income varies by race and ethnicity within Arapahoe County. The lowest median household incomes are estimated for the County's largest minority groups, Black/African American households ($34,389) and Hispanic/Latino households ($34,636). Exhibit II.A-15 presents median household income by race and ethnicity.

Exhibit II.A-15.
Median Household Income by Race and Ethnicity, Arapahoe County, 2006

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Median Household Income
American Indian and Alaska Native Alone	$ 61,013
Asian Alone	$ 62,252
Black or African American Alone	$ 34,389
Native Hawaiian and Other Pacific Islander Alone	$ 50,903
White Alone	$ 58,080
Some Other Race Alone	$ 50,911
Two or More Races	$ 41,326
Hispanic or Latino	$ 34,636
Not Hispanic or Lartino	$ 61,973

Area Median Income, or AMI, is used by the U.S. Department of Housing and Urban Development's (HUD) state and local policy makers to qualify households for housing programs. AMI is the same for all counties located within the Denver metropolitan statistical area (MSA). The 2008 HUD AMI for the Denver-Aurora MSA is $71,800.

In 2006, approximately 14 percent of Arapahoe County households earned less than $20,000 per year (approximately 30 percent of the AMI), which defines them as "extremely" low-income. Almost one-fifth of Arapahoe County households fall within the 50 to 80 percent of AMI range, which means the household earns between $35,900 and $57,439 annually. Exhibit II.A-16 shows the income distribution of Arapahoe County households by AMI range. Exhibit II.A-17 on the following page provides the income distribution by tenure (renter/owner). As shown in Exhibit II.A-17, renters have a much lower income profile than owners, with 58 percent earning less than $35,900 (compared to 19 percent of owners).

Exhibit II.A-16.
Income Distribution of Households, Arapahoe County, 2006

	Income Limit	Number of Households	Percent of Households
2008 HUD Median Family Income:	$71,800		
0 to 29% MFI	**less than $21,540**	**33,301**	**16%**
Less than $10,000		13,243	6%
$10,000 to $14,999		8,862	4%
$15,000 to $19,999		8,055	4%
30% to 49% MFI	**$21,540 to $35,899**	**33,658**	**16%**
$20,000 to $24,999		10,199	5%
$25,000 to $29,999		11,612	5%
$30,000 to $34,999		13,112	6%
50% to 79% MFI	**$35, 900 to $57,439**	**41,041**	**19%**
$35,000 to $39,999		10,201	5%
$40,000 to $44,999		10,660	5%
$45,000 to $49,999		10,421	5%
$50,000 to $59,999		17,439	8%
81% to 99% MFI	**$57,440 to $71,799**	**22,458**	**11%**
$60,000 to $74,999		21,658	10%
100% MFI and over	**$71,800 or more**	**81,416**	**38%**
$75,000 to $99,999		27,099	13%
$100,000 to $124,999		19,106	9%
$125,000 to $149,999		9,655	5%
$150,000 to $199,999		10,092	5%
$200,000 or more		10,461	5%
Total		211,875	100%

Source: U.S. Department of Housing and Urban Development, U.S. Census Bureau's 2006 American Community Survey and BBC Research & Consulting.

Exhibit II.A-17.
Household Income Distribution by Tenure, Arapahoe County, 2006

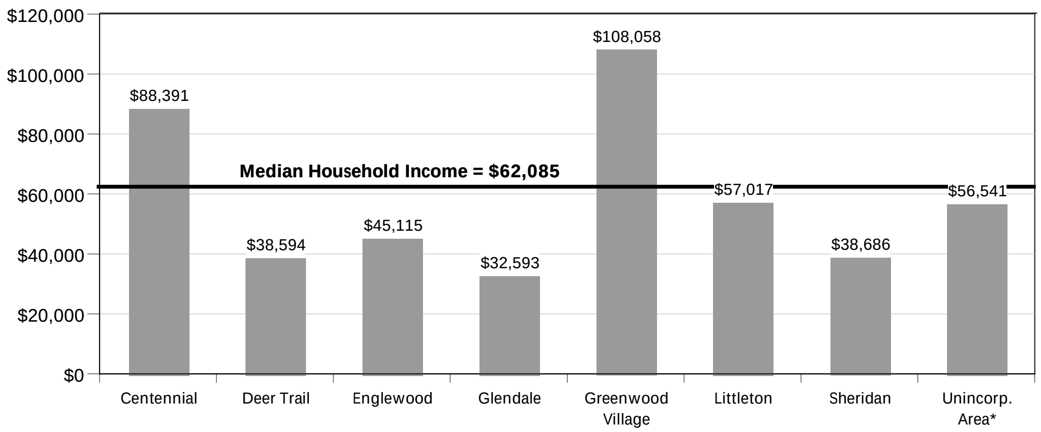
HUD Area Median Income = $71,800		Owner Households	Percent	Renter Households	Percent	Total Households	Percent
0 to 29% AMI	less than $21,540	11,627	8%	21,674	32%	33,301	16%
30% to 49% AMI	$21,540 to $35,899	15,530	11%	18,128	26%	33,658	16%
50% to 79% AMI	$35, 900 to $57,439	26,287	18%	14,754	22%	41,041	19%
81% to 99% AMI	$57,440 to $71,799	16,673	12%	5,785	8%	22,458	11%
100% to 119% AMI	$71,800 to $86,159	14,046	10%	3,054	4%	17,101	8%
120% AMI and over	$86,160 or more	59,301	41%	5,014	7%	64,316	30%
Total		**143,465**	**100%**	**68,410**	**100%**	**211,874**	**100%**

Source: U.S. Census Bureau's 2006 American Community Survey.

Because the 2006 Census does not provide data for cities under 65,000 residents, the commercial data provider Claritas was used to gain an understanding of the median household income for the municipalities within Arapahoe County. Data is presented for the entire municipality, as opposed to just the Arapahoe County portion of each community.

ACS and Claritas utilize different methodologies for calculating income, thereby generating different results. For example, the 2006 Census shows the median household income in Arapahoe County to be $55,161, whereas Claritas reported a household median income in Arapahoe County of $62,058. However, on a municipal level, the Claritas data are useful to gauge where Arapahoe County municipal income levels fall relative to the County overall.

Exhibit II.A-18.
Median Household Income by Municipality, Arapahoe County, 2007



Note: The median household income for the unincorporated area of Arapahoe County was calculated by taking the median of the median household income of the unincorporated blocks.

Source: Claritas, 2007 estimates.

Education. In 2006, 27 percent of Arapahoe County's residents were enrolled in school. As shown in Exhibit II.A-19, the number of children enrolled in Grades 1 through 12 is fairly stable, suggesting that once a student enrolls in an Arapahoe County elementary school, they stay within Arapahoe County school districts until they have completed high school.

Exhibit II.A-19.
School Enrollment by Level of School, Arapahoe County, 2006

Note:

Total population are persons ages three years and over.

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Population	Percent of Population	Percent of School Enrollment
Nursery school, preschool	8,885	2%	6%
Kindergarten	8,688	2%	6%
Elementary school (grades 1-4)	28,382	5%	20%
Middle School (grades 5-8)	27,622	5%	20%
High school (grades 9-12)	29,700	6%	21%
College or graduate school	35,847	7%	26%
Enrolled in school	**139,124**	**27%**	**100%**
Not enrolled in school	**377,541**	**73%**	

Exhibit II.A-20 shows the highest level of educational attainment that Arapahoe County residents over the age of 25 have reached. Eighty-nine percent of Arapahoe County residents are high school graduates and 37 percent of residents have obtained a college degree or higher.

Educational attainment is important because it can influence the types of businesses that locate themselves within a County/city—for example, high-tech employers will seek out highly educated communities. Educational attainment can also influence housing choices to the extent that residents want to live near other residents with similar educational levels.

Exhibit II.A-20.
Educational Attainment for the Population over the age of 25, Arapahoe County, 2006

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Population	Percent
No schooling completed	1,818	1%
Nursery to 8th grade	13,121	4%
9th to 12th grade, no diploma	22,557	6%
High school graduate (includes equivalency)	78,180	22%
Some college, no degree	83,077	23%
Associate's degree	25,145	7%
Bachelor's degree	83,151	24%
Graduate or professional degree	46,475	13%
Population 25 years and over	**353,524**	**100%**

Arapahoe County compares well with surrounding counties in its percentage of high school graduates and residents who have graduated from college.

Higher educational attainment often translates into higher paying jobs and higher household incomes. In the case of Arapahoe County, this seems to be true. According to the 2000 Census, Cherry Hills Village (75 percent) and Greenwood Village (72 percent) both had the highest percent of residents with bachelor degrees or higher. Sheridan had the lowest percentage of residents with a college degree (7 percent).

Target Populations in Arapahoe County

This section highlights portions of Arapahoe County's population that may require special services or additional assistance to basic amenities, such as housing. Highlighted in this section include impoverished and low-income households, the elderly, disabled and homeless individuals.

Living in poverty. The poverty threshold is established at the federal level and is updated annually. It is adjusted for household size but not by geographic area, except for Alaska and Hawaii.[5] In 2006, the poverty threshold for a family of four was about $20,000 in annual wages. Currently in 2008, the poverty threshold is $21,200.

In 2006, 11 percent of the population in Arapahoe County, or about 58,540 people, lived below the poverty threshold. Exhibit II.A-21 shows the percentage of Arapahoe County's population living in poverty by age cohort. Of the persons living below poverty, level over one-third were children.

Exhibit II.A-21.
Population Living Below Poverty Level by Age, Arapahoe County, 2006

	Population	Percent
Under 5 years	6,577	11%
5 to 17 years	14,043	24%
18 to 24 years	7,961	14%
25 to 34 years	10,620	18%
35 to 44 years	7,060	12%
45 to 54 years	4,023	7%
55 to 64 years	4,168	7%
65 to 74 years	2,311	4%
75 years and over	1,776	3%
Total population below Poverty level	**58,539**	**100%**
Percent of population below poverty level	**11%**	

Source:
U.S. Census Bureau's 2006 American Community Survey.

The poverty rate is highest for Arapahoe's children: 15 percent of the County's children live in poverty, or an equivalent of 20,620 children.

[5] Therefore, the poverty threshold in Manhattan, New York is the same as in Minot, North Dakota.

Since 1989 and 1999—a decade when the poverty rate was stable in the County—poverty has almost doubled in the County. The increase has occurred among the County's children. Between 1990 and 2006, the number of children under the age of 5 in poverty more than doubled. The number of children in poverty between the ages of 5 to 17 also increased. In both 1990 and 2000, 7 percent of 5 to 17 year olds were in poverty. That increased in 2006 to 15 percent. The following exhibit shows the number of persons living below poverty level and the corresponding percent of each age cohort that is below poverty for 1990, 2000 and 2006.

Exhibit II.A-22.
Population Living Below Poverty Level by Age, Arapahoe County, 1990, 2000 and 2006

	1989		1999		2006	
	Below Poverty	*Percent of Age Cohort*	*Below Poverty*	*Percent of Age Cohort*	*Below Poverty*	*Percent of Age Cohort*
Under 5 years	2,928	10%	2,880	9%	6,577	17%
5 to 17 years	5,262	7%	6,525	7%	14,043	15%
18 to 64 years	13,156	5%	16,531	5%	33,832	10%
65 to 74 years	761	4%	985	4%	2,311	8%
75 years and over	866	10%	1,066	6%	1,776	8%
Population below Poverty level	**22,973**	**6%**	**27,987**	**6%**	**58,539**	**11%**

Source: U.S. Census Bureau, 1990 Census, 2000 Census and 2006 American Community Survey.

Exhibit II.A-23.
Percent of Population Living Below Poverty Level for Each Age Cohort, Arapahoe County, 1990, 2000 and 2006

Source:
U.S. Census Bureau, 1990 Census, 2000 Census and 2006 American Community Survey.

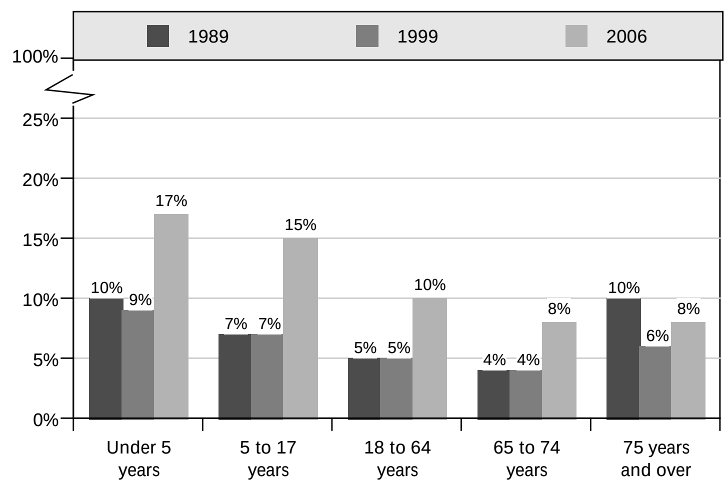


Exhibit II.A-24 shows poverty rates by family type. Single female-headed households with children have the highest incidence of poverty; 32 percent of these households lived in poverty in 2006. Married couple households, with and without children, have the lowest poverty rates.

Exhibit II.A-24.
Households Living Below Poverty Level by Household Type, Arapahoe County, 2006

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Households	Percent of Type
Married couple	**4,811**	**5%**
With children	3,238	7%
Without children	1,573	3%
Male householder, no wife present	**975**	**9%**
With children	700	12%
Without children	275	6%
Female householder, no husband present	**6,268**	**25%**
With children	6,007	32%
Without children	261	4%
Nonfamily household	**9,509**	**13%**
Male householder	4,567	13%
Female householder	4,942	13%
Total households below poverty	**21,563**	**10%**

Characteristics of low-income households. Approximately 14 percent of Arapahoe County households earned less than $20,000 per year (approximately 30 percent of the AMI), which defines them as "extremely" low-income. Households under 25 years had the largest proportion of their households earning less than $20,000, as they are often in school or are starting out in the workforce and will have lower incomes. In addition, 21 percent of households 65 years and over are extremely low-income households, as they are often unable to work and are living on low, fixed incomes, as shown in Exhibit II.A-25.

Exhibit II.A-25.
Households with Incomes Less than $60,000 by Age, Arapahoe County, 2006

	Extremely Low-Income		Very Low-Income		Low-Income		<$60,000
	Household Earning <$20,000	*Percent of Age Cohort*	*Households Earning $20,000 to $34,999*	*Percent of Age Cohort*	*Households Earning $35,000 to $59,999*	*Percent of Age Cohort*	*Percent of Age Cohort*
Under 25 years	3,793	37%	3,005	29%	2170	21%	86%
25 to 44 years	11,557	14%	14,574	18%	21,631	26%	58%
45 to 64 years	8,181	9%	10,759	12%	16,987	19%	41%
65 years and over	6,629	21%	6,585	21%	7,933	25%	67%
Total	**30,160**	**14%**	**34,923**	**16%**	**48,721**	**23%**	**54%**

Source: U.S. Census Bureau's 2006 American Community Survey.

Exhibit II.A-26 examines low-incomes by race and ethnicity as of 2006. As shown in the exhibit, just over half of African American and half of Hispanic households earn less than $35,000 in Arapahoe County, while 28 percent of White households earned less than $35,000 in 2006.

Exhibit II.A-26.
Households with Incomes Less than $60,000 by Race and Ethnicity, Arapahoe County, 2006

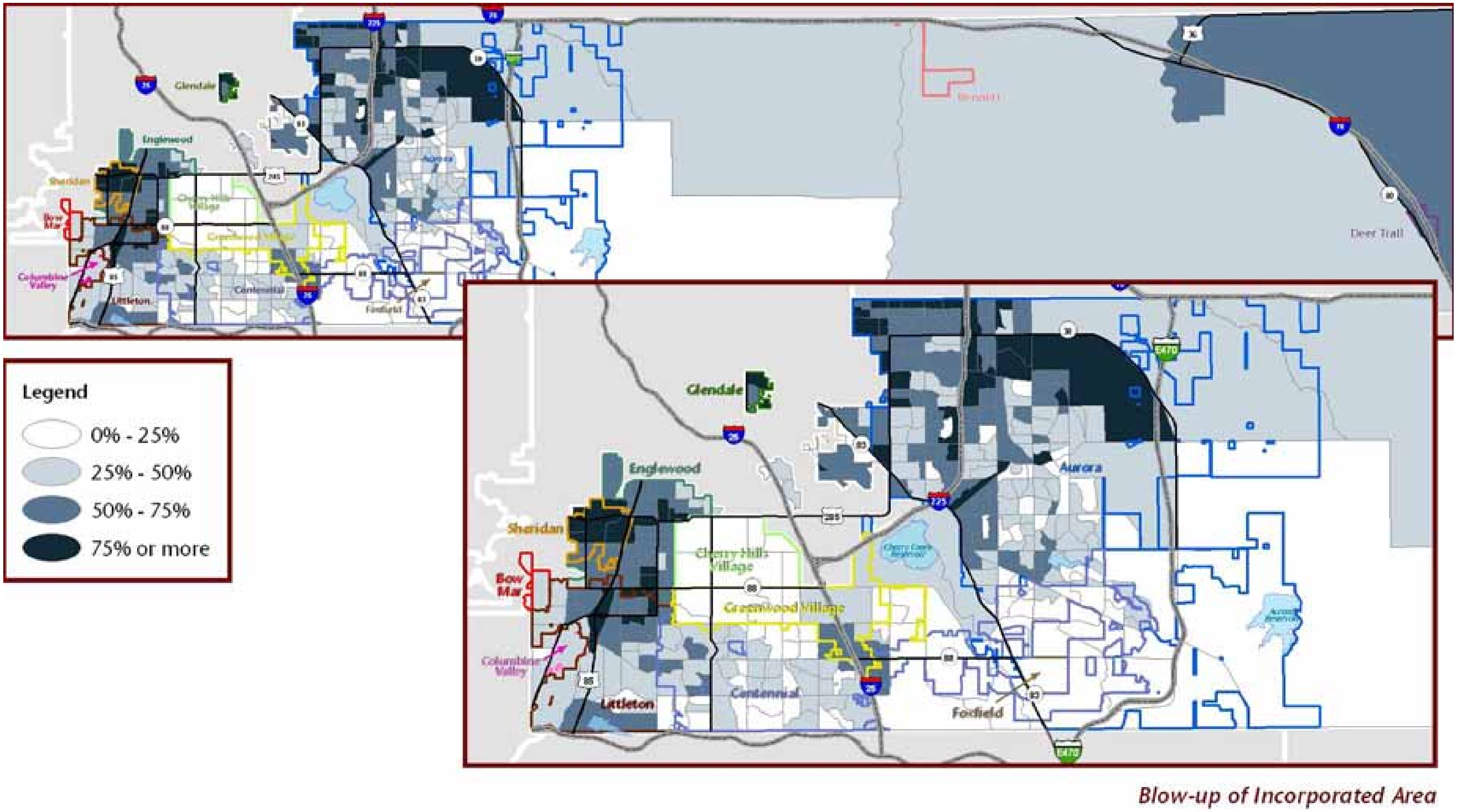
	Extremely Low-Income		Very Low-Income		Low-Income		<$60,000
	Household Earning <$20,000	*Percent of Race/ Ethnic Group*	*Households Earning $20,000 to $34,999*	*Percent of Race/ Ethnic Group*	*Households Earning $35,000 to $59,999*	*Percent of Race/ Ethnic Group*	*Percent of Race/ Ethnic Group*
American Indian and Alaska Native Alone*	Not available ---						
Asian Alone	1,202	13%	1,483	16%	1,831	20%	49%
Black or African American Alone	5,807	29%	4,248	22%	4,662	24%	75%
Native Hawaiian and Other Pacific Islander Alone*	Not available ---						
White Alone	20,198	12%	26,889	16%	39452	23%	51%
Some Other Race Alone	1,681	19%	1,370	15%	2,017	23%	57%
Two or More Races*	Not available ---						
Hispanic or Latino	6,040	22%	7,562	28%	5,611	21%	71%
Not Hispanic or Lartino	15,976	10%	21,410	14%	36,335	24%	48%
Total Households	**30,160**	**14%**	**34,923**	**16%**	**48,721**	**23%**	**54%**

Note: *Data is not available.

Source: U.S. Census Bureau's 2006 American Community Survey.

Exhibit II.A-27 displays where households with household incomes less than $60,000 reside in Arapahoe County by Census Tract. Sheridan, Englewood, Glendale and Aurora had the Census Tracts with the highest percentages of households with a household income less than $60,000. The map demonstrates that the County has some very concentrated areas of households earning less than the median income.

Exhibit II.A-27.
Percent of Households That Earn Less Than $60,000 (Less than the Median) by Block Group, Arapahoe County, 2007



Note: Low-income households earn less than 80 percent of the median household income.

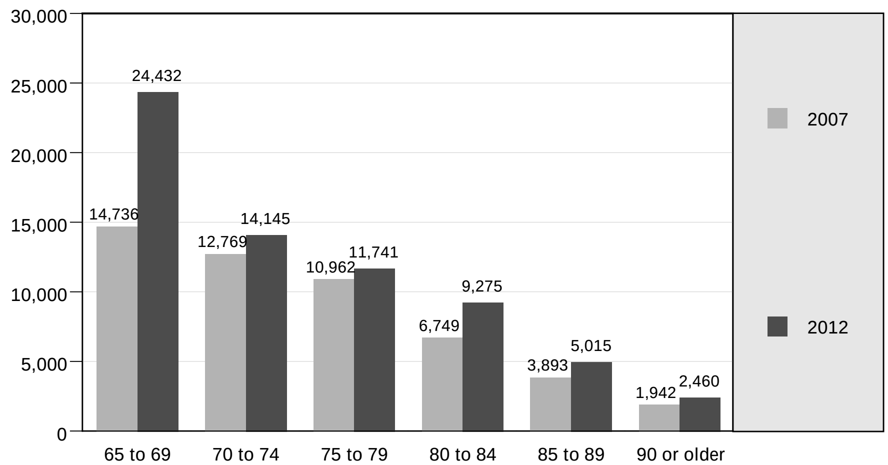
Source: Claritas, 2007 estimates.

Seniors. As discussed earlier in this chapter, the number of senior citizens is expected to grow in coming years, consistent with national trends. DOLA predicts that by 2012, there will approximately 9,700 additional Arapahoe County residents between 65 and 69. Exhibit II.A-28 shows the number of seniors by age in 2007 and 2012. Seniors over the age of 75 are more likely to become disabled and frail, and are more likely than younger seniors to need special services.

Exhibit II.A-28.
Seniors by Age, Arapahoe County, 2007 and 2012

Source:

Colorado Department of Local Affairs.



Persons with disabilities. In 2006, 53,087 people residing in Arapahoe County—or 11 percent of the County's population—had some type of disability. As shown in Exhibit II.A-29, disabilities are most common for the County's older residents—25 percent of 65 to 74 year olds and 45 percent of residents 75 and older living in the County have some type of disability.

Exhibit II.A-29.
Disability Status by Age, Arapahoe County, 2006

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Persons with a Disability	Percent within Age Range
5 to 15 years	4,581	6%
16 to 20 years	2,439	7%
21 to 64 years	28,831	9%
65 to 74 years	7,114	25%
75 years and over	10,122	45%
Total population 5 years and over	**53,087**	**11%**

As the senior population in the U.S. grows, so will the number and the percentage of persons with disabilities. In 2006, 17,236 (34 percent) of residents age 65 and over reported a disability. If the proportion of senior citizens with a disability stays constant between now and 2012, the number of senior citizens with a disability could grow to approximately 22,900 by 2012.

Persons who are homeless. The Metro Denver Homeless Initiative (MDHI) conducts annual point-in-time counts and surveys of the homeless population in the metropolitan area. Arapahoe County participates and supports the efforts of the MDHI with annual grant funding and extensive assistance in the administration of the annual point-in-time surveys.

In 2007, an estimated 10,604 people were homeless one night in January across the seven-County metropolitan area. This number is comprised of 8,482 individuals on whom survey data was received plus an additional estimate of 1,305 unsheltered individuals and 817 relatives not identified by survey respondents. Asked where they spent the night, 687 of the 8,482 respondents, or 8.1 percent, reported Arapahoe County. Of the 687, over 67 percent were female and over 73 percent responded that their household included children. This is markedly different from homeless respondents in Denver County, where over 70 percent were men and only 45 percent responded that their household included children.

These numbers should be interpreted with caution, as the homeless data from the MDHI is *not* intended to give a concrete estimate of the entire homeless population, but rather *is* intended to provide an overall demographic profile of the homeless population.

The survey results indicate that homeless individuals in Arapahoe County are most likely to be adults between the ages of 26 and 64 (79 percent); White (50 percent); female (63 percent); and a member of a household with children under the age of 18 (54 percent).[6] In many cases, the last permanent address recorded by those surveyed was Arapahoe County (55 percent), indicating that those who become homeless while in Arapahoe County remained in Arapahoe County. The night of the survey, most of the homeless stayed in transitional housing (25 percent), with friends and family (22 percent) or in a hotel paid for by themselves (22 percent). Despite being in Arapahoe County during the time of the survey, some individuals spent the night in Denver (3 percent). The majority stayed in Arapahoe County in facilities in Aurora (56 percent), Englewood (20 percent) and Littleton (12 percent).

Eighty-five percent of survey recipients reported no mental or emotional conditions that may have contributed to their homeless status. Many homeless were not receiving public assistance at the time the survey was completed. Twenty-eight percent of the respondents said losing their job or not being able to find a job was the reason they became homeless. Exhibit II.A-30 summarizes the key characteristics of the homeless population in Arapahoe County as gathered from the 2007 point-in-time homeless survey.

[6] Percentages represent the valid percentages presented by the Metro Denver Homeless Initiative. Valid percentages do not include missing responses.

Exhibit II.A-30.
Characteristics of Homeless Population, Arapahoe County, 2007

	Number	Percent
Homeless population	687	
Gender		
Male	101	33%
Female	207	63%
Race/Ethnicity		
Asian	5	2%
African American	77	28%
Native American	15	5%
White	140	50%
Mixed	27	10%
Other	15	5%
Hispanic	67	22%
Household Situation		
Single	113	19%
Single parent	117	48%
Couple with children	38	21%
Couple without children	30	9%
Grandparent with children	4	2%
Other	3	1%
Households without children	139	26%
Households with children	**166**	**74%**

	Number	Percent
Special Needs		
Mental illness	80	25%
Physical/Medical condition	74	23%
Substance abuse	69	22%
Developmental disability	17	5%
HIV/AIDS	5	2%
Why Homeless		
Lost Job - Cannot find work	89	28%
Wages Too Low	33	10%
Family Break up, Death	72	23%
Abuse or Violence	51	16%
Runaway from Home	9	3%
Discharged from Jail/Prison	24	8%
Medical Problems	37	12%
Eviction/Foreclosure	47	15%
Housing Cost Too high	76	24%
Utility Costs Too High	34	11%
Alcohol, Drug Abuse	40	13%
Mental, Emotional Problems	47	15%
Other Reason	32	10%
Chronically homeless	**2**	**6%**

Note: Not all percentages may add to 100 percent, due to rounding.

Source: Metro Denver Homeless Initiative, 2007 Point-in-Time Count.

At risk of homelessness. While 687 persons were identified as homeless in Arapahoe County from the MDHI survey, many more can be considered at risk of becoming homeless. As can be seen in Exhibit II.A-21 (page 15), regardless of housing type, 58,539 persons in the County were living in poverty in 2006. In addition, as shown in Section III, Exhibit III.A-34 (page 27), there were 32,418 *severely* cost burdened households (paying 50 percent or more of their incomes for housing costs) in Arapahoe County in 2007. These populations represent those persons most at risk for homelessness in the future.

Homelessness and foreclosure. In 2007, Arapahoe County had 13,556 *severely* cost burdened households with a mortgage. These are the households most at risk for foreclosure and possible homelessness, although foreclosure has, in recent times, affected all income brackets. It is the combination of low-income and cost-burdened with a mortgage, however that creates a strong risk profile.

Arapahoe County Economy

This section provides a brief overview of Arapahoe County's employment composition and economic vitality. A more in-depth look at Arapahoe County's workforce and its housing needs is discussed in Section V.

Current employment. DRCOG estimated there to be 276,866 wage and salary jobs in Arapahoe County in 2007, which equates to 20 percent of the seven-County region's wage and salary jobs. The Colorado Department of Labor's estimates reflect similar regional proportionality.[7] Exhibit II.A-31 displays the seven-County Denver area employment distribution based on DRCOG's 2007 estimates.

Exhibit II.A-31.
Employment by County, 2007

Source:

Denver Regional Council of Governments (DRCOG), 2007 Employment Estimates.

County	2007 Employment	Percentage of Seven-County Total
Arapahoe	**276,866**	**20%**
Adams	158,473	12%
Boulder	151,878	11%
Broomfield	30,843	2%
Denver	427,870	32%
Douglas	93,025	7%
Jefferson	214,371	16%

Jobs and housing balance. Communities in the seven-County Denver region have the benefit of relying on neighboring cities for achieving a healthy balance between population and employment. Despite the lack of pressure for providing reasonable municipal-level jobs and housing balance, an examination of community employment to household ratios can help gauge which communities are providing the region and Arapahoe County with more or less of their fair share of workforce housing.

A jobs-to-household ratio of less than "1" means that there is less than one job opportunity available within the municipality for each household residing in that town. This suggests that residents leave their place of residence for work. Aurora, Bow Mar, Cherry Hills Village, Columbine Valley, Deer Trail and Foxfield all have jobs-to-household ratios of less than 1. Conversely, Centennial, Englewood, Glendale, Greenwood Village, Littleton, Sheridan and the unincorporated portion of Arapahoe County have ratios higher than 1, meaning that residents of other communities commute in for work.

[7] DRCOG and CDLE both use QCEW data for their estimates. However, different methodologies produce slightly different results.

Exhibit II.A-32.
Jobs-to-Household Relationship by Place, Arapahoe County, 2007

Source:

Denver Regional Council of Governments (DRCOG), 2007 Household and Employment Estimates

	Households	Employment	Ratio of Jobs per Household
Arapahoe County	**218,627**	**276,866**	**1.27**
Aurora	123,579	99,486	0.81
Bow Mar	292	39	0.13
Centennial	35,972	52,698	1.46
Cherry Hills Village	2,162	1,634	0.76
Columbine Valley	512	208	0.41
Deer Trail	266	92	0.35
Englewood	14,617	25,082	1.72
Foxfield	248	105	0.42
Glendale	2,679	8,567	3.20
Greenwood Village	5,499	45,325	8.24
Littleton	18,388	25,267	1.37
Sheridan	2,282	7,151	3.13
Unincorporated Arapahoe	27,120	34,234	1.26

Employment composition and unemployment rate. In its current role, Arapahoe County provides the region with a large number of jobs in finance and insurance, information and administrative and waste services. Exhibit II.A-33 provides the employment distribution in Arapahoe County.

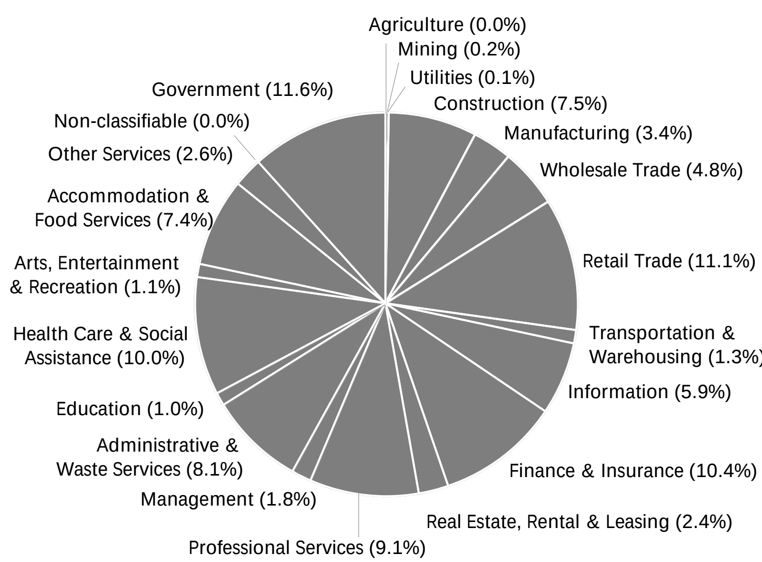
Exhibit II.A-33.
Employment by Industry, Arapahoe County, 2006

Note:

To simplify the pie chart, similar industry categories were grouped together to create fewer categories. All groupings have maintained their original industrial names, except FIRE, which stands for Finance, Insurance and Real Estate.

Source:

Colorado Department of Labor & Employment, QCEW data.



The primary industries of Arapahoe County have experienced minimal job growth in the last 5 years, thereby creating slightly more unemployment in Arapahoe County than in Colorado and the U.S. early in the decade. For example, the information and wholesale trade sectors lost jobs between 2002 and 2003, and neither industry has regained those job losses. Although there has been some industry fluctuation in recent years within the County, the overall employment composition in Arapahoe County has remained relatively stable.

Exhibit II.A-34 displays the 5-year trend in employment by industry for Arapahoe County. Exhibit II.A-35 presents the 5-year trend in unemployment for Arapahoe County, the State of Colorado and the U.S.

Exhibit II.A-34.
Employment by Industry, Arapahoe County, 2002 to 2006

Industry	2002 Number	2002 Percentage	2003 Number	2003 Percentage	2004 Number	2004 Percentage
Agriculture	122	0%	121	0%	130	0%
Mining	603	0%	560	0%	481	0%
Utilities	337	0%	369	0%	388	0%
Construction	20,889	8%	19,507	7%	18,216	7%
Manufacturing	9,719	4%	8,866	3%	9,555	4%
Wholesale Trade	15,165	5%	14,079	5%	13,280	5%
Retail Trade	31,524	11%	30,637	11%	30,291	11%
Transportation & Warehousing	3,496	1%	3,701	1%	3,689	1%
Information	23,585	9%	20,192	7%	17,990	7%
Finance & Insurance	25,328	9%	26,838	10%	27,481	10%
Real Estate, Rental & Leasing	6,859	2%	6,981	3%	6,966	3%
Professional Services	24,623	9%	23,359	9%	24,118	9%
Management	5,754	2%	6,018	2%	4,506	2%
Administrative & Waste Services	19,612	7%	19,213	7%	20,153	8%
Education	2,526	1%	2,507	1%	2,524	1%
Health Care & Social Assistance	24,808	9%	25,597	9%	26,262	10%
Arts, Entertainment & Recreation	3,577	1%	3,452	1%	3,854	1%
Accommodation & Food Services	19,826	7%	19,964	7%	20,116	7%
Other Services	7,582	3%	7,326	3%	7,378	3%
Non-classifiable	5	0%	6	0%	19	0%
Government	30,653	11%	31,173	12%	31,189	12%
Total	**276,593**		**270,466**		**268,586**	

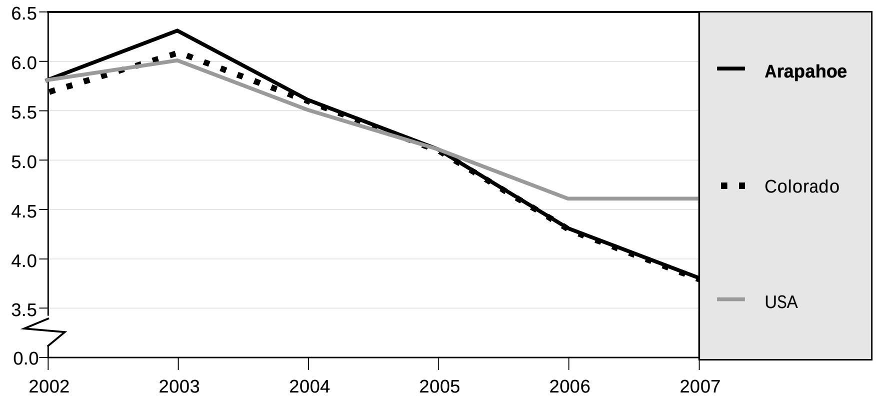
Industry *(Continued)*	2005 Number	2005 Percentage	2006 Number	2006 Percentage
Agriculture	134	0%	129	0%
Mining	493	0%	578	0%
Utilities	226	0%	188	0%
Construction	19,851	7%	20,769	8%
Manufacturing	9,158	3%	9,347	3%
Wholesale Trade	13,193	5%	13,344	5%
Retail Trade	31,180	11%	30,783	11%
Transportation & Warehousing	3,282	1%	3,502	1%
Information	16,390	6%	16,259	6%
Finance & Insurance	28,772	11%	28,767	10%
Real Estate, Rental & Leasing	6,527	2%	6,564	2%
Professional Services	24,879	9%	25,047	9%
Management	4,296	2%	4,858	2%
Administrative & Waste Services	21,164	8%	22,440	8%
Education	2,647	1%	2,855	1%
Health Care & Social Assistance	26,894	10%	27,557	10%
Arts, Entertainment & Recreation	3,348	1%	3,146	1%
Accommodation & Food Services	20,062	7%	20,527	7%
Other Services	7,174	3%	7,278	3%
Non-classifiable	15	0%	18	0%
Government	31,586	12%	32,137	12%
Total	**271,271**		**276,093**	

Source: Colorado Department of Labor & Employment, QCEW data.

Exhibit II.A-35.
Unemployment Rate Comparison, 2002-2006

Source:

Colorado Department of Labor and Employment.



What Does The Future Hold For Arapahoe County?

Both DOLA and DRCOG project Arapahoe County to be an average regional attractor of both population and employment growth. DOLA projects that Arapahoe County's population will increase by about 290,000 people between 2005 and 2035, as shown in Exhibit II.A-39. Although these numbers are quite significant, the projections assume slightly lower average annual growth rates than the County has recently experienced.

Exhibit II.A-35.
Projected Population Growth, Arapahoe County, 2005 to 2035

Source:

Colorado Department of Local Affairs.

Year	Projected Population	Time Period	Average Annual Growth Rate
2005	533,091	2000-2005	1.7%
2010	583,854	2005-2010	1.9%
2015	634,590	2010-2015	1.7%
2020	685,559	2015-2020	1.6%
2025	736,920	2020-2025	1.5%
2030	782,745	2025-2030	1.2%
2035	825,502	2030-2035	1.1%

DRCOG projects Arapahoe County's population to increase by 361,000 people between 2005 and 2035, absorbing nearly one-quarter of the growth in their nine-County planning region.[8] Again, although projected growth is strong, an average annual growth rate of 1.7 percent is less than the growth experienced by Arapahoe County since 1960.

Population growth is projected to be the strongest in the eastern edge of the urban area of the County. DRCOG predicts that the fastest growing areas will be surrounding E-470 and in Aurora south of DIA.

[8] DRCOG's nine-County planning region also includes Clear Creek County and Gilgin County.

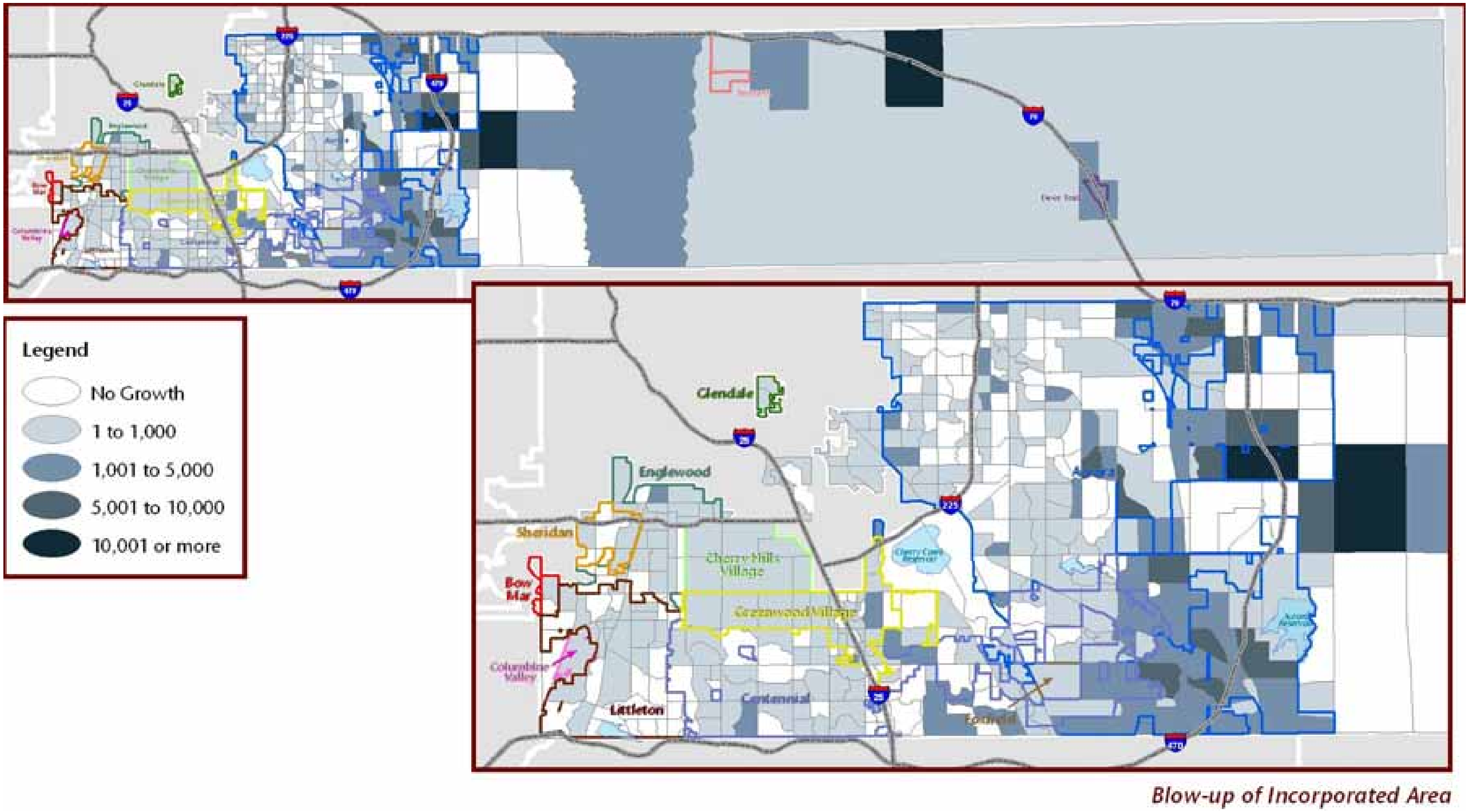
DRCOG employment forecasts predict Arapahoe County will add nearly 156,000 new jobs between now and 2035. The nine-County DRCOG region is expected to add approximately 960,000 jobs between now and 2035.[9] Arapahoe County is predicted to absorb 17 percent of the region's new employment at an average annual growth rate of nearly 1.4 percent. This annual growth rate is the slightly below the average annual growth of the all the counties that comprise the Denver region. The counties of Adams, Broomfield and Douglas have the next highest average annual growth rates at 3.0 percent, 2.8 percent and 2.7 percent, respectively.

Employment growth in Arapahoe County is more concentrated than population growth, congregating around major transportation arteries like I-25 and I-70. Additionally, the area south of DIA is expected to attract future employment growth, as Aurora is actively trying to capitalize on proximity to DIA.

Exhibits II.A-36 and II.A-37 map population and employment growth (respectively) expected in Arapahoe County, as forecasted by DRCOG. Exhibit II.A-38 highlights the fastest growing areas (population and employment combined) in Arapahoe County.

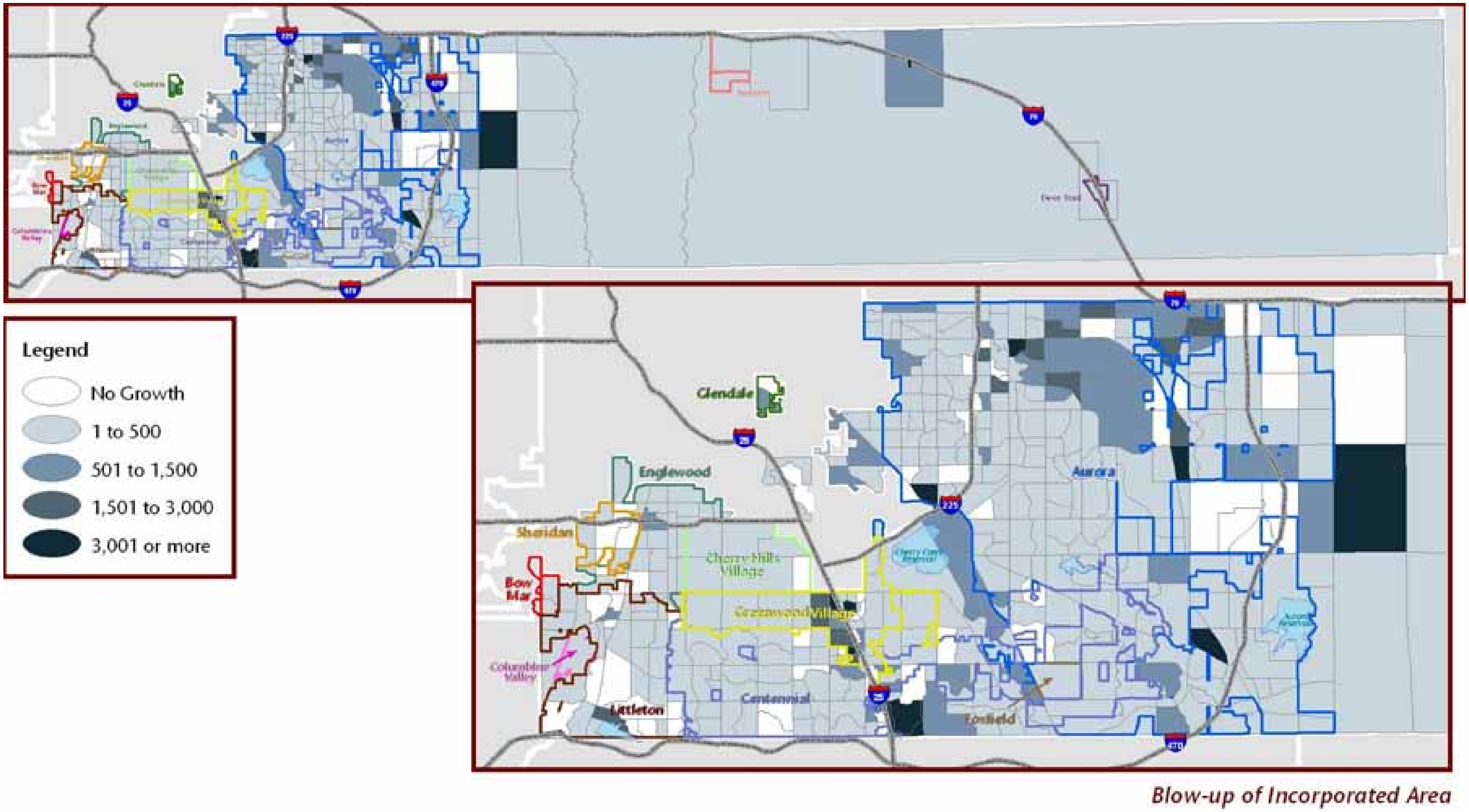
[9] DRCOG 9-County region includes the following counties: Adams, Arapahoe, Broomfield, Boulder, Clear Creek, Denver, Douglas, Gilpin and Jefferson.

Exhibit II.A-36.
Projected Population Growth, Arapahoe County, 2005-2035



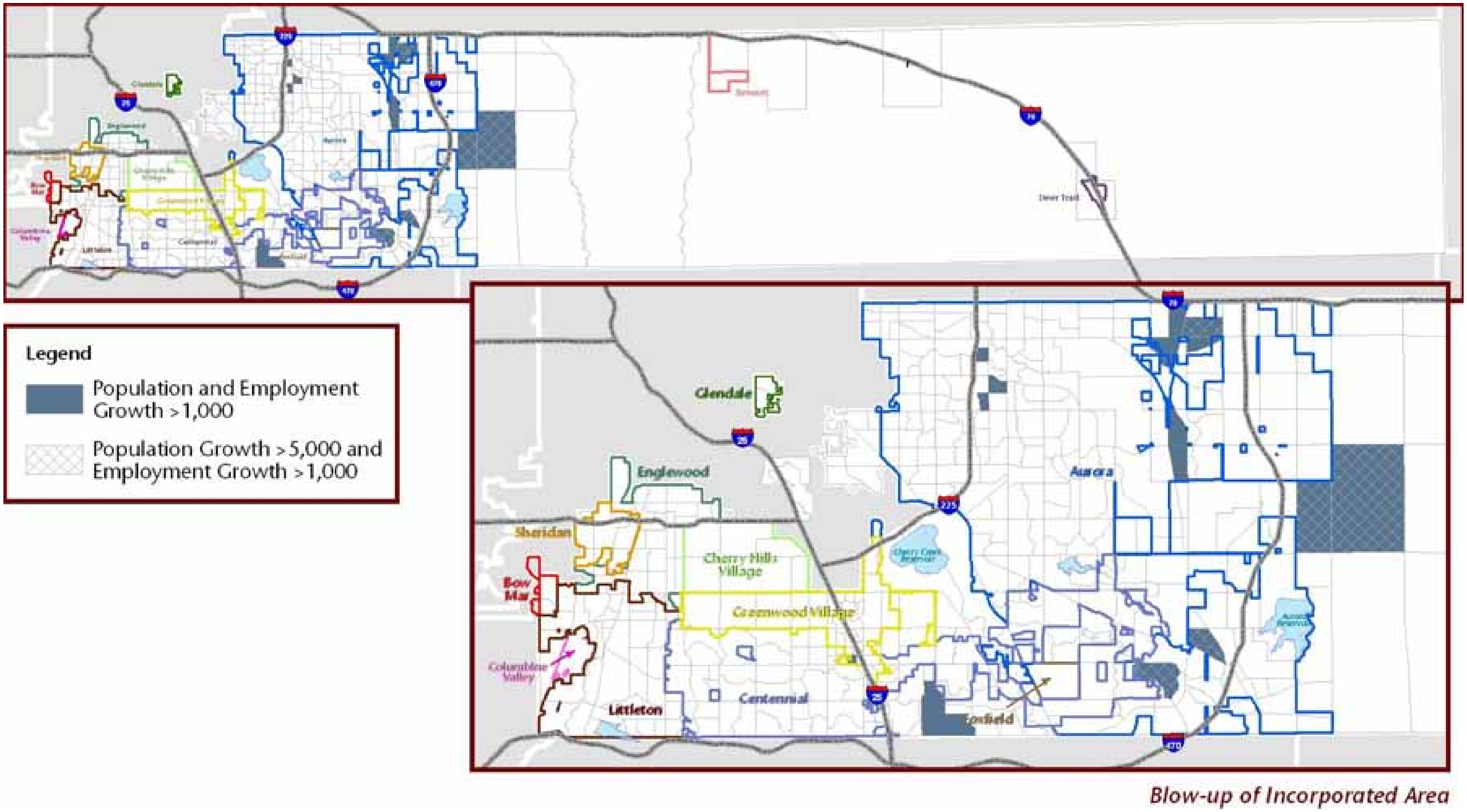
Source: Denver Regional Council of Governments (DRCOG), 2035 forecasts

Exhibit II.A-37.
Projected Employment Growth, Arapahoe County, 2005-2035



Source: Denver Regional Council of Governments (DRCOG), 2035 forecasts

Exhibit II.A-38.
Forecast Intersection, Arapahoe County, 2005-2035



Source: Denver Regional Council of Governments (DRCOG), 2035 forecasts

SECTION III.A.—ARAPAHOE COUNTY
Housing Profile and Cost

SECTION III.A.—ARAPAHOE COUNTY
Housing Profile and Cost

This section of the report profiles Arapahoe County's housing markets. The chapter begins by discussing the overall housing stock and continues by describing the characteristics of owned and rented housing units within the County.

Summary

During the 1970s and 1980s, Arapahoe County was the growing suburb in the metro area, developing a substantial amount of new homes. Its role as the provider of new growth has diminished as neighboring counties like Douglas have developed and absorbed much of new growth.

Between 2000 and 2007, over 31,600 new units were constructed in the County, increasing the housing stock by 16 percent. This is just slightly less than the number of units constructed in Douglas County—however, the impact on Arapahoe County's housing stock is far less (Douglas' housing units grew by 57 percent). New units in Arapahoe County consisted mostly of single family detached units, and the distribution of types of housing units has remained consistent since 1990.

Homeowners make up most of the residents in the County; 67 percent of all housing units in the County were occupied by owners in 2007. Whether households move into Arapahoe County specifically to purchase a home, or they purchase a home after renting within the County, an analysis of listings of homes for sale in 2007 showed a good availability of relatively affordable, detached, single family homes. Even some of the lowest income renters in the County can find affordable housing, particularly if they are willing to purchase an attached home.

Location is correlated with price in many communities and this relationship is very strong in Arapahoe County. The most affordable areas to rent and buy are split between Aurora in the east central part of the urban County and along the Santa Fe corridor. The most expensive communities are located in the central part of the County, surrounding major employment centers. For Arapahoe County, the availability of land and the desire to live in certain high end communities has led to a lack of incentive to redevelop core areas, and instead, build expensive housing stock on land further away from urban amenities.

What Does the Arapahoe County Housing Stock Look Like?

In 2007, the U.S. Census estimated there to be 228,500 housing units in Arapahoe County. Of those units, 209,950 were occupied, creating a vacancy rate of 8 percent.[1] Sixty-seven percent (140,710) of occupied housing units in Arapahoe County were owner-occupied and 33 percent (69,240) of the housing units were occupied by renters.

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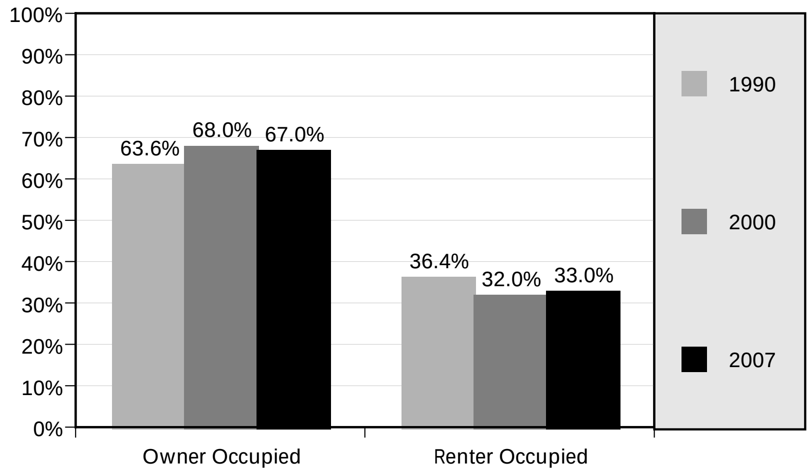
[1] DOLA estimated a 2007 vacancy rate of 6.0 percent. DRCOG's January 1, 2007 Arapahoe County vacancy rate was 4.3 percent. The differences in vacancy rates reflect differences in methodologies used by the different entities.

A similar tenure composition was reported in the 2000 U.S. Census, which estimated that 68 percent of the 190,909 occupied housing units in Arapahoe County were owner-occupied and 32 percent were renter-occupied. However, the 1990 Census estimated a 64 percent owner and 36 percent renter composition, indicating that a slight shift towards increased homeownership occurred during the 1990s in Arapahoe County. Exhibit III.A-1 demonstrates this slight shift in homeownership since the 1990s.

Exhibit III.A-1.
Renter- vs. Owner-Occupied Housing Units, Arapahoe County, 1990, 2000 and 2007

Source:

U.S. Census Bureau's 1990 Census, 2000 Census and 2007 American Community Survey.



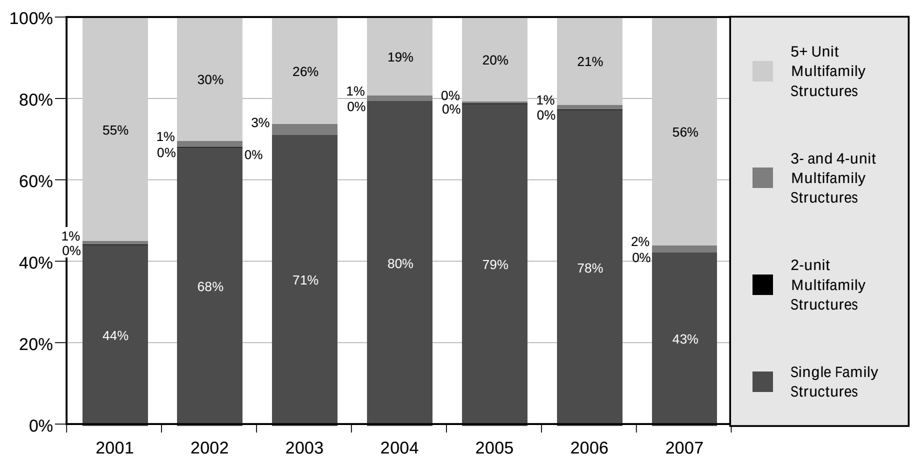
Historical production. According to the U.S. Census, between 2000 and 2008, Arapahoe County issued 31,381 new housing unit building permits. If all of the permitted units were built during 2001 to 2007, there will have been a 16 percent increase of housing units since 2000. In 2001, one-fourth (7,935 units) of the permitted units were issued. That number dropped slightly in 2002 and then remained consistent through 2007, when the County experienced a slowdown in new residential units beginning in 2008. After a surge of multifamily units in 2001 and 2002, the construction of new units has favored single family until 2007, when there was another increase in multifamily units. Except for these years, new construction continued to replicate the stock currently available in Arapahoe County.

Exhibit III.A-2 shows the number and proportion of residential housing units that have been permitted in Arapahoe County since 2001 by type of unit.

Exhibit III.A-2.
Residential Housing Units Permitted in Arapahoe County, 2001 to 2007

Source:

U.S. Census Bureau.

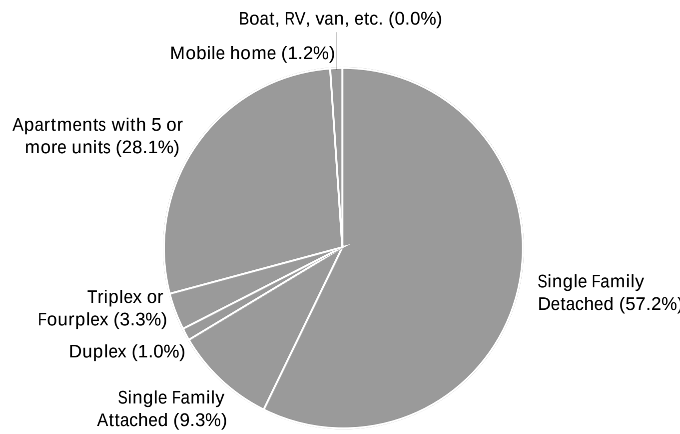


Composition of housing stock. In 2007, 57 percent of Arapahoe County's housing units were single family, detached housing units; 28 percent were apartments with 5 or more units. Approximately 14 percent of the units were single family, attached, duplex, triplex or fourplex units and another 1 percent of the units in the County were mobile homes. Exhibit III.A-3 shows housing units by type for Arapahoe County for 2007.

Exhibit III.A-3.
Housing Units by Type, Arapahoe County, 2007

Source:

U.S. Census Bureau's 2007 American Community Survey.



The emphasis on single family, detached construction has remained the dominant housing structure of the housing composition in Arapahoe County during the last 17 years. In addition, the distribution of types of housing units has remained consistent since 1990. Exhibit III.A-4 displays Arapahoe County's housing composition since 1990.

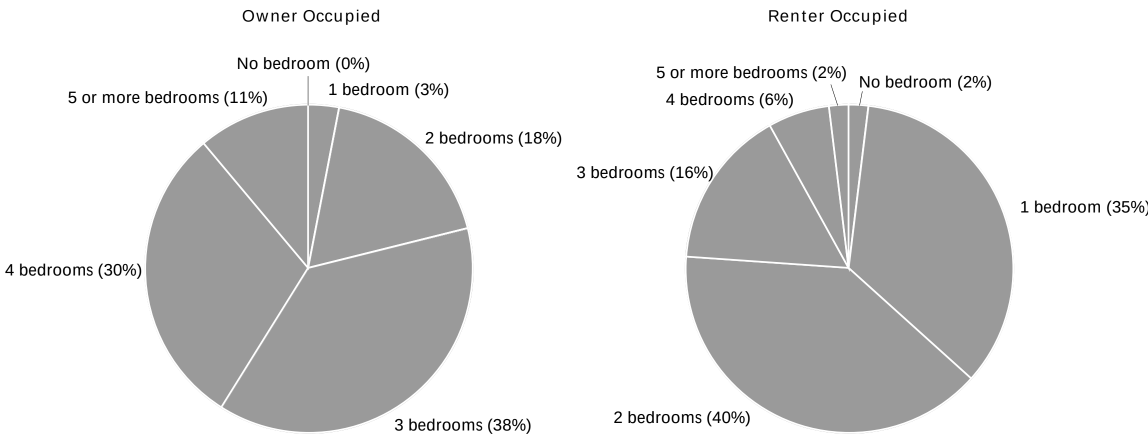
Exhibit III.A-4.
Housing Units by Type, Arapahoe County, 1990, 2000 and 2007

	1990		2000		2007	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Single family detached	93,626	56%	111,736	57%	130,738	57%
Single family attached	18,030	11%	20,687	11%	21,151	9%
Duplex	1,485	1%	1,692	1%	2,184	1%
Triplex or fourplex	4,354	3%	5,985	3%	7,553	3%
Apartments with 5 or more units	47,889	28%	53,732	27%	64,138	28%
Mobile home	3,281	2%	3,003	2%	2,736	1%

Source: U.S. Census Bureau's 1990 Census, 2000 Census and 2007 American Community Survey.

Size. Arapahoe County's rental units are most likely to be one (35 percent) or two bedroom units (39 percent). Arapahoe County's owner-occupied units most commonly have three bedrooms (38 percent), followed by four bedrooms (30 percent), as shown in Exhibit III.A-5. Since Arapahoe County has relatively average household sizes for both renter (2.45) and owner (2.61) households, the supply of units seems consistent with the demand induced by these households.

Exhibit III.A-5.
Housing Units by Size, Arapahoe County, 2007



Source: U.S. Census Bureau's 2007 American Community Survey.

Age of housing stock. An important indicator of housing condition is the age of the home. Older houses tend to have more condition problems and are more likely to contain materials such as lead-based paint. Approximately 1.5 percent of the housing units in Arapahoe County were built before 1940, when the risk of lead-based paint is highest.[2] In areas where revitalization of older housing stock is active, many old houses may be in excellent condition; however, in general, condition issues are still most likely to arise in older structures.

Approximately 50 percent of Arapahoe County's housing stock was built between 1970 and 1989. Almost 15 percent was built since 2000 and 11 percent was built before 1960. Exhibit III.A-6 displays the age of Arapahoe County's housing stock.

[2] Lead-based paint was banned from residential use in 1978. Housing built before 1978 is considered to have some risk, but housing built prior to 1940 is considered to have the highest risk. After 1940, paint manufacturers voluntarily began to reduce the amount of lead they added to their paint. As a result, painted surfaces in homes built before 1940 are likely to have higher levels of lead than homes built between 1940 and 1978.

Exhibit III.A-6.
Age of Housing Stock,
Arapahoe County, 2006

Source:

U.S. Census Bureau's 2006 American Community Survey.

Year Built	Percent of Total Housing Stock
2000 to present	14.6%
1990 to 1999	13.3%
1980 to 1989	23.2%
1970 to 1979	26.6%
1960 to 1969	10.8%
1950 to 1959	8.3%
1940 to 1949	1.5%
1939 or Earlier	1.6%
Median Year Built	1980

Englewood has the oldest housing stock with the median year of their housing structures built in 1959.

Exhibit Iii.A-7.
Median Year Housing Structure
Built, Arapahoe County, 2007

Source:

Claritas, 2007 estimates.

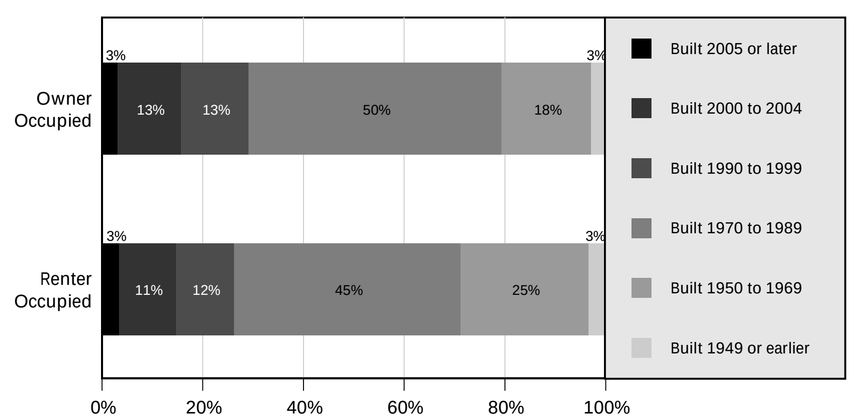
	Median Year Built
Arapahoe County	**1982**
Centennial	1983
Deer Trail	1963
Englewood	1959
Glendale	1978
Greenwood Village	1992
Littleton	1979
Sheridan	1968
Unincorporated	1991

The owner-occupied housing stock in Arapahoe County is slightly newer than the County's rental properties. Twenty-nine percent of owner-occupied units were constructed after 1990, as compared with 26 percent of rental units. Nearly one half of all rental units in Arapahoe County were built during the 1970s and 1980s, with an additional one-fourth being constructed in the 1950s and 1960s, for a total of 70 percent of the units. Comparatively, 68 percent of owner-occupied units were built between 1950 and 1990. Exhibit III.A-8 displays the age composition for both renter and owner occupied units.

Exhibit III.A-8.
Years Housing
Units Were Built,
Arapahoe County,
2007

Source:

U.S. Census Bureau's 2007 American Community Survey.



As Arapahoe County's housing stock ages, the number and cost of required repairs will increase. Typically, if needed repairs are not made, the quality of the area's housing stock will decline.

Overcrowded housing. A key factor to examine in evaluating housing condition is overcrowding. Overcrowding in housing can threaten public health, strain public infrastructure, and points to an increasing need of affordable housing. The amount of living space required to meet health and safety standards is not consistently specified; measurable standards for overcrowding vary. According to HUD, the most widely used measure assumes that a home becomes unhealthy and unsafe where there are more than 1, or sometimes 1.5, household members per room.[3] Another frequently used measure is the number of individuals per bedroom, with a standard of no more than 2 persons per bedroom. Assisted housing programs usually apply this standard.

HUD defines an overcrowded unit as having more than one person per room, which is the definition used for the purpose of this study. Approximately 2 percent of the County's households—or about 4,479 households—live in overcrowded conditions; this is similar to the 2.1 percent of the State's housing units that were overcrowded. One percent of owner-occupied housing units (1,459 units) were overcrowded and 4.4 percent of renter-occupied units (3,020 units) that were overcrowded. Compared to the State, Arapahoe County's rate of overcrowded owner-occupied households is slightly lower while the rate of overcrowded renter-occupied households is higher than the 4.1 percent of the State's renter households that were overcrowded.

Overcrowding can be an issue more prevalent among certain racial and ethnic groups, lower-income households and inner-city dwellers. Hispanic or Latino households were more likely to be living in overcrowded conditions when compared to White alone, not Hispanic or Latino households. Approximately 9.6 percent (2,487 households) of Hispanic or Latino households were overcrowded compared to 0.9 percent (1,436 households) of White alone, not Hispanic or Latino households. The higher prevalence of overcrowding could be because of a preference for an extended family to occupy one housing unit, lower average incomes held by certain ethnic groups, or a greater likelihood of ethnic groups living in smaller rental properties.

Severely substandard condition. In addition to overcrowded units, another key factor to examine in evaluating housing condition is substandard units. The 2007 ACS reported that approximately 1,446 housing units (vacant and occupied) in the County are considered severely substandard because they lacked complete plumbing facilities[4] or complete kitchens[5]. Together, assuming no overlap, these units represented a little over one-half of a percent of the County's total housing units in existence in 2007.

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[3] The HUD American Housing Survey defines a room as an enclosed space used for living purposes, such as a bedroom, living or dining room, kitchen, recreation room, or another finished room suitable for year-round use. Excluded are bathrooms, laundry rooms, utility rooms, pantries, and unfinished areas.

[4] The data on plumbing facilities were obtained from both occupied and vacant housing units. Complete plumbing facilities include: (1) hot and cold piped water; (2) a flush toilet; and (3) a bathtub or shower. All three facilities must be located in the housing unit.

[5] A unit has complete kitchen facilities when it has all of the following: (1) a sink with piped water; (2) a range, or cook top and oven; and (3) a refrigerator. All kitchen facilities must be located in the house, apartment or mobile home, but they need not be in the same room. A housing unit having only a microwave or portable heating equipment, such as a hot plate or camping stove, should not be considered as having complete kitchen facilities. An icebox is not considered to be a refrigerator.

According to the 2007 ACS, a very small percentage of Arapahoe County households contain substandard living conditions: less than one-third of 1 percent of the occupied housing units in Arapahoe County lack complete plumbing (626 units); about two-fifths of 1 percent lack complete kitchens (384 units); and 0.7 percent (1,410 units) do not have heat or use nontraditional heating sources (e.g., coal, kerosene, wood). Comparatively, only 0.4 percent of owner-occupied units use no or nontraditional heating sources versus 1.2 percent of renter-occupied units.

Besides 2007 ACS data, there is little official data regarding the condition of interior features (such as plumbing, wiring and structural hazards) of private housing in Arapahoe County; however, there are divisions within the County and municipalities within the County who respond to complaints and conduct inspections of housing conditions.

In the community survey conducted for this study, we asked owners if there are needed repairs that they have not made to their house, and, if there were, what repairs were most needed. Approximately one-third of owners responded there were needed repairs for their house, while 66 percent did not report any needed repairs. Painting was the most needed repair; plumbing, roofing and windows/doors were also frequently chosen. Repairs included in the "other" category included appliances, air conditioning, insulation, foundation, porch/deck/patio, counters/cabinetry, yard work and carpeting.

Seventy-eight percent of survey respondents who were renters reported that their landlords made repairs promptly when needed. When asked if there were needed repairs for their rental unit, 63 percent of the renters said no repairs were currently needed.

Who Rents and Who Owns in Arapahoe County?

This section examines the demographic characteristics of renters and owners in Arapahoe County, beginning with renters.

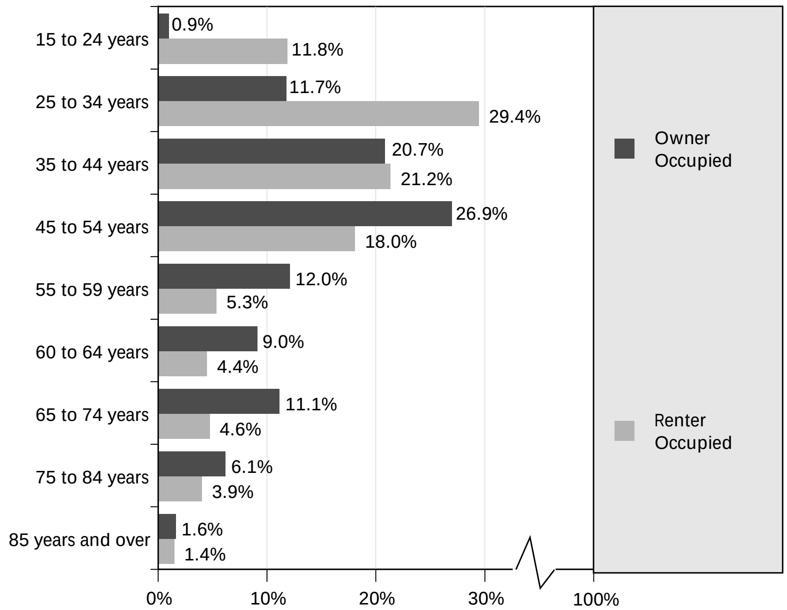
Who are the County's renters? Renters in Arapahoe County tend to be younger, less educated, and are more likely to be living near the poverty threshold than homeowners. Renters are more likely to use other modes of transportation to work, rather than drive alone in a car, and are more transient than homeowners.

Age of renters. Renters in Arapahoe County are younger than homeowners: For example, 8,160 renter households are headed by individuals 15 to 24 years of age (12 percent of renters), as compared to 1,297 owned units headed by the same age cohort (just 1 percent of owners). Most renters in the County are 25 to 34 years old. Exhibit III.A-9 provides the age distribution of owned and rented properties.

Exhibit III.A-9.
Age of Head of Household by Tenure, Arapahoe County, 2007

Source:

U.S. Census Bureau's 2007 American Community Survey.



Renter income. Renter-occupied households have a substantially lower household income than owner households. The median household income for renter-occupied housing units is $32,208. This is $43,500 less than the median household income of owners in Arapahoe County.

Rental units are more likely to be occupied by families below the poverty level. Of the 11,642 families in Arapahoe County living below the poverty level per the 2007 Census, 80 percent were living in rental units. More specifically, 71 percent of married-couple households in poverty were renting and 85 percent of female-headed households living below the poverty level were occupying rental units.

Renter education. The lower the level of education obtained by residents, the more likely Arapahoe County residents are to rent. Sixty percent of individuals who have obtained less than a high school degree rent in Arapahoe County. That percentage decreases as more education is obtained, meaning that the higher the level of education obtained, the more likely households are to buy. For example, households headed by someone with at least a college degree rent just 19 percent of the time.

Renter race. Because White households are the largest racial group within the County, they are the largest racial group to occupy all rental units in Arapahoe County (72 percent). African American households account for 16 percent of renter households and households characterizing themselves as "Some Other Race" account for 5 percent of renter households[6].

[6] The Some Other Race category is often made up of persons of Hispanic origin who do not consider themselves White racially.

Among African American households, renting is more prevalent, as 59 percent of African American households are renters. Hispanic/Latino households also had a high proportion of renters (57 percent). Exhibit III.A-10 shows tenure by race and ethnicity.

Exhibit III.A-10. Tenure by Race and Ethnicity, Arapahoe County, 2007

	Owner Occupied		Renter Occupied	
Total Housing Units	**140,710**	**100%**	**69,240**	**100%**
American Indian and Alaska Native Alone	686	0%	667	1%
Asian Alone	6,813	5%	2,134	3%
Black or African American Alone	7,634	5%	11,151	16%
Native Hawaiian and Other Pacific Islander Alone	-		-	
White Alone	119,918	85%	49,630	72%
Some Other Race Alone	3,747	3%	3,775	5%
Two or More Races	1,912	1%	1,883	3%
Hispanic or Latino	11,080	8%	14,752	21%

Source:

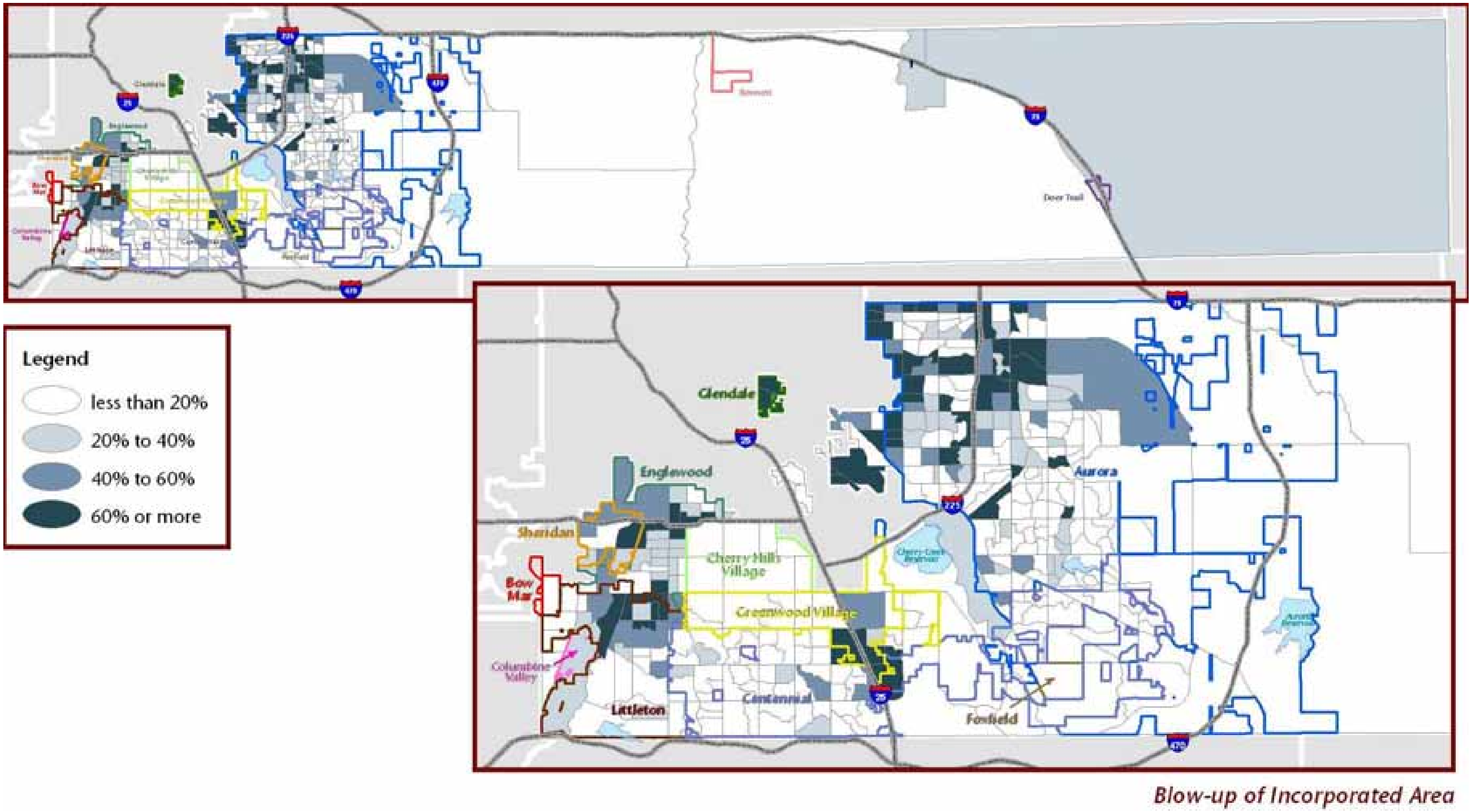
U.S. Census Bureau's 2007 American Community Survey.

Other traits of renters. Renters are more likely to seek out other means of transportation to work than homeowners, rather than drive alone to work; 73 percent of renters drive alone to work compared to 81 percent of owners. Finally, renters (8 percent) are also more likely to take public transportation to work than homeowners (3 percent).

As previously mentioned in Section I.A, Arapahoe County residents often remain in Arapahoe County for long periods of time, either within their same residence or other homes in the County. However, as to be expected, renters are more transient; 49,022 renter households moved into their rental unit in 2005 or later, compared to 25,840 owner-occupied housing units. This accounts for 71 percent of all renters in the County. An additional 21 percent of renters moved into their units between 2000 and 2004.

Where do renters live in Arapahoe County? Overall, the Census block groups in Arapahoe County contain very small percentages of renters. Concentrations of high renter-occupied units in Arapahoe County are close to major transportation arterials and more dense and urban areas. These concentrations are primarily located in Glendale and Aurora and parts of Sheridan, Englewood and Littleton. In addition, Greenwood Village and along the I-25 corridor has a high concentration of renter-occupied units. Exhibit III.A-11 displays the spatial distribution of renter-occupied housing units in Arapahoe County.

Exhibit III.A-11.
Distribution of Renter-Occupied Housing Units, Arapahoe County, 2007



Source: Claritas, 2007 estimates.

Type of units renters occupy. Based on occupancy levels, renters in Arapahoe County appear to live mostly in buildings with 5 units or more; 65 percent of the County's renters live in such buildings. The second most common rental arrangement is single family, detached homes (20 percent). Exhibit III.A-12 displays renter-occupied housing units by structure type.

Exhibit III.A-12.
Renter-Occupied Housing Units By Structure Type, Arapahoe County, 2007

Source:
U.S. Census Bureau's 2007 American Community Survey.

	Number of Units	Percent of Total
Single family detached	14,158	20%
Single family attached	4,351	6%
Duplex	1,349	2%
Triplex or fourplex	3,500	5%
Buildings with 5 or more units	45,047	65%
Mobile home	835	1%
Total	**69,240**	**100%**

Who are the County's owners? Sixty-seven percent of Arapahoe County households own the units in which they reside. Married households, with and without children, are likely to be homeowners in Arapahoe County. Households with children are more likely to own. Data also showed that residents with higher levels of education are likely to be homeowners.

Owner household composition. Seventy-four percent of all *family households* currently own the homes in which they reside and 26 percent rent. Married-couple households are likely to own their Arapahoe County home (83 percent). Married-couple households with children (76 percent) were less likely to own over rent than married-couple households with no children (87 percent). Non-married households headed by a male own 55 percent of the time. Female-headed, non-married households own 46 percent of the time.

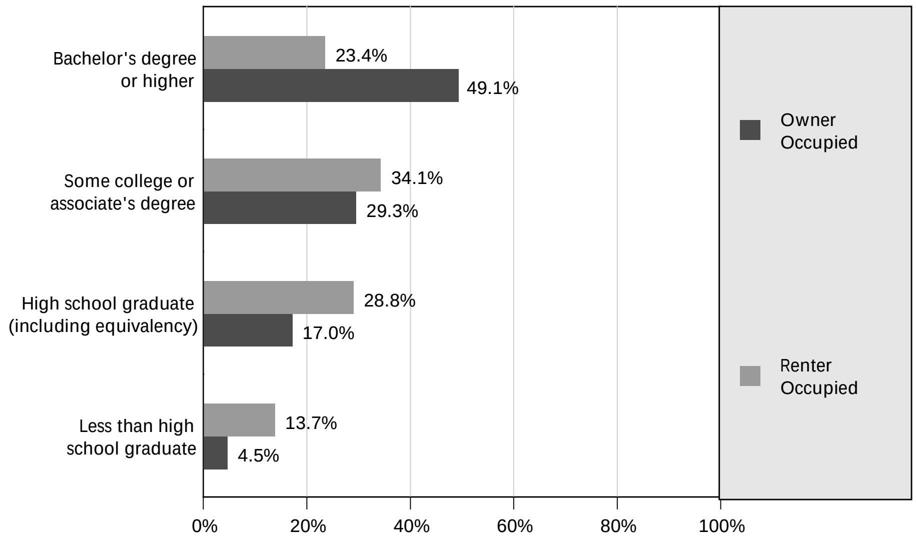
Overall, households with children (related and unrelated) in Arapahoe County are more likely to own than rent. Fifty-five percent of households that have children under the age of 6 years own their homes. That percentage increases to 62 percent for households that have children under 6 and children between the ages of 6 and 17. Finally, 72 percent of households that only have children between 6 and 17 own their places of residences, rather than rent.

Education. Homeowners are more likely to have attained a higher level of education compared to renters in Arapahoe County. Exhibit III.A-13 shows educational attainment for homeowners and renters.

Exhibit III.A-13.
Educational Attainment for Homeowners and Renters, Arapahoe County, 2007

Source:

U.S. Census Bureau's 2007 American Community Survey.



Rental Cost and Vacancies

The apartment vacancy rate estimated by the Apartment Association of Metro Denver for the 2nd Quarter of 2008 was 5.9 percent. The average for all of 2007 was 6.23 percent. This was down slightly from the 6.98 vacancy rate of 2006. Overall, rental vacancy rates in Arapahoe County—consistent with surrounding areas—have dropped since 2003. The dropping vacancies suggest that the rental market is tightening, meaning it is becoming more difficult to find an appropriate apartment to rent.

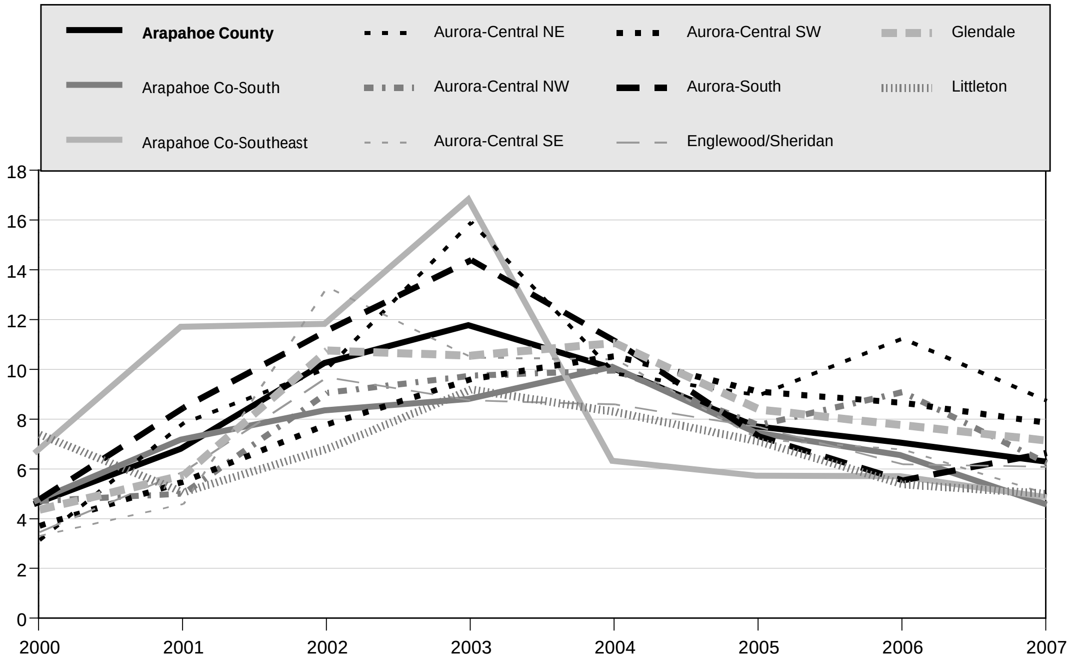
Apartment vacancies were high in 2002 and 2003 during the time when many residents purchased homes and there was a lot of multifamily construction. However, since 2003, vacancies have declined, as development slowed to correct the overbuilding. Exhibits III.A-14 shows the eight-year trend in annual averages for apartment vacancies in Arapahoe County and its market areas, as provided by the Apartment Association of Metro Denver. Exhibit III.A-15 shows vacancies by market area. The Arapahoe County-South market had the lowest vacancy rate at 4.53 percent in 2007; the Aurora-Central Northeast area had the highest at 8.78 percent.

Exhibit III.A-14.
Annual Average Apartment Vacancy, Arapahoe County and Market Areas, 2000 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Arapahoe County	**4.55**	**6.73**	**10.18**	**11.70**	**9.98**	**7.63**	**6.98**	**6.23**
Arapahoe County - South	4.65	7.10	8.28	8.73	10.03	7.38	6.48	4.53
Arapahoe County - Southeast	6.63	11.63	11.75	16.75	6.25	5.65	5.63	4.80
Aurora - Central Northeast	3.18	7.88	10.08	15.95	9.88	9.00	11.28	8.78
Aurora - Central Northwest	4.75	5.05	9.10	9.78	10.00	7.80	9.13	6.28
Aurora - Central Southeast	3.35	4.63	13.35	10.53	10.45	7.23	6.83	5.05
Aurora - Central Southwest	3.75	5.53	7.83	9.65	10.58	9.15	8.70	7.90
Aurora - South	4.83	8.50	11.60	14.43	11.18	7.35	5.58	6.68
Englewood/Sheridan	3.50	5.93	9.73	8.80	8.63	7.73	6.23	6.13
Glendale	4.40	5.78	10.80	10.60	11.10	8.43	7.80	7.18
Littleton	7.43	5.10	6.85	9.23	8.33	7.15	5.43	5.05

Source: Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007

Exhibit III.A-15.
Annual Average Apartment Vacancy, Arapahoe County and Market Areas, 2000 to 2007



Source: Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007

What types of units are in demand? The Arapahoe County apartment market experienced an increase in rental units in 2001 and 2002, when over 2,000 units were added to the market. As a result, both rents and vacancy rates have been readjusting to absorb these new units. Additionally, while new units were added to the market, many Arapahoe County residences transitioned into homeownership. Exhibit III.A-16 displays new apartment units added between 2000 and 2007, overlaid with vacancy rates. Exhibit III.A-17 shows the vacancy rates by market area.

Exhibit III.A-16.
Apartments Added, Arapahoe County Market Areas, 2000 to 2007

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.

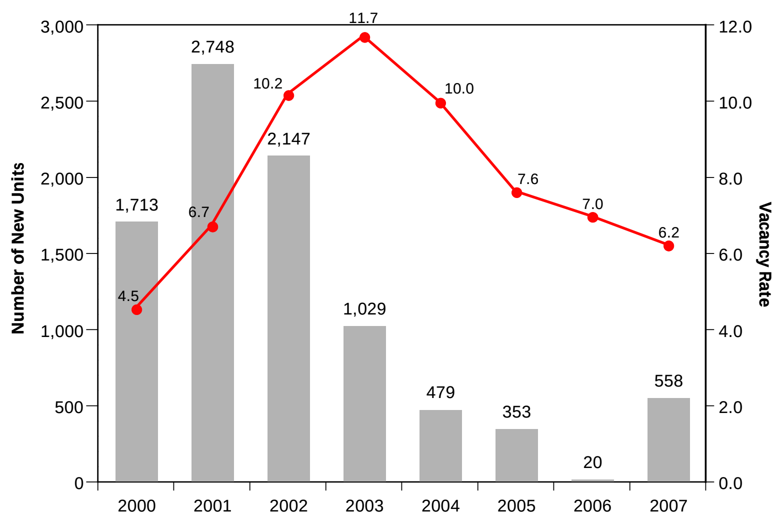
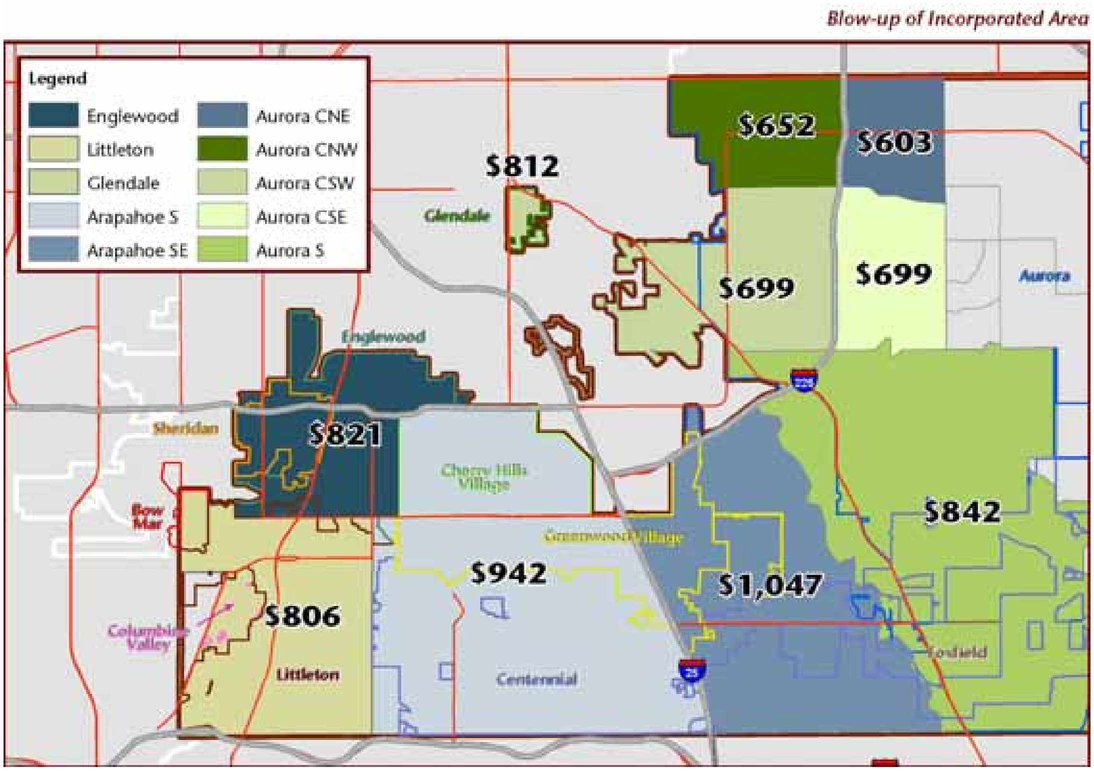


Exhibit III.A-17.
Rental Vacancy Rates by Arapahoe County Market Area, Fourth Quarter of 2007



Source: Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007

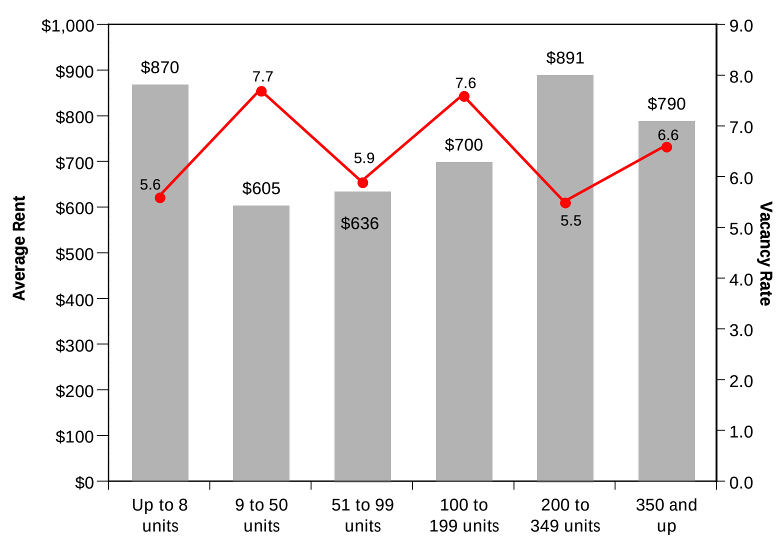
The next few graphs examine whether building size, rental rates, price per square foot and age of the complex influence vacancy rates.

Little relationship seems to exist between vacancy rates and apartment rental prices with regards to the overall size of the building within Arapahoe County. Exhibit III.A-18 presents vacancy rates and average rent by building size for all of 2007.

Exhibit III.A-18.
Rental Vacancy Rates and Average Rent by Building Size, Arapahoe County, 2007

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.



Apartment vacancies do vary by the size of the rental unit, which is probably more related to affordability than chosen size. Despite the premium paid for an extra bathroom in a 2 bedroom, 2 bathroom unit, vacancies in 2007 were highest for 2 bedroom, 1 bathroom units. Overall, vacancies were lowest for efficiencies (5.1 percent) and 1 bedroom (5.7 percent) units, which had average rents of $538 and $702 in 2007, respectively.

Exhibit III.A-19.
Rental Vacancy Rates and Average Rent by Type of Apartment, Arapahoe County, 2007

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.

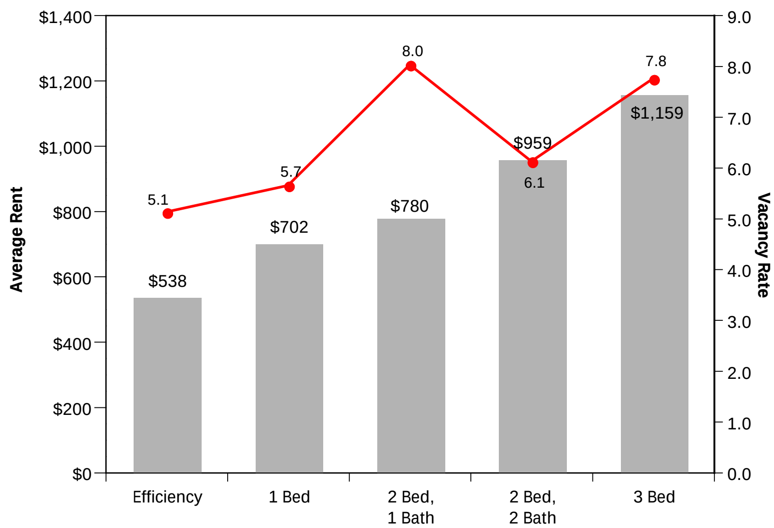
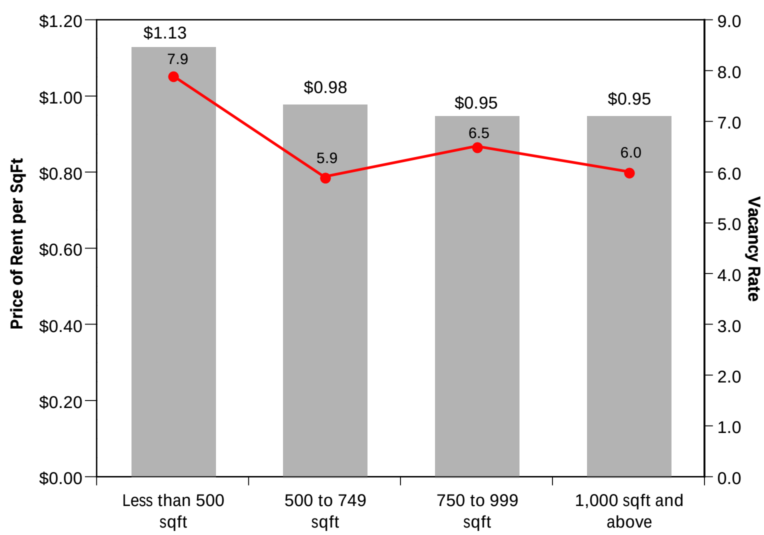


Exhibit III.A-20 shows vacancy rates and average price per square foot by apartment size for 2007. Apartments become marginally less expensive as they gain more square footage. Apartments with smaller square feet (less than 500 square feet) have the highest vacancy rate in Arapahoe County. In 2007, they were least in demand.

Exhibit III.A-20.
Rental Vacancy Rates and Rent per Square Foot by Apartment Size, Arapahoe County, 2007

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.



Newer rental units and those built prior to 1960 tend to have lower vacancy rates in Arapahoe County. Exhibit III.A-21 shows vacancies and average rent by the age of the building.

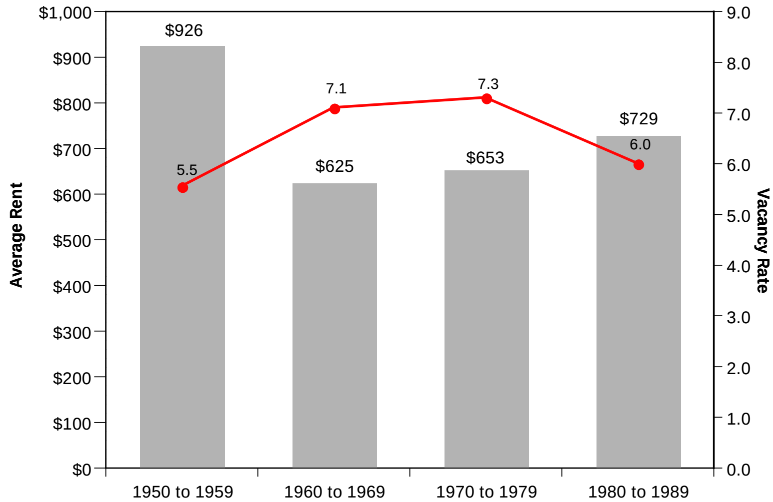
Exhibit III.A-21.
Rental Vacancy Rates and Average Rent by Building Age, Arapahoe County, 2007

Notes:

No data was available for units built in 2005 and after.

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.

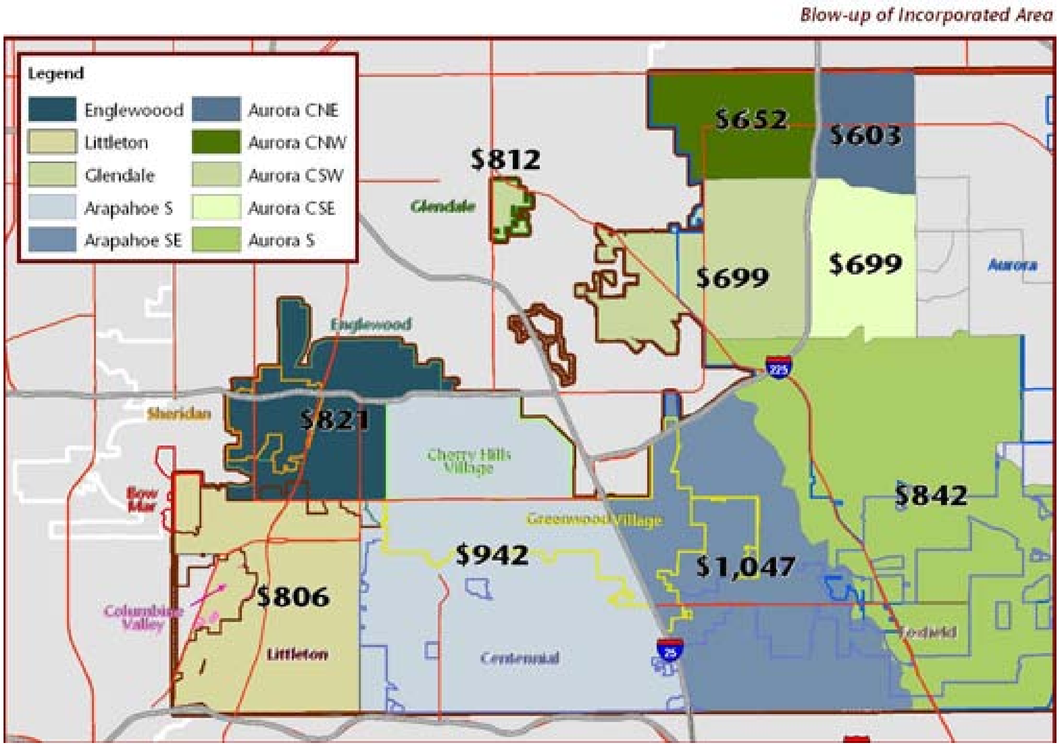


What can renters get for their money in Arapahoe County? In the 2nd Quarter of 2008, the average price for an apartment in Arapahoe County, regardless of size or apartment type, was $837.62. The average rent in 2007 for an Arapahoe County apartment was $812.48. This is lower than average rental rate of the seven-county Denver region ($856.24), as well as the average of Denver ($858.80) and Douglas ($1,022.67) counties' rental rates.

According to the Metro Denver Vacancy and Rent Survey, the median rent was $803.78 in the 2nd Quarter of 2008 and the average median rent for the four quarters of 2007 was $773.06.

Exhibit III.A-22 shows the average rent for all units by market area in Arapahoe County for 2007. The Southeast market area of the County had the highest average monthly rent ($1,047) of the markets areas in Arapahoe County, followed by the South market. These are also the areas that surround the Denver Technological Center.

Exhibit III.A-22.
Average Rent for All Units, Arapahoe County Market Areas, 2007



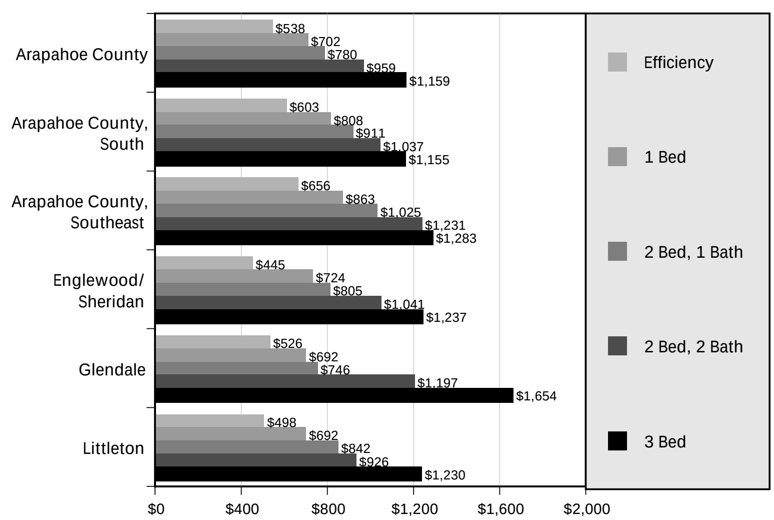
Source: Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.

Exhibit III.A-23 shows average rent costs for each type of unit in Arapahoe County by the four market areas (excluding Aurora) during 2007.

Exhibit III.A-23.
Average Rent by Type, Arapahoe County Market Areas, 2007

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.and BBC Research & Consulting.



After adjusting 2001 to 2007 average rental rates to 2008 dollars with the consumer price index (CPI), the overall rental rates have increased slower than inflation. All types of apartments have experienced a slightly negative annual decrease rate in the last 7 years.

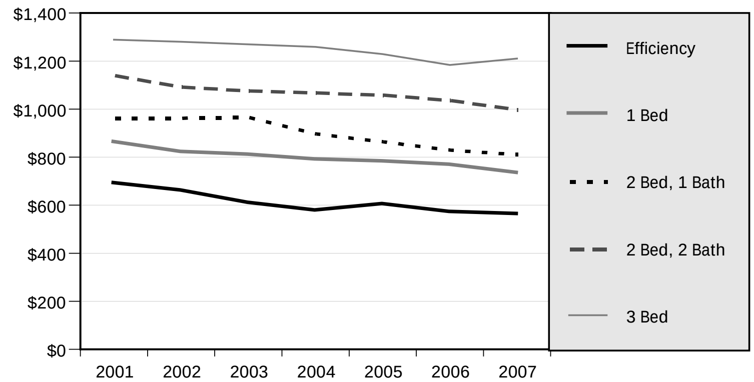
Exhibit III.A-24.
Six-year Trend in Rental Rates, Arapahoe County, 2001 to 2007

Note:

Dollar amounts adjusted to 2008 dollars using the consumer price index.

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.



Examining price per square feet also indicates that rental rates have not increased in Arapahoe County in the last few years, despite low vacancies. After adjusting for inflation, all types of apartments were considered less expensive or equal per square foot in 2007 than they were in 2001.

Exhibit III.A-25.
Average Price per Square Foot for Rental Units, Arapahoe County, 2001 to 2007

Note:

Dollar amounts adjusted to 2008 dollars using the consumer price index.

Source:

Denver Metro Area Apartment Vacancy and Rent Survey, Fourth Quarter 2007.

Year	Efficiency	1 Bed	2 Bed, 1 Bath	2 Bed, 2 Bath	3 Bed	All
2001	1.44	1.15	1.11	1.15	0.99	1.14
2002	1.43	1.22	1.08	1.11	1.10	1.16
2003	1.34	1.17	1.07	1.06	1.07	1.12
2004	1.26	1.12	1.02	1.03	1.04	1.08
2005	1.29	1.11	1.00	1.02	1.02	1.06
2006	1.21	1.07	0.95	0.99	0.98	1.03
2007	1.27	1.05	0.93	0.96	0.99	1.00

Despite price stability in rental rates, median gross rent as a percentage of household income has increased in the last 17 years in Arapahoe County. In other words, renters are currently spending more of their household income on rent than they were in 1990 and 2000. The 1990 Census and the 2000 Census reported statistics of 25 and 26 percent, respectively, for the ratio of median gross rent to household income. That percentage increased to 31 percent in the 2007 Census. Thus, although rental rates have increased slowly in Arapahoe County, the income of renters is increasing even more slowly.

The 2000 U.S. Census reported a renter median household income of $34,075 and a median gross rent of $792. After adjusting for inflation to 2007 dollars with the CPI, the median household income in 2000 was $41,029 and rent was $954. The 2007 Census reported a median renter household income of $32,208 and a median gross rent of $820. Thus, both median household income for renters and gross rents have decreased. However, because renter income has decreased more significantly, rent payments are becoming more of a burden to the household.

Exhibit III.A-26 shows average and median rents by apartment size in the second quarter of 2008 and the proportion of renter households in Arapahoe County who could afford such rents without being cost burdened. In the housing industry, housing affordability is commonly defined in terms of the proportion of household income that is used to pay housing costs. Housing is “affordable” if no more than 30 percent of a household’s monthly income is needed for rent, mortgage payments and utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered “cost burdened.”

Almost half of Arapahoe County’s renters could afford the average-priced apartment without being cost burdened in 2008, leaving 51 percent of renters unable to afford the average Arapahoe County apartment. Many renter households would have difficulty affording larger apartments in Arapahoe County. For example, only 30 percent of renter households could afford a 3 bedroom apartment and the remaining 70 percent could not afford the unit. The data presented by median rent create similar results of affordability.

Exhibit III.A-26.
Affordability of Rental Units by Size, Arapahoe County, 2008

	Average Rent	Percent of Renter Households Able to Afford Average Rent	Median Rent	Percent of Renter Households Able to Afford Median Rent
All units	**$838**	**49%**	**$804**	**51%**
Efficiency	$571	65%	$550	67%
One bedroom	$723	55%	$702	56%
Two bed, one bath	$815	50%	$799	51%
Two bed, two bath	$968	42%	$927	44%
Three bedroom	$1,225	30%	$1,195	31%
Other	-	-	$992	41%

Source: Denver Metro Apartment Vacancy and Rent Survey, Second Quarter 2008; U.S. Census Bureau’s 2007 American Community Survey; and BBC Research & Consulting.

For Sale Housing

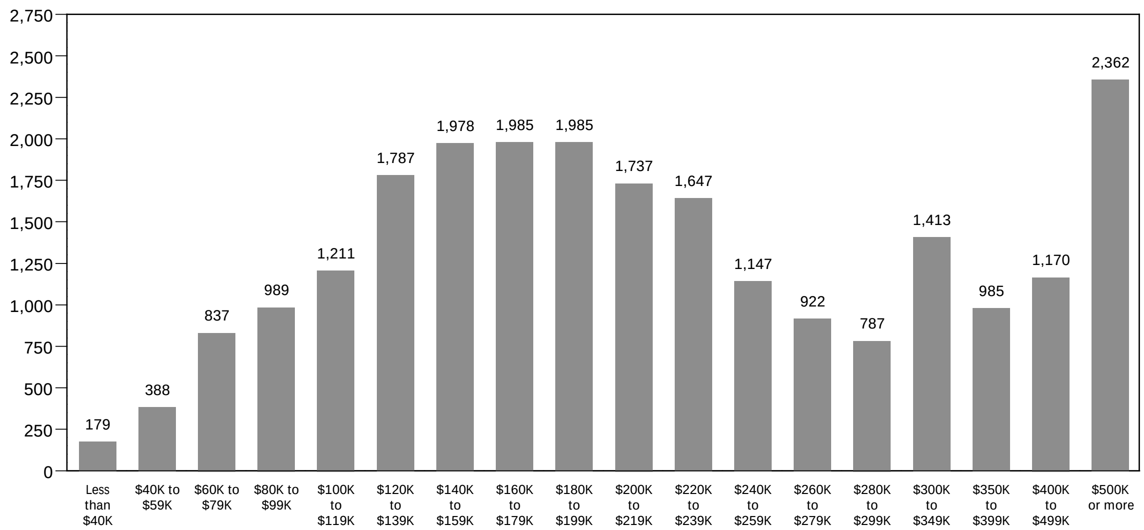
The 2007 MLS (for sale property listings) listed 23,539 properties in Arapahoe County. Of those listings, 15,979 units (68 percent) were detached, single family units. The remaining 7,560 units were attached units, consisting of duplexes/triplexes (511), townhomes (3,504) and condominiums (3,545).

In 2007, the median price (list or sale price) of all units in Arapahoe County was $205,000. The median list or sales price for a detached, single family home was $239,900. The median price for single family attached units (including duplexes and triplexes) was $222,565 and condominiums (including townhomes and other condominiums) had a median price of $135,000. Of those condominiums the townhomes had a median price of $150,000 and the remaining condominiums had a median price of $135,000.

The price differential between single family detached and attached versus condominium products is approximately $100,000. Often, attached housing units are seen as attractive to buyers looking for a less expensive home, therefore the price incentive for purchasing attached products may be a factor.

Exhibit III.A-27 shows the number of housing units sold or on the market in Arapahoe County during 2007 by asking or sold price. Almost half of the units sold were priced between $120,000 and $240,000, with a couple of other peaks in the number of units priced between $300,000-$350,000 and also $500,000 or more.

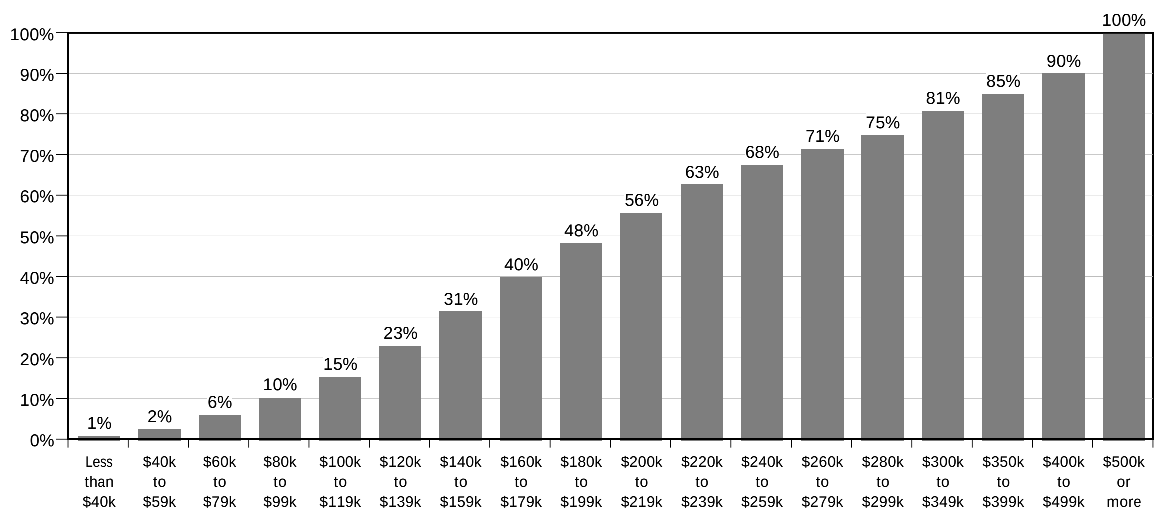
Exhibit III.A-27.
Distribution of Housing Units Sold or On the Market, Arapahoe County, 2007



Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007.

Forty-eight percent of units that were for sale in Arapahoe County in 2007 were less than $200,000. Eighty-five percent of these units for sale in 2007 were less than $400,000. Exhibit III.A-28 shows the cumulative distribution of for sale units in Arapahoe County during 2007.

Exhibit III.A-28.
Cumulative Price Distribution of Housing Units Sold or On the Market, Arapahoe County, 2007



Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007.

Compared to recent years, there is slightly more inventory available on the market in 2007. For example, in 2005, 21,337 homes were for sale in Arapahoe County; In 2007, an additional 2,172 units were for sale.

Home prices have remained the stable since 2005, in which the median home price of a single family, detached unit in Arapahoe County was $238,000 (compared to $239,900 now). Median home prices for duplexes/triplexes and condominiums were $204,700 and $143,000, respectively. Condominiums have had the largest decline in the median price between 2005 and 2007, at $8,000. In contrast, duplexes/triplexes have had an increase in median price by $17,865.

Distribution of for sale homes. The average home price by Census Tract was calculated using the 2007 MLS listings. Census Tracts with higher median sales prices are located in the southern and eastern portion of the County. Tracts with home prices between $150,000 and $200,000 are located in the southern portion of Aurora, in Englewood and parts of Sheridan and Littleton. Exhibit III.A-29 maps the average MLS sales price in 2007 by Census Tract.

New construction. Newer homes in Arapahoe County have targeted higher income households. The median price of new construction products in 2007 was $375,000, which is substantially higher than the total median price of $205,000. The average price of new construction homes was $670,600, which is significantly higher than the median. This is most likely due to several higher priced homes skewing the results on the higher end. For example, the highest priced newly constructed home was $8.2 million and 12 percent of the newly constructed homes were priced over $1 million.

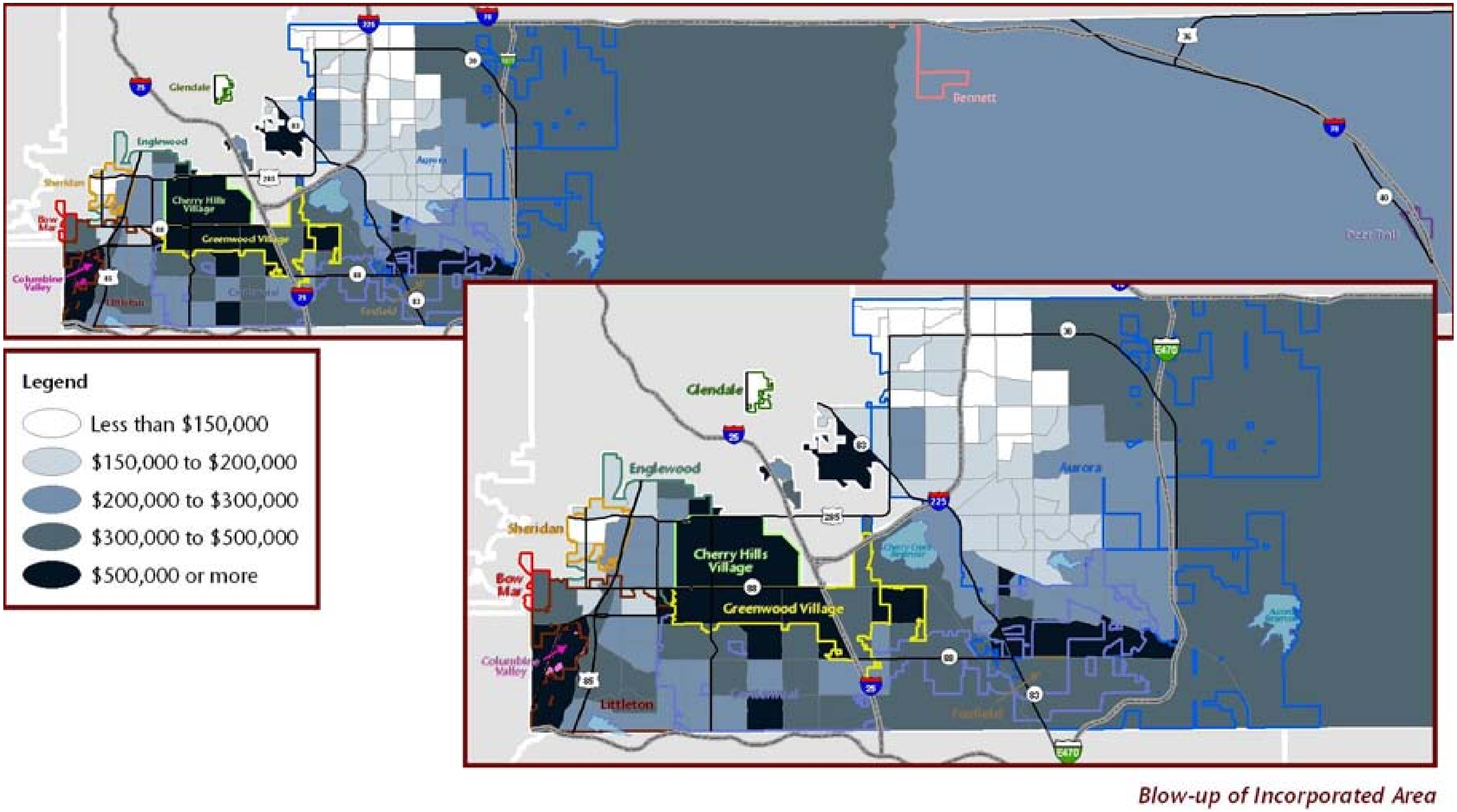
Ninety-five percent of the units listed in 2007 were existing homes and the remaining 5 percent were new construction products. Much of the new housing stock above $400,000 is located in Cherry Hills Village and Greenwood Village. Exhibit III.A-30 spatially displays the price distribution of new construction homes for sale in 2007.

Time on the market. A unit staying on the market for a long period of time indicates a lack of demand for that type of unit and a potential saturation of a certain market segment. Of the properties listed in the 2007 Arapahoe County MLS, just 5 percent had been on the market for more than 1 year. Sixty-three percent of the units on the market for more than 1 year were located in Aurora, which account for a large portion of all MLS listings in 2007.

The median price for a home on the market for more than a year was $218,900, which is approximately $14,000 more than the median average for the full 2007 MLS listing. The median age for homes on the market for more than 1 year was 17 years old. This is less than the median age for the total sample, which was 24 years old.

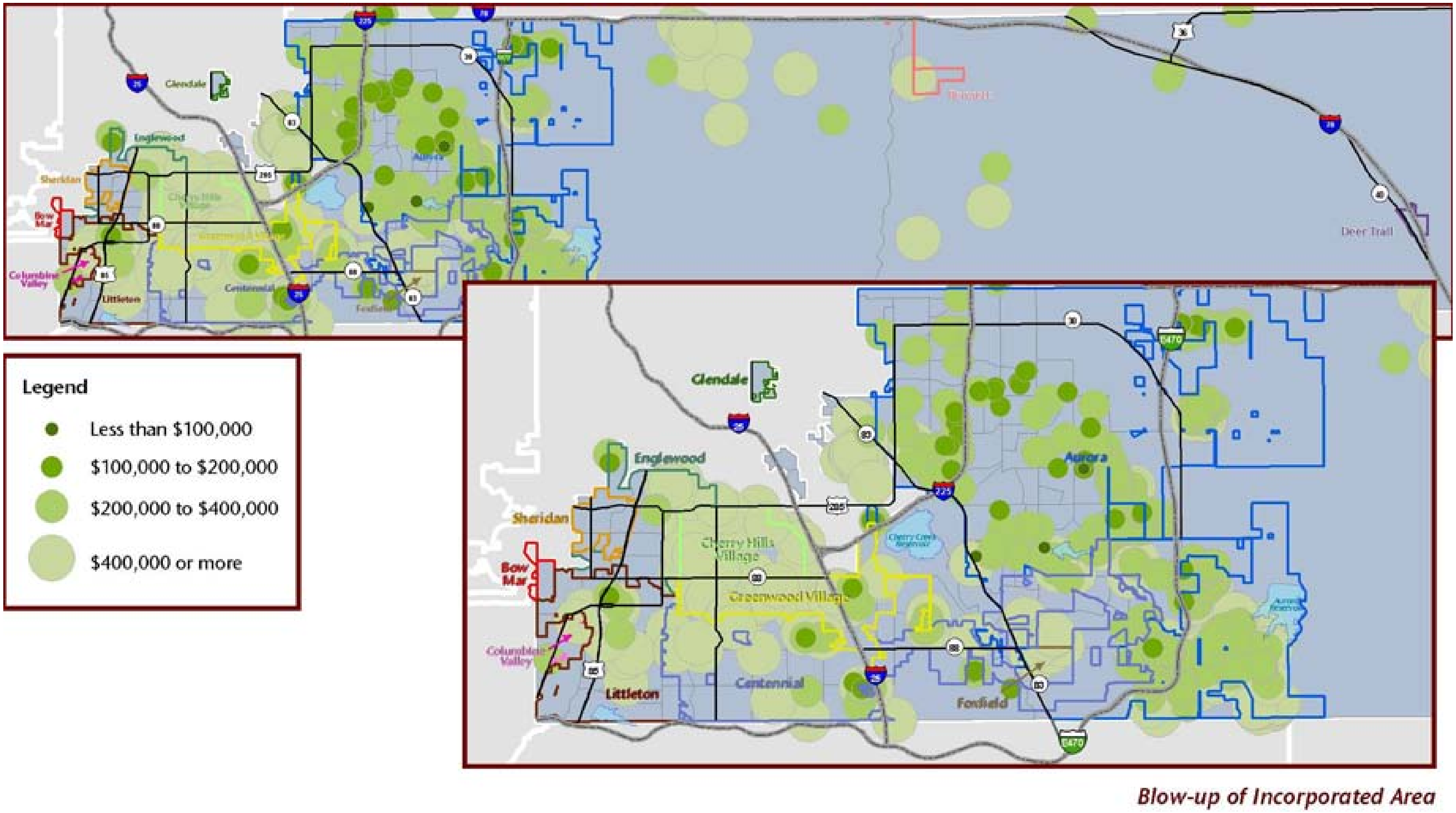
Exhibit III.A-31 displays the price distribution of properties for sale in Arapahoe County in 2007 that had been on the market for more than 1 year.

Exhibit III.A-29.
Average Home Prices by Census Tract for MLS Listings, Arapahoe County, 2007



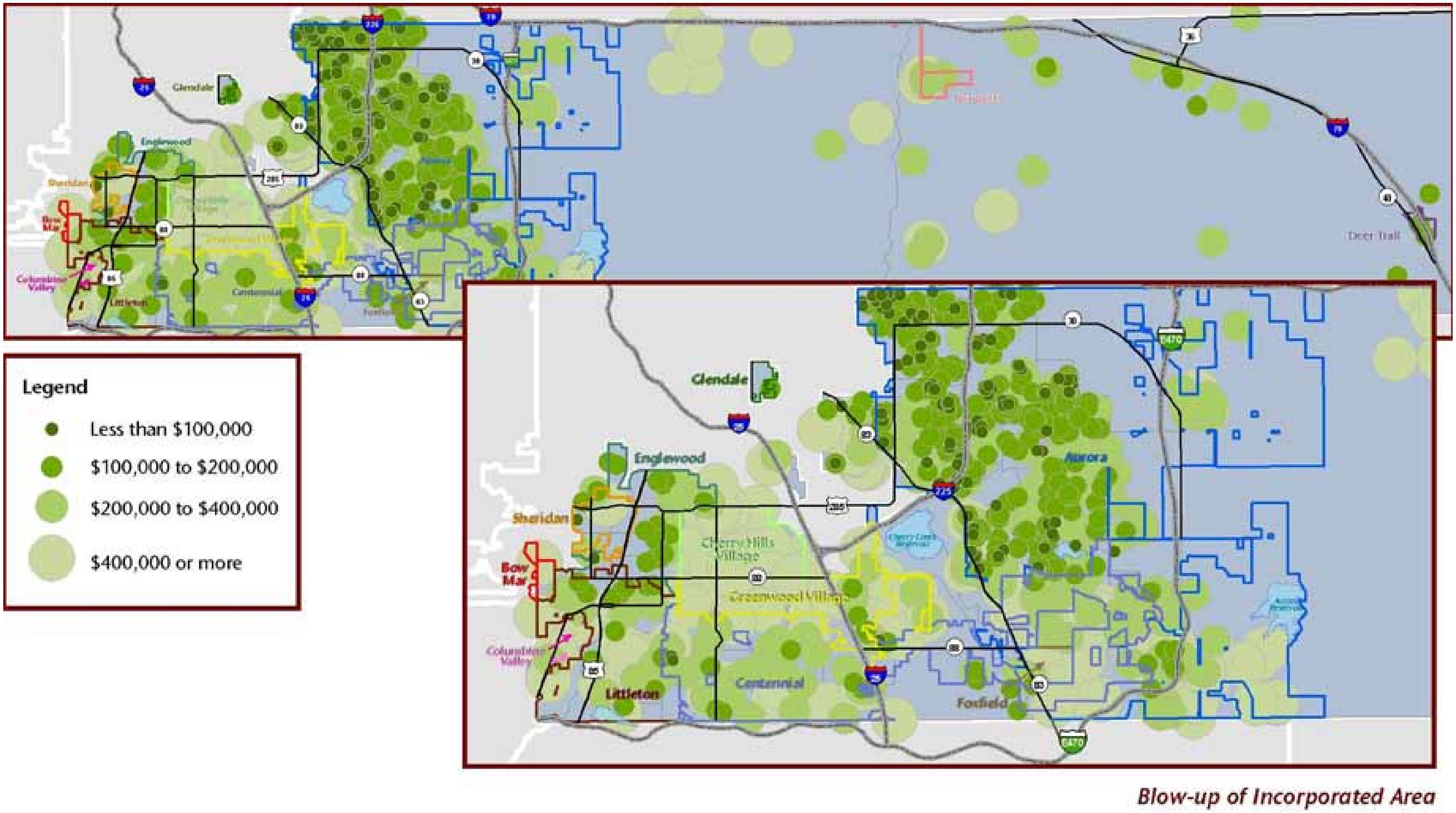
Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007.

Exhibit III.A-30
New Construction by Price for MLS Listings, Arapahoe County, 2007



Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007.

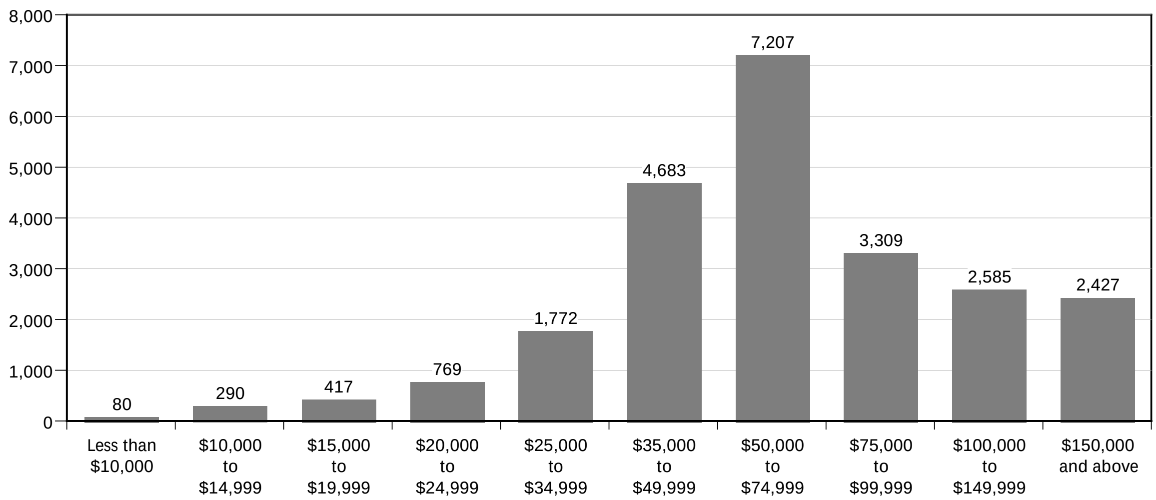
Exhibit III.A-.31
Houses on the Market for Over One Year for MLS Listings, Arapahoe County, 2007



Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007.

How easy is it to buy in Arapahoe County? Exhibit III.A-32 below shows the number of units for sale in Arapahoe County in 2007 by the incomes at which they are affordable. Households making between $50,000 and $75,000 had 31 percent of the units fall into their affordable price range. It is important to note that households can afford homes in their affordability price range *in addition* to homes priced below that range. Thus, not only can households earning between $50,000 and $75,000 afford the 7,200 homes falling within their price range, but they could afford all homes priced beneath that threshold, as well. Thus, households earning between $50,000 and $75,000 could afford 65 percent of the housing stock available in Arapahoe County in 2007.

Exhibit III.A-32.
Distribution of Housing Units Available to Buy by Income Range, Arapahoe County, 2007



Note: Mortgage loan terms are assumed as follows: 30 year fixed, 6.5 percent, 5 percent downpayment. The affordable mortgage payment is also adjusted to incorporate hazard insurance, property taxes and utilities.

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

Exhibit III.A-33 shows the data in III.A-32 in a table. Fifty-five percent of multifamily product and 48 percent of single family product on the market in 2007 were priced for households earning between $35,000 and $75,000.

Exhibit III.A-33.
Affordability of Housing Stock For Sale by Income Category, Arapahoe County, 2007

Income Ranges Low	Income Ranges High	Maximum Affordable Price	Single Family Number	Single Family Percent	Single Family Cumulative Percent	Multifamily Number	Multifamily Percent	Multifamily Cumulative Percent
Less than $10,000		$33,304	1	0%	0%	79	1%	1%
$10,000	$14,999	$49,958	8	0%	0%	282	4%	5%
$15,000	$19,999	$66,612	47	0%	0%	370	5%	10%
$20,000	$24,999	$83,266	153	1%	1%	616	9%	19%
$25,000	$34,999	$116,573	538	3%	5%	1,234	18%	37%
$35,000	$49,999	$166,534	2,322	14%	19%	2,361	33%	70%
$50,000	$74,999	$249,803	5,656	34%	53%	1,551	22%	92%
$75,000	$99,999	$333,072	2,987	18%	71%	322	5%	97%
$100,000	$149,999	$499,610	2,460	15%	86%	125	2%	98%
Greater than $150,000		More than $499,610	2,318	14%	100%	109	2%	100%
Total			**16,490**	**100%**		**7,049**	**100%**	

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007; U.S. Census Bureau's 2007 American Community Survey; and BBC Research & Consulting.

Based on 2007 data, an estimated 15 percent of Arapahoe County's renters and 56 percent of current owners could afford to purchase the median priced, single family (detached and attached) home without being cost burdened[7]. Approximately 42 percent of renters and 82 percent of current owners could afford to purchase the median priced, condominium (including townhomes) home without being cost burdened. Exhibit III.A-34 summarizes these data.

Exhibit III.A-34.
Affordability of Single Family Housing Stock, Arapahoe County, 2007

Note:

Mortgage loan terms are assumed as follows: 30 year fixed, 6.5 percent, 5 percent downpayment. The affordable mortgage payment is also adjusted to incorporate hazard insurance, property taxes and utilities.

Source:

The Genesis Group, Multiple Listing Service for Arapahoe County during 2007; U.S. Census Bureau's 2007 American Community Survey; and BBC Research & Consulting.

	Single Family	Multifamily
Median price of homes listed/sold	**$239,900**	**$135,000**
Income needed to afford median price	**$69,145**	**$38,910**
Number of renters who can afford to buy	10,662	29,018
Percent of renters who can afford to buy	*15%*	*42%*
Number of owners who can afford to buy	78,338	114,870
Percent of owners who can afford to buy	*56%*	*82%*

Exhibit III.A-35 presents similar affordability data by income ranges based on AMI. HUD divides low- and moderate-income households into categories, based on their relationship to the AMI: extremely low-income (earning 30 percent or less of the AMI), very low-income (earning between 31 and 50 percent of the AMI), low-income (earning between 51 and 80 percent of the AMI) and moderate-income (earning between 81 and 95 percent of the AMI). The 2008 AMI for the seven-county Denver region was $71,800.

[7] Although currently housed, owners might be in the market for a new home because they are downsizing, up scaling or looking for a different product or location.

Exhibit III.A-35 also shows that 13 percent of multifamily units and 1 percent of single family units for sale were affordable to households earning less than 30 percent of the AMI (less than $21,540). Very low-income households (31 to 50 percent of AMI) could afford 38 percent of multifamily units and 5 percent single family units. Although there is not much available for households at these low-income levels, the existence of any units at all is impressive. These are difficult market segments to serve because of affordability needs.

Exhibit III.A-35.
Affordability of Single Family Housing Stock For Sale by AMI, Arapahoe County, 2007

		Single Family			Multifamily		
		Number	*Percent*	*Cumulative Percent*	*Number*	*Percent*	*Cumulative Percent*
0 to 30% MFI	or less than $21,540	86	1%	1%	904	13%	13%
31% to 50% MFI	or $21,540 to $35,900	722	4%	5%	1,779	25%	38%
51% to 80% MFI	or $35, 901 to $57,440	4,046	25%	29%	2,967	42%	80%
81% to 95% MFI	or $57,441 to $68,210	2,611	16%	45%	617	9%	89%
96% to 120% MFI	or $68,211 to $86,160	2,862	17%	63%	447	6%	95%
121% to 150% MFI	or $86,161 to $107,700	1,965	12%	75%	152	2%	97%
>50% MFI	or $107,701 or more	4,198	25%	100%	183	3%	100%

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007; U.S. Census Bureau's 2007 American Community Survey; U.S. Department of Housing & Urban Development; and BBC Research & Consulting.

Cost burden. The 2007 Census provides estimates of cost burdened households and includes some information about the characteristics of households that experience cost burden. The Census data estimate about 52 percent of the County's renter households (or 34,007 renter households) and 32 percent of the City's homeowners (or 44,397 households) were cost burdened in 2007. The data also show that 27 percent of renters (17,545 households) and 11 percent of homeowners (14,873 households) were *severely* cost burdened, paying 50 percent or more of their incomes for housing costs.

Exhibit III.A-36.
Cost Burdened Renter and Owner Households, Arapahoe County, 2007

Note:
When calculating the percentage cost burdened, the number of housing units for which data were not computed was subtracted from the total number of units.

Source:
U.S. Census Bureau's 2007 American Community Survey.

	Number	Percent
Renters	**65,703**	**100%**
Not cost burdened	31,696	48%
Cost burdened	34,007	52%
Severely cost burdened	17,545	27%
Owners	**140,126**	**100%**
Not cost burdened	95,248	68%
Cost burdened	44,397	32%
Severely cost burdened	14,873	11%
Total cost burdened	**78,404**	**38%**

For those in lower annual income brackets, a high percentage of their annual income is spent on rent: 96 percent of those earning less than $10,000 a year spent over 30 percent of their annual income on rent; and similarly, 93 percent of those earning $10,000 to $19,999 per year spent 30 percent or more of their annual income on rent. In comparison, the vast majority (93 percent) of those earning more than $75,000 per year spend less than 30 percent of their annual income on rent.

Exhibit III.A-37.
Renters Who Are Cost Burdened, Arapahoe County, 2006

Note:

Of the total 68,410 renter households, 3,810 renter households were not computed.

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Cost Burdened		Not Cost Burdened	
Income Range	Number	Percent	Number	Percent
Less than $10,000	5,760	96%	253	4%
$10,000 to $19,999	10,290	93%	764	7%
$20,000 to $34,999	13,677	72%	5,248	28%
$35,000 to $49,999	4,035	33%	8,363	67%
$50,000 to $74,999	1,146	12%	8,605	88%
$75,000 or more	431	7%	6,028	93%
Total	**35,339**	**55%**	**29,261**	**45%**

As shown in Exhibit III.A-38, 37 percent of the County's households who owned their own homes and had a mortgage payment were cost burdened, compared with 13 percent who did not have a mortgage payment. Households without a mortgage payment can experience cost burden when the cost of hazard insurance, property taxes and utilities exceeds 30 percent of their household income.

Cost burden is very high among Arapahoe's lowest-income homeowners—almost 100 percent of owners (actual is 99 percent) earning less than $20,000 per year who have a mortgage were cost burdened in 2006 (5,329 households) and 95 percent of homeowners earning between $20,000 and $35,000 were cost burdened (11,030 households). In addition, 2,861 owner households earning less than $20,000 and who do not have a mortgage were cost burdened. Households earning more than $75,000 and do not have a mortgage are very unlikely to be cost burdened in Arapahoe's market.

Exhibit III.A-38.
Owners Who Are Cost Burdened, Arapahoe County, 2006

Note:

Of the total 142,485 owner occupied households, 980 had zero or negative income.

Source:

U.S. Census Bureau's 2006 American Community Survey.

	Cost Burdened		Not Cost Burdened	
Income Range	*Number*	*Percent*	*Number*	*Percent*
With a mortgage:	**43,593**	**37%**	**73,214**	**63%**
Less than $20,000	5,329	99%	47	1%
$20,000 to $34,999	11,030	95%	585	5%
$35,000 to $49,999	9,911	71%	3,954	29%
$50,000 to $74,999	11,364	47%	13,015	53%
$75,000 or more	5,959	10%	55,613	90%
Without a mortgage:	**3,409**	**13%**	**22,269**	**87%**
Less than $20,000	2,861	69%	1,268	31%
$20,000 to $34,999	452	11%	3,479	89%
$35,000 to $49,999	49	1%	4,861	99%
$50,000 to $74,999	0	0%	4,647	100%
$75,000 or more	47	1%	8,014	99%

Community affordability. Communities within Arapahoe County have carved out housing market niches, offering different types of housing stocks for residents. Cherry Hills Village's median home price of $2.35 million, which is $2.15 million higher than the County's overall median, reveals its stock of higher-end homes available for higher-income households. Aurora, Centennial, Englewood and Littleton had a substantial for sale stock in 2007, revealing their high population centers.

Bennett, Bow Mar, Cherry Hills Village, Deer Trail and Foxfield only offered single family homes for sale during 2007, while Glendale only had multifamily units for sale. Deer Trail, Sheridan, Aurora and Englewood all offered lower priced single family homes when compared to the County overall. The same is true for Sheridan and Aurora's multifamily homes when compared to the County overall. Sheridan offers some of the older, smaller and most affordable housing options in Arapahoe County. Exhibit III.A-39 displays median home prices by community, as well as a comparison of community median home prices to the County's median average. Exhibit III.A-40 displays the median prices for multifamily and single family units by community.

Exhibit III.A-39. Median Home Price by Community Compared to Arapahoe County, 2007

Note:

The median home price in Arapahoe County is $205,000.

Source:

The Genesis Group, Multiple Listing Service for Arapahoe County during 2007.

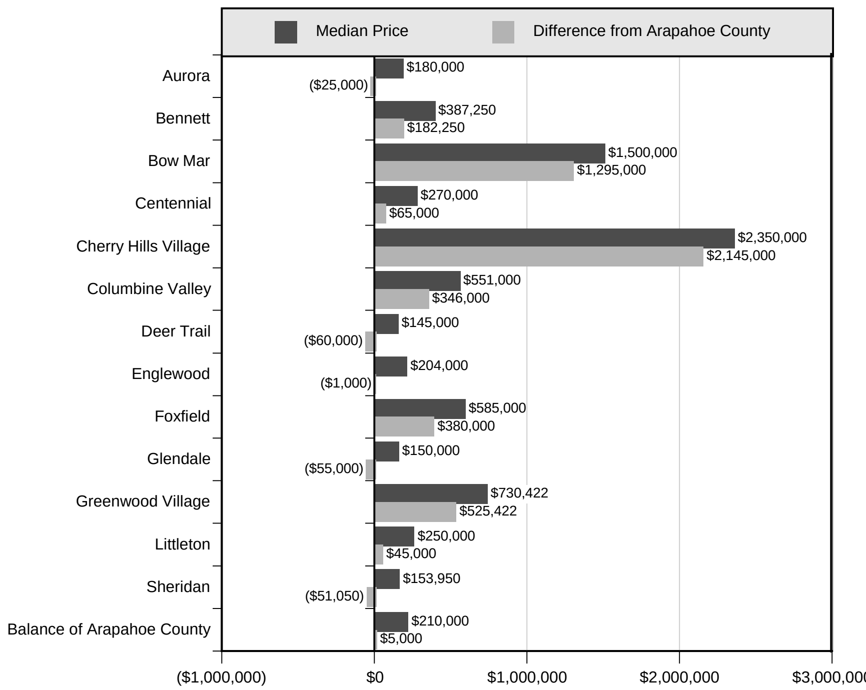


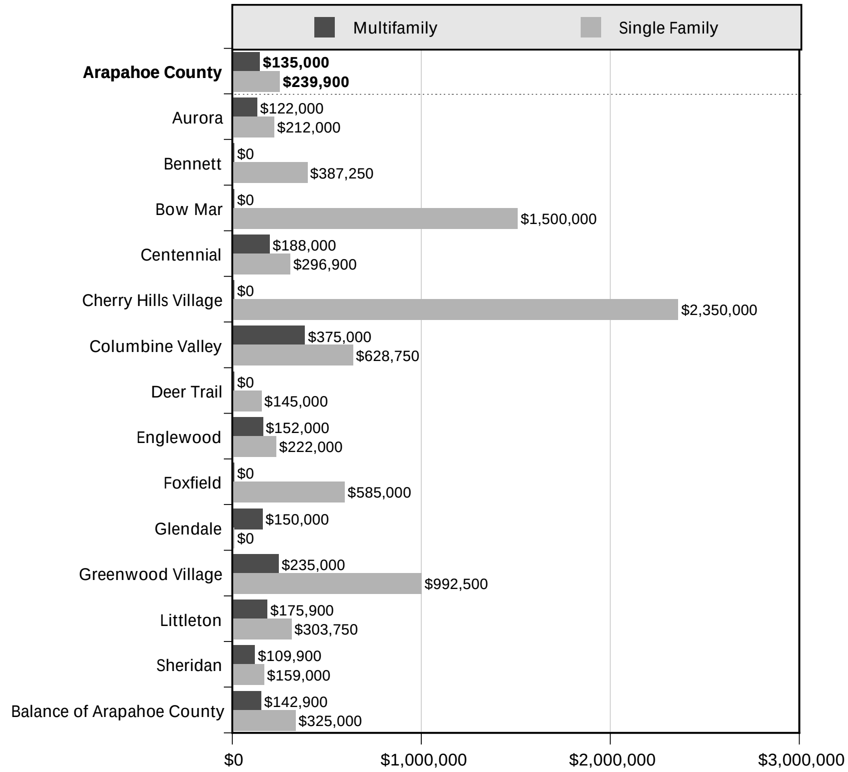
Exhibit III.A-40. Median Home Price by Community for Multifamily and Single Family Units, Arapahoe County, 2007

Note:

Single family units include detached and attached units and multifamily include condominiums and townhomes.

Source:

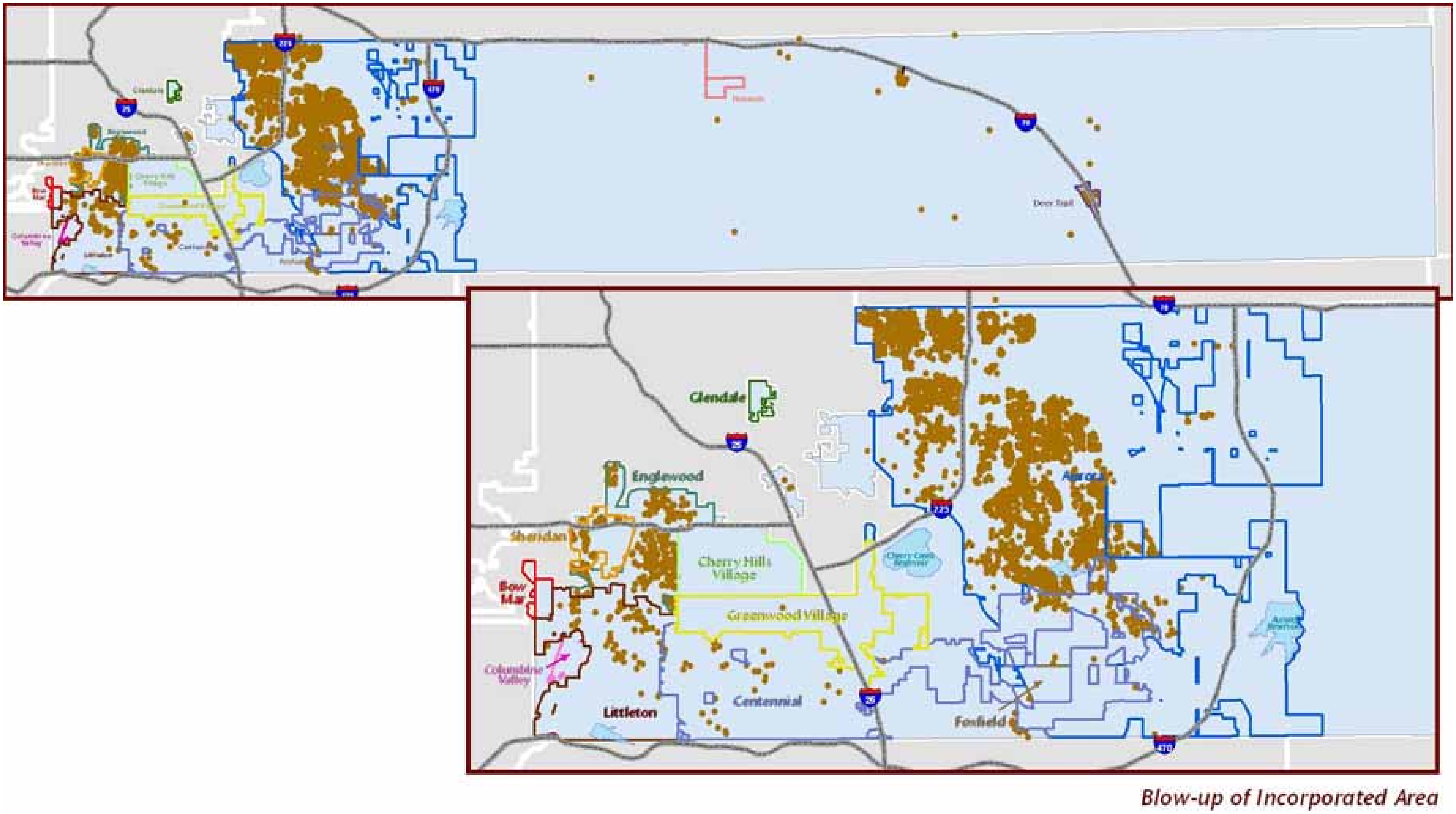
The Genesis Group, Multiple Listing Service for Arapahoe County during 2007.



Location of housing by affordability. Exhibits III.A-41 through III.A-48 show where housing is located that is affordable for households falling in the following percentage of AMI: 50 to 80 percent, 80 to 120 percent, 120 to 150 percent, and 150 percent and more.

For single family housing, the most affordable units are located in Aurora and western portions of the County. Conversely, the most expensive units are located in the southern portions of the County. Affordable multifamily units are more evenly distributed in the urban area of the County with the majority of units in Aurora. Very few attached units exist at the highest price level.

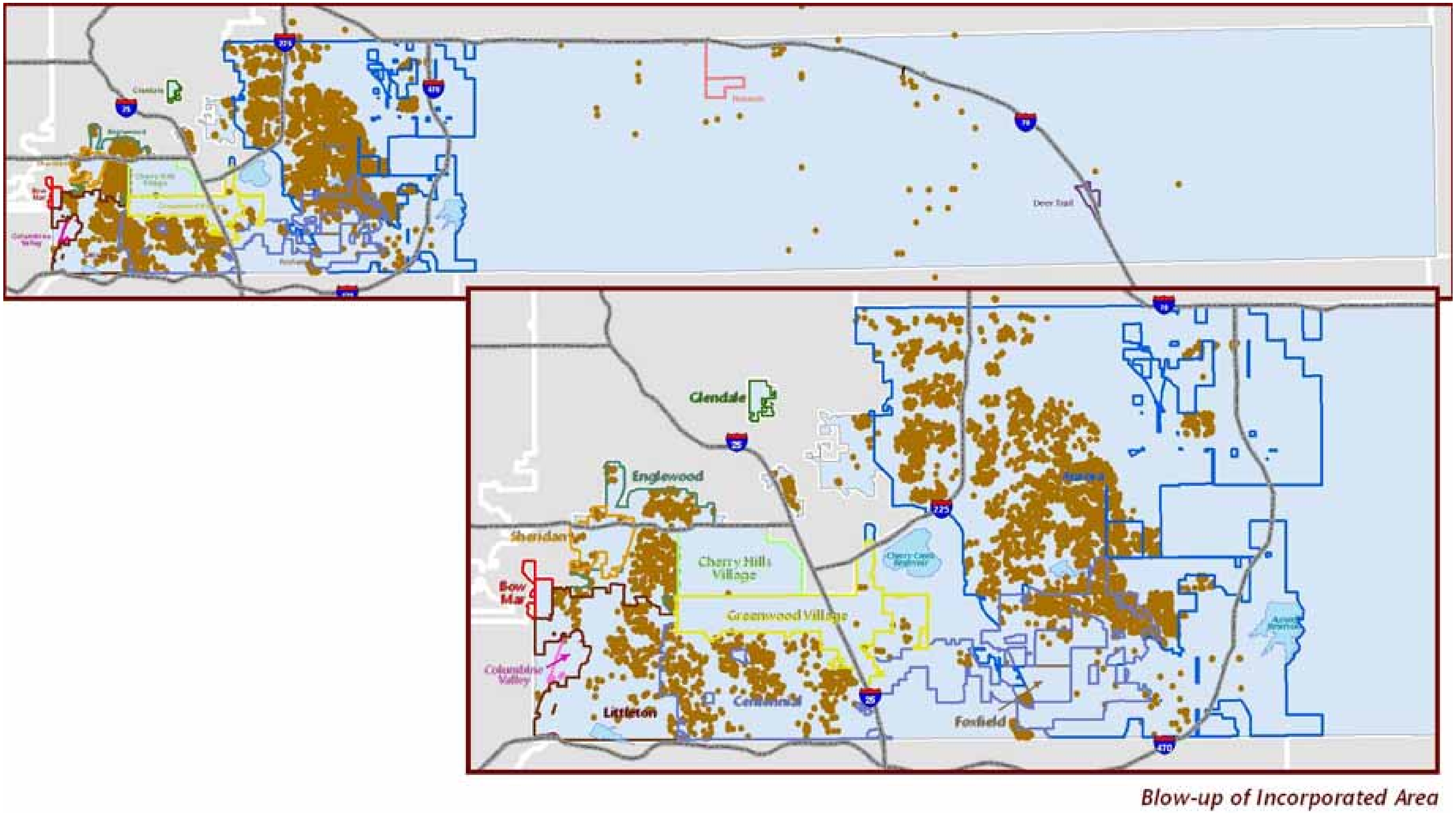
Exhibit III.A-41.
Location of Single Family Units Affordable to 50–80% AMI ($35,901 to $57,440), Arapahoe County, 2007



Note: Units are priced between $119,575 to $191,319

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

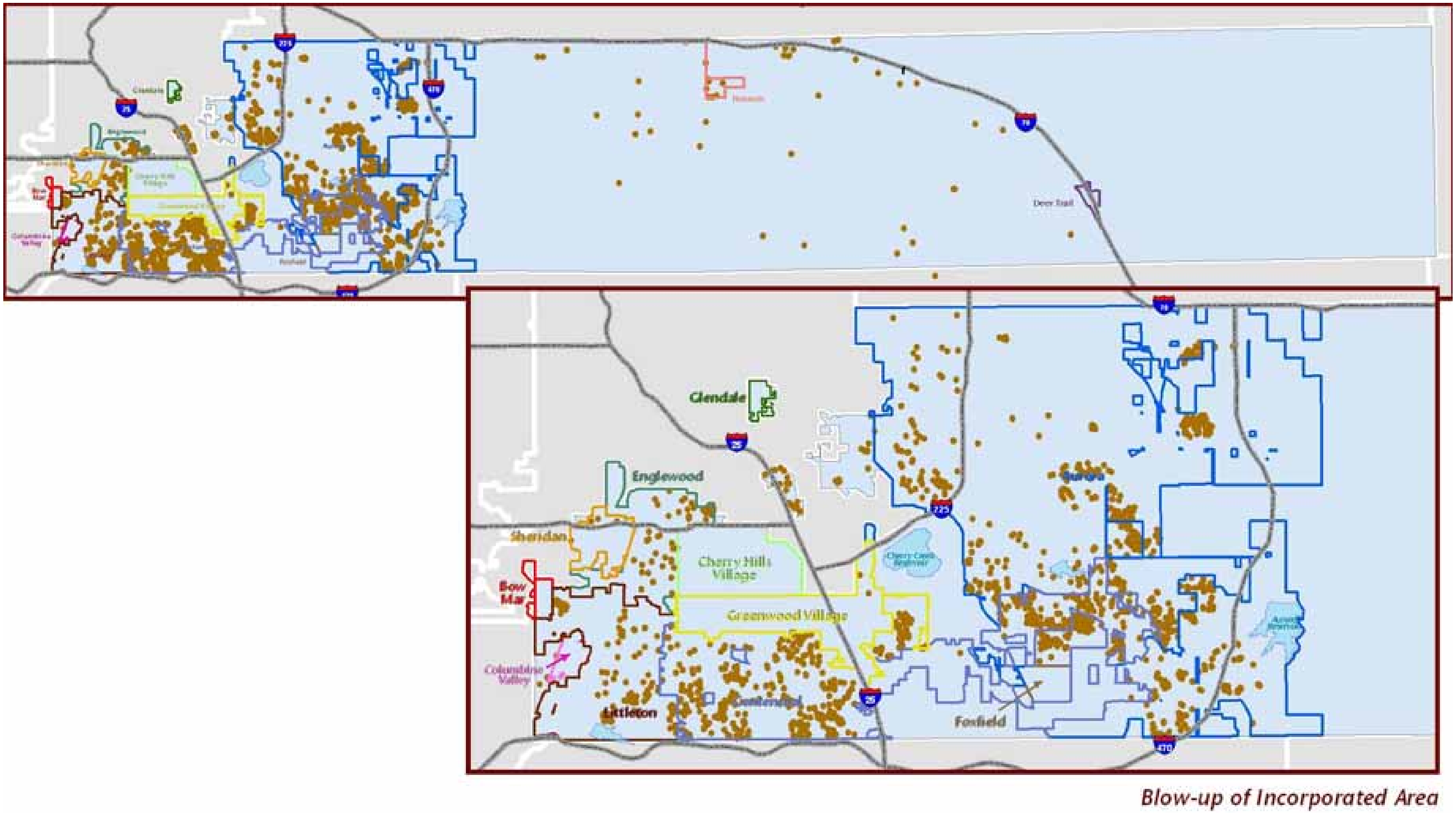
Exhibit III.A-42.
Location of Single Family Units Affordable to 80–120% AMI ($57,441 to $86,160), Arapahoe County, 2007



Note: Units are priced between $191,320 to $286,978.

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

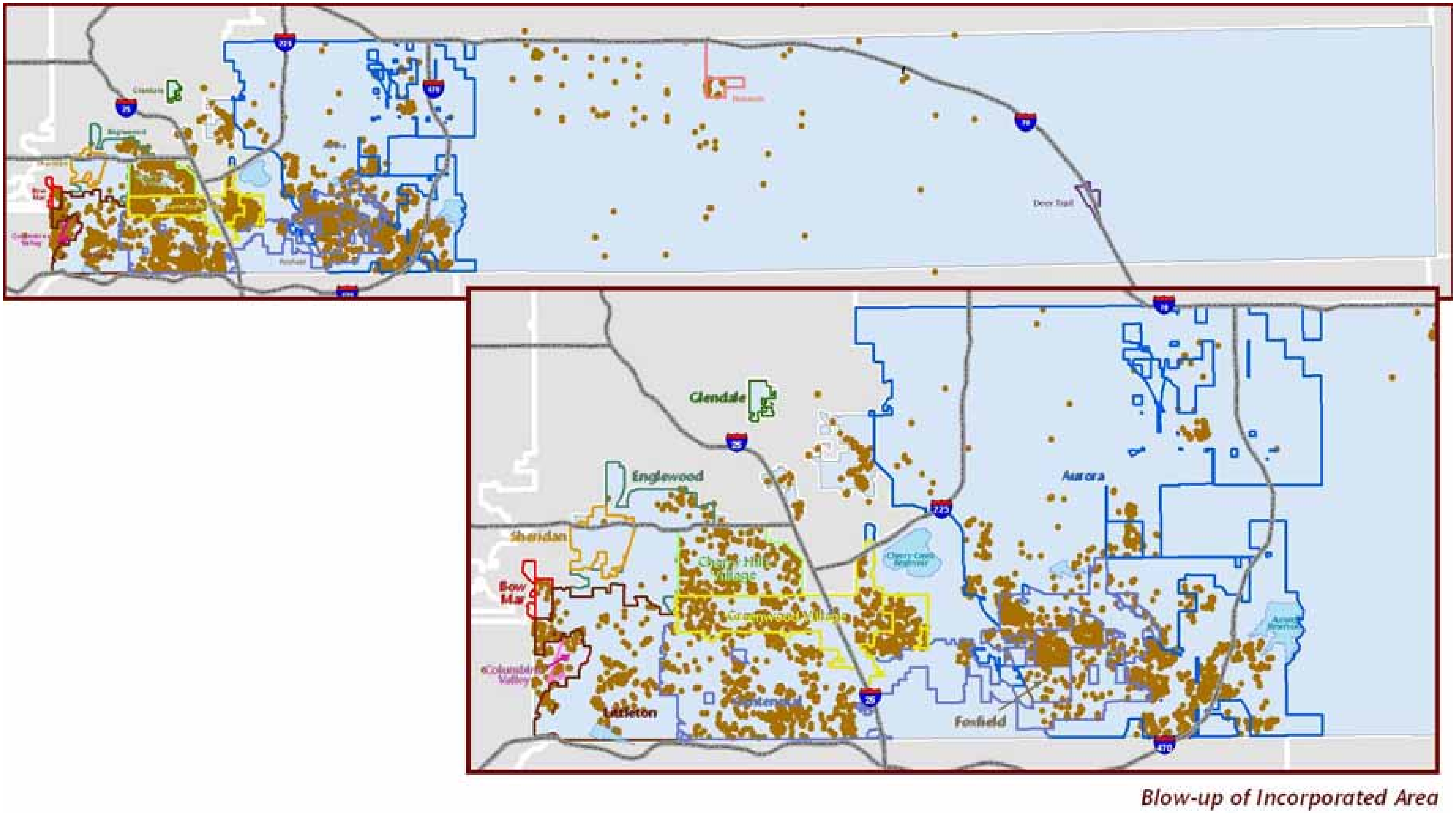
Exhibit III.A-43.
Location of Single Family Units Affordable to 120–150% AMI ($86,161 to $107,700), Arapahoe County, 2007



Note: Units are priced between $286,979 to $358,722.

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

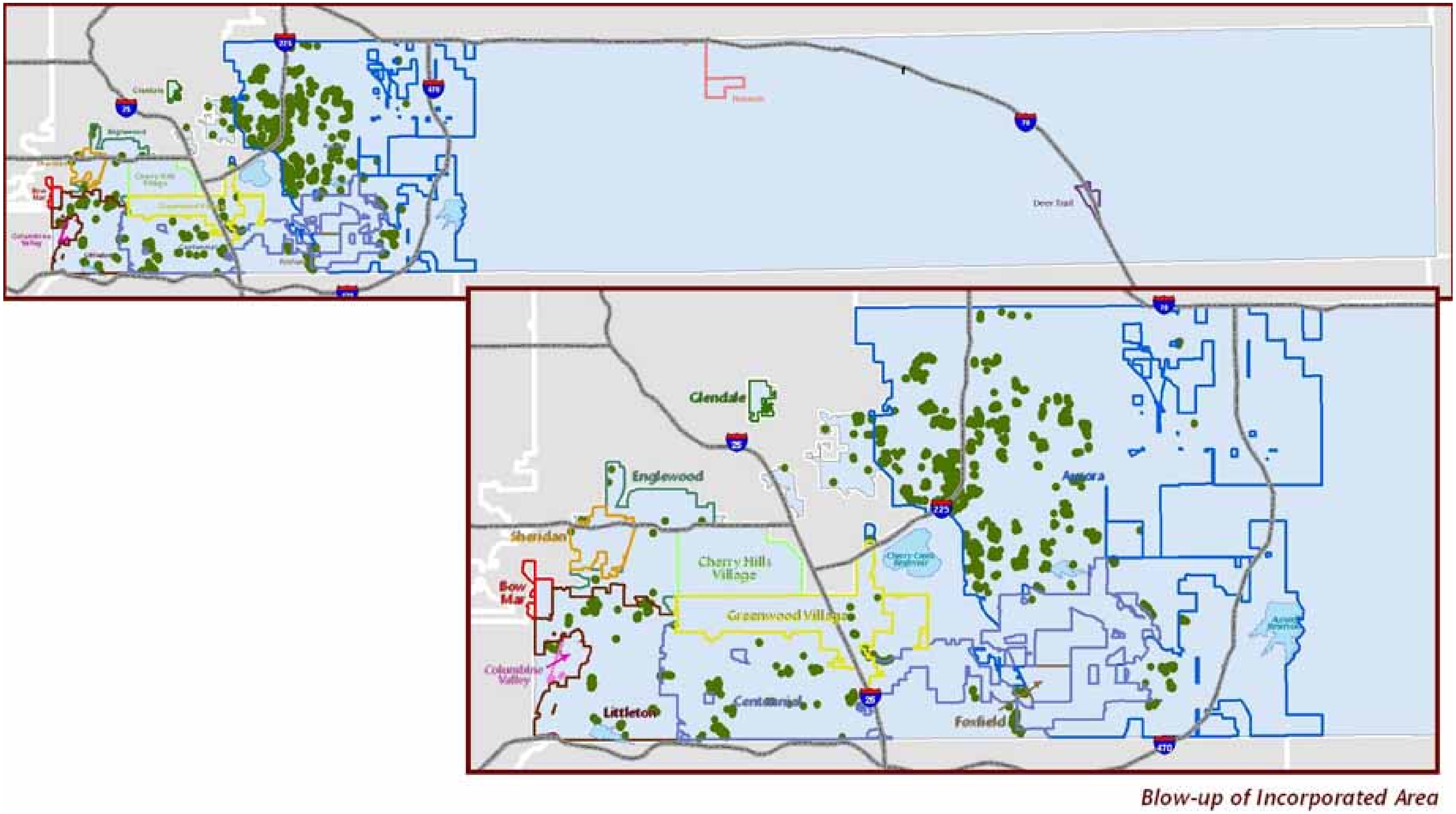
Exhibit III.A-44.
Location of Single Family Units Affordable to more than 150% AMI (greater than $107,700), Arapahoe County, 2007



Note: Unit prices are greater than $358,722.

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

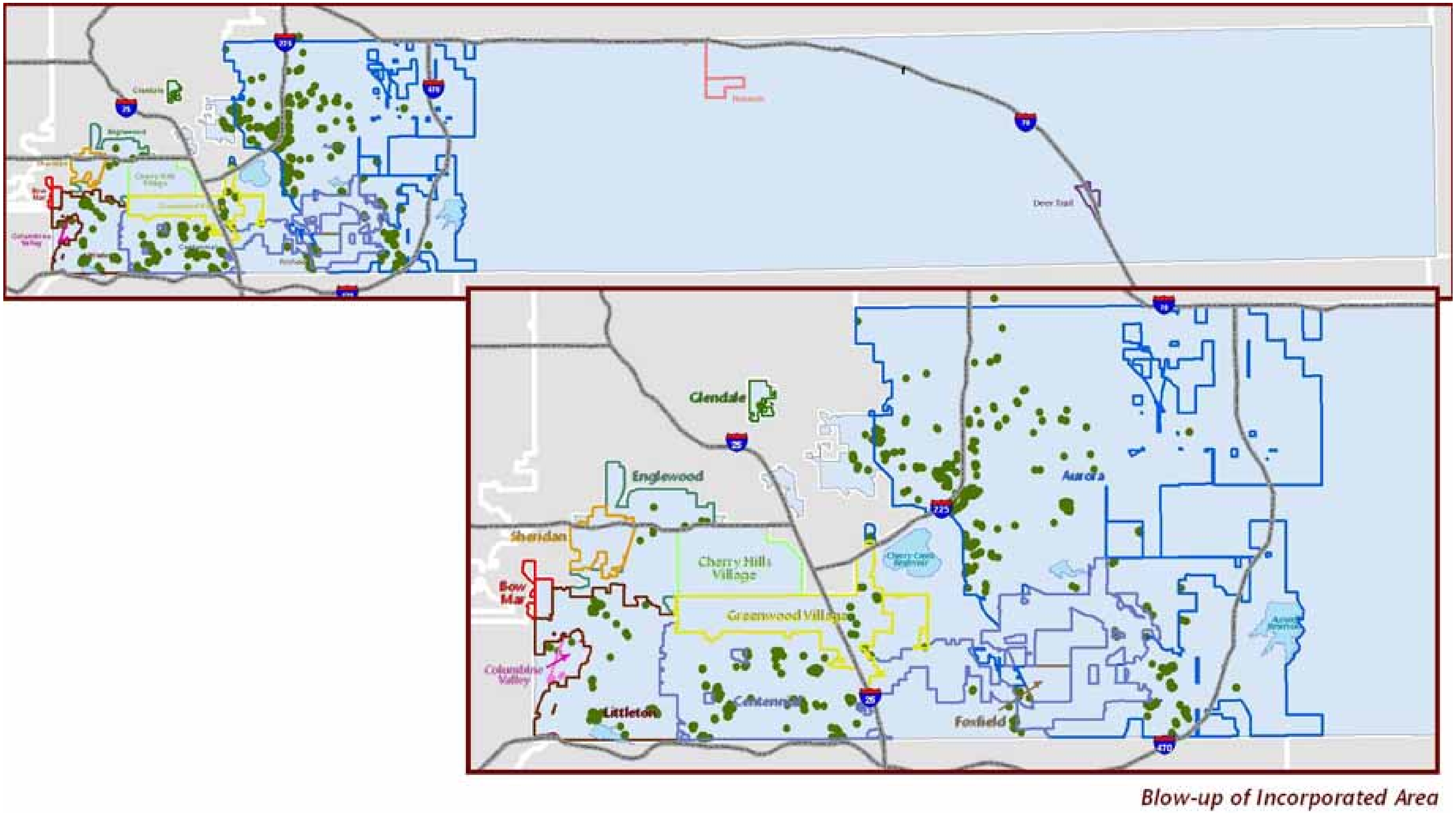
Exhibit III.A-45.
Location of Multifamily Units Affordable to 50–80% AMI ($35,901 to $57,440), Arapahoe County, 2007



Note: Units are priced between $119,575 to $191,319

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

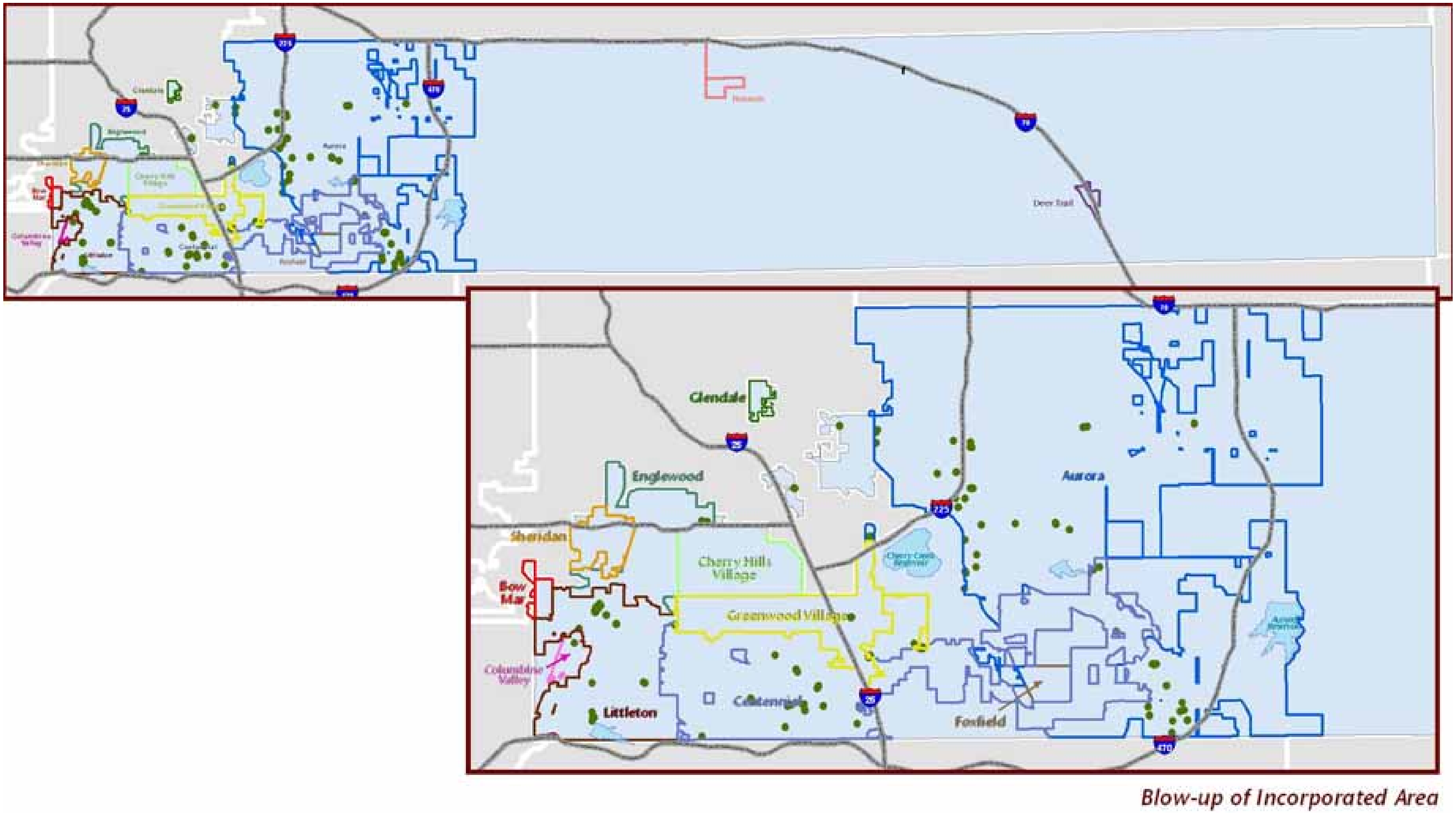
Exhibit III.A-46.
Location of Multifamily Units Affordable to 80–120% AMI ($57,441 to $86,160), Arapahoe County, 2007



Note: Units are priced between $191,320 to $286,978.

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

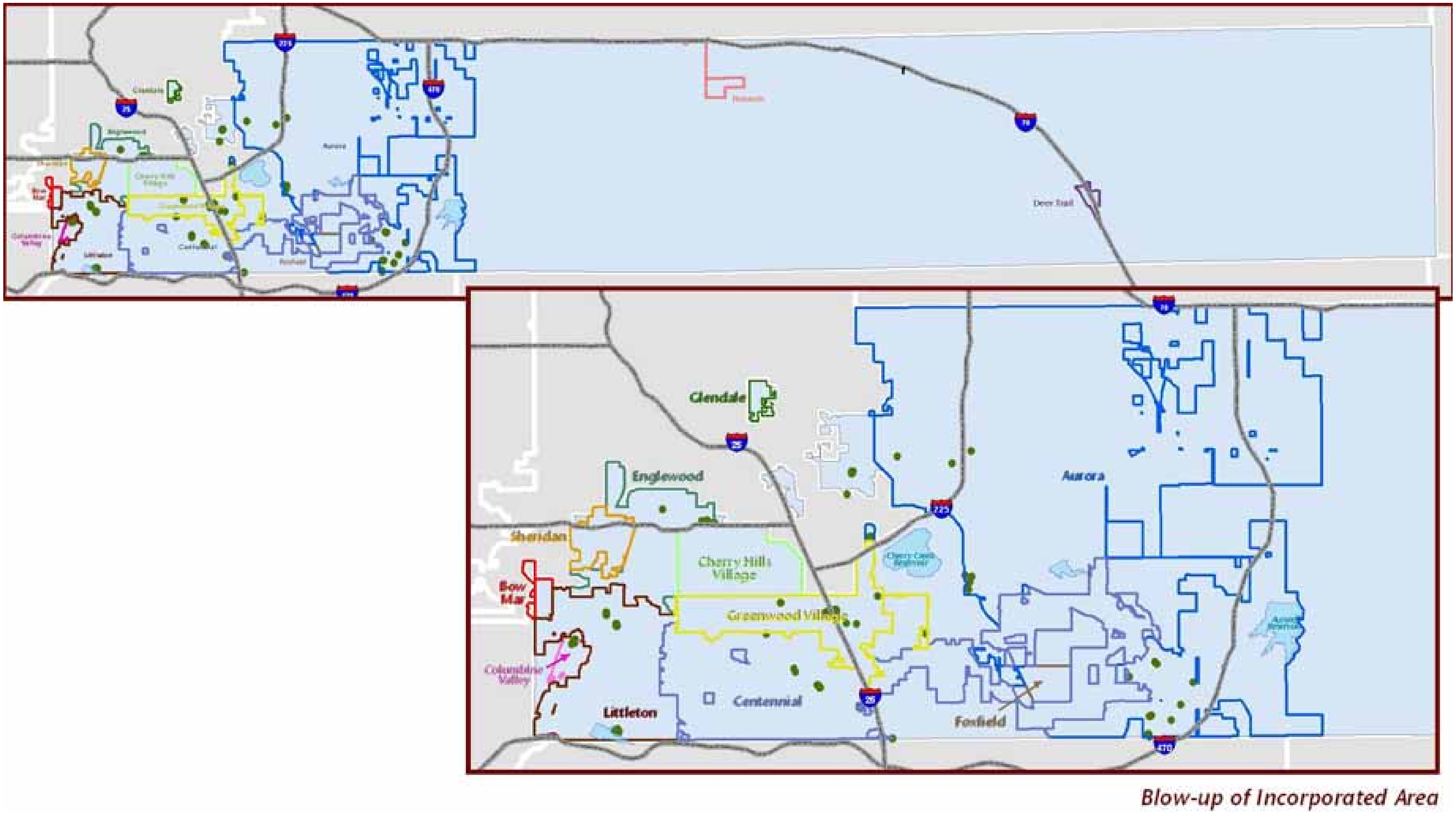
Exhibit III.A-47.
Location of Multifamily Units Affordable to 120–150% AMI ($86,161 to $107,700), Arapahoe County, 2007



Note: Units are priced between $286,979 to $358,722.

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

Exhibit III.A-48.
Location of Multifamily Units Affordable to more than 150% AMI (greater than $107,700), Arapahoe County, 2007



Note: Unit prices are greater than $358,722.

Source: The Genesis Group, Multiple Listing Service for Arapahoe County during 2007 and BBC Research & Consulting.

Special Topics of Interest in Arapahoe County

Foreclosures. The increase of the rate of foreclosures in the nation is often attributed to rapid population growth, increasing homeownership rates and the previously population use of alternative lending products, including subprime loans.

Arapahoe County foreclosures. The Colorado Division of Housing provides quarterly foreclosure reports on Colorado and for its counties. The reports provide a picture of foreclosures in Colorado and help determine which regions of the state are most heavily impacted by foreclosures. The data is provided on a county-by-county basis and is based on foreclosure filings through the Public Trustee's office in each county.

Once a borrower is approximately three months late with payments, the Public Trustee will send the borrower a Notice of Election and Demand. At this point, the property is officially in foreclosure. These are referred to as foreclosure fillings. These foreclosure filings can be "cured" and "withdrawn" before the home is sold at auction, meaning not all foreclosure fillings result in a final foreclosure sale. Typically a foreclosure filing and a foreclosure sale do not occur within the same quarter. The period between the foreclosure filing and the foreclosure sale at auction is legally 120 days, but in some cases, this period may actually last longer.

The number of foreclosure filings have increased from 1,532 filings in 2003 to 6,259 filings in 2007 in Arapahoe County, a 309 percent increase.

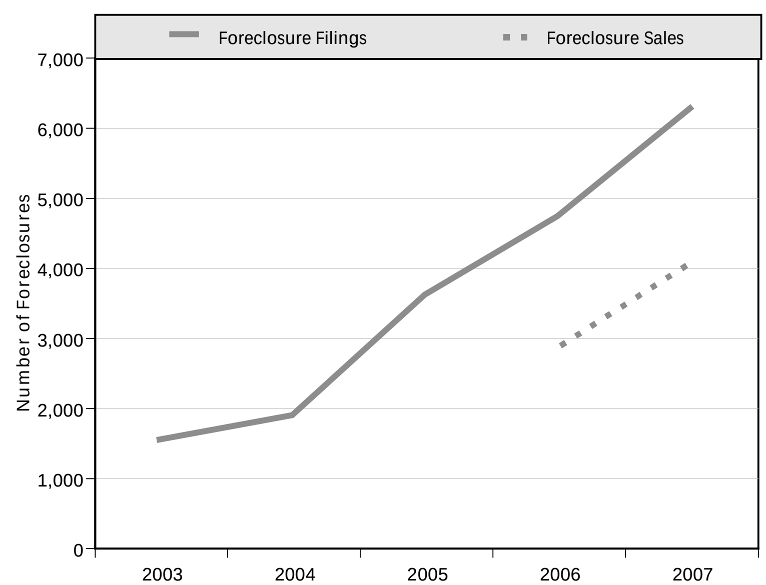
Exhibit III.A-49.
Foreclosure Filings and Foreclosure Sales, Arapahoe County, 2003 to 2007

Note:

Foreclosure sales data was not available for 2003 to 2005.

Source:

Colorado Division of Housing foreclosure reports.



During the first quarter of 2008, Arapahoe County had 1,851 households filing for foreclosure. Meaning there was approximately 1 foreclosure filing per 114 households. This is a more frequent rate of foreclosure filing when compared to the statewide rate of 1 foreclosure filing per 159 households. As shown in Exhibit III.A-50, Arapahoe County had the third highest foreclosure rate in the state during the first quarter of 2008.

Exhibit III.A-50.
Rate of Foreclosure Filings by County, First Quarter 2008

Note:

*Read: one foreclosure filing per N households.

Source:

Colorado Division of housing, 1st Quarter 2008 Foreclosure Report.

	Occupied Housing Units (2006 estimates)	Foreclosure Filings 1st QTR 2008	Number of Occup. Units per Foreclosure Filing by County*	Rank
Adams	145,949	1,704	1 per 86	1st
Weld	82,929	813	1 per 102	2nd
Arapahoe	**211,798**	**1,851**	**1 per 114**	**3rd**
Denver	250,259	2,042	1 per 123	4th
Douglas	92,275	665	1 per 139	5th
Pueblo	58,941	383	1 per 154	6th
El Paso	214,974	1,216	1 per 177	7th
Otero	7,579	37	1 per 204	8th
Jefferson	208,482	1,010	1 per 206	9th
Broomfield	17,119	79	1 per 217	10th
Colorado	**1,846,988**	**11,630**	**1 per 159**	

Exhibit III.A-51 on the following page displays the number of properties with Notice of Election and Demand (NED) filings for the first and second quarter of 2008 by Census Tract. High-levels of foreclosures in Arapahoe County occurred in the eastern and southern portion of Aurora, as well as in the portion of unincorporated Arapahoe County.

Subprime lending. Subprime loans are—as the name would suggest—mortgage loans that carry higher interest rates than those priced for "prime," or less risky, borrowers. Initially, subprime loans were marketed and sold to customers with blemished or limited credit histories who would not typically qualify for prime loans. In theory, the higher rate of interest charged for subprime loans reflects increased credit risk of subprime borrowers.

Estimates of the size of the national subprime market vary between 13 to 20 percent of all mortgages. In Colorado, about 24 percent of all 2006 mortgage loan transactions for owner-occupied properties were subprime.

The subprime market grew dramatically during the current decade. The share of mortgage originations that had subprime rates in 2001 was 23.3 percent; by 2006, this had grown to 50.7 percent, as shown in Exhibit III.A-52.

Exhibit III.A-52.
Share of Mortgage Originations by Product, 2001 to 2006

Source:

Harvard Joint Center for Housing Studies and Inside Mortgage Finance, 2007 Mortgage Market Statistical Annual, adjusted for inflation by the CPI-UX for All Items.

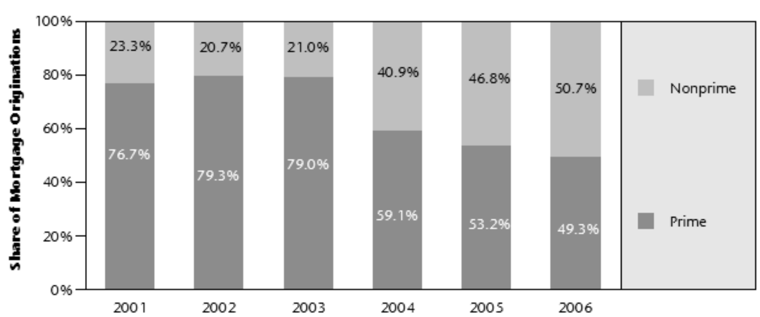
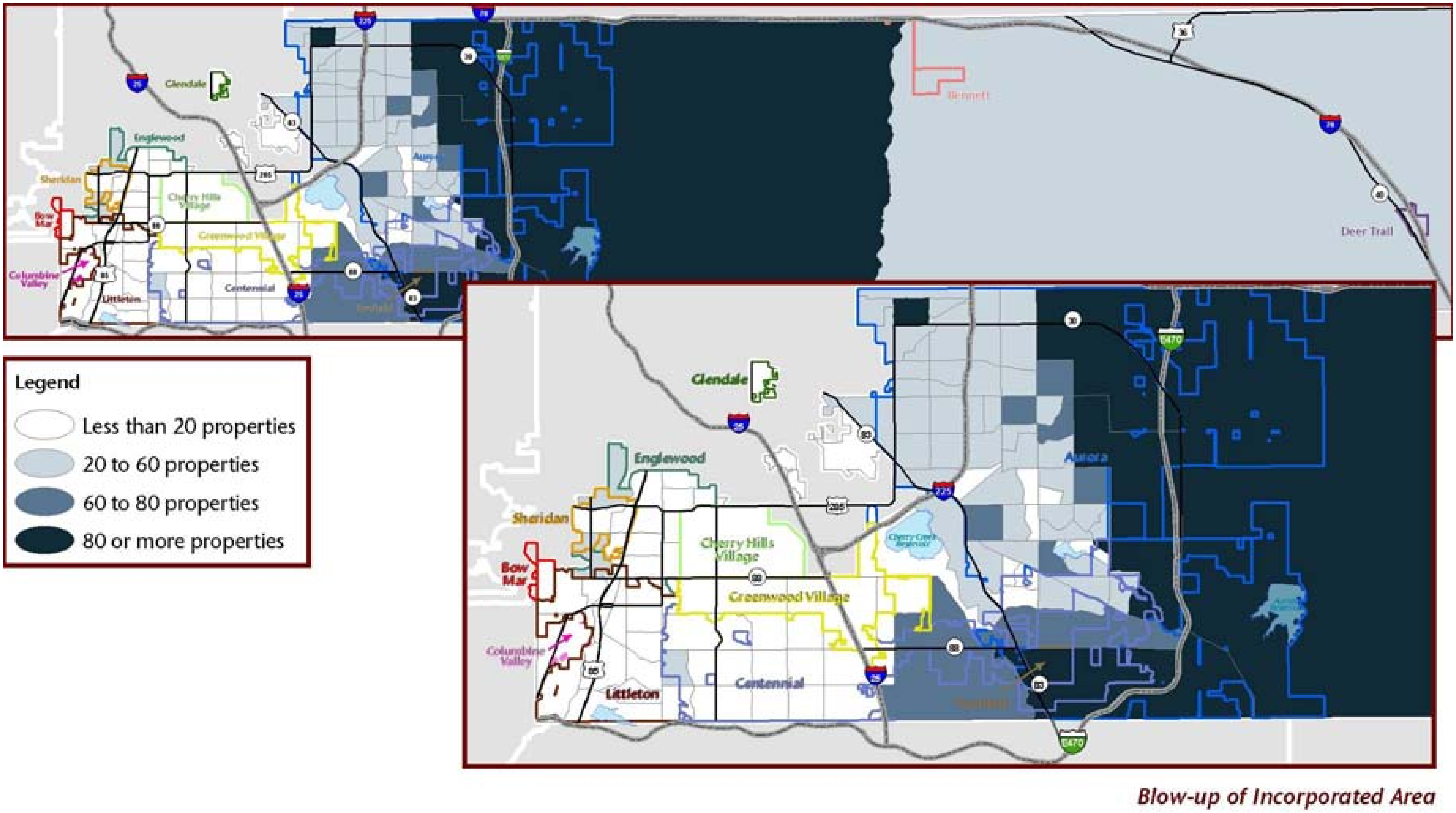


Exhibit III.A-51.
Number of Properties with Notice of Election and Demand (NED)
Filings by Census Tract, Arapahoe County, First and Second Quarter 2008



Source: Colorado Housing and Finance Authority.

Not all subprime loans are predatory loans, but many predatory loans are subprime. A study released by the University of North Carolina, Kenan-Flagler Business School in 2005,[8] discussed how predatory loan terms increase the risk of subprime mortgage foreclosure. The study reported in the fourth quarter of 2003, 2.13 percent of all subprime loans across the country entered foreclosure, which was more than ten times higher than the rate for all prime loans.

Subprime lending has fallen under increased scrutiny with the increase in foreclosures and the decline in the housing market. Some argue that because minorities are more likely to get subprime loans than White or Asian borrowers, and since subprime loans have a greater risk of going into foreclosure, minorities are disproportionately harmed by subprime lending.

Subprime lending has implications under the Fair Housing Act when the loans are made in a discriminatory and/or predatory fashion. This might include charging minorities higher interest rates than what their creditworthiness would suggest and what similar non-minorities are charged; charging minorities higher fees than non-minorities; targeting subprime lending in minority-dominated neighborhoods; adding predatory terms to the loan; and including clauses in the loan of which the borrower is unaware (this is mostly likely to occur when English is a second language to the borrower).

Subprime lending in Arapahoe County. In 2006, according to HMDA, there were 7,478 subprime loans made to residents of Arapahoe County[9]. These loans were all for home purchases or refinances on owner-occupied properties (i.e., no second homes or investment properties). Almost 2 percent of the loans (less than 500 loans) had very high interest rates, with annual percentage rates (APRs) exceeding 11 percent.

The subprime loans represented 27 percent of the 27,350 mortgage loans made to Arapahoe County residents in 2006. This proportion is slightly higher than the statewide average of 24 percent.

Exhibit III.A-53 shows where subprime lending occurred in Arapahoe County in 2006. As the map demonstrates, the Census Tracts around I-225 in southeast and central Aurora had the most subprime activity. In several Census Tracts along the Denver/Aurora border and in Englewood, more than 45 percent of the loans were subprime.

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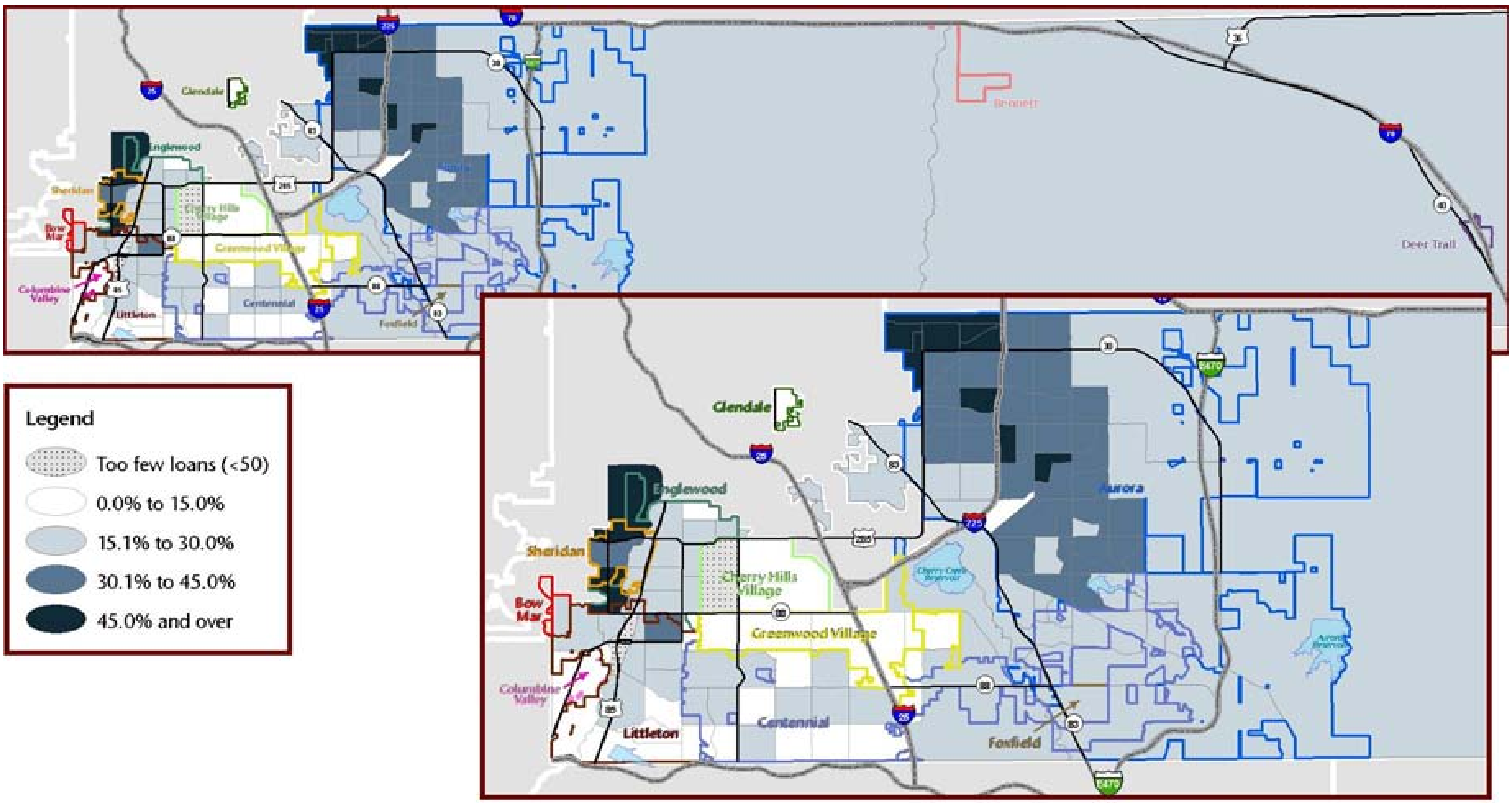
[8] Roberto G. Quercia, Michael A. Stegman and Walter R. Davis, "The Impact of Predatory Loan Terms on Subprime Foreclosures: The Special Case of Prepayment Penalties and Balloon Payments," *Center for Community Capitalism, Kenan Institute for Private Enterprise, University of North Carolina at Chapel Hill*, January 25, 2005.

[9] Subprime loans are defined as loans with Annual Percentage Rates (APRs) of more than 3 percentage points above comparable Treasury securities priced at the time the loan is made. This is consistent with the Federal Reserve definition when they began requiring APRs as part of HMDA reporting.

Exhibit III.A-53.
Percentage of All Loans that are Subprime by Census Tract, Arapahoe County, 2006



Blow-up of Incorporated Area

Source: 2006 HMDA, Federal Financial Institutions Examination Council and BBC Research & Consulting.

Exhibit III.A-54 shows the disparities in subprime lending by race and ethnicity. As the exhibit demonstrates, residents who were white or Asian were much less likely to get a subprime loan in 2006 than residents who were Black/African American, Hispanic or American Indian.

The "disparity index" shows how many more times non-whites are to get a subprime loan compared to whites.

Exhibit III.A-54.
Subprime Loans by Race/Ethnicity, as a Percentage of All Mortgage Loans, Arapahoe County, 2006

Source:
2006 HMDA, Federal Financial Institutions Examination Council and BBC Research & Consulting.

Race/Ethnicity	Percent Subprime Loans	Disparity Index
White	22%	N/A
Black/African American	47%	2.10
Asian	24%	1.10
American Indian	46%	2.08
Hawaiian	24%	1.06
Hispanic/Latino	46%	2.08

Census Tracts in Arapahoe County were disproportionately likely to experience subprime loan activity. In 2006, 6 percent of all loans occurred in minority Census Tracts, compared with 9 percent of subprime loans and 12 percent of "super" subprime loans (very high cost).

Predatory lending. There is no one definition that sums up the various activities that comprise predatory lending. In general, predatory loans are those in which borrowers are faced with payment structures and/or penalties that are excessive and which set up the borrowers to fail in making their required payments. Subprime loans could be considered as predatory if they do not accurately reflect a risk inherent in a particular borrower.

Although there is not a consistent definition of "predatory loans," there is significant consensus as to the common loan terms that characterize predatory lending. There is also the likelihood that these loan features may not be predatory alone. It is more common that predatory loans contain a combination of the features described below.

Most legislation addressing predatory lending seeks to curb one or more of the following practices:

- Excessive fees;
- Prepayment penalties;
- Balloon payments;
- Debt packaging;
- Yield spread premiums;
- Unnecessary products; and/or
- Mandatory arbitration clause.

It is difficult to identify and measure the amount of predatory lending activity in a market, largely because much of the industry is unregulated and the information is unavailable. For example, HMDA data do not contain information about loan terms. In addition, predatory activity is difficult to uncover until a borrower seeks help and/or recognizes a problem in their loan. As such, much of the existing information about predatory lending is anecdotal.

SECTION IV.A.—ARAPAHOE COUNTY
Housing Affordability Analysis

SECTION IV.A.—ARAPAHOE COUNTY
Housing Affordability Analysis

This section of the report describes the results of an analysis of affordability for renter- and owner-occupied housing in Arapahoe County, and presents the greatest housing needs, as identified through this analysis.

Summary

This section compares Arapahoe County's availability of rental and for sale housing at different price levels by household income ranges. This exercise was conducted to examine:

- If rents are appropriate to meet the affordability needs of the County's renters;
- If renters can find housing to purchase that is affordable to them at their current income level; and
- The choices current owners have if they were to move within Arapahoe County.

The analysis found the following:

Rental needs. The rental market in Arapahoe County is tailored towards households earning between $25,000 and $50,000 in annual wages. Seventy-five percent of rental units in Arapahoe County are affordable to households at this income level. Once households begin earning $50,000, homeownership becomes more viable and many households become owners. Additionally, high-end rental units, such as those that exist in downtown Denver, are not yet readily available in Arapahoe County.

Rental needs include:

- In 2007, about 20,520 renter households—30 percent of all renter households in Arapahoe County—earned less than $20,000. These households need to pay $450 or less in rent and utilities each month to afford their housing costs, leaving money left over for other household expenses. Arapahoe has approximately 7,800 units affordable to these renters in addition to rental assistance vouchers—leaving a gap of approximately 12,500 underserved households. If Aurora is removed from the gaps analysis, the County's rental gap is approximately 5,000 to 5,600 underserved households.
- Although a gap exists for high-end apartment units, most high-income residents of Arapahoe County will own their own home, thereby decreasing the demand for units at that price range. Higher-income households may also opt for more affordable rental units to save money for purchasing a home.
- The most affordable rental units are located in older portions of Arapahoe County, including central Aurora, Glendale, Englewood and Sheridan—not always near the County's primary employment centers.

Homeownership needs. Arapahoe County households consist primarily of homeowners. Renter households in Arapahoe County will most likely become homeowners once it is financially feasible for them to do so.

Currently, the for sale market is out of balance at the most extreme ends of the income spectrum. Units are lacking for households earning less than $25,000 (although these households are unlikely to become owners in most markets) and households earning greater than $75,000. However, an abundance of homes exists for households earning between $35,000 and $75,000.

- In 2007, there were 16,490 single family residential units and 7,049 multifamily residential units on the market or sold in Arapahoe County. Renters earning less than $25,000 per year were able to afford 1 percent of the single family homes and 19 percent of the attached units. It is unusual to be able to purchase a home with an income of less than $25,000, but it is possible in Arapahoe County. In many cases, the sellers in the MLS were listed as banks or government entities, indicating the potential for a foreclosure. Homes that are affordable to these renters were often multifamily units with less than 1,000 square feet and located in Aurora.
- Current owners who earn less than $35,000 would find it difficult to move within Arapahoe County's market and not be cost burdened, unless they have significant equity in their homes or would not mind living in a multifamily unit.
- Fifty-two percent of Arapahoe County's homeowners earn between $35,000 and $100,000. Much of the County's housing market has been built to accommodate such households. Thus, these households would have little difficulty purchasing another affordable home within Arapahoe County.

Methodology

The analysis in this section examines housing need across all income levels to identify mismatches in supply and demand for all households in Arapahoe County. It reports the results of a modeling effort called a "gaps analysis", which compares housing affordability for households at different income levels to the supply of housing units affordable at these income levels.

The analysis used the most recent comprehensive data, which includes the following:

- Household projections from the Colorado Department of Local Affairs (DOLA) and household income ranges from the 2007 American Community Survey (ACS);
- The Apartment Association of Metro Denver, 4th Quarter 2007 (4Q07) Vacancy and Rent Survey;
- Data on subsidized rental units from the Arapahoe County Housing Authority, Littleton Housing Authority, Englewood Housing Authority, Colorado Division of Housing, and individual municipalities; and
- Data on home resales from The Genesis Group—a consulting firm that maintains Metrolist data.

Defining affordability. Housing is "affordable" if no more than 30 percent of a household's monthly income is needed for rent, mortgage payments and utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered cost burdened.

Housing programs generally focus on assisting lower-income populations. HUD divides low- and moderate-income households into categories, based on their relationship to the AMI: extremely low-income (earning 30 percent or less of the AMI), very low-income (earning between 31 and 50 percent of the AMI), low-income (earning between 51 and 80 percent of the AMI) and moderate-income (earning between 81 and 100 percent of the AMI). This section presents housing needs by both income range (e.g. $25,000 to $50,000) and AMI level.

Rental Affordability

The distribution of rental units by price for Arapahoe County was based on the 4Q07 Apartment Association Vacancy and Rent Survey, which captured 32,583 units. Because the survey does not capture all of the subsidized units in the County, we obtained data on the affordability of Arapahoe County Housing Authority, Littleton Housing Authority, Englewood Housing Authority, and affordable units overall from the Housing Authorities.

A few assumptions were necessary to complete the rental distribution:

- The Apartment Association survey does not include detached, single family homes that are rented. However, the single family vacancy survey performed by Gordon Von Stroh for the Division of Housing reported a vacancy rate of 3.3 percent for single family homes for rent in Arapahoe County for the 4th quarter of 2007, and an average monthly rent of $966. The survey does not present the number of units sampled to incorporate into the overall distribution of rental units in Arapahoe County. Therefore, for the purpose of this analysis, it is assumed that rental rates for these single family homes are similar to the rates represented by the survey sample. Single family home rents are likely to be slightly higher than rents for an apartment of the same size, as shown by the average single family monthly rental rate of $966 compared to multifamily average rent of $814 in the same quarter. If the gaps analysis is affected by this assumption, it would occur at the higher end of the rent scale. Hence, the gaps analysis may have overestimated the mismatch between rental units and higher-income renter households.
- Market-rate units rented to tenants with Section 8 vouchers were adjusted to reflect the Section 8 subsidy making these units more affordable.
- The vacancy rate for all rental units—market-rate and subsidized—was assumed to be 6.5 percent.

What can households afford? Exhibit IV.A-1 shows the affordability of rental housing by price range. Units are affordable if no more than 30 percent of a household's income is required to pay rent and utilities. For example, households earning less than $10,000 per year could afford to pay a maximum of $225 in rent each month (accounting for utility costs) to avoid being cost burdened.

Exhibit IV.A-1.
Affordable Rents by Household Income Range, Arapahoe County, 2007

Note:
Rents are adjusted for utility expenses.

Source:
BBC Research & Consulting.

Income Ranges		Maximum Affordable Rent
Low	*High*	
$0	$9,999	$ 225
$10,000	$14,999	325
$15,000	$19,999	450
$20,000	$24,999	575
$25,000	$34,999	800
$35,000	$49,999	1,175
$50,000	$74,999	1,800
$75,000	$99,999	2,400
$100,000	$149,999	3,650
$150,000 or More		3,651 +

Exhibit IV.A-2 shows the estimated number of renter households in each income category in 2007, as well as with the number and proportion of rental units affordable to them.

Exhibit IV.A-2.
Renter Households Compared to Rental Units by Income Ranges, Arapahoe County, 2007

Income Ranges		Maximum Affordable Rent	Renters		Rental Units	
Low	*High*		*Number*	*Percentage*	*Number*	*Percentage*
$0	$9,999	$ 225	9,881	14%	3,474	5%
$10,000	$14,999	325	5,547	8%	3,513	5%
$15,000	$19,999	450	5,093	7%	987	1%
$20,000	$24,999	575	7,483	11%	7,596	10%
$25,000	$34,999	800	9,949	14%	26,488	35%
$35,000	$49,999	1,175	12,704	18%	28,467	37%
$50,000	$74,999	1,800	12,325	17%	5,417	7%
$75,000	$99,999	2,400	4,162	6%	20	0%
$100,000	$149,999	3,650	2,947	4%	0	0%
$150,000 or more		3,651 +	943	1%	0	0%
Total			**71,034**	**100%**	**75,962**	**100%**

Source: BBC Research& Consulting.

Rental mismatch summary. Exhibit IV.A-3 compares the supply of rental units to the number of renter households in each income category. The rental gap column identifies the shortages and excesses in the market—i.e., the rental unit mismatch. The gap analysis shows the following:

- In 2007, 9,881 renter households—14 percent of all renter households in Arapahoe County—earned less than $10,000. These households could only afford to pay a maximum $225 per month in rent without being cost burdened. Arapahoe County has approximately 3,500 units affordable to these renters and rental assistance vouchers—leaving a gap of 6,400 underserved households.

- Another 5,547 renter households (8 percent) need apartments with rents of less than $325 to avoid being cost burdened. These households earn between $10,000 and $15,000 per year. In 2007, these renters had approximately 3,500 affordable units and vouchers available to them, leaving a gap of 2,000 underserved households.

- Households earning between $15,000 and $20,000 were underserved by just over 4,100 units priced between $325 and $450 per month.

- The rental market in Arapahoe County has an abundance of units priced appropriately for households earning $20,000 to $49,999 per year. In some cases, households earning less than $20,000 are renting these units and paying more than 30 percent of their incomes to reside in them. This may be a preference or a necessity, because affordable units are unavailable.

- The market is also lacking for households earning more than $50,000 per year. The rental market has not been developed to accommodate for this price point, contrary to the for sale market, which is adequately stocked at this price point.

Exhibit IV.A-3.
Rental Gaps Analysis, Arapahoe County, 2007

Income Ranges		Maximum	Renters		Rental Units		Rental
Low	*High*	Affordable Rent	*Number*	*Percentage*	*Number*	*Percentage*	Gap
$0	$9,999	$ 225	9,881	14%	3,474	5%	(6,407)
$10,000	$14,999	325	5,547	8%	3,513	5%	(2,034)
$15,000	$19,999	450	5,093	7%	987	1%	(4,106)
$20,000	$24,999	575	7,483	11%	7,596	10%	113
$25,000	$34,999	800	9,949	14%	26,488	35%	16,539
$35,000	$49,999	1,175	12,704	18%	28,467	37%	15,763
$50,000	$74,999	1,800	12,325	17%	5,417	7%	(6,908)
$75,000	$99,999	2,400	4,162	6%	20	0%	(4,142)
$100,000	$149,999	3,650	2,947	4%	0	0%	(2,947)
$150,000 or more		3,651	943	1%	0	0%	(943)

Source: BBC Research & Consulting.

Aurora provides an estimated 60 percent of the County's rental units. If the renter households in Aurora and all rental units (including subsidized units) are removed from the gaps, the rental gap for households earning less than $20,000 per year is 5,600 underserved households. Alternatively, if we subtract the gap identified in a housing needs analysis done in Aurora in 2004, the County's gap is about 5,000 underserved households.

Homeownership Affordability

This gaps analysis for the affordability of homes for sale was conducted to examine two facets of the for sale market:

- How easily renters at different income levels can afford to buy a home; and

- How easily current owners could afford to sell their current home and buy another home in Arapahoe County.

The distribution of for sale units by price for Arapahoe County was based on 2007 listings and sales of homes on the market in Arapahoe County.

What can households afford? Exhibit IV.A-4 shows what households at different income levels could afford to buy by price range[1]. Units are affordable if no more than 30 percent of a household's income is required to pay the mortgage payment, including taxes and insurance and utilities. For example, households earning less than $10,000 per year could afford a home costing no more than $33,304 (a tough price range within which to find a home).

Exhibit IV.A-4.
Affordable Home Prices by Household Income Range, Arapahoe County, 2007

Source:
BBC Research & Consulting.

Income Ranges		Affordable price
Low	*High*	
$0	$9,999	$33,304
$10,000	$14,999	$49,958
$15,000	$19,999	$66,612
$20,000	$24,999	$83,266
$25,000	$34,999	$116,573
$35,000	$49,999	$166,534
$50,000	$74,999	$249,803
$75,000	$99,999	$333,072
$100,000	$149,999	$499,610
$150,000 or More		$499,611

Median Home Price: $205,000

Renter/for sale mismatch. Exhibit IV.A-5 shows the estimated number of renter households in each income category in 2007, along with the number and proportion of homes affordable to them at that time. This shows how the overall market is able to serve Arapahoe County renter households looking to buy, which is important, as renters in Arapahoe County are likely candidates to become Arapahoe County homebuyers.

A renter household, earning at least $50,000, has an abundant choice of housing stock in the County. A maximum home price for renters earning between $50,000 and $75,000 per year is $249,803. Households able to afford a $250,000 home could purchase 53 percent of the single family units and 92 percent of the multifamily units and in Arapahoe County in 2007.

However, nearly 71 percent of Arapahoe County renters earn less than $50,000. For households earning less than $20,000, virtually no single family products are available, and only 10 percent of all multifamily products are available at their affordability level. Households earning between $20,000 and $35,000 would most likely purchase a multifamily unit. Households earning between $35,000 and $50,000 could afford one-fifth of all single family units and 70 percent of all multifamily units. Although there is a mismatch between the percentage of renters at the lowest income level and the percentage of available units, Arapahoe County offers an advantage over many Denver metro area communities in having many units available.

[1] Mortgage loan terms are assumed as 30-year fixed, 6.50 percent, 5 percent downpayment. The affordable mortgage payment is also adjusted to incorporate hazard insurance, and property taxes.

Exhibit IV.A-5.
Comparison of Renters' Incomes to Affordable Ownership Housing, Arapahoe County, 2007

Income Ranges		Max Affordable Price	Renters	Percentage	Affordable Multifamily Homes			Affordable Single Family Homes		
Low	*High*				*Number*	*Percentage*	*Cumulative Percentage*	*Number*	*Percentage*	*Cumulative Percentage*
$0	$9,999	$ 33,304	9,881	14%	79	1%	1%	1	0%	0%
$10,000	$14,999	$ 49,958	5,547	8%	282	4%	5%	8	0%	0%
$15,000	$19,999	$ 66,612	5,093	7%	370	5%	10%	47	0%	0%
$20,000	$24,999	$ 83,266	7,483	11%	616	9%	19%	153	1%	1%
$25,000	$34,999	$ 116,573	9,949	14%	1,234	18%	37%	538	3%	5%
$35,000	$49,999	$ 166,534	12,704	18%	2,361	33%	70%	2,322	14%	19%
$50,000	$74,999	$ 249,803	12,325	17%	1,551	22%	92%	5,656	34%	53%
$75,000	$99,999	$ 333,072	4,162	6%	322	5%	97%	2,987	18%	71%
$100,000	$149,999	$ 499,610	2,947	4%	125	2%	98%	2,460	15%	86%
$150,000 or More		$ 499,611	943	1%	109	2%	100%	2,318	14%	100%

Source: BBC Research & Consulting.

Exhibit IV.A-6 shows how the renter population matches up with prices of all units, for sale and not for sale units, in Arapahoe County's owner-occupied housing market[2]. As demonstrated by the exhibit, once renter households begin earning $35,000 or more, ample housing stock exists in Arapahoe County. In addition, as seen in previous tenure data, $50,000 triggers a shift from renter- to owner- occupied housing units. With such an abundance of homes priced for this income level, that is where renter households are able to find affordable homes to purchase.

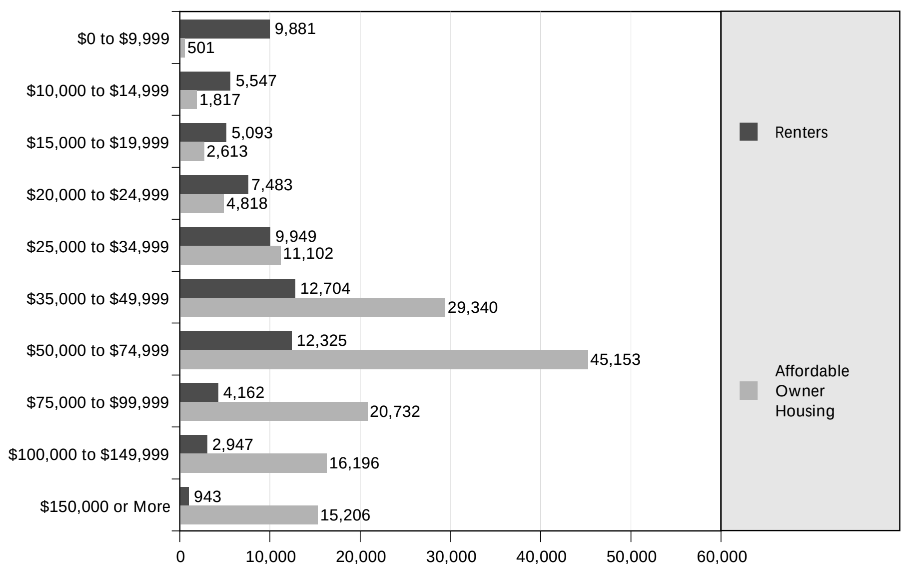
Exhibit IV.A-6.
Affordability of Ownership Market to Arapahoe County's Renters, 2007

Note:

"Affordable owner housing" represents the price distribution of all owner-occupied units if these units were to be available for sale to renters.

Source:

BBC Research & Consulting.

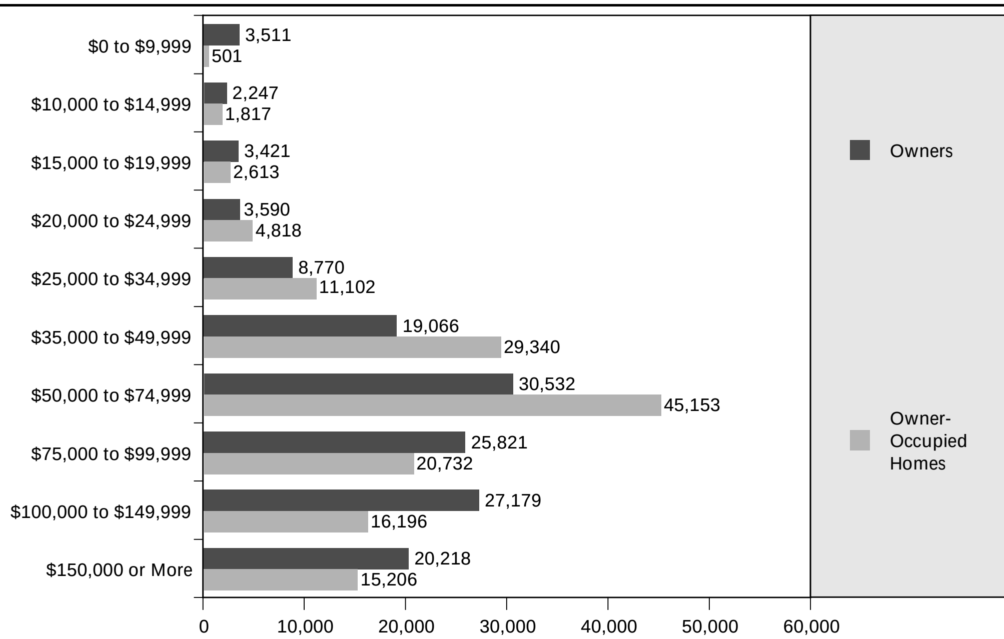


Homeownership mismatch. Exhibit IV.A-7 (table and graph) shows how Arapahoe County's owner population matches up with prices of all units in the County's owner-occupied housing market. This analysis examines how easily current owners could move within Arapahoe County. Low-income homeowners and high-income homeowners have little choice in available housing stock. Households earning between $35,000 and $75,000 have a sufficient supply from which to choose.

[2] This assumes the for sale market in 2007 was representative of the overall price distribution of owner-occupied housing.

Exhibit IV.A-7.
Homeownership Gaps Analysis, Arapahoe County, 2007

Income Ranges Low	Income Ranges High	Max Affordable Price	Owners	Percentage	Owner-Occupied Homes	Percentage	Ownership Gap
$0	$9,999	$ 33,304	3,511	2%	501	0%	(3,009)
$10,000	$14,999	$ 49,958	2,247	2%	1,817	1%	(430)
$15,000	$19,999	$ 66,612	3,421	2%	2,613	2%	(809)
$20,000	$24,999	$ 83,266	3,590	2%	4,818	3%	1,228
$25,000	$34,999	$ 116,573	8,770	6%	11,102	8%	2,332
$35,000	$49,999	$ 166,534	19,066	13%	29,340	20%	10,274
$50,000	$74,999	$ 249,803	30,532	21%	45,153	31%	14,621
$75,000	$99,999	$ 333,072	25,821	18%	20,732	14%	(5,089)
$100,000	$149,999	$ 499,610	27,179	19%	16,196	11%	(10,984)
$150,000 or More		$ 499,611	20,218	14%	15,206	10%	(5,012)



Source: BBC Research & Consulting.

Homeownership mismatch summary. The homeownership gaps analysis exercise identified the following mismatches in Arapahoe County's current market:

- In 2007, there were 16,490 single family home and 7,049 multifamily units on the market for Arapahoe County renters to purchase. A renter household earning less than $25,000 would most likely purchase a multifamily unit, as just over 1 percent of single family units would be affordable to a household at this income level, compared to 19 percent of multifamily units. Once a household began earning $50,000 or more, both single family and multifamily units become amply available (53 percent of single family units and 92 percent of multifamily units are affordable).
- Current owners who earn less than $20,000 would find it difficult to move within Arapahoe County's market and not be cost burdened, unless they have significant equity in their homes.
- An abundance of homes are available for households earning between $35,000 and $75,000. However, once households begin earning more than $75,000, or an affordability level of over $250,000, their options decrease.

Mismatch by AMI. Exhibit IV.A-8 presents the gaps/mismatch analysis using the AMI categories for income ranges. It shows data for both rental and homeownership housing.

Exhibit IV.A-8.
Gaps Analysis by AMI, Arapahoe County, 2007

	Renters	Percentage	Rental Units	Percentage	Rental Gap
Area Median Income (AMI) = $71,800	**61,404**	**86%**	**75,846**	**100%**	**14,442**
0-30% (0 to $21,540)	22,825	32%	10,861	11%	(11,964)
31-50% (21,541 to $35,900)	15,889	22%	39,317	54%	23,428
51-80% ($35,901 to $57,440)	15,610	22%	23,472	32%	7,862
81-95% ($57,441 to $68,210)	5,310	7%	2,049	3%	(3,261)
96-120% ($68,211 to $86,160)	5,205	7%	243	0%	(4,962)
121-150% (86,161 to $107,700)	2,758	4%	20	0%	(2,738)
151% and above (more than $107,700)	3,436	5%	0	0%	(3,436)
	Owners	**Percentage**	**Ownership Units**	**Percentage**	**Ownership Gap**
Area Median Income (AMI) = $71,800	**67,230**	**47%**	**91,378**	**62%**	**24,148**
0-30% (0 to $21,540)	10,285	7%	6,203	4%	(4,082)
31-50% (21,541 to $35,900)	12,398	9%	15,669	11%	3,271
51-80% ($35,901 to $57,440)	27,009	19%	43,938	30%	16,929
81-95% ($57,441 to $68,210)	13,154	9%	20,224	14%	7,070
96-120% ($68,211 to $86,160)	19,819	14%	20,732	14%	913
121-150% (86,161 to $107,700)	18,480	13%	13,263	9%	(5,216)
151% and above (more than $107,700)	43,211	30%	27,448	19%	(15,763)

Source: BBC Research & Consulting.

Affordability by Community

Arapahoe County is comprised of a number of communities whose parts or entirety is confined by the County's borders. Each community has carved out a housing niche with which it serves the County's residents. Exhibit IV.A-9 displays median home prices for the municipalities in Arapahoe County, as defined by the MLS.

Exhibit IV.A-9.
Median Re-sales of Multifamily and Single Family Housing by Municipality, Arapahoe County, 2007

	Total Median Price	Difference from Arapahoe County	Median Price Multifamily	Difference from Arapahoe County	Median Price Single Family	Difference from Arapahoe County
Arapahoe County	**$ 205,000**		**$ 135,000**		**$ 239,900**	
Aurora	$ 180,000	$ (25,000)	$ 122,000	$ (13,000)	$ 212,000	$ (27,900)
Bennett	$ 387,250	$ 182,250	$ -	NA	$ 387,250	$ 147,350
Bow Mar	$ 1,500,000	$ 1,295,000	$ -	NA	$ 1,500,000	$ 1,260,100
Centennial	$ 270,000	$ 65,000	$ 188,000	$ 53,000	$ 296,900	$ 57,000
Cherry Hills Village	$ 2,350,000	$ 2,145,000	$ -	NA	$ 2,350,000	$ 2,110,100
Columbine Valley	$ 551,000	$ 346,000	$ 375,000	$ 240,000	$ 628,750	$ 388,850
Deer Trail	$ 145,000	$ (60,000)	$ -	$ (135,000)	$ 145,000	$ (94,900)
Englewood	$ 204,000	$ (1,000)	$ 152,000	$ 17,000	$ 222,000	$ (17,900)
Foxfield	$ 585,000	$ 380,000	$ -	NA	$ 585,000	$ 345,100
Glendale	$ 150,000	$ (55,000)	$ 150,000	$ 15,000	$ -	NA
Greenwood Village	$ 730,422	$ 525,422	$ 235,000	$ 100,000	$ 992,500	$ 752,600
Littleton	$ 250,000	$ 45,000	$ 175,900	$ 40,900	$ 303,750	$ 63,850
Sheridan	$ 153,950	$ (51,050)	$ 109,900	$ (25,100)	$ 159,000	$ (80,900)
Balance of Arapahoe County	$ 210,000	$ 5,000	$ 142,900	$ 7,900	$ 325,000	$ 85,100

Note: The municipalities were provided by the MLS. The Balance of Arapahoe includes the areas Byers, Denver, Padroni, Strasburg, Watkins and Arapahoe.

Source: BBC Research & Consulting.

Cherry Hills Village had the highest overall median home price. Cherry Hills Village offered no multifamily units for sale and its single family units had a median price that exceeded the County's by over $2.1 million. Bow Mar and Greenwood were also areas with high-end single family median prices that exceeded the County by $1.25 million and $752,600, respectively.

Aurora, Deer Trail, Englewood, Glendale and Sheridan provide the most affordable housing options.

However, when looking at the total volume of affordable units, Aurora, Englewood and Centennial provide Arapahoe County with a substantial portion of the County's affordable housing options. Of the single family units affordable to households earning 80 percent or less of the AMI ($57,440) in the 13 communities in Arapahoe County, 92 percent of those units were located in Aurora and Englewood.

When comparing the proportion of single family units that are affordable for households earning 80 percent or less of the AMI for each municipality; Deer Trail and Sheridan each had over three fourths of their single family for sale housing units affordable to households earning 80 percent or less of the AMI. Of the municipalities that had multifamily units available for sale, Sheridan, Glendale, Aurora and Englewood all had over 80 percent of their multifamily for sale homes affordable to households earning 80 percent or less of the AMI. Exhibit IV.A-10 presents the location by municipality of affordable units.

Exhibit IV.A-10.
Location of Multifamily and Single Family Affordable Units, Arapahoe County, 2007

Source:
BBC Research & Consulting.

	Affordable to 50% AMI		Affordable to 80% AMI	
Multifamily Units	**Number of Units**	**Percent of Total Units**	**Number of Units**	**Percent of Total Units**
Arapahoe County	**2,683**	**38%**	**5,650**	**80%**
Aurora	2,296	48%	4,179	87%
Bennett	-	-	-	-
Bow Mar	-	-	-	-
Centennial	97	15%	344	52%
Cherry Hills Village	-	-	-	-
Columbine Valley	0	0%	0	0%
Deer Trail	-	-	-	-
Englewood	76	19%	325	82%
Foxfield	-	-	-	-
Glendale	10	43%	22	96%
Greenwood Village	1	1%	58	34%
Littleton	39	8%	302	62%
Sheridan	2	67%	3	100%
Balance of Arapahoe County	162	32%	417	83%
	Affordable to 50% AMI		Affordable to 80% AMI	
Single Family Units	**Number of Units**	**Percent of Total Units**	**Number of Units**	**Percent of Total Units**
Arapahoe County	**808**	**5%**	**4,854**	**29%**
Aurora	726	7%	4,082	40%
Bennett	0	0%	3	3%
Bow Mar	0	0%	0	0%
Centennial	7	0%	156	6%
Cherry Hills Village	0	0%	0	0%
Columbine Valley	0	0%	0	0%
Deer Trail	9	20%	38	83%
Englewood	37	3%	375	30%
Foxfield	0	0%	0	0%
Glendale	-	-	-	-
Greenwood Village	0	0%	0	0%
Littleton	2	0%	87	10%
Sheridan	18	20%	66	73%
Balance of Arapahoe County	9	2%	47	10%

The exhibit also demonstrates how important Aurora is in providing affordable housing to the County. Of the 2,683 multifamily units affordable at 50 percent of the AMI, 86 percent are in Aurora; of those affordable at 80 percent of the AMI, 74 percent are in Aurora.

For single family units, Aurora provides 90 percent of those affordable at 50 percent of AMI and 84 percent of those affordable at 80 percent of AMI. No other community comes close to matching this contribution to the for sale affordable housing stock.

SECTION V.A.—ARAPAHOE COUNTY
Community Input

SECTION V.A.—ARAPAHOE COUNTY
Community Input

This section discusses Arapahoe County's housing needs, as identified by citizens, public service agencies and government officials through stakeholder consultation, public meetings and a resident telephone housing survey.

As explained in the introduction, Arapahoe County and Douglas County conducted a consultation and citizen participation process to elicit input regarding housing needs. That process consisted of three major parts:

- Five hundred residents of Arapahoe County and Douglas County completed a telephone survey about their current housing situation and needs and their perceptions of need in their community;

- Public meetings including three community meetings and three focus group meetings were held at various sites in Arapahoe and Douglas Counties during the month of November 2008; and

- Interviews with key persons who are knowledgeable about the housing needs in the Counties were conducted.

The following section reports the results from these three community input processes.

Resident Telephone Survey

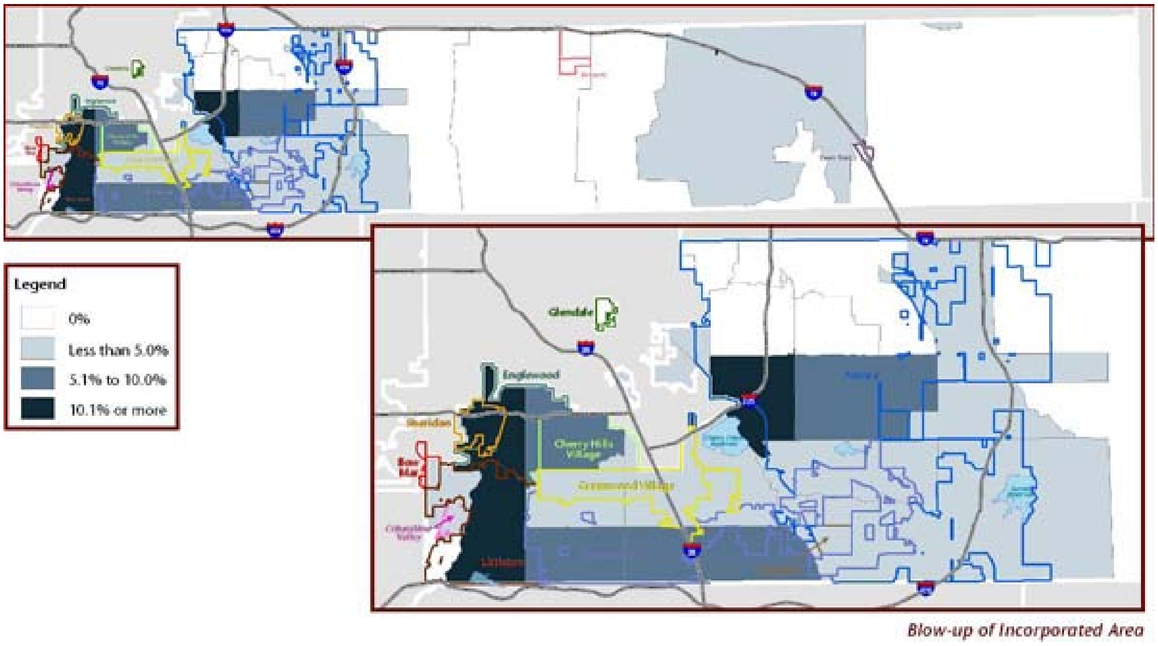
In September of 2008, Davis Research, an independent research firm, conducted a survey on housing needs in Arapahoe and Douglas Counties. Surveys were conducted with 250 Arapahoe County residents and 250 Douglas County residents via a telephone interview. Forty-one (8 percent) of the interviews were conducted in Spanish: 19 of the Spanish interviews were from Arapahoe County and 22 were from Douglas County. The criterion used to screen potential interviewees was a household income qualifying question, adult status (age of 18 or older) and Arapahoe County or Douglas County residency. Respondents living in Arapahoe County had to earn a household income less than $72,000, which is approximately the HUD area median income, and households living in Douglas County had to earn less than $86,000, which is approximately 120 percent of the AMI.

In addition, Arapahoe County households living outside of Aurora were targeted for the survey. Arapahoe County chose to exclude Aurora from the survey because the City of Aurora receives federal grant dollars separate from Arapahoe County's federal grant funding. Therefore, the core area of Aurora was not surveyed. The zip codes that were not surveyed include 80010, 80011, 80012 and 80017.

The following findings from the survey are presented for Arapahoe County.

Geographic distribution. Exhibit V.A-1 below shows the distribution of survey respondents by zip code. The highest representation was zip code 80120 in Littleton where 18 percent of the respondents lived. For all other zip codes shaded, the percentage of respondents ranged from less than 1 to 12 percent.

Exhibit V.A-1.
Percent of Resident Telephone Survey Respondents by Zip Code, Arapahoe County



Source: Arapahoe and Douglas Counties Resident Survey, August and September 2008.

Household characteristics. The following describes some characteristics of the survey respondents and their households from Arapahoe County.

Residence. Approximately one fourth of survey respondents live in Aurora, not including the core part of Aurora,[1] and another 23 percent live in Littleton. Centennial and Englewood had the next highest number of survey respondents both at 19 percent.

Two-thirds of the respondent households were owners and the remaining one-third rented.

Age. Survey respondents had to be at least 18 years of age to participate in the survey. Respondents were asked the age of the primary householder living in their household. Ages ranged from 22 to 90 years. The average age of the primary householder reported by the survey respondents was 57.2 years. The average age of the owner householder was 61.3 years, while the average age of the renter householder was younger at 49.3 years. Just over one-third of the renters were ages 45 to 54 years and most of the owner householders were ages 65 years or more.

[1] The core part of Aurora that was not included in the survey includes the zip codes: 80010, 80011, 80012 and 80017.

Exhibit V.A-2.
Age of Primary Householder by Tenure, Arapahoe County

Source:
Arapahoe and Douglas Counties Resident Survey, August and September 2008.

	Rent	Own
18 to 24	2.4%	1.9%
25 to 34	19.3%	5.6%
35 to 44	15.7%	7.4%
45 to 54	34.9%	22.2%
55 to 64	8.4%	19.1%
65 or more	19.3%	42.0%
Refused/Don't Know	0.0%	1.9%
Total	**100%**	**100%**

Household size. Survey respondents also provided the number of members in their households, including themselves. Approximately 44 percent of respondents reported that two adults lived in their household, the most prevalent number of adults per household, followed by one person households (41 percent). In regards to children, the majority (73 percent) of survey respondents lived with no children. An estimated 4 percent of the respondent households were single parent households.

In addition, 12 percent of survey respondents reported that someone in their household (other than a student) lives there because they cannot afford to live on their own.

Race/Ethnicity. The majority of survey respondents (83 percent) responded that they were White, while 9 percent responded that they were Hispanic. African Americans comprised 4 percent of survey respondents. The 2007 American Community Survey (ACS) reported that 77 percent of Arapahoe County residents were White and 17 percent were Hispanic. However, the U.S. Census considers Hispanic an ethnicity, not a race. Consequently, a Census respondent's Hispanic/Non-Hispanic status is obtained in a separate question. Therefore, the results of our survey and of Census are not directly comparable. Exhibit V.A-3 below displays the racial and ethnic distribution of survey respondents in Arapahoe County.

Exhibit V.A-3.
Race/Ethnicity, Arapahoe County

Source:
Arapahoe and Douglas Counties Resident Survey, August and September 2008.

	Survey Repondents
African American	3.6%
American Indian/Native American	0.8%
Asian/Pacific Islander	0.8%
Hispanic/Chicano/Latino	6.0%
White	83.1%
Multi-racial	2.0%
Other	1.2%
Refused/Don't Know	2.4%
Total	**100%**

Disability. Nineteen percent of survey respondents answered "yes" when asked if they or any member of their household had a disability. This is higher than the results of the 2007 ACS, which reported 11 percent of Arapahoe County residents had at least one type of disability. However, the two do not compare exactly since the survey reports the number of households with any member having a disability, while the ACS reports the total number of persons with a disability. Twenty-nine percent of renter households have at least one resident with a disability, while only 13 percent of all owner households have a disabled resident.

Household income. One of the criterion used to screen potential interviewees was a household income qualifying question. Respondents living in Arapahoe County had to earn a household income less than $72,000, which is approximately the HUD area median income.

Of the 250 survey respondents, 28 (or 11 percent) refused to answer the question about their household income. Of the respondents who did answer this question, approximately half earned between $20,000 and $57,000. Exhibit V.A-4 below displays the income distribution of survey respondents.

Exhibit V.A-4.
Household Income, Arapahoe County

Source:
Arapahoe and Douglas Counties Resident Survey, August and September 2008.

	Survey Repondents
Less than $10,000	9.7%
$10,000 to less than $20,000	8.1%
$20,000 to less than $35,000	20.6%
$35,000 to less than $57,000	31.6%
$57,000 to less than $68,000	12.6%
$68,000 to less than $72,000	6.1%
Refused/Don't Know	11.3%
Total	**100%**

Employment and commute. Fifty-eight percent of Arapahoe County survey respondents reported that at least one member or more of their household worked a full-time job, while 41 percent reported that no one in their household worked a full-time job. Sixteen percent responded one or more persons in their household work part-time. Of those respondents who did not work a full-time job, 73 percent (approximately 30 percent of all respondents) were 65 years and over. It is not certain from the data how many respondents worked more than one job.

The most common occupation among survey respondent households was that of a Service Representative (customer service rep, cashier, etc.), followed by Marketing and Sales, Education Specialty (teacher, superintendent) and Food Preparation Service (chef, kitchen staff, etc.) jobs.

Respondents were also asked about their commute time to work. Of the responses to this question, almost half (48 percent) reported their commute to be under 20 minutes and an additional 28 percent said the commute was 21 to 30 minutes long. Nineteen percent experienced a commute of a half an hour or longer and 5 percent of the responses had no commute since they worked at home.

A private car or truck is the most common mode of transportation to work, approximately 77 percent use this mode. Public transit was the second most common (12 percent) way to get to work.

Community needs. The first questions asked of the survey respondents included questions about housing and community needs in their neighborhood/community.

Services. When asked about adding more services to their neighborhood, 18 percent of the responses were for more public transit and 18 percent answered improved sidewalks and roads were needed. An additional 16 percent of the responses were for more health care services followed by social services for low-income residents (15 percent) and 11 percent for parks and recreation opportunities. Two percent of the responses felt that their neighborhoods were fine and no additional services were needed. Exhibit V.A-5 displays the responses to this survey question.

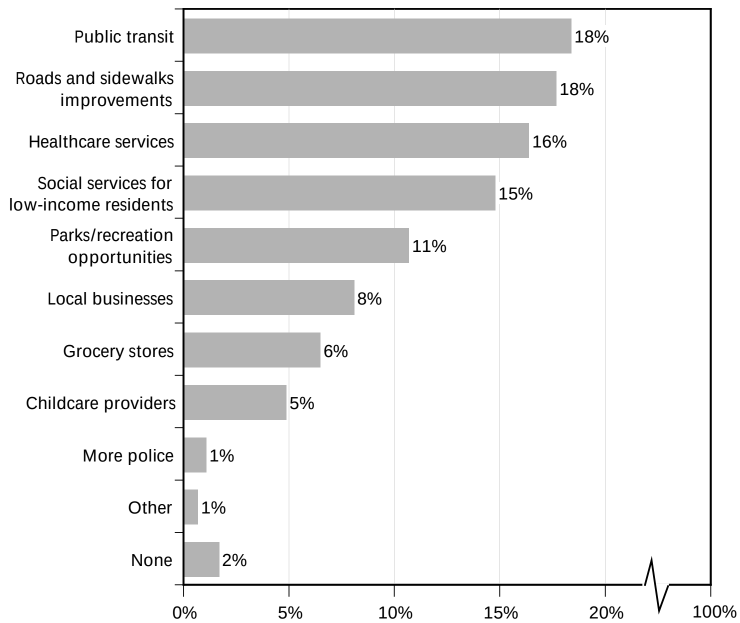
Exhibit V.A-5.
If you could add more of the following services to your neighborhood, what would you choose?, Arapahoe County

Note:

Respondents were able to provide more than one response. N = 312.

Source:

Arapahoe and Douglas Counties Resident Survey, August and September 2008.



Needed housing types. Respondents were also asked what types of housing are most needed in their community. Single family, detached homes received the highest number of responses (19 percent), this was followed closely by accessible housing for disabled/elderly persons (18.6 percent) and assisted living for seniors (18.3 percent). The need for transitional housing for previously homeless people (including victims of domestic violence) also received a high number of responses (13 percent).

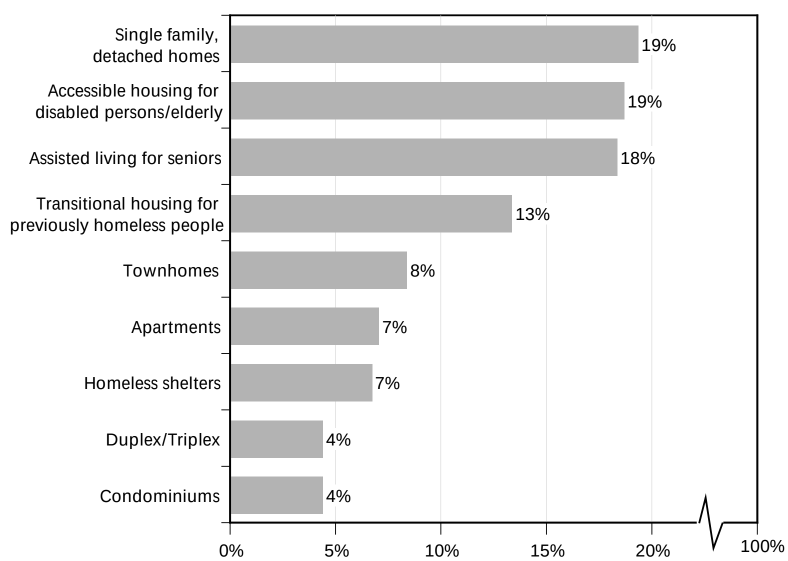
Exhibit V.A-6.
In your opinion, which of the following housing types are most needed in your community?, Arapahoe County

Note:

Respondents were able to provide more than one response.

Source:

Arapahoe and Douglas Counties Resident Survey, August and September 2008.

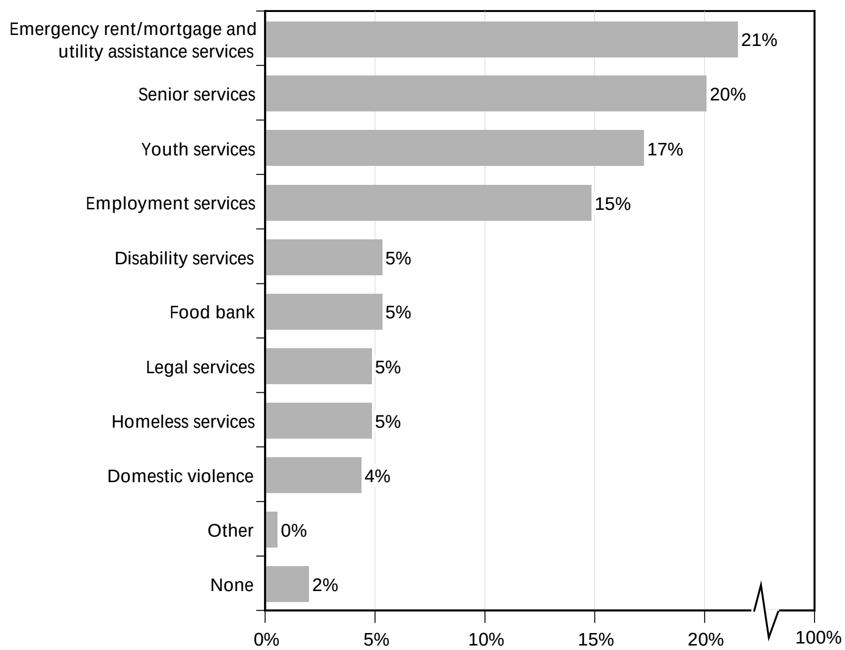


Needed social services. When asked about the most needed social services in their communities, the most common response was for emergency rent/mortgage and utility assistance services (21 percent). This was closely followed by the need for senior services (20 percent) and youth services (17 percent).

Exhibit V.A-7.
Which of the following social services do you feel is most needed in your community?, Arapahoe County

Note:
N = 210.

Source:
Arapahoe and Douglas Counties Resident Survey, August and September 2008.



Housing questions. This section reports the survey respondents' answers to questions about their housing situation, satisfaction with their current housing and their ability to pay their rent or mortgage.

Housing tenure and type. Over half of respondents lived in a single-family, detached home; 13 percent in a duplex/triplex or townhome; 31 percent in a condominium or apartment building; and the remaining 2 percent in a mobile home/trailer.

Of the 250 respondents, approximately two thirds owned their homes and 33 percent were renter households. The remaining 1 percent either did not rent nor own, or lived with family or friends. This distribution is very similar when compared to ACS. ACS reports that 67 percent of Arapahoe County residents own their home while the remaining 33 percent rent. About 27 percent of renters and 67 percent of owners lived in single-family homes. Sixty-one percent of renters lived in an apartment/condominium building, while 16 percent of owners resided in similar multifamily type buildings.

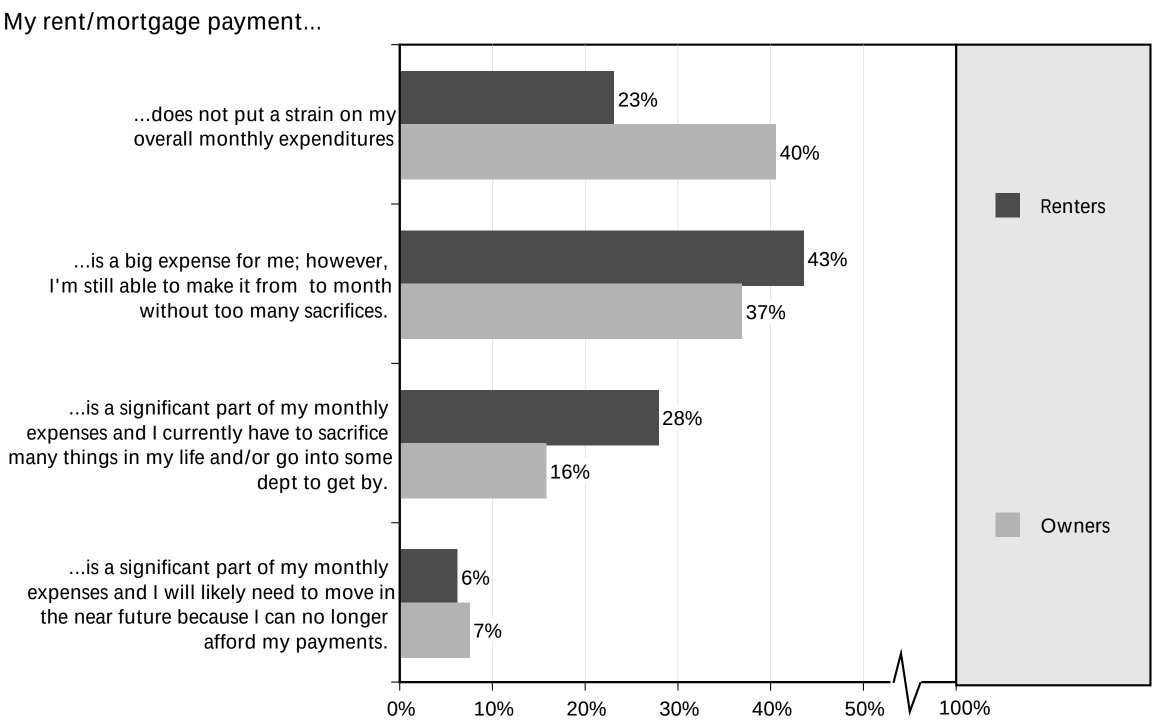
Housing satisfaction. Eighty-two percent of survey respondents (this is also the same percentage for both renter and owners) said that their home was a comfortable size for the number of people who live there. Renters responded more often than owners, their homes were too small or very crowded; while owners responded more often than renters, their homes were too big.

Overall, almost half of the survey respondents were *very satisfied* with their current home and an additional 44 percent were *satisfied*. Therefore, leaving 8 percent *dissatisfied* or *very dissatisfied* with their homes. Both owners and renters are generally *satisfied* with their homes. However, owners had a higher percentage of *very satisfied* or *satisfied* responses than renters, 94 percent of owners were *very satisfied* or *satisfied* with their home compared to 89 percent of renters. When asked why they are not satisfied with their homes, renters mentioned poor condition of the units most often and owners responded their home was too small.

Rent or mortgage payments. Respondents were asked to consider four different housing scenarios concerning how their monthly mortgage or rental payment affects their overall monthly expenditures and then choose which scenario best describes their situations. Twenty-two percent of the respondent's homes were paid for, therefore they did not have a mortgage payment.

Renters are more likely than owners to feel that their house payment is more of a significant part of their monthly expenses. Thirty-four percent of renters said their rent is a significant part of their monthly expenses, compared to 23 percent of owners. The following exhibit displays the four scenarios and the responses of the renters and owners who do pay a rent or mortgage.

Exhibit V.A-8.
Monthly Mortgage or Rent and Monthly Expenditures, Arapahoe County



Source: Arapahoe and Douglas Counties Resident Survey, August and September 2008.

Risk of homelessness. Respondents were also asked if there was anyone in their household (other than a student) living with them because they cannot afford to live on their own. Twenty-nine percent responded yes they have someone living with them. The majority (69 percent) of the people living with the respondents were family members. The length of stay ranged from less than 1 month to 35 years. Most of the people living with the respondents (39 percent) had lived with them for less than 1 year, while an additional 32 percent have lived with them for 1 to 2 years. When asked how long they plan to live with them, 76 percent responded they were not sure. The top reasons they came to be living with the respondents included they could not afford their place (29 percent), could not find a place to afford (23 percent), got divorced or separated (11 percent) and either quit or was fired from their job (11 percent).

When asked if they or others in their household ever had to live with family or friends, in their car and/or in a motel because they did not have anywhere else to go, 19 percent responded they had. The most common reason survey respondents had to find help with housing was they could not afford the place they were currently living in (38 percent), followed by they could not find a place to afford (17 percent). Another 14 percent needed help because they became sick and could not work and/or afford health care.

Five percent of respondents had tried to get housing assistance and could not get it, while 11 percent had received help with a housing need from a government and/or non-profit organization. Such help included Section 8 housing vouchers, other government housing assistance, other rental assistance and Low-Income Energy Assistance Program (LEAP) assistance. Renters were more likely to have utilized housing assistance compared to owners. Twenty-two percent of renters have received housing assistance compared to 6 percent of owners.

Homeowner questions. Survey respondents reported that, of those who owned their home, the majority (60 percent) lived in a house that was approximately valued at $200,000 or higher. Forty percent of owners lived in homes valued at less than $200,000. The average price of the respondent's homes was approximately $203,000.

Owners were then asked if there are needed repairs that they have not made to their house, and, if there were, what repairs were most needed. Approximately one-third of owners responded there were needed repairs for their house, while 66 percent did not report any needed repairs. Exhibit V.A-9 below displays the most-needed repairs reported by owners.

Exhibit V.A-9.
Owners, what repairs/improvements do you need to make the most?, Arapahoe County

Note:
Respondents were able to provide more than one response.

Source:
Arapahoe and Douglas Counties Resident Survey, August and September 2008.

	Survey Reponses		Survey Reponses
Painting	17%	Flooring	6%
Plumbing	13%	Bathroom	6%
Roofing	12%	Other	21%
Windows/doors	12%	Refused/Don't Know	2%
Electric	6%	**Total**	**100%**
Siding	6%		

As shown above, painting was the most needed repair to their homes. Plumbing, roofing and windows/doors were also frequently chosen. Repairs included in the "other" category included appliances, air conditioning, insulation, foundation, porch/deck/patio, counters/cabinetry, yard work and carpeting.

Owners were then asked why they had not made the needed repairs. The most common response (70 percent) was that they could not afford the repairs. Few owners felt the needed repairs listed above were so serious that they made their homes unlivable. Those "needed" repairs included plumbing, roof, electrical and window/door improvements.

Foreclosure concerns. Respondents were also asked if they had any concern about their house going into foreclosure. Ninety-one percent of the owners were not concerned with foreclosure. Six percent responded they were concerned about foreclosure and one household was already in the foreclosure process.

Three of the owners have skipped one or more mortgage payments. Reasons for skipping a payment included they lost their job, were going through a divorce or separation and health care costs.

Renter questions. Renter respondents had an overall average monthly rent and utility payment of $868, which is approximately $55 higher than the 2007 Denver Metro Area Multifamily Vacancy and Rent Survey average rent of $812 for Arapahoe County.

Seventy-eight percent of survey respondents who were renters reported that their landlords made repairs promptly when needed. When asked if there were needed repairs for their rental unit, 63 percent of the renters said no repairs were currently needed. Exhibit V.A-10 shows the most needed repairs for their rental units in Arapahoe County. The most common needed repair was plumbing repairs followed by window and/or door repairs.

Exhibit V.A-10.
If your rental unit is in need of repairs, what repairs are needed?, Arapahoe County

Note:

Respondents were able to provide more than one response.

Source:

Arapahoe and Douglas Counties Resident Survey, August and September 2008.

	Survey Reponses		Survey Reponses
No repairs needed	48%	Bathroom	2%
Plumbing	11%	Roofing	1%
Windows/doors	8%	Accessibility modifications	1%
Painting	5%	Insulation	1%
Appliances	5%	Porch/deck/patio	1%
Electric	5%	Carpeting	1%
Flooring	5%	Other	2%
Siding	4%	Refused/Don't Know	1%
Air conditioning	2%	**Total**	**100%**

Fourteen percent of renters reported that some of the repairs were so serious that they impact their health and safety. These repairs included plumbing, windows/doors, appliances and mold problems.

Renters were asked if they would rather continue renting or own a house, condominium or townhome; 43 percent of renters responded they would prefer to own a house; 16 percent would prefer to own a condominium or a townhome; and 39 percent responded they would like to continue renting. Of those respondents who were ages 65 years and over, 41 percent would like to continue renting and of the respondents ages 35 to 54 years, 71 percent would like to own a home.

The renters who would like to own their home were then asked what were their current barriers to owning a home. The most common response was they did not have enough money for a down payment (40 percent), followed by they cannot qualify for a mortgage (22 percent). Exhibit V.A-11 displays their responses.

Exhibit V.A-11.
Renters, what are some of your current barriers to owning a home, condo/townhome or mobile home?, Arapahoe County

Note:
Respondents were able to provide more than one response.

Source:
Arapahoe and Douglas Counties Resident Survey, August and September 2008.

	Survey Reponses
Do not have enough money for a down payment	40%
Cannot qualify for a mortgage	22%
Cannot afford monthly mortgage payments	15%
No houses in my price range for sale	8%
Uncertain future or may leave area	6%
Bad credit	4%
Unfamiliar with/intimidated by the process of buying a home	3%
Refused/Don't Know	1%
Total	**100%**

Community Meetings, Focus Groups and Key Person Interviews

As part of the housing needs study for Arapahoe and Douglas Counties, BBC conducted a series of community meetings, focus groups and key person interviews with individuals from organizations and the community representing a diverse set of interests. The community meetings were open to the public and were held in three different sites in Arapahoe and Douglas Counties. Focus group attendees fell into one of the following categories: Douglas County residents; Public Housing residents residing in Arapahoe County; and Community Development staff, affordable housing developers and affordable housing providers. Key person interviews were conducted of County and city staff within Arapahoe and Douglas Counties, the public housing authorities and others involved with housing and community development in both Counties.

Exhibit V.A-12 displays the organizations represented during the focus groups and interview process.

Exhibit V.A-12.
Organizations Participating in Focus Groups and Key Person Interviews

Organization	Organization (cont'd)
Arapahoe County	Developmental Pathways
Arapahoe/Douglas Mental Health Network	Douglas County
Brothers Redevelopment	Douglas County Housing Partnership
Catholic Charities	Englewood Housing Authority
City of Castle Rock	Family Tree, Inc. / House of Hope
City of Centennial	Habitat for Humanity of Metro Denver
City of Englewood	Interfaith Community Services
City of Greenwood Village	Littleton Housing Authority
City of Littleton	Management Service, LLC
City of Lone Tree	Mercy Housing Colorado
City of Sheridan	Metro Brokers, A Step Above
Colorado Center for the Blind	Rebuilding Together
Colorado Housing Assistance Corporation	Rocky Mountain Housing Development Corporation
Community Housing Development Association	Town of Parker
Community Housing Services Agency	

Source: BBC Research & Consulting.

Group discussions and interviews primarily focused on identifying housing needs of the community, barriers to affordable housing, location of affordable housing, current programs and procedures in place to provide affordable housing and recommendations for providing affordable housing to Arapahoe and Douglas County residents. The following section outlines the input BBC received from participants with regards to these topics.

Overall needs identified. Overall, the following were identified as general needs within Arapahoe and Douglas Counties:

- Affordable housing for the essential workforce (including teachers, police officers, etc.), especially in Douglas County.
- Affordable rental units are difficult to find in Douglas County.
- All housing authorities in both Counties have wait lists for their Section 8 vouchers and public housing units. Wait lists are long for seniors that need affordable housing in both Counties.
- Assistance for day care and affordable childcare options. Affordable childcare options for infants and after school programs. This also includes a need to assist disabled youth with recreational activities and other supportive services.
- Community development needs include a need for public transportation. Routes are being cut through RTD. The circulator bus should be expanded north and south. Public transportation is an ongoing issue in Douglas County. People living in Douglas County need help getting to programs in Arapahoe County.
- Difficulty finding affordable housing in Arapahoe and Douglas Counties for persons with mental health disabilities.
- Early foreclosure intervention helps households avoid foreclosure.
- Habitat recently had 600 households interested in 30 available units. The demand in is from young families and immigrant households, typically earning less than 50 percent of the area median income.
- Infrastructure in the older parts of Arapahoe County is aging and in need of upgrades and repairs.
- Permanent affordable housing in both Counties is needed.
- Rent and mortgage assistance is needed to help prevent homelessness in Arapahoe County. Non-profits get more calls at the beginning of the month for assistance, therefore the assistance is gone right away. They are not sure what happens to those who are unable to get the requested assistance.
- Transitional housing for single parents that includes childcare and job assistance is needed. Wait lists are long. For those in transitional housing, once the program ends they have difficulty finding housing in the area and may have to move to Denver.
- There is a lack of funding for economic development, such as job training for people past high school age.

Community meetings and focus groups. Each meeting included a summary of the purpose of the Housing Needs Assessment study and the Arapahoe County Development Services (ACDS) Consolidated Plan, brief demographic overview of the Counties, telephone survey results and exercises with feedback opportunities. The exercises were designed to get the meeting participants to brainstorm community and housing needs and strategies they believe the Counties should use to address the needs. In addition, a worksheet was distributed during the meeting asking the participants to prioritize activities and allocate the funding of potential activities that could be undertaken with the HUD grants.

An estimated 55 participants attended the three community meetings and two focus groups held during November 2008 in Highlands Ranch (HR[2]), Parker (C/P[3]), Littleton (E/L/S[4]), Castle Rock (FGCR[5]) and Englewood (FGEHA[6]). The three community meetings were open to the public and the two focus group meetings targeted Douglas County residents and Public Housing residents residing in Arapahoe County.

The following is a summary of the top needs discussed at these meetings.

Needed services:

- Childcare—Assistance for day care and affordable childcare options. Affordable childcare options for infants and after school programs. (HR, FGCR, FGEHA)
- Disabled—Accessible sidewalks, especially close to bus stops. (FGCR)
- Disabled—Therapeutic recreational services (such as day activities) for the disabled population in Douglas County. There is also a need for buildings, operating assistance and scholarships. (C/P)
- Economic Development—Employment opportunities that include good businesses and good incomes. (FGCR)
- Health Care—People are unable to afford health care. People need a place they can go to get basic health care services they can afford. (FGEHA)
- Hotels, Mid-Range—There are no midrange hotels located in the Littleton and Englewood area. (FGEHA)
- Low-Income—Social services for low-income residents such as counseling and food assistance (HR, FGEHA)
- Public Transportation—Public transit, especially in Douglas County for those who need it. Extend transit routes to include areas outside of Parker in the unincorporated part of the County. The Castle Rock shuttle should cover more area. More practical and direct routes with more parking close to shuttle/bus stops. Seniors also need more public transit options. (HR, C/P, FGCR)

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[2] HR = Highlands Ranch

[3] C/P = Centennial and Parker

[4] E/L/S = Englewood, Littleton and Sheridan

[5] FGCR = Focus group in Castle Rock

[6] FGEHA = Focus group of Englewood Housing Authority residents.

- Public Transportation—Transportation, including for special needs populations. Routes were recently cut. They would like to see a more regional loop route included. (E/L/S, FGEHA)
- Seniors—Seniors need housing, supportive services and day care. (E/L/S)
- Youth—After school care for middle school and high school aged youth that includes transportation. (E/L/S)

Needed social services:

- Disabled—Services for people with disabilities living in Douglas County. Waiting lists are too long. (C/P)
- Economic Development—Business start up assistance. (E/L/S)
- Employment—More places to go to receive employment services, including job training, computer/internet use and counseling. (FGEHA)
- Family—Family services that include after school and pre-school care. (E/L/S)
- Food—Food banks are needed in Highlands Ranch. (HR)
- Food—Food stamps and good banks. (E/L/S, FGEHA)
- Foreclosures—Foreclosure counseling that includes education and outreach. The foreclosure programs are there, it is now important to get the word out. Suggestions on how to get the word out include: using the NEW list, market through lenders for early intervention, and promote one-on-one counseling. (E/L/S)
- Health Care—Health care services that are affordable. (C/P, FGEHA)
- Homeownership—Homeownership education. (E/L/S)
- Immigrant services—A place that provides a contact with a clearinghouse of information. Needed services include ELS classes, legal counseling and business start up assistance. (E/L/S)
- Legal Services—Legal services that would include help for persons experiencing domestic violence, general fact sheets and a list of resources people can use. (HR)
- Rent/Mortgage and Utility Assistance—There is a need for emergency rent/mortgage and utility assistance services. However, they want to help stabilize their situation instead of handing out assistance repeatedly. (HR, FGEHA)
- Seniors—Many seniors rely on Social Security to live one and therefore cannot afford their housing and utility expenses. (FGCR)
- Seniors—Seniors may have to go back to work, so it would be helpful to link senior services with employment services. (FGCR)
- Youth—Trade schools for youth, youth educational opportunities, jobs/internships. (FGCR)
- Youth—There are many latch key children in Highlands Ranch who need something to do. Littleton has an educational need along with other supportive services. Services for disabled youth that include scholarship opportunities. (HR, E/L/S)

Needed housing types:

- Affordable—Affordable options that allow a household to downsize and with low maintenance. Arvada requires all newly built homes to be "visitable." (E/L/S)
- All Types—Housing options for each stage of life. All types of housing that reflect the demographics of the community, including affordable options. A medium density option with services close by. It could include granny flats and townhomes. (FGCR)
- Assisted Living—Affordable assisted living for seniors and persons with disabilities. (FGEHA)
- Disabled—Affordable housing and services (job training, education, etc.) for person with a mental health disabilities. (E/L/S)
- Disabled—All types of disabled housing for all ages. Housing that is affordable, accessible with various services available. (E/L/S)
- Disabled—Group homes for persons with disabilities in Douglas County. (C/P)
- Duplex/Townhomes—Smaller type homes such as duplexes, triplexes, etc. in Douglas County. These would work well for single parents. (HR, C/P, FGCR)
- Patio/Ranch Homes—Patio/ranch style homes that have no stairs. This would be good for people aging in their homes and persons with disabilities. (FGCR)
- Project-Based Housing—Project-based housing for households earning less than $20,000 annually. (FGEHA)
- Rehab—Rehabilitation opportunities. Rehabilitation opportunities for single family homes. (E/L/S, FGEHA)
- Rental Subsidies—Douglas County needs subsidized rental units. (HR)
- Rental Subsidies—Rental subsidies (vouchers) for the very low-income population. Wait lists are vey long. (E/L/S)
- Rental Units—Affordable rental units in Douglas County and Arapahoe County. (C/P, FGEHA)
- Seniors—Affordable senior housing for those that may not need housing assistance in Douglas County. (C/P, FGCR)
- Tax Credit—Need more low-income housing tax credit properties. (FGEHA)
- Transitional Housing—Transitional housing for previously homeless people and also for families (including single parents) going through a financial crisis (HR, FGCR)
- Workforce—Affordable workforce (essential workers) housing for rent and ownership. (E/L/S)

Barriers to affordable housing:

- Douglas County has high land costs and high permit fees and impact fees, which increases the cost of housing. (C/P)
- High land cost. (FGEHA)
- It is difficult finding available affordable rentals. (FGEHA)

Who has the greatest housing needs and what type of housing would best meet their needs?

- Younger families are looking for affordable homeownership opportunities, such as smaller sized homes. (HR, C/P)
- The elderly who live on fixed incomes are looking for smaller sized homes for ownership and rent. (HR, C/P, FGCR)
- The disabled need group homes that offer varying degrees of living assistance and types of homes in Douglas County. (C/P)
- Transitional housing is needed in Douglas County. (HR)
- Single parents need safe, affordable and denser housing (such as duplexes or townhomes) with services close by. Services should include childcare, counseling and self-sufficiency assistance. In Arvada, there is a development where the homes are built around a center area and Partners in Housing in Colorado Springs has developed an apartment complex that is safe with services available on site. (HR, FGCR)
- Very low-income renters cannot find affordable units in Arapahoe County and have to move out of the County. This population needs more housing vouchers. (E/L/S, FGEHA)
- Need more senior and disabled housing, preferably through the construction of public housing. Wait lists are long. (FGEHA)

How is housing affecting employment?

- The Douglas County School District has recently lost 88 teachers because the teachers had wanted to be able to live closer to where they work. The teachers were not able to afford housing in Douglas County. It costs the school district $15,000 to replace each teacher. Employees in the service industries probably live in Arapahoe County or Denver and have to commute to work because they too cannot afford to live in Douglas County. (HR)

How would they spend the federal grant dollars?

Arapahoe County:

- Affordable Housing—Programs designed to facilitate affordable housing (E/L/S, FGEHA)
- Disabled—Disabled and senior assisted living. (FGEHA)
- Economic Development—Employment centers. (E/L/S, FGEHA)
- Education—Magnet after school programs that include technology, art, music and science along the Littleton and Highlands Ranch border. (E/L/S)
- Foreclosure—Foreclosure prevention (E/L/S)
- General Assistance—General assistance of food stamps, housing vouchers and employment placement and training. (E/L/S, FGEHA)
- Health Care—Health care services. (FGEHA)
- Homebuyers—Leverage first time buyer with employer (both private and public sectors) assisted housing. Have the realtors promote. (E/L/S)
- Homeless (FGEHA)

- Housing assistance (E/L/S)
- Immigrant Services—Immigrant initiative program (E/L/S)
- Infrastructure (E/L/S)
- Low-income housing. (FGEHA)
- New Construction and Rehab—Leverage funds with Habitat and others (e.g., faith based communities, non-profits, etc.) to build new and rehab special needs housing. (E/L/S)
- Public Transportation—Transportation services. (E/L/S, FGEHA)
- Rehab—Rehabilitation of existing homes in the Littleton and Centennial area. (E/L/S)
- Rehab—Rehabilitation and assistance in purchasing apartment and multifamily housing. Bring them up to code and upgrade. (E/L/S)
- Rentals—Need more Project Based housing for seniors and baby boomers that will be seniors soon. (FGEHA)
- Seniors—Senior programs and affordable and accessible housing (E/L/S, FGEHA)
- Seniors—Housing assistance for seniors (E/L/S, FGEHA)
- Special Needs—Special needs housing that is affordable and accessible. Affordable housing for the disabled and mentally ill. (E/L/S)
- Street Maintenance—Enforced snow removal and street sweeping. (FGEHA)
- Tax Credit Properties—More tax credit properties for long-term investment. (FGEHA)
- Youth—Youth services. Services for abused and neglected children. (E/L/S, FGEHA)

Douglas County:

- Homebuyers—Downpayment assistance (HR)
- Housing Authority—Utilize housing authorities to develop creative rental/ownership programs, such as ownership partnerships, low interest loan, land trust, public/private partnerships, etc. (C/P)
- Legal services counseling (HR)
- Misc—Do not attempt to provide housing for every level of income and need. (C/P)
- Public Transportation—Public transportation in the unincorporated part of the County (outside of Parker). (C/P)
- Rehab—Purchase and rehabilitate an apartment building, duplexes and single-family homes for single parent families in Littleton, Centennial and Highlands Ranch. (HR)
- Seniors—Affordable senior housing in Parker and Castle Rock. (C/P)
- Special Needs—Therapeutic recreation opportunities for persons with disabilities in the Highlands Ranch area. (C/P)
- Special Needs—Special needs housing and group homes in Douglas County. (C/P)
- Workforce—Top priority is for rental and ownership opportunities for the workforce of the County, including the police, teachers, fire fighters, etc. (C/P)

Housing provider focus group meeting and key person interviews. The housing provider focus group discussion was structured similar to the community meetings, however a targeted population attended this meeting. The housing provider focus group attendees included Community Development staff, affordable housing developers and affordable housing/special needs non-profits. In addition to this focus group, 25 key persons involved in housing and community development in Arapahoe and Douglas Counties were interviewed to obtain their input on housing needs.

The focus group and interviews provided information about the housing market in general, the top housing and community development needs in the Counties and the needs of special populations. The information from the focus group and interviews are summarized here and has been integrated into the other sections of the needs assessment.

Needs identified:

- Affordable housing for the essential workforce (including teachers, police officers, etc.) in Douglas County. Douglas County School District is soon to be the biggest school district in the state. Recently, 22 percent of the teachers left because they cannot afford to live in Douglas County close to where they work.
- Affordable rental units are difficult to find in Douglas County.
- All housing authorities in both Counties have wait lists for their Section 8 vouchers and public housing units.
- Community development needs include a need for public transportation. Routes are being cut through RTD. The circulator bus should be expanded north and south. Public transportation is an ongoing issue in Douglas County. People living in Douglas County need help getting to programs in Arapahoe County.
- Difficulty finding affordable housing in Arapahoe and Douglas Counties for persons with mental health disabilities.
- Early foreclosure intervention helps households avoid foreclosure.
- Habitat recently had 600 households interested in 30 available units. The demand in is from young families and immigrant households, typically earning less than 50 percent of the area median income.
- Infrastructure in the older parts of Arapahoe County is aging and in need of upgrades and repairs.
- Permanent affordable housing in both Counties is needed.
- Rent and mortgage assistance is needed to help prevent homelessness in Arapahoe County. Non-profits get more calls at the beginning of the month for assistance, therefore the assistance is gone right away. They are not sure what happens to those who are unable to get the requested assistance.
- Transitional housing for single parents that includes childcare and job assistance is needed. Wait lists are long. For those in transitional housing, once the program ends they have difficulty finding housing in the area and may have to move to Denver.
- There is a lack of funding for economic development, such as job training for people past high school age.
- Wait lists are long for seniors that need affordable housing in both Counties.

Barriers to affordable housing. When asked about community barriers to providing housing affordable to residents at lower income levels, the following problems were identified:

- Appraisals of HUD homes are dropping, but bids have gone up. These homes are in need of rehabilitation. The moderate-income households can qualify for a mortgage, but may be afraid to by because of real estate market and job security.
- High construction costs and material costs.
- High cost of water and sewer tap fees. Sometimes with infill housing there are no water and sewer lines next to the lots, and it is expensive to replace, roads and curb/gutter drainage. The average price of fees (such building permits, impact fees, use tax, etc.) for a single family home in Castle Rock is approximately $35,000 and $21,000-25,000 is the water tap fee.
- Households would buy affordable condominiums, but HOA dues are high and HOAs are weak.
- In Douglas County, property taxes are a huge issue because many of the new subdivisions being developed are forming new special districts with high mil levies. Therefore Douglas County is far above the other communities in the metro area.
- Land costs are high in both Arapahoe and Douglas Counties. Even with the current market slow down, prices are not dropping and developers are holding onto land for the moment.
- NIMBY in Douglas and Arapahoe County, not including Aurora. The community may not understand what affordable housing is actually all about.
- There is little or no land available in Arapahoe County to develop housing, especially for infill development.
- The special Metro Districts add an additional tax on the buyer.
- The Low Income Housing Tax Credit market is at an all time low and is not profitable for investors.

Programs and procedures for affordable housing:

- Castle Rock has an Attainable Housing Fee Reduction ordinance. It states a developer can receive a 25 percent reduction in development impact fee per affordable unit. However, this program has not been utilized yet and developers typically try to get all fees waived. County staff believes the incentive is not big enough to entice developers to develop affordable housing.
- Douglas County Housing Partnership recently began a Shared Equity Program. DCHP will provide an investment of up to 20 percent of the purchase price (maximum $50,000) to first time homebuyers that work in Douglas County. They receive funding from the Douglas County Cash-In-Lieu program. The original goal of the cash-in-lieu program was for developers to build affordable housing, but the market made this impossible. Therefore, the developer is now able to par approximately $10,000 per unit to satisfy the program requirements.
- Englewood and Sheridan have waived fees for affordable housing development on a case-by-case basis.

- Lone Tree negotiated with the developer of the RidgeGate development to have primary housing for workforce built in a later phase (approximately 5-10 years out) of the development. Housing will be targeted for persons earning $10-20 per hour[7].

- Reverse mortgages are an option for seniors if they have equity in their homes. Seniors would like to stay in the homes as long as possible, but the condition of homes makes this difficult. Some family members have asked their parents to take out a reverse mortgage to help them with their financial difficulties.

Solutions to affordable housing. The following solutions were offered to help the Counties provide more affordable housing to its residents:

- Affordable housing providers would like to have an inventory of available land in both Counties.

- In this current market, they are not looking at building. They would like to get help to the providers for things such as downpayment assistance.

- Provide a "fast track" in the affordable housing development process in city and County government.

- Reduced or waived fees (e.g., bridge fees, road fees, planning fees, etc.) would help make the development of affordable housing easier. Brighton does a nice matrix of reduced and waived fees.

- Some private developers may move more quickly when developing housing. They do tax credit developments well, but may not be providing the additional services that are needed.

- Would like to see Inclusionary Zoning outside of Denver, but they are not sure how it would work. Douglas County does have a cash-in-lieu fee that developers can pay in order to increase density.

[7] These are 2000 wages.

SECTION II.D.—DOUGLAS COUNTY
Demographic and Economic Profile

SECTION III. D.—DOUGLAS COUNTY
Housing Profile and Cost

SECTION IV. D.—DOUGLAS COUNTY
Housing Affordability Analysis

SECTION V. D.—DOUGLAS COUNTY
Community Input

SECTION VI.
Arapahoe County and Douglas County Workforce

SECTION VI.
Arapahoe County and Douglas County Workforce

This section brings together Arapahoe County and Douglas County to determine their relationship from a workforce and housing perspective. As discussed in the Executive Summary of the counties' housing needs reports, the market for housing does not stop at the county line—and neither does the market for workforce. Residents live in one county and work in another. Households use services and patronize businesses in both counties. Employers depend on workers coming from both counties, as well as other counties in metro Denver. This section discusses these relationships. It begins with an overview of the employment characteristics of each county and then discusses how they share workers and the provision of housing to workforce.

Arapahoe County has traditionally held some of the highest-paying jobs found within the Denver metro area, especially financial, insurance and real estate occupations located in Greenwood Village. Comparatively, Douglas County has held a high percentage of the Denver Metro area's moderate- and low-wage construction, retail trade and arts, entertainment and recreation jobs. Arapahoe County and Douglas County are expected to absorb a larger portion of the Denver region's future employment and population growth; however, it is unclear how the employment composition in both counties will evolve. If similar types of industries continue to locate within Arapahoe County, the County's high-wage base will continue, creating an even greater demand for housing stock affordable to high-wage jobs. Similarly, if Douglas County continues to create moderate-wage jobs, the County's moderate-wage base will continue to demand housing stock affordable to their incomes.

What Jobs Currently Exist in Arapahoe County and Douglas County?

This section provides information on the top employment industries in both counties, beginning with Arapahoe County.

Employment base in Arapahoe County. Arapahoe County is a major provider of finance, insurance, information, construction, administrative and health care jobs to the seven-county Denver region. Moderate job growth is forecasted to occur in Arapahoe County; however, the overall composition of employment could very likely remain the same, thereby attracting similar types of jobs that currently exist within the County.

Exhibit VI-1 shows employment in Arapahoe County by industry and subset.[1] In 2007, 88 percent of the jobs in Arapahoe County were in the private sector and 12 percent were in the public sector. Retail Trade (12 percent), Health Care & Social Assistance (12 percent), Finance & Insurance (11 percent) and Professional & Technical Services (11 percent) were the dominant private sector industries. As shown in Exhibit VI-1, excluding Retail Trade, the County's top industries offer moderate to high wages. On average, workers in these industries are higher paid than those employed in service and hospitality related occupations (such as Accommodations & Food Services), but they are paid much lower than workers in mining, information and management fields. These three industries make up slightly more than 9 percent of the County's workforce combined.

[1] The data report jobs for employers who provide unemployment insurance and, as such, exclude certain employers.

Exhibit VI-1.
Arapahoe County Employment by Industry and Subset, 2007

Industry	Average Employment	Average Weekly Wage	Annual Equivalent Wage
Private Sector	248,853	$1,040	$54,080
Agriculture, Forestry, Fishing, Hunting	**104**	**$683**	**$35,516**
Crop Production	47	$735	$38,220
Animal Production	33	$529	$27,508
Forestry & Logging	-	N/A	N/A
Fishing, Hunting & Trapping	-	N/A	N/A
Agriculture & Forestry Support	-	N/A	N/A
Mining	**662**	**$2,246**	**$116,792**
Oil & Gas Extraction	291	$2,009	$104,468
Mining, Except Oil & Gas	79	$3,088	$160,576
Mining Support Activities	292	$2,254	$117,208
Utilities	**213**	**$1,507**	**$78,364**
Construction	**20,222**	**$978**	**$50,856**
Construction Of Buildings	4,818	$1,262	$65,624
Heavy & Civil Engineering Construction	2,559	$1,172	$60,944
Specialty Trade Contractors	12,845	$833	$43,316
Manufacturing	**9,181**	**$994**	**$51,688**
Food Manufacturing	363	$769	$39,988
Beverage & Tobacco Product Mfg	-	N/A	N/A
Textile Mills	-	N/A	N/A
Textile Product Mills	352	$618	$32,136
Apparel Manufacturing	18	$475	$24,700
Leather & Allied Product Mfg	-	N/A	N/A
Wood Product Mfg	90	$751	$39,052
Paper Manufacturing	-	N/A	N/A
Printing & Related Support Activities	771	$809	$42,068
Petroleum & Coal Products Mfg	-	N/A	N/A
Chemical Manufacturing	92	$1,174	$61,048
Plastics & Rubber Products Mfg	381	$754	$39,208
Nonmetallic Mineral Product Mfg	589	$809	$42,068
Primary Metal Mfg	137	$783	$40,716
Fabricated Metal Products	1,329	$991	$51,532
Machinery Manufacturing	913	$1,095	$56,940
Computer & Electronic Product Mfg	1,101	$1,217	$63,284
Electrical Equipment & Appliances	49	$938	$48,776
Transportation Equipment Mfg	1,451	$1,309	$68,068
Furniture & Related Product Mfg	491	$725	$37,700
Miscellaneous Mfg	660	$754	$39,208
Wholesale Trade	**13,530**	**$1,655**	**$86,060**
Merchant Wholesalers, Durable Goods	8,244	$1,733	$90,116
Merchant Wholesalers, Nondurable Goods	3,618	$1,495	$77,740
Electronic Markets, Agents & Brokers	1,668	$1,615	$83,980
Retail Trade	**31,044**	**$564**	**$29,328**
Motor Vehicle & Parts Dealers	5,693	$931	$48,412
Furniture & Home Furnishings Stores	810	$559	$29,068
Electronics & Appliance Stores	1,333	$753	$39,156
Building Material & Garden Supply Stores	2,370	$578	$30,056
Food & Beverage Stores	5,361	$524	$27,248
Health & Personal Care Stores	1,268	$602	$31,304
Gasoline Stations	1,037	$353	$18,356
Clothing & Clothing Accessories Stores	2,343	$396	$20,592
Sporting Goods, Hobby, Book, Music Store	2,190	$328	$17,056
General Merchandise Stores	5,825	$386	$20,072
Miscellaneous Store Retailers	1,910	$372	$19,344
Non-store Retailers	904	$914	$47,528

Note: Subcategories do not add to industry total due to nondisclosure of some industry subcategories.

Source: Colorado Department of Labor & Employment, QCEW data.

Exhibit VI-1. (CONT'D)
Arapahoe County Employment by Industry and Subset, 2007

Industry	Average Employment	Average Weekly Wage	Annual Equivalent Wage
Transportation & Warehousing	**3,777**	**$991**	**$51,532**
Air Transportation	282	$1,021	$53,092
Rail Transportation	-	N/A	N/A
Water Transportation	-	N/A	N/A
Truck Transportation	980	$662	$34,424
Transit & Ground Passenger Transport	522	$571	$29,692
Pipeline Transportation	-	N/A	N/A
Scenic & Sightseeing Transportation	-	N/A	N/A
Support Activities For Transportation	780	$1,081	$56,212
Postal Service	-	N/A	N/A
Couriers & Messengers	536	$722	$37,544
Warehousing & Storage	673	$1,890	$98,280
Information	**16,886**	**$1,663**	**$86,476**
Publishing Industries, Except Internet	3,740	$1,404	$73,008
Motion Picture & Sound Recording	761	$688	$35,776
Broadcasting, Except Internet	2,719	$1,203	$62,556
Internet Publishing & Broadcasting	-	N/A	N/A
Telecommunications	7,022	$2,035	$105,820
ISPS, Search Portals & Data Processing	2,182	$1,800	$93,600
Other Information Services	461	$1,764	$91,728
Finance & Insurance	**27,632**	**$1,417**	**$73,684**
Monetary Authorities - Central Bank	-	N/A	N/A
Credit Intermediation & Related Activity	11,920	$1,308	$68,016
Securities, Commodity Contracts, Investments	3,422	$1,974	$102,648
Insurance Carriers & Related Activities	10,432	$1,352	$70,304
Funds, Trusts & Other Financial Vehicles	-	N/A	N/A
Real Estate, Rental & Leasing	**6,429**	**$1,176**	**$61,152**
Real Estate	4,505	$1,178	$61,256
Rental & Leasing Services	1,448	$789	$41,028
Lessors Of Nonfinancial Intangible Asset	477	$2,337	$121,524
Professional & Technical Services	**25,884**	**$1,498**	**$77,896**
Management Of Companies & Enterprises	**5,332**	**$1,914**	**$99,528**
Administrative & Waste Services	**24,891**	**$674**	**$35,048**
Administrative & Support Services	24,350	$666	$34,632
Waste Management & Remediation Service	541	$1,032	$53,664
Educational Services	**2,998**	**$812**	**$42,224**
Health Care & Social Assistance	**28,731**	**$892**	**$46,384**
Ambulatory Health Care Services	13,663	$1,114	$57,928
Hospitals	6,119	$946	$49,192
Nursing & Residential Care Facilities	4,560	$598	$31,096
Social Assistance	4,389	$429	$22,308
Arts, Entertainment & Recreation	**3,168**	**$1,215**	**$63,180**
Performing Arts & Spectator Sports	-	N/A	N/A
Museums, historical Sites, Zoos, & Parks	-	N/A	N/A
Amusements, Gambling & Recreation	2,576	$346	$17,992
Accommodation & Food Services	**20,768**	**$334**	**$17,368**
Accommodation	2,069	$596	$30,992
Food Services & Drinking Places	18,699	$305	$15,860

Note: Subcategories do not add to industry total due to nondisclosure of some industry subcategories.

Source: Colorado Department of Labor & Employment, QCEW data.

Exhibit VI-1. (CONT'D)
Arapahoe County Employment by Industry and Subset, 2007

Industry	Average Employment	Average Weekly Wage	Annual Equivalent Wage
Other Services	**7,393**	**$668**	**$34,736**
Repair & Maintenance	2,575	$741	$38,532
Personal & Laundry Services	2,402	$411	$21,372
Membership Associations & Organizations	2,022	$896	$46,592
Private Households	393	$578	$30,056
Non-classifiable	**9**	**$1,434**	**$74,568**
Government	**32,764**	**$844**	**$43,888**
State	3,795	$779	$40,508
Local	26,027	$809	$42,068
Federal	2,943	$1,233	$64,116

Note: Subcategories do not add to industry total due to nondisclosure of some industry subcategories.

Source: Colorado Department of Labor & Employment, QCEW data.

Employment base in Douglas County. Douglas County is a major provider of Arts, Entertainment & Recreation, Retail Trade, Management and Construction jobs to the seven-county Denver region. Douglas County is expected to pick up a larger share of regional employment in future years; however, the overall composition of employment could very likely remain the same, thereby attracting similar types of jobs that currently exist within the County.

Exhibit VI-2 shows employment in Douglas County by industry and subset.[2] In 2007, 88 percent of the jobs in Douglas County were in the private sector and 12 percent were in the public sector. Retail Trade (20 percent), Accommodation & Food Services (12 percent), and Construction (12 percent) were the dominant private sector industries in Douglas County. As shown in Exhibit VI-2, excluding Accommodations & Food Services, the County's top industries offer low to moderate wages. On average, workers in these industries are paid much less than workers in mining, wholesale trade and management fields. These three industries make up slightly more than 6.7 percent of the County's workforce combined.

Exhibit VI-2.
Douglas County Employment by Industry and Subset, 2007

Industry	Average Employment	Average Weekly Wage	Equivalent Annual Salary
Private	80,396	$903	$46,956
Agriculture, Forestry, Fishing, Hunting	**105**	**$614**	**$31,928**
Crop Production	-	N/A	N/A
Animal Production	29	$652	$33,904
Forestry & Logging	-	N/A	N/A
Fishing, Hunting & Trapping	-	N/A	N/A
Agriculture & Forestry Support	59	$581	$30,212
Mining	**279**	**$3,884**	**$201,968**
Oil & Gas Extraction	25	$1,565	$81,380
Mining, Except Oil & Gas	50	$3,204	$166,608
Mining Support Activities	204	$4,335	$225,420
Utilities	**-**	**N/A**	**N/A**

Note: Subcategories do not add to industry total due to nondisclosure of some industry subcategories.

Source: Colorado Department of Labor & Employment, QCEW data.

[2] The data report jobs for employers who provide unemployment insurance and, as such, exclude certain employers.

Exhibit VI-2. (CONT'D)
Douglas County Employment by Industry and Subset, 2007

Industry	Average Employment	Average Weekly Wage	Equivalent Annual Salary
Construction	**9,319**	**$915**	**$47,580**
Construction Of Buildings	1,983	$1,173	$60,996
Heavy & Civil Engineering Construction	1,700	$1,187	$61,724
Specialty Trade Contractors	5,636	$742	$38,584
Manufacturing	**2,268**	**$933**	**$48,516**
Food Manufacturing	17	$497	$25,844
Beverage & Tobacco Product Mfg	-	N/A	N/A
Textile Mills	-	N/A	N/A
Textile Product Mills	19	$588	$30,576
Apparel Manufacturing	-	N/A	N/A
Leather & Allied Product Mfg	-	N/A	N/A
Wood Product Mfg	47	$617	$32,084
Paper Manufacturing	-	N/A	N/A
Printing & Related Support Activities	79	$691	$35,932
Petroleum & Coal Products Mfg	-	N/A	N/A
Chemical Manufacturing	-	N/A	N/A
Plastics & Rubber Products Mfg	-	N/A	N/A
Nonmetallic Mineral Product Mfg	571	$862	$44,824
Primary Metal Mfg	-	N/A	N/A
Fabricated Metal Products	232	$882	$45,864
Machinery Manufacturing	57	$1,169	$60,788
Computer & Electronic Product Mfg	82	$1,434	$74,568
Electrical Equipment & Appliances	-	N/A	N/A
Transportation Equipment Mfg	21	$985	$51,220
Furniture & Related Product Mfg	129	$834	$43,368
Miscellaneous Mfg	759	$1,094	$56,888
Wholesale Trade	**3,305**	**$1,651**	**$85,852**
Merchant Wholesalers, Durable Goods	1,449	$1,632	$84,864
Merchant Wholesalers, Nondurable Goods	803	$1,271	$66,092
Electronic Markets, Agents & Brokers	1,053	$1,969	$102,388
Retail Trade	**16,129**	**$478**	**$24,856**
Motor Vehicle & Parts Dealers	906	$784	$40,768
Furniture & Home Furnishings Stores	1,484	$548	$28,496
Electronics & Appliance Stores	559	$658	$34,216
Building Material & Garden Supply Stores	1,458	$649	$33,748
Food & Beverage Stores	2,537	$481	$25,012
Health & Personal Care Stores	680	$505	$26,260
Gasoline Stations	482	$386	$20,072
Clothing & Clothing Accessories Stores	1,935	$289	$15,028
Sporting Goods, Hobby, Book, Music Store	741	$322	$16,744
General Merchandise Stores	4,488	$441	$22,932
Miscellaneous Store Retailers	678	$351	$18,252
Nonstore Retailers	180	$638	$33,176
Transportation & Warehousing	**848**	**$782**	**$40,664**
Air Transportation	8	$1,686	$87,672
Rail Transportation	-	N/A	N/A
Water Transportation	-	N/A	N/A
Truck Transportation	129	$748	$38,896
Transit & Ground Passenger Transport	18	$381	$19,812
Pipeline Transportation	-	N/A	N/A
Scenic & Sightseeing Transportation	-	N/A	N/A
Support Activities For Transportation	159	$795	$41,340
Postal Service	-	N/A	N/A
Couriers & Messengers	-	N/A	N/A
Warehousing & Storage	-	N/A	N/A
Information	**5,444**	**$1,319**	**$68,588**
Publishing Industries, Except Internet	523	$1,717	$89,284
Motion Picture & Sound Recording	263	$420	$21,840
Broadcasting, Except Internet	15	$2,070	$107,640
Internet Publishing & Broadcasting	-	N/A	N/A
Telecommunications	4,514	$1,315	$68,380
Isps, Search Portals & Data Processing	92	$1,702	$88,504
Other Information Services	37	$1,369	$71,188

Note: Subcategories do not add to industry total due to nondisclosure of some industry subcategories.

Source: Colorado Department of Labor & Employment, QCEW data.

Exhibit VI-2. (CONT'D)
Douglas County Employment by Industry and Subset, 2007

Industry	Average Employment	Average Weekly Wage	Equivalent Annual Salary
Finance & Insurance	**5,787**	**$1,412**	**$73,424**
Monetary Authorities - Central Bank	-	N/A	N/A
Credit Intermediation & Related Activity	3,452	$1,493	$77,636
Securities, Commodity Contracts, Investm	482	$2,017	$104,884
Insurance Carriers & Related Activities	1,845	$1,101	$57,252
Funds, Trusts & Other Financial Vehicles	8	$1,923	$99,996
Real Estate, Rental & Leasing	**1,362**	**$823**	**$42,796**
Real Estate	1,035	$883	$45,916
Rental & Leasing Services	310	$591	$30,732
Lessors Of Nonfinancial Intangible Asset	18	$1,346	$69,992
Professional & Technical Services	**7,272**	**$1,627**	**$84,604**
Management Of Companies & Enterprises	**2,555**	**$2,076**	**$107,952**
Administrative & Waste Services	**3,362**	**$635**	**$33,020**
Administrative & Support Services	3,174	$628	$32,656
Waste Management & Rememdiation Servic	188	$750	$39,000
Educational Services	**1,038**	**$674**	**$35,048**
Health Care & Social Assistance	**5,820**	**$794**	**$41,288**
Ambulatory Health Care Services	2,725	$957	$49,764
Hospitals	1,459	$908	$47,216
Nursing & Residential Care Facilities	496	$551	$28,652
Social Assistance	1,141	$362	$18,824
Arts, Entertainment & Recreation	**2,662**	**$401**	**$20,852**
Performing Arts & Spectator Sports	-	N/A	N/A
Museums,historical Sites, Zoos, & Parks	-	N/A	N/A
Amusements, Gambling & Recreation	2,466	$359	$18,668
Accommodation & Food Services	**9,817**	**$298**	**$15,496**
Accommodation	648	$382	$19,864
Food Services & Drinking Places	9,169	$292	$15,184
Other Services	**2,846**	**$583**	**$30,316**
Repair & Maintenance	1,073	$731	$38,012
Personal & Laundry Services	1,226	$364	$18,928
Membership Associations & Organizations	408	$875	$45,500
Private Households	140	$514	$26,728
Non-classifiable	**17**	**$1,582**	**$82,264**
Government	**10,614**	**$787**	**$40,924**
State	187	$830	$43,160
Local	10,212	$782	$40,664
Federal	215	$980	$50,960

Note: Subcategories do not add to industry total due to nondisclosure of some industry subcategories.

Source: Colorado Department of Labor & Employment, QCEW data.

Exhibits VI-3 and VI-4 present the employment composition in Arapahoe County and Douglas County to show the presence of the counties' core industries. The pie charts show that Arapahoe has a stronger dominance of health care/social assistance and finance and insurance jobs, while Douglas County has a larger proportion of retail/accommodation/food services and construction jobs.

Exhibit VI-3.
Workforce by Industry,
Arapahoe County, 2007

Source:
Colorado Department of Labor and Employment, QCEW.

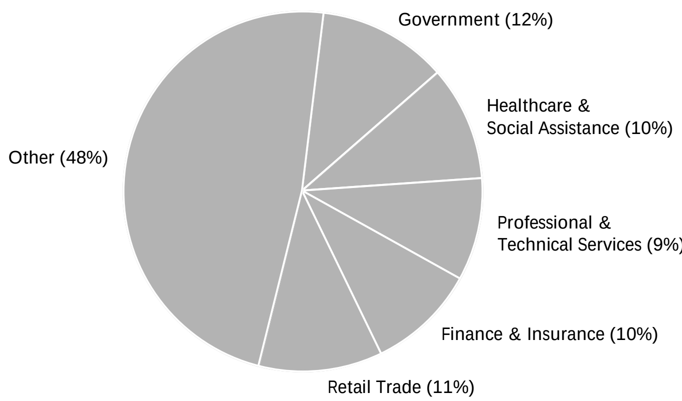
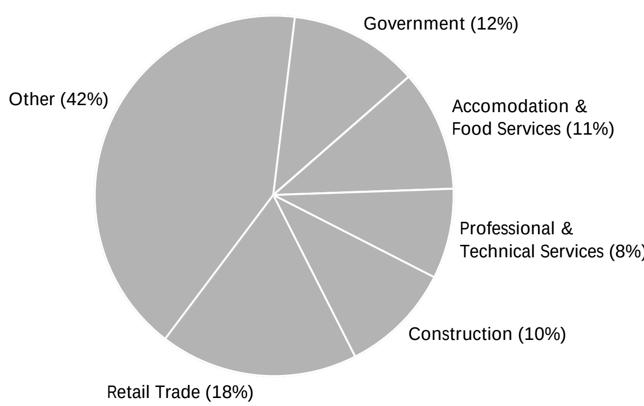


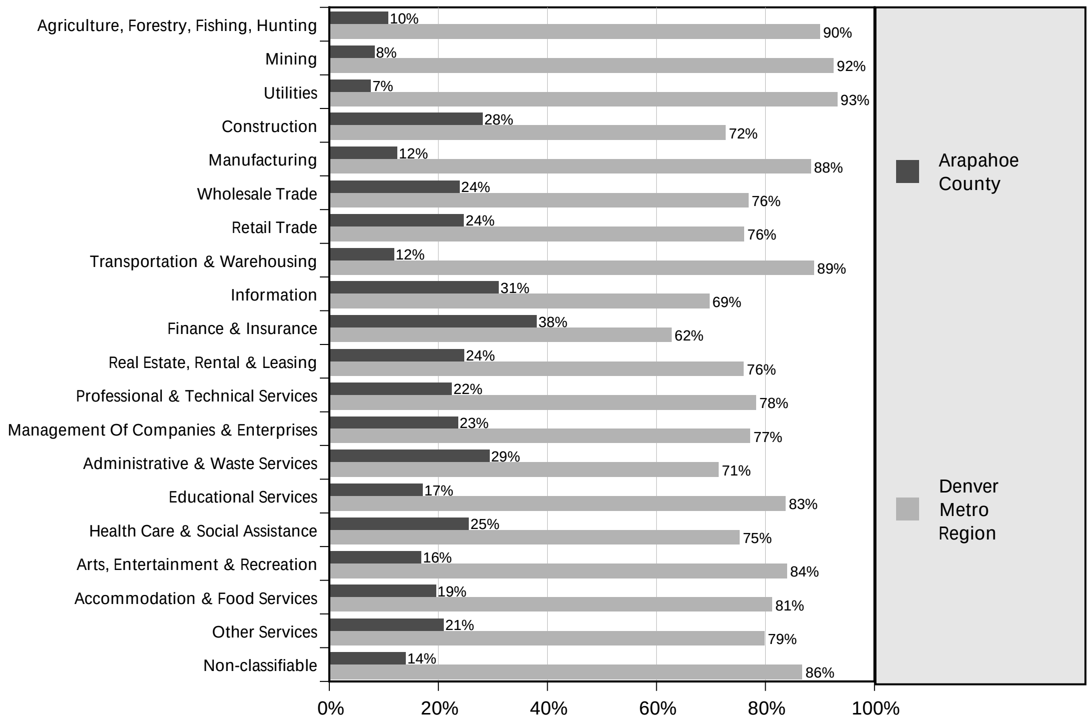
Exhibit VI-4.
Workforce by Industry,
Douglas County, 2007

Source:
Colorado Department of Labor and Employment, QCEW.



As shown in Exhibit VI-5 on the following page, Arapahoe County fields a large portion of the finance and insurance, information, administration and waste services, healthcare and social assistance and construction jobs found in the seven-county Denver area.

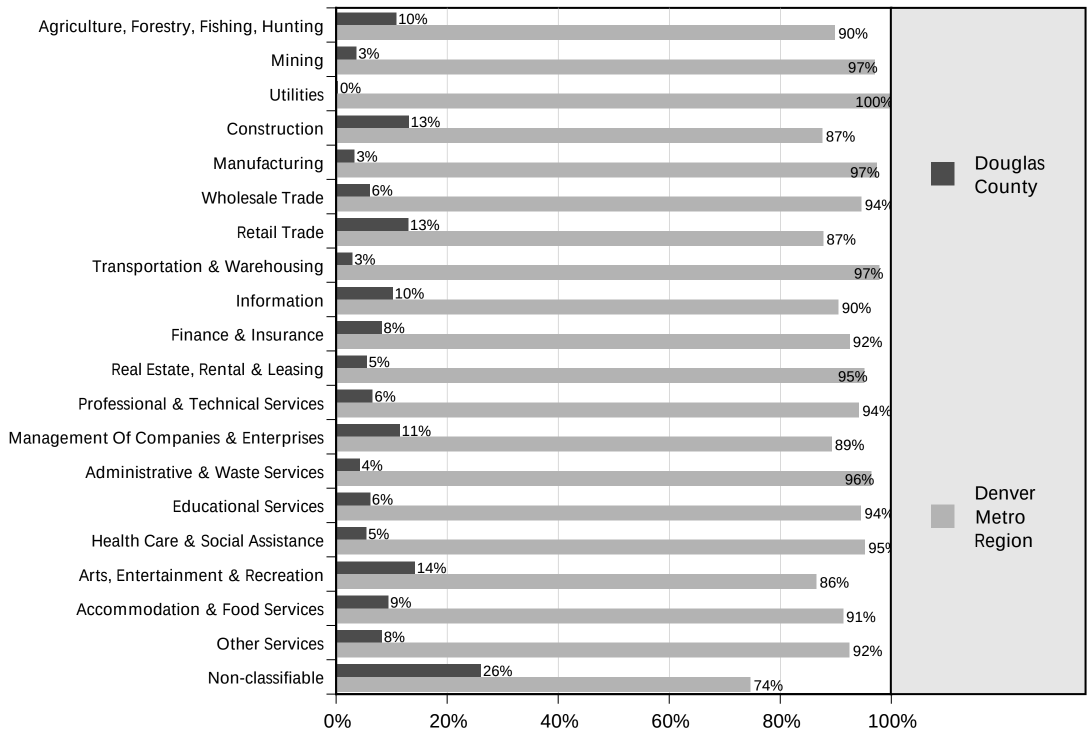
Exhibit VI-5.
Comparison of the Denver Region and
Arapahoe County Employment by Industry in the Private Sector, 2007



Source: Colorado Department of Labor and Employment, 2007. Denver region defined as aggregation of the following counties: Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas and Jefferson counties.

As shown in Exhibit VI-6 below, compared to Arapahoe County, Douglas County has a smaller presence as a provider of regional employment overall. Its biggest contribution to regional employment is in Arts, Recreation & Food Services, Retail Trade & Construction.

Exhibit VI-6.
Comparison of the Denver Region and
Douglas County Employment by Industry in the Private Sector, 2007



Source: Colorado Department of Labor and Employment, 2007. Denver region defined as aggregation of the following counties: Adams, Arapahoe, Broomfield, Boulder, Denver, Douglas and Jefferson counties.

Unemployment. Arapahoe County and Douglas County unemployment rates have been less than or equal to Colorado as a whole over the past few years. Exhibit VI-7 displays unemployment rates in the two counties compared to Colorado.

Exhibit VI-7.
Unemployment Rate
Comparison, 2003-2007

Source:
Colorado Department of Labor and Employment.

	2003	2004	2005	2006	2007
Colorado	**6.1**	**5.6**	**5.1**	**4.3**	**3.8**
Arapahoe County	6.3	5.6	5.1	4.3	3.8
Douglas County	5.3	4.6	4.2	3.6	3.2

What Do Jobs In Arapahoe County and Douglas County Pay?

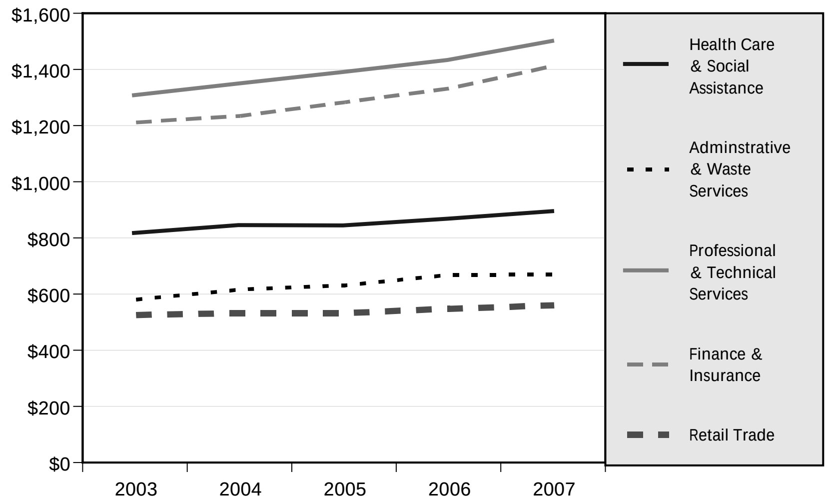
This section provides wage and salary information for the counties' primary industries to set the context for the match between wages and housing affordability that follows.

Wages for Arapahoe County top 5 industries. Exhibit VI-8 displays the 5-year wage trend for the top 5 employment industries in Arapahoe County. While wages have increased for all five industries, wage growth has been most pronounced in the Finance & Insurance and Professional and Technical Services sectors.

Exhibit VI-8.
Average Weekly Wages for the Top 5 Industries, Arapahoe County, 2003-2007

Source:

Colorado Department of Labor and Employment, QCEW.

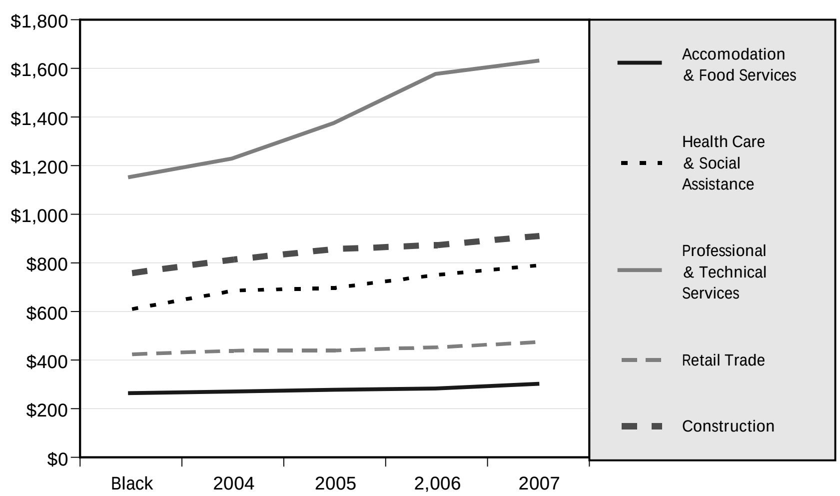


Wages for Douglas County top 5 industries. Exhibit VI-9 displays the 5-year wage trend for the top 5 employment industries in Douglas County. While wages have increased for all five industries, wage growth has clearly been most pronounced in the Professional and Technical Services sector.

Exhibit VI-9.
Average Weekly Wages for the Top 5 Industries, Douglas County, 2003-2007

Source:

Colorado Department of Labor and Employment, QCEW.



Arapahoe County wages by industry categories. Exhibit VI-10 separates the wage data into low-, moderate- and high-wage categories for Arapahoe County for 2007. The average weekly wage in Arapahoe County for all industries combined is $1,017, which equates to an average yearly wage of approximately $52,884. For purposes of this exhibit, low-wage jobs are defined as those paying less than 80 percent of the average wage; moderate-wage jobs are defined as between 80 and 120 percent of the average wage; and high-wage are jobs paying 120 percent or more of the average wage. Nearly one-third of all jobs located in Arapahoe County are considered high-wage jobs. Additionally, 68 percent of all jobs in Arapahoe County are considered low- or moderate-wage jobs. Comparatively, nearly 28 percent of Denver's jobs are considered high-wage; 39 percent are considered moderate-wage; and, the remaining 33 percent are considered low-wage jobs.

Exhibit VI-10.
Jobs by Low-, Moderate-, and High-Wages, Arapahoe County, 2007

Source:

Colorado Department of Labor & Employment, QCEW data.

	Average Annual Salary	Percent of Employment
Low-Wage Industries (Earning less than $43,310 per year)	**$ 32,370**	**31.0%**
Agriculture, Forestry, Fishing, Hunting	$ 35,516	0.0%
Retail Trade	$ 29,328	11.0%
Administrative & Waste Services	$ 35,048	8.8%
Educational Services	$ 42,224	1.1%
Accommodation & Food Services	$ 17,368	7.4%
Other Services	$ 34,736	2.6%
Moderate-Wage Industries (Earning between $43,310 and $63,460 per year)	**$ 52,669**	**37.0%**
Construction	$ 50,856	7.2%
Manufacturing	$ 51,688	3.3%
Transportation & Warehousing	$ 51,532	1.3%
Real Estate, Rental & Leasing	$ 61,152	2.3%
Health Care & Social Assistance	$ 46,384	10.2%
Arts, Entertainment & Recreation	$ 63,180	1.1%
Government	$ 43,888	11.6%
High-Wage Industries (Earning more than $63,460 per year)	**$ 86,671**	**32.0%**
Mining	$ 116,792	0.2%
Utilities	$ 78,364	0.1%
Wholesale Trade	$ 86,060	4.8%
Information	$ 86,476	6.0%
Finance & Insurance	$ 73,684	9.8%
Professional & Technical Services	$ 77,896	9.2%
Management Of Companies & Enterprises	$ 99,528	1.9%
Non-classifiable	$ 74,568	0.0%

Douglas County wages by industry categories. Exhibit VI-11 separates the wage data into low-moderate- and high-wage categories for Douglas County for 2007. The average weekly wage in Douglas County for all industries combined is $890, which equates to an average yearly wage of approximately $46,300. For purposes of this exhibit, low-wage jobs are defined as those paying less than 80 percent of the average wage; moderate-wage jobs are defined as between 80 and 120 percent of the average wage; and high-wage are jobs paying 120 percent or more of the average wage. Nearly 40 percent of all jobs located in Douglas County are considered low-wage jobs, and 33 percent of all jobs in Douglas County are considered moderate-wage jobs. The remaining 27 percent are high-wage jobs.

Douglas County has a higher proportion of low-wage jobs than Arapahoe County or the City and County of Denver.

Exhibit VI-11.
Jobs by Low-, Moderate-, and High-Wages, Douglas County, 2007

Source:

Colorado Department of Labor & Employment, QCEW data.

	Average Annual Salary	Percent of Employment
Low-Wage Industries (Earning less than $37,025 per year)	**$ 27,359**	**39.6%**
Agriculture, Forestry, Fishing, Hunting	$ 31,928	0.1%
Retail Trade	$ 24,856	17.8%
Administrative & Waste Services	$ 33,020	3.7%
Educational Services	$ 35,048	1.1%
Arts, Entertainment & Recreation	$ 20,852	2.9%
Accommodation & Food Services	$ 15,496	10.8%
Other Services	$ 30,316	3.1%
Moderate-Wage Industries (Earning between $37,025 and $55,535 per year)	**$ 43,628**	**33.3%**
Construction	$ 47,580	10.3%
Manufacturing	$ 48,516	2.5%
Transportation & Warehousing	$ 40,664	0.9%
Real Estate, Rental & Leasing	$ 42,796	1.5%
Health Care & Social Assistance	$ 41,288	6.4%
Government	$ 40,924	11.7%
High-Wage Industries (Earning more than $55,535 per year)	**$ 100,665**	**27.1%**
Mining	$ 201,968	0.3%
Wholesale Trade	$ 85,852	3.6%
Information	$ 68,588	6.0%
Finance & Insurance	$ 73,424	6.4%
Professional & Technical Services	$ 84,604	8.0%
Management Of Companies & Enterprises	$ 107,952	2.8%
Non-classifiable	$ 82,264	0.0%

Housing the Arapahoe and Douglas County Workforces

Given the dominant employment industries discussed above and the wages paid to workers in these industries, housing these workers is more challenging in Douglas County than in Arapahoe County. This is because of two factors: 1) Arapahoe County has a larger supply of affordable housing—particularly reasonably priced single family detached homes to buy—thanks mostly to Aurora and Englewood; and 2) Douglas County has lower paying jobs.

The occupational distribution in both counties is expected to change very little even as employment grows and the counties continue to be large providers of jobs to metro Denver workers. To this end, we examined what future workers could afford given today's average wage rates for various occupations.

Obviously, one limitation of this exercise is that not all new employment opportunities in Arapahoe or Douglas County will attract a new household or new residents. Employees may decide to reside elsewhere due to preferences met by other communities (such as in cheaper housing in Adams County). However, potential demand is created when new employment is introduced and, thus, should be acknowledged.

Exhibits VI-12 and VI-13 present potential housing demand by potential future employees for Arapahoe and Douglas counties respectively. The Colorado Department of Labor and Employment provides industrial forecasts for MSAs, but not for counties. The percentage of employment that each County had of each industry category in 2006 was held constant into the forecast year to gauge the potential capture rate each County may have on new MSA employment between 2006 and 2016. The wages from 2006 were then applied to determine the type of housing future employers could afford within each County.

As shown in the following exhibit, the occupations with the strongest growth in numbers—health care and social assistance, administrative support and waste assistance, construction and professional and technical services—could afford homes ranging from approximately $116,000 to $260,000 in Arapahoe County. Today, these worker households can afford to buy 19 to 68 percent of the housing stock in Arapahoe County. Assuming households have additional part-time or full-time workers contributing additional income, these affordability levels increase, thereby making an even greater percentage of homes affordable. If current trends continue, the County is well-positioned to provide housing for workers in its fastest growing professions through 2016.

Exhibit VI-12.
Expected Job Growth, Arapahoe County, 2006 through 2016

Industry Title	2006 Estimated Employment	2016 Projected Employment	Total Employment Change	Arapahoe County's Capture	Potential New Employees	Average Wage	Affordability Rent	Affordability Own
Agriculture, Forestry, Fishing & Hunting	2,064	1,812	(252)	10%	(26)	$35,516	$888	$118,295
Mining	6,906	10,308	3,402	8%	268	$116,792	$2,920	$389,005
Utilities	3,796	4,249	453	7%	33	$78,364	$1,959	$261,011
Construction	87,535	112,567	25,032	28%	6,942	$50,856	$1,271	$169,389
Manufacturing	72,617	71,338	(1,279)	12%	(154)	$51,688	$1,292	$172,160
Wholesale Trade	67,158	81,931	14,773	24%	3,473	$86,060	$2,152	$286,645
Retail Trade	125,601	144,973	19,372	24%	4,707	$29,328	$733	$97,684
Transportation & Warehousing	45,600	51,933	6,333	11%	728	$51,532	$1,288	$171,640
Information	49,223	56,288	7,065	31%	2,169	$86,476	$2,162	$288,030
Finance & Insurance	74,108	80,286	6,178	38%	2,325	$73,684	$1,842	$245,423
Real Estate, Rental & Leasing	27,243	32,055	4,812	24%	1,173	$61,152	$1,529	$203,682
Professional, Scientific & Technical Services	95,536	121,218	25,682	22%	5,674	$77,896	$1,947	$259,452
Management of Companies & Enterprises	21,961	35,776	13,815	23%	3,205	$99,528	$2,488	$331,503
Administrative & Support, Waste Management & Remediation	86,344	123,183	36,839	29%	10,678	$35,048	$876	$116,736
Educational Services	86,485	111,829	25,344	17%	4,238	$42,224	$1,056	$140,638
Health Care & Social Assistance	113,689	150,900	37,211	25%	9,366	$46,384	$1,160	$154,494
Arts, Entertainment & Recreation	20,775	29,357	8,582	16%	1,414	$63,180	$1,580	$210,437
Accommodation & Food Services	104,721	128,947	24,226	19%	4,641	$17,368	$434	$57,849

Note: This table is a consolidation of CES and QCEW data from the Department of Labor and Employment. Industrial categories in the CES and QCEW were matched as closely as possible so BBC could determine the wages applicable to future employees and the potential housing stock they may demand.

Source: Colorado Department of Labor and Employment and BBC Research & Consulting.

Douglas County's strongest growth in employment numbers is expected to come from construction, the retail trade and accommodation and food services. These jobs could afford homes ranging from approximately $51,000 to $158,000 in Douglas County depending on the occupation. Today, these worker households can afford to buy only 4 percent of the for sale homes in Douglas County. Assuming households have additional part-time or full-time workers contributing additional income, these affordability levels increase, thereby making slightly more homes affordable. If current trends continue, the County is in a poor position to provide housing for workers in its fastest growing professions through 2016.

Exhibit VI-13.
Expected Job Growth, Douglas County, 2006 through 2016

Industry Title	2006 Estimated Employment	2016 Projected Employment	Total Employment Change	Douglas County's Capture	Potential New Employees	Average Wage	Affordability Rent	Affordability Own
Agriculture, Forestry, Fishing & Hunting	2,064	1,812	(252)	10%	(26)	$31,928	$798	$106,344
Mining	6,906	10,308	3,402	3%	113	$201,968	$5,049	$672,706
Utilities	3,796	4,249	453	0%	0	$0	N/A	N/A
Construction	87,535	112,567	25,032	13%	3,199	$47,580	$1,190	$158,477
Manufacturing	72,617	71,338	(1,279)	3%	(38)	$48,516	$1,213	$161,595
Wholesale Trade	67,158	81,931	14,773	6%	848	$85,852	$2,146	$285,952
Retail Trade	125,601	144,973	19,372	13%	2,445	$24,856	$621	$82,789
Transportation & Warehousing	45,600	51,933	6,333	3%	163	$40,664	$1,017	$135,442
Information	49,223	56,288	7,065	10%	699	$68,588	$1,715	$228,450
Finance & Insurance	74,108	80,286	6,178	8%	487	$73,424	$1,836	$244,557
Real Estate, Rental & Leasing	27,243	32,055	4,812	5%	249	$42,796	$1,070	$142,543
Professional, Scientific, & Technical Services	95,536	121,218	25,682	6%	1,594	$84,604	$2,115	$281,795
Management of Companies & Enterprises	21,961	35,776	13,815	11%	1,536	$107,952	$2,699	$359,562
Administrative & Support, Waste Management and Remediation	86,344	123,183	36,839	4%	1,442	$33,020	$826	$109,982
Educational Services	86,485	111,829	25,344	6%	1,467	$35,048	$876	$116,736
Health Care & Social Assistance	113,689	150,900	37,211	5%	1,897	$41,288	$1,032	$137,520
Arts, Entertainment & Recreation	20,775	29,357	8,582	14%	1,188	$20,852	$521	$69,453
Accommodation & Food Services	104,721	128,947	24,226	9%	2,194	$15,496	$387	$51,613

Note: This table is a consolidation of CES and QCEW data from the Department of Labor and Employment. Industrial categories in the CES and QCEW were matched as closely as possible so BBC could determine the wages applicable to future employees and the potential housing stock they may demand.

Source: Colorado Department of Labor and Employment and BBC Research & Consulting.

Is The Solution Commuting?

As mentioned above, many of Arapahoe County's workers should be able to afford housing in the County if they desire to live in the county in which they work. The issue for these workers may be location and age of housing stock, however. If they do not desire to live in the County's most affordable areas (which tend to be on the outskirts of the county and have older housing stock) and cannot afford higher-priced communities, they may look elsewhere for housing.

Unless Douglas County becomes more affordable, much of the County's future workforce will have trouble affording to live in Douglas County and will be looking for affordable opportunities elsewhere, particularly if they want to buy.

In reality, housing future workforce will be a mix of workers commuting from outside of their county of work and residing in their county of work, should they be able to afford and choose to. To the extent that the Counties desire to minimize traffic congestion from increased commuter traffic, they should work to provide more balanced housing stock—both in geographic dispersion, different types of housing stock and a variety of price points.

Where Arapahoe County residents work. As seen in Section II.A, almost half of the communities in Arapahoe County have low jobs to housing ratios (lower than 1), indicating that these communities have more residents than job opportunities. However, the County overall has a jobs to housing ratio greater than one, meaning that it imports workers from other counties.

Exhibit VI-14 summarizes by jurisdiction where residents commute for work. The primary place of work for residents in just about every Arapahoe County city is Denver. The cities that are the biggest exporters of workers (by proportion) to Denver include Cherry Hills Village (48 percent of residents commute to Denver), Glendale (56 percent), followed by those living in unincorporated Arapahoe County (37 percent).

Exhibit VI-14.
Where Arapahoe County Residents Work, 2000

Place of Residence	Place of Work: Unincorporated Arapahoe	Denver	Aurora	Centennial	Greenwood Village	Englewood	Unincorporated Douglas	Littleton	Lakewood	Unincorporated Adams	Glendale	Outside of Region
Aurora	5%	35%	31%	5%	5%	2%	2%	2%	1%	2%	1%	1%
Bennett	4%	25%	19%	2%	3%	1%	1%	1%	1%	15%	1%	3%
Bow Mar	3%	29%	2%	6%	6%	6%	3%	16%	11%	1%	1%	1%
Centennial	6%	27%	10%	19%	11%	3%	4%	6%	1%	1%	1%	2%
Cherry Hills Village	3%	48%	3%	5%	6%	6%	1%	1%	<1%	1%	<1%	2%
Columbine Valley	3%	26%	5%	6%	5%	6%	3%	14%	5%	2%	0%	3%
Deer Trail	25%	19%	20%	3%	2%	1%	1%	1%	1%	9%	<1%	3%
Englewood	4%	32%	4%	5%	4%	19%	4%	9%	4%	1%	1%	1%
Foxfield	9%	23%	23%	14%	11%	2%	5%	2%	1%	1%	<1%	3%
Glendale	1%	56%	6%	5%	3%	2%	2%	1%	2%	1%	13%	2%
Greenwood Village	7%	33%	5%	10%	22%	5%	3%	4%	2%	1%	1%	2%
Littleton	4%	24%	4%	7%	6%	7%	6%	23%	4%	1%	1%	2%
Sheridan	3%	35%	4%	4%	3%	13%	4%	8%	6%	1%	<1%	<1%
Unincorp. Arapahoe	10%	37%	13%	7%	10%	2%	9%	2%	2%	1%	1%	2%

Note: Rows will not sum to 100 percent, as not all communities receiving workers were included in this table. This table includes the entire portion of the jurisdiction and not just the portion within Arapahoe County.

Source: 2000 CTPP and DRCOG.

Where Arapahoe County workers live. Exhibit VI-15 shows the primary places of residence of the workers in the various communities in Arapahoe County. In Aurora and Centennial, large providers of employment in Arapahoe County, most workers live in the towns in which they work. In contrast, most Greenwood Village workers are housed in Denver.

Exhibit VI-15.
Where Arapahoe County Workers Live

Place of Work	Primary Residence
Aurora	Aurora
Bennett	Unincorporated Adams County
Bow Mar	Unincorporated Jefferson County
Centennial	Centennial
Cherry Hills Village	Cherry Hills Village
Columbine Valley	Unincorporated Jefferson County
Deer Trail	Unincorporated Arapahoe County
Englewood	Denver
Foxfield	Aurora
Glendale	Denver
Greenwood Village	Denver
Littleton	Littleton
Sheridan	Denver
Unincorporated Arapahoe County	Aurora

Source:
2000 CTPP and DRCOG.

Where Douglas County residents work. As seen in Section II.D, all of the communities in Douglas County except for Lone Tree have low jobs to housing ratios (lower than 1), indicating that these communities have more residents than job opportunities. Thus, Douglas County communities are mostly exporters of labor.

Exhibit VI-16 summarizes by jurisdiction where residents commute for work. The cities that are the biggest exporters of workers to Denver include Lone Tree (27 percent of residents commute to Denver) and Littleton (24 percent). In addition, a large number of Douglas County residents work in unincorporated Douglas County: for example, 21 percent of Larkspur residents work in unincorporated Douglas County.

Surprisingly, Douglas County residents are more likely to work in Denver than Arapahoe County. Douglas County is the 6th highest provider of workers to Denver's workforce in the metro area[3].

Exhibit VI-16.
Municipal Commuting Patterns, Douglas County, 2000

Place of Residence	Place of Work: Unincorporated Arapahoe	Denver	Lone Tree	Aurora	Centennial	Greenwood Village	Englewood	Unincorporated Douglas	Littleton	Parker	Unincorporated Adams	Castle Rock	Outside of Region
Castle Rock	4%	13%	1%	4%	5%	6%	2%	17%	3%	2%	<1%	30%	6%
Larkspur	3%	13%	1%	3%	4%	4%	2%	21%	4%	1%	1%	24%	9%
Lone Tree	6%	27%	14%	3%	10%	9%	2%	11%	3%	<1%	<1%	2%	4%
Parker	6%	20%	1%	9%	9%	8%	3%	15%	2%	13%	1%	2%	3%
Unincorp. Douglas	5%	23%	2%	5%	8%	8%	3%	20%	5%	2%	1%	4%	3%

Note: Rows will not sum to 100 percent, as not all communities receiving workers were included in this table.

Source: 2000 CTPP and DRCOG. This table includes the entire portion of the jurisdiction and not just the portion within Adams County.

Where Douglas County workers live. Exhibit VI-17 shows the primary places of residence of the workers in the various communities in Douglas County. In 2000, Douglas County workers largely lived in Douglas County[4]. This may have changed in the current decade as housing prices have increased, and is likely to change in the future if wages increase more slowly than housing costs.

Exhibit VI-17.
Where Douglas County Workers Live

Place of Work	Primary Residence
Castle Rock	Castle Rock
Larkspur	Unincorporated Douglas County
Lone Tree	Unincorporated Douglas County
Parker	Parker
Unincorporated Douglas County	Unincorporated Douglas County

Source:
2000 CTPP and DRCOG.

[3] Denver is the first, followed by Aurora.

[4] 2000 is the most recent data for such comprehensive commuting information.

SECTION VII.
Recommendations

SECTION VII. Recommendations

This section contains our recommendations for how Arapahoe County and Douglas County can better address their unmet housing needs. The recommendations presented here are intended to offer a balanced approach for promoting affordable housing among and within the communities in Arapahoe County and Douglas County. A collaborative engagement, which spreads the cost, impact, and rewards among all interested parties, will have the greatest chance for success.

What are the Counties Doing?

We begin with a summary of the many activities the two Counties have been engaged in to address affordable housing needs.

Arapahoe County. Arapahoe County has worked very hard in the past to ensure that residents have adequate housing. Programs the county provides include home rehabilitation and improvements, public facility improvements, infrastructure improvements, public services and other housing programs. Housing programs also include a first time buyer program, single family rehabilitation, multifamily rehabilitation and new construction assistance. The activities the County funds currently include:

- **Home acquisition and rehabilitation.** The County has funded Owner-Occupied Rehabilitation programs in Englewood, Centennial, Littleton (through the Littleton Housing Authority) and the County. Loans for single family homes typically range from $1,000-$24,999. The County has also funded organizations to acquire and/or rehabilitate of both single family and multifamily properties.

- **Homebuyer program.** Arapahoe County has teamed with the Colorado Housing Assistance Corporation (CHAC) to provide a program to assist low and moderate income families (and individuals) in the purchase of a home in Arapahoe County. Upon qualification, a household can receive assistance with downpayment, closing costs and prepaid/escrows up to $10,000. This is called ‘acquisition assistance’ and is in the form of a low interest rate second mortgage. Homebuyer workshops are also required.

- **Private Activity Bonds.** The County’s Community Resources Department reviews activities for use of the Private Activity Bonds received from the State of Colorado before they are presented to the Board of County Commissioners. The bonds are used for the development of affordable housing or for economic development within the County.

- **Section 8 Rental Subsidy.** The County’s Section 8 Rental Subsidy Program provides vouchers to residents of unincorporated areas of Arapahoe County and the Cities of Centennial and Glendale. The County has partnered with the Littleton Housing Authority to administer this County voucher program. The vouchers are issued by

HUD through the State of Colorado Division of Housing (CDOH) and provide rental assistance to those in need of help in paying the cost of housing rent. The following cities within Arapahoe County manage their own rental assistance programs:

- Littleton Housing Authority (LHA) – Section 8 Vouchers for the City of Littleton, as well as administering the ArCHA program noted above.
- Aurora Housing Authority (AHA) – Section 8 Vouchers for the City of Aurora
- Englewood Housing Authority (EHA) – Section 8 Vouchers for the City of Englewood, as well as administering the City of Sheridan's vouchers.

Communities within Arapahoe County have also provided incentives to assist with affordable housing production. For example, Englewood and Sheridan have waived fees for affordable housing development on a case-by-case basis.

Douglas County. The Community Services Division of the Community Development Department is the lead agency for Douglas County Community Development Block Grant (CDBG) activities. Recent programs the County has funded include affordable housing projects, facility projects and public service projects. Housing projects include funding a homeownership program, land acquisition, water/sewer tap fee assistance, renovation/repairs, and emergency housing assistance.

The activities the County funds include:

- **Section 8 Program.** Douglas County contracts with the Englewood Housing Authority to administer Section 8 vouchers.

- **Cash in lieu program.** The County requires a developer to pay an amount per housing unit (now $1,000) as a part of the cash in lieu program. The funds are used to fund the Douglas County Housing Partnership.

- **Douglas County Housing Partnership.** The Douglas County Housing Partnership (DCHP), a Multi-Jurisdictional Housing Authority, was formed as a cooperative effort between businesses and local and county governments to address the issue of the lack of affordable housing for people who work in the area. The DCHP operates with financial support from the jurisdictions of the City of Lone Tree, the Town of Castle Rock, the Town of Parker, and Douglas County as a political subdivision and public corporation of the State of Colorado.

  - **Shared Equity Program.** DCHP will provide an investment of up to 20 percent of the purchase price (maximum $50,000) to first time homebuyers who work in Douglas County. They receive funding from the Douglas County cash-in-lieu program.

  - **Downpayment assistance.** DCHP will provide up to $20,000 in downpayment assistance for each individual or family who meets the basic requirements of First-Time Homebuyer Program.

- **Rental housing development.** DCHP has purchased and/or partnered with organizations on three different rental developments in the county that provide subsidized rental units.

- **Foreclosure Mediation Program.** The goals of the Program are to prevent mortgage defaults, assist home mortgage lenders and borrowers in working out mortgage defaults, and resolve foreclosure actions that are either initiated or threatened by lenders. This program is a mediation service only and is available at no cost to Douglas County residents. The Program was established through cooperation with the Douglas County Public Trustee's Office to decrease the number of foreclosures in Douglas County by providing borrowers with tools and resources to use during the foreclosure process. DCHP will educate borrowers on their consumer rights as well as act as a mediator between the lender and the borrower.

Communities within Douglas County and also have programs to promote affordable housing:

- Castle Rock has an Attainable Housing Fee Reduction ordinance. It states a developer can receive a 25 percent reduction in development impact fee per affordable unit. However, this program has not been well utilized, suggesting the incentive is not large enough.

- Lone Tree negotiated with the developer of the RidgeGate development to have primary housing for workforce built in a later phase (approximately 5-10 years out) of the development. Housing will be targeted for persons earning $10-20 per hour[1].

Recommendations for Arapahoe County

1. Set affordable rental goals. Set a goal for reducing the gap in rental units and work with the County's housing authorities, including the Aurora Housing Authority, to build more deeply subsidized rental units.

Approximately 29 percent of the County's renters earn less than $20,000 per year. Six percent of the County's rental units (including voucher subsidies) are affordable to these renters. We recommend this proportion be increased to 15 percent, so at least half of these renters have an opportunity to avoid being cost burdened.

2. Establish formal collaborative relationships. Continue to work with Aurora to gauge housing affordability and need since Aurora provides such a large portion of affordable housing, particularly for sale housing, in Arapahoe County. Formalize a method of communication and collaboration on workforce housing developments.

3. Offer developer incentives. The County should encourage density around employment centers and transit sites by offering fee waivers and/or density bonuses to developers who integrate affordable units into their developments. Formalize an incentives package and offer deeper

[1] These are 2000 wages.

incentives for more affordable developments. The County should also encourage municipalities to adopt similar incentive packages, so that the incentives are consistent, transparent and applied equally across the County.

4. Continue rehab efforts. Continue acquisition and rehabilitation programs in the older portions of the County to preserve housing stock and keep lower-income owners in safe and sound housing. Although this study did not contain a detailed analysis of the senior housing market and needs, it is likely that as the county's population ages, affordable senior housing with services will be needed.

5. Educate the public. Educate the public about options for development, the consequences of sprawl and how affordable housing can be attractive and dense.

Recommendations for Douglas County

1. Eliminate the rental gap. Douglas County's rental gap is modest compared to many other areas. As discussed in Section III.D, the county is short 1,670 units to meet the needs of low income renters. The County could meet this demand in five years by building about 330 units per year—or one larger sized rental development each year for five years.

2. Create more homeownership opportunities. The County's biggest need is creating affordable homes for moderate income renters to buy. Unless the County creates more affordable homeownership units—preferably small lot single family detached units—the County's growing workforce will need to commute to jobs within the County from out of the County. These units should be created through negotiations with developers, offering development incentives and potentially implementing inclusionary zoning policies (see below).

To facilitate the creation of such opportunities, we recommend that the County establish a goal for the proportion of affordable units that are for sale (on average) in any given year. At the time this market study was completed, just 1 percent of single family detached units, and 31 percent of attached units for sale were affordable to households earning $50,000 per year. The County should establish a goal to increase the proportion of affordable units available for purchase by moderate income households.

3. Offer developer incentives. Take the lead on developing an incentives package for developers of affordable housing. Encourage all communities within Douglas County to adopt such incentives (this study can be used as the platform for a regional discussion about affordable housing needs). These incentives should include fast track approval and fee waivers, and potentially density bonuses.

- **Fast track approval.** Projects that meet county targets for affordability should go directly to the top of the development queue and receive fast track approval. These projects must contain the actual development of affordable housing (i.e., developments receiving density bonuses by paying an in-lieu fee would not receive fast track approval). The County should diagram the fast track approval process and demonstrate the amount of time and cost a developer will save through fast track approval.

- **Fee waivers.** Waive development fees for developments that integrate a certain portion of affordable units. This helps lower development costs and reduces the price of housing. These fees might be basic development fees, development impact fees and, in some cases, water and sewer fees. Some communities offer fee waivers that are proportionate to the level of affordability in a project (e.g., the more affordable the housing, the higher the fee waiver). In the current budgetary climate, some communities are authorize fee waivers up to a certain point each year (e.g., $150,000 of fee waivers annually).

- **Density bonuses.** Density bonuses give developers the right to build more units on a parcel of land than what is currently allowed. Increasing allowable density means that developers can generate additional revenue by building more units. They then use that revenue to lower the per unit selling price, making all the units more affordable.

  Other ways to decrease development costs are to grant building variances—for example, allowing fewer parking spaces than would otherwise be required by zoning ordinances to allow more land for development. If a developer can add units or reduce costs of a development through height variances, reduced parking requirements, reduced setbacks, and landscaping or design requirements, they can better afford to add cost-effective housing to the overall development plan.

4. Establish a land bank. Land banking is a program whereby land is acquired by a division of government or nonprofit with the purpose of developing affordable/workforce housing or engaging in revitalization activities. After a holding period, the land is sold to a nonprofit or private developer, often at a price lower than market, who agrees to the land use conditions (e.g., creation of affordable/workforce housing).

Land bank programs can serve dual purposes. While some programs are created solely for the acquisition of land for future affordable housing development, others have broader long-term community planning goals. In distressed communities, land banking programs allow cities to acquire vacant and underperforming parcels, be a catalyst for redevelopment, and to benefit from increased tax revenues from the properties. In communities with rapidly rising land costs, land banking programs promise a long-term savings to taxpayers: for example, when public buildings need to be constructed, they can be built at less than the current market cost due to the earlier acquisition of the property by the land bank.

The County should establish a regional land bank to which private property may be donated (with potential tax benefits) and public property may be held for future affordable housing development. The County can also purchase appropriate parcels to add to the land bank as they become available. The County should explore partnerships with school districts, municipalities, utility companies and other public landowners to donate the land for affordable housing in exchange for a certain proportion of the units that have first right of refusal to public sector employees (e.g., teachers).

As part of the land bank effort, the County, with the municipalities, should inventory and identify land parcels appropriate for affordable housing development. This would include both vacant land and land currently being used/leased, that might be appropriate for affordable housing development.

Private landowners who are also employers in the community should also be engaged in this effort to the extent possible. Private land owners and developers may be motivated to donate some or all of the market value of property that is suitable for affordable housing development. This motivation may be charitable in nature, or it may be part of a developer/owner's efforts to meet requirements and gain governmental approvals for new development. Land donation can also be linked to other developer incentives (e.g., density bonuses).

5. Increase revenue sources. The County should consider bolstering the funds from the cash-in-lieu program with a dedicated source of revenue. This could come from increasing the development impact fee on market rate units (currently a modest $1,000) or establishing a housing trust fund, funded by a mill levy increase. The cities of Albuquerque and Austin have recently passed general obligation bonds dedicated solely to funding the development of affordable housing, ranging from homeless shelters to workforce housing developments.

6. Inclusionary zoning. Keep inclusionary zoning on the table. The County may want to establish a voluntary inclusionary zoning program where developers provide a certain portion of affordable units (most communities start with 10 percent) in exchange for incentives such as fee waivers and density bonuses. If such a program does not produce many affordable units, the County should consider mandatory inclusionary zoning. Although controversial, mandatory inclusionary zoning programs are highly effective in producing affordable units at very little cost to the public. They must be designed carefully, though, with input from the development community if possible, to ensure that the units are marketable and appropriately meet community demand.

7. Educate the public. Educate the public about options for development, the consequences of sprawl and how affordable housing can be attractive and dense.

APPENDIX A.
Components to Affordable Housing/Best Practices

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Components to Affordable Housing/Best Practices

This appendix provides an overview of how other communities are addressing their affordable housing needs. It is meant to answer the question of: What do other communities do to address their affordable housing needs? This appendix also contains a review of zoning ordinances and land use policies that are commonly used to promote and develop affordable housing. It begins with an overview of policies that are key to creating affordable housing; provides examples of how zoning ordinances and land use policies in other communities have facilitated affordable housing development; and concludes with overview of how other communities are addressing their affordable housing needs.

Key Components of Land Use Regulations

There are several key zoning and land use policies that are generally necessary to facilitate the development of affordable housing. These include:

- **Smaller lot sizes, setbacks.** Often referred to as "new urbanist" approaches to development, zoning codes that allow for a wide range of residential development options—including high density development—are very important for creating affordable and mixed-income housing. Reducing lot sizes (3,000 to 5,000 square feet), allowing smaller units and reducing setbacks are all appropriate strategies and are used widely to create affordable housing. Good design and the integration of public spaces into these developments creates a neighborhood feel and maintains the sense of open space within and around these development types.

- **Mixed use development.** Allowing for residential and commercial mixes of development—e.g., condominiums or rentals on top of commercial development—also creates more opportunities for affordable housing, and is an efficient and productive use of land where land is limited.

- **Density bonuses and building variances.** One of the keys to building affordable housing is lowering land costs, which is usually achieved by increasing density. For example, a developer would be able to build more units than entitled by current zoning if he/she included affordable housing as part of the development plan. Other ways to decrease development costs are to grant building variances—for example, allowing fewer parking spaces than would otherwise be required by zoning ordinances to allow more land for development. Many cities give developers the right to increase densities in their developments or grant variances from building codes in exchange for incorporating affordable housing. If a developer can add units or reduce costs of a development through height variances, reduced parking requirements, reduced setbacks and landscaping or design requirements, they can better afford to add affordable housing to the overall development plan.

- **Fee waivers.** Waiving fees that cities/towns charge for development helps lower development costs and reduces the price of housing. Some communities offer fee waivers that are proportionate to the level of affordability in a project (e.g., the more affordable the housing, the higher the fee waiver).

- **Expedited review process.** Also called "fast track approval," developments with an affordable component go to the top of the development review pile, and the review process is guaranteed to occur within a number of days and be transparent as possible. Expedited review works best in communities where the review process is lengthy.

Several other tools are also employed to facilitate affordable housing creation, but these tools are generally more controversial:

- **Accessory apartments.** Accessory dwelling units (ADUs) are housing units that are constructed above a garage or in the backyard of a residential unit. Under some ordinances, ADUs are required to be rented to workers at affordable rates.

  Allowing accessory dwelling units that could be used as rentals is likely to increase the number of affordable rentals in Arapahoe and Douglas counties—but only minimally. A recent study on the use of accessory units based on a national survey of the use of accessory units in 47 communities, reported that cities with "favorable" zoning can expect to produce only one accessory unit per 1,000 single family homes per year. As an example, the City of Boulder, Colorado has produced 145 accessory units through its program during its 22-year existence, averaging 6 units per year. (Not all of Boulder's units may be used for affordable housing, since the city does not require that or track if units are developed for such use).

- **Inclusionary zoning.** Inclusionary zoning ordinances require that new residential (and sometimes commercial) developments include a certain proportion of affordable housing units. Percentage requirements vary from 10 to 60 percent, depending upon the community, and are most common in the 10 to 20 percent range. This housing can be integrated into the new development or built off site on other available land, depending upon the ordinance. Some ordinances allow fulfillment of the requirement through fees paid to a municipality or land trust ("cash-in-lieu" policies) or acquisition and redevelopment of existing properties. In general, the housing that is produced through inclusionary zoning ordinances has restrictions on resale amounts, so that the affordability of the product is preserved. These restrictions usually take the form of a cap on the amount of appreciation the seller can realize per year (e.g., 3 percent) plus the value of any improvements made.

- **Community Land Trust.** Finally, a growing tool to reduce land costs is a Community Land Trust. A community land trust is used to set aside, or "bank," land to preserve it for future affordable housing development. Sometimes the land is sold and the proceeds are used to produce affordable housing in other areas of the city. In other cases, affordable housing is developed on the land, and the land is held in a long-term lease to reduce housing costs. Buyers of properties in land trusts purchase the housing structures they occupy and lease the land under the units. When sold, the buyer of the housing is able to realize their equity gain from price appreciation on their housing unit. The land stays in the lease to reduce housing costs (which are often more closely tied to land appreciation).

Community Land Trusts must be initially seeded with funding to purchase land or receive land donations. The land trusts must also be administered by city officials or nonprofit organizations that can manage the marketing, sales and legal transactions associated with the trust and affordable housing development.

Density and Affordable Housing Examples

This section contains examples of successful affordable housing products that have been developed using density bonuses, mixed-income and mixed-unit housing and land preservation.

Highlands Garden Village. Highlands' Garden Village (HGV) is located in northwest Denver. The community sits on 27 acres of land that housed the former Elitch Gardens amusement park and contains 291 homes, as well as 200,000 square feet of commercial and live/work space, while still preserving and restoring 140,000 square feet of open space. HGV contains elements of mixed-use communities and includes a variety of mixed-income residential homes including for-sale single-family homes, town home and co-housing, and senior and multi-family affordable and market-rate rental apartments. The community also includes a school, cultural amenities, open space and shopping options.

Residential housing. Highlands' Garden Village offers a variety of housing types. From for-sale, single-family homes, market and affordable rentals for families and seniors, to the unique co-housing community. Mixed-incomes and inter-generational living is a goal of the community. All of our residential buildings are built with recycled or recyclable materials and the homes are built with energy-efficient mechanical systems and construction, achieving the Colorado's Built Green Program, E-star rating standards.

Wellington Neighborhood. The Wellington Neighborhood in Breckenridge, Colorado is one of the best examples of a master-planned, workforce housing community in a resort area. The neighborhood was created by a private developer who had a vision to create affordable, attractive mountain housing. The biggest challenge, according to the developer, was the Town's "land use regulations…which prohibited some of the design elements that give the neighborhood its charm: setbacks, alley widths and road widths, to name a few." [1]

Purpose. Wellington was designed to provide affordable, for-sale housing for the workforce in Breckenridge and Summit County, Colorado. The majority of the homes—98 of the 122 total—are deed-restricted. Twenty-four (20 percent) are market rate. The homes are only available to full-time residents who work at least 30 hours per week in Summit County. The Wellington Neighborhood is governed by the Wellington Homeowners Association, which includes a design review committee.

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[1] *Cottage Living*, http://www.poplarhouse.com/awardsPress_print.htm.

Home sizes and prices. Homes range in size from 1,000 to 2,000 square feet. They include detached single-family homes and townhomes. Pricing ranges from $220,000 for deed-restricted homes to more than $480,000 for market rate homes.

Lot sizes vary from approximately 3,800 square feet to 5,800 square feet, with most being around 4,000 square feet.

The deed restriction limits the amount of appreciation an owner can realize upon sale of the home. This ensures that the units are affordable to the next buyer. Price appreciation is limited to 3 percent per year, or the percentage increase in the area median income (AMI), whichever is greater.

Development challenges and successes. One of the largest barriers to developing workforce housing in Breckenridge is the high cost of land. The development team kept costs down by acquiring property in unincorporated Summit County, contiguous to the Town of Breckenridge.

The county's zoning ended up being the largest barrier to development. The zoning on the site only allowed four homes. After years of public debate about the project, the Town of Breckenridge agreed to annex the property and permit a total of 122 units. Town leaders also accepted the developer's vision of a dense, new urbanist design. And, the Town provided important subsidies worth about $1 million by waiving of inspection, annexation, and development-review fees worth about $7,500 per unit, and of a 1 percent transfer tax worth approximately $2,500 per unit.

Third Street Cottages[2]. This Langley, Washington development was built in 1998. Langley is located in a small town on Whidbey Island in the Puget Sound, and is home to approximately 1,000 people.

Before the development was created, rural zoning in the area allowed one dwelling unit per 5 acres, in an attempt to preserve the rural nature of the community. However, this zoning had the effect of fragmenting the landscape and increasing public service and infrastructure costs. Within town boundaries, zoning allowed for 4 to 6 dwelling units per acre (roughly 7,300 to 11,000 square foot lots).

The town adopted a "Cottage Housing Development" ordinance to expand housing options in the town and surrounding area. The CHD ordinance doubled the allowable density to 12 homes per acre, basically letting developers build detached single family homes at densities previously allowed only for duplexes. The homes built under the ordinance are small—they cannot be more than 975 square feet (650 on the first floor) and lower in height than homes on full-size lots. The homes are designed with high ceilings, large windows and skylights to let in plenty of natural light; the homes also contain walk-in closets, attics, built in shelves and porches for storage space. In addition, the homes are adjacent to a common area and have parking spaces hidden from the street; there are 1.25 parking spaces required per unit.

The cottages initially sold for between $140,000 and $150,000.

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[2] *Creating Great Neighborhoods: Density in Your Community.* Local Government Commission, EPA, National Association of Realtors. September 2003.

Land Donation Examples

Casa del Maestro. Casa del Maestro (literally translated as "house of the teacher") is a 40-unit apartment complex developed in Santa Clara, California, which is rented exclusively to teachers in the Santa Clara Unified School District. The school district built and owns the development to provide affordable housing to its teachers.

Although this program contains rental units only, it is a model that could be easily employed to create for-sale housing or a mix of housing tenure. It also demonstrates a unique partnership between the school district and a private-sector developer, who was in the business of developing luxury housing in the area.

The program arose due to the school district's difficulty in attracting and retaining teachers. In the late 1990s, the school district was experiencing five-year attrition rates of more than 300 percent. Leadership within the district determined that the cost of attrition was higher than the cost of providing affordable housing to teachers.

The site and development process. The school district owned a 2.16-acre surplus site adjacent to an existing school. The school district decided to dedicate this site to the development of Casa del Maestro. Owning the land was a huge factor in keeping development costs down and keeping the apartments affordable. Apartment complexes surrounding the site served as the design guideline for the developer of the property.

The developer of Casa del Maestro was a regional provider of luxury housing. The developer agreed to trade a lower return for the satisfaction and public acknowledgement of having provided a community service in the form of affordable housing. The developer proposed to act as the project developer in return for reimbursement costs of project management—but not additional fees or profit. The primary "return" to the developer was a strengthened relationship with the school district and the city and county of Santa Clara.

Development funding and operations. The project was funded through bonds issued by the school district. Rents were set at the minimum amount that would be required to cover actual operating costs, debt service on the bonds and a small reserve fund. This resulted in rental rates for a one-bedroom unit of $650 to $730, about half the regional average for one-bedroom rents. The rental contract is contingent upon employment with the school district, and the maximum length of time tenants are allowed to live in the units is 5 years. It is hoped that within this timeframe, teachers will be able to build savings and purchase a home. Renters have access to homebuyer counseling and assistance programs provided through the city government.

Lessons learned. Several lessons were learned from this unique project that can be employed in other cities:

- Land dedication by the school district was crucial to building the affordable housing. Many municipalities, school districts and other agencies have surplus parcels of land that could be used for developing all types of affordable housing.

- This housing model—called constituent group housing—could be employed to other members of the local workforce, including police officers, firefighters and municipal employees.

- Professional workforce housing must replicate the amenities, location and quality of market-rate housing. Highly trained professionals demand (and deserve) a high quality of life from their homes.

- In cases where an agency owns housing that is rented to its employees, a third party property manager should handle the leasing and upkeep of the property. This ensures that the owner/employer is kept at an "arm's length" from the tenant/employee.

Pitkin County, Colorado. In this very high-cost area—where Aspen is located—teachers find it almost impossible to purchase or rent housing without substantial assistance. The City of Aspen and the school district have partnered to create housing opportunities for teachers and school district workers. The school district's financial contribution to the developments—e.g., land donation—entitles the district to a proportionate share of the rental and/or for-sale housing developed on the site. The Aspen/Pitkin County Housing Authority oversees and administers the housing program for the district, in addition to a number of programs for employees of the city and county. The Housing Authority's well-developed guidelines of program administration can be found online at http://www.aspenhousingoffice.com/sitepages/pid4.php.

Employer Assisted Housing Example

Marshall Parkway. To address labor shortages, a nonprofit development organization joined with a large local employer—Schwan's Food Company—to develop affordable housing for company employees and encourage the retention of workers.

Marshall is a small community (population of 12,735) located in southwest Minnesota. Schwan's Food Company is the largest employer in the area, having 2,500 employees. In the late 1990s, Schwan's and other employers in Marshall were having difficulty recruiting employees and had labor shortages.

Organization and administration. At the same time, the Marshall Area Plan was being developed. The committee tasked with overseeing the plan identified the lack of affordable housing as a key barrier to sustainable economic development in Marshall. A subsequent study of housing needs confirmed the shortage of residential housing, and concluded that the local workforce was being priced out of the market. The Marshall Economic Development Agency (MEDA) became examining strategies for developing housing that would be affordable to families earning between 50 to 80 percent of the median income. MEDA found and engaged an existing nonprofit housing developer—the Southwest Minnesota Housing Partnership or SWMHP—to develop a plan for housing development.

Design and development. MEDA and SWMHP began evaluating potential development sites in 2000. They located an appropriate site near downtown Marshall. The City purchased the land with funds derived from a tax increment financing (TIF) bond issue. Construction was planned in two phases, with sales from housing developed in the first phase helping to fund the second. Phase 1 consisted of 42 single-family lots and 18 rental townhomes. The overall design of the development called for a mix of housing: 78 single-family units, three duplex lots and two multifamily buildings (one 18-unit, one 30-unit). Homes had different looks, ranging from ranch, neocolonial and split-level, some with front porches. The affordable units had slightly lower square footage and less expensive finishings inside. The site plan was designed to integrate into the surrounding neighborhood with the goal of stimulating more residential development.

The program's success has prompted the City to develop another phase, Marshall Parkway II.

Financing. MEDA's involvement in the project meant that funding could be leveraged from several sources, including the Minnesota Housing Finance Agency and Schwan's Food Company. Funds from these organizations were used for construction. (As stated above, the City purchased the land using TIF). SWMHP's role was to find and market financing products (e.g., downpayment assistance, low-interest mortgages) that would enable homeowners to purchase units in the development. The units were marketed through "word of mouth" and with open houses. In addition, Schwan's sent out information about the development in employees' paycheck envelopes.

Lessons learned. Several lessons were learned from this unique project that can be employed in other cities:

- Employer-assisted housing is feasible—and is probably a better fit—in smaller towns, because of the close relationships between employers, local governments and citizens. There is also a potentially greater need for companies to play a role in providing affordable housing in smaller markets because fewer inexpensive housing options are available there.
- TIF bonds that were used to purchase the land for the development, helped reduce the cost of land acquisition, a savings which was passed on to homebuyers.
- Town officials realized tat they did not have the institutional capacity to develop a successful affordable housing strategy on their own, and therefore, partnered with SWMHP.

The involvement of a major employer was critical to the process. Besides contributing financially to the project, Schwan's involvement added credibility and helped legitimize the concept of affordable/workforce housing development in the community.

Example City Programs

Boulder, Colorado. The City of Boulder has a fairly broad but typical menu of affordable housing resources. The biggest difference between Boulder and the other peer cities in this section is that most of the city's programs were adopted very early, prior to 2000.

The city's menu of resources includes:

- Annual general fund support (about $400,000 per year);
- A housing trust fund ($1.5 million per year for affordable housing);
- Inclusionary zoning (has generated about 280 units since adopted in 1999);
- Special downpayment assistance programs;
- Owner occupied rehab, including mobile homes; and

- Use of federal block grant funds for affordable housing activities, including affordable housing development, property acquisition, owner-occupied rehab and public services ($950,000 in CDBG annually and $1 million in HOME).

In 1990, the City of Boulder set a goal of having 5 percent of its housing stock be permanently affordable. Two years later after adopting this goal, the city established a housing trust fund. In 1995, the city revised its goal of permanently affordable housing stock to 10 percent. The city currently has 2,800 permanently affordable properties and has another 1,700 to go before reaching its goal (4,500).

In addition to the resources discussed below, Boulder has a handful of nonprofit development partners and a local housing authority that produce much of the city's affordable housing. The city works closely with these housing providers and developers

General fund contributions. The city supports affordable housing activities with a General Fund contribution of approximately $400,000 each year. The funds are allocated as follows: $95,000 for reimbursement of development fee waivers; 5 percent for administration; the balance for acquisition and rehab and new construction of affordable homes.

Housing trust fund. Boulder's Community Housing Assistance Fund Program (CHAP) is funded by property taxes. The CHAP receives .8 mills of a property tax level, equivalent to about $19 per year on a $300,000 home. Additionally, the city levies an excise tax on all new non-residential and residential development of:

- $.0092 per square foot of floor area for new, annexed or additional non-residential area;
- $73.92 for new and annexing detached residential units; and
- $50.10 for new and annexing attached residential units or mobile homes.

These funding sources mill levy generates about $1.5 million annually for affordable housing activities.

CHAP funds have helped create 186 affordable homeownership units since 1991, making the CHAP the second most productive homeownership affordable housing program in the city (inclusionary zoning is first at 241 units). CHAP contributed $2.7 million in subsidies to affordable homeownership in the city.

CHAP had produced more affordable rental units than any other program at 510 since 1990 (HOME is second with 480 units). CHAP has contributed more than $6.6 million in subsidies to affordable rental units since its inception. CHAP has also been used to create 39 shelter beds/group home units.

Inclusionary zoning. Boulder's IZ ordinance requires that 20 percent of a residential development be affordable. All sizes of residential developments are included. The 20 percent requirement can be met by onsite or offsite development, land donation or cash-in-lieu payments. For-sale developments must provide at least half of the requirement onsite. Rental projects may fulfill the requirement through for sale units only, onsite or offsite development.[3]

The sales prices for the affordable units are set by the city on a quarterly basis. The units must be affordable to low-income households as defined by HUD.

A developer who wishes to fulfill their IZ requirement "offsite" has a number of options:

- Contribute to the city's affordable housing fund through a cash-in-lieu payment;
- Dedicate land within the City of Boulder boundary to the city. The value of the land must be equivalent to the cash-in-lieu payment plus an additional 50 percent (to cover the carrying costs associated with the land) or of equivalent value to the land upon which the units would have otherwise been constructed to satisfy the IZ requirement.
- Restrict existing dwelling units as affordable. The units must be equivalent to the units that would have otherwise been constructed to satisfy the IZ requirement.

Detached IZ units must be equal to 48 percent of the average size of the market rate units, up to a maximum average of 1,200 sq. ft. per affordable unit. Attached IZ units must be equal to 80 percent of the average size of the market rate units, up to a maximum average of 1,200 sq. ft. per affordable unit. The type of IZ units must resemble the distribution of market rate units (e.g., if all of the market rate units are single family detached, all of the IZ units must be single family detached).

To keep the units affordable, the IZ units are deed-restricted in appreciation, the amount of which is determined by the city. Sellers of IZ units must make a good faith effort to select another low-income household to purchase the unit. The city maintains a list of eligible households if needed by the seller.

Downpayment assistance. In addition to programs offered by the state housing finance authority, the City of Boulder offers its own downpayment assistance programs. These include:

- The city's **First Home** program provides a grant of up to 20 percent of the purchase price of market rate homes located in the city. The maximum grant is $56,000, although household of 3 persons or more purchasing a home with 3 or more bedrooms the grant can extend to 30% or a maximum grant of $90,000. Homes become permanently affordable and are deed-restricted in future resale.
- Boulder also partners with a local CDFI called Funding Partners to offer a deferred loan program (H2O) of up to 15 percent of the purchase price of a home. The loan is repaid after 10 years, upon refinancing or when the home is sold. The loan accrues interest at a fixed rate of 3 percent for the first two years and then is indexed to appreciation in housing prices. There is no price ceiling or deed restriction when the homebuyer sells the home.

[3] This is due to Colorado law, which inhibits the creation of rental units under IZ programs due to a prohibition of rent-controlled units. Developers do have an option of forming not-for-profit corporations to develop and manage rental units in satisfaction of their IZ requirement.

- Finally, the city offers an alternative downpayment program for households that do not qualify for programs offered through the local housing finance authority. This program, called the "3% Solution," is offered in conjunction with the H2O program or through a city nonprofit's land trust program. To qualify, the purchaser must first be denied a loan through the state housing finance authority and have less than $12,500 in assets. Homes become permanently affordable and are deed-restricted in future resale.

Housing rehab. Through Longs Peak Energy Conservation of Boulder County, Boulder residents can get low interest loans (1 to 3 percent) for health, safety, code repairs and energy conservation subject to a maximum of $25,000.

The city also offers a Mobile Home Rehab Program which provides health and safety repairs and energy conservation to mobile homes within Boulder City limits. This is a 2-year forgivable loan limited to $7,500 in repair work.

Fort Collins, Colorado. Fort Collins combines federal block grant funds with a handful of progressive programs to address its affordable housing needs. These include significant developer incentives, a housing trust fund and a land banking program. The trust fund and land banking programs are not as productive as they might be if they were more aggressively used, but the city has the structure in place to make use of these tools when/if funding increases.

The city's core programs funded by CDBG and HOME include:

- Homebuyer downpayment loan program—A loan to eligible households to cover downpayment and closing costs up to a maximum of 6 percent of the sales price. The assistance is in the form of a loan which is paid back when the house is either sold, transferred out of the buyer's name, rented, or if buyer seeks another second lien (like a home equity loan) on the property. A simple interest charge of 5 percent of the loan amount will be added to the payment which is also due at sale, rental or transfer.

- Housing rehabilitation and accessibility improvements for nonprofit housing providers.

- Lot acquisition for affordable housing development.

- Occasionally provide tenant based rental assistance through the local housing authority.

Developer incentives. When asked to described the city's primary housing programs, staff first cited the "bunch of incentives for developers." Developers of affordable housing in the city receive:

- Reduced planning application fees (reduced by the proportion of affordability, so a development that is 100 percent affordable pays nothing for entitlement fees).

- Priority processing—reduced city staff turnaround time (project goes to top of workload).

- Once entitlement is achieved and the development is in the building permit process, the city delays development impact fees until certificate of occupancy. The city does not waive these fees, although CDBG and HOME are available for eligible developers to pay impact fees.

- Density bonus in one of the city's residential zones—for example, if the current zoning maximum is 8 units/acre, an affordable development would be allowed 12 units/acre.

- Reduced landscaping requirements (e.g., gallon sized shrubs v. three gallons).

The city does not have an inclusionary zoning ordinance. The city considered adopting an ordinance, but was dissuaded by Colorado's prohibition from including rental units as part of IZ.

Housing trust fund (sort of). The city has a housing trust program that is funded through general fund contributions. The "city budget" is the trust's sole source of revenue. Because of budget cuts, the annual contributions have dropped from $875,000 to $285,000 currently. The trust fund dollars are used to supplement federal grants (CDBG and HOME).

Land banking. Fort Collins established its land banking program 5 years ago, with a general fund contribution of $1 million. The city's program is specifically designed to acquire property for development of affordable housing units—it is basically a hedge against rising land costs. Under the program, the city acquires property and holds it long-term (a minimum of 5 years, but more likely in the realm of 7-10 years). After a holding period, the city issues an RFP for property development. However, the city is not permitted to use the land bank as an investment vehicle (e.g., to generate monies to fund affordable housing development).

As of 2008, no units have been produced as a result of the program. According to city officials, when properties are sold they will be sold for more than the city paid for the land—enabling the city to realize a small profit—but for less than market value.

Albuquerque, New Mexico. Albuquerque's primary focus on workforce and affordable housing has been on the approval of the public to use general obligation (GO) bonds for housing activities. The bond issue has the potential to provide $25 million of funding for affordable housing activities in the city.

Another significant source of funding in the city is CDBG ($4.7 million annually) and HOME (about $2.5 million). The city uses its CDBG and HOME funds for a wide variety of activities, including:

- Owner-occupied rehabilitation;
- Affordable housing development, including rental acquisition and rehab and transitional housing;
- Public services;
- Downpayment assistance; and
- Affordable homeownership development.

Albuquerque is also a direct recipient of the federal Emergency Shelter Grant (ESG).

Albuquerque also has an active community land trust. The city is exploring a land banking and rental rehabilitation program, as well as how to preserve the affordability of mobile home parks.

The city does not have an inclusionary zoning program. However, the annexation of Mesa del Sol—a new planned development community in Albuquerque—did include provisions for a percentage of the developed units to be affordable.

Workforce Housing Opportunity Act (Housing Trust Fund). In 2006, the City Council in Albuquerque passed a bill that authorized a set aside of up to $10 million in general obligation bonds issued by the city to be used for affordable housing activities. The set aside was required by the bill to be presented as a separate bond question for Capital Improvement Program (CIP) bond issues; the bill was approved by voters in 2007. The set aside expires in 6 years unless reauthorized by council.

The enabling legislation contains a number of requirements, which include:

- A housing needs assessment be conducted and updated every 5 years to demonstrate the city's housing needs.
- An Affordable Housing Committee is established to serve as the advisory committee for development of the housing needs assessment and conduct an annual review of the progress of meeting housing needs.
- Affordable housing should be integrated throughout the city and are evaluated on design and location criteria that include access to transportation, jobs, community services and schools and incorporation of Universal Design features.
- Housing that is developed should contain resale restrictions to preserve affordability.

The housing plan should be linked to the city's growth management plan.

Land trust. The Sawmill Community Land Trust was formed as a community development effort to protect low-income residents living in a downtown Albuquerque neighborhood as well as to strengthen their role in redevelopment of the area. The stated vision of the organization is to "be a New Mexico and national model of revitalization."

According to the organization's mission statement, the Sawmill Land Trust is a "community-based development corporation whose principal purpose is to promote community ownership, long-term affordability and economic opportunity through the community land trust model."

The cornerstone of the Land Trust's efforts is Arbolera de Vida, a mixed-use, master planned community in the center of the Sawmill neighborhood. This 27-acre parcel was purchased by the city of Albuquerque in 1995 and rezoned for mixed, compatible uses, including affordable housing, community amenities, open space and commercial/retail space. The Sawmill Advisory Council (SAC)—which is a neighborhood advisory group—assisted with the development vision for the parcel.

Parcels are deeded from the city to the Land Trust as each phase of the development is built. The city sells the land to the Land Trust for $1.05 per square foot (well below market value. Total cost of the 27-acre parcel at $1.05 per square feet will be approximately $1.2 million).

Homebuyers. People who purchase homes rent the land from Sawmill Community Land Trust. The fee for homeownership units is $19 per month (the ownership units are basically on the same size lots). The Trust reports that demand for the homeownership units is high, but that it is difficult for residents to qualify for purchasing the units. The Land Trust has a relationship with several local financial institutions who underwrite the loans for homebuyers. Buyers of the Land Trust units are restricted on how much appreciation they can gain when they sell the unit. The gain is pro-rated according to how long they have occupied the unit, and is capped at 30 percent of the total appreciation.

Renters. All of the rentals are live/work units; residents of these units earn between 40 and 60 percent of AMI. The units are in high demand and have a waiting list.

The Arbolera de Vida development has developed a Property Owners Association (POA), which represents the homeowners and manages the common areas in the community. Residents pay $31 per month for POA activities, including upkeep of common properties. Three representatives of the POA serve on the Sawmill Land Trust's Board of Directors, and the Land Trust appoints representatives to the POA Board.

Funding for the project has been contributed by the City of Albuquerque, the State of New Mexico in addition to federal CDBG and HOME monies.

In addition to its role developing Arbolera de Vida, the Sawmill Land Trust has been working with the Wells Park community, located near the Arbolera de Vida project, to revitalize the neighborhood. Specifically, the Land Trust plans to acquire and rehabilitate 30 scattered site homes for low- and moderate-income homebuyers and renters. The Land Trust has also taken a lead role in working with the city and residents on a master redevelopment plan for Sawmill area neighborhoods.

Mesa del Sol. During the next 30 years, as many as 38,000 housing units will be developed in Albuquerque on a parcel of land owned by the New Mexico State Land. As many as 7,600 of these units could be affordable.

Mesa del Sol is a future master planned community that is a partnership between the State Land Board, the University of New Mexico and the City of Albuquerque. The State Land will receive payment for the cost of the land upon with Mesa del Sol is built in addition to a 14 percent return on the land value.

This mixed-use community is projected to produce 60,000 jobs. Businesses have been attracted to the development by the state's economic development incentive programs. Mesa del Sol is unique in that the developer focused first on luring businesses to locate within the development and will build the housing later.

Mesa del Sol received tax increment financing (TIF), a condition of which was the development of workforce and affordable housing within the community. The agreed upon Workforce Housing Plan for Mesa del Sol contains the following:

- 15 percent of the units in Mesa del Sol will be "affordable workforce units." These units are affordable to households earning 80 percent of the AMI and less.

- 5 percent of the units will be "mid-range housing units." These units are affordable to households earning between 80 and 130 percent of the AMI.

The price ranges of these units will be:

- 2 percent of the units affordable to households earning less than 50 percent of the AMI;
- 3 percent affordable to 50-60 percent of the AMI;
- 5 percent affordable to 60-70 percent of the AMI;
- 5 percent affordable to 70-80 percent of the AMI; and
- 5 percent affordable to 80-130 percent of the AMI.

The Workforce Housing Plan specifies how the affordable units will be phased in to the overall development. It also specifies how the affordable units should be integrated into the overall development—in general, the affordable developments must contain 15 percent market rate units, or, if they are multifamily products with 100 percent affordable units, must be located within market rate neighborhoods.

The developer receives a one-for-one density bonus for the affordable units. That is, for each affordable unit that is developed, the developer is allowed one additional market rate unit.

Santa Fe, New Mexico. In May 2008, Santa Fe completed a Five Year Strategic Plan for housing. This plan describes the city's current programs, sets goals for the number of households to assist in the future and estimates what it will cost to address the city's housing needs.

Currently, the city's housing resources include:

- CDBG (Community Development Block Grant) of about $575,000 annually;
- HOME through Santa Fe County of $2.4 million countywide (allocated from the State MFA);
- The Housing Opportunity Program (old inclusionary zoning ordinance);
- Santa Fe Homes (new inclusionary zoning ordinance);
- Recently adopted Affordable Housing Trust Fund;
- Fee waivers and providing water for affordable homes; and
- General fund support for affordable housing ($570,000 in 2008).

The city's proposal for a real estate transfer tax (RETT) to support its Housing Trust Fund has met with opposition. (Currently the fund is supported by cash-in-lieu contributions by developers for compliance with the city's inclusionary zoning ordinance). Staff will also explore the possibility of other tax initiatives including a property tax for rentals and a gross receipts tax for homeownership production. A special tax on second and third home buyers using an occupancy test will be reviewed as well as a tax on larger homes. In the reverse, tax waivers and/or reductions for production of rental housing will be explored.

The city's core programs include the following:

- **Homebuyer training.** Described as one of the most successful programs that the city has funded (based on the almost negligible foreclosure rate among homebuyers and attendees of the program), this program teaches credit counseling, the responsibilities of homeownership and post purchase counseling and education. The city projects that nearly 900 individuals have attended the program at an average cost of about $450 per attendee.

- **Downpayment assistance.** Provided through the Payment$aver program.

- **Workforce housing development.** The city uses a variety of resources to support rental and homeownership development. A recent, innovative program is the proposed Caretaker Housing in City Parks rental housing program. Under this program, seven homes will be constructed on five City parks. These homes will be used to recruit and retain municipal employees with an initial emphasis on police officers especially new recruits. The construction cost of this program is estimated $1.4 million. A combination of resources will be used for the initial phase of this project, including a one-time allocation of general funds, and support from the MFA under Housing Trust Fund, as well as a potential workforce housing grant from the MFA.

- **Home rehabilitation.** The city uses HOME dollars from the State MFA for home rehabilitation activities, which include major renovations ($25,000 per home) as well as smaller, weatherization projects and accessibility improvements (averaging $800 per home).

Other major initiatives that are used in the city to produce affordable housing are described in detail below.

Tierra Contenta. Tierra Contenta is a nonprofit that owns and master plans land for the Tierra Contenta (TC) development. The organization was formed by Santa Fe City Council in the early 1990s. City Council at that time was very proactive about wanting to address its affordable housing crisis.

TC is not subsidized by federal or local sources. The "subsidy" in the development is in the form of the land that was obtained by the city when land was less expensive and sold to TC with a zero interest loan.

The city obtained the land for TC from the local electric utility company during the Savings & Loan crisis. Because of the state anti-donation law, the land was sold to Tierra Contenta Corporation at the appraised price. The city carries a zero-interest mortgage on all of the developable acres. The mortgage states that TC must pay back the city the appraised price / developable acres, or for $10,600 per developable acre.

TC was able to obtain an interest-free mortgage as a condition for developing as an affordable project. (This was a test of anti-donation clause, and it survived).

TC currently contains 2,300 homes, 1,000 of which are affordable. Staff at TC report that it has the highest percentage of affordable housing of any master planned community in the United States. The site is made up of 1,000 acres, 36 percent of which are developable. Much of the land contains huge arroyos and/or elevation constraints; this land has been deeded to the city as open space.

TC works like this: TC develops a phase of property and goes through the approval process with the city. After the phase is approved, TC finds builders, establishes pricing goals and the number of affordable units and sells the land to the private sector builders. TC has its own design standards which staff believe are streamlined and easy to follow, enabling builders to get through development process faster. With each lot sale, TC pays the city back for the land.

TC has defined for pricing tiers for developers, three of which are affordable:

- Under 65 percent of AMI,
- 65 to 80 percent of AMI,
- 80 to 120 percent of AMI, and
- Market rate (anything above 120 percent).

Buyers must take a non-amortizing, zero interest soft second mortgage held by TC for the difference between 90 percent of the appraised value of the unit at the time of sale and the purchase price. This must be paid upon resale.

The units are not deed restricted, and therefore do not maintain permanent affordability. However, this pricing structure allows families to build wealth and move up to more expensive housing units in the city if they desire.

Housing trust fund (attempt). Santa Fe has established a trust fund, but it is lacking an ongoing source of revenue. In June 2008, the Santa Fe City Council passed an ordinance that proposed to fund affordable housing programs by levying a 1 percent tax on the portion of any home purchase in excess of $750,000. (For example, a home that sold for $1 million would be subject to a $2,500 tax). Voters will be asked to approve the measure in a special election in March 2009.

In June, the Santa Fe Association of Realtors, along with four homeowners, filed a lawsuit challenging the proposed tax, claiming the tax is "unlawful and unenforceable." The lawsuit is currently outstanding.

During the state legislative session in 2008, the state association of Realtors promoted a bill that would have prohibited municipalities from imposing such taxes. The bill passed the Senate, but failed to make it out of the House of Representatives.

Land trust. The Santa Fe Community Housing Trust was formed in 1991. The organization started as a land trust and over time, has evolved into a certified Community Housing Development Organization (CHDO) and recently became a Community Development Financial Institution (CDFI).

The Santa Fe Housing Trust typically uses the land trust model to integrate for sale units affordable to very low-income homebuyers (50 percent of the area median income and less) into its mixed-income developments. The organization has developed 95 land trust units within the city and county, which is equivalent to about 19 percent of the 500 units developed by the Santa Fe Housing Trust.

Staff of the Trust said that although the land trust component to their developments has been very important in getting very low-income buyers into homes, it is not without its challenges. These include:

- There has been a stigma with some of the Trust homes, particularly when they are grouped together. The Housing Trust has faced some upkeep issues with residents, which has had a negative effect in the neighborhood. Since the Santa Fe Housing Trust owns the land upon which the homes are placed, it has a strong incentive to ensure that the units are well maintained. The Housing Trust has a policy that they will only do land trusts with homes they build themselves.

- Some appraisers and lenders do not understand the land trust model and require education to be comfortable with the program.

- People who occupy the trust homes sometimes forget they do not own the land and that there is a lien against their home (e.g., they are surprised when they apply for a home equity loan that they have an outstanding lien).

The biggest issue with the land trust model, however, is that it "ties up resources…the subsidy is in the ground and you can't get it back." The Housing Trust prefers to use second mortgages to reduce the cost of housing for low-income homebuyers. With a second mortgage, when the home is sold and/or the loan is paid off, the "subsidy" comes back to the Housing Trust in cash, which can be reinvested in other housing programs as needed. Land trusts are less flexible than a revolving loan program.

That said, the Santa Fe Housing Trust recently used a land trust on a rural project that was an "ideal use" of the land trust model. Two affordable homes were built on an existing large parcel of land with a residential home and a historic working farm. The land was subdivided and two additional homes were built on the farm as land trust properties. This achieved higher density and preserved the farm as well as adding some conversation easements for wildlife.

The Santa Fe Housing Trust is unique in that it has a broader role than just a trust fund: the organization was founded, in part, to be an umbrella organization to bring together parties to obtain land, raise funds and facilitate more affordable housing production in Santa Fe.

Homewise, Inc. Homewise is a nonprofit, community development financial institution in Santa Fe, dedicated to helping New Mexicans become homeowners by offering home purchase, home improvement and educational programs. Through a partnership with the Santa Fe School District called Teacherwise, Homewise offers a special program designed to help teachers and other school employees buy or repair homes in Santa Fe, through downpayment assistance and low-interest mortgage loans. Homewise also operates as a housing developer and recently developed an 80-unit affordable homeownership development in Santa Fe.

Inclusionary zoning. Santa Fe's inclusionary zoning program, established in 2005, is called Santa Fe Homes. It requires that 30 percent of housing units developed as part of a new residential development be affordable. The program applies to all residential subdivisions with 10 or more lots. Fifteen percent of the units developed must be rental units.

Pricing of the constructed homes and manufactured home lots developed through Santa Fe Homes must be as follows:

- 10 percent of the total units or lots must be sold at a price of between $74,500 and $122,000 per unit, depending upon family size, or $27,250 per lot (pricing at the time the ordinance was created);
- 10 percent must be sold at a price of between $100,500 to $158,000 per unit or $35,500 per lot; and
- 10 percent must be sold at a price of between $125,500 and $194,000 per unit, or $43,750 per lot.

Santa Fe's ordinance also specifies the minimum number of bathrooms and square feet by unit size (e.g., studios must have at least 750 square feet and 1 bathroom). Twenty-five percent of the units must be studios, 1 or 2 bedroom units; 50 percent must be 3 bedroom units; and 25 percent must be 4 bedroom units.

The ordinance also provides pricing for rental units and minimum sizes per unit type.

Preserving affordability. Units created through the inclusionary requirement of Santa Fe Homes are deed-restricted for affordability. Santa Fe Homes uses a shared equity approach when the deed-restricted units are sold. The city's share of appreciation is equal to the proportion of subsidy (difference between market and affordable price) divided by the initial market value. Proceeds from the sale of the home are placed in a housing trust fund.

Development incentives. Developers are provided with a number of options to offset the cost of the program, including:

- Density bonuses—15 percent over allowable density in a district;
- Fee waivers—Development review and building permit fees are reduced proportionate to the number of Santa Fe Home units developed; and
- Nonprofit developers may also request waivers from impact fees and utility expansion charges (private sector developers can request reimbursements).

Other specifications. Units that are exempt from the program include those that were agreed to before the adoption of Santa Fe Homes in 2005 and dwelling units or manufactured home lots that are used exclusively by employees of a school, hospital or similar institution.

In the case of an annexation, the city and entity proposing the annexation negotiate the number and type of affordable units, which are included in the annexation agreement. The annexation must contain at least the same number of units or cash-in-lieu amount required under Santa Fe Homes.

Prior to enacting the Santa Fe Homes program, the city had a program called the Housing Opportunity Program (HOP). The HOP used a more complex formula than Santa Fe Homes to determine the inclusionary requirement; the Santa Fe Homes legislation is much more transparent. According to the city, Santa Fe Homes was adopted because the city felt that HOP had "limited effectiveness in stemming the growing affordable housing crisis" in the city.

Tucson, Arizona. Tucson's General Plan (Comprehensive Plan) has a goal that 10 percent of units in the city should be affordable. The city monitors this through an annual production report.

Tucson largely relies on federal block grant programs to fund its affordable housing activities. The city recently established a trust fund; however, funding is limited at this point. The city's primary resources for affordable housing currently include:

- $6.3 million in CDBG funds;
- $4 million per year in HOME funds as part of a county consortium (most of which are spent within the city); and
- $475,000 from a new housing trust fund.

The city is also a direct recipient of the Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with Aids (HOPWA).

The city has been constrained by lack of support locally and at the state level for resources such as inclusionary zoning and real estate taxes to fund the city's new housing trust.

The city will seek approval from City Council to start a land trust in October 2008. The plan is for the city to "nurture" the land trust for a few years and then evaluate if the trust should be converted into a nonprofit. The city may use administrative money from the national Housing Recovery Act to get the fund up and running. A land trust might also be supported by a state effort to stimulate trust funds in Arizona communities.

The city has not explored inclusionary zoning with much effort because the state legislature has tried to make such programs illegal in the state twice (both efforts met with vetos by the governor). In the future, the city will likely explore case-by-case negotiations as part of subdivision agreements—e.g., requiring developers to dedicate a portion of each sale of market rate units to the trust fund.

Housing trust fund. Tucson's mayor and council unanimously approved establishment of a trust fund in fall 2006. A committee was formed to recommend revenue sources and implement the fund. According to staff, the city established the trust fund to bring in "local creativity" and local sources of funding.

The trust fund was originally funded with a multifamily conversion fee (conversion of rental to homeownership product) and unexpended funds from the Utility Services Low Income Assistance Program. Funds were to be targeted as follows: approximately 1/3 for home repair; 1/3 for homeownership and 1/3 to rental programs.

The trust fund also gets revenue through development agreements: When the city agrees to development agreements where a developer asks for city land or infrastructure assistance, Tucson is negotiating arrangements where in return for city assistance, the developer provides 1 percent of the sales price to the trust fund.

As of January 1, 2008, the trust fund had a balance of approximately $475,000. The conversion fee is the only dedicated source of revenue for the fund. The fund's oversight committee has determined that the original sources of funding are "not sufficient to support an ongoing meaningful effort to address housing issues in Tucson." The city is still trying to identify additional sources of funds.

The trust fund enabled the city to start an employer-assisted housing program for downpayment assistance and to provide assistance to households earning up to 100 percent of AMI (higher than what federal programs allow).

Tucson is the only municipality in Arizona with a housing trust fund.

Programs for homeowners. The city operates a variety of homeowner repair loan and grant programs, has a downpayment assistance program and funds affordable housing development.

Home repair. Tucson's Community Services Department operates several home rehab programs, which target different populations and neighborhoods. The bulk of the city's CDBG allocation (about $2 million) is spent on home rehabilitation. Together these programs assist approximately 200 families annually, and provide reinvestment in some of the community's most needy neighborhoods.

- Below Market Interest Rate program—Low or zero percent loans for owner occupied properties, including modular/mobile homes if affixed to land. Households must earn less than 80 percent of AMI and cannot have more than $20,000 in liquid assets. Minimum loan amount is $5,000; highest is $40,000.

- Lead Hazard Control program—A program to remove lead from homes occupied by eligible low-income households with children under 6 years old. Testing for the children is also provided if lead is detected in the home.

- Repair/demolition—This program specifically addresses low-income homeowners who have been cited by code enforcement. Up to $30,000 in grant funds can be used to make substantial repairs (e.g., water line, sewer line, roof) or demolish a home. A maximum of 4 homeowners can be assisted each year.

- Elderly home repair program—Up to $4,000 in grant funds are provided for low-income elderly. Repairs are for health and safety hazards and to improve accessibility (this is not a full rehab program).

- Deferred loan program-A 10 year deferred, forgivable loan for low-income homeowners to make needed repairs. The loan is required to be repaid if the property is sold within a 10 year period. The loan is amortized at 10 percent per year and requires no interest or periodic payments. Minimum loan amount is $2,000; maximum is $15,000. After rehab, the property must meet local building codes and zoning ordinances. Households must earn less than 80 percent of AMI and cannot have more than $20,000 in liquid assets.

- Emergency assistance—This program is specific to homeowners in a certain geographic area (downtown) who have urgent repair needs. Assistance ranges from $500 to $9,000. Households must earn less than 80 percent of AMI and cannot have more than $10,000 in liquid assets. Homeowners are referred to the program through local housing and service providers.

- Citywide sustainability—This emergency repair program is eligible to all homeowners and contains two components: a $7,500 grant with no repayment required and a $7,500 deferred loan with 2 percent interest. Households must earn less than 80 percent of AMI and cannot have more than $20,000 in liquid assets.

Property tax relief. The city has a concerted effort to redevelop its downtown area. To help existing homeowners in downtown manage potential increases in property taxes as a result of the development, the city offers a limited number of refunds to qualifying owners. The average refund is $35 per household; 11 households received refunds in 2007.

Downpayment assistance. The city provides downpayment assistance through its Industrial Revenue Development Authority bonding capacity with Pima County. In this program, up to 7 percent of the first mortgage amount is available as a second lien mortgage loan and can serve as downpayment. About 200 households are assisted per year.

Affordable housing development. The city's affordable housing development is mostly funded by HOME dollars. In 2008, the city allocated $1.2 million to rental housing development and preservation, $550,000 to develop affordable homeownership units and $400,000 to its El Portal program.

The city's community development department is also the housing authority. As such, the city manages its share of the Section 8 program and owns and operates public housing.

The city also owns and rents affordable properties separate from its public housing authority. This is called the El Portal program. Units are acquired through direct purchase by the city through various funding mechanisms as they become available, including HOME. The city uses a private management firm to rent and manage the properties. The city's portfolio of non-PHA properties between 200 and 300 units.

APPENDIX B.
Arapahoe County Community Profiles

APPENDIX C.
Douglas County Community Profiles