2013 Summit County Workforce Housing Needs Assessment

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Photo by Carl Scofield

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Introduction

Purpose

Summit County and the communities within the county are assessing their workforce housing needs, efforts to date to address needs and plans for the future in light of recent economic, market and demographic changes. The purpose of this Workforce Housing Needs Assessment is to provide information that will be used to establish effective workforce housing policies and strategies, and to evaluate and plan potential housing development(s) that are intended to serve the needs of the Summit County workforce. To further this purpose, this study provides updated information about the amount, type, location and price of housing required to meet the current and future needs of County residents and employees, and where and how the housing market is not meeting these needs. Based on this research, recommendations are made that will help Summit County and its communities devise new and revise existing strategies to better meet the needs of residents, the workforce and employers in the future.

Organization of the Report

Following this introduction, a summary of key findings and recommendations is provided. The remainder of the report is organized in eight sections as follows:

1. Summary of Key Findings and Countywide Recommendations
2. Population and Demographic Trends
3. The Economy – Jobs, Unemployment, Wages and Community
4. Housing Inventory -- Characteristics and Occupancies
5. Homeownership Market Analysis
6. Rental Market Analysis
7. Current Housing Problems
8. Workforce Housing – Catch Up and 5-Year Keep Up Needs
9. Key Findings, Conclusions and Recommendations.

Each section begins with several paragraphs (highlighted in blue) that describe the major findings within that section to allow for a quick review of the report; readers who desire to understand the details and data behind these findings can read the entire section.

Comparative Profiles for the four basins and communities summarizing trends between 2000 and 2010, and primary research done as part of this study, are provided as an appendix to the report.

A separate document, *Documentation and Methodology*, is provided to supplement the main report. It provides detailed information on primary research conducted, explanations of methodology and references for all sources of data used.

Research

This needs assessment presents and analyzes information from primary research including:

- 819 responses to a household survey;
- Interviews of 21 major employers;
- Interviews of other key informants including lenders, property managers, and staff from each town, Summit County, the Summit Combined Housing Authority and non-profit service providers; and
- A focus group involving local realtors and a title company representative.

It also utilizes data obtained from:

- US Census Bureau – 2000 and 2010 Census and American Community Survey;
- Demography Section of the Colorado Department of Local Affairs;
- Colorado Department of Labor and Employment;
- Summit County Assessor;
- Summit County Public Trustee;
- Land Title Guarantee Year End 2012 Market Analysis; and
- The Summit Association of Realtors Multi Listing Service (MLS).

What is Affordable Housing in Summit County?

This report centers on an understanding of "what is affordable" in Summit County. Housing is affordable when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income (i.e., income before taxes). Although there is some variation, this standard for affordability is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and leasing agents.

Affordable rents and purchase prices, meeting this 30% standard, are often calculated for various income levels, expressed as a percentage of the Area Median Income (AMI). AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) and represents the Median *Family* Income of an area, which is typically higher than the average income of all households because the AMI does not incorporate incomes from single and non-family roommate households, which make up 30% of the county's households. The AMI varies by household size, but the 100% AMI rate for a family of four is the standard used for the median, or middle, family income estimate of an area. In Summit County, for example, the AMI in 2012 was $89,800. Therefore, a 4-person household earning 100% AMI could afford to pay 30% of this income for housing, or $2,245 per month in rent.

Summit County AMI's by Household Size: 2012

AMI Level	1-person	2-persons	3-person	4-person	5-persons
30%	$18,900	$21,600	$24,300	$26,950	$29,150
50%	$31,450	$35,950	$40,450	$44,900	$48,500
60%	$37,740	$43,140	$48,540	$53,880	$58,200
80%	$45,500	$52,000	$58,500	$65,000	$70,200
100%	$62,900	$71,900	$80,900	$89,800	$97,000
120%	$75,480	$86,280	$97,080	$107,760	$116,400
150%	$94,350	$107,850	$121,350	$134,700	$145,500

Source: US Department of Housing and Urban Development (HUD)

Throughout this report, the analysis of affordability will be based on an average of the incomes for two- and three-person households since the average size of households in Summit County is 2.4 persons per unit. The affordable rents and purchase prices of the average Summit County household at various rates of AMI are as follows:

Maximum Affordable Housing Costs

AMI	Household Income	Max Rent	Max Purchase Price*
30%	$22,950	$570	$95,000
50%	$38,200	$960	$159,000
60%	$45,840	$1,145	$190,000
80%	$55,250	$1,380	$229,000
100%	$76,400	$1,910	$317,000
120%	$91,680	$2,290	$381,000
150%	$114,600	$2,865	$476,000

Source: HUD; Consultant team

*Assumes 30-year mortgage at 4.5% with 5% down and 20% of the payment covering taxes, insurance and HOA fees.

For every ¼ point that interest rates rise between 4.5% and 5.5%, a purchaser's borrowing power decreases by nearly 3%. A one percentage point increase drops the affordable purchase price by $20,000 to $25,000 for households with incomes at 80% AMI.

Interest rates significantly affect the affordable purchase price of homes.

Impact of Interest Rates on Affordability

	Household Size			
Income	**1-person**	**2-person**	**3-person**	
80% AMI	$45,500	$52,000	$58,500	
Affordable Purchase Price at Various Interest Rates:				**Change in Price**
4.50%	$189,000	$216,000	$229,500	-
4.75%	$183,500	$209,800	$222,900	-3.0%
5.00%	$178,400	$203,900	$216,600	-2.9%
5.25%	$173,400	$198,100	$210,500	-2.9%
5.50%	$168,600	$192,700	$204,800	-2.8%

Source: HUD; Consultant team

Home mortgage interest rates are not expected to increase significantly until inflation increases and the housing market stabilizes. Interest rates have been kept low for several years and will eventually rise. Higher incomes will be required of buyers. This should be a consideration when setting prices for new homes and making decisions about resale price calculations.

Comparison with Previous Studies

Many things have changed since previous housing studies that led to modifications in methodology and very different conclusions about the current and future demand for workforce housing. There are now fewer jobs than in 2007 due to the recession that hit five years ago; however, the projected growth in jobs at that time was expected to generate demand for over 2,000 more housing units by 2012, based on historic trends. As a result of major fluctuations in the economy over the last five years which impacted workforce housing demand, a range based on conservative and aggressive job projections for the next five years has been provided; forecasting beyond five years involves too many unknowns. Previous reports found significant need to address existing deficiencies and provide housing for additional workers to fill existing jobs. The current climate of a high local unemployment rate, slower job growth and an aging workforce means housing needs over the next five years will be due to the need to replace units lost to retiring workers, sale of locally-owned homes to out-of-area buyers and some job growth.

Summary of Key Findings and Recommendations

Affordability

Housing affordability remains a problem in Summit County with jobs, widespread declines in income, unemployment and underemployment; 4,570 households (38%) have housing payments that are not affordable given their incomes and 64% of Summit County's households believe that the availability of housing that is affordable for the workforce is a serious or critical problem.

Performance of Deed Restricted Ownership

Ownership housing with workforce deed restrictions out performed the free market during the last five years with lower foreclosure rates, steadier prices and fewer losses.

Ownership Market Conditions

The ownership market is now in equilibrium with the number of sales increasing, a moderately-sized inventory and stable prices, but this balanced situation between supply and demand will change within the next five years and this change could occur quickly.

Ownership Pricing

Prices for deed restricted housing do not always serve the income levels originally intended and future prices may not remain affordable due to increases in prices due to commissions, allowable appreciation and capital improvements, and rising interesting rates.

Rental Market Conditions

The rental market softened in 2009 but has since rebounded, rents are rising and there is a shortage of rental housing, especially for lower income households.

Impact of Retiring Employees

The aging of the labor force and retirement of employees will have a significant impact on the demand for workforce housing in the future. Over the next 5 years, the need to house employees that will fill jobs vacated by retirees who stay in their homes and from loss to out-of-area owners will at least match, if not exceed, the demand generated by new jobs.

Seasonal Worker Impacts

The impacts of seasonal workers vary depending upon the availability of year-round residents to fill the jobs. As the unemployment rate drops, importation of seasonal workers will increase, as will the impacts they create.

Number of Units Needed

In the next five years, between 1,035 and 1,785 units need to be built or preserved for the workforce that the market will not provide. This need is a function of a tight rental market, movement of in-commuting employees into Summit County, job growth and the need to make up for homes that will be lost to the workforce as their owners retire or sell them to non-residents. The range is provided due to the economic volatility of the past five years and variable job projections over the next five years.

5-Year Workforce Housing Needs: Summit County

	Low	High
Catch Up – immediate, existing needs	265	600
Keep Up – needs that will be generated over 5 years	1,450	2,375
Total Needs	1,725	2,975
Gap	**1,035**	**1,785**
Rental Gap	515	960
Ownership Gap	520	825

Pricing

A wide variety of prices should be offered for deed restricted ownership housing with efforts focusing on serving households with incomes under 120% AMI, ranging as far down as 60% AMI, or lower if resources are available. The gap in rental housing will mostly impact households with incomes below 80% AMI. Countywide, between 65% and 75% of affordable rental units should target households earning 60% AMI or less.

Owner/Renter Mix

For workforce housing constructed or preserved over the next five years, the mix should be about 44% for sale and 56% for rent; however, If homes can be offered for sale for households earning below 80% AMI, the proportion of ownership units should increase. Attempting to maintain the 2010 historically high 64% ownership rate would not be responsive to current market conditions or projected demand, yet neither would focusing primarily on rental housing – a mix is needed.

Type

Diversity in the type of housing available and affordable for the workforce within each basin is needed to reduce cross basin commuting. The types of jobs located in each basin are similar, yet if housing only serves certain segments of the workforce, like middle-income owners or low-income renters, the other employees will have to commute. Condominiums are problematic for a combination of reasons and should only be developed for workforce housing under limited circumstances.

Location

Improvement in the relationship between housing and jobs, between the location of housing and where employees want to live, and in the diversity of the workforce housing inventory within basins is needed to reduce cross basin commuting. Allocation of needs by basin based on where employees want to live indicates that the most units are needed in the Upper Blue, followed by the Ten Mile, then the Lower Blue, with the fewest units needed in the Snake River basin.

5- Year Workforce Housing Gap by Own/Rent and AMI by Basin

OWNERS	Low Estimate					High Estimate				
	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
<=30%	10	2	2	3	3	15	3	2	4	5
30.1-60%	132	29	21	37	45	209	46	33	58	71
60.1-80%	80	18	13	22	27	127	28	20	36	43
80.1-100%	160	35	26	45	54	253	56	40	71	86
100.1-120%	140	31	22	39	47	221	49	35	62	75
TOTAL Gap	**520**	**115**	**85**	**145**	**175**	**825**	**185**	**130**	**230**	**280**

RENTERS	Low Estimate					High Estimate				
	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
<=30%	84	11	14	26	32	156	21	26	49	60
30.1-60%	322	43	54	102	124	601	80	100	189	232
60.1-80%	109	15	18	34	42	204	27	34	64	78
TOTAL Gap	**515**	**70**	**85**	**160**	**200**	**960**	**130**	**160**	**305**	**370**

Note: Differences are due to rounding.

Recommended Countywide Strategies

1. Create a cooperative, countywide strategic plan for future workforce housing development that strives for diversity in pricing and unit type within each basin and takes into account the number of units needed, land availability, location, pricing, owner/renter mix and existing units provided.

2. Develop and maintain a consolidated record keeping system on all deed restricted units.

3. Establish a one stop shop for sellers and buyers of deed restricted homes, with clear information on what it means to purchase a deed restricted home, including the process of purchase and the process of resale.

4. Establish a rental clearinghouse where property managers can list available units.

5. Create a housing rehabilitation program to preserve housing that is now affordable but in need of repair.

6. Develop a strategy for housing retiring employees.

7. Create housing preservation strategies aimed at preserving free market units now occupied by employees.

8. Modify and/or create purchase/buy down programs so that deed restrictions are placed on existing free market units in locals neighborhoods, with a focus on units at risk; prohibit purchase of condominiums unless in unique properties that will serve year round residents.

9. Implement a standardized method for calculating affordable prices initially and at resale.

These countywide recommended strategies are described in greater detail in Section 8 as are basin-specific recommendations.

Section 1
Population and Demographic Trends

Section1: Population and Demographic Trends

Section Highlights

Population and household growth in Summit County between 2000 and 2010 occurred at a slightly faster rate than the state as a whole. Growth was not even across all age and demographic groups and the changing demographics will have implications for workforce housing needs in the future. Specifically:

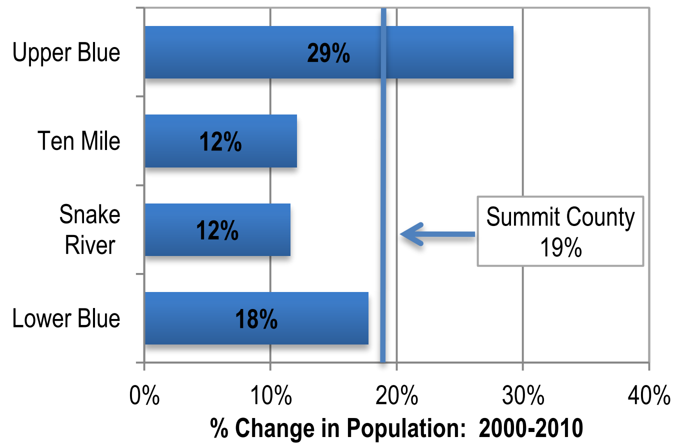
- Summit County had the fastest growing population in the over 65 age group in the state. Although these senior households still comprise a comparatively small percentage of all households in the county, the large number of persons between the ages of 45 and 64 in the county, plus interest in the area from older, in-migrating, amenity-seeking households, means that this population will continue to grow at a fast rate. As residents retire in place, workforce housing units will be needed to accommodate the new employees filling retirees' jobs.
- The number of children under the age of 18 increased at a faster rate in Summit County than in the state as a whole. Families with children are most likely to live in the lower-cost areas of the county – the Lower Blue and Snake River basins; although the greatest increase in these households occurred in the Upper Blue, aided by the development of workforce housing in this area.
- The number of Hispanic and Latino headed households doubled since 2000 and is a comparatively new population to the area – with about 75% arriving over the past 10 years. This population has unique housing needs which may affect workforce housing considerations as growth continues.
- Although housing prices dropped since the 2007/08 boom, over 1/3 of working households lost significant income – about $30,000 per year on average. As a result, housing prices remained out of reach for many households during the downturn.

Change in Population

In 2010, about 28,000 people resided in Summit County. The population in 2012 is estimated to be about the same, at 28,500 persons. Between 2000 and 2010:

- Summit County added about 4,500 persons, or a 19% increase.
- Growth did not occur evenly within the county. The Upper Blue basin grew at a rate of 29%, adding almost twice as many persons as any other basin in the county.

Population Growth by Basin, 2000 - 2010

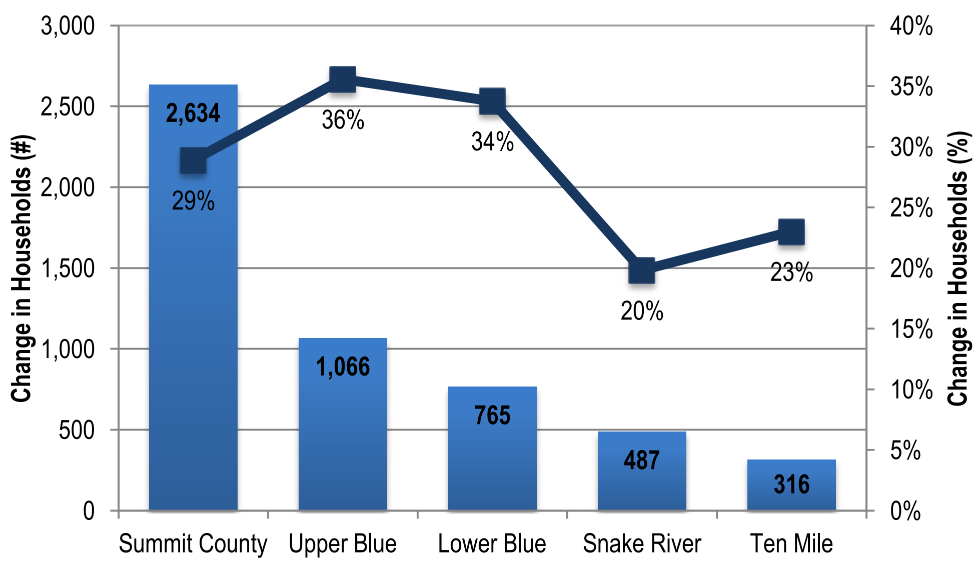


Source: US Census

Change in Households

Households, which are defined as one or more persons living in a residential unit (group quarters/dorms excluded) are the same as occupied housing units. Vacant housing units or units in which part-time residents or second homeowners are staying are not included in household/occupied housing units estimates. Between 2000 and 2010, households in Summit County grew at a much faster rate than the population (29% versus 19%, respectively). When the number of households grows faster than the population, then the average number of persons per household (or household size) must decrease. This growth was not even across all basins. The Lower Blue and Upper Blue had the fastest and greatest increase, adding about 765 and 1,100 households, respectively.

Change in Households: 2000 – 2010



Source: US Census

The state demographer estimates that there were about 12,000 households in 2012 – about 250 more than in 2010. The longer term rate of growth is projected to closely track the past decade, increasing by about 3,400 units, or 29%, between 2010 and 2020.

Household Demographics

The growth in households varied by household type, affecting considerations for workforce housing needs. An increase in persons living alone places more pressure on demand for smaller one- and two-bedroom units and couples without children may be looking to up-size their home if future plans include having a family. In Summit County:

- Couples without children and persons living alone each increased by over 3,000 households since 2000, rising a respective 54% and 53%.

- Families with children increased by 20%, but declined as a total percentage of households, from 25% to 24%.

- Unrelated roommate households were the only household type to decrease in number.

Change in Household Composition: 2000 – 2010

	2000	2010	# change	% change
TOTAL Households	9,120	11,754	2,634	29%
Couple, no kids	2,270	3,493	1,223	54%
Couple, with kids	1,743	2,100	357	20%
Single parent with kids	445	617	172	39%
Live alone	1,969	3,022	1,053	53%
Other non-family (roommate households)	2,693	2,522	-171	-6%

Source: US Census

Additional notable trends by basin include:

- The Lower Blue and Snake River basins have the highest percentage of couples with children – these areas also have the lowest ownership housing costs. The fastest growth in couples with children, however, occurred in the Upper Blue basin, which has high housing costs. This rise was assisted by the addition of nearly 400 deed-restricted units in Breckenridge.

Deed-restricted housing helps boost families with children in higher cost areas.

- Single parent households, increased over 60% in the Upper Blue. While these households comprise a low percentage of households overall, they are more susceptible to being cost burdened than other household types.

- All but the Upper Blue lost roommate households.

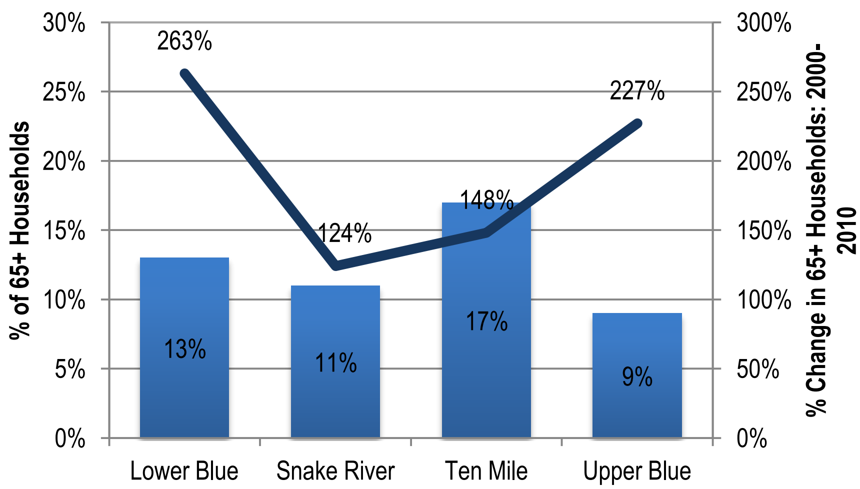
Senior-Headed Households

Summit County had the largest percentage increase in persons age 65 and over of all Colorado counties.

About 12% of households (1,400 total) in Summit County are headed by a householder who is 65 or older. These households increased by 185% (900 total) over the past decade.

The Ten Mile basin is comprised of the largest percentage of senior headed households (17%), followed by the Lower Blue (13%). Growth, however, was fastest in the Lower Blue and Upper Blue basins. Survey results indicate that the Ten Mile basin, and particularly Frisco, is and will continue to be attractive to these households.

Senior-Headed Households by Basin: 2010

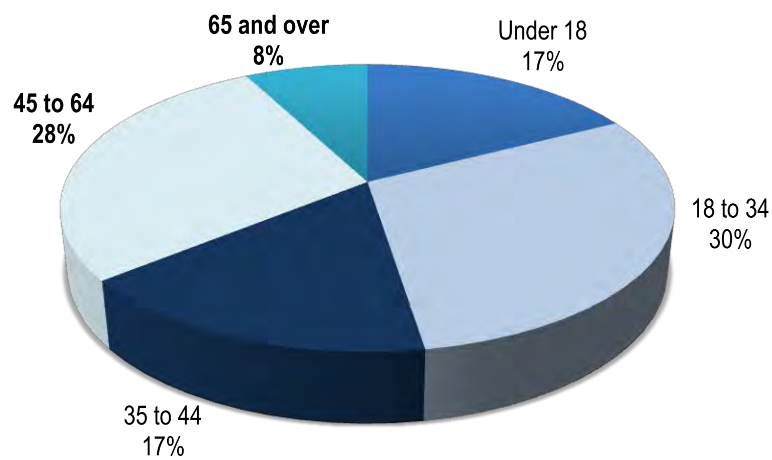


Source: US Census

Projected Growth in Seniors

Given the need to understand the impact of retirees on workforce housing, future growth in this population is of interest. The State Demographer projects the senior population will increase at a rate of 135% between 2010 and 2020, adding about 3,000 persons. The large historic growth in this population, combined with the high percentage of persons age 45 to 64 in the County, indicates demographer projections may be conservative, but still illustrate the significant demographic change that could occur in the County in coming years.

Population by Age: Summit County, 2010



Source: US Census

Retired and Retiring Households

The fast growth in senior households and large population of households nearing retirement age has significant implications for workforce housing in Summit County. When residents retire from their current job in Summit County, a new employee must be hired to fill that position. When a retired resident stays in their current housing unit, this means that a new employee cannot occupy that unit. When retired residents occupy deed restricted ownership housing, this effectively removes such units from the pool of housing that would otherwise be affordable for local employees. Presently, about 1,500 households in Summit County have at least one retired person.

Retiree Households

	# Households
# Retired Person Households	1,500
Own Home (90%)	1,350
Reside in Deed-restricted Unit (6%)	90

Source: Household survey

Retirees are generally not new to Summit County – over 63% have lived in Summit County for over 10 years. The majority of retiree households are also established in local housing before they retire. About one-in-five retiree households moved to the County within the past 5 years. Realtors report few retiree buyers – most buy several years prior to retirement and use the dwelling as a vacation home, then move into it as their primary residence later upon retirement.

How Long Have You Lived in Summit County?

	% of Retiree Households
Less than 1 year	2%
1 up to 5 years	18%
5 up to 10 years	17%
10 up to 20 years	30%
20 or more years	33%
TOTAL	100%

Source: Household survey

About 9% of households in Summit County indicate that they plan to retire within 1 to 5 years. This equates to 1,000 households, or a 67% increase from retiree-occupied units today:

- About 400 of these households plan to leave the county upon retirement. Many of these homes, however, will be sold to out-of-area buyers and lost as workforce housing.

- Another 350 households plan to retire in their current residence, meaning these homes will not be available for new employees to occupy.

- About 14% (140 households total) reside in deed-restricted housing. If 34% remain in their homes upon retirement, this equates to about 45 households – and 45 workforce housing units that will not be available for new workers filling retiree jobs.

Where Households Who Plan to Retire Within 5 Years Plan to Live:

	#	%
Unsure	230	23%
Outside of Summit County	370	37%
In current home	350	34%
In the same community, but different home	20	2%
Elsewhere in Summit County	30	3%
TOTAL	1,000	100%

Source: Household survey

Hispanic/Latino Households

Hispanic and Latino headed households doubled between 2000 and 2010 in the county and increased almost 200% in Breckenridge. Silverthorne has more Hispanic and Latino headed households than senior households, comprising about 17% of all households. There are also more Hispanic and Latino households in the Snake River basin than senior headed households, although their rate of growth was lower than seniors during the past decade.

- These households are predominately renters (87%), tend to earn lower incomes ($35,000 on average), are larger (4.1 persons) and have more children in their household (1.6 average).

- Over three-fourths of these households have been in Summit County for 10 years or less, with 34% having moved to the area within the last 5 years.

- About 61% currently live in their community of choice, where survey respondents were predominately residing in Silverthorne (29%), Dillon Valley (29%) and Wildernest (12%). About 32% would prefer to live in Silverthorne if housing cost was not a factor, 22% in Dillon Valley and 21% in Breckenridge.

Households with Hispanic or Latino Householder: 2000 to 2010

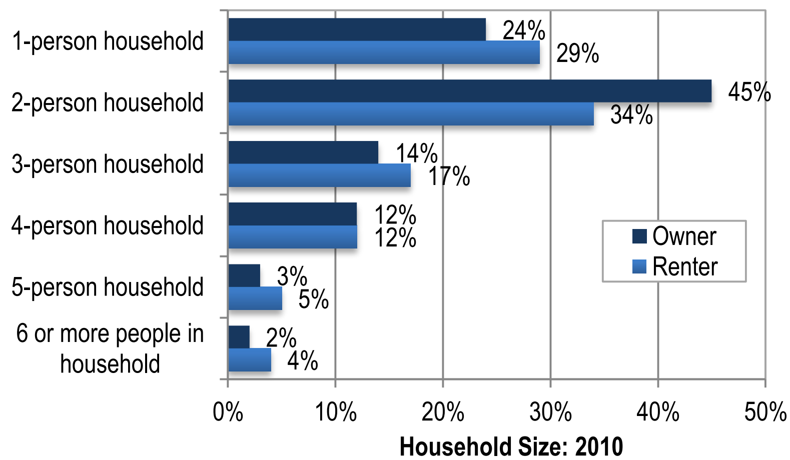
	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
2000	533	197	224	27	85
2010	1,063	360	451	59	193
% change (2000-10)	99%	83%	101%	119%	127%

Source: US Census

Household Size

Households in Summit County are smaller in 2010 compared to 2000, with the exception of renter households in the Snake River basin. Renters in the Lower Blue have the largest average size (2.84). The largest owner households are located in the Snake River basin, related to the fact that it also has the highest percentage of family households with children.

Persons in Households by Tenure: Summit County, 2010



Source: US Census

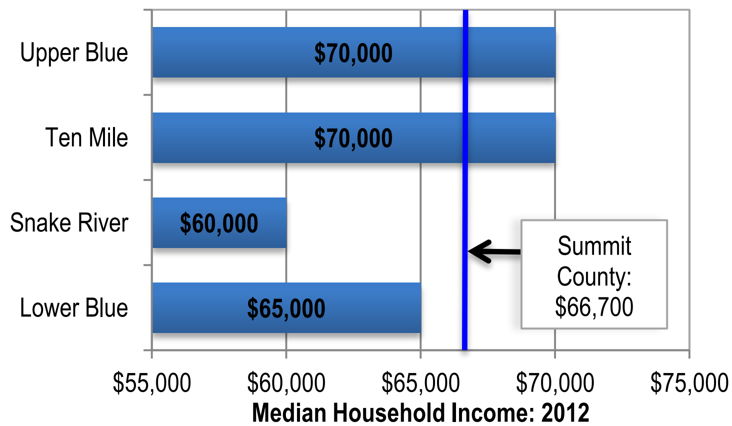
Household Income

> *Incomes vary around the county and are highest in the basins where housing costs are highest.*

The median *household* income in Summit County was $66,700 in 2012.

- Owners have far higher incomes in general than renters – medians of about $79,700 for owners and $50,000 for renters.
- The median income for retiree households is about $59,000.
- Median incomes are highest in the Upper Blue and Ten Mile basins, which is not surprising given the higher cost of housing in these areas.

Median Household Income by Basin



Source: Household survey

Area Median Income

The Area Median Income (AMI) in Summit County in 2012 was $89,800. As described in the Introduction, AMI is published annually by HUD and represents the Median *Family* Income of an area, which is typically higher than the average income of all households because the AMI does not incorporate incomes from single and non-family roommate households. The difference between household income and AMI (median family income) is significant in Summit County - $23,100 in 2012. As a result, consideration could be given to targeting housing policies either on the lower household income or lower AMI levels.

Household Distribution by AMI, Summit County, 2012

	% Households	# Households
30% or less AMI	4%	480
30.1% - 60% AMI	23%	2,760
60.1% - 80% AMI	11%	1,320
80.1% - 100% AMI	21%	2,520
100.1% to 120% AMI	14%	1,680
120.1% to 150% AMI	12%	1,440
More than 150% AMI	15%	1,800
TOTAL	100%	12,000

Source: Household survey

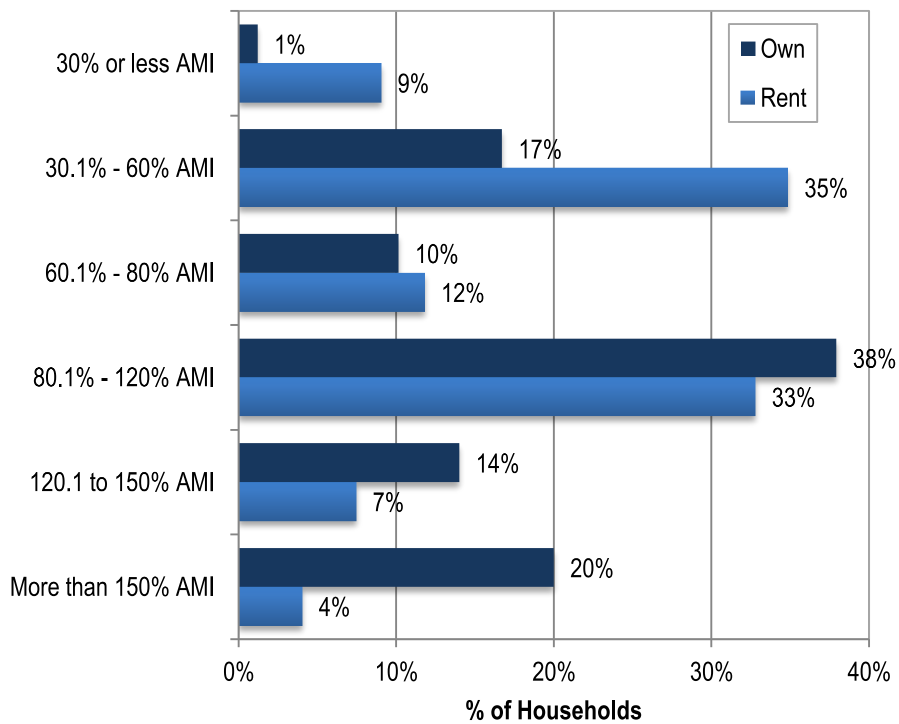
In Summit County, about 38% of households earn less than 80% AMI, and are considered “low-income.” Another 36% earn between 80 and 120% AMI, or are considerate to be moderate- to middle-income.

Household distribution by AMI varies by whether households own or rent, with the majority of renters earning below 80% AMI and most owners earning over this amount. In Summit County:

- About 56% of renters earn 80% AMI or below (2,380 households) and 72% of owners earn 80% AMI or more (5,560 households).

- A significant percentage of renters (33%; 1,400 households) earn between 80% and 120% AMI. These renters are typically good candidates for ownership.

Households by AMI: 2012



Source: Household survey

Change in Income

The incomes of many of Summit County's households are lower now than prior to the recession.

Many households in Summit County lost jobs, were able to work fewer hours and saw their incomes decline as a result of the recession. This impacted their ability to take advantage of the drop in housing prices.

- About 36% of households in Summit County reported a drop in their income since the peak employment period of 2007/08.

- Households reported an average decline of just over $30,000 and showed little variation regardless if they own or rent their home.

- A lower 18% indicated their incomes increased during this period, by about $17,000 on average.

Change in Household Income since the 2007/08 Peak

	Overall	Own	Rent
No change	47%	47%	47%
Increased	18%	17%	19%
Average $	$17,000	$19,700	$13,800
Decreased	36%	37%	34%
Average $	$30,400	$30,100	$31,700

Source: Household survey

Section 2
The Economy-- Jobs, Wages, Unemployment, and Community

Section 2: The Economy – Jobs, Wages, Unemployment & Commuting

Section Highlights

Summit County's economy has been on a roller coaster ride since 2008 when jobs were at their peak. The recession hit hard in 2009 - jobs were lost and the unemployment rate nearly doubled. Economic conditions stayed flat through 2010. A slow recovery started in 2011 and continued through last year with a forecast by the State Demographer for robust job growth through 2020.

As is typical with tourism based economies, the sectors with the highest number of employees in Summit County, like retail trade, pay the lowest wages.

While there is extensive commuting within and into the county:

- The majority of households in the county have at least one worker employed in the same town in which they live.

- The Lower Blue and Snake River basins have more employed residents than jobs, thus export employees on a net basis, while the Ten Mile and Upper Blue basins have more jobs than resident employees and thus import workers on a net basis.

- About 20% of jobs in the summer and 30% of jobs in the winter are held by employees who live outside of Summit County.

Job Estimates and Trends

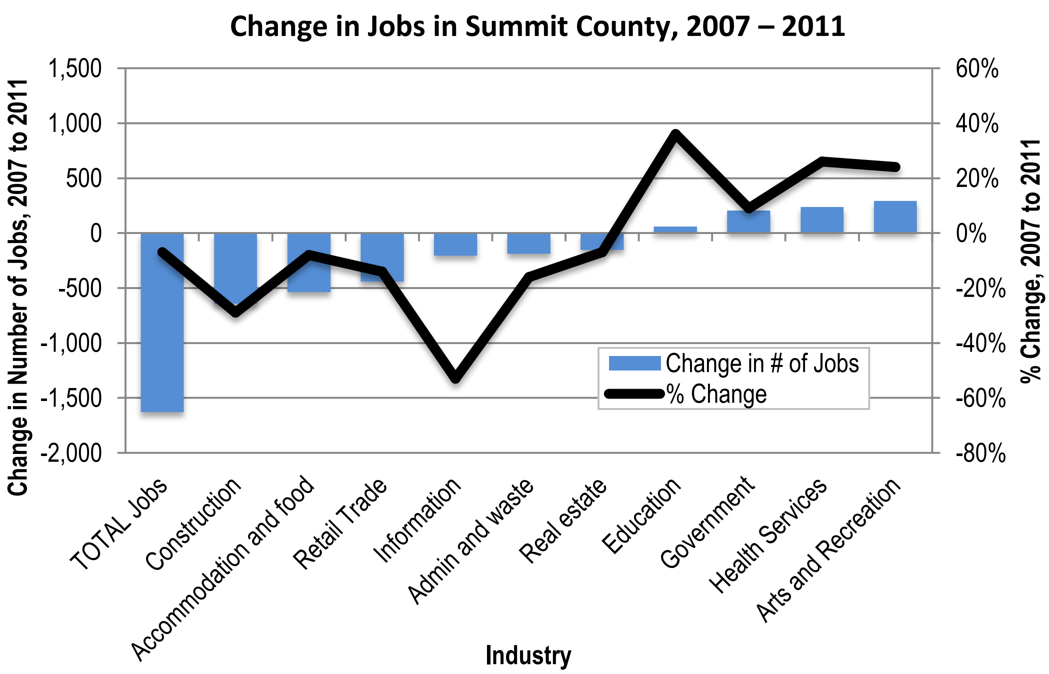
The county lost over 1,600 jobs between the 2007 peak and 2011, but regained about 500 jobs in 2012 to reach a total of approximately 23,000 jobs.

- The information industry lost the most in relative terms, down 53%.

- Construction, a major industry, lost over 600 jobs, a decrease of 29%. Given that jobs this industry are often under reported, the actual number of jobs lost was probably higher.

- Accommodations/food service lost over 500 jobs, an 8% decline.

- Retail trade also took a big hit – over 400 jobs were lost.
- Measurable gains occurred in education, government, health services and the arts.

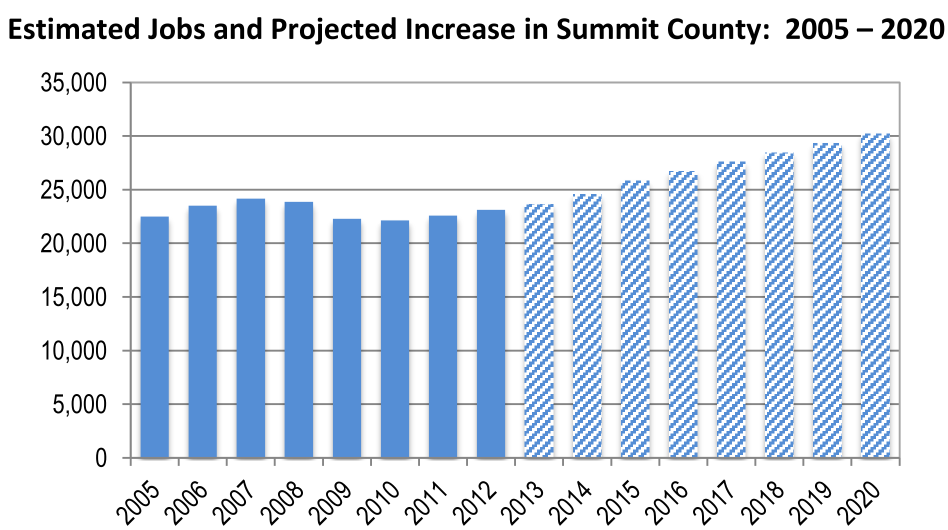


Source: Colorado Department of Local Affairs, State Demography Section

Job Projections

A robust increase in jobs is predicted by the State Demographer. Over 2,300 additional jobs are expected by 2015, plus another 4,300 by 2020.

Strong job growth is projected.



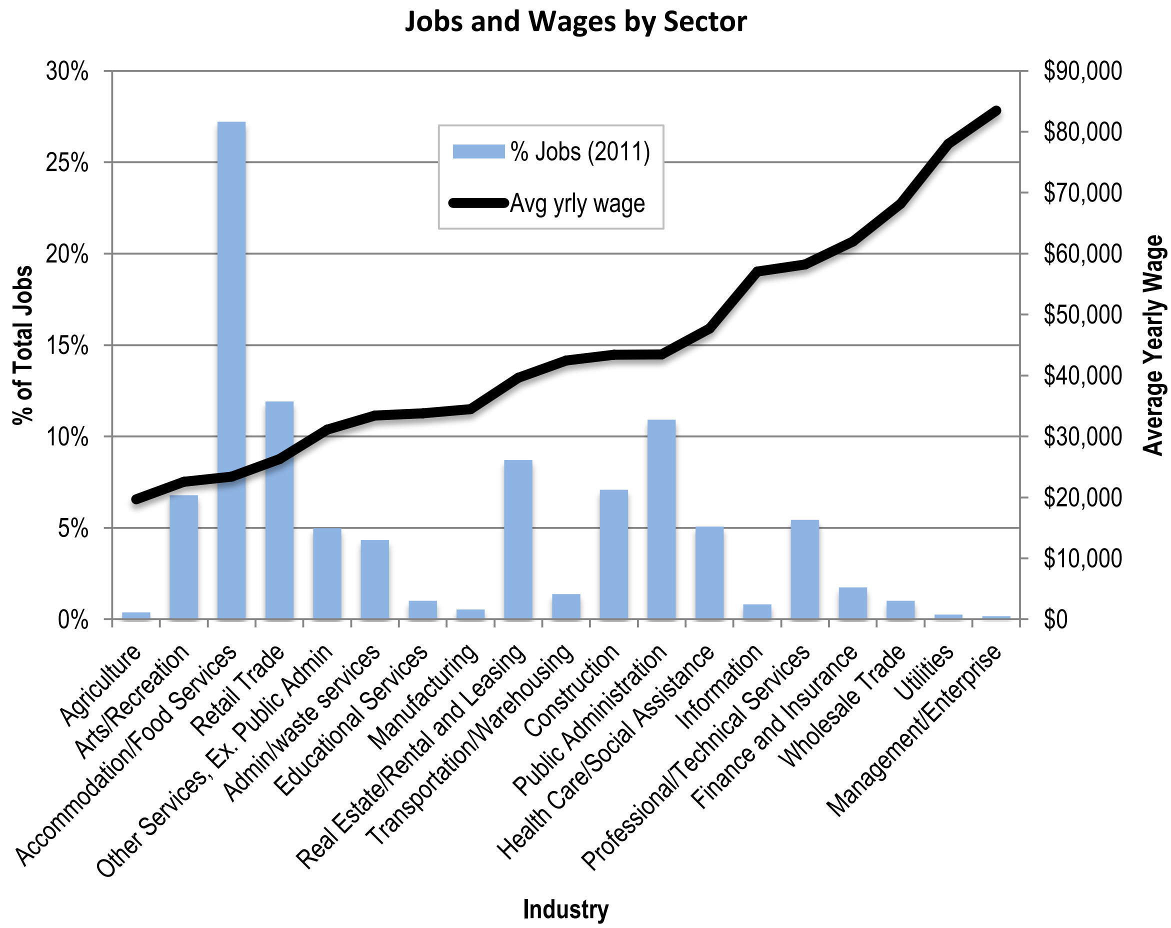
Source: Colorado Department of Local Affairs (DOLA), State Demography Section

Jobs by Type and Wages

The average wage paid in 2011 was about $33,000. This is only about 3% higher than the average wage of $32,000 that was paid in 2007.

The most predominate jobs in the County tend to pay the lowest wages.

Approximately 27% of employees work in accommodations and food services earning an average annual wage of only $23,400.



Source: Quarterly Census of Employment and Wages (QCEW) from Colorado Department of Labor and Employment, Labor Market Information

This wage differential is reflected in jobs held by owners and renters.

- Owners are more likely to hold higher wage jobs, such as management, civic/public administration and health care.
- Renters are more likely to hold retail, lodging and food service jobs.

Employees per Household and Jobs Held

Nearly 90% of Summit County's households include at least one employee. Working households average 1.8 employees per household, each holding an average of about 1.2 jobs during the year, with little variation between summer and winter employment. Employees hold fewer jobs on average today than during the peak five years ago (1.3 jobs per employee).

Employee Households and Job Holding

Employees per Household – All households	1.6
Employees per Household – Households w/ employees only	1.8
# Households with employees (2012)	10,800
Jobs per Employee (part and full time combined)	1.2

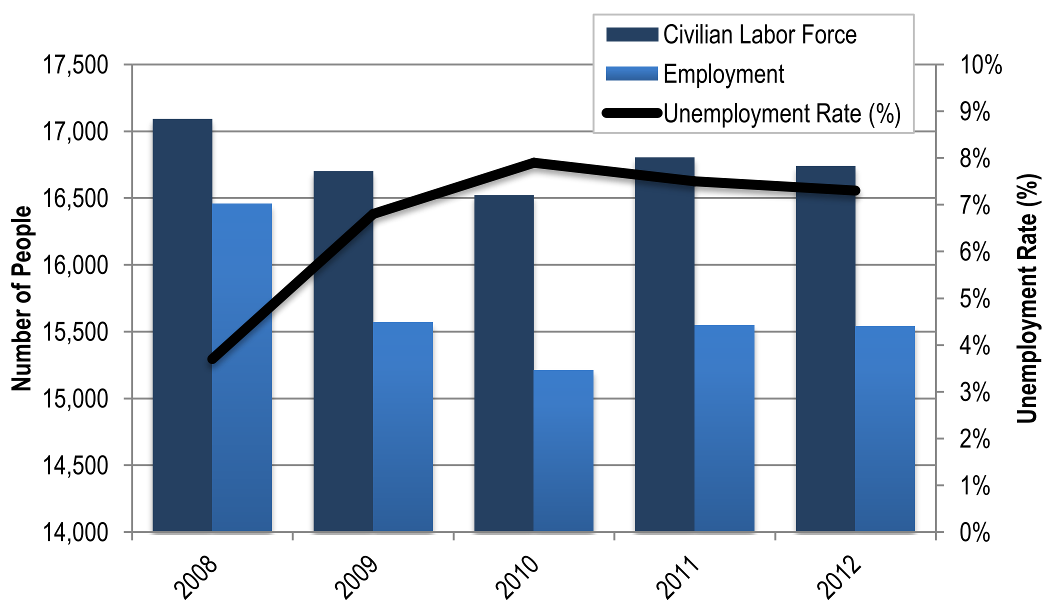
Source: Household survey

Unemployment

The unemployment rate jumped during the recession, but has since declined and continues to be below the state average.

In 2009, the unemployment rate in Summit County nearly doubled. In 2010, the average annual unemployment rate reached almost 8%. The rate would have been higher if the labor force had not shrunk by 570 members from the prior year.

Change in Labor Force, Employment and Unemployment, 2008 – 2012



Source: Colorado Department of Labor and Employment

In 2012, about 10% of households reported having at least one member who is unemployed and looking for work.

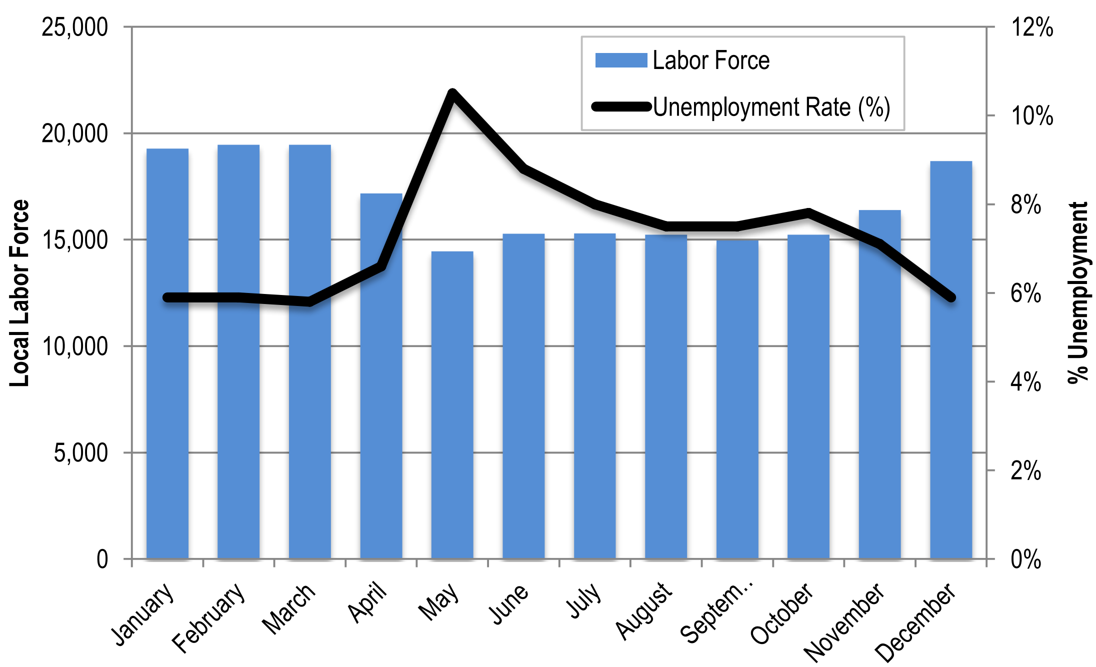
Seasonal Employment Trends

There were about 5,700 winter seasonal jobs and 2,500 summer seasonal jobs in 2012. Since 2007, winter seasonal jobs fluctuated between about 5,500 and 5,800 jobs; whereas summer seasonal jobs ranged between 1,600 and 2,500 jobs. Many summer seasonal jobs are related to the construction and home building industry.

Employers generally reported that a lower percentage of seasonal jobs were filled by in-commuters in 2012 than in 2007. This is because the local unemployment rate was higher in 2012 - when local unemployment is high, residents are available to fill seasonal jobs. Out-of-area recruitment of seasonal workers will increase as the local unemployment rate declines.

The unemployment rate is also highly seasonal, reaching its peak in May when jobs are in shortest supply. For those who qualify, filing for unemployment is a common way to make it through the shoulder seasons. This helps some employees hold repeat summer and winter seasonal jobs in the area.

Seasonality in the Labor Force and Unemployment Rate (2012)



Source: Colorado Department of Labor and Employment

Employers report a high incidence of repeat seasonal workers from year-to-year. Repeat seasonals are typically more established in housing, or better able to establish housing, than newcomers:

- Most ski areas report a winter seasonal return rate between 40% and 60% from year-to-year.

- Summer seasonal workers at the ski areas frequently carry over from their winter employment. One resort did not have to recruit at all for the summer because all positions were filled with winter employee carry-over, while another was able to fill 80% of positions in this manner.

- The hospital also hires on a seasonal winter basis with about a 30% return rate for its on-mountain employees at Breckenridge, Keystone and Copper; most seasonal positions at the hospital are filled by recruiting new employees.

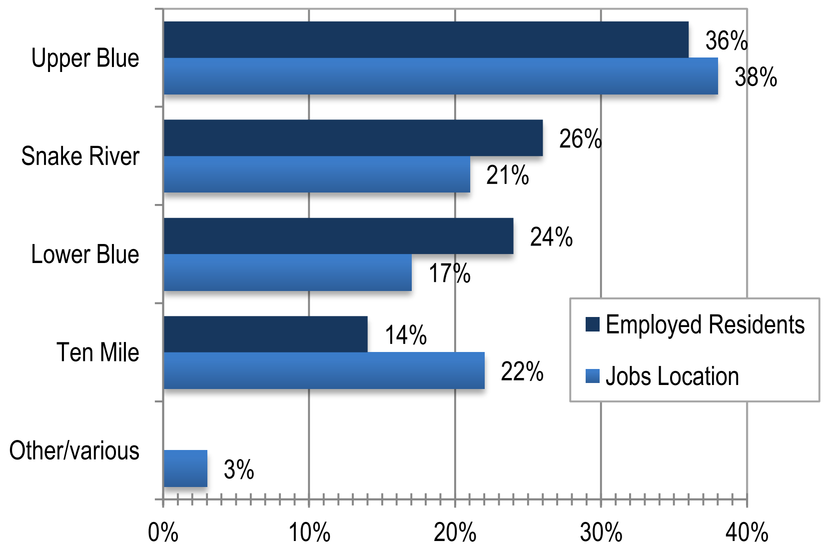
- Construction supply and landscaping companies, which hire summer seasonal workers, reported about a 40% return rate. Many of their summer workers transfer over from winter jobs with the ski areas.

Location of Jobs vs. Where Employees Live

On a net basis, two basins import workers and two export workers.

To reduce commuting, the percentage of employed residents living in a basin should be about the same as the percentage of jobs located within that basin. Winter jobs and workforce living patterns in Summit County shows that there are proportionately fewer jobs in the Snake River and Lower Blue basins than workforce living in those areas; meaning that working residents must commute out of these areas for employment. In contrast, the Upper Blue and Ten Mile basins have proportionately more jobs than they have employees; meaning that these basins must import workers to fill jobs.

Where Employees Live vs. Where Jobs are Located: 2012



Sources: DOLA; QCEW 2011 (4th Quarter); Employer Interviews; Household survey

A complete balance between where employees live and where they work would require approximately 1,025 more housing units in the Ten Mile and Upper Blue basins and a corresponding number of fewer units in the Lower Blue and the Snake River basins. A cooperative, countywide approach is recommended to address existing imbalances over time.

Housing Units Required to Balance Where Employees Live and Work

Workforce "balance" in the County	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
Where employees presently live	17,000	4,100	4,400	2,400	6,100
Where employees needed based on job location	17,000	2,993	3,659	3,807	6,541
(Over) or under supply of employees	0	(1,107)	(741)	1,407	441
Number of housing units required*	0	-615	-412	781	245

*Assumes 1.8 employees per household

Commuting within Summit County

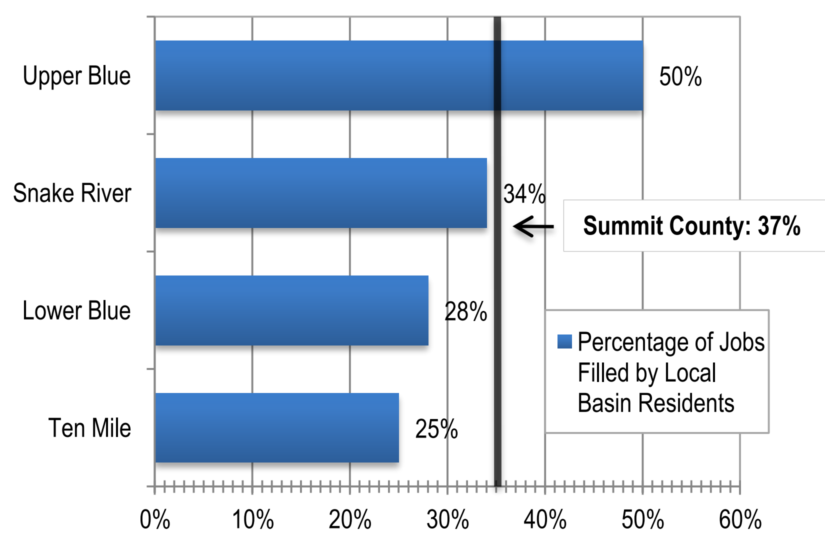
About 64% of households have at least one worker that works within the community in which they live. This varies by community area, from a high of 84% in Breckenridge, to 58% in Frisco and 49% in Silverthorne.

64% of households in the County have at least one worker employed within the town in which they live.

Commute patterns vary by the time of year and type of job held and are affected by multiple job holding. Workers hold multiple jobs and many jobs are located in multiple locations – particularly construction and repair service workers, landscapers in the summer, and some employees in the education and health fields. This means that, although 49% of households in the Silverthorne area have at least one worker that is employed in Silverthorne, that same worker may still travel to other parts of the County for a second job or as part of their primary job. Further, commute patterns change according to the time of year. Construction, transport and landscape jobs pick up in the summer months, altering commuter traffic within the county. Also, many skilled workers in these professions reside outside the county.

About 70% of jobs in Summit County in the winter are filled by workers living in Summit County. The percentage of jobs filled by local basin residents varies from a high of about 50% of jobs in the Upper Blue Basin filled by Upper Blue residents to a low of about 25% of jobs in the Ten Mile Basin filled by basin residents.

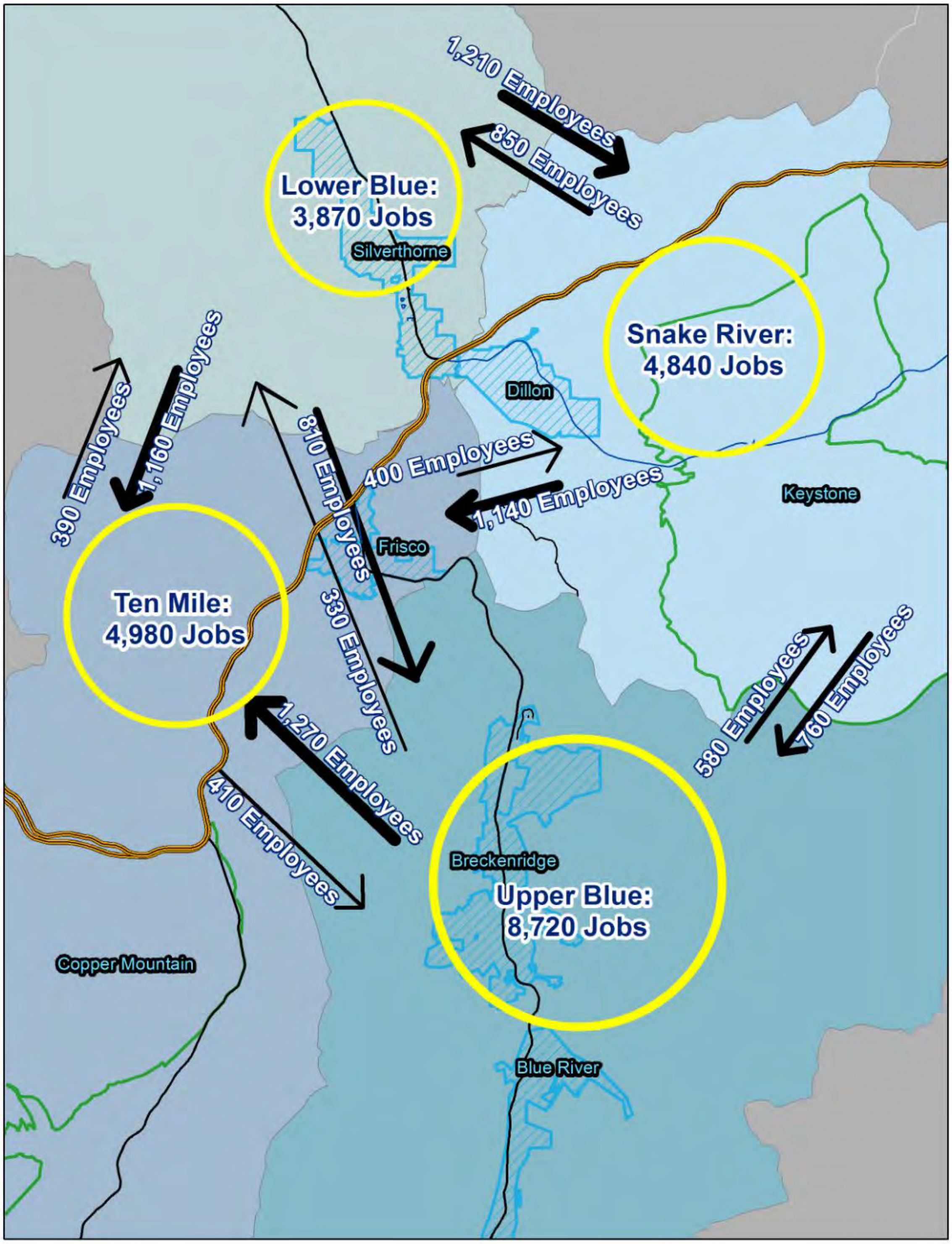
Percentage of Basin Jobs filled by Local Basin Residents



Source: Household survey

The following map depicts the *number of commute trips* taken by workers between the four basins based on 2012 winter commute patterns. In general, the Lower Blue basin exports more workers than it imports from any other basin; the Ten Mile basin imports more workers than it exports to any other basin; and the Snake River basin supplies more workers to both the Ten Mile and Upper Blue basins than it receives from these basins.

Commuting within Summit County



Commuting into Summit County

Commuting into Summit County is highly variable by type of job and season, but has changed little in recent years.

In-commuting fluctuates throughout the year. In the winter, in-commuting averages about 30%. In the summer, in-commuting may decline to about 20%. This results from the large decline in seasonal ski employees – many of whom commute from the Front Range to fill weekend seasonal jobs, or more regular seasonal employees who live in neighboring counties. In the summer, many skilled blue-collar jobs are filled by residents from out of town on a repeat seasonal basis; however, many other jobs are filled with resident winter workers who carry-over to the summer season. With fewer seasonal jobs in the summer, and a lower percentage being filled with out-of-area workers, commuting declines as a percentage of all jobs.

Trends

Roughly 7,000 jobs in Summit County are held by employees who commute into the county from homes elsewhere.

Approximately 30% of jobs during the winter are filled by persons commuting into Summit County for work, which equated to about 7,000 jobs in 2012. Employers generally report the number of in-commuters has remained consistent or declined slightly since 2008.

The increased availability and lower cost of housing during the recent recession did not trigger a wave of in migration from commuting employees who live in neighboring counties or the Front Range. Aside from a drop off in construction workers, the number or type of employees who commute has changed little since the 2007/08 peak. Some employees were able to move into Summit County, either into new deed-restricted properties or market properties. Workers holding jobs in which salaries remained flat, or at least didn't decrease, during the recession were in the best position to purchase. A few workers also purchased foreclosed properties, though this was not an observed trend. Employers reported that, in at least a few cases, employees moved out of Summit County during the recession, attracted by the lower prices and better values elsewhere.

In-Commuter Residency Preferences

Employers report that the large majority of their employees who commute do not want to move into Summit County; particularly those that own their homes. They:

- Have firmly planted roots in the communities where they now live;
- Hold other jobs often near where they live;
- Have a spouse who works in their town of residence;
- Prefer a rural or urban, rather than resort, lifestyle;
- May own a home which they are unable to sell in order to move into Summit County; and
- Are unwilling to pay the high price of housing and other costs of living.

New hires who rent are the most likely group of in-commuters to want to live in Summit County.

For many in commuting employees, the decision about where to live is an issue of value and the total cost of living. Often employees who could find and afford housing are unwilling to pay the high cost of living, so prefer to drive. Many employers in Summit County pay higher wages than available in neighboring counties, which helps cover the cost of the commute. Generally, repeat seasonal and long-term hires that live out of the county frequently own and are content where they are.

Employment Characteristics of In Commuters

In-Commuters tend to hold various types of positions in the county – from management to support staff, laborers and seasonal workers.

One trend is notable, however. Businesses needing skilled blue collar employees fill many of their jobs with workers residing outside Summit County. These jobs may not require a college education, but are lifetime careers and require specialized training, certifications/licensing, and/or continuing education. The jobs often provide good benefits with working/middle class wages and payment for overtime. Landscape and construction/construction supply companies have many repeat summer seasonal workers in this classification who reside in neighboring counties.

Many providers of essential and emergency services also commute including:

- 65% of Fire Protection District employees;
- 22% of County employees including many on the road and bridge crew;
- One-third of Summit County's ambulance service employees;
- Two-thirds of Summit Stage drivers who work four shifts per week and commute at night from homes in Park, Lake and Grand counties. Most are long term employees (average tenure is 6 years) and none are known to be looking to move into Summit County.

In comparison, employees who live in Summit County include:

- Part time employees often holding one or more other jobs in the area;
- Retail and restaurant workers who earn too little to be able to cover the cost of commuting;
- Professionals and managers who can afford market home prices in Summit County;
- Younger professionals or new comers to the area that are willing to "pay for" the resort lifestyle; and
- Long-term workers that bought homes when they were more affordable (before the "boom").

Employers have developed personnel management practices to accommodate commuting:

- Summit County's two largest fire districts operate on shifts to accommodate commuting – 48 hours on/96 hours off. With only one trip each way per week. This accommodates the 50% of employees that live on the Front Range. Some can commute from as far away as Crested Butte and Montrose.
- The Sheriff's Department utilizes "per diem" employees that typically commute up from the Front Range where they hold full time jobs to fill available shifts.

- The hospital rents two condominiums for use by in-commuting on-call workers so they have a place to stay at night until their shift is over. On-call hospital employees must arrive within 30 minutes if needed, meaning in-commuters must be in the community during the day in case they are called. The condominiums are presently being used to their maximum capacity.

In-Commuting by Ski Resort Employees

Ski areas have slightly different in-commuting patterns. Of those able to report where workers live, most of the year-round employees lived locally and those that did not typically owned outside of the county and were content with the commute and their community. Seasonal workers are more likely than year-round employees to live outside the county, especially Leadville and Georgetown, though this declined somewhat since the peak in 2007/08. The housing market for seasonal workers is not as tight today as it was at the peak and they are generally able to find local housing. Many front range workers also fill seasonal weekend jobs, particularly ski and ride school, and are generally well established in their communities and not looking to move. Where local seasonal worker housing at the resorts was at capacity/had waitlists at the 2007/08 peak, all are presently occupied at less than full capacity today.

Method for Traveling to Work

Most employees who work and live in Summit County (85%) travel between work and home by car.

- Renters are much more likely than homeowners to take the bus or walk/bike.

- The ski resorts of Copper Mountain and Keystone have the highest percentage of employees who walk or bike to work.

About 14% telecommute at least one day per month. Of those who telecommute:

- 12% reported doing so every day per month, or close to 300 workers.

- The majority telecommute 4 days or less per month (55%).

Section 3
Housing Inventory—
Characteristics and Occupancies

Section 3: Housing Inventory Characteristics & Occupancies

Section Highlights

While Summit County has four sizeable towns, nearly 40% of the housing units in the county are in the Upper Blue basin. The rate of growth in housing units in the past 12 years varied widely within the county and has been highest in the Upper Blue; its size as measured by housing units relative to the rest of the county is increasing.

Growth in locally-occupied homes has been increasing faster than housing units in total. The percentage of units occupied as primary residences versus vacation/vacant homes has been inching upward and now nears 40%. More than half of the homes in the Lower Blue basin are locally-occupied, higher than elsewhere in the county.

On a net basis, Summit County has been losing close to an average of 90 locally-occupied units per year to out-of-area owners. Some lower priced and mostly older properties have transferred from out-of-area owners to locals, but this has not been common.

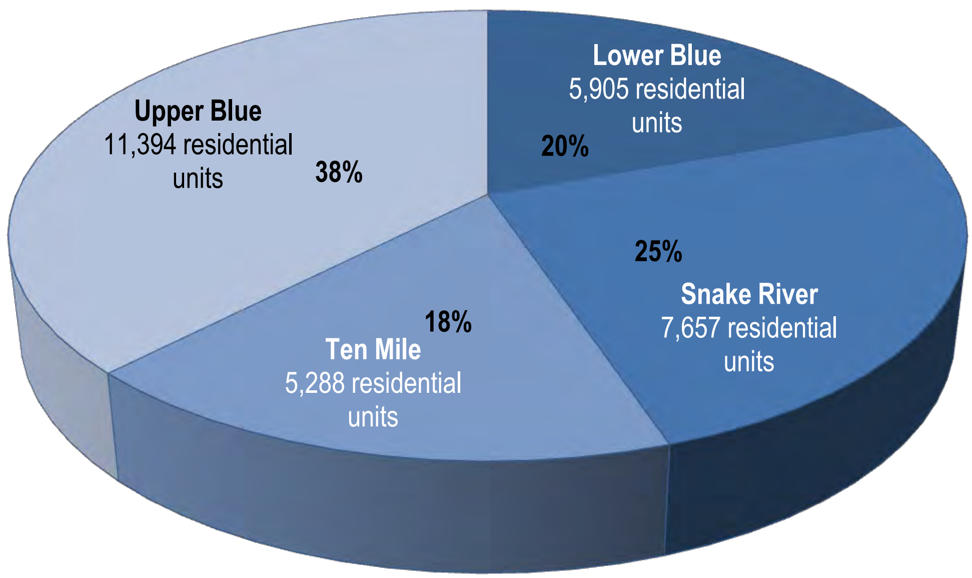
Summit County has more owners than renters, with growth in owner-occupied housing far outpacing rental construction in the past 12 years. Part of this change has been due to the construction of restricted workforce housing. Nearly 14% of the County's year-round households now live in homes that have some type of employment, price and/or income restrictions. There is much variety in this inventory overall, but by basin and community there is much less diversity in terms of owner/renter mix and income targeting.

Many local employers, including the four major municipalities and Summit County, provide some sort of housing assistance to their employees, either through actual units or other means. Most employers have benefitted from the assistance they provide and anticipate continuing such, with a few open to exploring options when and if the market dictates more is needed.

Number of Residential Units

There are approximately 30,250 residential units in Summit County. This estimate includes homes occupied by locals as primary residences, second/vacation homes and units that are vacant. Almost 40% of these units are in the Upper Blue basin. Not unusual for resort communities, the number of housing units in Summit County actually *exceeds* the number of persons in residing in the county.

Residential Units by Basin: 2012

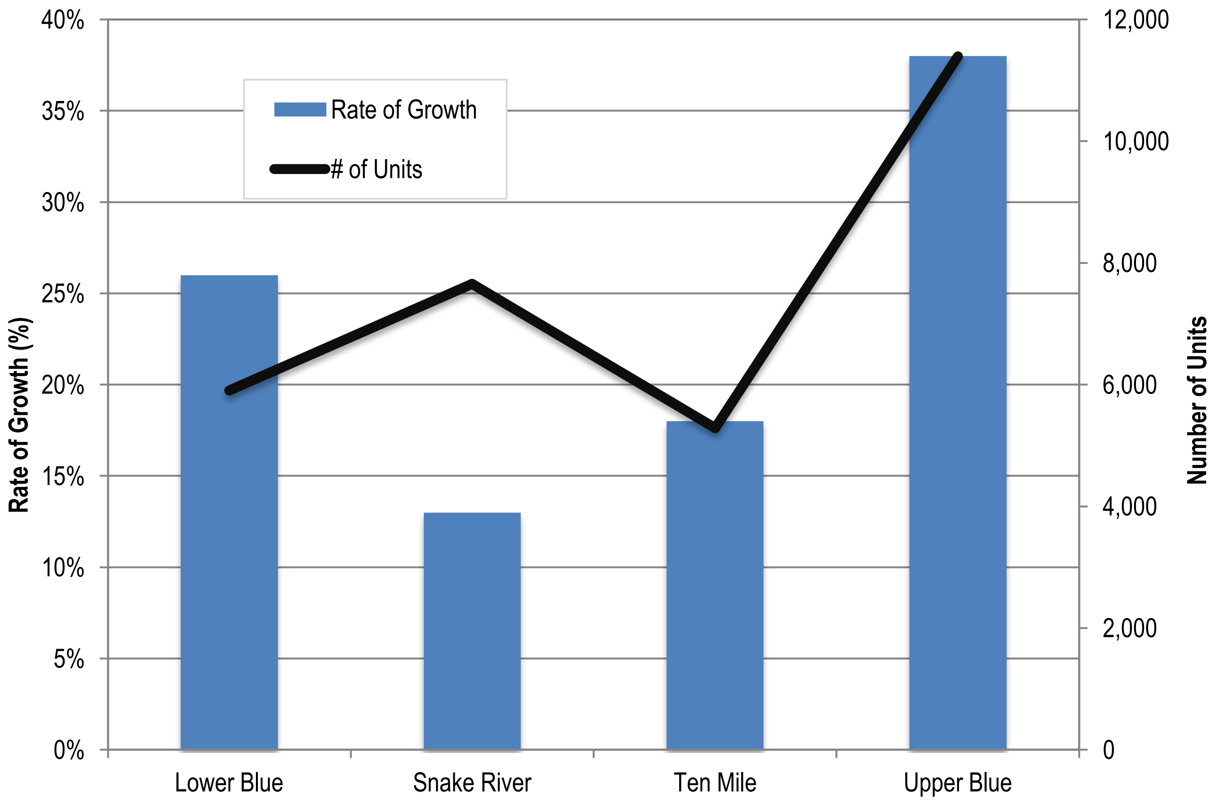


Sources: 2010 US Census; Summit County Assessor

Rate of Growth

Housing units in Summit County increased by 25% between 2000 and 2012. The growth rate varied from a high of 38% in the Upper Blue to a low of 13% in the Snake River basin.

Change in Housing Units by Basin, 2000 - 2012

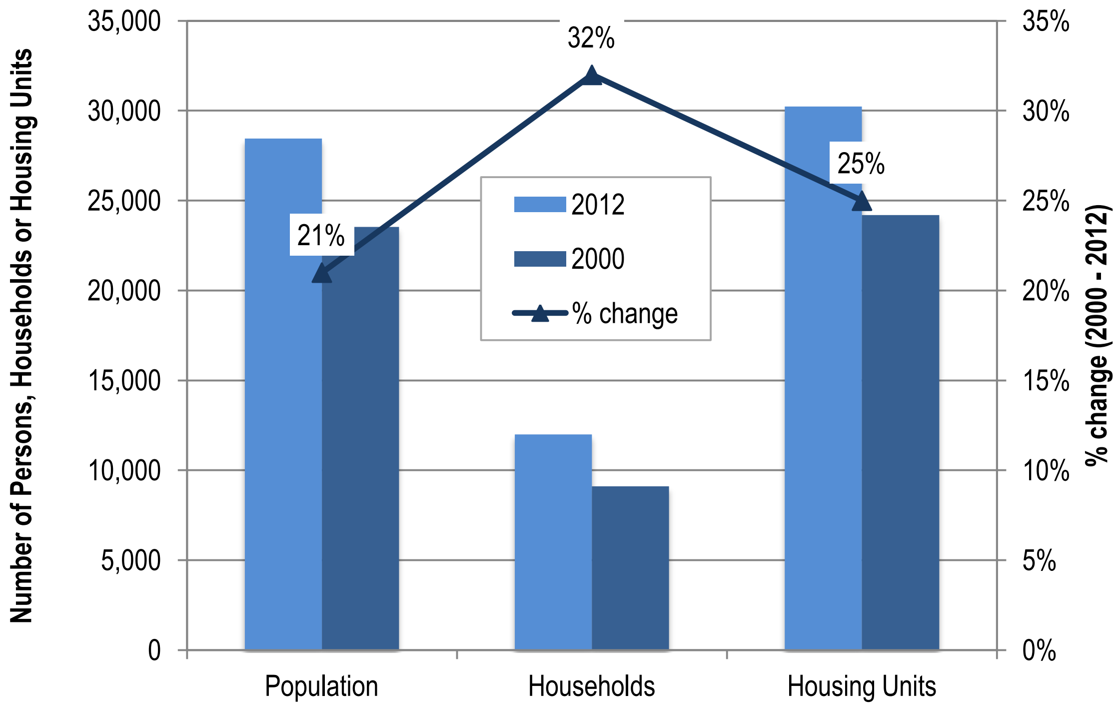


Source: 2000 and 2010 Census and Assessor data.

The rate of growth in total units was slower than the rate of growth in occupied housing units/households, meaning that more locals are filling existing units. Households also grew faster than the population, meaning household sizes continued to shrink.

Households grew faster than population and housing units.

Growth in Population, Households and Housing Units Compared



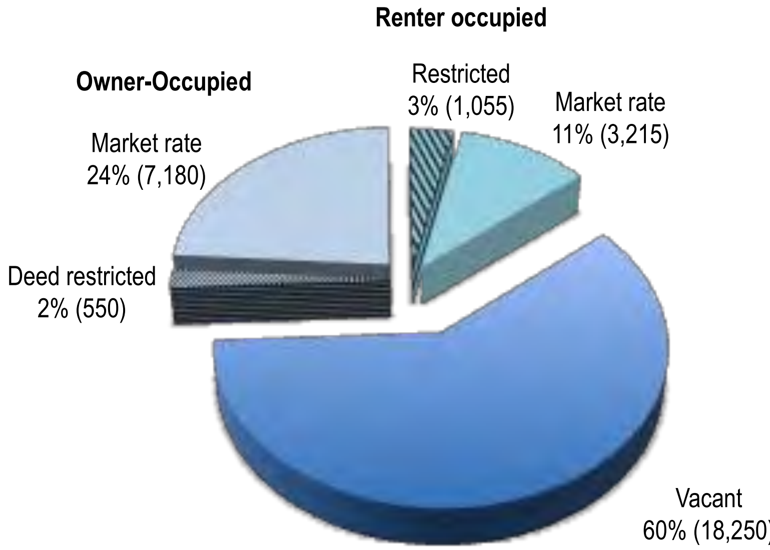
Source: 2000 and 2010 Census; DOLA; Summit County Assessor data.

Use/Occupancy of Housing Units

Occupancy of residential units by local residents increased to almost 40% in Summit County.

As of 2012, 12,000 housing units were occupied by locals as primary residences. The percentage of homes occupied by locals is inching upward, although there was still more growth in vacation/vacant homes than primary homes between 2000 and 2010, from both new construction and purchases of existing units. About 14% of occupied units are either deed-restricted ownership or income/employee-restricted rentals.

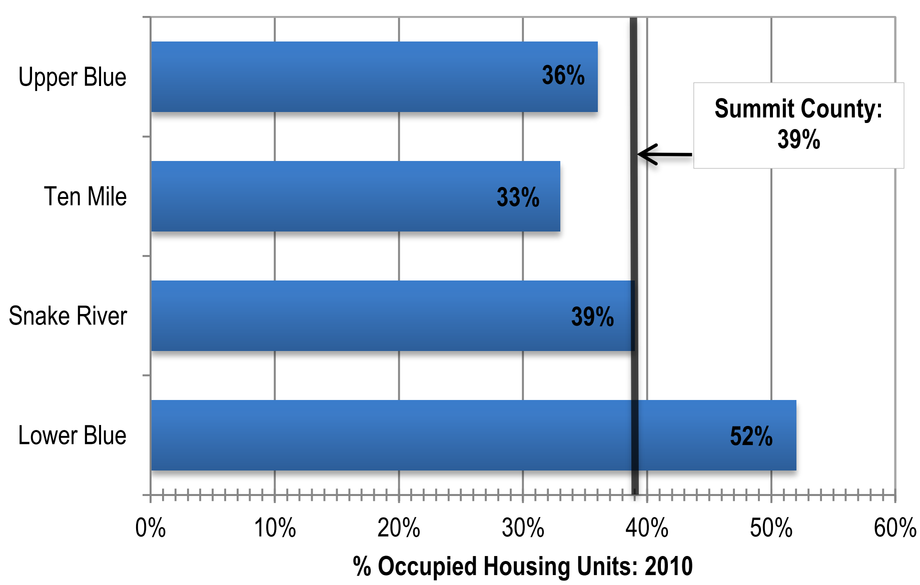
Use/Occupancy of Units



Source: 2010 Census, Summit County Assessor, Town staff interviews and SCHA.

Over half of the units in the Lower Blue basin are now occupied by residents – the highest in the County. The occupancy rate increased in all basins between 2000 and 2010 with the exception of the Upper Blue, which stayed flat at 36%.

Occupancy Rate by Basin

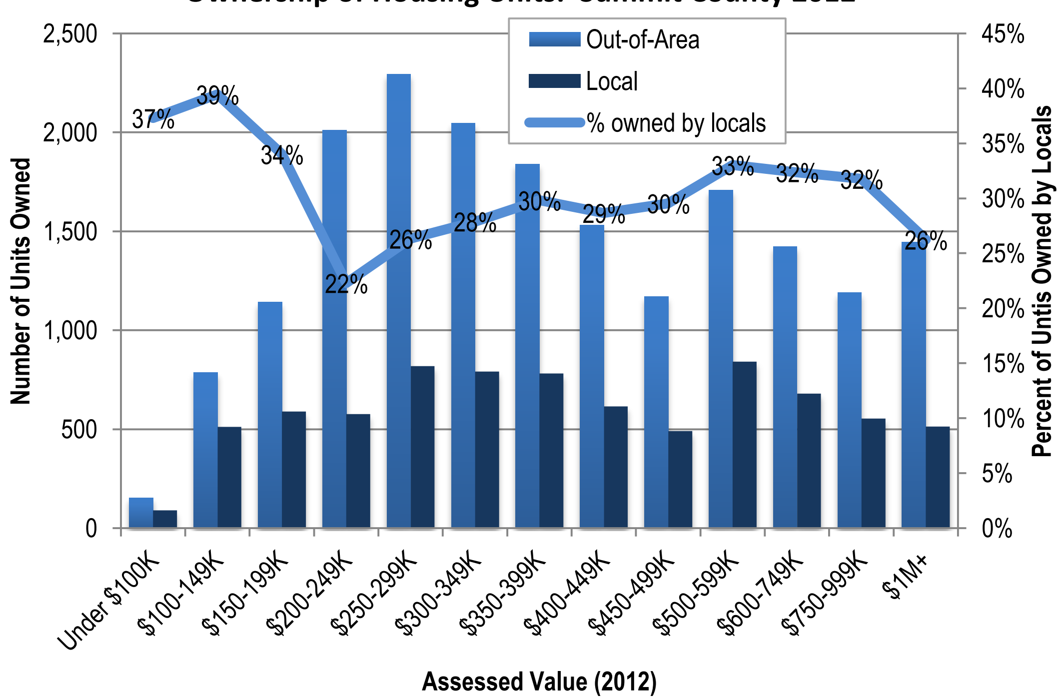


Source: 2010 US Census

Loss of Locally-Owned Housing to Out-of-Area Owners

Of all existing housing units in Summit County, about 30% are owned by Summit County residents, with the rest being owned by persons living elsewhere in Colorado, in other states or in other countries. The ratio of resident-owned properties varies by price of property and is highest among units valued below $200,000. There are many vacation condominiums in Copper and to some extent Keystone in the $200,000 to $250,000 range (e.g. smaller condo-hotel units), largely accounting for the dip in locally-owned properties in this price range.

Ownership of Housing Units: Summit County 2012



Source: 2012 Summit County Assessor records; excludes Mobile Homes and Timeshares

> *About 600 net units transferred from local to out of area ownership between 2006 and 2012.*

Of interest is the extent to which locally-owned units are sold to second homeowners, effectively removing them from the pool of housing available for the local workforce. Between 2006 and 2012, just over 10,000 existing properties changed hands – meaning that a housing unit that existed in 2006 was owned by a different party in 2006 than in 2012. On average, about 15% of properties that changed hands went from a Summit County resident owner to an owner from out of the area. Another 10%, however, passed from an out-of-area owner to a local resident. This resulted in a net loss of about 600 units from local to out-of-area ownership during this timeframe. Of all units owned by locals that changed ownership, about 50% went to out-of-area owners.

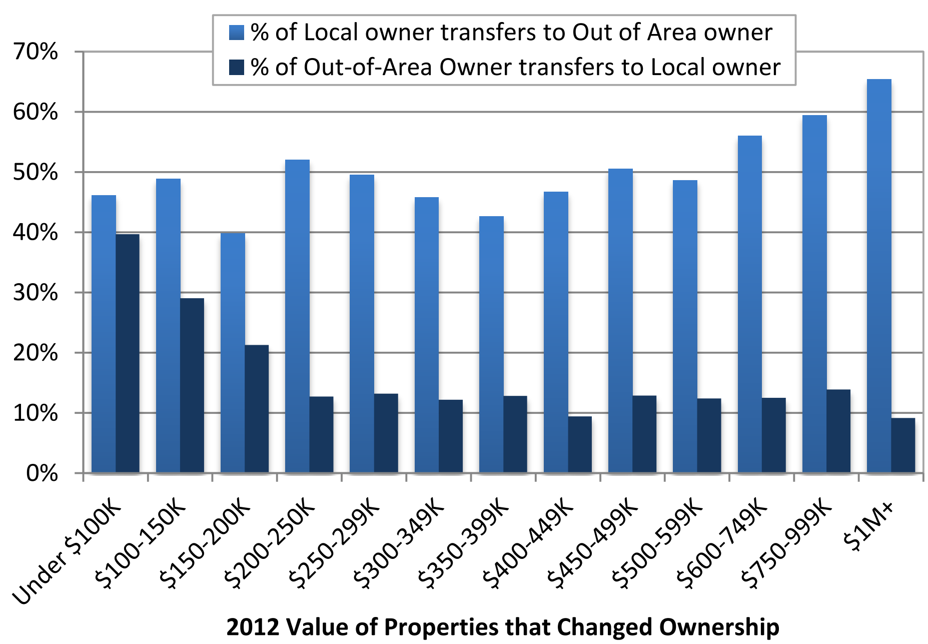
Change in Ownership, 2006 – 2012

	Total #	Total %	Average 2012 Value	Average Year Built
Local to Out-of-area owner	1,560	15%	$523,728	1986
Out-of-area to Local owner	960	10%	$399,868	1984
Local to Local owner	1,550	15%	$437,418	1985
Out of area to Out-of-area owner	6,040	60%	$456,279	1987
TOTAL	10,110	100%	$448,727	1985

Source: Summit County Assessor records, 2006 and 2012

More homes transferred to out-of-area owners than vice versa at all price ranges. Properties transferring from locals to out-of-area owners tend to be higher priced and newer, on average, than those transferring from out-of-area to local owners. Properties priced over $600,000 are more likely to change to out-of-area ownership than remain in local ownership. Units in the $200,000 to $300,000 price range, however, also tend to have higher rates of loss. In contrast, the highest percentage of properties moving from out-of-area ownership to local owners was valued below $200,000.

Units Transferring Ownership: Summit County, 2006 - 2012



Source: Summit County Assessor records, 2006 and 2012

Some properties retained the same owners between 2006 and 2012, but the addresses of the owners changed from local to out-of-area and vice-versa. These would include, for example, local owners who leave the area, yet retain ownership of their unit, or second homeowners who owned their unit as of 2006 but later moved to Summit County. A similar number of properties (about 350 each) followed these patterns.

Tenure

As of 2012, 4,270 units were renter occupied and 7,730 were owner occupied.

The ownership rate increased 5 percentage points to 64% in 2010.

The homeownership rate in Summit County jumped 5 percentage points between 2000 and 2010. The number of owner households increased at a much faster rate than renters (41% compared with 12%).

Change in Owner/Renter Mix, Summit County 2000 - 2010

Tenure	2000	2010	% Change: 2000-10
Own	59%	64%	41%
Rent	41%	36%	12%
TOTAL %	100%	100%	--
TOTAL #	9,120	11,754	29%

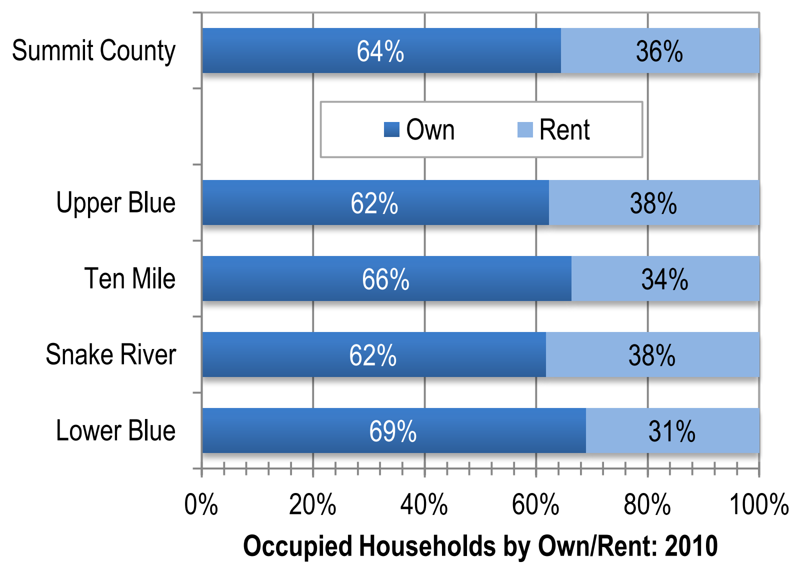
Source: 2010 US Census

Contributing factors to the rise in ownership may include the construction of deed-restricted for sale units and lack of construction of new apartments. The homeownership rate increased the most in the Lower Blue, indicating that the purchase of market units by locals was also a factor.

The ownership rate is highest in the Lower Blue, where the market price of housing is the lowest.

Owner/Renter Mix by Basin

Occupied Units Only



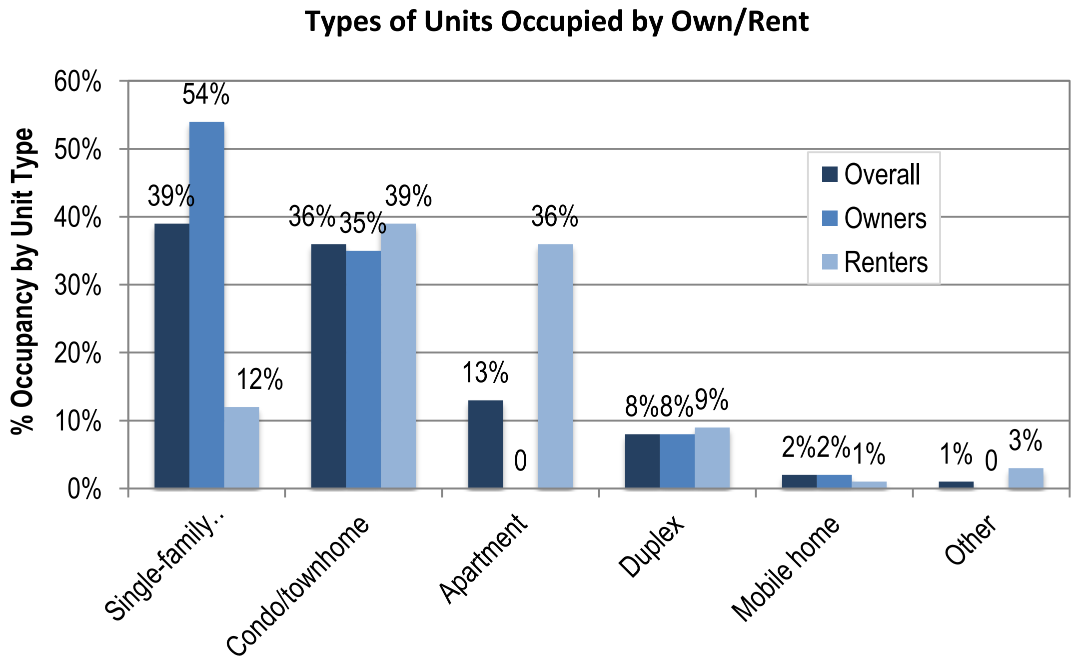
Source: 2010 US Census

Unit Type

The mix of units occupied by residents is somewhat different from the mix of total units existing in Summit County. About 32% of units in the County are single-family homes however 39% of the county's households live in single-family homes. Over 50% of all units are condominiums, including timeshares, yet less than 36% of local households occupy condos.

The majority of local owners occupy single-family homes (54%) while renters are primarily split among condo/townhome (39%) and apartment units (36%).

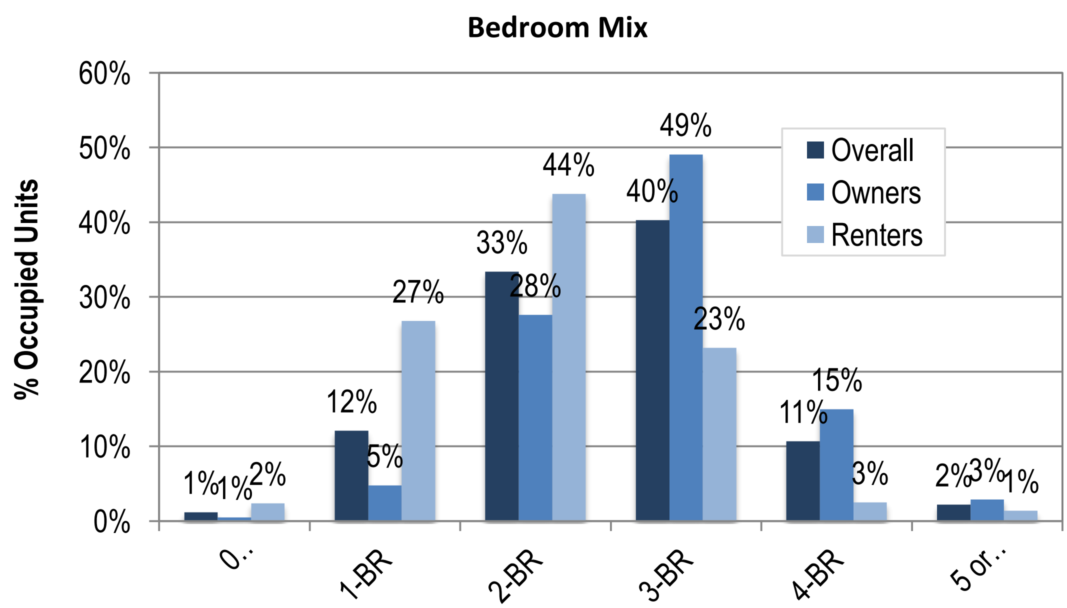
This differential reflects local resident preferences for housing types, as well as relative affordability of units. In other words, if more single-family homes were available at prices affordable to resident households, more locals would live in single-family homes.



Source: Household survey

Bedroom Mix

About 75% of the units occupied by local residents have two or three bedrooms. Over 70% of renters occupy units with 2-bedrooms or less; the largest percentage of owners occupy 3-bedroom homes (49%).



Source: Household survey

The Restricted Workforce Housing Inventory

Number and Location of Units

Approximately 2,060 housing units in Summit County are restricted in some manner for occupancy by the local workforce. The restrictions include employment, income, price or some combination thereof. Of this total, 440 units are dorm rooms leaving 1,621 available for year-round occupancy.

14% of Summit County's year-round households live in restricted workforce housing.

- The Upper Blue basin has the most restricted workforce units (35% of total units) of any single basin; 11% are in the Lower Blue, 28% are in the Snake River and 26% are in the Ten Mile.

- With 30% of units countywide, the Town of Breckenridge has more units than any other municipality. Approximately 10% of units are in Silverthorne, 1% in Dillon (a single apartment project) and 4% are in Frisco.

- Over half (1,120 units or 54%) are scattered throughout all four basins of Summit County in unincorporated areas, most of which are at Copper Mountain and Keystone.

- 873 units or 42% of the total are located at Copper Mountain and Keystone in the Snake River and Ten Mile basins, produced through PUD agreements for the two resorts. These units primarily serve seasonal resort employees although some are occupied year round.

Restricted Units by Basin and Community

Basin and Community	# Units	% of Total
Lower Blue	**225**	**11%**
Silverthorne	197	10%
Unincorporated Summit Co.	28	1%
Snake River	**580**	**28%**
Dillon	30	1%
Unincorporated Summit Co.	550	27%
Ten Mile	**530**	**26%**
Frisco	90	4%
Unincorporated Summit Co.	440	21%
Upper Blue	**726**	**35%**
Breckenridge	623	30%
Unincorporated Summit Co.	102	5%
Grand Totals	**2,061**	**100%**
Dorms (Unincorporated Summit Co.)	440	21%
Year Round Units	1,621	79%

Sources: Summit County Housing Authority (SCHA), Towns and Summit County staff

Owner/Renter Mix

About 65% of year-round (dorm rooms excluded) deed-restricted units in the county are rentals (1,055 total); the other 35% are owner occupied (550 total). The owner/renter mix varies widely by basin and community.

65% of restricted workforce units are rentals and 35% are owner occupied.

- In Frisco, nearly 88% are owner occupied;
- Breckenridge has the next higher restricted ownership rate at 55%;
- The vast majority of restricted units in Silverthorne are rentals, primarily located in two apartment projects;
- All of Dillon's restricted units are in a single apartment project.

Price/Income Targeting

Approximately 35% of the restricted workforce inventory have income limits and/or price restrictions targeting specific income categories. The others have employment-based restrictions. Excluding the units at Copper Mountain and Keystone, 60% of the workforce units in Summit County have income and/or price restrictions aimed at establishing and maintaining permanent affordability.

Of units with income and/or price restrictions:

- 26% target 60% AMI or lower; these are all rental units in three apartment projects in Silverthorne and Breckenridge;

- The largest percentage are for 100% AMI households (33%), most of which are owner-occupied; and

- 120% AMI is the maximum income targeted, except for two existing units at Peak One out of a total of 36 units, most of which target 100% AMI, and seven out of 54 units at Wellington, Phase 2.

Most of the restricted workforce housing in unincorporated Summit County (primarily accessory apartments and employer assisted housing at Copper Mountain and Keystone) have employment, but no income/price restrictions.

There is a vast amount of variety in the way the restrictions were crafted and are imposed. As such, units in the same AMI categories might sell for very different prices. Examples of the variation in AMI targeting include:

- Calculation of prices based on different interest rates. Assumed interest rates may vary 2 to 3 points, which significantly impacts the affordable price (see Introduction section of this report).

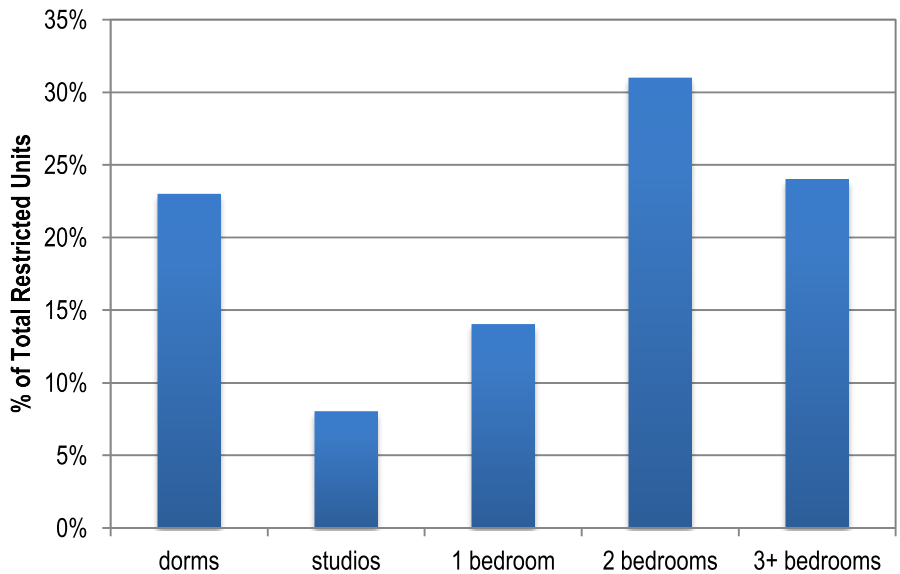
- Properties for which prices are calculated at a certain AMI, but qualifying incomes may be permitted at 10 percentage points higher. This would allow, for example, a home priced at 100% AMI to be sold to a household with an income of 110% AMI.

- Allowed appreciation, capital improvements and realtor commissions increasing prices at resale. Therefore, the initial restrictions do not necessarily mean that units are currently affordable for the intended AMI targets.

Bedroom Mix

The restricted inventory has a high percentage of dorm rooms, but otherwise the bedroom mix is typical. There are more two bedroom units than any other size.

Bedroom Mix – Restricted Workforce Units



Sources: SCHA, Towns and Summit County staff

Seasonal Workforce Housing

> *Over 1/3 of seasonal ski resort workers are housed in employer-provided housing – 2,128 beds in 950+ units.*

Resorts reported less demand for their seasonal housing units this year compared to the peak in 2007/08; although occupancies are generally higher than they were a few years ago. On average, over 1/3 of resort seasonal workers occupy this housing.

Employer-Assisted Housing (EAH)

Many employers provide housing or housing assistance to their workers, most of which are satisfied with the results and plan to continue their support. While a comprehensive inventory is not available, interviews revealed employers have:

- Provided down payment assistance;
- Either purchased units or master leased units that they then lease to employees at below-market rents;
- Leased units that they provide free-of-charge to workers temporarily in the area; and
- Provided moving stipends or pay advances to assist with moving or home purchase costs.

It is common for public sector employees to provide one or more types of housing assistance.

Some employers indicated they try to pay wages that reflect the higher cost of living in the area to attract and retain employees. A few are constrained by state-wide operations. For example, one company has a program that provides housing assistance based on state median income figures; however, local Summit County employees make too much to qualify because of the higher local pay scale. Another company provides a housing stipend to all employees that varies by pay grade, the amount of which is determined at the state level so may not reflect actual local needs.

All employers interviewed, with the exception of one, stated they plan to continue providing current assistance. A couple of employers also indicated they are open to expansion, and exploring options for such, when changes in the market indicate more assistance is needed. One employer indicated they would like to sell their units since they accommodate commuting through management of shifts; their units are rented to other employees in the county.

Section 4
Homeownership Market Analysis

Section 4: Homeownership Market Analysis

Section Highlights

- The homeownership market in Summit County is recovering after a 3.5-year decline that started in 2008.
- The average price of free market homes (all units other than fractional ownership and mobile homes) sold in 2012 was $512,592; prices varied widely by area. An income of approximately 162% AMI would be needed to afford a home listed for sale at this average price.
- Price differences among the free and deed-restricted markets remain significant; the average deed-restricted unit sold in 2012 was priced at 88% AMI (assuming 5% down with a mortgage at 4.5% interest for 30 years fixed and 20% of payment covering taxes, fees and HOA dues as explained in the Introduction section of this report).
- Vacation home buyers have been outnumbering investors and locals combined.
- The average price of vacant land sold increased 26% between 2011 and 2012, a leading indicator that construction activity is going to pick up.
- The inventory of homes listed for sale equates to approximately 9 months for the free market and 7 months for deed-restricted units.
- Deed restrictions are gaining in acceptance due to a combination of factors. Over 500 names are on SCHA's list of parties interested in buying a deed-restricted home.

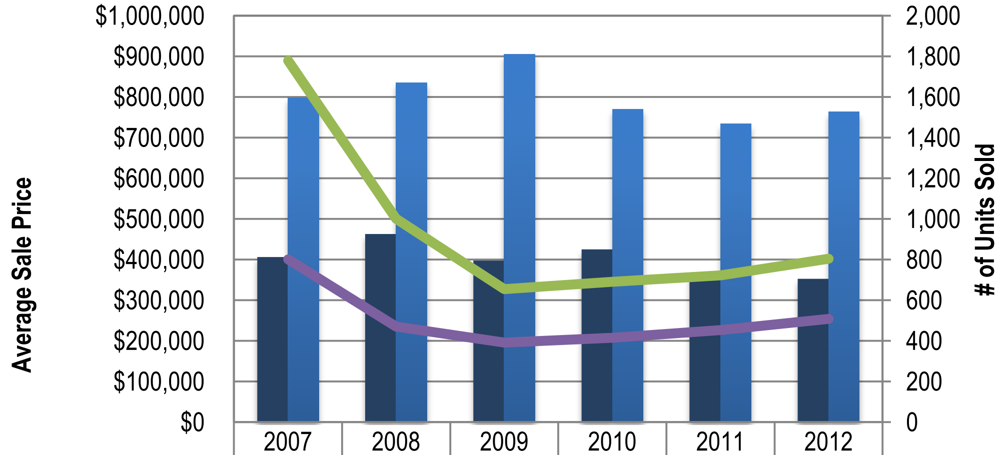
The Peak and the Decline

The price of single-family homes and number of sales of all units increased in 2012.

The real estate market was robust through mid 2008. The total number of sales peaked in 2007 while prices continued to climb through mid 2008. By the end of 2008, the number of single family homes sold dropped to just over half the number in the previous year. The decline continued through 2009 then market conditions remained relatively flat overall through 2011.

The average price of condominiums and townhomes continued to decline through 2012, whereas the prices of single family homes started to rebound last year. In 2012, the number of both multi-family and single-family sales gained significant ground, heading towards 2008 overall levels.

Market Trends, 2007-2012



	2007	2008	2009	2010	2011	2012
Multi-Family (sale $)	$406,529	$463,633	$398,051	$425,080	$367,280	$353,339
Single-Family (sale $)	$798,889	$835,803	$905,030	$770,797	$734,262	$764,445
Multi-Family (# of sales)	1,779	1,001	655	691	722	805
Single-Family (# of sales)	801	470	392	415	454	509

Source: Land Title Guarantee – Summit County

Local realtors observed that the decline in home prices varied from about 20% to 50% depending upon location, unit quality and price range. Prices in Breckenridge and Frisco maintained well compared with Keystone, Silverthorne, and Copper Mountain. The Dillon Valley area was among the fastest to react to market changes – this area showed a rapid decline, but was also one of the earlier markets to begin rising.

Lower-end product that has long served as locals housing and older, smaller vacation condos took a big hit. This product typically showed a larger increase in prices during the boom and a sharper fall in the recession. Higher-end homes targeting the most affluent second home buyers held more consistent value, showing less of a rise and fall than lower priced product.

The Recovery

The recovery has been slow, but is now picking up:

- Gross residential sales volume increased 14% in 2012 over 2011 but, at about $773 million is still much lower than the 2006/07 peak of over $1.6 billion;

- In 2012, a total of 1,314 residential units were sold, up from 1,156 in 2011 but still far fewer than the 2,580 units sold in 2007;

- Some realtors are now working with more buyers than sellers across all price ranges;

- Good values are disappearing;

- Sellers are starting to dig in their heels and there have been several recent full-price offers;

- Inventory in the $200,000 to $300,000 range has mostly been absorbed; and

- Total inventory is lower than it has been in the last four years.

Realtors report the hottest segments of the market, showing the strongest returns, are for luxury homes priced over $1 million and single-family homes priced under $500,000.

Variation in Price by Location

The average sale price varied from under $300,000 to over $900,000 depending upon location. In 2012, 106 homes sold for prices above $1 million.

The average price of residential units sold in 2012 was $512,592, which is affordable for households with incomes at about 162% AMI.

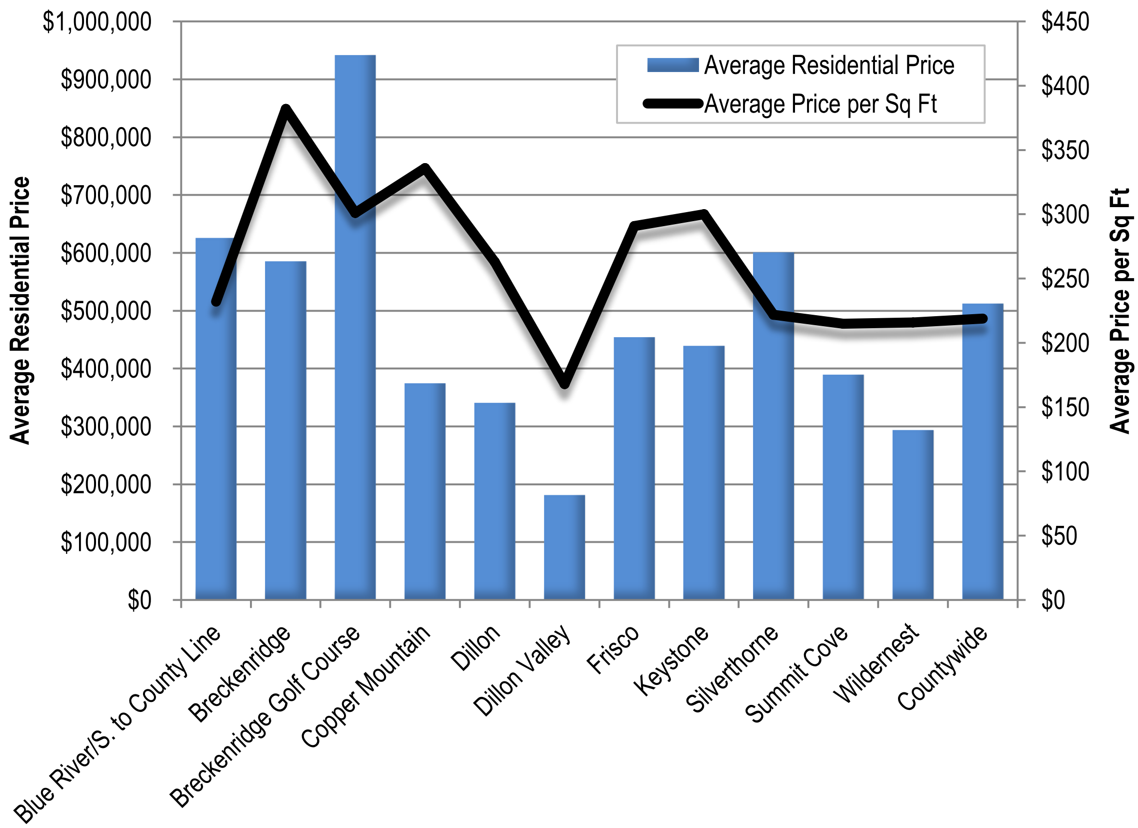
The average per-square-foot price county wide of residential units sold in 2012 was $219. Average prices ranged widely.

- The highest price was $382 per square foot in Breckenridge.

- The lowest was $168 per square foot in the Dillon Valley.

While units in Copper Mountain and Keystone have also been able to command prices of $300 or more per square foot, the average unit prices have been lower than in the Breckenridge area because most of the units are condominiums and are smaller.

Average Prices by Area, 2012



Source: Land Title Guarantee
NOTE: only areas with more than 20 transactions were included.

Buyer Profile

There are three primary types of buyers in Summit County:

Vacation home buyers outnumber investors and locals combined.

- Locals purchasing homes for primary occupancy; about 25% of recent sales have been to locals including first-time buyers and move-up buyers;

- Second homeowners, who occupy their homes at least part of the year and may (or may not) rent them to others at times during the year; most sales are to second home buyers (about 65%); and

- Investors, who do not occupy the home, but rather buy it for its investment value as a rental and/or for its future value gain; investors make up a small share – about 10% at most.

There is little overlap in the types of homes preferred by many second homeowners and local residents.

- Many second homebuyers look to purchase homes priced above $600,000, whereas locals are searching for properties largely under $500,000.

- Second homeowners like the "hotel" feel of many condominiums in the county, whereas locals shy away from these properties.

- HOA's are also a plus to many second homeowners to provide desired "resort" amenities while reducing the owner's responsibility for care, whereas many locals are wary of high HOA costs and loss of local control.

Availability of For-Sale Homes

The inventory of homes listed for sale is less than 9 months.

The inventory of homes available for purchase is relatively low, especially in some price ranges. As of mid January, about 950 residential units were listed for sale, which was about half the level in the previous year. Based on the number of sales last year (1,314 total sales, or 110 per month), there is 8.6 month inventory of homes listed for sale. When the inventory exceeded one year, it was clearly a buyer's market. If the inventory drops to under 6 months, it will likely be considered a seller's market. Now, there is some choice, but limited bargaining.

No price ranges or product type could be characterized as over-supplied at this point in time. Homes in high demand for which there is insufficient supply include:

- Single family homes in the $400,000 to $500,000 price range attractive to locals as move up housing;

- Single family homes attractive to second home buyers in the $550,000 to $700,000 range; and

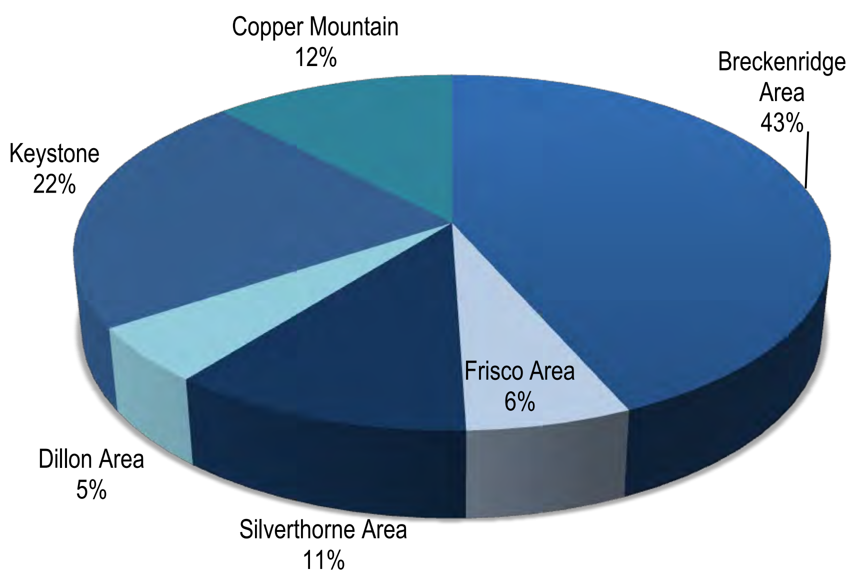
- Quality townhomes that are newer and not in need of repair/updating and that are built for locals rather than second homeowners.

- Breckenridge has the most units listed for sale (44%), higher than the percentage of total units located in Summit County (38%).

- One-third of the listings are in Keystone and Copper Mountain, where relatively few local residents choose to buy.

Of total free market listings, 139 (or 22% of the total) are priced in excess of $1 million.

Residential Listings by Area, January 22, 2013



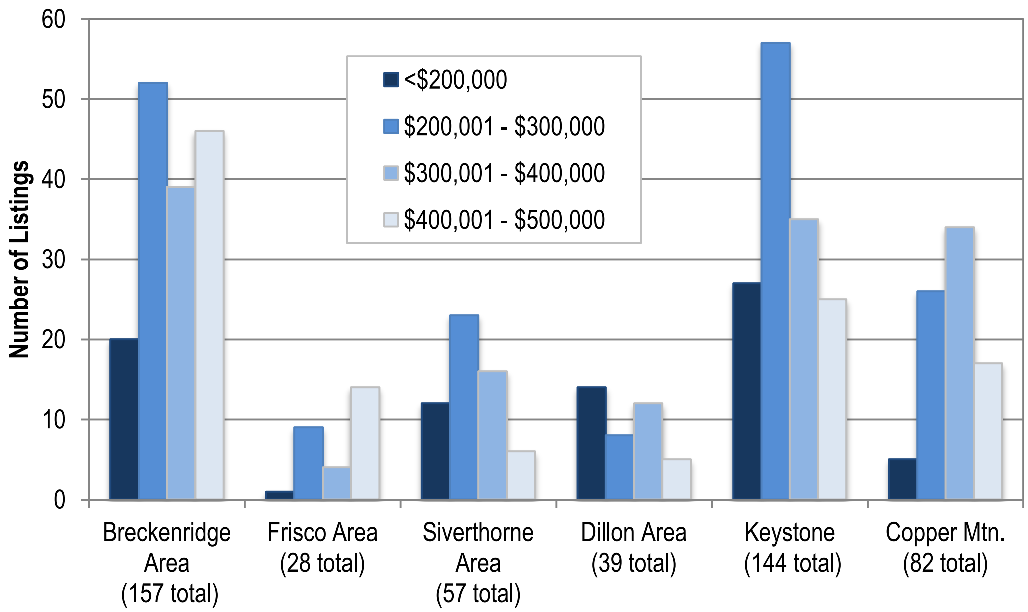
Source: MLS courtesy of SCHA; excludes fractional ownership and mobile homes

Most workforce households look for properties priced under $500,000, as discussed in more detail below in the section titled "What Employees Want – Design and Pricing of Workforce Housing." What employees can afford is not only a function of their income but varies by the amount they have for a down payment, whether from a gift, investments or sale of a home. Approximately 500 properties are listed for $500,000 or less of which:

- 85% are condominiums.

- Most are units designed, built and located for use as second homes/vacation accommodations as evidenced that many are in Keystone and Copper Mountain (44%) and about 1/3 are in Breckenridge.
- Frisco has the fewest listings – only 28, or 6% of the total.

Homes Listed for Sale at $500,000 or Less by Area: Jan. 22, 2013



Source: MLS, courtesy of SCHA. Excludes fractional ownership

The vast majority of homes listed for sale at prices at or under $500,000 are condominiums including:

- All of the 79 units listed for $200,000 or less;
- 92% of the 175 listings priced between $200,000 and $300,000; and
- 79% of the 140 listings in the $300,000 to $400,000 range.

Residential Lot Sales

Rising vacant lot prices indicate increased residential construction is on the horizon.

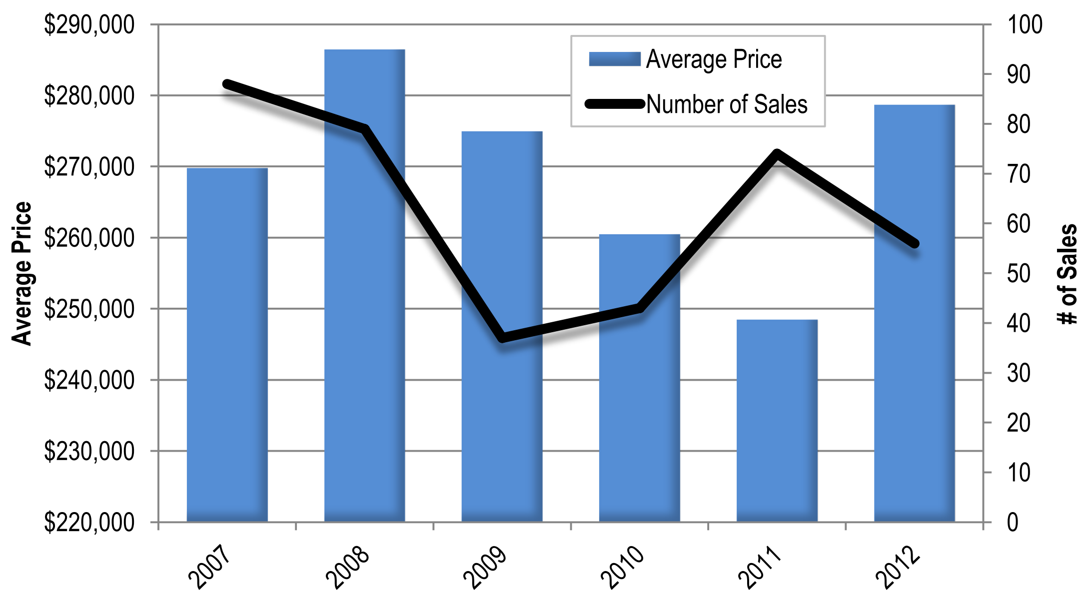
Residential construction activity will be picking up. Sales of vacant lots, a leading indicator of construction, rebounded strongly in 2012, with the average price increasing 26% (from $246,478 to $305,512).

The Deed-Restricted Market

In the last six years, the deed-restricted market mimicked the free market in several respects:

- The number of sales peaked in 2007;
- The average price peaked the following year;
- Sales dropped sharply in 2009 and remained low through 2010; and
- Sales rebounded in 2011, in part due to the completion of new units, and the average price increased in 2012.

Sales of Deed-restricted Units, 2007 – 2012



Source: Summit County Assessor, 2012

> *An income roughly equivalent to 88% AMI would be required to afford an average priced deed restricted home in 2012.*

While trends were similar, prices were not. The average prices of deed-restricted units were significantly lower than the free market. Over the last six years, the price of free market multifamily units sold was nearly 150% higher than the average for all types of deed-restricted units. Free market single-family homes cost 2.75 times the average for all deed-restricted units sold.

Average Prices Compared, Deed Restricted and Free Market

	Deed Restricted	Free Market	
	All Units	Multi-Family	Single-Family
2007	$269,796	$406,529	$798,889
2008	$286,485	$463,633	$835,803
2009	$274,960	$398,051	$905,030
2010	$260,479	$425,080	$770,797
2011	$248,484	$367,280	$734,262
2012	$278,678	$353,339	$764,445
% decline (peak to trough)	-13%	-24%	-19%

Sources: Summit County Assessor; Land Title Guarantee – Summit County

The average sale price of deed-restricted units ***declined less*** *than market rate units during the recession.*

The volatility in price was also lower among deed-restricted than free market units. While the *average* priced for deed-restricted units sold dropped 13% from the peak in 2008 to 2011, comparable peak-to-trough changes in the price of free market condominiums declined a higher 24% and single-family homes dropped 19%.

It is very important to note that the decline in the *average* price of deed-restricted units was highly influenced by 31 sales of new townhomes at Valley Brook, of which 22 targeted 80% AMI. The price of many deed-restricted homes held firm and some appreciated to the maximum limits allowed; although some were sold at a loss, especially if purchased during the peak.

Although information is not available to examine unit-by-unit performance county wide, an in-depth analysis of average changes in prices (with capital improvements excluded) for re-sales in Breckenridge's major projects shows appreciation at all projects through 2009. The rates of appreciation varied by project, at least in part based on variations in deed restriction limitations. Starting in 2010, results were mixed. Gibson Heights, which experienced the lowest gains due to resale price caps, continued to appreciate every year through 2012. At Wellington II, where the gain had been the highest in 2009, depreciation was the greatest. Still, the greatest single year decline averaged a little over 3%, far lower than the drop in most free market homes.

Change in Average Price on Deed Restricted Projects in Breckenridge

	Gibson Heights	Vista Point	Wellington 1	Wellington 2	Vics Landing
2002			12.22%		
2003	2.02%		3.64%		
2004	2.31%		4.69%		
2005	3.09%	7.41%	5.35%		
2006	2.65%	5.52%	6.29%		
2007	1.68%	4.65%	5.24%		
2008	3.59%	3.80%	4.24%	2.62%	
2009	3.46%		2.39%	15.30%	
2010	2.68%	-0.33%	-0.31%	-1.19%	
2011	2.31%	2.20%	0.96%	-1.19%	-2.94%
2012	2.15%		0.20%	-3.31%	-2.94%

Source: Town of Breckenridge

Deed-Restricted Listings

Deed-restricted homes for sale are in shorter supply (7-month inventory) than market rate homes (9-month inventory).

As of mid March, 32 deed-restricted homes were listed for sale, five through SCHA and 27 through the MLS. This equates to about 3% of all properties available for sale in the County. Compared to 2012 sales, there is nearly a 7-month inventory of deed-restricted units on the market.

- Breckenridge has the most units for sale and the greatest diversity in unit type, price range and age, although the majority of units are at Wellington.

- All of the units at Copper Mountain are condominiums, which tend to be older, smaller, and less expensive on a per-unit cost, but, on a per-square-foot basis, are the most expensive in the county. They tend to be the slowest to sell.

- Frisco has the largest, newest, most expensive homes for sale due to one neighborhood, Peak One.

- Only 1 unit in Keystone and 2 units in Summit Cove were listed, all of which were condominiums. These units have the least expensive prices in the county in both per-unit and per-square-foot costs.

Deed-Restricted Listings by Area, Type and Price

Area	Breckenridge	Copper Mtn	Frisco	Keystone/ Summit Cove	County Wide
Total # Units	15	9	5	3	32
Condo	1	9	1	3	14
TH	4				4
Duplex	4				4
SF	6		4		10
Avg. Price	$337,153	$194,989	$397,716	$174,300	$291,365
Avg. Size	1425	693	1434	752	1157
Price Sq Ft.	$240	$282	$275	$238	$252
Avg. Yr. Built	2000	1980	2012	1998	1996

Source: County Assessor records

What Employees Want – Design and Pricing of Workforce Housing

Good quality units for locals priced under $275,000 are typically easy to sell. Many local residents are also looking for homes in the $250,000 to $300,000 range, or as high as $500,000 for single-family homes. Those searching for more affordable properties (under $250,000) are typically limited to condominiums given the market.

Aside from price, the most important considerations for locals in purchasing properties include:

- A locals' neighborhood and sense of place;
- In or close to town and close to public transit;
- Two or more bedrooms;
- Garages and ample storage;
- Private ground-level entrances. Locals do not like the "hotel" feel that many second homeowners desire;
- Townhomes are much preferred over stacked condominiums. Locals searching for single family homes will often trade off for a townhome or duplex, but typically not condominiums;

- Low/reasonable HOA dues with no pending special assessments; and

- Good quality, energy efficiency, nice finishes and adequate sound proofing.

Deed-Restricted Housing – Opportunities and Challenges

Opinions about Deed Restrictions

Several factors point to increasing acceptance of deed-restricted properties by both Realtors and local buyers.

Deed restrictions seem to be gaining in acceptance.

- Deed restrictions seem to be gaining acceptance among some realtors who saw little free market sales activity in 2009 and 2010, while new sales and resales of affordable units remained relatively active.

- More potential buyers are now open to deed restrictions than in the past, at least in part due to the favorable publicity about Valley Brook and Peak One.

- At last count, 545 names were on SCHA's list of persons and families interested in buying a deed-restricted home. About 75% of attendees at homebuyer education classes have signed up for SCHA's list of parties interested in purchasing deed-restricted homes.

- The household survey found that only 14% of employees who prefer to rent indicated that one of the reasons was their refusal to buy a deed-restricted home.

Despite this interest, however, perceptions are mixed with regard to public sector obligations associated with deed restrictions.

- Price caps are seen by some as a "promise" or guarantee of appreciation, disappointing many owners when deed-restricted properties did not appreciate to their "full potential," or even decreased in value, even though the free market was hit harder during the recession.

- Some also perceive that limiting sales to only eligible employees should entail responsibility for the public sector to facilitate transactions and find buyers for their homes. Where market rate sellers are able to rent their homes if they cannot find a timely buyer, owners of deed-restricted properties typically cannot rent their homes to others based on the restriction. The impact of not being able to find a timely buyer can, therefore, have more impact on the deed-restricted owner looking to sell.

Realtors suggest better information and communication is needed to counter rumors and clear up misunderstandings.

Market Challenges

Deed-restricted properties also have some market challenges.

- Older deed-restricted units are harder to sell than newer built product because limits on capital improvements do not allow owners to realize returns from investments in needed repairs and upkeep. Of households owning deed-restricted homes in need of repair, 35% indicated they had not been made due to the limitations on capital improvements. This lowers their competitiveness in the market.

- Units priced close to free market prices have been harder to sell. This became more prevalent when market prices declined. Among deed restricted units listed for sale, the single family/duplex homes have the most overlap with market rate units. Deed-restricted townhomes are priced lower than the market and, although there are free market condominiums available at deed-restricted prices, they are typically small, older, have little storage, high HOA fees and are of little to no interest to locals.

- Units in condominium projects where deed restrictions were purchased by developers as mitigation for new development can be hard to sell. Employees are far less interested in condominiums that were designed for vacation use. With the increase in household choice for locals over the past several years, these units become very hard to sell.

- When resale prices are driven up by real estate commissions in addition to permitted price appreciation and capital improvements, these properties become even less competitive in today's market.

Finally, where market rate sellers are able to rent their homes if they cannot find a timely buyer, owners of deed-restricted properties are typically limited in their ability to rent their homes to others under the terms of the restriction. The impact of not being able to find a timely buyer can, therefore, have more impact on the deed-restricted owner looking to sell.

Profile of Workforce Buyers

The large majority of the deed-restricted homes sold in the last five years (about 80% to 90%) have been to long time residents. Move up buyers tended to outnumber first time buyers two to one, but this varied by project and pricing.

- Lower priced homes, like those at Valley Brook restricted at 80% AMI, have made it possible for renters to move into ownership.

- Larger, more expensive homes like those at Wellington and Peak One have largely been purchased by move up buyers who previously owned condominiums and other small, older units.

Roughly 5% to 20% of deed-restricted sales have been to employees who were commuting into Summit County for work from neighboring counties. Very few purchases have been by employees who were just starting work in Summit County.

Down Payment Assistance

The SCHA has provided down payment assistance to nearly 300 homebuyers. The program averages about 14 loans per year and has an approximate portfolio of $1.2 million in 143 current loans. Loan terms as of January 1, 2013, call for mortgages amortized over 20 years at an interest rate of 2% with a maximum of $25,000 provided. Purchasers must provide matching funds.

Homebuyer Education

The SCHA is a Housing Counseling Agency approved by the Colorado Housing and Finance Authority. Attendance at monthly homebuyer classes offered by SCHA has been increasing, indicating rising interest in buying homes. While attendance at the homebuyer education classes was low from 2009 through 2011 compared with historic enrollment, it picked up again in 2012. Attendance at four out of the last five classes equaled peak 2008 levels, with an average of about 10 persons per class.

Mortgage Availability

Mortgages are more difficult to obtain than before the recession thereby reducing the number of buyers who qualify; however, the mortgage application and underwriting process has improved in the past year. Reviews of applications still take a relatively long time so purchase contracts should be good for at least 60 days.

Lenders report few problems with approvals for buyers with good credit scores (640+) and well documented loan applications.

Most lenders are able to offer a variety of loan products although some cannot provide government loans (USDA, FHA, VA). The most popular types of loans in recent times have been:

- USDA loans that provide 100% financing for the purchase price plus closing costs for a total mortgage that amounts to 102% to 103% of the purchase price. Funding for this program has been regularly available for the past couple of years, although, historically, funding has been irregular and funds earmarked for refinances have run out at times. The maximum income for borrowers in Summit County is currently $93,450, and only borrowers who do not have assets for a 20% down payment are eligible. FHA project approval is typically required for USDA loans on condominiums and some lenders may overlay additional qualifications.

- FHA mortgages are also popular with 3.5% down; however, pricing on the insurance that is part of an FHA loan has led to less utilization in the last year. Another problem is project approval. Few if any developments in Summit County are now FHA approved. The one on Ophir Mountain has expired. Also, FHA no longer provides “spot” loans on condominiums or subdivisions that are not approved.

- Conventional mortgages require at least 5% down if private mortgage insurance can be obtained, and 20% is required by some lenders to obtain a fixed rate. Adjustable rate mortgages are still being used for the purchase of deed restricted homes, although in some Colorado communities this is no longer the case.

New mortgage programs have become available but are not often used.

- CHFA’s Advantage program provides a self insured loan for 3% down.

- One lender provides a self-insured Community Development Mortgage Program with only 2% down that is available for deed restricted properties but, because the maximum income allowed is 80% AMI, it is not used in Summit County. If ownership housing opportunities are provided for lower-income households in the future, this program could be beneficial.

With small daily fluctuations, rates are holding steady at about 3.25% for government and 3.5% for conventional loans with one point origination. Rate premiums are not charged for mortgages on homes with deed restrictions although interest rates are higher for less qualified borrowers.

Because of the great variety in deed restrictions in Summit County, the restrictions must be submitted with every loan application. The mortgage brokers/officers in Summit County have become so experienced with provisions of the restrictions that cause problems that they usually get issues, like subordination agreements and expiration upon foreclosure, resolved before submission. Getting up-front project approvals has often been the responsibility of the Town where the project is located, although sometimes this has not been done. Lenders stress the importance of this task being done.

Condominiums are problematic. Obstacles include too many short-term rentals, marketing as vacation accommodations, financial difficulties with the HOA, lack of project approvals by government or conventional lenders, and location within a mixed-use project (no more than 20% of a project can be commercial space in order to obtain conventional or government loans). So buyers of condominiums in scattered projects on which deed restrictions were placed through developer buy downs have largely been forced to obtain adjustable rate mortgages or short-term mortgages with balloon payments.

Section 5
Rental Market Analysis

Section 5: Rental Market Analysis

Section Highlights

The rental market in Summit County experienced decline and rebound common in comparable mountain communities over the past five years. The market softened in 2009, vacancies rose and rents declined over the next couple of years, a recovery started in 2011, and the market strongly rebounded in 2012.

Market rents (not including seasonal housing at Copper Mountain and Keystone) have been rising to equal or exceed pre-recession levels with an average that now requires an income of 80% AMI. Vacancies are very low, yet only one major apartment project is now under construction.

There are very few apartment complexes throughout Summit County and none in the Frisco area. Units in moderate to high density apartment properties typically provide the most affordable housing options for renters yet this inventory is so small, particularly for units with income/rent restrictions, that most renters in Summit County will likely be impacted by the upward trend in rents.

Recent Trends

Renters, more so than owners, were able to leave quickly when their jobs disappeared. They also had the flexibility to move in with roommates or other families in other to reduce living expensive during the recession. These factors caused the sudden softening of the rental market in 2009.

Renters who want to buy homes within 5 years:

- *88% in 2007*
- *40% in 2012*

The recovery in the rental market that started in 2011, then strengthened last year, was the result of a combination of factors:

- The “millennial” generation disinterest in owning homes among persons in their 20’s, compared to prior generations; they often choose to rent even if they can afford to buy;

- Uncertainty about the economic recovery;

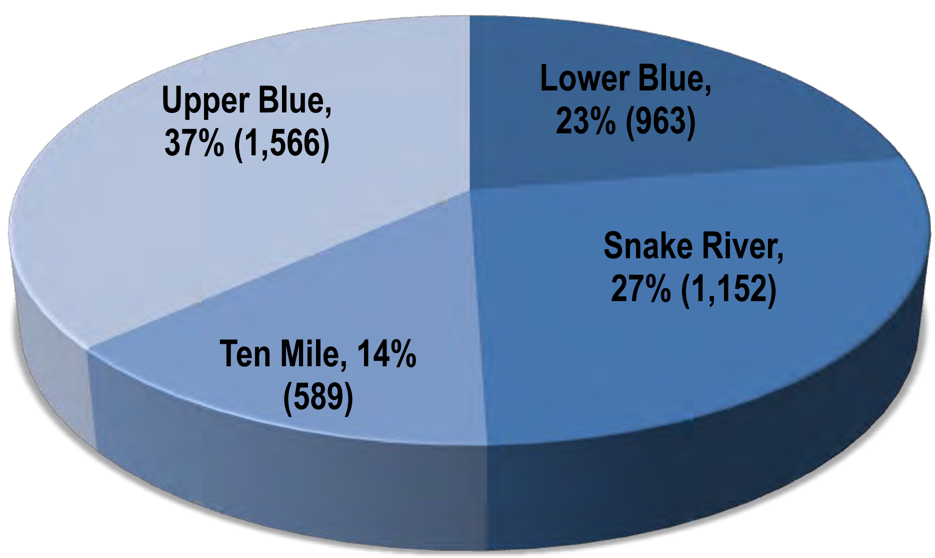
- Owners moving into rental housing when they could no longer afford their mortgage;
- Loss of income/buying power among residents;
- Inability to qualify for mortgages given tougher lending standards; and
- Few desirable homes in lower/affordable price ranges. Many residents are not interested in owning older condominiums originally designed for vacation accommodations, many of which also carry large monthly HOA fees that make otherwise affordable properties unaffordable.

The 2007 *Summit County Housing Demand Analysis* report found that 88% of employees who rented wanted to buy a home within the next five years. In sharp contrast, the 2012 household survey found 44% of renters want to continue to rent in Summit County. Only about 40% want to buy a home in Summit County in the next five years, less than half the percentage in 2007. The other 16% want to move out of Summit County.

Location of Rental Units

The 4,270 renter occupied housing units in Summit County are distributed be basin as follows:

Distribution of Rental Units by Basin



Source: 2010 Census

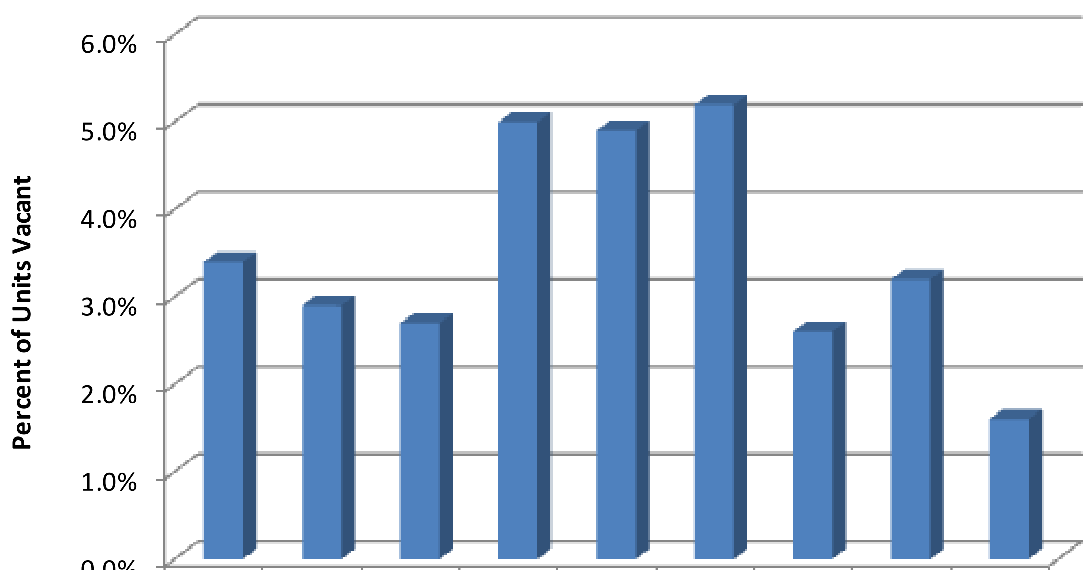
Vacancies

The vacancy rate among Summit County's apartment properties is very low – 1.7% as of March 2013.

As a general rule, double-digit vacancy rates are considered to be very high, rates at or below 3% are very low, and a vacancy rate of around 6% that is trending downward is typically an indication to developers that construction of additional units should begin. These "rules of thumb", however, vary by market area.

In Summit County, while rental vacancies were up during the recession in 2009 – 2010, the vacancy rate for apartment properties barely exceeded 5%. Property managers, however, reported vacancies were higher among more expensive condominiums, townhomes and single-family homes. Historically in Summit County, apartment vacancy rates have usually been very low - around or under 3%.

Vacancy Rates for Market Multi-Family Units by Quarter 2008-2012



	1st Qtr 08	3rd Qtr 08	1st Qtr 09	3rd Qtr 09	1st Qtr 10	3rd Qtr 10	1st Qtr 11	3rd Qtr 11	1st Qtr 12
Vacancy Rate	3.4%	2.9%	2.7%	5.0%	4.9%	5.2%	2.6%	3.2%	1.6%

Source: Colorado Division of Housing

Even during the recent market downturn, income/rent restricted units continued to perform well with few vacancies. Vacancies were generally under 2%.

Rents

Historic Trends

Property managers report that market rents declined about 20% to 25% in 2009 – 2010 while the rates for income/rent restricted units held steady. Discounting and incentives like first and last month free became popular. Starting in the winter of 2011/12, rents began to inch upward. More significant increases occurred in 2012 and discounts/incentives virtually disappeared.

Current Rents – Market vs. Restricted

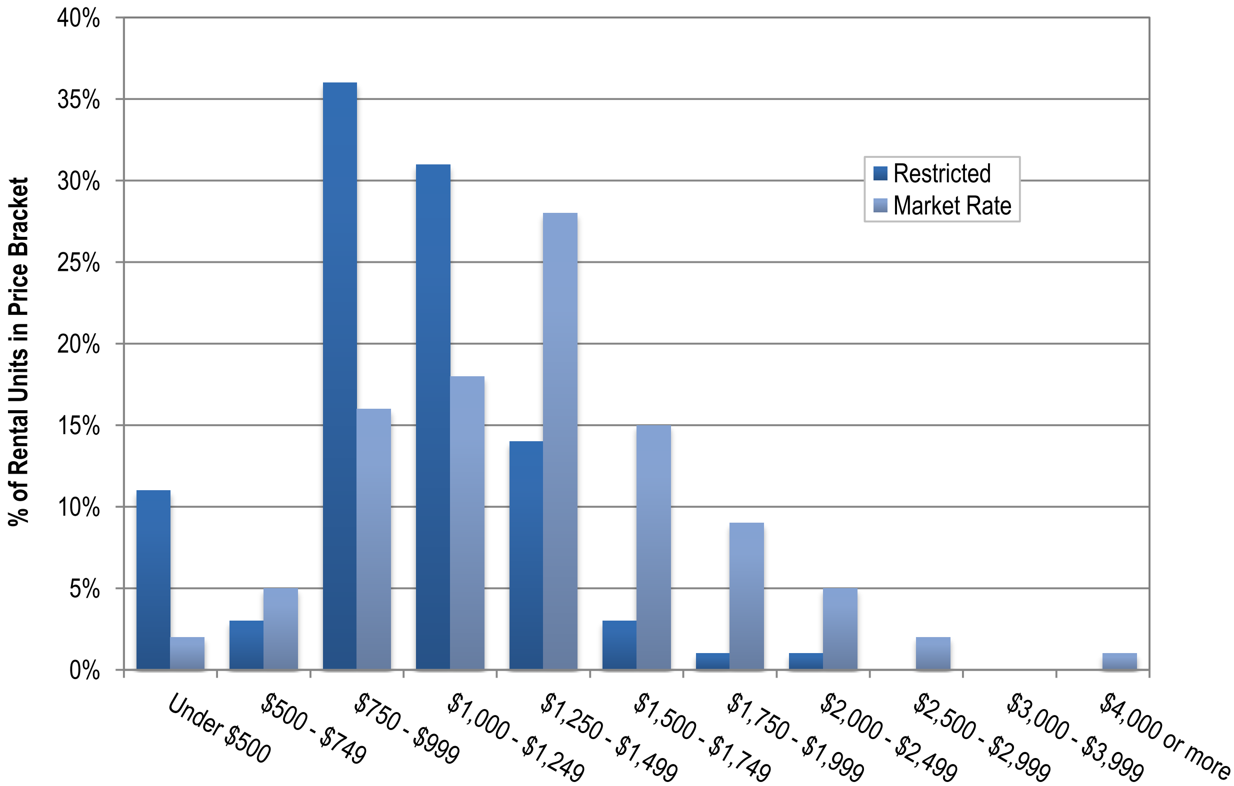
*An income of 80% AMI is required to afford the average **market** rent in Summit County.*

The average rent *overall* in Summit County is $1,280 per month. There is a significant difference between market rents and rates for units with income/rent restrictions:

- *Free market* rents average $1,388 per month, which is affordable to an average-sized household earning 80% AMI. About 60% of units are priced over $1,250 per month.

- *Income/rent restricted* units average $986 per month, or about 30% less than market rate rents. This is affordable for households with incomes at approximately 52% AMI. The bulk of restricted units are priced between about $750 and $1,250 per month.

Rents – Market vs. Restricted



Source: Household survey

Variation in Rents by Basin and Community

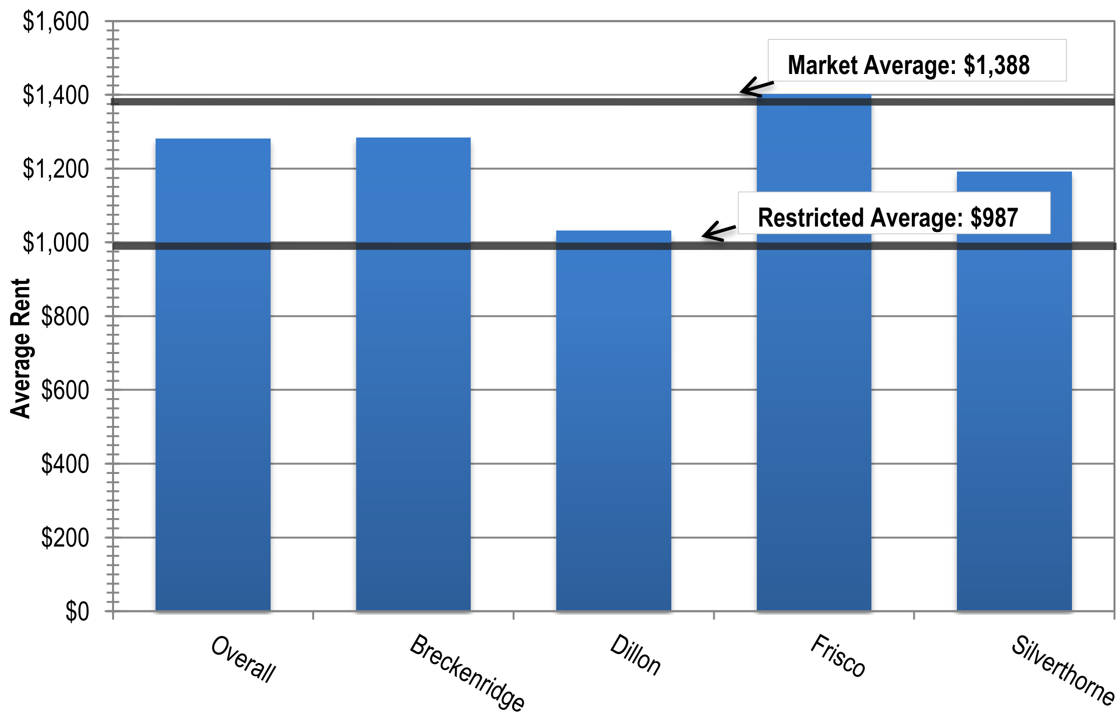
Average rents show at most a 13% difference between the highest priced basins (Upper Blue and Ten Mile) and the lower priced basins (Snake River and Lower Blue). These differences pale in comparison to the variation in home prices among basins. This is evidence of the extent to which the entire county functions largely as a unified rental market area, connected by public transit, with commuting between basins common.

Rents vary to a greater extent at the individual community level.

- Frisco, where there no major apartment projects, has the highest average rent, at just over $1,400 per month.

- Rents are lowest in the Dillon area ($1,032 average) and are over 25% lower than those in Frisco. This area has the oldest income-restricted apartment project, as well as the oldest market rate apartment project.

Average Rents by Community



Source: Household survey

Rents by Unit Type

The median rent for a single family home is nearly $1,600.

Rents vary by unit type:

- Rents for single-family homes and duplexes are about the same; few units rent for less than $1,000 per month. Most rent for more than $1,250 per month, not including utilities.

- The rents for condominiums and townhomes are about $150 to $300 less than for single-family homes and duplexes.

- Apartments and mobile homes are the only type of unit that typically rent for less than $1,000 per month. Mobile homes are the least expensive rental option in the county.

Rents by Bedroom

An additional bedroom increases rents by roughly $200 to $300 per month.

Rents by Number of Bedrooms

Bedrooms	1	2	3
Under $500	6%	3%	3%
$500 - $749	10%	2%	2%
$750 - $999	59%	10%	3%
$1,000 - $1,249	16%	27%	16%
$1,250 - $1,499	5%	40%	19%
$1,500 - $1,749		17%	21%
$1,750 - $1,999		1%	22%
$2,000 - $2,499		1%	9%
$2,500+	3%		4%
	100%	100%	100%
average	$1,086	$1,244	$1,501

Source: Household survey. NOTE: The sample size is too small to report on units with four or more bedrooms.

Apartment Properties in Summit County

Existing Units

Apartment complexes in Summit County offer among the most affordable housing options for employees, but comprise a small percentage of the rental inventory. Mobile homes rent for less but there are few in the county occupied as long-term rentals.

There are only six major apartment projects in Summit County, not counting rental units provided by employers exclusively for their employees. These complexes provide 502 rental units housing less than 12% of Summit County's renter households. Most are over 15 years old; no apartment complexes have been built in the last 10 years.

General Description

	Blue River	Breckenridge Terrace	Mountain Creek	Pinewood Village	Straight Creek	Villa Sierra Madre
Address	1251 Adams Ave.	1360 Airport Road	740 Anemone	605 Airport Road	630 Straight Creek Dr	1081 Adams St.
Basin	Lower Blue	Upper Blue	Snake River	Upper Blue	Snake River	Lower Blue
Town	Silverthorne	Breckenridge	Dillon	Breckenridge	Dillon	Silverthorne
Year Built	1994	2002	1988	1997	1979 - 83	1994
# of Units	78	180	30	74	79	61
Restricted	78	101	30	74	0	61
Not Restricted	0	79	0	0	79	0

Source: Property manager interviews and Colorado Housing and Finance Authority records

The inventory of rentals permanently affordable for low income households is very small – 206 units restricted at or under 80% AMI.

Of the 502 apartments, 344 have some type of income/rent or employment restrictions. Only 206 units, however, are restricted for low income households (≤80% AMI). Briefly summarized:

- Blue River is a family-oriented Low Income Housing Tax Credit (LIHTC) property in Silverthorne. All 78 units are income restricted.

- Breckenridge Terrace is the largest of the properties and reserves 140 of its 180 units for seasonal employees of Vail Resorts and the Town of Breckenridge. These units are rented on a per-bed rather than per-unit basis and are small since they were designed for seasonal occupancy. To date, 18 units are deed restricted for households with income equal to or less than 80% AMI. Over time, more will be restricted as mitigation for future development.

- Mountain Creek in Dillon was built with Rural Development financing and has a combination of income restricted units and units with project-based rent subsidy vouchers.

- Pinewood Village has 74 units of which 19 are restricted at 50% AMI under the Low Income Housing Tax Credit (LIHTC) program and 55 are restricted at 100% AMI under the Town of Breckenridge's requirements.

- Straight Creek, a 79-unit project in Dillon, is the only project without income/rent restrictions. Due to its age (it is the oldest o the 6 complexes), design, location and condition, however, it charges similar rents as restricted properties.

- Villa Sierra Madre in Silverthorne has 61 income-restricted units.

The inventory of rental units that are permanently affordable for low income households (≤80% AMI) is very small -- 206 units, or less than 5% of all renter occupied units in Summit County. With the average market rent at 80% AMI, the units at Pinewood Village restricted rent at 100% AMI are priced according to market rates.

Income Targets and Bedroom Mix by Project

	Blue River	Breck Terrace	Mountain Creek	Pinewood Village	Straight Creek	Sierra Madre	Total #	% of Total
Income Targets								
50% AMI				19			19	4%
60% AMI	78					61	139	28%
80% AMI		18	30				48	10%
100% AMI				55			55	11%
Market		162			79		241	48%
Total	78	180	30	74	79	61	502	100%
Bedroom Mix								
1 BR		73	10	28	33	10	154	31%
2 BR/1 BA	48	73	20	18	46	26	231	46%
2 BR/2 BA		22		20			42	8%
3 BR	30	12		8		25	75	15%
Total	78	180	30	74	79	61	502	100%

Source: Town Planners and SCHA

Pending Units

Villa Sierra Madre II, is the only apartment project currently planned for construction in Summit County. The 64-unit Low Income Housing Tax Credit apartment project is scheduled for construction in Silverthorne in 2012, with units available for occupancy by early 2013. The site is adjacent to the first phase with connecting roads so that it will function as one complex.

Villa Sierra Madre II – Income Targets and Bedroom Mix

Income Targets		Bedroom Mix	
40% AMI	5	1 BR	16
50% AMI	45	2 BR/1 BA	0
60% AMI	14	2 BR/2 BA	24
Market	0	3 BR	24
Total	64	Total	64

Source: Developer interview

Second Home Renters

Competition for rentals between locals and out-of-area renters does not appear to be significant either in number or in preference for property types:

- Some property managers reported an increase in the number of Front Range residents who are renting second homes in Summit County. Others reported no second home renters.

- Property management companies that advertise widely are more likely to attract non-residents than are those who depend largely on word of mouth for the rental units in their portfolio.

- Second home renters, like buyers, tend to look for different product than year-round residents. They are typically interested in higher-end units with amenities like hot tubs and located for easy slope access.

Section 6
Current Housing Problems

Section 6: Current Housing Problems

Section Highlights

Despite a drop in housing costs during the recession with purchase prices that are still lower today than in 2008, many of Summit County's households still have housing problems.

- Most residents still feel that the availability of affordable workforce housing is a critical or serious problem.

- Affordability is still out of the reach of many. Over one-third of the county's households live in housing that costs more than 30% of their income; the vast majority of low-income households are cost burdened by housing costs that are too high relative to their income.

- Overcrowding (defined as more than two persons per bedroom) is a problem for about 430 households; a disproportionate number of which are Spanish speakers who are more likely to have large families, live in multi-generational households, and generally have more tolerance for what is traditionally defined as overcrowded.

- While most of the county households report living in homes that are in good or excellent condition; many renters reside in homes they consider to be only in fair or poor condition.

- Energy efficiency upgrades top the list of the type of repairs most needed. For owners, the cost of the repairs is the main reason why they have not been made; for renters, the primary reason is lack of action by landlords.

- Foreclosure filings are on the decline and not expected to significantly impact housing prices in the future. The rate of foreclosure filings is much lower for deed-restricted ownership units than overall.

- Evictions appear to be an increasing problem, with approximately 300 renter households at risk.

Extent to Which Affordable Workforce Housing is a Problem

64% of Summit County's households feel affordable housing for the workforce is a serious or critical problem.

When Summit County's households were asked, *"How do you feel about the issue of people who work in Summit County being able to find housing they can afford?,"* nearly two-thirds responded it is the most critical or one of the most serious problems facing the area.

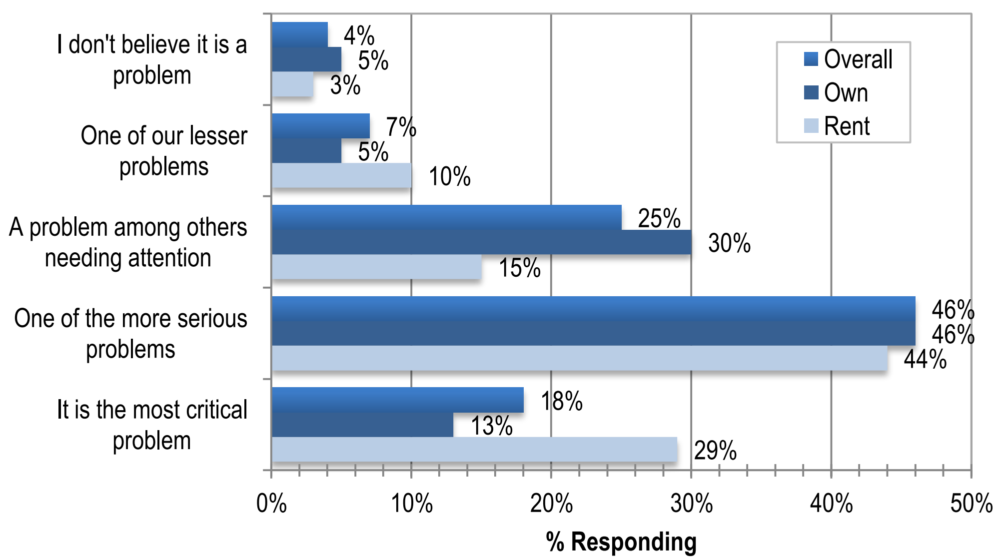
While there is little variation by basin in the responses to this question, residents who are more likely to consider affordable workforce housing as the most critical or one of the most serious problems facing the area include:

- Renters (73%) more so than owners (59%).

- Lower income households more so than middle and upper income households. This includes 75% of households with incomes at or below 30% AMI, compared with 54% of those with incomes exceeding 150% AMI. At all income levels, however, the majority feel that affordable workforce housing is the most critical or one of the more serious problems.

- Nearly three-fourths of the Spanish speaking population.

Availability of Affordable Workforce Housing by Own/Rent



Source: Household Survey

Affordability/Cost-Burdened

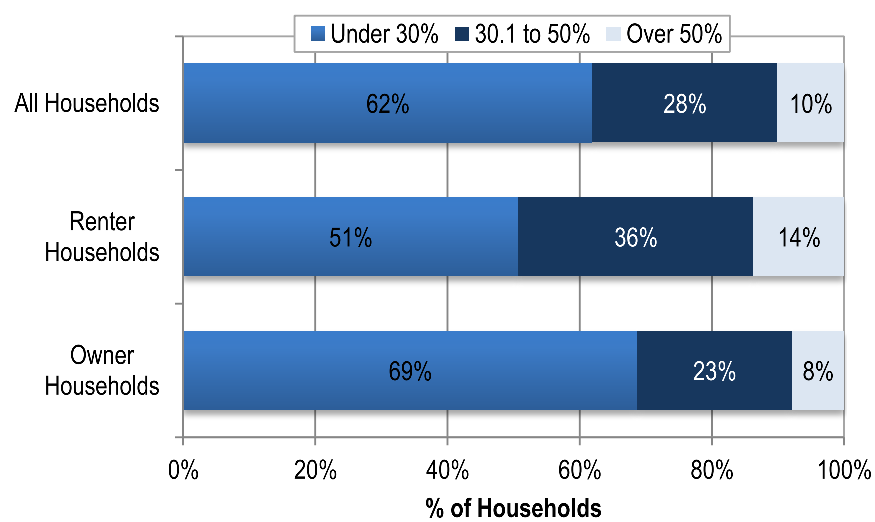
1,200 households in Summit County are severely cost-burdened by housing they cannot afford.

Households that pay over 30% of their income for housing costs live in housing that is not considered to be affordable and are defined as "cost-burdened" by their housing payment. Those paying over 50% of their income for housing are "severely cost-burdened."

- In Summit County, about 4,570 households (38%) are cost-burdened. Of these, about 1,200 are severely cost-burdened. In comparison, 36% of households in both the state of Colorado and the nation are cost-burdened.

- Renters (49%) are more likely to be cost-burdened than owners (31%).

Cost-Burdened Households by Tenure: 2012



Source: Household Survey

Housing affordability is primarily a problem for households earning 80% AMI or less.

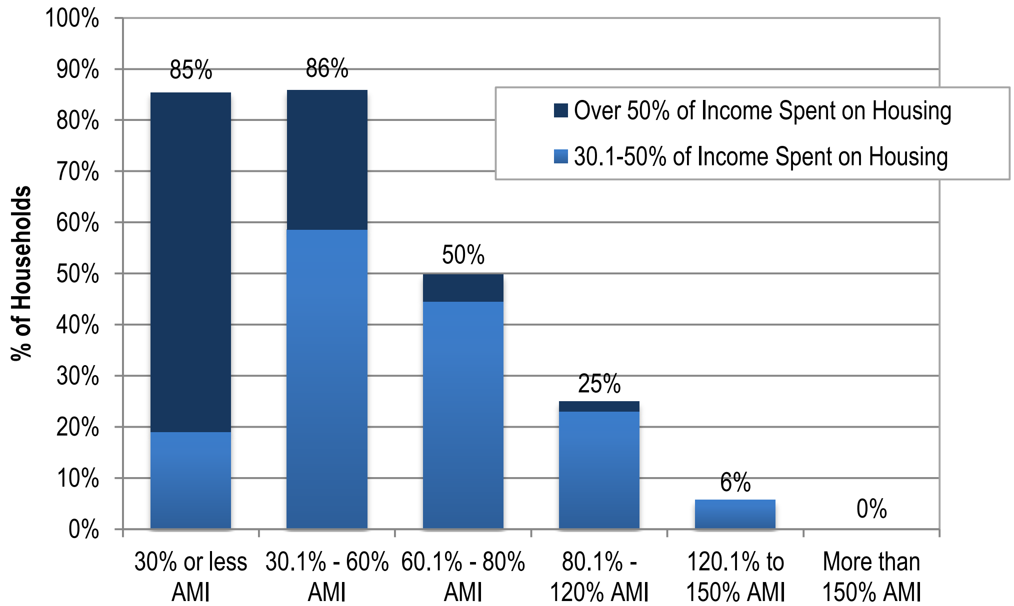
The cost-burdened problem, as expected, varies significantly according to household income.

- A significant majority of households earning 60% AMI or less are cost-burdened (86%), including 1-in-3 households that are severely cost burdened.

- About ½ of the households earning between about 60% and 80% AMI are also cost-burdened.

- Moving above 80% AMI, the incidence of cost-burdened households significantly decreases.

Cost-Burdened Households by AMI: 2012



Source: Household Survey

Overcrowding

Overcrowding is not a significant problem for households in Summit County on average. Only about 3% (about 430 households) have more than 2 persons per bedroom, the majority of which are renters.

Overcrowding is a more of a problem among Spanish speaking households than others in the county.

Overcrowding is, however, more of a problem among Spanish speaking households. About 40% of survey respondents indicated they have over 2 persons per bedroom on average. Survey responses also indicate, however, that Spanish speakers tend to have more tolerance for overcrowding than other households.

Overcrowded Units by Own Rent

Persons per Bedroom	Own	Rent	Total
1-person or less	77%	53%	69%
Over 1 to 1.5	16%	18%	16%
Over 1.5 to 2	7%	20%	11%
More than 2	0%	9%	3%
# More than 2	**30**	**400**	**430**

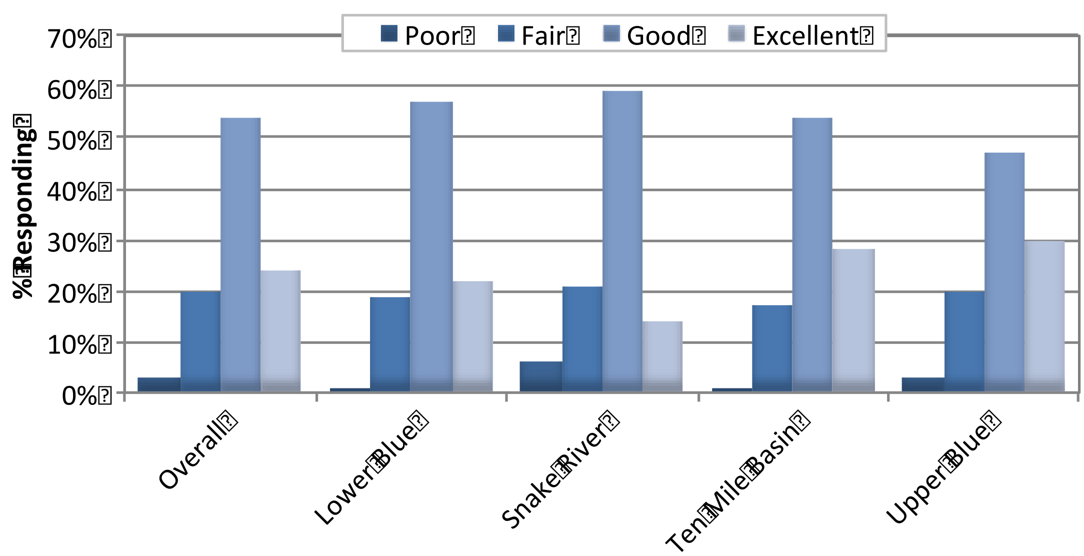
Source: Household Survey

Poor Physical Condition/Repairs Needed

Over 75% of households in Summit County live in homes they believe to be in good or excellent condition. Some variations are apparent, including:

- Residents of the Snake River basin, where many of the homes in Dillon and the Dillon Valley are older, are more likely than others to report their homes are in fair or poor condition;
- Renters are much more likely than owners to live in homes in fair or poor condition – 41% compared with 14%; and
- About two-thirds of Spanish speaking households live in housing that is fair or good; none reported living in homes in excellent condition.

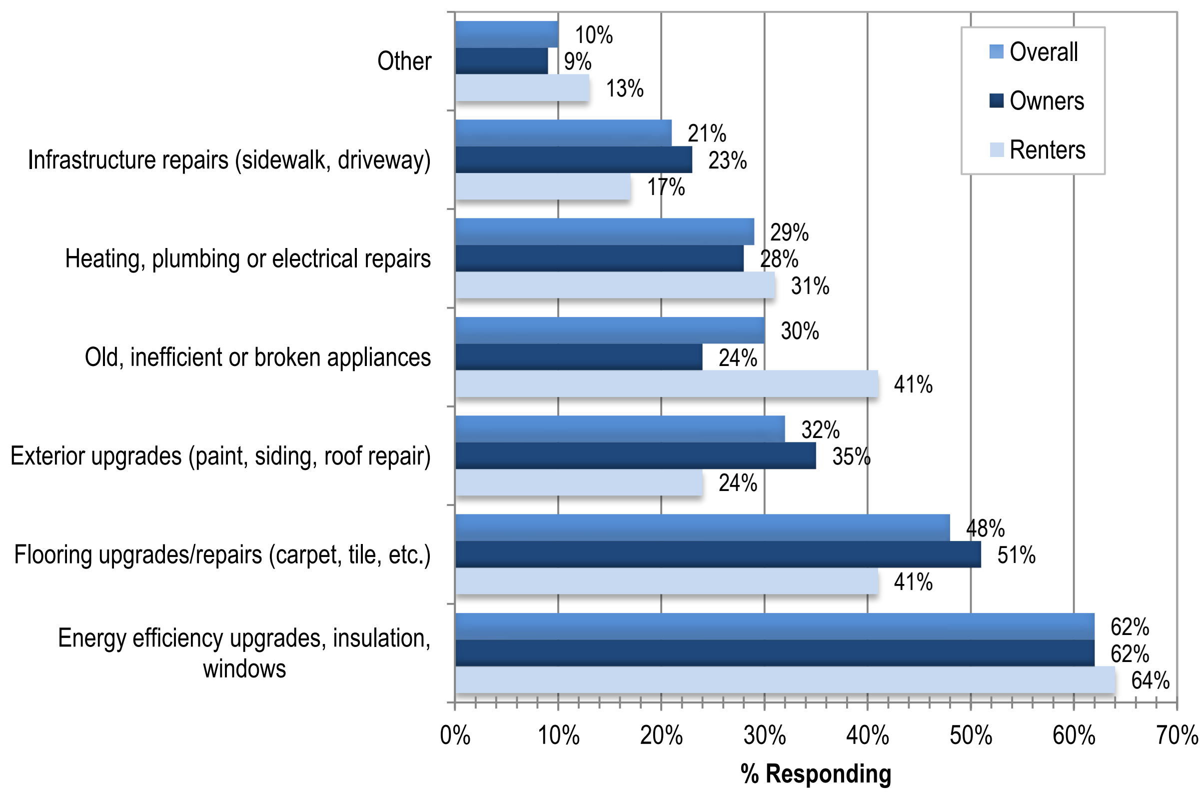
Condition of Homes by Basin



Source: Household survey

Although most homes are in good/excellent condition, about 75% of homes need repairs according to their occupants. Efficiency upgrades including insulation and windows topped the list in the type of repairs most needed. There was little variation between owners and renters or by basin.

Repairs Needed



Source: Household survey

The most frequently cited reasons why repairs have not been made include:

- The cost of repair, which was by far the most common reason;
- Among renters, landlords not taking responsibility;
- Lack of time; and
- HOA disagreements, budgets, etc.

Reasons Repairs Not Made by Own/Rent

	Overall	Own	Rent
Cost of repair	65%	82%	30%
Landlord not taking responsibility	22%	-	64%
Other (time, HOA's, etc.)	20%	21%	17%
Lack of equity in home; do not want to spend more on it	12%	14%	9%
Deed restriction limitations on capital improvements	5%	6%	1%
TOTAL %	123%	124%	122%

Source: Household survey; totals exceed 100% due to multiple responses.

Deed-restricted home owners had slightly different reasons for not making repairs.

- Just under 70% of deed-restricted home owners indicated some repairs to their homes were needed;
- The overall cost of the repair was still the predominate reason (75%) for not making the repair;
- About 35% of owners of homes needing repairs stated the "deed restriction limitation" was a reason they have not made repairs; and
- "Lack of equity in home, don't want to spend more on it" was a concern of 28% of owners.

Foreclosures

Foreclosure filings are sharply declining.

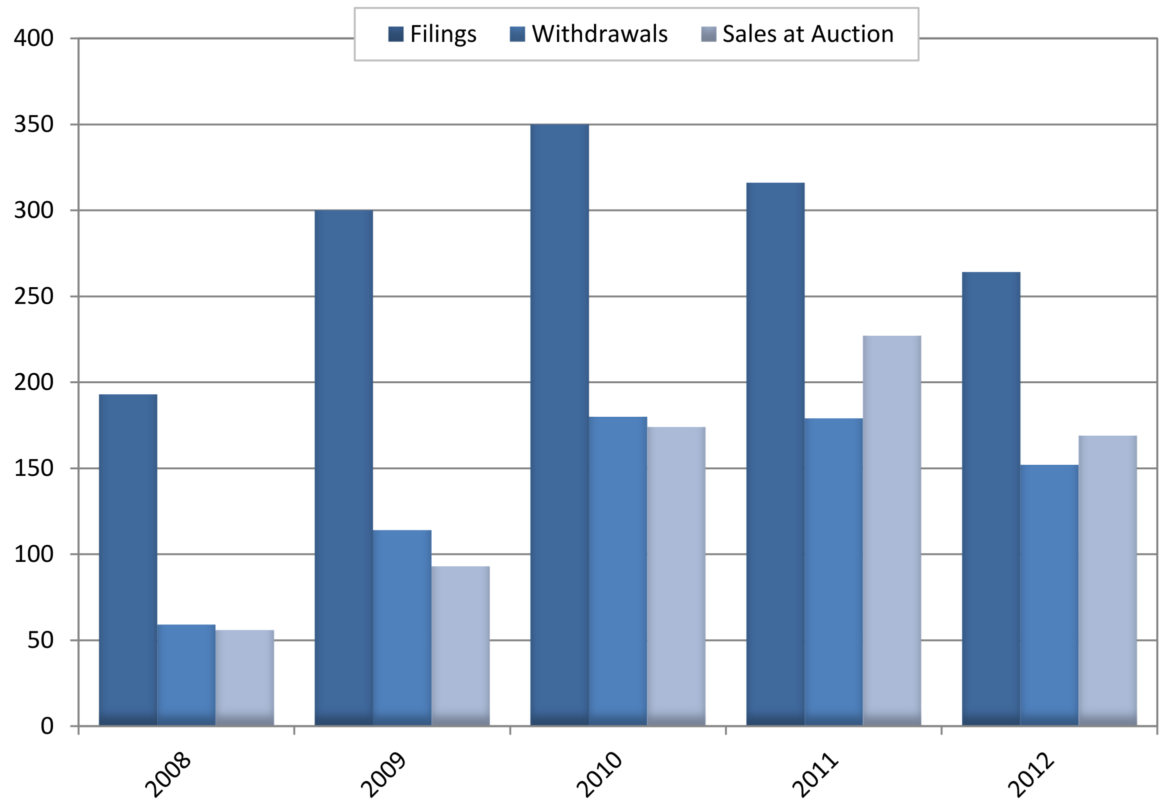
The number of foreclosure filings peaked in 2010 and has since been decreasing. A decline in the number of foreclosures shows that the market is stabilizing and fewer owners will be losing their homes. The downside of this generally positive trend is that fewer homes will be available at short sale/bank sale prices.

A total of 1,423 foreclosures were filed in Summit County form 2008 through 2012. Of these:

- 27% were for timeshares;

- 0.8% were for deed-restricted units (see details below);
- 48% were withdrawn;
- 51% were sold at auction; and
- 2% are still active.

Foreclosures – Filings through Sales, 2008 - 2012



Source: Bill Wallace, Summit County Public Trustee

Realtors report that sales of bank owned units (REO) is having relatively little impact on home prices. Lenders, particularly those with local offices, are being savvy and timing the placement of their REO units on the market. With foreclosures slowing and lenders being patient, realtors do not anticipate that the market will be glutted by foreclosed properties being dumped for quick sales. Further, some realtors stated that they currently have buyers for these properties as they become available and will, therefore, be quickly absorbed.

Foreclosures on Deed-Restricted Units

Foreclosure filing rates are much lower for deed-restricted homes.

There were far fewer foreclosures filed or completed on deed-restricted units relative to the overall totals. From 2008 through 2012:

- Foreclosures were filed on 11 units, of which four were condos, five townhomes and two single-family homes;
- 4 were withdrawn;
- 4 were sold at auction or a deed in lieu was issued; the deed restrictions on these units did not have termination at foreclosure provisions so the restrictions are still in place.
- 1 was sold at auction in early 2013; 2 are still in process and scheduled for sale; the deed restrictions will likely be lost on these units.

Foreclosure Activity – Deed-restricted Units, 2008 – 2012

	2008	2009	2010	2011	2012	Total
Filings (NED's)	0	1	1	3	6	11
Withdrawals/Cures/Redemptions	0	0	1	2	1	4
Sales at Auction/Deed in Lieu	0	1	0	1	2	4

Source: SCHA

Overall, one foreclosure has been filed for every 18 units (excluding rentals) in Summit County, which is more than 3 times the rate of foreclosure filings on deed-restricted ownership units.

Foreclosures Compared, 2008 – 2012

	# Filings	# Owner/Vacation/Vacant Units*	Percent	5-Yr Rate
Total (mkt & restricted)	1,423	25,974	5.5%	1 in 18
Deed-restricted	11	550	2%	1 in 50

Source: SCHA and Summit County Public Trustee

*Renter-occupied units excluded.

Evictions

Approximately 300 renter households are late on their rent payments and are therefore at risk of eviction. Eviction can occur whenever the tenant has missed a payment, the grace period (if any) has expired, the landlord has filed an eviction request with the court and a date for vacating the premises is set by the judge. While fewer than 50 renter households reported being evicted last year, roughly twice that number indicated they are now facing eviction.

The Family and Intercultural Resources Center (FIRC) provides rental assistance to an average of about 150 households per year that are facing loss of their residence. Spanish speaking residents are more likely that the others to be at risk of eviction, with about one-fourth reporting they are late on their rent payments.

With the robust recovery in the rental market, low vacancies and rising rents, evictions could become a bigger problem in the near future.

Section 7
Workforce Housing Needs

Section 7: Workforce Housing Catch Up and 5-Year Keep Up Needs

Section Highlights

The need for additional workforce housing in Summit County is divided into two categories:

- **Catch Up**, which includes the immediate need for additional rental units and the need generated by in-commuting employees who desire to move into Summit County;
- **Keep Up**, which includes housing needs generated by job growth through 2017 and the need to make up for homes that will be lost to the workforce as their owners retire or sell them to non-residents.

Approximately 1,715 to 2,975 units will need to be built or preserved for the workforce through 2017. The market should address about 40%, leaving a gap for 1,035 to 1,785 units, or an average of about 200 to 355 units per year.

With the steep ups and downs in the economy and housing market during the past five years, a range of low/conservative estimates and high/aggressive projections is provided over a five-year horizon. Monitoring job growth over time and comparing the actual rates of growth to those used in these forecasts should be done to pinpoint the need within the range provided.

Total Need Through 2017
1,715 to 2,875 units

Need Not Addressed by Market (Gap)
1,035 to 1,785 units

Catch Up Needs

Rental Need - Between 153 and 392 units of additional rental units restricted for households with incomes ≤80% AMI are now needed to achieve capture rates of 15% to 25%. With tight market conditions and only 206 units restricted for the 2,390 households with incomes equal to or less than 80% AMI, the existing capture rate of 8.6% is very low and signifies the immediate need for the additional units.

Need for In Commuters -- Between 110 and 210 housing units are needed for the 5% to 10% of in-commuting employees who now work in Summit County and are interested in moving into the county.

Keep Up Needs

Retiree Replacement – Between 350 and 430 housing units will be needed for employees to fill jobs vacated by the approximately 1,000 employees who will be retiring within the next five years and staying in the homes they now occupy.

Replacement from Loss to Second Homeowners -- Approximately 430 additional units will be needed within the next five years to make up for the net loss of 86 units per year to out-of-area owners and maintain the current relationship between local/primary homes and second/vacation homes. If one-half of the retiring employees who plan to leave Summit County within the next five years sell their homes to out of area buyers, the number of replacement units increases to 615.

Job Growth – Between 920 and 1,750 additional housing units will be needed by employees filling new jobs over the next five years. This range depends upon whether job growth proceeds at its recent recovery rate of 2.2% per year (adding 2,700 new jobs over five years) or if it is closer to the State Demographer's estimate of 4.5% (adding 4,500 jobs over five years). These estimates take into account current local unemployment and in commuting.

5-Year Workforce Housing Need by Type of Need

	Low	High
Catch-Up Needs		
Existing rental needs	153	392
Existing commuter in-migration	110	210
Keep-Up Needs		
Replacement Units		
Retirees staying in Summit County	350	430
Lost to out-of-area owners	430	615
New Employee Households	670	1,330
Total Needs within 5 Years	**1,715**	**2,975**

*Differences are due to rounding

Needs by Own/Rent and AMI – Between 54% and 58% of new units built to accommodate future needs will need to be rental housing. This was calculated based on the various characteristics of households filling these new homes – whether they are new employees to the area filling new jobs or jobs of retirees, in-commuters relocating to Summit County, or households occupying homes built to replace ones lost to second homeowners (see the Documentation and Methodology document for more detail).

Distributing the number of ownership and rental units that are needed by the current AMI of Summit County's households shows that between 515 and 960 rental units and 520 to 825 ownership units will not be addressed by the market. The market will address rental housing for households earning over 80% AMI and ownership units for those earning over 120% AMI. Prior to the housing market downturn, ownership units were in short supply for households earning up to 180% AMI. As market home prices continue to recover, it may again become necessary to assist households earning over 120% AMI, but this not needed at this time.

5- Year Workforce Housing Needs by Own/Rent and AMI

Shading denotes gap in rental and ownership housing needed.

	Low	High
TOTAL	1,715	2,975
Own	790	1,250
Rent	925	1,725
Rental Units	**Low**	**High**
30% or less AMI	84	156
30.1% - 60% AMI	323	601
60.1% - 80% AMI	109	204
80.1% - 100% AMI	227	423
100.1% - 120% AMI	76	142
More than 120% AMI	106	199
Total	925	1,725
Gap not filled by market	**515**	**960**
Ownership Units	**Low**	**High**
30% or less AMI	10	15
30.1% - 60% AMI	132	209
60.1% - 80% AMI	80	127
80.1% - 100% AMI	160	253
100.1% - 120% AMI	140	221
120.1% to 150% AMI	110	175
More than 150% AMI	158	250
Total	790	1,250
Gap not filled by market	**520**	**825**

*Differences are due to rounding. NOTE: Units that are planned for construction have **not** been subtracted from the estimates of needs over the next five years. Information on these planned units is presented at the end of this section to show the potential for addressing estimated needs.

Needs by Basin – Housing needs by basin were allocated not only to meet the needs of new workers filling new jobs, but to also begin addressing the imbalance between where workers live and where jobs are located, as well as for the differences in incomes in each basin that has developed over the years. This places the bulk of the need in the Ten Mile and Upper Blue basins – which both presently import workers – with reduced responsibility upon the Lower Blue and Snake River basins – which supply workers to the other basins.

- First, the ownership units needed priced at or below 120% AMI and the rental units needed priced at or below 80% AMI in the county were distributed among the basins based on where owners and renters want to live in the county. This addresses a multitude of factors to better balance past inequities in the location of worker households and jobs in the county, was well as improve this balance among new jobs and workers coming into the county. Namely, it:

    - Better represents market demand. While location of jobs is one factor that influences where employees want to live, there are others like schools, shopping, and community and neighborhood character. Copper Mountain is an example of how basing need solely on job location is inappropriate.

    - Recognizes the extensive cross commuting that exists. Households in which all members work within the same basin are the minority. Employees will consider the commutes of all members in addition to other factors when deciding where to buy or rent a home and some may choose to live where no one works, instead living in the most convenient location given the multiple jobs members hold.

- Second, owner and rental units were allocated within each basin based on the distribution of households by AMI in the county as a whole. This helps equalize the provision of housing by AMI across all basins, rather than continuing the higher concentration of low-income households in the Lower Blue and Snake River basins.

5- Year Workforce Housing Gap by Own/Rent and AMI by Basin

Ownership	Low Estimate					High Estimate				
	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
<=30%	10	2	2	3	3	15	3	2	4	5
30.1-60%	132	29	21	37	45	209	46	33	58	71
60.1-80%	80	18	13	22	27	127	28	20	36	43
80.1-100%	160	35	26	45	54	253	56	40	71	86
100.1-120%	140	31	22	39	47	221	49	35	62	75
Owner Gap	**520**	**115**	**85**	**145**	**175**	**825**	**185**	**130**	**230**	**280**
Rental	**Low Estimate**					**High Estimate**				
	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
<=30%	84	11	14	26	32	156	21	26	49	60
30.1-60%	322	43	54	102	124	601	80	100	189	232
60.1-80%	109	15	18	34	42	204	27	34	64	78
Rental Gap	**515**	**70**	**85**	**160**	**200**	**960**	**130**	**160**	**305**	**370**
Total Gap	**1,035**	**185**	**170**	**305**	**375**	**1,785**	**310**	**290**	**535**	**650**

*Differences are due to rounding

Planned Workforce Housing

Potential sites for the development of workforce housing have been identified that will address much, or if used in combination with preservation of existing units, potentially all of the need for additional units over the next five years, although development may lag behind the need. Construction is underway or scheduled for completion within the next couple of years on a total of 167 units including:

- Villa Sierra Madre II in Silverthorne, which will provide 64 low income rental units by early 2014;
- 34 additional homes at Peak One and 69 more homes at Wellington in the Upper Blue.

Multiple other workforce housing developments in the pipeline or at the initial conceptual stages could produce approximately 765 units within the next five to 10 years.

Summary of Planned Workforce Housing Projects

	Location	# of Units
Under Development		
Villa Sierra Madre II	Silverthorne	64
Peak One Buildout	Frisco	34
Wellington 2 Buildout (2013-2016)	Breckenridge	69
Total Under Development		167
Proposed/Planned		
Lower Blue		
Smith Ranch (Red Peak Village)	Silverthorne	190
Accessory Apartments	County	1
Basin Total		191
Snake River		
Alpine Lake Lodge (Ristorante Al Lago)	County	3
Key West Farms (Buck Ridge)	County	6
Accessory Apartments	County	2
Basin Total		11
Ten Mile		
Copper East Village	County	30
Accessory Apartments	County	1
Condos Off Main	**Frisco**	7
Basin Total		38
Upper Blue		
Block 11	Breckenridge	325
Pinewood Phase 2	Breckenridge	86
Stan Miller	Breckenridge	100
Windows	Breckenridge	1
Maggie Placer	Breckenridge	10
Accessory Apartments	County	3
Basin Total		525
Total - Planned/Proposed		765

Projects that Generate Housing Demand

Commercial and other non-residential projects in the development pipeline that generate jobs and, therefore, demand for workforce housing support the forecasts for between 2,700 and 4,500 new jobs over the next five years. The new jobs, however, may not be located proportionately to existing jobs – meaning that some basins may experience faster job growth than others.

Based on development approved or in the planning pipeline:

- Job growth in the near term will be strongest in the Upper Blue with multiple major projects currently underway or scheduled to begin construction in 2013;
- With the upcoming construction of Whole Foods in Frisco, job growth in the Ten Mile will also be strong;
- The significant potential for job growth in Silverthorne's commercial core will be realized more slowly; and
- Job generating growth will be will be minimal in Dillon and moderate in the Keystone area.

Impacts on Housing Demand from Existing Residents

About 4,400 resident workforce households want to stay in Summit County, but move into different homes. Most of the for-sale workforce housing produced or preserved to meet workforce needs will be purchased by these existing residents, whereas most of the newly hired employees (about 70%) will initially rent. As resident households vacate existing units, some may be sold to second homeowners (as noted above), but others, particularly rentals, become available for other households to occupy. Therefore, resident demand for different housing units does not affect the total number of units needed in Summit County as much as it impacts the type of housing product to build. To meet resident demand, it is important to understand the needs of the local workforce as they either look to rent a new home, move from renting into ownership, or step up or down in ownership housing based on household status and changing incomes. The more that households are able to find local housing that meets their changing needs over time, the more likely they are to remain contributing members to the Summit County community.

In summary, households looking to move into a different home in Summit County over the next five years include about 230 retiree households and 4,400 employee households (41%). Of employee households looking to move:

- About one-in-four want to rent and the rest prefer to buy a home. The largest percentage (42%) wants to buy a larger home than they currently occupy.

Employee Households that Want to Move in Summit County

Total that want to move	4,400	100%
Want to rent:	1,000	24%
Want to buy:	3,400	76%
Larger home	1,900	42%
Similar home	900	20%
Smaller home	600	14%

Source: Household survey

- Duplexes, townhomes and single family homes are the most preferred product.

Type of Housing Preferred

Unit Type	% Households
Condominium	15%
Townhome	40%
Duplex	42%
Single Family	86%

Source: Household survey

Additional preferences and characteristics include:

- Residents looking to rent or buy a different home would mostly prefer living the Ten Mile or Upper Blue (over 30% each).

Location Preferred

Preferred Basin:	Want to rent	Want to buy
Lower Blue	17%	21%
Snake River	16%	14%
Ten Mile	34%	35%
Upper Blue	33%	30%
TOTAL	100%	100%

Source: Household survey

- Households wanting to own or rent are both looking to up-size their homes. Two- and 3-bedroom units are preferred among both – with 3-bedroom units having more appeal for those looking to buy (41%) and 2-bedrooms for those wanting to rent (45%).

Bedrooms Needed

Bedrooms needed:	Want to rent	Want to buy
1-bedroom	10%	8%
2-bedroom	45%	36%
3-bedroom	30%	41%
4+	15%	16%
TOTAL	100%	100%

Source: Household survey

- Couples with and without children comprise over one-half of households looking to buy a different home (56%); 17% live alone. Of those looking to rent, adults living alone (23%), couples without children (21%) and couples with children (22%) predominate.

The desire to move varies by tenure. About 27% of owners and 68% of renters would like to move into a different home in the county.

- Of the 2,600 renters wanting to move within the county, about 1,600 want to buy a home. These first-time homebuyers average about 80% AMI income - $55,000 per household.

- About 1,800 homeowners want to purchase a different home. These move-up buyers earn an average of about 110% of the AMI - $85,000.

- Households wanting to find another rental average about 50% AMI ($44,000).

Owners and Renters Looking to Move by AMI: 2012

	Owners	Renters	
AMI Range	**Want to buy**	**Want to buy**	**Want to rent**
30% or less AMI	1%	5%	12%
30.1 - 60%	22%	28%	56%
60.1 - 80%	4%	20%	4%
80.1 - 120%	41%	36%	24%
120.1 to 150%	12%	9%	2%
More than 150%	20%	2%	1%
Total %	100%	100%	100%
Total #	1,800	1,600	1,000
Average Income	$85,000 (110% AMI)	$55,000 (80% AMI)	$44,000 (50% AMI)

Source: Household survey

Section 8
Conclusions, Key Findings and Recommendations

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The Big Picture – Trends and Relationships

Significant demographic and economic changes have occurred in Summit County over the past decade, presenting both opportunities and challenges for workforce housing. Homeownership and housing occupancy rates increased, families with children showed moderate growth with significant variation by area, and the number of seniors increased faster than in any other county in the state. Hispanic/Latino households also exhibited significant growth and exceed the number of senior households in some areas.

Regarding home affordability, the for-sale housing market dropped sharply but is now recovering. The rental market has strongly rebounded with rising rents, very low vacancy rates and a small inventory of affordable apartments making it difficult for many employees to find affordable rentals. While some workers were able to purchase during the downturn, more than one-third of employees lost significant income, keeping housing out of reach. Tougher lending standards during this period also kept many others from qualifying for homes. Housing affordability continues to be a problem for a significant portion of the workforce.

Although local decisions have impacted certain changes within communities, trends show that the housing and job market in Summit County operates as an integrated system. The types of jobs available do not vary much by basin, yet the variety of workforce housing available within each basin and community shows significant differences. If housing in an area only serves certain segments of the workforce, like middle-income owners or low-income renters, the other employees will have to commute. This not only leads to commuting but also affects the demographics of households living in various areas. Enhancing the variety of units available to the workforce where they are needed will provide more diversity within each basin and community, and help reduce inter-basin commuting.

Looking ahead, Summit County faces new challenges in meeting its housing needs. The senior and retiree population will continue to increase, many of whom expect to retire in-place. Many homes sold by locals leaving the area or downsizing within the county are also lost to out-of-area buyers. In contrast to the situation historically, over the next 5 years, the demand for "replacement" housing units generated by retiring employees and from loss to out of town owners will meet and likely exceed the demand generated by new jobs. Additionally, as the deed restricted ownership product has developed and aged in the county, this presents new considerations in maintaining the marketability of this product as new deed restricted housing is built.

These and other trends are discussed in more detail below, followed by recommendations on how many of these issues may be addressed.

Key Findings

Housing affordability remains a problem in Summit County.

- While both purchase prices and rents declined starting in 2009, rents have since increased and home prices are starting to rise.
- Over one-third of the county's households had lower incomes in 2012 than before the recession. With an average decline in annual income of $30,000, their ability to afford housing significantly decreased.
- The number of jobs in Summit County has not returned to pre-recession levels, and the average number of jobs held by employees is lower than pre-recession levels.
- 4,570 households (38%) are cost-burdened by housing payments that are not affordable given their incomes. Of these, about 1,200 are severely cost-burdened.
- 64% of Summit County's households believe that the availability of housing that is affordable for the workforce is a serious or critical problem.

Ownership housing with workforce deed restrictions out performed the free market during the last five years.

- Deed restricted prices held relatively flat with a mix of some appreciation and some depreciation while market home prices fell 20% or more.
- The rate of foreclosure filings has been much lower among deed restricted units.
- The number of deed restricted homes listed for sale has been and remains low relative to the free market.
- Deed restricted homes constructed during the downturn were absorbed at a slower pace than in previous years but did reasonably well, especially those priced to be

affordable at 80% AMI. Construction of free market housing came almost to a standstill during this time.

The ownership market is now in equilibrium, but this balanced situation between supply and demand is changing and plans should be made for construction of additional for sale housing.

- The opportunity to buy free market homes at lower prices has existed for several years, but is disappearing.
- Demand for workforce ownership from existing residents will increase as rents continue to rise and are no longer far less expensive than mortgage payments.
- 40% of renters want to buy within the next five years.

Pricing policies for deed restricted housing do not necessarily serve the income levels that were originally intended, and future prices for existing deed restricted units may not be affordable for the intended income group. Only 35% of the restricted workforce housing in Summit County currently has income/price restrictions.

- The incomes of workforce households are much lower than the AMI's published by HUD every year, which are based just on families, not all households. About 30% of households in Summit County are non-family households (single person and roommate households). The affordable price at HUD's 100% AMI of $89,800 is about $370,000, whereas those with the median workforce household income of $66,700 can only afford around $277,000.
- Prices are increasing as the result of real estate commissions (most deed restricted units are sold by realtors), allowed capital improvements and allowed appreciation, which varies by project.
- Prices will become less affordable as interest rates rise. Rates are now at historic lows. For every one point increase in the interest rate, the amount that households with incomes at 80% AMI could borrow will decrease $20,000 to $25,000.

The rental market softened but has since rebounded, rents are rising and there is a shortage of rental housing, especially for lower income households.

- An income of 67% AMI is required to afford the average market rent. The average for restricted rentals is about 52% AMI.

- Vacancy rates overall are very low and occupancy levels have remained at or near 100% for restricted rentals.
- Rents have been rising to equal pre-recession levels.

The aging of the labor force and retirement of employees will have a significant impact on the demand for workforce housing in the future.

- The homes occupied by about half of the retirees who leave Summit County will be lost to out-of-town owners.
- At least 350 "replacement" units for employees will be needed to fill the jobs vacated by retirees who will stay in their homes over the next five years.

The impacts of seasonal workers vary depending upon the availability of year-round residents to fill the jobs. As the unemployment rate drops, importation of seasonal workers will increase as will the impacts they create. Seasonal worker housing occupancy levels were very low during in 2009 and 2010 but have been increasing with the overall improvement in the economy.

Recommendations: Amount, Owner/Renter Mix, Pricing, Type & Location

Number of Units

A gap of between 1,035 and 1,785 units need to be built or preserved for the workforce within the next five years.

5-Year Workforce Housing Needs: Summit County

	Low	High
Catch Up*	265	600
Keep Up*	1,450	2,375
Total Needs	1,725	2,975
Gap	**1,035**	**1,785**
Rental Gap	515	960
Ownership Gap	520	825

*Catch Up includes the immediate need for additional rental units and the need generated by in-commuting employees who desire to move into Summit County; Keep Up includes housing needs generated by job growth through 2017 and the need to make up for homes that will be lost to the workforce as their owners retire or sell them to non-residents.

Pricing

Wide variety in pricing is needed countywide and within each basin.

- Deed restricted ownership housing efforts should continue to focus on serving households with incomes under 120% AMI, ranging as far down as 60% AMI, or lower if opportunities to provide such are available.

- The gap in rental housing will mostly impact households with incomes below 80% AMI. Countywide, between 65% and 75% of affordable rental units should target households earning 60% AMI or less.

- The income targeting of restricted workforce units with price/rent/income limitations is fairly well aligned with the income distribution of employee households, excepting those households earning at or less than 60% AMI. Most households in this range are cost burdened by their housing cost.

- The ownership market now provides housing opportunities appropriate for year-round living starting around $300,000 (100% AMI), although choices are limited and units are generally older and in need of repair - there are fewer than 40 townhomes, duplexes and single family homes listed for sale at prices affordable to these households. Above 120% AMI, choices and quality provided by the market improve.

- Existing deed restricted ownership units are targeted to households earning 80% AMI or above. About 43% of renters looking to purchase homes earn below 80% AMI. There is a market for homes for purchase as low as 60% AMI, although subsidizing units this low, or lower, for ownership can be a challenge. If opportunities present themselves, units affordable to 60% to 80% AMI, or below, should be considered.

- In the near term, caution should be used when building units targeting 100% to 120% AMI. While deed restricted homes in this range have performed reasonably well in the past, the drop in market prices impacted their resales. The 7-month inventory of deed restricted units listed for sale is low relative to the free market but taking months for homes to sell may not be a desirable condition.

- Market rents are now at about 80% AMI, and are rising. Subsidies will likely be needed to provide units affordable to households earning up to 80% AMI and, in higher cost areas like Breckenridge, the financing gap may extend as high as 100% AMI.

Owner/Renter Mix

For workforce housing constructed or preserved over the next five years, the mix should be about 46% for sale and 54% for rent. Attempting to maintain the 2010 historically high 64% ownership rate would not be responsive to current market conditions or projected demand, yet neither would focusing primarily on rental housing – a mix is needed. With the recommended mix, the ownership rate would drop about three points over the next five years to 61%.

- Additional rental housing is needed immediately*; t*he 64 apartments under construction in Silverthorne will partially address this existing demand, but more are now needed and will be needed to address growth in demand through 2017. Most new employees will rent (70%).

- 66% of restricted workforce housing units (not including dorms) are renter-occupied, yet maintaining this mix is not recommended since most of the units that will be lost from retirement and from transfer into out-of-town ownership have been owner occupied. Ownership opportunities for first time buyers and move-up homeowners are needed to stabilize the ownership rate and preserve community character.

- The 46% owner/54% renter recommended mix assumes ownership housing will only be subsidized down to 80% AMI. However, 53% of renters who want to own have incomes under this amount. If homes can be offered for sale to lower income households, like those in the 60% to 80% AMI range, then proportionately more ownership units should be provided.

Type

Diversity in the type of housing available and affordable for the workforce within each basin is needed to reduce cross basin commuting. The types of jobs located in each basin are similar, yet if housing only serves certain segments of the workforce, like middle-income owners or low-income renters, other employees will have to commute.

- Apartments are needed to provide affordable housing for renters. Relatively few renter households (only 9%) live in the county's six apartment complexes, yet apartments would rent for significantly less than the homes in which most renters now reside.

- Condominiums are generally not recommended. Local homeowners want direct, private outside access, storage and garages in neighborhoods. Mortgages can be difficult to obtain on condominiums, especially if located in mixed-use buildings (if more than 20% of a building is commercial, government and conventional loans are not available) or in projects with short-term rentals. High HOA fees can also be a detriment to ownership in such projects.

- Townhomes offer the most affordable, desirable option for ownership, rating equaling with duplexes in terms of desirability. Valley Brook is a good example of how townhomes can be very livable.

- Single-family homes are the most preferred choice of many buyers. Wellington and Peak One are now providing these lower-density higher-cost units in the Upper Blue and Ten Mile basins. While workforce housing development in the Lower Blue and Snake River basins should not exceed job growth, providing duplex and single-family homes would improve diversity and should reduce commuting.

- For ownership, employees prefer homes in local's neighborhoods, in or close to town and public transit, with two or more bedrooms, garages and ample storage and private ground-level entrances.

Location - Allocation of Needs by Basin

Improvement in the relationship between housing and jobs, between the location of housing and where employees want to live, and in the diversity of the workforce housing inventory within basins is needed to reduce cross basin commuting. These considerations, as summarized by the following table, were considered when developing basin-specific recommendations.

Basin Comparisons

Basin	Where Employees Now Live	Where Employee Households Want to Live	Where Jobs are Located	Where Restricted Workforce Units are Located*
Lower Blue	24%	19%	17%	14%
Snake River	26%	16%	21%	27%
Ten Mile	14%	29%	22%	14%
Upper Blue	36%	35%	38%	45%
TOTAL	100%	100%	100%	100%

*Dorms not included.

The extent to which basin needs can be addressed within each basin will depend upon resources, including land availability. In all likelihood, some of the recommended housing need will have to be "transferred" from the Ten Mile to the Lower Blue and Snake River basins. The following recommendations only address basin-specific catch up and keep up needs and will need to be altered to the extent such transfer of housing responsibilities occurs.

Lower Blue

Between 185 and 310 units will be needed in the next five years to fill the gap not addressed by the market. The Lower Blue houses more employees than needed for jobs within the basin and is, therefore, a net exporter of workers. It has a large inventory of low income rental housing, but few permanently affordable ownership units. Housing opportunities unlike those available now are needed to provide diversity for employees.

Gap in 5-Year Workforce Housing Needs: Lower Blue

	LOW			HIGH		
	Total	Owners	Renters	Total	Owners	Renters
<=30%	13	2	11	24	3	21
30.1-60%	72	29	43	127	46	80
60.1-80%	32	18	15	55	28	27
80.1-100%	35	35	NA	56	56	NA
100.1-120%	31	31	NA	49	49	NA
TOTAL	185	115	70	310	185	130

*differences due to rounding

- With a larger inventory of apartments for low income, year round employees than any other basin, additional apartment complexes are *not* recommended within the next five years.

- Rental units built as part of commercial and mixed-use projects should primarily target between 60% and 80% AMI since:
  - Existing and planned apartment properties serve equal to or less than 60% AMI.
  - Villa Sierra Madre will address most rental needs between 30% and 60% AMI.

- Ownership housing should primarily serve between 60% and 120% AMI; since the restricted rental units in Silverthorne are capped at 60% AMI, which is unique in Summit County, both rental and between 20 and 30 entry level ownership units are needed for the 60% to 80% AMI range.

- Development of Smith Ranch should be phased to incrementally provide between 80 and 130 units over the next five years. Single-family and duplex homes are preferred; with some of the lowest market home prices in the county, townhomes would be less competitive but appropriate for units priced well below market.

Snake River

The Snake River basin has limited opportunities for the development of workforce housing, especially in the Dillon area; however, needs are lower than in the other basins (170 to 290 units). The Snake River basin has more employees than jobs, and has more employees living there now than want to live there, yet is had the second largest inventory of restricted workforce housing given the units at Keystone.

Gap in 5-Year Workforce Housing Needs: Snake River

	LOW			HIGH		
	Total	Owners	Renters	Total	Owners	Renters
<=30%	15	2	14	28	2	26
30.1-60%	75	21	54	133	33	100
60.1-80%	31	13	18	54	20	34
80.1-100%	26	26	NA	40	40	NA
100.1-120%	22	22	NA	35	35	NA
TOTAL	170	85	85	290	130	160

*differences due to rounding

- Infill, redevelopment and development of the USFS site when the headquarters are moved to the Lake Hill parcel should include a mix of affordable ownership and rental housing since the needs are about equal.

- Development of additional workforce housing should be focused within or near Dillon, if possible, since it is the only area within the basin where more employees want to live relative to the number now living there.

- With the potential to infill small lots, Dillon could provide sites for development of low income ownership opportunities (30% - 60% AMI) through Habitat, Self Help Build or other programs that provide deep subsidies.

- The age and condition of condominiums and apartments in the Dillon Valley suggest that redevelopment opportunities may exist.

Ten Mile

Between 310 and 535 are needed in the Ten Mile basin over the next five years, second only to the Upper Blue. The basin houses fewer employees relative to where they want to live -- 29% of employees want to live in the basin yet only 14% now live there. The Ten Mile basin imports more workers than any other basin. With limited opportunities for development, however, it does not appear that all needs can be addressed within the basin.

Gap in 5-Year Workforce Housing Needs: Ten Mile

	LOW			HIGH		
	Total	Owners	Renters	Total	Owners	Renters
<=30%	29	3	26	53	4	49
30.1-60%	139	37	102	248	58	189
60.1-80%	57	22	34	100	36	64
80.1-100%	45	45	NA	71	71	NA
100.1-120%	39	39	NA	62	62	NA
TOTAL	310	145	160	535	230	305

*Differences due to rounding

- Rental needs are slightly higher than ownership (about 55% of the total gap). The largest gap is for rental housing priced affordable for 80% AMI households and below. The bulk of these should be affordable to 60% AMI households and below.

- Ownership housing opportunities between 60% and 120% AMI are also in demand and not being supplied by the local market. Townhomes should be considered since single family homes are being provided at Peak One, and the existing imbalances between demand and supply suggest buyers will be willing to consider higher density options.

- Needs in this basin should be addressed in the Frisco area. Of residents looking to buy a home over the next five years, 34% prefer to live in Frisco.

- Off site locations for Copper Mountain's year round employees should be considered since less than 0.5% of the county's employees want to live there. The only employees indicating they want to live at Copper Mountain are singles living alone or couples without children.

Upper Blue

The Upper Blue has the largest and most diverse inventory of workforce housing in the county yet has the highest needs over the next five years – 375 to 650 units. Opportunities for addressing these needs exist. The basin also has the highest market housing prices in the county. It is a net importer of employees – 38% of jobs and 36% of employees who live in Summit County, although it is relatively in balance compared to other basins. The percentage of employees who live there compared to those who want to live there is also about equal, although more would like to live within Breckenridge and Farmer's Corner, while fewer would like to live in Blue River.

Gap in 5- Year Workforce Housing Needs: Upper Blue

	LOW			HIGH		
	Total	Owners	Renters	Total	Owners	Renters
<=30%	36	3	32	65	5	60
30.1-60%	169	45	124	303	71	232
60.1-80%	69	27	42	121	43	78
80.1-100%	54	54	NA	86	86	NA
100.1-120%	47	47	NA	75	75	NA
TOTAL	375	175	200	650	280	370

*Differences due to rounding

- With significant job generating development planned for Breckenridge in the near future, workforce housing should be developed proportionate to this growth to maintain the existing relationship between housing and jobs. The Town should examine workforce housing opportunities to determine those most likely to address the gap and proceed with development plans.

- The greatest gap is for rental units priced for households at 60% AMI or below. Of households looking to move into a different rental over the next 5 years, 33% want to be in Breckenridge – these households average about 50% AMI.

- Breckenridge has the best diversity of workforce ownership housing within the county. Demand for these units will improve as the housing market continues to recover. Options for keeping prices affordable upon resale should be explored.

- While high market prices will make it challenging, approaches for preserving market units now occupied by employees, but at risk of loss to out-of-area buyers and retirement, should be explored, given the high potential of such loss in the basin.

Recommended Countywide Strategies

1. Create a cooperative, countywide strategic plan through which decisions are made about future workforce housing development that strives to provide diversity in price and unit type within each basin taking into account the number of units needed, location, existing pricing and inventory of units. The inventory of restricted workforce housing varies significantly among communities in terms of owner/renter mix, income targeting and jobs/housing relationships. While all communities have similar types of jobs, some communities import employees while others export employees. Workforce housing efforts in some communities serve primarily moderate to middle income owners while others provide rental housing for lower income households. Continuation of this trend or changes to it should be based on well informed, mutual decisions.

2. Develop and maintain a consolidated record keeping system on all deed restricted units. The inventory has growth to over 2,000 units yet development of an administrative system to manage the units and evaluate their performance has been fragmented (each jurisdiction has their own system). To determine where limited resources should be devoted, what should be built in the future and what modifications, if any, are needed to ongoing efforts, comprehensive, up-to-date information on existing restricted workforce housing is crucial. The system should include:

- A professionally designed database that can handle the wide variety in deed restrictions that now exist.

- A means for tracking prices on each resale so that appreciation and losses can be easily monitored.

- A system for capturing and tracking capital improvements.

- Monitoring of income levels served with the ability to show the initial AMI target and the AMI category into which units fall upon resale to determine if additions to the base price from capital improvements and commissions, and changes in affordability from variation in interest rates, are shifting the income levels for which the homes are affordable.

- A link with SCHA's rent and rental vacancy survey created last year.

- An inventory of employer assisted housing; now only the units at Keystone and Copper Mountain are counted.

- Standard report formats through which succinct summaries can be regularly generated for officials, stakeholders and the public. In the absence of good information, rumors and misinformation will circulate that can be detrimental.

This system would require resources, time and expertise not now devoted to workforce housing in Summit County; however, it should ultimately reduce the amount of time spent by individual jurisdictions on administration of deed restricted units.

3. Establish a one stop shop for sellers and buyers of deed restricted homes. This will necessitate a new cooperative relationship for marketing of deed restricted homes listed for sale between the Summit Association of Realtors and SCHA. A method for limiting commissions is needed to keep them from pushing prices upward. This could also incorporate clear information on what it means to purchase a deed restricted home, including the process of purchase and the process of resale.

4. Establish a rental clearinghouse where property managers can list available units. With declining vacancies and rising rents, employees seeking rental housing will have an increasingly difficult time finding affordable places to live.

5. Create a housing rehabilitation program to preserve housing that is now affordable but in need of repair. Federal and state resources can be obtained through diligent grant writing and lobbying for low income households but local resources will be required to assist moderate and middle income residents. The program could focus on energy efficiency upgrades, the type of repairs most needed, which would reduce utility costs and make housing more affordable. Solutions for rental units in need of repair/renovation should be part of this effort. Low Income Housing Tax Credits should be explored as a potential source for rehabilitation of a couple of the older apartment complexes in the county.

6. Develop a strategy for housing retiring employees. With an aging labor force and 1,000 households indicating that at least member will be retiring within the next five years, the relationship between retired and employed households is going to create a situation previously unknown in Summit County. Housing specifically designed for seniors should be considered or additional workforce units will need to be developed for employees who are hired to replace the retirees.

7. *Create housing preservation strategies aimed at preserving free market units now occupied by employees*. The upcoming surge in employee retirement with 37% of those retiring in the next five years planning to leave Summit County homes, the loss of workforce units to out of area buyers will increase. Older homes in local neighborhoods could be targeted; the price of these homes may be competitive with the cost of new construction. Subsidies would be required to make them permanently affordable. Modifying how developers are allowed to satisfy their workforce housing requirements through buy downs could be a component of this effort. Preservation efforts could be linked with the housing rehabilitation program aimed at energy efficiency upgrades so the cost to live in them is more affordable.

8. *Modify and/or create purchase/buy down programs* that allow developers to place deed restrictions on existing free market units. Acquisition of condominiums in scattered existing projects has proved to be problematic and should be discontinued. While dispersal of workforce housing throughout the community could be retained as a goal, buying the right to place deed restrictions on any existing market unit has:

- Preserved but not increased the supply of housing available for the workforce; in most cases is appears the units were already occupied by employee households.
- Placed deed restrictions on older units, often in need of expensive repairs and upgrades with high HOA dues, that are not as desirable as newer units designed for year round occupancy in locals neighborhoods;
- Made it difficult to sell the units; most were designed for use as vacation accommodations but can no longer be sold to buyers who want to use them for that purpose.

With information from further research into the performance of individual units and condominiums complexes, develop criteria for focusing purchase/buy down efforts to units that are likely to function well as year round employee housing and perform similarly to other deed restricted units in down markets.

9. *Implement a standardized method for calculating affordable prices, initially and at resale.* While existing deed restrictions will make this difficult, changing the restrictions as properties are resold should be explored. The 10 percentage point spread between maximum sale prices and maximum allowed incomes on some deed restricted units may not be sufficient as prices are driven by appreciation, capital improvements and commissions, and buying power

is reduced through rising interest rates. New deed restrictions should incorporate sufficient flexibility through use of guidelines to respond to changing conditions.

Appendix

Comparative Community and Basin Trends: 2000 – 2010

Comparative Community Trends (2000 – 2010)

Substantial differences are seen in the relative change in communities over the past decade. Specifically, changes in Breckenridge show a significant *addition of families with children*, *larger household sizes*, a 13 percentage point *rise in the ownership rate*, and a modest 3 percentage point *increase in housing occupancy*. On the other end of the spectrum is Dillon, which *lost families with children*, added almost no new housing units, had *decreased ownership*, yet managed to increase its housing occupancy by 6 percentage points. More specifically:

<u>Population growth.</u> Two towns had a higher rate of population growth than the county – Silverthorne (22%) and Breckenridge (89%). The high growth in Breckenridge was assisted by the annexation of 377 units in 2002, but the majority of the growth was due to the addition of 2,400 new units in town, including about 400 workforce units.

<u>Housing units.</u> The addition of housing units varied significantly by community. As stated above, Breckenridge increased significantly (62%), followed by Silverthorne (30%) and Frisco (14%). Dillon added only 10 units.

<u>Household size and type.</u> Households in Breckenridge *increased* in size, from 2.16 persons in 2000 to 2.28 persons in 2010; assisted by the 145% increases in families with children during this same period. All other areas had shrinking household sizes. Dillon lost families with children, Frisco remained unchanged and Silverthorne had a modest 15% increase in families.

<u>Senior households.</u> Householders age 65 and over are the fastest growing segment of the population. Breckenridge and Silverthorne both saw about a 400% increase in these households. The largest number of senior-headed households resides in Frisco (209 total), comprising 16% of households. About 21% of households in Dillon are headed by seniors, the highest of all communities.

<u>Hispanic and Latino households.</u> Hispanic and Latino headed households doubled in the county and increased almost 200% in Breckenridge. Silverthorne has more Hispanic and Latino headed households than senior households, comprising about 17% of all households.

<u>Occupied housing.</u> The percentage of occupied housing units increased in all communities except Silverthorne; however, Silverthorne has the highest occupancy rate (70%) - which is high for resort communities. Despite having the highest percentage increase in occupied units (80%), Breckenridge still has the lowest occupancy rate (28%) – although occupancy increased 3 percentage points since 2000.

<u>Housing ownership.</u> About 64% of county residents own their home. All areas, except Dillon, had an increase in ownership rates. The number of owner households increased over 130% in Breckenridge, causing the ownership rate to rise significantly – from 39% in 2000 to 52% in 2010.

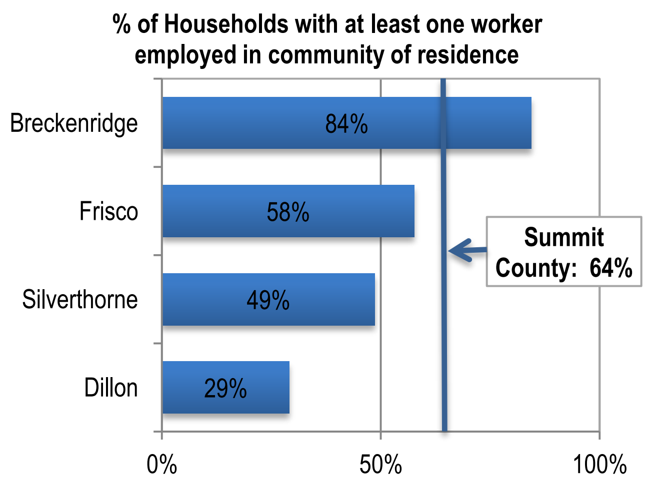
<u>Household income.</u> Households in Frisco earn the highest median income of all communities (about $73,000), followed by Breckenridge ($70,000). Both Silverthorne and Dillon report median incomes below that of the county as a whole.

GROWTH (2000-2010)	Summit County	Breckenridge	Dillon	Frisco	Silverthorne
Population					
2000	23,548	2,408	802	2,443	3,196
2010	27,994	4,540	904	2,683	3,887
% change (2000-10)	19%	89%	13%	10%	22%
Households					
2000	9,120	1,081	369	1,053	1,103
2010	11,754	1,946	455	1,298	1,451
% change (2000-10)	29%	80%	23%	23%	32%
Housing Units					
2000	24,201	4,270	1,280	2,727	1,582
2010	29,842	6,911	1,290	3,117	2,061
% change (2000-10)	23%	62%	1%	14%	30%
HOUSEHOLD COMPOSITION					
Families with Children					
2000	2,269	149	81	201	418
2010	2,801	365	74	201	481
% change (2000-10)	23%	145%	-9%	0%	15%
Householder age 65+					
2000	484	34	51	85	36
2010	1,381	174	97	209	179
% change (2000-10)	185%	412%	90%	146%	397%
Hispanic or Latino Householder					
2000	533	43	20	22	158
2010	1,063	123	31	45	248
% change (2000-10)	99%	186%	55%	105%	57%
Average household size					
2000	2.48	2.16	2.17	2.32	2.9
2010	2.36	2.28	1.99	2.07	2.68
% change (2000-10)	-5%	6%	-8%	-11%	-8%
HOUSING OCCUPANCY					
Occupied Units					
% Occupied (2000)	38%	25%	29%	39%	70%
% Occupied (2010)	39%	28%	35%	42%	70%
# change (2000-10)	2,634	865	86	245	348
% change (2000-10)	29%	80%	23%	23%	32%
Ownership					
% Own (2000)	59%	39%	56%	56%	57%
% Own (2010)	64%	52%	54%	63%	65%
# change (2000-10)	2,197	586	38	231	312
% change (2000-10)	41%	138%	18%	39%	49%
HOUSEHOLD INCOME					
Households by AMI (2012 survey)					
<=30% AMI	4%	3%	9%	2%	2%
30.1-60% AMI	23%	17%	32%	22%	32%
60.1-80% AMI	11%	11%	18%	8%	7%
80.1-120% AMI	36%	40%	37%	40%	33%
Over 120% AMI	26%	29%	4%	29%	26%
TOTAL	100%	100%	100%	100%	100%
Median Income	$66,700	$70,000	$54,000**	$73,000	$61,000

**NOTE: small sample size of households living in or near Dillon, interpret with caution.

Household Survey Profile by Community (2012)

HOUSEHOLDS	Summit County	Breckenridge	Dillon	Frisco	Silverthorne
TOTAL # (2010)	11,754	1,946	455	1,298	1,451
% in County	100%	17%	4%	11%	12%
HOUSEHOLD SATISFACTION					
Length of Residency in Summit County	100%	100%	100%	100%	100%
Less than 1 year	6%	5%	41%	6%	2%
1 up to 5 years	17%	21%	25%	19%	18%
5 up to 10 years	21%	24%	14%	17%	15%
10 up to 20 years	31%	29%	15%	36%	36%
20 or more years	26%	20%	5%	22%	30%
Condition of Home	100%	100%	100%	100%	100%
Poor	3%	2%	6%	1%	2%
Fair	20%	21%	23%	14%	21%
Good	54%	47%	57%	55%	57%
Excellent	24%	30%	14%	29%	21%
Want to Move in Next 5 Years?	100%	100%	100%	100%	100%
No - Stay in current home	47%	48%	18%	58%	48%
Yes - Into a different Summit County home	38%	37%	68%	30%	38%
Yes - Out of Summit County	15%	15%	14%	12%	14%
How do you feel about the ability for local workers to find housing they can afford?	100%	100%	100%	100%	100%
One of the more serious problems	46%	48%	53%	46%	45%
A problem among others needing attention	25%	24%	10%	30%	23%
The most critical problem	18%	13%	17%	16%	24%
One of our lesser problems	7%	7%	10%	6%	4%
I don't believe it is a problem	4%	7%	11%	2%	3%
EMPLOYMENT STATUS					
Employed worker in household	90%	94%	96%	85%	83%
Unemployed worker in household	10%	8%	11%	8%	11%



RETIRED/RETIRING HOUSEHOLDS	Summit County	Breckenridge	Dillon	Frisco	Silverthorne
Retired person in household	13%	7%	4%	20%	19%
If not retired, when do you expect to retire:	100%	100%	100%	100%	100%
Within 1 to 5 years	10%	8%	12%	17%	9%
6 to 10 years	10%	11%	5%	9%	12%
11 to 15 years	13%	10%	5%	8%	19%
16 to 20 years	15%	14%	12%	12%	18%
More than 20 years	51%	57%	66%	53%	41%
Where do you plan to live when you retire?	100%	100%	100%	100%	100%
Unsure	56%	57%	60%	59%	59%
Outside of Summit County	18%	18%	18%	14%	15%
In my current home	16%	15%	11%	20%	18%
In the same community, but different home	9%	9%	0%	6%	7%
Elsewhere in Summit County	5%	3%	20%	3%	6%

Comparative Trends by Basin (2000 – 2010)

Trends in the communities may affect, but do not dictate, those seen in the Basins. For example, the Town of Dillon lost family households; however, the Snake River Basin had the second highest percentage increase in these households in Summit County – just behind the Upper Blue. Ownership rates also increased in the Snake River Basin, whereas they decreased in Dillon. Further, household sizes increased in Breckenridge, yet shrank in the Upper Blue Basin and the 13 percentage point gain in ownership in Breckenridge is modified to a 4 percentage point increase in the basin as a whole. Additional observations include:

<u>Population growth.</u> In all basins, the rate of growth in population exceeded that of households, meaning that household sizes shrank. The greatest rate of growth occurred in the Upper Blue basin, far exceeding population gains in other basins in the county.

<u>Households, housing units and occupancy.</u> In all areas except the Upper Blue basin, the rate in growth in households well exceeded that of housing units, meaning that housing occupancy rates *increased*. In the Lower Blue basin, over 50% of housing units are now occupied by local residents – well above the county average of 39%.

<u>Families with children.</u> Families with children saw moderate increase in most basins, with the Upper Blue seeing the highest increase of 33%. In contrast, the Ten Mile basin only added about 5 family households.

<u>Senior households.</u> Households headed by seniors are rapidly increasing. While they only represent about 12% of households in the county, they have increased between 124% and 263% in each basin since 2000. The Ten Mile basin is comprised of the largest percentage of senior headed households (17%), but growth was fastest in the Lower Blue and Upper Blue basins.

<u>Hispanic and Latino households.</u> Hispanic and Latino households almost doubled since 2000 in the county. There are more Hispanic and Latino households in the Snake River basin than senior headed households, although their rate of growth was lower during the past decade.

<u>Housing ownership.</u> Housing ownership rates increased throughout the county and now exceed 60% in all basins. The largest numerical and percentage increases occurred in the Upper Blue and Lower Blue basins.

<u>Household income.</u> The Lower Blue and Snake River basins have lower income households on average than the Ten Mile and Upper Blue basins – lower cost areas have the lower income households. Incomes in the Upper Blue basin show the greatest percentage increase since 2000, at which time only households in the Snake River basin earned less on average. The significant rise in homeownership was likely a contributing factor to this increase.

GROWTH (2000-2010)	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
Population					
2000	23,548	6,289	6,530	3,280	7,449
2010	27,994	7,406	7,285	3,676	9,627
% change (2000-10)	19%	18%	12%	12%	29%
Households					
2000	9,120	2,266	2,459	1,397	2,998
2010	11,754	3,031	2,946	1,713	4,064
% change (2000-10)	29%	34%	20%	23%	36%
Housing Units					
2000	24,201	4,679	6,781	4,474	8,267
2010	29,842	5,849	7,616	5,208	11,169
% change (2000-10)	23%	25%	12%	16%	35%
HOUSEHOLD COMPOSITION					
Families with Children					
2000	2,269	678	646	290	655
2010	2,801	811	827	295	868
% change (2000-10)	23%	20%	28%	2%	33%
Householder age 65+					
2000	484	108	147	114	115
2010	1,381	392	330	283	376
% change (2000-10)	185%	263%	124%	148%	227%
Hispanic or Latino Householder					
2000	533	197	224	27	85
2010	1,063	360	451	59	193
% change (2000-10)	99%	83%	101%	119%	127%
Average household size					
2000	2.48	2.61	2.49	2.33	2.45
2010	2.36	2.44	2.44	2.11	2.34
% change (2000-10)	-5%	-7%	-2%	-9%	-4%
HOUSING OCCUPANCY					
Occupied Units					
% Occupied (2000)	38%	48%	36%	31%	36%
% Occupied (2010)	39%	52%	39%	33%	36%
# change (2000-10)	2,634	765	487	316	1,066
% change (2000-10)	29%	34%	20%	23%	36%
Ownership					
% Own (2000)	59%	63%	57%	57%	58%
% Own (2010)	64%	69%	62%	66%	62%
# change (2000-10)	2,197	660	405	337	795
% change (2000-10)	41%	46%	29%	42%	46%
HOUSEHOLD INCOME					
Households by AMI (2012 survey)					
<=30% AMI	4%	2%	8%	2%	4%
30.1-60% AMI	23%	28%	26%	24%	15%
60.1-80% AMI	11%	10%	12%	8%	11%
80.1-120% AMI	36%	32%	34%	39%	40%
Over 120% AMI	26%	28%	20%	27%	30%
TOTAL	100%	100%	100%	100%	100%
Median Income	$66,700	$65,000	$60,000	$70,000	$70,000
% change (2000-10)	18%	9%	15%	13%	29%

Household Survey Profile by Basin (2012)

HOUSEHOLDS	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
TOTAL # (2010)	11,754	3,031	2,946	1,713	4,064
% in County	100%	26%	25%	15%	35%
HOUSEHOLD SATISFACTION					
Length of Residency in Summit County	100%	100%	100%	100%	100%
Less than 1 year	6%	1%	10%	5%	5%
1 up to 5 years	17%	18%	10%	20%	21%
5 up to 10 years	21%	18%	23%	18%	23%
10 up to 20 years	31%	32%	30%	35%	28%
20 or more years	26%	31%	27%	22%	23%
Condition of Home	100%	100%	100%	100%	100%
Poor	3%	1%	6%	1%	3%
Fair	20%	19%	21%	17%	20%
Good	54%	57%	59%	54%	47%
Excellent	24%	22%	14%	28%	30%
Want to Move in Next 5 Years?	100%	100%	100%	100%	100%
No - Stay in current home	47%	45%	42%	55%	50%
Yes - Move into a different Summit County home	38%	40%	42%	34%	35%
Yes - Move out of Summit County	15%	14%	16%	12%	15%
How do you feel about the ability for local workers to find housing they can afford?	100%	100%	100%	100%	100%
One of the more serious problems	46%	44%	45%	46%	47%
A problem among others needing attention	25%	24%	24%	30%	24%
It is the most critical problem	18%	25%	19%	15%	14%
One of our lesser problems	7%	4%	8%	7%	7%
I don't believe it is a problem	4%	4%	3%	2%	7%
EMPLOYMENT STATUS					
Employed worker in household	90%	85%	93%	85%	93%
Unemployed worker in household	10%	8%	14%	8%	9%
Households in which at least one employee lives and works in the same basin:					
At least one employee	64%	45%	51%	64%	82%
No employees	36%	55%	49%	36%	18%

RETIRED/RETIRING HOUSEHOLDS	Summit County	Lower Blue	Snake River	Ten Mile	Upper Blue
Retired person in household	13%	18%	9%	19%	9%
If not retired, when do you expect to retire:	100%	100%	100%	100%	100%
Within 1 to 5 years	10%	13%	10%	16%	7%
6 to 10 years	10%	11%	9%	9%	12%
11 to 15 years	13%	18%	15%	8%	11%
16 to 20 years	15%	15%	17%	11%	15%
More than 20 years	51%	43%	49%	55%	56%
Where do you plan to live when you retire?	100%	100%	100%	100%	100%
Unsure	56%	57%	49%	59%	59%
Outside of Summit County	18%	16%	21%	15%	17%
In my current home	16%	18%	13%	19%	15%
In the same community, but a different home	9%	8%	11%	7%	9%
Elsewhere in Summit County	5%	6%	8%	3%	4%

HOUSING COSTS					
Mortgage:					
Average	$1,500	$1,500	$1,500	$1,500	$1,600
Median	$1,500	$1,400	$1,500	$1,400	$1,500
Do not pay mortgage	15%	17%	12%	21%	14%
HOA Fees:					
Average	$170	$180	$220	$150	$160
Median	$150	$210	$180	$110	$130
Do not pay HOA	35%	35%	50%	29%	26%
Rent:					
Average	$1,300	$1,200	$1,300	$1,300	$1,300
Median	$1,200	$1,100	$1,100	$1,400	$1,300
Household Income:					
Average	$75,600	$75,200	$68,100	$77,300	$81,200
Median	$66,700	$65,000	$60,000	$70,000	$70,000
% of Income Spent on Housing:	100%	100%	100%	100%	100%
Under 30%	62%	62%	59%	66%	62%
30.1-40%	20%	20%	19%	19%	21%
40.1-50%	8%	7%	11%	7%	7%
Over 50%	10%	11%	11%	9%	10%

% of Households paying over 30% of household income for housing: