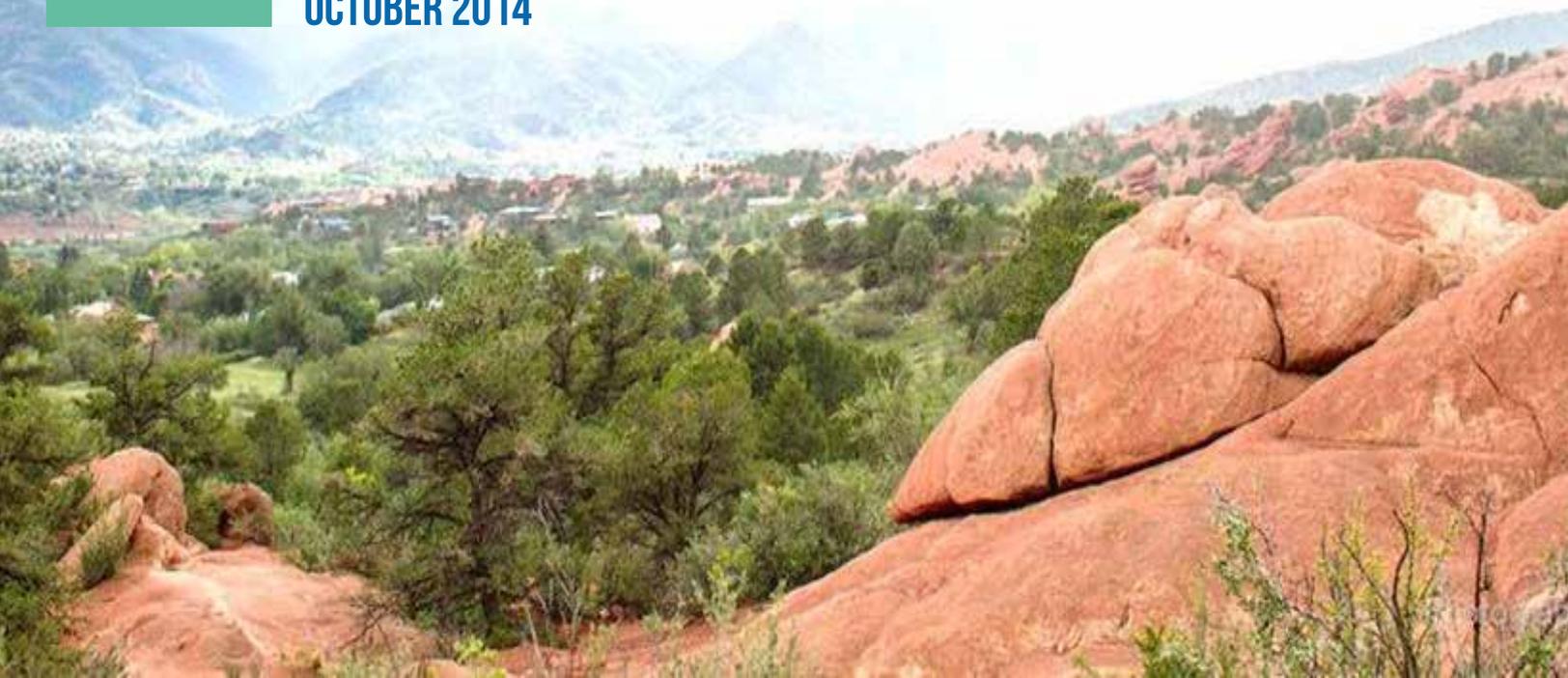


AFFORDABLE HOUSING NEEDS ASSESSMENT

CITY OF COLORADO SPRINGS AND EL PASO COUNTY



**FINAL EDITION
OCTOBER 2014**



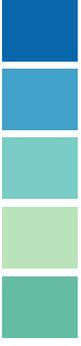


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EXECUTIVE SUMMARY AND INTRODUCTION



EXECUTIVE SUMMARY

Given steadily increasing demand for affordable housing and growing budget pressures, the City of Colorado Springs and El Paso County intend to maximize the impact of their community development and housing activities by undertaking them in the right communities for the right type of households. This requires comprehensive knowledge about the nature of the local housing market as it exists and how it can reasonably be expected to change during coming years. Housing is directly connected to the local economy, social and demographic trends, and local policy. In order to understand affordable housing needs in the region, this research starts with an assessment of local conditions and unmet housing needs, and develops an action plan based upon these results.

The local economy has not fully recovered from the previous recession, and the fastest-growing industries are predominantly adding low-wage jobs

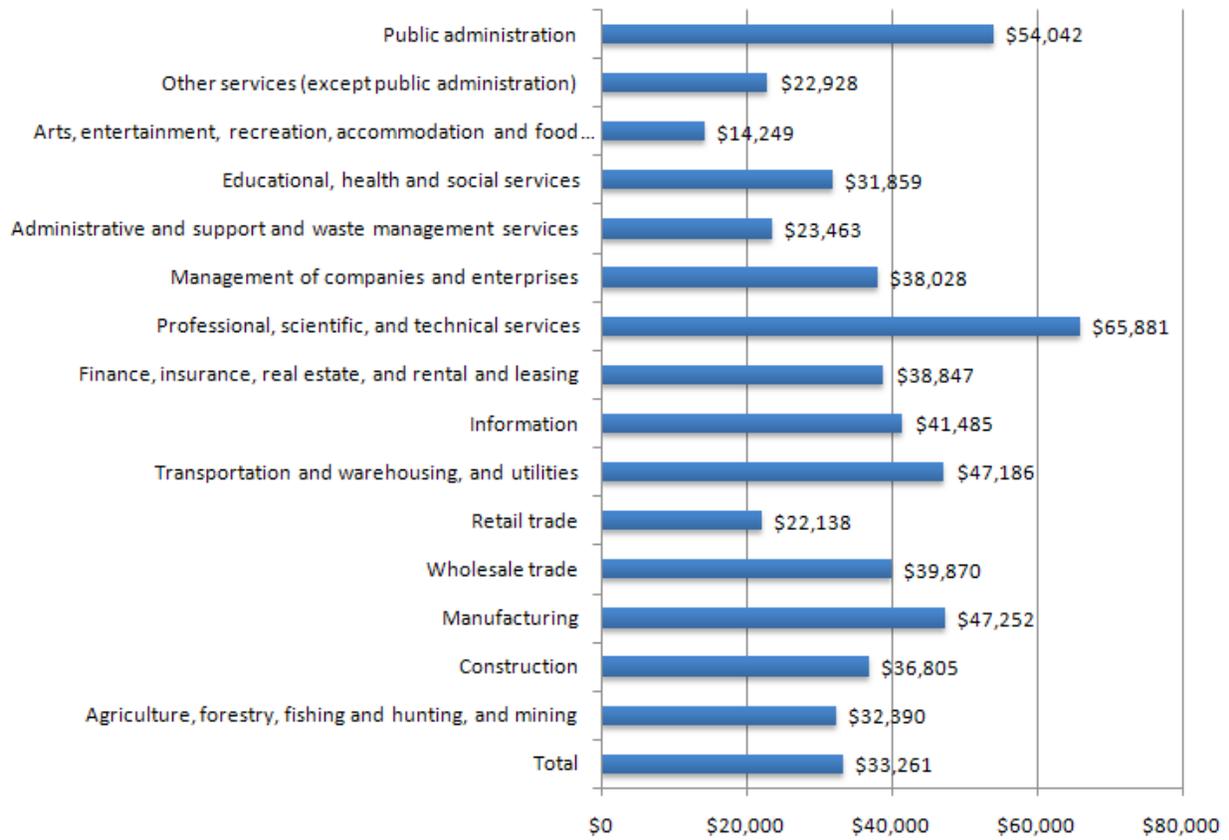
Despite fluctuations in the proportion of military jobs between 2000 and 2012, the armed forces represent a significant portion of the base economy (jobs that import wealth from outside the region). Four of the top five employers in Colorado Springs are military bases (the fifth is Memorial Health System). Furthermore, many other professional jobs in engineering and other high-paying fields are located in El Paso County largely because of this military presence and concentration of specialized talent in the region. Attractions such as Pikes Peak and Garden of the Gods generate a significant tourism economy, and Colorado Springs also has large software and processing service facilities that employ large numbers of residents in a wide cross-section of income ranges. El Paso County added 50,782 jobs between 2000 and 2012. Of these jobs, 37,957 (74.7% of the total) were located in Colorado Springs.

Both El Paso County and Colorado Springs were significantly affected by the Great Recession that started in 2007. This is evidenced by the stagnant employment growth rates, lack of growth in real wages, and above-average unemployment rates these areas experienced. Neither area has fully recovered from the economic shock. Job gains from this time period have been in sectors that pay below-average wages. Income levels are fairly evenly distributed across racial categories, but nearly all races have experienced a decline in real income between 2000 and 2012. As real incomes decline while housing costs remain the same, the need for affordable housing options in Colorado Springs and El Paso County increases.

While the rate of population growth is projected to level off in the future, most of the growth will still be driven by migrants. New migrants tend to be highly educated, contributing to the large and growing skilled labor force.

El Paso County's growth was the fastest among all counties in Colorado in 2012. While the County has grown by about 30% each decade between 1970 and 2000, growth is expected to slow in the coming decades. On the whole, El Paso County's population was more educated in 2012 than it was in 2000. Of persons aged 25 and older in the entire County, 35.3% held a college or post-secondary degree compared to 31.8% in 2000. Migrants drive population growth and housing demand. The people coming to the region tend to be more educated than the general population.

Figure 1 : Median Earnings by Industry, El Paso County, 2012



The greatest future affordable housing needs will be among very young and very old households.

More senior citizens and Millennials combined with fewer baby boomers mean new non-traditional housing needs for the region.¹ Combined with shrinking household sizes, this means more units per person will be required in the future. There are not enough small housing units in the region to satisfy future demand, and accessibility will become increasingly important

Seniors and Millennials are expected to grow the most, while boomers are expected to decline in proportion to the general population. The relatively large population share accounting for members of the baby boom generation has shifted upward in age, a phenomenon to which the housing market will be required to respond with supply suited to a larger number of elderly households. This will likely translate to increased demand for accommodations that would allow such households to age in place. Very young households have similar needs, often looking for “starter” homes that are affordable, manageable, and appropriate for smaller household sizes.

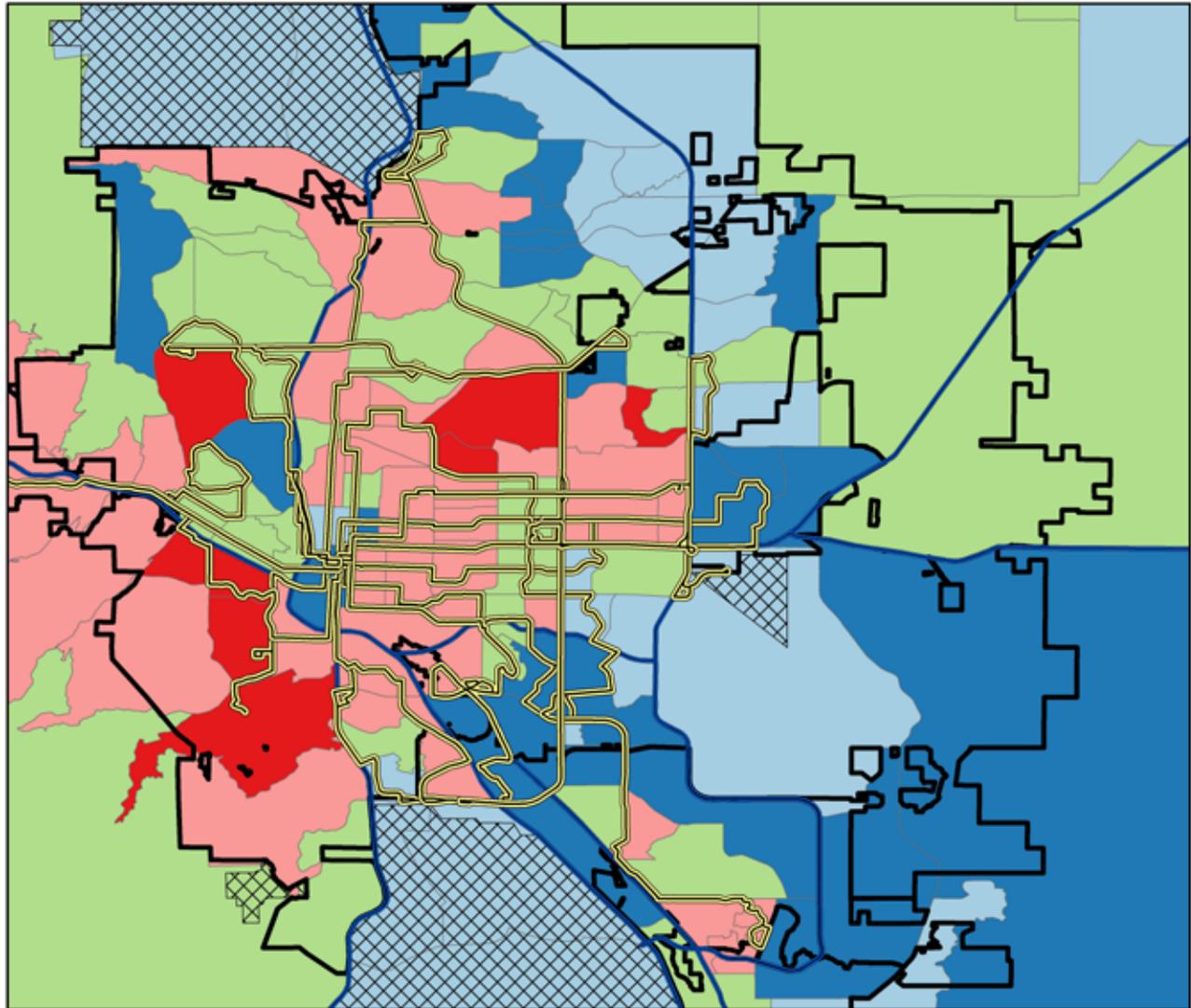
As this demographic transitions, household size in the region has decreased. Between 2000 and 2012,

¹ Millennials are persons born between the early 1980s and the early 2000s

the average household size in El Paso County fell from 2.61 people to 2.58. In Colorado Springs, average household size fell from 2.50 to 2.48 in the same time period. The average size of both family and non-family households is projected to further decrease between 2014 and 2019. The major driver of this is growth in one-person and two-person households.

While housing planning often considers a four-member nuclear family as the default, changing demographics and preferences mean that non-traditional households will become increasingly important, and these households will be smaller and more vulnerable to cost burden than previous populations. Although 18.2% of the population lives alone, only 11.3% of the County’s housing inventory is small (1-bedrooms or studios). There is also a shortage of 2-bedroom housing units given the high number of two-person households in the area. From an affordable housing perspective, households that want to access affordable housing can often do so through living in a smaller house. However, comparing the breakdown of bedrooms in housing units versus the breakdown of household size shows that there may not enough smaller units for all households to live in an appropriately-sized unit. As a result, some households may be forced into a situation where they have “too much house”, becoming cost burdened as a result. Seniors are particularly vulnerable and may become cost burdened as a result.

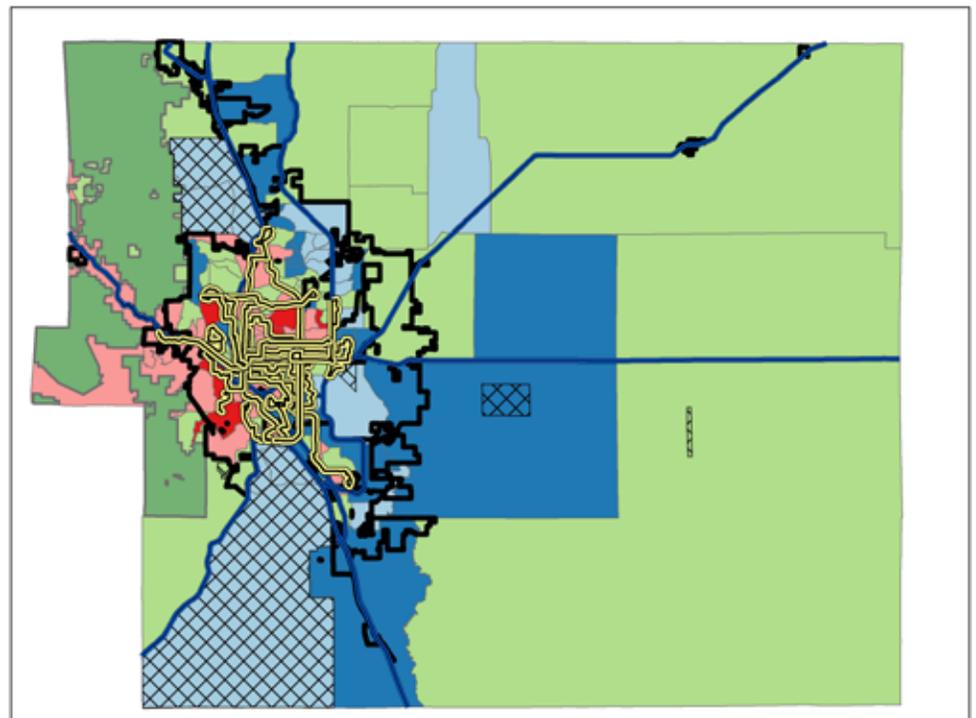
MAP 1:
RESIDENTS AGE 65 AND UP BY CENSUS TRACT, EL PASO COUNTY, 2012



Legend

Percent 65+

- 0% - 4.7%
- 4.7% - 8.6%
- 8.6% - 12.9%
- 12.9% - 19.6%
- 19.6% - 38.2%
- City Boundary
- Military Base Boundary
- National Forest Boundary
- Bus Lines



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

Demand for affordable, accessible housing suitable for persons with disabilities exceeds current supply.

Nearly 60,000 residents in El Paso County have a disability that could affect their housing situation. The most common type of disability reported was an ambulatory disability, meaning difficulty walking or moving around. Because this type of disability is correlated with increasing age, and the number of senior citizens is expected to rise significantly, the number of accessible housing units required in the region is expected to increase in the future. Furthermore, persons with disabilities as a group have less educational attainment, lower incomes, and are more likely to live below the poverty line than the general population.

As a result, persons with disabilities are another key demographic in need of affordable housing. Making new affordable housing accessible should be a priority in future projects, especially given the limited accessibility in the current housing inventory. Stakeholders interviewed for this analysis reported that many of the affordable housing options in the region are walk-up duplexes or apartments that cannot be easily retrofitted for handicap accessibility. This challenge within the current housing inventory adds to the importance of creating affordable and accessible housing for disabled residents in the region.

Minorities and non-English speakers are geographically concentrated in southern Colorado Springs, in areas with higher poverty and renter occupancy rates. The most concentrated pockets of poverty are in the City of Fountain. These areas have the highest mortgage denial rates.

Blacks in El Paso County were heavily concentrated in South Colorado Springs, despite earning only slightly less than Whites on average. Hispanics were also heavily concentrated in South Colorado Springs. There was a high level of correlation between areas of Black concentration and areas of Hispanic concentration. The highest concentration of Blacks in a census tract was 25% compared to a 49.9% concentration of Hispanics. North-Central El Paso County had an outlier concentration of Blacks and Hispanics, corresponding to the Census-designated places of Peyton and Black Forest. The most commonly spoken languages at home amongst LEP households was Spanish, followed by Korean. These households are clustered in South Colorado Springs and, to a lesser extent, in the Fountain Valley.

Minorities have disproportionately high poverty rates. In El Paso County, there were 75,363 persons living below the poverty line. Most of these people were living in Colorado Springs. Within Colorado Springs, most people living below the poverty line were concentrated in three contiguous areas. The largest area was in Southeastern Colorado Springs. Of the two other poverty concentrations, one was in South Colorado Springs along the I-25 corridor and the third was a single tract in Western Colorado Springs. Within the balance of the County, the highest concentrations of poverty are within the City of Fountain, and much of rural Southeastern El Paso

County also suffers from high poverty rates. Most households living in poverty are “working poor”, who either have a job or recently held one.

Rates of homeownership often vary widely by race. In El Paso County, the rate of homeownership amongst Whites is over 21% higher than the rate of homeownership amongst Blacks, and about 20% higher than the homeownership rate amongst Hispanics. This suggests that the barriers to homeownership are higher for Black, Hispanic, Multi-Racial, and other non-classified races compared to Whites. In applying for mortgages, Blacks were the most likely of all racial groups to have “No Reason Given” as a grounds for denial. Denials were slightly correlated with the concentration of racial and ethnic minorities in the region, and the Census tracts with the highest denial rates were predominantly located in low-income and high-minority areas of El Paso County.

The number of more affordable units is decreasing, and very low vacancy rates indicate a lack of choice and flexibility in the regional housing market. About half of renters and a third of homeowners with mortgages in El Paso County are cost burdened, meaning they spend over 30% of their income on housing. Seniors and low-income households disproportionately face cost burden.

While the number of single-family housing units is increasing, the number of low-cost housing options for this demographic is decreasing. Rents are rising in both Colorado Springs and El Paso County, even after accounting for inflation. The number of units in El Paso County charging rents over \$1000

increased by over 250% from 2000 to 2012. Simultaneously, the number of units in El Paso County charging rents below \$500 declined by over 50% and units with rents from \$500 to \$749 declined by over 17%. Cost burden is currently a serious problem throughout El Paso County and Colorado Springs. In 2012, 82,708 households (58,887 of which were in Colorado Springs) were spending more than 30% of their income on housing and utility costs. Of this figure, 39,439 households were renters and 43,269 households were homeowners. A significant proportion of cost-burdened households were severely cost burdened (spending more than 50% of their income on housing costs), signifying the depth of the problem.

The publicly and privately assisted housing landscape in the region faces major challenges.

Like most metropolitan areas in the country, assisted housing in Colorado Springs and El Paso County faces the challenge of rising need and declining funding. It is currently very difficult to acquire a Section 8 voucher; Colorado Springs Housing Authority has an average wait time of about three years, and Fountain Housing Authority’s situation is similar.

It is also difficult for voucher holders to find housing. The average search time for a Section 8 voucher holder is 90 to 120 days, which is a very long time for an apartment search for any household. This is partly attributable to the very low vacancy rate in the region, which can indirectly act as a disincentive for landlords to accept Section 8 due to the extra regulatory requirements. When voucher holders do find housing, it is predominantly in South and Southeast Colorado Springs. Section 8 voucher holders are unlikely to live in areas north

of Downtown Colorado Springs, including the balance of El Paso County.

A total of 1,633 subsidized affordable units are at risk of conversion to market rate if no action is taken. These are predominantly HUD subsidies on tax credit units that are set to expire within the next few years. These units represent a substantial segment of the existing affordable housing inventory in El Paso County. Unless intervention of some kind is undertaken—most likely in the form of a non-profit or other organization acquiring the units and extending the subsidy—these units will be lost from the affordable housing inventory.

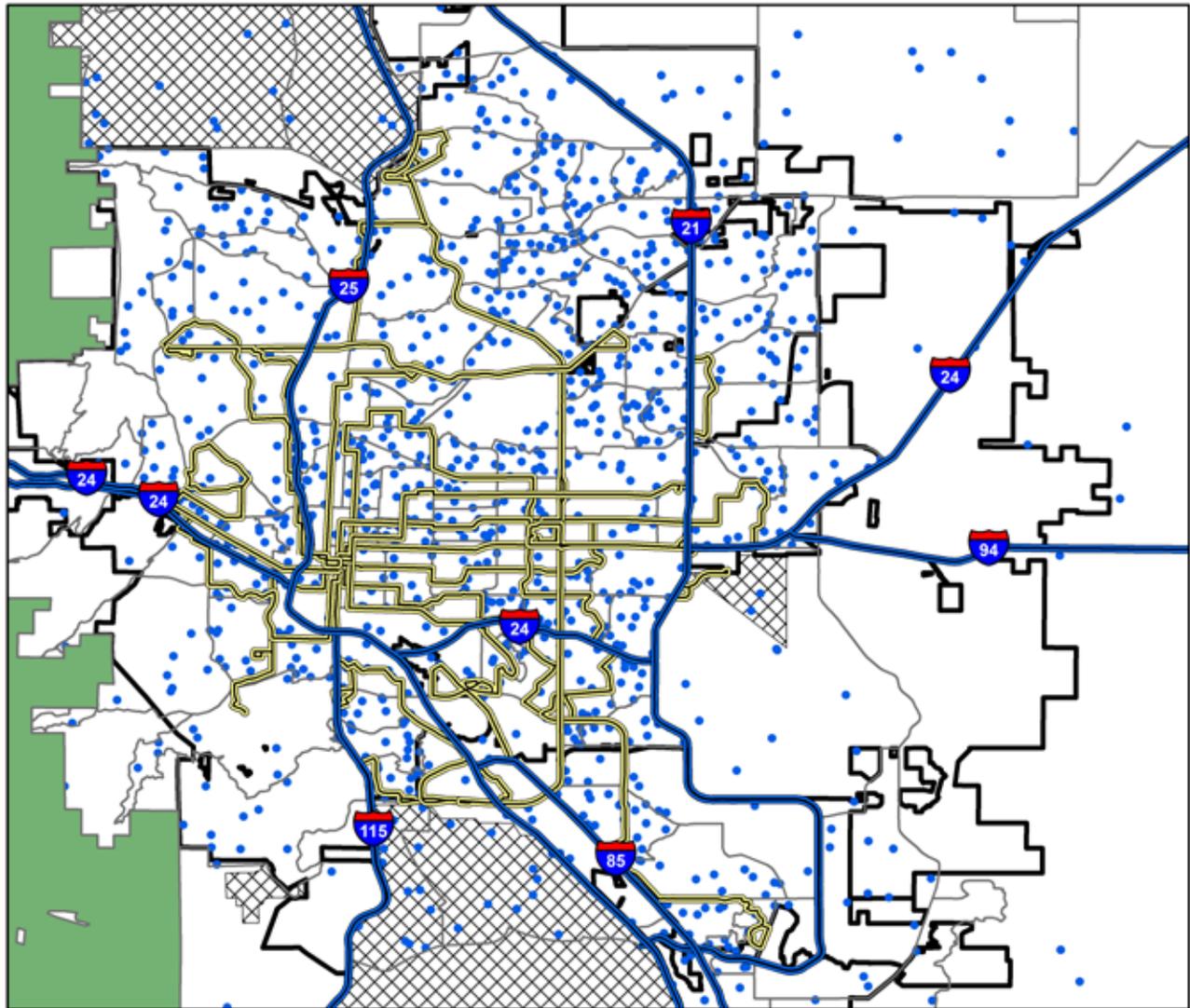
Given the high cost of land in Colorado Springs, increasing construction costs including extension of new public infrastructure, and public opposition to new affordable multi-family housing, to name a few challenges, the cost to acquire, rehabilitate and preserve these units as affordable should be seriously analyzed. A nonprofit developer or limited partnership would be the ideal lead entity with the City or County providing a support role.

There is a gap of 24,513 affordable housing units for households making up to 120% of the area median income.

When comparing the distribution of household incomes to the distribution of housing units priced at levels these households can afford, El Paso County has an estimated gap of 24,513 affordably priced units. Given the market tendency to produce higher-end housing rather than affordable housing, the gap is expected to grow over the next five years. The largest gap in terms of sheer number of units is within moderate-income households making between 80% and 120% of the area median income. These households are likely living in housing units just slightly out of their price range, becoming cost burdened as a result. In terms of percentages, the lack of affordable housing most seriously affects extremely low-income households—those making 0% to 30% of the area median income. Low-income and residents are also more likely to suffer from housing problems—such as overcrowding and poor housing conditions—than the general population.

Connecting affordable housing to transit will become a key economic development issue in the future. Much of the existing affordable rental housing stock is currently served by public transit, but some key corridors are left unserved or underserved. New affordable housing development should take job access and local opportunity for economic advancement into consideration, and transportation becomes a major component of this. This complements the infill strategy Colorado Springs is advocating for long-term development, as affordable housing can complement catalytic redevelopment in the urban core.

MAP 2:
LOWER-COST HOUSING STOCK AND BUS LINES, EL PASO COUNTY, 2012



Legend

- 50 Rental Units Under \$799
- Major Highways
- City Boundary
- ▨ Military Base Boundary
- National Forest Boundary
- Bus Lines

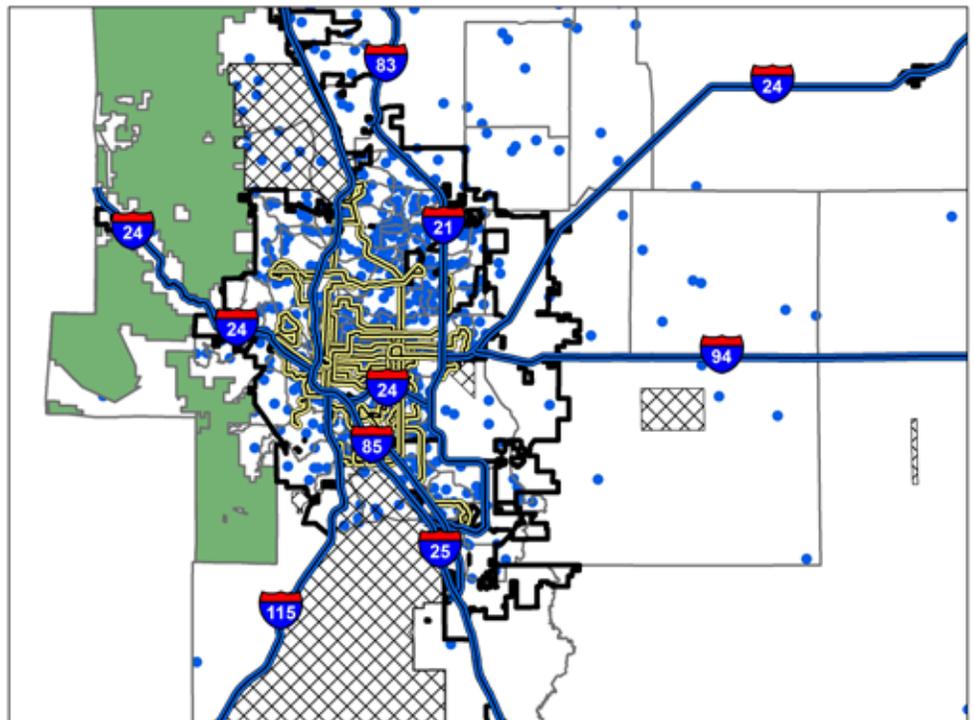


Figure 2 : Current and Projected Deficit in Affordable Rental Units, El Paso County

		Total Deficit in Affordable Units	Total Deficit in Available Units at Affordable Price Ranges
2012	Deficit, El Paso County	19,311	24,513
	ELI Households	3,057	4,352
	VLI Households	-173	3,741
	LI Households	6,712	7,418
	Mod Households	9,715	9,001
	Deficit, Colorado Springs	15,612	19,817
	ELI Households	2,471	3,518
	VLI Households	-140	3,025
	LI Households	5,426	5,997
	Mod Households	7,854	7,277
	Deficit, Balance of County	3,699	4,695
	ELI Households	586	834
	VLI Households	-33	717
	LI Households	1,286	1,421
Mod Households	1,861	1,724	
Projected, 2019	Deficit, El Paso County	20,835	26,447
	ELI Households	3,298	4,695
	VLI Households	-186	4,037
	LI Households	7,241	8,004
	Mod Households	10,482	9,711
	Deficit, Colorado Springs	16,844	21,381
	ELI Households	2,713	3,863
	VLI Households	-153	3,321
	LI Households	5,957	6,584
	Mod Households	8,622	7,988
	Deficit, Balance of County	3,991	5,066
	ELI Households	632	899
	VLI Households	-36	773
	LI Households	1,387	1,533
Mod Households	2,008	1,860	

Both the Colorado Springs and El Paso County zoning ordinances place restrictions on critical human service establishments, despite proven unmet need in the region

The Zoning Code of Colorado Springs requires conditional use permits for “drug or alcohol treatment facilities” when such land uses are protected by the federal Fair Housing Act, which defines persons who are recovering from substance abuse as disabled. As such, this type of residential unit should be regulated in the same manner as and permitted by right in all residential zoning districts where single family dwellings are allowed.

In El Paso County, human service establishments critical to adequately housing special needs populations, such as adult care homes, family care homes, and rehabilitation facilities, are allowed by right on most residential zones in El Paso County. However, these uses are subject to specific use criteria that may either allow the use or further classify it as a special use.

This is especially important given the results of El Paso County’s homeless persons’ Point in Time Count, which revealed that many of the unsheltered homeless individuals in the area had either severe mental illness or a substance abuse problem. There are 269 unsheltered homeless persons living in El Paso County, up from 230 in 2013. Most of them have additional special needs, and 17% of them are veterans. These zoning code regulations make it more difficult to build drug or alcohol treatment facilities and human service shelters despite benchmarked unmet need for these land uses.

Neither Colorado Springs nor El Paso County have any inclusionary zoning policies, density bonus incentives for affordable housing, or other zoning measures to incentivize the creation of affordable housing. While prioritizing mixed use development is theoretically a priority for Colorado Springs, mixed use residential zones are rarely utilized due to cumbersome restrictions. Despite infill development being an explicitly stated goal within the City’s Comprehensive Plan, its unplanned and arbitrary annexation policy strongly fosters new development on vacant property on the periphery of Colorado Springs, resulting in sprawl and the urbanization of rural El Paso County. This action provides no incentive for developers and builders to create new housing opportunities, for a variety of income levels and household types, on the 40,000 acres of vacant land in the City or within areas already served by public infrastructure.

INTRODUCTION

Study Area

Purpose of Study

The purpose of this assessment is to identify the need for affordable housing in El Paso County and Colorado Springs. This report provides a single document that collects and analyzes historical trends in housing and related demographics for El Paso County and Colorado Springs. Given steadily increasing demand for affordable housing, growing budget pressures, and changing socioeconomic dynamics in the region, El Paso County and Colorado Springs intend to maximize the impact of their housing investments by undertaking a comprehensive housing needs analysis. By doing this, the Housing Needs Assessment provides a critical resource for the range of housing agencies and community-planning functions engaged in promoting and evaluating housing proposals throughout the county. This requires comprehensive knowledge about the nature of the housing market as it exists and how it can reasonably be expected to change during coming years. Ultimately, the Housing Needs Assessment calculates and characterizes the existing and projected demand for housing at specified price tiers. The assessment also addresses the mismatch between what housing is needed and what housing currently exists.

The study area is entirely within the geographic boundary of El Paso County, located in south-central Colorado. El Paso County is the most populous county in Colorado. Its capitol seat and most populous city is Colorado Springs, which is located about 65 miles south of Denver, the State capitol. El Paso County meets the HUD requirements for an Urban County entitlement and is designated as such. Colorado Springs is the largest urban area in El Paso County in terms of both area and population, and is also a HUD entitlement community. It is the second-largest city in Colorado after Denver. Other important local jurisdictions in El Paso County include the City of Fountain, the City of Manitou Springs, and the Towns of Calhan, Green Mountain Falls, Monument, Palmer Lake, and Ramah. This Housing Needs Analysis is multijurisdictional in its scope, and evaluated El Paso County, Colorado Springs, and the balance of the county not within the urban boundary. There are also significant populations living in unincorporated communities and census-designated places within the unincorporated areas of El Paso County, such as Cimarron Hills.

Methodology and Data

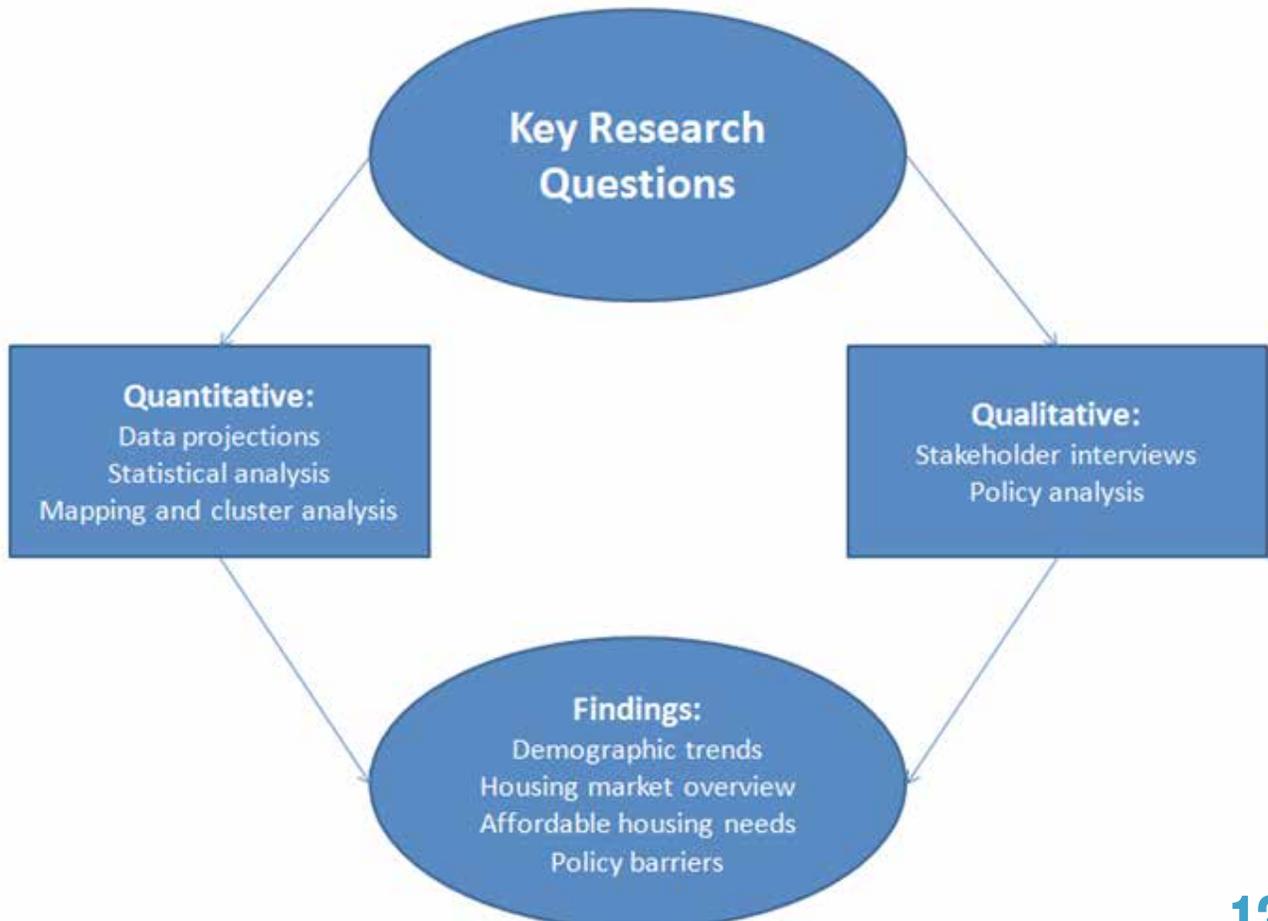
The City of Colorado Springs and El Paso County contracted with Mullin & Lonergan Associates to prepare this Housing Needs Assessment. Research included both qualitative and quantitative methodologies.

The primary source of demographic data for this research is the American Community Survey (ACS). This is an ongoing survey conducted by the U.S. Census Bureau to collect data on both people and housing by very specific geographies. The ACS collects its data by sampling a percentage (1 in 40) of the population on an ongoing basis rather than everyone. American Community Survey estimates are published with

their margins of error set at the 90% confidence level – in other words we can be 90 percent sure that the range established by the margin of error contains the true value.

The sample sizes for some segments of Colorado's population, such as the statistics for Native Hawaiians/Pacific Islanders and American Indians/Alaska Natives, are so small that the margins of error from sampling one-fortieth of them are very large. Data on these population segments is reported, but the small sample sizes make it unreliable.

Additional data from the Census came in the form of the 2012 Public Use Microsample (PUMS). This dataset consists of individual survey responses on housing, income, and



other socioeconomic data from El Paso County residents. This is the dataset that the affordable housing mismatch analysis and other statistical imputations are based on. The benefit of using this dataset is that it collects individual survey responses rather than aggregating them into geographic areas, allowing for research into cost burden, affordability, and other key areas that would not be possible using aggregated data.

In all cases, the data used is the most current. For demographic data, this is usually the 2012 ACS. Due to the manner in which the Census conducts surveying, in some cases the most recent data is the 2010 Decennial Census. Additional specialized data was pulled from:

- Bureau of Labor Statistics
- Colorado State Demography Office
- Colorado Department of Local Affairs
- Colorado Springs Housing Authority
- El Paso County Housing Authority
- Fountain Housing Authority
- City of Colorado Springs GIS Department
- Center for Neighborhood Technology
- The Home Mortgage Disclosure Act (HMDA) Database
- Pikes Peak United Way
- Nielsen Holdings

In addition to these datasets, stakeholder interviews and focus groups were conducted during two site visits to Colorado Springs. Interviewees were selected by the Colorado Springs Housing Development Division and the El Paso County Economic Development Division in order to represent a wide range of stakeholders covering the public, private, and non-profit sectors.

How This Document is Organized

The Housing Needs Assessment is grouped into six major parts, each with a number of sub-sections. The Economic and Demographic Analysis includes a comprehensive review of demographic factors that influence housing needs in El Paso County and Colorado Springs, such as:

- Economic trends and projections including employment, income and wages, educational attainment, and industrial composition
- Demographic trends and projections including total population, age, and race, ethnicity and growth dynamics over time
- Housing trends and projections including total units, vacancies, units in structures, manufactured housing, age, tenure, values, and rents
- Development trends and location of current affordable housing in both the private and assisted rental market, particularly in relation to employment.

The Housing Market Analysis presents a more thorough analysis of existing housing market conditions, including a projection of growth in households and an evaluation of how it will affect future demand for housing. This examines current and projected housing supply, current and projected housing demand, and gaps in affordable housing present in the study area.

The Private Sector Policies and Trends section presents the private-sector factors that affect the affordable housing market and context within Colorado Springs and El Paso County. This

includes issues related to attaining and maintaining homeownership, including analysis of HMDA data.

The Public Sector Policies and Trends section presents an analysis of how local legislation, civic services, and other public-sector factors affect the affordable housing situation. This includes permitting and zoning, code enforcement, public transit, and the local assisted housing context.

The final section contains recommendations that directly relate to identified barriers to affordable housing and provide practical and feasible means of overcoming them in the future. This includes local policy analysis to make direct recommendations for encouraging affordable housing development and meeting the future housing needs of El Paso County and Colorado Springs.

**ECONOMIC AND
DEMOGRAPHIC
ANALYSIS**



ECONOMIC CONTEXT

Economic and employment trends are a primary influence on the condition of local housing markets. The local employment composition, and particularly the sectoral distribution and the quality of employment opportunities, greatly influence the geographic distribution, quality, and affordability of housing in a given area. This section's discussion of current economic trends and projections for future employment and income patterns provides the basis for later discussion of housing affordability, choice, and demand.

Employment and Unemployment

The local economy has not fully recovered from the previous recession

Throughout much of its history, Colorado's economy has been driven by boom-bust cycles in the mineral extraction industries. After the last bust of oil and shale production in the 1980s, Colorado successfully diversified its statewide economy by adding jobs in the advanced technologies sector, in which statewide employment increased threefold between 1970 and 2000. Mountain-based tourism has also increased significantly, adding approximately \$8.2 billion statewide in 2006.¹

This growth has disproportionately benefitted El Paso County due to its longstanding competitive advantage in key industries such as defense, aerospace, other hi-tech development, and tourism. Despite fluctuations in the proportion of military jobs between 2000 and 2012, the armed forces represent a significant portion of the base economy (jobs that import wealth from outside the region). Four of the top five employers in the City of Colorado Springs are military bases (the fifth is Memorial Health System). Furthermore, many other professional jobs in engineering and other high-paying fields are located in El Paso County largely because of this military presence and concentration of specialized talent in the region. The Colorado Springs Regional Business Alliance estimates several hundred defense contractors, employing over 10,000 highly skilled engineers and technicians, are directly connected to the defense industry. Attractions such as Pikes Peak and Garden of the Gods generate a significant tourism economy, and Colorado Springs also has large software and processing service facilities that employ large numbers of residents in a wide cross-section of income ranges. El Paso County added 50,782 jobs between 2000 and 2012. Of these jobs, 37,957 (74.7% of the total) were located in Colorado Springs.

¹ Lincoln Institute of Land Policy. "Smart Growth Policies Chapter 14: Colorado". 2009.

Figure 3: Total Employment by Sector, El Paso County, 2000 and 2012

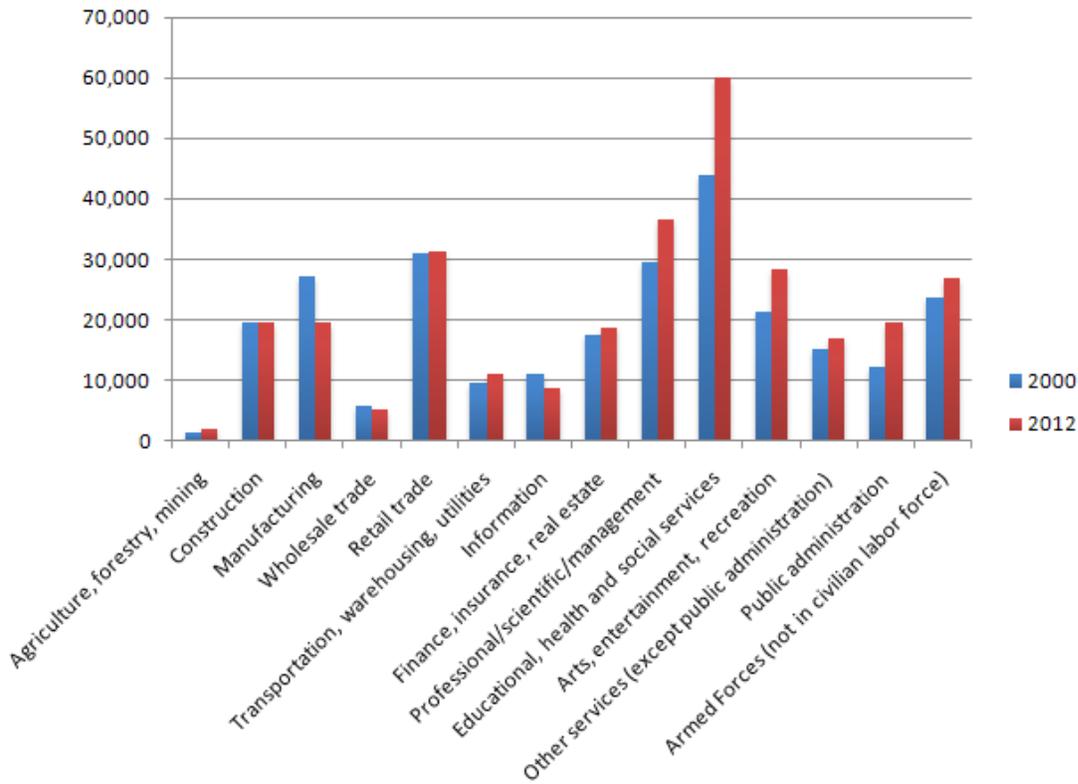


Figure 4: Total Employment by Sector, Colorado Springs, 2000 and 2012

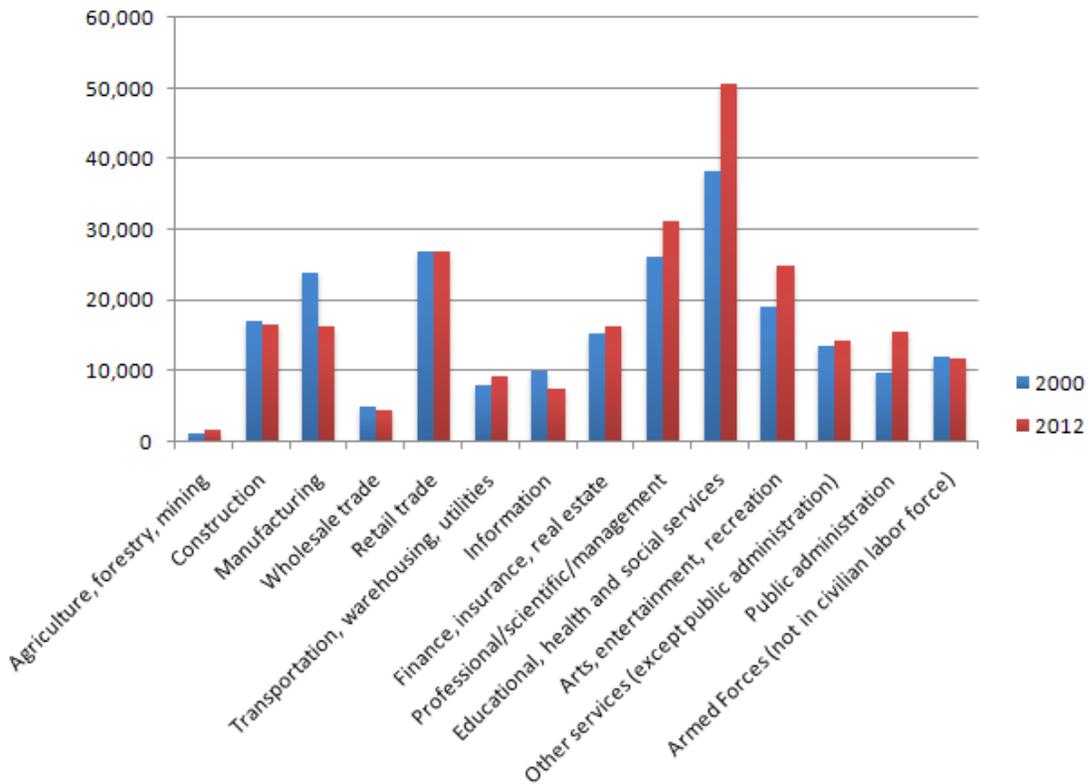


Figure 5 : Total Employment by Sector, Balance of County, 2000 and 2012

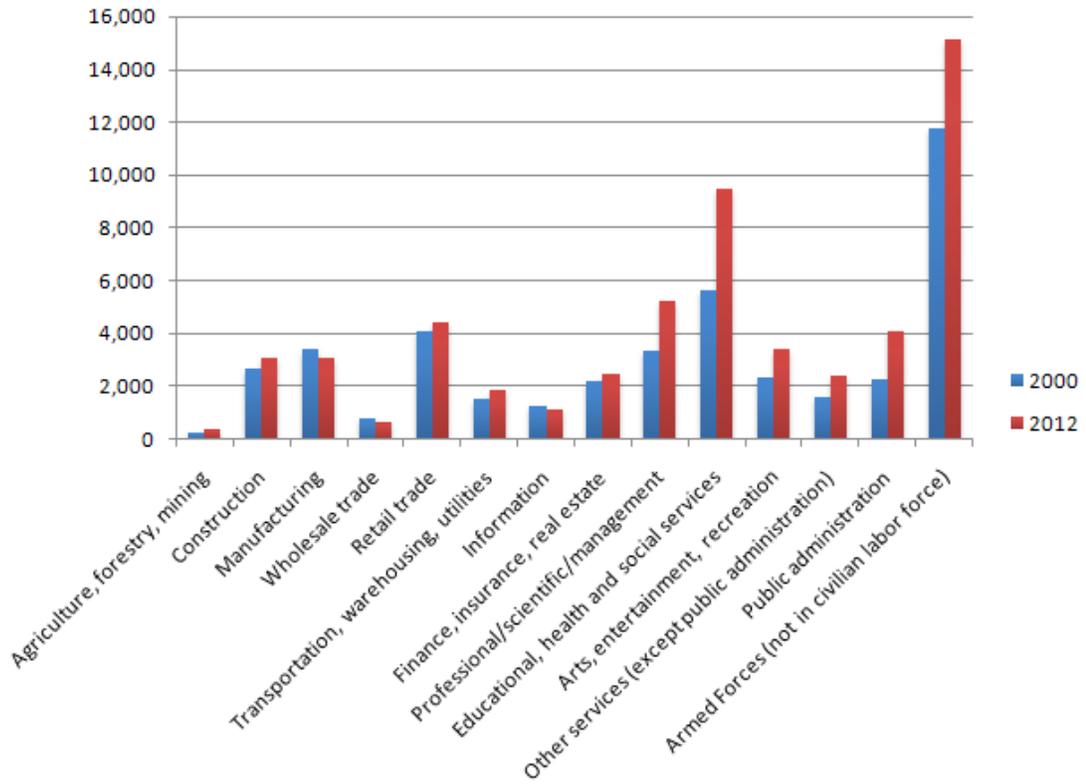


Figure 6 : Job Growth by Industry, El Paso County, 2000-2012

Sector	Net Change	Percent Change
In Labor Force	50,782	18.10%
Agriculture, forestry, fishing and hunting, and mining	598	46.76%
Construction	-21	-0.11%
Manufacturing	-7,865	-28.82%
Wholesale trade	-585	-10.22%
Retail trade	167	0.54%
Transportation and warehousing, and utilities	1,677	17.73%
Information	-2,528	-22.78%
Finance and insurance, and real estate and rental and leasing	1,215	6.94%
Professional, scientific, and management, and administrative services	6,917	23.39%
Educational services, and health care and social assistance	16,358	37.37%
Arts, entertainment, and recreation, and accommodation and food services	6,919	32.44%
Other services, except public administration	1,675	11.11%
Public administration	7,512	62.26%
Armed Forces	3,189	13.45%

Source: BLS

Figure 7 : Top Private Employers, El Paso County, 2013

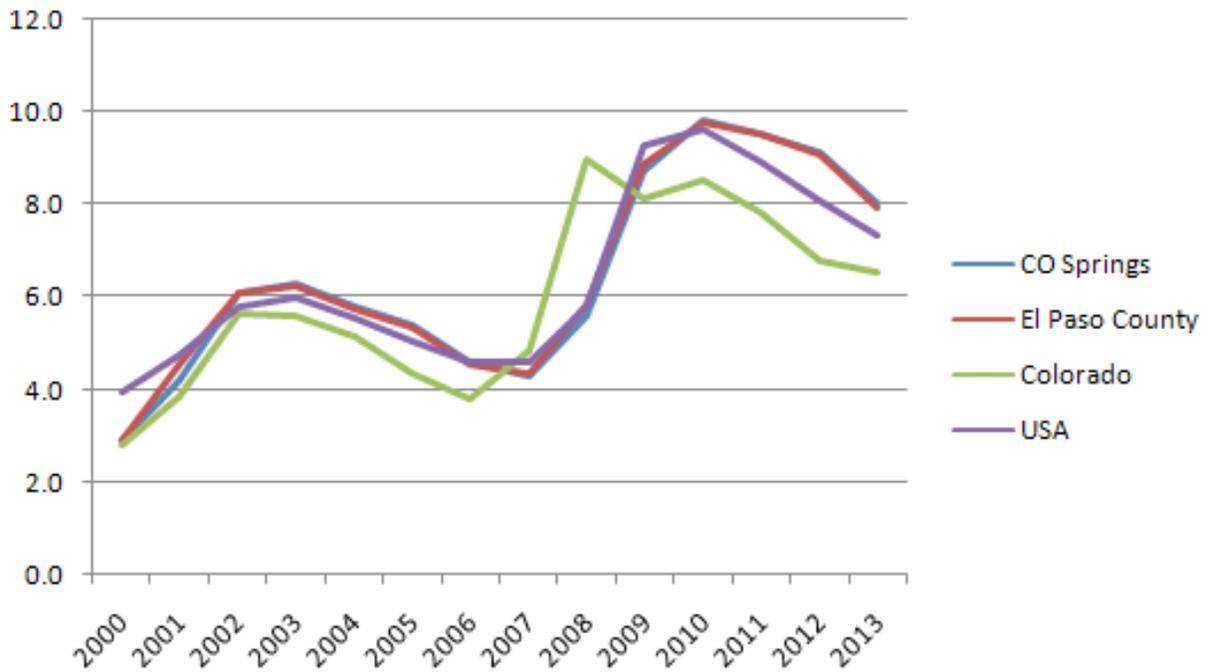
Name	Sector
Lockheed Martin Corporation	Advanced Technology Systems
Progressive Insurance Company	Insurance, Customer Support, Data Center
The Broadmoor Hotel Hotel/Resort	Hotel/Resort
United Services Automobile Association	Regional Policy Service
Verizon Business Software campus	Software Campus
Atmel Corporation	Digital Memory Design and Manufacturing
Northrop Grumman Corporation	Marketing for Government Contracts
Compassion International	Christian Child Advocacy Ministry
Colorado College	Higher Education

Source: Colorado Springs Business Alliance

According to the Colorado Springs Regional Business Alliance, the top five private employers in the Pikes Peak Region were Lockheed Martin Corporation (defense and aerospace-oriented technology systems), Progressive Insurance Company (insurance), The Broadmoor Hotel (tourism), the United States Automobile Association (customer service), and Verizon (software). Educational services, health care, and social assistance jobs also increased as a proportion of the regional economy from 2000 to 2012. This is reflective of a national trend towards more educational and health care related jobs locating in cities in order to realize agglomeration economies. Despite large, steady increases in population in Colorado Springs and El Paso County between 2000 and 2012, the construction industry showed almost no net change. The loss of information jobs from 2000 to 2012 in the region is misleading and due to a change in the way the NAICS classifies jobs in this field. In reality, the information sector may be growing, with several software campuses and data centers providing large numbers of high-tech jobs in the region.

Because of the immobility of many positions in the defense industry, the supply of jobs in the armed forces is relatively inelastic compared to other sectors. Despite this advantage, both El Paso County and Colorado Springs were significantly affected by the Great Recession that started in 2007. This is evidenced by above-average unemployment rates compared to both Colorado and the national average, as well as the lack of growth in real wages these areas experienced. Neither area has fully recovered from the economic shock: Colorado Springs and El Paso County continue to have higher unemployment rates than both Colorado and the United States. While the State of Colorado recovered faster and suffered less economic loss from the recession, Colorado Springs and El Paso County have actually fared worse than the national average.

Figure 8 : Unemployment Rates, 2000-2013



	CO Springs	El Paso County	Colorado	USA
2000	2.9	2.9	2.8	4.0
2001	4.2	4.6	3.8	4.7
2002	6.1	6.1	5.6	5.8
2003	6.3	6.3	5.6	6.0
2004	5.8	5.7	5.1	5.5
2005	5.4	5.3	4.3	5.1
2006	4.6	4.6	3.8	4.6
2007	4.3	4.4	4.8	4.6
2008	5.6	5.9	9.0	5.8
2009	8.7	8.9	8.1	9.3
2010	9.8	9.8	8.5	9.6
2011	9.5	9.5	7.8	8.9
2012	9.1	9.1	6.8	8.1
2013	8.0	7.9	6.5	7.4

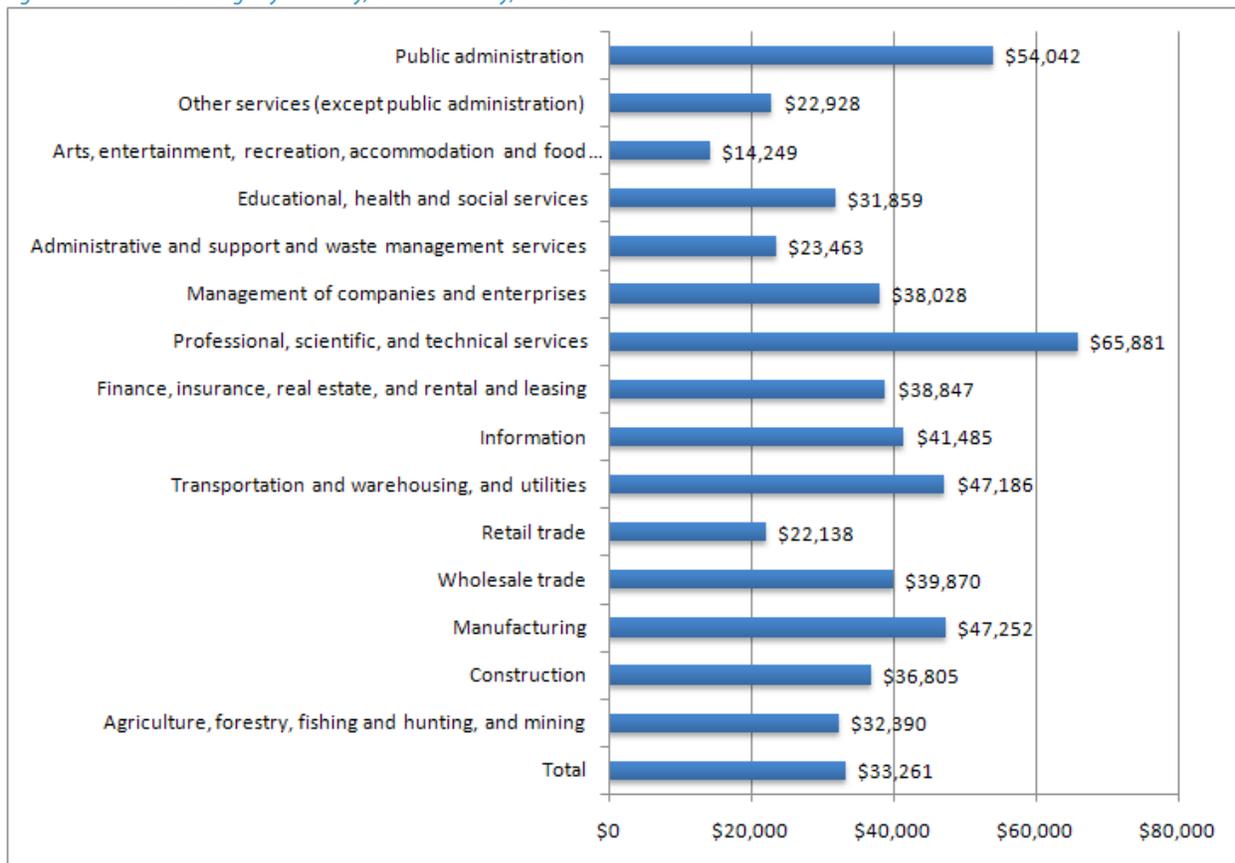
Source: Bureau of Labor Statistics

The fastest-growing economic sectors tend to pay below-average wages

Between 2000 and 2012, the total number of persons employed across El Paso County climbed 18.1% to 331,556. Nationally, job losses in fields that have traditionally provided a wage capable of sustaining a family and affording quality housing (such as manufacturing) have been offset by gains in service-sector positions that pay far less. This is true to some extent in El Paso County and Colorado Springs. Median earnings for the rapidly growing agriculture, forestry, fishing, and mining industries was \$32,390, below the statewide median of \$33,261 and the \$47,252 median of the manufacturing sector, which lost jobs between 2000 and 2012.

On the other hand, the educational, health and social services industry experienced the steepest increases in both real numbers and percentage increase. The median earnings in this industry are \$31,859. Another growing sector in El Paso County is the arts, entertainment, and recreation industry, where median earnings are only \$14,239. Public administration positions generally pay good wages and grew between 2000 and 2012, but this is a function of population growth rather than economic transition. The following figures illustrate shifts in employment by industry between 2000 and 2012 and 2012 median earnings.

Figure 9 : Median Earnings by Industry, El Paso County, 2012

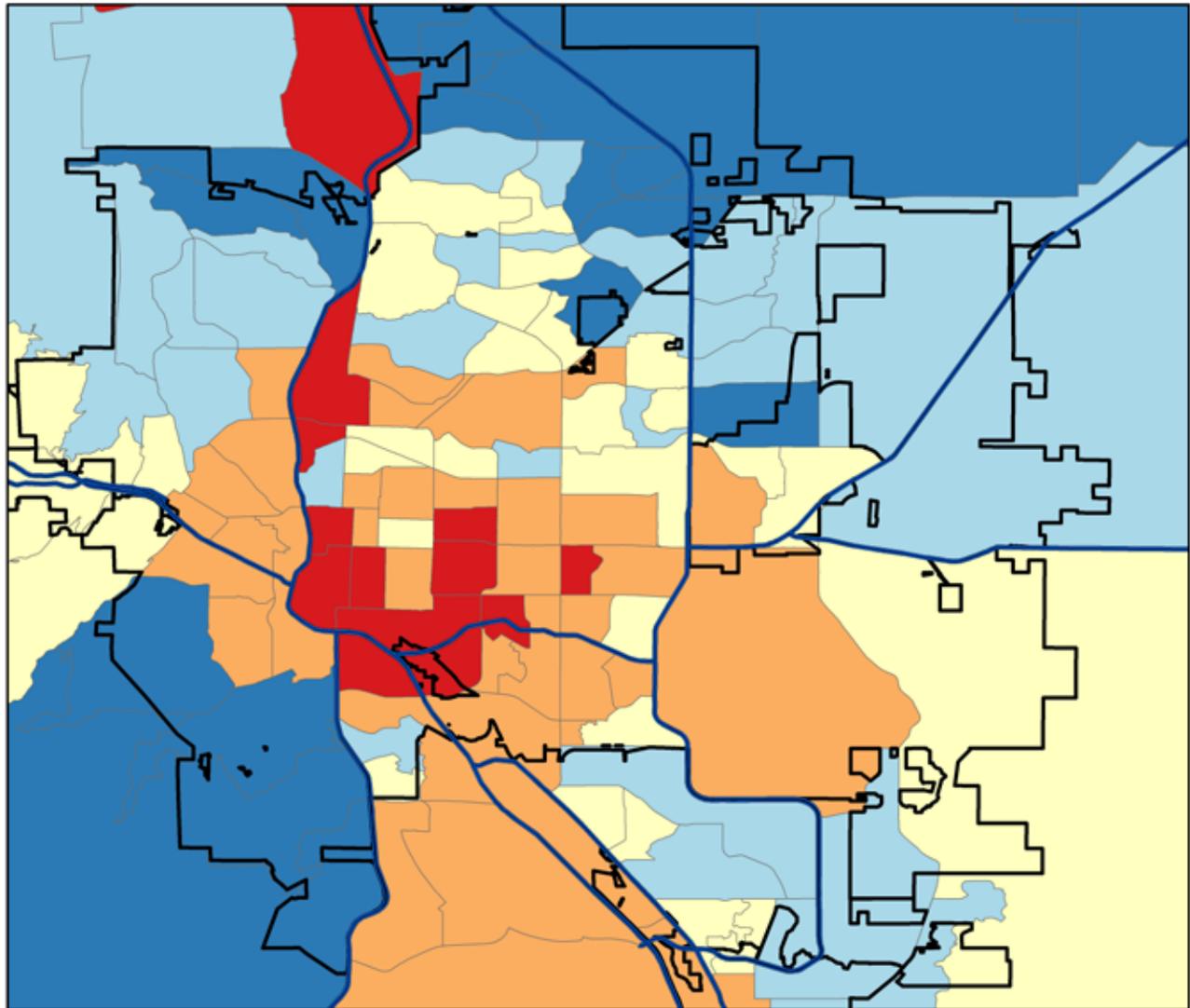


Income

While income levels are fairly evenly distributed across racial categories, homeowners tend to have much higher incomes than renters

The Colorado minimum wage of \$8 applies to all non-tipped workers, including agricultural workers. Since 2006 it has been tied to the Colorado consumer price index and must be adjusted annually for inflation according to state constitutional law. However, the median household income in both El Paso County and Colorado Springs has not kept pace with inflation. The median household income of \$58,244 represents a 6.4% decline in real income from the median household income in 2000. This, along with rising housing costs presented later in this report, indicates declining purchase power that reduces housing choice. This is part of a national trend, but Colorado Springs is particularly vulnerable due to the high risk of outsourcing in high-tech and information technology sectors.

MAP 3:
MEDIAN HOUSEHOLD INCOME, EL PASO COUNTY, 2012



Legend

Median Household Income

-  0 - 30515
-  30516 - 47000
-  47001 - 62292
-  62293 - 82688
-  82689 - 129741
-  Military Base Boundary
-  National Forest Boundary
-  City Boundary

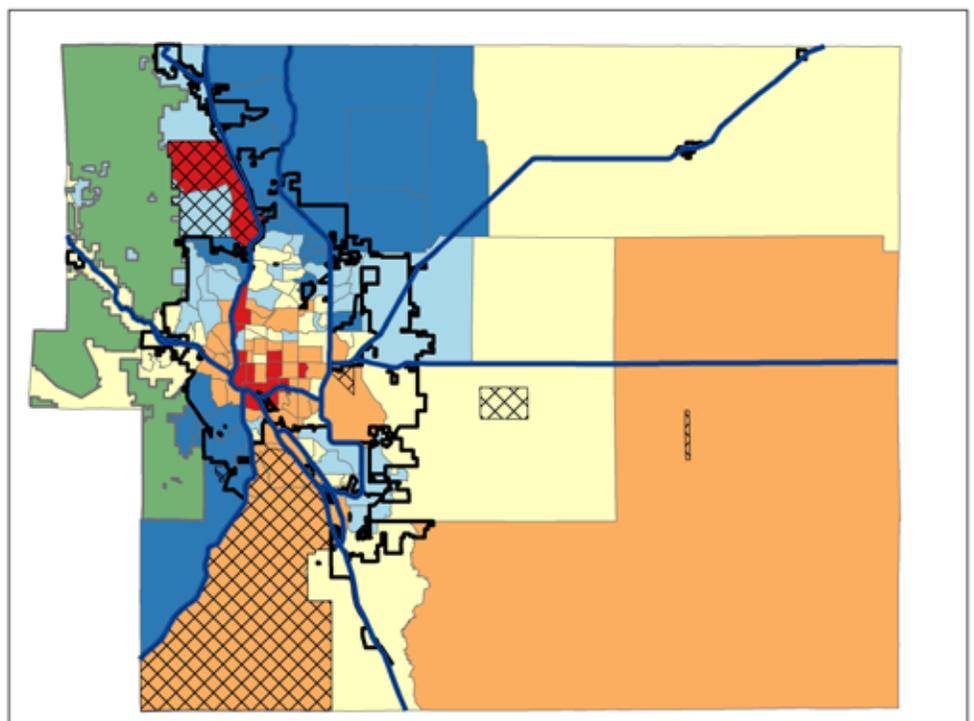


Figure 10 : Regional Dissimilarity Indices, 1970-2010

	Median Household Income	Unemployment Rate	Family Poverty Rate
Air Force Academy CDP, Colorado	80,875	1.10%	7.80%
Black Forest CDP, Colorado	106,126	5.50%	6.10%
Calhan town, Colorado	46,607	6.80%	4.10%
Cascade-Chipita Park CDP, Colorado	67,813	5.60%	6.50%
Cimarron Hills CDP, Colorado	51,888	5.10%	10.30%
Colorado Springs city, Colorado	54,351	6.10%	9.90%
Ellicott CDP, Colorado	29,318	9.70%	35.50%
Fort Carson CDP, Colorado	39,288	1.70%	22.40%
Fountain city, Colorado	57,015	4.20%	9.40%
Gleneagle CDP, Colorado	100,893	5.10%	0.80%
Green Mountain Falls town, Colorado	36,875	5.60%	0.00%
Manitou Springs city, Colorado	49,432	5.10%	10.80%
Palmer Lake town, Colorado	58,000	3.30%	4.60%
Peyton CDP, Colorado*	-	0.00%	0.00%
Ramah town, Colorado	63,214	0.00%	0.00%
Rock Creek Park CDP, Colorado*	-	0.00%	0.00%
Security-Widefield CDP, Colorado	58,823	6.20%	6.50%
Stratmoor CDP, Colorado	36,742	9.40%	19.60%
Woodmoor CDP, Colorado	109,500	2.80%	2.30%

In El Paso County, the decline in income was more pronounced among renters and certain minority groups. The median income for renter households in the County in 2012 (\$35,357) was 13.6% lower in real dollars than in 2000. The median income for homeowner households (\$74,158) also declined between 2000 and 2012, but only by 1.8%. In Colorado Springs, the decrease in median income for renter households was slightly more, 14.7%.

In El Paso County, Colorado Springs, and the balance of the County outside of the City, households of every race except for Native Hawaiian or other Pacific Islander households experienced significant declines in real median income. In the County, the median income for American Indian/Alaskan

Native households (\$37,933) fell by 27%. This decline was more than any other race or ethnicity, although the sample size is very small. In Colorado Springs, Black households also experienced very sharp declines in real income, with a 25.5% decrease (or \$38,079). In the rest of the County, American Indian/Alaskan Native households again saw median incomes fall the most, though it should be noted that sample size in this category was quite small, so margins of error are large. It is interesting to note that with the exception of American Indian/Alaskan Native households, median incomes across races/ethnicities in the non-urban areas of El Paso County were more stable than median incomes within the City.

Figure 11 : Median Income by Race, El Paso County

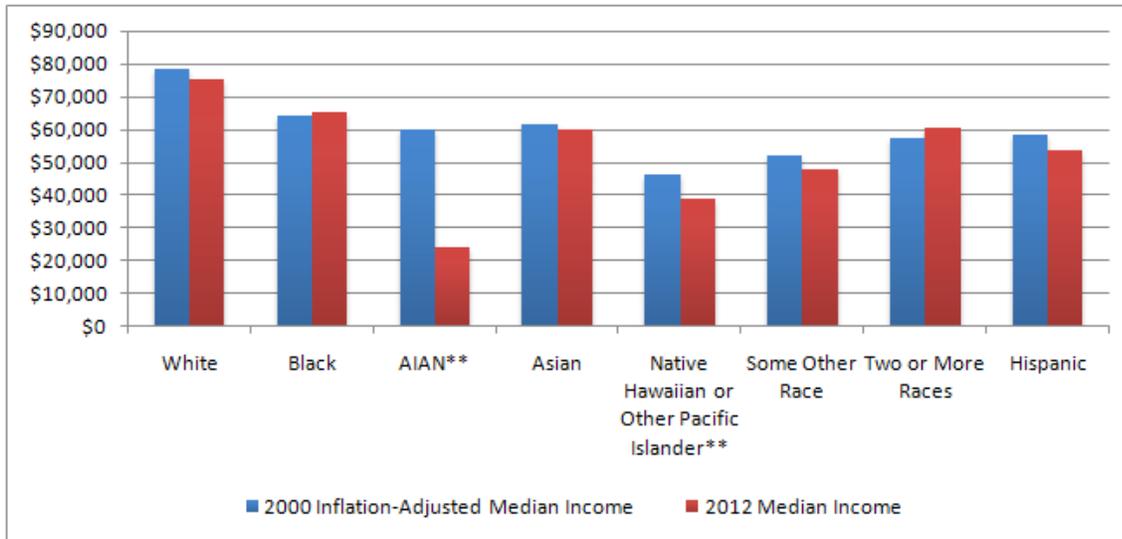


Figure 12 : Median Income by Race, Colorado Springs

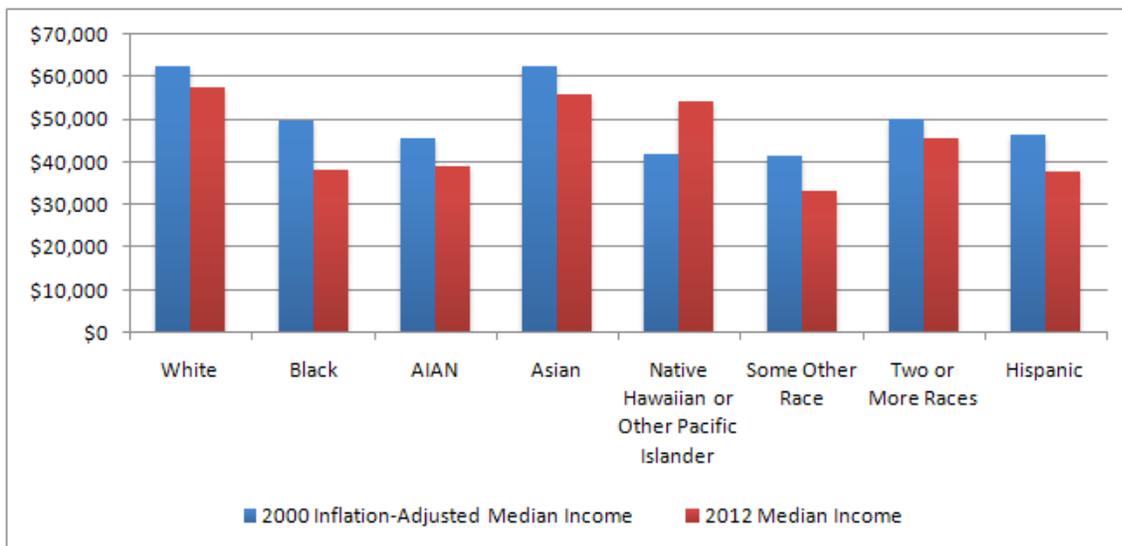
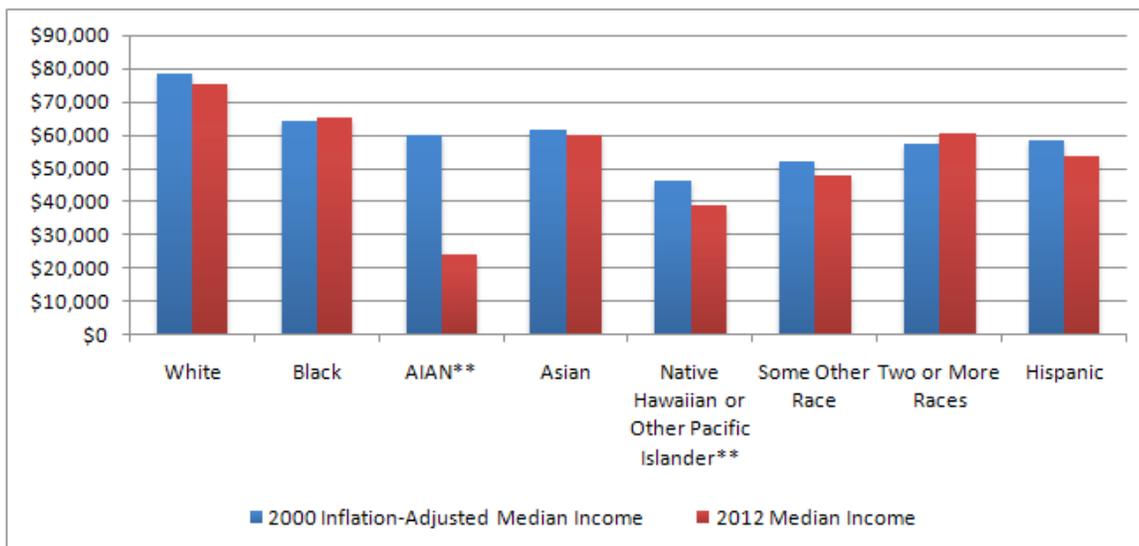


Figure 13 : Median Income by Race, Balance of County



The following figures illustrate the distribution of El Paso County's, Colorado Springs', and the rest of the County's population across income categories. These figures show income growth among households since 2000, particularly as thousands of households were added to the highest-earning categories, representing upward economic mobility and in-migration by upper-tier earners. The number of households in the County earning less than \$50,000 fell by just 2,286 (2.2%), while the number earning more than \$100,000 rose by 32,407 (138%). In Colorado Springs, households earning \$50,000 fell slightly more (3.3%), while the number earning more than \$100,000 rose slightly less (125%). However, it is worth noting that this categorical variable cannot be adjusted for inflation, so its interpretation requires consideration that a given value is worth about 33% less in 2012 than it was in 2000.

Figure 14 : Income Distribution, El Paso County

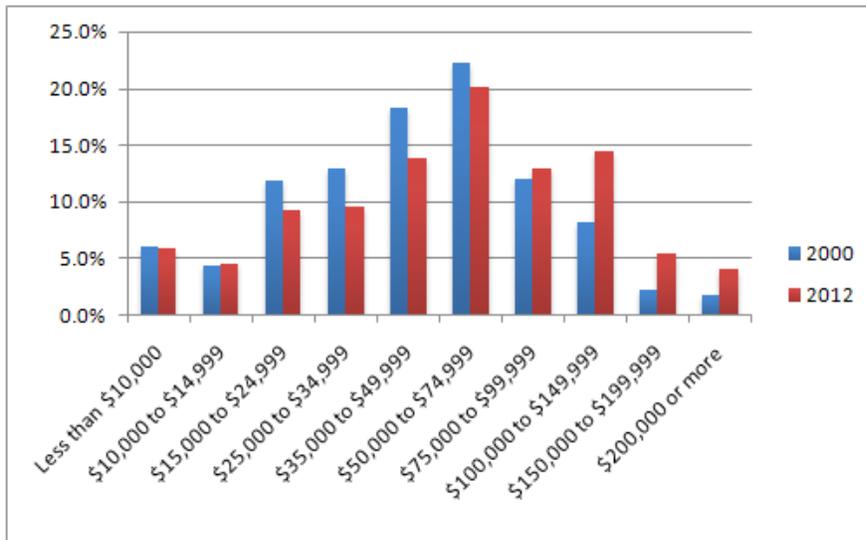


Figure 15 : Income Distribution, Colorado Springs

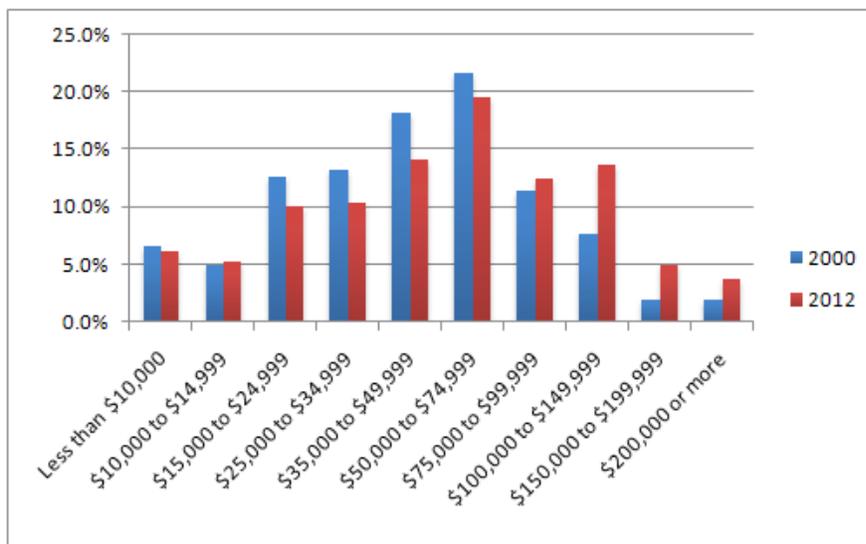
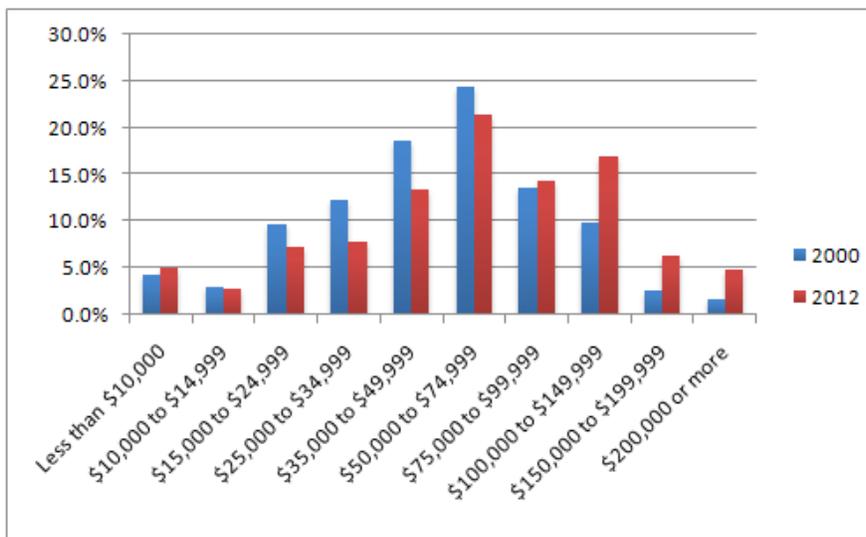


Figure 16 : Income Distribution, Balance of County



Across the same categories, households that own their homes are much more likely to earn more than \$50,000 per year than households that rent. In Colorado Springs and the County as a whole, households earning less than \$35,000 per year are more likely to rent than own their homes. In Colorado Springs, households earning between \$35,000 and \$49,999 are also slightly more likely to rent than own. It is interesting to note that in the portion of the County outside of City limits, only

households earning between \$5,000 and \$9,999 are more likely to rent than own. The series of charts below shows the proportion of owners to renters in each of four income categories in the entire County, Colorado Springs, and the rest of the County: those making less than \$25,000, those making between \$25,000 and \$49,000, those making between \$50,000 and \$74,999, and those making \$75,000 or more.

Figure 17 : Tenure by Income Tier, El Paso County

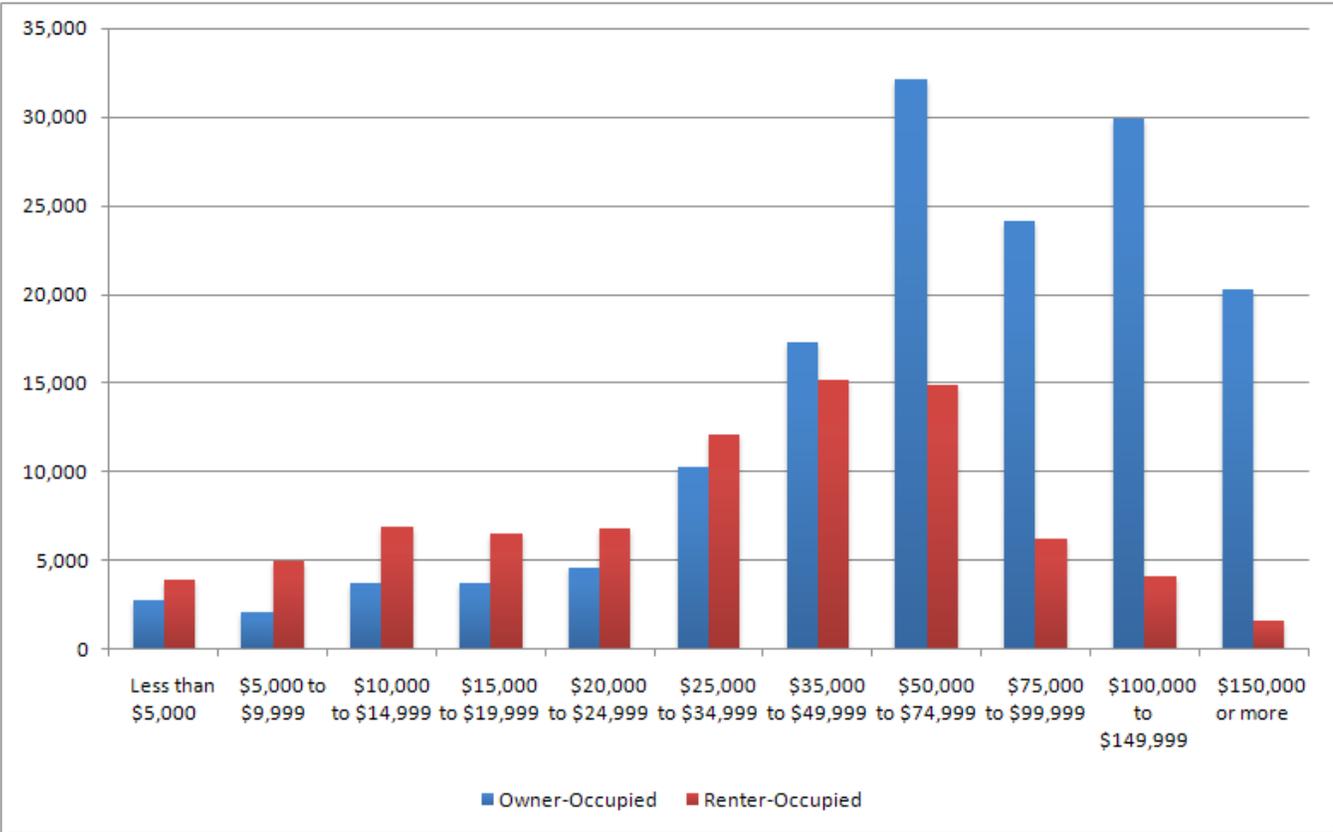


Figure 18 : Tenure by Income Tier, Colorado Springs

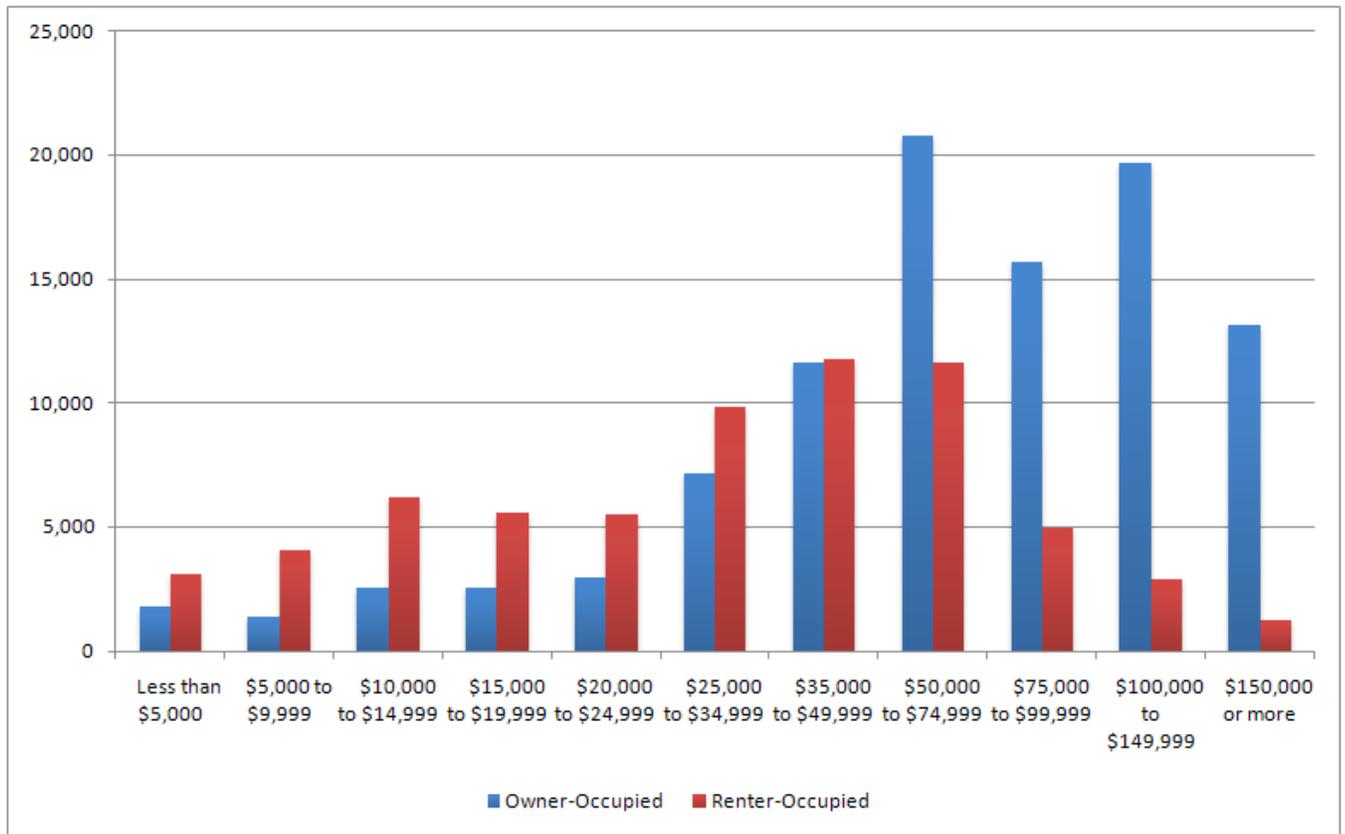
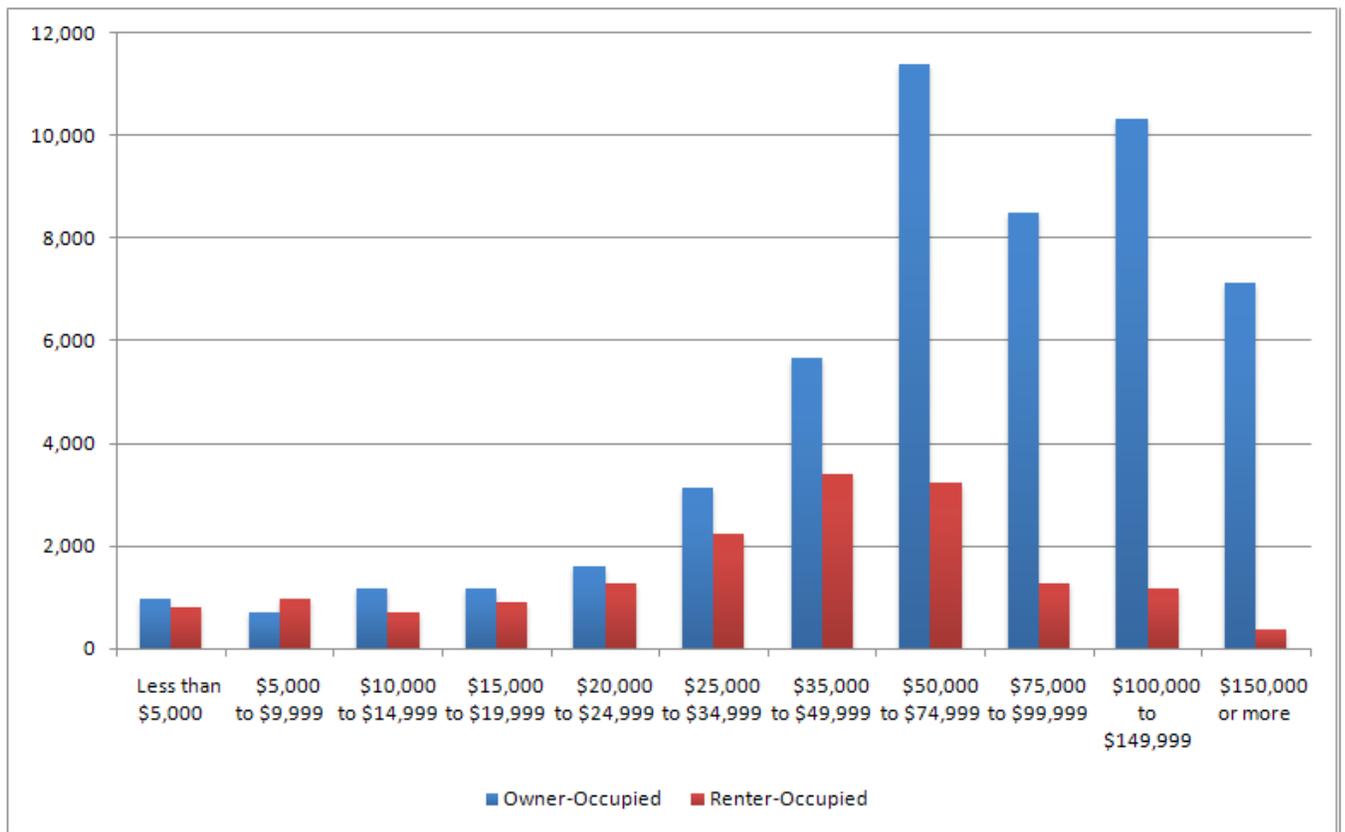


Figure 19 : Tenure by Income Tier, Balance of County



Educational Attainment

The region has a large and growing population of highly educated people

On the whole, El Paso County's population was more educated in 2012 than it was in 2000. Of persons aged 25 and older in the entire County, 35.3% held a college or post-secondary degree compared to 31.8% in 2000. In Colorado Springs, the portion of the higher-educated population was slightly higher in both years (36.2% in 2012 compared to 33.5% in 2000). One in every four people without a high school diploma had an income below the poverty level in 2012 in El Paso County, compared to 12.9% of high school graduates and only 3.7% of those holding a bachelor's degree or advanced degree. In Colorado Springs, residents across all educational attainment levels had higher rates of poverty compared to residents of the same educational attainment in the County as a whole.

Figure 20 : Educational Attainment in El Paso County, 2012

	Less than 9th Grade	9th to 12th Grade, No Diploma	High School Graduate or Equivalent	Some College, No Degree	Associate's Degree	Bachelor's Degree	Graduate or Professional Degree	Percent High School Graduate or Higher	Percent Bachelor's Degree or Higher
Air Force Academy CDP, Colorado	0.00%	0.00%	8.40%	43.40%	15.20%	21.70%	11.30%	100.00%	33.00%
Black Forest CDP, Colorado	0.50%	1.50%	16.50%	22.10%	9.00%	31.20%	19.20%	97.90%	50.40%
Calhan town, Colorado	1.40%	4.70%	46.80%	24.00%	11.50%	7.10%	4.50%	93.90%	11.70%
Cascade-Chipita Park CDP, Colorado	0.00%	2.20%	25.30%	28.40%	8.80%	12.20%	23.10%	97.80%	35.20%
Cimarron Hills CDP, Colorado	1.30%	5.70%	32.30%	28.20%	11.80%	16.10%	4.70%	93.10%	20.80%
Colorado Springs city, Colorado	2.60%	4.70%	21.30%	25.30%	10.00%	22.10%	14.10%	92.80%	36.30%
Ellicott CDP, Colorado	16.20%	22.00%	37.60%	13.60%	0.00%	7.80%	2.70%	61.80%	10.50%
Fort Carson CDP, Colorado	0.00%	2.80%	28.10%	41.50%	10.00%	12.80%	4.80%	97.20%	17.60%
Fountain city, Colorado	2.10%	3.80%	27.40%	30.80%	13.70%	14.60%	7.60%	94.10%	22.20%
Gleneagle CDP, Colorado	0.70%	2.50%	9.30%	19.80%	7.50%	29.00%	31.30%	96.80%	60.30%
Green Mountain Falls town, Colorado	0.00%	0.80%	9.30%	42.30%	8.30%	23.10%	16.30%	99.20%	39.30%
Manitou Springs city, Colorado	0.60%	3.80%	15.80%	24.70%	5.00%	27.70%	22.30%	95.50%	49.90%
Palmer Lake town, Colorado	2.20%	4.00%	20.90%	24.70%	8.80%	25.80%	13.60%	93.80%	39.30%
Peyton CDP, Colorado*	0.00%	0.00%	42.20%	57.80%	0.00%	0.00%	0.00%	100.00%	0.00%
Ramah town, Colorado	6.60%	14.80%	49.20%	23.00%	1.60%	4.90%	0.00%	78.70%	4.90%
Rock Creek Park CDP, Colorado*	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Security-Widefield CDP, Colorado	2.20%	4.90%	28.00%	32.30%	13.80%	13.40%	5.40%	92.90%	18.90%
Stratmoor CDP, Colorado	4.20%	8.80%	33.40%	34.80%	7.70%	7.70%	3.50%	87.10%	11.20%
Woodmoor CDP, Colorado	0.60%	0.70%	9.80%	15.80%	9.50%	33.90%	29.60%	98.70%	63.60%

Source: ACS 2012

*Small populations in these areas make statistical sampling too unreliable for data collection to

Figure 21 : Educational Attainment, El Paso County, 2012

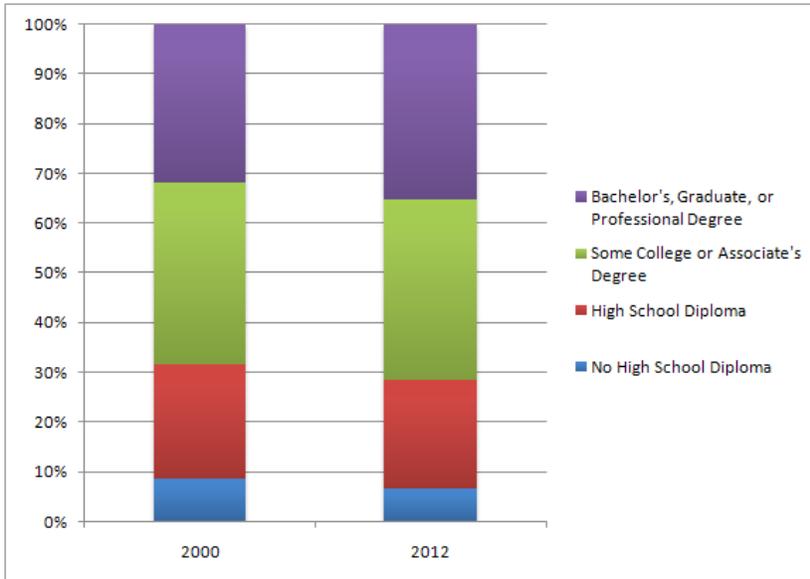


Figure 22 : Educational Attainment, Colorado Springs, 2012

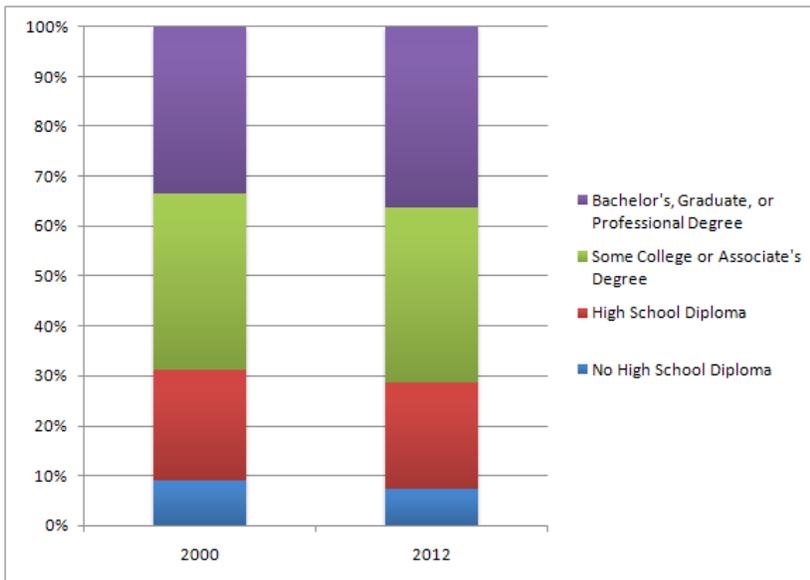
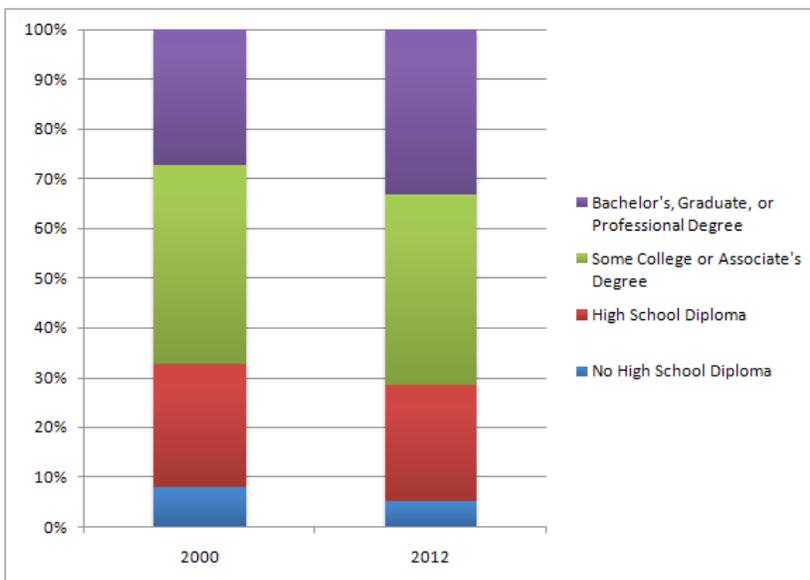


Figure 23 : Educational Attainment, Balance of County, 2012



DEMOGRAPHIC CONTEXT

Fluctuations in population, household size, new household formation, and migration determine housing demand. While demographics are not the only determining factor in future trends of a housing market, they are a key indicator of the size and nature of demand for housing. These settlement patterns and other demographic data viewed through the framework of affordable housing needs provide the context for examining access to residential opportunities in Colorado Springs and El Paso County. The demographic landscape of Colorado Springs, the population anchor of El Paso County, region, reflects decades of growth in the County's local economy. Population growth initially triggered by the military presence was further catalyzed by the development of complementary industries such as high-tech manufacturing, creating cross-sector employment opportunities that drew new residents. While current trends predict high-tech manufacturing will continue its decline in the future, the growth of the service sector continues to draw residents and employers. This changing economic landscape will influence the changing demographics of the region in coming years.

Population Trends and Projections

While the rate of population growth is projected to level off in the future, most of the growth will still be driven by in-migrants

The Census Bureau defines households as all persons who occupy a housing unit. Persons not living in households are classified as living in group quarters. From 2000 to 2012, households in El Paso County increased by 41,649, or 21.6%, compared to the total population increase of 20.5% during the same years. In Colorado Springs, the number of households increased 41.3%, compared to a total population increase of 15.7%. This suggests that on the whole, households contained fewer people in 2012 than they did in 2000, especially within Colorado Springs.

In a pattern consistent with projected overall population increase, the number of households in El Paso County is expected to continue to rise between 2010 and 2019. Across the County, population projections expect the number of households to increase by 36,397 (15.3%). The following figures illustrate that although the number of households is expected to increase, the Nielsen Company projects that the rate of growth is projected to be slower than in previous years.

Figure 24 : Number of Households, Colorado Springs, 1985-2019

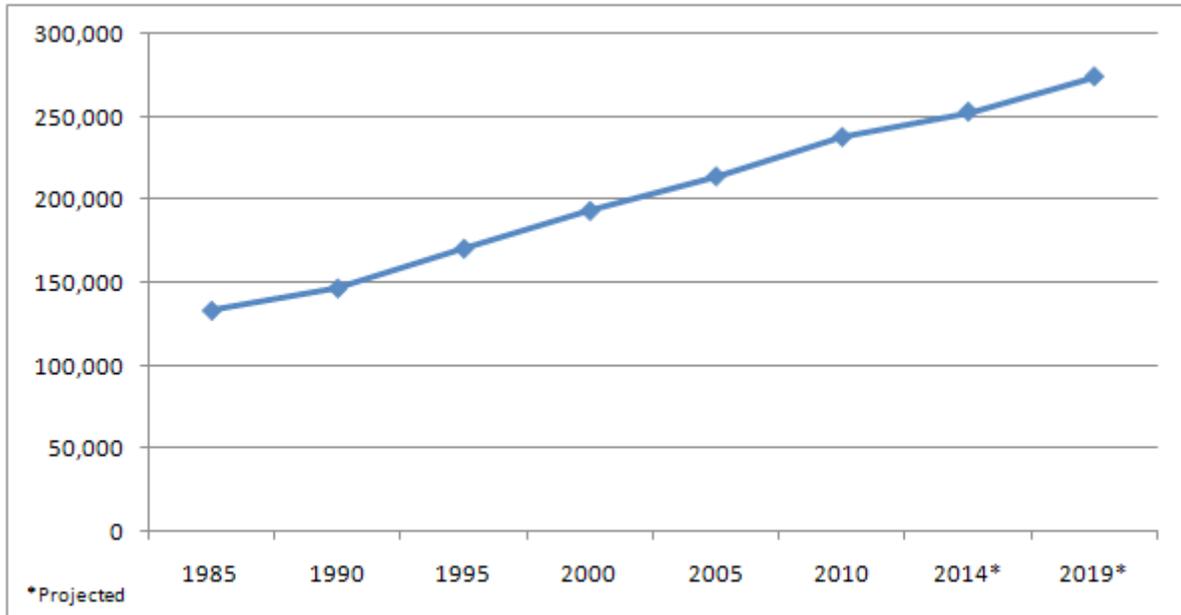
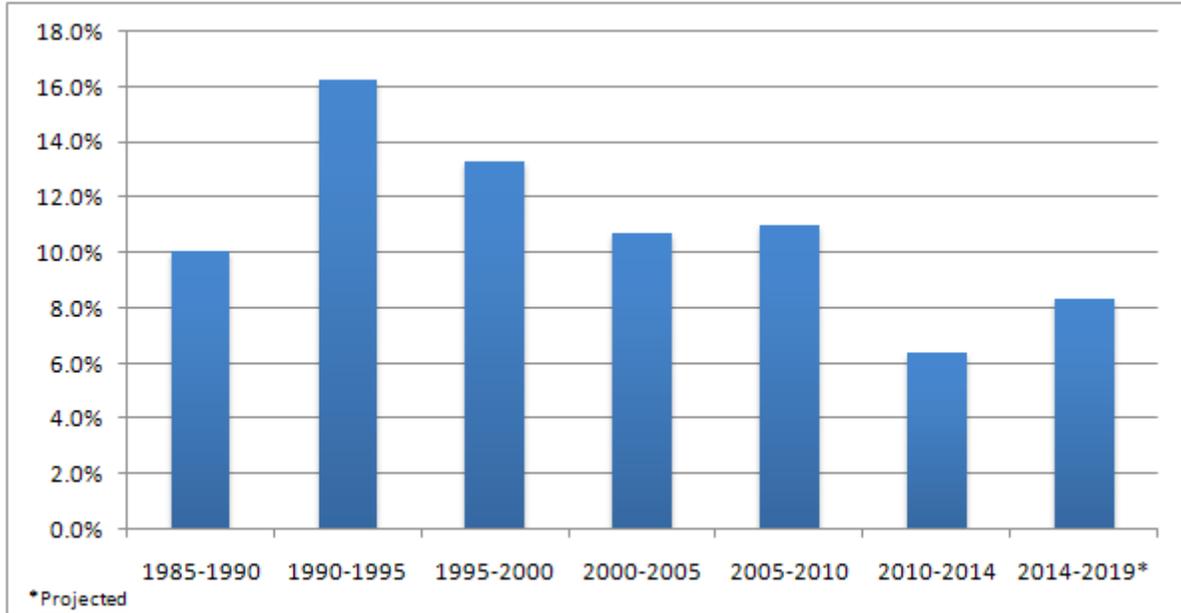


Figure 25 : Growth in Number of Households, 1985-2019



El Paso County's growth was the fastest among all counties in Colorado in 2012. Though it contained 12% of the State's population in 2012, it accounted for 15% of the population growth between 2000 and 2012.¹ Between 2010 and 2012, the State's Department of Local Affairs reported annual growth between 1% and 2% in Colorado Springs, the rest of the County, and the County as a whole. The portion of the County outside of the City grew faster than the City (3.7% between 2010 and 2012 compared to 2.7%).² This high rate of exurban population growth outside of core urban areas is characteristic of many Western regions.

The following charts illustrate actual and projected population growth until 2040 as estimated by the Colorado State Demography Office. Population projections are not available at the municipal level. As illustrated below, the County grew by about 30% each decade between 1970 and 2000, and growth is expected to slow in the coming decades. However, significant population growth is still projected between 2010 and 2040 at a rate of around 13% to 18% per decade. This trend is on par with the State's projected growth per decade.

1 State of Colorado Department of Local Affairs

2 Population change by municipality from 2000 to 2012 is not reported due to substantial changes in Census geography during this time period.

Figure 26 : Population Growth, 1970-2040

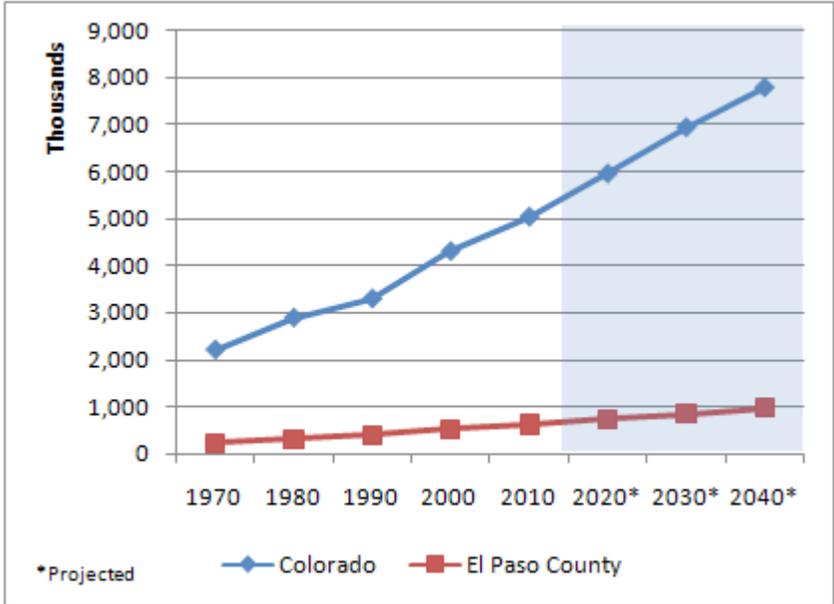


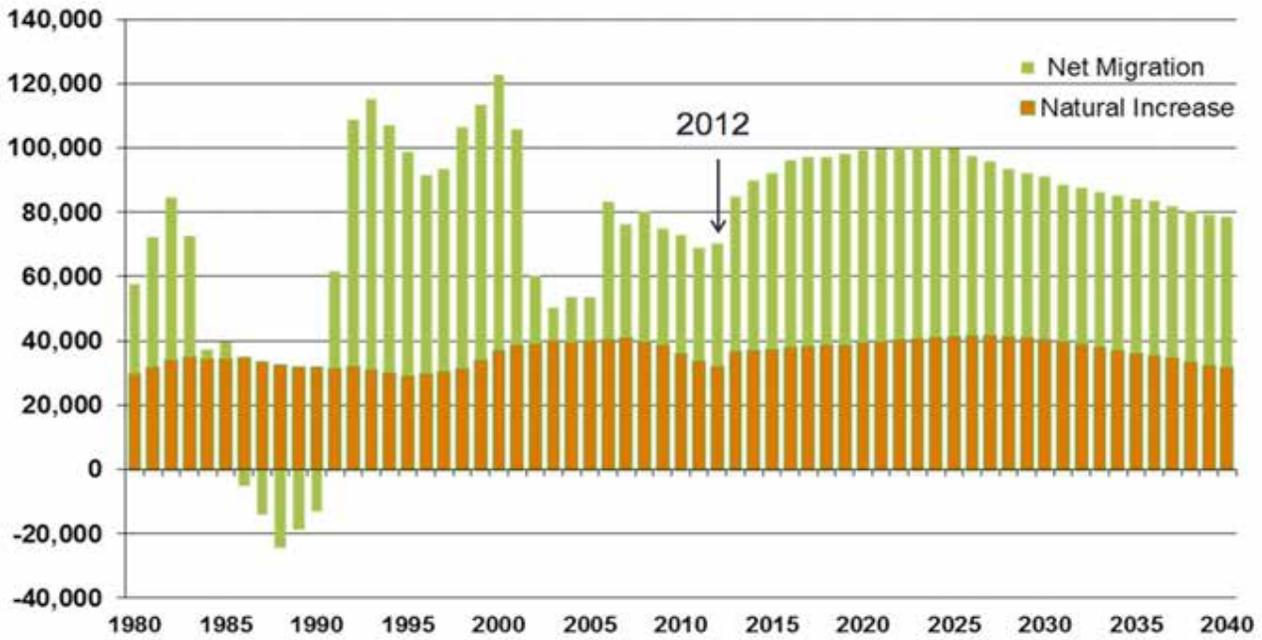
Figure 27 : Population Growth, 1970-2040



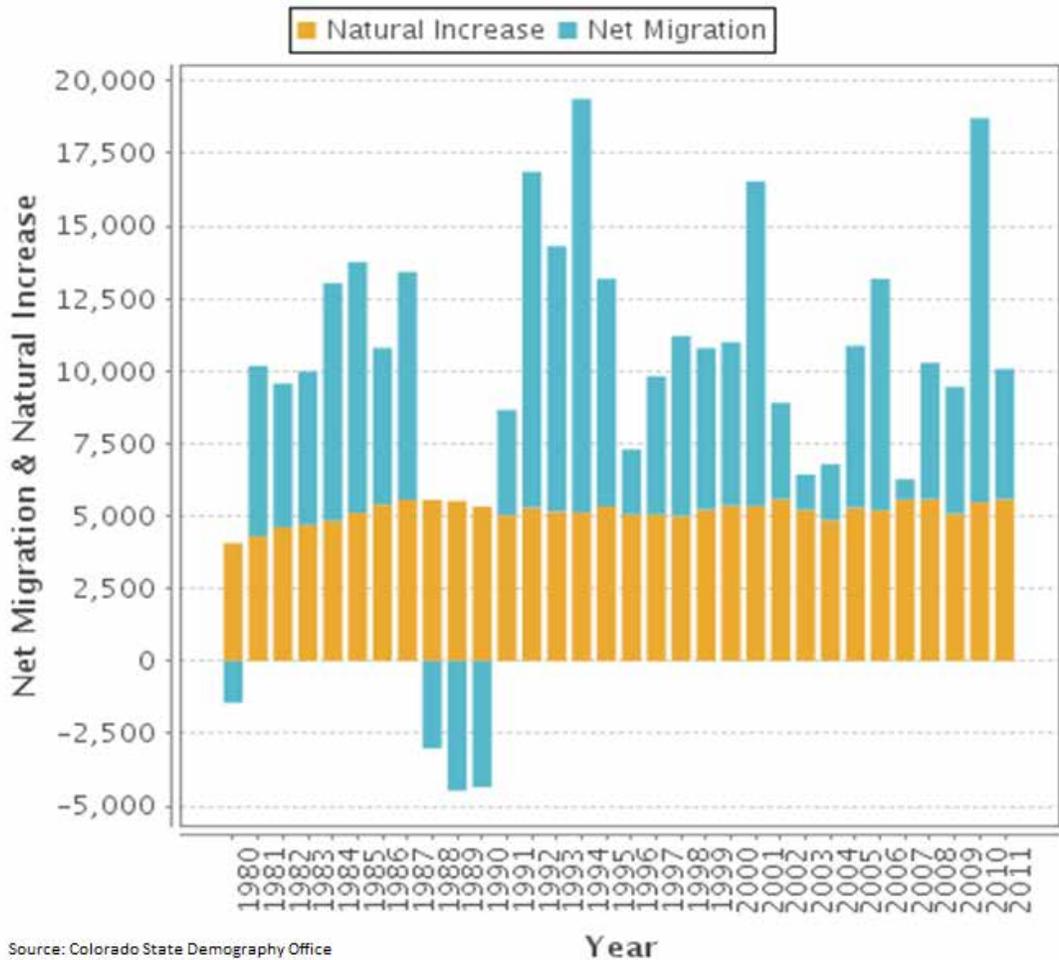
The differences between births and deaths and people moving into and out of the County determine its long-term population change, which bears significance for future housing demand. The expected age distribution, type, income levels, and locations of resident households in coming years will help to determine how well the current housing stock is suited to meet projected needs and how supply can remain responsive to demand.

While natural increase has followed generational patterns at the national level, migration responds to expansion and contraction in regional labor markets. The State's Department of Local Affairs has observed that in recent years, net migration has exerted an equal or greater effect on total population change than natural increase in El Paso County. The following figure illustrates the portion of population change that is accounted for by natural increase and net migration.

Figure 28 : Statewide Migration and Population Change



Source: Colorado State Demography Office

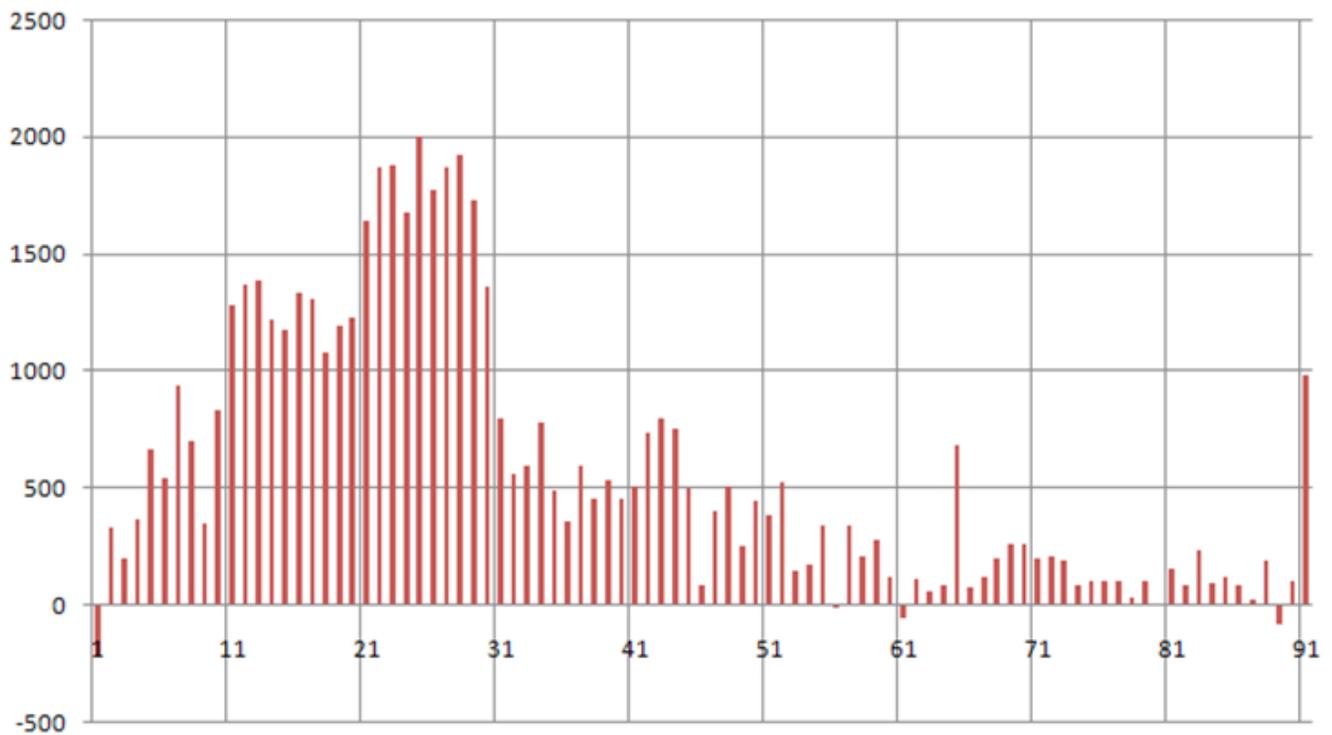


Source: Colorado State Demography Office

The Department of Local Affairs projects that migration will continue to play a dramatic role in total population increase in the State. The following figures illustrate recent projections and net migration by age. Between 2000 and 2010, the 20 to 30 age group contributed most to net migration into El Paso County. This counters stakeholder anecdotes, in which many expressed concern that Colorado Springs was losing its 20-to-30 demographic to Denver and other cities.

While much of the in-migration can be attributed to students coming to college, it would be expected that out-migration of graduating students would negate this change in net migration if this was the only factor. Some, but not all, of the migration is attributable to an influx of armed forces due to the expansion of Fort Carson. Because strong net migration is still positive, this factor cannot be explained only by trends in the student population.

Figure 29 : Net Migration by Age, El Paso County, 2000-2010



Age

More senior citizens and fewer baby boomers mean new housing needs for the region. The greatest future affordable housing needs will be among very young and very old households.

The median age of El Paso County's population climbed from 33.0 in 2000 to 34.1 in 2012. Colorado Springs was slightly older, climbing from 33.6 in 2000 to 34.9 in 2012. The following figures illustrate the share of the population in each age group in El Paso County, Colorado Springs, and the rest of the County in 2000 and 2012. In each geography, the population grew in all age groups except ages 35 to 44.

The relatively large population share accounting for members of the baby boom generation has shifted upward in age, a phenomenon to which the housing market will be required to respond with supply suited to a larger number of elderly households. This will likely translate to increased demand for accommodations that would allow such households to age in place. The ACS estimates that there were 18,117 more people age 65 and over in the County in 2012 than in 2000, an increase of 40.5%. In 2012, 10.1% of all residents were in this age group compared to 8.6% in 2000.

The following figure demonstrates a shift in the age distribution of the total population in El Paso County, Colorado Springs, and the rest of the County between 2000 and 2012.

Figure 30 : Population by Age, El Paso County, 2000 and 2012

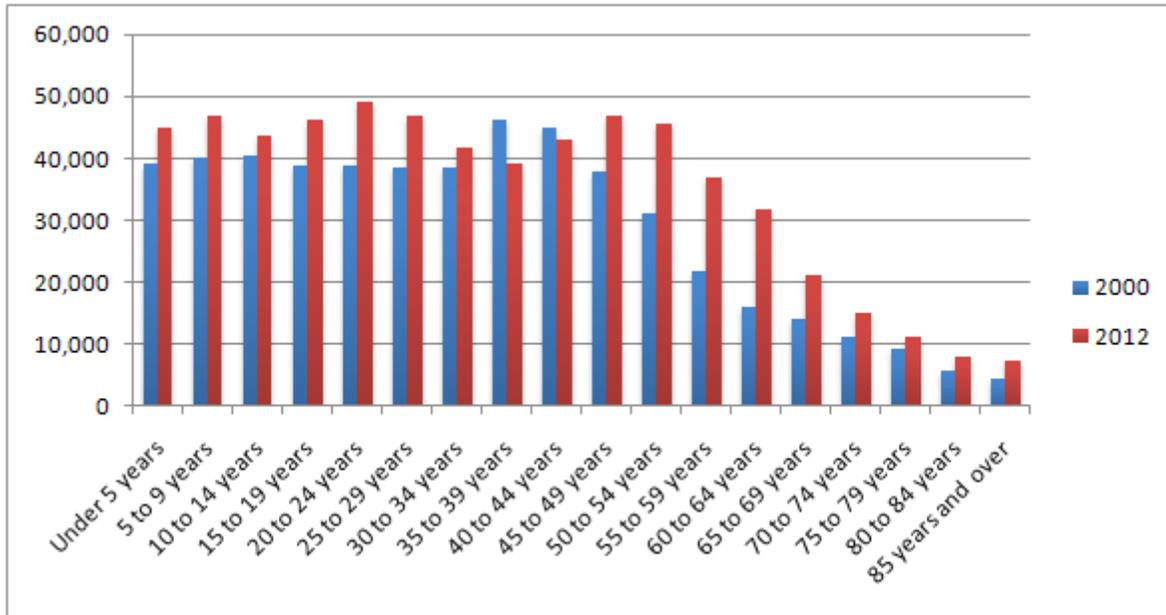


Figure 31 : Population by Age, Colorado Springs, 2000 and 2012

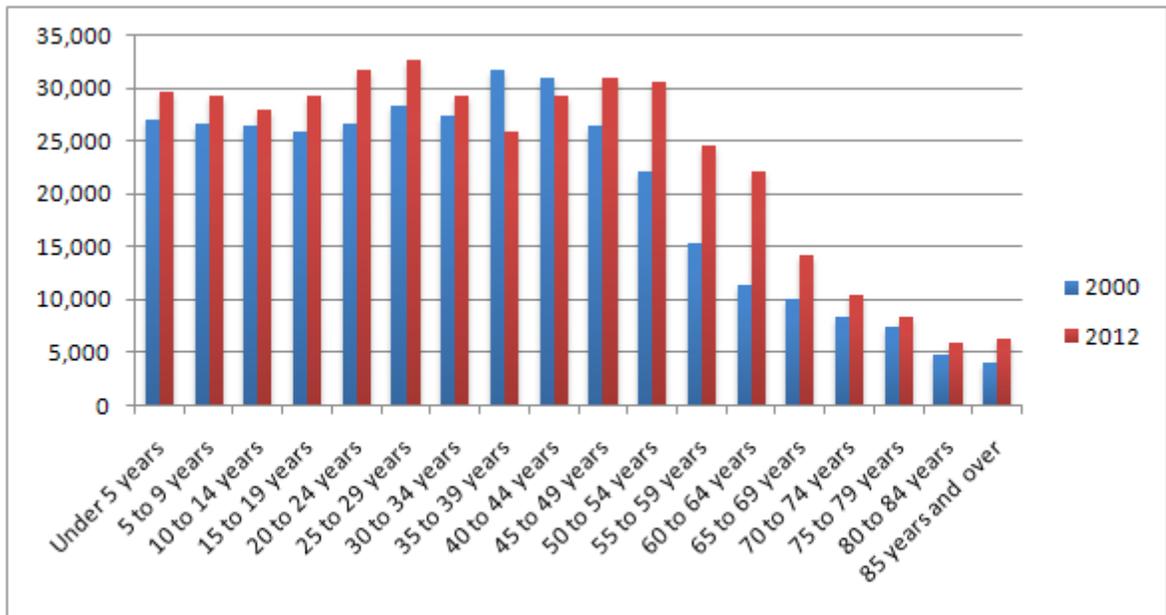


Figure 32 : Age Distribution in El Paso County, 2012

	Under 5 Years	5 to 9 Years	10 to 14 Years	15 to 19 Years	20 to 24 Years	25 to 34 Years	35 to 44 Years	45 to 54 Years	55 to 59 Years	60 to 64 Years	65 to 74 Years	75 to 84 Years	85 Years and Over
Air Force Academy CDP, Colorado	297 4.40%	207 3.00%	142 2.10%	1,901 27.90%	3,399 49.90%	450 6.60%	261 3.80%	108 1.60%	30 0.40%	21 0.30%	0 0.00%	0 0.00%	0 0.00%
Black Forest CDP, Colorado	352 2.60%	1,041 7.70%	1,080 7.90%	1,290 9.50%	597 4.40%	566 4.20%	1,465 10.80%	3,285 24.10%	1,117 8.20%	1,153 8.50%	1,259 9.30%	304 2.20%	98 0.70%
Calhan town, Colorado	92 9.20%	112 11.20%	91 9.10%	85 8.50%	49 4.90%	101 10.10%	104 10.40%	141 14.00%	35 3.50%	40 4.00%	94 9.40%	51 5.10%	9 0.90%
Cascade-Chipita Park CDP,	74 5.60%	51 3.80%	89 6.70%	93 7.00%	45 3.40%	88 6.60%	128 9.60%	242 18.20%	186 14.00%	110 8.30%	148 11.10%	68 5.10%	9 0.70%
Cimarron Hills CDP, Colorado	1,209 7.70%	1,417 9.00%	1,103 7.00%	1,279 8.10%	1,093 6.90%	2,554 16.20%	2,314 14.70%	2,402 15.20%	640 4.10%	540 3.40%	697 4.40%	459 2.90%	64 0.40%
Colorado Springs city, Colorado	29,466 7.10%	29,408 7.00%	28,116 6.70%	29,038 7.00%	31,654 7.60%	61,848 14.80%	54,846 13.10%	61,418 14.70%	24,655 5.90%	21,978 5.30%	24,755 5.90%	14,214 3.40%	6,138 1.50%
Ellicott CDP, Colorado	36 3.80%	96 10.00%	154 16.10%	69 7.20%	54 5.60%	78 8.10%	233 24.30%	134 14.00%	43 4.50%	2 0.20%	27 2.80%	33 3.40%	0 0.00%
Fort Carson CDP, Colorado	2,104 15.00%	1,337 9.50%	733 5.20%	1,148 8.20%	4,270 30.40%	3,356 23.90%	900 6.40%	143 1.00%	47 0.30%	0 0.00%	28 0.20%	0 0.00%	0 0.00%
Fountain city, Colorado	2,233 8.70%	2,711 10.60%	1,991 7.80%	2,045 8.00%	1,718 6.70%	4,167 16.30%	4,551 17.80%	3,161 12.30%	1,150 4.50%	560 2.20%	811 3.20%	393 1.50%	111 0.40%
Gleneagle CDP, Colorado	516 7.50%	649 9.40%	637 9.30%	371 5.40%	235 3.40%	595 8.60%	1,006 14.60%	1,085 15.80%	399 5.80%	379 5.50%	635 9.20%	180 2.60%	194 2.80%
Green Mountain Falls town,	30 4.10%	70 9.60%	36 5.00%	46 6.30%	15 2.10%	42 5.80%	106 14.60%	125 17.20%	92 12.70%	61 8.40%	63 8.70%	37 5.10%	3 0.40%
Manitou Springs city, Colorado	155 3.10%	205 4.10%	200 4.00%	284 5.60%	299 5.90%	472 9.30%	787 15.60%	1,000 19.80%	485 9.60%	591 11.70%	409 8.10%	141 2.80%	23 0.50%
Palmer Lake town, Colorado	128 5.30%	171 7.00%	159 6.60%	125 5.20%	89 3.70%	427 17.60%	314 12.90%	484 20.00%	185 7.60%	82 3.40%	170 7.00%	86 3.50%	6 0.20%
Peyton CDP, Colorado*	39 37.90%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	64 62.10%	0 0.00%						
Ramah town, Colorado	0 0.00%	0 0.00%	5 6.90%	6 8.30%	0 0.00%	4 5.60%	20 27.80%	12 16.70%	18 25.00%	2 2.80%	3 4.20%	2 2.80%	0 0.00%
Rock Creek Park CDP, Colorado*	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	19 50.00%	0 0.00%	19 50.00%	0 0.00%	0 0.00%
Security-Widefield CDP, Colorado	2,219 6.90%	2,522 7.90%	2,563 8.00%	2,476 7.70%	1,940 6.00%	4,243 13.20%	4,297 13.40%	4,813 15.00%	1,837 5.70%	1,391 4.30%	2,126 6.60%	1,390 4.30%	307 1.00%
Stratmoor CDP, Colorado	800 10.60%	656 8.70%	455 6.00%	397 5.30%	840 11.20%	1,377 18.30%	797 10.60%	947 12.60%	282 3.70%	233 3.10%	381 5.10%	288 3.80%	72 1.00%
Woodmoor CDP, Colorado	343 4.00%	603 7.00%	777 9.00%	895 10.40%	338 3.90%	411 4.80%	1,089 12.60%	1,869 21.60%	724 8.40%	574 6.60%	627 7.30%	339 3.90%	52 0.60%

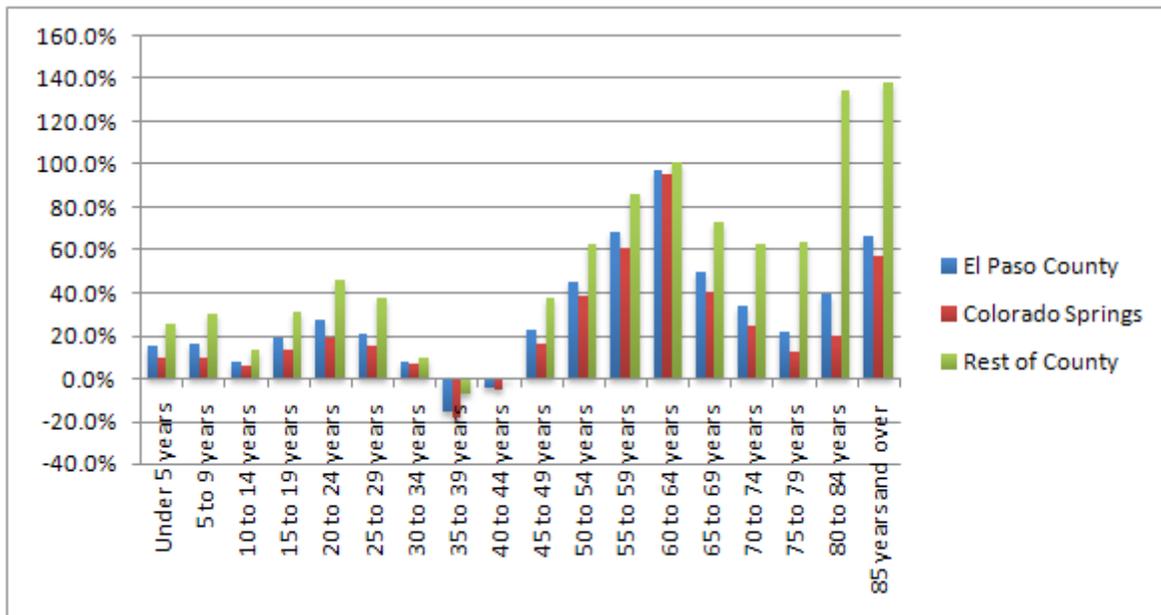
Source: ACS 2012

*Small populations in these areas make statistical sampling too unreliable for data collection to be performed by the Census

Despite a high rate of population growth, several age brackets within the region's working population declined from 2000 to 2012. This observation is in line with a commonly held belief amongst stakeholders that Colorado Springs is having trouble attracting and retaining workers, but out of line with the commonly held perception that these workers are the very young millennial generation. In actuality, the declining demographics are the 35-to-39 and the 40-to-44 age groups. These losses are more pronounced for the City of Colorado Springs than El Paso County as a whole. Persons in this demographic tend to require more family-style housing, have generally established a career track, have higher rates of job security, and are more likely to prefer homeownership to

renting. The expansion of Fort Carson by approximately 10,000 personnel explains some, but not all, of this change, since the ages of military are still distributed amongst working-age brackets. The loss in this age demographic signifies large changes in the composite housing preferences of Colorado Springs and El Paso County. This shift is reflective of the national trend, as the proportion of 35-to-45 residents is decreasing nationwide, and most likely does not reflect this segment of the population migrating elsewhere. However, this does mean that the existing population in these age groups will have different housing needs in the future, and that there may be a surplus of housing types that cater to this age group.

Figure 33 : Growth in Population by Age, 2012



The age of a householder bears strong relation to earning power. Only 5.9% of all households in El Paso County are led by a person under age 25, compared to 37.8% led by those ages 25 to 44, 39.4% led by those ages 45 to 64, and 16.8% led by seniors. The following figure shows the age distribution of householders in Colorado Springs and the rest of the County as well.

Figure 34 : Population by Age, El Paso County, 2012

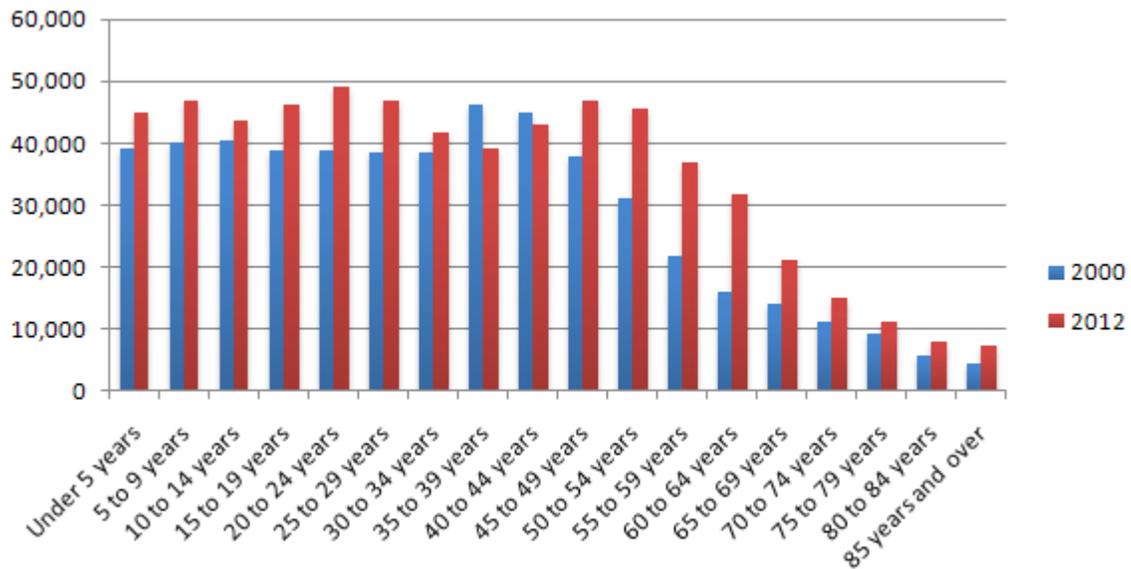


Figure 35 : Population by Age, Colorado Springs, 2012

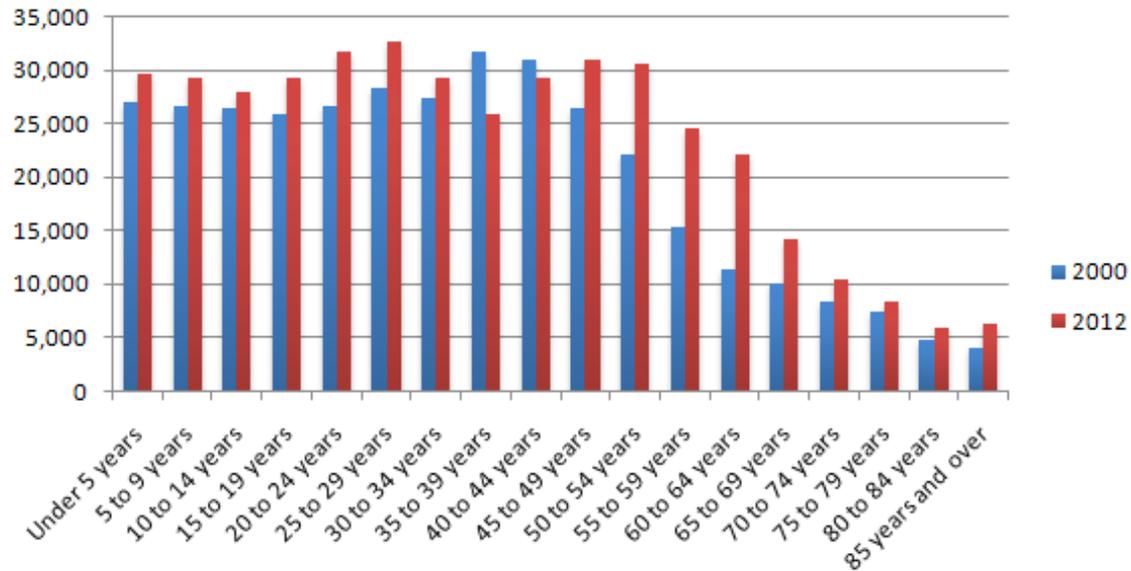
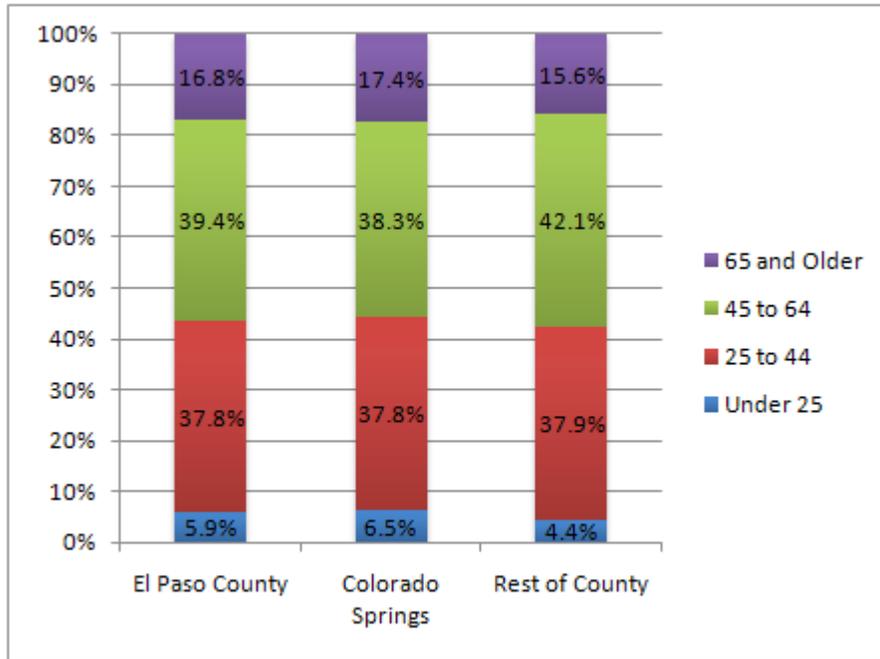


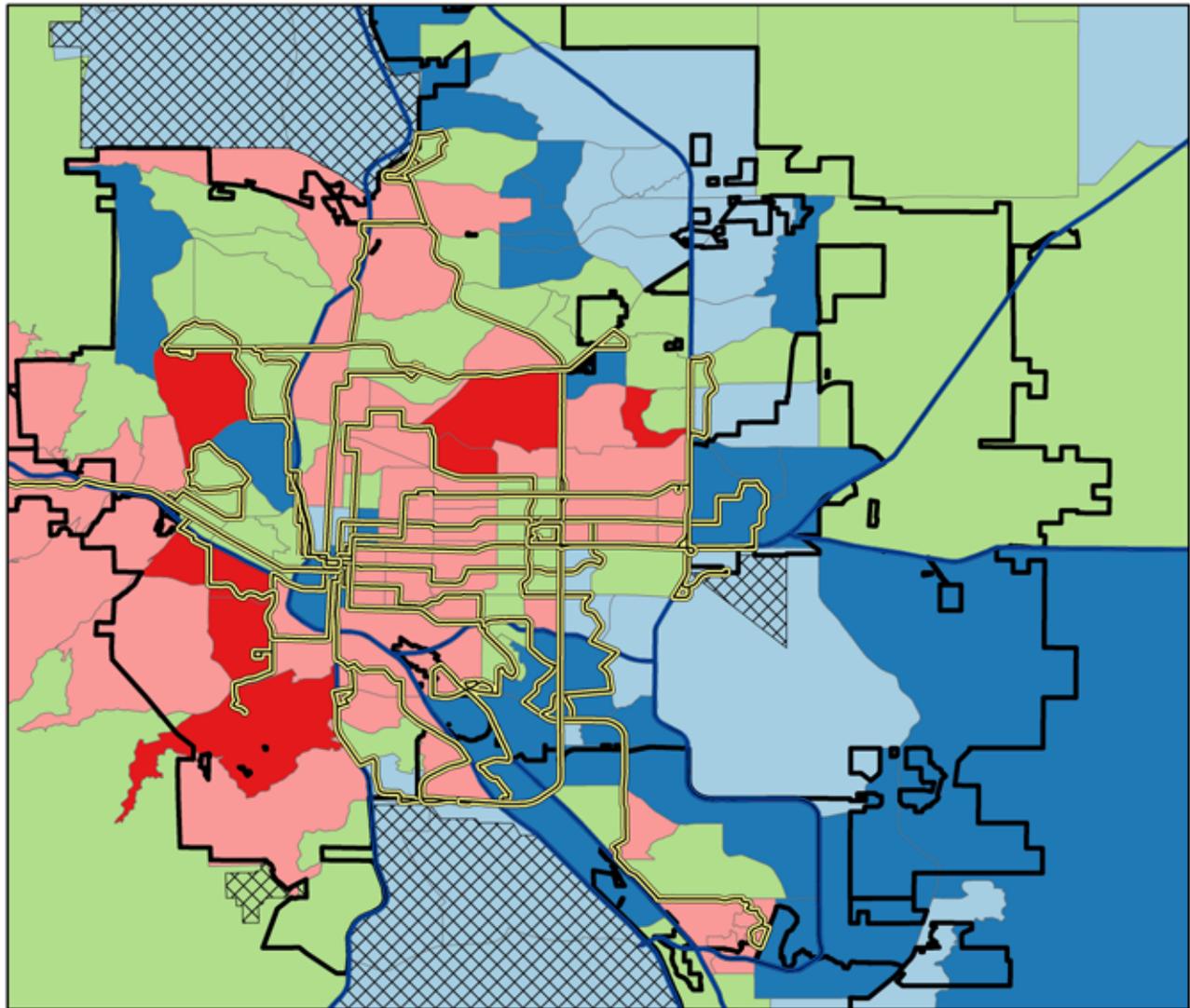
Figure 36 : Age Distribution, 2012



In all three geographies, significant increases were observed in the over-50 population. This trend is especially pronounced in the portion of the County outside of Colorado Springs. Although the State of Colorado has the 4th smallest share of residents over 65 in the Country, Colorado Springs has an older population relative to similar cities in the Southwest. Over 10% of the population is age 65 or older, which is unusual in an area experiencing such rapid growth. The fastest-growing age segment in both Colorado Springs and El Paso County are seniors, and this trend is projected to continue. This observation is in line with stakeholders' perceptions that Colorado Springs is an attractive and popular place to retire, especially amongst former members of the armed forces. The worker-to-retiree ratio in El Paso County, meaning the number of workers generating revenue per one retiree, is projected to decrease from 6.2 in 2010 to 3.1 in 2040.

A 2011 report commissioned by the Innovations in Aging Collaborative found that 48% of the seniors living in El Paso County were concentrated in 15 of the County's 75 census tracts. These tracts were located in the Northeast Colorado Springs, going out towards Briargate, Monument, and Palmer Lake. Another concentration is located in the Southwest part of El Paso County in the Fountain Valley (but not in Fountain) and in and around Stratmoor.

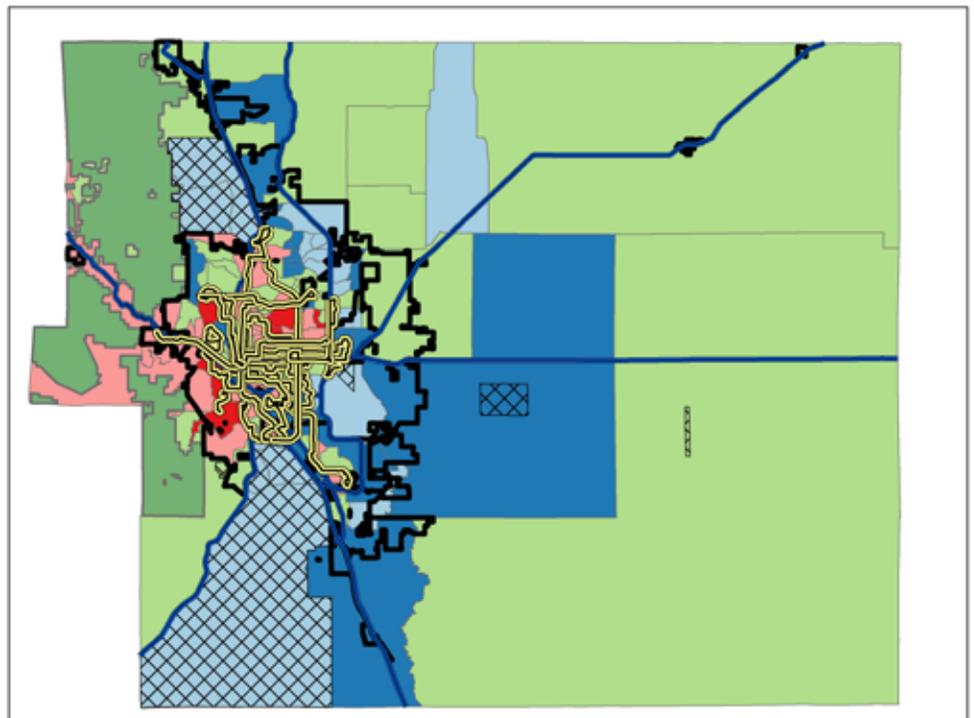
MAP 4:
RESIDENTS AGE 65 AND UP BY CENSUS TRACT, EL PASO COUNTY, 2012



Legend

Percent 65+

- 0% - 4.7%
- 4.7% - 8.6%
- 8.6% - 12.9%
- 12.9% - 19.6%
- 19.6% - 38.2%
- City Boundary
- Military Base Boundary
- National Forest Boundary
- Bus Lines



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

The proportion of seniors in El Paso County and Colorado Springs has a direct impact on affordable housing needs. As the elderly are more likely to face disabilities and require public transportation to medical care, they may require strategically located and specialized housing. A 2010 Quality of Life Indicators Report conducted by the Pikes Peak United Way, underwritten by the Pikes Peak Area Council of Governments and the Area Agency on Aging, found that 62.2% of adults over 60 in Colorado Springs live alone. While the majority of elderly survey respondents felt that the majority of available housing was built to serve their needs, only 39% rated affordability in Colorado Springs as good or excellent. Due to the limited bus service in Colorado Springs—particularly in the Western part of Colorado Springs where many seniors are concentrated—over 71% of the seniors responding to the Quality of Life survey reported using public transportation provided by a non-

profit. This service is provided by one of two non-profit senior transportation providers—Silver Key or Fountain Valley—which provide approximately 57,000 rides to seniors in El Paso County annually. The City’s Metro Mobility ADA Paratransit service provides bus services as well, and includes all corridors within a 3/4 –mile radius of fixed-route bus service. Metro Mobility also provides a taxi option.

As the following figures illustrate, the youngest and oldest households are more heavily represented in the lower income tiers. While lower incomes among senior households may to some extent represent retirement sources such as pensions or public benefits in addition to accumulated wealth, lower incomes among younger households are a more accurate reflection of the resources they have available to address housing costs.

Figure 37 : Income by Age, El Paso County, 2012

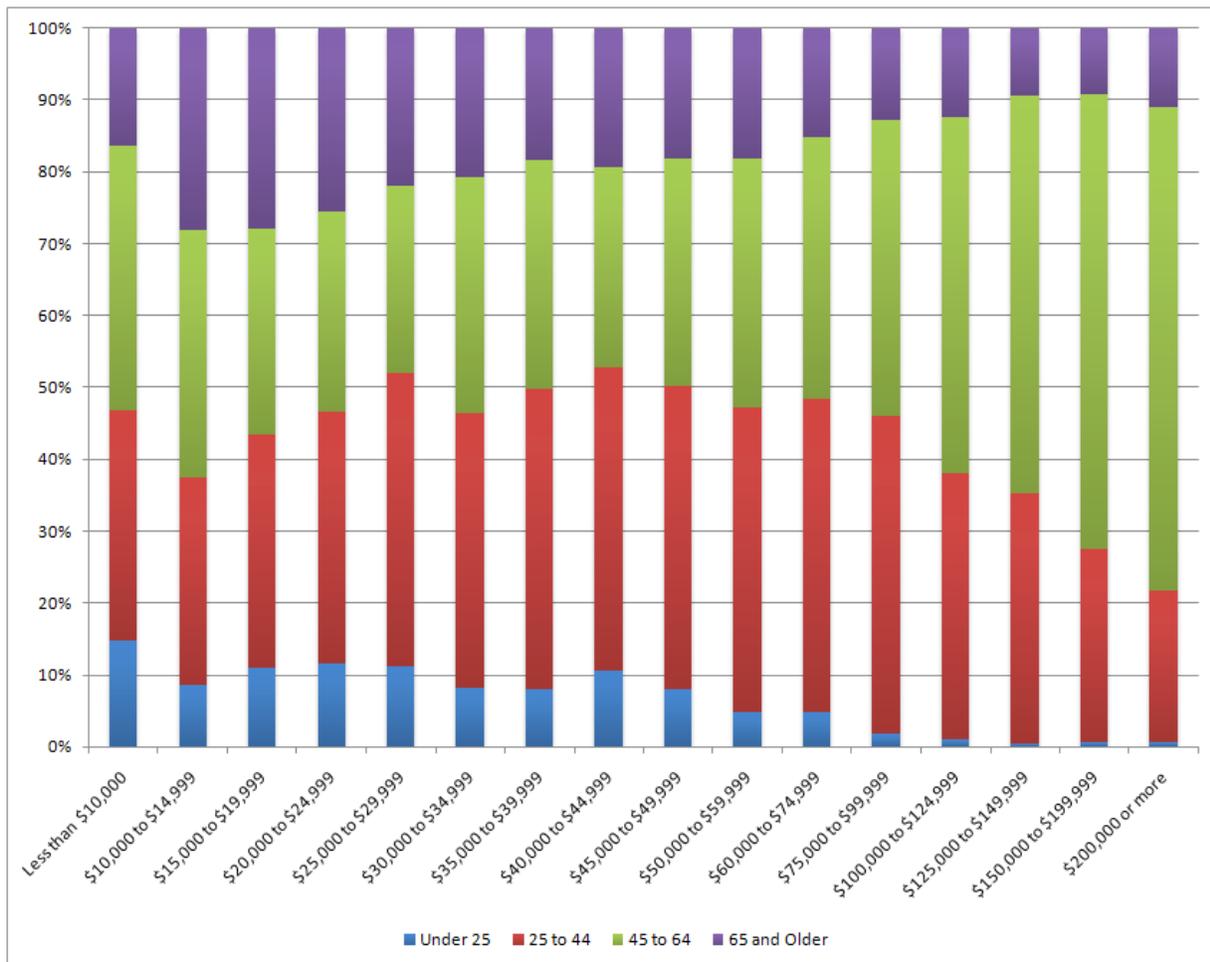


Figure 38 : Income by Age, Colorado Springs, 2012

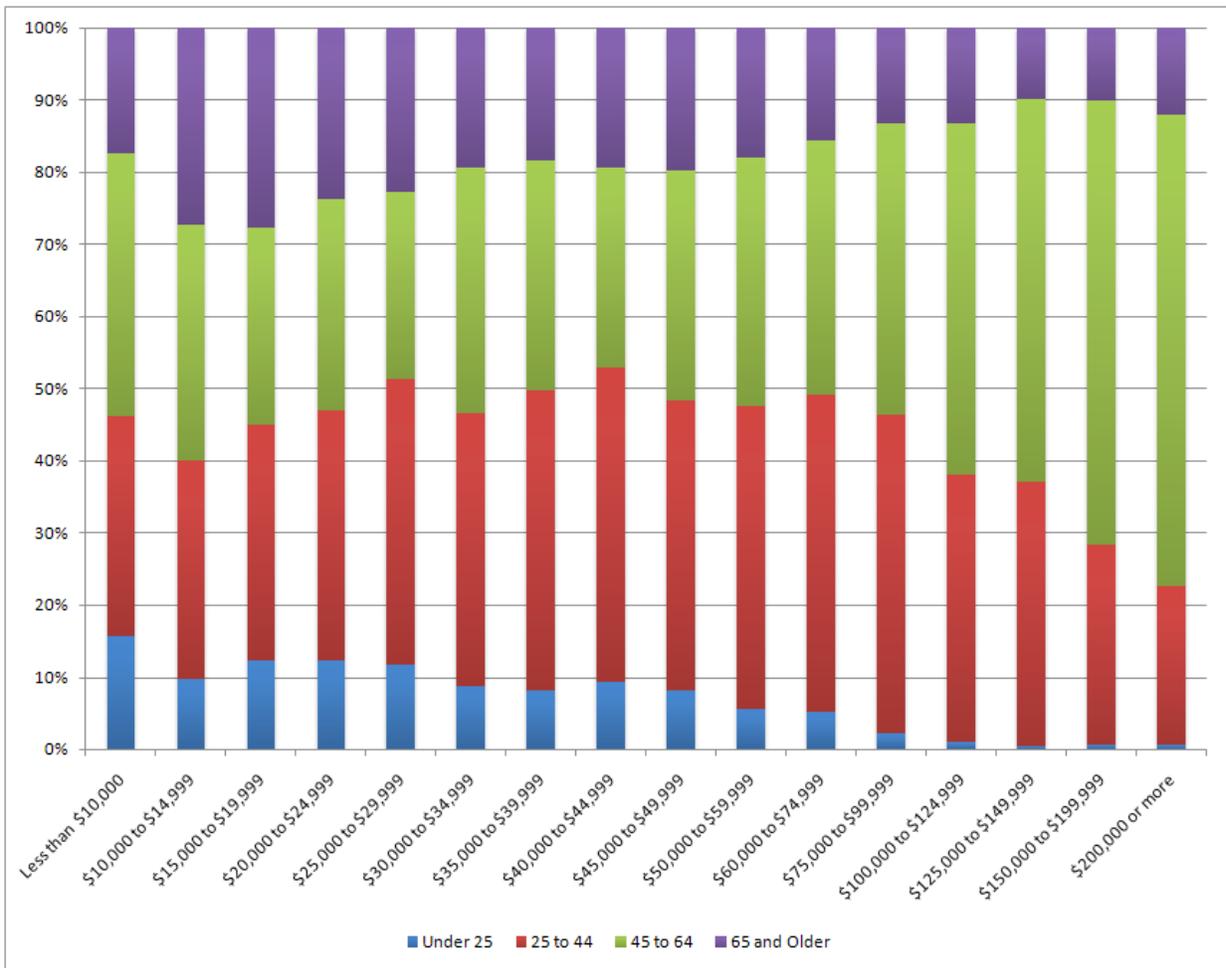
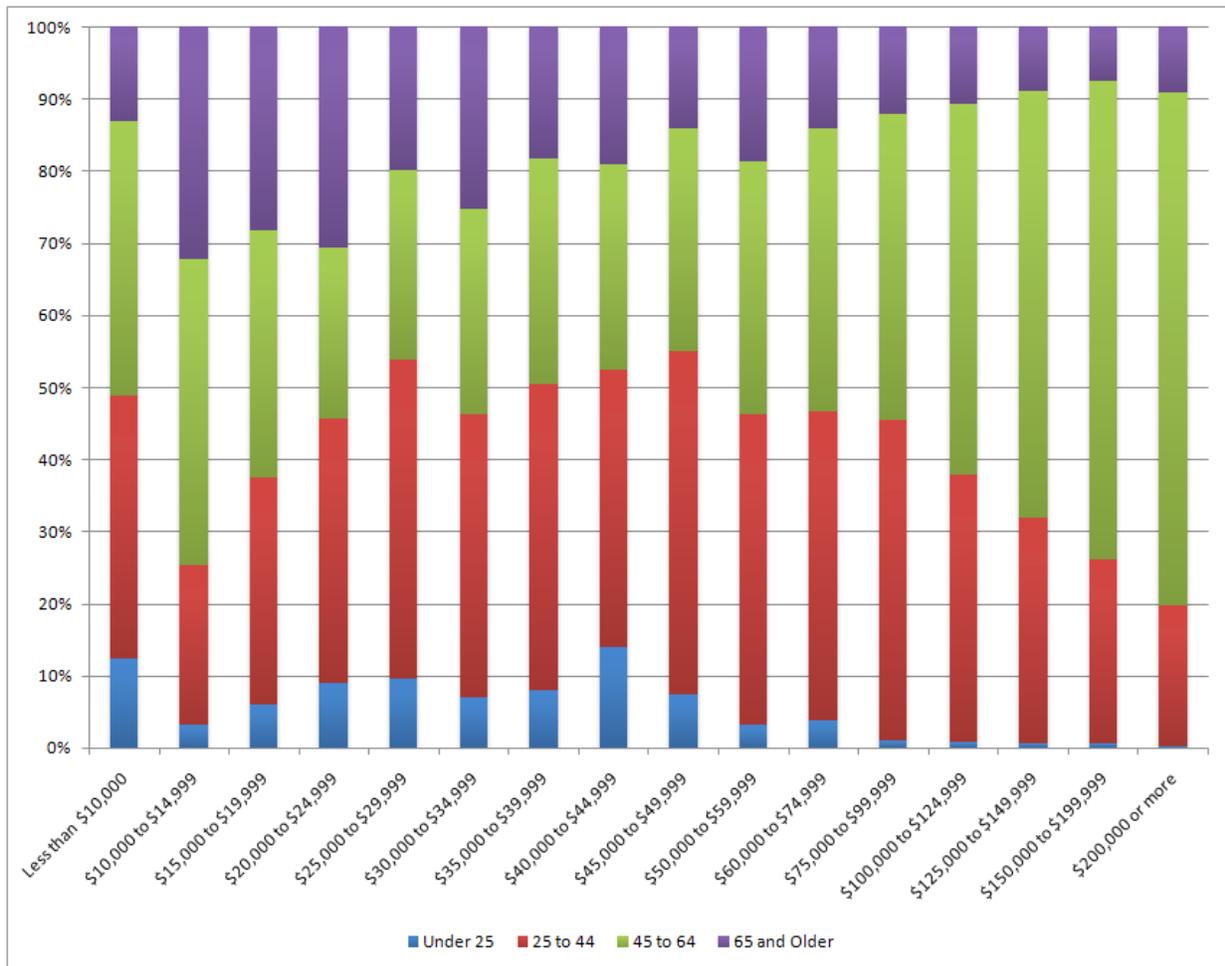


Figure 39 : Income by Age, Balance of County, 2012



Median household income differs by geography as well as by race and age. The highest-income areas are all in the suburban and exurban areas of Colorado Springs. Areas with midrange median household income compose most of the balance of the County and the inner ring of development within Colorado Springs. The lowest-income tracts are clustered in South Colorado Springs, with three tracts encompassing the I-25 corridor going northwards. Areas with low median household incomes are much more clustered than areas of high or midrange median household incomes. This indicates potential concentrations of limited opportunity and housing choice.

Race and Ethnicity

Minorities and non-English speakers are geographically concentrated in southern Colorado Springs, in areas with higher poverty and renter occupancy rates. The most concentrated pockets of poverty are in the City of Fountain.

El Paso County, Colorado Springs, and the rest of the County became slightly less racially diverse between 2000 and 2012. While the White population in the County increased 21.1%, the non-White population increased 17.7%. In Colorado Springs, the non-White population growth approached the rate of growth for Whites (15.4% compared to 15.8%), but outside of the City, the difference was much greater (23.6% increase in non-Whites compared to 33.3%).

Nonetheless, although most of the population growth in the region was in the White population, the small non-White populations still experienced significant growth. Three race categories grew at a faster rate than the White population: Asian, Native Hawaiian and Other Pacific Islander, and Two or More Races (22.9%,

43.9%, and 59.4%, respectively). This trend held true in Colorado Springs and the rest of the County, except for the Asian population in the City, which experienced slower growth than the White population. Only the “Some Other Race” category experienced population decline. One possible explanation for this was identified in a U.S. Census Bureau report that found that over one-third of Hispanics identified as “Some Other Race” in the 2010 Census, but after efforts to separate Hispanic ethnicity from race, some of these Hispanics may have switched their self-reported racial designation in the 2000 Census.¹

The Two or More Races category also tends to correlate with people of Hispanic ethnicity, which the Census reports independently of race. This group grew by 35,436 (60.7%) in the County between 2000 and 2012, from a population share of 11.3% to 15.1%. This represented over one-third (33.5%) of the population growth in the County. In Colorado Springs, increases in the Hispanic population represented 43.7% of total population growth. People of Hispanic ethnicity represent the County’s largest minority group by far.

¹ Rios, Merarys, Fabian Romero, and Roberto Ramirez. “Race Reporting Among Hispanics: 2010.” U.S. Census Bureau: Population Division. Working Paper No. 102, March 2014.

Figure 40 : Race and Ethnicity, El Paso County, 2000 and 2012

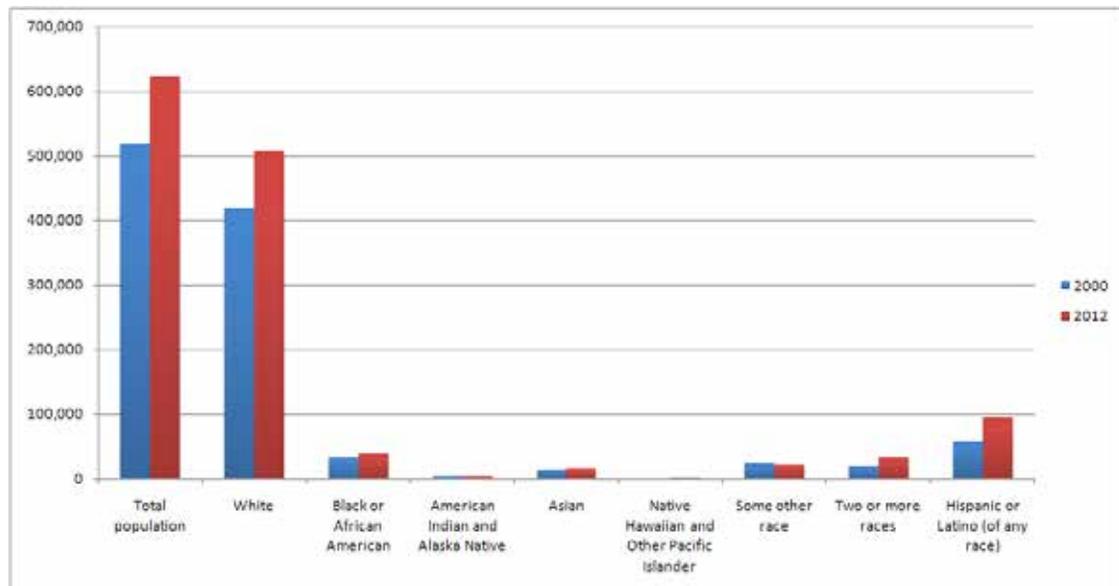


Figure 41 : Race and Ethnicity, Colorado Springs, 2000 and 2012

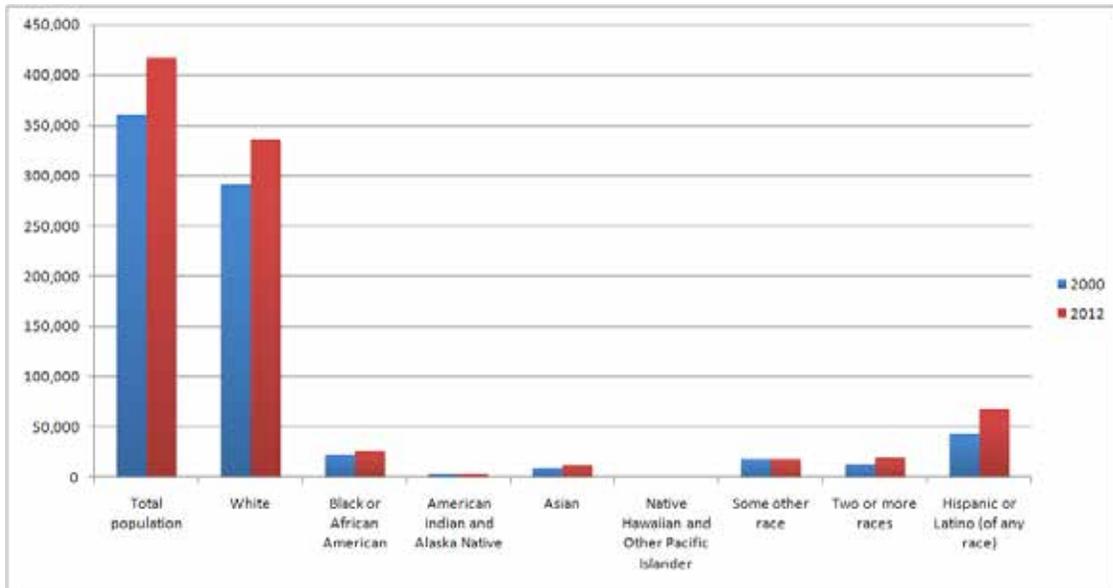
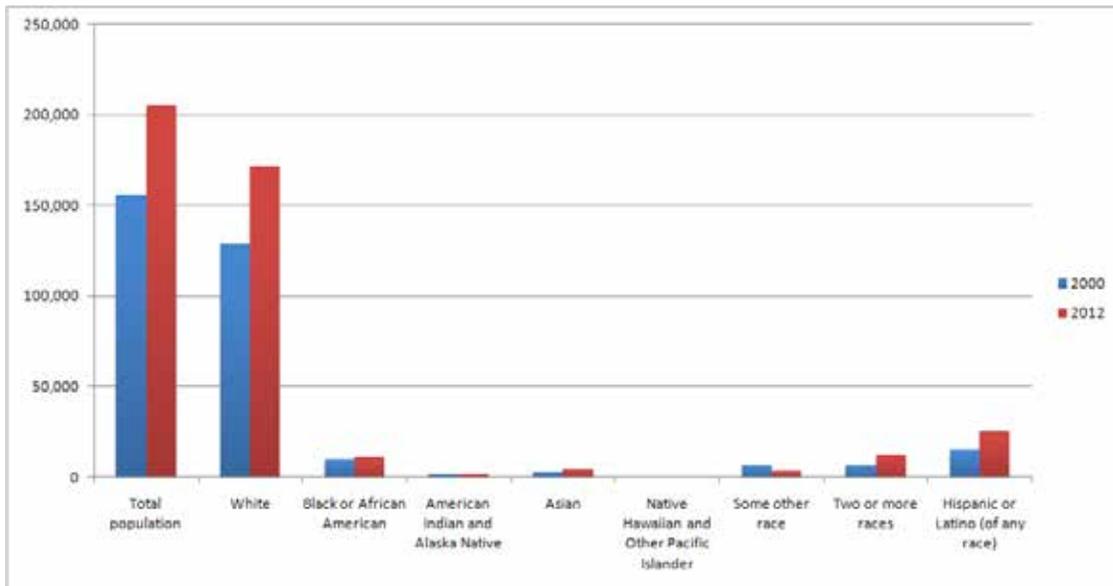


Figure 42 : Race and Ethnicity, Balance of County, 2000 and 2012

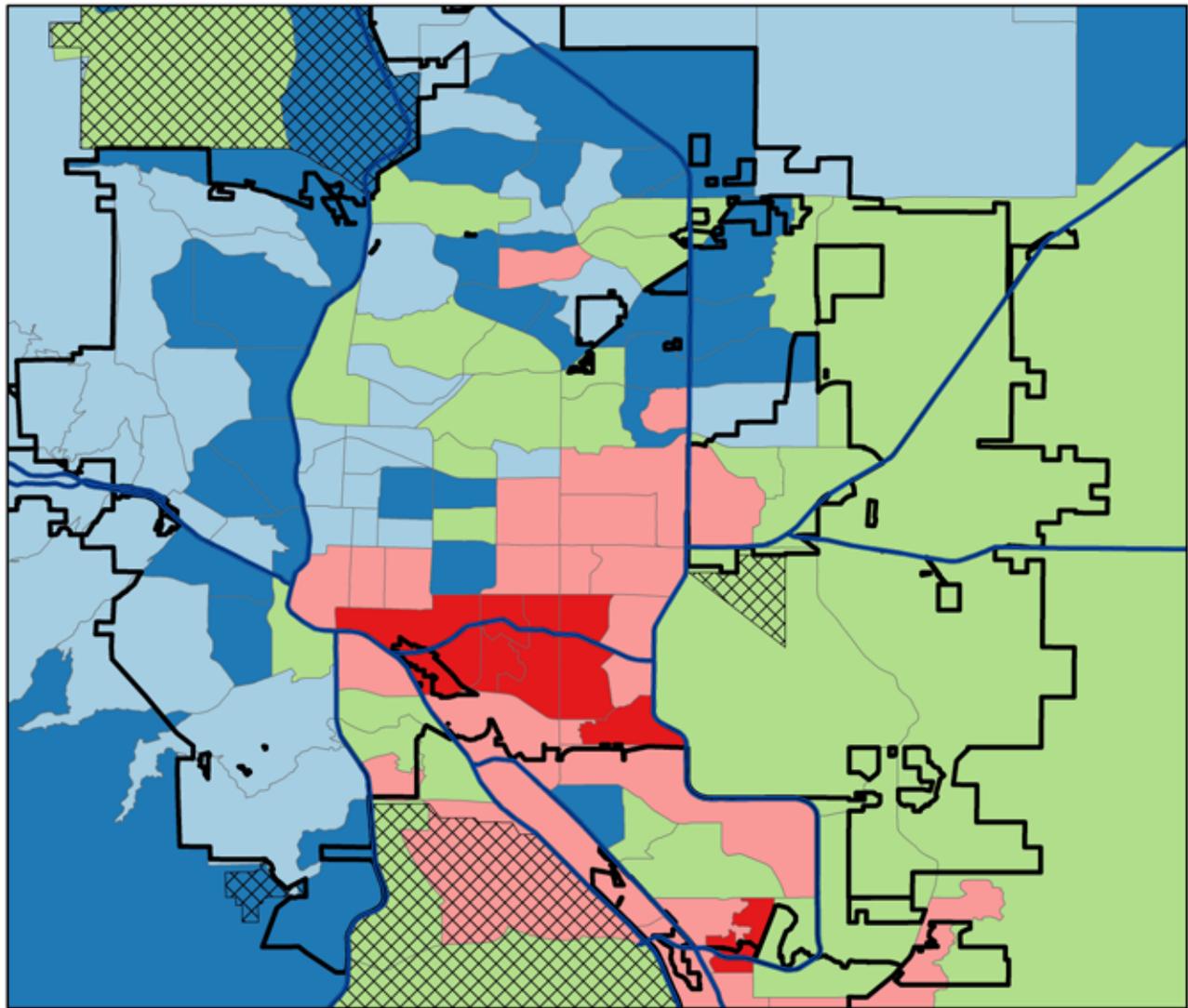


Minorities were not evenly distributed throughout the study area. Blacks were heavily concentrated in South Colorado Springs, despite earning only slightly less than Whites on average. Hispanics were also heavily concentrated in South Colorado Springs. There was a high level of correlation between areas of Black concentration and areas of Hispanic concentration. The highest concentration of Blacks in a census tract was 25% compared to a 49.9% concentration of Hispanics. North-Central El Paso County had an outlier concentration of Blacks and Hispanics, corresponding to the Census-designated places of Peyton and Black Forest. However, for the most part minorities were concentrated in the southern Fountain Valley area of El Paso County.

Figure 43 : Race and Ethnicity in El Paso County, 2012

	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some Other Race	Two or More Races	Hispanic or Latino**
Air Force Academy CDP, Colorado	5,893	306	42	121	27	0.00%	370	506
	86.50%	4.50%	0.60%	1.80%	0.40%	0	5.40%	7.40%
Black Forest CDP, Colorado	12,808	78	78	221	0	0	319	647
	94.10%	0.60%	0.60%	1.60%	0.00%	0.00%	2.30%	4.80%
Calhan town, Colorado	984	0	0	0	0	0	14	27
	98.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.40%	2.70%
Cascade-Chipita Park CDP, Colorado	1,126	11	0	0	0	8	112	81
	84.60%	0.80%	0.00%	0.00%	0.00%	0.60%	8.40%	6.10%
Cimarron Hills CDP, Colorado	12,313	960	142	251	180	0	1,739	2,097
	78.10%	6.10%	0.90%	1.60%	1.10%	0.00%	11.00%	13.30%
Colorado Springs city, Colorado	336,964	26,986	3,200	11,556	1,119	619	19,951	68,073
	80.70%	6.50%	0.80%	2.80%	0.30%	0.10%	4.80%	16.30%
Ellicott CDP, Colorado	959	0	0	0	0	0	0	204
	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	21.30%
Fort Carson CDP, Colorado	10,451	1,318	258	281	33	0	1,276	2,199
	74.30%	9.40%	1.80%	2.00%	0.20%	0.00%	9.10%	15.60%
Fountain city, Colorado	19,475	2,845	250	628	170	30	1,828	4,102
	76.10%	11.10%	1.00%	2.50%	0.70%	0.10%	7.10%	16.00%
Gleneagle CDP, Colorado	6,352	164	41	144	0	0	159	294
	92.30%	2.40%	0.60%	2.10%	0.00%	0.00%	2.30%	4.30%
Green Mountain Falls town, Colorado	620	8	8	12	0	0	69	50
	85.40%	1.10%	1.10%	1.70%	0.00%	0.00%	9.50%	6.90%
Manitou Springs city, Colorado	4,819	41	65	31	0	57	38	253
	95.40%	0.80%	1.30%	0.60%	0.00%	1.10%	0.80%	5.00%
Palmer Lake town, Colorado	2,231	0	14	0	0	0	113	154
	92.00%	0.00%	0.60%	0.00%	0.00%	0.00%	4.70%	6.30%
Peyton CDP, Colorado	76	0	0	0	0	0	27	0
	73.80%	0.00%	0.00%	0.00%	0.00%	0.00%	26.20%	0.00%
Ramah town, Colorado	68	0	0	0	0	0	0	9
	94.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	12.50%
Rock Creek Park CDP, Colorado	38	0	0	0	0	0	0	0
	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Security-Widefield CDP, Colorado	24,383	2,566	213	1,287	262	38	2,421	6,769
	75.90%	8.00%	0.70%	4.00%	0.80%	0.10%	7.50%	21.10%
Stratmoor CDP, Colorado	5,376	522	87	90	5	20	922	1,621
	71.40%	6.90%	1.20%	1.20%	0.10%	0.30%	12.30%	21.50%
Woodmoor CDP, Colorado	7,858	49	24	273	0	0	346	377
	90.90%	0.60%	0.30%	3.20%	0.00%	0.00%	4.00%	4.40%

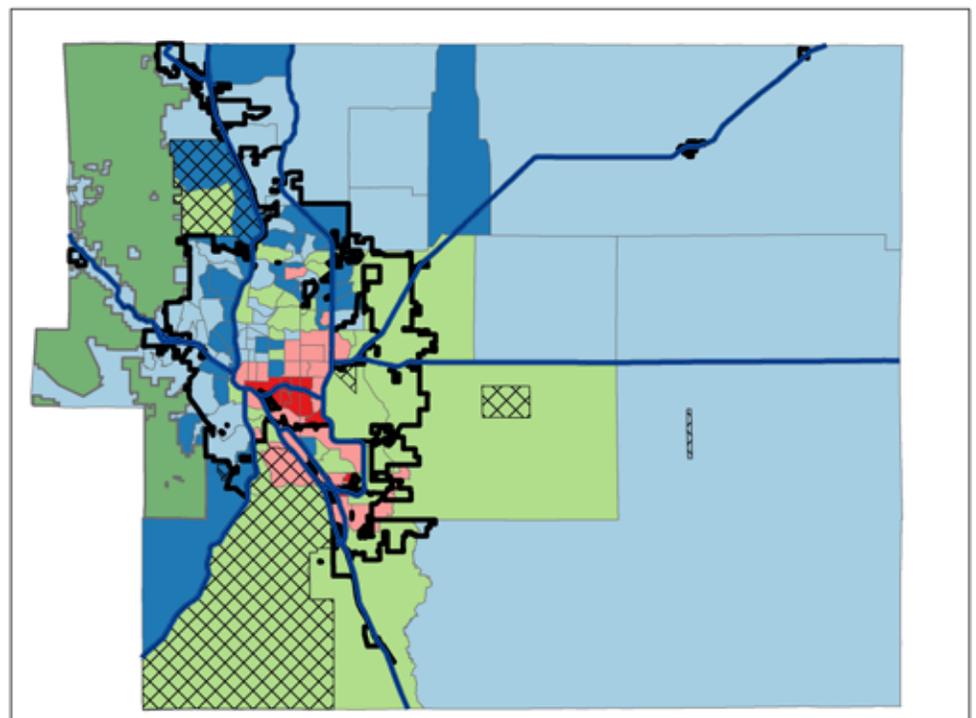
MAP 5:
BLACK CONCENTRATION BY CENSUS TRACT, EL PASO COUNTY, 2012



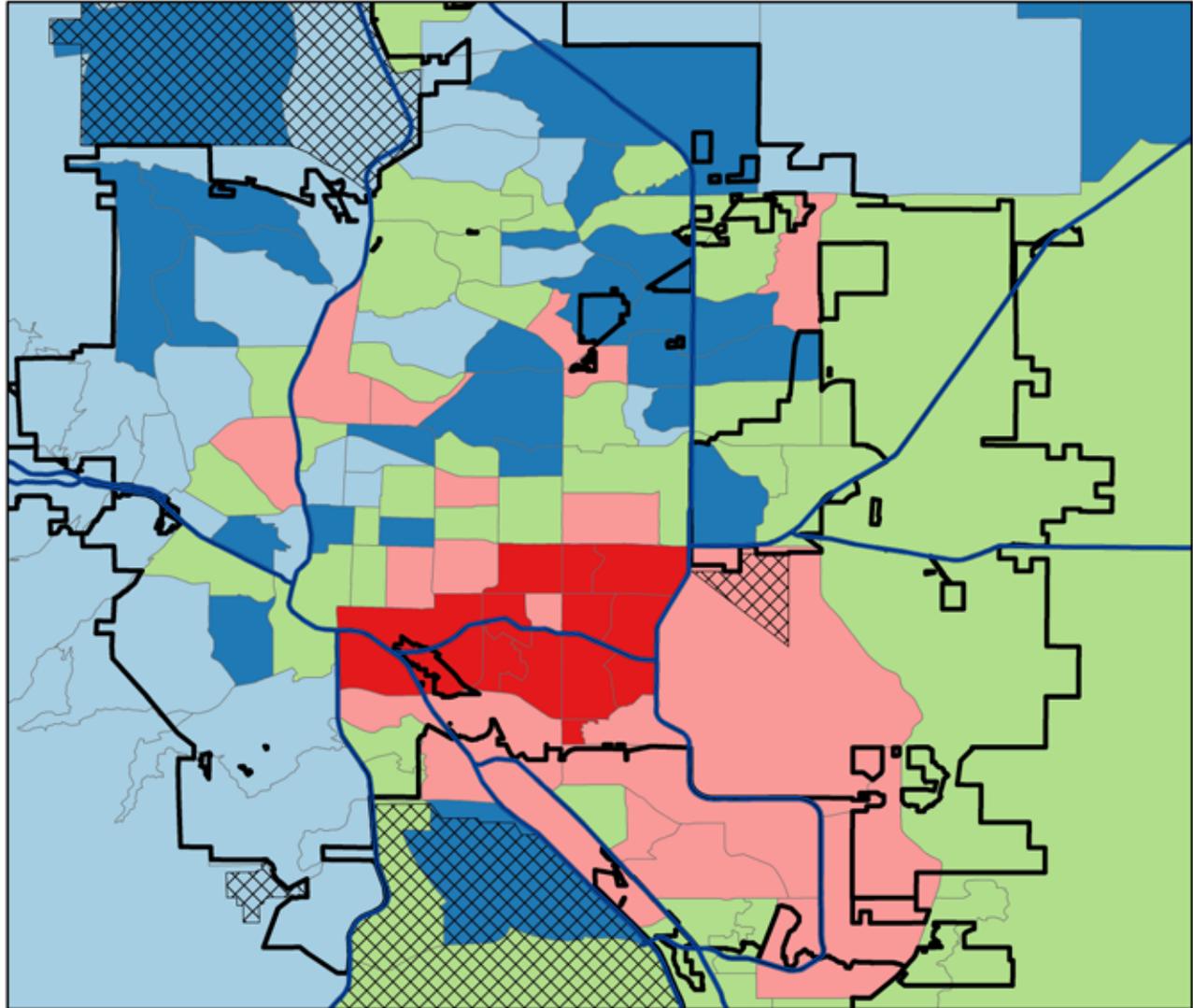
Legend

Percent Black

-  0% - 1.9%
-  1.9% - 4.6%
-  4.6% - 8.4%
-  8.4% - 13.2%
-  13.2% - 25.0%
-  City Boundary
-  Military Base Boundary
-  National Forest Boundary



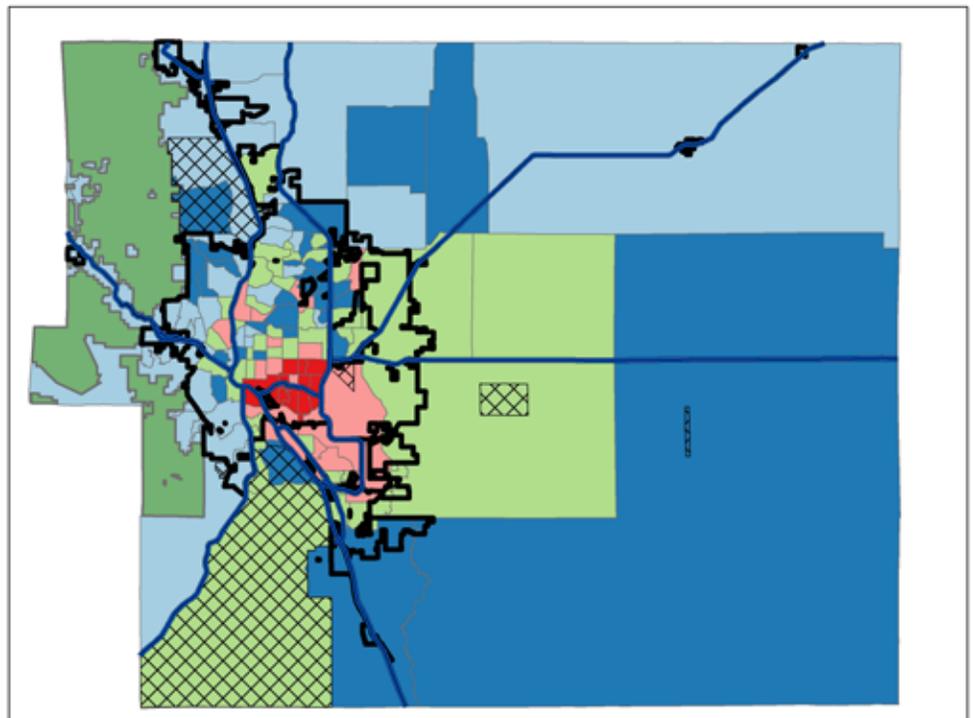
MAP 6:
HISPANIC CONCENTRATION BY CENSUS TRACT, EL PASO COUNTY, 2012



Legend

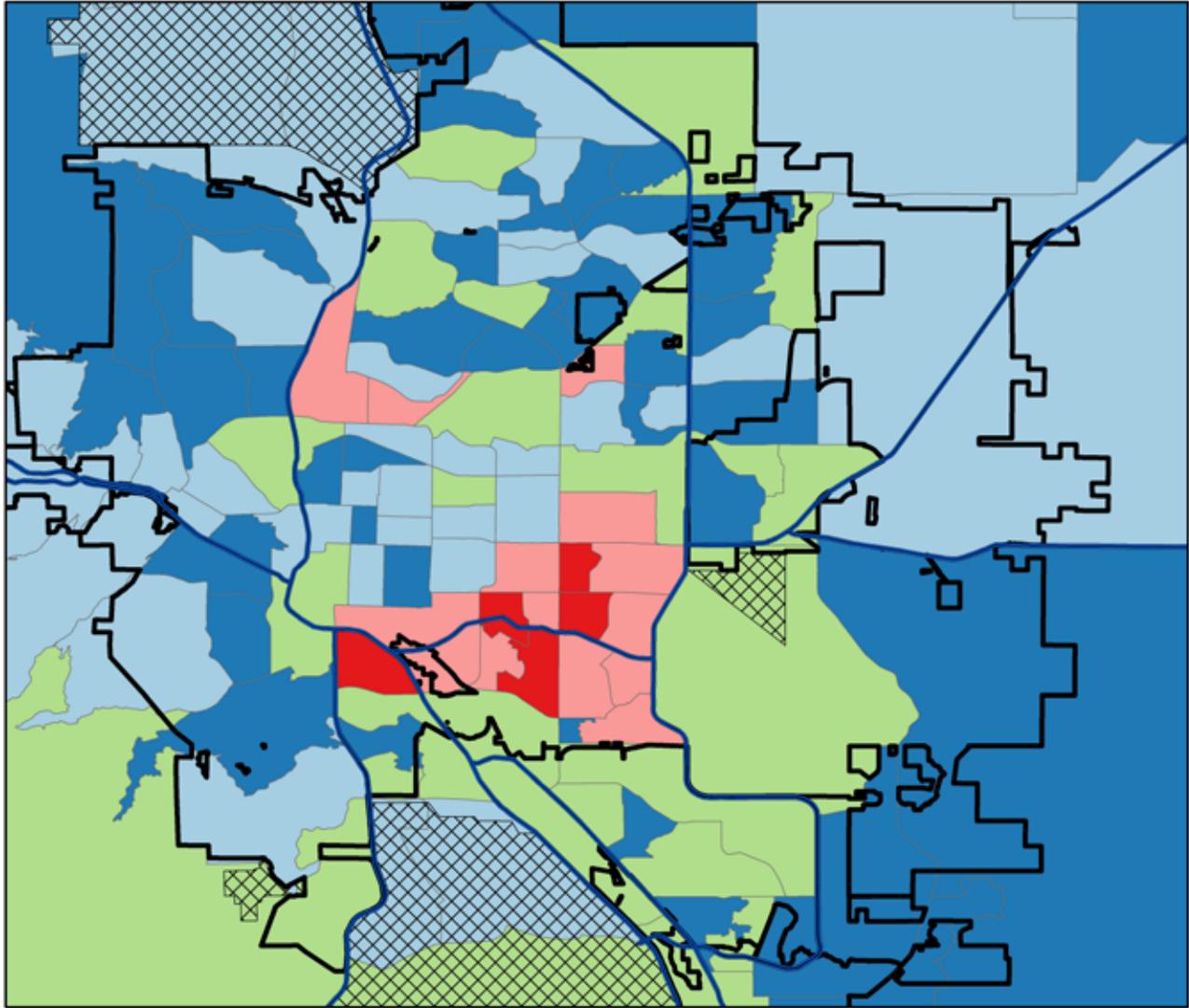
Percent Hispanic

-  2.2% - 6.6%
-  6.6% - 11.8%
-  11.8% - 18.1%
-  18.1% - 29.2%
-  29.2% - 49.9%
-  City Boundary
-  Military Base Boundary
-  National Forest Boundary



Housing strategies targeted towards geographic areas with high proportions of immigrant populations often require special attention to social and cultural differences. Assessing the language spoken at home, a self-reported variable in the American Community Survey, can serve as a rough proxy for cultural attachment. Most residents of both Colorado Springs and El Paso County spoke English at home, with Colorado Springs having relatively higher proportions of limited English proficiency (LEP) households within the balance of El Paso County. The second most common language spoken other than English was Spanish. Surprisingly, the third most common language spoken at home was German. However, most German-speakers also spoke English fluently. The most commonly spoken languages at home amongst LEP households was Spanish, followed by Korean. These households are clustered in South Colorado Springs and, to a lesser extent, in the Fountain Valley. From an affordable housing advocacy perspective, special attention should be given to native Spanish-speakers and native Korean-speakers.

MAP 7:
HOUSEHOLDS SPEAKING NON-ENGLISH LANGUAGES AT HOME, 2012

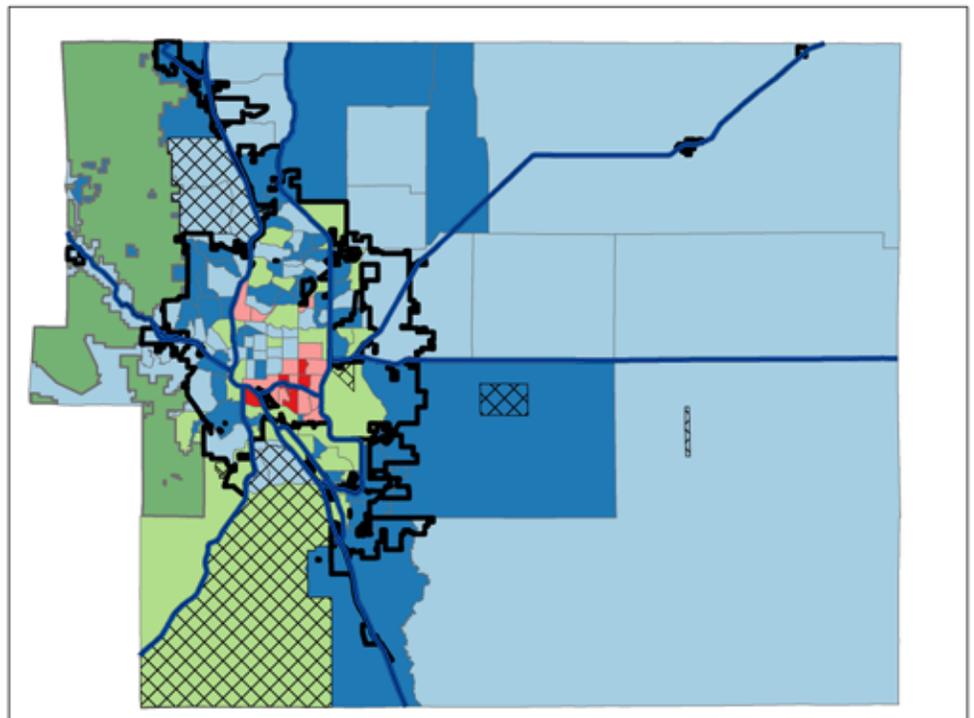


Legend

Percentage

- 0% - 1.6%
- 1.6% - 3.7%
- 3.7% - 6.8%
- 6.8% - 12.9%
- 12.9% - 19.5%

- City Boundary
- Military Base Boundary
- National Forest Boundary



Tenure by Race

Rates of homeownership often vary widely by race. This is partly due to longstanding institutional barriers to homeownership faced by minorities at the national and regional level as well as lower average net incomes and less collateral with which to obtain mortgages. In El Paso County, the rate of homeownership amongst Whites is over 21% higher than the rate amongst Blacks, and about 20% higher than the rate amongst Hispanics. This suggests that the barriers to homeownership are higher for Black, Hispanic, Multi-Racial, and other non-classified races compared to Whites.

Interestingly, Asians in El Paso County, who have homeownership rates and household incomes similar to Whites, have homeownership rates similar to that of

Blacks and Hispanics. This suggests that either Asians may be facing challenges similar to the ones Blacks and Hispanics face regarding homeownership, or that the relatively small Asian population in El Paso County is more transient than other demographics, or both. It may also be the case that, due to cultural differences, Asian households are more likely to be multi-generational. Research from the US Census Bureau conducted in 2011 found that areas with large Asian and Hispanic populations were more likely to have high levels of multi-generational housing.¹ This would partially explain the low homeownership rates in both of these categories.

¹ US Census Bureau. "Multigenerational Households 2009-2011: ACS Briefs". 2011. <http://www.census.gov/prod/2012pubs/acsbr11-03.pdf>

Figure 44 : Tenure by Race and Ethnicity, 2012

	Owner	Renter
White	67.04%	32.96%
Black	46.00%	54.00%
Asian	47.05%	52.95%
Native American	68.83%	31.17%
Hawaiian/Pacific Islander	61.72%	38.28%
Some Other Race	42.64%	57.36%
Two or More Races	51.40%	48.60%
Non-Hispanic or Latino	68.70%	31.30%
Hispanic or Latino	47.30%	52.70%

Source: ACS 2012

Poverty by Race

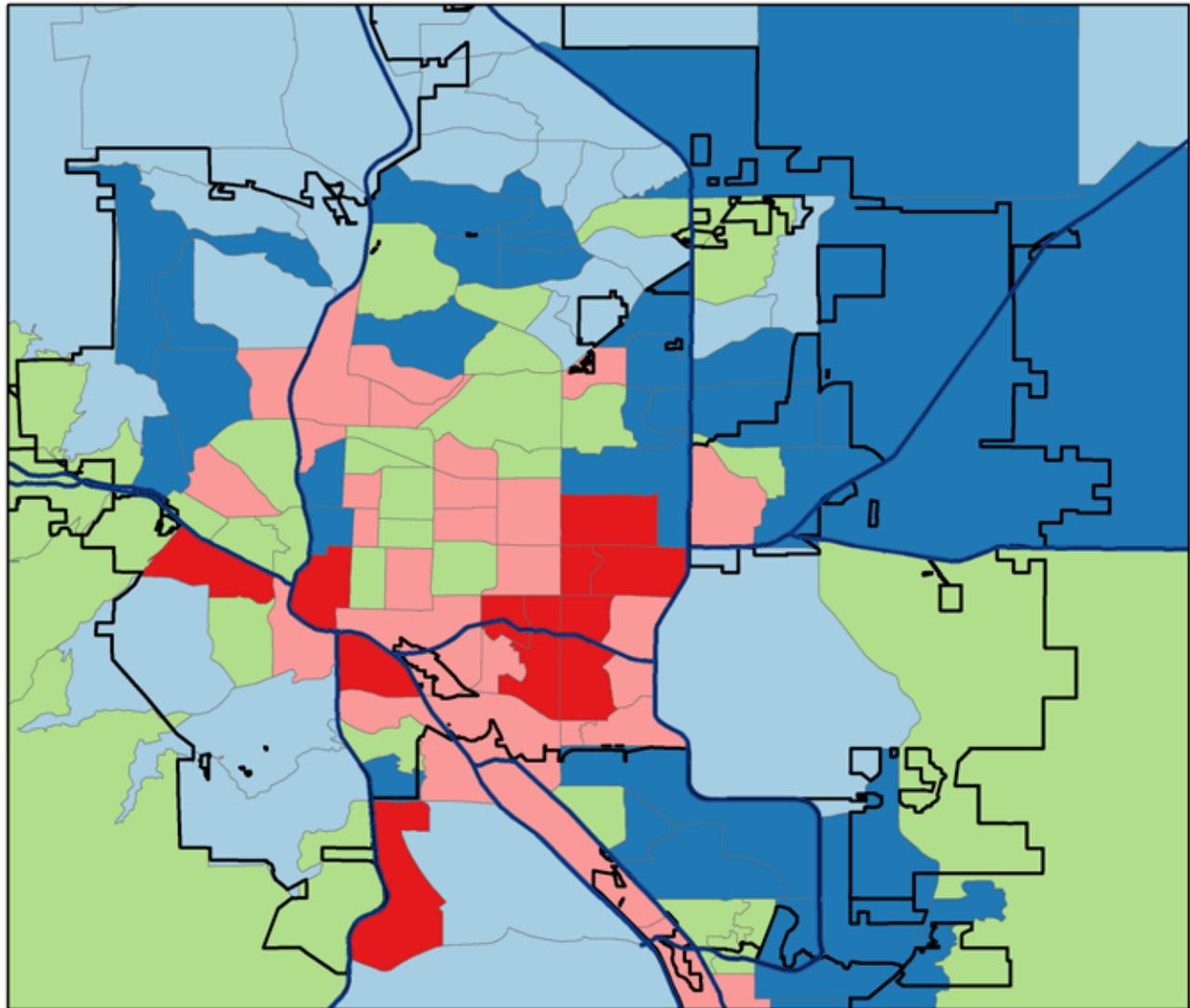
Minorities have disproportionately high poverty rates. Most households living in poverty are the working poor and are geographically concentrated.

Persons below the poverty line are most in need of affordable housing and social assistance. The federal poverty line in 2012—the year of the most recent ACS data—was \$11,170 for an individual and \$23,050 for a household of four. For 2014, it has increased to \$11,670 for an individual and \$23,850 for a household of four. In El Paso County, there were 75,363 persons living below the poverty line. Most of these people were living in Colorado Springs. Within Colorado Springs, most people living below the poverty line were concentrated in three contiguous areas. The largest area was in Southeastern Colorado Springs. Of the two other poverty concentrations, one was in South Colorado Springs along the I-25 corridor and the third was a single tract in Western Colorado Springs.

While there is significant poverty in rural Southwestern El Paso County, the low population counts of these census tracts make the following map inherently misleading. However, the poverty in rural El Paso County is likely to be amongst a very different socioeconomic group compared to the characteristics of residents in Colorado Springs that are below the poverty line. There are also many seniors and many cost-burdened individuals in the high-poverty part of rural Southeastern El Paso County, suggesting a demand for low-income senior housing.

Within El Paso County, poverty is concentrated within the South and Southeast sections of Colorado Springs. Within the balance of the County, the highest concentrations of poverty are within the City of Fountain. Much of rural Southeastern El Paso County also suffers from high poverty rates, although the large geographic area shown on the map is inherently misleading due to the low population of these tracts. Areas of low poverty concentration are in North and Northeast Colorado Springs and the rural mountainous areas of the County.

MAP 8:
PERCENTAGE OF HOUSEHOLDS BELOW POVERTY LINE, 2012

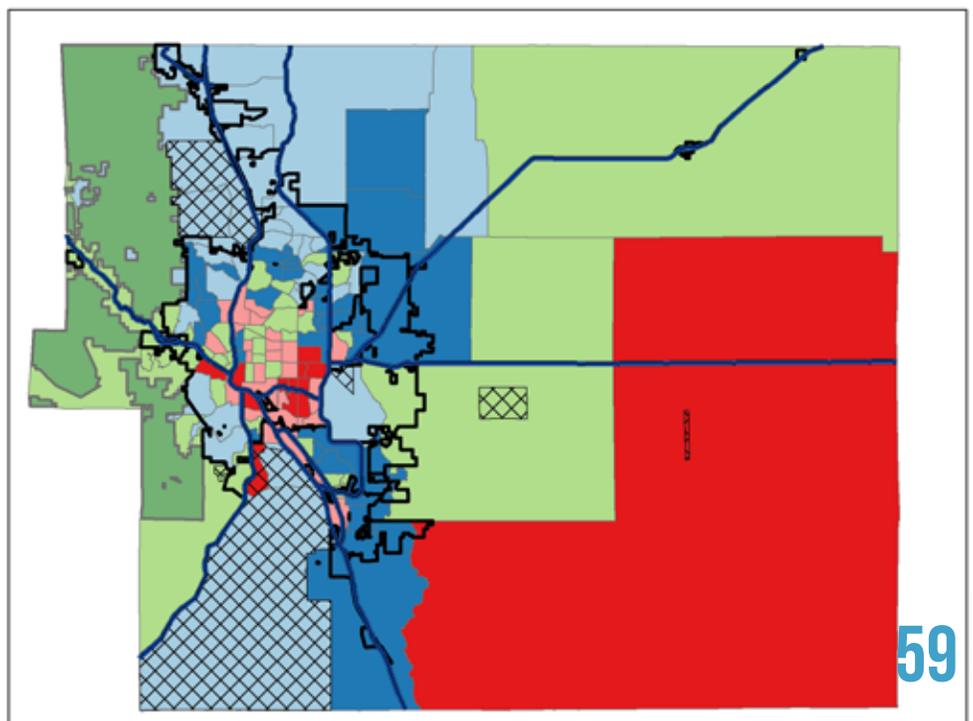


Legend

Poverty Rate

- 0% - 6.4%
- 6.4% - 12.5%
- 12.5% - 21.3%
- 21.3% - 34.7%
- 34.7% - 65.2%

- Military Base Boundary
- National Forest Boundary
- City Boundary



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

Poverty is not distributed amongst racial or ethnic groups equally. Whites in El Paso County represent 81.7% of the total population, but only 74.4% of the population living below the poverty line. All minority groups are affected disproportionately by poverty compared to their representation in the general population. The proportion of Black persons living in poverty is nearly double their proportion in the general population, accounting for the largest discrepancy. Comparing individuals by ethnicity shows that individuals of Hispanic or Latino ethnicity (the only ethnicity reported in the

Census) represent 15% of the general population, but 32.5% of the population below the poverty line. Thus, persons of Hispanic ethnicity are more than twice as likely as non-Hispanic persons to be living below the poverty line. This is a concern from both an affordable housing perspective and a fair housing perspective, because minorities are most in need of affordable housing and more likely to be discriminated against by landlords or lending institutions (see the analysis of HMDA data in later sections for more information).

Figure 45 : Population by Race, El Paso County, 2012

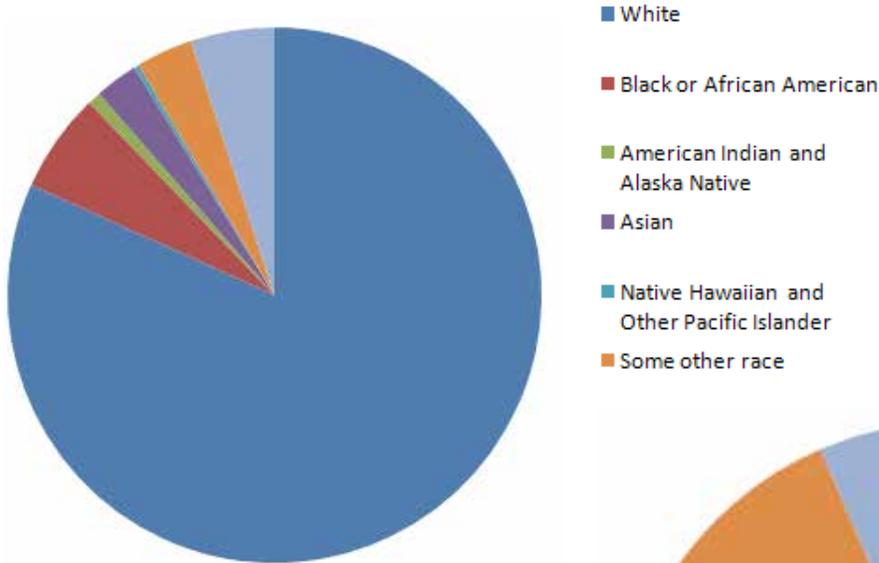


Figure 46 : Persons in Poverty by Race, El Paso County, 2012

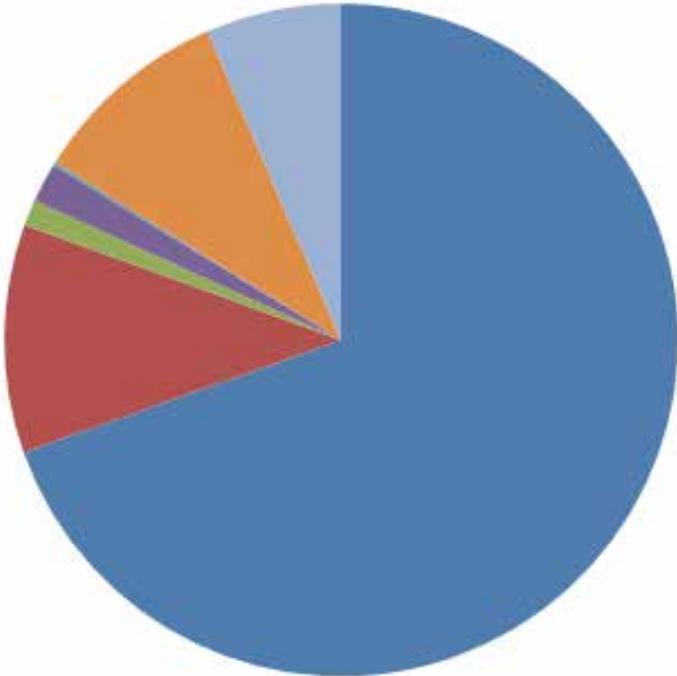


Figure 47 : Population by Ethnicity, El Paso County, 2012

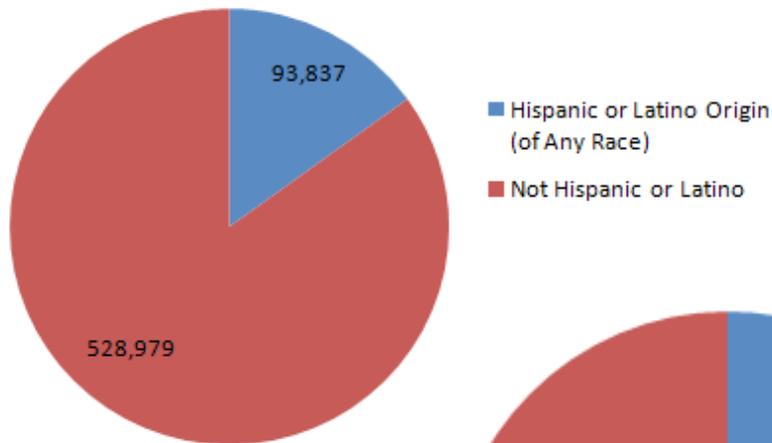
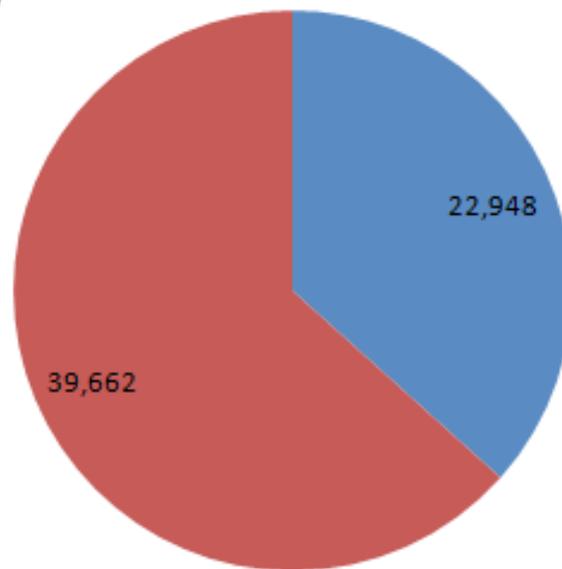


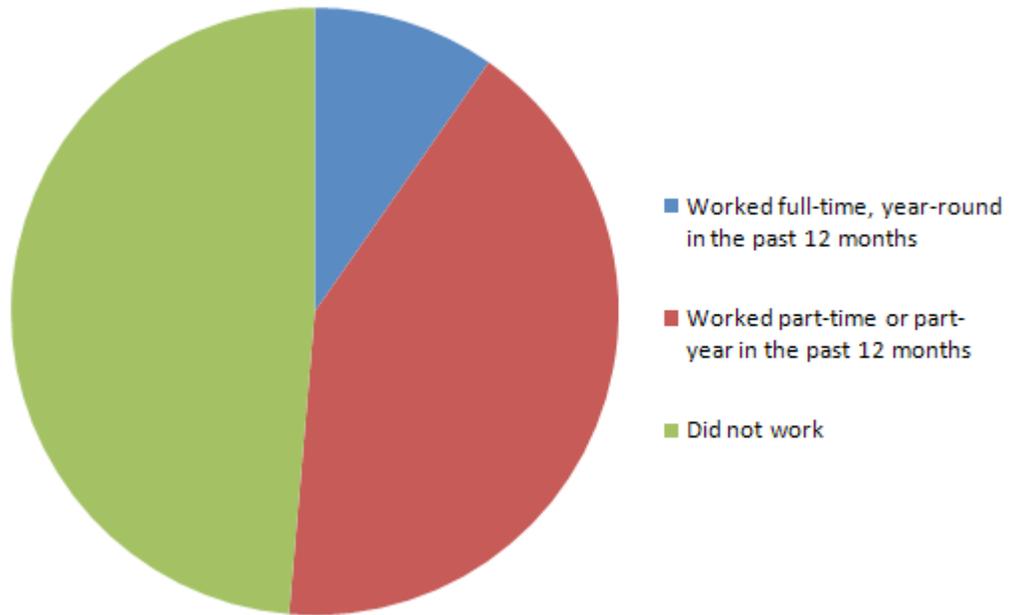
Figure 48 : Persons in Poverty by Ethnicity, El Paso County, 2012



Contrary to popular perceptions of poverty, many people living in poverty are either currently working or were working recently. Among persons living in poverty, 51.3% had worked either full-time or part-time within the past 12 months. This confirms the opinion expressed during stakeholder interviews that most poor residents of El Paso County and Colorado Springs are working poor, who are often unable to find full-time work and must instead piece together two or three

part-time jobs. The proportion of persons below the poverty line who did not work does not take into account senior citizens and other retired individuals. Taking into account that many extremely low-income individuals are senior citizens, the number of working-age persons who are living in poverty but not working is likely to be significantly lower than the 48.6% reported in this table for the general population.

Figure 49 : Persons below the Poverty Line by Employment History, El Paso County, 2012



Household Size

Shrinking household size means that more housing units will be required in the future

In addition to population change, household change is related to household size as socioeconomic trends affect living arrangements. For instance, economic constraints can promote multi-generational living, while greater prosperity tends to promote more rapid household creation. Between 2000 and 2012, the average household size in El Paso County fell from 2.61 people to 2.58. In Colorado Springs, average household size fell from 2.50 to 2.48 in the same time period. This represents the continuation of national trends attributed to changing cultural factors (wealth, mobility, the delay of marriage, increase longevity, a departure from traditional family structures). The rise of single-parent and non-family households has important implications for housing, as these household types rely on a single income to cover housing costs.

In El Paso County and Colorado Springs, the average size of both family and non-family households is projected to decrease between 2014 and 2019. Among non-family households in the County, projections show the number of 1-person

households increasing from a share of 81.18% of all non-family households in 2010 to a share of 86.55% in 2019. In Colorado Springs, the same is expected (81.36% to 86.92%). Among family households, 2- and 3-person households are expected to increase their share. In 2010, 2-person households comprised 41.68% of all family households in the County and 3-person households made up 23.13%. Each of these categories are expected to increase around 0.5%. Interestingly, 5- and 6-person households are also expected to increase slightly (9.44% to 9.49% and 3.69% to 3.89%, respectively). These projections may represent an increasingly ethnically diverse population and an increase in the senior population. The projected trends in family households also hold true in Colorado Springs.

Homeowners tend to have larger households (an average of 2.66 people in the County and 2.58 in Colorado Springs in 2012) than renters (2.45 in the County and 2.32 in Colorado Springs). Differences also exist naturally among different subpopulations, with higher averages among some racial and ethnic minorities and lower averages for elderly households. The following figures illustrate household size by tenure in the entire County, the City, and the rest of the County.

Figure 50 : Household Size by Tenure, El Paso County, 2012

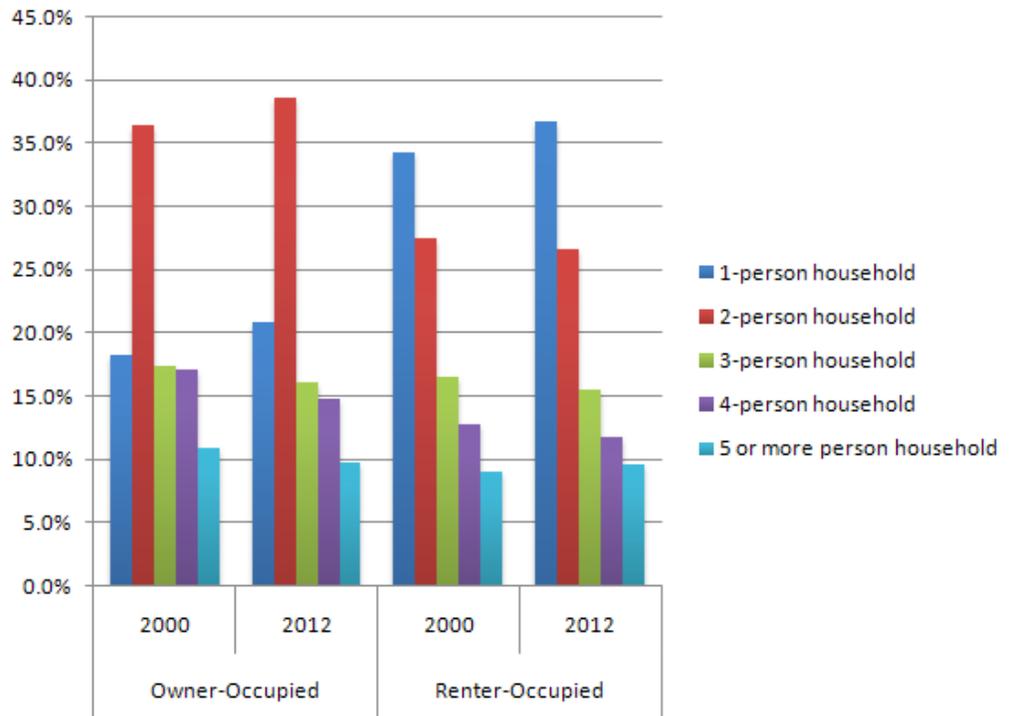


Figure 51 : Household Size by Tenure, Colorado Springs, 2012

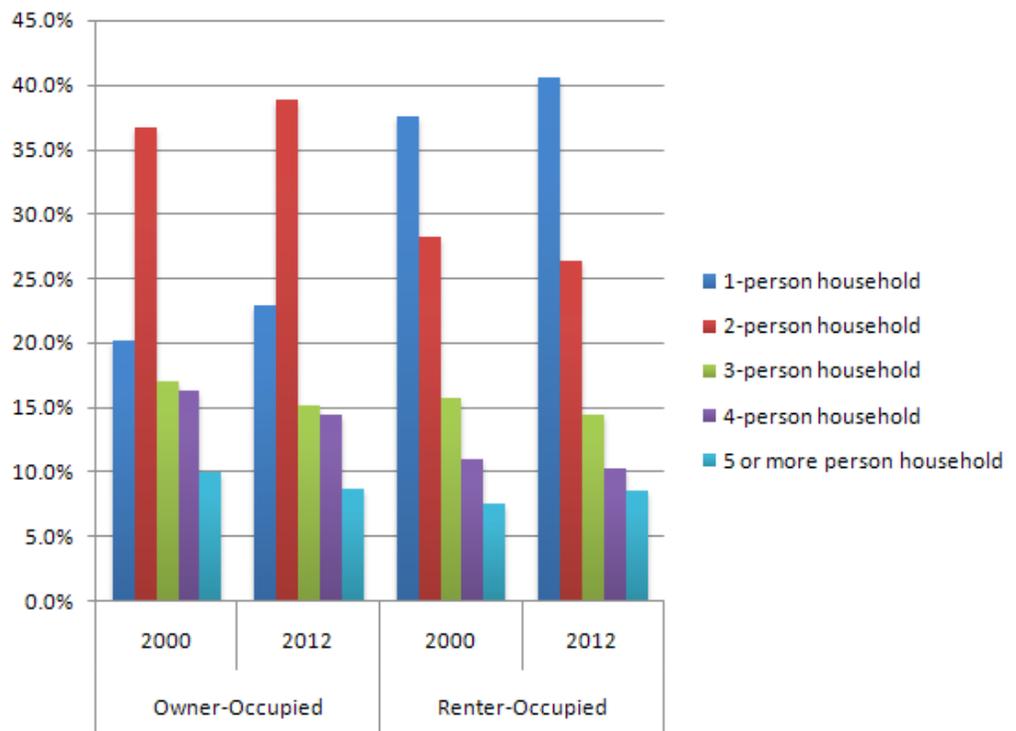
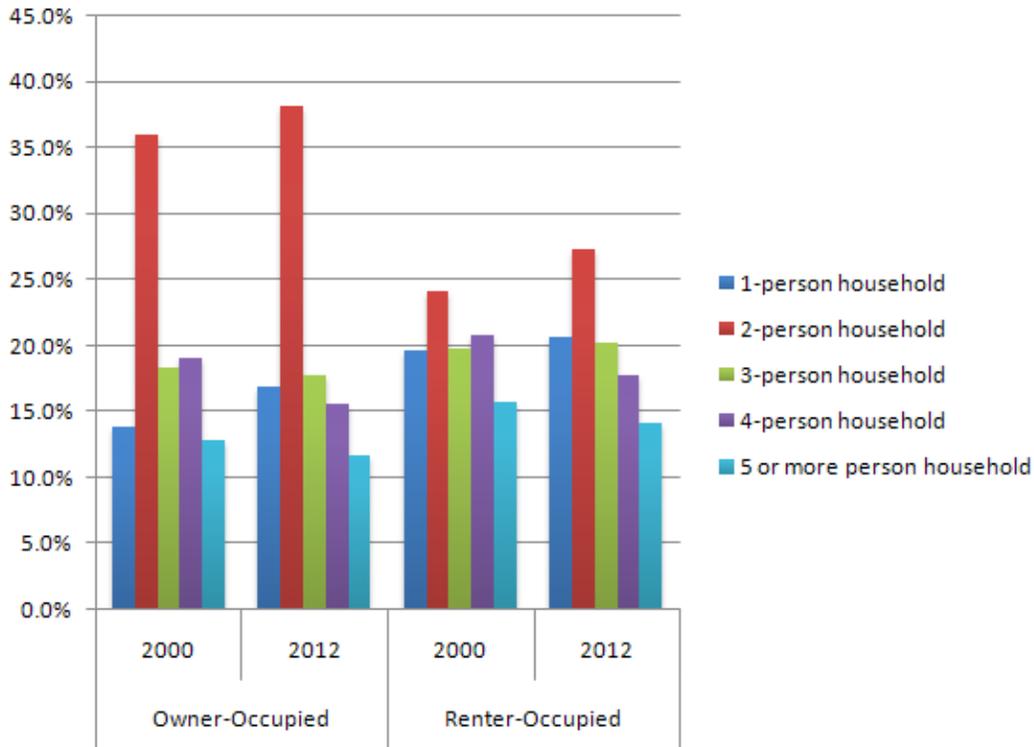


Figure 52 : Household Size by Tenure, Balance of County, 2012



Household Type

Non-traditional households are becoming more common in the region. These households will have different housing needs.

Across the County in 2012, 67.8% of the 234,058 total households were family households, defined as two or more people living together who are related by birth, marriage, or adoption. In Colorado Springs, 63.3% were family households. About half of all households were married couples (52.8% in the County and 47.9% in Colorado Springs), under half of which had children under 18 (44.6% in the County, 43.8% in the City, and 46.0% in the rest of the County). About one in 10 households were headed by a single female, 65% of which had children under 18. Fewer than 4% of all households were headed by a single male. Of these, 58% had children. The remaining 32.2% of households in the County (36.7% in Colorado Springs and 21.3% in the rest of the County) were classified as non-family, consisting of people living alone or with unrelated partners or roommates. The majority of non-family households (between 81% and 84% in the three geographies) were comprised of householders living alone.

Household composition has shifted Countywide since 2000. As a share of total households, married-couple families declined from 55.6% to 52.8%, while families headed by a single person increased from 13.9% to 15.1%. At the same time, non-family households climbed from 58,580 in 2000, representing 30.4% of all households, to 75,311, accounting for 32.2%. This is also consistent with national trends. In 2012, 35.5% of all households in the country were non-family, an increase from 34% in 2000. Contributing factors include the aging of the population, as widowed spouses become non-family households, and the delay of marriage among younger people.

Figure 53 : Household Type, El Paso County, 2012

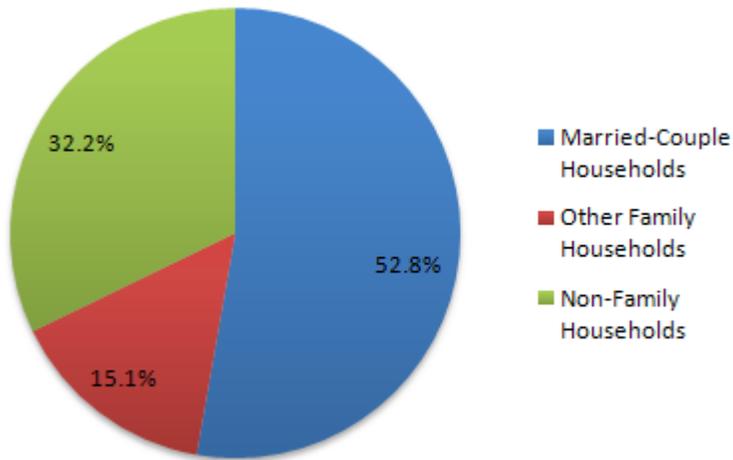


Figure 54 : Household Type, Colorado Springs, 2012

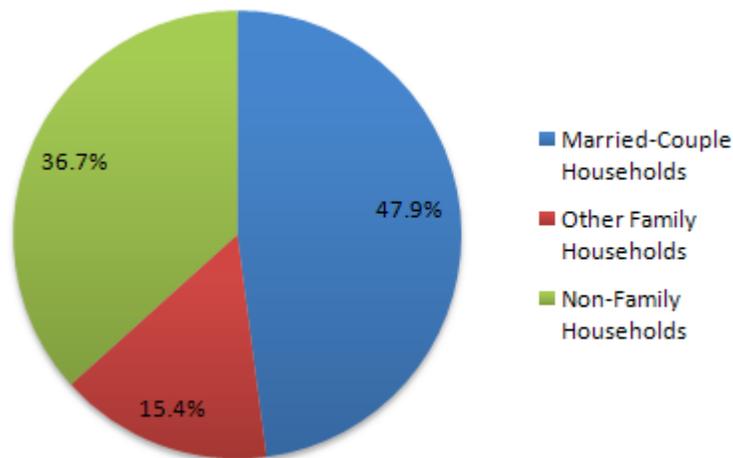


Figure 55 : Household Type, Balance of County, 2012

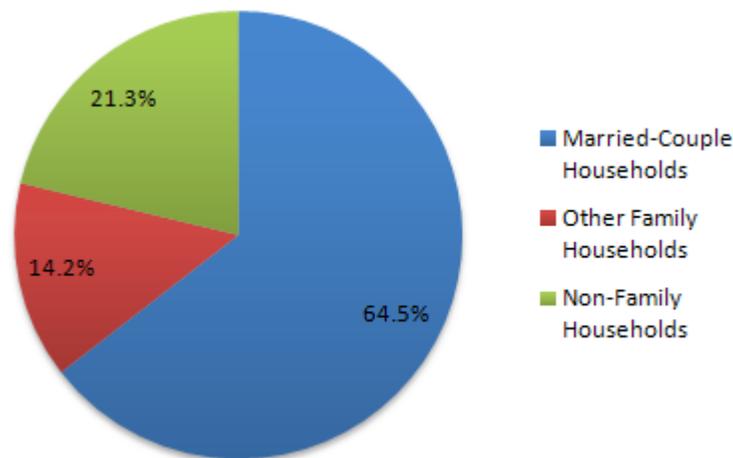


Figure 56 : Household Type in El Paso County, 2012

	Married-Couple Family	Other Family Household	Nonfamily households
Air Force Academy CDP, Colorado	344 75.30%	80 17.50%	33 7.20%
Black Forest CDP, Colorado	3,684 78.40%	371 7.90%	644 13.70%
Calhan town, Colorado	198 57.60%	46 13.30%	100 29.10%
Cascade-Chipita Park CDP, Colorado	313 55.90%	74 13.20%	173 30.90%
Cimarron Hills CDP, Colorado	2,969 49.30%	1,157 19.20%	1,895 31.50%
Colorado Springs city, Colorado	79,512 47.90%	25,568 15.50%	60,812 36.70%
Ellicott CDP, Colorado	208 69.30%	43 14.30%	49 16.30%
Fort Carson CDP, Colorado	2,149 79.10%	452 16.60%	117 4.30%
Fountain city, Colorado	5,079 57.80%	1,864 21.20%	1,851 21.00%
Gleneagle CDP, Colorado	1,753 73.30%	166 7.00%	472 19.70%
Green Mountain Falls town, Colorado	120 33.20%	38 10.60%	203 56.20%
Manitou Springs city, Colorado	1,174 47.60%	241 9.80%	1,049 42.60%
Monument town, Colorado	1,235 71.90%	296 17.30%	187 10.90%
Palmer Lake town, Colorado	579 55.10%	96 9.10%	375 35.70%
Peyton CDP, Colorado	27 100.00%	0 0.00%	0 0.00%
Ramah town, Colorado	20 58.80%	3 8.80%	11 32.40%
Rock Creek Park CDP, Colorado	19 100.00%	0 0.00%	0 0.00%
Security-Widefield CDP, Colorado	6,985 63.00%	1,795 16.20%	2,316 20.90%
Stratmoor CDP, Colorado	846 35.50%	697 29.30%	837 35.20%
Woodmoor CDP, Colorado	2,381 81.10%	187 6.30%	368 12.50%

Place of Birth

In 2012, almost six in 10 El Paso County residents were born in a different state. Outside of Colorado Springs, 61.6% of residents were born in the United States outside of Colorado. Within the City, the portion was slightly lower at 56.6%.

In 2012, 44,620 County residents (7.2%) were foreign-born. A larger portion of foreign-born residents live in Colorado Springs than outside of City limits (8.1% to 5.4%). More than half (50.5%) were naturalized citizens. This compares to 46.6% within the City and 62.2% in the rest of the County. The non-native population is more predominantly working age than the native population, with 57.0% of residents between 25 and 54, compared to only 40.9% of natives. However, the median age of foreign-born residents is significantly higher than native residents (42.3 compared to 33.0). The median age of foreign-born, naturalized citizens was 49.8.

About one-third (35.6%) of the foreign-born population is Hispanic, compared to 15.1% of the general population. Foreign-born Hispanic residents were less likely to be naturalized citizens. Hispanic residents represented half of the foreign-born population that are not U.S. citizens. The average family size for non-natives, at 3.49, was higher than the 3.11 overall

average, reflecting larger families and more common multi-generational living arrangements among this group. Almost one in 10 (9.1%) foreign-born households lived in overcrowded conditions, defined as more than one occupant per total rooms in a home, compared to 1.6% of native-born households.

The foreign-born population skews lower in education than the native population, with one in four persons lacking a high school diploma. This compares to only 4.8% of the native-born population without the same. Attainment among the County's foreign-born population is lower at all educational levels, with smaller proportions having achieved post-secondary degrees. About two in five (38.0%) has limited English proficiency.

In 2012, El Paso County's foreign-born workers were more likely to be employed in the service occupations than native workers (29.1% compared to 17.1%), among which lower wages are common. Median individual earnings among naturalized and non-naturalized males and females were all lower than the median earnings of native-born workers. Foreign-born households were also more likely to have more than one wage-earner than native-born households, with 1.28 average workers per household compared to 1.22.

Migration

Migrants drive population growth and housing demand. The people coming to the region tend to be more educated than the general population.

The ACS tracks the location of each household one year prior, which allows for analysis of each jurisdiction's new residents and the locations from which they came. In 2012, 77.8% of El Paso County residents reported having stayed in the same home for the last 12 months, while 12.2% changed addresses within the same county, and an additional 1.8% moved within the state. Of the 8.1% of residents who were new to the County that year, 84.1% moved from a different state, while the remaining 15.9% emigrated from a different country. The following figures show the same trends in Colorado Springs and outside of the City.

Figure 57 : Migration Patterns, 2012

		Population 1 Year and Over	
		#	%
El Paso County, Colorado	Total	613,956	100%
	Moved within last year; within same county	74,903	12.20%
	Moved within last year; from different county, same state	11,051	1.80%
	Moved within last year; from different state	42,363	6.90%
	Moved within last year; from abroad	7,981	1.30%
	Total	411,678	100%
Colorado Springs	Moved within last year; within same county	58,870	14.30%
	Moved within last year; from different county, same state	7,822	1.90%
	Moved within last year; from different state	26,347	6.40%
	Moved within last year; from abroad	4,940	1.20%
	Total	202,278	100%
Rest of County	Moved within last year; within same county	16,033	7.9%
	Moved within last year; from different county, same state	3,229	1.6%
	Moved within last year; from different state	16,016	7.9%
	Moved within last year; from abroad	3,041	1.5%
	Total	38,329	100%

Source: U.S. Census, 2008-2012 American Community Survey (S0701)

Interestingly, a very high percentage of El Paso County's residents were born in another state. This is likely due to the influence of the armed forces as well as the presence of universities, both of which bring in many out-of-state residents for work or school. However, out-of-state migrants differ from out-of-state migrants in other cities in that they are more likely to live outside of the central urbanized areas of Colorado Springs. In Colorado Springs, 6.4% of the population moved there from a different state, while in El Paso County 7.9% of the population moved there from a different state. Excluding military bases, which have very high rates of out-of-state residents, the most popular place for new migrants to live are in Northern Colorado Springs and the northern part of El Paso County. A secondary cluster can be observed in the Western part of El Paso County, where the main population center is Manitou Springs. The lowest values of residents born out of state are actually in the central city, suggesting

that higher rates of inward migration are likely impacting suburban and exurban housing markets rather than central Colorado Springs.

The educational attainment among those groups is illustrated in the following graphs, which contrasts with the previous data on the attainment of foreign-born populations in a notable way: one in four people who moved to El Paso County from a different country during the prior year held at least a bachelor's degree, compared to a far smaller proportion of the total foreign-born population. In Colorado Springs, this figure is slightly higher. This suggests that the immigrants more recently attracted to the region are generally more educated than the region's existing foreign-born population. The distribution of recent movers across educational levels is similar for people who moved from other U.S. states, though those movers were even more likely to hold at least a bachelor's degree.

Figure 58 : Education by Migration Status, El Paso County, 2012

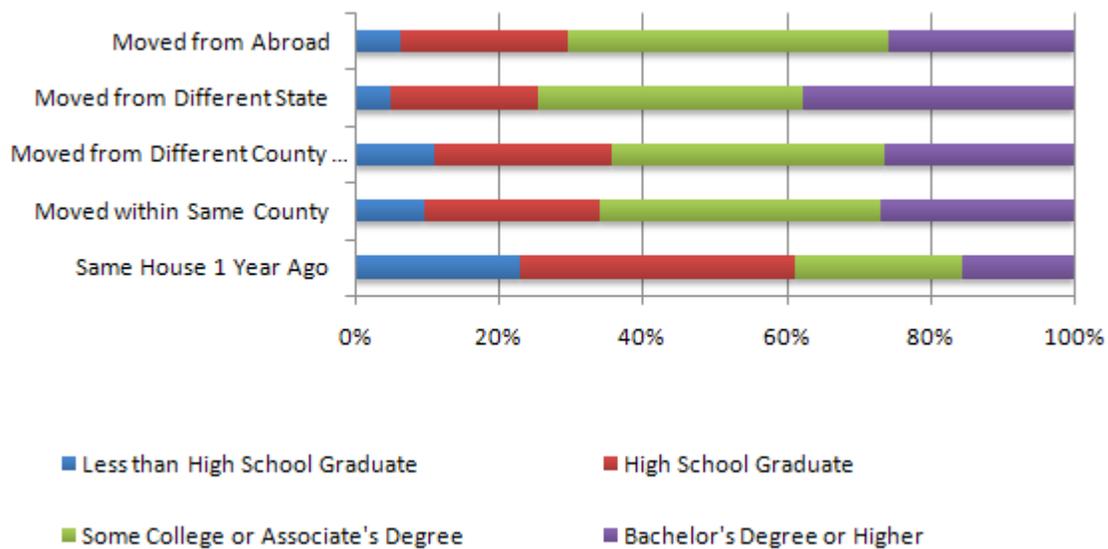


Figure 59 : Education by Migration Status, Colorado Springs, 2012

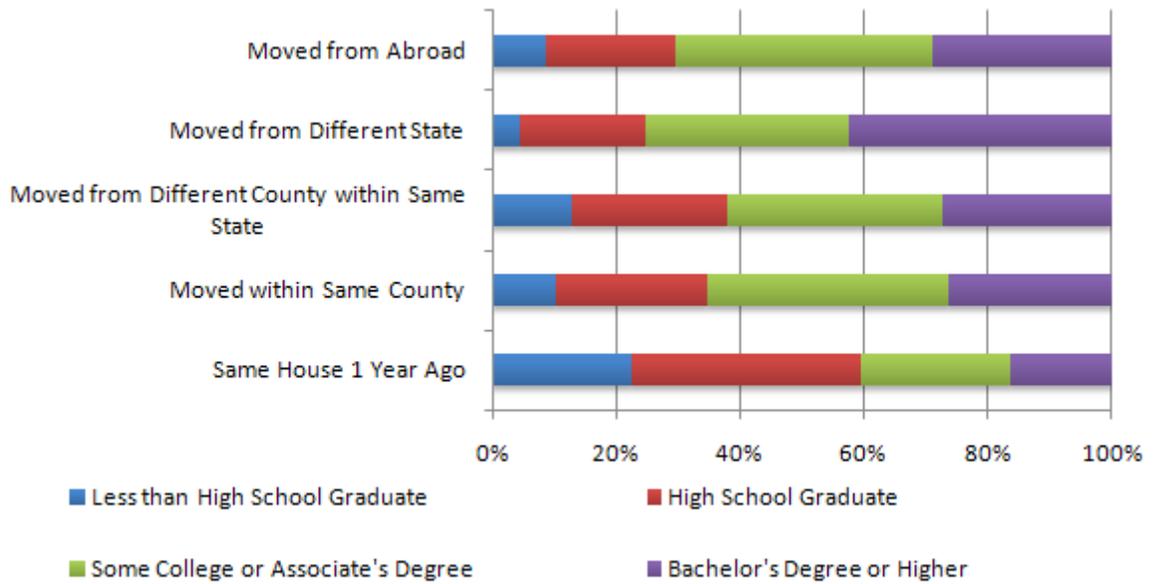
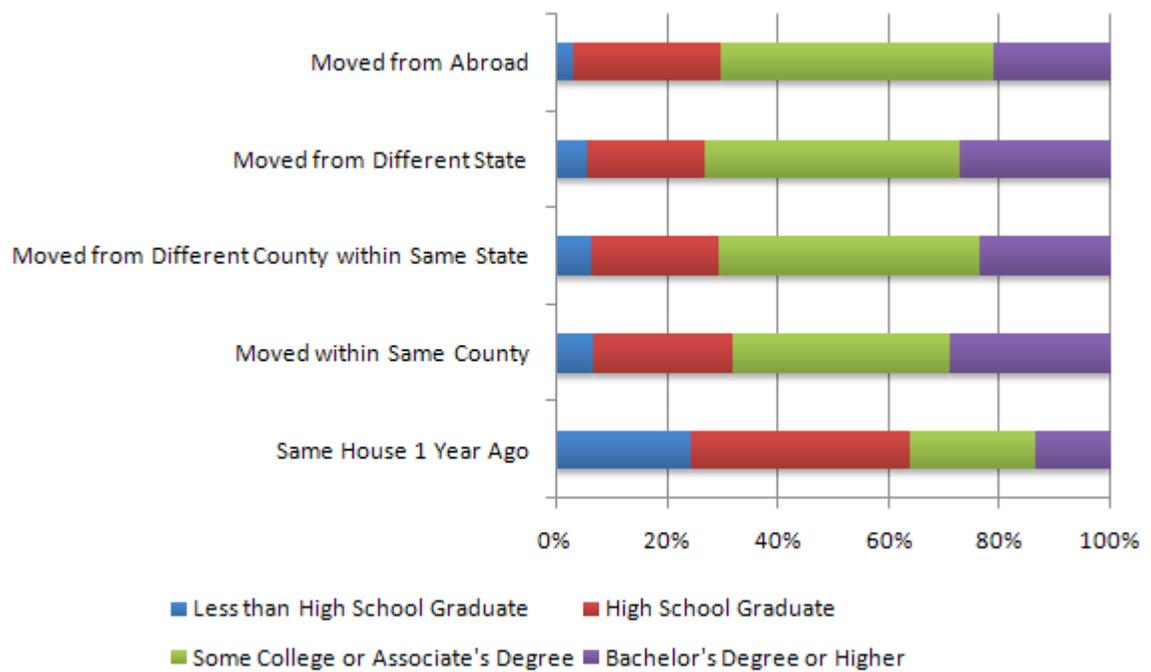


Figure 60 : Education by Migration Status, Balance of County, 2012



Special Needs Populations

Homeless

There are 269 unsheltered homeless persons living in El Paso County, up from 230 in 2013. Most of them have additional special needs, and 17% of them are veterans.

Special needs populations include the emergency, transitioning, and chronically homeless populations. Important subsets of the homeless population with specific and differing needs include victims of domestic violence, children and youth (particularly those aging out of foster care), substance abusers, persons

with HIV/AIDS-related diseases, and individuals with mental illness.

The Pikes Peak United Way Point in Time Count from January of 2014 is the most current data available on the homeless population in El Paso County. The Point in Time Count is conducted on a single night, in which volunteers canvas the service area in order to count and survey the homeless population. This survey is conducted in all shelters as well as on the street. Sheltered individuals were those who were counted in a shelter or transitional home, and unsheltered individuals were surveyed on the street. This does not include individuals who may sleep in a car, “couchsurf” between houses, or have other similar arrangements. A summary of this Point in Time Count, broken down by special needs segments, is displayed in the following table.

Figure 61 : Point in Time Summary for Colorado Springs/El Paso County CoC

Persons in Households with at least one Adult and one Child					
	Sheltered		Unsheltered	Total	
	Emergency	Transitional			
Total Number of Households	26	83	2	111	
Total Number of persons (Adults & Children)	84	305	8	397	
Number of Persons (under age 18)	52	197	4	253	
Number of Persons (18 - 24)	0	26	1	27	
Number of Persons (over age 24)	32	82	3	117	
			Average Household Size	3.6	
Persons in Households with only Children (Under Age 18)					
	Sheltered		Unsheltered	Total	
	Emergency	Transitional			
Total number of households	1	0	0	1	
Number of one-child Households	1	0	0	1	
Number of multi-child Households	0	0	0	0	
Total number of persons (under age 18)	1	0	0	1	
Number of children in multi-child households	0	0	0	0	
			Average Household Size	1.0	
Persons in Households without Children					
	Sheltered			Unsheltered	Total
	Emergency	Transitional	Safe Haven		
Total Number of Households	350	178	0	250	778
Total Number of Persons (Adults)	358	202	0	261	821
Number of Persons (age 18 - 24)	49	25	0	15	89
Number of Persons (over age 24)	309	177	0	246	732
				Average Household Size	1.1
Total Households and Persons					
	Sheltered			Unsheltered	Total
	Emergency	Transitional	Safe Haven		
Total Number of Households	377	261	0	252	890
Total Number of Persons	443	507	0	269	1,219
Number of Children (under age 18)☐	53	197		4	254
Number of Persons (18 to 24)	49	51	0	16	116
Number of Persons (over age 24)	341	259	0	249	849
				Average Household Size	1.4
Chronically Homeless Subpopulations					
	Sheltered		Unsheltered	Total	
	Emergency	Safe Havens			
Chronically Homeless Individuals	149	0	166	315	
Chronically Homeless Families	4		0	4	
Chronically Homeless Families	12		0	12	
Other Homeless Subpopulations					
	Sheltered	Unsheltered	Total		
	Persons in emergency shelters, transitional housing and safe havens				
Total Number of Veterans	99	46	145		
Number of Female Veterans	11	5	16		
Severely Mentally ill	132	89	221		
Chronic Substance Abuse	100	102	202		
Persons with HIV/AIDS	3	2	5		
Victims of Domestic Violence	67	13	80		

On the night of the Point in Time count, there were 1,219 homeless persons in shelters in El Paso County. This is an increase of 48 people from the previous year, in which 1,171 persons were counted. Of these 1,219 persons, 443 were in emergency shelter and 507 were in transitional housing. The average household size was relatively small at 1.4 persons, meaning there were a high number of individual homeless persons and fewer families in the general homeless population. Roughly one-fourth of the homeless population was chronically homeless, and only 47% of the chronically homeless population were found in shelters.

Approximately 20% of the homeless population were under age 18, and about 9.5% of the homeless population were youth ages 18 to 24. The number of homeless veterans was disproportionately high compared to the homeless populations in other areas: approximately 11.8% of the homeless population, and 17% of the unsheltered homeless population, self-identified as veterans. However, this is a reduction from 2013 and 2012: the number of homeless veterans has steadily decreased from 230 to 150 to 145 in those years, respectively. There were 269 unsheltered homeless persons found in the Count. This means they were found and surveyed on the street rather than in a shelter.

The Colorado Springs/El Paso County Continuum of Care (CoC) for all of El Paso County, including Colorado Springs. This organization provides facilities and services to assist homeless persons, including both chronically homeless persons and families with children. The CoC also provides outreach, human services, and an annual assessment of the current needs and gaps in resources available to the homeless and other special needs segments of the population. The CoC has a total of 463 emergency

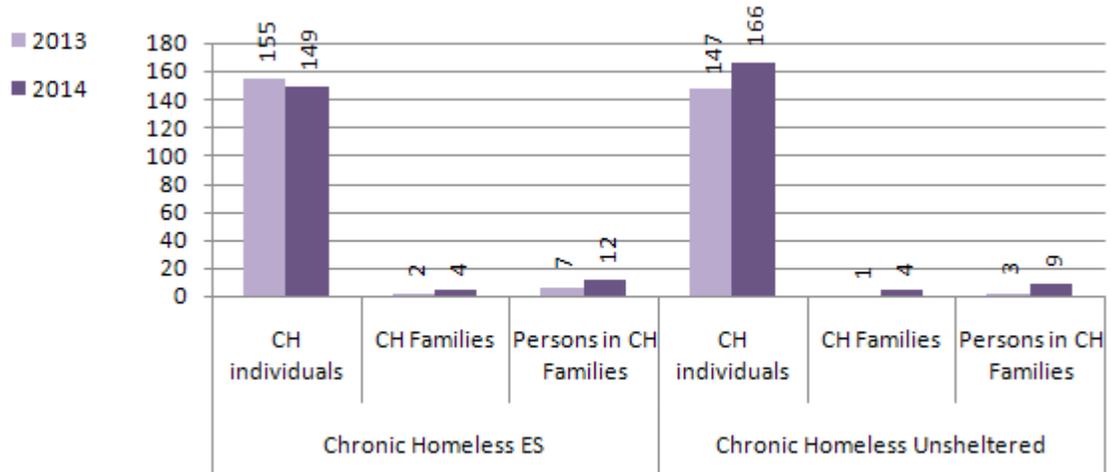
beds, down from 526 in 2013 due to the closure of one shelter and the failure of another shelter to open in time for winter. Of these 463 beds, 298 are year-round and 165 are seasonal. In addition to the 463 emergency beds, the CoC operates 563 beds for transitional housing, 419 beds for rapid permanent housing, and 171 beds for rapid re-housing. There are a total of 1,616 beds for various special needs groups in El Paso County.

During the Point in Time Count, 443 of their 463 shelter beds were occupied, which is a very high (about 95%) occupancy rate. Of the 20 openings, nine were specifically reserved for victims of domestic violence. All the designated men's beds were full. Permanent Housing, which includes Rapid Re-Housing, was filled at 99% with only 5 of the CoC's 590 beds not filled.

There were 315 chronically homeless individuals counted in the Point in Time Count. This is a slight increase from the 302 chronically homeless counted in 2013. There were 166 unsheltered chronically homeless persons in 2014, which is an increase of 17 compared to the previous year. This may reflect the closure of one shelter in the area and the failure of another local shelter to open.

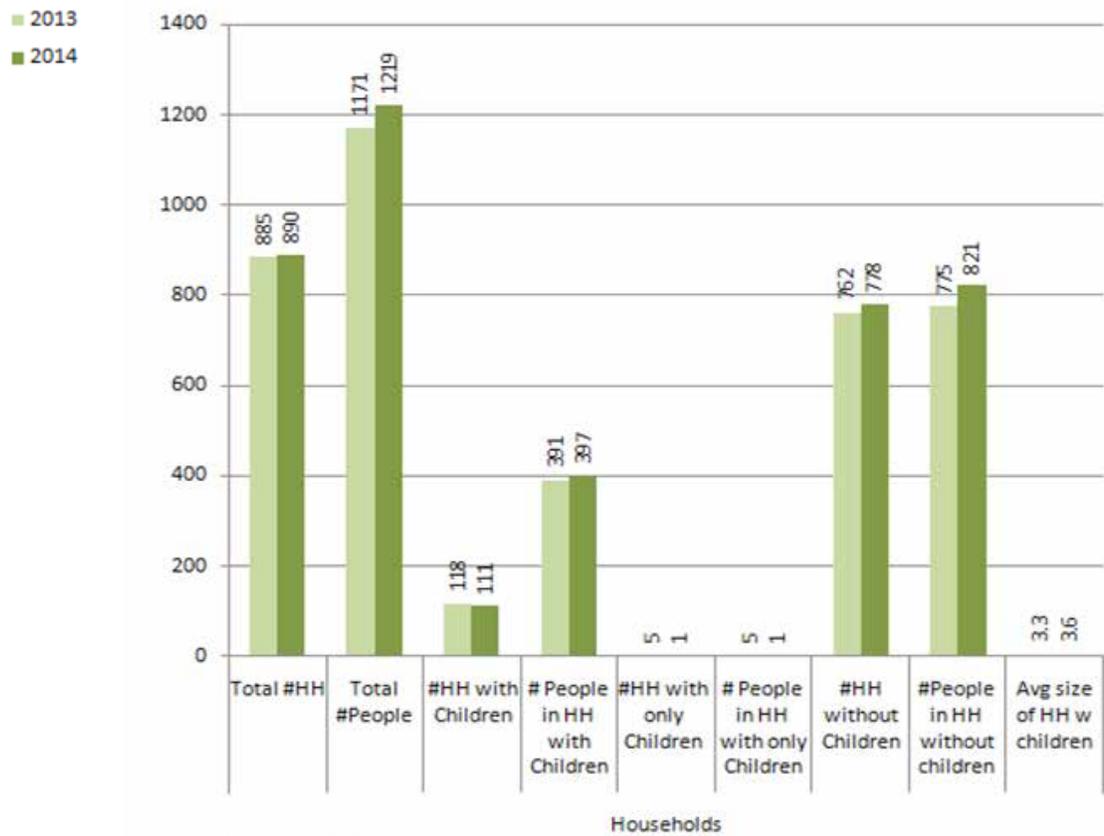
A breakdown of household characteristics at the Point in Time Count and a brief description of the CoC facility inventory is in the charts below. These are described in more detail in the CoC's "2014 Point in Time and Housing Inventory Count Report", prepared by Pikes Peak United Way.

Figure 62 : Chronic Homeless Sheltered and Unsheltered, Point in Time Count, 2013-2014



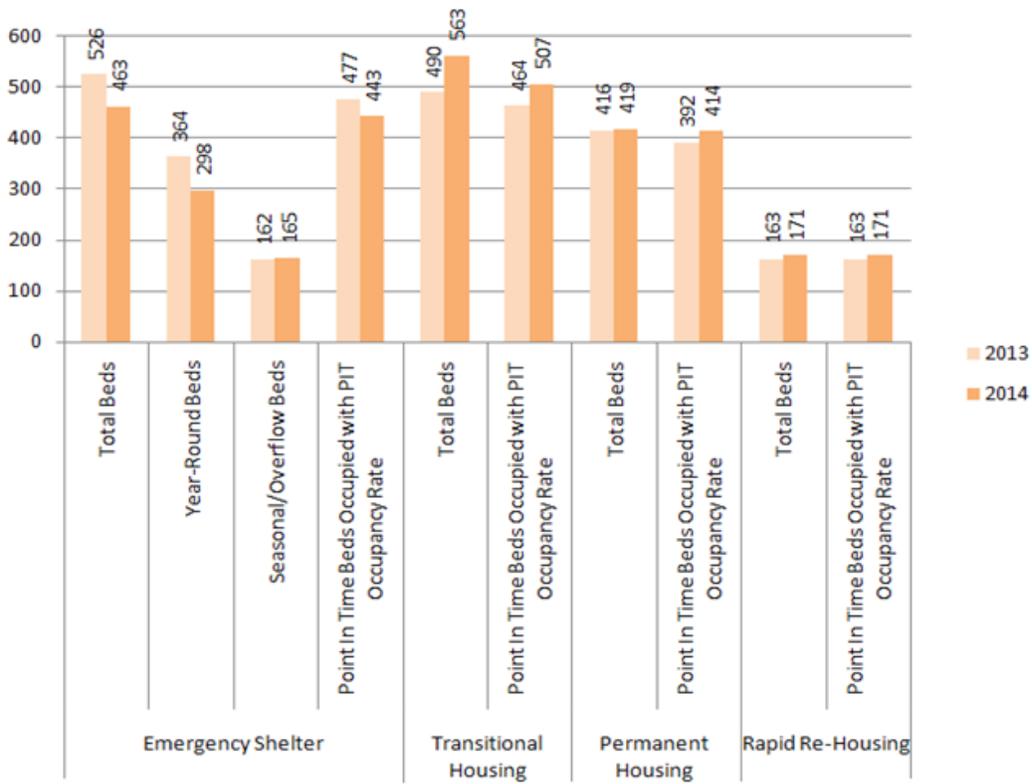
Source: Pikes Peak United Way

Figure 63 : Household Characteristics, Point in Time Count, 2013-2014



Source: Pikes Peak United Way

Figure 64 : Distribution of Beds for the Colorado Springs/El Paso County CoC, 2013-2014



Source: Pikes Peak United Way

ii. Persons with Disabilities

Nearly 60,000 residents in El Paso County have a disability that might affect their housing needs.

The Census defines a disability as a long-lasting physical, mental, or emotional condition that can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.

The federal Fair Housing Act prohibits discrimination based on physical, mental or emotional handicap, provided “reasonable accommodation” can be made. Reasonable accommodation may include changes to address the needs of disabled persons, including adaptive

structural (e.g., constructing an entrance ramp) or administrative changes (e.g., permitting the use of a service animal). In El Paso County, 10.8% of the total civilian non-institutionalized population ages 5 and older reported a disability in 2012. This figure is slightly higher in Colorado Springs (11.2%).

The most common type of disability among persons ages 18 to 64 was ambulatory, referring to difficulty moving from place to place that makes it impossible or impractical to walk as a means of transportation. Almost 60,000 residents, or 3.3%, over age 18 reported this type of disability. This translates to a need for accessible housing for a significant segment of the population. About one in every five seniors age 65 and above reported an ambulatory disability. Of County residents ages 18 to 64, 3.8% reported a sensory disability such as vision or hearing. About one in five seniors reported the same.

Figure 65 : Disability by Type, El Paso County, 2012

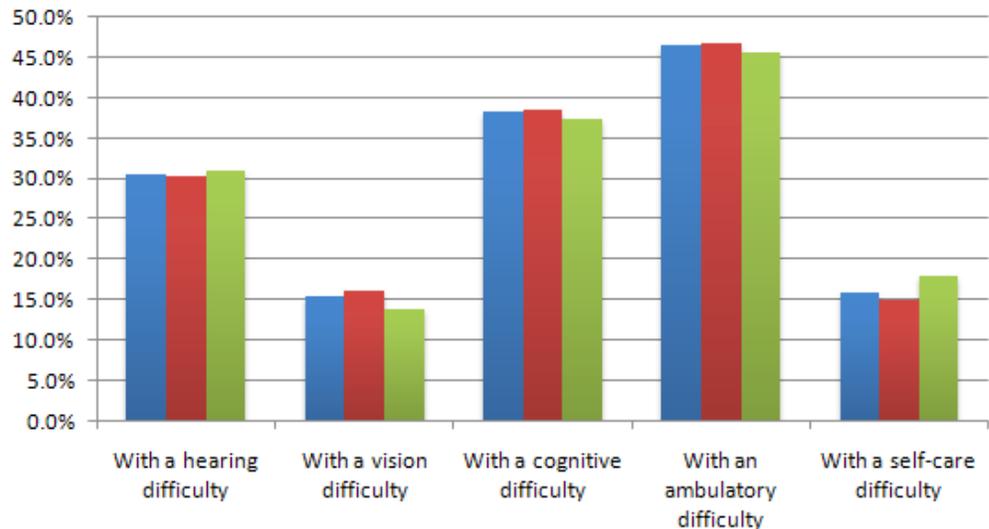


Figure 66 : Employment Status by Disability, 2012

	Colorado Springs		El Paso County	
	#	%	#	%
Total:	334,665		369,243	
In the labor force:	262,676	78.49%	288,757	78.20%
Employed:	239,741	91.27%	263,613	91.29%
With a disability	15,292	5.82%	16,710	5.79%
No disability	224,449	85.45%	246,903	85.51%
Unemployed:	22,935	8.73%	25,144	8.71%
With a disability	2,788	1.06%	2,997	1.04%
No disability	20,147	7.67%	22,147	7.67%
Not in labor force:	71,989	21.51%	80,486	21.80%
With a disability	15,655	21.75%	17,411	21.63%
No disability	56,334	78.25%	63,075	78.37%

Persons with disabilities were geographically clustered in Eastern Colorado Springs, with other high values observed in the North and in one tract in Western Colorado Springs. Bus lines passed through all tracts with a high percentage of disabled residents. However, tracts in rural Southeast El Paso County have a moderately high percentage of residents reporting a disability and no public transit service.

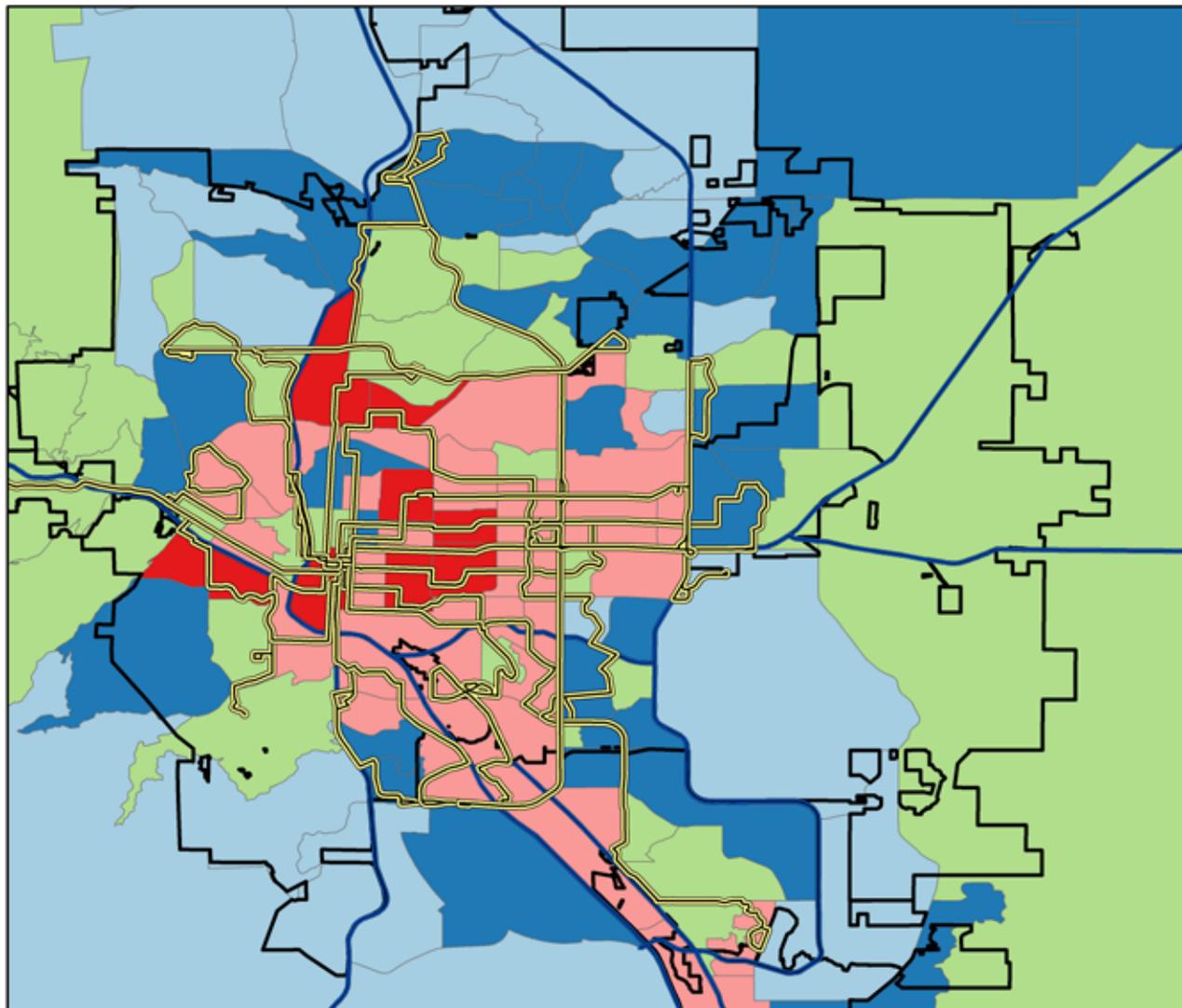
Persons with disabilities were more likely to have employment issues. Unemployment rates were higher for

workers in the labor force with disabilities. However, many residents with disabilities were not considered to be in the labor force. This is because many persons with disabilities are retired. Persons with disabilities who do work are more likely to use alternative means of transportation to do so, especially public transportation. The disabled population tends to be less educated than the general population (which may also be correlated with age), tends to have lower median earnings, and is more likely to live below the poverty line.

Figure 67 : Economic Characteristics of Persons with Disabilities, 2012

	Colorado Springs		El Paso County	
	With a Disability	No Disability	With a Disability	No Disability
Population Age 16 and Over	53,886	350,606	59,061	388,698
Employment				
Employed	31.50%	66.80%	31.50%	66.50%
Not in Labor Force	62.80%	26.90%	62.90%	27.30%
Commuting				
Commuted via carpool	12.00%	9.90%	12.30%	9.80%
Commuted via public transportation	4.70%	0.80%	4.30%	0.80%
Commuted via taxicab or other	3.00%	1.40%	3.00%	1.40%
Education				
Less than high school graduate	13.50%	5.80%	13.20%	5.60%
High school graduate, GED, or	27.70%	20.80%	27.80%	20.90%
Some college or associate's degree	37.70%	36.00%	37.80%	35.60%
Bachelor's degree or higher	21.10%	37.40%	21.20%	37.90%
Income				
Median Earnings	\$20,523	\$30,640	\$20,888	\$30,906
Below poverty line	18.50%	10.40%	17.70%	10.20%

MAP 9:
PERCENTAGE OF HOUSEHOLDS REPORTING A DISABILITY, EL PASO COUNTY, 2012

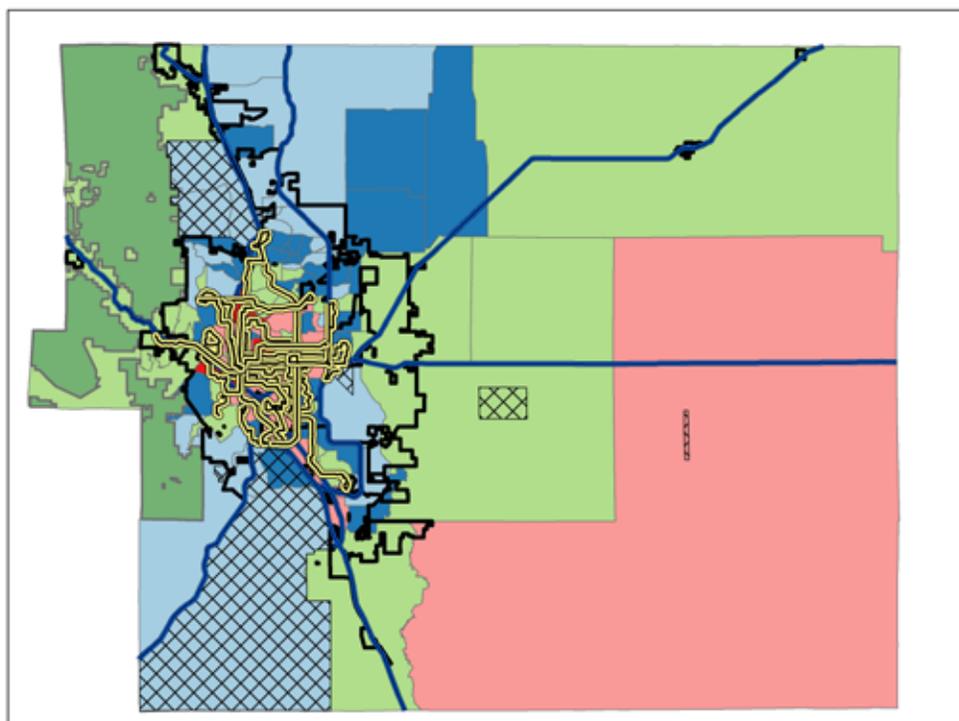


Legend

Percent Disabled

- 0% - 6.9%
- 6.9% - 9.8%
- 9.9% - 13.4%
- 13.4% - 19.3%
- 13.3% - 29.5%

- City Boundary
- Military Base Boundary
- National Forest Boundary
- Bus Lines



**HOUSING MARKET
ANALYSIS**

3



GENERAL TRENDS

Growth in Households and Housing Units

The rate of residential growth is outpacing household growth, but vacancy rates remain very low.

Between 2000 and 2012, the number of housing units in El Paso County increased by 50,586 from 202,428 in 2000 to 253,014 in 2012. This represents growth of 24.9%. The homeowner vacancy rate increased slightly from 1.29% to 2.42%, although some of this change may be attributed to a difference in the way the Census tabulates seasonal housing. The rental vacancy rate also increased, but only slightly, from 5.39% to 5.55%.

As additional households represent the simplest form of housing demand, the creation of supply at a rate outpacing demand would suggest reduced pressure on prices. However, this often manifests in the market as new housing construction at and beyond the fringes of urban areas as vacancy rates increase in older neighborhoods. The end products of this pattern are urban sprawl and stagnant infill redevelopment. Colorado has not enacted a growth management law or any other smart growth-related policies at the state level to address this. Furthermore, average household size has continuously decreased in the region as family size decreases and more singles opt to live alone. This means that more units are required for the same number of households.

Figure 68 : Changes in Housing and Households, El Paso County, 2000-2012

	Total Housing Units	Total Households	Occupied housing units	Vacant housing units	Homeowner Vacancy Rate	Renter Vacancy Rate	Change in Housing Units 2000 - 2012	Change in Households, 2000 - 2012
2000	202,428	192,409	192,409	10,019	1.29%	5.39%	-	-
2012	253,014	227,151	234,058	18,956	2.42%	5.55%	24.99%	18.06%

Occupancy and Vacancy

Very low vacancy rates indicate a lack of choice and flexibility in the regional housing market.

During stakeholder interviews with real estate developers and non-profit representatives working in housing, both groups cited a low vacancy rate in El Paso County as a key factor influencing their decision-making. Between 2000 and 2012, the number of vacant units as a percentage of housing actually increased to 7.49% compared to 4.93% in 2000. The rental vacancy rate—the total number of units that were vacant and for rent—changed only slightly from 2.55% in 2000 to 2.33% in 2012. The homeowner vacancy rate—meaning vacant units currently for sale—increased from 1.07% of all units to 1.33% of all units between 2000 and 2012. Based on research by the Census Bureau, the average rental vacancy rate in the United States is 8.2% and the average owner vacancy rate is 2.1%. In metropolitan statistical areas, the average rental vacancy rate is 7.9%

and the average owner vacancy rate is 2.0%. In the Western region of the United States, the average rental vacancy rate is 6.5% and the average owner vacancy rate is 1.6%. Therefore, El Paso County has lower vacancy rates for both the rental and owner markets than the country, the region, and compared to other MSAs.¹

Areas with the highest vacancy rates—as high as 28% in some areas—are mostly attributed to the high numbers of seasonal vacant housing in the census tracts. However, the percentage of vacant housing that can be attributed to seasonal housing decreased from 16.6% of total vacant units in 2000 to 13.1% in 2012. This may be partly due to the stagnating real wages and higher unemployment rate discussed earlier: demand for seasonal and vacation housing is relatively elastic, and households may be renting or occupying housing that would otherwise be seasonal due to the less robust economy.

¹ US Census Bureau News. "Residential Vacancies and Homeownership in the Fourth Quarter 2014."

Figure 69 : Vacancy by Type, El Paso County, 2012

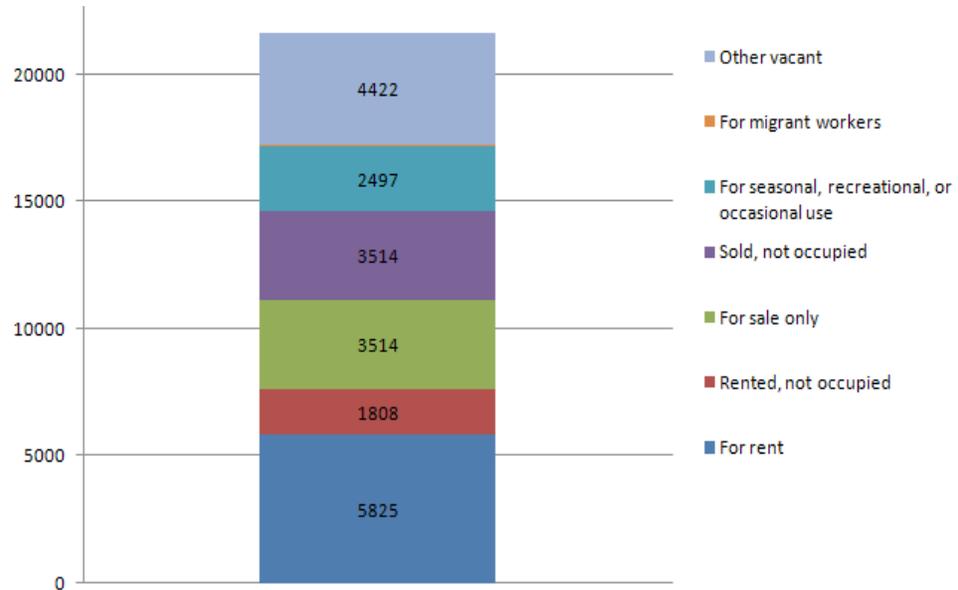
For rent	5825	2.33%
Rented, not occupied	1808	0.71%
For sale only	3514	1.39%
Sold, not occupied	3514	0.29%
For seasonal, recreational, or occasional use	2497	0.99%
For migrant workers	72	0.03%
Other vacant	4422	1.75%
Vacancy Rate	-	7.49%

Figure 70 : Comparative Vacancy Rates, 2012

	Renter Vacancy Rate	Owner Vacancy Rate
El Paso County	2.30%	1.30%
Urban Areas in US	7.90%	2%
Western US	6.50%	1.60%
United States	8.20%	2.10%

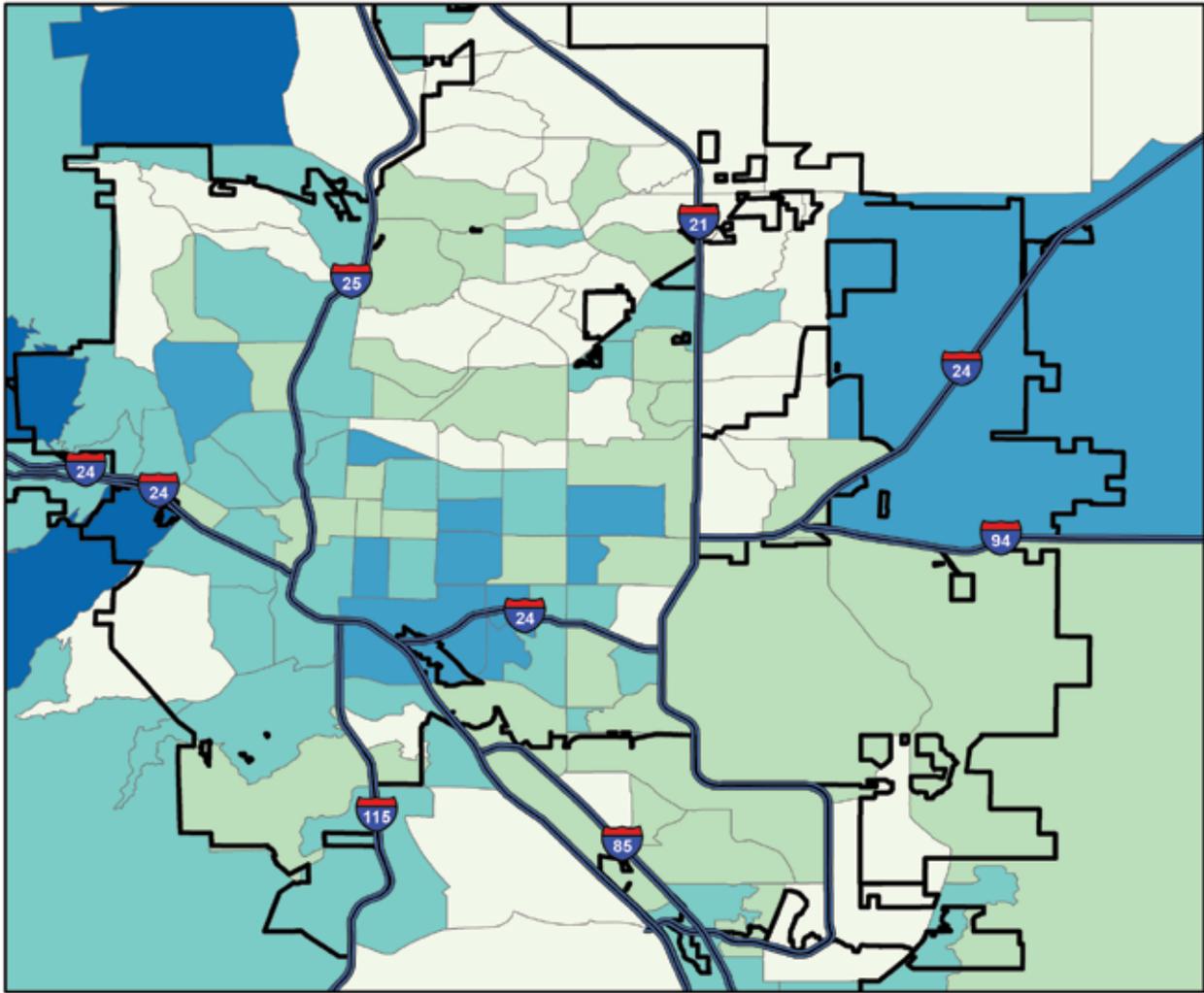
Source: US Census Bureau Quarterly Report CB14-19

Figure 71 : Vacancy by Type, El Paso County, 2012



As the following map shows, higher vacancy rates are largely outside of Colorado Springs, which is indicative of the high numbers of seasonal housing in the rural and mountainous areas of El Paso County. Vacancy within Colorado Springs, Fountain, and the other urbanized areas in El Paso County is quite low and relatively uniformly distributed. As seen in the above figure, the owner and renter vacancy rates are lower in the study area than in other cities, in the region, and in the nation. This low vacancy rate has the effect of making the housing market a “landlord’s market”, in that there is less incentive to maintain properties because vacancies are likely to be filled anyway. Stakeholder interviews supported this assessment.

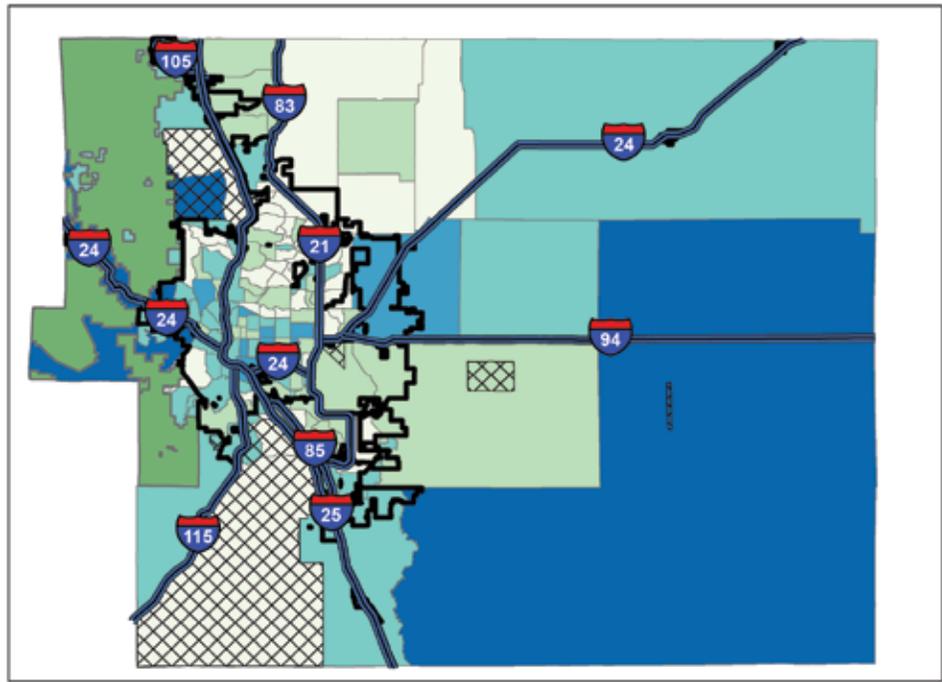
MAP 10:
TOTAL VACANCY RATE, EL PASO COUNTY, 2012



Legend

Total Vacancy Rate

- 0% - 4.0%
- 4.0% - 7.8%
- 7.8% - 12.4%
- 12.4% - 17.6%
- 17.6% - 40.3%
- City Boundary
- Military Base Boundary
- National Forest Boundary



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

The low vacancy rates represent a very tight housing market in El Paso County.

Generally, a homeowner vacancy rate between 3% and 5% of the sales housing inventory is preferable because it allows some mobility and flexibility for households that wish to move. A rental vacancy rate between 5% and 9% typically allows for adequate mobility and housing choice. El Paso County's rental vacancy rates indicate an inflexible market with limited mobility, which constrains housing choice, increases prices for housing, and indicates a lack of housing supply.

Further insight into the nature of change in the total number of housing units can be gained by examining the volume and type of building permits issued. Between 2001 and 2012, El Paso County issued

permits for the construction of 50,173 housing units. This is slightly less than the Census figure for the difference in units between those two years, indicating that not all permits result in finished units. Of the total permits issued, 85.6% were for single-family structures, while 14.3% were for units in multi-family structures. The 2,974 building permits issued in 2012 falls well below the 2001 total of 7,111. Permits in 2012 for single-family housing units were at 45.2% of what the 2001 level, and permits for multi-family structures decreased even more, falling to 32.2% of their 2001 level.

Figure 72 : Vacancy in El Paso County, 2012

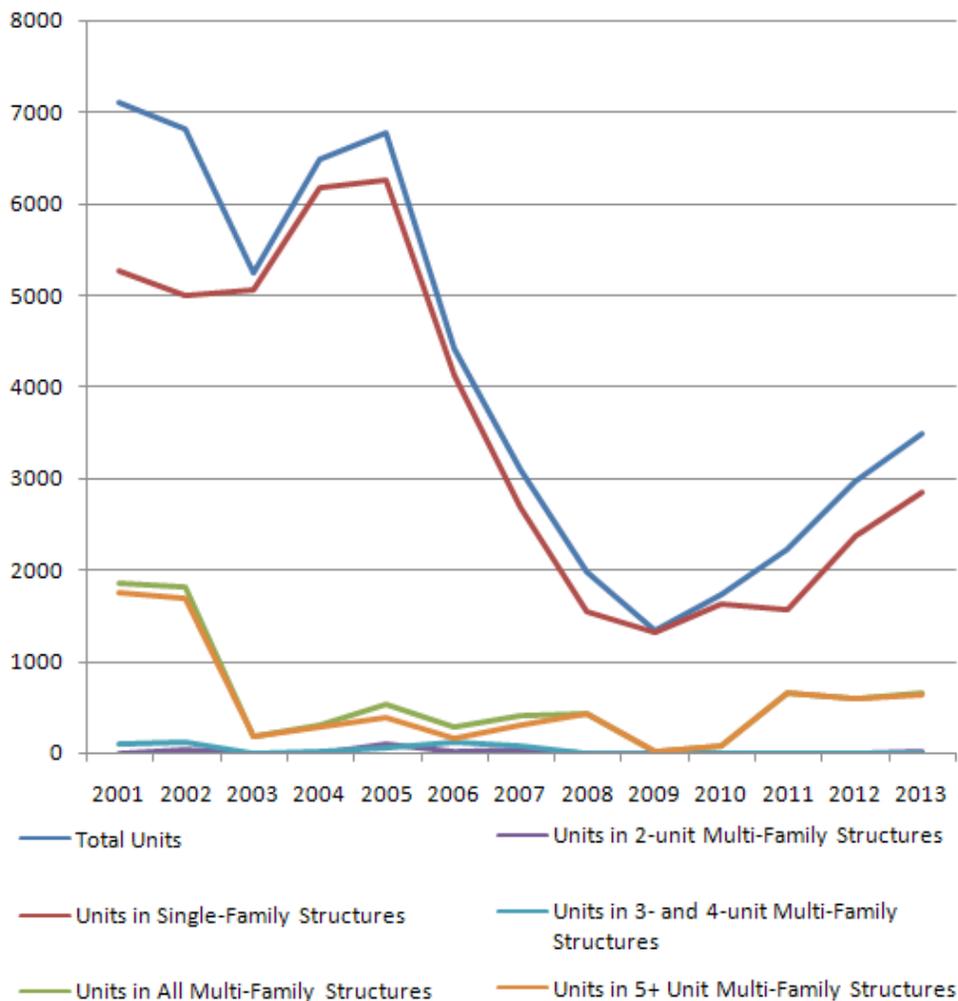
	Vacant Housing Units	Homeowner Vacancy Rate	Rental Vacancy Rate	Total Vacancy Rate
Air Force Academy CDP, Colorado	309	-	26.9	26.9
Black Forest CDP, Colorado	206	2.7	0	2.7
Calhan town, Colorado	43	0	21	21
Cascade-Chipita Park CDP, Colorado	226	0	0	0
Cimarron Hills CDP, Colorado	179	0	4.5	4.5
Colorado Springs city, Colorado	12,950	2.3	6.6	8.9
Ellicott CDP, Colorado	184	0	0	0
Fort Carson CDP, Colorado	341	0	5	5
Fountain city, Colorado	763	3.3	5.9	9.2
Gleneagle CDP, Colorado	163	3.9	0	3.9
Green Mountain Falls town, Colorado	253	0	0	0
Manitou Springs city, Colorado	275	2.6	8.4	11
Palmer Lake town, Colorado	100	4.2	0	4.2
Peyton CDP, Colorado	0	0	-	0
Ramah town, Colorado	28	0	0	0
Rock Creek Park CDP, Colorado	13	0	-	0
Security-Widefield CDP, Colorado	660	0.8	4.2	5
Stratmoor CDP, Colorado	197	0	3.7	3.7
Woodmoor CDP, Colorado	177	2.5	0	2.5

Source: ACS 2012

*Small populations in these areas make statistical sampling too unreliable for data collection to be performed by the Census

By these indicators, the market for single-family construction has not yet recovered from the national housing market downturn despite the low vacancy rates. Single-family developments were more affected by the housing market downturn than multi-family units, potentially because higher-end housing in El Paso County is predominantly single-family rather than luxury apartments or other high-end multi-unit structures, and the housing downturn and economic recession decreased demand for high-end housing.

Figure 73 : Building Permits by Type, El Paso County, 2000-2013



There are 9,000 acres of vacant parcels in Colorado Springs, translating to redevelopment opportunities with existing infrastructure

Infill development, meaning building new construction on undeveloped areas that are within the existing built environment rather than on the fringes, has been a longstanding priority in Colorado Springs. As the table below shows, the amount of vacant land in the urban core has steadily decreased since 1999. However, it is still quite high. While vacancy rates remain very low, the amount of vacant land is still very high. Infill development in Colorado Springs should continue to be a priority, particularly given Colorado Springs' competitive advantage in utilities. In El Paso County, much of the undeveloped land is unincorporated. However, key areas for infill would include the dense areas such as Fountain, Manitou Springs, and Cimarron Hills.

Figure 74 : Vacant Land Parcels, Colorado Springs (in acres) 1999-2013

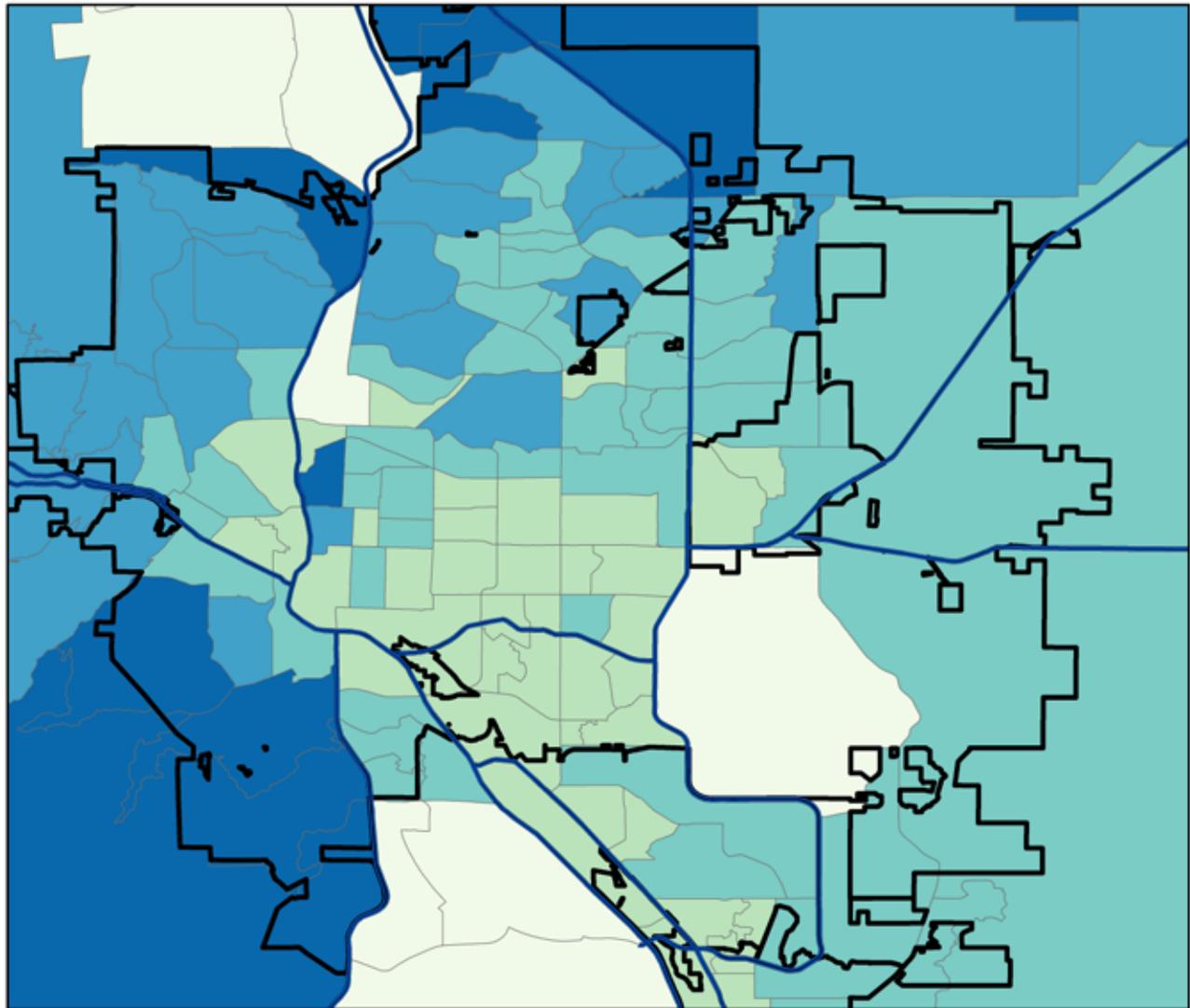
Year	Vacant (Citywide)	Vacant (Citywide) excluding Banning Lewis	Net Change (Citywide)	Vacant (Infill)	Net Change (Infill)
1999	51,001	28,152	-2,646	13,775	-2,097
2000	50,043	27,187	-958	13,210	-565
2001	48,548	25,707	-1,495	12,475	-735
2002	47,347	24,517	-1,201	11,833	-642
2003	45,822	23,114	-1,525	11,309	-524
2004	46,029	23,362	207	10,781	-528
2005	46,067	23,399	38	10,437	-344
2006	44,751	21,669	-1,316	9,938	-498
2007	43,802	20,756	-949	9,648	-290
2008	41,478	18,448	-2,324	9,371	-277
2009	40,701	18,020	-776	9,233	-138
2010	40,541	17,775	-160	9,215	-18
2011	40,447	17,741	-94	9,198	-17
2012	40,155	17,529	-293	9,098	-99
2013	39,899	17,295	-256	8,999	-99
Net Change			-13,748		-6,873

Home Value and Rent

The number of lower cost units is decreasing, and a large cluster of this type of housing in northern Colorado Springs is not currently well-served by public transportation.

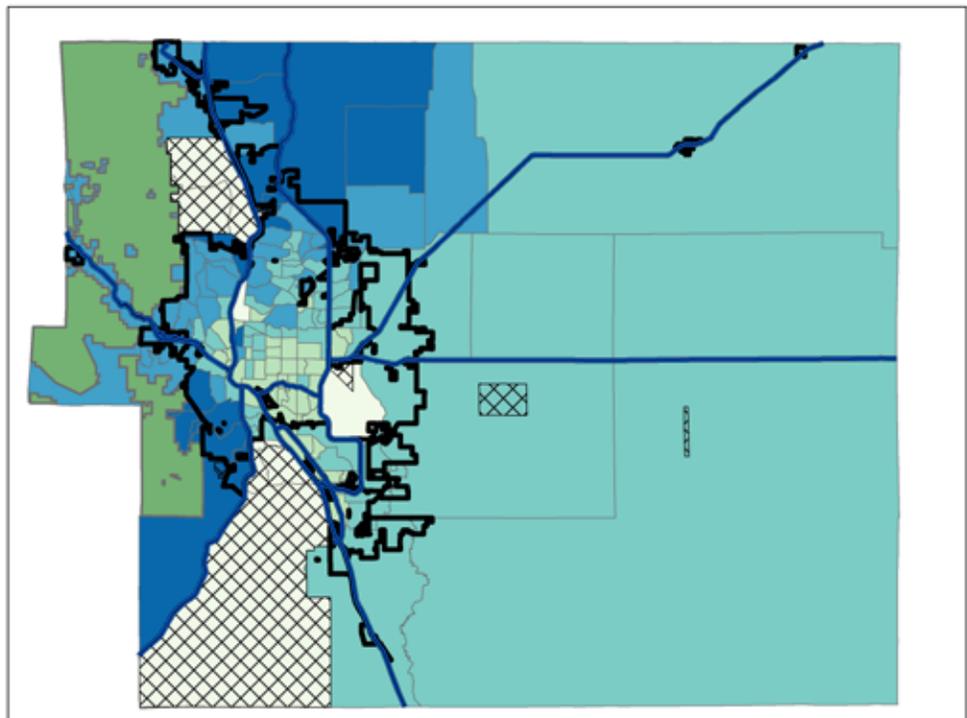
Low-income residents are more affected by cost burden and other housing problems. Because cost burden signifies a need for more affordable housing units or rental subsidies or rental subsidies to decrease monthly housing expenses, it is important to quantify how many units are needed, and at what price points. The map below shows median housing value by census tract. Housing values are generally quite high across all of El Paso County, with low values being clustered in the central and southern areas of Colorado Springs.

MAP 11:
MEDIAN HOUSING VALUE, EL PASO COUNTY, 2012



Legend
Median Housing Value

- 0 - 14,900
- 14,901 - 170,200
- 170,201 - 241,100
- 241,101 - 342,500
- 342,501 - 464,700
- City Boundary
- Military Base Boundary
- National Forest Boundary



Rents are rising in both Colorado Springs and El Paso County, even after accounting for inflation. In Colorado Springs, the median rent in 2000 was \$597. By 2012, the median rent in Colorado Springs had risen to \$842. Had median gross rent in Colorado Springs increased at the same rate as inflation, rent in 2012 would have been \$821. The same pattern can be observed in El Paso County. In 2000, the median gross rent

in El Paso County was \$657. By 2012, the median rent in El Paso County had risen to \$884. Had median gross rent increased at the same rate as inflation, rent in 2012 would have been \$875. This increase in rent is less severe than in Colorado Springs, perhaps due to the high number of high-end buildings that were constructed in Downtown Colorado Springs during this time.

Figure 75 : Gross Rent, El Paso County, 2000 and 2012

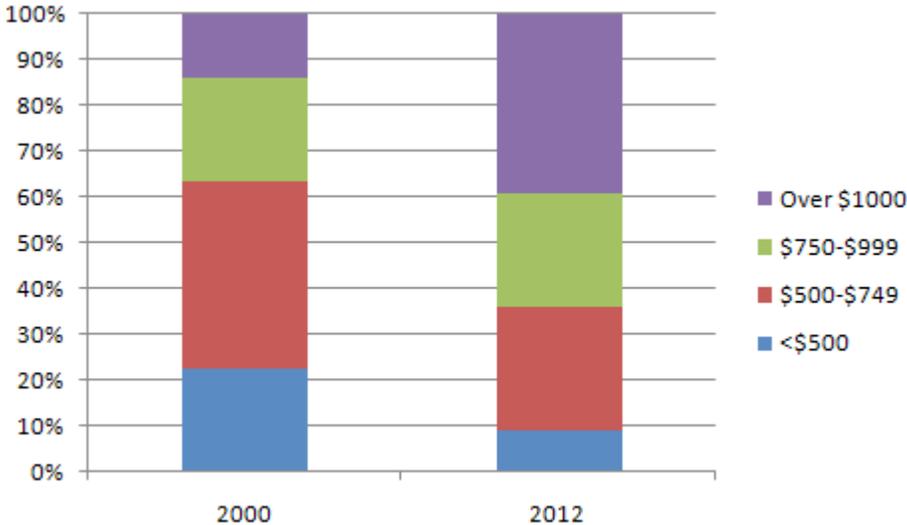


Figure 76 : Rent by Municipality, 2012

	Occupied Units Paying Rent	Less than \$200	\$200 to \$299	\$300 to \$499	\$500 to \$749	\$750 to \$999	\$1,000 to \$1,499	\$1,500 or more	Median Gross Rent
Air Force Academy CDP, Colorado	450	0	0	5	0	7	352	86	1,224
Black Forest CDP, Colorado	182	0	0	0	9	0	61	112	1,642
Calhan town, Colorado	88	15	10	0	12	43	8	0	785
Cascade-Chipita Park CDP, Colorado	111	0	0	13	0	0	54	44	1,197
Cimarron Hills CDP, Colorado	1,800	0	24	81	590	449	620	36	841
Colorado Springs city, Colorado	64,866	401	1,014	5,022	19,429	16,677	16,582	5,741	842
Ellicott CDP, Colorado	28	0	0	0	2	26	0	0	939
Fort Carson CDP, Colorado	2,624	0	0	0	0	379	1,924	321	1,144
Fountain city, Colorado	2,868	28	50	102	526	372	1,310	480	1,131
Gleneagle CDP, Colorado	380	0	0	0	0	133	124	123	1,210
Green Mountain Falls town, Colorado	87	0	0	0	24	24	39	0	881
Manitou Springs city, Colorado	1,021	0	39	171	346	334	89	42	735
Palmer Lake town, Colorado	332	0	0	33	62	76	125	36	964
Peyton CDP, Colorado	0	0	0	0	0	0	0	0	-
Ramah town, Colorado	9	0	0	0	0	9	0	0	-
Rock Creek Park CDP, Colorado	0	0	0	0	0	0	0	0	-
Security-Widefield CDP, Colorado	1,914	0	0	85	319	474	900	136	1,036
Stratmoor CDP, Colorado	703	15	0	43	212	305	98	30	800
Woodmoor CDP, Colorado	198	0	0	0	0	28	142	28	1,317

Source: ACS 2012

*Small populations in these areas make statistical sampling too unreliable for data collection to be performed by the Census

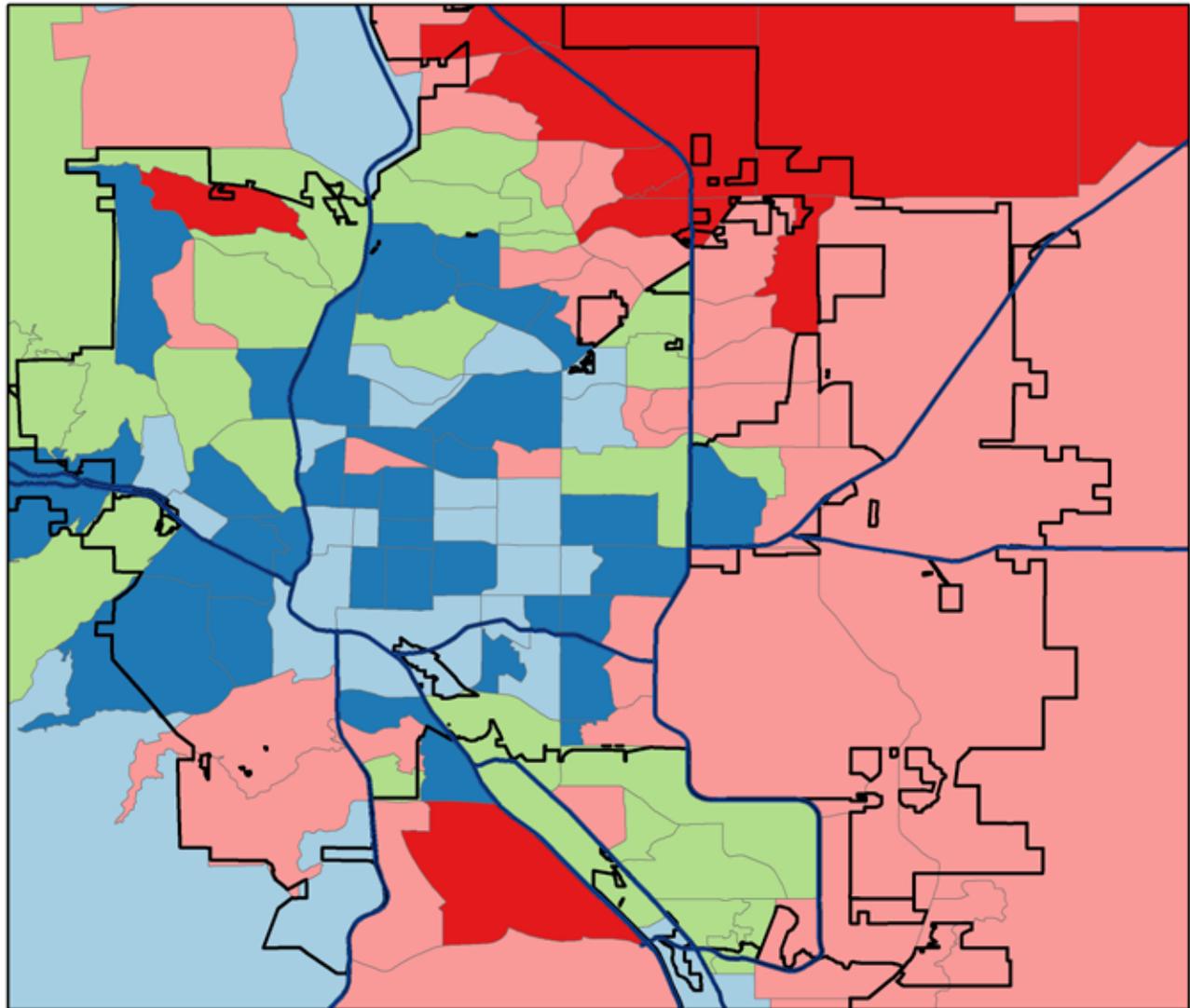
The number of units in El Paso County charging rents over \$1000 increased by over 250% from 2000 to 2012. Simultaneously, the number of units in El Paso County charging rents below \$500 declined by over 50% and units with rents from \$500 to \$749 declined by over 17%. Due to the categorical nature of the variables, rents cannot be adjusted for inflation. However, it remains clear that the market is producing more units priced at the higher end of the market.

As the following map indicates, there are large differences in median gross rent in different parts of the County. Although South and Southeast Colorado Springs have the lowest gross rents, they also have some of the highest rates of renter cost burden. This indicates that the residents in these areas have the least amount of housing choice, since they are living in the least expensive housing yet still the most heavily cost burdened. Colorado Springs generally has lower rents than the balance of the County, and contains all the tracts where median

gross rent is below \$856 (the 40th percentile of rent) in El Paso County.

The dot density map shows the median gross rent, followed by a dot density map that represents the approximate location of 50 units renting at \$799 or below (the closest cutoff to the median gross rent available) within a Census tract. From this map, it appears that while much of the lower cost housing is being served by bus lines, there are large geographic areas with a high number of lower cost units that are far from the nearest bus line, such as the area in and around Briargate. While a large segment of this population may be associated with the nearby Air Force Academy, many households may be living in this area in order to take advantage of the lower rents. Connecting transportation to this affordable housing cluster could provide a significant community asset to this area. The largest clusters are in the northern and northeastern portions of Colorado Springs between I-21 and I-25.

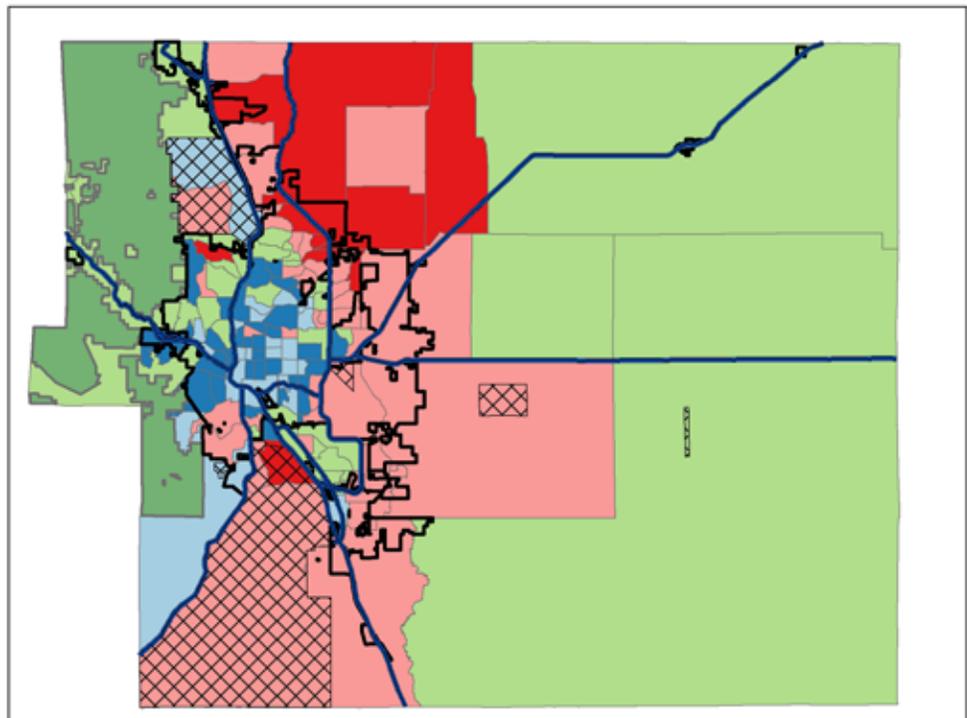
MAP 12:
MEDIAN GROSS RENT, EL PASO COUNTY, 2012



Legend

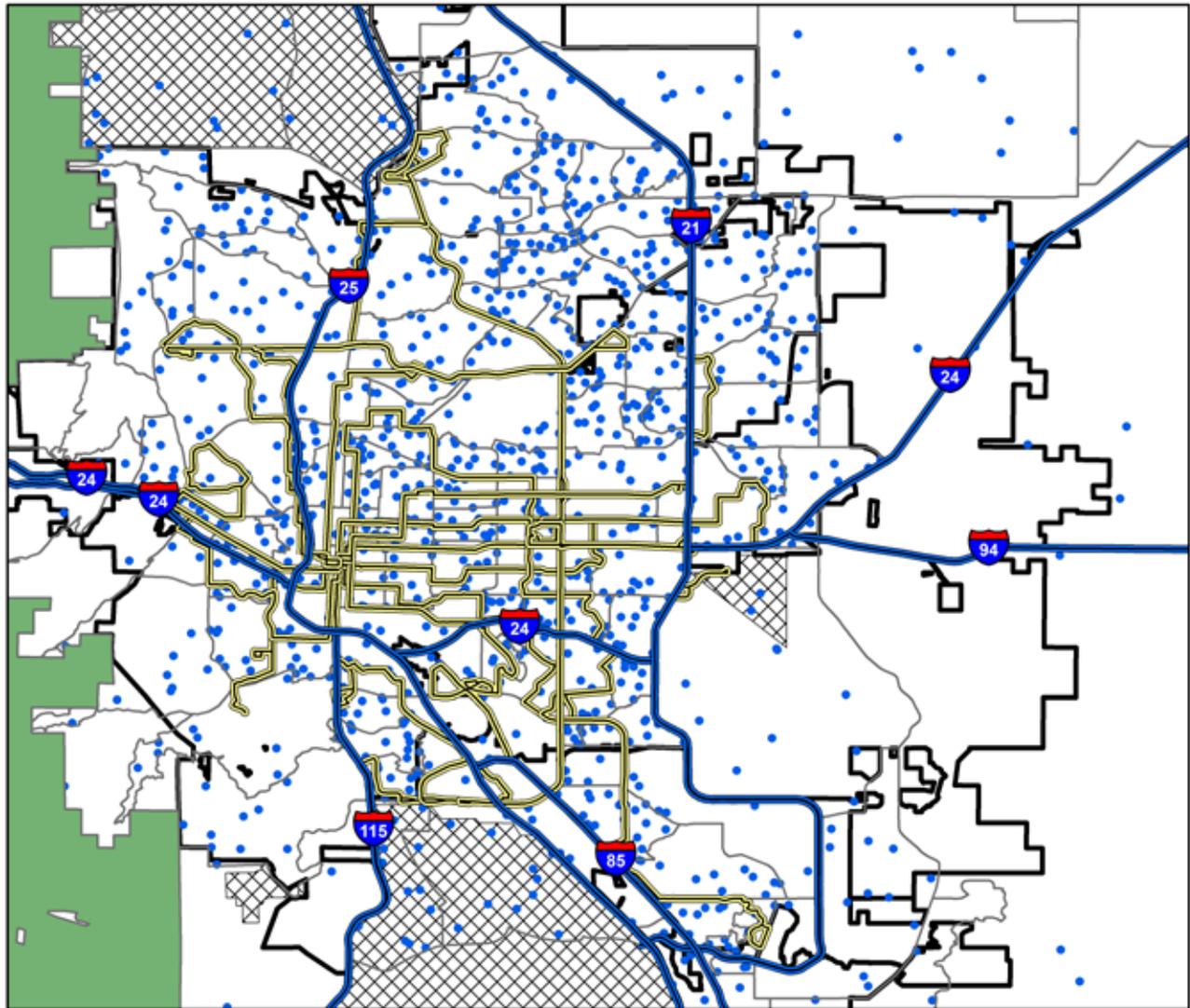
Median Gross Rent

- \$0 - \$694
- \$695 - \$856
- \$857 - \$1,049
- \$1,050 - \$1,389
- \$1,390 - \$1,863
- Military Base Boundary
- National Forest Boundary
- City Boundary



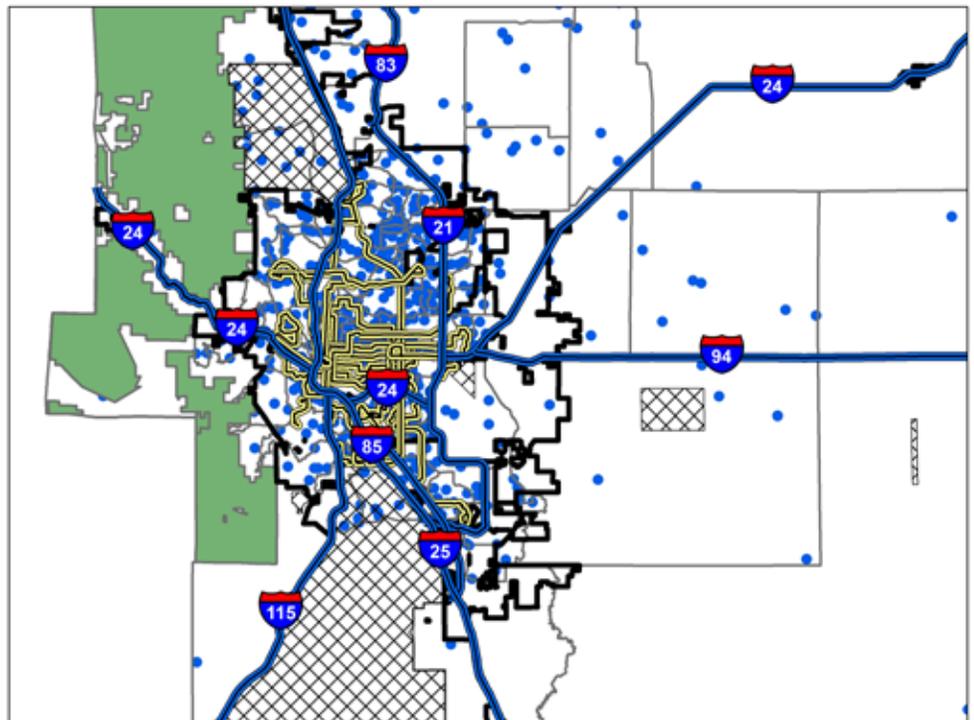
Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

MAP 13:
LOWER COST HOUSING STOCK AND PUBLIC TRANSIT ROUTES, EL PASO COUNTY, 2012



Legend

- 50 Rental Units Under \$799
- Major Highways
- City Boundary
- ▨ Military Base Boundary
- National Forest Boundary
- Bus Lines



Source: American Community Survey, 2012
Calculations by Mullin & Lonergan Associates

Fair market rents are another way to investigate changing rent dynamics. Each year, HUD publishes fair market rents (FMRs) for metropolitan and specified nonmetropolitan areas to determine the amounts at which its programs will subsidize housing units, along with income limits that determine which tenants are eligible to participate in its programs. FMRs are gross rent estimates that include certain utilities. Currently, FMRs are set at the 40th percentile, the amount below which 40% of the standard-quality, non-subsidized housing units in a given area are priced.

As the following figure demonstrates, HUD-calculated FMRs have increased at a rate that is lower than the inflation rate. This means that HUD's FMRs have decreased. This has important consequences for the area's Section 8 Housing Choice Voucher program, because HUD uses FMRs to determine the number of vouchers to distribute and the subsidy amounts attached to them. Because the FMRs have grown at a rate lower than inflation, this reduces the buying power of the Section 8 program in El Paso County. Accounting

for large reductions in lower cost units, disproportionately rising housing costs, increased energy prices, and declining real wages, these low FMRs effectively reduce the Section 8 program's capacity to address affordable housing issues as affordable housing becomes scarcer in the area. The problem is particularly severe for efficiency units, for which the FMR was only increased 13%. Increasing the FMR at such a low level decreases the Section 8 subsidy for what are generally the most affordable units and easiest for low-income persons to access. This has the effect of making the most attainable affordable housing units more difficult to afford, particularly for those significantly below the poverty line. HUD has undertaken a demonstration program to assess the impacts of changing its FMR determinations from the metropolitan level to the more precise zip-code tabulation level. In theory, this would drastically improve housing choice for voucher holders by more accurately reflecting the differences in rent prices among neighborhoods within a city. However, this has yet to occur.

Figure 77 : HUD Fair Market Rents, 2000 and 2012

HUD Fair Market Rents, 2000 and 2014				
	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom
2000	\$443	\$476	\$634	\$884
2012	\$501	\$622	\$807	\$1,189
2000 Rent in 2012 Dollars	\$609	\$655	\$872	\$1,217
Change, 2000-2012	13.09%	30.67%	27.29%	34.50%

Source: HUD

HUD-calculated FMRs for Colorado Springs are the same as El Paso County

Cost Burden

About half of renters and a third of homeowners with mortgages in El Paso County are cost burdened. Seniors and low-income households disproportionately face cost burden.

Cost burden is defined as spending over 30% of household income on total housing costs. Severe cost burden, which occurs disproportionately in low-income households, is defined as spending over 50% of one's household income on total housing costs. Cost burdened families may have difficulty paying for

other necessities, such as food, clothing, transportation, and medical care. It also reduces the amount of discretionary purchases (such as dining, retail shopping, and continuing education) that drive business growth and economic development within a region.

Cost burden is a serious problem throughout El Paso County and Colorado Springs. In 2012, 82,708 households (58,887 of which were in Colorado Springs) were spending more than 30% of their income on housing and utility costs. Of this figure, 39,439 households were renters and 43,269 households were homeowners. A significant proportion of cost-burdened households were severely cost burdened, signifying the depth of the problem.

Figure 78 : Cost Burden, 2012

	Colorado Springs		El Paso County	
	#	%	#	%
Renters: Gross Rent as a Percentage of Income				
Less than 20% of Income	15,650	24.50%	19,035	24.10%
20% to 24.4%	8,899	13.90%	10,687	13.50%
25% to 29.9%	7,880	12.30%	9,866	12.50%
30% to 34.9%	6,014	9.40%	7,909	10.00%
35% or More	25,447	39.80%	31,530	39.90%
Owners with a Mortgage: Monthly Owner Costs as a Percentage of Income				
Less than 20% of Income	28,222	37.00%	41,917	35.70%
20% to 24.4%	12,621	16.60%	19,562	16.70%
25% to 29.9%	10,169	13.30%	15,950	13.60%
30% to 34.9%	6,793	8.90%	10,537	9.00%
35% or More	18,382	24.10%	29,378	25.00%
Total Cost-Burdened Owners with Mortgages	25,175	33.00%	39,915	34.00%
Owners without a Mortgage: Monthly Owner Costs as a Percentage of Income				
Less than 20% of Income	18021	81.20%	25930	80.50%
20% to 24.4%	1,412	6.40%	1,866	5.80%
25% to 29.9%	518	2.30%	1,063	3.30%
30% to 34.9%	475	2.10%	707	2.20%
35% or More	1,776	8.00%	2,647	8.20%
Total Cost-Burdened Owners without Mortgages	2,251	10.10%	3,354	10.40%

Cost burden is not evenly distributed by age or tenure. As one might predict, owners without mortgages are the least likely to be cost-burdened. As the previous table demonstrates, renter households are significantly more likely to be cost burdened. However, a large number of homeowners are also cost burdened. This may be a vestige from the recession, or may represent limited choice homeowners face in the housing market. New homeowners may be forced into purchasing “too much house” due to a lack of options, increasing their mortgage payment to the point that they become cost burdened.

Cost burden also generally increases with age, with seniors being the most likely to be cost burdened. The high rate of cost burden amongst young homeowners is also surprising: generally, younger homeowners will pick starter homes at the low end of the price spectrum in order to more easily pay their mortgages. However, the 25-to-34 demographic has the highest rate of cost burden amongst homeowners. For a City aiming to draw in Millennials, this is a noteworthy issue: one of the most effective incentives to secure young professionals is the availability of

affordable housing. This is particularly relevant to Colorado Springs, where the greater availability of affordable housing compared to nearby Denver remains one of its competitive advantages for retaining skilled labor and young professionals. However, the high rate of cost burden signifies that this amenity may be lacking.

As the following maps indicate, cost burden is geographically clustered. Areas with high rates of cost burden differ slightly between homeowners and renters, although the highest rates among both demographics can be found in Southern and South-Central areas of Colorado Springs. A high proportion of homeowners in Southeast El Paso County are cost-burdened, although the population in these areas is quite low. Among both homeowners and renters, the lowest proportion of cost burden residents is in Northeast Colorado Springs and El Paso County.

Figure 79 : Cost Burden by Age, El Paso County, 2012

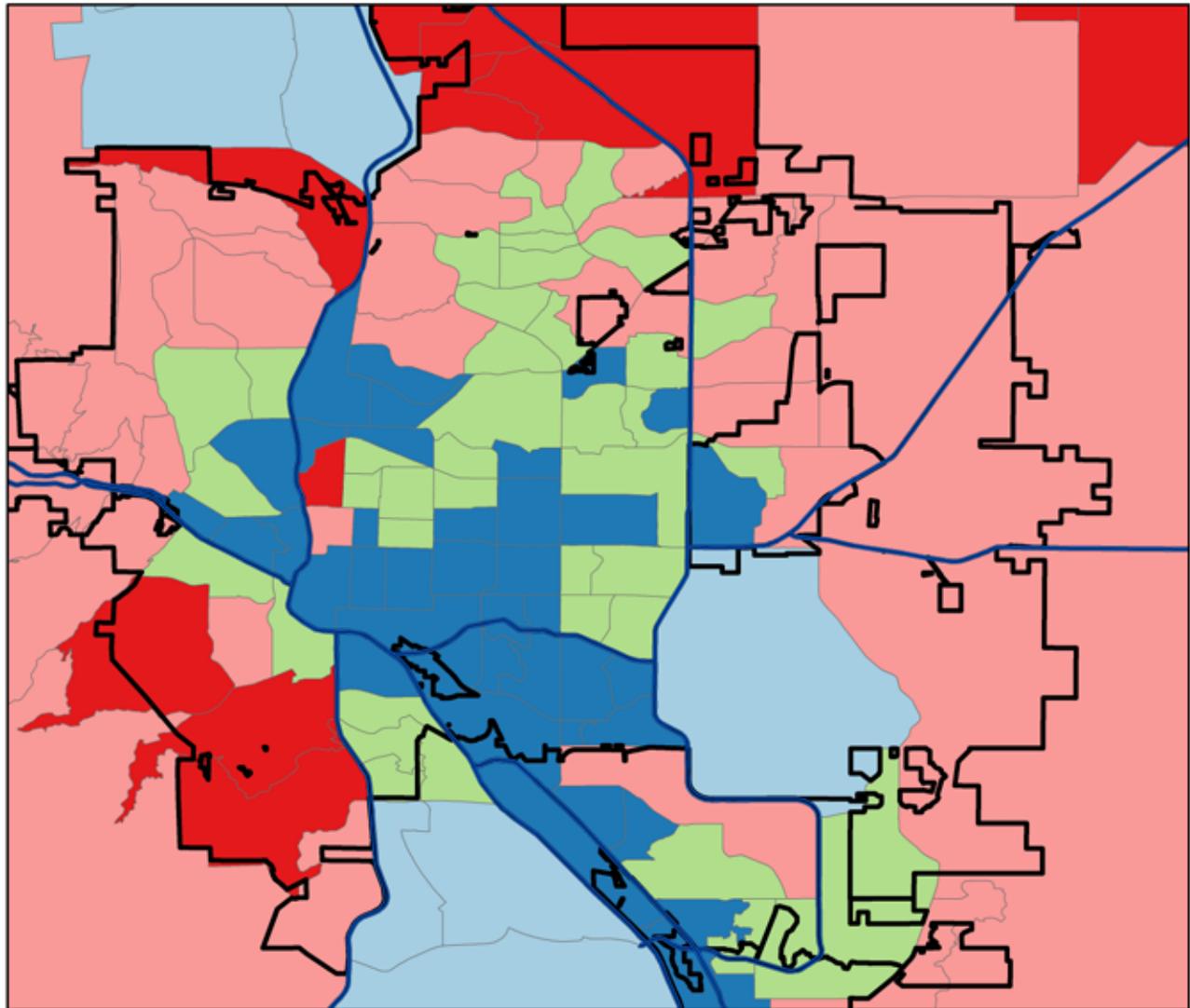
	Renters Spending Over 30% of Income on Housing	Owners Spending Over 30% of Income on Housing
Householder 15 to 24 years	7.75%	0.63%
Householder 25 to 34 years	44.31%	34.79%
Householder 35 to 64 years	44.77%	28.53%
Householder 65 years and over	62.43%	24.42%

Note: The term “young professional” is a general term referring to individuals 18 to 30 who have a college degree and are more mobile than the general population.

Figure 80 : Cost Burden by Municipality, 2012

	Cost Burdened Renters	Cost Burdened Owners with a Mortgage	Cost Burdened Owners without a Mortgage
Air Force Academy CDP, Colorado	111 24.70%	0 -	0 -
Black Forest CDP, Colorado	60 33.00%	1218 36.50%	102 10.00%
Calhan town, Colorado	30 34.10%	84 43.30%	12 23.10%
Cascade-Chipita Park CDP, Colorado	60 54.10%	97 32.00%	0 0.00%
Cimarron Hills CDP, Colorado	949 54.00%	1127 33.00%	95 12.90%
Colorado Springs city, Colorado	31,461 49.20%	25175 33.00%	2251 10.10%
Ellicott CDP, Colorado	26 92.90%	92 63.00%	34 30.60%
Fort Carson CDP, Colorado	1761 71.50%	0 -	0 0.00%
Fountain city, Colorado	1601 56.40%	1778 36.00%	12 1.50%
Gleneagle CDP, Colorado	82 21.60%	464 31.40%	0 0.00%
Green Mountain Falls town, Colorado	62 80.50%	81 42.00%	2 2.60%
Manitou Springs city, Colorado	476 49.00%	356 36.70%	66 14.70%
Monument town, Colorado	115 45.50%	268 22.40%	40 16.10%
Palmer Lake town, Colorado	119 39.80%	234 43.10%	30 17.60%
Peyton CDP, Colorado	0 -	0 0.00%	0 -
Ramah town, Colorado	0 0.00%	5 33.30%	0 0.00%
Rock Creek Park CDP, Colorado	0 #VALUE!	0 -	0 0.00%
Security-Widefield CDP, Colorado	971 51.60%	2373 33.60%	165 9.00%
Stratmoor CDP, Colorado	360 52.00%	575 52.70%	104 21.30%
Woodmoor CDP, Colorado	77 38.90%	731 32.10%	18 4.60%

MAP 14:
MEDIAN SELECTED MONTHLY OWNER COSTS, EL PASO COUNTY, 2012

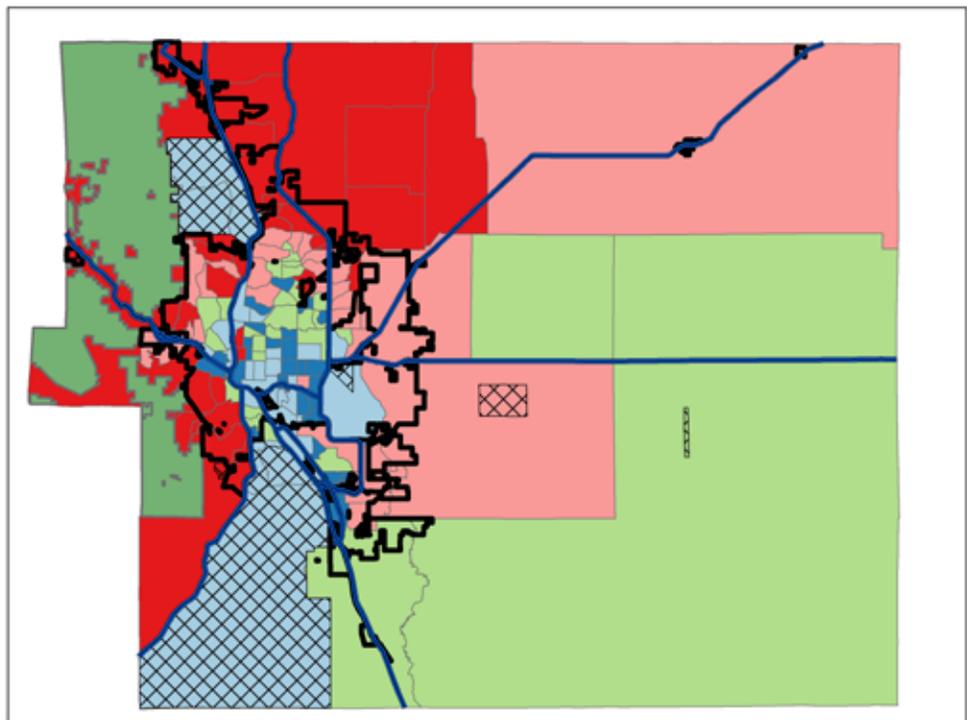


Legend

Median Monthly Owner Costs

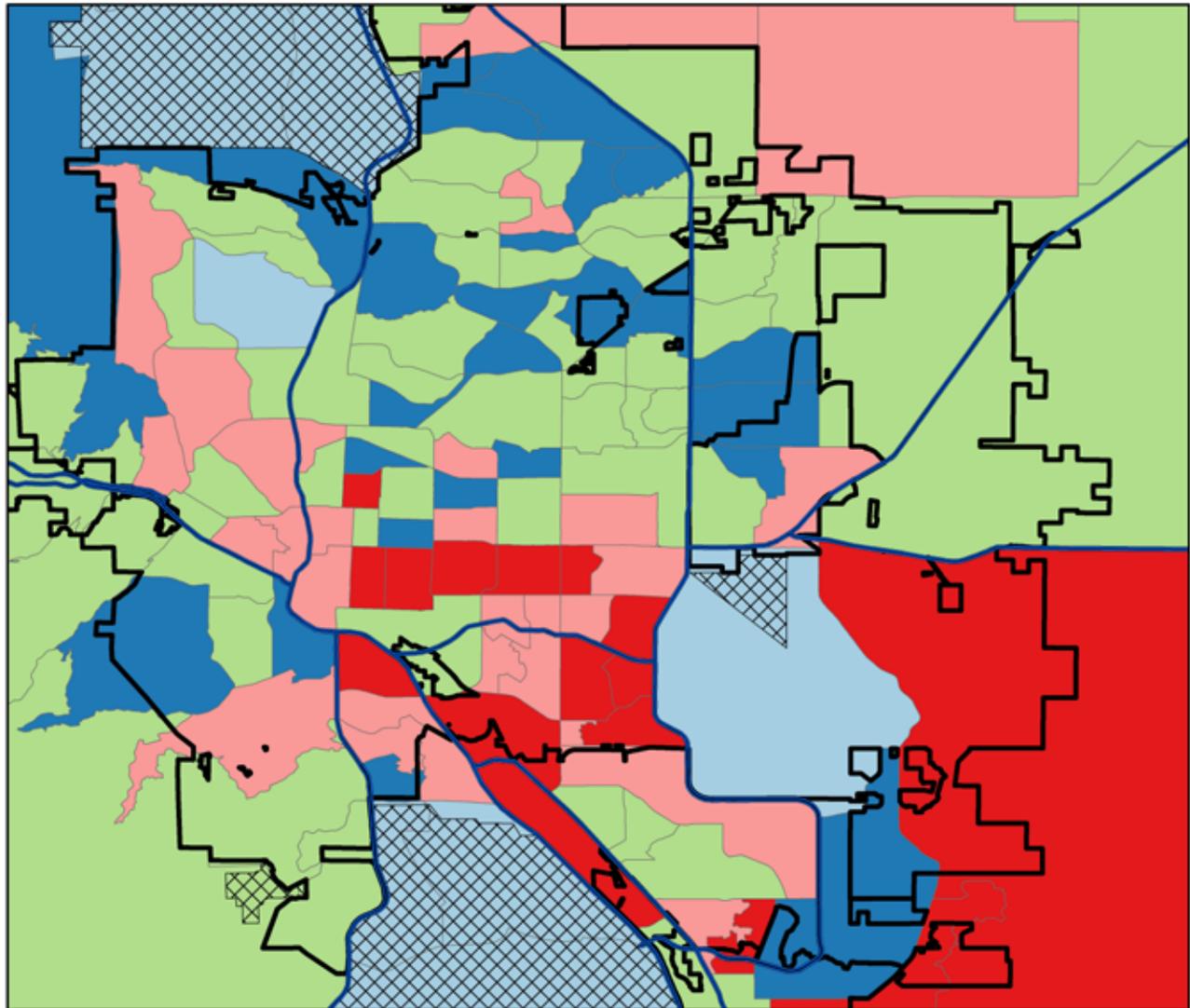
- \$0 - \$1,189
- \$1,190 - \$1,344
- \$1,345 - \$1,463
- \$1,464 - \$1,776
- \$1,777 - \$2,641

- City Boundary
- Military Base Boundary
- National Forest Boundary



Source: American Community Survey, 2012
 Calculations by Mullin & Loneragan Associates
 Note: Selected monthly owner costs includes mortgage, utility, property taxes, and upkeep

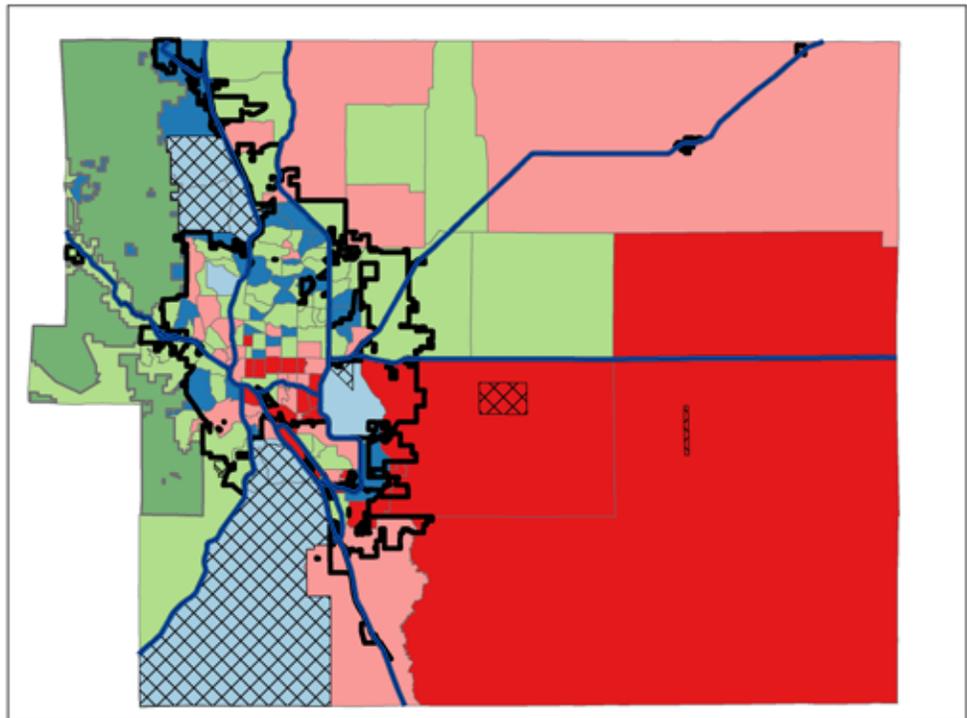
MAP 15:
PERCENTAGE OF OWNERS COST BURDENED, EL PASO COUNTY, 2012



Legend

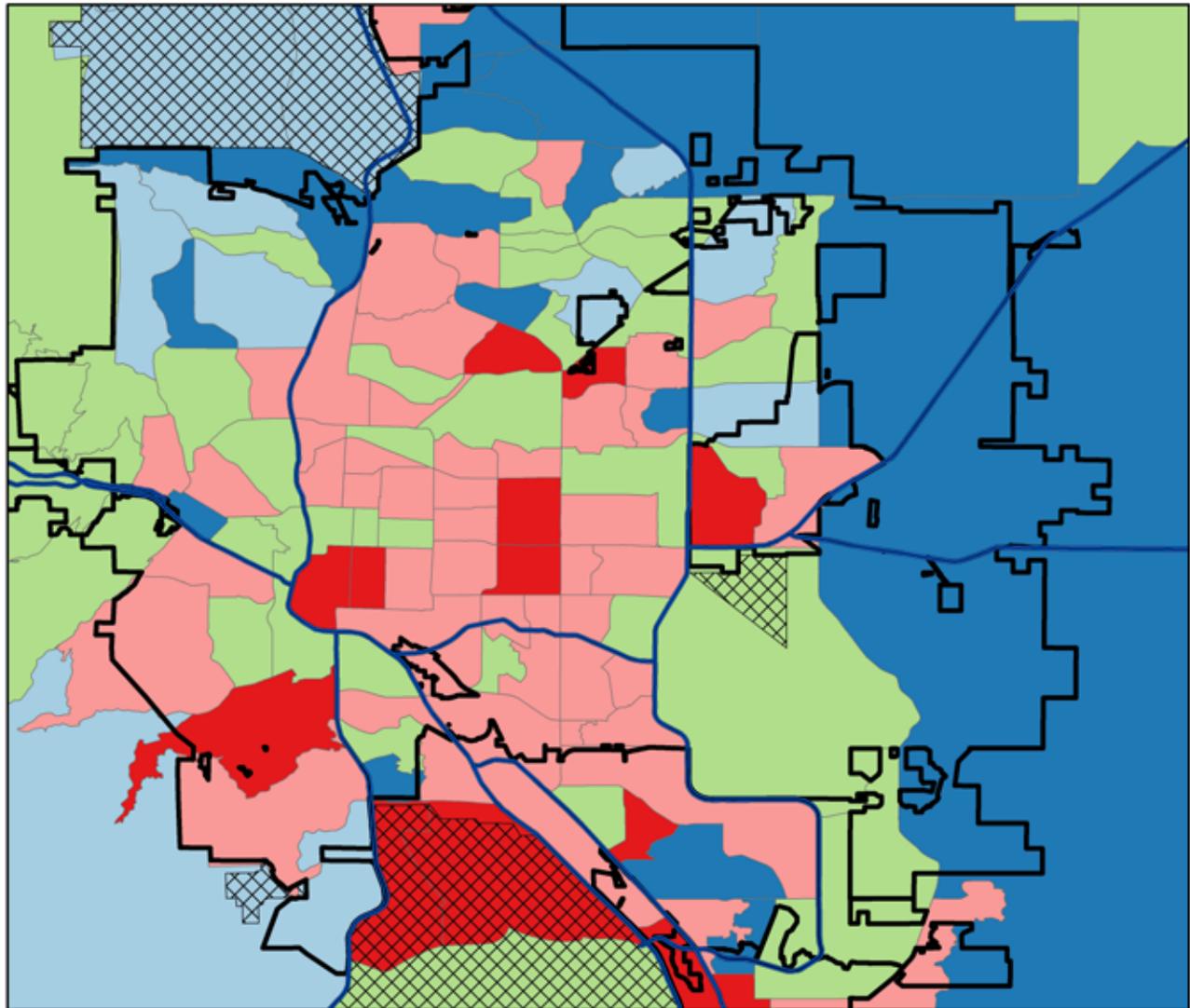
Cost Burdened Homeowners

- 0% - 12.2%
- 12.2% - 28.3%
- 28.3% - 36.5%
- 36.5% - 45.3%
- 45.3% - 62.5%
- City Boundary
- Military Base Boundary
- National Forest Boundary



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates
 Note: Cost burden is defined as spending over 30% of net income on housing

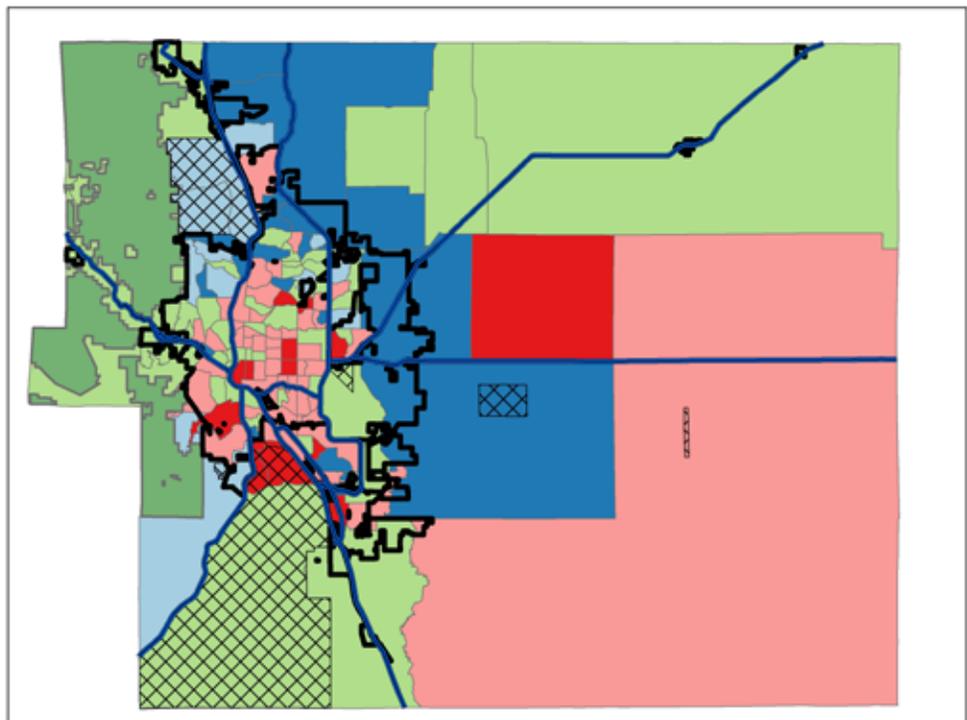
MAP 16:
PERCENTAGE OF RENTERS COST BURDENED, EL PASO COUNTY, 2012



Legend

Cost Burdened Renters

- 0% - 25.9%
- 25.9% - 39.2%
- 39.2% - 50.4%
- 50.4% - 62.0%
- 62.0% - 82.7%
- City Boundary
- Military Base Boundary
- National Forest Boundary



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates
 Note: Cost burden is defined as spending over 30% of net income on housing

HOUSING SUPPLY CHARACTERISTICS

Units by Structure Type and Tenure

The number of single-family housing units is increasing, but the number of low-cost housing options for this demographic are decreasing.

The changing mix of ages, incomes, and types of households demands availability of a variety of housing types. As of 2012, nearly three-quarters of El Paso County's housing stock (74.2%) consisted of single-family structures. This represents a slight share gain in single-family housing since 2000, when it represented 69.8% of all occupied units. The distribution is generally consistent with national trends, as 67.5% of all occupied housing across the country in 2012 was single-family, compared to 67% in 2000. The prevalence of single-family housing is consistent with national policies and cultural tendencies that emphasize single-family detached housing as integral to the American dream. However, demographic trends indicate growing demand for higher-density housing, particularly an aging population and gains in non-family households. The increasing ratio of single-family homes to multi-family homes indicates that density is not increasing despite large influxes of residents into El Paso County, a main indicator of sprawl.

The remaining number of housing units in El Paso County in 2012 were relatively evenly balanced between multi-family units of different sizes. Structures with

2 units comprised 1.3% of the housing stock, structures with 3-4 units 4.0% of the housing stock, structures with 3 to 9 units 3.5% of the housing stock, structures with 10 to 19 units 5.0% of the housing stock, and structures with 20 or more units 8.1% of the stock.

The reason behind the apparent decline in duplex and small apartment buildings is likely not demolition. It is likely that these housing units shifted into other categories, such as duplexes being converted into single-family dwellings or a dwelling with four large apartments being converted into eight smaller apartments. These changes would account for a loss in these categories and a respective gain in another category. While more detailed data on unit conversions is unavailable, the important component is that there is still a net reduction in the number of duplex and small apartment units in the local inventory.

While large structures with 20 or more units seem to be a higher percentage of the housing inventory than what was perceived by many stakeholders interviewed, this also includes institutional housing such as college and military facilities. Thus, the number of units in multi-unit structures is significantly lower than Census data would suggest. The remaining 7% of all units took the form of mobile homes or other accommodations. Non-permanent housing such as mobile homes and RVs comprised a significant segment of the inventory in El Paso County: about 3.6% of all units were a mobile home. This is a much higher percentage than in other urban counties.

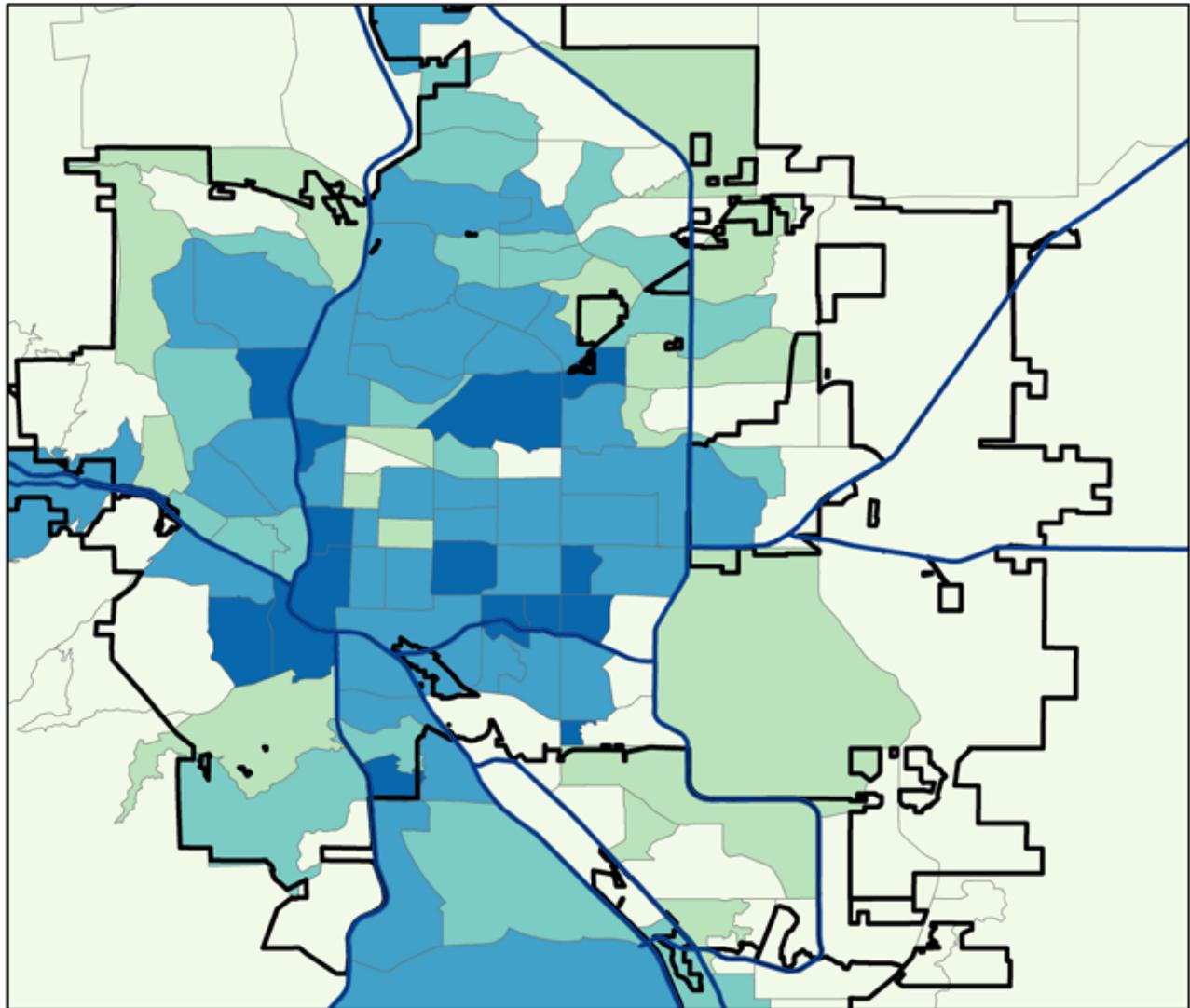
Figure 81 : Change in Units by Structure Type, El Paso County, 2012

	2000		2012		Change 2000-2012	
	#	%	#	%	#	%
Single-Unit	141,315	69.81%	187,817	74.23%	46,502	32.91%
2 Units	4,038	1.99%	3,301	1.30%	-737	-18.25%
3 or 4 Units	10,715	5.29%	10,242	4.05%	-473	-4.41%
5 to 9 Units	8,397	4.15%	8,901	3.52%	504	6.00%
10 to 19 Units	10,040	4.96%	12,774	5.05%	2,734	27.23%
20 or More Units	18,500	9.14%	20,636	8.16%	2,136	11.55%
Mobile Home or Other	9,423	4.66%	9,242	3.69%	-181	-1.92%
Total	202,428	100.00%	252,913	100.00%	50,485	24.94%

Figure 82 : Units by Structure Type, El Paso County, 2012

	Total Housing Units	1-Unit, Detached	1-Unit, Attached	2 Units, Duplex	3 or 4 Units	5 to 9 Units	10 to 19 Units	20 or More Units	Mobile Home	Boat, RV, Van, etc.
Air Force Academy CDP, Colorado	766	301	465	0	0	0	0	0	0	0
		39.30%	60.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Black Forest CDP, Colorado	4,905	4,778	26	0	0	0	0	0	101	0
		97.40%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	2.10%	0.00%
Calhan town, Colorado	387	260	12	3	17	0	0	0	95	0
		67.20%	3.10%	0.80%	4.40%	0.00%	0.00%	0.00%	24.50%	0.00%
Cascade-Chipita Park CDP, Colorado	786	751	12	23	0	0	0	0	0	0
		95.50%	1.50%	2.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cimarron Hills CDP, Colorado	6,200	4,041	671	0	608	11	149	286	434	0
		65.20%	10.80%	0.00%	9.80%	0.20%	2.40%	4.60%	7.00%	0.00%
Colorado Springs city, Colorado	178,842	109,263	15,398	2,493	7,804	7,986	12,207	19,562	4,057	72
		61.10%	8.60%	1.40%	4.40%	4.50%	6.80%	10.90%	2.30%	0.00%
Ellicott CDP, Colorado	484	199	0	0	0	0	0	0	285	0
		41.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	58.90%	0.00%
Fort Carson CDP, Colorado	3,059	215	1,594	158	728	280	34	0	50	0
		7.00%	52.10%	5.20%	23.80%	9.20%	1.10%	0.00%	1.60%	0.00%
Fountain city, Colorado	9,557	7,408	610	111	572	166	87	54	549	0
		77.50%	6.40%	1.20%	6.00%	1.70%	0.90%	0.60%	5.70%	0.00%
Gleneagle CDP, Colorado	2,554	1,770	533	0	14	27	49	161	0	0
		69.30%	20.90%	0.00%	0.50%	1.10%	1.90%	6.30%	0.00%	0.00%
Green Mountain Falls town, Colorado	614	580	19	6	0	0	0	0	9	0
		94.50%	3.10%	1.00%	0.00%	0.00%	0.00%	0.00%	1.50%	0.00%
Manitou Springs city, Colorado	2,739	1,644	150	368	120	210	101	81	65	0
		60.00%	5.50%	13.40%	4.40%	7.70%	3.70%	3.00%	2.40%	0.00%
Palmer Lake town, Colorado	1,150	856	72	8	41	0	0	19	140	14
		74.40%	6.30%	0.70%	3.60%	0.00%	0.00%	1.70%	12.20%	1.20%
Peyton CDP, Colorado	27	0	0	0	0	0	0	0	27	0
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Ramah town, Colorado	62	59	0	0	0	0	0	0	3	0
		95.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.80%	0.00%
Rock Creek Park CDP, Colorado	32	13	0	0	0	0	0	0	19	0
		40.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	59.40%	0.00%
Security-Widefield CDP, Colorado	11,756	10,954	189	10	12	125	102	329	35	0
		93.20%	1.60%	0.10%	0.10%	1.10%	0.90%	2.80%	0.30%	0.00%
Stratmoor CDP, Colorado	2,577	1,762	55	103	175	0	0	82	400	0
		68.40%	2.10%	4.00%	6.80%	0.00%	0.00%	3.20%	15.50%	0.00%
Woodmoor CDP, Colorado	3,113	2,764	271	0	50	14	14	0	0	0
		88.80%	8.70%	0.00%	1.60%	0.40%	0.40%	0.00%	0.00%	0.00%

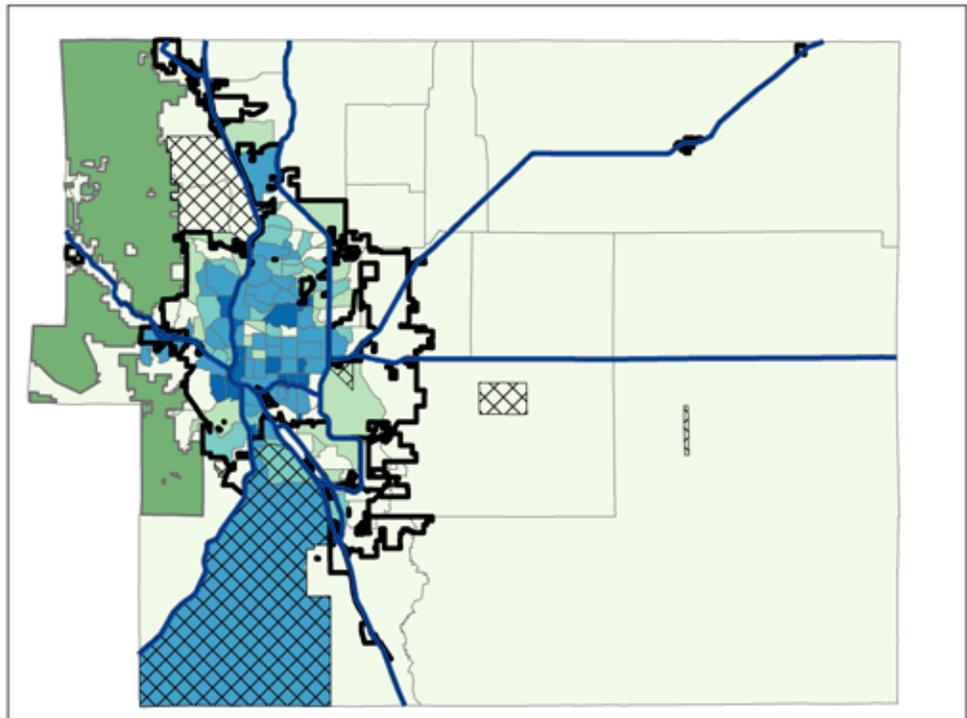
MAP 17:
PERCENTAGE OF UNITS IN MULTI-FAMILY STRUCTURES BY TRACT, EL PASO COUNTY, 2012



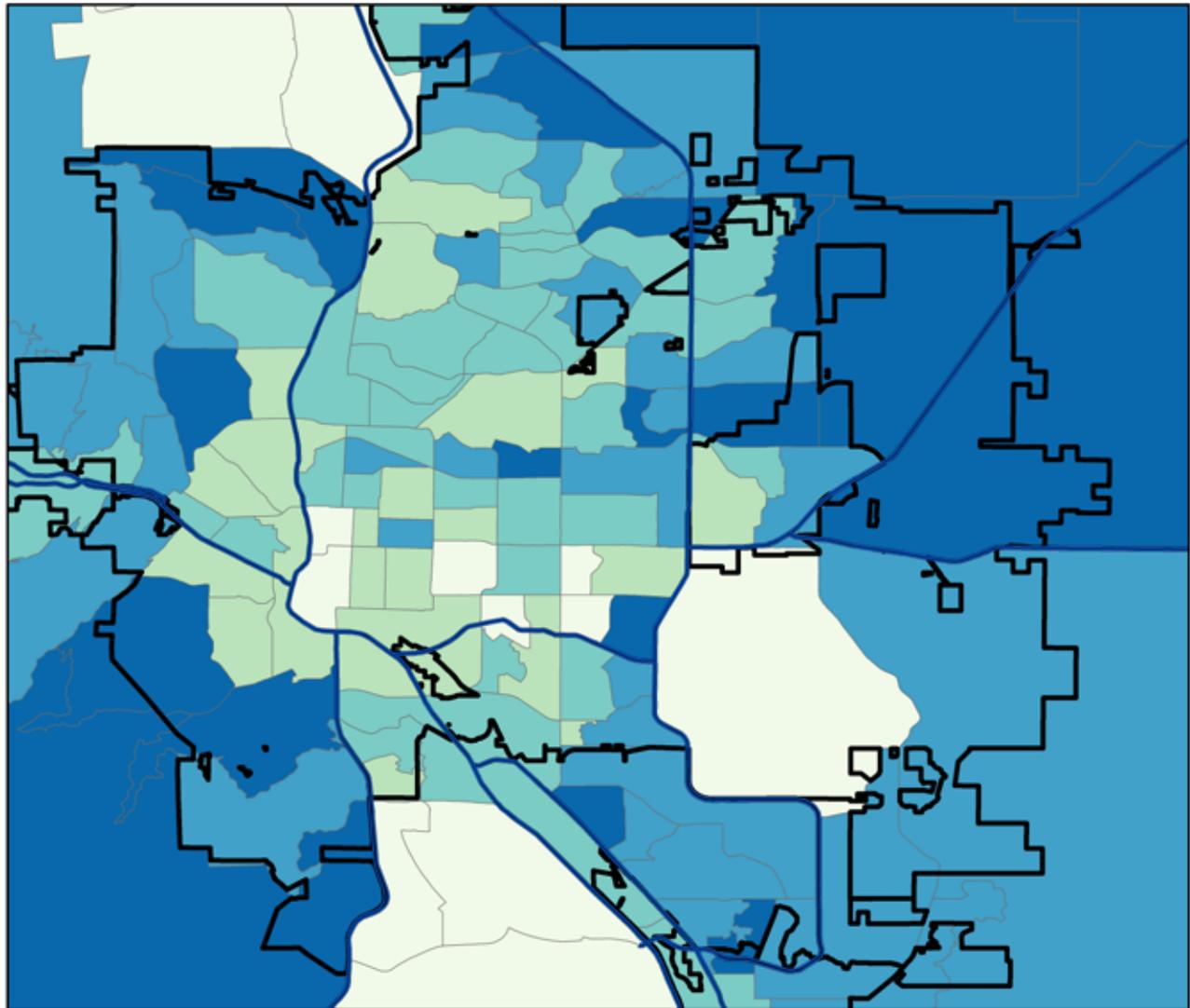
Legend

Percent Multi-Family

- 0% - 4.6%
- 4.6% - 13.9%
- 13.9% - 25.3%
- 25.3% - 46.5%
- 46.5% - 84.1%
- City Boundary
- Military Base Boundary
- National Forest Boundary



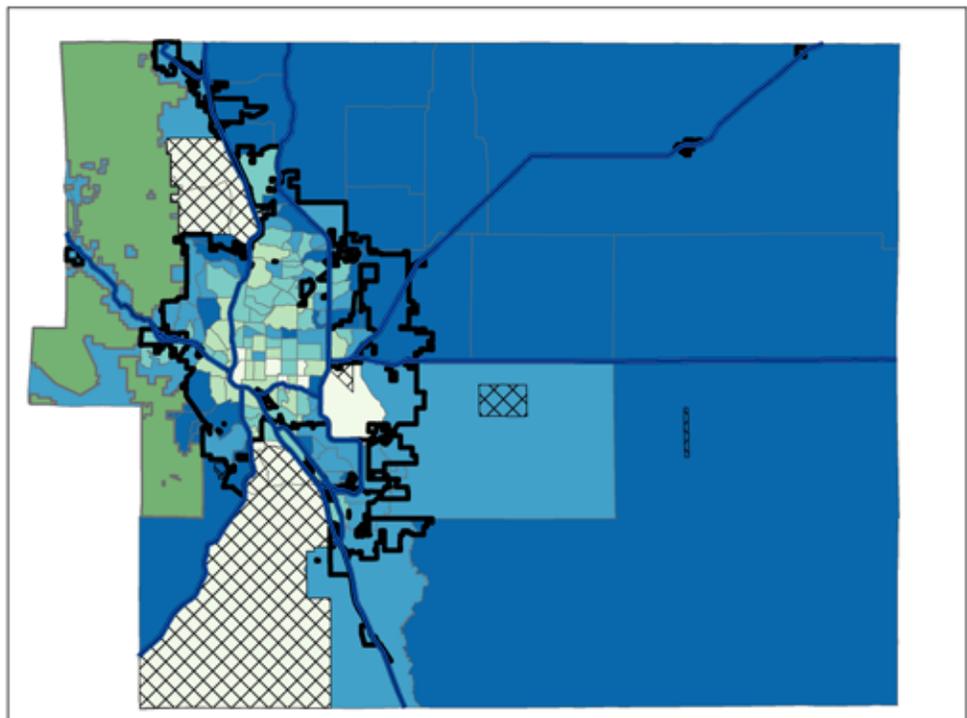
MAP 18:
PERCENTAGE OF HOUSING UNITS OWNER OCCUPIED, EL PASO COUNTY, 2012



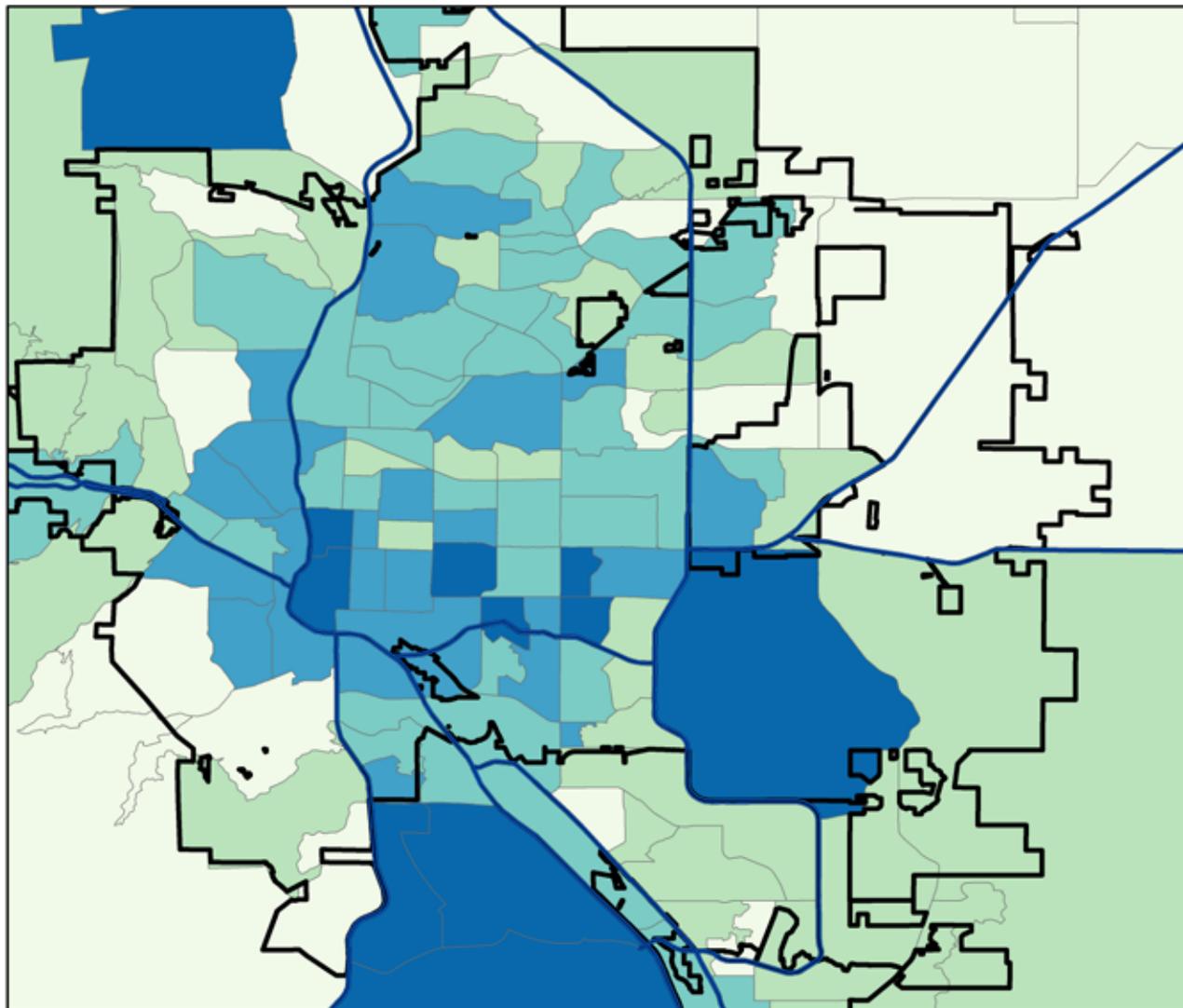
Legend

Percent Owner-Occupied

- 0% - 25.2%
- 25.2% - 51.0%
- 51.0% - 68.0%
- 68.0% - 81.3%
- 81.3% - 95.3%
- City Boundary
- Military Base Boundary
- National Forest Boundary



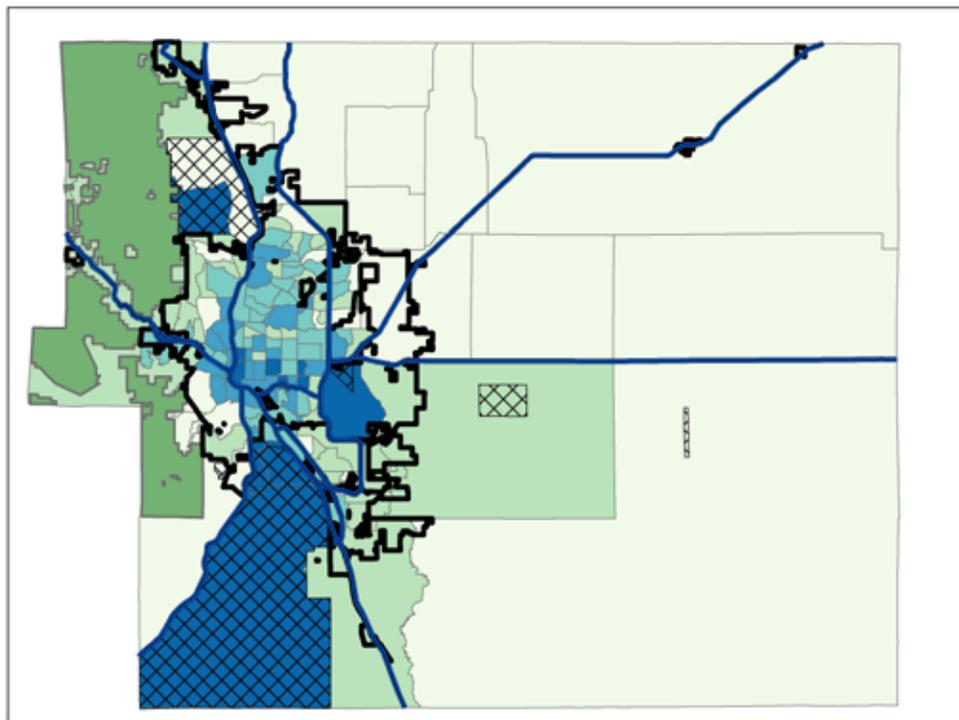
MAP 19:
PERCENTAGE OF HOUSING UNITS RENTER OCCUPIED, EL PASO COUNTY, 2012



Legend

Percent Renter-Occupied

- 0% - 16.8%
- 16.8% - 29.4%
- 29.4% - 47.8%
- 47.8% - 68.8%
- 68.8% - 100%
- City Boundary
- Military Base Boundary
- National Forest Boundary



The housing mix also varies by tenure. In 2012, 93.7% of owner-occupied units were single-family structures, the vast majority of which were detached. An additional 4% of owner housing consisted of mobile homes and other transportable structures. The remaining 2.2% was in multi-family buildings, most commonly small-scale multi-family structures with 3 to 9 units. Meanwhile, 54.4% of renters lived in multi-family structures, while 43.3% lived in single-family structures and 2.2% lived in mobile homes or other facilities. Rental units have decreased as a percentage of total units, while owner-occupied units have increased.

units is increasing, yet small-scale multi-story housing units and mobile homes are actually decreasing despite steady population gain. These are disproportionately more affordable options and tend to serve populations that cannot afford their own single-unit structure. While mobile homes may draw community opposition, duplexes and small-scale apartment buildings can be affordable and high-quality housing that require minimal variances to existing zoning provisions. Their shrinking numbers and proportions are worrisome from an affordable housing perspective.

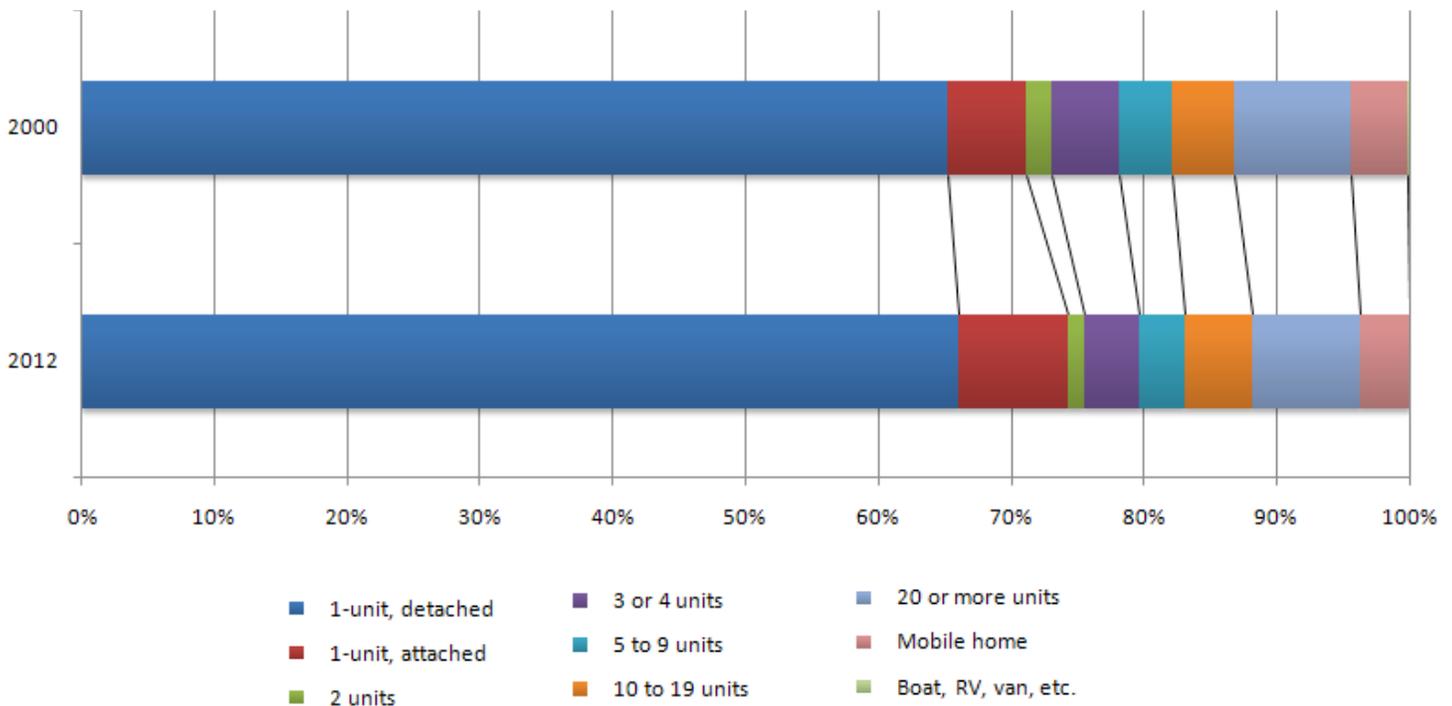
The number of single-family housing

Figure 83 : Structure Type by Tenure, El Paso County, 2012

	Owner-Occupied Housing Units			Renter-Occupied Housing Units		
	Single-Family	Multi-Family	Other	Single-Family	Multi-Family	Other
Number	385,105	144,360	617	83,092	64,547	16,634
Percentage	72.65%	27.23%	0.12%	50.58%	39.29%	10.13%

Source: ACS 2012

Figure 84 : Structures by Type, El Paso County, 2000 and 2012



Assisted Housing Supply

The low rental vacancy rate impacts the availability of affordable rentals for lower income households with Section 8 vouchers.

Colorado Springs Housing Authority manages the Section 8 Housing Choice Voucher Program. There are currently 2,515 Section 8 vouchers on the ground for all of El Paso County and 707 units of public housing. There are over 3,000 households on the waiting list for vouchers, and the list has been closed since October of 2010. The average time spent by a Section 8 voucher holder looking for a housing unit is 90 to 120 days. This is indicative of the low rental vacancy rate in Colorado Springs.

While Section 8 voucher holders are able to choose anywhere to locate, voucher holders in El Paso County are clustered in certain areas. A disproportionate number of voucher holders are located in Southeast Colorado Springs, with multiple secondary clusters locating in South Colorado Springs. Relative to the respective population densities, very few Section 8 voucher holders were located in any areas north of Downtown or within the balance of the County.

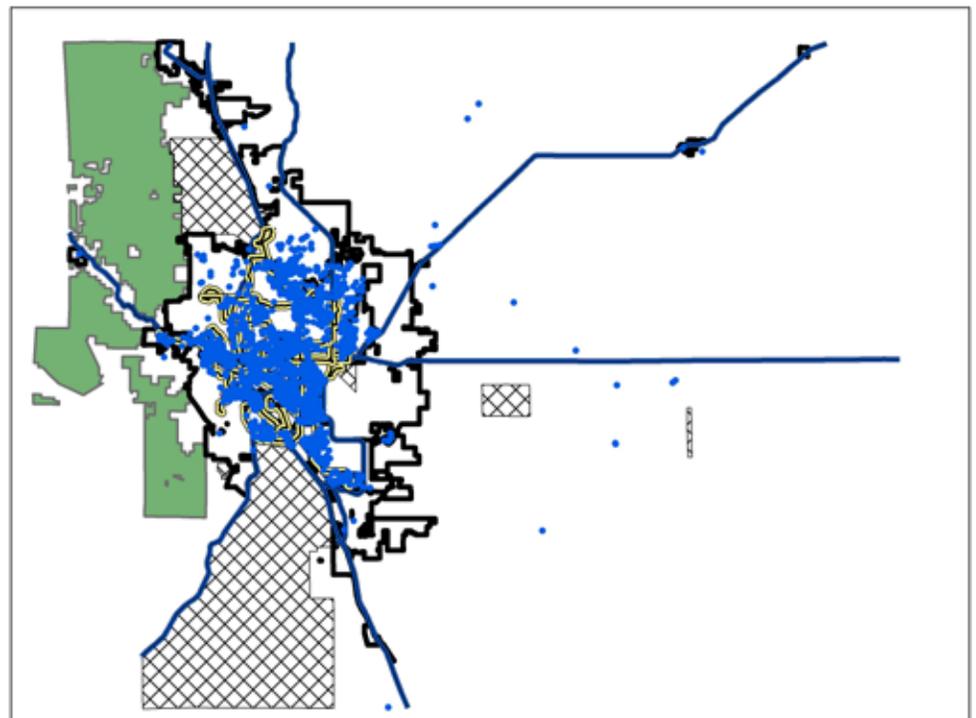
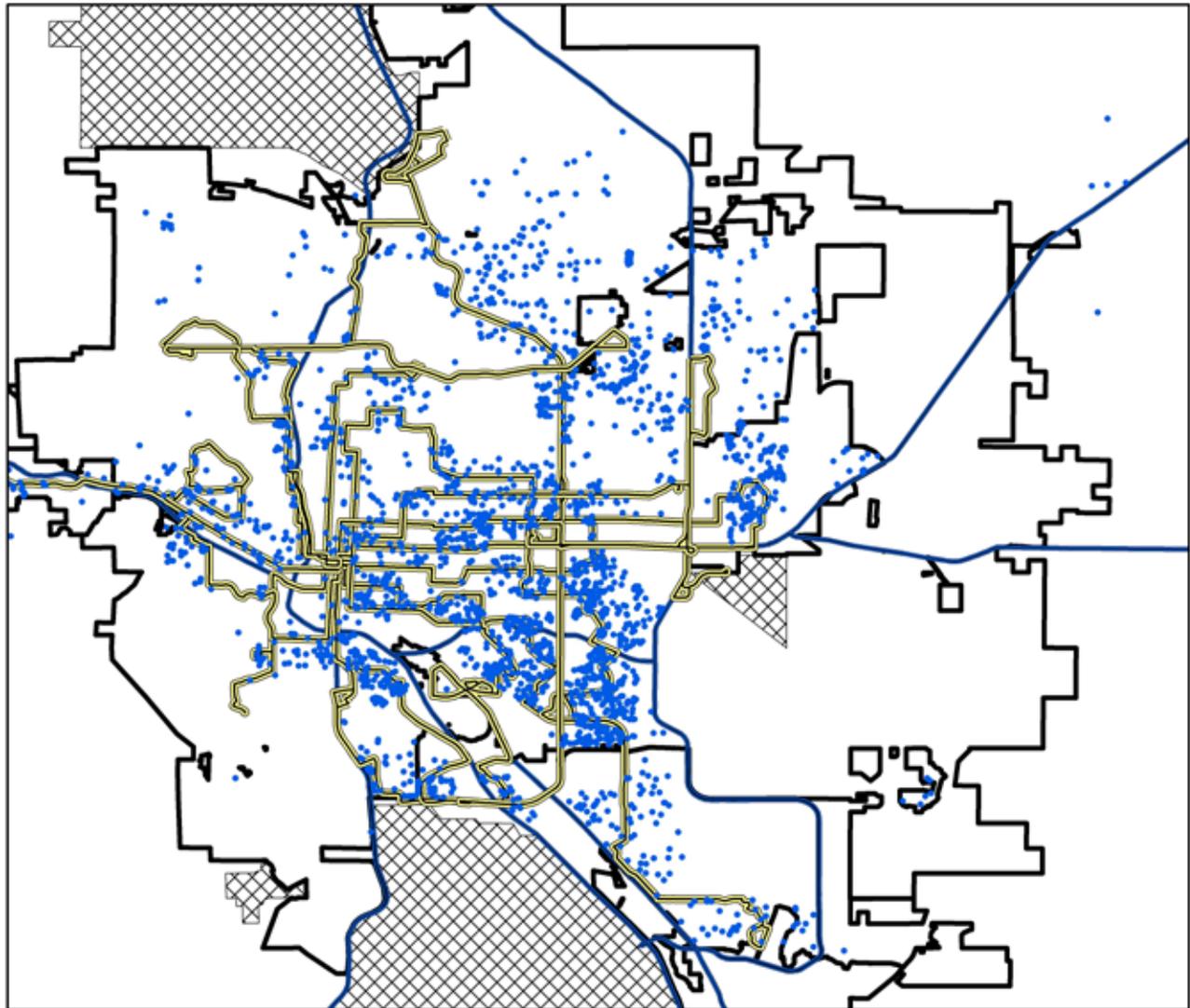
In addition to Colorado Springs Housing Authority, Fountain Housing Authority distributes 240 Section 8 vouchers, with 244 families on the voucher waiting list. Most of the financing for programs comes from Colorado Springs Housing Authority as part of a regional effort.

Fountain Housing Authority, according to a survey conducted as part of this research, owns and manages 118 affordable housing units split between

three developments (Grinde Manor, Fountain Townhomes, and Fountain Mesa Court). Of these units, 40 are one-bedroom, 64 are two-bedroom, and 14 are three-bedroom. There are 118 families receiving Section 8 vouchers, and 108 families on the waiting list. There are 206 families living in public housing, and 95 families on the waiting list; however, the list has been closed since October 2010. According to housing specialists at Fountain Housing Authority, this skews the waiting list to underreport families with children and elderly, who make other housing arrangements. Two-bedroom units were the most popular public housing unit, containing 64 (55%) of families. There were 40 one-bedroom units, housing 34% of families, and 14 three-bedroom units housing 12% of families.

The majority of the tenants and Section 8 voucher recipients are families with children. About two-thirds are extremely low-income, earning under 30% of the median household income. A disproportionate amount of both public housing tenants and Section 8 voucher holders are racial or ethnic minorities. Elderly families also represent a disproportionate share of the public housing population.

MAP 20:
LOCATION OF SECTION 8 HOUSING CHOICE VOUCHER HOLDERS, EL PASO COUNTY, 2012



- Section 8 Voucher Holders
- City Boundary
- ▨ Military Base Boundary
- National Forest Boundary
- Bus Lines

Figure 85 : Fountain PHA Tenant and Waiting List Characteristics, 2014

	Current Section 8 Tenant Households		Section 8 Waiting List Applicants		# of Families
	# of Families	% of Total Families	# of Families	% of Total Families	
Total	118	100%	108	100%	
Extremely low income (0% - 30% AMI)	43	37%	95	88%	
Very low income (30% - 50% AMI)	35	30%	10	9%	
Low income (50% to 80% AMI)	38	33%	3	3%	
Families with children	69	59%	2	2%	
Elderly families	31	27%	41	38%	
Families with disabilities	12	11%	77	70%	
Race/ethnicity – Black	19	17%	27	25%	
Race/ethnicity – White	94	80%	81	74%	
Race/ethnicity – Asian	1	0.08%	0	0%	
Race/ethnicity – All Other Races	2	2%	1	1%	
Race/ethnicity - Hispanic	21	18%	11	10%	
	Current PHA Tenant Households		PHA Waiting List Applicants*		
	# of Families	% of Total Families	# of Families	% of Total Families	
Total	206	100%	95	100%	
Extremely low income (0% - 30% AMI)	135	66%	69	73%	
Very low income (30% - 50% AMI)	57	28%	23	24%	
Low income (50% to 80% AMI)	14	7%	3	3%	
Families with children	178	87%	72	76%	
Elderly families	46	23%	8	1%	
Families with disabilities	22	11%	11	11%	
Race/ethnicity – Black	55	27%	22	23%	
Race/ethnicity – White	138	67%	67	70%	
Race/ethnicity – Asian	2	1%	2	2%	
Race/ethnicity – All Other Races	5	3%	4	4%	
Race/ethnicity - Hispanic	33	16%	21	22%	

*Waiting list has been closed since October 2010. These figures therefore do not accurately reflect families with children or elderly

Units by Age

The age of housing structures in El Paso County is relatively new: 55.6% were built after 1980. The median year of construction is 1982, which is quite new relative to most of the country. If maintenance is deferred, older housing units tend to have more structural issues, are more likely to have substandard living conditions, and present dangerous conditions such as lead paint and unsafe electrical systems. Older housing is also less likely to be energy efficient, increasing utility costs disproportionately for renters. Therefore, the relatively new housing stock means more houses are likely to be up to code and less prone to major issues. However, in both the County and the City, new housing also tends to be less affordable.

Renter-occupied units were significantly more likely to be older structures than owner-occupied units. A buildings' age can serve as a rough proxy for the quality of a unit (with the exception of historic rehabs, such as in key areas of Manitou Springs), and it may be the case that older rental units are generally of lower quality compared to owner-occupied units.

Figure 86 : Year Structure Built, El Paso County, 2012

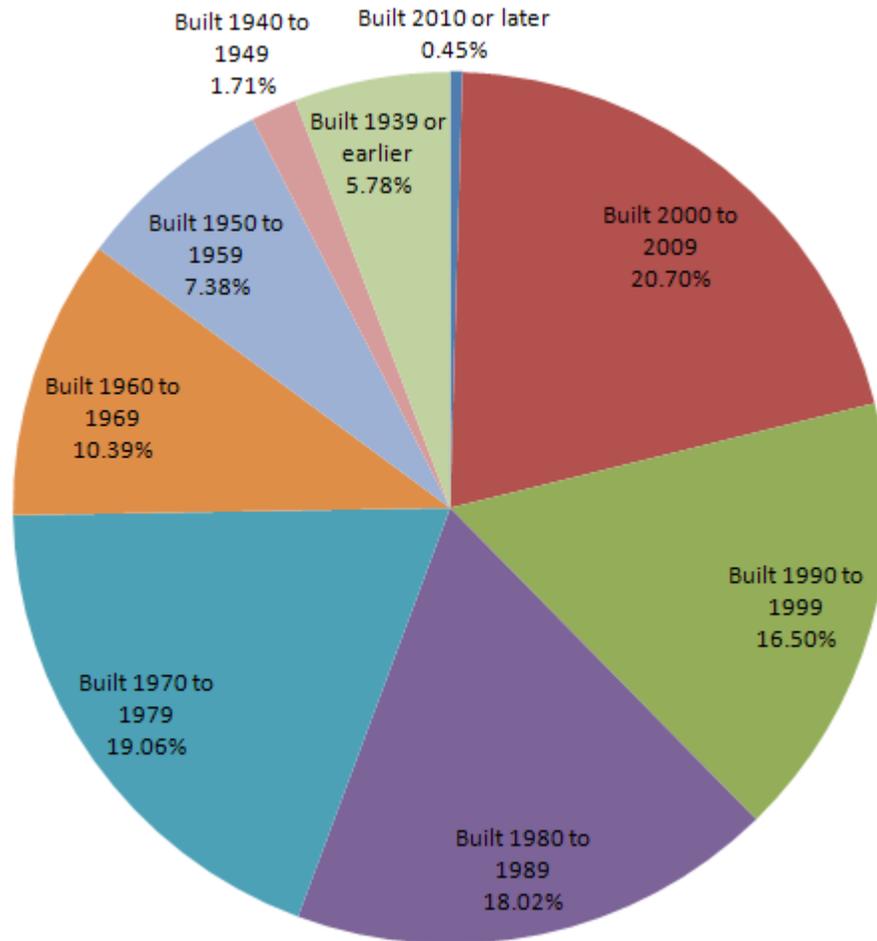


Figure 87 : Building Age by Tenure, El Paso County, 2012

	Owner	Renter
Built 2000 or Later	23.09%	17.77%
Built 1980 to 1999	37.09%	31.54%
Built 1960 to 1979	26.67%	33.56%
Built 1940 to 1959	8.37%	10.28%
Built 1939 or Earlier	4.78%	6.84%

Source: 2012 ACS

Figure 88 : Year Structure Built, El Paso County, 2012

	Total Housing Units	Built 2010 or later	Built 2000 to 2009	Built 1990 to 1999	Built 1980 to 1989	Built 1970 to 1979	Built 1960 to 1969	Built 1950 to 1959	Built 1940 to 1949
Air Force Academy CDP, Colorado	766	0	66	36	8	156	173	312	7
		0.00%	8.60%	4.70%	1.00%	20.40%	22.60%	40.70%	0.90%
Black Forest CDP, Colorado	4,905	25	1,330	1,239	928	669	284	191	16
		0.50%	27.10%	25.30%	18.90%	13.60%	5.80%	3.90%	0.30%
Calhan town, Colorado	387	0	9	100	44	126	20	6	0
		0.00%	2.30%	25.80%	11.40%	32.60%	5.20%	1.60%	0.00%
Cascade-Chipita Park CDP, Colorado	786	0	64	28	63	36	67	184	121
		0.00%	8.10%	3.60%	8.00%	4.60%	8.50%	23.40%	15.40%
Cimarron Hills CDP, Colorado	6,200	29	783	1,302	1,824	1,787	387	3	26
		0.50%	12.60%	21.00%	29.40%	28.80%	6.20%	0.00%	0.40%
Colorado Springs city, Colorado	178,842	492	32,365	27,043	33,602	36,052	19,965	14,341	3,597
		0.30%	18.10%	15.10%	18.80%	20.20%	11.20%	8.00%	2.00%
Ellicott CDP, Colorado	484	0	135	29	145	114	32	15	0
		0.00%	27.90%	6.00%	30.00%	23.60%	6.60%	3.10%	0.00%
Fort Carson CDP, Colorado	3,059	95	582	451	379	807	503	242	0
		3.10%	19.00%	14.70%	12.40%	26.40%	16.40%	7.90%	0.00%
Fountain city, Colorado	9,557	100	3,922	1,224	1,231	1,753	726	415	71
		1.00%	41.00%	12.80%	12.90%	18.30%	7.60%	4.30%	0.70%
Gleneagle CDP, Colorado	2,554	0	687	1,159	488	220	0	0	0
		0.00%	26.90%	45.40%	19.10%	8.60%	0.00%	0.00%	0.00%
Green Mountain Falls town, Colorado	614	0	0	19	22	88	43	88	56
		0.00%	0.00%	3.10%	3.60%	14.30%	7.00%	14.30%	9.10%
Manitou Springs city, Colorado	2,739	14	218	82	191	303	311	284	200
		0.50%	8.00%	3.00%	7.00%	11.10%	11.40%	10.40%	7.30%
Palmer Lake town, Colorado	1,150	0	157	226	201	215	85	58	28
		0.00%	13.70%	19.70%	17.50%	18.70%	7.40%	5.00%	2.40%
Peyton CDP, Colorado	27	0	0	0	27	0	0	0	0
		0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Ramah town, Colorado	62	0	4	1	0	4	0	0	0
		0.00%	6.50%	1.60%	0.00%	6.50%	0.00%	0.00%	0.00%
Rock Creek Park CDP, Colorado	32	0	13	0	19	0	0	0	0
		0.00%	40.60%	0.00%	59.40%	0.00%	0.00%	0.00%	0.00%
Security-Widefield CDP, Colorado	11,756	43	1,626	1,787	2,195	2,193	1,769	1,915	87
		0.40%	13.80%	15.20%	18.70%	18.70%	15.00%	16.30%	0.70%
Stratmoor CDP, Colorado	2,577	0	120	232	405	665	961	132	62
		0.00%	4.70%	9.00%	15.70%	25.80%	37.30%	5.10%	2.40%
Woodmoor CDP, Colorado	3,113	30	642	1,053	796	471	90	0	18
		1.00%	20.60%	33.80%	25.60%	15.10%	2.90%	0.00%	0.60%

Units by Size

Despite an increase in smaller households, there is an inadequate supply of smaller housing units.

The most common unit size in El Paso County was a 3-bedroom unit, followed by a 4-bedroom and then a 2-bedroom. Smaller housing units, meaning 1-bedrooms or studio apartments, represented only 11.3% of the total housing stock. There were also a smaller number of large housing units, meaning units with 5 or more bedrooms. Smaller units (measured by the median number of rooms) were concentrated in the Downtown area. The following map indicates that the median number of rooms in the northern

communities of Colorado Springs is quite high, but is much smaller in neighborhoods in the southern areas despite being a similar distance from Downtown. For the families in Southern Colorado Springs, which are disproportionately low income and tend to have larger households, this may present a mismatch between what house size is necessary and what is available in their area.

Figure 89 : Households by Size, El Paso County, 2012

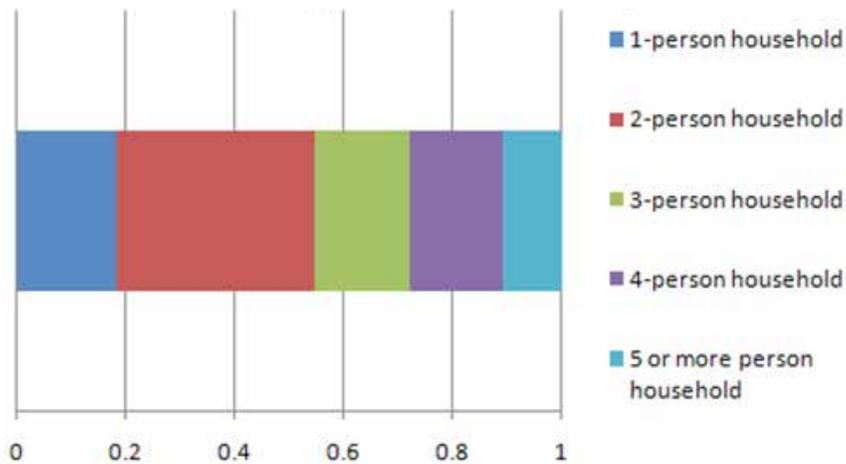
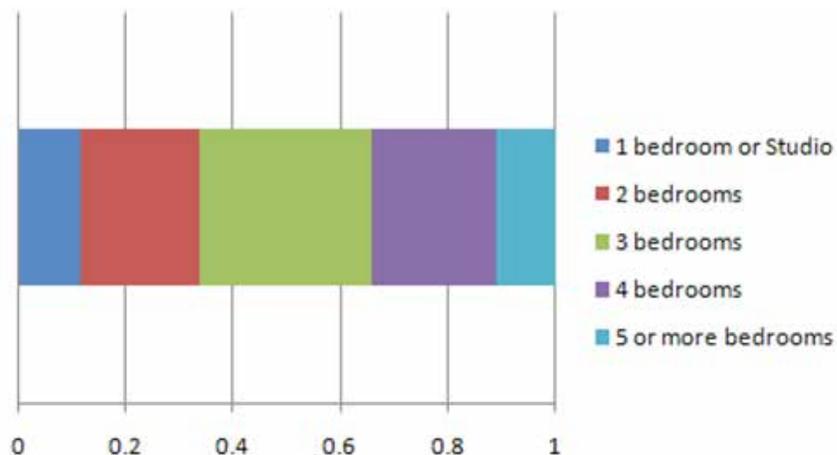
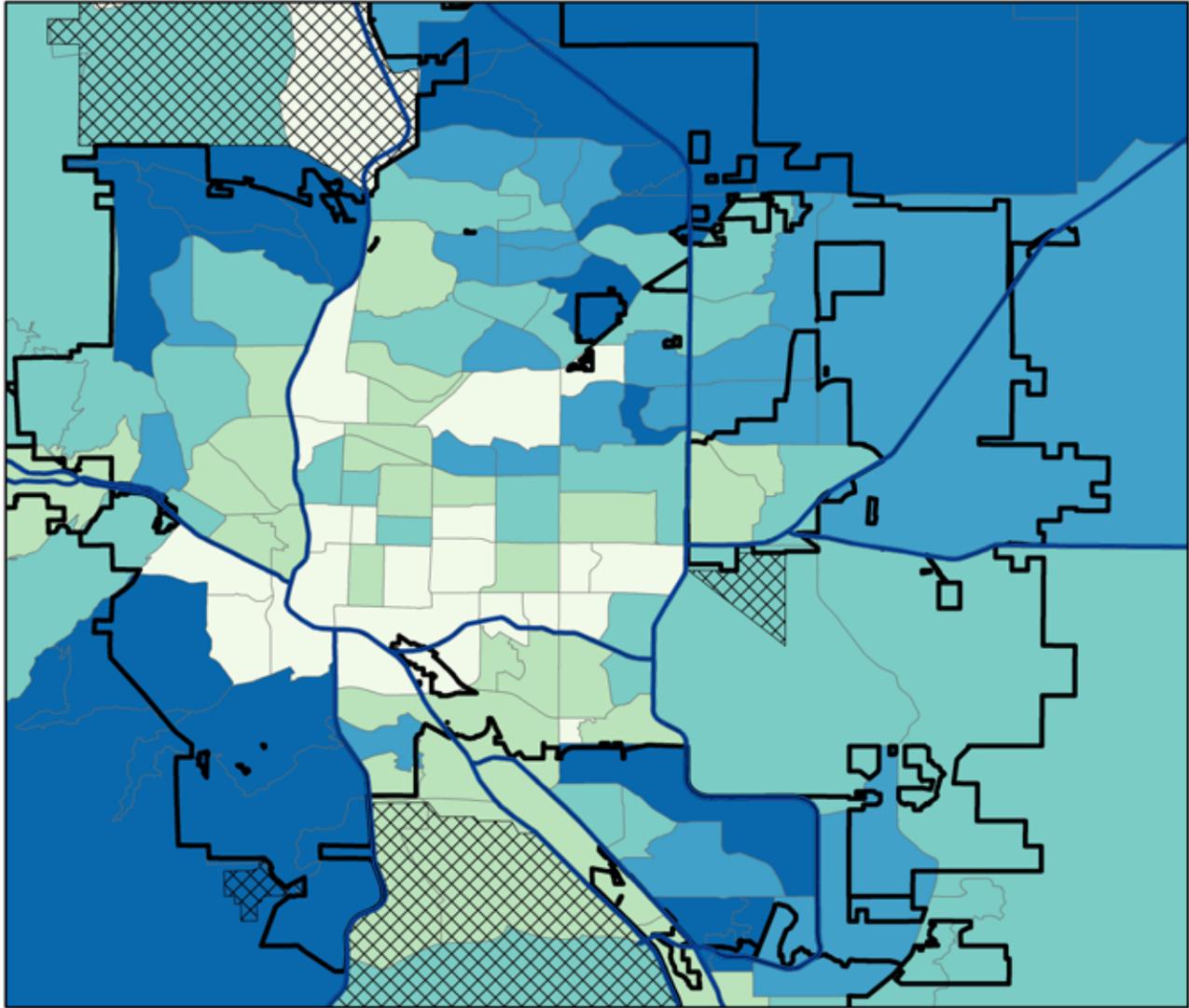


Figure 90 : Units by Bedrooms, El Paso County, 2012



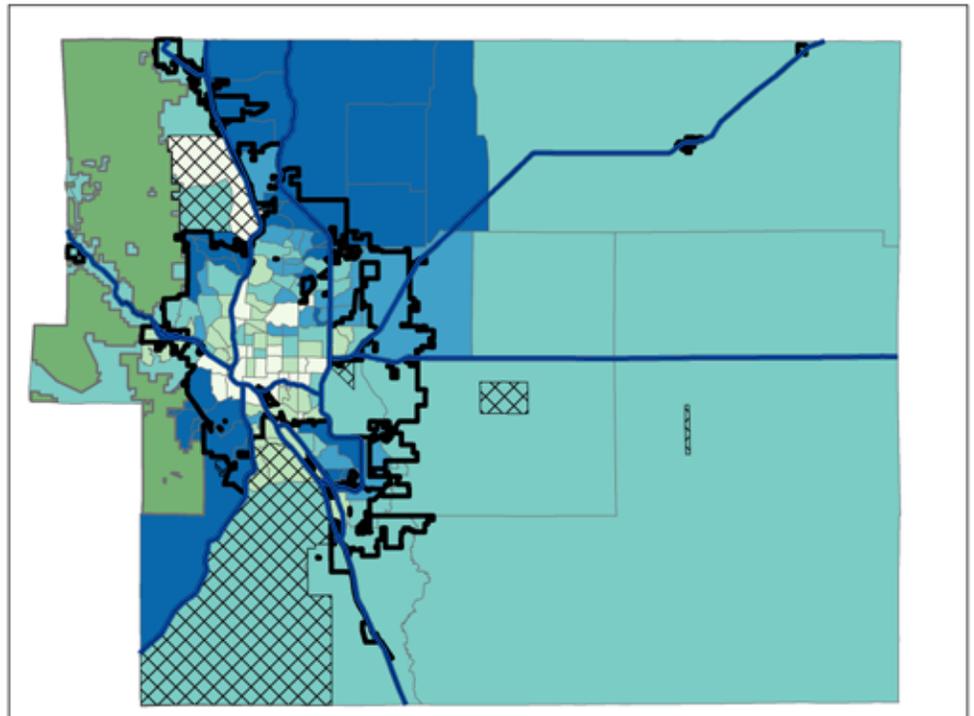
MAP 21:
MEDIAN NUMBER OF ROOMS PER HOUSING UNIT, EL PASO COUNTY, 2012



Legend

Median Number of Rooms

- 0.0 - 4.5
- 4.6 - 5.6
- 5.7 - 6.4
- 6.5 - 7.4
- 7.5 - 9.0
- City Boundary
- Military Base Boundary
- National Forest Boundary



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

Although 18.2% of the population lives alone, only 11.3% of the units (1-bedrooms or studios). There is also a shortage of 2-bedroom housing units given the high number of two-person households in the area. From an affordable housing perspective, households that want to access affordable housing can often do so through living in a smaller house. However, comparing the breakdown of bedrooms in housing units versus the breakdown of household size shows that there may not enough smaller units for all households to live in an appropriately-sized unit. As a result, some households may be forced into a situation where they have “too much house”, becoming cost burdened as a result. Seniors—a demographic that often lives alone and looks to downsize into smaller, more manageable units—are particularly vulnerable to this limited choice and to becoming cost-burdened as a result. This finding coincides with a problem disability advocates identified during the stakeholder interview process: seniors who are house-rich but cash-poor would benefit from downsizing, but have nowhere to downsize to. There is a lack of “step-down” housing opportunities, which limits both affordability and access to neighborhood amenities as many seniors lose mobility over time.

Affordability and Condition

Given rapidly increasing housing costs of recent years, affordability of housing for low-income households has become an increasingly important issue. While affordability is important, it cannot come at the expense of basic household necessities such as kitchen and plumbing facilities. These two variables, in addition to the lack of a built-in fuel source within the housing unit, are the most commonly utilized to indicate structural housing problems. An additional variable used to describe housing condition is overcrowding, which is directly related to the wear and tear a structure sustains. The Census defines an overcrowded housing unit as one in which there is more than one person per room. A severely overcrowded home has more than 1.5 persons per room.

Figure 91 : Housing Problems by Tenure, El Paso County, 2012

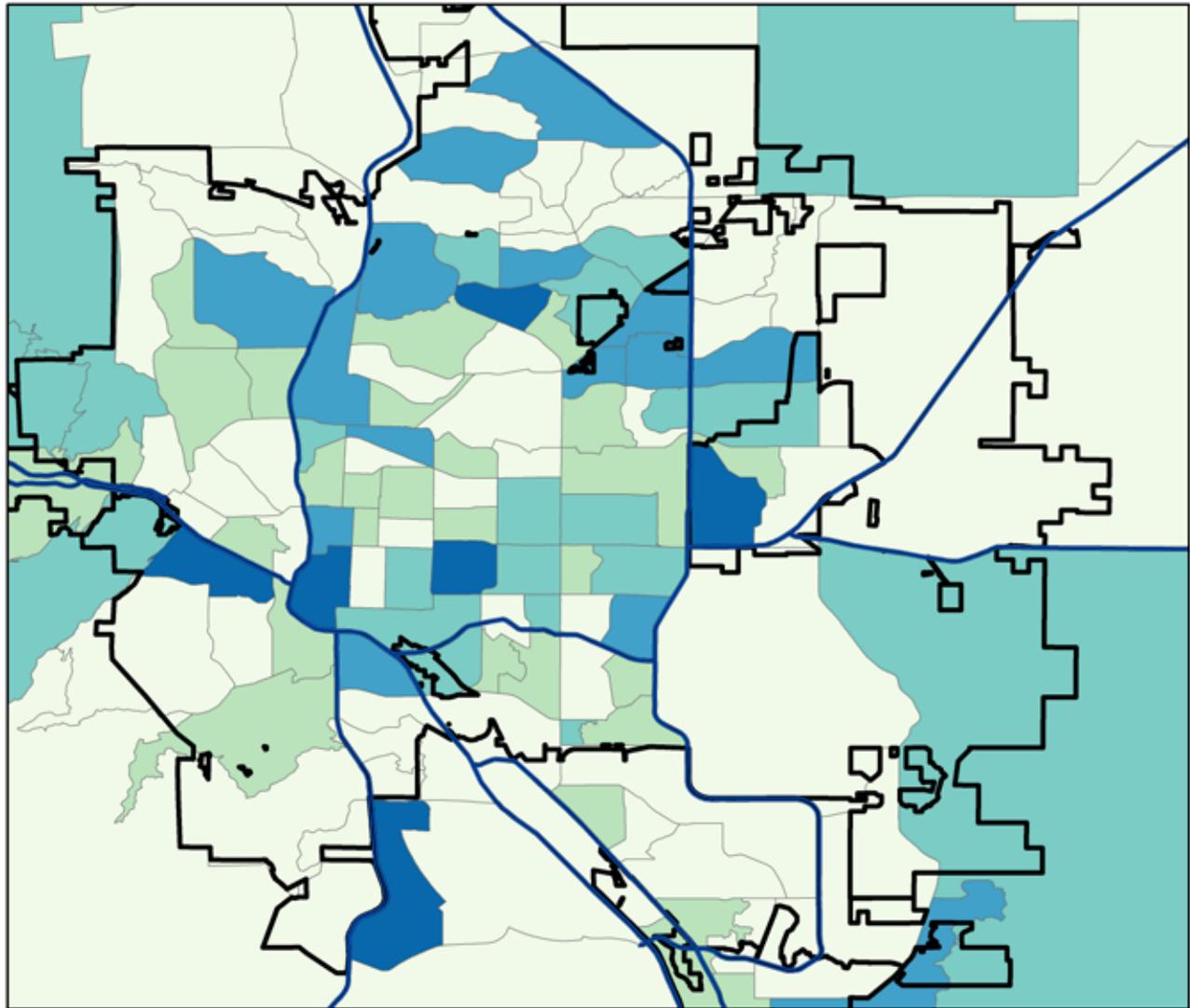
	All Units		Owner-Occupied Units		Renter-Occupied Units	
	#	%	#	%	#	%
Total Units	234,058	100.00%	151,047	64.53%	83,011	35.47%
Cost-Burdened	8,616	3.68%	707	0.30%	7,909	3.38%
Severely Cost-Burdened	34,177	14.60%	2,647	1.13%	31,530	13.47%
Lacking complete plumbing facilities	854	0.36%	422	0.18%	432	0.18%
Lacking complete kitchen facilities	1,550	0.66%	455	0.19%	1,095	0.47%
Overcrowded	3,757	1.61%	788	0.34%	2,969	1.27%
Severely Overcrowded	1,227	0.52%	235	0.10%	992	0.42%

Source: ACS 2012

Figure 92 : Housing Problems by Municipality, El Paso County, 2012

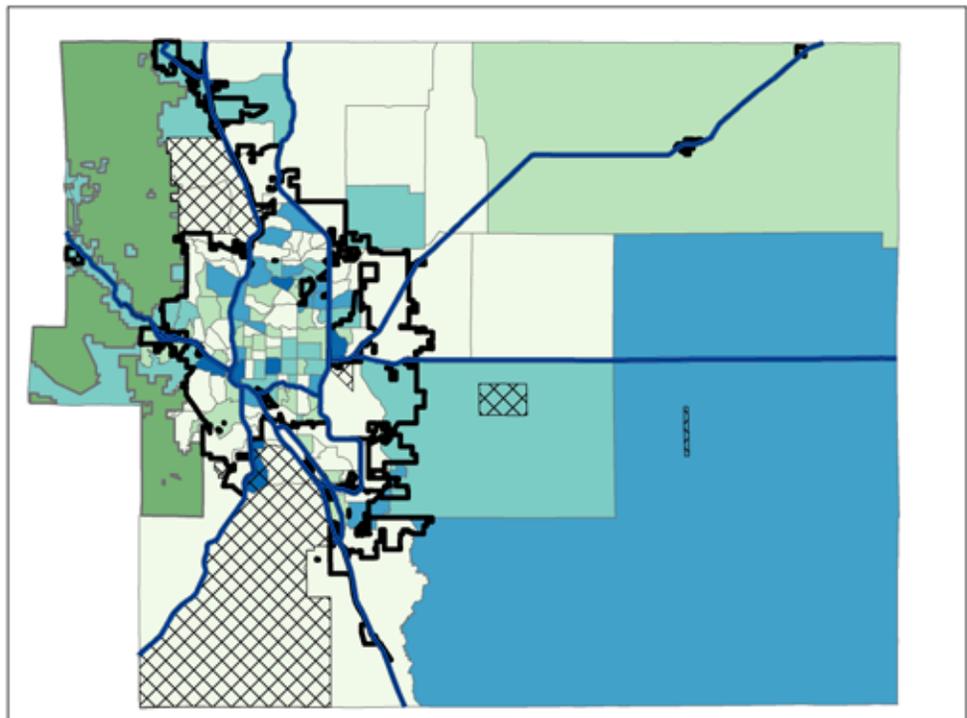
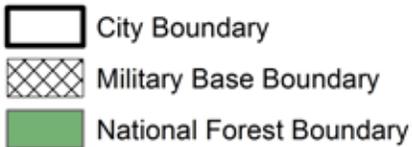
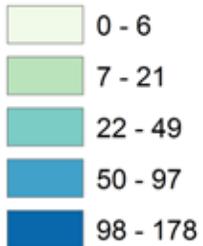
	Occupied Housing Units	Lacking Complete Plumbing Facilities	Lacking Complete Kitchen Facilities	No Telephone Service Available	Overcrowded Units	Severely Overcrowded Units	Total Overcrowded Units	Total Units with Housing Problems
Air Force Academy CDP, Colorado	457	0	0	18	0	0	0	18
		0.00%	0.00%	3.90%	0.00%	0.00%	0.00%	3.90%
Black Forest CDP, Colorado	4,699	0	0	22	45	13	58	80
		0.00%	0.00%	0.50%	1.00%	0.30%	1.30%	1.80%
Calhan town, Colorado	344	0	3	10	7	0	7	20
		0.00%	0.90%	2.90%	2.00%	0.00%	2.00%	5.80%
Cascade-Chipita Park CDP, Colorado	560	0	0	0	0	0	0	0
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cimarron Hills CDP, Colorado	6,021	49	64	509	15	55	70	692
		0.80%	1.10%	8.50%	0.20%	0.90%	1.10%	11.50%
Colorado Springs city, Colorado	165,892	576	1,299	5,166	2,990	985	3,975	11,016
		0.30%	0.80%	3.10%	1.80%	0.60%	2.40%	6.60%
Ellicott CDP, Colorado	300	0	0	52	0	0	0	52
		0.00%	0.00%	17.30%	0.00%	0.00%	0.00%	17.30%
Fort Carson CDP, Colorado	2,718	65	65	107	62	0	62	299
		2.40%	2.40%	3.90%	2.30%	0.00%	2.30%	11.00%
Fountain city, Colorado	8,794	28	28	464	73	18	91	611
		0.30%	0.30%	5.30%	0.80%	0.20%	1.00%	6.90%
Gleneagle CDP, Colorado	2,391	0	0	26	30	16	46	72
		0.00%	0.00%	1.10%	1.30%	0.70%	2.00%	3.10%
Green Mountain Falls town, Colorado	361	0	0	20	0	0	0	20
		0.00%	0.00%	5.50%	0.00%	0.00%	0.00%	5.50%
Manitou Springs city, Colorado	2,464	11	0	89	13	13	26	126
		0.40%	0.00%	3.60%	0.50%	0.50%	1.00%	5.00%
Monument town, Colorado	1,718	0	0	0	16	0	16	16
		0.00%	0.00%	0.00%	0.90%	0.00%	0.90%	0.90%
Palmer Lake town, Colorado	1,050	24	5	95	19	0	19	143
		2.30%	0.50%	9.00%	1.80%	0.00%	1.80%	13.60%
Peyton CDP, Colorado	27	0	0	0	0	0	0	0
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ramah town, Colorado	34	0	0	7	0	0	0	7
		0.00%	0.00%	20.60%	0.00%	0.00%	0.00%	20.60%
Rock Creek Park CDP, Colorado	19	0	0	0	0	0	0	0
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Security-Widefield CDP, Colorado	11,096	0	0	203	123	23	146	349
		0.00%	0.00%	1.80%	1.10%	0.20%	1.30%	3.10%
Stratmoor CDP, Colorado	2,380	0	0	82	104	32	136	218
		0.00%	0.00%	3.40%	4.40%	1.30%	5.70%	9.10%
Woodmoor CDP, Colorado	2,936	16	16	16	11	0	11	59
		0.50%	0.50%	0.50%	0.40%	0.00%	0.40%	1.90%

MAP 22:
HOUSING UNITS LACKING BASIC FEATURES, EL PASO COUNTY, 2012



Legend

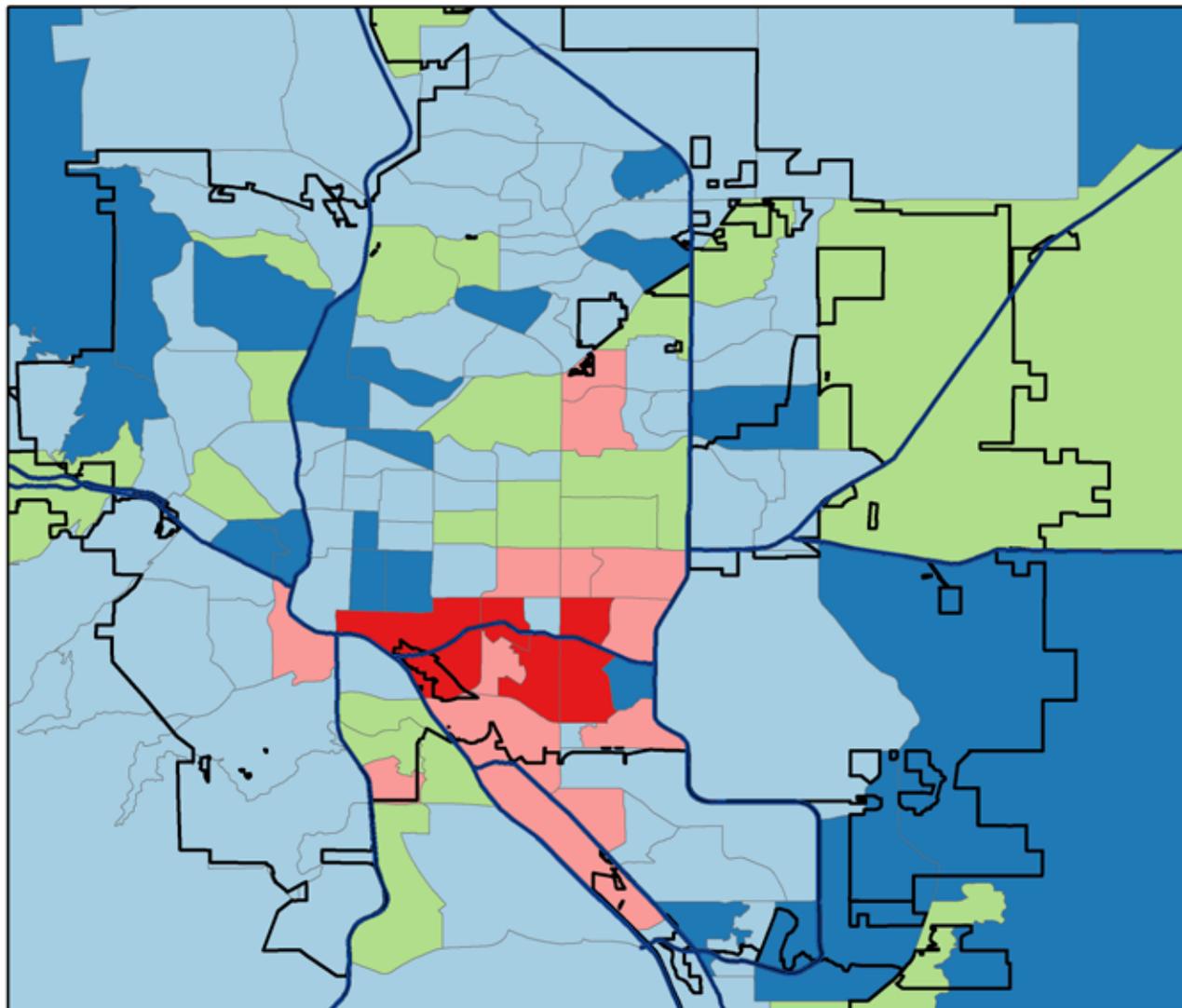
Units Lacking Basic Features



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

Note: Basic features are defined as working kitchen facilities, plumbing facilities, and a fuel source

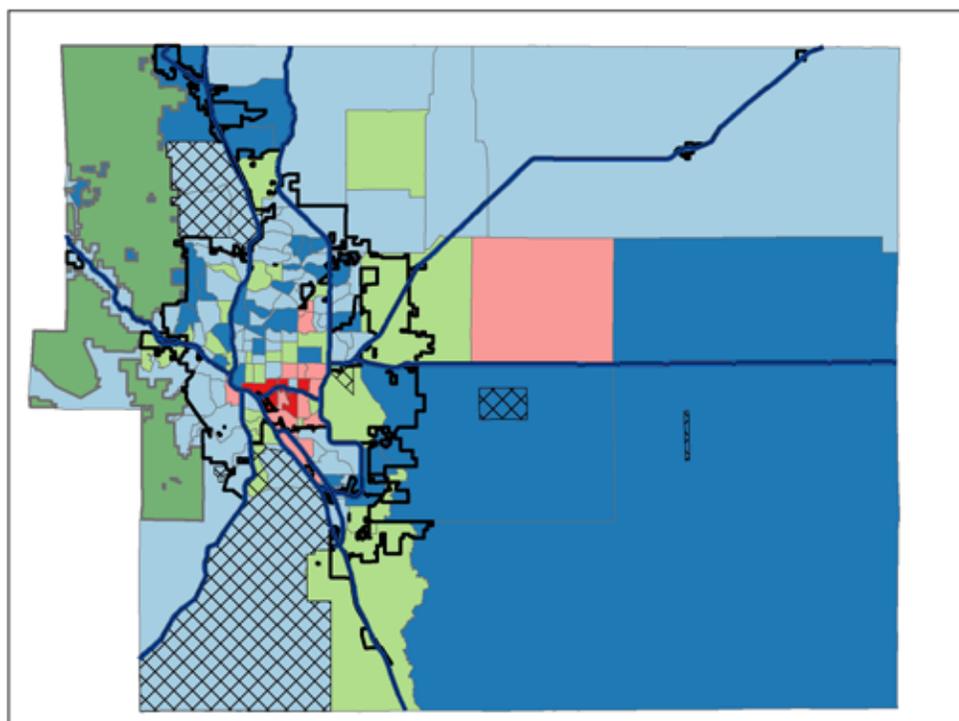
MAP 23:
PERCENT OF UNITS OVERCROWDED, EL PASO COUNTY, 2012



Legend

Percent Overcrowded

- 0 - 0.55%
- 0.5% - 1.6%
- 1.6% - 3.1%
- 3.1% - 5.9
- 5.9% - 10.6%
- Military Base Boundary
- National Forest Boundary
- City Boundary



Source: American Community Survey, 2012
 Calculations by Mullin & Lonergan Associates

A lack of affordable housing is the main catalyst that leads to overcrowding in units and occupying substandard housing. High rates are indicative of constrained housing choice. These variables signify acute and unanswered housing needs within a community, and high rates of these are indicative of housing problems. Across El Paso County, 3,757 units (1.6%) were overcrowded in 2012, 1,227 of which were severely overcrowded. Nearly 80% of all overcrowded housing was occupied by renters. Homes that lack complete kitchen and/or plumbing facilities for each household are also generally considered to be deficient. In 2012, 2,404 homes in El Paso County, or just over 1%, lacked complete plumbing or kitchen facilities. Renters were more likely to fall into this category than owners, although the fact that both renters and owners were nearly equally likely to lack plumbing suggests that at least some of this pattern may be the presence of housing in extremely rural areas rather than acute housing problems. Overcrowded units are clustered in South Colorado Springs, away from Colorado College. This suggests that the issue of overcrowding is rooted in either a cultural tendency towards multi-generational housing or a lack of income amongst households stuck in poverty.

Although housing quality is difficult to measure using quantitative data, stakeholder interviews cited the need to increase housing quality as an important strategy for improving housing in the

study areas. This is especially important for areas with older housing stock, such as the core older neighborhoods in Colorado Springs, Manitou Springs, and the older population centers throughout El Paso County. While the median building age suggests that most structures were built very recently, there are clusters of housing that are over 100 years old. Although some of this housing is well-maintained due to its historic value, in many areas the quality of the housing is very low.

The most common suggestion that arose during stakeholder interviews was to increase the capacity of code enforcement. The current code enforcement system in both Colorado Springs and El Paso County is complaint-driven, meaning code enforcement officers only survey a property when they receive a complaint. However, renters may not feel comfortable submitting a complaint due to fear of eviction or other retribution from the landlord. Changing the code enforcement system from reactive to proactive is a potential method of increasing housing quality, particularly in older neighborhoods where there may be more outstanding code violations.

At-Risk Affordable Rental Units

A total of 238 subsidized affordable housing units are at risk of conversion to market-rate housing over the next five years if no action is taken.

affordable housing database, there are 1,633 affordable housing units at risk for conversion to market-rate units due to expiring subsidy contracts or periods of affordability. These units account for 72.5% of the assisted housing inventory in El Paso County.

In some cases, affordable housing developments are constructed with public funds provided to the developer and rental subsidies provided to qualifying households who occupy the units. The developer must agree to keep the units affordable for a specified period of years. After the period of affordability expires, the housing units may be purchased by a for-profit entity and converted to market-rate housing. According to ApartmentSmart.com, an online

Figure 93 : Current and At-Risk Affordable Housing Inventory in El Paso County, 2015-2019

Name of Development	Address	City	Number of Subsidized Units	Type of Subsidy	Expiration Date
Whitney Young Manor	2129 Delta Drive	Colorado Springs	158	Project-Based Section 8	5/31/2015
Silvercrest Villas	406-1 Cheyenne St	Calhan	20	Project-Based Section 8	3/31/2017
Kiowa I and II	444 E Kiowa St	Colorado Springs	10	Project-Based Section 8	10/20/2017
Sunnycrest Villa	2480 E Dale St	Colorado Springs	50	Section 202	6/30/2018

The total number of assisted units in El Paso County is 2,251 units. Of these units, 2,010 were located in Colorado Springs, 173 were located in Fountain, 20 were located in Calhan, and 48 were located in Monument. There are also a number of at-risk units for which the subsidy will expire within the next five years. There are 238 such at-risk units in El Paso County. At-risk housing units are those that are currently affordable, but may not be so in the future due to:

- Loss of subsidies
- Expiring contracts
- In the case of tax credits, the expiration of the 15-year compliance period
- Owner's voluntary pre-payment of debt and conversion of units to market-rate housing

The significance of identifying these at-risk rental units should be understood. Section 515 units, also known as Rural Renting Housing Loans, are direct, competitive mortgage loans made to provide affordable multifamily rental housing for low and moderate-income families, the elderly, and persons with disabilities. The loans carry a basic interest rate of only 1%, and can be combined with deep subsidy rental assistance. The term for an initial Section 515 loan is 30 years with a 50-year amortization period. Importantly, the HUD rent subsidy that makes the unit affordable is built into the unit: it is basically a voucher for the unit that is "stuck" on that particular unit. Borrowers opt for Section 515 units when they are unable to finance housing either with their own resources or with credit obtained from private sources. After the 30-year period, the subsidy to the unit ceases to exist. These units commonly end up being converted into market-rate housing, potentially displacing the low and moderate-income tenants. The Section 515 program was most utilized from the mid-1970s to the mid-1980s, meaning that a large number of the loan payback periods are ending now. Section 515 funding has been cut drastically since 1994, leading to an

almost complete absence of any new production. Therefore, it is almost certain that there will be no new Section 515 funding to compensate for older units being converted to market rate as they become paid off.

There are two Section 515 units in El Paso County that expire imminently. They are Monument View Apartments in Monument and Fountain View Apartments in Fountain. Both developments were constructed using Section 515 in 1984, meaning that the loan payment period ends in 2014. If these developments were to be converted to market-rate housing, a total of 96 currently affordable housing units would be taken off the market.

Project-based Section 8 contracts work in a very similar way to Section 515. HUD's project-based Section 8 developments are another form of unit-based rent subsidy that is at risk of expiring. Under the project-based voucher program, a PHA enters into an assistance contract with the owner for specified units and for a specified term. The PHA refers families from its waiting list to the project owner to fill vacancies. Like Section 515, project-based Section 8 developments have their subsidies attached to the units and are managed by PHAs. The PHA uses the voucher to pay the owner of the property. Eligible tenants must pay the highest of 30% of adjusted income, 10% of gross income, or the portion of welfare assistance designated for housing or the minimum rent established by HUD. This keeps these units affordable at the 30% threshold by default, since payments cannot exceed 30% of adjusted income. The contracts also expire periodically and must be renewed, or else the units risk losing their affordability. There are currently 63 Project-based Section 8 units between two developments that are at risk of losing their affordability subsidy.

Low-Income Housing Tax Credit (LIHTC) projects typically have an affordable subsidy that lasts 15 years after the property is placed in service. This means that 238 units amongst four developments

throughout El Paso County could lose their LIHTC subsidy within the next five years.

These 238 units represent a substantial segment of the existing affordable housing inventory in El Paso County. Unless intervention of some kind is undertaken—most likely in the form of a non-profit or other organization acquiring them and extending the subsidy—these affordable units will be lost. Given the high cost of land in Colorado Springs, increasing construction costs including extension of new public infrastructure, and public opposition to new affordable multi-family housing, to name a few challenges, the cost to acquire, rehabilitate and preserve these units as affordable should be seriously analyzed.

AFFORDABLE HOUSING MISMATCH ANALYSIS

There is a severe lack of affordable and available housing for households making below 120% of the area median income. Low-income and moderate-income residents are more likely to suffer from housing problems.

Given rapidly increasing housing costs combined with the growth in jobs paying below median wages, maintaining an adequate supply of affordable housing for low-income households will become an increasingly important issue for El Paso County and Colorado Springs in the future. The increase in cost burden and rise in low-income households suggests that the supply of affordable housing does not currently meet the demand for affordable housing. The disproportionate share of renters affected by cost burden suggests that renters are significantly more likely to be affected by cost burden than home owners, and that the supply of affordable rental housing is more deficient than the supply of owner-occupied housing.

As part of this Housing Needs Assessment, an affordable housing mismatch analysis was performed to test this hypothesis. The current distribution of housing costs was assessed to determine to what extent it matched the current distribution of incomes, and if not, what price points of housing were necessary. Furthermore, housing problems such as cost burden and overcrowding were broken down by income tier in order to determine what demographics are experiencing these problems. Projection data on population and housing growth was utilized to analyze where the status quo will take Colorado Springs and El Paso County over the next five years.

Figure 94 : Income and Affordable Housing Costs, El Paso County and Colorado Springs, FY 2012-2013

Annual Income	HUD MFI (\$69,100)		Census-Reported AMI (\$57,531)	
	From	To	From	To
Extremely Low-income (0-30% MFI)	\$0	\$20,730	\$0	\$17,259
Very Low-income (31-50% MFI)	\$20,730	\$34,550	\$17,259	\$28,765
Low-income (51-80% MFI)	\$34,550	\$55,280	\$28,765	\$46,024
Moderate Income (81-120% MFI)	\$55,280	\$82,920	\$46,024	\$67,037
Affordable Total Monthly Housing Costs	From	To	From	To
Extremely Low-income (0-30% MFI)	\$0	\$518	\$0	\$431
Very Low-income (31-50% MFI)	\$518	\$864	\$431	\$719
Low-income (51-80% MFI)	\$864	\$1,382	\$719	\$1,151
Moderate Income (81-120% MFI)	\$1,382	\$2,073	\$1,151	\$1,676

This analysis focuses on persons with incomes at or below 120% of the area median income (AMI). Low-income households are classified as those whose income is at or below 80% of AMI. Amongst low-income households, these categories are further broken down into extremely-low-income (ELI), very-low-income (VLI), low-income (LI), or moderate-income. These correspond to the income thresholds of 30% or below for ELI, 31% to 50% for VLI, 51% to 80% for LI, and 81% to 120% for moderate-income households, respectively. The AMI for El Paso County is \$57,531. The figure above displays a breakdown of these income brackets by AMI, as well as the maximum price of housing each household could afford if they spent no more than 30% of their income on total housing costs.

The median family income (MFI) level is another similar measure used by HUD to determine eligibility for the Section 8 program, the LIHTC program, and other federal programs. This figure is based on the Census-reported AMI, but factors in consumer price and cost of living indices. It is important to distinguish AMI from MFI because many HUD programs will typically only assist those households making 80% of the MFI or less. The 2012-2013 HUD Area MFI for both El Paso County and the Colorado Springs MSA is set at \$69,100. This figure is significantly higher than the Census AMI of \$57,531.

As a result of employment and wage trends, in many instances essential community workers who play integral roles in sustaining the local economy often fall within the low-income to moderate-income category. Stagnant real wages combined with rapidly increasing housing costs mean that these AMI groups are increasingly being faced with housing challenges.

These income brackets were analyzed through the Public Use Microsample (PUMS) data. This is a dataset released by the United States Census Bureau containing individual and household-level responses to surveys. Because the PUMS is composed of individual responses instead of aggregated data, data on individual income can be directly compared to that individual or household's housing costs. Since the Public Use Microdata Areas were redrawn in 2011, only the 2012 year of observations was used. This survey data consists of a cross-section of 2,682 households in El Paso County. This is the most current individual and household-level data currently available. Due to major discrepancies and data errors in the Census PUMS data regarding owner costs, the margin of error for analyzing owner costs is so high that the results for homeowners were considered too unreliable to report on. Therefore, this analysis focuses on renters only.

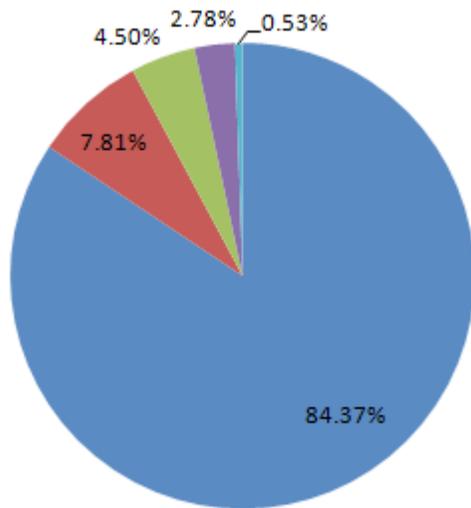
Current Housing Problems by Income

The PUMS data can be utilized to examine the distribution of housing problems by income amongst renters. As in previous sections of this report, housing problems are classified as either cost-burden (spending over 30% of income on housing), overcrowding (more than 1.0 person per bedroom in a housing unit), or lacking adequate kitchen and plumbing facilities (having no working stove, sink, toilet, or refrigerator in the housing unit). The following table shows the percentages of renters in the PUMS data experiencing housing problems, broken down by income tier.

Figure 95 : Housing Problems by Income, El Paso County, 2012

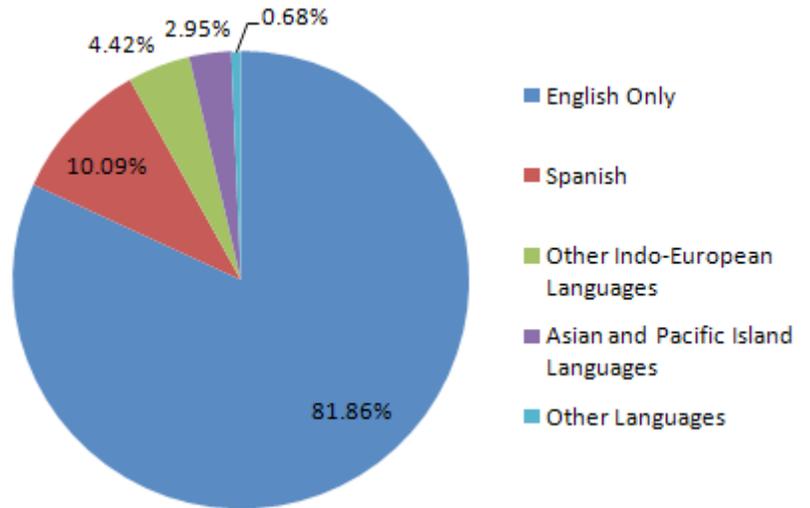
	Any Housing Problem		Cost-Burdened		Overcrowded		Lacking Adequate Facilities	
	#	%	#	%	#	%	#	%
ELI Households	92	92.93%	85	85.9%	41	41.4%	3	3.0%
VLI Households	96	80.67%	88	73.9%	45	37.8%	0	0.0%
LI Households	160	71.11%	127	56.4%	72	32.0%	0	0.0%
Mod Households	129	47.25%	73	26.7%	70	25.6%	1	0.4%
Over 120% AMI	207	26.07%	49	6.2%	168	21.2%	2	0.3%

Figure 96 : Language Spoken at Home, All Renters, El Paso County, 2012



Source: PUMS 2012

Figure 97 : Language Spoken at Home, Renters with Housing Problems, El Paso County, 2012



Source: PUMS 2012

Several observations can be made from this analysis:

- Income levels are directly related to all housing problems. ELI renters are the most affected by housing problems, followed by VLI, LI, and moderate-income renters.
- Cost burden is the most prevalent housing problem. It affects a very high proportion of ELI, VLI, and LI renters. These are the target groups most in need of affordable rental housing. This is consistent with the finding that affordable and available units are difficult to find, and therefore renters must rent units they cannot afford. This takes those units off the market, pushing higher income tiers into more expensive housing as well.
- A significant number of moderate-income and above-moderate income renters are still living in overcrowded conditions. This may be an indicator that large rental units are scarce or too expensive for even higher-income residents to afford.
- Despite the low vacancy rate, which typically reduces incentives for landlords to repair their properties, very few houses lacked basic infrastructure.
- Renters with housing problems were less likely to speak English at home as their primary language. Non-English-speakers also disproportionately faced housing problems compared to native English speakers. The actual number of non-English-speaking residents is likely higher than what the PUMS data reports, due to the intrinsic difficulty non-English-speakers have completing the Census forms. Therefore, this figure may be an underestimate.

Current Affordability of Housing

There are only 16 affordable and available units for every 100 extremely low income renters in El Paso County.

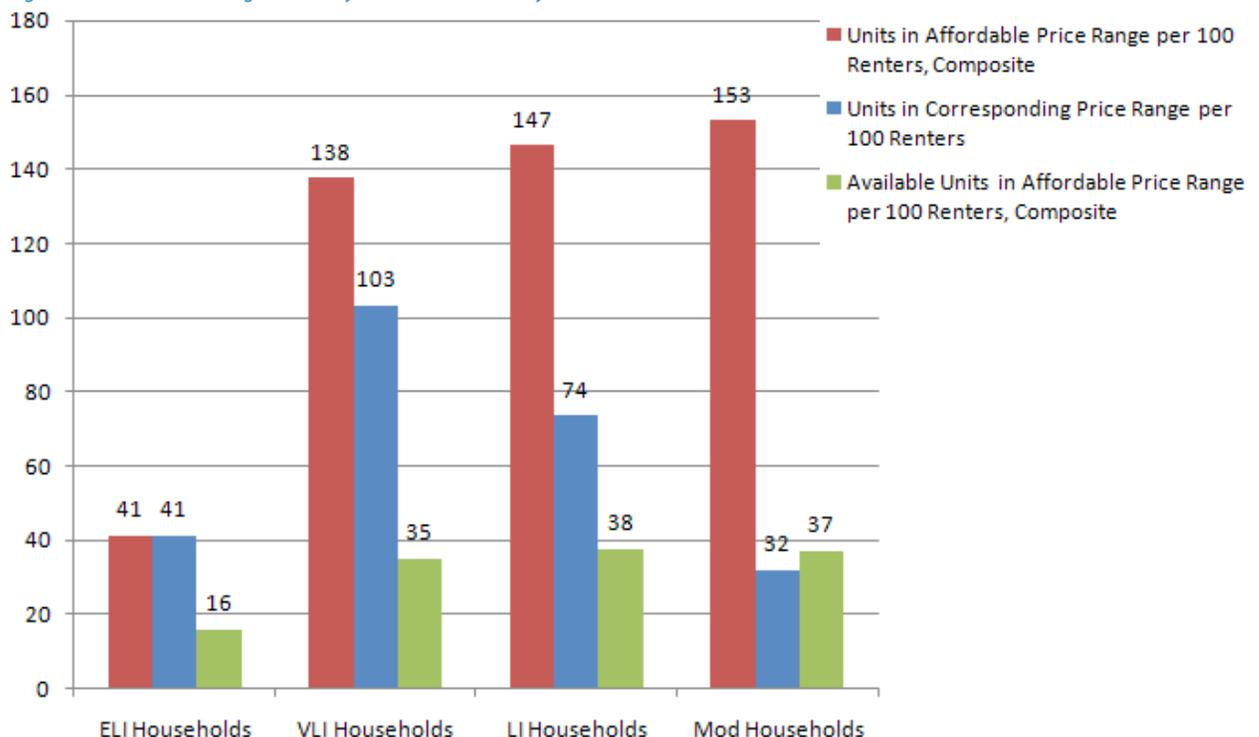
For this analysis, a housing unit was identified as “affordable” to a household if the monthly cost of the unit was within a household’s price range (using the standard 30% of income as the affordability level) at the household’s corresponding AMI bracket. This includes all units below their income tier as well. For example, a household making 100% of the median income would be able to afford all the units that an extremely low-income household would be able to afford, but an extremely low-income household could only afford a small proportion of those units. This makes affordability directly relative to the population and incomes within El Paso County.

It is important to take into account that just because a housing unit exists and is priced accordingly does not mean

it is available. Most housing units are occupied, and many in El Paso County and Colorado Springs were occupied by households at a higher income bracket. This situation makes those units unavailable to lower-income households, who are more acutely in need of this affordable housing on account of their lower income. To solve this problem, the terms “affordable” and “affordable and available” are used. A housing unit was identified as “available” to a household in an AMI bracket if it was either vacant and priced at an affordable rate, or if it was occupied by a household at that AMI bracket.

The following figure summarizes the number of units in each AMI bracket’s price range, the number of affordable units, and the number of affordable and available units. To make this data more intuitive to understand, it is standardized by units per 100 renters. Because the difference between levels of mismatch in El Paso County and Colorado Springs is extremely minor, and because of the limiting geographies of the PUMS dataset, only results from El Paso County are presented.

Figure 98 : Rental Housing Deficits by AMI, El Paso County, 2012



The analysis shows that there is a mismatch between the number of affordable housing units for ELI, LI, and moderate-income households in El Paso County and Colorado Springs compared to the number of ELI, LI, and moderate-income households that live in the area. The bar titled “Units by Price Range per 100 Renters” shows the number of rental housing units that exist at an affordable level within the budget of a household at that AMI level. For example, a low-income household makes between \$28,765 and \$46,024, and therefore can spend \$719 to \$1,151 on housing without becoming cost-burdened. There are only 74 rental units priced within that budget for every 100 low-income renters. In fact, there are gaps in ELI, LI, and moderate-income rental housing units. Interestingly, the absolute number of units affordable for VLI households contained a surplus.

However, this surplus does not translate into availability, meaning that many of the VLI households in the sample are not currently living in these extra units. They are instead being occupied by both higher-income and lower-income households. The lower-income households are likely suffering from the shortage at their own affordability level and looking for the next-cheapest housing option, while higher-income households are trying to economize on rent.

Interestingly, the number of affordable units per 100 renters greatly increases between ELI and VLI households. The reason for the surplus number of rentals affordable at the VLI price level may be the inability of ELI households to find housing and are instead “upgrading” into this VLI housing they cannot afford.

The column “Units in Affordable Price Range per 100 Renters” shows the absolute number of units that exist per 100 renters. This represents the total number of units available to a household at the various income brackets. This number grows as income increases because households are able to afford more units. ELI households have the most limited choices, followed by VLI households and LI households.

This analysis demonstrates that many units that are affordable to a household are occupied by households that could actually afford a more expensive unit. In other words, higher-income residents seem to be economizing on housing when the option is available. This behavior effectively reduces the number of affordable units available for households that actually need them. The finding is consistent with stakeholder interviews, in which this phenomena was cited as a primary driver of high rents. Some stakeholders noted that members of the armed forces may conserve some of their monthly housing allowance of \$1,100, choosing to live in less expensive housing and spending the rest on other goods or services. This may explain the lack of affordable and available housing for moderate-income households, as this would likely be the housing market price segment where rents would be most vulnerable.

The most significant mismatch in affordable and available units existed amongst ELI renters: for every 100 ELI renters there are only 16 affordable units that are either vacant or currently occupied by an ELI household. This means that the strongest demand for affordable housing would be amongst the ELI segment of the population within Colorado Springs and El Paso County.

The number of affordable and available units per 100 renters amongst VLI, LI, and moderate-income households was 35, 38, and 37, respectively. This is a large but relatively even distribution. What this suggests is that affordable housing is in a shortage amongst all affordability levels. This does not mean that large segments of the population are becoming homeless, but that large proportions of renter households are going to have to rent at prices that leave them cost burdened. This is consistent with both ACS data stating that nearly half of renters are cost-burdened, as well as stakeholder interviews in which community members expressed difficulty in finding affordable and available units for low-income residents.

In addition, it is important to consider that not all of the affordable and available units would be appropriate for low-income households to rent. Many units may be far from jobs or public transportation, or too small for some low-income households. Some may also be in poor condition, have unaddressed code violations, contain lead paint, or have other quality issues. Even for ELI, VLI, LI, and moderate-income households that access these housing units, transportation costs (both in terms of time and expense) may be high enough to displace the benefit of securing affordable housing.

Projection of Housing Needs

El Paso County has an estimated gap of 24,513 affordably priced units, and the gap is expected to grow over the next five years.

Using the current rates of growth in population and in households, this analysis includes projections for the number of additional housing units that will be needed in Colorado Springs and El Paso County in five years, and at what affordability levels they will be needed. Housing demand is typically driven by regional economic and demographic factors that can rapidly fluctuate or are beyond the scope of El Paso County. This is particularly true in Colorado, given the boom-bust nature of its base industries. At the local level, troop deployment adds an additional layer of volatility to the market. El Paso County is also prone to environmental factors such as fire and flooding, which certainly affect housing supply and demand but cannot be taken into account. The projections used in this study are “status-quo” projections based on current policy and historic growth rates.

The baseline projections predict that the

number of housing units will increase 7.24% from 2014 to 2019. Simultaneously, the baseline projections also predict that population (which translates to housing unit demand) will increase 7.98% from 2014 to 2019. This means that the growth in population will outpace the growth in housing units. In other words, the region is adding more people than housing for people to live in. Future housing demand will outpace future housing supply, and there will be a scarcity. When there is limited supply in a market, the price of goods typically increases. Therefore, without intervention, housing prices in the region will continue to increase faster than inflation. From an affordable housing perspective, this means that affordability levels will worsen as the scarcity of housing increases in a market that is already extremely tight.

This scenario, however, does not address the existing affordable housing gap. Rather, it suggests that the pattern will only be exacerbated. Cross-tabulating PUMS data, one can project growth in the deficit of affordable housing units, housing units in price ranges that correspond to household’s actual incomes, and affordable and available housing units. Using historical and projected rates of growth, the period of 2012 to 2019 can be analyzed. It is necessary to begin at 2012 because that is the year the PUMS survey was completed. As seen in the following figure, the deficit between household incomes and the units that they can select is significant and growing. This growth disproportionately affects ELI households.

The following table presents the deficits in units that correspond to household incomes, deficits in units that both correspond to household incomes and are available, and the total deficit in affordable and available units. A deficit is considered the number of households that are mismatched at their affordability levels to any units in their corresponding price ranges. An affordable housing deficit does not mean that there are more households than housing units. Rather, it means that there are fewer housing choices at the price ranges that correspond to household incomes in El Paso County than there are renters. For example, there are more ELI renter households in El Paso County than the number of rental units priced at a level that ELI renters could afford. This results in an affordable housing deficit for ELI

renters. This analysis projects that the total number of mismatched households was 3,057 units in 2012, which translated to a deficit for ELI renters. Given present growth rates of population and housing, this deficit is expected to rise to 3,298 by 2019. What likely happens to the ELI renters that do not find affordable housing at their price range is that they are forced into housing that is too expensive and become cost burdened.

Of these three figures, the deficit in affordable and available units is the most indicative of the affordable housing shortage in El Paso County and Colorado Springs. This means that the mismatch between incomes and housing units is expected to grow. The projected deficit growth amounts between 2014 and 2019 are displayed.

Figure 99 : Current and Projected Deficit in Affordable Rental Units, El Paso County

		Total Deficit in Affordable Units	Total Deficit in Available Units at Affordable Price Ranges
2012	Deficit, El Paso County	19,311	24,513
	ELI Households	3,057	4,352
	VLI Households	-173	3,741
	LI Households	6,712	7,418
	Mod Households	9,715	9,001
	Deficit, Colorado Springs	15,612	19,817
	ELI Households	2,471	3,518
	VLI Households	-140	3,025
	LI Households	5,426	5,997
	Mod Households	7,854	7,277
	Deficit, Balance of County	3,699	4,695
	ELI Households	586	834
	VLI Households	-33	717
LI Households	1,286	1,421	
Mod Households	1,861	1,724	
Projected, 2019	Deficit, El Paso County	20,835	26,447
	ELI Households	3,298	4,695
	VLI Households	-186	4,037
	LI Households	7,241	8,004
	Mod Households	10,482	9,711
	Deficit, Colorado Springs	16,844	21,381
	ELI Households	2,713	3,863
	VLI Households	-153	3,321
	LI Households	5,957	6,584
	Mod Households	8,622	7,988
	Deficit, Balance of County	3,991	5,066
	ELI Households	632	899
	VLI Households	-36	773
LI Households	1,387	1,533	
Mod Households	2,008	1,860	

4

PRIVATE SECTOR POLICIES AND TRENDS



HMDA DATA ANALYSIS

Mortgage denial rates are higher in low and moderate-income areas and higher among minorities.

Homeownership can provide critical economic benefits for households and social benefits for the greater community. High rates of owner occupancy create stable communities by reducing the level of transience in the housing market. Unfettered access to affordable housing choice requires fair and equal access to the mortgage lending market regardless of income. It is also important from a fair housing perspective, because the Fair Housing Act prohibits lenders from discriminating against members of the protected classes in granting mortgage loans, providing information on loans, imposing the terms and conditions of loans (such as interest rates and fees), conducting appraisals, and considering whether to purchase loans.

An analysis of mortgage applications and their outcomes can identify possible discriminatory lending practices and patterns in a community. It can also identify geographic clusters of high-cost lending. Home Mortgage Disclosure Act (HMDA) data contains records for all residential loan activity reported by banks pursuant to the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Any commercial lending institution that makes five or more home mortgage loans annually must report all residential loan activity to the Federal Reserve Bank, including information on applications denied, withdrawn, or incomplete by race, sex, and income of the applicant. This information is used to determine whether financial institutions are serving the housing needs of their communities.

The most recent HMDA data available for Colorado Springs and El Paso

County is for 2012. The data included for this analysis is for three years, 2010 through 2012, and constitutes all types of applications received by lenders: home purchase, refinancing, or home improvement mortgage applications for one-to-four-family dwellings and manufactured housing units across the entire County. The demographic and income information provided pertains to the primary applicant only. Co-applicants were not included in the analysis. The following figures summarize three years of HMDA data by race, ethnicity, and action taken on the applications, followed by detailed analysis.

General Mortgage Lending Patterns

Across El Paso County during the last three years, lenders received 159,842 home purchase mortgage applications. Of these applications, 105,509 were for mortgage refinancing and 5,196 were for home improvement equity loans. Refinancing loans were slightly more likely to be approved than home purchase loans, with 52.9% of refinancing loans approved compared to 51.1% of purchase loans. A lower proportion of home improvement loans were approved, although many of these (10.4%) were withdrawn or incomplete. A significant number of home refinancing loans (11%) were withdrawn or incomplete as well. An additional 3% of home purchase loans were approved but not accepted by the applicant, and 5.4% were denied.

Refinancing loans were slightly more likely than home purchase loans to be withdrawn by the applicant or incomplete, at 10.4% versus 6.6% for home purchase loans. However, refinancing loans were more likely to be denied, with a denial rate of 11.8%. Home improvement loan applications had a much lower percent of applications withdrawn/incomplete, but a significantly higher percent denied than both home purchase and refinancing. With a denial rate of 34%, a home

Figure 100 : Cumulative Mortgage Data Summary Report, El Paso County, 2010-2012

	Total Applications		Originated		Approved Not Accepted		Denied		Withdrawn/Incomplete	
	#	%	#	%	#	%	#	%	#	%
Loan Purpose										
Home purchase	49137	30.74%	25120	51.12%	1485	3.02%	2678	5.45%	3284	6.68%
Home Improvement	5196	3.25%	2500	48.11%	179	3.44%	1768	34.03%	545	10.49%
Refinancing	105509	66.01%	55836	52.92%	3553	3.37%	12449	11.80%	11648	11.04%
Loan Type										
Conventional	87162	54.53%	47450	54.44%	3013	3.46%	11722	13.45%	8991	10.32%
FHA	24865	15.56%	10713	43.08%	884	3.56%	2200	8.85%	2800	11.26%
VA	47787	29.90%	25286	52.91%	1319	2.76%	2970	6.22%	3676	7.69%
FSA/RHS	28	0.02%	7	25.00%	1	3.57%	3	10.71%	10	35.71%
Property Type										
One to four-family unit	158245	99.00%	82679	52.25%	5074	3.21%	16437	10.39%	15331	9.69%
Manufactured housing unit	1457	0.91%	677	46.47%	139	9.54%	441	30.27%	136	9.33%
Applicant Race										
Native American**	870	0.54%	449	51.61%	43	4.94%	167	19.20%	120	13.79%
Asian	3110	1.95%	1798	57.81%	124	3.99%	437	14.05%	350	11.25%
Black	5579	3.49%	3025	54.22%	193	3.46%	880	15.77%	600	10.75%
Hawaiian**	790	0.49%	416	52.66%	31	3.92%	142	17.97%	84	10.63%
White	116903	73.14%	69638	59.57%	4167	3.56%	12710	10.87%	11589	9.91%
No information	15001	9.38%	7720	51.46%	645	4.30%	2533	16.89%	2725	18.17%
Not applicable	17589	11.00%	410	2.33%	14	0.08%	26	0.15%	9	0.05%
Hispanic*	9359	5.86%	5051	53.97%	346	3.70%	1402	14.98%	1014	10.83%
Total	159842	100.00%	83456	52.21%	5217	3.26%	16895	10.57%	15477	9.68%

Source: HMDA 2010 - 2012

* Hispanic ethnicity is counted independently of race.

**Small sample size may make analysis unreliable.

improvement loan was more likely to be denied than any other action or type of loan. This may be because of the impact of the Great Recession, in which banks were reluctant to finance the addition of equity into a house that was no longer appreciating according to expectations.

The most commonly sought type of financing was a conventional loan, a category that represented 54.5% of all loan applications. However, a large proportion of applications (15.5%) were for loans insured by the Federal Housing Administration (FHA), a type of federal assistance that has historically benefited lower-income residents. A very small number of loan applications were backed by the Farm Services Administration or Rural Housing Service (FSA/RHS). Almost all (99%) of the 159,842 applications in El Paso County involved one-to-four family housing structures, with only 1,457 applications requesting financing for manufactured units.

There is a disproportionately high number of VA loans taken out in El Paso County. While VA loans are available everywhere in the country, they usually do not account for more than 1% of total loan types. A 29.9% share of all loans corresponds to stakeholder anecdotes that a high number of veterans choose to settle in Colorado Springs, either as retirees or as active duty members at the military bases. There are also likely to be active and effective veterans' support networks in the area that are able to connect veterans with these types of loans. There are also a high number of FHA loans approved. The popularity of FHA loans is an indicator of the impact of the Great Recession, in which FHA loans became much more preferable and/or attainable compared to conventional mortgages as a result of the low down payment requirement.

Figure 101 : Loan Application Type by Race and Ethnicity, El Paso County, 2010-2012

	Total	White	Black	Asian	Other**	No data	Hispanic*
Home purchase	49,137	35,984	1,859	938	516	9,840	3,335
	30.74%	30.78%	33.32%	30.16%	31.08%	30.19%	35.63%
Home improvement	5,196	4,091	280	91	122	612	504
	3.25%	3.50%	5.02%	2.93%	7.35%	1.88%	5.39%
Refinance	105,509	76,828	3,440	2,081	1,022	22,138	5,520
	66.01%	65.72%	61.66%	66.91%	61.57%	67.93%	58.98%
Total	159,842	116,903	5,579	3,110	1,660	32,590	9,359
	100.00%	73.14%	3.49%	1.95%	1.04%	20.39%	5.86%

Source: Federal Financial Institutions Examination Council, 2010 to 2012

Note: Percentages within racial/ethnic groups are calculated within each group's total.

* Hispanic ethnicity is counted independently of race.

**Small sample size may make analysis unreliable.

The racial and ethnic composition of loan applicants differs somewhat from the region's general demographic distribution. While 6% of all El Paso County households in 2011 were Black, only 3.9% of the loan applications for which racial/ethnic data was reported were Black. The denial rate for Blacks was 15.8%, which is higher than the average of 10.9% for Whites and the area's average denial rate of 10.6%. While 15% of the population in El Paso County was Hispanic or Latino ethnicity, only 5.9% of applications were submitted by Hispanic or Latino applicants and the denial rate of 15% was also higher than the citywide average. Native Americans and Hawaiians had the highest denial rates, although these demographic groups constitute very small sample sizes. Asians were relatively adequately represented, submitting 2.5% of the applications while composing 2.4% of the population.

Across racial and ethnic groups, loan application types differed. Refinancing was the predominant application purpose; Asians and Whites were the most likely to refinance and Hispanics and applicants of other races were the least likely to refinance. Higher shares of Black and Hispanic households applied for home purchase loans compared to the general applicant pool.

Between 2010 and 2012, a total of 16,895 mortgage loan applications were denied in El Paso County. The overall cumulative denial rate was 10.5% with denials by race and ethnicity ranging from 10.8% for Whites to 19.2% for Native Americans. In reporting denials, lenders are required to list at least one primary reason for the denial and may list up to two secondary reasons. As the following figure demonstrates, the most popular primary basis for rejection was insufficient collateral, followed by

poor credit history and an unacceptable debt/income ratio. In 9.7% of denials, no reason was given. Credit history was a more common reason for denial among Blacks and members of other racial groups. Blacks, Hispanics, and members of other races were disproportionately affected by credit history when applying for a mortgage. Blacks were also the most likely group to have “No Reason Given” as a reason for mortgage denial.

Figure 102 : Application Denials by Household Race and Ethnicity, El Paso County, 2010-2012

		Total	White	Black	Asian	Other**	No Data	Hispanic*
Lower-Income	Total Applications	39,834	32,547	1,530	894	544	3,459	3,542
	Denials	6,115	4,687	323	170	131	804	637
	% Denied	15.35%	14.40%	21.11%	19.02%	24.08%	23.24%	17.98%
Upper-Income	Total Applications	84,141	67,033	2,579	1,871	804	8,948	4,221
	Denials	9,134	6,936	420	229	153	1,396	633
	% Denied	10.86%	10.35%	16.29%	12.24%	19.03%	15.60%	15.00%
Total	Total Applications	159,842	116,903	5,579	3,110	1,660	32,590	9,359
	Denials	16,895	12,710	880	437	309	2,559	1,402
	% Denied	10.57%	10.87%	15.77%	14.05%	18.61%	7.85%	14.98%

Source: Federal Financial Institutions Examination Council, 2010 to 2012

Note: Total also includes 7,345 applications for which no income data was reported.

* Hispanic ethnicity is counted independently of race.

**Small sample size may make analysis unreliable.

Figure 103 : Primary Reason Given for Denial by Household Race and Ethnicity, El Paso County 2010-2012

	Total	White	Black	Asian	Other**	No Info	Hispanic*
Collateral	21.20%	21.76%	17.50%	18.76%	17.15%	20.59%	18.12%
Incomplete Application	11.83%	11.81%	10.80%	11.44%	12.30%	12.27%	8.35%
Debt/Income Ratio	17.68%	17.68%	14.66%	23.80%	12.94%	18.25%	18.83%
Other	12.23%	12.61%	10.11%	14.42%	10.36%	10.90%	11.06%
No Reason Given	9.71%	9.46%	11.82%	8.24%	9.71%	10.28%	10.41%
Credit History	20.75%	19.82%	30.91%	16.25%	33.33%	21.10%	26.46%
Unverifiable Information	3.47%	3.54%	1.70%	3.66%	1.94%	3.87%	3.50%
Insufficient Cash	1.71%	1.72%	1.70%	1.37%	1.62%	1.76%	1.64%
Employment History	1.18%	1.32%	0.68%	2.06%	0.32%	0.63%	1.57%
Insurance Denied	0.25%	0.28%	0.11%	0.00%	0.32%	0.16%	0.07%

Source: Federal Financial Institutions Examination Council, 2010 to 2012

Note: Percentages within racial/ethnic groups are calculated within each group's total.

* Hispanic ethnicity is counted independently of race.

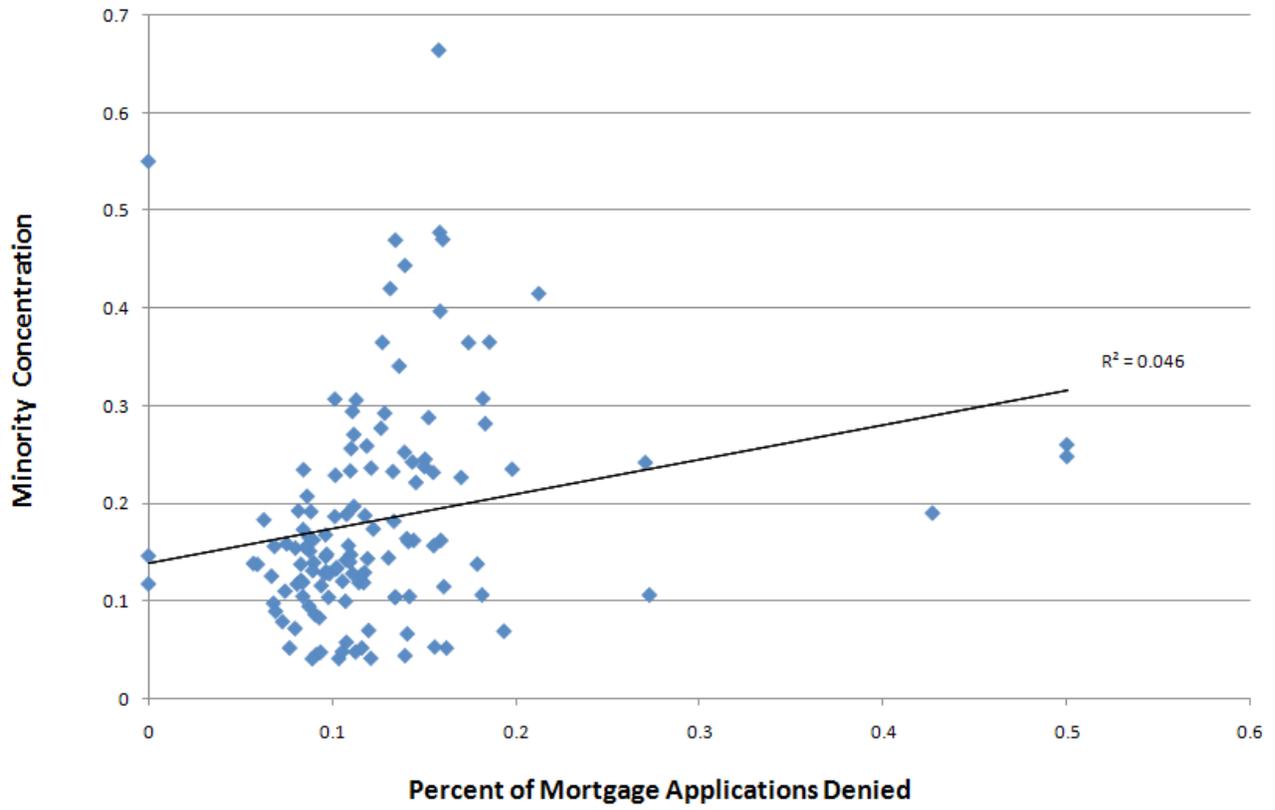
**Small sample size may make analysis unreliable.

For this analysis, lower-income households include those with incomes between 0% and 80% of median family income (MFI), while upper-income households include those with incomes above 80% MFI. Applications made by lower-income households accounted for 36.1% of all denials between 2010 and 2012, although they accounted for only 24.9% of total applications for those three years. Denial rates were higher for lower-income households and for minorities. While the overall lower-income denial rate was 15.4%, the denial rates for lower-income Black and Hispanic households were 21.1% and 18%, respectively. Lower-income Asians had a denial rate of 19%, and members of other races had a denial rate of 24.1%. While denial rates were generally lower for upper-income households, differences persisted across racial and ethnic groups. The overall upper-income denial rate was 10.9%, compared to 10.3% for Whites. In comparison, upper-income Blacks had a denial rate of 16.3% and upper-income Hispanics had a denial rate of 15%. Lower-income White households were significantly less likely to experience denial than upper-income Black or Hispanic households.

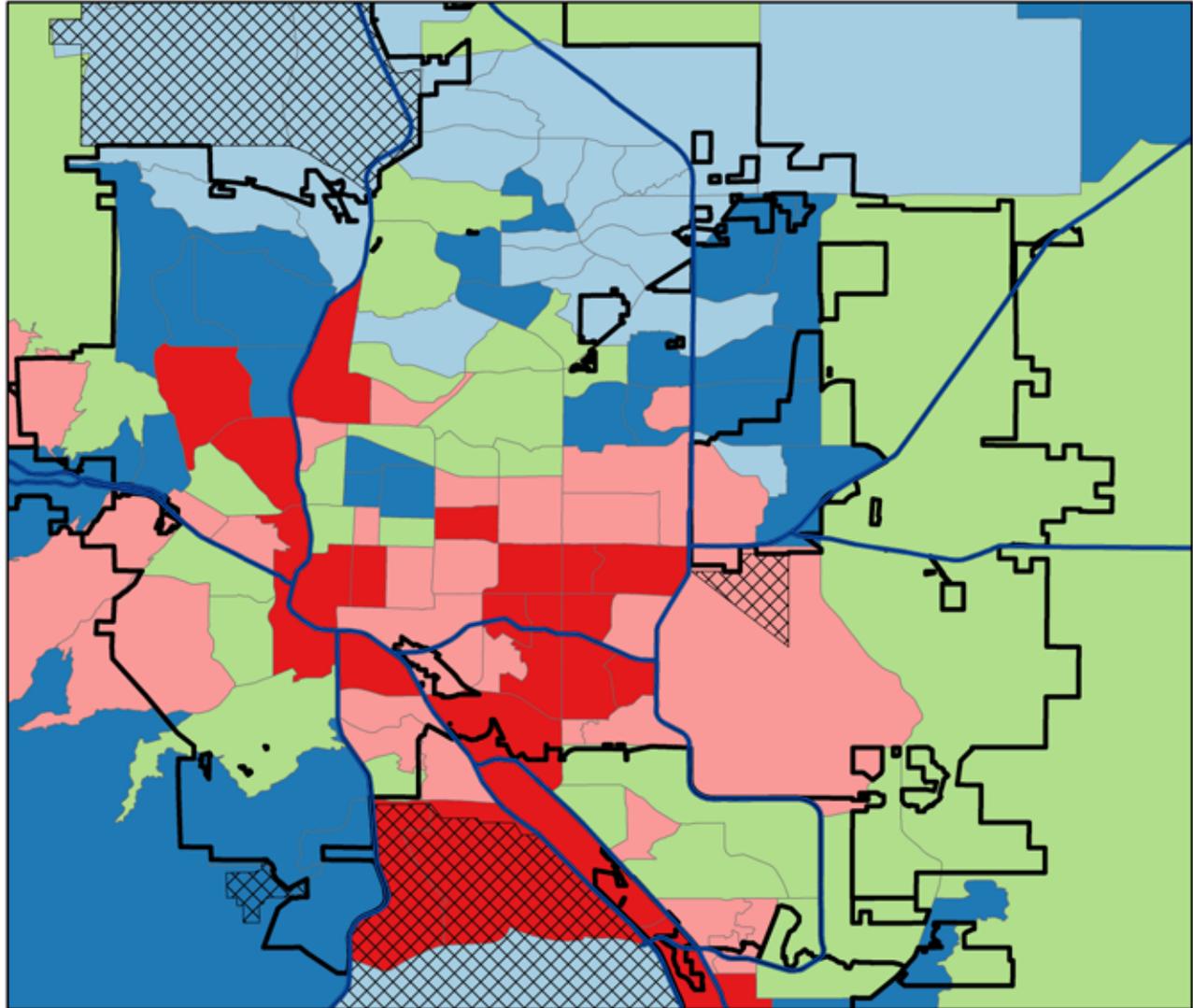
Geographic Distribution of Mortgage Denial

Denials were slightly correlated with the concentration of racial and ethnic minorities in the region. As the proportion of minorities increased, the denial rate slightly increased. Bivariate regression analysis gave a correlation coefficient of .046, meaning that minority concentration and mortgage denial rate in a census tract were 4.6% positively correlated. This is a relatively weak correlation coefficient, particularly for an area containing such a large city. This suggests that mortgage denial in census tracts is slightly, although not strongly, correlated with the concentration of racial and ethnic minorities in that area.

Figure 104 : Minority Concentration and Mortgage Denial Rate, El Paso County, 2010-2012



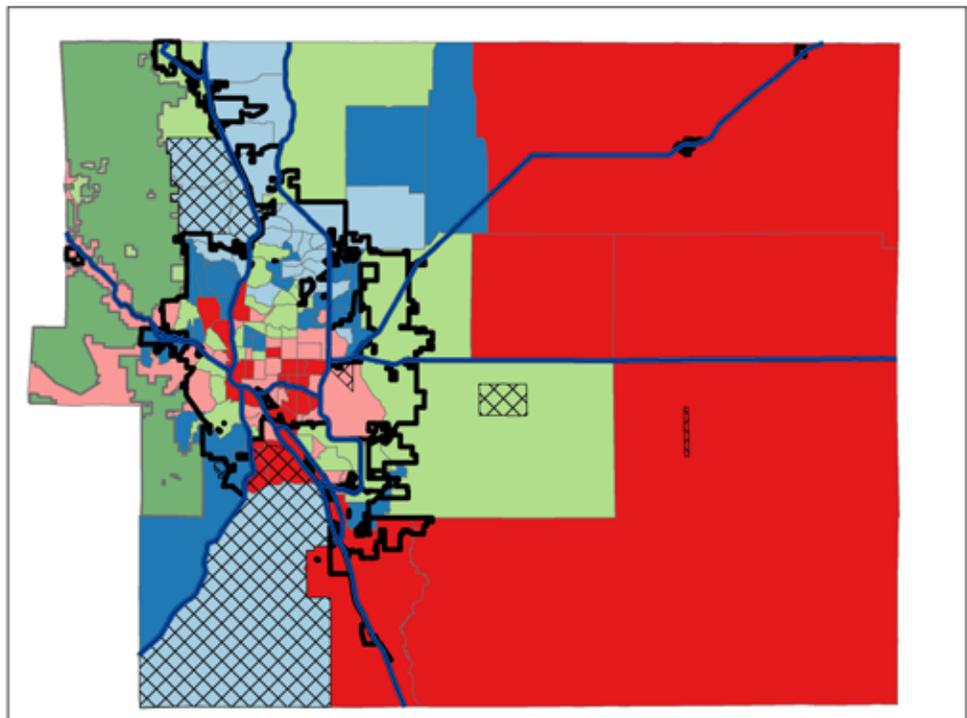
MAP 24:
MORTGAGE DENIAL RATE BY CENSUS TRACT, EL PASO COUNTY, 2010-2012



Legend

Percent of Applications Denied

- 0% - 8.6%
- 8.6% - 10.3%
- 10.3% - 11.9%
- 11.9% - 15.0%
- 15.0% - 50%
- City Boundary
- Military Base Boundary
- National Forest Boundary



High-Cost Lending

The widespread housing finance market crisis of recent years has brought a new level of public attention to lending practices that victimize vulnerable populations. Subprime lending, designed for borrowers who are considered a credit risk, has increased the availability of credit to low-income persons. At the same time, subprime lending has often exploited borrowers, piling on excessive fees, penalties, and interest rates that make financial stability difficult to achieve. Higher monthly mortgage payments make housing less affordable, increasing the risk of mortgage delinquency and foreclosure and the likelihood that properties will fall into disrepair.

Some subprime borrowers have credit scores, income levels, and down payments high enough to qualify for conventional, prime loans, but are nonetheless steered toward more expensive subprime mortgages. This is especially true of minority groups, which tend to fall disproportionately into the category of subprime borrowers. The practice of targeting minorities for subprime lending qualifies as mortgage discrimination. Since 2005, HMDA data has included price information for loans priced above reporting thresholds set by the Federal Reserve Board. This data is provided by lenders via Loan Application Registers and can be aggregated to complete an analysis of loans by lender or for a specified geographic area. HMDA does not require lenders to report credit scores for applicants, so the data does not indicate which loans are subprime. It does, however, provide price information for loans considered “high-cost.”

A loan is considered high-cost if it meets one of the following criteria:

- A first-lien loan with an interest rate at least three percentage points higher than the prevailing U.S. Treasury standard at the time the loan application was filed. The standard is equal to the current price of comparable-maturity Treasury securities
- A second-lien loan with an interest rate at least five percentage points higher than the standard

Not all loans carrying high APRs are subprime, and not all subprime loans carry high APRs. However, high-cost lending is a strong predictor of subprime lending, and it can also indicate a loan that applies a heavy cost burden on the borrower, increasing the risk of mortgage delinquency. Between 2010 and 2012, there were 159,842 home purchases, refinance, or home improvement loans made for single-family or manufactured units in El Paso County. Of this total, 69,174 disclosed the borrower’s household income and 929 reported high-cost mortgages. Overall, upper-income households were less likely to have high-cost mortgages than lower-income households.

An analysis of loans in El Paso County by race and ethnicity reveals that high-cost lending is relatively evenly dispersed by race, though the sample size among these groups is notably small. Among lower-income minority households, 1.4% of loans to Hispanics were high-cost and 1.3% of loans for low-income Black households were high-cost. This is lower than the average of 1.6% for low-income households. By comparison, 1.6% of the mortgages obtained by lower-income White households were high-cost.

Rates of high-cost lending were lower in upper-income households compared to lower-income households for all races except the “Other” category. Upper-income White households experienced a high-cost rate of 0.9%, while upper-income households from other races experienced a high-cost loan rate nearly three times as high (2.6%). The high-cost lending rates for Black and Hispanic households were 1.1% and 0.1%, respectively. The low sample size once again decreases the statistical significance of these findings.

Figure 105 : Loan Originations by Household Race/Ethnicity, El Paso County, 2010-2012

		Total	White	Black	Asian	Other**	No data	Hispanic*
Lower-Income	Total Originations	20,780	17,794	748	447	243	1,543	1,743
	High-Cost	324	280	10	3	4	26	24
	% High-Cost	1.56%	1.57%	1.34%	0.67%	1.65%	1.69%	1.38%
Upper-Income	Total Originations	48,394	40,670	1,328	1,135	418	40,670	40,670
	High-Cost	460	375	14	9	11	51	36
	% High-Cost	0.95%	0.92%	1.05%	0.79%	2.63%	0.13%	0.09%
Total	Total Originations	83,456	69,638	3,025	1,798	865	8,130	5,051
	High-Cost	929	786	30	17	16	78	67
	% High-Cost	1.11%	1.13%	0.99%	0.95%	1.85%	0.96%	1.33%

Source: Federal Financial Institutions Examination Council, 2010 to 2012

Note: Total also includes 2,597 originated loans for which no income data was reported.

* Hispanic ethnicity is counted independently of race.

**Small sample size may make analysis unreliable.

Studying mortgage application data on an annual basis allows insight into the influence of housing market trends on the behavior of applicants and banks. Housing markets across the country are beginning to show recovery following the steep declines in sales volume and mortgage applications caused by the housing crisis. El Paso County's mortgage application data follows local sales data trends, indicating a substantial spike in 2012. The number of applications declined 8.7% between 2010 and 2011 and then rebounded to 29.7% in 2012. This is a total increase of 9,524 applications or 18.4% over the three-year period. During this time, the percentage of total applications that resulted in loan originations similarly fell in 2011 before rising in 2012. For most individual racial and ethnic groups, this trend varied. Originations generally also tended to rise in 2012 after dipping in 2011, although they rose steadily for Blacks and Hispanics. This is expected for Hispanics simply because this demographic is growing in Colorado Springs, but noteworthy because of the relatively slower growth of the Black population.

High-cost originations represent a very small portion of all loans made between 2010 and 2012, but have risen from 247 in 2010 to 343 in 2012. The overall low prevalence can likely be attributed to increasing statutory control over predatory lending practices. The slight rise, however, is inconsistent with national trends and should be monitored in the coming years. This is interesting given the relatively high rate of cost burden faced by homeowners with mortgages: while cost burden amongst homeowners is high (about one-third of owners spend over 30% of their income on housing), it is not due to a high number of high-cost loans.

Despite the loosening of equity by banks in recent years, the 2012 denial rate of 10.5% was actually higher than the 2010 denial rate of 10.1%. This signifies that banks are not loosening access to equity despite the accelerating pace of economic recovery from the recession. This is notable given the high demand for housing in Colorado Springs.

Figure 106 : Annual Trends in Mortgage Lending, El Paso County, 2010-2012

	2010		2011		2012	
	#	%	#	%	#	%
Total loans						
Applications	51,609	100.00%	47,100	100.00%	61,133	100.00%
White	37,483	72.63%	33,783	71.73%	45,637	74.65%
Black	1,555	3.01%	1,733	3.68%	2,291	3.75%
Asian	1,007	1.95%	861	1.83%	1,242	2.03%
Other race	504	0.98%	480	1.02%	676	1.11%
No information/NA	11,060	21.43%	10,243	21.75%	11,287	18.46%
Hispanic*	2,787	5.40%	2,866	6.08%	3,706	6.06%
Originated	25,729	49.85%	23,527	49.95%	34,200	55.94%
White	21,571	83.84%	19,557	83.13%	28,510	83.36%
Black	807	3.14%	924	3.93%	1,294	3.78%
Asian	581	2.26%	470	2.00%	747	2.18%
Other race	253	0.98%	238	1.01%	374	1.09%
No information/NA	2,517	9.78%	2,338	9.94%	3,275	9.58%
Hispanic*	1,413	5.49%	1,499	6.37%	2,139	6.25%
Originated - High Cost	247	0.96%	339	1.44%	343	1.00%
White	217	0.84%	278	1.18%	291	0.85%
Black	11	0.04%	8	0.03%	11	0.03%
Asian	3	0.01%	8	0.03%	6	0.02%
Other race	3	0.01%	5	0.02%	8	0.02%
No information/NA	13	0.05%	40	0.17%	27	0.08%
Hispanic*	16	0.06%	29	0.12%	22	0.06%
Denied	5,232	10.14%	5,214	11.07%	6,449	10.55%
White	4,003	76.51%	3,957	75.89%	4,750	73.65%
Black	234	4.47%	285	5.47%	361	5.60%
Asian	132	2.52%	145	2.78%	160	2.48%
Other race	39	0.75%	64	1.23%	64	0.99%
No information/NA	763	14.58%	708	13.58%	1,061	16.45%
Hispanic*	420	8.03%	450	8.63%	532	8.25%

Source: Federal Financial Institutions Examination Council, 2010-12

Note: Percentages in the Originated - High Cost category are calculated based on the number of originated loans only

* Hispanic ethnicity is counted independently of race.

**PUBLIC SECTOR
POLICIES AND
TRENDS**

5



Barriers to affordable housing are obstacles that impede the development of affordable housing units. Some barriers to affordable housing, such as local public policies, can be modified or eliminated. Regulatory policies, such as zoning provisions that limit or prohibit multi-family housing or the development of single family units on smaller lots, can be changed by local government officials. Physical constraints, such as the condition of soils or severe topography, are barriers that cannot be reasonably modified. There also are barriers that are driven by local market conditions such as rising construction costs or a demand for housing that outpaces the available supply. This type of barrier typically requires public incentives to ameliorate its impact on affordable housing.

In the Colorado Springs and El Paso County, the following barriers to affordable housing were identified. Many of these barriers were identified through interviews while others were revealed through primary research.

PLANNING AND ZONING: CITY OF COLORADO SPRINGS

The Colorado Springs zoning ordinance requires conditional use permits for several critical human service establishments despite proven unmet need

Zoning ordinances are the local laws adopted by municipalities, which enable them to implement comprehensive plan policies. Ideally, the ordinances should clearly reflect the goals and strategies of the plans. As outlined in Title 29, Article 20 of the State Code (§ 29-20-101 through § 29-20-205, also known as the Local Government Land Use Control Enabling Act of 1974), the State grants broad authority to local governments to plan for and regulate the use of land within their jurisdictions in order to provide for planned and orderly development. The local zoning code can also have direct or implicit effects on affordable housing development through the restrictions it places on density, lot size, conditional use permits, dwelling unit type, and other regulations.

The City's Future Land Use Map 2020 and Existing Land Use Map were reviewed to determine the amount of land zoned and available for multi-family housing in Colorado Springs. The residential zones which allow for multi-family housing, both medium and high densities, are scattered proportionately throughout the City, in and around major highways such as I-25 and several State Routes including 83, 85, 87, and 24. There is no inclusionary zoning provision in the ordinance. However, much of the City's newer residential development falls under covenant control, limiting the potential impact changes to the zoning ordinance would have on these existing neighborhoods.

The determining factor for density in Colorado Springs' ordinance is the minimum lot size requirement. Zones R, R-1 9000, and R-1 6000 are specifically zoned for single-family residential units. Zone R-2 is specifically for detached one-family or attached two-family (duplex) units. Zone R-4 can accommodate smaller multi-family units, with a density of no more than eight dwellings per acre. The densest zone, R-5 is for multi-family residential for which the corresponding minimum lot size is 4,000 square feet. Zoning density for multi-family units is not specified within the zoning code. These minimum lot sizes are not prohibitively large. Nonetheless, land in Colorado Springs is widely regarded to be relatively expensive, so in some cases—and particularly in some neighborhoods—the acquisition of property to develop affordable housing is cost-prohibitive.

Currently, the City does not have any inclusionary zoning policies nor does it provide any density bonus incentives. However, through its zoning code, the City supports several alternative design measures, including a mixed-use zone, planned unit developments (PUDs), and traditional neighborhood developments (TNDs). Mixed use districts were adopted into the City Code in 2004 to facilitate quality mixed use development in activity centers, accommodate various intensities and patterns of development that can support multiple modes of transportation (including public transit and walking), and provide a variety of residential housing types and densities to assure activity to support a mix of uses and enhance the housing choices of City residents. However, according to City planning staff, mixed use zones are rarely utilized due to cumbersome

Figure 107 : Residential and Special Use Zoning Standards, Colorado Springs

	R	R-1 9000	R-1 6000	R-2	R-4	R-5	SU
Minimum lot area:							
Single-family detached (lot area per unit)	20,000	9,000	6,000	5,000	5,000	4,000	5,000
Single-family and accessory dwelling unit				7,000	6,000	6,000	6,000
Duplex (lot area per duplex)				7,000	6,000	6,000	6,000
Duplex and accessory dwelling unit					6,000	6,000	6,000
Multi-family unit (lot area per unit):							
One-story					2,500	1,400	1,000
Two-story					2,000	1,100	800
Three-story					1,500	900	700
Four-story						800	600
Attached single-family					3,000	2,200	
Minimum lot width	100 ft.	75 ft.	50 ft.	50 ft.	50 ft.	50 ft.	50 ft.
Minimum setback:							
Front	25 ft.	25 ft.	25 ft.	25 ft.	20 ft.	20 ft.	25 ft.
Side	10 ft.	10 ft.	5 ft.	5 ft.	5 ft.	5 ft.	5 ft.
Rear	35 ft.	30 ft.	25 ft.	25 ft.	25 ft.	25 ft.	25 ft.
Maximum lot coverage	20%	25%			35%	40%	50%
Buildings exceeding 18 ft. in height:							
Buildings less than 18 ft. in height:			30%	30%			
5,000 - 6,500 sq. ft. lot			45%	45%			
6,501 - 7,500 sq. ft. lot			40%	40%			
7,501 - 8,500 sq. ft. lot			35%	35%			
8,501+ sq. ft. lot			30%	30%			
Maximum building height	30 ft.	30 ft.	30 ft.	30 ft.	40 ft.	45 ft.	60 ft.

All numbers are in square feet unless otherwise specified

restrictions. As a result, PUDs are used more often due to their flexibility. The purpose of PUDs, outlined in Article 3 Part 6 of the City Code, is to allow for a variety of land use types, encourage appropriate mixed use development, promote flexibility and innovative design, and provide a clear and reasonable plan for the phased development and completion of a proposed development. However, PUDs, along with all other projects required to submit development plans, must ensure their projects are “harmonious with the surrounding land uses and neighborhood” and “compatible with the surrounding neighborhood” according to City Code 7.5.502. This stipulation makes higher-density and/or affordable developments particularly vulnerable to “NIMBY-ism” as the subjectivity of interpreting what is “harmonious” and “compatible” may negatively impact potential affordable housing developments.

The City’s Zoning Code also requires conditional use permits for “drug or alcohol treatment facilities” when such land uses are protected by the federal Fair Housing Act, which defines persons who are recovering from substance

abuse as disabled. As such, this type of residential unit should be regulated in the same manner as and permitted by right in all residential zoning districts where single family dwellings are allowed. This is especially important given the results of El Paso County’s homeless persons’ Point in Time Count, which revealed that many of the unsheltered homeless individuals in the area had either severe mental illness or a substance abuse problem. In other words, the zoning code makes it more difficult to build drug or alcohol treatment facilities and human service shelters despite benchmarked unmet need for these land uses.

Finally, despite infill development being an explicitly stated goal within the City’s Comprehensive Plan, its unplanned and arbitrary annexation policy strongly fosters new development on vacant property on the periphery of Colorado Springs, resulting in sprawl and the urbanization of rural El Paso County. This action provides no incentive for developers and builders to create new housing opportunities, for a variety of income levels and household types, on the 40,000 acres of vacant land in the City.

Figure 108 : Permitted and Conditional Activities by Zone, Colorado Springs

	A	R	R-1 9000	R-1 6000	R-2	R-4	R-5	SU	TND
Residential Use Types									
Single-family detached dwelling on an individual lot	P	P	P	P	P	P	P	P	P
Two-family dwelling on an individual lot					P	P	P	P	P
Multiple detached single-family dwellings on an individual lot						P	P	P	P
Multiple two-family dwellings on an individual lot						P	P	P	P
Accessory dwelling unit	P				P	P	P	P	P
Manufactured home	P	P	P	P	P	P	P	P	P
Mobile home									
Multi-family dwelling						P	P	P	P
Rooming or boarding house						P	P	P	P
Studio or efficiency						P	P	P	P
Dormitory, fraternity or sorority house						P	P	P	P
Retirement home						P	P	P	P
Human Service Establishments									
Human service home	P	P	P	P	P	P	P	P	P
Human service residence:	P	P	P	P	P	P	P	P	P
Family care home	P	P	P	P	P	P	P	P	P
Large family care home	C	C	C	C	C	P	P	P	C
Domestic violence safe house	P	P	P	P	P	P	P	P	P
Family support residence	P	P	P	P	P	P	P	P	P
Human service facility:	C	C	C	C	C	P	P	P	P
Hospice	C	C	C	C	C	P	P	P	P
Residential childcare facility	C	C	C	C	C	P	P	P	C
Human service shelter:	C	C	C	C	C	C	C	C	C
Drug or alcohol treatment facility	C	C	C	C	C	C	C	C	C
Detoxification center	C								

PLANNING AND ZONING: EL PASO COUNTY

El Paso County's zoning ordinance requires specific use criteria for key human service establishments

El Paso County's zoning ordinance was last updated in February 2013. This ordinance applies to the balance of the county, omitting Colorado Springs, as the City has its own zoning ordinance. The El Paso County ordinance is similar, but has residential districts more appropriate for rural development. There are a total of 13 different residential districts, with traditional residential dwellings are permitted on nine of these.

The County does not currently have any inclusionary zoning policies, density bonus incentives for affordable housing, or other zoning measures to incentivize the creation of affordable housing. However, the County's zoning code does permit manufactured homes—which are often the most affordable option in rural areas—in a high number of its residential zones. Multi-family dwellings are permitted by right on RM-12 and RM-30, which are the two highest-density residential zoning districts. These districts allow for 12 dwelling units per acre and 30 dwelling units per acre, respectively. Multi-family dwellings require a site development plan, but are not subject to specific use standards.

The smallest minimum lot size for a single-family residential zoning district is the RS-5000, which is 5,000 square feet.

This is closely followed by the RS-6000 residential zoning district, in which the minimum lot size is 6,000 square feet. These minimum lot sizes will generally not restrict land to the point that the lot size is unaffordable, given the land values, current density, and traditional development patterns in El Paso County.

The zoning of post-1976 mobile homes is permitted on two agricultural zones and four residential zones. However, stakeholder interviews revealed that it is still very difficult to locate a mobile home that is not a manufactured home within El Paso County. This may be because of limited land zoned for mobile home parks (residential zone MHPR). As such, nearly all the mobile homes in El Paso County currently in the inventory are pre-1976 and have been grandfathered into the current zoning code. The condition of these mobile homes is generally poor due to their age, resulting in high utility costs for their inhabitants.

Human service establishments critical to adequately housing special needs populations, such as adult care homes, family care homes, and rehabilitation facilities, are allowed by right on most residential zones in El Paso County. However, these uses are subject to specific use criteria that may either allow the use or further classify it as a special use. Therefore, the right to build human service establishments by right in certain zones does not mean it is necessarily feasible if the special use requirements are so high as to be prohibitive.

Figure 109 : Permitted and Conditional Activities by Zone, El Paso County

	RR-5	RR-2.5	RR-0.5	RS-20000	RS-6000	RS-5000	RM-12	RM-30	RT	MHP	MHS	MHPR	RVP
Residential Use Types													
Attached Single-Family Dwelling					A	A	A	A					
Detached Single-Family Dwelling	A	A	A	A	A	A			A				
Multi-Family dwelling							A	A					
Two-Family Dwelling	S		S			A	A		S				
Manufactured Home	A	A	A	A	A	A			A				
Mixed-Use Residential Units													
Mobile Home, Post-1976*	A										A	A	A
Religious Housing							A	A					
Human Service Establishments													
Adult Care Home	A**	A**	A**	A**	A**	A**	A**	A**	A**	A**	A**	A**	A**
Family Care Home	A**	A**	A**	A**	A**	A**	A**	A**	A**	A**	A**	A**	
Half-Way House*	S												
Rehabilitation Facility	S	S	S	S	S	S	S	S	S				
Retirement Center							A	A					

*These uses are also allowed on agricultural districts

**Use may be conditional depending on size or other specific criteria

CODE ENFORCEMENT

During stakeholder interviews, code enforcement was repeatedly cited as an issue affecting affordable housing in the area. Stakeholders cited the lack of a rental inspection program as problematic for fixing outstanding code violations on the interior of residential buildings that code inspectors might not otherwise be able to assess. Due to the low vacancy rate, landlords renting out affordable and low-rent housing units have less incentive to maintain their properties because vacancies will almost certainly be filled quickly by another tenant. This reduces the quality of affordable units in the region.

Code enforcement understaffing was also a repeatedly cited concern by stakeholders. Legislation was deemed to be adequate, and the City’s Housing Code was rewritten in a collaboration between developers and Code Enforcement officials within the last few years. Current problems stem from understaffing and operational issues rather than legislative issues. Some stakeholders noted that even if a rental inspection program were to be adopted, the chronic understaffing of the Code Enforcement department would make the program ineffective from the start. Colorado Springs only has 10 to 12 code enforcement officers in the field at any given time covering an estimated 66,646 rental housing units. The shortage in El Paso County is even more severe, with only two code enforcement officers to cover an estimated 16,365 rental housing units over a 2,130 square mile area.

HOMEBUYER PROGRAMS

El Paso County's mortgage programs provide opportunity for affordable homeownership to those who may otherwise not be able to obtain it.

El Paso County has two key mortgage programs that provide homebuyer assistance to demographics within the County. The "Turnkey" Mortgage Origination Program provides a competitive 30-year fixed-rate FHA/VA mortgage with a down payment assistance grant equal to 4% of the mortgage amount to qualifying low and moderate income homebuyer families. As of September 18, 2014 the mortgage rate was 4.625%. The mortgage rate will change periodically to stay competitive with the market and is slightly above the market rate. There is no first-time homebuyer requirement, but the maximum income is \$88,900 for a family of up to two persons or fewer and \$103,700 for a family of three or more. Over 35 lenders participate in this program.

The program can be used in coordination with El Paso County's Mortgage Credit Certificate Program. This program allows qualifying borrowers to receive an

annual federal income tax credit equal to 50% of the annual interest they pay on their mortgage loan (\$2,000/year maximum). First-time homebuyers and qualified veterans are eligible, and other applicants cannot have owned a home in the past three years except in Targeted Areas. Targeted Areas are Census tracts designated by HUD as underserved in mortgage loan origination.

The maximum family income for families of up to two persons is \$72,100 in Non-Targeted Areas or \$86,520 in Targeted Areas. For families of three or more, the maximum family income is \$82,915 in Non-Targeted Areas or \$100,940 in Targeted areas. The maximum home cost for a 1-family Residence is \$265,158 in a Non-Targeted area, \$324,082 for a 2-family residence in a Targeted Area. The maximum home cost for a 2-Family Residence is \$339,456 in a Non-Targeted Area \$414,891 in a Targeted Area.

The program is scheduled to run until December 31, 2016 as long as program funds remain. Eight local lenders participate in this program, which has \$20 million in funding available. These two programs provide opportunities for affordable homeownership to those who may not otherwise be able to obtain it, and encourage redevelopment in key investment areas in Colorado Springs and throughout El Paso County.

PUBLIC TRANSIT

Over 12,000 residents in El Paso County are transit-dependent. Over 85% of them live in Colorado Springs, and most are renters.

Transportation is the second-largest expense after housing for most households, but is often overlooked as a critical component of housing affordability. Current research indicates a strong connection between housing costs and transportation costs. A recent study conducted by The Center for Housing Policy found that there is a clear trade-off between affordable housing and transportation expenses among working families.¹ This research revealed that, at the national level, families that spend more than 50% of their income on housing spend only 7.5% on transportation. By comparison, families that spend 30% or less of their income on housing spend almost 25% on transportation. This equates to more than three times the amount spent than those in less affordable housing. In other words, families who economize on housing often lose their savings on transportation expenses.

The meaning behind this seemingly inverse equation is that many working families are moving further out into suburban areas where they may be able to afford housing, but then must spend much more of their income (and

time) commuting to and from jobs. Others may live in urban neighborhoods but are forced to cross-commute out to jobs in the suburbs. Even within suburbs, the ongoing suburbanization of poverty has made suburban areas more heterogeneous: suburban areas are not necessarily high-opportunity areas by default, and residents in low-income suburbs may have to commute long distances to distant affluent suburbs where low-paying service jobs are clustered. In both cases, the study found that in their attempt to save money on housing, families spent disproportionately higher amounts on transportation. The study concluded that at about 12 to 15 miles in commuting distance, the increased amount paid in transportation costs outweighs the savings on housing. This also increases commute time, which has the effect of reducing capacity for a second job, increasing child care costs, and reducing quality of life.

An effective public transportation system can effectively link affordable housing areas to job sites, increasing the relative affordability of housing and transportation combined. Furthermore, there are a high number of persons completely dependent on the transit system for their transportation needs. The following figure shows the numbers and percentages of transit-dependent persons (defined as individuals with no vehicle available) in Colorado Springs, El Paso County, and the State of Colorado in 2012.

¹ Accessed at <http://www.nhc.org/index/heavyload>

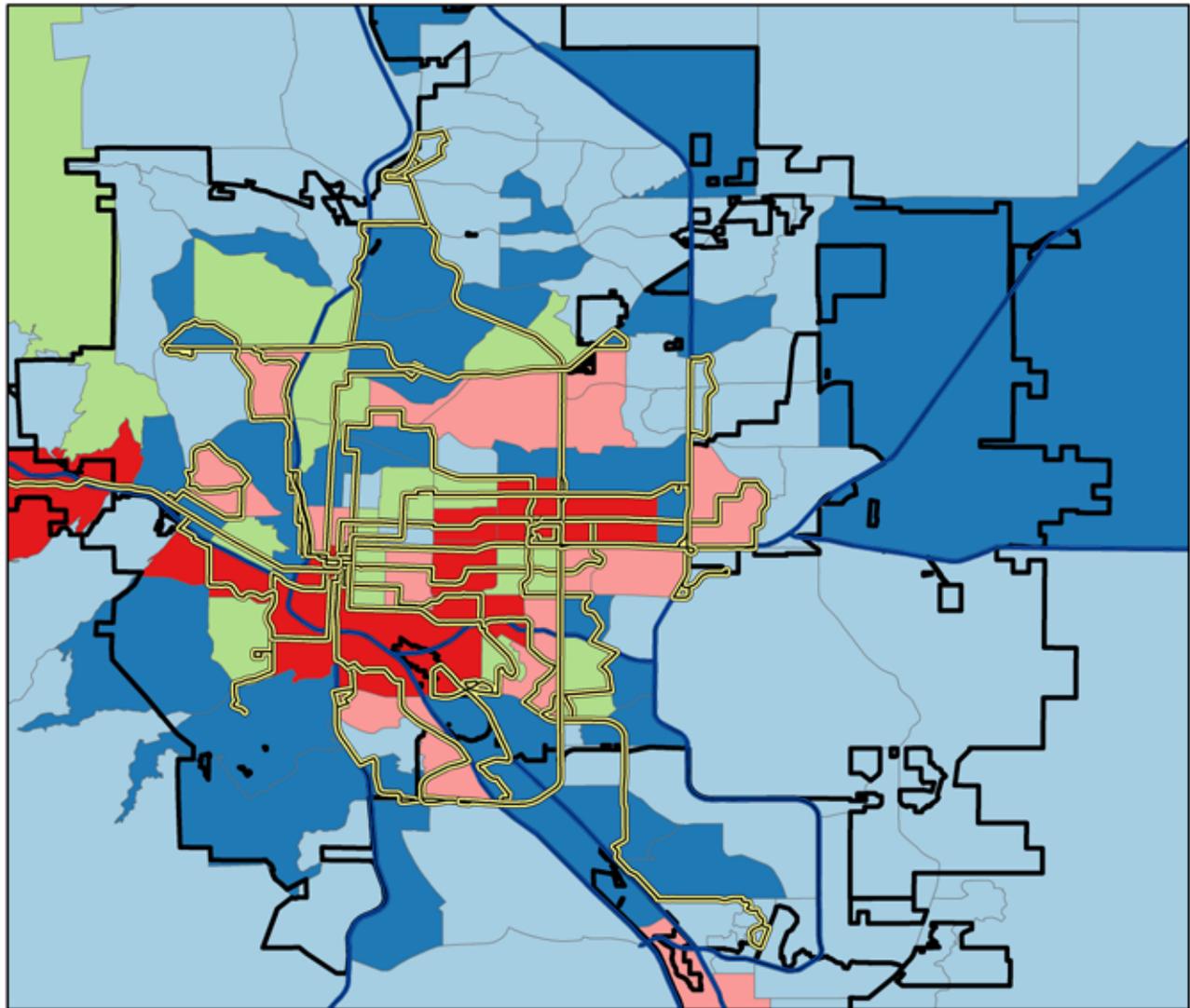
In El Paso County, 12,217 people were transit-dependent. Of this group, over 85% lived in the Colorado Springs. Rates of transit dependency in both the City and the County were comparable to the state averages for both homeowners and renters. However, renters were significantly more likely to lack access to a vehicle compared to homeowners. This increases the importance of renter-accessible public transit services.

Figure 110 : Persons with No Vehicle Available, 2012

	Colorado Springs		El Paso County		Colorado	
	#	%	#	%	#	%
Transit-Dependent Homeowners	2,195	2.21%	2,892	1.91%	26,148	2.02%
Transit-Dependent Renters	8,293	12.44%	9,325	11.23%	87,563	13.09%
Total	10,488	6.32%	12,217	5.22%	113,711	5.79%

Source: ACS 2012

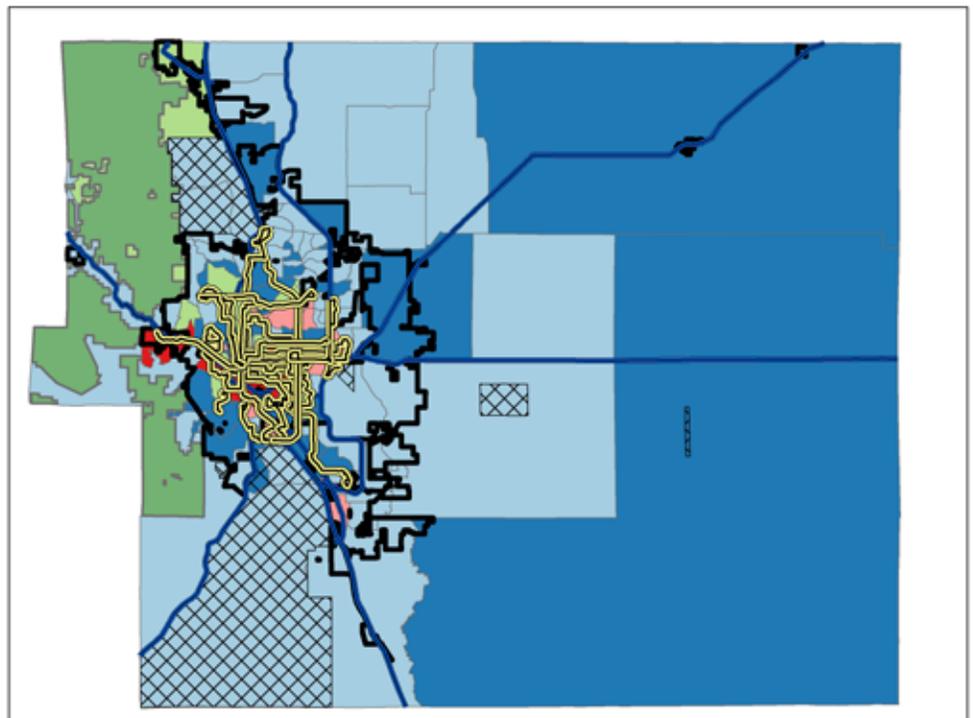
MAP 25:
RESIDENTS WITH NO VEHICLE, EL PASO COUNTY, 2012



Legend

Residents with No Vehicle

- 0 - 38
- 39 - 94
- 95 - 166
- 167 - 264
- 265 - 585
- City Boundary
- Military Base Boundary
- National Forest Boundary
- Bus Lines



Mountain Metropolitan Transit's most utilized bus routes (the 1, 3, 5, 7, 9B, and 25) run on a 30-minute headway. All other routes run on a 60-minute headway. While the above map shows that bus lines pass through the tracts containing the highest numbers of transit-dependent residents (modeled in this research as individuals lacking access to a vehicle), this does not give any indication as to the frequency of busses, quality of service, reliability, or utility as a commuting tool. Compared to the map of senior distribution, bus lines are concentrated in the Downtown and core urban area while most seniors (many of whom will need transit access in the near future) live on the outskirts or in smaller communities such as Monument. During stakeholder interviews regarding affordable housing, transportation issues were one of the most frequently cited issues for residents in the study areas. Frequently cited issues included:

- Transit dependency reduces job choice for low-income residents, because the areas where there is affordable housing are not located near jobs, and transportation from affordable housing to job markets is inadequate.
- The new "one-stop-shop" location shared by El Paso County Department of Human Services, El Paso County Public Health Department, Goodwill Career Development Center, Pikes Peak Workforce Center, and several other institutions important for lower income residents is not centrally located and can be difficult to access without a car. This one-stop-shop is located in Northeast Colorado Springs, while lower income residents are concentrated in Southeast Colorado Springs and Fountain Valley. There is a bus stop at the facility but riders must first travel to Downtown Colorado Springs, then transfer to another bus to get to the facility. This is a difficult barrier to overcome for lower income individuals who are working

to improve their skills and remain self-sufficient.

- Limited public transportation makes it difficult to access any job markets outside of the Downtown area. For low-skill and transit-dependent workers, this reduces the number of available jobs they could travel to.
- There is no bus service available on Sundays. Since transit-dependent workers may work at jobs that require weekend hours, a lack of Sunday service can curtail their employment prospects.
- Some affordable housing developers will not acquire property if it is not on a bus line because it is such an important asset for their clients. For those who are able to develop housing along a bus route, service can be infrequent and limits the employment prospects of these clients.
- The local non-profit senior transportation service, Silver Key, provides door-to-door ADA-accessible transportation for seniors ages 60 and over. However, Silver Key requires at least one week of advance notice per ride.
- Transit-dependent families have limited school choice even in an area where charter schools are available, regardless of address, due to limited public transit. This exacerbates socioeconomic differences between school districts, neighborhoods, and perceptions of quality differences between school districts because children from lower income neighborhoods are impacted the most.

Based on econometric research from the Center for Neighborhood Technology, a policy research group focused on linking affordable housing to transportation, a rough benchmark of “affordable transportation” equates to 15% of AMI for a household.¹ Similarly to how affordable housing should not exceed 30% of AMI, transportation costs should not exceed 15% of AMI. Therefore, if the total costs for housing and transportation combined exceed 45%, the household is facing cost burden. This 45% composite of housing and transportation is known as the H+T Index.

1 Accessed at <http://htaindex.cnt.org/>

The situation in El Paso County is very similar to the national trend. The following figure indicates areas in El Paso County where the average housing costs exceed 30% of income. These areas of housing cost burden are concentrated in the Northeast part of Colorado Springs, Security-Widefield, Stratmoor, and parts of Woodland Park. Once transportation costs are factored in using the H+T Index, a much larger portion of the County is identified as cost burdened. In fact, most of the County (for which there is adequate data to generate this index) is paying over the 45% affordability threshold. Only the Downtown and central areas of Colorado Springs remain affordable due to the relatively low transportation costs associated with living in these core areas.

Figure 111 : H+T Index: Areas Where Average Housing Costs Exceed 30% of Median Household Income, 2012

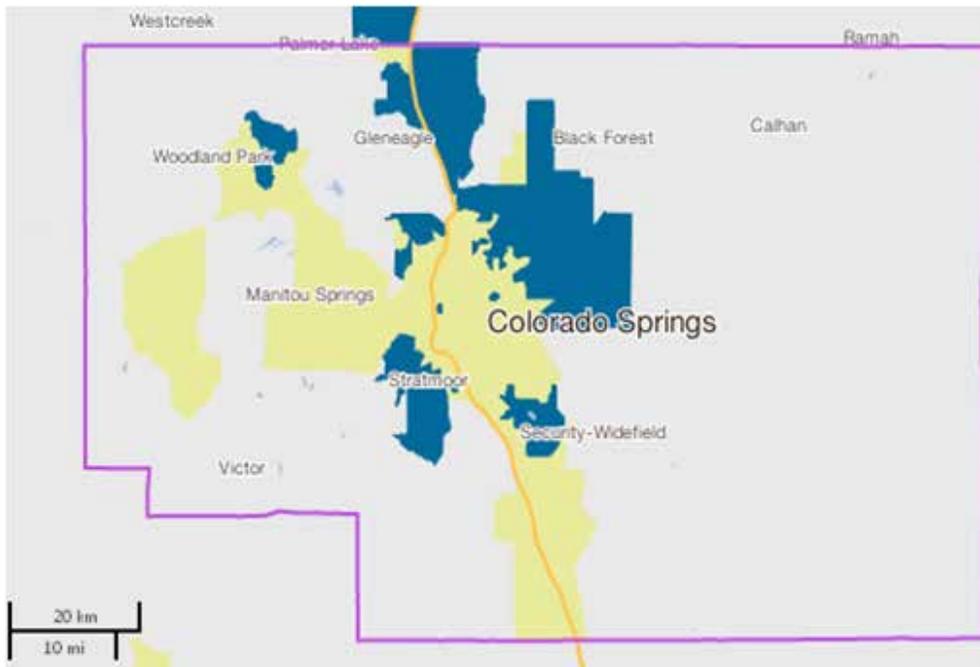
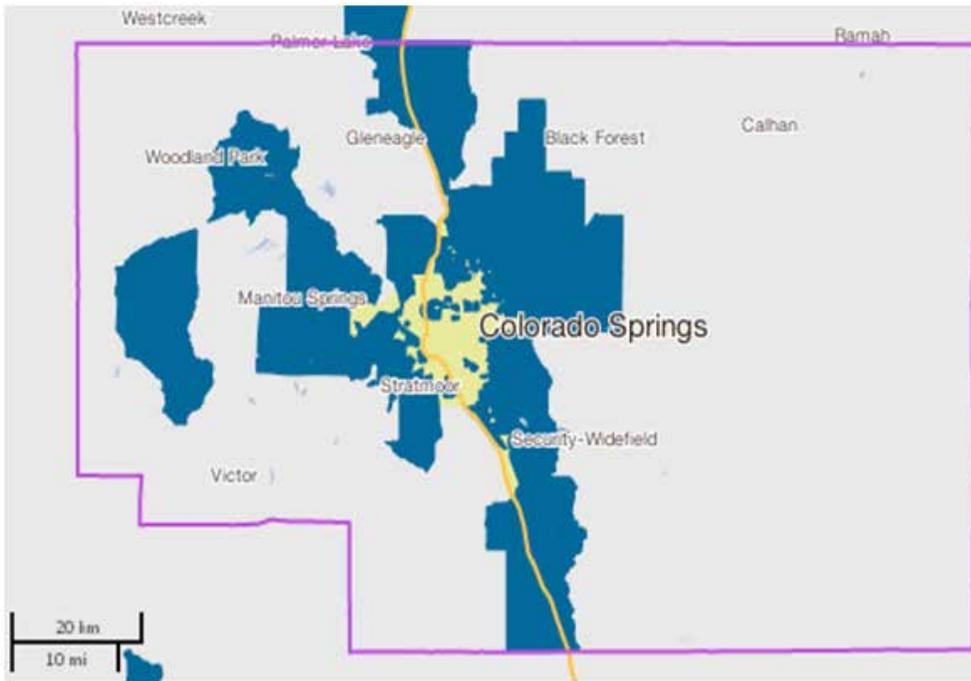


Figure 112 : H+T Index: Areas Where Average Housing and Transportation Costs Exceed 45% of Median Household Income, 2012



A critical component of preserving transportation affordability for those who need it most is through maintaining an adequate and accessible public transit system. Mountain Metro's total annual budget is approximately \$18 million. The City contributes \$3 million, or 16.7% of the annual budget. More stable funding sources are needed to ensure that Mountain Metro can continue to offer fixed-route bus services, and expand services accordingly to residents of the greater Colorado Springs area.

FEDERAL PUBLIC POLICY BARRIERS

Decreasing federal resources has impacted the ability of the County, the City and the two public housing authorities to create new affordable housing opportunities.

Both the City and the County receive federal funds through HUD's Community Development Block Grant program; the City also receives annual grants through the HOME and Emergency Solutions Grant programs as well. Affordable housing activities are eligible under all three programs. Since 2010, the City's CDBG allocation has decreased 11% from approximately \$2.8 million to \$2.5 million in 2013. And, the City's HOME allocation has declined 42% from approximately \$1.7 million in 2010 to \$984,000 in 2013. The County's annual CDBG grant has declined 6.5% from approximately \$1.05 million to \$980,000.

Colorado Springs Housing Authority and has received no increase in the number of or budget authority for the Section 8 Housing Choice Vouchers made available to lower income households. In addition, rising market rents have made it more lucrative for private landlords to forego participation in the Section 8 program and its fair market rent rates.

MARKET BARRIERS

- The extremely low rental vacancy rate exerts upward pressure on rents, thereby generating a continuous demand for more rental units. This trend keeps the profit margin for market-rate units high and creates a disincentive for for-profit developers to build affordable units with local, state or federal subsidies.
- The low rental vacancy rate also places severe pressure on owners of affordable rental units whose expiring subsidy contract or period of affordability is set to expire within the next several years. The prospect of converting the subsidized units to market-rate units can be a strong incentive when rents on the open market are higher than HUD fair market rent rates.
- Housing costs for both renters and owners have outpaced real median household income. As a result, the gap between what a household can afford to pay for housing and what is available on the market in their price range is widening, further shrinking housing choice for lower income households.
- There are more than 40,000 acres of parcels with the potential for infill development in the City of Colorado Springs; however, these are predominantly under private ownership. The potential for new small-scale residential development (up to 4 units per structures maximum) on appropriately-sized vacant lots, both rental and sales units, could contribute to an urban re-settlement initiative in several of the City's older neighborhoods.

PHYSICAL BARRIERS

- The high cost of lead paint abatement greatly increases the cost of rehabilitation of older housing units, whose acquisition costs may be relatively moderate.
- Many of the older residential structures are not appropriate for retrofitting for handicapped accessibility. The amount of work required on such structures makes it cost-prohibitive. As a result, people with disabilities often are dependent on newly constructed units that are affordable and accessible.

OTHER BARRIERS

- There is a need for more nonprofit affordable housing developers with the capacity to undertake new construction projects. Housing development is a complex and costly process that requires experienced staff skilled in financing, construction management, grants management and compliance, applicant processing and other aspects.
- Restrictive covenants in residential subdivisions supercede zoning provisions. For example, if an accessory dwelling unit is permitted by-right by the City's Zoning Code but the restrictive covenants on a property prohibit it, then the accessory dwelling unit cannot be built.
- Mortgage loan denials and high-cost lending disproportionately affect minority applicants and lower income neighborhoods.

RECOMMENDATIONS

6



The following recommendations are based on the analysis conducted and provided in this report.

1. Change public perception

There is a perception that multi-family housing proposals consisting of affordable housing opportunities are not appropriate for single family neighborhoods. While this rationale may be justified in a few instances, multi-family housing along major thoroughfares, located at street intersections, and in transition areas between residential and non-residential uses are appropriate. In other neighborhoods, well-designed, small-scale multi-unit structures consisting of up to 4 units would be compatible and appropriate land uses. Finally, contrary to public belief, well-designed and well-managed affordable housing developments do not decrease surrounding property values.

- Engage in public education and outreach to help residents understand that there are costs associated with an undersupply of affordable housing such as lower achievement scores among school-age children, increased traffic congestion, increased commuting times and distance, increased need for road maintenance, less time for volunteer and other civic activities, etc.
- Put a human face on workforce housing needs such as a local school teacher, nurse, fire fighter or police officer. Illustrate that many people who fill vital community occupations cannot afford to purchase or rent a home today.
- Affordable housing developers can help change negative perceptions through quality design that is compatible with existing surrounding neighborhoods. Every effort should be made to ensure that all affordable housing is well-designed, integrated

into the neighborhood and effectively managed. Residents are sensitive to affordable housing being located in their neighborhoods due to the fear that affordable housing units will decrease property values. In reality, affordable housing developments that are well-designed, smartly-integrated and effectively managed have been shown to enhance property values rather than diminish them.

- Publicize this report to educate the public on the extent of the area's affordable housing needs.

2. Create an environment for collaboration and cooperation

Conduct workshops with local government planners, developers and builders to:

- » Sensitize participants to affordable housing issues and solutions
- » Reach for high quality development that addresses a defined demand
- » Advocate for housing and transportation policies to be planned together
- » Publish public education materials to inform residents of the need for and the impact of affordable housing in the region
- » Participate in a roundtable discussion of best practices.
- Encourage partnerships between nonprofit and for-profit developers. Partnerships between for-profit and nonprofit developers can take on many different forms. Often the local nonprofit has the vision and neighborhood relationships necessary to facilitate the creation of affordable units. However, many nonprofits often lack available human

and financial resources required to successfully compete for program funds. Joint venture arrangements between nonprofits and for-profits can provide the solution to close the divide between a goal and the means to accomplish the goal. In addition to human and financial resources, the for-profit partner can impart valuable experience and expertise to their nonprofit partner.

3. Re-evaluate the City's designated Neighborhood Strategy Areas

- The City should review and re-evaluate the criteria under which Neighborhood Strategy Areas are designated. Primarily locations for the investment of HUD resources, the current designated areas include low and moderate income households and much of the City's older and more affordable housing stock. To coincide with the recent release of 2010 HUD LMI data, the City should define measurable variables with which to assess the need for targeted infusions of capital investment for the purpose of spurring private investment and redevelopment initiatives.

4. Update the Colorado Springs Comprehensive Plan

- The City's Comprehensive Plan was adopted in 2001 when the population was about 362,000 and covered with a housing inventory consisting of 149,000 units. Much has changed since then: the population has increased 22% to 440,000; the housing inventory has grown 21% to over 180,000 units; and, the City's footprint has expanded to just over 194 square miles through annexation. The rate

and type of growth that has occurred over the past thirteen years warrants an update to the Comprehensive Plan, particularly in light of the need for affordable housing, enhanced public transit, and a more diversified economy with livable wages.

- The Comprehensive Plan Update should be followed by an updated Zoning Code. This would involve a public process of evaluating appropriate locations for the development and redevelopment of new affordable housing opportunities throughout the City.

5. Amend the Colorado Springs Zoning Code to address barriers to affordable housing

- A complete zoning code update following the development of a new Comprehensive Plan is needed; however, interim measures should be taken given the length of time that will be required to complete these two major planning endeavors (5 to 10 years).
- Permit by-right in all residential districts the siting of "drug or alcohol treatment centers" whose clients are a protected class (persons with disabilities) under the federal Fair Housing Act.
- Review the current Zoning Code to provide incentives and/or eliminate barriers to foster:
 - » Redevelopment of vacant and under-utilized commercial strip centers as mixed-use, mixed-income communities
 - » Infill development of small-scale 1-4-unit residential structures in appropriate residential neighborhoods
 - » Density bonus for all new multi-family residential development to create affordable housing units dispersed throughout the City

6. Take an active role in the preservation of subsidized housing units at risk for conversion

Work with local nonprofits that own and operate privately subsidized housing at risk for conversion to market-rate units. The potential for market-rate apartments occurs when HUD rental assistance contracts lapse or LIHTC affordability periods expire. In a dynamic rental real estate market such as Colorado Springs, owners of older rental developments may be anxious to reap the rewards of higher rents. In many cases, these older affordable housing units are in need of rehabilitation. The City and the County should establish a preservation dialogue with the owners of these older properties in an effort to rehabilitate the units and maintain affordable rents. In many cases, these projects may require an infusion of housing tax credits and HOME financial assistance.

7. Foster the completion of the re-structuring of the Continuum of Care

The City/County Continuum of Care is a critically valuable organization that serves as the vehicle for coordinating the work of numerous local agencies committed to eliminating homelessness in Colorado Springs and El Paso County. Current efforts to re-work the organizational structure of this entity should move forward as quickly as feasible in order to position the City and County to maximize its efforts at securing financial resources, gaining the trust and support of local elected leaders, and making “Housing First” the accepted model for eliminating homelessness.

8. Increase funding and facilitate coordination for homelessness prevention programs

On the night of El Paso County’s annual Point in Time count, there were a total of 1,219 homeless persons in shelters in El Paso County. This is an increase of 48 people from the previous year. The local Continuum of Care has a total of 463 emergency beds, which is a reduction from 526 in 2013 due to the closure of one shelter and the failure of another shelter to open in time for winter. The Continuum of Care’s occupancy rate for shelter beds is about 95%, which is very high. There were 269 unsheltered homeless persons counted (primarily on the street), up from 230 in 2013. Most of them had additional special needs such as mental illness or substance abuse problems, and 17% of them were veterans.

This high occupancy rate, combined with the large number of unsheltered persons found during the count, suggests that the demand for shelter is higher than the current supply. The high rate of unsheltered homeless persons with additional special needs suggests that an approach that specifically targets special needs populations would have the highest impact. Emergency shelter beds for special needs populations are most urgently needed. Outreach towards these special needs populations should also include linkages to mental health services, veterans services, and job assistance programs. These goals should be tied into the restructuring of the region’s Continuum of Care as well as the Colorado Springs Initiative to End Homelessness.

9. Focus on infill development potential in the City

Although there are more than 40,000 acres of vacant parcels in Colorado Springs, any infill development policy must first address the issue of private ownership as a barrier to redevelopment and re-use. However, the potential impact for many of these parcels located within the City's older neighborhoods is enormous if a workable program is devised:

- Focus on the 25-34 age group as a target population for an urban re-settlement program that promotes affordable home ownership opportunities that are within walkable distances to commercial, cultural and recreational amenities.
- Focus on households with incomes between 70-120% of the AMI. This would reach households earning between \$38,000 and \$65,000 annually, which roughly translates into mortgage-buying capacity of \$105,000 to \$200,000.
- Apply for NSP4 funds from the State. Begin identifying potentially eligible properties for acquisition/rehabilitation/resale in eligible neighborhoods.

10. Encourage the development of new housing tax credit projects

- New production is needed to expand the supply of affordable rental housing. The City and the County should play proactive roles in identifying sites for new affordable housing, including any surplus property that is publicly owned. Development teams would then be encouraged to prepare and submit proposals. Local governments should be prepared to work with the development team to define an appropriate blend of expectations and incentives that will result in a high quality project.

- Affordable housing for senior residents should also be a priority. Seniors living on low, fixed incomes may struggle to pay utilities, insurance and taxes on their homes; but without affordable options that meet their special needs, they have little incentive to sell their mortgage-free home for an expensive rental unit. Providing affordable rental housing for seniors would enable many of them to “downsize” out of their current homes, thus expanding the market of (potentially) more affordable sales opportunities for other households.

11. Treat nonprofit organizations that specialize in affordable housing as a special class of developer

Nonprofit housing developers cannot compete on a level playing field with for-profit developers in the absence of incentives. Nonprofits typically do not have ready access to capital and are dependent upon highly competitive public resources to finance their affordable housing projects. Incentives provided by a municipality can foster a higher level of commitment from and a stronger desire to produce more affordable housing units by local nonprofits.

- Streamline the permitting process for projects involving affordable housing.
- Participate in the cost of financing infrastructure improvements for projects involving affordable housing.
- Waive local fees for nonprofit organizations that develop affordable housing.

12. Address housing quality by increasing the capacity of code enforcement

Code enforcement is a key tool for improving housing quality standards. Housing quality is an especially important issue for the communities in El Paso County and Colorado Springs with older housing stock, which also tend to have more lower-income households and higher rates of renter occupancy. A lack of code enforcement can create poor housing conditions and create quality of life issues for community residents. Neither Colorado Springs nor El Paso County has an adequately staffed code enforcement department capable of addressing housing quality standards, especially in rural El Paso County. As such, these departments must operate on a reactive (complaint-driven) rather than a proactive systematic basis. An increase in the capacity of code

enforcement can improve housing quality in the area, and systematically focusing on older stock can address housing quality standards in the areas where need is greatest. Both Colorado Springs and El Paso County should examine the feasibility of increasing the capacity of their code enforcement departments in order to address housing quality issues, especially in older neighborhoods.

The following table shows the recommendations from this analysis broken into short-term, medium-term, and long-term priorities for Colorado Springs and El Paso County. While some needs are acute and should be addressed as soon as possible, other more structural changes take more time to design and implement and therefore fall into medium-term and long-term priorities:

Figure 113 : Affordable Housing Priority Timeline

Short-Term Housing Priorities	Medium-Term Housing Priorities	Long-Term Housing Priorities
Emergency human service facilities	Senior housing	Infill development
Moderate-income (\$38,000 to \$65,000) housing	Extremely low-income (\$0 to \$17,000) housing	Mixed-use commercial/residential corridor redevelopment
Young professional homeownership initiatives	Small (1-4 unit) multi-family housing	Transit-oriented housing development strategies
At-risk subsidized housing stabilization	Amend zoning code and comprehensive plan to encourage affordable housing	Economic development linkages
Increased emergency shelter and homeless outreach	Increased capacity for code enforcement	Affordable housing supply monitoring and evaluation

BEST PRACTICES



The following best practices were identified through online research of communities across the U.S. that have encountered comparable challenges as those of Colorado Springs and El Paso County in their attempts to foster the creation of affordable housing opportunities through a variety of initiatives. Although most of the cities listed below differ substantially from Colorado Springs and El Paso County, it is not unimaginable to consider taking a successful initiative, tailoring it to the unique characteristics of Colorado Springs or El Paso County, and expecting a similar outcome.

Preservation of Affordable Housing Stock

The Arlington, Virginia Columbia Pike Neighborhood Area Plan offers an example of a small-area plan with a special focus on preserving affordable housing. Because the city has lost affordable units in previous revitalization efforts, the plan calls for preserving all of the Columbia Pike corridor's 6,200 market-rate affordable units, whose market rents are low enough to be within the budgets of low- and moderate-income households. Another goal is to preserve or replace all of the estimated 1,200 committed affordable housing units that were built with public funds by helping owners convert market-rate affordable units into affordable units. This may be accomplished, for example, through tax incentives or public funding for energy-efficient upgrades in exchange for a commitment to continue a unit's affordability for a specific period of time.

Source: Arlington County Government.
<http://www.columbiapikeva.us/revitalization-story/columbia-pike-initiative/>

Building Denver's Future Housing Plan 2008-2018 sets ten-year targets including:

- Creating 5,500 rental housing opportunities, including 3,500

units for working poor, elderly and disabled households earning less than 30% AMI, primarily as part of mixed-income communities

- Creating 2,500 homeownership opportunities for low- and moderate-income workers – the largest segment of the Denver workforce – in competitive neighborhoods, and
- Enabling Denver residents to connect with jobs, schools and other opportunities by locating 50% of new city-subsidized housing for low- and moderate-income households in bus and rail transit corridors.

Source: City of Denver. <https://www.denvergov.org/Portals/690/documents/Presentation/02.02.2012%20MHTF%20Denver%20Housing%20Plan%202008-2018.pdf>

Establishing Dedicated Revenue Sources

Denver's TOD Fund was created in 2009 to enable the acquisition of property within one-half mile of existing or planned light rail stations and one-quarter mile of high frequency bus stops. The fund was initially capitalized with a \$2.5 million contribution from the City of Denver, and as of August 2011, the fund's manager, Enterprise Community Partners, had assembled \$15 million in additional investments from local and national philanthropies and private banks.

Source: Enterprise Community Partners.
<http://www.enterprisecommunity.com/financing-and-development/community-development-financing/denver-tod-fund>

The Philadelphia Housing Trust Fund, established in 2005, is expected to generate \$10 million each year through a surcharge on document recording fees that range from \$57 to \$72 depending on the document type, such as birth certificates, deeds of trust, and marriage licenses.

Source: City of Philadelphia. <http://www.phila.gov/ohcd/HTFUND.htm>

The Columbus/Franklin County, OH Housing Trust Fund receives 8.37% of hotel tax revenues, generating about \$1 million in funding each year. Most major cities generate significant revenue through hotel/motel taxes due to tourism and convention business. Hotels and motels generate a significant amount of lower-paying jobs and many cities lack housing that is affordable for these workers.

Source: *The Affordable Housing Trust for Columbus and Franklin County*. <http://www.hztrust.org/>

San Francisco's Housing Trust Fund was established in 2012 to create a permanent source of revenue estimated at \$1.5 billion to be invested in affordable housing production and housing programs over the next 30 years. Revenue sources to the fund include Tax Increment Financing district funding, a portion of hotel tax that was appropriated yearly for affordable housing, an additional \$13 million in new General Fund revenue from an increase in business license fees, and a real estate transfer tax for transactions involving all properties valued at \$1 million or above by 0.2%.

Source: *City and County of San Francisco; Office of the Mayor*. <http://www.sfmayor.org/index.aspx?page=846&recordid=186&returnURL=%2findex.aspx>

In 2009, citizens of Oklahoma City passed a \$777 million referendum known as Metropolitan Area Projects 3 (MAPS3) to extend a one-cent sales tax that will be used to fund over 50 miles of sidewalks, a city-wide pedestrian and bike trail system, initiate the first phase of a fixed-rail transit system, construct a 70-acre downtown regional park, construct a new convention center, improve the Oklahoma State Fairgrounds, build a whitewater recreation center on the Oklahoma River and construct a series of senior

aquatic centers throughout the city. This extension is the third time voters have approved a sales tax increase to initiate a series of improvements. The previous two sales tax referendums were used to fund improvements to almost every public school in the city and construct several new schools, construct a new downtown library, improve the Oklahoma River, improve the convention center and civic center, and construct a downtown ballpark. The MAPS3 programs have leveraged federal funds by making improvements to low- and moderate-income neighborhoods and creating jobs for low-and moderate-income residents.

Source: *Oklahoma City*. <http://www.okc.gov/maps3/>

The County Board of Supervisors of Fairfax County, Virginia in April 2005 approved the One Penny for Housing Flexibility Fund. This appropriation, equal to the value of one penny of the real estate tax, created a dedicated fund that will aid in the preservation of at least 1,000 existing affordable housing units. The fund is also intended to be a critical ongoing source of affordable housing. It is expected that the program will generate approximately \$17.9 million in new funds. The Fund does not replace, but supplements existing federal and state funding resources. Nonprofit and for-profit developers receive financing through the Fund to acquire, rehabilitate, replace or develop affordable housing in Fairfax County. The Fund also provides flexibility to finance a range of affordable housing needs as they change over time within the county.

Source: *Fairfax County, Virginia*. <http://www.fairfaxcounty.gov/dmb/fy2013/adopted/volume2/319.pdf>

The goal of the Urban Land Bank Demonstration Program in Dallas, TX is to develop a significant quantity of affordable single-family homes on vacant, tax-delinquent properties in Dallas neighborhoods. Specifically, the program's objective is to acquire

up to 2,000 unproductive, vacant and developable lots in the inner city to be banked for affordable housing development that will provide housing for low- and moderate-income homeowners. This is being accomplished through foreclosure on tax-delinquent vacant properties. The program is being undertaken to stabilize at risk communities and enhance quality of life; reverse the trend toward underutilized neighborhood schools; address the shortage of affordable workforce housing; stimulate community investment and growth, creating jobs, retail and commercial services for neighborhood residents; reduce local government expenditures to maintain unproductive properties; and increase local government property tax, sales tax and fee revenues. It requires the cooperation and assistance of the Dallas taxing entities.

The major steps in the process are identification of target properties; tax foreclosure and sale of the properties to the Land Bank; land banking and sale of the properties to developers; and development and sale of housing to home buyers. The pilot began in 2004 with the Land Bank submitting 481 properties in five census tracts identified by the City as Neighborhood Investment Program (NIP) target areas. An additional 606 properties were submitted from 2005 thru 2006, including four additional census tracts in NIP target areas and other census tracts in Southern Dallas where the potential exists for transit-oriented development. An annual submission of 300 lots in the same areas is planned for the future, based on the capacities of the law firm, tax court, and title companies involved. As of April 30, 1,391 properties have been referred by the Land Bank for tax lawsuit, 782 lawsuits have been filed, 231 parcels have been purchased, 43 properties have been sold, and 58 sales to Community Housing Development Organizations for development of affordable houses are pending. Twenty-two homes have been completed and sold to qualifying families.

Source: City of Dallas. <http://www.dallascityhall.com/housing/LandAcquisition/index.html>

Infill Lot Development and Blight Elimination

Chicago's City Lots for City Living Program helps home builders to purchase vacant city-owned property for affordable housing activities. Land can be used for single-family, owner-occupied units and rental properties. The Department of Housing and Economic Development (HED) determines land prices based on appraised values, discounted by up to \$20,000, plus reasonable transaction costs. Larger discounts may be recommended for lots that can accommodate multiple units. Requests for isolated lots must be part of an overall affordable housing plan. Nonprofit and for-profit developers of affordable rental and owner-occupied housing are eligible for the program. Rental housing must assist households below 80% of the area median income, and rents may not exceed the fair market rent established by HUD. For owner-occupied homes, homebuyers must have incomes less than 120% of the AMI. Housing must meet all zoning and building code requirements and design criteria. Once properties have been conveyed, purchasers have 18 months in which to complete construction. Properties are subject to affordability criteria for a minimum of four years.

Source: http://www.cityofchicago.org/city/en/depts/dcd/supp_info/city_lots_for_cityliving.html

Chula Vista, CA drafted and passed the Abandoned Residential Property Registration Program intended to address properties that are vacant and financially distressed. The program requires mortgage lenders to inspect defaulted properties to confirm that they are occupied. If a property is found to be vacant, the program requires that the lender exercise the abandonment clause within their mortgage contract, register

the property with the City and immediately begin to secure and maintain the property to the neighborhood standard. They must also hire a local company to inspect the property on a weekly basis. The property must be posted with the name and 24-hour contact number of the company responsible for the weekly inspection, maintenance and security of the property. This will remove the City's Code Enforcement Section from spending limited resources to act as the property manager. It also allows neighbors to have direct contact with a responsible party. It is hoped that the combination of observant neighbors and an accessible local responsible party will deter and arrest any potential deterioration of the property and thus preserve the neighborhood.

Source: City of Chula Vista. http://www.chulavistaca.gov/City_Services/Development_Services/Planning_Building/Building/Code_Enforcement/AbanResPropertyProg.asp

The City of Hartford, CT's Livable and Sustainable Neighborhoods Initiative continues the city's efforts to examine the issue of problem properties and pursuing a plan of action that involves the Mayor's Office and the Departments of Development Services (which includes the Housing and Property Management, Licenses and Inspections, Economic Development and Planning Divisions), Health and Human Services, Public Works, Fire, and Corporation Counsel. Since January 2007, when the new plan got underway, bi-weekly meetings of interdepartmental teams have increased coordination of municipal activities such as building, health, and fire inspections; property clean-ups; mothballing of properties; emergency demolition; tax foreclosures; redevelopment planning; and general assistance to struggling property owners.

The effort has also led to creation of a citation process that has proven to be a powerful new weapon to combat urban blight. It involves the issuance of

\$99 tickets for violations of Hartford's Municipal Code, which covers such items as garbage on premises and tall grass and weeds. Prior to this, the City used public resources to clean up properties and charged the violators for the cost. If the bills were not paid, a lien was placed against the property. The City can still resort to this action, but the citations are proving effective. In less than a year, 970 notices were issued, 150 citations were handed out, and the City imposed over \$43,000 in fines.

The Hartford Neighborhood Development Fund is the next step in the City's long-term campaign to reduce blight, promote development, create jobs, and increase homeownership. The Fund will be used to support public-private partnerships to develop housing and businesses in areas of the City the Mayor says need a little extra incentive and push to better connect the progress already made Downtown to the City's other culturally diverse neighborhoods. The planned investment of \$50 million in capital funds over the next five years is expected to leverage at least another \$100 million in private and other public investment to transform blighted areas, create new homeowners, provide quality rental units, and develop new neighborhood retailers.

Source: City of Hartford. <http://www.hartford.gov/livable-sustainable-neighborhoods-initiative/>

Regulatory Incentives for Private Development of Affordable Housing

Chicago's Affordable Housing Zoning Bonus – or Density Bonus – was created in 2004 to enable developers in certain downtown zoning districts to build additional square footage in exchange for providing on-site affordable housing or contributing to the City's Affordable Housing Opportunity Fund.

Source: City of Chicago. <http://www.cityofchicago.org/content/dam/>

[city/depts/dcd/general/housing/DensityBonusfactsheetversion.pdf](#)

The Transforming Tysons Plan for Fairfax County, Virginia addresses the redevelopment of the Tysons Corner area, an edge city set to undergo major growth with the addition of several new transit stops and thousands of new jobs and residents. The plan includes a recommendation that developers of new non-residential projects contribute \$3.00 per square foot towards a local housing trust fund. Fee revenue will be dedicated to creating low- and moderate-income housing opportunities in Tysons Corner, helping to meet the need for workforce housing projected to result from the new development and ensure that families of all incomes can afford to live in Tysons.

Source: Fairfax County, Virginia. <http://www.fairfaxcounty.gov/tysons/>

San Diego, CA has four density bonus policies. The State Density Bonus Law allows a 25% increase in the number of housing units with the requirement that for the next 30 years, at least 10% of total units be reserved for very low-income households, or 20% of total units be reserved for low-income households, or 50% of total units be reserved for qualifying senior citizens. The Affordable Housing for the Elderly Program targets units housing elderly households with 35% of total units reserved for very low-income elderly households. Although the increase in the number of allowable units is negotiated on a case-by-case basis, this policy allows up to 45 units per acre within designated areas. The Mobile Home Park Density Bonus permits mobile home park developments a density of up to 8 units per acre within and beyond established urban service areas. And, the Housing for Lower Income Families Program allows the development of low-income housing with up to 20 units per acre in designated areas, provided that all of the units are affordable to low-income families.

Source: http://www.sandiegocounty.gov/sdhcd/organizations/developer_incentive.html

[gov/sdhcd/organizations/developer_incentive.html](#)

Expedited Permitting

Austin's S.M.A.R.T. Housing Initiative using expedited review and fee waivers to stimulate the production of affordable homes. Units constructed under this program must be Safe, Mixed-income, Accessible, Reasonably-priced, Transit-oriented, and meet minimum green building standards.

Source: City of Austin; Neighborhood Housing and Community Development. http://www.mayorsinnovation.org/images/uploads/pdf/13_-_Austin_housing.pdf

By the early 1990s, three-quarters of Santa Fe, New Mexico residents could not afford a median priced home, and housing costs were 40% above the national average. Complicated development processes and restrictive land use policies further hampered efforts to provide affordable housing opportunities. Santa Fe accelerated the processing of housing developments that include at least 25% affordably priced homes. The city also waived or reduced various impact, processing, and permitting fees for affordable housing developments. Together with other zoning and planning tools, nearly 16% of all new homes built in Santa Fe during the last decade are affordable for working families.

Source: City of Santa Fe. http://www.santafenm.gov/building_permits

Anne Arundel County, Maryland in September, 2003 established a permit process that was sensitive to the needs of the victims of Hurricane Isabel. The Department of Inspections and Permits set up a system to assist residents and businesses rebuild in a safe and fast manner. In this system, there was no permit required to do roof, windows, door, siding and decking repairs. For minor structural damage, a permit could

be issued the same day for a small fee. This expedited permitting process for minor storm damage was highly efficient and will possibly be emulated in other areas for similar situations.

Source: Anne Arundel County, Maryland. <http://www.aacounty.org/IP/PAC/ObtainPermit.cfm#VCOKRPIdWSo>

Pinellas County, Florida encourages affordable housing development through a variety of incentives made available by the Board of County Commissioners. For the expedited permit processing incentive, the county administrator provides a review process that gives Affordable Housing Developments' priority in the permit review process. A two-week turnaround time is the desired goal for the processing of a site plan for such development.

Source: <http://www.pinellascounty.org/build/default.htm>

Seattle's Transferable Development Rights (TDR) program allows commercial developers who want more density than allowed under zoning rules to purchase unused density from owners of downtown properties with affordable housing, landmark buildings, or major open space. To enhance efficiency, nonprofits that need funds to repair and preserve their properties can sell the development rights to the city, which deposits them in a "TDR Bank" for later sale to office and hotel developers on an as-needed basis. The program is a critical tool for preserving low-income housing in the downtown area. Between 1986 and 2005, developers paid owners of over 900 units of low-income rental housing about \$7.8 million.

Source: <http://www.seattle.gov/housing/incentives/TDRbonus.htm>

Montgomery County, Maryland enacted in 1974 the county's Moderate Priced Dwelling Unit (MPDU) Ordinance that requires developers of projects of 20

or more units to make 12.5% to 15% of the new units affordable to lower income households. In exchange for the affordable units, developers are granted a 22% density bonus. Since the inception of the ordinance in 1976, more than 11,800 affordable units have been developed.

Source: Montgomery County, Maryland. <http://www.montgomerycountymd.gov/DHCA/housing/singlefamily/mpdu/index.html>

Madison, Wisconsin adopted in January 2004 the Inclusionary Zoning Ordinance (IZ) that requires 15% of the dwelling units within new residential projects to be affordable to households at certain income levels. The program was expected to create approximately 200-300 affordable units per year. During the first year of the program, sixteen projects were reviewed and approved and 311 units (15.7%) were affordable.

Source: City of Madison. <http://www.cityofmadison.com/cdbg/iz/>

Community Land Trusts

One of the largest and most influential Community Land Trusts is located in Burlington, Vermont, a university town of about 40,000. With active support from city government, Burlington Community Land Trust was established in 1984 to produce and preserve affordable housing for local residents. Currently, BCLT's holdings have grown to nearly 500 units of housing, including single-family homes, housing cooperatives, condominiums and varied rental options. All of BCLT's housing is affordable not just for the first residents but for all residents thereafter.

Source: New York University. <https://wagner.nyu.edu/files/faculty/publications/20.pdf>

Founded in 1989, the Concord, New Hampshire Area Trust for Community Housing helps low-income families become homeowners or find stable,

affordable apartments. The goal is to increase the supply of affordable apartments and homes for purchase, searching beyond city limits to expand housing choices, educating and empowering families to take control of their finances and to purchase their own homes, and nurturing our neighborhoods through quality local management. They have created 166 dwellings which have helped over 400 people gain access to decent and affordable housing. They have also assisted over 150 families who went on to purchase their own homes.

Source: CATCH Neighborhood Housing Organization. <http://www.catchhousing.org/index.html>

North Camden, New Jersey Land Trust is a community based nonprofit housing organization controlled by a neighborhood board of directors. Incorporated in 1984, NCLT was established to acquire, raise funds and renovate vacant and abandoned properties in the North Camden neighborhood. During the past 17 years, NCLT has rehabilitated 68 existing structures into 103 single homes and apartments, rehabilitated four row homes into 22 SROs of permanent housing for the homeless and built four new homes from the ground up which are part of the limited equity cooperative.

Source:

Employer-Supported Housing

Applied Materials in Santa Clara, CA employs 4,000 workers in Silicon Valley. The company contributed \$1 million to the Housing Trust of Santa Clara County, a public-private partnership that provides down payment assistance for first-time homebuyers and low-cost financing for developers of affordable homes.

Source: Center for Housing Policy. <http://www.housingpolicy.org/assets/EAH/Applied%20Materials.pdf>

The University of Chicago and University of Chicago Medical Center employ 14,000 workers, and provide interest-free

forgivable loans and homeownership counseling for employees, and encourages investment in transitioning target neighborhoods.

Source: Center for Housing Policy. <http://www.housingpolicy.org/assets/EAH/Univ%20of%20Chicago.pdf>