



Housing Needs Assessment

City of Westminster

FINAL REPORT

Final Report

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Housing Needs Assessment

Prepared for

City of Westminster
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SECTION I.

Demographic Profile

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Demographic Profile

This section provides a general overview of Westminster’s demographic and economic environment to set the context for the housing market analysis.

Demographic Summary

Population. The 2015 ACS reports that Westminster has a population of 113,117. The Colorado State Demographer estimates the city’s 2014 population at 112,099.

As seen in Figure I-1, between 2000 and 2015 the city’s population increased by 12 percent—almost double the percentage point growth of Jefferson County overall, but significantly less than the 35 percent growth Adams County experienced. Although the city’s and metro area’s recent growth feels unprecedented, Westminster’s strongest growth period occurred in 1990s.

Figure I-1.
Population, City of Westminster, 1990, 2000 and 2015

Source:
1990 and 2000 U.S. Census, 2015 ACS.

	1990	2000	2015	2000-2015 Total Growth	2000-2015 Percent Change
Westminster	74,625	100,940	113,117	12,177	12%
Adams County	265,038	363,857	491,337	127,480	35%
Jefferson County	438,430	527,056	565,524	38,468	7%

Race and ethnicity. Figure I-2 presents the racial and ethnic composition of city residents and how the composition has changed since 2000.¹ The Hispanic population grew by almost 8,000 people, equating to a 52 percent increase. The Hispanic population comprises 19 percent of all Westminster residents, easily making it the largest minority group in the city. The next largest minority group is Asians at 6 percent of all residents.

The population of whites grew by 14 percent between 2000 and 2015, with 86 percent of all city residents identifying themselves as white. In contrast to national trends, Westminster experienced only modest changes in the ethnic make-up of residents.

The growth in Hispanic households, who tend to have larger family sizes, can increase demand for larger housing units. The average household size for foreign-born Westminster residents is 3.44 compared to 2.50 for U.S. born Westminster residents. As the demographics of Westminster continue to change, the city will need to accommodate those families and individuals that require certain types of housing units. This includes seniors and larger families.

¹ It should be noted that Census data on race and ethnic identification vary with how people choose to identify themselves. The U.S. Census Bureau treats race and ethnicity separately: the Bureau does not classify Hispanic/Latino as a race, but rather as an identification of origin and ethnicity. In 2010 the U.S. Census Bureau changed the race question slightly, which may have encouraged respondents to check more than one racial category.

**Figure I-2.
Race and Ethnicity, City of Westminster, 2000 and 2015**

	2000		2015		2000-2015 Numerical Change	2000-2015 Percent Change
	Number	Percent	Number	Percent		
Total population	100,940		113,117		12,177	12%
Race						
American Indian and Alaska Native	745	1%	346	0%	-399	-54%
Asian	5,534	5%	7,342	6%	1,808	33%
Black or African American	1,237	1%	2,198	2%	961	78%
Native Hawaiian and Other Pacific Islander	77	0%	228	0%	151	196%
White	84,983	84%	96,987	86%	12,004	14%
Two or more races	2,789	3%	3,346	3%	557	20%
Ethnicity						
Hispanic or Latino	15,369	15%	23,355	19%	7,986	52%
Non-Hispanic White	85,571	85%	89,762	81%	4,191	5%

Note: The ACS question on Hispanic origin was revised in 2008 to make it consistent with the 2010 Census Hispanic origin question. As such, there are slight differences in how respondents identified their origin between the 2000 Census and 2015 ACS.

Excludes "Some Other Race" category due to inconsistency of reporting between 2000 Census and 2015 ACS.

Source: 2000 U.S. Census, 2015 ACS.

The racial and ethnic composition is far from uniform throughout the city of Westminster. Growth in the Hispanic population occurred primarily in the southern part of the city. Westminster is less diverse than both Adams County and region overall.

Age. According to the 2014 ACS, the median age of residents in Westminster is 35.4, one year younger than the state median age (36.2) and in between that of Adams County (32.8) and Jefferson County (40.4). Figure I-3 shows that residents between the ages of 35 and 54 years old are the largest cohort in the city, representing 26 percent of the population. The second largest cohorts consist of residents between the ages of 5 and 19 years old and the ages of 25 to 34 years old, both individually making up 16 percent of the population. The fastest growing age cohort between 2000 and 2015 were residents between 55 to 64 years old, increasing by almost 5,000 residents.

Figure I-3.
Age, City of Westminster, 2000, 2010 and 2015

	2000		2010		2015		2000-2015 Numerical Change	2010-2015 Numerical Change
	Number	Percent	Number	Percent	Number	Percent		
Under 5 years	7,327	7%	7,472	7%	7,272	6%	-55	-200
5 to 19 years	22,394	22%	20,701	19%	18,187	16%	-4,207	-2,514
20 to 24 years	7,089	7%	7,504	7%	7,454	7%	365	-50
25 to 34 years	17,742	18%	17,169	16%	18,307	16%	565	1,138
35 to 54 years	32,960	33%	31,393	29%	29,518	26%	-3,442	-1,875
55 to 64 years	6,846	7%	11,698	11%	16,576	15%	9,730	4,878
65 years and over	6,582	7%	12,790	12%	15,803	14%	9,221	3,013

Source: 2000 and 2010 U.S. Census, 2015 ACS.

The significant increase in Westminster residents over the age of 55 is due to the aging Baby Boomer generation. While the combined age cohorts of 55 to 64 years and 65 years and over currently make up around 29 percent of city residents, this number will continue to increase in coming years. Growth in this age demographic, especially among those ages 65 and older underscores the importance of housing and community policies and investments that incorporate the needs of older residents, including accessibility of homes and community infrastructure, as well as public transportation.

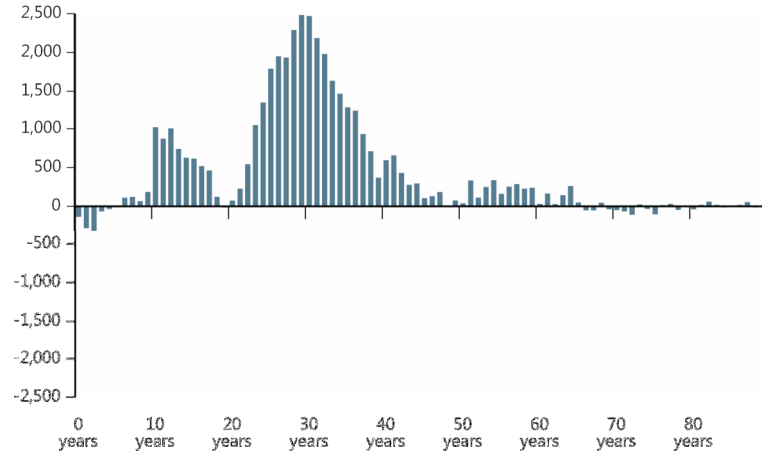
In addition to the aging current residents of Westminster, in-migration contributes to changing demographics. Figures I-4 and I-5 show net migration by age for Adams and Jefferson County. Between 2000 and 2013, 30-year-olds drove in-migration in both counties. Adams County experienced net in-migration across all age cohorts, meaning that there were more residents moving into the county than out.

Jefferson County had a very different experience. Except for residents in their 30s, Jefferson County experienced a large out-migration, particularly with Millennials and senior residents. Lack of affordable housing may have contributed to the out-migration.

**Figure I-4.
Net Migration by Age, Adams
County**

Note:
Data only available for county level – not
available for Westminster only.

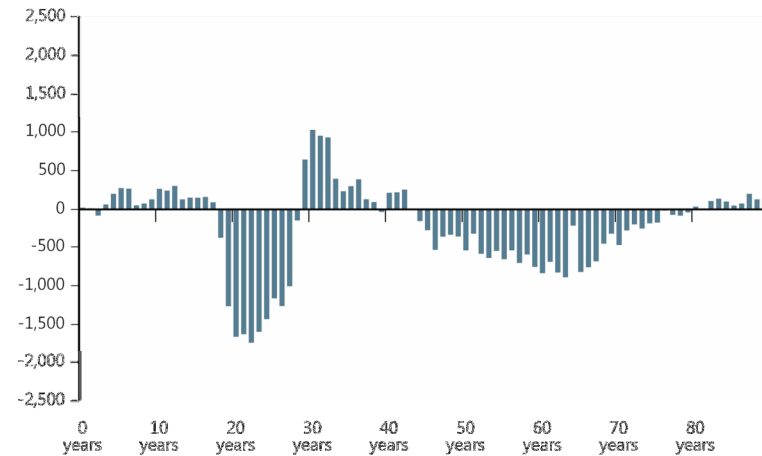
Source:
Colorado Department of Local Affairs.



**Figure I-5.
Net Migration by Age,
Jefferson County**

Note:
Data only available for county level – not
available for Westminster only.

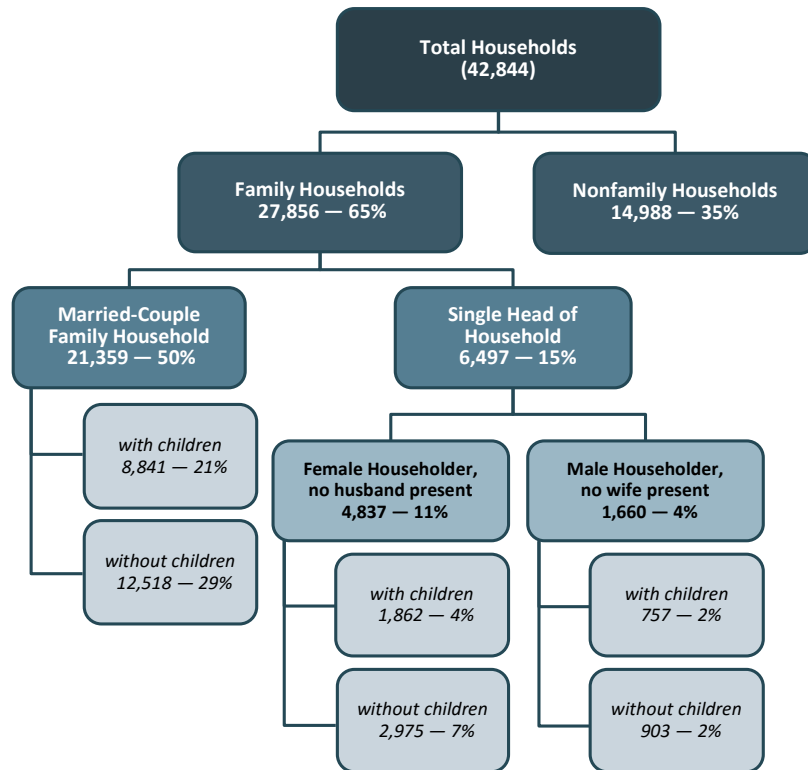
Source:
Colorado Department of Local Affairs.



Household composition. According to the 2015 ACS, there are 42,844 households in Westminster. Thirty-five percent of households in Westminster are non-family households, which include unrelated persons living together or individuals living alone. The remaining 65 percent of households are family households. The average household size is 2.6 people and the average family size is 3.3 people. Over a quarter of all households in Westminster have children (married couple and single head of household). Single parent households make up fifteen percent of all Westminster households. Figure I-6 displays the city’s 2015 household composition. Adams, Boulder and Jefferson counties have similar proportions of households.

Figure I-6.
Household Composition,
City of Westminster, 2015

Source:
 2015 ACS.



National origin and limited English proficiency (LEP). Figure I-7 presents information related to national origin and limited English proficiency (LEP)—persons five years and over speaking English less than “very well”—for the city of Westminster. The percentage of Westminster residents born outside of the United States changed little from 2000 to 2015, increasing by just 1 percentage point. This was also true of LEP residents. The majority of foreign-born residents are naturalized citizens and the majority of LEP persons in Westminster are Spanish speakers.

Figure I-7.
National Origin and Limited English Proficiency, City of Westminster, 2000 and 2015

	2000		2015		2000-2015 Percent Change	2000-2015 Percent Change
	Number	Percent	Number	Percent		
Born in US	92,081	91%	101,756	92%	9,675	11%
Born in Colorado	46,188	46%	56,323	51%	10,135	22%
Born outside Colorado	45,893	45%	45,433	41%	(460)	-1%
Foreign Born	9,116	9%	11,361	10%	2,245	25%
Naturalized U.S. Citizen	3,680	4%	4,987	4%	1,307	36%
Not a U.S. Citizen	5,436	5%	6,374	6%	938	17%
Limited English Proficiency (LEP)	5,954	6%	6,687	7%	733	12%

Note: Limited English proficiency (LEP) is defined as persons 5 years and over speaking English less than “very well.”

Source: 2000 U.S. Census, 2015 ACS.

Disability. Figure I-8 presents the number of individuals by age group in Westminster living with a disability. Slightly more than 12 percent of all Westminster residents have a disability, with over a third of all seniors (65 years and over) living with at least one disability. Seniors are most affected by physical (ambulatory and hearing) disabilities and children are most affected by cognitive and vision disabilities.

**Figure I-8.
Incidence of Disability by Age, 2015**

Source:
2015 ACS.

	Number of Residents	Percent of Residents
Total Residents with a Disability	13,516	12%
Residents 5 years and younger	24	0%
Residents 5 to 17 years	475	6%
Hearing	0	0%
Vision	245	2%
Cognitive	333	2%
Ambulatory	36	0%
Self-care	0	0%
Population 18 to 64 years	7,599	10%
Hearing	1,601	2%
Vision	1,500	2%
Cognitive	2,899	4%
Ambulatory	3,649	5%
Self-care	812	1%
Independent living	2,022	6%
Population 65 years and over	5,418	35%
Hearing	2,806	18%
Vision	831	5%
Cognitive	1,784	12%
Ambulatory	3,292	21%
Self-care	1,356	9%
Independent living	2,931	19%

The high percentage of seniors living with disabilities, coupled with the significant population growth among this age group in Westminster (Figure I-3), suggests that the number of total residents living with a disability will increase in the future.

Because of the continued aging of Jefferson County and Westminster, the number of seniors with disabilities will grow significantly. The city is likely to have 4,000 additional seniors with disabilities in the next 10 to 15 years.

Understanding the needs of seniors with disabilities, primarily with physical disabilities, in terms of housing and community resources will ensure that the City of Westminster is prepared and equipped to accommodate this growing community.

Income and poverty. The median household income in the City of Westminster was \$70,212 in 2015—higher than the state overall (\$63,909) and Adams County (\$63,493) but slightly below Jefferson County (\$71,136). Figure I-9 displays median household income of both renters and owners in Westminster for 2000, 2005, 2010 and 2015. Overall, median household income increased by 17 percent between 2010 and 2015—from \$60,242 to \$70,212. Renters experienced a 19 percent income increase (from \$38,414 to \$45,858) and owners experienced a 16 percent increase (from \$75,309 to \$87,578).²

**Figure I-9.
Median Household Income by
Tenure, City of Westminster,
2000, 2005, 2010 and 2015**

Source:
2000 Census; 2005, 2010 and 2015 ACS.

	All Households	Owners	Renters
Median HH Income			
2000	\$56,429	\$63,870	\$41,040
2005	\$60,265	\$70,056	\$36,017
2010	\$60,242	\$75,309	\$38,414
2015	\$70,212	\$87,578	\$45,858
Percent Change in MHI			
2000 to 2005	7%	10%	-12%
2005 to 2010	0%	7%	7%
2010 to 2015	17%	16%	19%

Income growth was not uniform across all income categories, as shown in Figure I-10.

The city now has more owners earning more than \$100,000 than in 2000—and fewer owners earning less than \$100,000. This could be due to an increase in the incomes of current owners as well as in- and out-migration of owner households.

As discussed above, renters’ incomes grew overall between 2000 and 2015. Growth was most prominent for renters earning more than \$100,000: the number of renters earning more than \$100,000 increased fourfold. Unlike owners, renters living in poverty also increased, by 53 percent.

These changes typify the growing “income gap” experienced in many cities in the country. Workers in high-paying professions and residents with accumulated wealth saw their incomes increase during the past 15 years, while lower income residents were disproportionately affected by the economic downturn, particularly those in recession-vulnerable professions, such as housing construction.

² It is important to note that the median used in housing programs is a HUD-determined figure based on household incomes in the Denver-Aurora region, adjusted for household size. The 2016 HUD-determined median for a family of four in the Denver-Aurora metropolitan statistical area (MSA) is \$79,900; for the Boulder MSA, it is \$99,400.

**Figure I-10.
Income Shifts,
City of
Westminster,
2000 and 2015**

Source:
2000 Census; 2015 ACS.

	2000		2015		2000-2015 Numerical Change	2000-2015 Percent Change
	Number	Percent	Number	Percent		
Total	38,418		42,844		4,426	12%
Owners						
Less than \$25,000	2,274	6%	1,724	4%	-550	-24%
\$25,000 - \$50,000	6,359	17%	4,873	11%	-1,486	-23%
\$50,000 - \$75,000	7,779	20%	4,820	11%	-2,959	-38%
\$75,000 - \$100,000	5,044	13%	4,415	10%	-629	-12%
\$100,000+	5,466	14%	12,134	28%	6,668	122%
Total	26,922	70%	27,966	65%	1,044	4%
Renters						
Less than \$25,000	2,852	7%	4,353	10%	1,501	53%
\$25,000 - \$50,000	4,396	11%	3,547	8%	-849	-19%
\$50,000 - \$75,000	2,565	7%	3,158	7%	593	23%
\$75,000 - \$100,000	1,202	3%	1,310	3%	108	9%
\$100,000 +	481	1%	2,510	6%	2,029	422%
Total	11,496	30%	14,878	35%	3,382	29%

Over 8,800 Westminster residents (8% of the population) are living in poverty. Children (under 18 years old) are the most likely age group to be living in poverty (13%) and seniors are the least likely to be living in poverty (4%). The city has the same poverty rate as Jefferson County (8%), but a lower poverty rate than the state (12%) and Adams County (14%). Figure I-11 displays poverty by age for Westminster residents in 2015.

**Figure I-11.
Poverty Levels by Age, City of
Westminster, 2015**

Source:
2015 ACS.

	Total	Number Below Poverty	Percent Below Poverty
Total Population	112,542	8,838	8%
Under 5 years	7,235	1,457	20%
U5 to 17 years	15,166	1,346	9%
18 to 34 years	28,593	3,220	11%
35 to 64 years	46,045	2,229	5%
65 years and over	15,503	586	4%

Geospatial distribution of poverty within Westminster has changed little since 1990, except for a rise in the southern region of the city. Overall, the city has very few areas of concentrated poverty: only two neighborhoods have poverty rates that exceed three times the city's proportion overall. These neighborhoods:

- Have high proportions of single family parents,
- Have above average Limited English Proficiency (LEP) populations, and
- Are ethnically concentrated.

Summary

This section has reviewed demographic changes in Westminster since 2000, to set the context for the analysis of housing demand in Section II. Primary findings include:

- Westminster is currently home to about 113,000 people living in 43,000 housing units. The city population comprises 2 percent of the state. Westminster is the 8th largest city in Colorado. In 2000, it was the 7th largest city in the state.
- During the 1990s, Westminster experienced strong in-migration of Baby Boomers, driving the single family home, luxury market. These residents are now or soon-to-be seniors. In the near future, the relatively high proportion of seniors in Westminster will increase demand for home health care services, accessibility modifications and public transportation.
- Since 2010, the influx of Millennials has driven the regional rental market. Today, post-college aged millennials (ages 25-34) account for 16 percent of the Westminster population—on par with cities such as Boise (14%) and Portland (19%) but lower than faster growing Millennial cities such as Austin and Denver (both 22%).
- Future housing demand in Westminster will be heavily influenced by the housing choices of Millennials and job growth: 1) Will Millennials be displaced or leave less affordable urban environments to buy in areas like Westminster? 2) Will employers leave the Denver region and migrate to less expensive market and, if so, will the region be able to foster employment growth?
- Accommodating a variety of housing choices and price points—and replicating the walkable, amenity-rich environments that are desired by Millennials—will be important for Westminster’s success in attracting new residents, workers and employers.

SECTION II.

Housing Profile and Affordability

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Housing Profile and Affordability

This section provides an analysis of Westminster’s housing stock. It begins with a discussion of housing affordability in general, including city programs to address housing needs. It also provides a profile of who occupies renter and ownership housing. The balance of the section describes market trends in both the ownership and rental markets and concludes with an assessment of affordable housing needs and priorities.

Housing Affordability

HUD defines housing affordability as housing costs that exceed 30 percent of a household’s gross monthly income. These housing costs include basic utilities, mortgage insurance, homeownership (HOA) fees and property taxes. Households paying more than 30 percent of gross income for housing are cost burdened and households paying more than 50 percent of gross income are “severely” cost burdened.

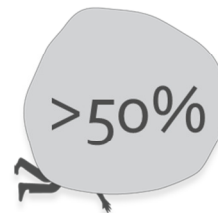
Federal definition of affordability:

- 1) Housing costs are “affordable” if they do not exceed 30% of household’s gross monthly income
- 2) “Costs” include basic utilities, mortgage insurance, HOA fees and property taxes

Households paying >30% for housing are **“cost burdened”**



Households paying >50% for housing are **“severely cost burdened”**



Primary programs. Residents who are cost burdened or severely cost burdened can receive assistance through a number of rental housing and homeownership programs. The programs available in a community depend on the size and funding sources and are typically inadequate to address housing needs.

Some cities, like Westminster, receive federal “block grant” funds that can be used for a number of housing and community development activities to support low and moderate income residents. In Westminster, these funds are used for emergency and essential home repair: Low income homeowners can receive up to \$5,000 in needed repairs and accessibility modifications.

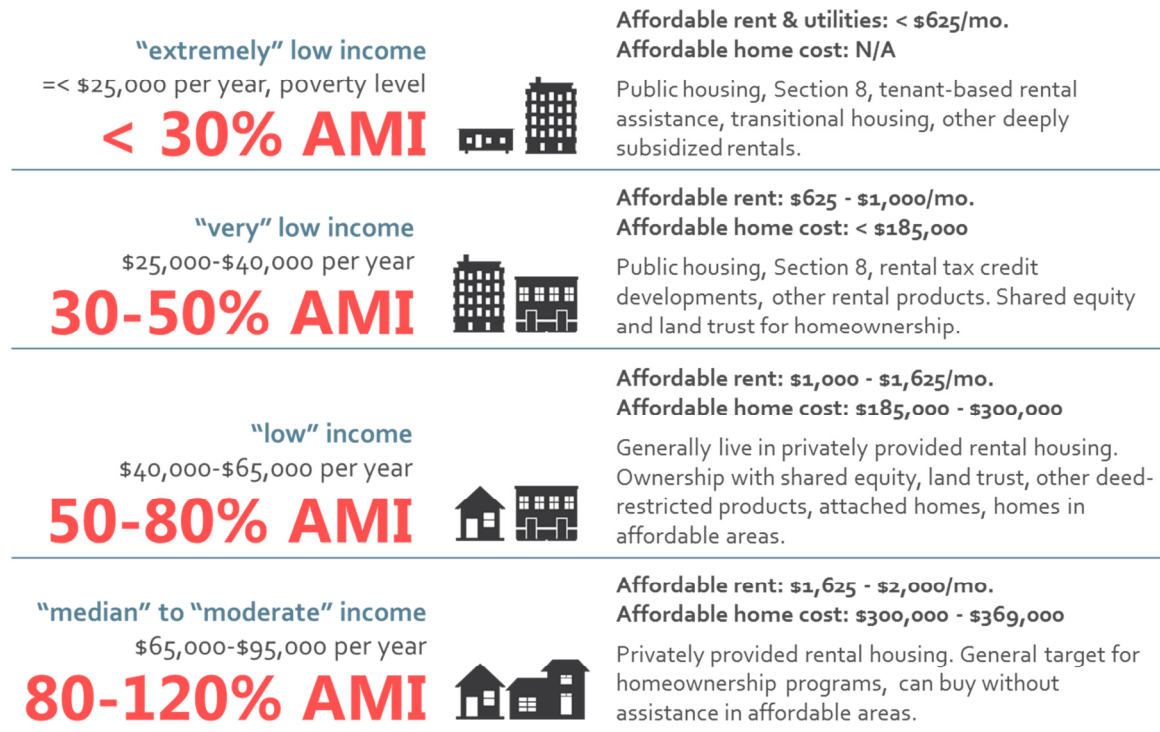
Westminster has also supported affordable and mixed income development and community revitalization through streetscapes, roadway improvements, and parks development. In the last 15 years, park and roadway improvements in south Westminster have exceeded \$40 million in value. Near 72nd Avenue and Federal Boulevard, the city has made direct investments into the light rail station, parking garage, public plaza, bus transfer facility and new roads.

Housing authorities are the primary providers of rental assistance. Direct subsidies to renters come in the form of housing choice vouchers (Section 8, a federal program administered locally). Two housing authorities are active in providing rental subsidies in Westminster, the Adams County Housing Authority and the Jefferson County Housing Authority. These organizations also develop and manage affordable rentals, some through the federal Low Income Housing Tax Credit (LIHTC) program.

In addition to the city’s subsidized housing programs, the role of the private sector in providing housing is crucial for housing affordability. The private sector creates and maintains a significant portion of the housing stock, an estimated 80 percent of the rental units and 95 percent of the for-sale homes. In the future, it will be critical to involve the private sector in affordable housing strategies.

Eligibility. Eligibility for housing programs is generally based on how a resident’s income falls within HUD-determined income categories. The categories are based on the regional Area Median Income of AMI. In Westminster, the AMI used for a family of four is \$79,900, which is the regional AMI for the Denver-Aurora metro area. The income thresholds and target housing are outlined in Figure II-1.

Figure II-1.
HUD Income Thresholds and Target Housing, 2016



Note: AMI levels are for a household size of four, which is HUD convention.

Source: HUD and BBC Research & Consulting.

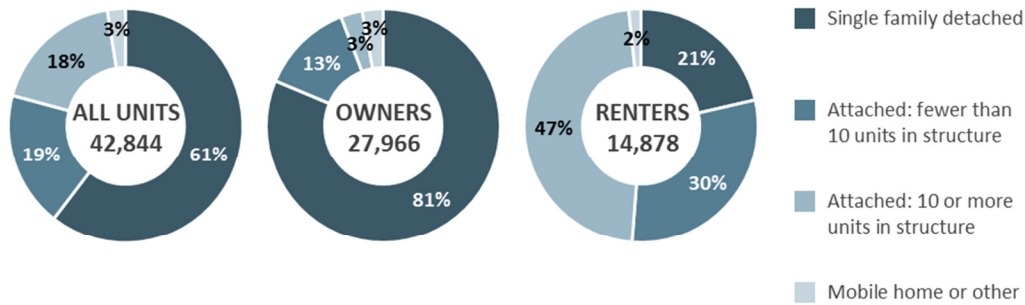
Existing Housing Stock

According to the 2015 ACS there are 45,386 housing units (occupied and vacant) in Westminster, up from 44,720 in 2010—a 1.5 percent increase. More than two thirds (65%) of households in the city are owner-occupied; 35 percent are renter occupied.

Housing type. Overall, about two thirds of Westminster's housing stock is single family detached and over one third is attached housing (apartments, condos, townhomes, etc). In addition, 3 percent of the housing stock is mobile homes. The distribution of housing type in Westminster is similar to Jefferson County and Adams County, both of which have about two-thirds single family detached housing.

The vast majority of Westminster owners (81%) live in single family detached houses and the vast majority of renters (77%) live in attached units. Figure II-2 displays housing type by tenure for Westminster.

Figure II-2.
Housing Type by Tenure, Westminster, 2015

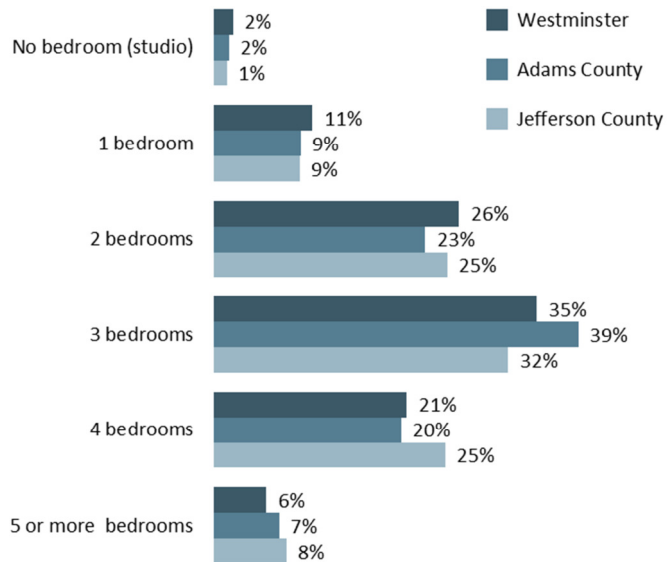


Note: Housing units include occupied units only.
 Source: 2015 ACS and BBC Research & Consulting.

Household size and bedrooms. Over one-third of housing units in Westminster have three bedrooms; 39 percent have fewer than three bedrooms and 26 percent have four or more bedrooms. As shown in Figure II-3, Jefferson and Adams counties have similar proportions of bedroom types—with three bedrooms being the largest percent of bedroom types for both counties.

Figure II-3.
Number of Bedrooms, Westminster, 2015

Source: 2015 ACS and BBC Research & Consulting.



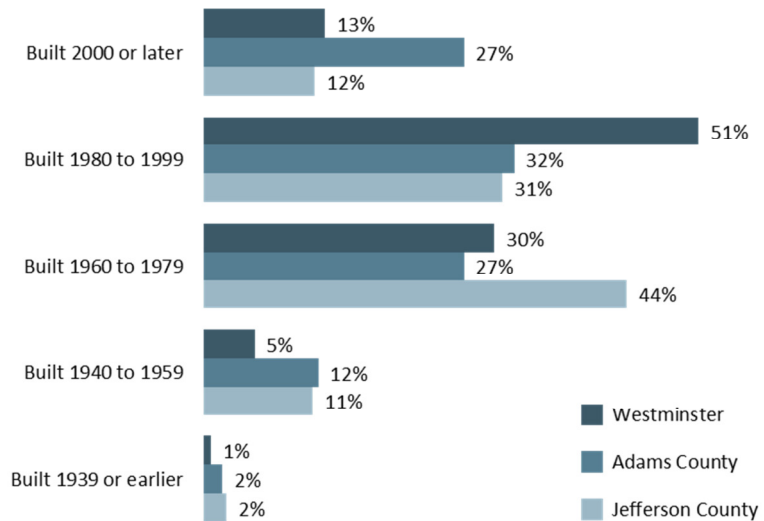
On average, owner-occupied households in Westminster are larger (2.76 people) than renter occupied households (2.37 people). Owner occupied units also tend to have more bedrooms than renter occupied units. Over 80 percent of owner occupied homes have three or more bedrooms, compared to just 28 percent of renter occupied homes.

Age of housing stock. About 13 percent of Westminster’s housing stock was built in the past 15 years (since 2000). Over half (51%) was built between 1980 and 2000. Over one third (35%) was built between 1940 and 1980 and just one percent was built before 1940. Figure II-4 displays the city’s housing stock by age; data for the county are included for comparison.

When examined by tenure, the city’s owner occupied units have a similar age distribution as renter occupied units. For example, 62 percent of owner occupied units and 61 percent of renter occupied units were built before 1990.

**Figure III-4.
Age of Housing Stock,
Westminster, 2015**

Source:
2015 ACS and BBC Research &
Consulting..



Unlike more urban cities, most of Westminster's housing stock was built after 1940, therefore reducing the risk of lead-based paint.¹ Age of homes can be an important indicator of housing condition: older houses tend to have more condition problems and are more likely to contain materials such as lead based paint. Less than 1 percent of the housing units in Westminster were built before 1940 and over 60 percent were built after 1980.

Overcrowding and substandard conditions. Other key factors to examine in evaluating housing condition are overcrowding and substandard units. Overcrowding in housing can threaten public health, strain public infrastructure, and points to an increasing need of affordable housing. This study uses HUD’s definition of having more than one person per room to identify overcrowded units.² Approximately three percent of the city’s households—or about 1,309 households—are overcrowded. Two percent of owner-occupied housing units (574 units) were overcrowded and five percent of renter-occupied units (735 units) were overcrowded.

The 2015 ACS reported that no housing units (vacant and occupied) in the city lacked complete plumbing facilities and 651 housing units (vacant and occupied) lacked complete kitchens. These 651 severely substandard units represent one percent of the city’s total housing units.

¹ Lead-based paint was banned from residential use in 1978. Housing built before 1978 is considered to have some risk, but housing built prior to 1940 is considered to have the highest risk. After 1940, paint manufacturers voluntarily began to reduce the amount of lead they added to their paint. As a result, painted surfaces in homes built before 1940 are likely to have higher levels of lead than homes built between 1940 and 1978.

² The HUD American Housing Survey defines a room as an enclosed space used for living purposes, such as a bedroom, living or dining room, kitchen, recreation room, or another finished room suitable for year-round use. Excluded are bathrooms, laundry rooms, utility rooms, pantries, and unfinished areas.

Profile of Renters and Owners

Westminster is home to more owners (65%) than renters (35%). Owners tend to be older, have higher levels of educational attainment and earn higher incomes than renters. Owners are also more likely to be family households, compared to renters who tend to be non-family households, single-person households and racial/ethnic minorities. Figure II-5 summarizes characteristics of renters and owners in Westminster. The figure displays the number and distribution of renter and owner households by demographic characteristic and also provides the homeownership rate by age group, household type, education level and race/ethnicity.

Figure II-5.
Profile of Renters and Owners, Westminster, 2015

	Renters		Owners		Ownership Rate
	Number	Percent	Number	Percent	
Total Households	14,878	100%	27,966	100%	65%
Median Income	\$45,858		\$87,578		
Age of Householder					
Young Millennials (15-24)	1,687	11%	0	0%	0%
Post-college millennials (25-34)	3,721	25%	3,178	11%	46%
Ages 35-44	2,985	20%	5,630	20%	65%
Ages 45-64	3,804	26%	12,496	45%	77%
Seniors (65 and older)	2,681	18%	6,662	24%	71%
Household Type					
Non-family households	7,423	50%	7,565	27%	50%
Householder living alone	5,207	35%	6,069	22%	54%
Families	7,455	50%	20,401	73%	73%
Married couples without children	2,315	16%	10,203	36%	82%
Married couples with children	2,019	14%	6,822	24%	77%
Single parent hh	1,536	10%	1,083	4%	41%
Other family household (no children)	1,585	11%	2,293	8%	59%
Householder Educational Attainment					
Less than high school graduate	1,919	13%	1,314	5%	41%
High school graduate (or equivalent)	3,065	21%	5,090	18%	62%
Some college or associate's degree	5,892	40%	8,474	30%	59%
Bachelor's degree or higher	4,002	27%	13,088	47%	77%
Race/Ethnicity of Householder					
Non-Hispanic white	9,805	66%	23,100	83%	70%
Hispanic	3,407	23%	3,188	11%	48%
Other minority	967	7%	2,237	8%	70%

Source: 2015 ACS and BBC Research & Consulting.

Some of the key differences between Westminster renters and owners include:

- Median income for renters in Westminster (\$45,858) is almost half the median income of owners (\$87,578). This has shifted since 2000, when the gap was much smaller: In 2000, the median income for renters was \$41,040 compared to \$63,870 for owners.

- Over one-third of all renters in the city are Millennials (aged 15-34); one-quarter are post-college aged Millennials (25-34). Over 11 percent of homeowners are post-college Millennials, compared to the nearly 70 percent of homeowners who are over the age of 45.
- About 50 percent of renters are in non-family households (e.g., living with roommates), compared to 27 percent of owners. About 24 percent of renter households have children (14% are married with children and 10% are single parents) as do 28 percent of owner households (24% are married with children and just 4% are single parents). Married couples with children are much more likely to own a home (77% own a home) than single parents (41% own a home).
- Over three-quarters of homeowners have a bachelor's degree or higher and only 5 percent failed to complete high school. Renters are much less likely to have graduated from college: 27 percent have a bachelor's degree or higher; 13 percent have not finished high school.
- Renters are more likely than owners to belong to a racial or ethnic minority group: 23 percent of renters are either Hispanic or some other minority compared to 11 percent of homeowners. Overall, 70 percent of non-Hispanic white residents own their homes, compared to 48 percent of Hispanic residents.

Housing Cost and Affordability

This section of the report discusses housing costs in Westminster through the lens of affordability. The for-sale, or ownership market, is discussed first, followed by the rental market.

Ownership market. Similar to most housing markets across the country, Westminster experienced substantial increases in home values between 2000 and 2008 followed by a drop in values and sales activity as the housing bubble burst. However, the impact in Westminster (2% decline in home values between 2008 and 2011) was not as severe as in the U.S. as a whole (11% decline in values).

Since early 2013, home prices and home value in Westminster have been on the rise. By the end of 2014 the median home value (\$231,500) exceeded the 2008 peak median home value of \$230,800. Figure II-6 displays the median home value for Westminster in select years between 1999 and 2015.

Figure II-6.
Median Home Value
Trends, Westminster,
2000 through 2015

Source:
2000 Census; 2005, 2008, 2011,
2014 and 2015 ACS and BBC
Research & Consulting.



Home value. According to the 2015 ACS, the median value of owner-occupied homes in Westminster was \$275,300, between the median home values for the Adams County (\$240,300) and Jefferson County (\$330,200) as a whole. Figure II-7 displays the distribution of Westminster homes by value. Approximately 10 percent of homes are valued at less than \$150,000 and another 11 percent are valued between \$150,000 and \$200,000. Over two-thirds of the city's homes are valued between \$200,000 and \$500,000 and 8 percent are valued above \$500,000.

Figure II-7.
Home Value Distribution,
Westminster, Adams County
and Jefferson County, 2015

Source:
 2015 ACS and
 BBC Research & Consulting.

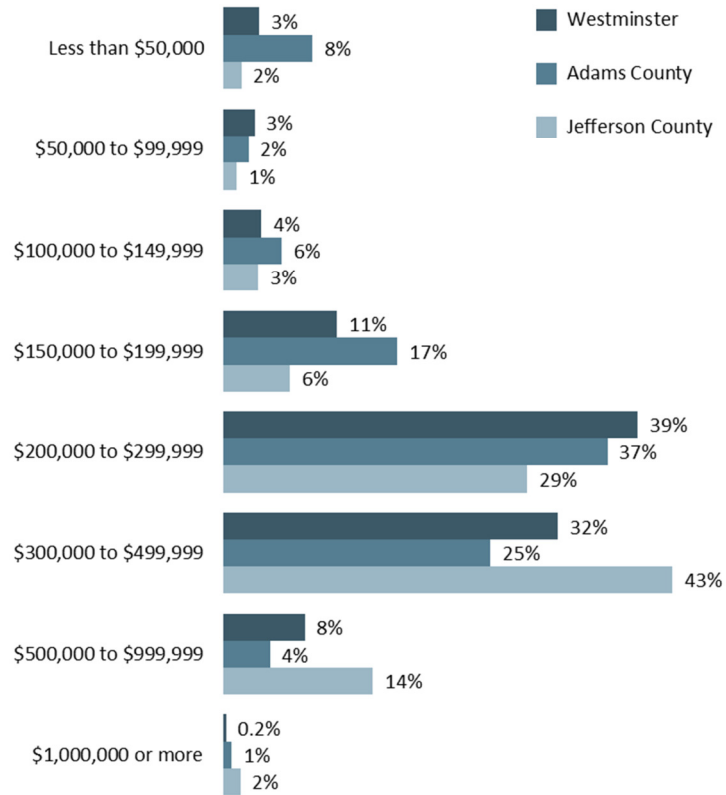


Figure II-8 displays the median home value for Westminster, Adams County and Jefferson County by housing type and year (2005, 2012, 2014 and 2016).

Figure II-8.
Median Home Value in Westminster, Adams County and Jefferson County, 2000 to 2016

	2000	2005	2014	2016	Percent Change 2005-2016
Westminster					
All Homes	\$176,050	\$213,300	\$235,900	\$294,000	38%
Single Family Detached	\$184,350	\$222,150	\$248,050	\$308,400	39%
Attached*	\$128,500	\$151,450	\$150,050	\$197,600	30%
Adams County					
All Homes	\$161,500	\$196,550	\$205,250	\$264,750	35%
Single Family Detached	\$167,550	\$204,350	\$218,050	\$276,850	35%
Attached*	\$128,950	\$155,000	\$151,350	\$198,400	28%
Jefferson County					
All Homes	\$196,600	\$245,800	\$282,200	\$352,600	43%
Single Family Detached	\$210,950	\$262,800	\$303,000	\$375,500	43%
Attached*	\$128,800	\$157,500	\$161,100	\$210,850	34%

Note: Attached includes condos, townhomes and twins. 2016 values only include data through August.

Source: Zillow Data and BBC Research & Consulting.

Between 2005 and 2016, median home values in Westminster increased at a rate of 38 percent, in between the rates of Adams County (35%) and Jefferson County (43%). Across all locations, home values for detached homes increased faster than attached homes (condos, townhomes and twins).

Home sales. In the first two quarters of 2016, 826 homes were sold in Westminster for a median sale price of \$305,000. Over 70 percent of sales were single family detached homes, a proportion slightly above the 65 percent of owner-occupied homes in the city that are single family detached. Single family detached homes sold for a median sale price of \$332,300, significantly higher than the median sale price for attached homes (\$220,438).

Figure II-9 shows characteristics of the 826 homes sold in Westminster during the first two quarters of 2016. One percent of homes were bought with cash, while the remaining homes were bought through conventional mortgages and other financial terms. Most of the city's home sales were below \$500,000, with nearly an even split between homes priced at less than \$300,000 and homes priced between \$300,000 and \$500,000.

**Figure II-9.
Home Sales
Characteristics,
Westminster, Q1 & Q2
2016**

Source:
MLS data and BBC Research &
Consulting.

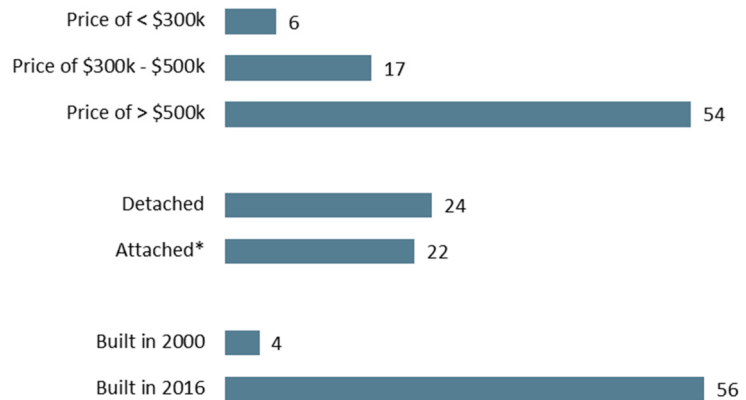
	Number	Percent
Total Homes	826	100%
Detached Units	584	71%
Attached Units	242	29%
Financial Terms		
Cash	11	1%
Conventional	139	17%
Conventional + Other (FHA, VA, etc.)	676	82%
Price		
Sale Price of < \$300k	384	46%
Sale Price of \$300k - \$500k	346	42%
Sale Price of > \$500k	76	9%

For home sales below \$300,000, 53 percent were detached units and 47 were attached units. Attached homes make up a much larger proportion of affordable sales than all sales. This is also true of older homes: Among homes sold for less than \$300,000, only 7 percent were built after 2000. The majority of homes were built before 2000.

Figure II-10 shows the median days on the market for active home listings by different characteristics. For all active listings, the median days on the market is 24—less than one month selling time. Detached homes compared to attached homes have a minimal difference in days on the market (24 vs. 22). Price is a better indicator, with homes priced over \$500,000 staying on the market for an average of 54 days compared to homes under \$300,000 staying on the market for a median of just **6 days**.

**Figure II-10.
Home Characteristics by Days
on the Market, Westminster,
Q2 2016**

Source:
MLS Data and BBC Research & Consulting.



Ownership affordability. As discussed in the Demographic Profile, owners experienced higher percentage gains in median income than renters between 2000 and 2015. Ownership affordability increased across income levels due to the housing market downturn and more importantly, falling interest rates. In sum, even though home prices increased, it became easier to buy because potential homebuyers could afford a higher-priced home.

This is demonstrated in Figure II-11, which shows the proportion of homes on the market in 2000, 2005 and 2015 at various HUD AMI levels. Forty-five percent of homes listed or for sale in 2015 fell in the low income homebuyer affordability band. At 2000 interest rates, this would be just 13 percent.

Figure II-11.
Affordability by HUD Income Range, Westminster, 2000, 2005 and 2015

	2000		2005		2015		2000-2015 Change		2015 with 2000 Interest Rates	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Extremely low income	-	0%	44	1%	61	4%	61	4%	8	0%
Very low income	86	4%	325	8%	209	12%	123	8%	59	3%
Low income	439	20%	1,519	39%	785	45%	346	25%	234	13%
Moderate income	617	28%	917	24%	254	15%	-363	-13%	254	15%
Total homes for sale	2,211	100%	3,847	100%	1,736	100%	-475		1,736	

Note: Income categories reflect that year's AMI levels.

Source: HUD and BBC Research & Consulting.

The following maps show the distribution of homes for sale at various affordability levels in 2000, 2005 and 2015. Because of falling interest rates, affordability increased in every part of the city except the far northeast.

**Figure II-12.
Homeownership
Affordability by
Income Levels,
Westminster, 2000**

Source:
MLS Data and BBC Research &
Consulting.

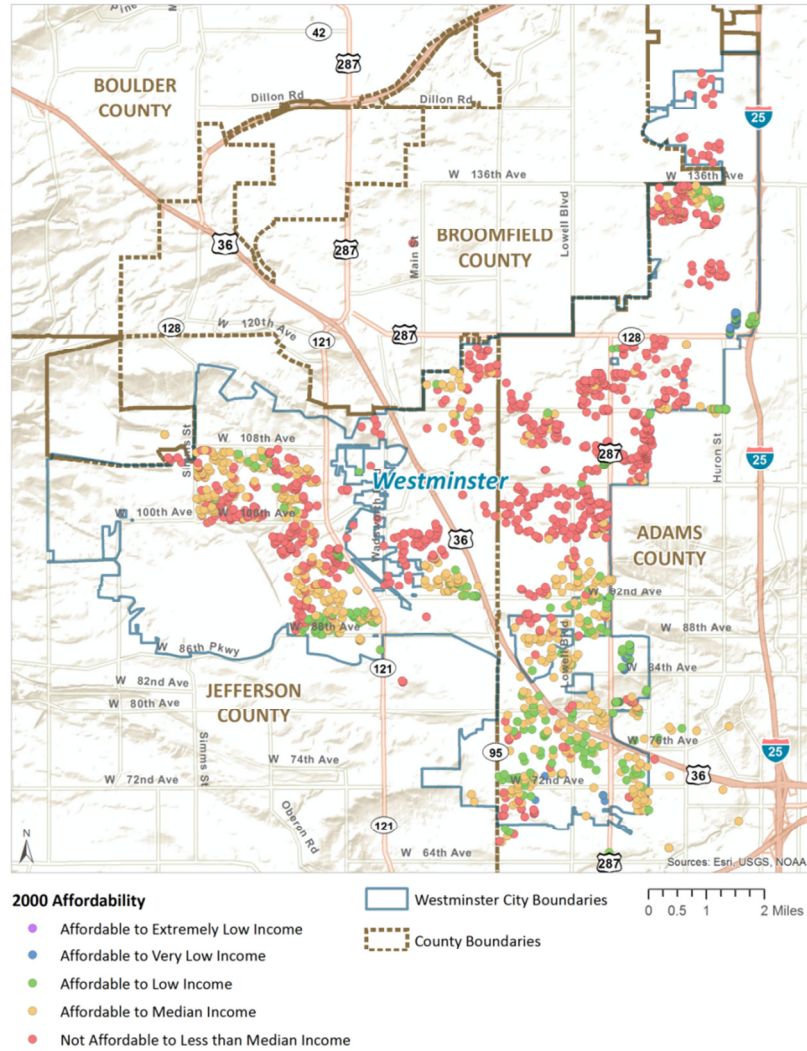
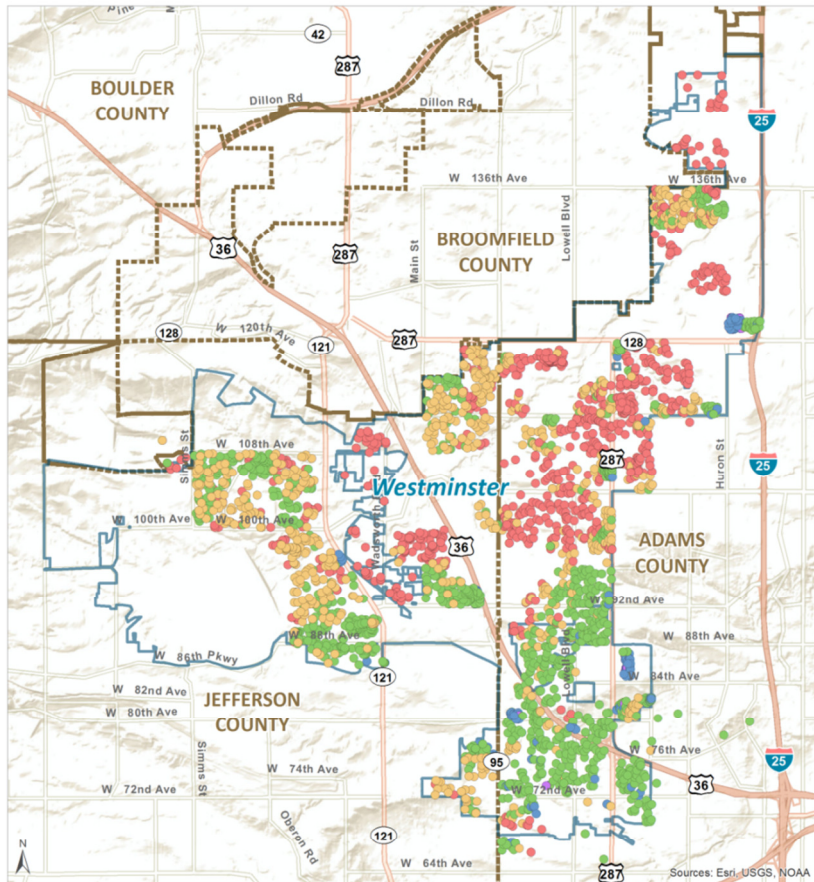
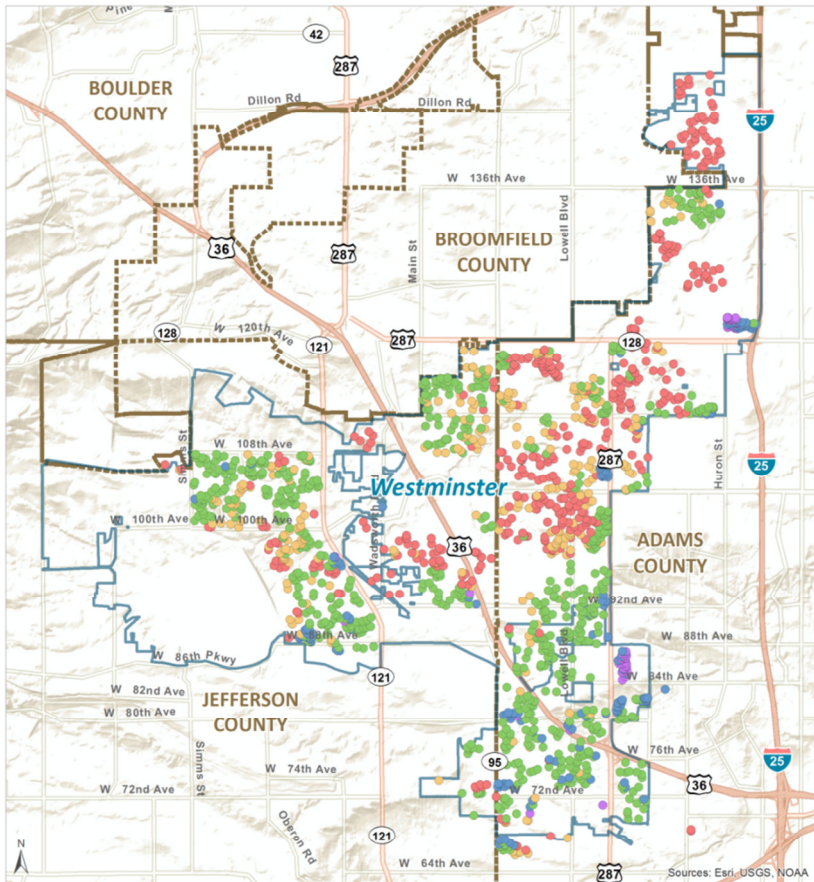


Figure II-13.
Homeownership Affordability by Income Levels, Westminster, 2005 and 2015



- 2005 Affordability**
- Affordable to Extremely Low Income
 - Affordable to Very Low Income
 - Affordable to Low Income
 - Affordable to Median Income
 - Not Affordable to Less than Median Income

Westminster City Boundaries
 County Boundaries



- 2015 Affordability**
- Affordable to Extremely Low Income
 - Affordable to Very Low Income
 - Affordable to Low Income
 - Affordable to Median Income
 - Not Affordable to Less than Median Income

Westminster City Boundaries
 County Boundaries

Source: MLS Data and BBC Research & Consulting.

The interest rate benefit stabilized after 2010 as the housing market recovered. In 2011, the median sale price of \$227,000 demanded a buyer income of \$53,961 assuming a 30 year fixed rate mortgage with a 4.45 percent interest rate. In 2015, the median sale price was \$275,000 and required an income of \$66,994 under the same mortgage assumptions but with a lower interest rate (3.85%).

The increase in income required to afford the change in median sale price was 24 percent. The actual increase in median owner income was 14 percent.

This was coupled with a decline in inventory since 2005. It is particularly difficult for low income renter to find a home to buy in today's market, as shown below. Households earning 50 percent of the AMI—about \$40,000—can afford just 10 percent of homes for sale through July 2016. Households at 80 percent AMI—around \$65,000—can afford 43 percent of the homes for sale, many of which are attached homes. Yet, as discussed above, these homes stay on the market for less than one week on average.

Figure II-14.
Affordable Homes Listed or Sold,
Westminster, 2000, 2005, 2015
and 2Q2016

Note:

* One-half are attached homes.

Source:

MLS Data and BBC Research & Consulting.

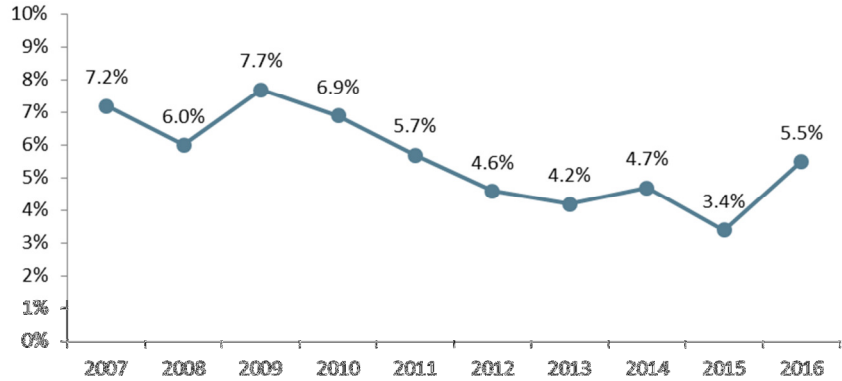
	80% AMI (\$65,000)		50% AMI (\$40,000)	
	Number	Percent of All	Number	Percent of All
2000	525	24%	86	4%
2005	1,844	47%	325	8%
2015	994	60%	209	12%
2Q2016	463	43%*	106	10%

Rental market. According to market reports, apartment vacancy rates in the Greater Denver Metro were at a six year low in early 2014—indicating a tight rental market. The 2015 ACS reports median rent (including utilities) in Westminster to be \$1,327 per month, up from \$903 in 2010 and \$848 in 2000. The increase in rent between 2010 and 2015 in the city (47%) was much higher than median rent in Adams and Jefferson counties overall, which both increased by 32 percent over the same period.

Vacancy rates. The ACS reports a 2015 rental vacancy rate of 6 percent for the City of Westminster. Recent market reports for Westminster suggest an even lower vacancy rate of 4 percent, as of first quarter 2016, and an equivalent annualized rate for 2016 of 5.5 percent. In the second quarter of 2016, the vacancy rate in Westminster surged to 9 percent due to a significant number of units in a lease-up phase. The tight rental market in early 2014 spurred a tremendous amount of multifamily construction, therefore putting an unusual amount of units on the market in 2016.

Figure II-15.
2nd Quarter
Annualized Vacancy
Rates,
Westminster, 2016

Source:
 Apartment Market Vacancy
 Survey 2Q16 and BBC
 Research & Consulting.

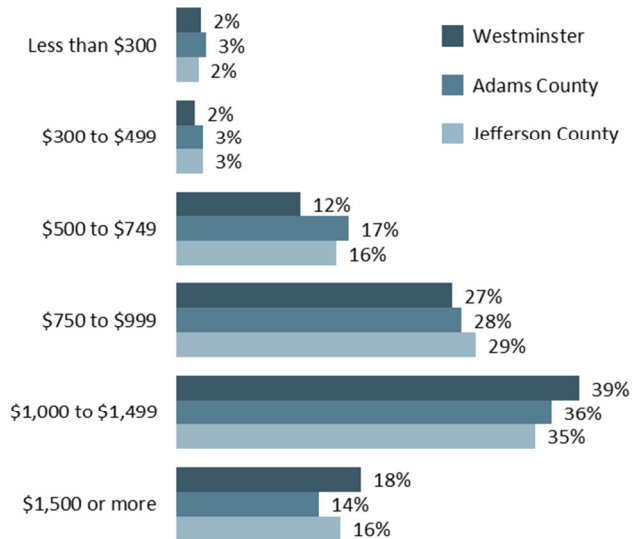


Vacancy rates are lowest for two bedroom one bath units (vacancy rate of less than 4%) and three bedroom two bath units (4% vacant) indicating substantial demand for both the largest units on the market.³

Distribution of rents. As shown in Figure II-16, most Westminster renters (78%) pay between \$500 and \$1,500 for their units. Two percent pay less than \$300 and 18 percent pay more than \$1,500 per month. The rent distribution of both Adams and Jefferson counties are shifted toward slightly lower rents relative to the city.

Figure II-16.
Gross Rent Distribution,
Westminster, 2015

Source:
 2015 ACS and BBC Research & Consulting.



Market rates. The ACS data on median rent and rental distribution is a comprehensive analysis of what all renters currently pay for rent. However, those data might not reflect what is available on the market for a household looking to rent. A survey of apartment complexes in the Greater Denver Metro shows that average rents region-wide were \$1,371 in 2016, up from \$900 in 2011 (52% increase). Average rent by unit size ranged from \$1,151 for a studio to \$1,911 for a three-bedroom, two-bath unit. Average rent was highest for apartment communities with 200 to 350

³ Apartment Market Report, Greater Denver Metro Area. Second Quarter 2016. Apartment Association Metro Denver Publication.

units at \$1,438. Average rent for larger complexes (with more than 250 units) was \$1,354 and average rent for smaller complexes (fewer than 100 units) was \$1,136.⁴

Renter affordability. Between 2011 and 2015 renters in Westminster lost purchasing power as rents increased faster than incomes. Median rent increased by 34 percent in Westminster from \$992 in 2011 to \$1,327 in 2015. In order to afford the increase in rent, renters' annual incomes would have needed to increase by \$13,764 between 2011 and 2015; however actual increase in renter median income was only \$5,101.

Figure II-17.
Rental Affordability, Westminster, 2015

Source:
2015 ACS and BBC Research & Consulting.

Rental Size	Average Rent	Income Required
Efficiency	\$1,033	\$41,320
1-bedroom	\$1,171	\$46,840
2-bedroom, 1 bath	\$1,241	\$49,650
3-bedroom	\$2,024	\$80,960

Rental gap. The rental gaps analysis displayed in Figure II-18 compares the number of renter households in Westminster, their income levels, the maximum monthly housing payment they could afford, and the number of units in the market that were affordable to them. The “Rental Gap” columns show the difference between the number of renter households and the number of rental units affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

⁴ Apartment Market Report, Greater Denver Metro Area. Second Quarter 2016. Apartment Association Metro Denver Publication.

Figure II-18.
Rental Market Mismatch, Westminster, 2000 and 2014

	Maximum Rent and Utilities Monthly Payment	2000				2014				Change, 2000 - 2014	
		Renter Households	Rental Units	% of Rental Units	Gap	Renter Households	Rental Units	% of Rental Units	Gap	Renter Households	Rental Units
Less than \$5,000	\$125	279	33	0%	(246)	303	0	0%	(303)	24	(33)
\$5,000-\$9,999	\$250	605	263	2%	(342)	1,105	234	1%	(871)	500	(29)
\$10,000-\$14,999	\$375	545	207	2%	(338)	839	291	2%	(548)	294	84
\$15,000-\$19,999	\$500	648	504	4%	(144)	898	0	0%	(898)	250	(504)
\$20,000-\$24,999	\$625	775	1,695	14%	920	1,453	644	4%	(809)	678	(1,051)
\$25,000-\$34,999	\$875	1,886	3,722	31%	1,836	1,687	3,245	19%	1,558	(199)	(477)
\$35,000-\$49,999	\$1,250	2,510	4,443	37%	1,933	2,399	5,730	34%	3,331	(111)	1,287
\$50,000-\$74,999	\$1,875	2,565	1,029	9%	(1,536)	3,111	6,650	40%	3,539	546	5,621
\$75,000-\$99,999	\$2,500	1,202	103	1%	(1,099)	1,997	0	0%	(1,997)	795	(103)
\$100,000+	\$2,500+	481	0	0%	(481)	2,357	0	0%	(2,357)	1,876	0
Total/Low Income Gap (<\$25,000/year)		11,496	11,999	100%	(150)	16,149	16,794	100%	(3,429)	4,653	4,795

Source: U.S. Census 2000, 2014 ACS and BBC Research & Consulting.

The rental gaps analysis shows a large amount of low income households in Westminster are cost burdened and that the rental gap has widened dramatically since 2000. Low income households (households that earn less than \$25,000 per year) renting much above what they can afford increased from 150 in 2000 to 3,429 in 2014. It is important to note that the gap in 2000 was relatively low due to the large number of units affordable to \$20,000 to \$25,000 households. Households in lower income ranges were also occupying these units, albeit with some level of cost burden. This situation shifted by 2014 because fewer units fell within the \$20,000 to \$25,000 affordability range. In 2014, there were 1,500 fewer rental units affordable to low income households.

The gaps analysis shows that the greatest need in Westminster's rental market is for units priced at less than \$625 per month, serving renters earning less than \$25,000 per year. These units are typically publicly subsidized, either through housing authority or nonprofit ownership or in the form of a rental assistance voucher.

Summary

Key findings from this section include:

- The majority of housing units in Westminster are owner-occupied (65%) and single family homes (61%);
- The gap in the median income for renters (\$45,858) and median income of owners (\$87,578) has widened since 2000;
- Although Westminster experienced an increase in home values between 2000 and 2008 followed by a drop in value and sales activity, the impact was not as severe as in the U.S. overall (2% decline in home values vs. 11%, respectively);
- Ownership affordability in Westminster increased across all income levels due to falling interest rates and the housing market downturn, yet the lack of supply—particularly homes under \$300,000—caused ownership constraints. During the first two quarters of 2016, homes under \$300,000 stayed on the market for a median of 6 days;
- Within the last ten years, median home values have increased by 38 percent and by the end of 2014, the median home value (\$231,500) slightly exceeded the 2008 peak (\$230,800);
- Both renters and owners lost purchasing power between 2011 and 2015, continuing the trend from 2000. That is, sales prices increased faster than owner incomes and rent costs increased faster than renter incomes;
- The increase in income required to afford the change in median sale price was 24 percent, but the increase in median owner income was only 14 percent. Coupled with the decline in inventory since 2005, the ability for residents in Westminster to become homeowners has dropped; and
- Apartment vacancy rates across the metro area are at a six year low, with Westminster experiencing between a 4 to 6 percent vacancy within the last year.

Understanding the overall changes in housing is essential to determining the future housing needs in Westminster. As demographics and housing needs change, the city will need to respond with appropriate actions to serve its residents. The future of housing in Westminster will be determined by:

- Formation of households by Millennials;
- Retirement and aging Baby Boomers;
- Expansion of extended family living environments, drive by aging Baby Boomers needing caretakers and foreign-born households; and
- Employment growth and relative affordability compared to the Denver Metro region.

SECTION III.

Development Trends and Process

SECTION III.

Development Trends and Process

Trends in residential development, land use plans and the development review process were examined as part of the Westminster housing needs assessment. This section presents findings from that review.

Residential Development Trends

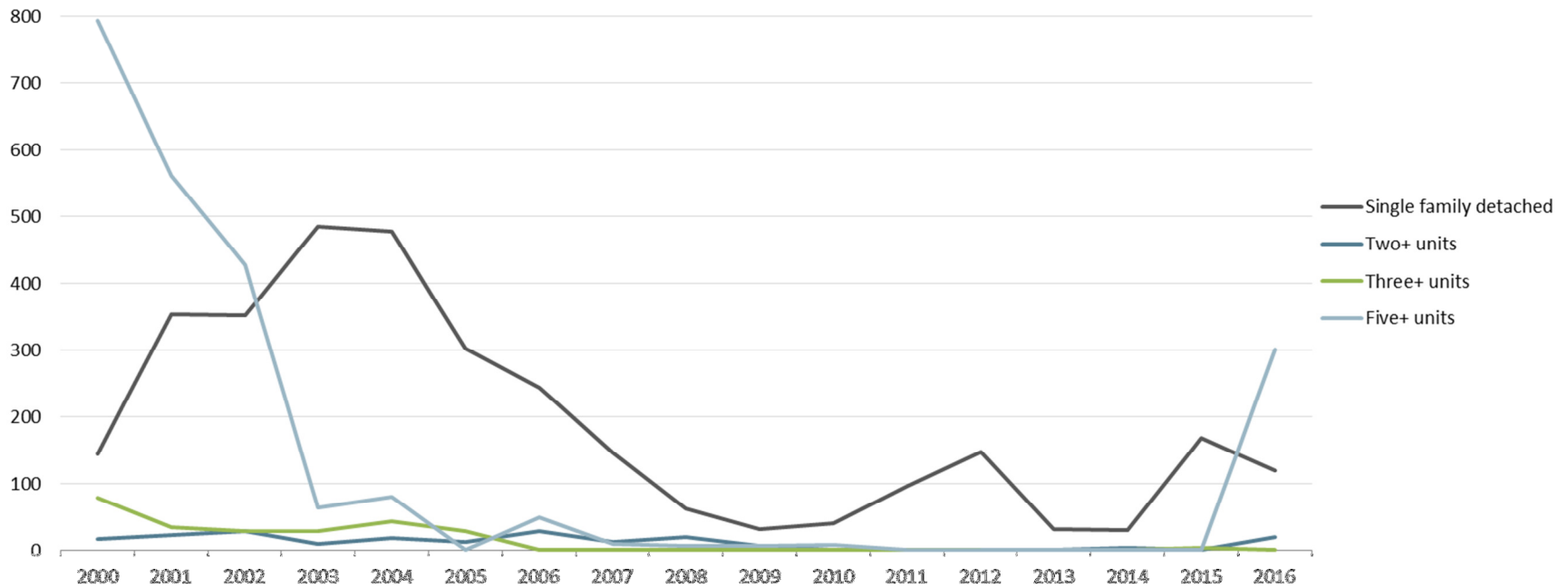
As noted in the demographic analysis conducted for this study, the majority of Westminster's population growth in the past 25 years occurred between 1990 and 2000. The city gained more than 25,000 residents during that decade, compared to 11,000 between 2000 and 2014.

Residential development in Westminster has also varied considerably over time, influenced by this population growth, as well as regional housing market conditions. The highest level of permits occurred in 2000 at 1,032 permits, reflecting strong regional population growth in the late 1990s.

This growth dropped considerably after the housing market downturn in late 2007. Between 2008 and 2014, fewer than 100 residential permits were issued annually. The exception was in 2012, when 148 permits were issued. Figure II-1 shows permit trends between 2000 and 2015, with an estimate for 2016.

Figure III-1.
Building Permit Trends, City of Westminster, 2000-2015

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Single family detached	145	353	352	484	477	302	243	146	62	32	40	96	148	32	30	168	119
Two+ units	16	22	28	10	18	12	28	12	20	6	0	0	0	0	4	0	19
Three+ units	78	34	29	28	43	29	0	0	0	0	0	0	0	0	0	3	0
Five+ units	793	561	427	64	80	0	49	10	6	6	8	0	0	0	0	0	300
Total permits	1,032	970	836	586	618	343	320	168	88	44	48	96	148	32	34	171	438
% single family detached	14%	36%	42%	83%	77%	88%	76%	87%	70%	73%	83%	100%	100%	100%	88%	98%	27%



Note: 2016 through July (estimated).

Source: Census of Building Permits.

At the time this section was prepared, through 2016, 119 permits had been issued for single family detached homes; 20 for single family attached homes; and four for multifamily developments, totaling approximately 300 units. Of the multifamily developments, one is a mixed-income development and one is for lower income seniors; the remainder are market rate. 2016 development trends are on track to reach the highest level since 2004.

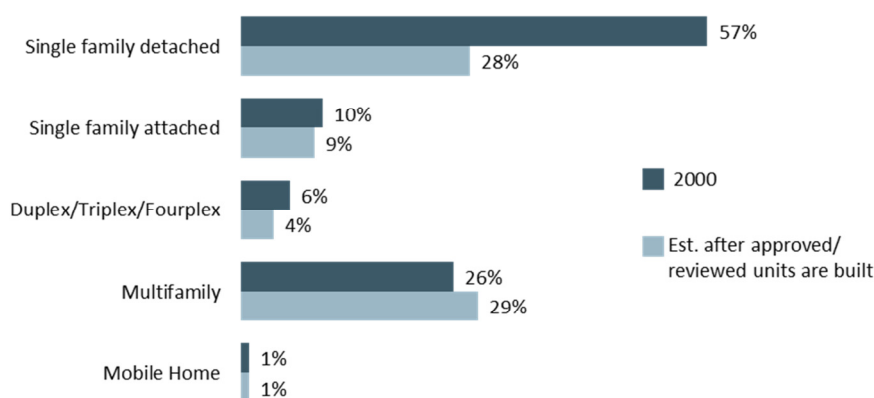
Since 2003, the vast majority of permits and units developed in Westminster—86 percent on average—have been single family homes. Expected new apartment construction will shift the unit balance somewhat. Nearly 1,400 apartment units have been approved, are under review or are under construction.

In addition, 250 single family attached homes and 1,100 single family detached homes are under construction or in review. Altogether, at the time of this study, 2,748 residential units are in review, approved or under construction. Half are apartments, 41 percent are single family detached homes and 9 percent are single family attached products (duplexes, townhomes).

Despite this increase in multifamily development, the city’s unit composition will remain largely single family homes. New apartments will shift the proportion of multifamily units upwards only slightly, to 29 percent of total units (from 27% in 2014), as shown below.

**Figure III-2.
Housing Unit Type,
2000 compared to
2016**

Source:
1-year American Community
Survey, 2014 and 2005 and
BBC Research & Consulting.



A recent market assessment projected the need for approximately 9,500 residential units between now and 2032 to accommodate projected population growth. The city’s most recent comprehensive plan projects construction of 5,500 residential units based on vacant land parcels and redevelopment of underutilized land. As such, to accommodate expected growth, the city’s residential unit distribution will need to shift slightly toward high density and mixed use residential, both rental and for sale, in high-intensity use areas, such as the new downtown. Long term, greenfield development will no longer accommodate residential demand, as developable land will be in short supply.

Development Process

This study did not involve a comprehensive review of the development review process in Westminster, since such a review had been conducted by a third-party consultant in 2015. Instead, this section summarizes input that was received from the residential development

community on how the city can meet regional market demand. It begins with an overview of the findings from the 2015 consultant audit and a description of the city’s process for awarding service commitments, which are required to obtain building permits.

Development vision and regulations. The City of Westminster’s Comprehensive Plan, updated in 2015, provides the overall vision for residential and commercial land use. The Comprehensive Plan establishes density and intensity standards for each type of land use, as well as where such uses can be located.

For new development, Westminster uses a mandatory PUD approach which, among Front Range cities, is unique to Westminster. The PUD approach provides more consistency in development and is able to provide developers more flexibility in housing and neighborhood design if they choose.

The 2015 audit of the development review process and April 8, 2015 staff memo to Council about the audit findings describes the pros and cons of the city’s approach to residential development. The majority of the audit findings focused on the development review process and needed improvements. The consultant did not recommend modifying development standards.

Growth Management Program. The City of Westminster uses a Growth Management Program, detailed in Chapter 3 of the Land Development and Growth Procedures in the Municipal Code, to manage residential growth. The current Growth Management Program was adopted on January 1, 2011 and continues through December 31, 2020.

The program provides a process through which the city allocates “service commitments,” defined as a unit of measure of city services. A service commitment is required for all building permits for new residential construction. The impetus behind the service commitment allocation is adequate provision of critical municipal services, namely water, to residents.¹

Service commitments vary by type, as shown below:

Dwelling Unit	Service Commitment
Single family detached dwelling unit or mobile home	1.0
Single family attached dwelling unit	0.7
Multifamily dwelling unit	0.5
Attached senior housing unit	0.35
Nonresidential	Determined on a case-by-case basis

City Council allocates by resolution the number of service commitments for two categories of residential units: “A” units, which are Active Residential Developments and “B” units, which are New Residential Developments. Category A developments have an approved Official

¹ The program was put in place when the city did not have enough water rights to keep up with potential demand for new residential development. The city now has enough water rights to meet the build out in the Comprehensive Plan.

Development Plan (ODP) and set aside service commitments. These include projects that are under construction, build-out, infill or are South Westminster residential projects.

Category A commitments are available on a first come, first serve basis.

Category B and new senior housing development commitments are awarded on a competitive basis. City Council has the authority to determine weights for various standards and criteria based on their “impact on the City’s utility system and the health, safety and welfare of the community.”

Some residential developments fall into other categories, such as developments with the Legacy Ridge Golf Course community and developments within the designated Downtown Westminster area.

Perspectives on Regulatory Barriers

Two methods were used to assess the extent of regulatory barriers to residential development in Westminster: 1) Focus groups and interviews with stakeholders, including residential developers; and 2) Creation of development prototypes using a new online tool that shows how local incentives can add to affordability.

Focus group and interviews. On August 3, a stakeholder focus group was held at the MAC, attended by 13 stakeholders. The meeting provided an opportunity for nonprofit and private sector developers, housing and service providers, and advocates to discuss the greatest housing needs of Westminster residents and workers.

Developers were also invited to discuss housing needs and development barriers by phone and in person. Eight developers participated in one-on-one interviews.

This section summarizes the findings from the focus groups and interviews.

Major trends affecting affordability

Stakeholders agree that quickly appreciating home values and rising rents have made it difficult for residents to buy and rent in Westminster, particularly since wages have lagged housing cost increases. Residents in older parts of Westminster, many of whom are low income seniors, struggle with maintaining their homes.

For sale affordability challenges. Stakeholders acknowledge that for sale affordability has increased since 2000 for some households chiefly due to low interest rates. Low interest rates don’t necessarily help lower income households who want to become owners, however. Many low to moderate income households have difficulty coming up with a downpayment, particularly if they are paying high rents, and may not have the credit score required by lenders.

Even if people qualify and are approved for a mortgage, they cannot find any available homes within their price range and are forced to look further out from core cities in the Denver metro area. “Drive until you qualify” has become a real phenomenon. People who are being displaced are finding more affordable housing in Greeley, Henderson, or Brighton.

A stakeholder who works as a real estate agent reported that in the past 60 days (roughly May through July 2016):

- 40 homes were sold priced under \$300,000. Just 12 under \$300,000 are currently on the market within city of Westminster.
- In 2015, 130 homes under \$300,000 were sold during same 60 day period.
- In 2014, 965 homes under \$300,000 were sold during same 60 day period.

Many stakeholders mentioned home repair programs as being critical to preservation, especially enabling seniors to age in place in the neighborhood they've lived in for decades.

Rental housing challenges. Some stakeholders characterized low income renters as “funding their own eviction.” They are living in dilapidated housing units, with short-term or month-to-month leases and absorbing the costs of renovations through rent increases. Eventually, they are priced out of their units.

Anecdotal data from a local elementary school found that the vast majority of families who left the school did so because of rising rental costs.

Rising rents affects more than families. A market study for a new senior affordable development determined that 3,500 seniors in Westminster were eligible to apply—for just 70 units. Most people applying for such rentals are from the city, yet some moved from Westminster once they became priced out and are hoping to move back into the city.

The model for housing progress is no longer “I rent until I can save to buy a starter home...then I sell it and move up.” Rents are far too high to enable renters to save for a downpayment. This negatively affects homeownership over time.

Product demand. Stakeholders were mixed on if attached products—townhomes, rowhomes—are viewed by residents as acceptable, affordable trade offs for single family detached products. Many felt that townhomes would be in greater demand if priced correctly; many are still out of the price range of a middle income household. Others felt that some households will continue to drive to qualify for a single family detached home rather than make the trade off.

Developers are unlikely to modify product demand to attached products except when there is strong market demand for alternatives and/or they are incentivized to make the units affordable. The process is easier and the profitability is higher on single family detached homes.

Most stakeholders believe that Millennials, who have driven the rental market boom, will continue to favor walkable neighborhoods near their places of work. Some feel that Westminster will become an alternative to those who are priced out of Boulder, especially if the city can replicate the walkability/shopping/dining experience of Boulder and downtown Denver.

“People respond to places that feel good.”

“Housing stock is a community asset.”

Another perceived advantage of Westminster: opportunity to make a difference. Westminster may be perceived as more welcoming to outsiders and enable them to establish their own community through volunteer work and leadership.

Development challenges. Affordable and for-profit developers offered candid information about the current challenges of developing in the region and Westminster.

Many developers avoid certain markets altogether if they are perceived as difficult. Deterrents include:

- 1) High impact fees and tap fees;
- 2) Design standards that add costs and do not result in functionality for the household. Brick and stucco facades are a prime example and are very costly, especially given current commodity pricing; and
- 3) Lengthy approval and permitting processes.

Some developers discussed the value of a clear, well-articulated vision and commitment as critical to making a Housing Plan work.

Others were very specific in their concerns about development in Westminster and other Denver suburbs:

- *“Westminster generally has terrible underlying soil conditions that require substantive sitework.”*
- *“Suburbs have requirements that are achievable for market rate developments but hard for affordable developments—e.g., facades, landscaping, parking.”*
- *“Westminster’s approval process adds 1 to 2 percent in costs for multifamily developments.”*
- *“The city’s residential building standards, between garages and brick/stucco, add \$30,000 to the cost of a single family detached home.”*
- *“Westminster’s code is outdated and cannot accommodate dense, transit-oriented developments or housing for seniors and other special needs groups, for whom the city’s parking requirements are excessive.”*

“Every department, every level of government has to be committed to solve affordability challenges. Unanimity among all levels of government is critical.”

Solutions for preserving and increasing affordability. Stakeholders offered a range of ideas for preserving and increasing affordability in Westminster:

- Offer more efficient set-asides, relaxed design standards, waived/reduced fees, streamlined development processes and flexibility in green space requirements to better incentivize affordable housing developers.²
- Eliminate or modify tap fee allocation competition: it is a “beauty contest” and creates barriers for affordable housing developers.
- Approach residential and commercial development with the same level of commitment and intensity. Westminster put a lot of funds and time into expanding new commercial development; the city should also be aggressively funding residential in the same way by buying land for affordable housing (land banking).
- Create a flexible funding source for affordable housing.
- Identify and acquire aging multifamily developments that will be purchased and marked to market-rate rents.
- Explore community land trust models. The most successful models are those in which a neighborhood acquires or the city donates vacant land or dilapidated properties, builds single family detached or attached homes and a nonprofit or the neighborhood continues to own the land, keeping ownership costs down.
- Identify city-owned land and offer to developers at a reduced cost for mixed-income housing development, land trusts, deed-restricted ownership and rental housing.
- Don’t burden for-profit developers with affordable housing/products they don’t want to develop. Leave that to affordable housing developers.
- Be more flexible on parking requirements. That said, parking requirements need to be studied more because developers don’t want to build too little, but need to find a balance.
- Adopt a model where the city is responsible for maintenance of parks, alleys, streets, removing the need for a homeowner’s association (HOA), which can raise rental and ownership costs. Some buyers are biased against HOAs.

² It is important to note that in July 2016, the City of Westminster completed a Comparative Fee Analysis to examine how the city’s fees compared with those of surrounding cities. Compared to surrounding communities, Westminster was toward the high end for fees charged on development, except for attached housing, where it was the second-lowest. Denver has the lowest fees by far and Boulder, generally the highest.

Residents also pay for sidewalks and street lighting through their utilities bills (a flat \$6 per month on each utility account) and a portion of sales tax that is specifically earmarked to acquire and maintain open space.

Development modeling. The Cornerstone Partnership, now Grounded Solutions Network, has created a residential development “calculator” to model the revenues and costs associated with multifamily rental and attached and detached for sale development. The calculator allows manipulation of various development incentives—fee waivers, tax abatement, fast track approvals, density bonuses, land donation—to examine if affordability can be achieved through such mechanisms. It also demonstrates the “cost” of affordable units—that is, how much they take away from the developer’s bottom line.

The point of this exercise is to demonstrate how much land use and regulatory decisions can add to development costs and what is needed to introduce affordable units into the development. This subsidy can occur through financial and regulatory incentives provided by the city or through cross subsidies from residents (higher market rate rents and home prices).

BBC used the calculator to model:

- 1) A 100-unit multifamily mixed income development where 10 percent of units are targeted to households earning \$40,000 and the balance of units rent for \$1,200 per month; and
- 2) A 250-unit detached single family development with 10 percent of units priced between \$200,000 and \$300,000 (affordable to households earning between \$50,000 and \$65,000) and balance averaging \$600,000.

We populated the calculator with “best guess” of the costs of the average multifamily development in Westminster, based on developer interviews.

Rental development. For the above rental development, the calculator estimates a development cost of \$25 million and a project value of \$23.6 million (based on return on rents over time)—for a loss of more than \$1.4 million. To facilitate a financially feasible development, the following contributions were modeled:

- Fast track processing: Nine months of time saved is worth approximately \$250,000. This is helpful but alone does not make the project financially feasible.
- Fee waivers of \$10,000 per unit, worth almost \$1 million. This is a significant contribution to financial feasibility.
- A parking requirement reduction to 1 space/unit. Worth \$2.5 million, this incentive alone makes the project financially feasible.
- Allowing the maximum multifamily density per acre. A 36 dwelling units per acre density is worth \$1.3 million; this incentive alone makes the project financially feasible.
- Donating land, worth \$3-4 million, also makes the development financially feasible.

In the current market, for this project to be feasible without incentives other than density and parking, market rents would need to average \$1,400 per month. Yet, even at market rents, this project is only feasible with reduced parking and higher density.

Single family development. The single family development model is not sensitive to reduced parking requirements—and much more sensitive to fast track approval and density. The factors that matter for financial feasibility include:

- Fast track processing (9 months of time saved, worth approximately \$1.9 million);
- Fee waivers of \$15,000 per unit (worth \$3.75 million); and
- Reducing density to 8 homes per acre (worth \$16 million).

Without these incentives, the market rate units would need to sell for \$750,000 on average for the project to become financially feasible.

“In general, it costs the same to build a house anywhere in the region. Land costs aside, the price of housing varies because of city fees, review time and design standards. Land isn’t always within a city’s control—but these other costs are.”

Conclusions

Based on the above, we offer the following observations on the city’s mandatory PUD and service commitment approach:

- It is acknowledged that the city’s service commitment process facilitates smart growth and helps manage water provision and that the PUD process has the potential to introduce flexibility into the development process. However, both introduce uncertainty for residential developers. In the current development climate—where construction and labor costs are historically high and rising interest rates could quickly make projects infeasible—delays in timing, whether perceived or real, will be built into a developer’s risk assessment. This will either raise the cost of development overall, as developers seek a higher return to manage risk, or discourage development altogether. As such, the city should exclude developments that provide affordable rental and homeownership housing from the growth management process.
- A service commitment approach that more closely rewards efficient water use would factor in lot size and landscape design. The city should consider modifying the service commitment approach to truly reward smart growth and water use or eliminate it altogether to take advantage of the opportunity to capture the future demand for residential products that Millennials will buy.
- Approval of residential developments is partially dependent upon how the assigned planner views the project, the relationship developed between the developer and planner (which can take time), and how well the proposed PUD fits into perceived city goals. A developer may default to what has been built in the past when faced with such flexibility to

lower their risk, which can hamper development of creative, innovative housing products. This process, combined with the city's heavy emphasis on aesthetics (e.g., brick or stone surfaces), may discourage innovative developments that do not fit into past approval patterns.

- Westminster should continue and enhance incentives for affordable housing in the form of: reduced parking requirements, density bonuses, fast track processing, and fee waivers—with more aggressive waivers for deeper levels of affordability. As demonstrated by the above development cost analysis, these incentives can offer considerable savings to developers.

SECTION IV.

Resident Input

SECTION IV. Resident Input

Residents were involved in the housing study through an online and paper survey about their housing needs and attendance at an open community meeting. This section reports the findings from those efforts, beginning with the community meeting.

Community Meeting on Housing

On August 31, 2016, residents were invited to attend an interactive community meeting to celebrate Westminster and share stories about their housing situation and needs.

The meeting was held at the MAC, was accessible to persons with disabilities and provided translation in Spanish. The meeting was attended by approximately 25 residents.

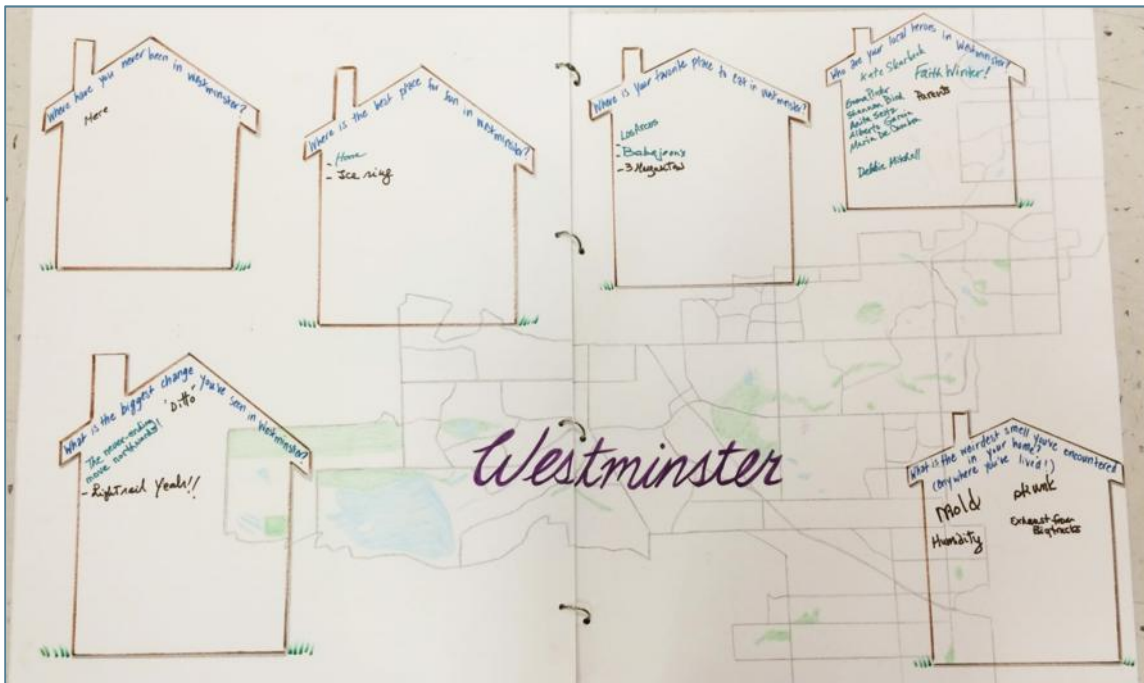
The meeting began with two exercises where residents could express their “fears” and “hopes” about how the city is changing:

Residents’ “fears” about change included:

- New units will not be enough to stem rapidly increasing rents.
- Developers are not meeting the needs of all people.
- Seniors and persons living on disability income cannot afford rent increases.
- Families are being driven out of the city.
- Too many “Lego style” apartment complexes; razing of solid, affordable, brick homes.
- Gentrification.

Residents' "hopes" for Westminster:

- Affordable homes for low income families, seniors, people with disabilities
- Nice, reasonably priced apartment complexes with trees and parks nearby
- Increased diversity of housing stock: townhomes, duplexes, patio homes
- Improved condition of properties in parts of South Westminster
- Local, regional and state funding dedicated to affordable housing
- A shared understanding of housing needs. Softening of "Not in my backyard syndrome."
- Better connections between residents who need homes/rentals and those available
- "That everyone can have safe, affordable housing."



The meeting continued with a presentation that defined affordability and described how Westminster's demographics and housing prices have changed in the past 15 years.

After the presentation, a spoken word artist contributed his thoughts on how the city is changing, based on conversations with residents in the past week:

Westminster—A Portrait of Home

By Molina Speaks

Somewhere between big city gentrification, outdated suburbs and small town charm, sits a community on the verge of a facelift. As community forums ask questions coffee shop talk suggests answers with no clear directives, only reflections of all the goings on all around.

Talk of a feeling of real people, everyday people, just more subdued than in the city (the city being Denver), more conservative, less out and free, but free in the sense of feeling at home, like you can go down to 16th Street or out to Pearl Street to meddle with “the crazies,” and then still come home to a place of comfort and security.

Talk of security vanishing as rents have doubled over the decade, as inner city gentrification sprawl encroaches upon the suburbs, as the suburbs once encroached upon the country folk, threatening to push the everyday people with the everyday charm out of their everyday “safe haven,” placing them in a situation relatable to the inner city.

Talk of a midtown development, its convenience and walkways, safe for the single ladies and their dogs, but there are butts and pauses, reflections of disappearing mountain views and vanishing open space now mirroring hymns of Pleasantville and the Stepford Wives.

People walking out of their houses at the same time, at the same pace, heading in the same routes to flower downtown.

Talk of hidden gems in green parks that might be in Westminster, but may technically in Arvada, or Thornton, or even Denver, but they are of Westminster, like the everyday people straddling the lines of Progress and preservation.

“We’re cool with weed and dispensaries and gay pride and all those big city things going on down there,” a group of young folk say, while posed with the same questions some old folk look away. Seeing the future as a question, it seems the young people know there is something special here, something beautiful they don’t want to give away, tucked in the crevices of strip malls and supermalls, between moments in cars to and from Boulder, to and from Denver—a place you don’t have to drive to, a place they know as Home—a home that was once taken for granted, perhaps in the best of ways, which the old souls know they must claim and proclaim much tighter than before.

Residents reacted to the poem by sharing their thoughts on housing needs in the city. Their comments mostly concerned housing quality and affordability. Some residents shared concerns about distribution of community services and lack of awareness of housing issues in Westminster. These concerns included:

Housing Condition

- *“Housing stock is diverse in age, but not type.”*
- *“Landlords are not maintaining housing units in some parts of the city, yet prices continue to rise. We are getting less for their money.”*
- *“Homeowner blight should be addressed.”*

Housing Affordability

- *“We need more stability among housing for seniors and persons with disabilities. They have a lot of difficulty managing rising rents on fixed incomes.”*
- *“New development should meet demand for current and future residents of Westminster.”*
- *“Residents are being priced out and pushed out of Westminster, particularly those with low and fixed incomes.”*
- *“The city should provide more incentives for building and maintaining affordable housing.”*
- *“More down payment assistance is needed for first time homebuyers.”*
- *“Housing should be a right not just a commodity.”*

Services

- *“Utility bills are rising, particularly for water and waste management.”*
- *“Recycling should be easier and more affordable so more residents participate.”*

Community Awareness of Housing Issues

- *“There is a lack of education around affordable housing—we need to inform the public better.”*
- *“The city needs more community participation! Housing issues should be more visibly addressed in community events and meetings.”*

The meeting concluded with a final poem on observations from the meeting:

***For Westminster,
We the People of Housing
By Molina Speaks***

I.
Where home is about a roof,
a bed, a kitchen
for onions, tomatoes, garlic
and all the comidas,
housing is about data—
raw numbers,
federal definitions.

Thirty percent is the magic number,
one third of my work
gone to rent
and that's if I'm lucky
as the end of work settles in.
The programs to help are complicated.
Splashed upon the big screen
in bullet points, the fine print
makes heads spin
and eyes glaze over
even when the details are explained
with care.

The data speaks.
As Denver has ballooned
Westminster has watched
slowly taking a short break
from its own growth curve.
But watch out!
The people are coming.

Six figure earners seem to be leaving Denver
for Westminster. Are they building
luxury? Where have the affordable houses gone?
Going, going, gone?

II.
I am Westminster and I love
the location of homes
I once thought I could own.
Concerned about rent, I am wondering
where I will go?
What zip code?
With a voucher?
With a working class job?
With a family?
With my dog?

III.
If only I could turn these damn surveys
into hundred dollar bills. I would
make a run for it, grab a few armloads of stacks,
bypass city council, and buy a new house, jack.

IV.
Back up. Let's deal
with realities. Shortages of federal dollars
for the cause of human friendly laws,
shortages of middle income jobs,
illusions of security—lost.

V.
If I... If we...
could have what we want—
diversity of housing
with upgrades, with beauty, support
for the landlords who in turn offer
support for the tenants.
Accessibility of information,
and stabilized utilities.
The formation of people across age, race, and class
to claim their homes over time, for life
speaking truth to power, speaking truth to developers
a demand for dignity,
a demand for integrity,
for the life cycle of humanity.

VI.
Mixed income communities require mixture
of perspective.
Land trusts require trust in the community.
Increased equity requires Equity, which
would require
a redistribution of wealth—
an elimination of poverty.

Let's take it back to the data—raw numbers.
Who will be willing to share their millions?
Or their billions?

What is lacking from this conversation is
accountability
among the power brokers
and the jokers.

This conversation is a microcosm
of macro issues—
a cascading waterfall of concerns:
Homeless parents.
Homeless students.
Special needs humans.
Invisibility of human needs, shielded from the
news—
an untold story of outstanding debt
levied against the human soul.

VII.
People, keep speaking.
People, keep fighting.
People, keep claiming ownership of the
streets
of the alleys
of our Public Space.

We the people of housing
may be all we got.

2016 Westminster Live Work Survey

Where people choose to live is influenced by a host of factors, from price to personal preferences. To better understand the housing choices of Westminster residents and those who work in Westminster but live outside the city (in-commuters), the city fielded the Live Work Survey. The survey was available in English and Spanish and offered online and in a paper format with prepaid postage.

The survey was promoted through a range of channels, including the City of Westminster's website and social media. The city's Economic Development Department encouraged major employers to promote the survey to their employees. Housing and advocacy organizations—Habitat for Humanity, Community Resources and Housing Development Corporation and FRESC—helped with marketing the survey to Westminster residents.

A total of 437 residents and 78 in-commuters responded to the survey.

That the survey was open to anyone interested in participating means that the results are based on non-probability sampling methods. Unlike a statistically valid, random probability sample, the results from this survey are not necessarily representative of all Westminster residents. Compared to Westminster's demographic characteristics, the survey data over-represent homeowners (72% compared to 65% citywide) and households with incomes greater than \$100,000 (31% compared to 15% citywide). The survey data also under-represent households with incomes ranging from \$25,000 to \$50,000 (34% compared to 55% citywide). The proportion of survey respondents with household incomes less than \$25,000 (17%) is not materially different from the share of this population in Westminster (13%).

Because the data are based on a non-probability sample, they are not weighted to match Westminster's demographic profile. Findings are presented based on the responses received. While the results should not necessarily be projected to Westminster's population, they provide insights into how residents and in-commuters make complex housing decisions, their preferences and attitudes, and can inform policy development.

Respondent characteristics. Figure IV-1 compares resident and in-commuter survey respondent demographic and socioeconomic characteristics. The typical **Westminster resident** participating in the survey:

- Is a homeowner (72%). One in four rent and 2 percent live with other adults, including parents, and are not paying rent or mortgage.
- Has lived in Westminster for at least 10 years (51%), although three in 10 moved to Westminster in the past five years.
- Does not work in Westminster or are retired (64%).
- Are white (73%) and nearly one in five are Hispanic (18%).
- Has a household income of \$100,000 or more (31%).

Figure IV-1.
Comparison of Resident and In-Commuter Survey Respondent Characteristics

Note:
 n=437 residents and n=78 in-commuters.

Source:
 BBC Research & Consulting from the 2016 Westminster Live Work Survey.

	Residents	In-Commuters
Housing Tenure		
Homeowner	72%	55%
Renter	24%	39%
Living with others but not paying rent	4%	6%
Income		
Less than \$25,000	17%	14%
\$25,000 up to \$50,000	18%	19%
\$50,000 up to \$75,000	16%	16%
\$75,000 up to \$100,000	18%	11%
\$100,000 or more	31%	40%
Race or Ethnicity		
White	73%	59%
Hispanic	18%	36%
Two or more races	3%	3%
Black or African American	2%	2%
Asian	1%	0%
American Indian and Alaska Native	0.3%	0%
Native Hawaiian or other Pacific Islander	0.3%	0%

Desire to live in Westminster. Residents and in-commuters shared their perspectives on the desirability of Westminster living.

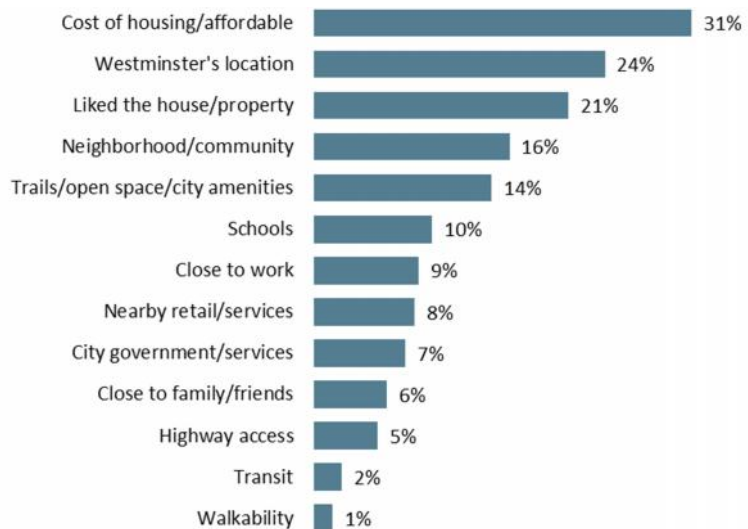
Resident perspectives. Overall, nearly two-thirds of Westminster residents participating in the survey considered living in other communities when searching for their current home. These included Arvada, Boulder and surrounding suburbs, Broomfield, Denver, Lakewood, Thornton, and Northglenn—primarily communities to the north and west of Denver.

Residents chose Westminster over other communities for a number of factors. As shown in Figure IV-2, these include the cost of housing/affordability, Westminster’s geographic location, and the type of housing and property Westminster offers.

Figure IV-2.
What factors made you choose Westminster over other communities?

Note:
 n=270 residents.

Source:
 BBC Research & Consulting from 2016 Westminister Live Work Survey.



In-commuter perspectives. The vast majority of in-commuters (70%) considered Westminster when making their current housing choice. Those who did not consider Westminster offered a range of reasons, from desiring a more urban environment, to schools, to wanting to live in a more diverse community or wanting a specific neighborhood or home in another community.

“More affordable homes in areas zoned for the schools with the higher ratings.”

— *In-commuter survey respondent*

Nearly three in four in-commuters would consider living in Westminster in the future. When asked what factor would be most important for them to consider relocating into Westminster, four themes emerged:

“Commute time; quality of housing; access to public transportation to get to downtown Denver; and quality of amenities close to home (parks, entertainment, restaurants).”

— *In-commuter survey respondent*

- Cost of housing and availability of housing
- Access to public transit
- Walkable or bikeable retail and restaurants
- Commute time

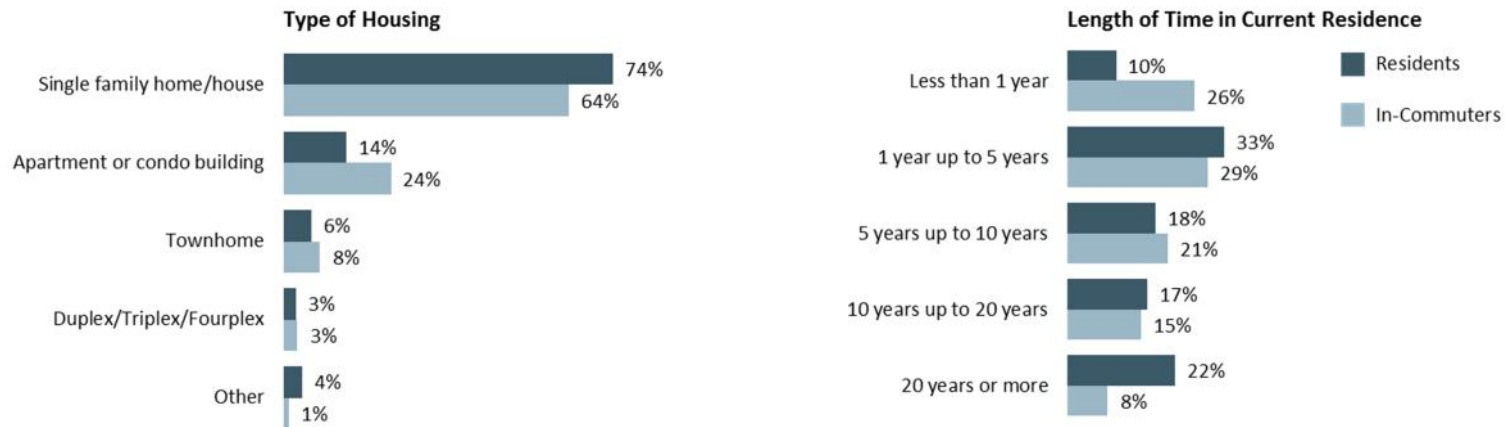
Housing choice. Both residents and in-commuters shared the importance of different factors to their current housing choice decision.

Type of home and duration of residence. As shown in Figure IV-3, a greater proportion of Westminster resident survey respondents live in single family

homes than in-commuter respondents (74% versus 64%). Yet about the same proportion of residents and in-commuters report living in single family *attached* products. A much higher proportion of in-commuters are living in apartment or condo developments, suggesting that they may be good candidates for buying single family products—and may be future Westminster residents.

More than one in four in-commuters report living at their current address for less than one year, compared to one in 10 resident respondents. Residents are more than twice as likely as in-commuters to have lived in their home for 20 years or longer.

Figure IV-3.
Type of Housing and Length of Time in Current Residence

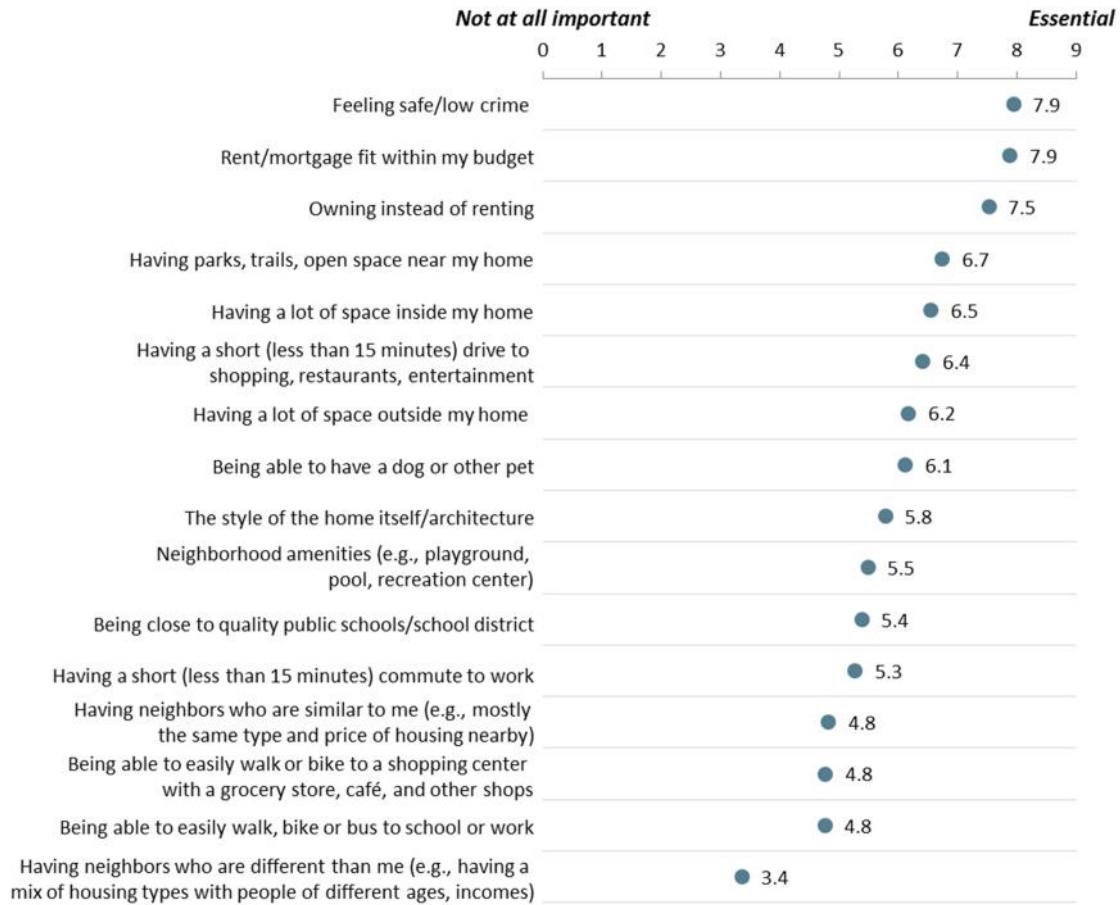


Note: n=407 residents and n=78 in-commuters.

Source: BBC Research & Consulting from 2016 Westminster Live Work Survey.

Essential factors for selection of current residence. Respondents considered a number of “essential” factors—that is, those factors that influenced to their decision to buy or rent their current home. Having the rent or mortgage fit into their budget and a safe and low crime location were the most essential factors, on average, to residents’ current housing decision. Of less importance was the ability to walk to nearby destinations. Although not shown in the figure, in-commuters’ responses were not materially different from those of Westminster residents.

Figure IV-4.
How important were the following factors to you when choosing your current home?

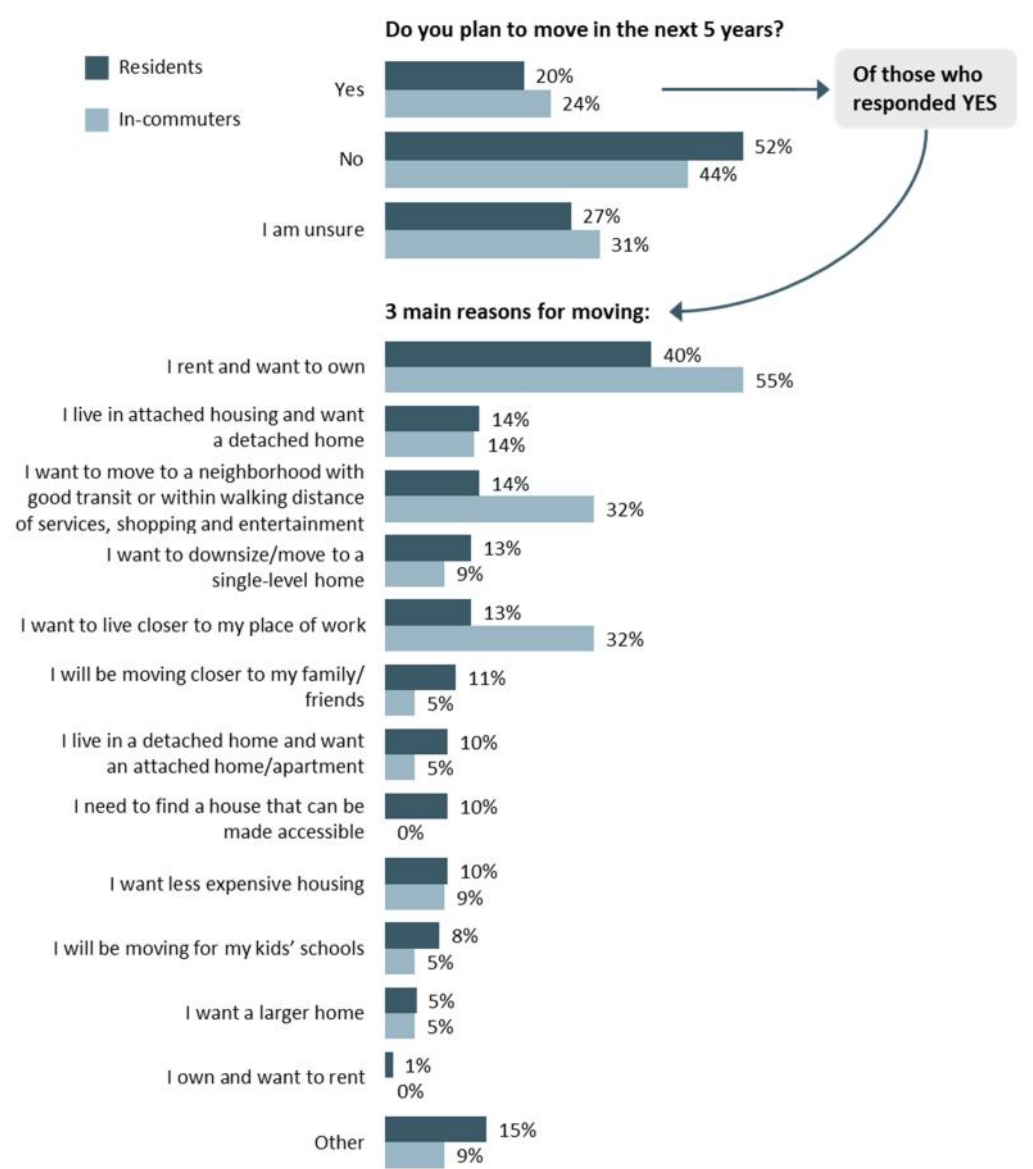


Note: n ranges from 399 to 405.

Source: BBC Research & Consulting from 2016 Westminster Live Work Survey.

Plans to move in the next five years. About the same proportion of residents as in-commuters report that they plan to move in the next five years, as shown in Figure IV-5. The greatest proportion of residents and in-commuters plan to move because they rent and want to own. In-commuters are more likely to plan to move to shorten their commute time or to move to an area with walkable or bikeable retail, restaurants and entertainment. Again, this suggests that these in-commuters may be interested in buying in Westminster..

Figure IV-5.
Plans to Move in the Next Five Years and Why



Note: n=411 residents and n=70 in-commuters.

Source: BBC Research & Consulting from 2016 Westminster Live Work Survey.

Slightly more than one in 10 residents plans to move in order to downsize or to move to single-level/stair free housing

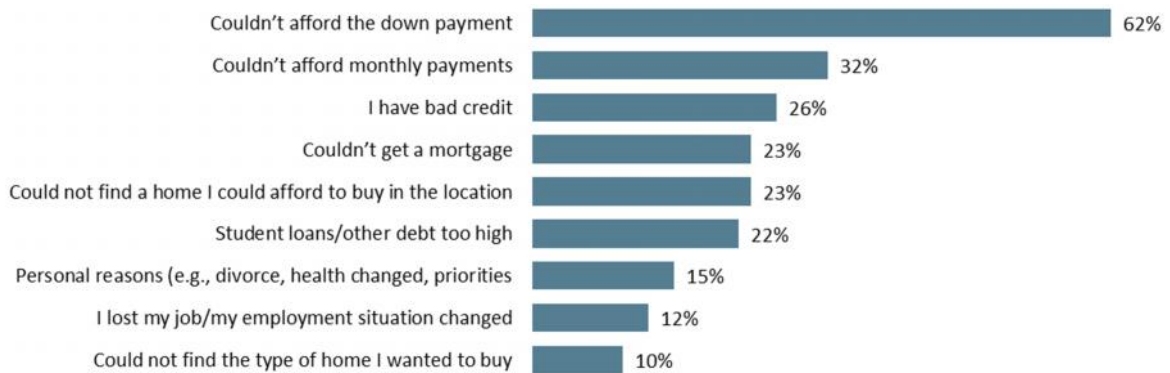
Renter perspectives on homeownership. As discussed above, many in-commuters put a priority on owning in the future. Other survey questions asked all renter respondents about their desire to own.

As shown in Figure IV-6, nearly two-thirds of Westminster residents who rent wanted to buy a home in the past five years and did not, as did 40 percent of in-commuters. Most had wanted to

buy a detached single family home, although one in five desired attached single family products like townhomes. Nearly two-thirds did not buy a home because they could not afford a downpayment.

Only two of the top 10 factors renters identified as reasons why they did not buy a home in the past five years related to the supply side of the homeownership equation—one in four could not find a home they could afford to buy in the desired location and one in 10 could not find the type of home desired. All of the other factors are tied to the individual renter’s income, credit history and employment situation.

Figure IV-6.
What were the reasons why you did not buy a home? (Top Ten Responses)



Note: n=73 resident renters who wanted to buy a home in the past five years.

Source: BBC Research & Consulting from 2016 Westminster Live Work Survey.

Housing insecurity. Residents and in-commuters challenged by rising housing costs, changes in employment or other factors that make it difficult to pay housing costs pursue different strategies to afford their rent or housing. Nearly one in five residents report finding additional employment and 15 percent have friends or relatives living with them, as shown in Figure IV-7.

Figure IV-7.
Strategies Used by Some Residents and In-Commuters in Order to Pay Rent, Mortgage or Other Housing Costs

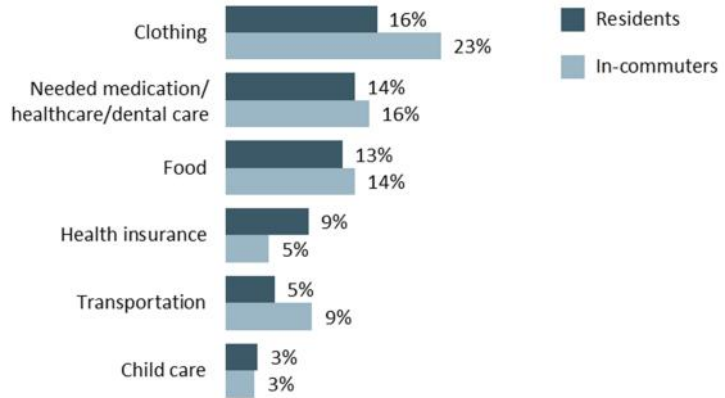
Note:
n=375 residents and 78 in-commuters.

Source:
BBC Research & Consulting from 2016 Westminster Live Work Survey.



Some residents and in-commuters reduced their spending on basic needs in order to afford their rent or mortgage. As shown in Figure IV-8, 16 percent of residents and one in four in-commuters reduced their clothing budget. Among the basic needs considered, residents and in-commuters were least likely to reduce child care.

Figure IV-8.
In the past year, have you/members of your household had to reduce/go without any of the following basic needs to afford your rent/mortgage?



Note:
n=377 residents and n=64 in-commuters.

Source:
BBC Research & Consulting from 2016 Westminster Live Work Survey.

The higher proportion of in-commuters who have reduced or gone without basic household goods is interesting, since in-commuter respondents are slightly higher income than residents (see Figure IV-1). This suggests that in-commuters are having a harder time managing their housing costs than residents, perhaps because they have chosen to live in more expensive cities (Denver, Broomfield, Boulder).

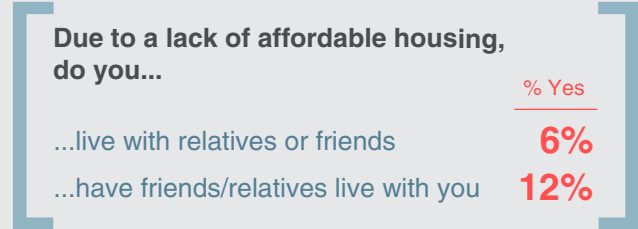
How Needs Differ among Demographic Groups

Snapshots of the housing choices and needs for the segments of Westminster residents comprise the balance of this section:

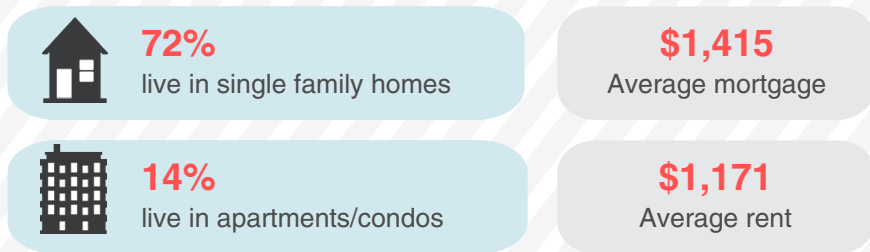
- Families with children
- Seniors
- Millennials
- Residents with Disabilities
- Hispanic and non-Hispanic residents
- Households with incomes less than \$25,000
- Households with incomes from \$25,000 up to \$50,000
- Households with incomes from \$50,000 up to \$75,000
- Households with incomes from \$75,000 up to \$100,000
- Households with incomes of \$100,000 or more

RESIDENTS WITH CHILDREN UNDER AGE 18

HOMEOWNERSHIP AND DESIRE TO OWN



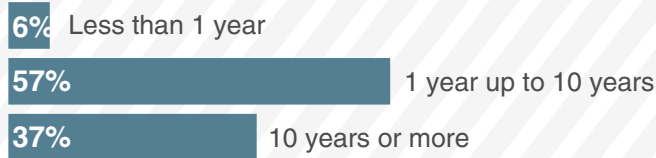
CURRENT HOUSING CHOICE



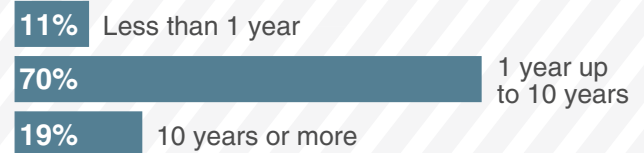
TOP 3 Most Important Factors in Current Home Choice

- #1** The rent/mortgage fit within my budget
- #2** Feeling safe/low crime location
- #3** Owning instead of renting
- #3** Being close to quality public schools/school district

Years Lived in Westminster

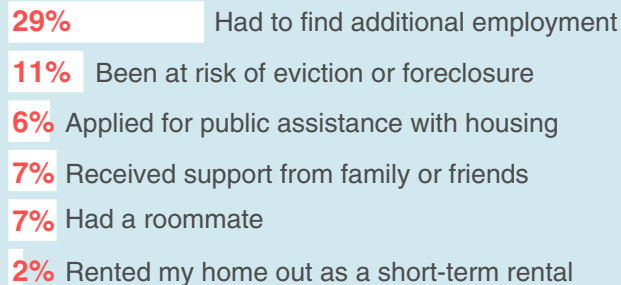


Housing Stability: Years in Current Home

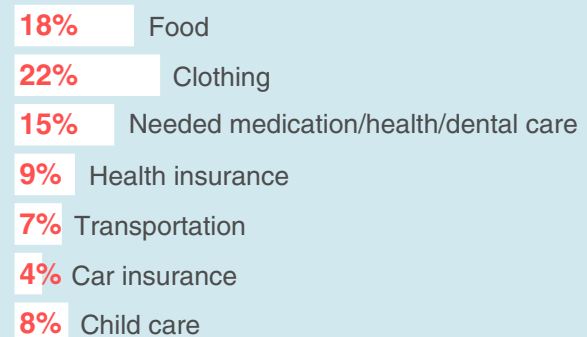


HOUSING INSECURITY

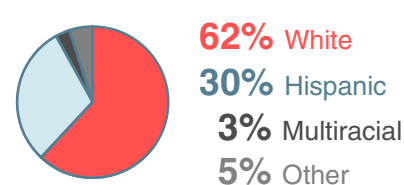
In Order to Pay the Rent/Mortgage, I've:



In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:

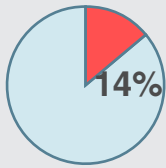


RESPONDENT CHARACTERISTICS



RESIDENTS WHOSE HOUSEHOLD INCLUDES A SENIOR

HOMEOWNERSHIP AND DESIRE TO OWN



- 47%** Wanted to buy a home in the past 5 years
- 1/2** Preferred to buy in Westminster
- 57%** Continue to rent because they cannot afford the downpayment

Due to a lack of affordable housing, do you...

	% Yes
...live with relatives or friends	3%
...have friends/relatives live with you	13%

CURRENT HOUSING CHOICE



80% live in single family homes

\$1,193
Average mortgage



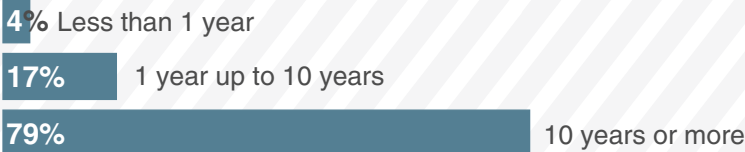
10% live in apartments/condos

\$1,039
Average rent

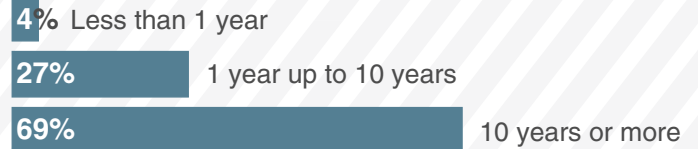
TOP 3 Most Important Factors in Current Home Choice

- #1** Feeling safe/low crime location
- #2** Owning instead of renting
- #3** The rent/mortgage fit within my budget

Years Lived in Westminster



Housing Stability: Years in Current Home



HOUSING INSECURITY

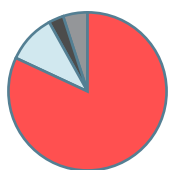
In Order to Pay the Rent/Mortgage, I've:

- 9%** Had to find additional employment
- 3%** Been at risk of eviction or foreclosure
- 2%** Applied for public assistance with housing
- 3%** Received support from family or friends
- 9%** Had a roommate
- 2%** Rented my home out as a short-term rental

In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:

- 8%** Food
- 12%** Clothing
- 10%** Needed medication/health/dental care
- 6%** Health insurance
- 3%** Transportation
- 2%** Car insurance
- 1%** Child care

RESPONDENT CHARACTERISTICS



82% White
10% Hispanic
3% Black
5% Other



1 in 10
Have children under age 18



1 in 5
live in multigenerational households



2% have a roommate

MILLENNIAL RESIDENTS

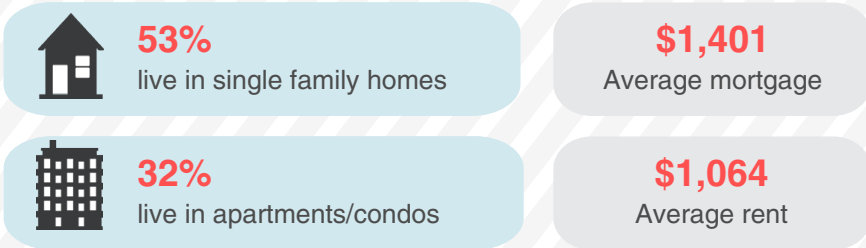
HOMEOWNERSHIP AND DESIRE TO OWN



Due to a lack of affordable housing, do you...

	% Yes
...live with relatives or friends	10%
...have friends/relatives live with you	17%

CURRENT HOUSING CHOICE



TOP 3 Most Important Factors in Current Home Choice

- #1** The rent/mortgage fit within my budget
- #2** Feeling safe/low crime location
- #3** Having parks, trails, open space nearby

Years Lived in Westminster

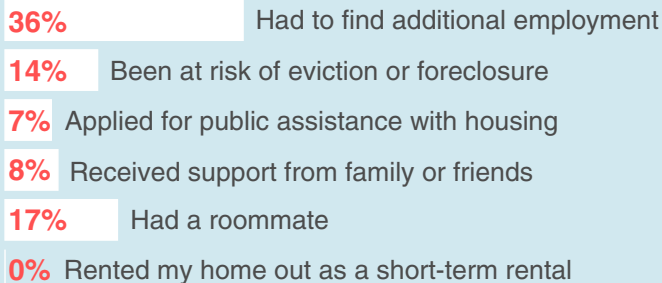


Housing Stability: Years in Current Home

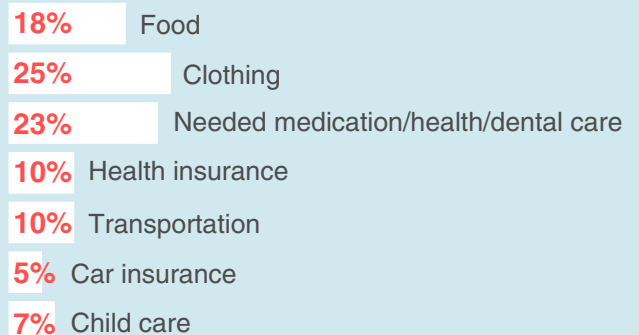


HOUSING INSECURITY

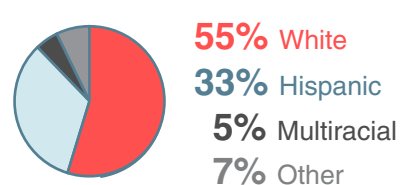
In Order to Pay the Rent/Mortgage, I've:



In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:

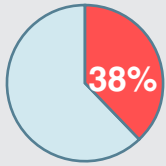


RESPONDENT CHARACTERISTICS



RESIDENTS WITH A DISABILITY

HOMEOWNERSHIP AND DESIRE TO OWN



- 57% Wanted to buy a home in the past 5 years
- 61% Preferred to buy in Westminster
- 77% Continue to rent because they cannot afford the downpayment

Due to a lack of affordable housing, do you...

	% Yes
...live with relatives or friends	14%
...have friends/relatives live with you	25%

CURRENT HOUSING CHOICE



65% live in single family homes

\$1,281
Average mortgage



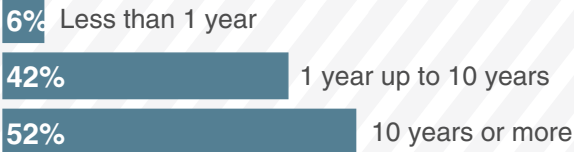
21% live in apartments/condos

\$1,165
Average rent

TOP 3 Most Important Factors in Current Home Choice

- #1 The rent/mortgage fit within my budget
- #2 Feeling safe/low crime location
- #3 Owning instead of renting

Years Lived in Westminster



1 in 3

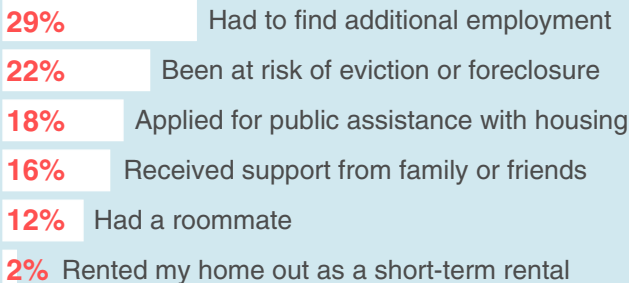
live in a home that does not meet the family's accessibility needs

Housing Stability: Years in Current Home

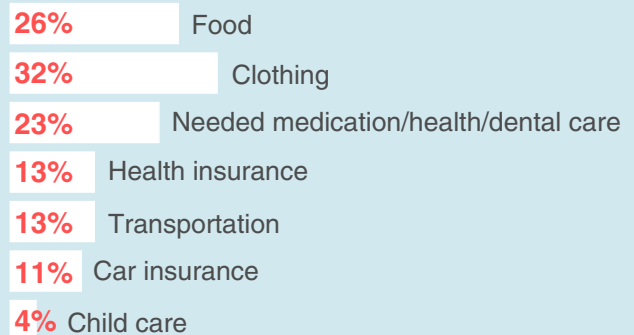


HOUSING INSECURITY

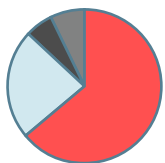
In Order to Pay the Rent/Mortgage, I've:



In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:



RESPONDENT CHARACTERISTICS



64% White
23% Hispanic
6% Multiracial
7% Other



2 in 5
Have children under age 18



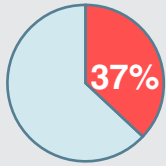
1 in 4
live in multigenerational households



1 in 10 have a roommate

HISPANIC RESIDENTS

HOMEOWNERSHIP AND DESIRE TO OWN



- 58%** Wanted to buy a home in the past 5 years
- 58%** Preferred to buy in Westminster
- 68%** Continue to rent because they cannot afford the downpayment

Due to a lack of affordable housing, do you...

	% Yes
...live with relatives or friends	13%
...have friends/relatives live with you	16%

CURRENT HOUSING CHOICE



36% live in single family homes

\$1,152
Average mortgage



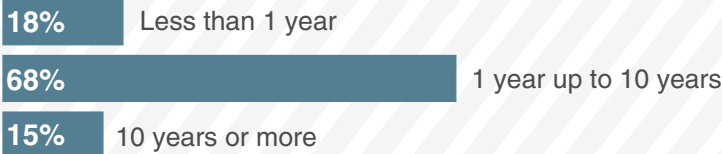
34% live in apartments/condos

\$1,060
Average rent

TOP 3 Most Important Factors in Current Home Choice

- #1** The rent/mortgage fit within my budget
- #2** Feeling safe/low crime location
- #3** Being close to quality public schools/school district

Years Lived in Westminster



Housing Stability: Years in Current Home



HOUSING INSECURITY

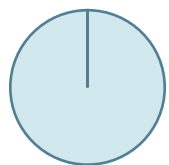
In Order to Pay the Rent/Mortgage, I've:

- 34%** Had to find additional employment
- 17%** Been at risk of eviction or foreclosure
- 11%** Applied for public assistance with housing
- 8%** Received support from family or friends
- 10%** Had a roommate
- 3%** Rented my home out as a short-term rental

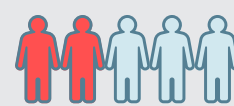
In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:

- 34%** Food
- 29%** Clothing
- 15%** Needed medication/health/dental care
- 9%** Health insurance
- 14%** Transportation
- 6%** Car insurance
- 6%** Child care

RESPONDENT CHARACTERISTICS



3 in 4 Have children under age 18



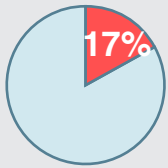
2 in 5 live in multigenerational households



1 in 10 have a roommate

NON-HISPANIC RESIDENTS

HOMEOWNERSHIP AND DESIRE TO OWN



- 65%** Wanted to buy a home in the past 5 years
- 55%** Preferred to buy in Westminster
- 65%** Continue to rent because they cannot afford the downpayment

Due to a lack of affordable housing, do you...

	% Yes
...live with relatives or friends	5%
...have friends/relatives live with you	16%

CURRENT HOUSING CHOICE



83% live in single family homes

\$1,366

Average mortgage



9% live in apartments/condos

\$1,295

Average rent

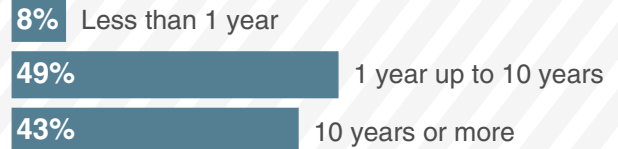
TOP 3 Most Important Factors in Current Home Choice

- #1** The rent/mortgage fit within my budget
- #2** Feeling safe/low crime location
- #3** Owning instead of renting

Years Lived in Westminster



Housing Stability: Years in Current Home



HOUSING INSECURITY

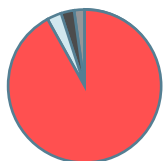
In Order to Pay the Rent/Mortgage, I've:

- 17%** Had to find additional employment
- 6%** Been at risk of eviction or foreclosure
- 3%** Applied for public assistance with housing
- 6%** Received support from family or friends
- 10%** Had a roommate
- 1%** Rented my home out as a short-term rental

In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:

- 8%** Food
- 14%** Clothing
- 14%** Needed medication/health/dental care
- 9%** Health insurance
- 4%** Transportation
- 2%** Car insurance
- 3%** Child care

RESPONDENT CHARACTERISTICS



92% White
3% Hispanic
3% Black
2% Asian



37% Have children under age 18



1 in 10 live in multigenerational households

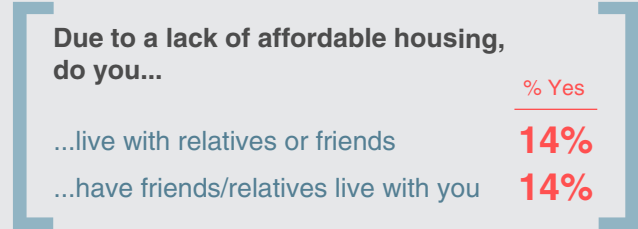


7% have a roommate

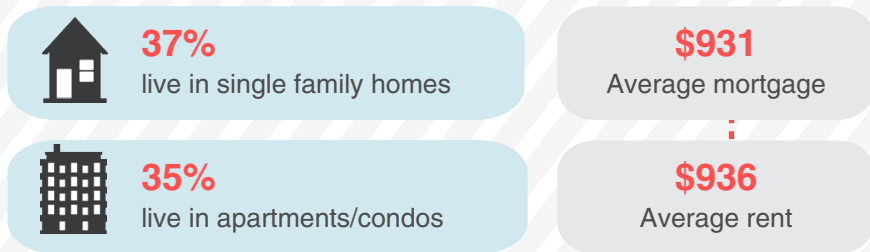
HOUSING CHOICES & NEEDS

RESIDENTS WITH HOUSEHOLD INCOMES LESS THAN \$25,000

HOMEOWNERSHIP AND DESIRE TO OWN



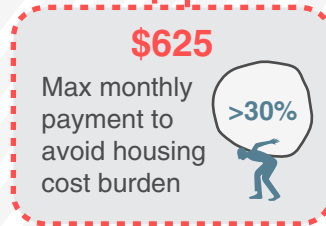
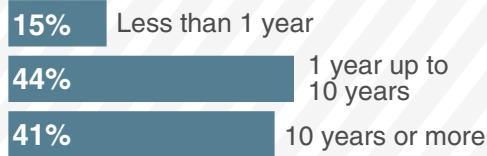
CURRENT HOUSING CHOICE



TOP 3 Most Important Factors in Current Home Choice

- #1** The rent/mortgage fit within my budget
- #2** Feeling safe/low crime location
- #3** Having a short (less than 15 minutes) drive to shopping, restaurants, entertainment, etc.
- #3** Having parks, trails, and open space nearby

Years Lived in Westminster

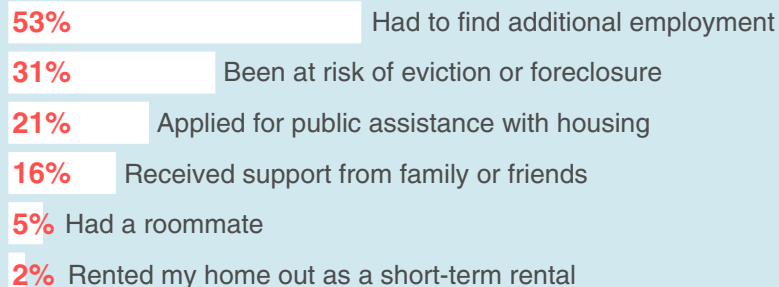


Housing Stability: Years in Current Home

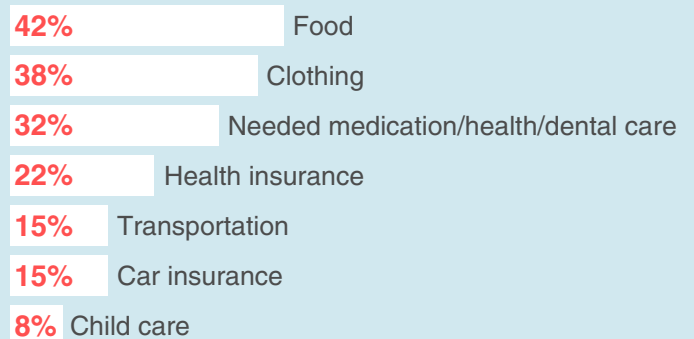


HOUSING INSECURITY

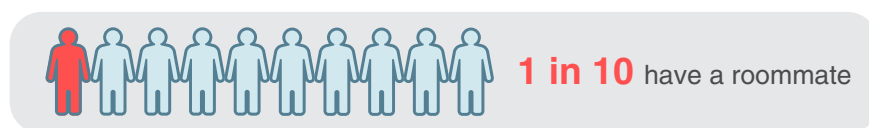
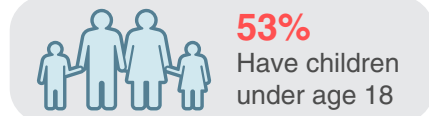
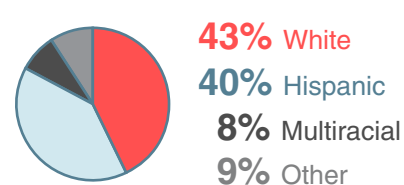
In Order to Pay the Rent/Mortgage, I've:



In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:



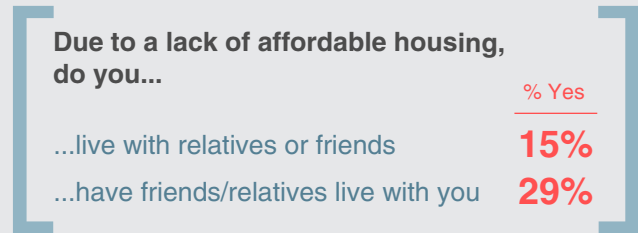
RESPONDENT CHARACTERISTICS



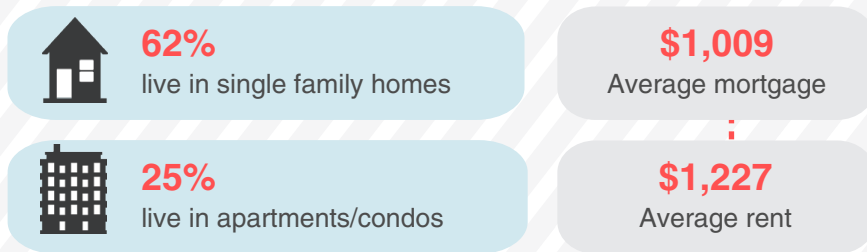
HOUSING CHOICES & NEEDS

RESIDENTS WITH HOUSEHOLD INCOMES OF \$25,000 up to \$50,000

HOMEOWNERSHIP AND DESIRE TO OWN



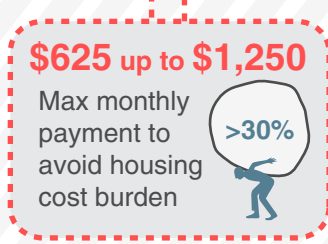
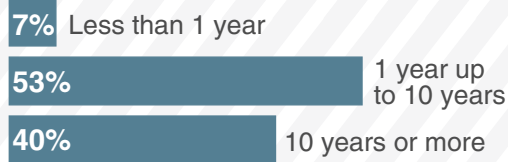
CURRENT HOUSING CHOICE



TOP 3 Most Important Factors in Current Home Choice

- #1** The rent/mortgage fit within my budget
- #2** Feeling safe/low crime location
- #3** Having parks, trails, and open space nearby

Years Lived in Westminster

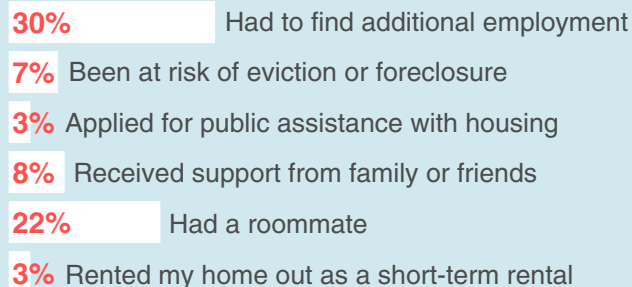


Housing Stability: Years in Current Home

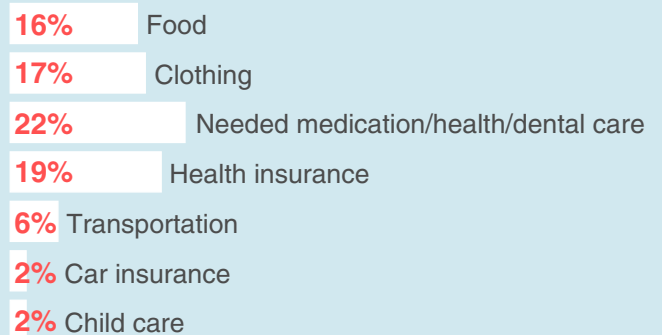


HOUSING INSECURITY

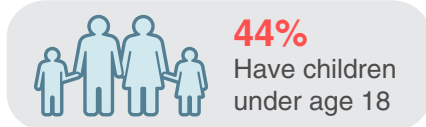
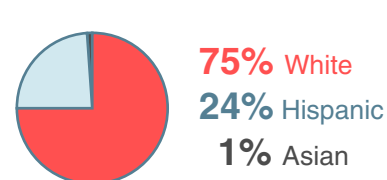
In Order to Pay the Rent/Mortgage, I've:



In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:



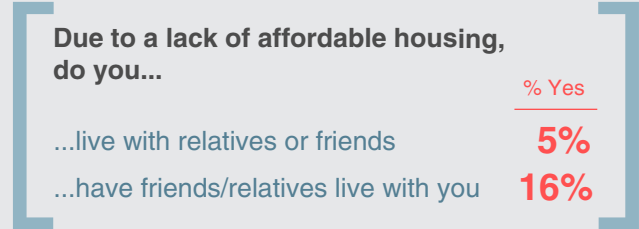
RESPONDENT CHARACTERISTICS



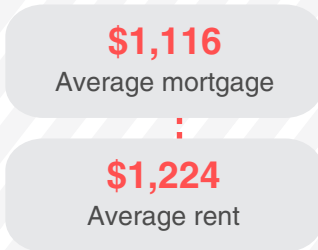
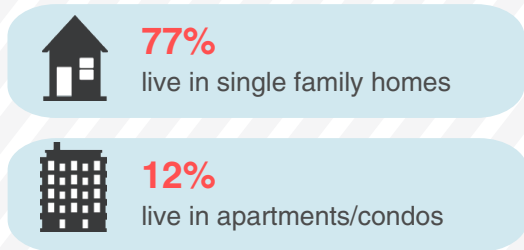
HOUSING CHOICES & NEEDS

RESIDENTS WITH HOUSEHOLD INCOMES OF \$50,000 up to \$75,000

HOMEOWNERSHIP AND DESIRE TO OWN



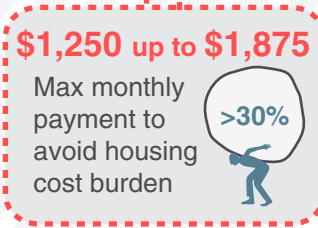
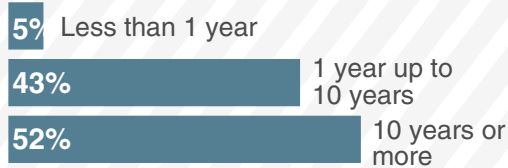
CURRENT HOUSING CHOICE



TOP 3 Most Important Factors in Current Home Choice

- #1 Feeling safe/low crime location
- #2 The rent/mortgage fit within my budget
- #3 Owning instead of renting

Years Lived in Westminster

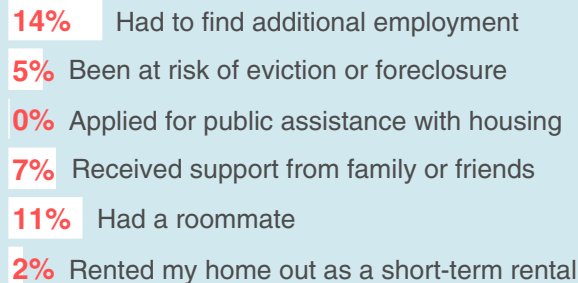


Housing Stability: Years in Current Home

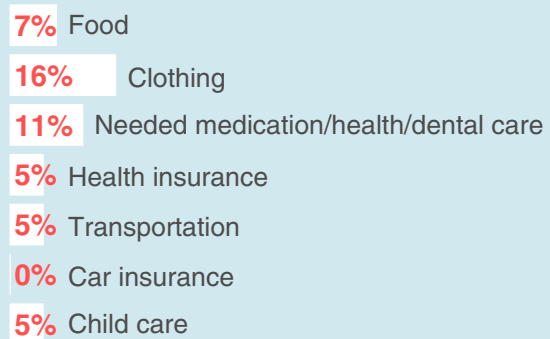


HOUSING INSECURITY

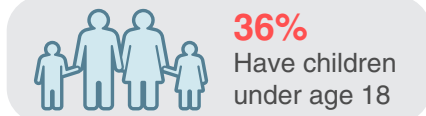
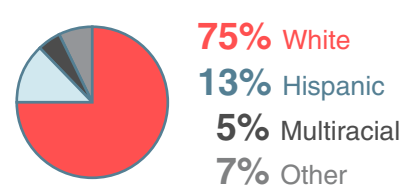
In Order to Pay the Rent/Mortgage, I've:



In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:



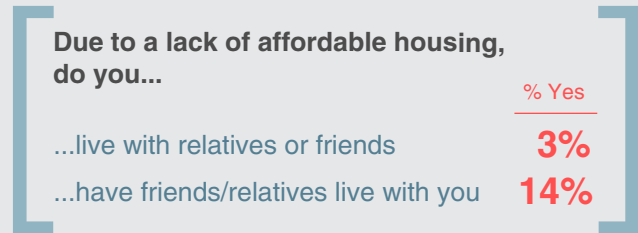
RESPONDENT CHARACTERISTICS



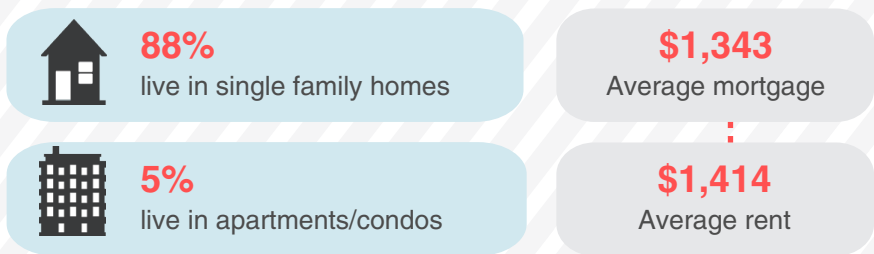
HOUSING CHOICES & NEEDS

RESIDENTS WITH HOUSEHOLD INCOMES OF \$75,000 up to \$100,000

HOMEOWNERSHIP AND DESIRE TO OWN



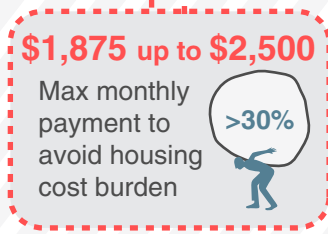
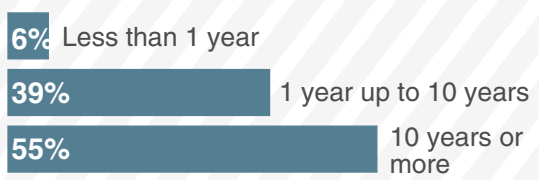
CURRENT HOUSING CHOICE



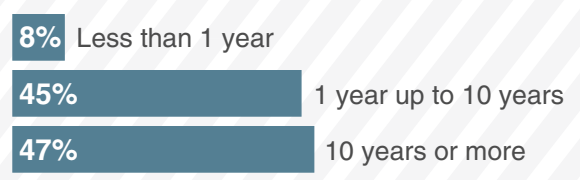
TOP 3 Most Important Factors in Current Home Choice

- #1 Owning instead of renting
- #2 The rent/mortgage fit within my budget
- #3 Feeling safe/low crime location

Years Lived in Westminster

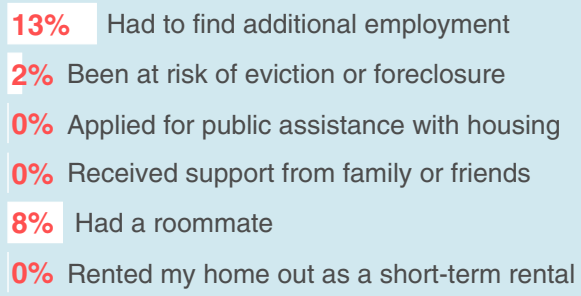


Housing Stability: Years in Current Home

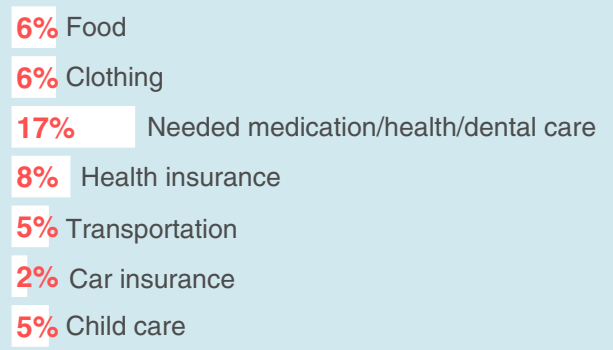


HOUSING INSECURITY

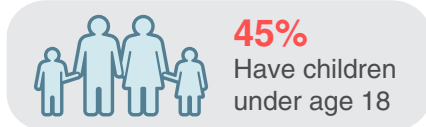
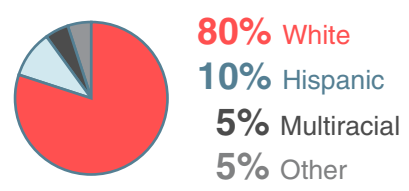
In Order to Pay the Rent/Mortgage, I've:



In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:



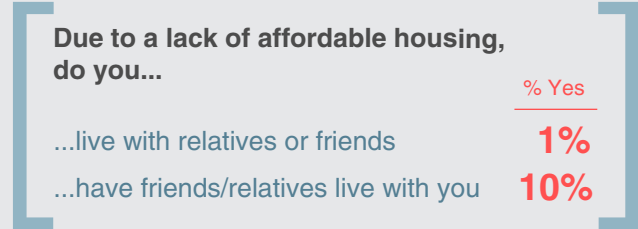
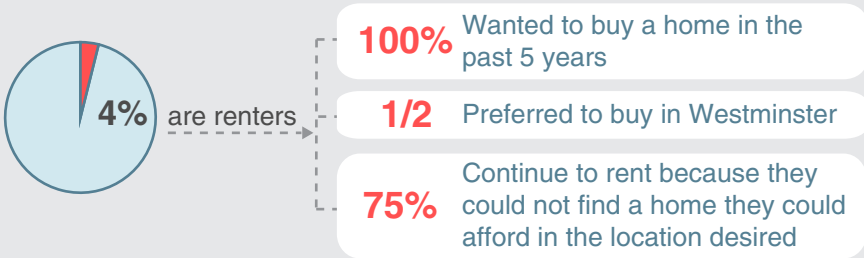
RESPONDENT CHARACTERISTICS



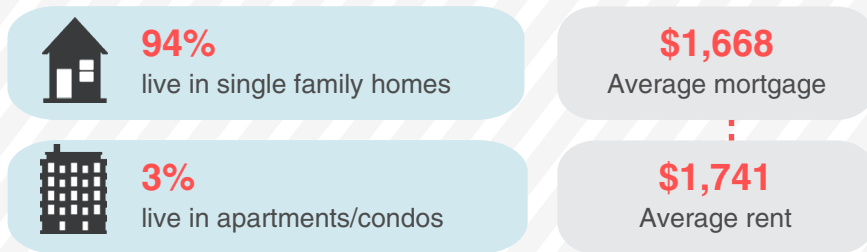
HOUSING CHOICES & NEEDS

RESIDENTS WITH HOUSEHOLD INCOMES OF \$100,000 OR MORE

HOMEOWNERSHIP AND DESIRE TO OWN



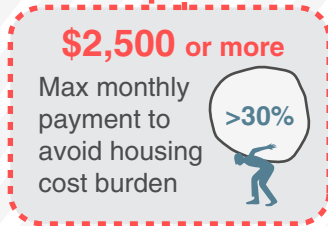
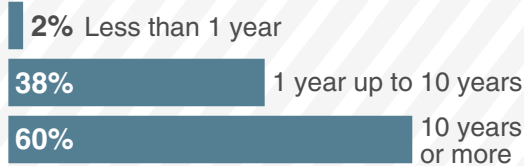
CURRENT HOUSING CHOICE



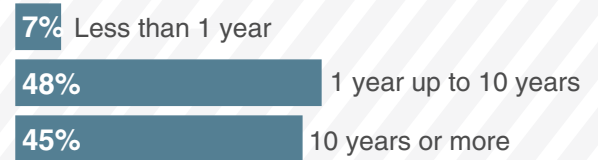
TOP 3 Most Important Factors in Current Home Choice

- #1** Owning instead of renting
- #2** Feeling safe/low crime location
- #3** The rent/mortgage fit within my budget

Years Lived in Westminster



Housing Stability: Years in Current Home



HOUSING INSECURITY

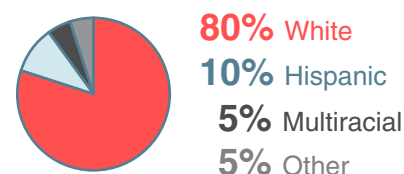
In Order to Pay the Rent/Mortgage, I've:

- 3%** Had to find additional employment
- 1%** Been at risk of eviction or foreclosure
- 2%** Applied for public assistance with housing
- 5%** Received support from family or friends
- 7%** Had a roommate
- 1%** Rented my home out as a short-term rental

In Order to Pay the Rent or Mortgage, I Have Reduced/Gone Without:

- 0%** Food
- 3%** Clothing
- 1%** Needed medication/health/dental care
- 0%** Health insurance
- 0%** Transportation
- 0%** Car insurance
- 1%** Child care

RESPONDENT CHARACTERISTICS



SECTION V.

Memorandum of Recommendations

MEMORANDUM

To: City of Westminster
From: Heidi Aggeler
Re: Recommendations for Housing Plan
Date: September 19, 2016

This memorandum provides recommendations for the City of Westminster to meet existing and future needs for residential housing demand at various price points. Our recommendations are based on our experience working with peer communities and best practices. The memo begins with an overview of housing needs.

Current and Future Housing Needs

The 2016 housing study examined trends in rental and homebuyer costs in Westminster from 2000 through 2016. The study also surveyed residents about their housing needs and assessed barriers to housing development through interviews with residential developers and builders.

Primary findings include:

- 1. Growth in the rental gap.** Between 2000 and 2014, the city lost 1,050 affordable private market rentals to price increases. These units once served households earning less than \$25,000 per year. At the same time, about 1,750 more residents fell into poverty. The loss of affordable rentals and increase in poverty-level households increased the gap between demand and supply of affordable rentals. In 2015, approximately 3,500 Westminster renters earning < \$25,000/year could not find affordable units and were cost burdened.

Preliminary data from 2016 show both rising rents and a potentially softening market as new multifamily inventory is absorbed in Westminster. Yet a softening of the rental market is unlikely to help the city's lowest income renters, as prices rarely decline so significantly that private rentals reach a deeply affordable level, where the rental gap exists.

Residents attending the public meeting for the housing study suggested that rising rents are disproportionately affecting persons with disabilities and seniors living off of fixed incomes and low income families. This is supported by preliminary data from the Metro

Denver Apartment Vacancy survey which shows dramatic increases in median rents for both efficiency units and 3+ bedrooms.

2. **Increased homeowner affordability—yet very low inventory.** Westminster has 5,200 more high income owners now than in 2000. Although the median price of a home for sale in the city increased between 2000 and 2015, buyers were able to manage the increase due to falling interest rates. Indeed, nearly 60 percent of homes for sale in 2015 were affordable to households earning less than \$65,000. However, this appearance of increased affordability has shifted as inventory has declined and investors and cash buyers have become more active in the market.

Data on listed and sold homes through June 2016 show a continued increase in the median home price (\$316,000) and decline in homes priced less than \$300,000. Of the homes for sale through June 2016 priced to serve a household earning \$65,000, half were attached homes, mostly older condos. About 20 percent of homes are closed with cash sales. Anecdotally, first time homebuyers find it very difficult to buy in the city and are looking to surrounding communities (Greeley, Brighton) to find affordable homeownership.

3. **Growth in housing needs of seniors and persons with disabilities.** A common concern in the resident survey and at the public meeting was that the housing market will not meet future needs of seniors and persons with disabilities. Many seniors expressed concern about their ability to age in place, particularly renters. A market study to support a low income senior development in Westminster found demand for 3,500 apartments for low income seniors. More than 25 percent of residents completing the housing survey said their home does not meet their household's accessibility needs.

Like most communities in metro Denver, Westminster is projected to have a much larger proportion of seniors and persons with disabilities as Baby Boomer residents age. In the next 10 to 15 years, an additional 4,000 residents will be disabled seniors. These residents will need accessibility improvements to their homes as they age in place, rely on expanded home health care services and/or seek affordable housing with supportive services.

Recommendations for Addressing Housing Needs

Adopt and articulate a new vision for residential housing development. More than 20 years ago, Westminster set a goal to produce high-quality residential development and attract households seeking a blend of convenience and a high level of neighborhood amenities. Demographic data and input from residents in the survey indicate that this effort has been a success! Westminster residents love their homes and communities—yet they are also worried about rising housing costs. One of the most important reasons that residents across the income spectrum chose to buy in Westminster was its relative affordability.

For the city to continue to foster the unique culture that Westminster is perceived to be—a safe, friendly community where generations of families can live and work—it will need to be more

intentional about producing a balance of housing types and affordability. This will require more than the traditional, Planned Unit Development (PUD) approach the city has employed for many years. The city has already begun to move in this direction with the redevelopment of the mall and transit-oriented developments around light rail.

Westminster should consider incorporating a “balanced housing” approach in all land use decisions with an overall goal to have affordable homes to purchase and rent in nearly all areas of the city.

Formalize the vision through a housing task force. Many communities “formalize” housing strategic planning through creation of a task force or advisory committee to study and spearhead housing policies. This can take a variety of forms:

- In Denver, a new Mayor’s Housing Advisory Committee will establish priorities for both federal and local housing funds and help evaluate outcomes. A former committee helped the city develop its 10 Housing Plan Action Items, which can be found here https://www.denvergov.org/content/dam/denvergov/Portals/690/Housing/HousingReport_final.pdf
- In the City of Las Cruces, a housing committee made up of elected officials, private industry representatives, major employers, and nonprofit housing providers was developed to consider best practices from peer cities and make policy recommendations to City Council.

Committees are also an effective way to set affordability thresholds and establish overall goals for the percentage of housing stock that should be kept affordable.

As part of that effort, the city should consider the following policy modifications and innovations:

- Examine and adjust zoning and land use regulations to allow and facilitate development of mixed-income homeownership products and rental developments in all areas of the city;
- Evaluate the potential for the development of mixed-income and mixed-product housing on city-owned land. Consider selling, at below market prices, city-owned land to developers to create housing using a land trust model;
- As opportunities arise, acquire and bank underutilized and vacant land for future mixed-income housing; and
- Adopt a community benefits ordinance with an affordable housing component. Such an ordinance would require that developers and employers who receive economic benefits from the city contribute to the creation of balanced housing communities through a housing trust fund or incorporating a variety of housing types and prices into their projects.

Set a goal to reduce the rental gap. Between now and 2035, when the city reaches build out, if the city experiences half of the decline in affordable rentals as occurred between 2000 and

2014, the rental gap will increase by 700. If no new affordable rentals are built and the decline in units continues as experienced in the past 15 years, gap will increase by 1,400. The city's proportion of affordable rentals will drop to 16 percent, from 26 percent now.

To maintain the current level of less than 50 percent AMI affordability, the city will need to add or preserve more than 1,000 affordable rental units (maximum rents of \$875) between now and 2035. This could be accomplished if the city is able create or preserve 50 to 75 rentals each year. In reality, not all of these units will reach the affordability levels required to relieve low income renters of cost burden. However, some level of affordability is better than none, and can enable workers and low income renters to remain in the city, even with some level of cost burden.

Increase the diversity of housing available for purchase. New data on where Millennials are buying suggest a movement towards suburban areas for available and affordable housing. The National Association of Realtors 2016 trends report notes that the proportion of Millennials buying in urban, central city areas declined from 21 to 17 percent in the past year. Yet the traditional single family detached home on a moderately-sized lot may become less competitive, as land for such developments becomes more scarce and further away from employment centers. These developments do not always offer the sense of community and walkability that Millennials want. And there is reason to believe that Colorado's Millennials will have higher walkability demands: A recent survey on housing view by the Urban Land Institute found that walkability is a higher priority of Coloradans than for Americans overall. The same survey also found that a higher proportion of Coloradans (one-third) expect to downsize to a smaller home when they move than Americans overall.

Many seniors who participated in the survey and community meeting for this study expressed concern about the lack of affordable units in Westminster for downsizing. They expressed a strong interest in affordable senior rentals, patio homes and low-maintenance homes with first floor bedrooms.

Westminster should take a two pronged approach to increasing the diversity of housing stock to attract Millennials, maintain homeownership affordability and enable seniors to downsize and age in place: 1) Add residential housing products and build community in older neighborhoods through infill, preservation of existing housing, and nurturing small business and home business development in these neighborhoods; and 2) Enable greater diversity offered by new construction.

Activate an "open for business" motto. Westminster continues to be perceived by the residential building community as a slow-growth, master planned suburban city. To accommodate more innovative and non-standard suburban residential models—which are believed to be in demand in the future and are necessary to achieve more affordability—Westminster will need to adjust development review processes and service commitment allocations.

Our recommendations include:

- Relax the process for obtaining building permits for mixed-income housing. This should facilitate more affordability by allowing affordable housing to be built now, in a favorable interest rate environment.
- Offer more efficient set-asides, relaxed design standards, waived/reduced fees and flexibility in green space requirements in exchange for mixed-income and affordable housing.
- As mentioned above, longer term, consider asking the residential and commercial development community, as well as businesses, to contribute mixed-income homes and with preservation efforts in exchange for the benefits the city provides to them (public infrastructure, density bonuses, rezoning). For example, a developer may have the option of paying into a trust fund that the city would use to make grants to low income homeowners for home improvements and to support small businesses in targeted neighborhoods.

Such a vision needs to be well-articulated, marketed to the real estate and development community and committed to across city departments.

Commit to preservation of existing affordable housing stock. As opportunities arise, the city should purchase aging multifamily developments and sell them to area housing nonprofits for long-term preservation.

The city may also want to set a preservation goal if additional funds are generated for affordable housing. The City of Austin used this approach.¹

Westminster may also want to reach out to surrounding communities (Boulder County, Denver) about their regional efforts to preserve affordable housing. The city and surrounding jurisdictions with affordability commitments may want to consider a metro Denver effort to adopt regional preservation goals and strategies.

As part of preservation efforts, continue the city's minor home repair program which uses CDBG funds to assist low income homeowners with emergency and essential home repairs. According to an analysis done for the City's Analysis of Impediments to Fair Housing Choice (AI), almost half of the minor home repair project locations are located within census tracts with a high percentage of persons with disabilities, including seniors.

¹ <http://www.austintexas.gov/edims/document.cfm?id=219344>

Create a flexible funding source for affordable housing through a mill levy increase or developer and business contributions—or both. Westminster can facilitate more affordable and mixed-income development at a relatively low cost through many of the recommendations offered above and through use of existing, higher value resources of city-owned land and negotiated contributions as part of city-provided benefits.

Yet efforts that require more resources, like acquisition and rehabilitation of multifamily properties, would benefit from a recurring source of funds for affordable housing. Some communities (Denver, Austin, Albuquerque, Boston) have raised significant funds through mill levy increases or bond extensions; other funds have been started by area employers (Silicon Valley employers); others are linked to commercial development (Denver, Boulder). Westminster may want to begin dialogue with area employers now.

APPENDIX A.

**Council Study Session Presentation No. 1 –
February 2016**



WESTMINSTER
COLORADO

HOUSING AFFORDABILITY: ASSESSING THE LANDSCAPE

February 1, 2016

Presented to

City of Westminster, Mayor and City Council

Presented by

Heidi Aggeler, *Managing Director*
1999 Broadway, Suite 2200
Denver, Colorado 80202
(303) 321-2547 ext. 256
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BBC
RESEARCH &
CONSULTING

PURPOSE OF PRESENTATION:

To provide context for housing market changes and determine affordability needs

AGENDA

1. Socioeconomic make-up of Westminster residents
2. Spatial variation in residency
3. How demographics affect housing demand
4. Housing cost trends
5. Assessment of housing affordability challenges

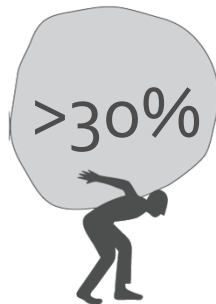
A BRIEF PRIMER ON HOUSING AFFORDABILITY

WHAT IS AFFORDABLE HOUSING?

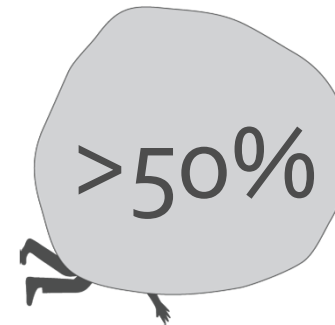
Federal definition of affordability:

- 1) Housing costs are “affordable” if they do not exceed 30% of household’s gross monthly income
- 2) “Costs” include basic utilities, mortgage insurance, HOA fees and property taxes

Households paying >30% for housing are **“cost burdened”**



Households paying >50% for housing are **“severely cost burdened”**



PRIMARY PROGRAMS

Rental Programs

— Provide direct subsidies to renters:

- ▶ Housing choice voucher/Section 8
- ▶ Other types of tenant based rental assistance (TBRA)

— Create affordable rental housing:

- ▶ Low Income Housing Tax Credit (LIHTC)
- ▶ Home Investment Partnerships
- ▶ Private activity (tax exempt) bonds
- ▶ Local revenue streams

Homeownership Programs

— Provide direct subsidies to owners:

- ▶ Home mortgage interest tax deduction
- ▶ Federally subsidized mortgage insurance
- ▶ Downpayment/low interest rate purchase assistance

— Create affordable ownership housing:

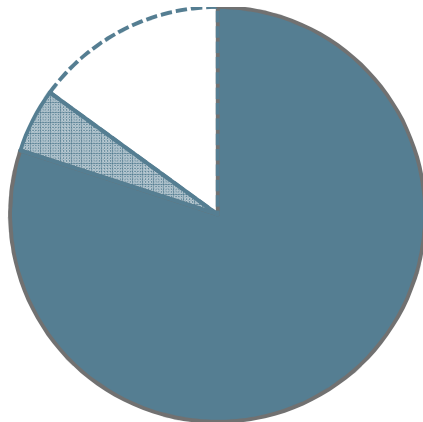
- ▶ Inclusionary zoning
- ▶ Home Investment Partnership
- ▶ Private activity (tax exempt) bonds
- ▶ Local revenue streams

ROLE OF THE PRIVATE SECTOR IN PROVIDING HOUSING

The private sector provides a significant part of the housing stock. It is therefore **critical** to involve the private sector in affordable housing strategies

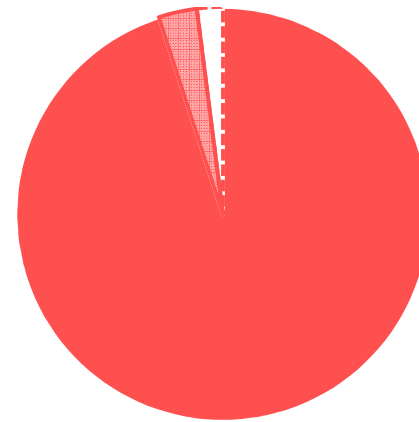
80-85%

Rental Units



95-98%

Homes



WHO IS ELIGIBLE FOR AFFORDABLE HOUSING PROGRAMS?

Eligibility levels usually based on HUD Area Median Income (AMI)

Boulder

\$99,400

AMI for a family of 4
(Boulder)

\$79,900

Westminster

AMI for a family of 4
(Denver-Aurora-Broomfield)

Note: Westminster is included in the Denver-Aurora-Broomfield region.

INCOME THRESHOLDS & TARGET HOUSING

"extremely" low income
=< \$25,000 per year, poverty level
< 30% AMI



Affordable rent & utilities: < \$625/mo.

Public housing, Section 8, tenant-based rental assistance, transitional housing, other deeply subsidized rentals.

"very" low income
\$25,000-\$40,000 per year
30-50% AMI



Affordable rent: \$625 - \$1,000/mo.

Affordable home: < \$185,000

Public housing, Section 8, rental tax credit developments, other rental products. Shared equity and land trust for homeownership.

"low" income
\$40,000-\$65,000 per year
50-80% AMI



Affordable rent: \$1,000 - \$1,625/mo.

Affordable home: \$185,000 - \$300,000

Generally live in privately provided rental housing. Ownership with shared equity, land trust, other deed-restricted products, attached homes, homes in affordable areas.

"median" to "moderate" income
\$65,000-\$95,000 per year
80-120% AMI



Affordable rent: \$1,625 - \$2,000/mo.

Affordable home: \$300,000 - \$369,000

Privately provided rental housing. General target for homeownership programs, can buy without assistance in affordable areas.

Note: AMI levels are for a household size of four, which is HUD convention.

WESTMINSTER PROFILE

Residents and Population

Household Characteristics

Income Trends

Poverty

Spatial Variation in Residents

RESIDENTS OF WESTMINSTER

- ▶ 2014 Population = **112,099** —American Community Survey (ACS)
111,834 — Colorado State Demographer
- ▶ **8th** largest city in Colorado in 2014 v. **7th** in 2000
- ▶ 1990s strongest period of growth

	1990	2000	2014	1990-2000 Total Growth	1990-2000 % Change	2000-2014 Total Growth	2000-2014 % Change
Westminster	74,625	100,940	112,099	26,315	35%	11,159	10%
Adams County	265,038	363,857	480,718	98,819	37%	215,680	59%
Jefferson County	438,430	527,056	558,503	88,626	20%	120,073	22%

Source: 1990 and 2000 U.S. Census, 2014 ACS.

HOUSEHOLD CHARACTERISTICS

Age trends, City of Westminster

- ▶ Overall, between 2000 and 2013, the city experienced significant growth in seniors and a decline in middle-age adults
- ▶ 2010-2013 saw strongest growth in seniors and 5-19 year olds
- ▶ Trends overall are similar to Jefferson County's

HOUSEHOLD CHARACTERISTICS

Age trends, City of Westminster

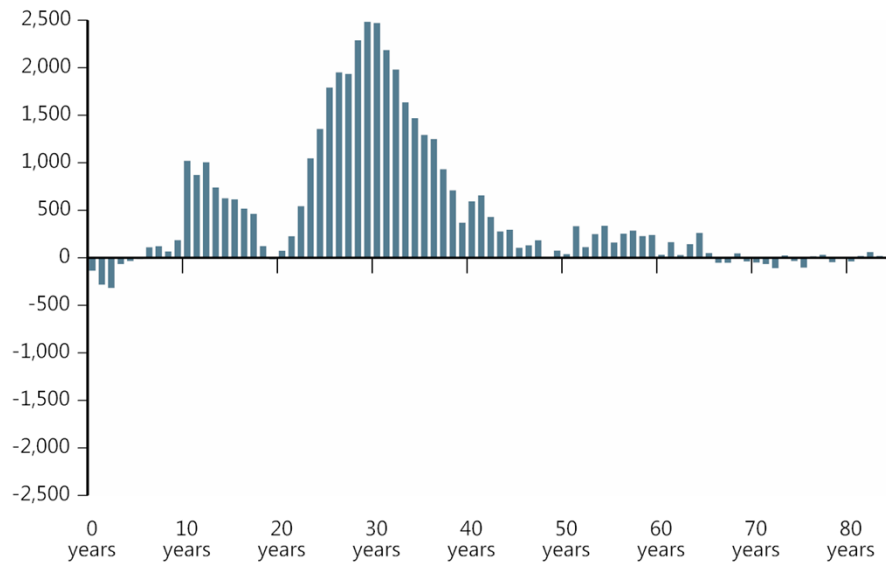
Westminster Residents					
	2000	2010	2013	2000-2013 Numerical Change	2010-2013 Numerical Change
Under 5 years	7,327	7,472	7,914	587	442
5 to 19 years	22,394	20,701	21,793	-601	1,092
20 to 24 years	7,089	7,504	7,698	609	194
25 to 34 years	17,742	17,169	17,110	-632	-59
35 to 54 years	32,960	31,393	31,937	-1,023	544
55 to 64 years	6,846	12,198	11,698	4,852	-500
65 years and over	6,582	9,677	12,790	6,208	3,113

Source: 1990 and 2000 U.S. Census, 2013 ACS.

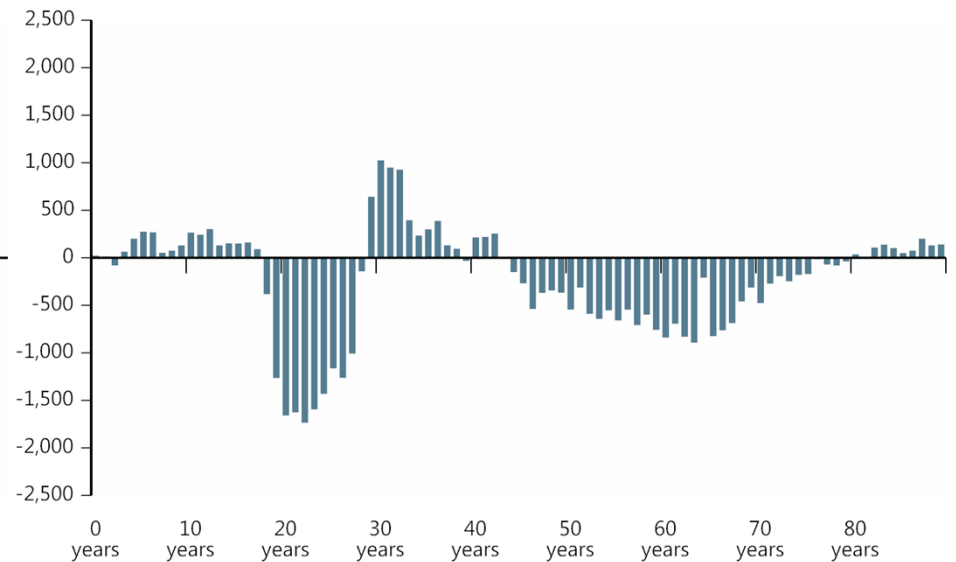
IN-AND OUT-MIGRATION

- ▶ Between 2000 and 2010, **30-year-olds** drove in-migration in Adams and Jefferson Counties
- ▶ Millennials and seniors left Jefferson, but not Adams County, likely related to housing affordability for young families

Net Migration by Age, Adams County



Net Migration by Age, Jefferson County



Source: DOLA. Data not available for Westminster only.

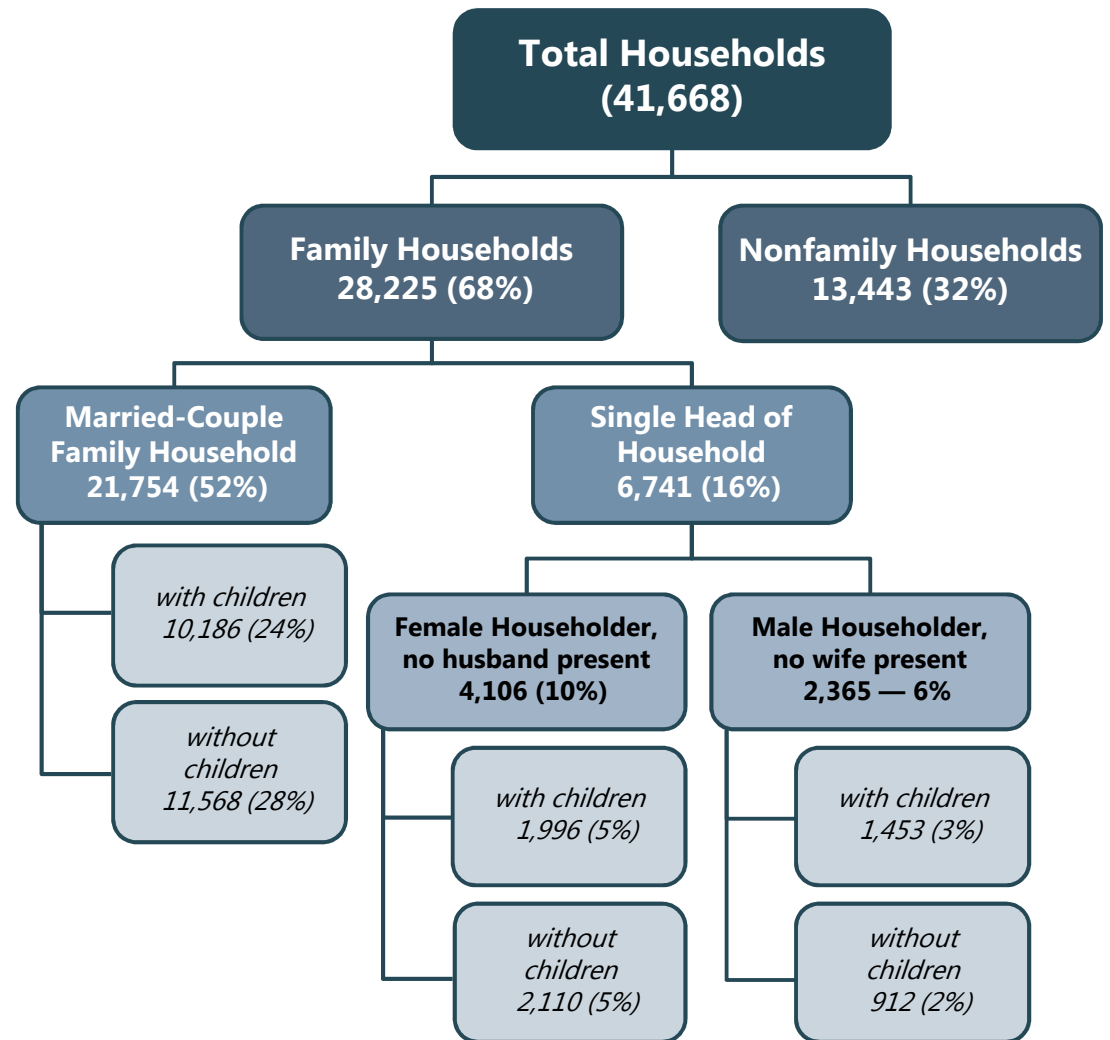
HOUSEHOLD COMPOSITION

32% of Westminster households have children

52% are married couples

32% are single or have roommates

Adams, Boulder, and Jefferson Counties have similar proportions



DISABILITY

12,000 (11%) Westminster residents have a disability

- ▶ **4,500** are seniors (**36% of seniors**)

Most common disabilities:

- ▶ Cognitive (youth)
- ▶ Cognitive and ambulatory (adults)
- ▶ Hearing and ambulatory (seniors)

Number of seniors with disabilities will grow significantly as Baby Boomers age. Expect **4,000** additional seniors with disabilities in **10-15 years**.

RACE AND ETHNICITY

- ▶ Westminster is **less diverse** than both Adams County and region overall.
- ▶ Unlike national trends, ethnic make-up of residents shifted **only modestly** between 2000 and 2013.
- ▶ Growth in Hispanic households can **increase demand** for larger housing units. Average household size of foreign-born Westminster residents = **3.44** v. **2.60** for U.S.-born.

RACE AND ETHNICITY

	City of Westminster		2000-2013 Numerical Change	Adams County	Jefferson County
	2000	2013			
Ethnicity					
Hispanic or Latino	15%	19%	5,676	38%	14%
Non-Hispanic White	85%	81%	4,324	53%	80%
Race (largest minority groups)					
African American	1%	1%	118	3%	1%
Asian	5%	6%	647	3%	3%
Two or More Races	3%	2%	(144)	2%	1%

Source: 2000 U.S. Census, 2013 ACS.

INCOMETRENDS

Westminster median **household** income, 2014 = **\$56,000**

Median **family** income similar to region, with higher growth
2005-2015

	<u>Region*</u>	<u>Westminster**</u>
2000	\$62,100	\$63,776
2005	\$71,650	\$71,559
2015	\$79,900	\$82,752

*HUD estimates

**Census estimates

INCOME SHIFTS IN WESTMINSTER

City has **5,200** more owners earning **\$100,000+** in 2014 than in 2000

and **1,880** more renters earning **\$100,000+**

- ▶ Increase in higher income owners and renters product of growth in high-wage workers

Also **1,750** more renters earning **less than \$25,000**

- ▶ Increase in poor renters a factor of economic downturn, growth in lower paying and recession-vulnerable professions such as housing construction

INCOME SHIFTS IN WESTMINSTER

Westminster Households	2000	2014	Percentage Point Change	Numerical Change
Owners				
Less than \$25,000	8%	8%	-1%	(92)
\$25,000-\$50,000	24%	20%	-4%	(938)
\$50,000-\$75,000	29%	16%	-12%	(3,231)
\$75,000-\$100,000	19%	17%	-2%	(299)
\$100,000+	20%	39%	18%	5,220
Total	100%	100%		660
Renters				
Less than \$25,000	25%	32%	8%	1,746
\$25,000-\$50,000	38%	29%	-9%	(310)
\$50,000-\$75,000	22%	22%	0%	546
\$75,000-\$100,000	10%	0%	-10%	(1,202)
\$100,000+	4%	17%	12%	1,876
Total	100%	100%		2,656

Source: 2000 U.S. Census, 2014 ACS.

POVERTY *

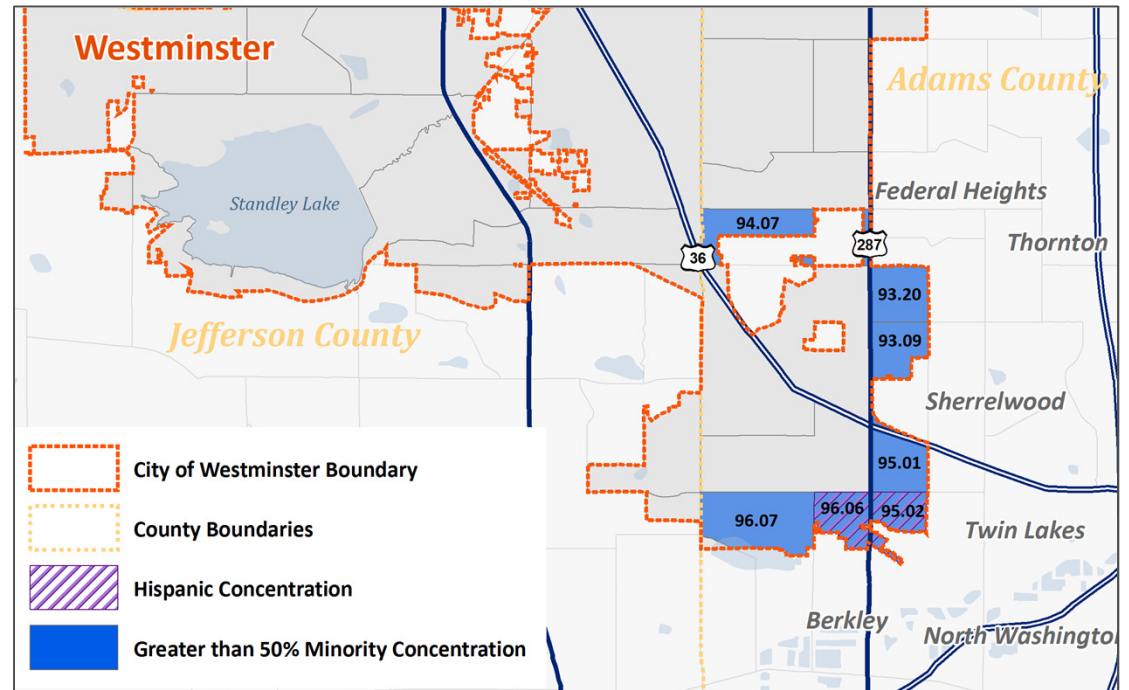
	<u>2010</u>	<u>1999</u>
Adams County	14%	9%
Westminster	10%	4.7%
Jefferson County	8%	5%

Geospatial distribution of poverty within the city has changed little since 1990, except for a rise in the southern part of the city

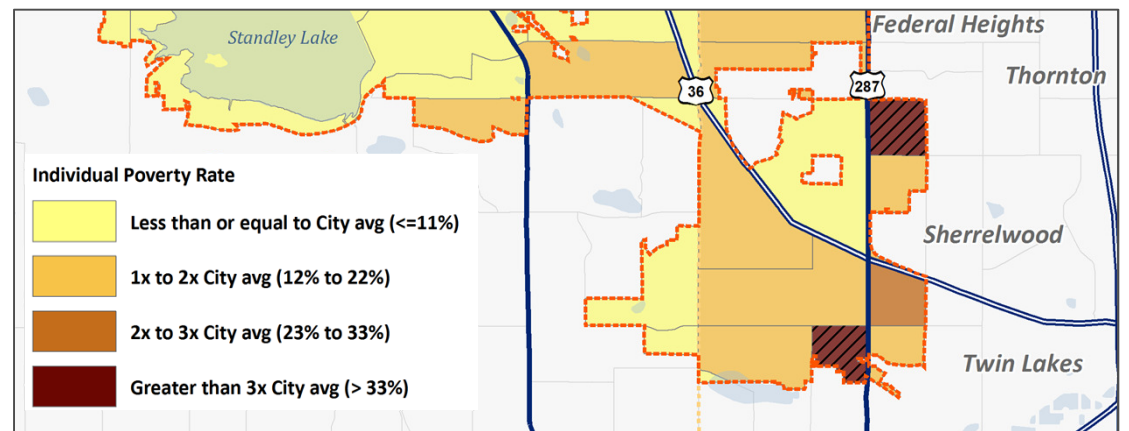
*Approximately <\$25,000 for a family of four

SPATIAL VARIATION IN RESIDENTS

Hispanic residents and majority minority areas concentrated in parts of South Westminster



Only 2 Census tracts are racially and ethnically concentrated areas of poverty—R/ECAPs—with poverty rates **3x** city proportion



SPATIAL VARIATION IN RESIDENTS

Concentrated areas:

- ▶ Have high proportions of single family parents
- ▶ Have above average Limited English Proficiency (LEP) populations
- ▶ Are ethnically concentrated

Census Tract	% Minority	% Hispanic	% Individual Poverty Rate	% Family Households w/ Children	% Single Parent Households	% LEP
93.09	58.1%	44.8%	20.7%	32.7%	14.6%	6.9%
93.20*	55.4%	46.9%	33.1%	29.1%	17.1%	7.7%
94.07	51.3%	42.8%	16.9%	30.1%	5.4%	9.6%
95.01	63.1%	55.6%	27.6%	37.8%	11.8%	7.2%
95.02†	66.6%	60.0%	16.6%	41.0%	17.6%	6.8%
96.06*†	68.6%	61.7%	36.1%	42.0%	24.4%	15.4%
96.07	60.8%	45.5%	15.8%	28.8%	11.0%	15.3%

Note: * denotes Census tracts that are also R/ECAPs. † denotes Census tracts that are also Hispanic concentrated. Limited English proficiency (LEP) is defined as persons 5 years and over speaking English less than "very well."

Source: 2010 U.S. Census, 2013 ACS, BBC Research & Consulting.

HOW DEMOGRAPHICS HAVE AFFECTED HOUSING DEMAND

- 1990s:** Strong in-migration of Baby Boomers, driving larger single family home, luxury market.
- 2000s:** Modest growth overall. Immigrants drove early growth. Housing market crash tempered later growth.
- 2010+:** Influx of Millennials driving regional rental market. Displaced households from Denver and Boulder seeking housing in surrounding communities.

HOUSING NEEDS IN THE FUTURE

Determined by:

- ▶ Formation of households by Millennials: *Will they leave urban environments? Will they seek out "city lite" neighborhoods? Will they migrate to ex-urbs?*
- ▶ Retirement and aging of Baby Boomers. *Most will age in place and need home health care services, accessibility modifications.* Shared living environments may be solution in high cost areas.**
- ▶ Expansion of extended family living environments, driven by aging Baby Boomers needing caretakers and foreign-born households.*
- ▶ Employment growth, relative affordability of Denver region. *Will the region continue to attract employers or will they migrate to less expensive areas? Will the region foster internal employment growth?*

*Potential conflict with zoning codes, HOA covenants and practices.

ASSESSMENT OF HOUSING AFFORDABILITY

National context:

Region is still relatively affordable for homeownership

Regional context:

Westminster is slightly less expensive than surrounding and peer communities

Price of homes sold in 2015 (through 3Q):

	Median
Denver	\$235,000
Northglenn	\$240,000
Adams County (All)	\$260,000
Westminster	\$275,000
Thornton	\$275,000
Commerce City	\$279,500
Brighton	\$290,000
Arvada	\$320,000
Jefferson County (All)	\$333,000
Broomfield	\$450,000

HOMEOWNERSHIP AFFORDABILITY TRENDS

Median price of homes for sale, Westminster:

\$183,000 in 2000 v. **\$275,000** in 2015

Average price of homes for sale:

\$209,000 in 2000 v. **\$321,000** in 2015

HOMEOWNERSHIP AFFORDABILITY TRENDS

Since 2000, ownership affordability has increased across income levels due to:

- 1) The housing market downturn (mid-decade very affordable)
- 2) Falling interest rates (most important)

HOMEOWNERSHIP AFFORDABILITY TRENDS

A household earning:	Could afford to buy a home priced at:		
	<u>2000</u>	<u>2005</u>	<u>2015</u>
\$50,000	\$149,000	\$186,000	\$230,000
\$65,000	\$193,000	\$242,000	\$300,000
\$80,000	\$239,000	\$298,000	\$369,000

Note: Interest rates assumed = 8.05% in 2000, 5.8% in 2005, 4.0% in 2015.

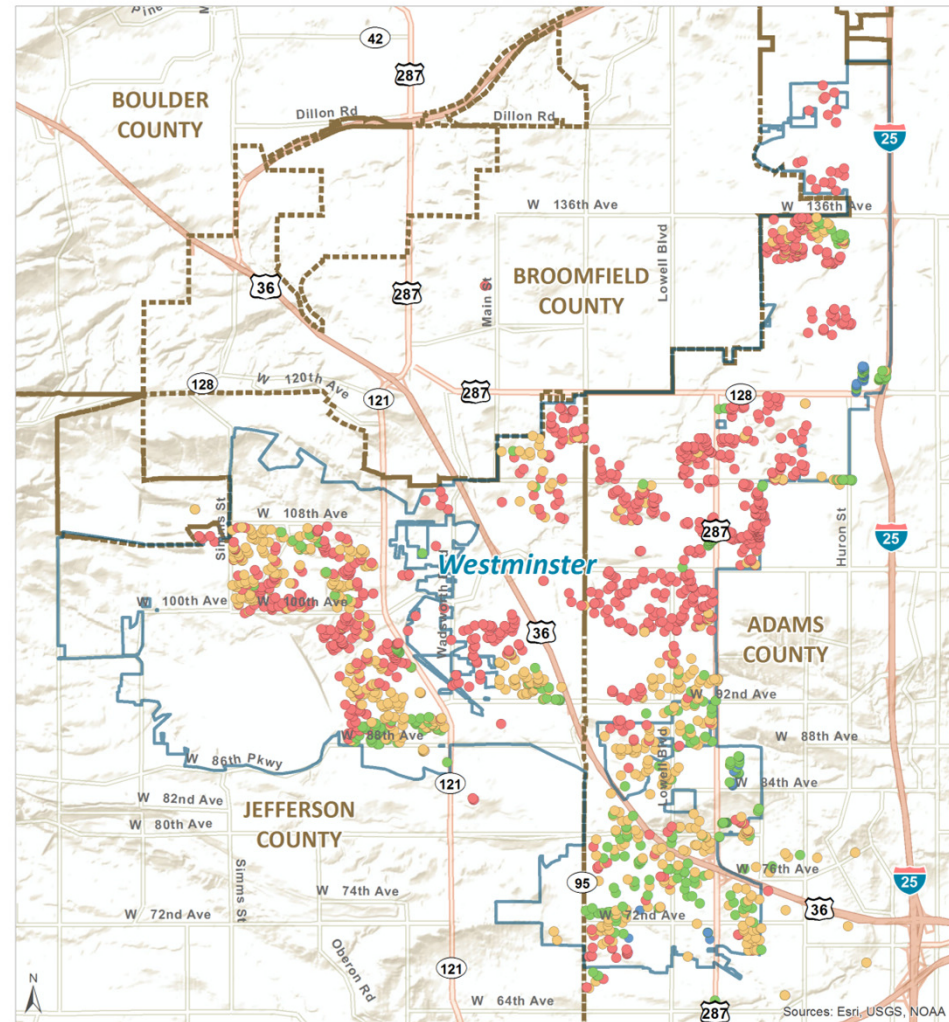
HOMEOWNERSHIP AFFORDABILITY TRENDS

Affordability by HUD Income Range										
	2000		2005		2015		2000-2015 Change		2015 with 2000 Interest Rates	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Extremely low income	-	0%	44	1%	61	4%	61	4%	8	0%
Very low income	86	4%	325	8%	209	12%	123	8%	59	3%
Low income	439	20%	1,519	39%	785	45%	346	25%	234	13%
Moderate income	617	28%	917	24%	254	15%	(363)	-13%	254	15%
Total homes for sale	2,211	100%	3,847	100%	1,736	100%	(475)			1,736

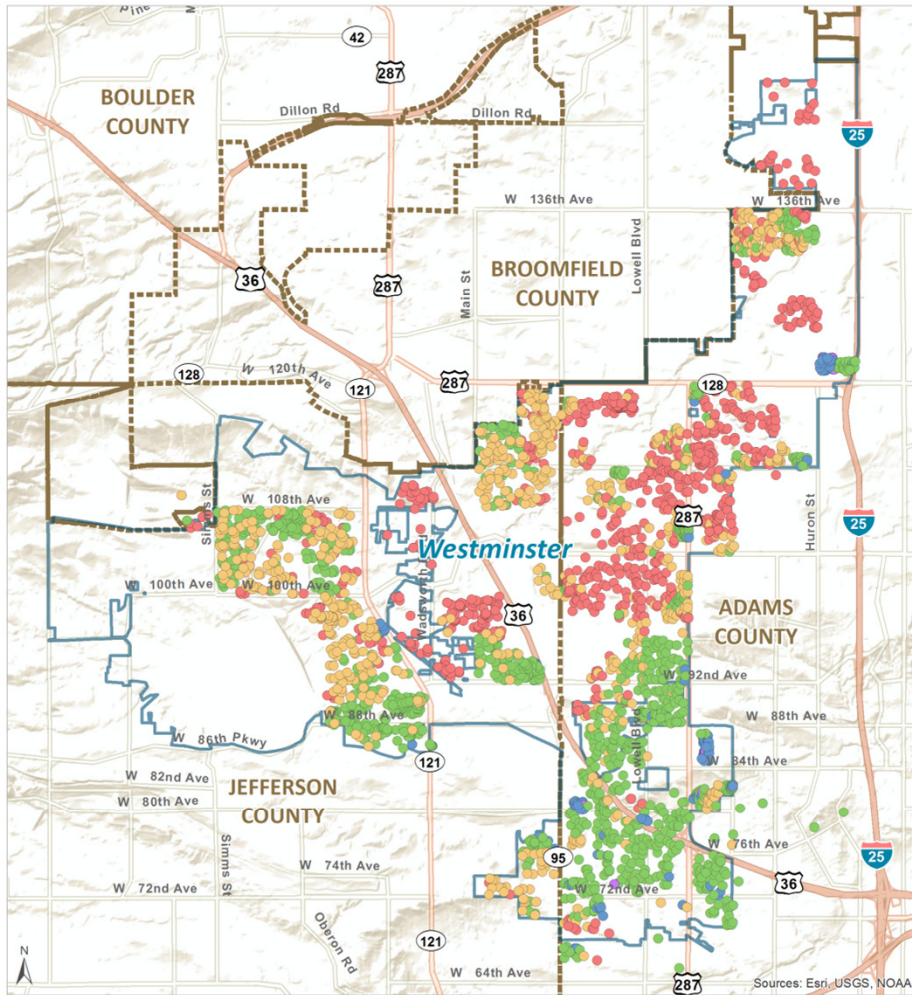
Note: Income categories reflect that year's AMI levels.

HOMEOWNERSHIP AFFORDABILITY TRENDS

Affordability has increased throughout the city, except in the far northeast



HOMEOWNERSHIP AFFORDABILITY TRENDS

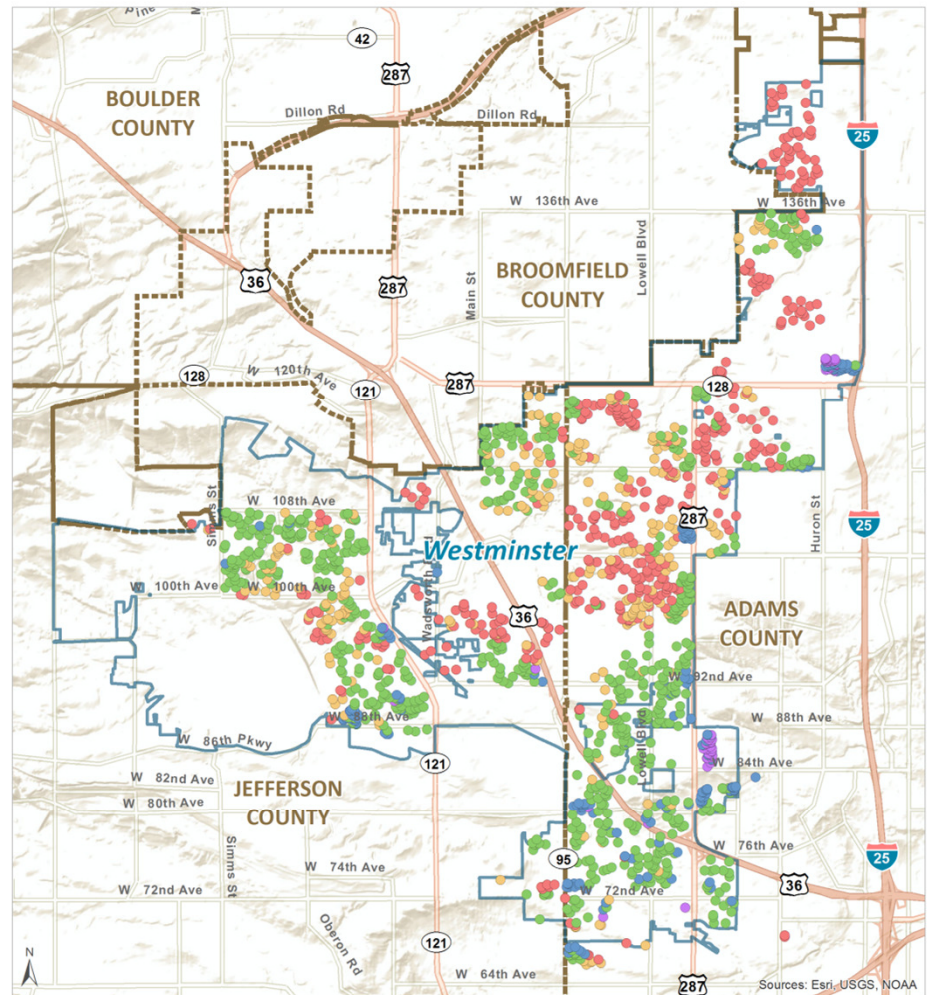


2005 Affordability

- Affordable to Extremely Low Income
- Affordable to Very Low Income
- Affordable to Low Income
- Affordable to Median Income
- Not Affordable to Less than Median Income

- Westminister City Boundaries
- County Boundaries

0 0.5 1 2 Miles



2015 Affordability

- Affordable to Extremely Low Income
- Affordable to Very Low Income
- Affordable to Low Income
- Affordable to Median Income
- Not Affordable to Less than Median Income

- Westminister City Boundaries
- County Boundaries

0 0.5 1 2 Miles

RENTAL AFFORDABILITY TRENDS

- ▶ Average rent in Westminster, 2Q 2015 = **\$1,143**
- ▶ Compares to **\$1,179** in Adams County and **\$1,217** in Jefferson County
- ▶ 4Q 2015 = **\$1,198** in Westminster

RENTAL AFFORDABILITY TRENDS

- ▶ Renters need to earn **\$17,000** more in 2015 than in 2000 to avoid being cost burdened by rental increases
- ▶ Median income of renters in Westminster increased by **\$9,000**
- ▶ In 2014, **3,428** renter households earning **<\$25,000/year** were renting above what they could afford. In 2000 = **1,071** renters.

PAST AND CURRENT RENTAL GAPS

Renter Incomes	Maximum Rent and Utilities Monthly Payment	2000				2014				Change, 2000 to 2014	
		Renter Households	Rental Units	% of Rental Units	Gap	Renter Households	Rental Units	% of Rental Units	Gap	Renter Households	Rental Units
Less than \$5,000	\$125	279	33	0%	(246)	303	-	0%	(303)	24	(33)
\$5,000-\$9,999	\$250	605	263	2%	(342)	1,105	234	1%	(871)	500	(28)
\$10,000-\$14,999	\$375	545	207	2%	(338)	839	291	2%	(548)	294	84
\$15,000-\$19,999	\$500	648	504	4%	(144)	898	-	0%	(898)	250	(504)
\$20,000-\$24,999	\$625	775	1,695	14%	920	1,453	644	4%	(809)	678	(1,050)
\$25,000-\$34,999	\$875	1,886	3,722	31%	1,836	1,687	3,245	19%	1,558	(199)	(477)
\$35,000-\$49,999	\$1,250	2,510	4,443	37%	1,933	2,399	5,730	34%	3,331	(111)	1,287
\$50,000-\$74,999	\$1,875	2,565	1,029	9%	(1,536)	3,111	6,650	40%	3,539	546	5,621
\$75,000-\$99,999	\$2,500	1,202	103	1%	(1,099)	1,997	-	0%	(1,997)	795	(103)
\$100,000+	\$2,500+	481	-	0%	(481)	2,357	-	0%	(2,357)	1,876	-
		11,496	12,007	100%		16,149	16,795	100%		4,653	4,788

OVERALL DEMOGRAPHIC AND HOUSING CHANGES FROM 2000:

- ▶ Westminster has many more Baby Boomers, seniors, owners and renters earning **more than \$100,000**
- ▶ The city also has **1,750** more poverty-level renters
- ▶ The types of homes built since 1990 accommodated higher income owners
- ▶ Homeownership affordability has increased since 2000 because of lower mortgage interest rates. For example, in 2015, the mortgage payment on a **\$275,000** home was **\$700/month** less than in 2000.
- ▶ Because of falling interest rates, homeownership affordability has increased throughout the city

OVERALL DEMOGRAPHIC AND HOUSING CHANGES FROM 2000:

- ▶ A very tight regional rental market has increased demand for affordable rentals in every city, including Westminster.
- ▶ In 2014, there are **1,050 fewer** rental units affordable to low income households than in 2000 (**\$500-\$625/mo.** rents).
- ▶ The total number of renters who can't find affordable units and are paying more than they can afford increased by **2,350**.

**CITY PROGRAMS
TO ADDRESS
AFFORDABLE
HOUSING**

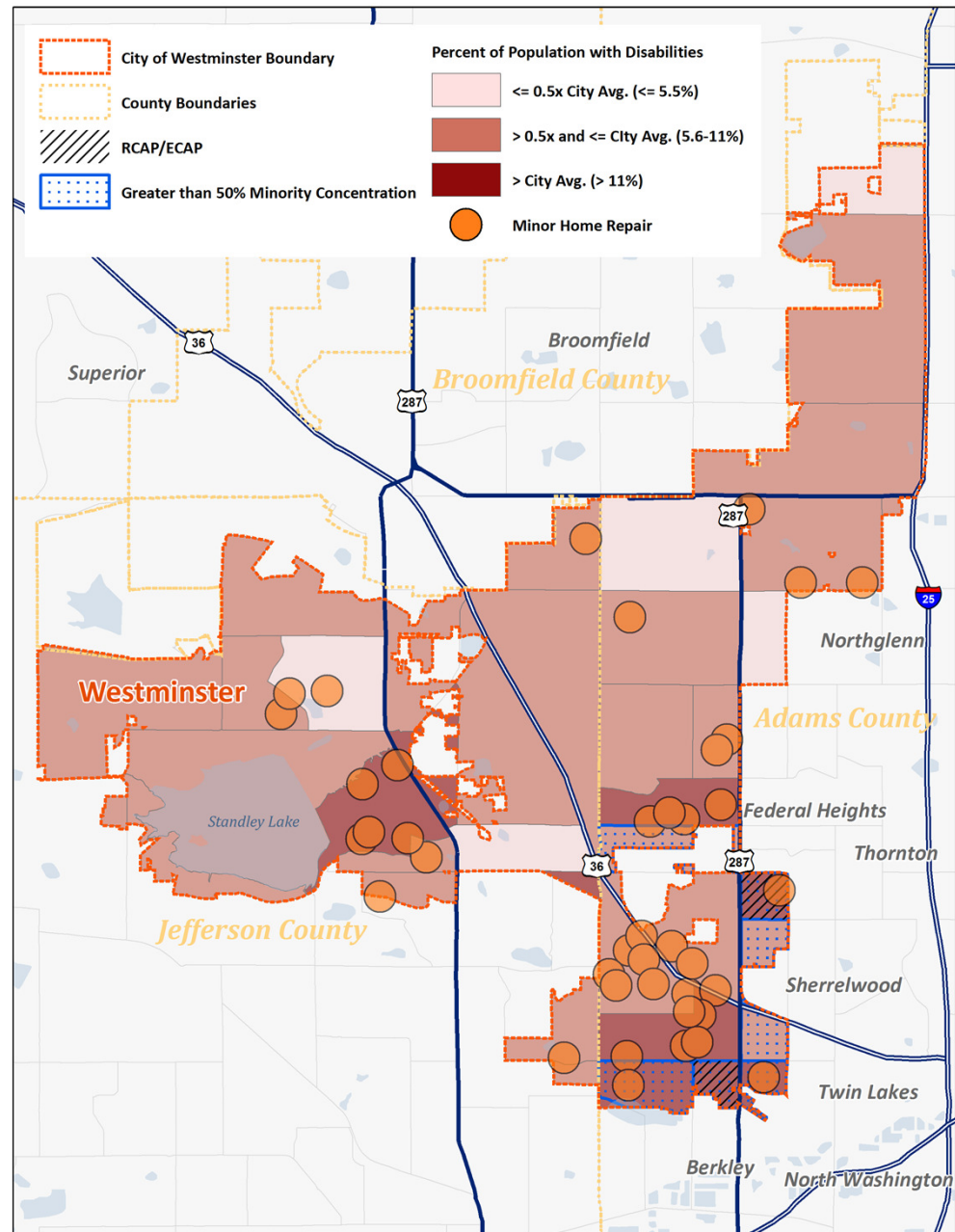
CITY EFFORTS

- ▶ Recent commitments to mixed-income housing as part of redeveloping areas
- ▶ Ongoing partnerships with Adams and Jefferson County housing authorities
- ▶ Undertaking this study to more precisely understand the city's housing needs

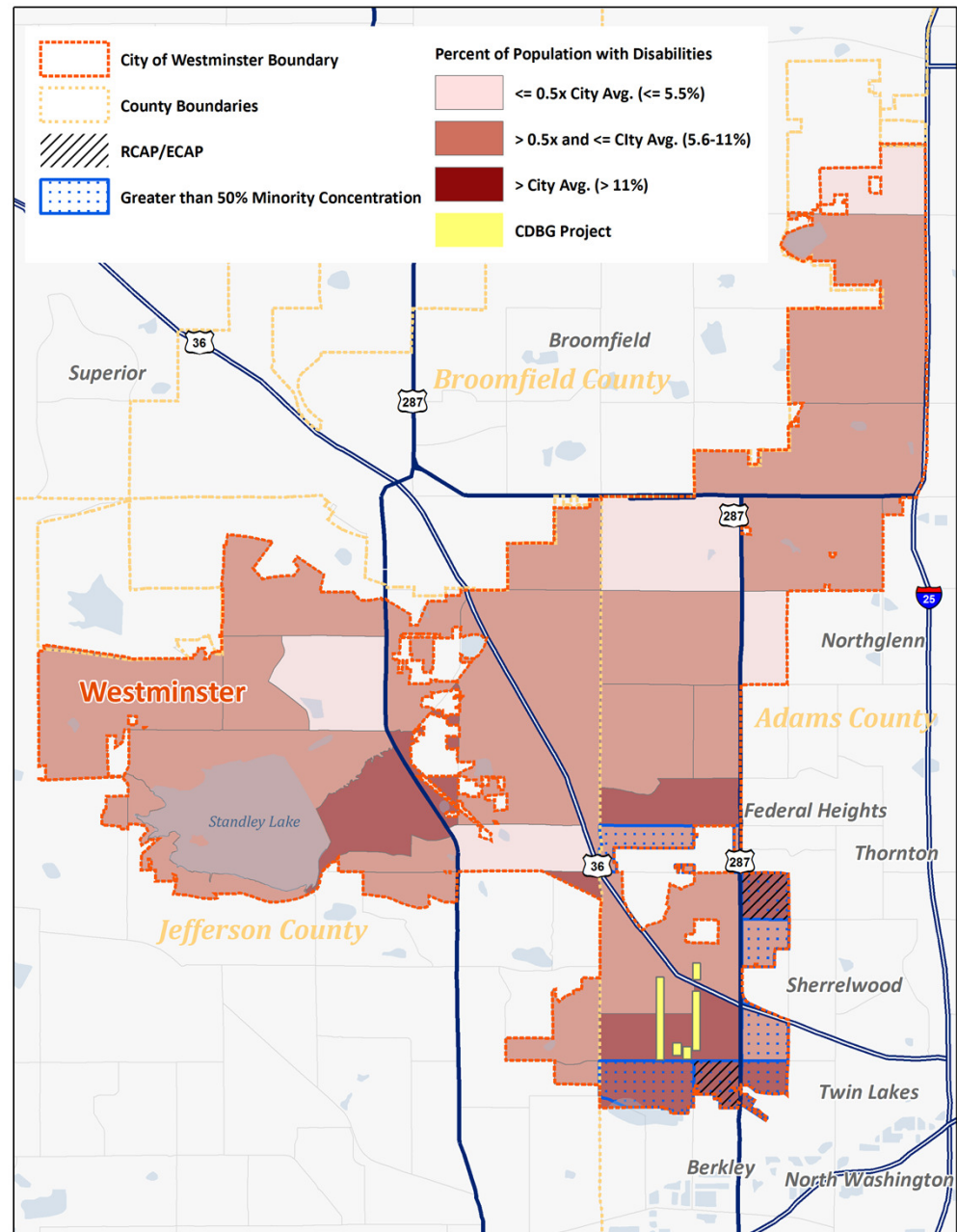
CDBG FUNDS

- ▶ **Emergency and essential home repair.** Assists low income owners with up to \$5,000 in needed repairs and accessibility modifications. Funding made available city-wide to all qualified residents.
- ▶ **Public facility improvements.** 2009-2014 funding provided streetscape, roadway improvements, and park development.

MINOR HOME REPAIR PROJECT LOCATIONS IN RELATION TO MAJORITY MINORITY AND R/ECAP CENSUS TRACTS AND PERSONS WITH DISABILITIES, 2010



CDBG
 INFRASTRUCTURE
 PROJECT
 LOCATIONS IN
 RELATION TO
 MAJORITY
 MINORITY AND
 R/ECAP CENSUS
 TRACTS AND
 PERSONS WITH
 DISABILITIES, 2010



GENERAL FUNDS

- ▶ Past 15 years, park and roadway improvements in south Westminster valued at more than \$40 million.
- ▶ Direct investments to light rail station, parking garage, public plaza, bus transfer facility and new roads (intersection of 72nd Avenue and Federal Boulevard).

NEXT STEPS

NEXT STEPS

- 1) Analysis of how peer and surrounding communities are addressing affordable housing needs.
- 2) Analysis of potential barriers to affordable housing development in Westminster.
- 3) Public outreach:
 - ▶ Focus group with stakeholders (housing providers, developers, employers)
 - ▶ Survey of city employees
 - ▶ Public event to communicate findings from the study, present resources available in the city, celebrate efforts that have been made to address needs, collect input on future solutions
- 4) Additional research: What questions does Council have about affordable housing needs that were not answered today?
- 5) Preparation of written report, including policy and strategy recommendations.

QUESTIONS?

APPENDIX B.

**Community Meeting Presentation and
Materials – August 2016**



WESTMINSTER
COLORADO

HOUSING AFFORDABILITY: ASSESSING THE LANDSCAPE

August 31, 2016

Presented to

City of Westminster Residents and Stakeholders

Presented by

Heidi Aggeler, *Managing Director*
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CONSULTING

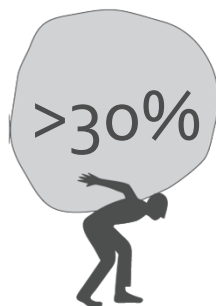
A BRIEF PRIMER ON HOUSING AFFORDABILITY

WHAT IS AFFORDABLE HOUSING?

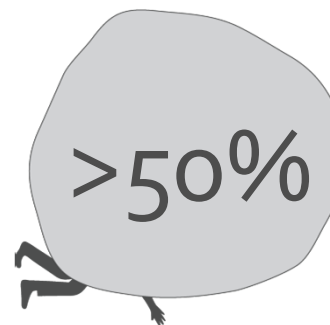
Federal definition of affordability:

- 1) Housing costs are “affordable” if they do not exceed **30%** of household’s gross monthly income
- 2) “Costs” include basic utilities, mortgage insurance, HOA fees and property taxes

Households paying >30% for housing are **“cost burdened”**



Households paying >50% for housing are **“severely cost burdened”**



PRIMARY PROGRAMS

Rental Programs

— Provide direct subsidies to renters:

- ▶ Housing choice voucher/Section 8
- ▶ Other types of tenant based rental assistance (TBRA)

— Create affordable rental housing:

- ▶ Low Income Housing Tax Credit (LIHTC)
- ▶ Home Investment Partnerships
- ▶ Private activity (tax exempt) bonds
- ▶ Local revenue streams

Homeownership Programs

— Provide direct subsidies to owners:

- ▶ Home mortgage interest tax deduction
- ▶ Federally subsidized mortgage insurance
- ▶ Downpayment/low interest rate purchase assistance

— Create affordable ownership housing:

- ▶ Inclusionary zoning
- ▶ Home Investment Partnership
- ▶ Private activity (tax exempt) bonds
- ▶ Local revenue streams

WESTMINSTER PROFILE

Residents and Population

Income Trends

Housing Demand and Needs

Preliminary Survey Results

RESIDENTS OF WESTMINSTER

- ▶ 2014 Population = **111,834** — *Colorado State Demographer*
- ▶ **8th** largest city in Colorado in 2014 v. **7th** in 2000
- ▶ 1990s strongest period of growth—the city grew by **35%** !
Growth between 2000 and 2014 was only **10%**.

	1990	2000	2014	1990-2000 Total Growth	1990-2000 % Change	2000-2014 Total Growth	2000-2014 % Change
Westminster	74,625	100,940	112,099	26,315	35%	11,159	10%
Adams County	265,038	363,857	480,718	98,819	37%	215,680	59%
Jefferson County	438,430	527,056	558,503	88,626	20%	120,073	22%

Source: 1990 and 2000 U.S. Census, 2014 ACS.

INCOME SHIFTS IN WESTMINSTER

City has **5,200** more owners earning **\$100,000+** in 2014 than in 2000

and **1,880** more renters earning **\$100,000+**

- ▶ Increase in higher income owners and renters product of growth in high-wage workers

Also **1,750** more renters earning **less than \$25,000**

- ▶ Increase in low income renters a factor of economic downturn, growth in lower paying and recession-vulnerable professions such as housing construction
- ▶ Overall, city's poverty rate is low for the region.

HOMEOWNERSHIP AFFORDABILITY TRENDS

Median price of homes for sale, Westminster:

\$183,000 in 2000 v. **\$275,000** in 2015

Average price of homes for sale:

\$209,000 in 2000 v. **\$321,000** in 2015

Inventory down considerably in 2016

HOMEOWNERSHIP AFFORDABILITY TRENDS

Since 2000, ownership affordability has increased across income levels due to:

- 1) The housing market downturn (mid-decade very affordable)
- 2) Falling interest rates (most important)

RENTAL AFFORDABILITY TRENDS

- ▶ Average rent in Westminster, 4Q 2015 = **\$1,200**
- ▶ Renters need to earn **\$17,000** more in 2015 than in 2000 to avoid being cost burdened by rental increases
- ▶ Compared to 2000, there are **1,050 fewer** rental units affordable to low income households (**\$500-\$625/mo.** rents).

WHAT WE HEARD FROM SURVEY RESPONDENTS:

Why did you choose to buy or rent in Westminster?

- ▶ Quality of life! Friendly people, safety, convenience, open space.
- ▶ Location, location, location!
- ▶ Affordability and good housing stock
- ▶ Great schools
- ▶ Good governance

"The location of our home allowed for close proximity to some of the activities of Broomfield and Boulder counties; gave us access to a great Jeffco school; close to work in Adams and Denver county, and all the perks of being in Westminster!"

WHAT WE HEARD FROM SURVEY RESPONDENTS:

“Essential” features of home/apartment and community

- ▶ Rent/mortgage fit within my budget*
- ▶ Owning instead of renting
- ▶ Feeling safe
- ▶ Being able to have a dog or other pet

*Primary reason rated by respondents

WHAT WE HEARD FROM SURVEY RESPONDENTS:

Many residents want more affordable, diverse housing options:

- ▶ Westminster's housing prices are pushing skilled laborers out of the community.
- ▶ I would like to be a productive member of society, and I am finding the stress of my housing situation to be an impediment on my way to self-sufficiency.
- ▶ Westminster needs townhomes/row homes/patio homes with small yards.
- ▶ We make decent money and are still struggling. We love it here that's why we are willing to work for it but the housing cost is so ridiculously expensive.
- ▶ Westminster needs affordable housing especially for first time home buyers!

**QUESTIONS?
COMMENTS?**

FOUR QUESTIONS FOR YOUR NEIGHBOR:

- 1) What do you want Westminster's housing situation to look like in 10 years?
- 2) What needs to happen in order to make this change?
- 3) What are the roadblocks to making this change?
- 4) What else did we miss/you'd like to add?

APPENDIX C.

**Council Study Session Presentation No. 2 –
September 2016**



WESTMINSTER
COLORADO

HOUSING STUDY: UPDATE AND PRELIMINARY RECOMMENDATIONS

September 19, 2016

Presented to

City of Westminster, Mayor and City Council

Presented by

Heidi Aggeler, *Managing Director*
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Denver, Colorado 80202
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PURPOSE OF PRESENTATION:

Provide an update on what we have learned

Communicate preliminary recommendations

AGENDA

1. Updated data
2. Peer communities' initiatives
3. Development challenges
4. Public outreach
4. Preliminary recommendations

DATA UPDATE

Demographic reminder

For sale inventory and pricing

Rental vacancy and pricing

DEMOGRAPHICS AND HOUSING DEMAND

1990s*: Strong in-migration of Baby Boomers, drove larger single family home, luxury market, which Westminster accommodated. **City's strongest decade for growth*

2013-2016+: Influx of Millennials and workers. Rapid increases in prices.

Compared to 2000, Westminster has:

5,200 more owners earning \$100,000+,

1,880 more renters earning \$100,000+,

Also,

1,750 more renters earning less than \$25,000

HOMEOWNERSHIP AFFORDABILITY TRENDS

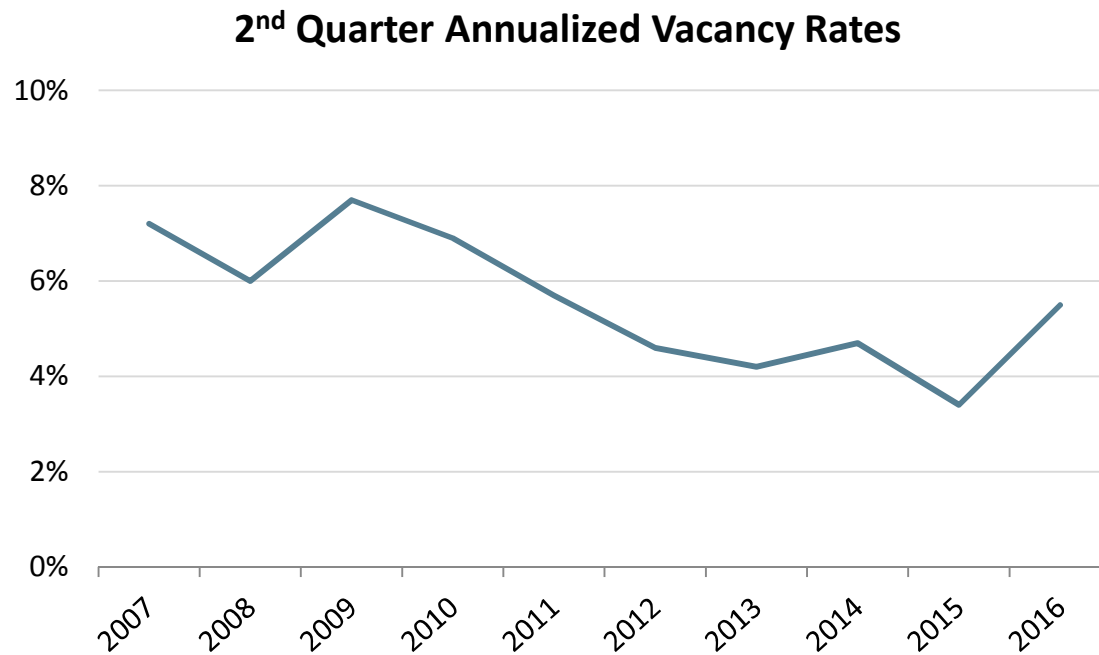
- ▶ Median price of homes for sale rose by **74%**:
\$183,000 in 2000 v. **\$319,000** in 2016
- ▶ Interest rate decline kept homes relatively affordable. Yet inventory down considerably from 2005.

Affordable Homes Listed or Sold:

	80% AMI (\$65,000)		50% AMI (\$40,000)	
	#	% of all	#	% of all
2000	525	24%	86	4%
2005	1,844	47%	325	8%
2015	994	60%	209	12%
2Q2016	463	43% (1/2 attached)	106	10%

RENTAL AFFORDABILITY TRENDS

Rental vacancies in Westminster have been low since 2012, reaching historical low in 2015. 2016 vacancy reflects new units coming online.



RENTAL AFFORDABILITY TRENDS

Average rent **\$1,357** 2Q2016

Compares to **\$747** in 2000

Westminster affected by rental squeeze in Boulder, Denver

Rental Size:	Average Rent:	Income required:
Efficiency	\$1,033	\$41,320
1 bedroom	\$1,171	\$46,840
2 bedroom, 1 bath	\$1,241	\$49,650
3 bedroom	\$2,024	\$80,960

RENTAL AFFORDABILITY TRENDS

- ▶ Rent increases steep for efficiencies and 3 bedrooms. Since December 2015:
 - ▶ Efficiency median rent: \$619 to \$1,062, **73% increase**
 - ▶ 3 bedroom: \$1,167 to \$2,112, **81% increase**
- ▶ Vacancy survey tracked just 7 rental units for < \$900/month

RENTAL AFFORDABILITY TRENDS

	Average Rent	% Increase from 4Q2015	Vacancy Rate:
Westminster	\$1,357	13%	9.1% (new units leasing up)
Northglenn/Thornton	\$1,276	6%	4.8%
Broomfield	\$1,504	-2%	6.9%
Boulder	\$1,662	-3%	6.1%
Arvada	\$1,359	7%	3.7%
Commerce City	\$1,238	3%	6.9%
Denver Northwest	\$1,801	3%	7.7%

GREATEST HOUSING NEEDS TODAY

- 1. Affordable rental units.** More than 3,500 renters earning < \$25,000/year cannot find affordable units. May disproportionately affect persons with disabilities and larger families.
- 2. Housing for workers in service industry.**
- 3. First time homebuyers** wanting to buy in Westminster.
- 4. Seniors desiring to stay in Westminster,** age in place or downsize.

PEER COMMUNITIES APPROACH

Boulder, Denver, Las Cruces

Housing Plan processes

DEVELOPMENT OF A HOUSING PLAN

- ▶ **Boulder:** Housing Market Study (2013), resident housing choice survey (2014), year long Housing Plan to develop priorities (2015), completed Middle Income Housing Strategy (2016). 2016+ acting on strategies.
- ▶ **Denver:** Year long, task force led process to develop priorities (2013). Executive committee formed to develop action items (2014). Priorities+action items becomes Housing Plan (2015). Raising revenue to implement (2016)
- ▶ **Las Cruces:** Completed housing market study with Consolidated Plan (2006). Mayor-appointed task force of stakeholders considered variety of options to meet the needs over a 6 month process (2008). Council adopted plan (2008).

DEVELOPMENT OF A HOUSING PLAN

Where you are in the process:

1. Commission a Housing Market Study—complete
2. Complete study—in process
3. Form decision team to consider study recommendations and develop short- and long-term priorities
4. Develop initial Housing Plan strategies and mechanisms to monitor progress over a 2-3 year period
5. Evaluation strategies and implement long-term Housing Plan

DEVELOPMENT CHALLENGES

Stakeholder Input

Regulatory Review

DEVELOPMENT CHALLENGES

Approximately 25 stakeholders contributed to the study through a focus group and one-on-one meetings. They represented:

- Seven private sector residential development companies
- Two housing authorities
- Three nonprofit organizations
- Two advocacy organizations
- Two real estate agents
- One hotel establishment

DEVELOPMENT CHALLENGES

Rising housing prices are a real concern of all types of stakeholders:

- ▶ Real estate agents find renters looking to ex-urbs of Adams County to buy
- ▶ Advocates report that low income renters cannot manage rent increases, are forced to move
- ▶ Seniors struggle with upkeep and cannot stay in Westminster if they want to downsize
- ▶ Employers cannot fill low-wage service jobs

DEVELOPMENT CHALLENGES

Why affordable housing is a challenge in most communities:

- Demand moves much faster than supply, except in high vacancy markets
- The cost of residential development is influenced by many factors: availability of properly zoned land, development review and approval process, interest rates, construction costs
- Shortage of construction labor is the main factor development costs are increasing in metro Denver. Bigger hit for affordable housing developers who pay market prices for construction and collect lower rents
- Resources to support affordable housing are minimal and have not grown despite rising prices and stagnant incomes
- Housing to serve poverty-level households should have supportive services—yet very little funding for ongoing operations

DEVELOPMENT CHALLENGES

“Difficult to develop in Westminster” image persists in the development community:

- ▶ Soil conditions
- ▶ Approval process lengthy
- ▶ High standards for single family detached homes
- ▶ Much of code is suburban in design

DEVELOPMENT CHALLENGES

Stakeholders' recommended solutions:

▶ **Make a clear commitment:**

“Every department, every level of government has to be committed to solving affordability challenges. Unanimity among all levels of government is critical.”

▶ **Signal that commitment through:**

- ▶ Offering more flexibility in design standards, energy efficiency options, set-asides for open space and fees. Fees continue to be perceived as some of the highest in the region.
- ▶ Designating a specialized team for review and processing of mixed-income and affordable applications.
- ▶ Dedicating city-owned land for mixed-income residential development; facilitating discounted purchases/conveyance of under-utilized and vacant land

PUBLIC OUTREACH

Survey findings

Community meeting

PUBLIC OUTREACH COMPONENTS

Resident survey available online and hard copy, distributed through city social media and nonprofit networks. Measures resident housing needs and preferences. Approx. 550 responses; nearly 10% in Spanish.

Community meeting on August 31, 2016 at the MAC, open to the public. Approx. 25 attendees mostly low income and seniors.

WHAT WE HEARD FROM SURVEY RESPONDENTS*

Why did you choose to buy or rent in Westminster?

- ▶ Quality of life! Friendly people, safety, convenience, open space.
- ▶ Location, location, location!
- ▶ Affordability and good housing stock
- ▶ Great schools
- ▶ Good governance

*represents approximately 450 survey respondents. 84% own, 13% rent.

"The location of our home allowed for close proximity to some of the activities of Broomfield and Boulder counties; gave us access to a great Jeffco school; close to work in Adams and Denver county, and all the perks of being in Westminster!"

WHAT WE HEARD FROM SURVEY RESPONDENTS

Most important factors in choosing where to live:

- ▶ Affordable rent/mortgage*
- ▶ Being able to own a home
- ▶ Safe neighborhood

* most important

If you spent 25% less per month on housing costs, what would you do?

- ▶ Save for retirement
- ▶ Save for emergencies
- ▶ Take a vacation

Most significant housing needs:

- ▶ General affordability: 20% of survey respondents have gone without an important household good (e.g., medication) due to housing costs
- ▶ Accessibility improvements, housing for seniors

WHAT WE HEARD FROM SURVEY RESPONDENTS

In-commuters:

- ▶ 70% considered living in Westminster when looking for housing
- ▶ They chose to live elsewhere because (equally split): 1) Preferred more urban environment, 2) Schools, 3) Wanted live near people like them
- ▶ 72% would consider living in Westminster in the future. What will affect this decision the most?
 - ▶ Affordable rent/mortgage
 - ▶ Being able to own a home
 - ▶ Safe neighborhoods

WHAT WE HEARD IN THE COMMUNITY MEETING

Residents' "fears":

- ▶ New units will not be enough to stem rapidly increasing rents.
- ▶ Developers are not meeting the needs *of all people*.
- ▶ Seniors and persons living on disability income cannot afford rent increases.
- ▶ Families are being driven out of the city.
- ▶ Too many "lego style" apartment complexes; razing of solid, affordable, brick homes.
- ▶ Gentrification.

WHAT WE HEARD IN THE COMMUNITY MEETING

Residents' "hopes" for Westminster:

- ▶ Affordable homes for low income families, seniors, people with disabilities
- ▶ Nice, reasonably priced apartment complexes with trees and parks nearby
- ▶ Increased diversity of housing stock: townhomes, duplexes, patio homes
- ▶ Improved condition of properties in parts of South Westminster
- ▶ Local, regional and state funding dedicated to affordable housing
- ▶ A shared understanding of housing needs. Softening of "Not in my backyard syndrome."
- ▶ Better connections between residents who need homes/rentals and those available
- ▶ *"That everyone can have safe, affordable housing."*

PRELIMINARY RECOMMENDATIONS

PRELIMINARY RECOMMENDATIONS: STRATEGIC DIRECTION

Focus on what the city can realistically change: Comp. Plan estimates 5,600 new residential units between now and 2035. Addressing affordability challenges will require infill, rezoning, creative approaches to expanding housing choice.

1. Adopt and articulate a new vision for residential development
 - ▶ View planning through a balanced housing lens: does every neighborhood or neighborhood cluster accommodate a range of housing types and price points?
 - ▶ Market the vision to the development community
2. Set affordable housing goals – for affordable rentals, homeownership and preservation
3. Market the vision and goals through a formal housing plan

PRELIMINARY RECOMMENDATIONS: POLICY CONSIDERATIONS

- ▶ For all types of residential developments: Offer more flexibility in design standards, set-asides for open space, parking requirements. Important for affordability and to sustain product competitiveness.
- ▶ For affordable and mixed-income developments: Waive fees when appropriate. Offer fast track approval. Designate specialized team for review and processing of mixed-income and affordable applications.
- ▶ Relax the growth management competition for mixed-income and affordable developments. Don't ask developers to stand in long lines, twice. Affordable developments should be exempt.
- ▶ Dedicate some city-owned land for mixed-income residential development. Inventory under-utilized and vacant land for rezoning and density bonuses (ala RINO) for mixed-income housing developments.

PRELIMINARY RECOMMENDATIONS: POLICY CONSIDERATIONS

- ▶ Consider asking voters for a mill levy increase that would be dedicated to preservation of existing affordable housing and creation of new housing
- ▶ As part of incentive packages offered to developers and businesses, ask for contributions to support housing preservation. Contributions could be donating a parcel of land for a land trust, payment into a housing trust fund (Utah requires of all TIF projects)

NEXT STEPS

1. Final report and presentation
2. "Draft recommendations"—short-term staff level fixes that can be done
3. Housing Plan (6 to 9 month process). Details multi-faceted, comprehensive, targeted strategies. Important to continue work on current projects as plan is in development
4. Reassess and evaluate periodically (Boulder Middle Income, Denver IHO)

QUESTIONS?