

Gunnison Valley Housing Needs Assessment

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Prepared by:



Melanie Rees, Rees Consulting, Inc.
Montrose, CO
melanie@reesconsultinginc.com

Wendy Sullivan, WSW Consulting
wendy@swconsult.com

Willa Williford, Williford LLC
willa@willifordhousing.com

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Introduction

Purpose

This Housing Needs Assessment quantifies current and future housing needs in the Gunnison Valley and the three market areas: North Valley, Mid-Valley and South Valley. It answers questions such as how much, what type and at which price points housing is needed to support local residents. The study quantifies where gaps exist, providing the number and type of homes needed to attract and retain workers across all income levels of the local economy. The study quantifies housing problems and proposes potential strategies to address them.

The availability of housing for the workforce and residents of the Gunnison Valley is linked with many community goals and values identified in the recent One Valley Prosperity Project (OVPP); a project that was developed over the past two years with participation from community leaders, concerned citizens and numerous stakeholders in the Gunnison Valley. The OVPP identified 10 strategies to address housing needs in the Valley, including:

1. Build Capacity
2. Create Dedicated Funding
3. Build New Housing Units
4. Land Bank
5. Enable Private Sector Development
6. Maintain Permanent Supply of Affordable Housing
7. Complete Crested Butte Affordable Housing Project
8. Complete Housing Needs Assessment
9. Update Deed Restrictions
10. Prepare for Future Housing Project

This Housing Needs Assessment completes one of the identified strategies. In addition to providing the Gunnison Valley with the information, recommendations and strategies needed to pursue goals identified in the OVPP, this Housing Needs Assessment can also be used to:

- create a data driven regional strategic plan for housing, including production targets for homes affordable to owners and buyers at a range of income levels;
- modify existing strategies and create new ways to produce housing that working families can attain;
- bring data to conversations that were previously anecdotal, educating elected officials, employers, builders and the public about housing needs and potential solutions;
- plan and design homes that are responsive to the needs and preferences of the workforce and other residents in the Gunnison Valley; and/or,

- obtain financing from private, state and federal sources for local and regional housing efforts.

This Housing Needs Assessment is a Valley-wide collaboration of the following sponsors in alphabetical order:

- City of Gunnison
- Gunnison County
- Gunnison Valley Housing Foundations
- Gunnison Valley Regional Housing Authority
- Town of Crested Butte
- Town of Mount Crested Butte

By providing housing that is affordable and located close to jobs, as recommended in this Assessment, the Gunnison Valley can support the preservation of community character, economic prosperity, diversity in the workforce, and the health of employees and the environment. While the focus of the study is on workforce housing, estimates also include, retirees, seniors and persons with disabilities unless otherwise noted.

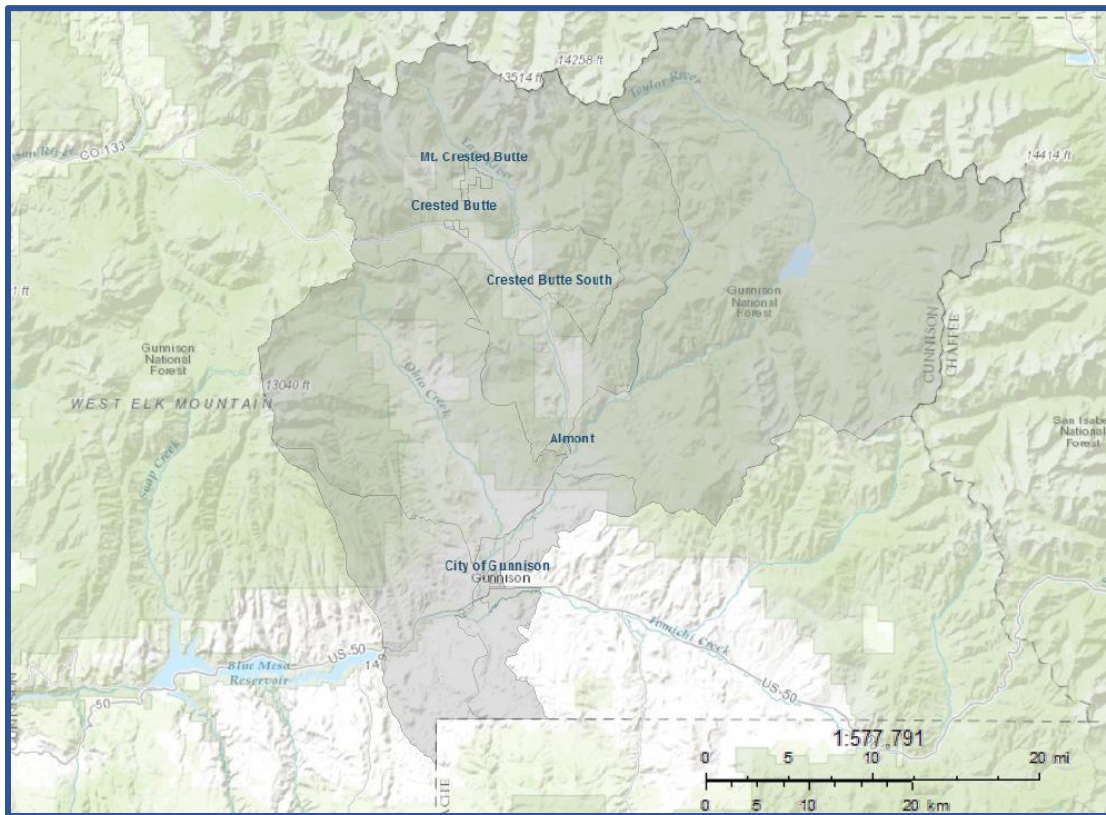
Study Area Defined

The study area is the Gunnison Valley from Gunnison through Gothic. While the entire Valley is socially, economically and geographically connected, for the purposes of this study, three market areas are examined separately:

- North Valley, which includes the towns of Crested Butte and Mt. Crested Butte and the unincorporated subdivisions in the area reaching as far south as but not including Crested Butte South.
- Mid-Valley, which includes Crested Butte South, Almont and the area in between and the Taylor River area.
- South Valley, which includes the area in and around the City of Gunnison and Ohio Creek.

Somerset, Marble, Parlin, Pitkin, Ohio City, Sapinero and Powderhorn are not covered by this study.

Study Area: Gunnison Valley



Source: <https://factfinder.census.gov>

Report Organization

Following this introduction, the report provides:

- Key Findings and Recommendations
- Challenges and Barriers
- Implementation Strategies

A Valley-wide Housing Needs Assessment provides the core of the report, presenting the analysis and recommendations for comparative and collaborative uses.

1. Population and Demographics
2. Jobs by Market Area, Seasonality, Commuting
3. Housing Inventory
4. Market Conditions
5. Affordable Housing
6. Housing Problems
7. Housing Preferences
8. Current Needs and Projected Demand

The Valley-wide Housing Needs Assessment is followed by information on each of the three market areas within the Gunnison Valley. This allows participating jurisdictions to easily access the data associated with their region that may be needed for program and project planning.

Finally, appendices to this report include:

- Appendix A – Methodology and Sources Used
- Appendix B - Area Median Incomes (AMIs) for Gunnison County
- Appendix C – Affordable Home Price Calculation by AMI
- Appendix D – Comparison with Previous Studies

Two online surveys and extensive interviews were conducted as part of this assessment. Representative comments from this primary research are quoted in italics and text boxes in several sections of this report.

What is Affordable Housing in the Gunnison Valley?

This report centers on an understanding of “what is affordable?” Housing affordability is a function both of the cost of housing and household income. Housing is generally considered to be affordable (or attainable) when the monthly payment (rent or mortgage) is equal to no more than 30% of a household’s gross income. Although there is some variation, this standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and rental leasing agents.

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

Affordable purchase prices were calculated based on an interest rate of 5.0%, which is about one point higher than prevailing rates for 30-year fixed rate mortgages. Interest rates are rising, however, and will have a profound impact on housing affordability. A one point increase in the rate, as occurred in 2013, would drop the affordable purchase price for a household with an income of 80% AMI by \$20,000 to \$25,000.

Maximum Affordable Rents and Purchase Prices by AMI, Gunnison County, 2016

AMI %	50%	80%	100%	120%	200%
Max. Household Income	\$27,550	\$44,080	\$55,100	\$66,120	\$110,200
Max. Affordable Rent	\$689	\$1,102	\$1,378	\$1,653	\$2,755
Max Affordable Purchase Price*	\$108,000	\$172,900	\$216,100	\$259,300	\$432,200

*Assumes 30-year fixed rate mortgage at 5% interest with 20% of payment covering taxes, insurance and HOA fees and 5% down. Full calculation shown in the appendix.

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- Margot Levy, Murtaza Naqvi, and Paula Swenson for assisting with survey outreach.
- Local media outlets KBUT, The Peak, The Gunnison Times, The Gunnison Shopper, and The Crested Butte News for producing stories on the study and encouraging participation in the surveys.
- Marketa Zubkova for hosting the Hispanic outreach meeting.
- All the local residents and employers who took a few minutes to complete the survey in August.

Key Findings and Recommendations

The communities in the Gunnison Valley are highly interconnected and are experiencing similar housing problems, though they vary by degree and are generally most prevalent in the North Valley.

Housing market conditions have changed dramatically over the last ten years. Purchase prices peaked in 2008 before dropping sharply during the recession. The recovery has been uneven, with the rental market recovering much faster than the ownership market. Rents are at record levels and rental availability is extremely limited, whereas prices for single family homes are now at or near pre-recession levels. In both cases, homes affordable for the local workforce are in short supply. Conditions have been somewhat more stable in the South Valley but more volatile in the North Valley, which is often the case in tourism-dominant economies.

Demographics are also changing. The median age is increasing as a greater portion of the population nears retirement age. Additional housing will be needed for the employees coming to fill the positions vacated by retirees who plan to remain in the Valley. Another notable change is the increase in the Hispanic population, which nearly doubled between the 2000 and 2010 Census.

This Housing Needs Assessment provides a detailed analysis of conditions as of August 2016 using the most up-to-date information published and survey responses from the Valley's residents and employers. Estimates of housing needs take into account both recent employment and population growth and job projections with the assumption that recent trends are likely to continue through 2020. A forecasting model accompanies this report that can be used to adjust housing need projections as economic and housing market conditions change.

Key Findings

The Housing Shortage Extends through the Gunnison Valley

All indicators point to a shortage in the supply of housing that is affordable for Gunnison Valley residents.

- The percentage of residential units in the Gunnison Valley that house local residents has been decreasing while the number of second/vacation homes has been on the rise, which has contributed to the shortage and threatens community character. The shift is happening rapidly, with 5% more of the housing inventory being used as second/vacation homes between 2000 and 2010. The shift was largest in the Town of Crested Butte (7%), compared with 3% in the City of Gunnison and 1% in the Town of Mt. Crested Butte.

- Rental vacancies are lower than 1%. Availability is so limited that renters who want to reside in the North Valley are forced to live in the South Valley where many rental units are not well maintained. Affordable rental units are fully occupied other than a few still in the initial lease-up period at Anthracite Place.
- Homeownership opportunities are far fewer than the number of households that want to own. Demand was high for eight deed restricted lots sold at Paradise Park and only two out of 137 deed restricted homes are listed for sale.
- Employers report numerous problems related to housing. Nearly 70% indicated that the availability of housing affordable for the workforce is a serious or the most critical problem in the region and approximately 360 jobs were unfilled as of August.

Housing Costs are High and Increasing Relative to Incomes

While the rental market recovered more quickly following the recession, the housing shortage has caused both rents and purchase prices to increase at a time when incomes have been holding steady. Housing prices throughout the Gunnison Valley are now higher than most resident households can afford.

- On average in the Gunnison Valley, an income of over \$155,000 is needed to afford the median home price of \$635,000, which is equivalent to over 280% AMI.
- Rents have risen sharply in recent years and are continuing to rise. The median monthly rent of \$1,167 for units listed for rent in August would require an income at or above 128% AMI (\$71,000) to be considered affordable.
- While housing prices are lower in the South Valley, they are still not affordable for many. An income of 177% AMI is required to afford a home at the median price of nearly \$400,000; 94% AMI is required to afford the median asking rent of \$1,300.

Housing Affordability Index

	Gunnison Valley	North Valley	Mid-Valley	South Valley
Ownership				
Median Price Home	\$635,000	\$912,250	\$499,000	\$398,250
Income Needed	\$155,442	\$223,310	\$122,151	\$97,488
AMI Equivalent	282%	405%	222%	177%
Median Sq Ft	2,189	2,369	1,801	2,127
Median Price/Sq Ft	\$307	\$380	\$284	\$204
Size of Home Affordable at 100% AMI	704	569	761	1,059
Rent				
Median Rent – Occupied Units	\$800	\$900	\$1,000	\$750
Median Rent –Units for Rent	\$1,767	\$1,700	\$2,300	\$1,300
AMI Required to Afford Listed Median Rent	128%	123%	167%	94%

Source: MLS, CHFA, Consultant team

Housing Shortages and High Housing Costs are Hurting the Economy

Most employers in the Gunnison Valley feel that the availability of housing affordable for the workforce is a serious or critical problem and report that it has become more difficult to recruit and retain employees. All problems are more pronounced in the North Valley but extend Valley-wide.

- In August, 360 jobs were unfilled. This compares with about 190 jobs in summer 2015.
- All types of positions are impacted by the lack/cost of housing. Entry level professionals have almost as much difficulty finding housing as service and retail employees.
- About 80% of employers experienced at least one housing-related problem in the past year including turnover, unqualified or insufficient applicants, tardiness and/or absenteeism.
- The North and Mid-Valley must import workers who commute from the South Valley to help fill

“I see the affordability of housing for the working class people of the Gunnison Valley being the greatest obstacle on the horizon. As it stands, there is already a dynamic of most working people living further south towards Gunnison. While this works and is acceptable for the time being, if real estate prices continue to rise in Gunnison as we see an overall population surge in the state, it is going to be harder and harder for people making a working class living to be able to afford to buy or even rent within the valley. These are the people who are the heart of the community, and I think it’s going to be very important to find a way to ensure they are not priced out of the community.”

- Key Informant Interview

approximately 845 jobs, whereas a much lower 370 South Valley jobs are filled by North and Mid-Valley residents. Approximately 12% of South Valley residents want to live in the North Valley.

Significant Successes have been Achieved – Opportunities Exist to Apply Lessons Learned

Currently, 443 homes in the Gunnison Valley are restricted through some type of income, employment and/or residency requirements, which equates to just over 7% of all occupied housing units. Of these deed restricted units:

- A total of 316 are in the North Valley and 127 are in the South Valley. There are no restricted affordable housing units Mid-Valley.
- Only eight units are located in unincorporated Gunnison County after deed restrictions were removed from 50 units in two developments. The removal of the deed restrictions highlights the importance of guidelines and restrictions that are responsive to market conditions, sufficiently flexible to work when circumstances change and easily understood by developers, buyers, lenders, real estate agents and public officials. The restrictions should be drafted by local public agencies with expertise in housing (e.g. GVRHA, Gunnison County) rather than developers,
- The majority (71%) of restricted units in the North Valley do not have income restrictions yet comparable communities have found them to be necessary to target all income ranges not served by the free market. Without income targets, applicants with higher incomes tend to be disproportionately served. More focus on serving households earning 60% to 100% AMI is warranted.
- In the South Valley, all units are restricted for occupancy by low income households (most with 50% AMI caps). The market, however, now serves middle and upper income ranges, an indication of the need for homes restricted to serve 50% through at least 80% AMI and potentially higher if market rents and prices continue to rise.
- The newest development, Anthracite Place, demonstrated that:
 - rental units need to serve a range of incomes;
 - local funding sources are needed to leverage grants, loans and tax credits and to finance housing development that serves moderate and middle income households;
 - compliance with income restrictions associated with Federal/State/CHFA housing programs are complex and many applicants will not qualify;
 - regional collaboration works; the contribution of financial support by all jurisdictions in the Valley, CBMR and the Gunnison Valley Housing Foundation was instrumental in making Anthracite Place feasible and in securing tax credits.

- Land already designated for affordable housing can accommodate 126 additional homes, and multiple sites have been identified through the Valley with significant potential for housing development.
- Employers are a resource for employee housing. While most employers now provide some type of assistance, increasing education about potential approaches and opportunities could enhance their contributions to workforce housing solutions, particularly for seasonal employee housing.

Housing Problems are Widespread

The large majority of Gunnison Valley residents feel that the availability of affordable workforce housing is a serious or critical problem. Residents are having increased difficulty finding housing, about one-fourth of all households in the Valley are cost burdened by their housing payment and many homes are in fair or poor condition. Other problems include residents being forced to move, inability to live where desired, difficulty obtaining mortgages (particularly for condominiums), some overcrowding and unique challenges experienced by residents with special needs.

While there are degrees of variation, housing problems are similar throughout the Valley.

- Mid-Valley residents are the most likely to feel that affordable workforce housing is a serious or critical problem yet the percentage is not much lower (roughly a 10 percentage point difference) in the South Valley.
- Affordability is more acute in the North Valley as measured by the percentage of households that are cost burdened by high housing payments relative to income. Yet, because of its larger population, there are more cost burdened households in the South Valley.
- The condition of homes is worse in the South Valley with nearly one-third of residents rating their homes as being in fair or poor condition.
- Overcrowding is most prevalent in the North Valley.

Summary of Housing Problems by Area

	North Valley	Mid-Valley	South Valley
Percent – More Serious and Most Critical	80.0%	82.6%	73.9%
Total Households	1,367	487	2,922
Total Percent Cost Burdened	35.3%	15.1%	21.7%
Total Households Cost Burdened	603	89	848
Percent Homes in Fair/Poor Condition	19.3%	16.4%	32.3%
Number Homes in Fair/Poor Condition	330	97	1,276
Percent Overcrowded Households	3.4%	.5%	1.1%
Number Overcrowded Households	58	4	44

Source: 2016 Resident Survey

The Gap between Housing Needs and the Market is Growing

Housing needs were determined through a combination of factors in two categories:

- Catch-Up Needs -- the number of housing units needed to address current deficiencies in housing based on employees needed for unfilled jobs, housing needed to alleviate overcrowding and rental units needed to provide a functional rental market.
- Keep-Up Needs -- the number of units needed to keep-up with future demand for housing based on projected employment growth and jobs vacated by retiring employees.

Based on estimated catch-up and keep-up needs, approximately 960 housing units are needed in total by 2020. This averages 240 units per year. This estimate includes homes that the free market will provide and units for which subsidies, incentives and/or mandates will be required.

Total Housing Units Needed through 2020

	Assumptions & Units Needed
Catch-Up (Existing Needs)	
Overcrowding	30
Rental market	140
Unfilled jobs	165
Total Catch-Up	335
Keep-Up (Future Needs)	
Retiring employees	260
New jobs	365
Total Keep-Up	625
Total Housing Units Needed	960

Source: Consultant team

The gap – the housing units that the market will *not* provide, represents the units that collaborative strategies will partially address. The gap equates to approximately 420 housing units needed by 2020, including about 235 ownership and 185 rental units.

Efforts will not address 100% of the estimated housing needs by 2020. There is leeway for vision, policy and locally-generated goals in combination with opportunities (primarily funding and land) and private market performance to determine income targeting, price points, owner/renter mix and the location of housing produced to address needs.

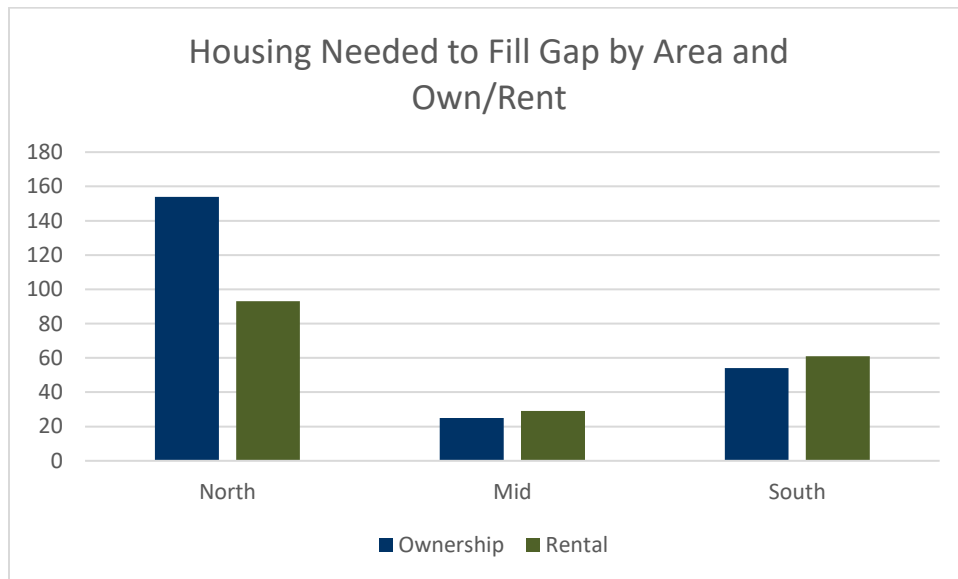
Gap in Housing Needed through 2020

Units by AMI	Ownership		Rental	
	Max Affordable Price	Units	Max Affordable Rent	Units
<50%	\$108,000	34	\$689	117
50% to 80%	\$172,900	69	\$1,102	119
80.1 to 120%	\$259,300	119	\$1,653	117
120.1 to 200%	\$432,200	207	\$2,755	63
Over 200%	>\$432,200	99	>\$2,755	17
Total Needs		528		432
Market will Address		295		248
Gap		233		184

Source: CHFA, Consultant team

Units needed are allocated to the North, Mid and South Valley based on where owners and renters most want to live. Since there is a strong correlation between location preferences and the location of jobs, this approach minimizes increases in commuting and its associated impacts as growth occurs.

Since the gap in catch-up and keep-up needs varies by area depending upon existing housing prices, which are higher in the North Valley than in the South Valley, the gap is largest in the North Valley even though the majority of both owners and renters prefer to live in the South Valley. A detailed color-coded table in the Needs and Gaps section of this report illustrates this relationship between location preferences and housing costs.



Source: Consultant team

These projections assume steady job growth at 2% per year through 2020 and current market housing prices. If either change, the gap will change. A forecasting model accompanies this report that can be used to calculate how the gap is impacted through monitoring of housing costs and job growth.

Recommendations

To address housing needs, efforts should focus primarily on households with the following maximum incomes and maximum housing prices/rents as follows:

Upper Income and Price Targets

	North Valley	Mid-Valley	South Valley
Ownership	200% AMI \$450,000	120% AMI \$260,000	80% AMI \$170,000
Rental	80% AMI \$1,100/month	100% AMI \$1,200/month	80% AMI \$1,000/month

Source: Consultant team

The recommendations below are more general in nature and should be applied when developing implementation plans for the specific strategy recommendations that follow. Short of another deep, multi-year recession, workforce housing availability is not going to significantly improve. Large and small employers, private builders, economic development groups and concerned citizens all need to be part of a multi-faceted work plan.

- Increase regional collaboration since the Gunnison Valley is well connected socially, economically and by public transit. Engage the communities in the Valley and develop capacity to implement strategies over the long term
- Create greater diversity in the restricted inventory in unit type, location and income targeting. While Low Income Housing Tax Credits (LIHTC) serves lower income renters, rental units without 60% AMI caps are also needed. Homeownership opportunities should also serve the spectrum of incomes not served by the free market.
- Create opportunities to effectively use limited land through master planning and prioritization considering how each parcel addresses overall goals and fits with plans for development of other parcels.
- Effectively utilize existing funds from linkage programs for housing in accordance with the intent and documentation of the nexus studies on which the linkage requirements were based.
- Develop deed restrictions that can be applied uniformly to ownership housing making it permanently affordable. Project-by-project rules are time consuming, expensive to manage over time and difficult to understand by potential buyers.
- Make housing more attainable by information sharing, education, pre-qualification and assistance.

- Recognize that commuting is only part of the solution. The cost of commuting adds significantly to monthly expenses; while public transit in this valley is free to passengers, public subsidies are required. If employees cannot find housing near work or where they want to live, many will eventually find a different job or leave.
- Monitor housing market conditions, job growth and the performance of housing produced so that development plans can be fine-tuned to reflect changing conditions. Working with the Census Bureau to create a Mid-Valley Census Tract would make information more readily available.

Challenges and Barriers

This section of the report provides an overview of challenges and barriers encountered by many comparable mountain and resort communities when seeking to develop housing that is affordable for the local workforce and residents with special needs. This section can be used by officials in the Gunnison Valley to explore the extent to which each issue may impact housing development in the region.

Producing housing that is affordable for the local workforce and residents is impacted by many factors including: government regulations and procedures, funding, fees, land availability, the need to preserve community characteristics, and variations within the region. For housing to be affordable, development and ongoing operation costs need to be minimized. The common issues associated with each of these factors are discussed below.

Regulatory

- Density – Maximums on the number of units allowed per acre are a frequently cited barrier to the financial feasibility of workforce housing development. At least 15 units per acre is typically needed; higher densities of over 20 units/acre are necessary on some sites.
- Development Standards – Code requirements that limit the number of residential units on sites increase development costs and limit the effectiveness of utilizing limited land. Standards that are often cited as barriers to affordable housing include:
 - FAR Definitions – The manner by which floor area ratios are calculated can limit the ability to provide amenities that enhance the livability of small units when storage areas, balconies and common areas are counted.
 - Parking - A minimum number of spaces per unit (often two) that do not take into account the small size of units, the number of occupants allowed, and/or proximity to transit increase development costs and reduce the number of homes that sites can accommodate.
 - Setbacks and Open Space – Even if allowed density is adequate, large setbacks and requirements for landscaping/open space can significantly reduce the number of homes that can be built on a site.

“In this Valley we haven't had hardly any multi-family unit construction completed over the past ten, fifteen years... Affordable housing can be multi-unit property that is reasonable to build, reasonable to buy.”

- Resident Survey Respondent

- Minimum Unit Sizes – Proscribing minimum unit size creates exclusionary zoning, disallowing smaller and therefore more affordable units to be built.
- Design Compatibility – In communities where tourism is key to the economy, appearance is very important. Yet regulations enacted to preserve aesthetics and view corridors often impact development costs and affordability. Height limitations, mandates for compatibility with building size and scale, and compliance with historic architecture guidelines are common in mountain towns and usually add cost.
- Development Review Process – Lengthy development review processes can hurt efforts to build workforce housing.
 - The length of time that the development review and approval process takes increases the predevelopment costs of housing projects. These expenses are not often covered by State and Federal housing programs or construction loans.
 - Opposition from neighbors (e.g., “not in my backyard” or NIMBY’s) can delay development or result in fewer homes than needed or permitted by the zoning to be approved.

Communities have had mixed success with “fast tracking” applications for affordable housing. One successful approach has been to make fewer elements of the development subject to review by a discretionary board, placing more control at the staff or administrative level.

Funding

Dedicated, predictable revenue is needed to fill the gap between housing costs and incomes. Since Federal and State grants/loans/tax credits can only be used to provide housing for low income households (50%, 60% or 80% AMI limits), local sources of funding are necessary in mountain areas where subsidies are needed to produce housing for moderate and middle income residents. Some of the most successful housing programs (e.g., Aspen and Telluride) have taxes for workforce housing that were enacted prior to Tabor. Summit County is the only mountain resort area in Colorado that has obtained voter approval (i.e., post-Tabor) for a development impact fee and sales tax dedicated to affordable housing. Several other communities are considering tax initiatives.

Fee Structures

Many fees charged by local jurisdictions are based on unit size. This approach is a positive when trying to keep housing development costs low. However, the base rate may begin with a measure of use that is beyond what is typical for smaller homes. For example, water and sewer fees based on minimum use of over 5,000 gallons per month are a disproportionate expense for small units, particularly apartments. Operating costs for apartments impact development

financing and therefore development costs. In high cost areas where large homes are common, fees often give larger homes an advantage relative to smaller units – perpetuating an inequity.

Regional Differences in Development Codes and Process

Within areas that are connected socially and economically, and function as an integrated housing market, like the Gunnison Valley, differences in municipal and county codes and procedures makes forming alliances for development complex. Private developers, public/private partnerships and public-sector initiatives must have in-depth understanding of the codes in each area and the expertise to decipher what would work in one community but not in another. The ability to transfer lessons learned from one project to another in a nearby jurisdiction may be limited.

Land Availability

Developable sites are in short supply. Parcels owned by towns and counties that may be appropriate for residential development often complete with other uses (e.g., transit centers, public works facilities, parking lots, parks, snow removal). Sites typically have one or more impediments to development that must be addressed. Privately-owned land is typically developed for more profitable uses including large homes targeted to the high end of the market and lodging. Land owned by the USFS has been successfully traded or sold to local governments for housing development but the process has been lengthy and expensive.

Development Agreements, Subdivision Requirements and HOA Covenants and Dues

Subdivision requirements and development agreements may make it infeasible to build affordable workforce housing. Minimum unit sizes, façade standards, shared infrastructure costs, parking requirements and landscaping are the types of requirements that push up housing development costs.

HOA dues can also be costly, particularly in buildings or neighborhoods that serve both full-time and second homeowners. Often amenities are targeted to second homeowners and are expensive to maintain, yet all homeowners must contribute to their upkeep.

When reviewing applications that include affordable housing, jurisdictions need to be aware of the effect that development and annexation agreements, subdivision requirements and HOA covenants can have on the affordability of the project, both in the development phase as well as to the owner post-development.

A New Role for Towns and Counties

Local governments have historically regulated residential development undertaken by the private sector. A shift occurs when the market is not providing housing affordable for local residents, with towns and counties becoming directly involved in development. This dynamic has occurred across mountain communities over the past several decades. Shifting from regulation/oversight to developing and managing housing programs often poses challenges. Planners have not typically been catalysts for development but may now be assigned that responsibility. Housing authorities and non-profits can be effective workforce housing developers, but may struggle with their role as developer if they are also receiving operational support from the jurisdiction in which they are building homes.

"I appreciate the dedication and effort of the GVRHA staff and their partners. Providing affordable housing opportunities for our diverse mountain community is a complex, difficult, and long term challenge that will only be achieved with persistence, thoughtful community engagement, and an established foundation of trust."

- Resident Survey Respondent

Strategies

Strategies for the Gunnison Valley are recommended to help address the housing needs identified by this Housing Needs Assessment. These strategies recognize the core concept that a range of ownership and rental options is needed to allow households to grow and change within a community, thus supporting a diverse and vibrant community and economy.

Key Considerations

A variety of strategies are needed in the Gunnison Valley to address the range of existing needs and create housing for the workforce and residents as the community grows and diversifies. There is no “silver bullet.” Recent research on five mountain towns (Aspen, Breckenridge, Jackson, Telluride and Vail) found that each town uses between 12 and 20 strategies to produce workforce housing.

Many of the strategies recognize and build upon the great work, programs and regional coordination that has been achieved in the Valley, while others are new. While not every strategy will be implemented at once, it is important that the full range of strategies be considered for multiple reasons:

- There is no one solution. Each strategy typically addresses only part of the need. For example, Federal and State subsidies can only be used to house low-income households. Local funding sources, incentives and mandates are needed address the housing needs of moderate/middle income families who cannot afford homes provided by the private sector.
- All of the goals to address “catch-up” and “keep-up” housing needs cannot be met by one agency alone (e.g., the GVRHA). All stakeholders who can be part of the solution need to be involved: employers, elected officials, private sector building professionals, non-profits etc.
- Some strategies may only produce a few units, but, in combination with other efforts, are key for a diversified inventory of workforce and resident housing.
- Strategies include both “carrots and sticks.” There are no examples in high-cost mountain towns where incentives and public funding alone have been sufficient. Sharing the responsibility for producing workforce housing with new commercial and residential development that creates jobs is typically a key strategy.
- Learning from other communities is a valuable and continuous process. New approaches are being implemented every year as challenges grow and opportunities shrink.

Strategy Recommendations

To catch-up and keep-up with housing needs, 235 ownership and 185 rental units are needed by 2020. The eight specific strategies recommended for the Gunnison Valley are as follows:

1. *Develop a Strategic Housing Plan*

The completion of this 2016 Housing Needs Assessment (one of the 10 strategies identified by the OVPP) provides the Community Builders Task Force with the information needed to develop and implement a housing work plan. This plan should include:

- Goals and objectives for workforce and special needs housing that are quantitative to the extent feasible with Valley-wide production goals for the GVRHA and participating jurisdictions.
- Assignment and acceptance of roles and responsibilities that shares responsibilities among all involved organizations. Continue to support the existing regional approach to providing housing services; continue to grow collaboration and coordination between jurisdictions and the Housing Authority.
- Actionable tasks with realistic priorities and timeline.
- A public outreach/education component necessary to obtain and sustain political commitment, address neighborhood concerns, and achieve widespread acceptance of the realities associated with housing the community's workforce.
- Ballpark cost estimates and identification of proposed funding mechanisms.
- A process for periodically evaluating, modifying and updating plans.

2. *Increase Compatibility Among and Access to Housing Programs in the Valley*

Uniformity of deed restrictions to the extent feasible – similar format and content with minimal variation to allow for differences in guidelines.

- Continue to work towards a universal deed restriction across the Valley for ownership units. Ensure that all deed restrictions going forward are *permanent*.
 - Recognize that buyers require a discount of generally 20% to 25% below market value to be willing to entertain homeownership deed restrictions, especially in South Valley.

- Recognize that employers need a qualified workforce, which can sometimes mean recruiting from outside the Valley. Residency requirements in deed restrictions may work against a diversified economy in some instances.
- Continue to support realtors and lenders in becoming educated on how to work with deed restricted properties
- Create a one-stop shop for applications and information. Continue the consolidation of programs under the GVRHA, and strengthen the “back of the house” referrals between housing programs such as Weatherization and Rehabilitation programs that are administered elsewhere so that program delivery is seamless to residents.
- Make it easier for the public to understand and access housing resources through clear guidelines that:
 - Explain regulations in plain language.
 - Specify unit types, sizes, home prices and income levels.
 - Explain procedures and qualifications for persons interesting in owning or renting workforce housing.
- Continue homebuyer education with mandatory participation in sessions.
- Create an ongoing renter education and qualification process so that income documentation problems are reduced.
- Enhance the amount of easy-to-understand information that is available online about qualifications and application procedures.

3. Increase Development and Operational/Property Management Capacity

With the scale of the needs identified in this Needs Assessment, additional capacity will be required to develop and manage affordable and workforce housing.

- Develop a database for tracking and managing the increasing inventory of affordable housing in the Valley that would also enable periodic evaluation of how the units are performing (resale rates and prices, rental occupancies, etc.) and to compare the inventory to needs.
- Retain and grow housing related staff expertise at the Housing Authority, County, City and Towns. Ensure that each agency has a point person on workforce housing issues to support production and regional coordination.

- Hire additional staff to support ongoing operations, administration, and maintenance at the Housing Authority as the portfolio grows. Consider hiring a deputy director, operations manager, and/or housing development associate.

4. Proceed with Development of Ownership and Rental Housing

Work on the planning, financing and construction of additional housing on sites that are already available. There is no surplus inventory. The longer that housing development is delayed, the greater the escalation in housing costs. Lots that have been platted and restricted for workforce housing or should soon be through an annexation by Crested Butte that could accommodate 129 homes. In addition, opportunity sites offer significant potential for housing.

- Improve diversity in the rental and homeownership workforce housing options, in location, housing type, and price point, with a range of affordable homes.
- Pursue low cost development options and limit the situations under which lots are provided and households must construct units. This is inefficient in most situations. Down payments of at least 20% are required for construction financing, and the cost of some of the homes built in that manner have exceeded affordable targets.
- Develop additional rental units for various income levels throughout the Valley on sites near public transit including Crested Butte South and Gunnison. Given that it takes a minimum of two to three years to design/finance/build an apartment property, planning for additional rental development should start soon.
- Develop ownership housing. Townhomes, duplexes and single-family homes in neighborhoods with the amenities desirable by families should be a priority. Only consider condominiums in unique situations, like the downtown area, and only if mortgage financing is approved for the units.
- Landbank, recognizing that site control is a key component to creating more workforce housing and that buildable land in the Valley likely to be increasingly scarce. Acquire sites where densities of at least 15 units per acre can be achieved.
- Pursue senior housing so that retirees can remain in the Gunnison Valley in housing that better meets their changing needs, freeing up their homes for workforce households.
- Monitor availability and prices to help inform development and financing decisions.

5. Increase Funding for Housing

Additional local funding is needed to undertake new development and support ongoing operations as the affordable housing inventory grows.

- Update Gunnison County's linkage fee calculations, which were last revised during the recession when market prices were lower.
- Increase Mt. Crested Butte inclusionary and linkage rates and/or modify fee in lieu methodology to generate additional revenues.
- Strategically leverage funding with other available resources such as LIHTC, State Division of Housing funds.
- Match the level of subsidy with what is required to meet the gap between construction costs and the income of households to be served.
- Create a coordinated competitive regional funding system so that local governments participate in a regional approach to prioritizing projects and leveraging funding.
- Consider new revenue sources including a sales tax and tax/fees on short term rentals.
- Ensure that funds are used for housing in accordance with the purpose for which they were obtained.

6. Support and Expand Employer Assisted Housing Efforts

As is done already by about half of employers in the Gunnison Valley, employers could share responsibility for workforce housing since they directly generate housing demand, benefit from a reliable workforce, have resources to leverage and have expertise in their employees' needs. Multiple approaches feasible for both small and larger employers should be provided including:

- An outreach program, particularly for employees of municipalities, Gunnison County, special districts, emergency and medical service providers, the school district and suppliers of other essential services, to encourage utilization of their resources for employee housing.
- An education program or outreach to employers to explain how a master lease program could operate. Some employers welcome the opportunity to master lease units, whereas others do not have a good understanding for how the program works. Education could invite more participation. A master lease package could:

- Identify free market units suitable for employees. Multiple units in a single project work for efficient management since employees can rideshare to work;
 - Leverage long-term apartment financing with master lease agreements;
 - Provide up front development/construction funding;
 - Allocate responsibilities to property managers (not employers);
 - Build partnerships, communication and unit trade-offs among those who need summer housing for employees and others that need winter housing;
 - Provide sample lease and management agreements.
- Technical assistance to employers that have land, under-utilized space or other resources for the development for employee housing.
 - Incentives to employers who provide housing for employees, particularly on site. Allow employers to construct on-site units not only for their employees, but for others in the community.

7. *Expand Rehabilitation and Redevelopment Efforts*

Aging of the rental inventory with inadequate maintenance/repair is a problem, particularly in the South Valley. Low income homeowners also need assistance making repairs and improvements.

- Work with owners of older apartment complexes to renovate or redevelop the properties, adding additional units if the sites can accommodate them.
- Continue investments in and expand outreach for weatherization and rehab programs to address total housing costs and help tenants and landlords catch up on deferred maintenance.
- Make energy efficiency improvements to reduce high winter utility costs.
- Learn from and replicate successful efforts in other communities to redevelop mobile home parks, possibly involving the sale of lots to mobile home owners.

8. *Encourage Private Development of Permanently Affordable Housing*

- Examine local codes and procedures to identify and reduce regulatory barriers.
- Incentivize development of ADUs in all three market areas, and continue to enforce their use as long term rentals for local workers.

- Incentivize additional production through the private sector and non-profit agencies such as Habitat for Humanity. Recognize that the private sector is unlikely to deliver workforce housing solutions in the North without substantial regulatory controls or incentives.

Valley-Wide Housing Needs Assessment

Section 1 - Population and Demographics

This section provides data on the current number of households in each market area, examining rates of growth and describing demographic characteristics including income, tenure, and household composition. The emphasis is on workforce households, although the section also provides current estimates for seniors and people with disabilities.

Persons

Approximately 90% of Gunnison County's population resides within the Gunnison Valley. About two-thirds are located in the South Valley market area.

Population Estimates and Projections, 2010 – 2020

	2010 Census	2014 DOLA	2016 Estimate	2020 Projection	Percent of Valley
Gunnison County	15,324	15,660	16,145	17,148	N/A
North Valley	3,341	3,418	3,523	3,742	23%
Mid-Valley	1,344	1,375	1,417	1,505	10%
South Valley	9,084	9,292	9,580	10,716	67%
Total – Gunnison Valley	13,769	14,085	14,521	15,963	100%

Source: Census, DOLA, Consultant team

Households

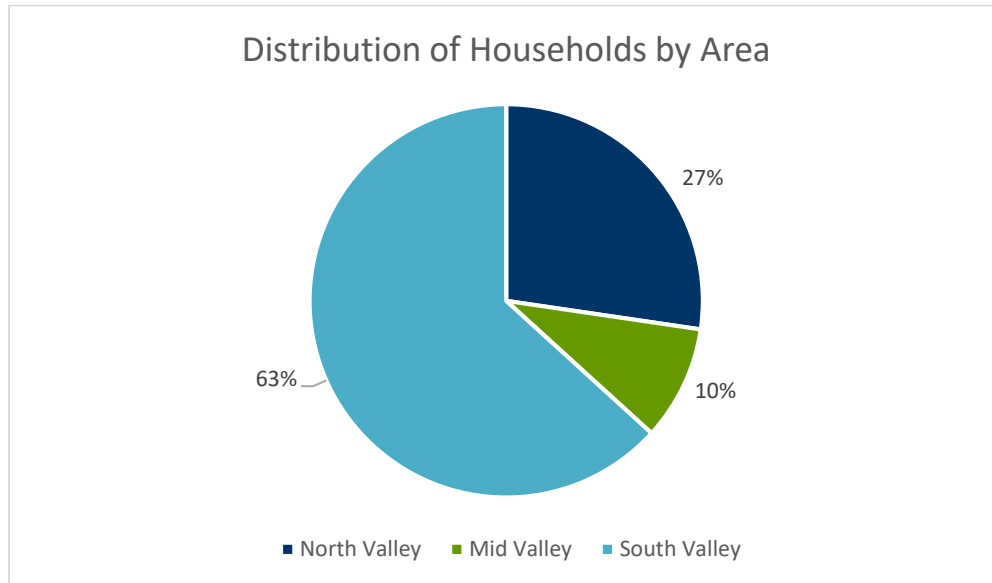
Households are the primary metric used in housing needs assessments. Households are synonymous with occupied housing units and consist of families (defined as related by blood or marriage), individuals living with others (such as roommate households) and persons living alone.

Household Estimates and Projections, 2010 – 2020

	2010 Census	2014 DOLA	2016 Estimate	2020 Projection
Gunnison County	6,516	6,780	6,980	7,338
North Valley	1,594	1,658	1,797	2,060
Mid-Valley	552	574	590	622
South Valley	3,690	3,839	3,953	4,155
Total – Gunnison Valley	5,836	6,072	6,339	6,837

Source: Census, DOLA

The South Valley is home to about 63% of households in the Gunnison Valley. The average number of people per household Valley-wide is 2.3, with slightly larger households in the Mid-Valley (2.5) and slightly smaller households in the North Valley (2.2).



Source: Census, DOLA

By 2020, the Gunnison Valley will add about 500 households based on county wide growth projections by the State Demographer. Where these households will live will depend upon the actions taken by the County and municipalities with regards to housing development.

The demographics of households vary by region within the Valley:

- The South Valley has the highest percentage of households with seniors (17%).
- The Mid-Valley has the highest percentage of households with children (38%).
- The North Valley has the highest percentage of households comprised of unrelated roommates (13%).
- Couples without children are fairly uniform across the three market areas, making up about a quarter of all households.

Since the last housing needs assessment in 2009, the percentage of households with children have declined significantly, with a corresponding rise in couples without children. This shift is consistent with an increase in the median age over that time period.

Household Demographics

	Gunnison Valley	North Valley	Mid-Valley	South Valley
Households with Child(ren)	28%	22%	38%	29%
Households with Seniors	14%	10%	7%	17%
Household Composition				
Adult living alone	30%	32%	21%	31%
Couple, no child(ren)	25%	24%	25%	26%
Couple with child(ren)	18%	16%	34%	17%
Single parent with child(ren)	9%	8%	6%	10%
Unrelated roommates	9%	13%	7%	8%
Extended/multi-generation family	5%	4%	4%	6%
Other	2%	2%	2%	2%
Total	100%	100%	100%	100%

Source: 2016 Resident Survey

Income

The 2016 AMI for Gunnison County is \$68,800, which represents the median income published by HUD for a family of four. The AMI is about the same as it was in 2013; a change in the calculation methodology may have led to the flat rate of growth. Economic indicators suggest that incomes have likely been rising.

Gunnison County AMI's, 2013 – 2016

	4-Person Family
2013	\$68,600
2014	\$72,000
2015	\$71,700
2016	\$68,800

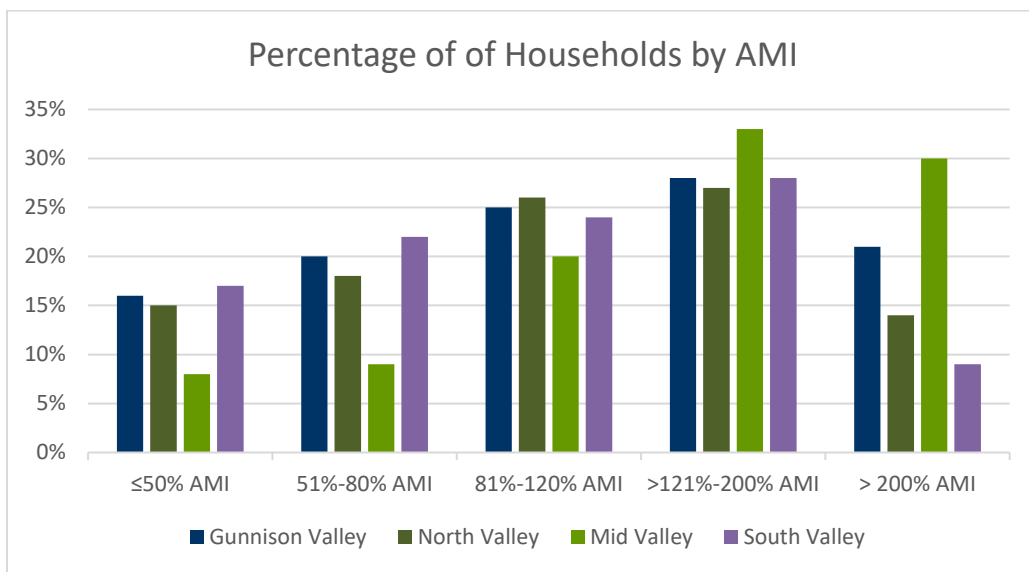
Source: HUD

The figures published annually by HUD represent the median family income (MFI), which is typically higher than the income of all households in a county because non-family household incomes (single persons and roommate households) are not included in HUD's calculation. The median income for *all households* in Gunnison Valley is \$60,000, which is \$8,800 lower than the median income for a *family of four*. The fact that 39% of households in Gunnison Valley are non-family households (and 30% live alone) contributes significantly to this difference.

Distribution of Income by Market Area

	Gunnison Valley	North Valley	Mid-Valley	South Valley
Median Annual Household Income	\$60,000	\$60,000	\$80,000	\$55,000
Households by Area Median Income				
≤50% AMI	16%	15%	8%	17%
51%-80% AMI	20%	18%	9%	22%
81%-120% AMI	25%	26%	20%	24%
>121%-200%	28%	27%	33%	28%
> 200%	21%	14%	30%	9%
	100%	100%	100%	100%

Source: 2016 Resident Survey



Source: 2016 Resident Survey, Census, DOLA

Hispanic/Latino Population

The Hispanic/Latino population represented 7.5% of the population in Gunnison County in 2010, or about 1,147 individuals. In 2000, this population represented only about 5% of the population and 610 people, nearly doubling over the past decade, compared to a growth rate of only 10% in the population overall.

Special Needs

While seniors and persons with disabilities in the Valley may overlap with the workforce, they also have unique housing considerations. As such, it is important to understand how many reside in the Valley.

Seniors

The aging of the population and labor force in the Gunnison Valley significantly impacts both the needs and potential solutions for workforce housing. The median age in Gunnison County is increasing; the current median is about 36, an increase of 20% from the median age of 30 in 2000. This rate of increase is faster than the State of Colorado over the same period. It is the result of considerable growth in the population over the age of 40 and very little growth in the population between the ages of 18 and 40. Currently, about 33% of the population (or 4,500 people) are between the ages of 41 and 65, which indicates the median age will continue to rise and, with it, the demand for senior housing.

- The largest population of seniors is in the South Valley, where over 600 of households (17%) include someone age 65 or older.
- Households with seniors have a high ownership rate at 91%, compared to a rate of 57% ownership for all households in the Valley.
- The housing needs of seniors are often distinct from the workforce. For example, 44% of senior households are a single person living alone, compared to 30% of households in the Valley overall. Seniors typically seek smaller units, with lower maintenance requirements and fewer stairs.
- For households with older adults present, 26% indicated that an apartment or condo was their first choice of housing type, compared to only 5% of younger households.
- Long winters, snowy sidewalks, and homes built on steep slopes present challenges for seniors seeking to age in place. However, seniors report higher likelihood of staying in their current residence than households comprised of younger people. Of households with seniors, 79% intend to remain in their current home through 2020, while more than half of younger households intend to move.

People with Disabilities

The 2016 Resident Survey reported 9% of Gunnison Valley households include at least one resident living with a disability. This is in line with the American Community Survey that estimates just over 1,000 individuals are living with a disability in Gunnison County, or 7% of the County's population.

Type of Disabilities

Disability Types	Percentage*
Mobility impaired	25%
Self-care limitations	16%
Cognitive/mental impairment	39%
Hearing or blind/sight impaired	14%
Other	35%
Total	129%

Source: 2016 Resident Survey

Note: Multiple response question; percentages exceed 100%.

Just over half of those living with a disability are adults between the ages of 18 and 65.

Age of Individuals with Disabilities

	# in Gunnison County	Percentage
Under 18	59	6%
18 through 64	559	56%
65 or older	385	38%
Total	1003	100%

Source: American Community Survey, 2010 – 2014

Section 2 – Economic Conditions

This section presents key indicators vital for understanding the impact housing is having on the economy and quantifying both current and future needs. It includes information on the number of jobs, average number of jobs held per worker and per household, seasonality in employment and commuting. It also presents employer perceptions and problems related to the current housing market, including unfilled jobs, employee turnover and employee housing issues.

Number of Jobs and Projections

There are about 9,700 jobs in the Gunnison Valley, comprising about 84% of all jobs in Gunnison County.

- Most jobs in the Valley are located in the South (51%), followed by the North (42%) and Mid-Valley (6%).
- About 800 jobs are projected to be added by 2020. This represents an average growth rate of 2.0% per year; which is a more modest rate than projected by the State Demographer. After losing jobs during the recession, jobs slowly started increasing through 2013 and grew rapidly between 2014 and 2016 (over 4% per year). Growth is expected to continue through 2020, but at a slower rate than in recent years.
- Job growth may be strongest in the North Valley based on employer survey responses. About 58% of employers in the North expect to add employees compared to 37% of employers in the South and 47% in the Valley in total.

Jobs Estimates and Projections: 2016 to 2020

	2016	2020	% of Jobs
Gunnison Valley	9,707	10,508	100.0%
North Valley	4,125	4,466	42.5%
Mid-Valley	621	672	6.4%
South Valley	4,961	5,370	51.1%

Source: Colorado Dept. of Local Affairs, QCEW, BEA, Consultant team

In addition to the jobs supplied in the Gunnison Valley, about 16% of households have at least one person that works from home on business conducted mostly outside of the Gunnison Valley. These “lone eagle” employees are residents of the area, but do not hold one of the estimated Gunnison Valley jobs.

Do one or more household members work from a home office on business conducted all or mostly outside of the Gunnison Valley (e.g., “lone eagle”)?

	North Valley	Mid-Valley	South Valley	Overall
Yes	18.8%	25.7%	13.7%	16.2%
No	81.2%	74.3%	86.3%	83.8%
Total	100.0%	100.0%	100.0%	100.0%

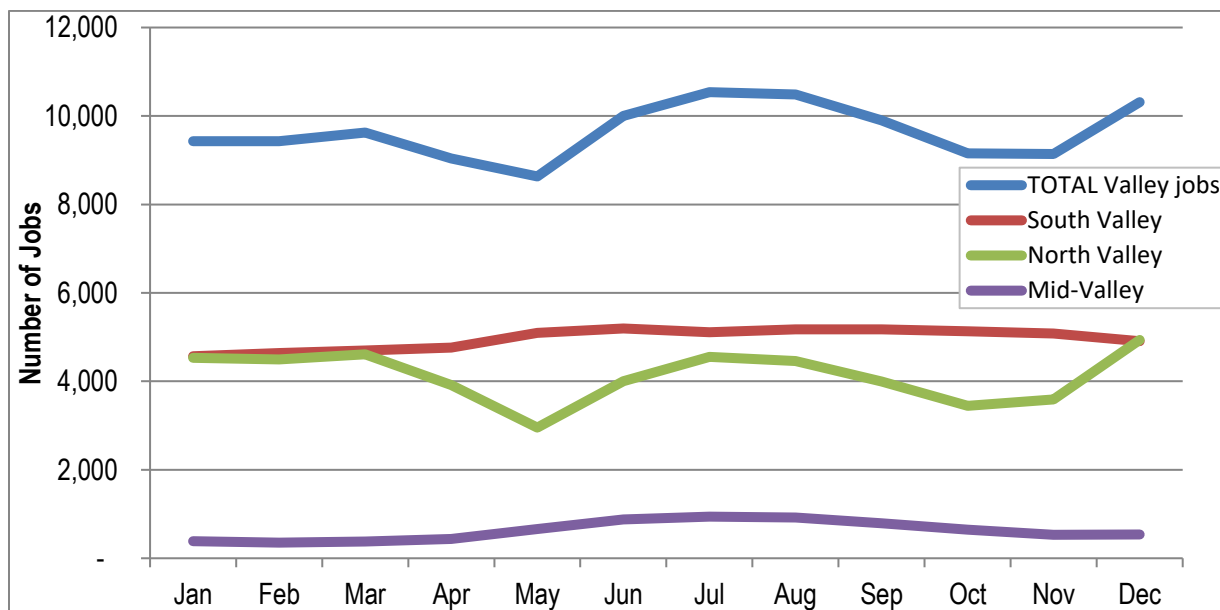
Source: 2016 Resident Survey

Seasonality

The Valley as a whole has two employment peaks that are of similar size – one in the summer and one in the winter. Seasonality of jobs varies significantly by Valley region:

- Only the North Valley has a winter peak in employment, but it is large enough to impact the overall month-by-month employment pattern.
- Jobs in the Mid-Valley increase in the summer, then decline through the fall and remain fairly flat in the winter. The lowest employment month last year was in February.
- Jobs in the South Valley are the least volatile, showing a modest rise in the summer months.

Seasonality of Jobs: Gunnison Valley, 2015



Source: QCEW zip code files, DOLA, Consultant team

- About 43% of employers in the Valley add to their employment in the summer and 21% hire additional employees in the winter.
- Valley-wide, employers offered about 2,700 additional jobs in the summer and 2,320 in the winter in 2016, representing a respective 34% and 29% increase in employment during these seasons.
- Employers estimate that about 85% of summer seasonal workers and 79% of winter seasonal workers live in the area year-round. This means that about 400 summer jobs and 480 winter jobs are filled by employees that reside in the area seasonally. This includes workers recruited from outside the Valley, as well as Western students who live in the area for the school term.
- Seasonal job changes vary by industry. The predominate sectors that add seasonal jobs in both the summer and winter include accommodations/food, retail, arts/entertainment/recreation. Summer seasonal jobs are also added in waste management, construction and public service.

Seasonal Variation in Jobs by Location

	# of Jobs				% Increase	
	Average Employment	Year-Round Jobs	Summer seasonal	Winter seasonal	Summer	Winter
Gunnison Valley	9,707	7,875	2,700	2,320	34%	29%
North Valley	4,125	2,955	1,550	1,980	52%	67%
Mid-Valley	621	355	555	-	156%	0%
South Valley	4,961	4,565	595	340	13%	7%

Source: QCEW zip code files, DOLA, Employer Survey, Consultant team

Retiring Employees

About 34% of employers reported that at least one employee will be retiring within the next four years. This equates to about 680 employees in total. A much higher percentage of employees are expected to retire from South Valley jobs (9%) than in the North and Mid-Valley (5% combined).

Employees Retiring Through 2020

	# Employees Retiring	% Employees Retiring
Gunnison Valley	680	7.0%
North/Mid-Valley	235	5.0%
South Valley	445	9.2%

Source: 2016 Resident Survey, Consultant team

Jobs per Employee and Employees per Household

The number of jobs per employee and the number of workers per household are used to translate job growth into housing units needed by workers to fill new jobs. Based on the 2016 Resident Survey:

- Employed residents hold an average of 1.24 jobs.
- Households with at least one employed person have almost 1.8 employees on average.

Translation of Jobs to Households

	Gunnison Valley	North Valley	Mid-Valley	South Valley
Total Jobs (2016)	9,707	4,125	621	4,961
<i>Jobs per employee</i>	1.24	1.24	1.24	1.24
Total employees filling jobs	7,830	3,325	500	4,000
<i>Employees per household</i>	1.77	1.77	1.77	1.77
Total employee households	4,425	1,880	280	2,260

Source: QCEW, DOLA, 2016 Resident Survey, Consultant team

*differences are due to rounding.

Commuting

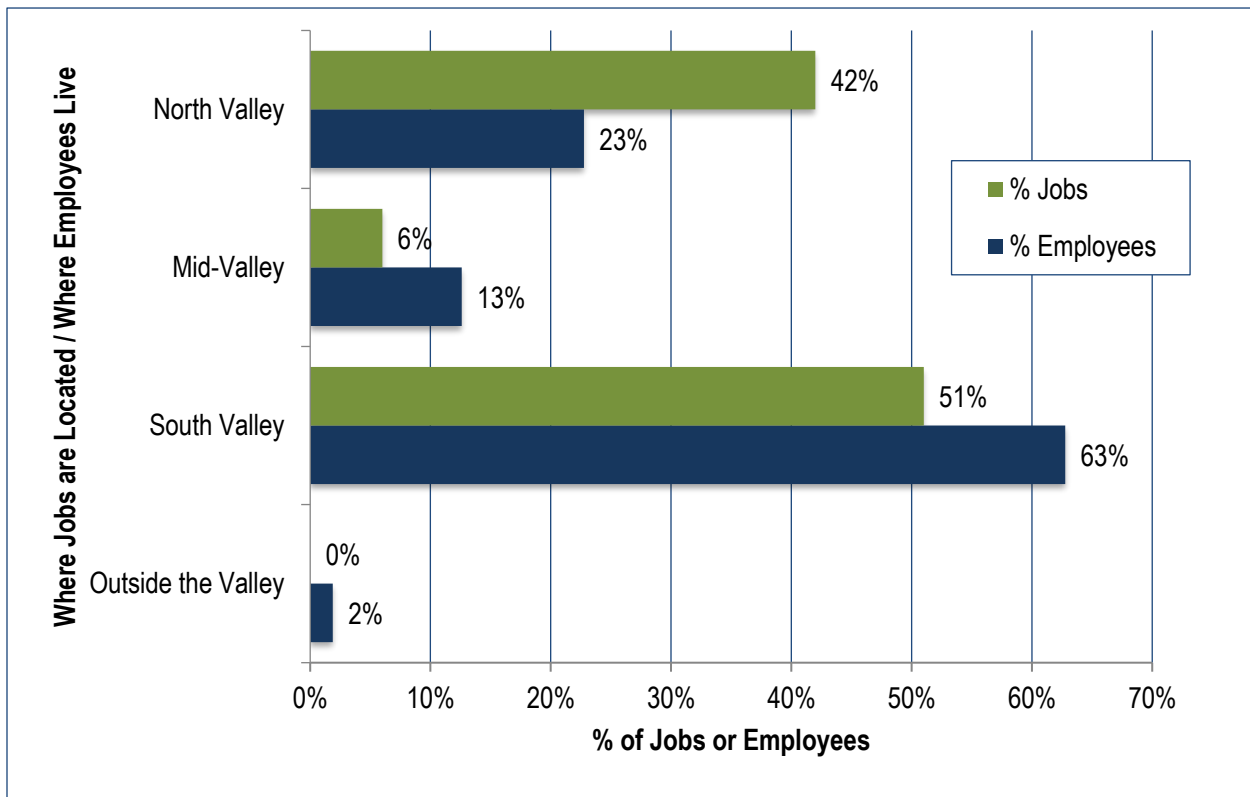
Where Jobs Are Located

As shown above, there are about 7,830 employees filling the 9,707 average year-round jobs in the Gunnison Valley.

To reduce commuting, the percentage of employed residents living within a particular region of the Valley should be about the same as the percentage of jobs located within that region. Comparing where jobs are located to where employees are living shows that:

- There are proportionately fewer jobs in the Mid and South Valley than employees living in those areas; meaning that working residents must commute out of these areas for employment.
- The North Valley has proportionately more jobs than resident employees. The North Valley imports workers from the South and Mid-Valley to help fill jobs.

Where Gunnison Valley Jobs are Located Compared to Where Employees Live: 2016



Source: 2016 Employer Survey

More specifically:

- About 61% of jobs in the North or Mid-Valley are filled by residents of the area – the other 39% commute up from the South Valley or from outside the Gunnison Valley (about 845 total).
- In contrast, 82% of jobs in the South Valley are filled by resident of that area. Only 16% (about 370 total) commute from the North or Mid-Valley.

Where Workers Live

Place of Residence	% of North/Mid-Valley Employees	% of South Valley Employees
North Valley	45%	6%
Mid-Valley	16%	10%
South Valley	37%	82%
Outside the Valley	2%	2%
Total Employees	2,160	2,260

Source: 2016 Employer Survey

Where Residents Work

The Resident Survey alternatively asked employed residents where they and members of their household work. This shows that:

- About 93% of households in the North Valley that are employed have at least one household member that works in the North Valley. In other words, Gunnison Valley employees are unlikely to be residing in the North Valley unless at least one member of the household is employed in the North.
- Households in the South Valley that are employed are also very likely to have a local employee (88%).
- Households in the Mid-Valley are mostly employed in the North Valley (79%), with a similar 28% and 25% employed in the Mid or South Valley, respectively.

Where Resident Households Work

Where work:	Place of Residence		
	North Valley	Mid-Valley	South Valley
North Valley	93%	79%	29%
Mid-Valley	9%	28%	10%
South Valley	14%	25%	88%
Outside of Gunnison Valley	13%	19%	12%

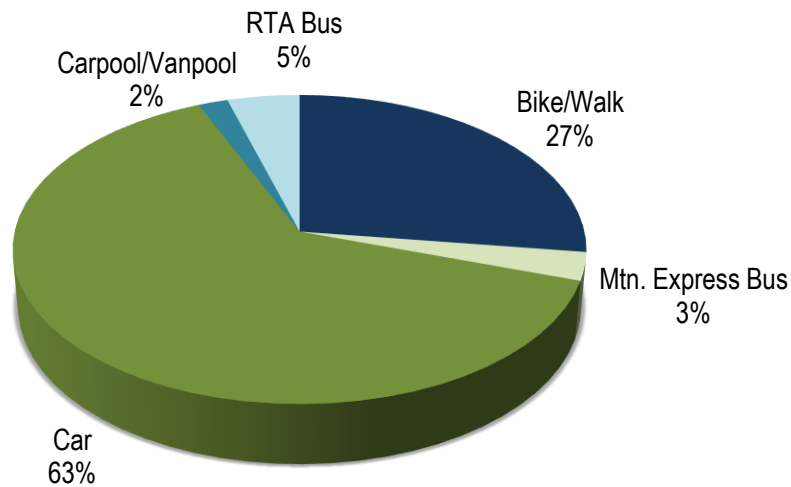
Source: 2016 Resident Survey

*Totals add to over 100% because many households have more than one employee and some employees work in multiple locations.

About 63% of residents drive their own car to work as their primary means of transportation. Another 27% bike/walk. Only 10% of employees either carpool/vanpool or take a bus as their primary means of travel. The predominate mode varies by region:

- North Valley residents are more likely to bike/walk to work (34%) than other residents.
- Mid-Valley residents are more likely than other Valley residents to drive their own car (80%).

Predominate Mode of Transportation to Work



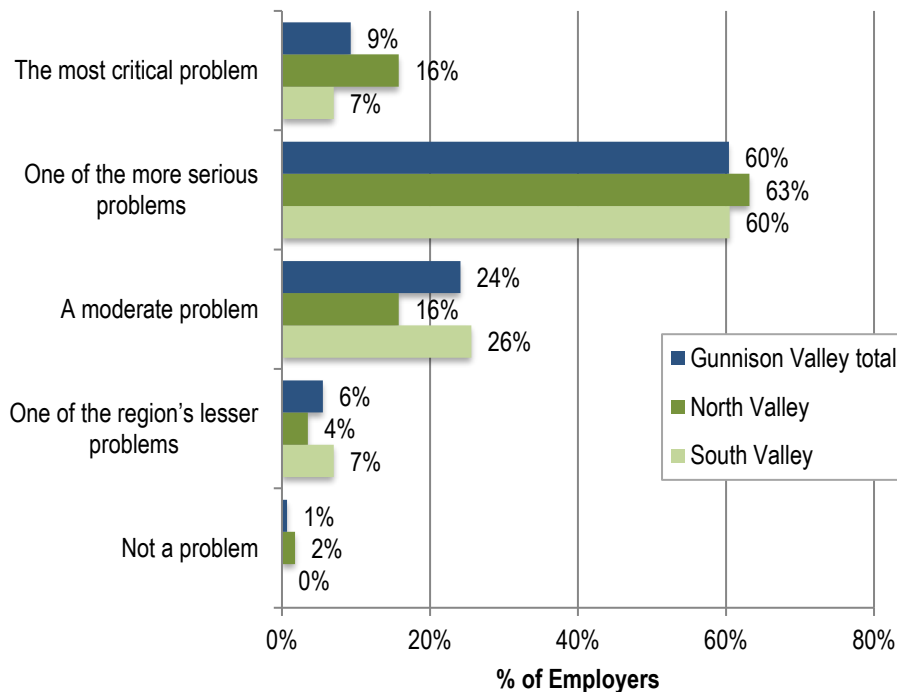
Source: 2016 Resident Survey

Employer Perceptions about Workforce Housing Problem

The majority of employers feel that the availability of housing that is affordable for the workforce in the Gunnison Valley is one of the more serious problems (60%). Another 9% feel that it is the most critical problem in the area.

By region, a higher percentage of employers in the North Valley feel that the availability of workforce housing is the most critical problem (16%) or one of the more serious problems (63%).

Do you feel that the availability of housing that is affordable for the workforce housing in the Gunnison Valley is:



Source: 2016 Employer survey

Degree of Difficulty Finding Housing by Type of Job

Employers were asked to indicate the level of difficulty that their employees have locating housing in the area given a scale from 1 (not difficult) to 5 (extremely difficult). As shown below:

- Service positions, including wait staff, dishwashers, and recreational are reported to have the most difficulty, rating 3.5 on average. This is followed by entry-level professionals, general labor/housekeeping, retail clerks and construction and skilled trades.

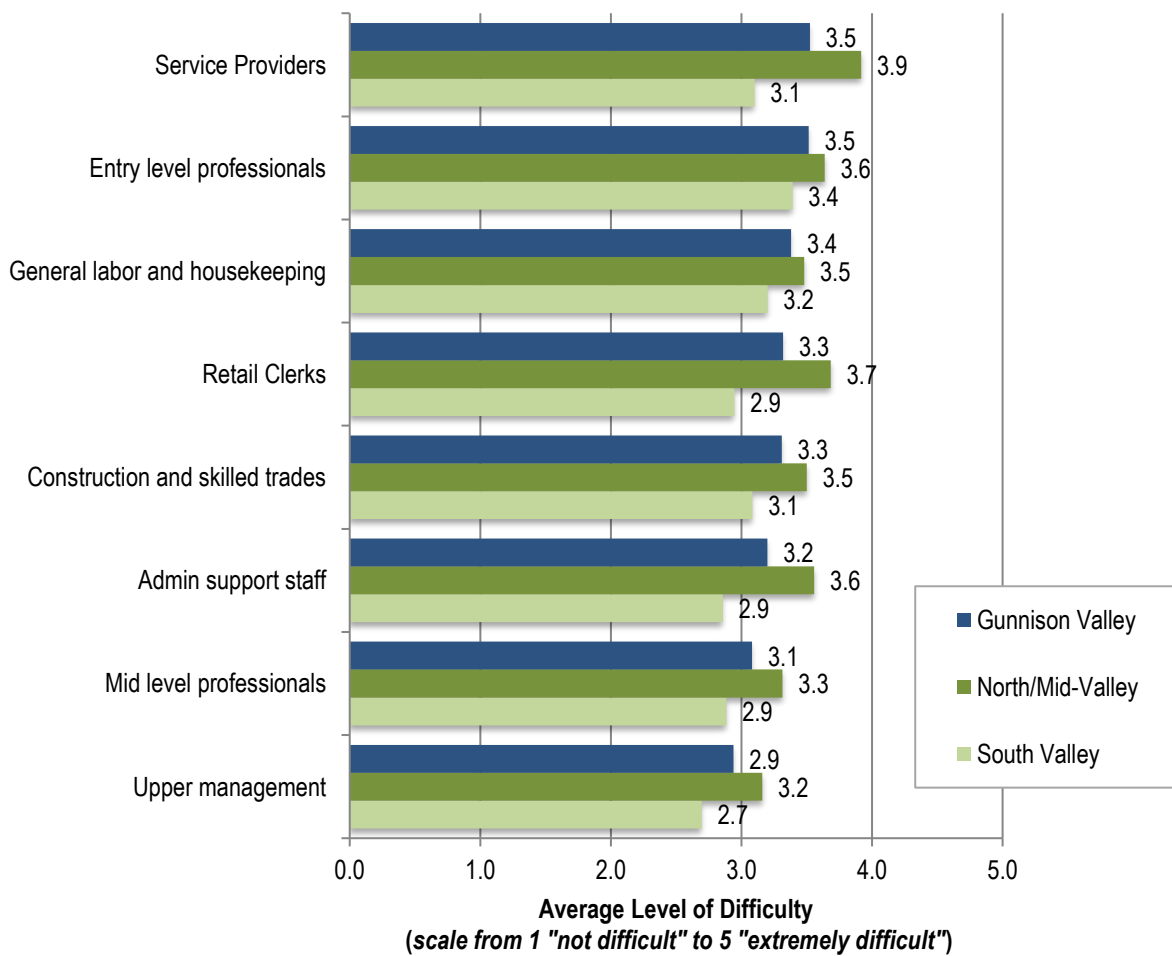
"I work at the hospital and know we've had several finalists decline our offers due to the inability to find affordable housing. This has also affected our ability to get temporary staff when we have urgent needs."

- Resident Survey Respondent

- Only upper management positions averaged below 3.0, generally indicating that employers feel they do not have difficulty on average.

- All types of employees in the North/Mid-Valley have more difficulty locating housing than employees of the South Valley.
- Based on survey comments, employers generally feel that salaried and hourly staff have similar problems locating suitable and affordable housing. This includes in particular lower-income employees and young families that are new to the Valley. Also, employees that earn too much to be housed in the existing income-restricted rentals, but earn too little to afford market rents.

“Which of your employees have the most difficulty finding or affording housing in the area?”



Source: 2016 Employer survey

- Seasonal employees are likely to have much more difficulty than year-round employees.
- Employers in the North Valley in particular noted a significant housing shortage this summer, with some employees residing in tents. Conversely, one South Valley employer indicated that all their summer hires were able to locate housing, leaving their employer-owned units vacant. This may have been a unique occurrence and not an indication of the softness in the South Valley rental market during the summer.

“How does the difficulty finding housing compare for year-round residents and seasonal, part-year employees?”

	South Valley	North/Mid-Valley	Gunnison Valley
Year-round employees	3	3.2	2.8
Seasonal employees	3.7	3.8	3.5

Source: 2016 Employer survey

Unfilled Jobs

Employers have reported increased difficulty recruiting and retaining workers to fill positions. With unfilled positions, this decreases the ability for a business to provide quality services and reduces their ability to generate needed revenue during peak business periods. Unfilled jobs are a key indicator of the need for additional workforce housing.

“This issue affected me this season for the first time. It is a huge concern of mine currently as I worked the whole season with barely enough staff. We cannot continue to provide the service we would like if we continue to be short staffed.”

- Employer Survey Respondent

- Employers report that about 3.4% of all summer jobs (360 total) are currently unfilled throughout the Gunnison Valley. The percentage of jobs that are unfilled has increased since last year in all regions of the Valley.
- The North Valley has the highest percentage of unfilled jobs (6%). Only 1% of jobs are reported to be unfilled in the South Valley.

**Unfilled Jobs in the Gunnison Valley:
2015 and Summer 2016**

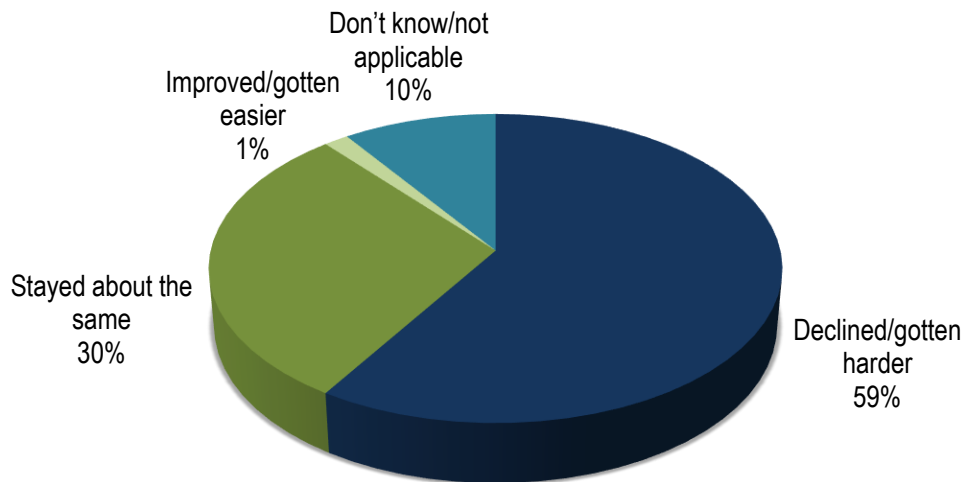
	#	%
Currently	360	3%
Last summer	190	2%
Last winter	100	1%

Source: 2016 Employer Survey

The ability for employers to fill these jobs has been getting more difficult.

- About 59% of employers stated that recruiting and retaining employees has gotten harder over the past three years.
- In the North/Mid-Valley 67% of employers feel employee retention and recruitment has gotten harder compared to 51% in the South Valley.

**“To what extent has your ability to find and retain qualified employees
changed over the past three years?”
Gunnison Valley Employers**

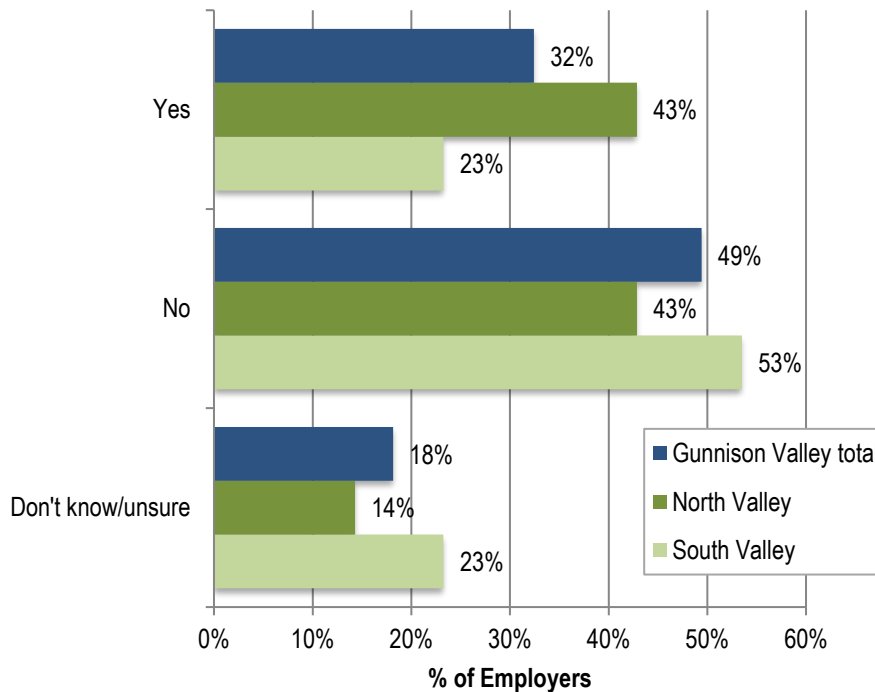


Source: 2016 Employer survey

Employee Hiring and Retention

About 32% of employers in Gunnison Valley (43% in the North Valley) either had workers leave or did not hire workers last year due primarily to a lack of housing, equating to between 300 to 500 workers.

Was anyone not hired or did anyone leave your employment in the past 12 months because they could not find/lacked adequate housing?



Source: 2016 Employer survey

Other Housing-Related Employment Problems

Employers were asked how frequently they experienced several employment problems over the past year that could be related to housing.

About 80% of employers experienced at least one of the identified problems in the past year either sometimes or often. For problems that these employers experienced at least once:

- Employee turnover was a problem with the highest percentage (76%).

- The next tier of problems was related to filling jobs with qualified applicants. Between 62% to 70% of employers experiencing problems either had no applicants, unqualified applicants or unfilled jobs this year.

“It is critical to get secure housing from CB South to Mt CB. My employees in Gunnison miss shifts due to transportation issues or lack of motivation, especially in the winter.”

- Employer Survey Respondent

- Tardiness, which can be related to commuting problems, and/or employee turnover affected just under one-half of employers.
- Absenteeism was experienced by about one-third of employers.
- Employers in the North/Mid-Valley experienced all problems more frequently than in the South Valley.

In addition to addressing housing, some employers feel that more frequent and consistent transportation options would help with some of these problems.

Percent of Employers Experiencing the Following Problems "Sometimes" or "Often" in the Past Year

	Gunnison Valley	North/Mid-Valley	South Valley
Employee turnover	76%	79%	73%
Unqualified applicants	70%	73%	65%
Unfilled jobs	65%	68%	59%
No applicants	62%	67%	54%
Tardiness	49%	64%	32%
Absenteeism	35%	40%	30%

Source: 2016 Employer Survey

Section 3 - Housing Inventory

This section includes the number, type, tenure, occupancy, and utility use for residential units across the Valley. A housing unit is generally defined as an attached or detached dwelling that is intended for year-round occupancy and includes a kitchen and bathroom.

Total Housing Units

As of 2016, approximately 9,450 housing units are located in the Gunnison Valley. This figure includes all types of residential units regardless of condition and use. It does not, however, include assisted living and skilled nursing care facilities or dormitories on the Western campus. Both are classified as group quarters by the US Census.

Occupied Housing Units

Approximately 6,250 residential units in the Gunnison Valley house local residents. Over 60% are in the South Valley with 27% in the North Valley and 9% in the Mid-Valley.

Housing Units by Occupancy, 2016

	Gunnison Valley	North Valley	Mid-Valley	South Valley
Housing Units	9,455	3,684	1,230	4,536
Occupied Units/Households	6,250	1,708	590	3,953
Owner Households	3,603	1,020	423	2,160
Renter Households	2,647	688	167	1,793
Homeownership Rate	58%	60%	72%	55%

Source: Based on DOLA State Demographer estimates for 2014 and 2016.

Owner/Renter Mix

The overall homeownership rate (the percentage of occupied units in which the owner resides) is 58% in the Gunnison Valley, which is generally in line with rural/resort mountain areas. Mid-Valley has the highest homeownership rate; Crested Butte South has historically been an area where local residents could afford to buy or build homes. South Valley has the lowest homeownership rate due primarily to Western students living off campus.

Relationship between Primary and Second Homes

One metric of community character is the relationship between primary homes occupied by local residents and second/vacation homes. Loss of community character is correlated with a reduction in the number and/or percentage of homes that house full time residents. Over time, the percentage of residential units in the Gunnison Valley that house local residents has been decreasing while the number of second/vacation homes has been on the rise. This trend contributes to housing shortages not only by reducing availability but also by increasing demand for workforce housing from the jobs that second/vacation homes generate.

Homes reported by the Census as “Occupied” are typically homes lived in by locals whereas “Vacant” is an indicator of second/vacation home status. In Gunnison County, the percentage of homes occupied as primary residences dropped nearly 5 percentage points between 2000 and 2010. The change was most pronounced in Crested Butte where occupied homes decreased 7.3 percentage points. The change in Mt. Crested Butte was minimal, where the majority of units (about 75%) have long been second/vacation homes.

“Too many good people, even those with higher paying professional jobs are being forced out. Neighborhoods are losing their community feel and becoming dark in off-season. Not good for our community.”

- Resident Survey Respondent

Occupancy of Homes by Residents

Occupied Homes	Gunnison County	Crested Butte	Gunnison	Mt. Crested Butte
2000	61.8%	75.1%	91.1%	27.5%
2010	57.1%	67.8%	87.6%	26.5%

Source: 2000 and 2010 Census

The decline in the percentage of occupied units occurred despite the construction of homes restricted for occupancy by local residents. This indicates that the rate of workforce housing development has not kept pace with the loss of homes that locals previously rented or owned and the construction of second/vacation homes.

Unit Type

Most residents in the Valley live in single family homes. Attached housing product, which is typically less costly to build, own or rent, and maintain, houses relatively few households (about 28%).

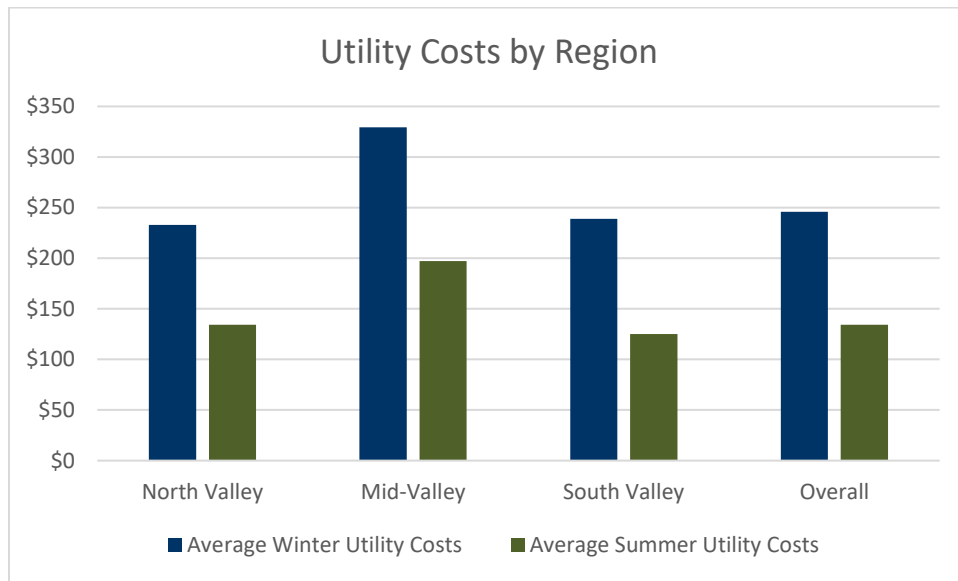
Type of Housing Occupied by Valley Residents

Unit Type	Percent of Occupied Units
Single-family house/cabin	57.1%
Duplex or triplex	9.4%
Apartment	11.8%
Townhouse or condominium	16.3%
Mobile home	3.4%
Other	2.0%
	100%

Source: 2016 Resident Survey

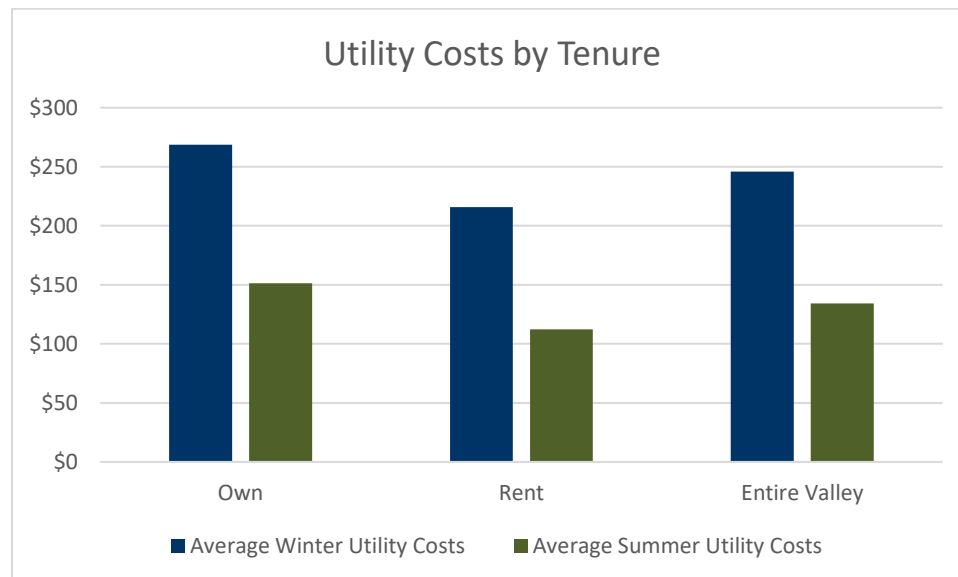
Utilities

The cost of utilities can erode housing affordability, as it is usually a household expense above and beyond mortgage and rent payments. Utility costs in Mid-Valley are the highest, where the average winter utility payment is \$330/month. North and South Valley costs are similar; about \$235/month in each area. The higher average in the Mid-Valley is likely the result of the low number of one and two bedroom units in that market.



Source: 2016 Resident Survey

Average monthly utility costs for renters are about 20% lower than those of owners, likely because renters are occupying smaller units.



Source: 2016 Resident Survey

Most homes throughout the Valley are heated with electricity and/or natural gas. The South Valley has a higher number of homes heated with wood compared with the other two markets, and the Mid-Valley has a higher proportion of homes heated with propane.

Home Heating by Market Area

	North Valley	Mid-Valley	South Valley	Overall
None	0.5%	1.5%	1.8%	1.4%
Electric	51.8%	36.8%	48.8%	48.5%
Propane	4.6%	23.5%	14.9%	12.9%
Natural gas	54.7%	47.2%	45.8%	48.4%
Wood	16.3%	18.4%	24.8%	21.9%
Total	128.0%	127.3%	136.1%	133.1%

Source: 2016 Resident Survey

Note: Multiple response question; percentages exceed 100%.

Renters are disproportionately affected by the energy inefficiency and high cost of electric heat. Among renters, 57% of homes are heated with electric compared to 42% of owned homes. Owners are more likely to heat with wood, natural gas, or propane compared with renters.

Home Heating by Tenure

	Own	Rent	Entire Valley
None	1.2%	1.7%	1.4%
Electric	42.3%	56.7%	48.5%
Propane	14.8%	10.4%	12.9%
Natural gas	55.1%	39.6%	48.4%
Wood	29.6%	11.7%	21.9%
Total	143.0%	120.0%	133.1%

Source: 2016 Resident Survey

Note: Multiple response question; percentages exceed 100%.

Among survey respondents who report their homes to be in fair or poor condition, energy efficiency related items such as improved insulation and windows are the most common improvements needed. Replacement of appliances, the other major source of utility costs, ranks fourth. See the Housing Problems section for more information on home repairs needed.

“The place I rent is very old and not well constructed or insulated, subsequently the heating bills in winter are outrageous.”

- Resident Survey Respondent

Employer Assisted Housing

About 52% of employers in the Gunnison Valley provide some sort of housing assistance to their employees. Employers were most likely to assist with the housing search (30%), pay a hiring bonus/higher salary or provide employer owned units.

- North/Mid-Valley employers (59%) were more likely to provide some sort of assistance than South Valley employers (43%).
- Of employers providing units either through employer ownership or master leasing, the majority are located in the North/Mid-Valley. A range of employers provided this type of housing, with predominate participation from government, lodging, real estate/property management and bar/restaurant employers.

Type of Housing Assistance Provided by Employers: 2016

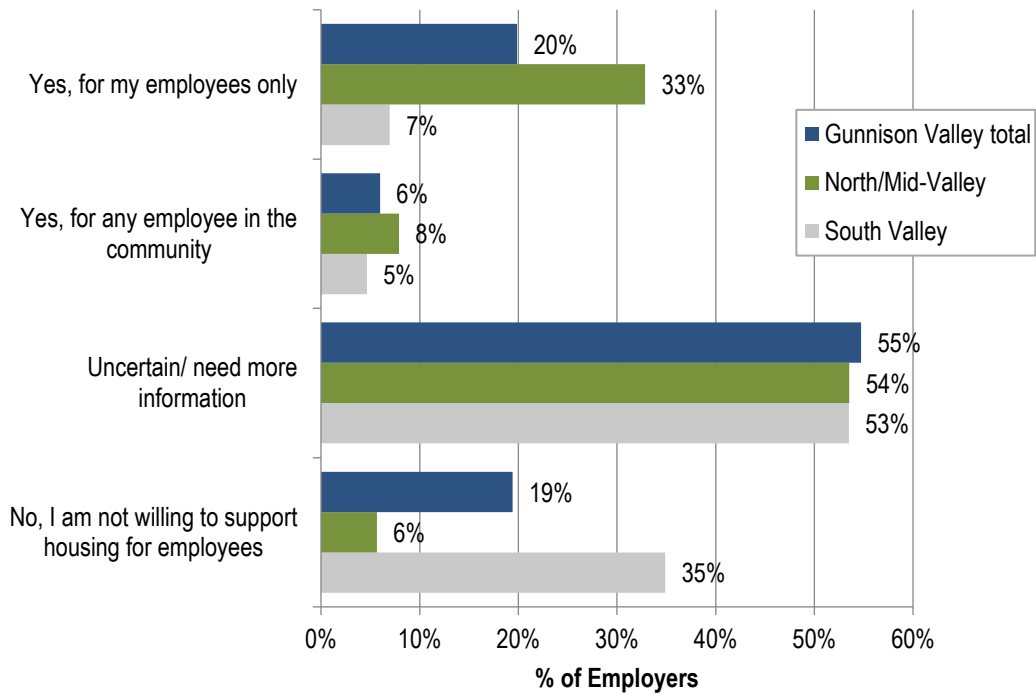
	Gunnison Valley	North/Mid-Valley	South Valley
Assistance with housing search	30%	21%	47%
Hiring bonus/ higher salary	21%	22%	21%
Employer owned units	15%	17%	16%
Temporary relocation housing	11%	9%	16%
Employer leased units	11%	15%	0%
Down payment/ mortgage assistance	11%	15%	0%
TOTAL % of Employers Providing Assistance*	52%	59%	43%

Source: 2016 Employer survey

*The sum of the percentages exceed the total because some employers provide more than one form of assistance.

- When asked if employers would be willing to provide assistance in the future for either their own or other employees in the community, about 26% of Gunnison Valley employers expressed interest and 19% reported they are not willing to provide housing support. More than half of employers were uncertain/needed more information, indicating that further education or a more defined assistance program may generate more support from local employers.
- Employers in the North/Mid-Valley are much more willing to support housing for their (33%) or other employees (8%) than South Valley employers (12% combined). Over one-third of South Valley employers are not willing to support housing for employees.

“In the future would you be willing to assist with the provision of workforce housing?”
Gunnison Valley Employers, 2016



Source: 2016 Employer survey

Section 4 - Market Conditions

This section examines both ownership and rental market conditions including prices and availability of homes. The following table summarizes the availability and price of housing from the three market areas. This shows extensive variations within the Valley, which are discussed in more detail later in this section.

Summary of Market Conditions

	Valley Total	North Valley	Mid-Valley	South Valley
Median Monthly Housing Payment	\$1,000	\$1,200	\$1,300	\$900
Average Monthly Winter Utility Costs	\$246	\$233	\$392	\$239
Median List Price – Homes for Sale	\$635,000	\$912,250	\$499,000	\$398,250
AMI Required to Afford Median Price	282%	405%	222%	177%
# Homes Listed for Sale	396	238	33	125
# Homes Listed for Sale by AMI				
≤50%	10	8	0	2
50.1% - 80%	15	6	1	8
80.1% -120%	44	16	5	23
120.1-200%	71	32	6	33
>200%	256	176	21	59
Median Rent – Occupied Units	\$800	\$900	\$1,000	\$750
Median Rent –Units for Rent	\$1,767	\$1,700	\$2,300	\$1,300
AMI Required to Afford Listed Median Rent	128%	123%	167%	94%

Source: 2016 Resident survey, CHFA, MLS, Consultant team

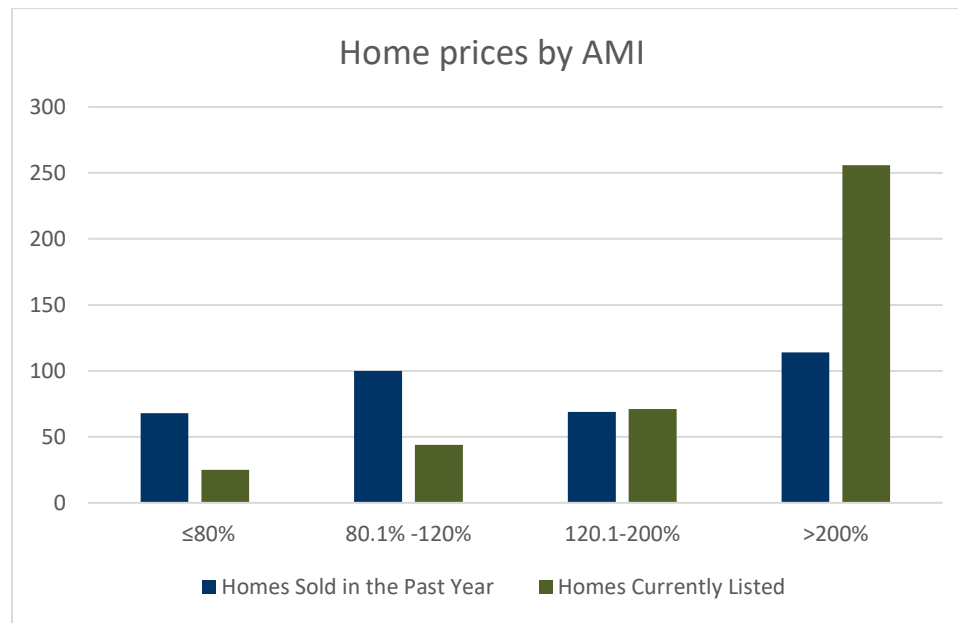
Ownership Market

The for-sale housing market has largely recovered from the recession though remains weak in some sectors. Across the three market areas:

- Number of sales/year has recovered to pre-recession levels in the past few years.
- Single family home prices are within 16% of the pre-recession high point for both North and South Valley.
- Condos, townhomes, and vacant land have been slower to recover. Condos and townhomes lag pre-recession prices by 30% to 64%. Land continues to be discounted by about half.

- The median price of homes listed for sale was \$635,000 this summer. Household incomes required to afford the median price ranged from 177% AMI for South Valley to 405% AMI for North Valley.
- The majority of local buyers are seeking homes below 200% of AMI in the North and Mid-Valley and at or below 120% AMI in the South Valley. Comparing available listings this year with homes sold in the past year shows a steep reduction of inventory available at those desired price points.
- Realtors report a surplus of inventory for homes priced over \$500,000 in South Valley and for homes priced over \$750,000 in North Valley. No surplus was reported for Mid-Valley.

**Affordability of Homes Sold in the Past 12 Months
Compared to Homes Listed, Valley Wide**



Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS
Note: Fractional ownership and mobile homes excluded.

Rental Market

All three market areas share these conditions:

- Vacancy rates are below 1%, far below a functional market vacancy level.
- Scarce inventory; there is a very low supply of units available to rent compared to demand from employees seeking housing.

- Recovery of rental rates to pre-recession levels and rapid increase in rental rates over the past three years. Increases have ranged from 5% to 28% annually Valley-wide.
- More than half the workforce is priced out of the rental market. Rents on units listed now require households to have incomes at 128% AMI (\$71,000) to avoid cost burden. Rental rates and home prices in the North Valley are especially high.
- Median rents for occupied units are well below median rents for currently listed units.
- Aging inventory: 74% of units managed by property managers interviewed were 30 years or older. No units, except Anthracite Place, were newer than five years old.
- Barriers to securing rental units by the local workforce, including: availability, high rental costs, and insufficient funds to cover first month, last month, and security deposit requirements.

Section 5 - Affordable Housing

Current Inventory

Currently, 443 homes in the Gunnison Valley are restricted for occupancy by local residents through some type of income, employment and/or residency regulations. This equates to slightly less than 5% of all housing in the Valley and just over 7% of all occupied housing units. For comparison, nearly one-third of households in San Miguel County live in restricted housing.

Summary of Restricted Affordable Housing

	Gunnison Valley	North Valley	Mid-Valley	South Valley
Occupied Units/Households	6,250	1,708	590	3,953
Restricted Units	443	316	0	127
Percent of Occupied Units	7.1%	18.5%	0.0%	3.2%
Percent of Total Units	4.7%	8.6%	0.0%	2.8%

Source: GVRHA and planner interviews

Building Potential

The buildable lots that have been platted and restricted for workforce housing, purchased by Habitat, or that will be deed restricted through an annexation by Town of Crested Butte could accommodate 126 more homes. These lots present the opportunity to quickly proceed with the additional development of needed housing. While there are challenges associated with each site, this is generally the case in mountain communities (slopes, infrastructure, subdivision covenants, snow storage needs, etc). Resources are needed to overcome these constraints.

Deed Restricted Lots

Location/Subdivision	Deed Restricted Lots
Crested Butte	
Paradise Park	53
Annexation Parcel	24
Gunnison	
Habitat	5
County	
Stallion Park	8
Larkspur	6
Mt. Crested Butte	
Pitchfork	6
Homestead	24
Total	126

Source: GVRHA and planner interviews

In addition, multiple opportunity sites offer significant potential for restricted housing or free market homes that could be priced affordably for local residents including:

- West Gunnison, a 35-acre parcel that has not yet been platted.
- Rock Creek, a second phase of this subdivision is planned on a 5-acre parcel that has yet to be platted.
- Van Tuyl, a partially developed subdivision on the north side of Gunnison where four townhomes are under construction and 14 more townhomes are platted.
- Willis Community, a 1.68 acre site in Gunnison where Habitat plans to develop housing for very low income families.
- Western State Colorado University has two parcels totaling 16 acres that could be appropriate for housing, possibly in mixed-use development scenarios.
- Brush Creek, a 17-acre site at the southeast corner of Brush Creek Road and Highway 135 that is owned by multiple parties including Gunnison County and the Town of Crested Butte. While other public uses including a transit center and parking structure have been discussed, housing would be appropriate for part or all of the acreage.
- Crested Butte South has significant undeveloped land in and near the core of the subdivision where high density housing could be developed. A 2008 Master Plan needs to be updated with priority consideration to the potential for multifamily housing and residential units built as part of mixed-use buildings. Recently, the Gunnison Valley Housing Foundation has acquired two building sites in CB South for future affordable housing.

"I live in affordable housing (deed restricted). I am so grateful that I do. Otherwise my family and I would not be able to live in the area. I am able to get my bills paid and have health insurance."

- Resident Survey Respondent

Other Housing Programs

The GVRHA manages 42 Section 8 Housing Choice Vouchers through which monthly rent payment are subsidized. There are currently about 60 households on the waitlist for a Voucher. GVRHA reports participants face barriers to leasing a home with a voucher:

- Six voucher holders were unable to lease-up last year in the tight rental market.

- 90% of vouchers are used within the City of Gunnison; high rents in the Mid and North Valley often exceed the housing payment standards and most landlords are not familiar with the program.
- Housing quality issues such as lack of carbon monoxide and smoke detectors, lack of operable windows, and other basic building safety and quality.
- There is a lack of willing landlords and landlords are able to be increasingly selective about tenants in a rental market with such low vacancy.

Delta Housing Authority administers a down payment assistance program that extends to Gunnison County residents. Participants with incomes below 80% AMI are eligible. This resource has not been utilized for Gunnison Valley residents in the past year.

Weatherization and Home Improvement Loan programs are also available for households below 80%. This program has been utilized occasionally and could be promoted to boost participation, especially in light of the survey data showing homes in fair and poor condition are most often in need of energy efficiency upgrades (see Housing Problems).

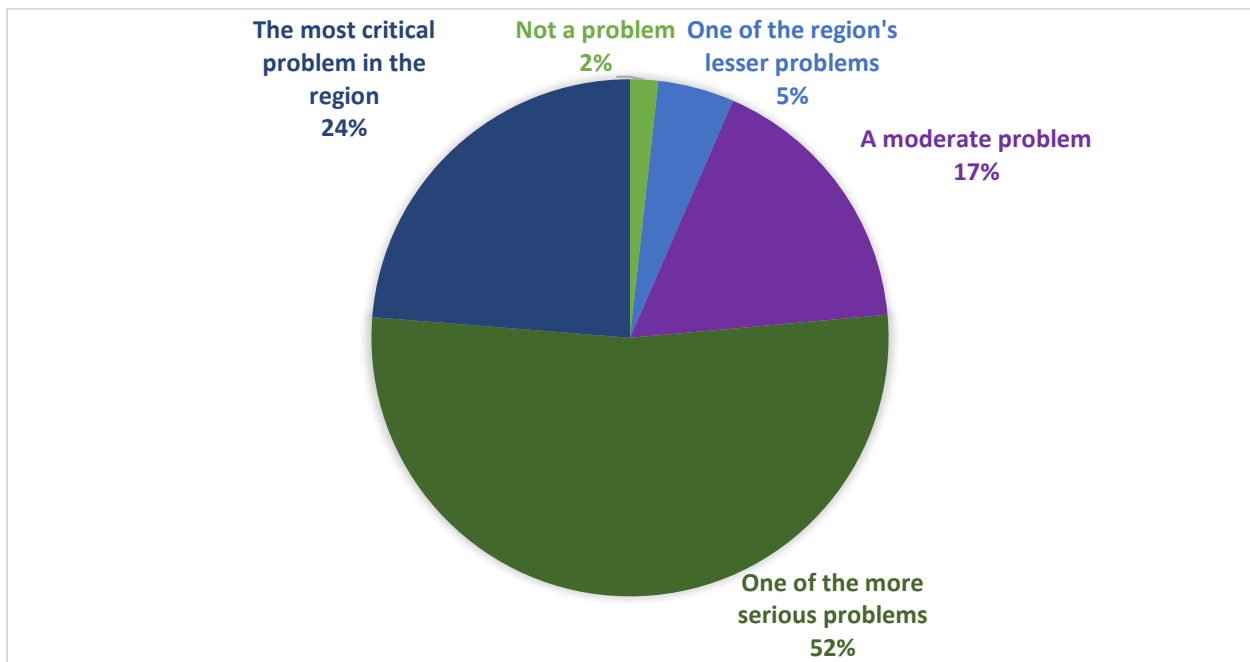
Section 6 - Housing Problems

Housing problems are measured in multiple ways. The indicators quantified in this section include perceptions about the extent to which housing is a problem, affordability, difficulty finding housing, difficulty securing mortgages, the condition of homes, residents not living where they want to live, overcrowding and being forced to move. This section also examines problems experienced by special needs populations – seniors, persons with disabilities and Spanish speakers.

Perceptions about Severity

Over half of the Gunnison Valley’s residents believe that the availability of housing that is affordable for the workforce is one of the *more serious* problems in the region and nearly one-fourth indicated it is the *most critical* problem in the region.

Extent to Which Workforce Housing is a Problem



Source: 2016 Resident Survey

The vast majority of residents throughout the Gunnison Valley think that workforce housing is a more serious or the most critical problem. The percentage is lowest in the South Valley (74%); however, because of its larger population, the number of South Valley residents who feel workforce housing is a serious/critical problem exceeds the combined number of North and South Valley households who feel the same.

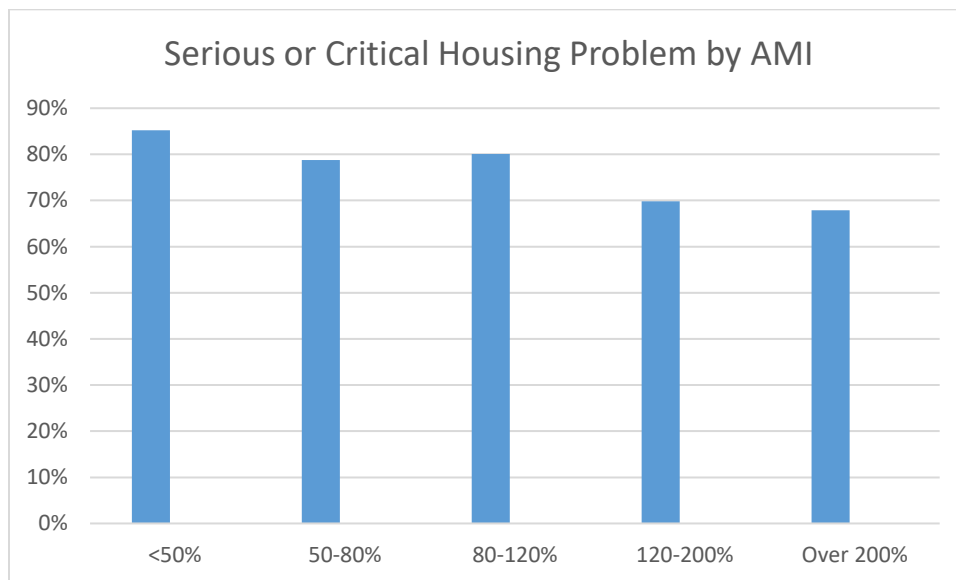
Extent to Which Workforce Housing is a Problem by Area

	North	Mid	South
Not a problem	3.0%	.0%	1.5%
One of the region's lesser problems	3.3%	4.9%	5.4%
A moderate problem	13.6%	12.5%	19.2%
One of the more serious problems	52.4%	61.7%	51.5%
The most critical problem in the region	27.6%	20.9%	22.5%
Percent – More Serious and Most Critical	80.0%	82.6%	73.9%
Total Households	1,367	487	2,922

Source: 2016 Resident Survey

The percentage of households who feel housing is a serious/critical problem in the Gunnison Valley declines as incomes rise. This is typically the case; although the variation by income is not as great as often found in comparable mountain communities.

- Very low income households are most likely to think that the availability of housing workforce is a serious or the most critical problem in the region (85%).
- This declines to 68% of households that earn over 200% AMI – which is still over two-thirds of households that earn over \$110,000 per year on average.



Source: 2016 Resident Survey

Affordability

Approximately 1,540 households are cost burdened by housing payments that exceed 30% of the gross income of household members combined. When payments exceed 30%, households have insufficient residual income to afford other necessities like food, transportation and health care.

Renters are much more likely than owners to pay more than 30% of their income on housing (34% compared with 18%).

Percentage of Income Spent on Housing Payment by Own/Rent, Gunnison Valley

% of Income = Housing Pmt	Own	Rent	Overall
30% or less	82.4%	66.2%	75.4%
31.1% to 50%	12.5%	17.1%	14.5%
More than 50%	5.1%	16.7%	10.1%
Total Percent Cost Burdened	17.6%	33.8%	24.6%
Total Households Cost Burdened	634	895	1538

Source: 2016 Resident Survey

Households in the North Valley are more likely to spend in excess of 30% of their income on housing, yet, due to the larger population, there are more cost burdened households in the South Valley.

Percentage of Income Spent on Housing Payment by Area

% of Income = Housing Pmt	North	Mid	South
30% or less	64.7%	84.9%	78.3%
31.1% to 50%	25.3%	9.7%	10.8%
More than 50%	10.0%	5.3%	10.9%
Total Percent Cost Burdened	35.3%	15.1%	21.7%
Total Households Cost Burdened	603	89	848

Source: 2016 Resident Survey

Very low income households ($\leq 50\%$ AMI) are particularly hard hit by the cost of housing in the Gunnison Valley – 83% are cost burdened. The percentage drops sharply as incomes rise.

Percentage of Income Spent on Housing Payment by AMI

	Area Median Income (AMI)				
	<50%	50-80%	80-120%	120-200%	Over 200%
30% or less	17.5%	63.0%	88.9%	91.0%	96.6%
31.1% to 50%	29.8%	28.5%	9.2%	7.3%	3.4%
more than 50%	52.7%	8.5%	1.9%	1.7%	.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total Percent Cost Burdened	82.5%	37.0%	11.1%	9.0%	3.4%
Total Households Cost Burdened	806	451	170	158	26

Source: 2016 Resident Survey

Despite high housing costs relative to income, only 1% of owners and 2% of renters indicated at the time of the survey that they were more than 30 days late on their mortgage or rent payment.

Difficulty Finding Housing

Approximately 2,340 households (37% of households) indicated that finding housing that was affordable and met their needs was very difficult when they last moved. Another 36% had a moderately difficult time finding housing. Low and very low income households in particular found it very difficult to find housing; 40% of moderate and middle income households (81% to 120% AMI) also indicated they had a very difficult time finding homes. Renters were more likely to find it very difficult to find housing than owners (55% compared with 24%).

Difficulty Finding Housing Last Time Moved

	North	Mid	South	Overall
Not difficult	31.8%	32.6%	23.8%	26.9%
Moderately difficult	35.7%	37.5%	35.5%	35.8%
Very difficult	32.4%	29.9%	40.7%	37.4%

Source: 2016 Resident Survey

Difficulty finding housing has increased over time. Of the respondents who indicated it was not difficult to find housing the last time they moved nearly 45% have lived in their current residence for more than 10 years. Over 80% of those who indicated it was very difficult had moved within the past five years.

Difficulty Finding Housing by Years Lived in Current Home

	Not difficult	Moderately difficult	Very difficult
Less than 1 year	4.0%	20.6%	40.5%
1 up to 5 years	32.7%	40.4%	40.1%
6 up to 10 years	19.3%	11.7%	6.4%
More than 10 years	43.9%	27.3%	13.0%

Source: 2016 Resident Survey

Of survey respondents, 1.7% indicated they were camping, living in their vehicles, staying with friends or homeless. Another 0.9% were living in motels. Almost all of these respondents indicated they were renters.

Condition of Homes

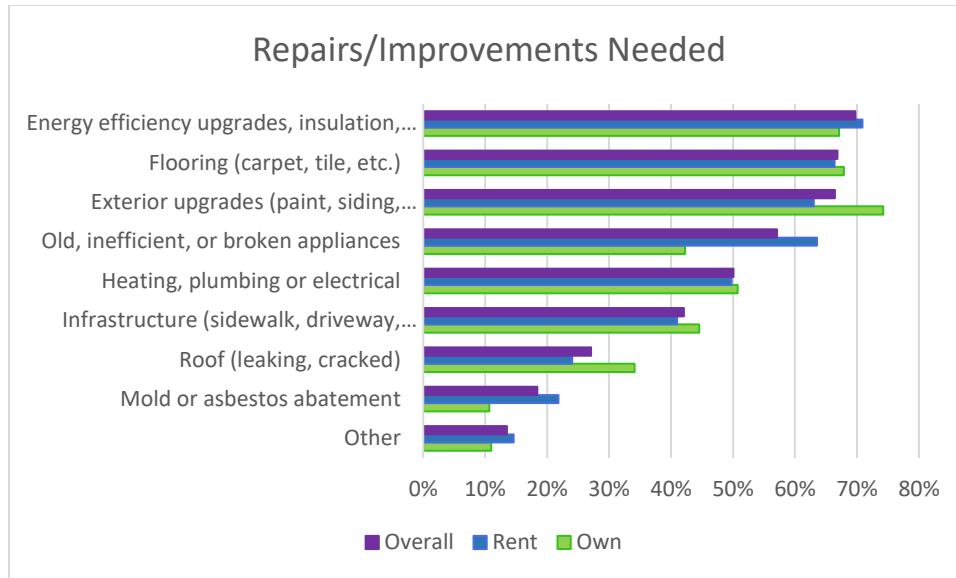
Approximately 1,700 homes in the Gunnison Valley are in fair or poor condition according to their occupants. Rental units are much more likely to be rated as fair or poor.

Condition of Homes by Own/Rent – Gunnison Valley

	Own	Rent	Overall
Excellent	39.6%	12.3%	27.9%
Good	45.9%	43.5%	44.9%
Fair	11.9%	32.2%	20.6%
Poor	2.6%	12.0%	6.6%
	100%	100%	100%
Percent Homes in Fair/Poor Condition	14.5%	44.2%	27.2%
Number Homes in Fair/Poor Condition	521	1169	1702

Source: 2016 Resident Survey

Valley-wide, energy efficient upgrades, insulation and windows are the most needed of the many repairs and improvements residents specified. These are the type of upgrades that would directly impact housing affordability through utility savings. Many responded that multiple types of improvements are needed. There was little difference between owners and renters in the improvements their homes need.



Source: 2016 Resident Survey.

Note: Multiple response question; percentages exceed 100%.

Not Living Where Desired

Most respondents (85%) live in the community where they most want to live. This includes 96% of North Valley residents, 63% of Mid Valley residents and 83% of South Valley residents. There are exceptions, however:

- 37% of Mid-Valley residents would like to live in the North Valley. This is the highest percentage of residents who would like to live in an area of the region other than where they now reside.
- About 10% of South Valley residents (9% of owners and 16% of renters) would like to live in the North Valley. Another 5% would like to live Mid Valley.

“Where within the Gunnison Valley would you most like to live if housing you could afford was available?”

Shading denotes residents living where desired.

Where Want to Live	Where Now Live		
	North Valley	Mid-Valley	South Valley
Crested Butte	62.1%	22.8%	9.8%
Mt. Crested Butte	16.0%	5.4%	1.8%
Other - Skyland, Buckhorn, Riverbend, Meridian Lake, etc.	17.9%	8.5%	.6%
Crested Butte South	2.8%	57.1%	2.3%
Almont	.4%	3.4%	1.9%
Other - Round Mtn, Jacks Cabin, Taylor River area, etc.	.0%	2.2%	.9%
Gunnison	.2%	.5%	61.5%
Castle Mtn. area, Ohio Creek	.6%	.0%	15.6%
Other	.0%	.0%	5.6%

Source: 2016 Resident Survey

Mismatches between where residents now live and where they want to live are also present within the Valley’s communities. The percentage of residents living where they want to live is highest in Crested Butte (92%) and lowest in Mt. Crested Butte (43%) majority of respondents currently living in Mt. Crested Butte would rather live elsewhere, primarily Crested Butte.

Where Want to Live by Where Now Live, by Community

Shading denotes residents living where desired.

Where Want to Live	Where Now Live				
	Crested Butte	Mt. Crested Butte	Crested Butte South	Almont	Gunnison
Crested Butte	92.3%	37.5%	24.4%	.0%	11.0%
Mt. Crested Butte	1.1%	42.6%	5.8%	.0%	2.1%
Crested Butte South	1.1%	8.0%	61.1%	.0%	2.4%
Almont	.0%	.0%	.0%	63.5%	2.0%
Gunnison	.5%	.0%	.6%	.0%	68.4%
Other	3.8%	12.0%	8.1%	36.5%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2016 Resident Survey

Location of work influences housing location preferences but does not fully account for where residents most want to live. For example, only one-fourth of Mid-Valley respondents work in the area, while 63% want to live there.

Where Employees Live Compared to Where Work

Where Work	Where Now Live		
	North Valley	Mid-Valley	South Valley
North Valley	87.6%	75.4%	20.1%
Mid-Valley	11.7%	25.1%	8.9%
South Valley	25.2%	46.0%	90.6%
Outside of the Gunnison Valley	12.6%	16.2%	10.9%
Total*	137.2%	162.7%	130.5%

Source: 2016 Resident Survey

Note: Multiple response question; percentages exceed 100%.

Overcrowding

Overcrowding does not have a strict definition. The Census Bureau defines overcrowded housing units as those with more than 1-person per *room*. Occupancy limits, whether imposed by a municipality or property owner/manager, are usually based on a *per-bedroom* limit, and the most common standard is no more than two persons per bedroom.

Valley-wide, only 1.7% of homes, which equates to 104 homes, are overcrowded based on two persons per bedroom. Renters are twice as likely as owners to live in overcrowded conditions.

Overcrowding by Own/Rent

	Own	Rent	Overall
Less than 1 person per bedroom	81.9%	67.2%	75.6%
1 to 1.99 persons per bedroom	17.7%	29.5%	22.8%
2 or more persons per bedroom	.4%	3.4%	1.7%
Number Overcrowded Units	14	90	104

Source: 2016 Resident Survey

Overcrowding is most prevalent in the North Valley and least common in the Mid-Valley.

Overcrowding by Area

	North Valley	Mid-Valley	South Valley
Less than 1 person per bedroom	74.4%	74.0%	76.3%
1 to 1.99 persons per bedroom	22.2%	25.4%	22.6%
2 or more persons per bedroom	3.4%	.5%	1.1%
	100%	100%	100%
Number Overcrowded Households	58	4	44

Source: 2016 Resident Survey

Overcrowding appears not to be a result of choice, but rather affordability. Overcrowding is highest among very low income households (\leq 50% AMI).

Overcrowding by AMI

	<50%	50-80%	80-120%	120-200%	Over 200%
Less than 1 person per bedroom	69.9%	73.6%	69.1%	79.2%	80.7%
1 to 1.99 persons per bedroom	25.0%	24.7%	29.5%	20.3%	18.7%
2 or more persons per bedroom	5.1%	1.7%	1.4%	.5%	.5%
	100%	100%	100%	100%	100%
Total Overcrowded	50	21	22	8	4

Source: 2016 Resident Survey

Forced to Move

About 1,450 households (9% of owners; 42% of renters) have been forced to move within the past five years. Just over half have been forced to move more than once during this period.

Forced to Move within Past 5 Years

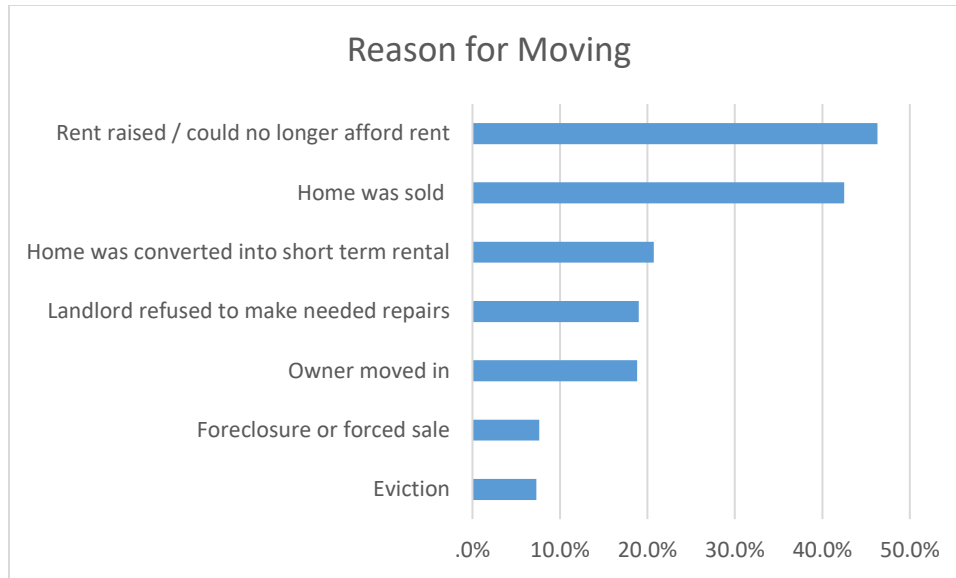
Have been forced to move:	Own	Rent	Overall
Yes	9.4%	41.9%	23.4%
No	90.6%	58.1%	76.6%
	100%	100%	100%
Number Forced to Move	340	1108	1450

Source: 2016 Resident Survey

Rent increases were the most frequently cited reason for having to move followed by homes being sold. With the recovery of the ownership housing market, homes that had been used as long term rentals during the recession have since been sold and tenants have been forced to move. High rents and loss of rental housing inventory are post-recession trends common in comparable mountain communities.

“We were forced to vacate our prior rental because it sold. We only had two rentals to choose from and one of them sold shortly before we were to sign the lease[...].”

- Resident Survey Respondent



Source: 2016 Resident Survey

About 20% of the residents who were forced to move indicated it was because their homes were converted into short-term rentals. Interestingly, this is very similar to the findings from a housing survey in Estes Park in late 2015.

It appears very few homes that had been occupied by locals were purchased by year-round households (probably less than 25%).

“To whom was your rental house sold?”

Type of Purchaser	Percent of Homes where Renter Moved due to Sale
A second home owner	32.4%
A year round household	17.8%
An investor	9.5%
Don't know	40.3%
	100%

Source: 2016 Resident Survey

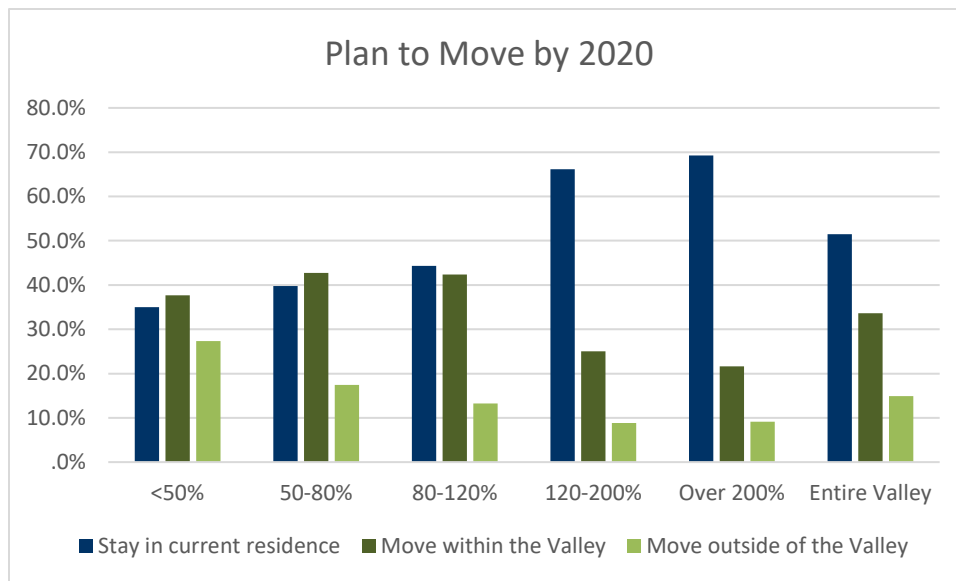
As similarly reported in Gunnison County’s 2014 Economic Indicators report, about 15% of Gunnison Valley’s residents will be leaving the Valley by 2020. About one-fourth of renters plan to leave the Valley while over half plan to move within the Valley. The large majority of owners who plan to leave the Valley want to do so. Renters are far more likely to indicate they have to move.

Plans to Move in Next Four Years

	Own	Rent	Overall
Stay in current residence	76.7%	18.1%	51.5%
Move within the Valley	16.3%	56.5%	33.6%
Move outside of the Valley	7.0%	25.4%	14.9%
	100%	100%	100%
Number Households Leaving the Valley	252	672	924
Want to Move	91.6%	69.2%	75.2%
Have to Move	8.4%	30.8%	24.8%
Number Households Forced to Leave the Valley	21	207	228

Source: 2016 Resident Survey

Lower income households are more likely to move in the next four years, and those below 50% AMI are most likely to leave the Valley entirely.



Source: 2016 Resident Survey

Mortgage Availability

The Valley has good resources for local residents to obtain mortgages. Local lenders report that most buyers are able to obtain finance if they find a home they can afford, however, many buyers experience challenges in the process. In some cases, lenders may work with a buyer for months or even years to become mortgage eligible.

Most renters who want to buy will have at least one problem qualifying for a mortgage, the most common by far being an insufficient down payment. About one-third have credit

problems and high consumer debt is almost as widespread. While there were few differences throughout the Valley, renters living in the North Valley are more likely to be unable to document sufficient income, a problem shared in many mountain towns where tips and other cash income are under-reported.

“If you want to buy, are you likely to have?”

	Gunnison Valley
Insufficient down payment (less than 5% of purchase price)	83.6%
Credit problems	31.8%
High consumer debt (car loans, credit cards, etc.)	27.3%
Inability to document sufficient income	23.3%
A problem due to previous foreclosure	7.1%
Total Percent	172.1%

Source: 2016 Resident Survey

Note: Multiple response question; percentages exceed 100%.

Local buyers use a variety of mortgage types including conventional, FHA, VA, CHFA and USDA. The most common mortgages used by local buyers throughout the Valley are FHA-guaranteed mortgages; however, FHA loans are not available for most condominiums and deed restricted properties. Only one condominium complex in the Valley is FHA approved. All other condominium transactions must be approved on a case-by-case basis, and loan products are limited.

Another challenge with finance of condominiums is underwriting HOA dues. The dues must be included in affordability calculations. HOA dues in the North Valley are high and, in some cases, equal or exceed monthly mortgage payments.

In addition to the commonly used FHA and local bank portfolio loans, Colorado Housing and Finance Authority (CHFA) and Delta Housing Authority have programs to assist local buyers. CHFA financing is an important resource for mobile home buyers, first time homebuyers who lack savings for a 20% down payment, and/or applicants with lower credit scores. Delta Housing Authority administers a down-payment assistance program that is available to Gunnison County residents. Despite having significant funds available, very few loans have been made over the past five years. The program may be better utilized if a local outreach program was developed to educate residents about the program.

Demonstrating market value through the appraisal process can also make it hard to obtain a mortgage. There are many properties that are unique in the Gunnison Valley with few true comparables. Lenders who are unfamiliar with the area may not accept the proposed appraisal. Buyers may need to seek loans with local lenders who understand the local market.

Special Needs

Seniors

Households living in the Gunnison Valley that include at least one household member age 65 or older (referred to as senior households) experience relatively fewer housing problems than the rest of the population. Senior households are less likely than others to report:

- Being cost burdened by high housing payments relative to income (about 14% are cost burdened compared with 27% of non-senior households)
- Living in overcrowded conditions.
- Being forced to move in the past five years.
- Being late on their mortgage or rent payment

Senior households are more likely to report their homes are in excellent condition than non-senior households. Also, a much higher percentage indicate they plan to stay in their homes over the next four years. While senior households are more likely to have a mobility impairment than non-senior households, about 70% of both types of households indicate that their housing accommodates their disability.

Persons with Disabilities

Approximately 30% of households that include at least one member with a disability report that their housing does not adequately accommodate their disability. This equates to roughly 170 households. While more South Valley households include persons with disabilities, the extent to which their housing accommodates their special needs does not vary significantly among the Valley's three areas.

Spanish Speaking Population

The majority of participants in a Spanish speaking focus group reported living in mobile homes where their rents have increased \$50 and \$75 per month for multiple years in a row. These increases have as much as doubled their cost of housing from \$225 to \$300 a few years ago to over \$500 currently. The rapid rise in housing costs has put a significant strain on these low-income households, taking away resources for food, clothing, health care and other basic life necessities.

While the Spanish-speakers reported that finding housing of any kind has become challenging over the past two years, they prefer three-bedroom mobile homes on owned land (not rented lots in mobile home parks) yet this ownership structure is very rare in the Gunnison Valley. Mobile homes for rent or on rented lots are also desired.

Housing problems reported by these households included:

- Discrimination;
- Insufficient documentation to acquire loans;
- Landlords unresponsive to requests for maintenance; and
- Lack of tenant rights in the face of large rent increases.

Section 7 - Housing Preferences

This section examines the type, tenure, number of bedrooms, and amenities preferred by local residents. This data can be used to help guide solutions to the housing problems of the previous chapter.

Own or Rent

For the many households planning to move (see Housing Problems), most would prefer to become or remain homeowners. Renters are again predominately interested in owning a home (71%), which was typically not the case during and immediately after the recession based on research conducted in comparable communities during that period.

Desire to Own or Rent

If you plan to move, do you prefer to:	Currently:		
	Own	Rent	Total
Own	91%	71%	77%
Rent	9%	29%	23%
Total	100%	100%	100%

Source: 2016 Resident Survey

Housing Type

Respondents that are planning to move were asked to select the top three types of homes they would prefer. As shown below:

- Single-family homes were selected as the first-choice home by 77% of respondents. Tiny homes followed a distant second, with only 9% of respondents choosing this as their first-choice home.
- Combining the top three selections by all respondents shows that single family homes are preferred by the majority (88%), followed by townhomes (55%), tiny homes (36%), duplexes (35%), and condominiums (33%). When planning for the development of higher density housing, townhomes are clearly preferred over condominiums.

Housing Types Preferred by Households Planning to Move

	First Choice	Top Three Choices
Single-family home	77%	88%
Tiny house (less than 600 sq. ft.)	9%	36%
Townhome (2 story)	5%	55%
Condominium (1 level)	3%	33%
Apartment	3%	14%
Duplex	2%	35%
Mobile Home	0%	15%
Other	1%	11%
Total	100%	286%

Source: 2016 Resident Survey

Notes: Multiple response question; percentages exceed 100%. Responses in "other" included manufactured housing and accessory dwelling units.

Location

The Resident Survey asked respondents to indicate where they most wanted to live if suitable housing they could afford was available. Over one-half of respondents would most prefer to live in the South Valley, followed by 37% in the North Valley. Responses closely align with the distribution of jobs in the Valley.

Comparison of Location Preferences to Location of Jobs

	Where Residents Currently Live	Where Residents Want to Live	Where Jobs are Located
North Valley	27%	37%	42%
Mid-Valley	10%	10%	6%
South Valley	63%	53%	51%
	100%	100%	100%

Source: 2016 Resident Survey

Number of Bedrooms

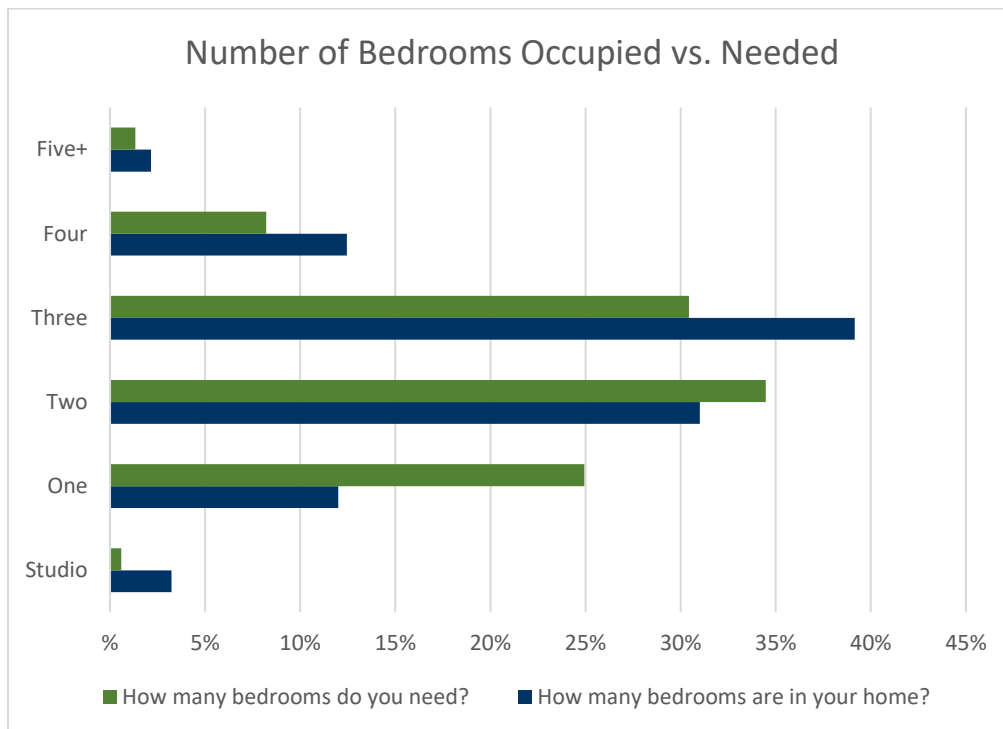
Workforce households across the Gunnison Valley often reside in larger homes than they need. More residents need one and two bedroom homes, while occupancy of larger homes exceeds the number of households who need those home sizes.

- Owners are most often in need of two and three-bedroom homes; renters are most often in need of one and two-bedroom homes.
- The need for one-bedroom homes for renters is particularly pronounced, with 14% more renters needing a one-bedroom than occupying one.

“I am a retired adult living with my daughter and granddaughter. Would love a one-bedroom house that I can afford and not have to put up with noise of an apartment.”

- Resident Survey Respondent

Homes of 1,200 to 1,800 square feet are the “sweet spot” reported by property managers and realtors, consistent with modest two- and three-bedroom homes. Habitat for Humanity reported considerable interest in homes sized 500 to 950 square feet, inspired by the tiny home movement.



Source: 2016 Resident Survey

Amenities

Realtors and property managers report that the preferred amenities of the workforce are similar throughout the Valley and among owners and renters.

- Garages, storage, pets, laundry and yard space are among the highly preferred amenities.
- Households generally feel that a clubhouse and security are not important.

Preferred Amenities, Valley-Wide

Amenity	Highly Preferred	Moderately Desired	Not Important
Garage	x		
Storage	x		
Pets allowed	x		
Clubhouse			x
Playground		x	
In unit laundry	x		
On site central laundry		x	
Security			x
Yard space	x		
Energy efficiency		x	
Access to Walk/Bike/Transit		x	

Source: interviews

Other observations:

- In all market areas, local buyers are seeking to make sound financial choices and are willing to compromise on home size, quality, and location.
- Pets are very important to local residents. Numerous renters shared comments on the challenges of finding pet-friendly housing, particularly in the North Valley.

“Finding affordable housing is doubly hard when you have animals. They are integral parts of families but make it so hard to find a place to live. The housing here will drive us out of this community, even with two stable jobs in the valley.”

- Resident Survey Respondent
- In the South Valley market, local workforce buyers and renters are challenged to find units that have been well maintained and not damaged by college students.
- Having all bedrooms located on a single level is a preference in the South Valley, likely the result of more households that include children and/or seniors.

Section 8 - Current Needs and Projected Gaps

The section ties together data on incomes, jobs, housing affordability and availability, projected growth, employee retirement and housing preferences to determine where gaps in home prices and rents exist. Estimates of the number of housing units needed by AMI and own/rent for each market area are provided.

Housing needs are estimated through the year 2020 so that data from the decennial Census, upon its release, can be used as a baseline for future housing need projections. A forecasting model for 10-year estimates of total housing demand accompanies this assessment. With job growth monitoring, staff can adjust projections as warranted.

Housing needs are determined through a combination of factors and are presented in two categories:

- Catch-Up Needs -- the number of housing units needed to address current deficiencies in housing based on employees needed for unfilled jobs, housing needed to alleviate overcrowding and rental units needed to provide a functional rental market.
- Keep-Up Needs -- the number of units needed to keep-up with future demand for housing based on projected employment and jobs vacated by retiring employees.

Combined, catch-up and keep-up needs represent the total number of housing units needed to fill existing and new jobs, address overcrowding and eliminate the current shortage of rental housing. The free market will address some of these needs. This section concludes with estimates of the gap – the housing units that the market will *not* provide.

Needs are expressed in terms of the number of housing units needed. Employees were translated to housing units through the use of the average number of jobs held per employee and the average number of employees per household, as presented in the Economic Conditions and Trends section of this report.

It is important to recognize that the Valley will likely not address 100% of the estimated housing needs by 2020. Even in Breckenridge, a community with land, financial resources and long-term consistent commitment to housing, only 67% of the five year housing gap projected in 2013 will be addressed by 2018. Also, despite the specificity of the estimated housing needs, there is leeway for vision, policy and locally-generated goals in combination with opportunities (primarily funding and land) and private market performance to determine income targeting, price points, owner/renter mix and the location of housing produced to address needs.

Catch-Up Needs

Overcrowding

Overcrowding can only be addressed by building additional units. As reported in the Housing Problems section of this report, 104 units are overcrowded in the Gunnison Valley. An increase in the supply of workforce housing equal to about one-third of the number of overcrowded units will help address overcrowding to the extent practical, given, for example, cost consciousness and cultural needs. Therefore, about 30 units are needed to help address overcrowding within the Gunnison Valley.

Units Needed to Address Overcrowding

	Assumptions & Units Needed
Total over-crowded households	104
% needed to address overcrowding	30%
Housing Units Needed	30

Source: 2016 Resident Survey, Consultant team

Functional Rental Market

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

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

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

A vacancy rate of 5% is generally considered a balanced market. At this vacancy level, it is generally financially feasible to own and operate rental units and availability is adequate to provide choice for renters and stabilize rent increases.

To increase the vacancy rate to 5%, approximately 140 additional rental units are needed.

Rental Units Needed to Create Functional Market

	Assumptions & Units Needed
Number of existing rental units - 2016	2,650
Number with 5% vacancy rate	2,790
Housing Units Needed	140

Source: 2016 Resident Survey, Consultant team

Unfilled Jobs

About 165 housing units are needed to provide a sufficient labor force to fill the 360 jobs that were vacant in August 2016. This estimate is a peak employment month and includes seasonal workers.

Units Needed to House Employees for Vacant Jobs

	Assumptions & Units Needed
# unfilled jobs (Aug. 2016)	360
Jobs per worker	1.24
Employees per household	1.77
Housing Units Needed	165

Source: 2016 Employer Survey, Consultant team

Keep-Up Needs

Retiring employees

The labor force is aging and the Gunnison Valley will need to provide housing for employees who move in to fill jobs vacated by retirees. Similar to other mountain communities, this need has not been faced to a significant degree in the past or considered in previous housing needs assessments.

About 260 housing units will be needed over the next four years to house new employees filling existing jobs. Employers indicated that 7% of their employees will retire by 2020, or about 640 employees. Approximately 12% of residents who plan to retire by 2020 plan to leave the area upon retirement and 23% plan to move within the Valley. While many of the homes vacated by retirees will not be affordable for employees, it is reasonable to assume that 10% will continue to house the workforce, especially if alternative housing options are developed in the county for retirees.

Housing Needed to Replace Retiring Employees

	Assumptions & Units Needed
% to retire within 4 years	7%
# of employees to retire	640
Jobs per worker	1.24
Employees per household	1.77
Housing needed for replacement employees	290
# of units available for replacement employees (10% est.)	30
Housing Units Needed	260

Source: 2016 Resident Survey, Consultant team

Job Growth

To keep up with estimated job growth over the next five years, approximately 365 additional units will be needed by 2020 to house the projected increase in employees in the Gunnison Valley. This estimate is based on a 2% annual growth in jobs, which is higher than the post-recession average but lower than predicted by the State Demographer through 2020. The forecasting model that accompanies this assessment can be used to modify this projection if actual job growth is lower or higher.

Housing Needed to Fill New Jobs, 2016 – 2020

	Assumptions & Units Needed
Increase in Jobs between 2016 and 2020	800
Jobs per Employee	1.24
New Employees Needed	645
Employees per Housing Unit	1.77
Housing Units Needed	365

Source: 2016 Employer Survey, Consultant team

Summary of Catch-Up and Keep-Up Needs

Based on estimated catch-up and keep-up needs, approximately 960 housing units are needed by 2020. This averages 240 units per year. This estimate includes homes that the free market will provide and units for which subsidies, incentives and/or mandates will be required.

Summary of Housing Needed

	Assumptions & Units Needed
Catch-Up (Existing Needs)	
Overcrowding	30
Rental market	140
Unfilled jobs	165
Total Catch-Up	335
Keep-Up (Future Needs)	
Retiring employees	260
New jobs	365
Total Keep-Up	625
Total Housing Units Needed through 2020	960

Housing Needs by Own/Rent

Both ownership and rental housing that is affordable for the local workforce and other residents are needed. The mix should be roughly 55% ownership and 45% rental over the long term but with more immediate emphasis on rental. This takes into account the following considerations:

- 58% of the Valley's households now own; preserving this relationship and the commitment to community associated with ownership is typically a key consideration in comparable communities when setting goals for affordable housing development.
- 74% of residents who have lived in the Valley for 5 years or less rent. This does not mean however that new units will exclusively house new residents attracted to fill jobs. If homes are built that are affordable for longer term renters to move into ownership, the rental units they now occupy will become available for newcomers.
- The majority of renters want to own. Only 18% plan to stay where they now reside over the next four years. Of those who plan to move, 72% want to own.

For homes that will be built to address these needs, the ownership/rental mix is not exact but in practice largely a function of the community's desired direction, housing goals, opportunities and private market performance. While the rental market is currently tighter and rebounded more quickly post-recession than the ownership market, both have now sufficiently recovered to warrant additional development. Monitoring market conditions and making changes, if needed, to the forecasting model in the income levels served by the market would generate changes in the owner/renter mix moving forward.

Housing Needs by Area

The total number of housing units needed (units the market will and will not provide) are allocated by area based on where owners and renters want to live in the Valley. This approach:

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

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

The Gap

The market will address a portion of both ownership and rental housing. The income level the market now serves varies within the Gunnison Valley as shown on the following table. The gap not served by the market will total nearly 420 units by 2020 – about 235 ownership and 185 rental units.

Gap in Housing Needs by Area, AMI and Own/Rent

	Market does not provide	Market partially provides			Market provides
Owner Units by AMI	Max Affordable Price	North	Mid	South	Total
<50%	\$108,000	12	4	18	34
50% to 80%	\$172,900	25	8	37	69
80.1 to 120%	\$259,300	43	13	63	119
120.1 to 200%	\$432,200	74	23	109	207
Over 200%	>\$432,200	35	11	52	99
Total Ownership Needs		189	60	279	528
Ownership Gap		154	25	54	233
Rental Units by AMI	Max Affordable Rent	North	Mid	South	Total
<50%	\$689	46	10	61	117
50% to 80%	\$1,102	47	10	62	119
80.1 to 120%	\$1,653	46	10	61	117
120.1 to 200%	\$2,755	25	5	33	63
Over 200%	>\$2,755	7	1	9	17
Total Rental Needs		171	36	226	432
Rental Gap		93	29	61	184
Total Gap		247	54	116	417

*Differences are due to rounding. NOTE: Units that are planned for construction have **not** been subtracted from the estimates of needs over the next four years.

While affordable homeownership opportunities for households earning under 80% AMI are undersupplied, producing homes at this price will not occur without substantial subsidies or programs such as Habitat for Humanity. These households also often have trouble qualifying for loans and meeting down payment purchase requirements.

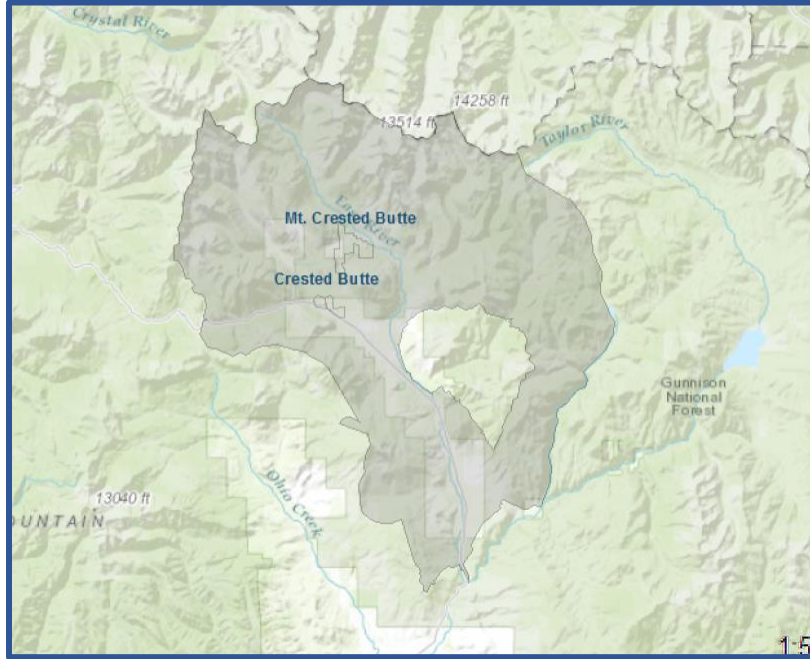
Even the most aggressive strategic planning and policy implementation is unlikely to address 100% of the gap by 2020. Local goals, priorities, and opportunities will be key drivers in where and what type of housing is provided. Looking at the gap in summary, ownership and rental homes needed are broken down by the following incomes Valley-wide:

Gap in Housing Needed through 2020

Units by AMI	Ownership		Rental	
	Max Affordable Price	Units	Max Affordable Rent	Units
<50%	\$108,000	34	\$689	117
50% to 80%	\$172,900	69	\$1,102	119
80.1 to 120%	\$259,300	119	\$1,653	117
120.1 to 200%	\$432,200	207	\$2,755	63
Over 200%	>\$432,200	99	>\$2,755	17
Total Needs		528		432
Market will Address		295		248
Gap		233		184

Source: CHFA, Consultant team

North Valley



Economic Conditions

Number of Jobs and Projections

There are about 4,125 jobs in the North Valley, 42% of the jobs in the Valley overall. Job growth is anticipated to be strongest in this part of the region; more than half of North Valley employers anticipate adding jobs between now and 2020. The growth rate is anticipated to exceed 2%, adding more than 340 new jobs in the next four years.

Seasonality of Employment

The North Valley has significant seasonal swings in employment, which is typical in a resort community. There are peaks in employment in both summer and winter. December was the highest employment month last year, with about 4,900 jobs. July was the peak of the summer season with roughly 4,500 jobs. May was the lowest employment month, with under 3,000 jobs. There were at least 52% more jobs in the summer peak and 67% more jobs in the winter peak compared to year-round employment. The majority of seasonal workers, however, live in the Gunnison Valley year-round.

Commuting

The North Valley has more jobs than resident employees, requiring workers to commute from Mid and South Valley. Of the total jobs located in North and Mid-Valley, 61% are filled by workers who also reside there. The remaining 37% commute from the South Valley, with 2% coming from outside the Valley. Conversely, looking at households who have one or more household members employed, 93% who live in North Valley also include someone who works there.

Housing Inventory

Total and Occupied Housing Units

Nearly 40% of the residential units in the Gunnison Valley are located in the North Valley. The North Valley has relatively fewer occupied housing units (27% of the Valley's total) because of the high number of second/vacation homes in and around Crested Butte and Mt. Crested Butte. The homeownership rate is 60%, similar to the overall level in the Valley.

Housing Units by Occupancy, 2016

	North Valley	Percent of Gunnison Valley
Housing Units	3,684	39%
Occupied Units/Households	1,708	27%
Owner Households	1,020	28%
Renter Households	688	26%
Homeownership Rate	60%	N/A

Source: Based on DOLA State Demographer estimates for 2014 and 2016.

Relationship between Primary and Second Homes

Only 46% of the residential units in the North Valley house local residents. The majority are primarily second/vacation homes. Crested Butte has the highest percentage of housing in the North Valley that is occupied by local residents. In Mt. Crested Butte, residents occupy only about one-fourth of residential units.

Percentage of Homes Occupied by Residents

Occupied Homes	Crested Butte	Mt. Crested Butte
2000	75.1%	27.5%
2010	67.8%	26.5%

Source: 2000 and 2010 Census

Between 2000 and 2010 a significant shift occurred in Crested Butte in the use of housing units. According to the US Census, the percentage occupied by local residents dropped 7.3 points, which is a significant change. This occurred despite the production of homes restricted for local residents (see section on Affordable Housing).

Since 2010, the shift from local occupancy to other uses has continued with the increasing popularity of short term rental sites such as VRBO and AirBnB. There are currently 240 homes with short term rental licenses in the Town of Crested Butte, an increase of 70% since May 2016 in part due to consideration of a moratorium. In the historic core, 38% of homes have short term rental licenses. In the surrounding residential areas, 21% of homes have licenses.

In Mt. Crested Butte, the relationship between primary homes and second/vacation homes has remained relatively constant.

Unit Type

Overall, about 45% of North Valley residents reside in single family homes, which is lower than elsewhere in the Valley. Nearly one-third reside in condominiums or townhomes, which are typically more affordable than single-family homes.

Just over one-fourth of renters live in apartments, which is a comparably low percentage and one of the contributing factors to the lack of affordable rental housing described in the Housing Problems section of this report.

Occupied Unit Type by Own/Rent

Unit Type	Own	Rent	Overall
Single-family house/cabin	60.9%	20.4%	44.3%
Duplex or triplex	7.9%	9.5%	8.5%
Apartment	2.0%	26.5%	12.0%
Townhouse or condominium	25.3%	39.4%	31.1%
Mobile home	3.5%	.6%	2.3%
Other	.5%	3.6%	1.8%

Source: 2016 Resident Survey

Note: "Other" includes respondents who indicated they were camping, homeless and staying with friends.

Homeownership Market Conditions

Market Characteristics

Realtors report:

- The for-sale market stabilized in 2012, and prices have been generally increasing since then.
- Single family homes have seen the greatest appreciation, while condos have taken more time to stabilize, and sale of buildable lots continues to be slow.
- Condos have only recovered to 60% of pre-recession value, and land is around 50% of pre-recession value.
- Buyers relocating to the North Valley to work remotely or to purchase second homes fueled the recovery. Many second home buyers are now from the Front Range. This trend is a shift from before the recession when many second home buyers were from Texas and Oklahoma.
- Second home buyers seeking to short-term rent their properties for a portion of the year became a major trend beginning in 2012 and is continuing.

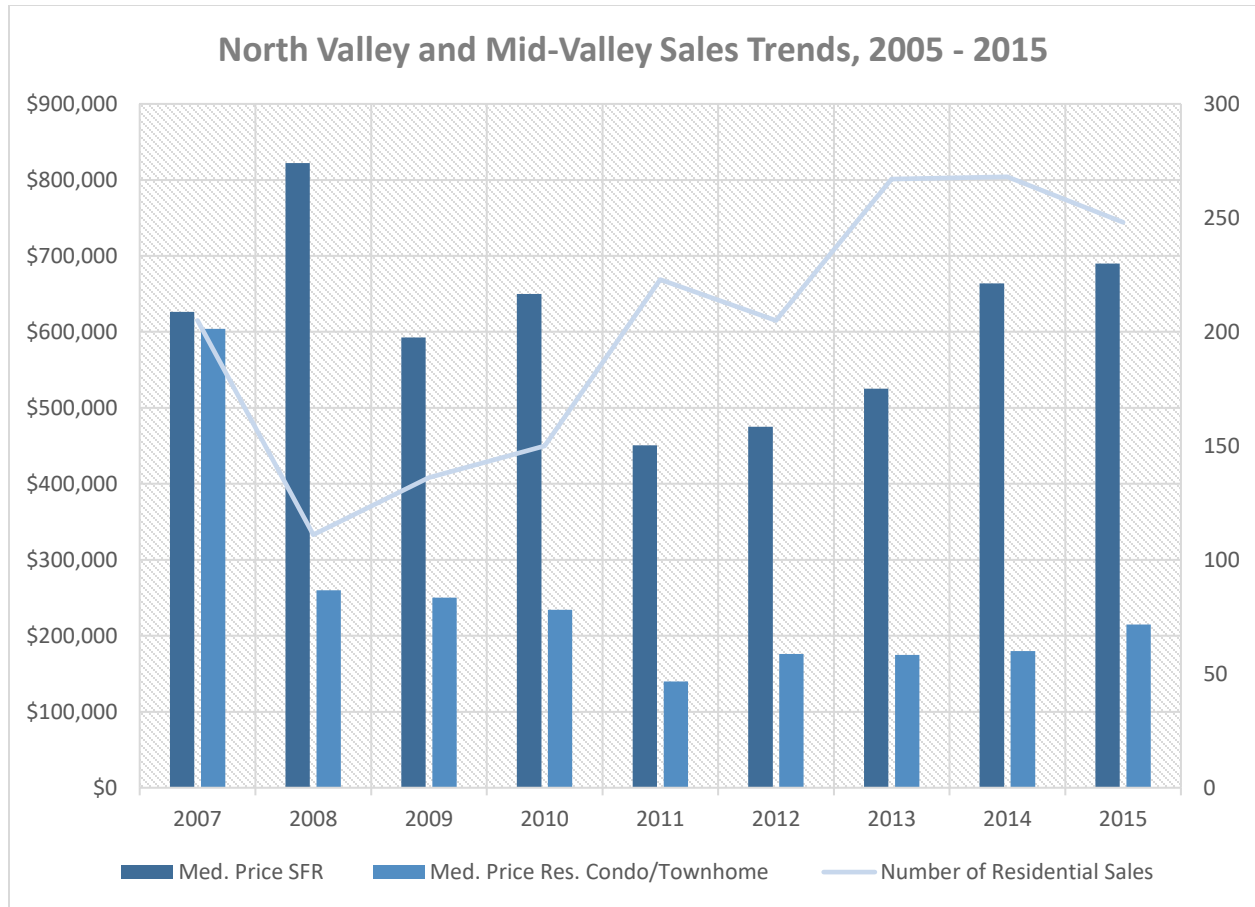
- The cost to build in the north end of the Valley is high, and builders are working almost exclusively on high end custom homes.
- Land prices are likely to begin increasing as home prices are now beginning to exceed the cost to build.
- Local buyers are most interested in single family homes, duplexes, and townhomes. Condos are less desirable due to design, high HOA dues, and the inability to attain long term, fixed-rate mortgages.
- Riverbend is reported to be the most attainable neighborhood in the North Valley for local single family home buyers; however, inventory is very limited with only two listings at the time of this study.
- Foreclosures and bank owned real estate are no longer having a measurable impact on this market.

Sales and Price Trends

The real estate market continues to recover for North and Mid-Valley. Home prices had dropped off sharply between 2007 and 2011, losing about 60% overall (45% for single family homes and 77% for condominiums/townhomes). Since 2011, prices for single family homes have increased steadily, to within 16% of the 2008 high point. Condo and townhome prices have recovered modestly, but remain significantly lower than the 2007 high point. The median price for condos and townhomes in 2015 was only one third of the 2007 median.

The number of residential sales has exceeded pre-recession levels every year since 2011, and has more than doubled since the low of 111 sales in 2008. After a high point of 268 sales in 2013 and 2014, sales volume dipped 8% in 2015 and may continue declining as inventory becomes more scarce.

In the following chart, the North and Mid-Valley are combined due to the availability of historic data.



Source: Chris Kopf, Coldwell Banker Bighorn Realty, MLS

Current Availability

A total of 238 residential units were listed for sale in the North Valley as of August 11, 2016. Of these listings:

- 57% were single-family homes;
- 54% were in the town of Mt. Crested Butte;
- 105 or just under half were priced for over \$1 million;
- The overall median price was over \$900,000, or \$438 per square foot.

MLS Listings by Location, Price and Unit Type – North Valley: August 2016

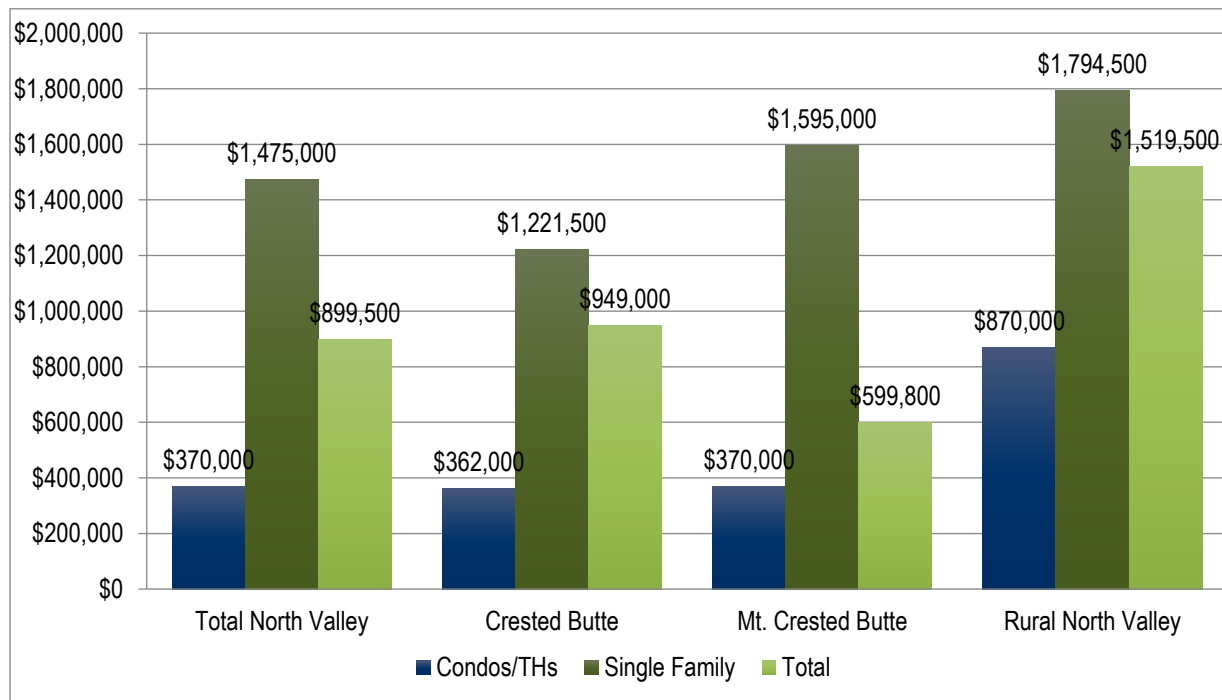
Number of Listings	Total North Valley	Crested Butte	Mt. Crested Butte	Rural North Valley
Condos/THs	102	11	83	8
Single Family	136	23	46	67
Total	238	34	129	75
Median Price				
Condos/THs	\$370,000	\$362,000	\$370,000	\$870,000
Single Family	\$1,437,500	\$1,221,500	\$1,595,000	\$1,794,500
Total	\$912,250	\$949,000	\$599,800	\$1,519,500
Average Price/SF				
Condos/THs	\$334	\$401	\$321	\$368
Single Family	\$517	\$588	\$411	\$565
Total	\$438	\$527	\$353	\$544

Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS, fractional ownership excluded

Rural North Valley had the highest median list price, exceeding \$1.5 million. Homes available in this area are mostly larger homes with higher end finishes, with very few condominiums and townhomes.

The median list price and median price per square foot for condos and townhomes are 50% to 75% lower than for single family homes.

Median List Prices, North Valley: August 2016



Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS

Affordability of Homes for Purchase

Middle-income households have almost no opportunity to buy a free market home in the North Valley. To afford the median list price would require a household income of 405% AMI or \$223,000/year for two people.

No single-family homes and only 25 condos were listed at prices affordable for households making less than 120% of AMI (\$66,000 for a household of two). These units averaged 625 square feet; 24 of the 25 were located in the Town of Mt. Crested Butte. The design and management of these condos may not be suitable or attractive for year-round residency by the local workforce. Costly HOA dues and lack of FHA and conventional mortgages present additional barriers for local buyers.

MLS Listings by AMI, North Valley

	Total	≤50% AMI	50.1% - 80%	80.1% - 120%	120% - 200%	> 200%
Maximum Price*		\$108,000	\$172,900	\$259,300	\$432,200	>\$432,200
Listings						
Condos/THs	102	8	6	16	32	40
Single Family	136	0	0	0	0	136
Total	238	8	6	16	32	176
Percent of Total	100%	3%	3%	7%	13%	74%

Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS

*Based on a 30 year fixed rate mortgage at 5% with 5% down and 20% of the monthly payment covering taxes, insurance and HOA fees.

Rental Market Conditions

Market Characteristics

The rental market in the North Valley is smaller than in the South Valley and larger than in the Mid-Valley. According to Census estimates, 40% of households rent in the North Valley (about 650 households). Renters occupy a diverse mix of single-family homes, condos, townhomes, apartments, and accessory dwelling units.

To summarize trends and conditions:

- The rental market softened during the recession and recovered quickly beginning in 2011. By 2014, the market resembled pre-recession conditions.
- The rental market is extremely tight in the North Valley with a vacancy rate of less than 1%. Occupancy increased from around 80% to 99% in 2014, and has remained extremely tight since then.

- Property managers report unit turnover and availability is the lowest they can recall.
- Rents are rising. Property managers report increases of 5% to 15% annually since 2013.
- Most North Valley renters are employed in the North Valley. Local workforce renters are employed in all areas of the economy including CBMR, retail and restaurants, real estate, hospitality, non-profit and government, and construction.
- About 10% of renters are new to the area, while 40% have lived in the Gunnison Valley between one to five years. The remaining 50% have been residents for five years or longer.
- The vast majority of renter households include employed workers (95%).
- Units available are often not aligned with what local employees are seeking. Available units are primarily large homes with high end finishes, condos with amenities targeted to second homeowners, and many do not allow pets – all contrary to what most locals need.
- Many employees are seeking rental units that they can share with multiple housemates; 27% of rental units are occupied by unrelated roommates. Many of these employees would prefer a studio or one-bedroom, but cannot find or afford them.
- Most lease terms are for one year, although many employees with seasonal work seek shorter terms.
- The features renters are most often seeking include reasonable rent, in-unit laundry, garage (and/or other storage), and permission for pets. Energy efficiency is also a concern. Renters are less interested in amenities such as yard space, a club house, or playgrounds.
- Property managers report that they have lost long term rental inventory due to owners selling their homes as the for-sale market has strengthened. Homes that had functioned as long term rentals throughout the recession are being sold and converted to second homeownership, short-term renting, and, less commonly, owner occupancy.
- Online platforms (e.g., AirBnb, VRBO, etc.) for short-term rentals have been a major factor in the North Valley since at least 2012 and continue to influence the market.
- Over 100 individuals were displaced when Marcellina Apartments flooded in February 2014. This created additional demand for rental units in an already tight rental market.

Anthracite Place, currently leasing up in the Town of Crested Butte, replaces some of the lost inventory.

Rents

The median rent for North Valley is \$900/month.

Median Rents, North Valley

	Median Rent
1 BR	\$850
2 BR	\$1,200
3 BR	\$1,350
4 BR	\$600*
Overall	\$900

Source: 2016 Resident Survey

*Insufficient sample

Renters in North Valley are paying higher rents compared with Valley-wide averages.

Rent Paid by AMI, North Valley

Rent/Month	Income (AMI)	Valley Wide	North
Less than \$690	≤50% AMI	32%	22%
\$690 to \$1,102	50.1% - 80%	41%	38%
\$1,103 to \$1,653	80.1% - 120%	23%	33%
\$1,654 to \$2,756	120% - 200%	4%	8%
Over \$2,756	> 200%	0%	0%
Total	n/a	100%	100%

Source: 2016 Resident Survey

Current Availability

A total of 16 units were available for rent in the second quarter of 2016. This estimate is based on information from property manager interviews, listings online and newspaper classified ads.

- A household of two needs an annual income of 123% AMI (\$68,000/year) for the median asking rent of \$1,700 to be affordable.
- The listings represented a mix of one-, two-, and three-bedroom apartments, condos, and single-family homes. No four-bedroom homes were available.

- Half of the available listings were condos in Mt. Crested Butte. One-third of the listings were single-family homes.
- Utilities were included in rents for most condos and apartments.
- Only one property, located in Riverbend, allowed pets.

For Rent Listings, Second Quarter 2016

	# of Listings	Median Asking Rent	AMI Needed
1 BR	3	\$1,025	74%
2 BR	7	\$1,500	109%
3 BR	6	\$1,850	134%
4 BR	0	\$2,500	181%
Overall	16	\$1,700	123%

Source: interviews, newspaper, online listings

Affordable Housing

Existing Inventory

The North Valley has the most robust inventory of affordable housing. About 19% of the households in the North Valley live in 316 housing units that have some type of restriction on occupancy – employment, income and/or residency. About one-half are rental units, one-third were developed for affordable homeownership and the remaining 64 units could be owner or renter occupied, though most are renter occupied at this time.

Of the 316 affordable units:

- About 73% (231 units) are within the Town of Crested Butte and 77 are within Mt. Crested Butte. Only eight units are located in unincorporated Gunnison County subdivisions.
- This number was significantly higher at one time, but deed restrictions were removed from 31 homes in the Skyland River Neighborhood and 19 units at Stallion Park.
- Accessory dwellings have approximately 90% compliance with local long-term rent requirements. Additional efforts are being made to further improve the use of ADU's as long-term rentals.

Restricted Housing by Jurisdiction and Own/Rent

	Owner	Renter	Either	Total
Crested Butte				
Accessory Dwellings		79		79
Commercial Dwellings			57	57
Anthracite Place		30		30
Kapushion	5			5
Poverty Gulch	10			10
Paradise Park	20	4		24
Red Lady Estates	7	3		10
Verzuh Ranch	8	1		9
Town Employee Units		7		7
Subtotal	50	129	57	231
Mt. Crested Butte				
Chateau	1	1		2
Pitchfork	22			22
Mountain Sunrise	1			1
Timbers			7	7
Three Seasons	2			2
Scattered Employee Rentals		28		28
Homestead	15			15
Subtotal	41	29	7	77
Unincorporated County				
Stallion Park	4	1		5
Butte Pastures	2			2
Larkspur	1			1
Subtotal	7	1	0	8
Total	98	154	64	316
Percent of Total	31.0%	48.7%	20.3%	100.0%

Source: GVRHA and planner interviews

Most of the restricted units in the North Valley (71%) do not have specific income limits but are restricted only by employment requirements and the percentage of income that must be earned within Gunnison County. This is unusual. Other mountain communities with sizeable inventories of restricted housing impose specific income targets/caps on most units, particularly those developed in recent years.

Few units are restricted for very low income households ($\leq 50\%$ AMI). Just 13 apartments at Anthracite Place and two in Paradise Park are limited for occupancy by households in the lowest income range which equates to 4.7% of restricted units. This compares with 15% of households in the North Valley that have incomes no greater than 50% AMI.

Restricted Units by Income (AMI)

	≤50%	60%	≤80%	≤90%	≤100%	≤120%	≤130%	None	Total
Crested Butte									
Accessory Dwellings								79	79
Commercial Dwellings								57	57
Anthracite Place	13	17							30
Kapushion								5	5
Poverty Gulch					10				10
Paradise Park	2		6	2	7	1	2	4	24
Red Lady Estates								10	10
Verzuh Ranch								9	9
Town Employee Units								7	7
Subtotal	15	17	6	2	17	1	2	171	231
Mt. Crested Butte									
Chateau								2	2
Pitchfork			2		3	4		13	22
Mountain Sunrise						1			1
Timbers								7	7
Three Seasons						2			2
Employee Rentals								28	28
Homestead			6			9			15
Subtotal	0	0	8	0	3	16	0	50	77
Unincorporated County									
Stallion Park					5				5
Butte Pastures								2	2
Larkspur								1	1
Subtotal	0	0	0	0	5	0	0	3	8
Total	15	17	14	2	25	17	2	224	316
Percent of Total	4.7%	5.4%	4.4%	0.6%	7.9%	5.4%	0.6%	70.9%	100.0%

Source: GVRHA and planner interviews

Development Potential

Depending on local priorities and availability of funding, 121 units could be constructed in the next three to five years. Additional opportunity sites are summarized in the Valley-Wide overview.

Deed Restricted Lots

Crested Butte	
Paradise Park	53
Annexation Parcel	24
County	
Stallion Park	8
Larkspur	6
Mt. Crested Butte	
Pitchfork	6
Homestead	24
	Total
	121

Source: GVRHA and planner interviews

Deed Restricted Market Conditions - Ownership

One deed restricted single-family home and one condo are being marketed to local buyers currently. The three-bedroom, two-bath home is located in Pitchfork and listed for \$315,000. The condo is in the recently renovated Timber building in Mt. Crested Butte. It is 603 square feet and is listed for \$155,000 with HOA dues of \$320/month.

Earlier this summer, a lottery was conducted for deed restricted buildable lots in Blocks 70/80 in the Town of Crested Butte. GVRHA and the Town of Crested Butte hosted homebuyer/builder trainings, which were attended by 53 prospective buyers. Of these attendees, 21 became bank qualified and participated in the lottery for eight lots. Lenders report the two most common challenges for buyers seeking approval were (1) meeting the down payment requirement of 20% Loan to Value on the completed home, and (2) the ability to demonstrate sufficient income to obtain construction financing and cover living expenses, including a housing payment on a different home for the duration of construction.

Deed Restricted Market Conditions - Rental

Anthracite Place, a 30-unit Low Income Housing Tax Credit apartment property in Crested Butte, was completed in the summer of 2016. Anthracite Place has leased 24 units since opening two months ago. Residents include four single working mothers, three individuals with disabilities, and a variety of local employees including artists, cooks, waitresses, and retail workers. All of the households moving to Anthracite already lived or worked in the North Valley.

Leasing staff reported strong interest in the property, with over 50 applicants for 30 units. Six units are still vacant. This rate of absorption is consistent with the four to five months anticipated by the 2014 Market Study for the property. However, lease-up has been slower than many expected in light of the very tight rental market. The challenges to an “overnight” lease-up have included:

“This was my situation for the last few years. But now I am so happy to say I am moving into the anthracite apartments! Yay for affordable housing!”

- Resident Survey Respondent

- Applicants not providing complete paperwork, followed by many leaving town for the post-summer off season;
- About 20% of applicants did not income qualify, earning just over the 60% AMI limit, an indication of need for 60% to 80% AMI rental units;
- Several applicants had insufficient savings for first month, last month and deposit;
- No pets allowed. Leasing staff reported that they turned away about one-third of potential applicants due to this policy. This policy will be revisited this month.
- The learning curve associated with local property management staff undertaking their first Tax Credit lease-up.

GVRHA has taken several steps to ensure lease-up is completed by year end. These include coordinating with CBMR and other large employers to provide rental applicants to employees, contracting with an experienced lease-up agent to support local staff, and offering a leasing incentive for applicants.

Housing Problems

Most metrics examined indicate that housing problems are more prevalent in the North Valley than in the Mid or South Valley, though there are exceptions.

Perceptions about Severity of Housing Problem

Concerns about workforce housing are highest among North Valley renters than renters in other areas – almost 94% think that the availability of housing that is affordable for the workforce is the most critical problem in the region.

Extent to Which Workforce Housing is a Problem, North Valley

	Own	Rent	Overall
Not a problem	4.5%	.9%	3.0%
One of the region's lesser problems	5.6%	.0%	3.3%
A moderate problem	19.3%	5.5%	13.6%
One of the more serious problems	52.0%	53.1%	52.4%
The most critical problem in the region	18.6%	40.5%	27.6%
Total – More Serious and Most Critical: North Valley	70.6%	93.6%	80.0%
Total – More Serious and Most Critical: Gunnison Valley	68.4%	87.0%	76.4%

Source: 2016 Resident Survey

Affordability

Households are more likely to spend in excess of 30% of their income on housing in the North Valley than households in the Mid or South Valley. This is due in large part to an unusual condition – relatively more owners than renters are cost burdened by high housing payments relative to their income. Mortgage underwriting criteria typically limits owners from buying homes that cost more than 30% of their income; however, homeowners that acquire variable rate mortgages may, at a later date, become cost burdened by their housing payment. Owners may, have experienced a reduction in income since purchasing their homes or obtained a variable rate mortgage for which the monthly payment has now increased. Other factors, such as the ability to provide down payments greater than 20% (perhaps with a gift from family), little other debt and excellent credit could have contributed to the unusually high percentage of owners who are cost burdened.

Cost Burden by Own/Rent

	Own	Rent	North Valley
30% or less	63.4%	66.1%	64.7%
31.1% to 50%	27.8%	22.6%	25.3%
more than 50%	8.8%	11.3%	10.0%
	100%	100%	100%
Total Cost Burdened: North Valley	36.6%	33.9%	35.3%
Total Cost Burdened: Gunnison Valley	17.6%	33.8%	24.6%

Source: 2016 Resident Survey

Difficulty Finding Housing

Nearly one-third of North Valley residents indicated it was very difficult to find housing the last time they moved. This is lower than in the South Valley, but slightly higher than Mid-Valley.

Condition of Homes

About 20% of North Valley residents indicated the homes they occupy are in fair or poor condition, which is lower than Valley-wide.

General Condition of Homes

	Own	Rent	North Valley
Excellent	51.1%	19.6%	38.2%
Good	39.1%	47.3%	42.5%
Fair	9.4%	25.4%	16.0%
Poor	.4%	7.6%	3.4%
	100%	100%	100%
Homes in Fair/Poor Condition: North Valley	9.8%	33.0%	19.4%
Homes in Fair/Poor Condition: Gunnison Valley	14.5%	44.2%	27.2%

Source: 2016 Resident Survey

Not Living Where Desired

The North Valley has both the highest and lowest level of correlation between where residents live and where they most want to live. Over 90% of Crested Butte’s residents most want to live there whereas only 43% of Mt. Crested Butte’s residents indicated it was their preference.

“Where within the Gunnison Valley would you most like to live if housing you could afford was available?”

Shading denotes residents living where desired.

Where Want to Live	Where Now Live		
	Crested Butte	Mt. Crested Butte	Other - Skyland, Buckhorn, Riverbend, Meridian Lake
Crested Butte	92.3%	37.5%	33.5%
Mt. Crested Butte	1.1%	42.6%	17.8%
Other - Skyland, Buckhorn, Riverbend, Meridian Lake, etc.	3.8%	12.0%	45.9%
Crested Butte South	1.1%	8.0%	1.4%
Almont	.0%	.0%	1.4%
Gunnison	.5%	.0%	.0%
Castle Mtn. area, Ohio Creek	1.3%	.0%	.0%
	100%	100%	100%

Source: 2016 Resident Survey

Overcrowding

While overcrowding is not widespread in the Gunnison Valley, it is most prevalent in the North Valley, and is almost exclusively a problem among renter households, particularly those with very low incomes ($\leq 50\%$ AMI).

Overcrowding* by Own/Rent

	Own	Rent	North Valley
Total Overcrowded Homes: North Valley	.2%	8.1%	3.4%
Total Overcrowded Homes: Gunnison Valley	.4%	3.4%	1.7%

Source: 2016 Resident Survey

*2 or more persons per bedroom.

Forced to Move

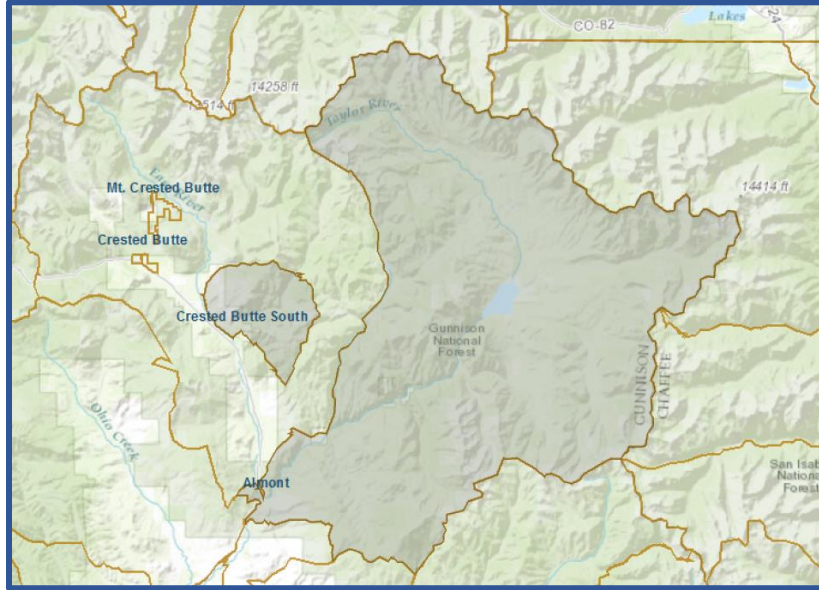
Compared with the rest of the Gunnison Valley, relatively fewer North Valley owners but more renters indicated they were forced to move within the past five years. Conversion of homes into short-term rentals was given as a reason for the forced move by 30% of North Valley residents compared with just over 23% Valley-wide.

Forced to Move by Own/Rent

	Own	Rent	Overall
North Valley	5.4%	53.5%	25.1%
Gunnison Valley	9.4%	41.9%	23.4%

Source: 2016 Resident Survey

Mid – Valley



Economic Conditions

Number of Jobs and Projections

There are about 621 jobs in the Mid-Valley, 6% of the jobs in the Valley overall. About 50 new jobs are anticipated in the next four years.

Seasonality of Employment

Summer is the peak employment season for the Mid-Valley. Unlike in the North, jobs are not added in the winter. Last year, there was an increase of about 156% from the lowest number of jobs in March to the highest number in July. This dramatic seasonal increase is largely the result of summer recreation related jobs in the Almont and Taylor River areas.

Commuting

Mid-Valley houses 13% of the Valley's employees, but provides only 6% of the Valley's jobs. Most employees living in the Mid-Valley commute to the North Valley for work; about 79% of working households have at least one employee that is employed in the North Valley.

Housing Inventory

Total and Occupied Housing Units

Approximately 13% of the residential units in the Gunnison Valley are located in Mid-Valley. The Mid-Valley has relatively fewer occupied housing units (9% of the Valley's total) because of the high number of second/vacation homes in the Almont and Taylor River area. The homeownership rate is 72%, the highest in the Valley.

Housing Units by Occupancy, 2016

	Mid-Valley	Percent of Gunnison Valley
Housing Units	1,230	13.0%
Occupied Units/Households	590	9.4%
Owner Households	423	11.7%
Renter Households	167	6.3%
Homeownership Rate	72%	N/A

Source: Based on DOLA State Demographer estimates for 2014 and 2016.

Relationship between Primary and Second Homes

About 48% of the residential units in the Mid-Valley house local residents. The majority are primarily second/vacation homes. Since US Census Tracts do not well align with the boundaries for Crested Butte South and the rest of the Mid-Valley area, it is not possible to measure changes to occupancy/use of residential units over time. The countywide shift between 2000 and 2010 in the percentage of occupied homes (from 61.8% to 57.1%) suggests, however, that locals are losing out relative to owners of second homes and short-term vacation rentals.

Unit Type

Overall, about 61% of Mid-Valley residents reside in single-family homes, which is higher than elsewhere in the Valley. Nearly one-third reside in condominiums or townhomes, which are typically more affordable than single-family homes.

Just over one-fourth of renters live in apartments, which is a comparably low percentage and one of the contributing factors to the lack of affordable rental housing described in the Housing Problems section of this chapter.

Occupied Unit Type by Own/Rent

Unit Type	Own	Rent	Overall
Single-family house/cabin	68.8%	41.4%	61.2%
Duplex or triplex	22.2%	16.0%	20.4%
Apartment	.0%	28.3%	7.9%
Townhouse or condominium	9.0%	14.3%	10.5%

Source: 2016 Resident Survey

Homeownership Market Conditions

Market Characteristics

Real estate industry professionals observe:

- Mid-Valley was hit very hard by the recession, with foreclosures and steep declines in home values.
- Home prices hit bottom around \$100/square foot five years ago, and have now recovered to around \$240/square foot, nearing pre-recession levels.
- CB South is taking on some of the characteristics of the North Valley with second homeownership and short term rentals becoming more common. Realtors report CB South is very attractive to buyers from the Colorado Front Range.

- Larger lots and steeper slopes create challenges for building affordably in many parts of the CB South subdivision.
- Many families who have been priced out of the North Valley have purchased in CB South in the past few years, leading to a strong recovery. With mid to large homes on larger lots and a child care center in the community, CB South is very attractive to families with small children.
- Almont is a small and unique submarket within the Mid-Valley, with residents commuting up or down valley for work. Almont has a broad range of home sizes from small cabins to very large rural homes.
- With jobs and housing market pressure from both ends of the Valley, the Mid-Valley is seen as a highly desirable market, and inventory is low.

Sales and Price Trends

Sales and Price trends for Mid-Valley are combined in the North Valley chapter, due to the availability of historic data.

Current Availability

Homes at prices affordable for locals are in short supply. A total of 33 residential units were listed for sale as of August 11, 2016. Of these listings:

- Two-thirds were single-family homes;
- Two-thirds of all listings were priced over 200% AMI (\$432,000).
- About half of the listings were in CB South;
- Three homes listed were priced over \$1 million; all three were located in the Almont area;
- The overall median price was \$499,000, or \$332 per square foot.

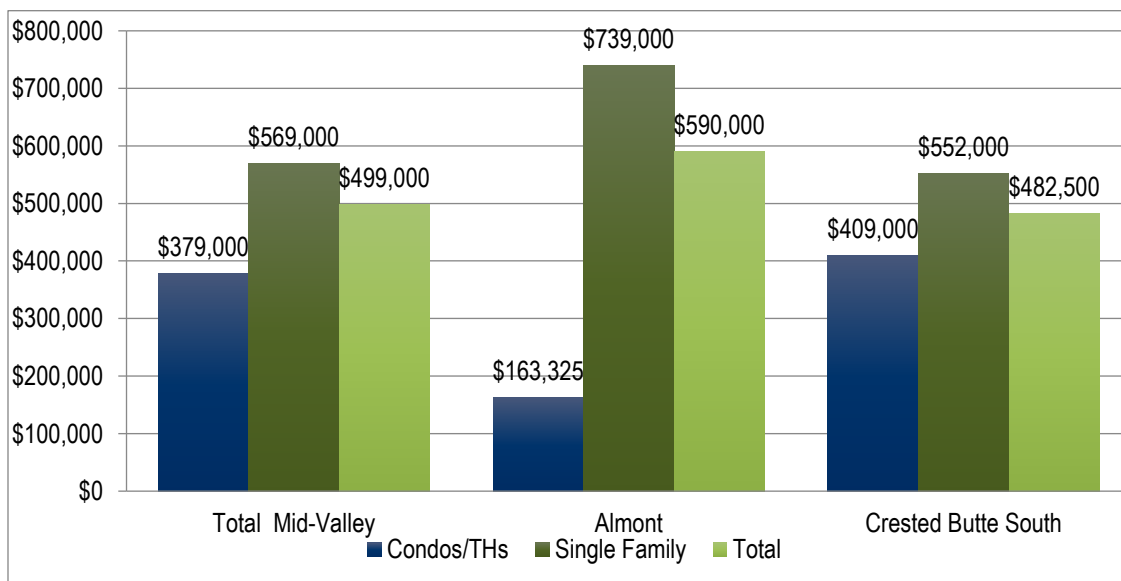
**MLS Listings by Location, Price and Unit Type
Mid-Valley: August 2016**

Number of Listings	Total Mid-Valley	Almont	Crested Butte South
Condos/THs	11	2	9
Single Family	22	12	10
Total	33	14	19
Median Price			
Condos/THs	\$379,000	\$163,325	\$409,000
Single Family	\$569,000	\$739,000	\$552,000
Total	\$499,000	\$590,000	\$482,500
Average Price/SF			
Condos/THs	\$287	\$408	\$260
Single Family	\$354	\$410	\$287
Total	\$332	\$409	\$274

Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS
Fractional ownership excluded

The median price of single-family homes listed for sale in Almont was 25% more expensive than CB South. Almont had a broader range of unit sizes, from 400 sq. ft. condo to a single-family home over 7,000 sq. ft. House sizes in CB South ranged from a 788 sq. ft. condo to a 5,600 sq. ft. home. Most homes listed in CB South had three bedrooms and were between 1,600 and 2,200 sq. ft.

Median List Prices, Mid-Valley: August 2016



Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS

Condos and townhouses are deeply discounted compared to single family homes, especially in Almont.

Affordability of Homes Available for Purchase

To afford the median list price in Mid-Valley would require a household income of 222% AMI (\$122,000/year). Only six homes attainable for a household with an income below 120% of AMI (\$66,000/year) were listed in August. Five condos and one single-family home made up this inventory; average homes size was 578 square feet. Two of the homes may only be suitable for summer occupancy.

MLS Listings by AMI, Mid-Valley

	Total	≤50% AMI	50.1% - 80%	80.1% - 120%	120% - 200%	> 200%
Maximum Price*		\$108,000	\$172,900	\$259,300	\$432,200	>\$432,200
Listings						
Condos/THs	11	0	1	4	4	2
Single Family	22	0	0	1	2	19
Total	33	0	1	5	6	21
Percent of Total	100%	0%	3%	15%	18%	64%

Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS

*Based on a 30 year fixed rate mortgage at 5% with 5% down and 20% of the monthly payment covering taxes, insurance and HOA fees.

Rental Market Conditions

Market Characteristics

The rental market for the Mid-Valley is the smallest of the three market areas. According to Census estimates, 28% of homes are rented representing about 150 households. Single-family homes make up the majority of the rental inventory, with some condos and townhouses.

- Property managers report CB South is often the first choice of families relocating to the Valley for work and seeking to rent initially.
- Vacancy rates are extremely low, estimated below 1%.
- Rents are increasing. Property managers report that rents have exceeded pre-recession levels throughout Mid-Valley.
- Loss of workforce housing with the flooding of the Marcellina Apartments in 2014 created additional demand for rental units as far south as Almont. The already tight rental market was unable to rapidly absorb these displaced households.

- Conversion of homes to short-term rentals through on-line forums such as VRBO and AirBnB is a dynamic impacting long term rentals for local workers, although not to as great an extent as in the North Valley.

Rent Trends

The median rent for Mid-Valley is \$1,000/month. Most rents do not include utilities. Rents are increasing; property managers report 5% to 10% annual increases and some increases as high as 30% at unit turnover.

Median Rents, Mid-Valley

	Median Rent
1 BR	\$900
2 BR	\$1,000
3 BR	\$1,300
4 BR	\$500*
Overall	\$1,000

Source: 2016 Resident Survey

* insufficient sample size

Rents paid in currently occupied units are higher in the Mid-Valley than in the study area overall.

Rent Paid by AMI, Mid-Valley

Rent/Month	Income (AMI)	Valley Wide	Mid-Valley
Less than \$690	≤50% AMI	32%	18%
\$690 to \$1,102	50.1% - 80%	41%	45%
\$1,103 to \$1,653	80.1% - 120%	23%	28%
\$1,654 to \$2,756	120% - 200%	4%	8%
Over \$2,756	> 200%	0%	0%
Total	n/a	100%	100%

Source: 2016 Resident Survey

Current Availability

Available units are scarce; of 124 units reported by property managers in North and Mid-Valley, none were vacant in CB South or Almont. Online resources such as Zillow, Craig's List, and the Gunnison Shopper advertised a total of six units available for rent in the early part of August. Listings were for five single-family homes and one townhome; all had three- or four-bedrooms and were located in CB South. No rents included utilities; half the available units allowed pets.

The median current asking rent is estimated to be \$2,300/month, compared with the median for occupied units of \$1,000/month. Median asking rent is higher than South or North Valley, due the lack of one and two-bedroom units for rent.

Affordable Rents by AMI - Mid-Valley, Third Quarter 2016

	# of Listings	Asking Rents - Median	AMI Needed
1 BR	0	n/a	n/a
2 BR	0	n/a	n/a
3 BR	5	\$2,200	160%
4 BR	1	\$2,900	211%
Overall	6	\$2,300	167%

Source: interviews, newspaper, online listings

A household needs an annual income of 167% AMI for the median asking rent of \$2,300 to be affordable. This estimate of income required may be understated, because these Mid-Valley rental units do not include utilities, which would be a substantial additional monthly cost for these larger single-family homes.

Affordable Housing

There are no homes in the Mid-Valley with income/employment/occupancy restrictions.

Housing Problems

Mid-Valley residents are very concerned about workforce housing but are less likely to experience most housing problems than elsewhere in the Valley.

Perceptions about Severity of Housing Problem

For owners and renters combined, perceptions that the availability of affordable workforce housing is a more serious or most critical problem in the region are highest in the Mid-Valley. None of the Mid-Valley respondents indicated housing is “not a problem.”

Extent to Which Workforce Housing is a Problem

	Own	Rent	Overall
Not a problem	0	0	0
One of the region's lesser problems	4.6%	5.7%	4.9%
A moderate problem	14.9%	6.0%	12.5%
One of the more serious problems	62.9%	58.8%	61.7%
The most critical problem in the region	17.6%	29.5%	20.9%
Total – More Serious and Most Critical: Mid-Valley	80.4%	88.3%	82.6%
Total – More Serious and Most Critical: Gunnison Valley	68.4%	87.0%	76.4%

Source: 2016 Resident Survey

Affordability

Mid-Valley is the most affordable area overall in the Gunnison Valley when measured by housing payments that exceed 30% of household income. Only 15% of households are cost burdened by high housing costs relative to income compared with 25% Valley-wide.

Cost Burden by Own/Rent

	Own	Rent	Mid-Valley
30% or less	84.7%	85.5%	84.9%
31.1% to 50%	10.5%	7.5%	9.7%
more than 50%	4.8%	7.0%	5.3%
	100%	100%	100%
Total Cost Burdened: Mid-Valley	15.3%	14.5%	15.1%
Total Cost Burdened: Gunnison Valley	17.6%	33.8%	24.6%

Source: 2016 Resident Survey

Difficulty Finding Housing

Even though fewer households are cost burdened Mid-Valley, 30% of residents indicated it was very difficult to find housing the last time they moved. This is only slightly lower than in the North Valley.

Condition of Homes

Mid-Valley residents are less likely than survey respondents living elsewhere in the Valley to indicate the homes they occupy are in fair or poor condition.

General Condition of Homes

	Own	Rent	Mid-Valley
Excellent	43.1%	27.6%	38.8%
Good	42.9%	49.9%	44.8%
Fair	13.4%	19.4%	15.1%
Poor	.7%	3.0%	1.4%
	100%	100%	100%
Homes in Fair/Poor Condition: Mid-Valley	14.1%	22.5%	16.4%
Number Homes in Fair/Poor Condition: Gunnison Valley	14.5%	44.2%	27.2%

Source: 2016 Resident Survey

Not Living Where Desired

While overall the majority of Mid-Valley residents prefer to live in the Mid-Valley, 56% of renters would prefer to live in the North Valley.

“Where within the Gunnison Valley would you most like to live if housing you could afford was available?”

Shading denotes residents living where desired.

	Own	Rent	Mid-Valley
Crested Butte	15.7%	40.7%	22.8%
Mt. Crested Butte	5.5%	5.3%	5.4%
Other - Skyland, Buckhorn, Riverbend, Meridian Lake	8.0%	9.7%	8.5%
Crested Butte South	65.0%	37.4%	57.1%
Almont	4.4%	1.2%	3.4%
Other - Round Mtn, Jacks Cabin, Taylor River area, etc.	.7%	5.7%	2.2%
Gunnison	.7%	.0%	.5%
	100%	100%	100%

Source: 2016 Resident Survey

Overcrowding

With the dominance of single-family homes in Mid-Valley, overcrowding is rare (less than 1% of units).

Overcrowding* by Own/Rent

	Own	Rent	North Valley
Total Overcrowded Homes: Mid-Valley	.8%	.0%	.5%
Total Overcrowded Homes: Gunnison Valley	.4%	3.4%	1.7%

Source: 2016 Resident Survey

*2 or more persons per bedroom.

Forced to Move

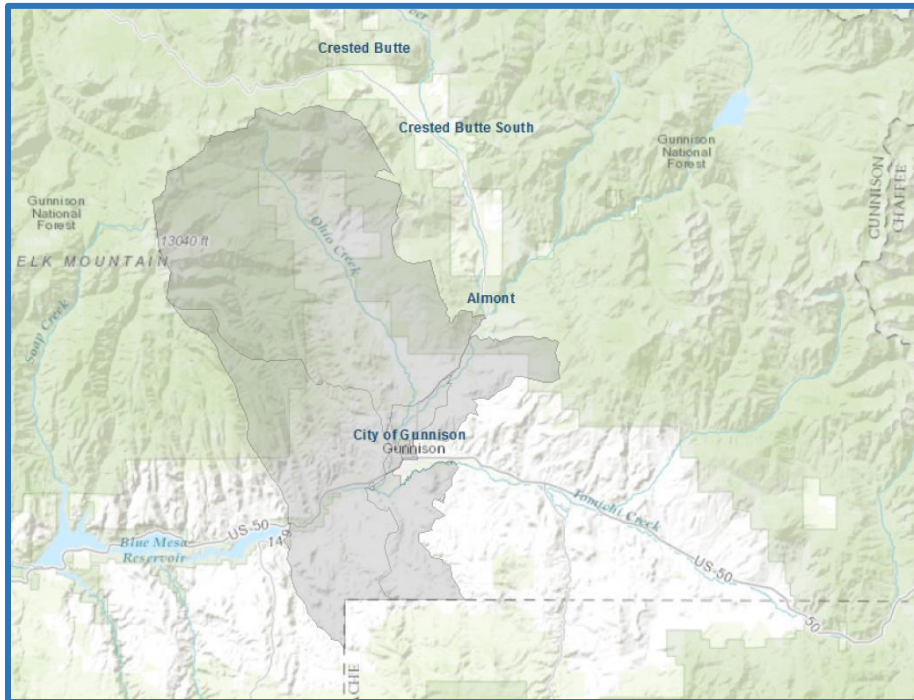
Both Mid-Valley owners and renters were more likely to indicate they had been forced to move within the past five years compared to Valley-wide. Relatively fewer North Valley owners but more renters indicated they were forced to move within the past five years. Owners moving into their homes was cited more frequently as a reason than elsewhere for Mid-Valley renters.

Forced to Move by Own/Rent

	Own	Rent	Overall
North Valley	16.3%	48.4%	25.3%
Gunnison Valley	9.4%	41.9%	23.4%

Source: 2016 Resident Survey

South Valley



Economic Conditions

Number of Jobs and Projections

There are about 4,961 jobs in the South Valley, just over half the jobs in the Valley overall. The growth rate is anticipated to be about 2%, adding at least 400 new jobs over the next four years.

Seasonality of Employment

The South Valley tends to be the most stable employment area, with considerably less seasonal variation than the Mid-Valley and North Valley. Jobs increase about 13% in the summer and 7% over the winter.

Commuting

The South Valley houses a larger percentage of the Gunnison Valley workforce (63% of employees) than it provides in jobs (51% of Gunnison Valley jobs), meaning that the area is a net-supplier of workers to other areas of the Valley. About 39% of resident working households have at least one employee that commutes to jobs in the Mid or North Valley. There is, however, a strong connection between living and working locally: of working households, 88% who live in South Valley include someone who works there.

Housing Inventory

Total and Occupied Housing Units

While 48% of the Valley's total housing units are in the South Valley, the area has over 63% of occupied homes. This is because the South Valley has fewer second/vacation homes relative to the rest of the Gunnison Valley.

At 55%, the homeownership rate is the lowest in the Valley, primarily due to Western students living off campus.

Housing Units by Occupancy, 2016

	South Valley	Percent of Gunnison Valley
Housing Units	4,536	48.0%
Occupied Units/Households	3,953	63.3%
Owner Households	2,160	60.0%
Renter Households	1,793	67.8%
Homeownership Rate	55%	N/A

Source: Based on DOLA State Demographer estimates for 2014 and 2016.

Relationship between Primary and Second Homes

While the South Valley has relatively fewer second/vacation homes, the number is on the rise. The percentage of homes occupied by local residents in the City of Gunnison decreased 3.5 points between 2000 and 2010 as the Gunnison area became increasingly attractive to second home buyers and retirees looking for a Colorado home at a lower price than in a resort. This trend has implications for affordability – as non-locals purchase homes, availability of housing for residents decreases and prices are pushed up beyond what local wages can afford.

Percentage of Homes Occupied by Residents

Occupied Homes	Gunnison County	Gunnison
2000	61.8%	91.1%
2010	57.1%	87.6%

Source: 2000 and 2010 Census

Unit Type

Over 85% of homeowners and 35% of renters live in single-family homes. This is high for the Gunnison Valley but typical for rural/ranching communities. More renters live in apartments than elsewhere in the Valley but the percentage is still low (27%). Mobile homes comprise a larger share of the inventory than elsewhere in the Valley. Many of the mobile homes are rentals.

Occupied Unit Type by Own/Rent

	Own	Rent	Overall
Single-family house/cabin	85.4%	34.8%	62.0%
Duplex or triplex	2.9%	14.3%	8.2%
Apartment	.0%	26.6%	12.3%
Townhouse or condominium	7.6%	14.3%	10.7%
Mobile home	3.5%	5.4%	4.4%
Other	.5%	4.5%	2.4%

Note: "Other" includes respondents who indicated they were camping, homeless, living in dormitories and staying with friends.

Source: 2016 Resident Survey

Homeownership Market Conditions

Market Characteristics

The South Valley has the lowest level of homeownership at 55%, influenced by the significant number of student renters associated with Western State University. Based on interviews with realtors in the area:

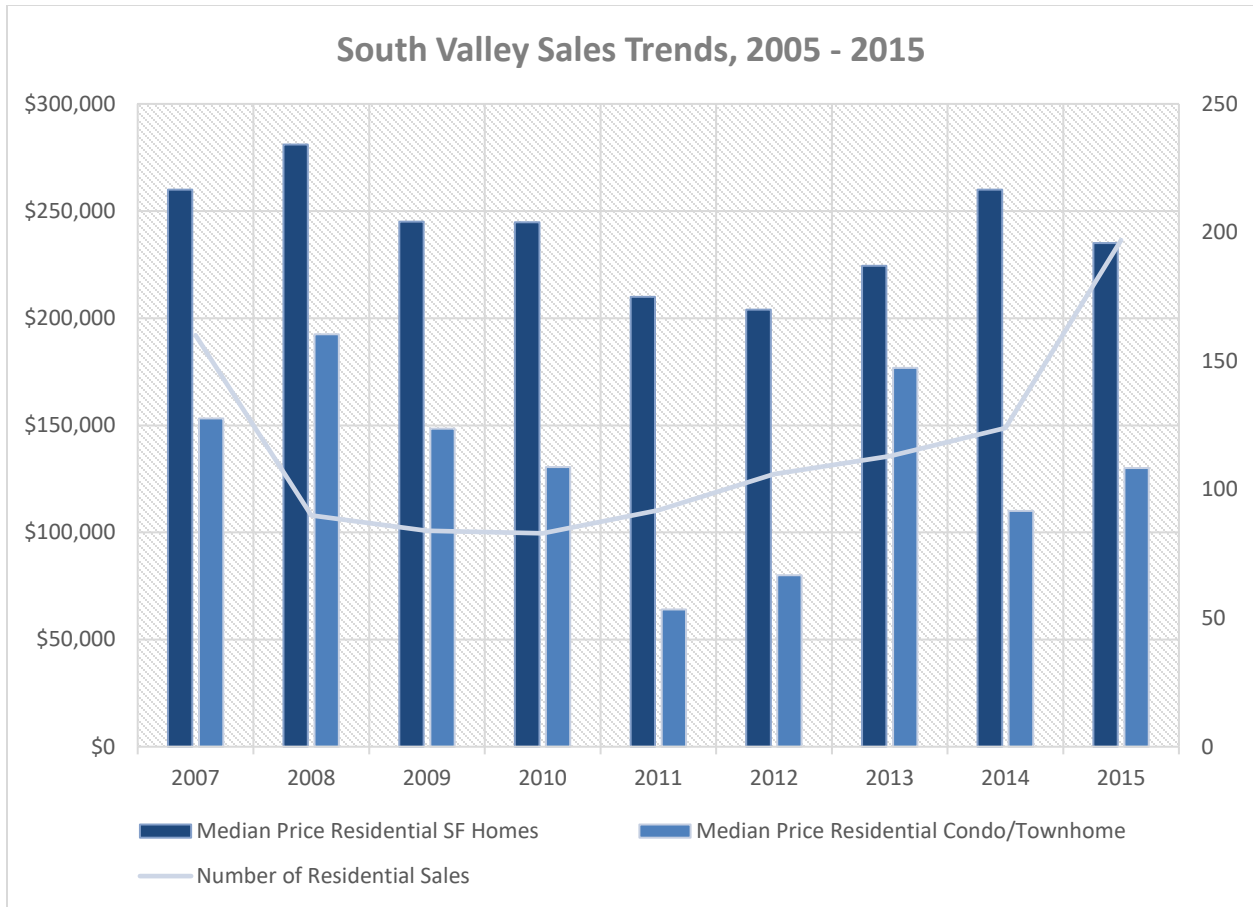
- The South Valley weathered the recession slightly better than Mid and North Valley with regard to home values, but took longer to regain annual number of homes sold.
- South Valley recovery now appears quite similar to North and Mid-Valley with sales volume surpassing pre-recession levels and median price of homes approaching pre-recession levels.
- The South Valley market has transitioned from a buyers' to a sellers' market in the past year. If homes are priced fairly, sellers will receive multiple offers and be under contract quickly.
- The recovery of the for-sale market has been spurred by the recovery of the rental market, which fully stabilized by 2014.
- Parents purchasing condos for children attending Western State Colorado University is an important segment of the market. During the recession, parent purchases ceased. The return of parent purchases in the past few years has helped to stabilize the condo market and support recovery of the South Valley housing market in general.
- Single-family homes have seen the greatest recovery since the recession. Condos and townhomes are recovering more slowly. Commercial and vacant land have been slowest to recover.
- The majority of people looking to buy homes are young couples and families working in the Valley. Many are first time homebuyers or households moving to the area for work. Move-up buyers, second homeowners and retirees are a small segment of the market.
- The most sought after product is single-family homes in fair condition, priced between \$180,000 and \$280,000, located in town. The same type of homes in rural Gunnison are also very desirable.

- Very little new product has been built in the past five years. New product is attractive to buyers, and single-family homes in Van Tyul Village priced from \$250,000 to \$315,000 and townhomes priced from \$175,000 to \$250,000 have sold quickly.
- Some developers are able to build for under \$200/sq ft. Homes at this price point are very attractive to local buyers.
- With the current strength of the rental market, mortgage payments were similar to rent payments in 2014 and 2015, making purchasing attractive to households who plan to stay in the community. With inventory of homes listed below \$275,000 declining, the opportunity for local workers to purchase is shrinking.
- There is an excess of demand for homes below \$275,000 and an excess of inventory priced over \$400,000. Sellers of higher priced homes are willing to wait rather than reduce asking price.

Sales and Price Trends

The South Valley real estate market continues to recover. Home prices had dropped off sharply between 2007 and 2011, losing about 47% of value overall (27% for single-family homes and 67% for condominiums/townhomes). Prices for single-family homes have increased to within 16% of the 2008 high point, the same proportional recovery as North Valley. Condo and townhome prices are still discounted about 30% lower than the 2008 high point.

The number of residential sales dipped sharply from 2007 to 2008, was flat, and then began increasing in 2011. Sales volume increased sharply in 2015, finally surpassing pre-recession levels.



Source: Chris Kopf, Coldwell Banker Bighorn Realty, MLS

Current Availability

A total of 125 residential units were listed for sale as of August 11, 2016. Of these listings:

- Most were single-family homes (81%);
- 61% homes were located in rural South Valley;
- Prices for single-family homes in the City of Gunnison ranged from \$173,000 to \$750,000.
- Single-family homes in rural South Valley ranged from \$99,000 to over \$3 million.
- In rural South Valley, 84% of single-family homes were listed over \$350,000, compared to City of Gunnison where 42% of listings were above that price point.
- The overall median price was nearly \$400,000, or \$222 per square foot.

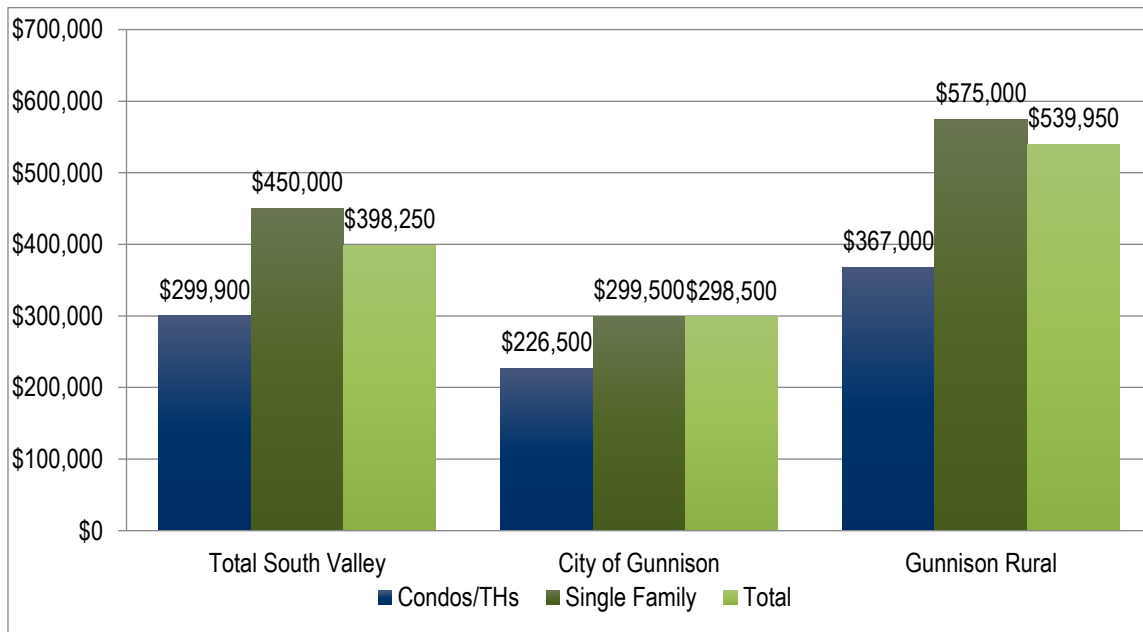
**MLS Listings by Location, Price and Unit Type
South Valley: August 2016**

Number of Listings	Total South Valley	City of Gunnison	Gunnison Rural
Condos/THs	23	17	6
Single Family	102	31	71
Total	125	48	77
Median Price			
Condos/THs	\$299,900	\$226,500	\$367,000
Single Family	\$450,000	\$299,500	\$575,000
Total	\$398,250	\$298,500	\$539,950
Average Price/SF			
Condos/THs	\$175	\$172	\$185
Single Family	\$233	\$180	\$256
Total	\$222	\$176	\$250

Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS
Fractional ownership excluded

Realtors report inventory for single-family homes, townhomes, and condos is down compared to a year ago, especially for homes priced below \$300,000. From January to June 2016, fewer homes have sold compared to 2015, and days on the market for homes sold has been lower by nearly 20%, indicating a shrinking inventory.

Median List Prices, South Valley: August 2016



Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS

Condos and townhouses are discounted about 33% compared to single-family homes.

Affordability of Homes Available for Purchase

Housing in the South Valley has historically been more attainable by the local workforce compared with Mid and North Valley. However, housing prices have been increasing more rapidly than wages in recent years. To afford the median list price would now require a household income of 177% AMI (\$98,000/year).

Only 10 homes were listed that would be affordable to households below 80% AMI. Nearly half the inventory is affordable only to those over 200% of AMI. The ten homes priced under \$172,500 included five condos, two townhomes, and three single-family homes. Average size was 917 square feet and average age was over 40 years old.

MLS Listings by AMI, South Valley

	Total	≤50% AMI	50.1% - 80%	80.1% - 120%	120% - 200%	> 200%
Maximum Price*		\$108,000	\$172,900	\$259,300	\$432,200	>\$432,200
Listings						
Condos/THs	23	1	6	9	5	2
Single Family	102	1	2	14	28	57
Total	125	2	8	23	33	59
Percent of Total	100%	2%	6%	18%	26%	47%

Source: Kelly McKinnis, Gunnison Real Estate and Rentals, MLS

*Based on a 30 year fixed rate mortgage at 5% with 5% down and 20% of the monthly payment covering taxes, insurance and HOA fees.

Rental Market Conditions

Market Characteristics

The rental market for the South Valley is the largest of the three market areas. According to Census estimates, 45% of households rent. This is the highest level of renter occupied housing in the region, representing over 1,600 housing units. Single-family homes make up the majority of the rental inventory, with some apartments, condos and townhouses.

- The South Valley market had a turning point in its recovery in 2014, and has now recovered to pre-recession rent levels as of summer 2016.
- Rental property availability is very scarce, with inventory at the lowest point in five to seven years.

- Vacancy rates are below 1%.
- Rents are rising, with property managers reporting increases of 5% to 20% this year.
- Local workforce and Western students compete for rentals. Both are now seeking to rent homes with multiple roommates yet one-bedroom units are highly desired and scarce.
- About half of renter households have lived in the area one-five years and will transition to ownership if the opportunity arises. The rest of renter households are split evenly between college students and longer term renters who prefer to rent or face barriers to ownership.
- Local workforce renters are employed across the Valley in all areas of the economy including health care, retail and restaurants, non-profit and government, and construction.
- Conversion of long-term rentals to short-term rentals through on-line forums such as VRBO and AirBnB is not having a measurable impact on the South Valley market at this time. There are estimated to be around 30 short-term rentals in the South Valley market, utilized primarily by retirees during the summer season.

Rent Trends

The median rent for occupied units in South Valley is \$750/month. Most rents do not include gas and electric utilities.

- Leases tend to be for one year and track with the school year, with most lease renewals occurring in June through August. The Western student market is a major driver of rent trends in South Valley.
- During the recession, landlords offered substantial financial concessions and flexibility such as eight-month lease terms to ensure their units were occupied through the winter. Property managers report most owners now require twelve month leases.
- No concessions are now being offered.
- Rents are increasing. Property managers report that 2016 spring and summer lease renewals have included 5% to 20% rent increases in most cases.
- When units turn, landlords are typically re-leasing at pre-recession rates or above.

- Vacancy is estimated to be less than 1%. With the current low vacancy rates, landlords are increasingly selective about to whom they lease.
- Turnover of units is at 15-year low. One property manager noted a turn rate of 28% in 2016 down from 45% in 2014. Families are reluctant to move once they have secured housing. Students are utilizing summer sublets more than in the past and retaining leases through a series of room-mates.

Median Rents, South Valley

	Median Rent
1 BR	\$500
2 BR	\$775
3 BR	\$1,025
4 BR	\$1,540
Overall	\$750

Source: 2016 Resident Survey

Rents paid in occupied units in South Valley are lower compared with the Valley overall.

Rent Paid by AMI, South Valley

Rent/Month	Income (AMI) range	Valley-Wide	South Valley
Less than \$690	≤50% AMI	32%	37%
\$690 to \$1,102	50.1% - 80%	41%	42%
\$1,103 to \$1,653	80.1% - 120%	23%	19%
\$1,654 to \$2,756	120% - 200%	4%	2%
Over \$2,756	> 200%	0%	0%
Total	n/a	100%	100%

Source: 2016 Resident Survey

Median asking rent in South Valley requires a household to make 94% AMI for the housing payment to be affordable.

Affordable Housing

Currently, 127 housing units, or just over 3% of all occupied housing in the South Valley, have some type of income/employment/residency restriction. Most of these units are rentals located in two apartment complexes (one senior and one family). The 39 ownership units are more dispersed, and mostly were developed with sweat equity and/or volunteer labor.

Restricted Housing in Gunnison by Own/Rent

	Owner	Renter	Total
Rock Creek	20		20
West Gunnison	6		6
Mountain View		28	28
Habitat	13		13
Palisade		60	60
Total	39	88	127
Percent of Total	31%	69%	100%

Source: GVRHA and planner interviews

In sharp contrast to the restricted housing inventory in the North Valley, all of the units in the South Valley are restricted for low income households. Over 85% can only be occupied by very low income households ($\leq 50\%$ AMI). While this is typically the case in communities where the free market produces housing for moderate and middle-income residents, opportunities for greater diversity in income targeting are needed now or will be in the near future.

Restricted Units by Income (AMI)

	$\leq 50\%$ AMI	$\leq 80\%$ AMI	Total
Gunnison			
Rock Creek	2	18	20
West Gunnison	6		6
Mountain View	28		28
Habitat	13		13
Palisade	60		60
Total	109	18	127
Percent of Total	86%	14%	100%

Source: GVRHA and planner interviews

Gunnison Valley Habitat for Humanity currently has one home under construction and plans for five additional single-family homes. Habitat constructs a home every other year; these homes will be for households under 50% AMI. Habitat also conducted a design competition for tiny homes recently. They may pursue building up to eight tiny homes in the future. Additional opportunity sites are discussed in the Valley-wide summary.

Housing Problems

Perceptions about Severity of Housing Problem

Both owners and renters in the South Valley are less likely to feel that the availability of affordable workforce housing is a more serious or most critical problem than elsewhere in the

region. However, only 1.5% do not feel it is a problem and 5% feel it is one of the region's lesser problems.

Extent to Which Workforce Housing is a Problem, Mid-Valley

	Own	Rent	Overall
Not a problem	2.1%	.8%	1.5%
One of the region's lesser problems	8.5%	1.8%	5.4%
A moderate problem	24.6%	13.1%	19.2%
One of the more serious problems	48.3%	55.1%	51.5%
The most critical problem in the region	16.6%	29.2%	22.5%
Total – More Serious and Most Critical	64.9%	84.3%	73.9%
Total – More Serious and Most Critical: Gunnison Valley	68.4%	87.0%	76.4%

Source: 2016 Resident Survey

Affordability

South Valley has a housing affordability problem – just over 20% of households spend in excess of 30% of their gross income on their housing payment. This is lower than in the North Valley but higher than Mid-Valley. Renters are more than three times as likely to be cost burdened, which is a typical pattern but in contrast to the North Valley.

Cost Burden by Own/Rent

	Own	Rent	Mid-Valley
30% or less	89.4%	64.4%	78.3%
31.1% to 50%	6.9%	15.7%	10.8%
more than 50%	3.7%	19.9%	10.9%
	100%	100%	100%
Total Cost Burdened: South Valley	10.6%	35.6%	21.7%
Total Cost Burdened: Gunnison Valley	17.6%	33.8%	24.6%

Source: 2016 Resident Survey

Condition of Homes

More homes are in fair or poor condition than elsewhere in the Valley including half of rental units. This finding confirms reports by property managers and GVRHA staff. Exterior upgrades topped the list of the many improvements needed followed closely by energy efficiency upgrades and flooring.

General Condition of Homes

	Own	Rent	North Valley
Excellent	33.4%	8.2%	21.8%
Good	49.8%	41.4%	45.9%
Fair	12.8%	35.9%	23.4%
Poor	4.0%	14.5%	8.8%
	100%	100%	100%
Homes in Fair/Poor Condition: North Valley	16.8%	50.4%	32.3%
Homes in Fair/Poor Condition: Gunnison Valley	14.5%	44.2%	27.2%

Source: 2016 Resident Survey

Difficulty Finding Housing

South Valley residents were the most likely to report that it was very difficult to find housing the last time they moved (41% compared to 37% Valley-wide).

Not Living Where Desired

The majority of South Valley residents prefer to live there, yet 12% prefer to live in the North Valley and 5% prefer Mid-Valley. Relatively more renters want to live to the North; 14% want to live in Crested Butte.

“Where within the Gunnison Valley would you most like to live if housing you could afford was available?”

Shading denotes residents living in area where desired.

Where Want to Live	Where Now Live		
	Own	Rent	South Valley
Crested Butte	6.1%	14.0%	9.8%
Mt. Crested Butte	1.9%	1.6%	1.8%
Other - Skyland, Buckhorn, Riverbend, Meridian Lake, etc.	.5%	.7%	.6%
Crested Butte South	2.0%	2.7%	2.3%
Almont	.7%	3.1%	1.9%
Other - Round Mtn, Jacks Cabin, Taylor River area, etc.	1.0%	.9%	.9%
Gunnison	62.2%	60.8%	61.5%
Castle Mtn. area, Ohio Creek	17.8%	13.0%	15.6%
Other	7.7%	3.1%	5.6%

Source: 2016 Resident Survey

Overcrowding

Overcrowding is not widespread in the Gunnison Valley and is even less common in the South Valley.

Overcrowding* by Own/Rent

	Own	Rent	North Valley
Total Overcrowded Homes: South Valley	.4%	1.9%	1.1%
Total Overcrowded Homes: Gunnison Valley	.4%	3.4%	1.7%

Source: 2016 Resident Survey

*2 or more persons per bedroom.

Forced to Move

South Valley is very similar to the Gunnison Valley as a whole in terms of the percentage of residents who had been forced to move within the past five years. Rent increases were the most commonly cited reason followed by home being sold. Home being converted into a short-term rental was a factor in 16% of the forced moves.

Forced to Move by Own/Rent

	Own	Rent	Overall
South Valley	10.0%	36.8%	22.4%
Gunnison Valley	9.4%	41.9%	23.4%

Source: 2016 Resident Survey

Appendix A - Methodology and Sources Used

Primary research was conducted to generate information beyond that available from existing public sources.

Resident Survey

An online survey was conducted throughout the month of August to collect information on housing preferences of residents and employees, future plans, employment, household characteristics, housing perceptions and conditions, and other issues. The link to the survey was widely distributed through media, employers and multiple other outreach efforts (see appendix for list of outreach tasks). In total, responses were received from 986 residents in the Gunnison Valley: 339 North Valley, 139 Mid-Valley and 508 South Valley.

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

Employer Survey

A short online survey was also conducted to reach large and small employers in the Gunnison Valley, also throughout the month of August. The employer survey probed the number of year-round and seasonal workers (summer and winter), where workers live (commute patterns), employee retention and recruitment issues, to what extent employee housing is perceived to be an issue, the severity of housing problems by type of employee and interest in providing housing assistance for employees. The link to the survey was distributed by both chambers of commerce, through visits to many restaurants and retailers, contacts with the 50 largest employers and follow-up phone calls.

Responses from 120 employers represent 4,283 jobs; this represents 40% of all jobs in the Gunnison Valley, a very high response rate. Responses from the North Valley were disproportionately high compared with the distribution of jobs throughout the Valley. Responses were weighted to adjust for this so that Valley-wide findings proportionately represent the distribution of jobs.

Jobs Represented by Employer Survey

	Jobs Surveyed	Percent	QCEW Jobs
North Valley	2,271	53%	42%
Mid-Valley	130	3%	6%
South Valley	1,875	44%	51%
	4,283	100%	100%

Survey Outreach

Outreach for the on-line employer and resident surveys that were conducted between August 1 and August 31, 2016 as follows:

- Two press releases to all local news outlets.
- Front page coverage from the Gunnison Times and The Crested Butte News on Thursday August 4, 2016.
- Twice daily public service announcements on local public radio station KBUT.
- Radio interviews on KBUT and The Edge.
- Email distribution to available lists including Mt. Crested Butte business license holders, GVRHA HOA and Property Manager lists, Town of Crested Butte E-alert system, and participants of the One Valley Prosperity Project.
- Newsletter outreach to members of the Gunnison Chamber of Commerce and the CB/Mt. CB Chamber of Commerce.
- Direct phone call and/or email invitations to the 50 largest employers in the Gunnison Valley.
- In person distribution of 100 flyers and 600 postcards to local employers and employees.
- Lamented posters on all the local RTA buses and in the bus shelters.
- 40 flyers posted on community bulletin boards at grocery stores, churches, community centers, libraries, and other public spaces.
- Email outreach to all current participants and applicants for GVRHA properties and programs.
- Spanish language outreach at a translated focus group meeting attended by 15 people.
- Spanish translation of 10 flyers posted on community bulletin boards.
- Email links on the websites of GVRHA, Gunnison County, City of Gunnison, Town of Crested Butte, and Town of Mt. Crested Butte.
- Social media messages on housing forums including Facebook Gunnison Marketplace, CB Housing Crisis, and Gunnison Housing.
- Social media messages through GVRHA, Gunnison County, City of Gunnison, Town of Crested Butte, and Town of Mt. Crested Butte.

Key Informant Interviews

Face-to-face and phone interviews were conducted to obtain information and insights from experts in housing including realtors, property managers and mortgage lenders. Qualitative information on trends, challenges, housing preferences and shifts in demand obtained from these interviews was of great value when interpreting the statistics gathered from the surveys, MLS and secondary data sources.

Secondary Data

A variety of sources of published information were used in the preparation of this report, including but not limited to:

- 2000 and 2010 US Census data and population and household projections from the State Demographer in the Colorado Department of Local Affairs (DOLA);
- Employment information from the Quarterly Census of Employment and Wages (QCEW), Colorado Department of Labor and Employment;
- 2016 Area Median Income from the Department of Housing and Urban Development;
- Current MLS listings;
- Existing reports, and of particular note the 2014 Economic Indicators Report prepared by Gunnison County, the State of the Valley report by the Sonoran Institute, and the One Valley Prosperity Project Strategic Plan by The Community Builders Task Force.

Study Area Definitions

The three study areas were defined at the Census Block level, as follows:

- North Valley - Census tract 9638, less block group 5, less block group 5;
- Mid- Valley - Census tract 9638 block group 5 and Census tract 9636 block group 1; and
- South Valley - Censes tract 9637 and 9636 less block groups 1, 2, and 3.

Appendix B - Median Family Income for Gunnison County, 2016

Household Size	1	2	3	4	5	6
AMI Classifications						
Extremely Low (30% AMI)	\$14,460	\$16,530	\$18,600	\$20,640	\$22,320	\$23,970
Very Low (50% AMI)	\$24,100	\$27,550	\$31,000	\$34,400	\$37,200	\$39,950
60% AMI (LIHTC max)	\$28,920	\$33,060	\$37,200	\$41,280	\$44,640	\$47,940
Low (80% AMI)	\$38,560	\$44,080	\$49,600	\$55,040	\$59,520	\$63,920
Median (100% AMI)	\$48,200	\$55,100	\$62,000	\$68,800	\$74,400	\$79,900
Moderate/Middle (120% AMI)	\$57,840	\$66,120	\$74,400	\$82,560	\$89,280	\$95,880
Upper (150% AMI)	\$72,300	\$82,650	\$93,000	\$103,200	\$111,600	\$119,850

Source: CHFA

Appendix C - Affordable Home Price Calculation by AMI

AMI %	30%	50%	60%	80%	100%	120%	150%%	200%%
Household Income – 2 persons	\$16,530	\$27,550	\$33,060	\$44,080	\$55,100	\$66,120	\$82,650	\$110,200
Affordable Price								
Affordable monthly payment (30%)	\$413	\$689	\$827	\$1,102	\$1,378	\$1,653	\$2,066	\$2,755
Principal & interest (80% of pmt)	\$331	\$551	\$661	\$882	\$1,102	\$1,322	\$1,653	\$2,204
HOA, taxes, insurance (20% of pmt)	\$83	\$138	\$165	\$220	\$276	\$331	\$413	\$551
Mortgage Interest rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Max mortgage	\$61,585	\$102,641	\$123,169	\$164,226	\$205,282	\$246,339	\$307,924	\$410,565
Max Affordable Price -5% down	\$64,800	\$108,000	\$129,700	\$172,900	\$216,100	\$259,300	\$324,100	\$432,200

Appendix D - Comparison with Previous Studies

The following data can be used for a general understanding of trends. The housing needs assessments conducted over time have included a variety of survey methods and geography, so comparisons are not exact.

	Rees 1999	BBC 2009	Rees 2016
Geographic Area	Gunnison County	Gunnison County	Gunnison Valley
Homeownership Rate	70%	63%	58%
Median Home Price	\$205,100	\$405,000	\$635,000
Median Rent – Occupied Units	\$579	\$780	\$800
Percentage of Households Cost Burdened (>30% of income spent on housing)	21%	29%	25%
Retiree in Household	6%	9%	15%**
Total Jobs – Gunnison County	10,500	7,994*	9,707 ***
Housing Units Needed			
Ownership	139	174	235
Rental	50	83	185

*Estimate for 2008, down 430 jobs from 2007.

** Survey question included “or not working by choice.”

***Gunnison Valley jobs represent 84% of all jobs in Gunnison Valley.