Centennial

HOUSING STUDY AND POLICY DEVELOPMENT

Project Update

City Council

JUNE 6, 2022

Today's Meeting

- Housing Needs Assessment Update
- Working Group Strategy Review
- Next Steps -Community Outreach Opportunities

Thanks for being here!

Scope of Work

MARCH 2022 — **JUNE** — **EARLY 2023**

Community Housing Needs Assessment

Refinement of Strategies

Draft Policy & Land Development Code (LDC) Changes

Policy and Code Adoption

Housing Needs Assessment

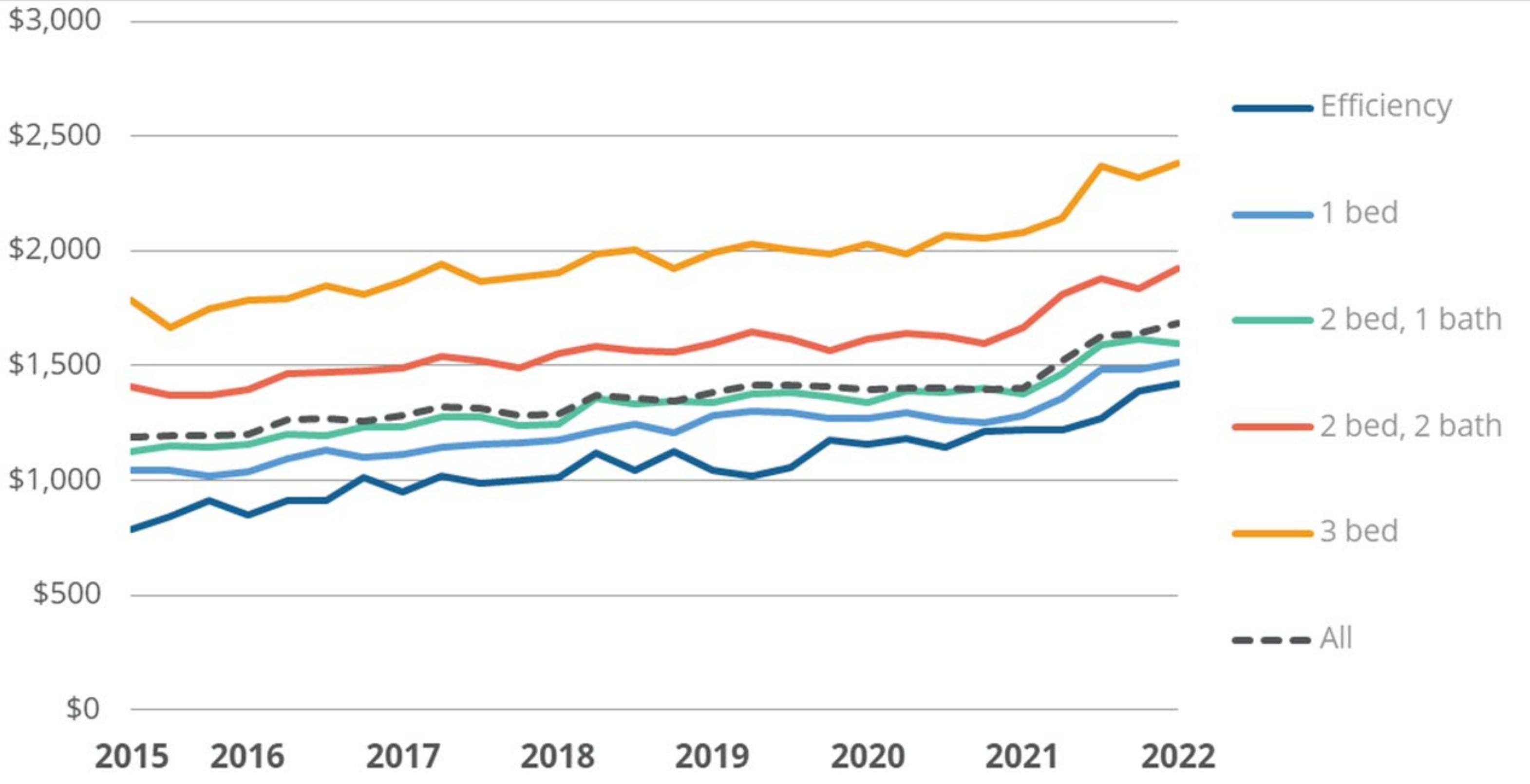
Market Update

This symbol means City Council, Planning & Zoning Commission, the Working Group, or Mayor requested this data

A closer look at rents

- Starting in 2018, the median rent for all unit sizes exceeded $1,000
- In 2021, the median for all unit sizes exceeded $1,250
- In 2022, the median for all units exceeds $1,500 and the median for a 3-bedroom unit is over $2,300
- Please note: this data source is based on a survey of rental properties. Single family detached rentals are likely underrepresented.

Median Rent by Type, Arapahoe County, 2015-2022



Denver Metro Vacancy and Rent Survey Q1 2022

A closer look at rents

- Median rents in western areas of Centennial exceeded growth in the east over the past year
- Rents increased the most for 2-bed/2-bath and 3-bed units in the west
  - 2-bed/2-bath increased $426 per month
  - 3-bed increased $443 per month

Median Rent by Type, Arapahoe County South & Southeast, 2021-2022

	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2021 Q2 - 2022 Q1 Change	
					Number	Percent
Arapahoe County South (West Centennial)						
Efficiency	$1,495	$1,621	$1,434	$1,635	$140	9%
1 Bed	$1,541	$1,778	$1,759	$1,625	$83	5%
2 Bed, 1 Bath	$1,732	$1,697	$1,890	$1,918	$186	11%
2 Bed, 2 Bath	$1,883	$2,180	$2,024	$2,308	$426	23%
3 Bed	$2,167	$2,642	n/a	$2,610	$443	20%
All	**$1,817**	**$1,916**	**$1,866**	**$1,942**	**$126**	7%
Arapahoe County Southeast (East Centennial)						
Efficiency	$1,213	$1,388	$1,388	$1,428	$215	18%
1 Bed	$1,537	$1,641	$1,602	$1,622	$85	6%
2 Bed, 1 Bath	$1,805	$1,898	$1,853	$1,816	$10	1%
2 Bed, 2 Bath	$1,945	$2,078	$2,031	$1,983	$37	2%
3 Bed	$2,191	$2,445	$2,389	$2,408	$218	10%
All	**$1,783**	**$1,933**	**$1,781**	**$1,815**	**$32**	2%

Denver Metro Vacancy and Rent Survey Q1 2022

Housing Cost Burden

Households spending more than 30% of their gross income are considered housing cost burdened

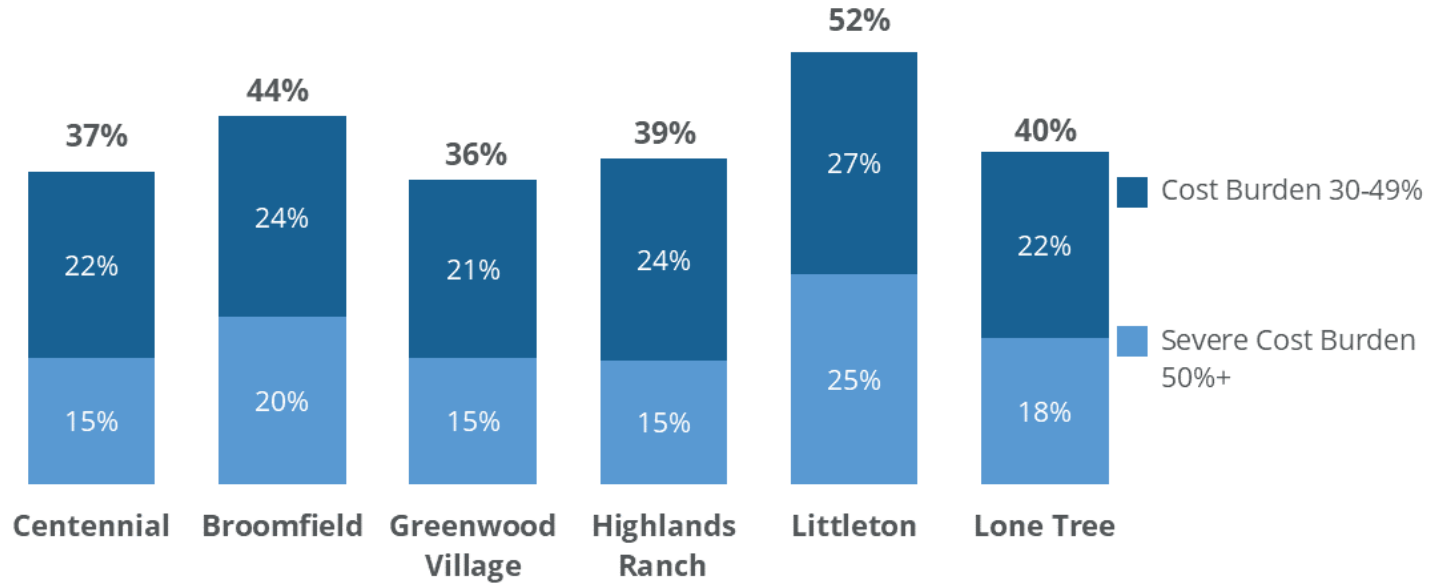
Overall cost burden *decreased* in Centennial between 2010 and 2020:

Renters: 43% in 2010 to 37% in 2020

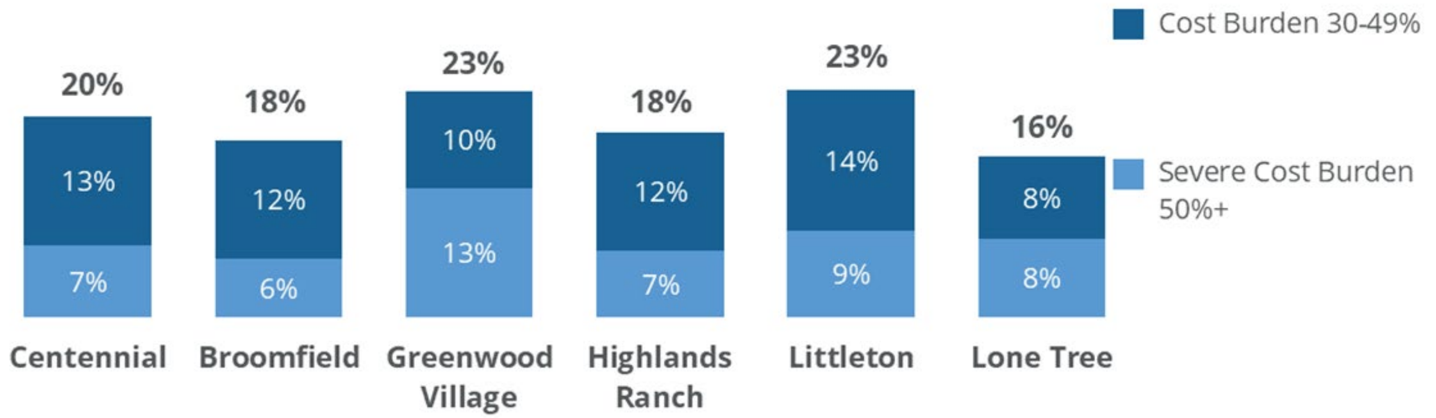
Owners: 25% in 2010 to 20% in 2020

This is likely due to increases in household income, lower interest rates for buyers, and potential displacement of renters who could not afford to remain in Centennial

Share of Renter Households Cost Burdened, 2020



Share of Owner Households Cost Burdened, 2020



2020 5-year ACS

Q: Are households in missing middle housing less likely to be cost burdened?

A: Yes, in some cases.

Cost burden is generally lower for moderate to high income renter households living in attached and small multifamily housing. Cost burden is always lower for owners occupying attached and small multifamily housing compared to detached housing.

Share of Households Cost Burdened by Tenure by Housing Unit Type, Centennial, 2019

	Total Households	% Cost Burdened (CB)	% CB Earning Less than $25,000	% CB Earning $25,000-$34,999	% CB Earning $35,000-$49,999	% CB Earning $50,000-$74,999	% CB Earning $75,000-$100,000	% CB Earning More than $100,000
Renters								
Detached	**4,851**	**37%**	82%	89%	91%	66%	29%	4%
Attached (2-4 units)	**2,858**	**47%**	91%	100%	80%	61%	28%	0%
Multifamily (5-19 units)	**6,552**	**48%**	99%	100%	84%	42%	0%	3%
Multifamily (20-49 units)	**3,239**	**55%**	100%	94%	93%	60%	19%	3%
Multifamily (50+ units)	**3,417**	**44%**	100%	92%	80%	27%	11%	4%
Owners								
Detached	**56,448**	**19%**	86%	66%	59%	43%	25%	4%
Attached (2-4 units)	**6,842**	**28%**	87%	59%	49%	37%	10%	0%
Multifamily (5-19 units)	**1,530**	**24%**	75%	47%	22%	14%	0%	8%
Multifamily (20-49 units)	**374**	**40%**	100%	100%	71%	58%	0%	0%
Multifamily (50+ units)	**328**	**34%**	77%	n/a	n/a	25%	0%	16%

2019 IMPUS (5-year estimates)

Housing Pipeline

- From 2010-2021, an average of 241 units per year were constructed
- As of May 2022, Centennial has 3,367 total units in the pipeline
- Please note: these figures only include new residential development that went through a site plan process. Smaller, infill projects are not included here.

Built or Under Construction, 2010-2021

Year	Detached	Attached	Live/Work	Mixed	Multifamily	Group	Total
2010		76					76
2011						120	120
2012					304	84	388
2013	108				17		125
2014	19					85	104
2015	147						147
2016	72	180					252
2017					100		100
2018					423	209	632
2019				14			14
2020					304		304
2021			6		629		635
Total	346	256	6	14	1,777	498	2,897

Pipeline, 2019 and beyond

Year	Approved	In Review	Moratorium	Waiting for Submittal	Zoning Only	Total
Attached				38		38
Group	160	58				218
Live/work	60					
Mixed	190	700				890
Multifamily	307		90		1,764	2,161
Total	717	758	90	38	1,764	3,307

Regional Distribution—Total Households

- Where the share of households by income is GREATER than the regional share of all households: the community is providing more than their "fair share" of housing for that group
- For example, 27% of households earning less than $35,000 live in Denver, whereas only 21% of the total population in the region lives in Denver.
  - Denver provides more than their fair share of housing affordable to <$35,000

Share of Households in the Region by Income, Counties and Centennial

	% of Households	% Earning Less than $35,000	% Earning $35,000-$50,000	% Earning $50,000-$75,000	% Earning $75,000-$100,000	% Earning $100,000+
Arapahoe	**18%**	17%	20%	19%	19%	17%
Centennial	**3%**	2%	2%	3%	3%	4%
Adams	**12%**	14%	14%	14%	14%	10%
Boulder	**9%**	11%	9%	8%	8%	10%
Broomfield	**2%**	1%	2%	2%	2%	2%
Clear Creek	**0%**	0%	0%	0%	0%	0%
Denver	**21%**	27%	23%	22%	19%	19%
Douglas	**9%**	5%	5%	6%	9%	13%
Gilpin	**0%**	0%	0%	0%	0%	0%
Jefferson	**17%**	15%	17%	16%	17%	18%
Weld	**8%**	9%	8%	8%	8%	6%

2020 5-year ACS

Gaps Analysis

Housing Gaps Analysis

- Compares supply/demand for housing at specific price-points
- Demand focuses on renters—both as current renters and as potential buyers
- Accounts for both naturally occurring affordable housing and publicly assisted housing on supply side
- Does not account for unit size and preferences
- Housing affordability assumes 30% of income on housing; 30-yr fixed rate mortgage at 3.5%
- Negative numbers indicate shortage of affordably priced housing at that income level. Households in those incomes are forced to “rent up” (for lower income) or are renting down (higher incomes)—they are not unhoused, just mismatched in terms of affordability.

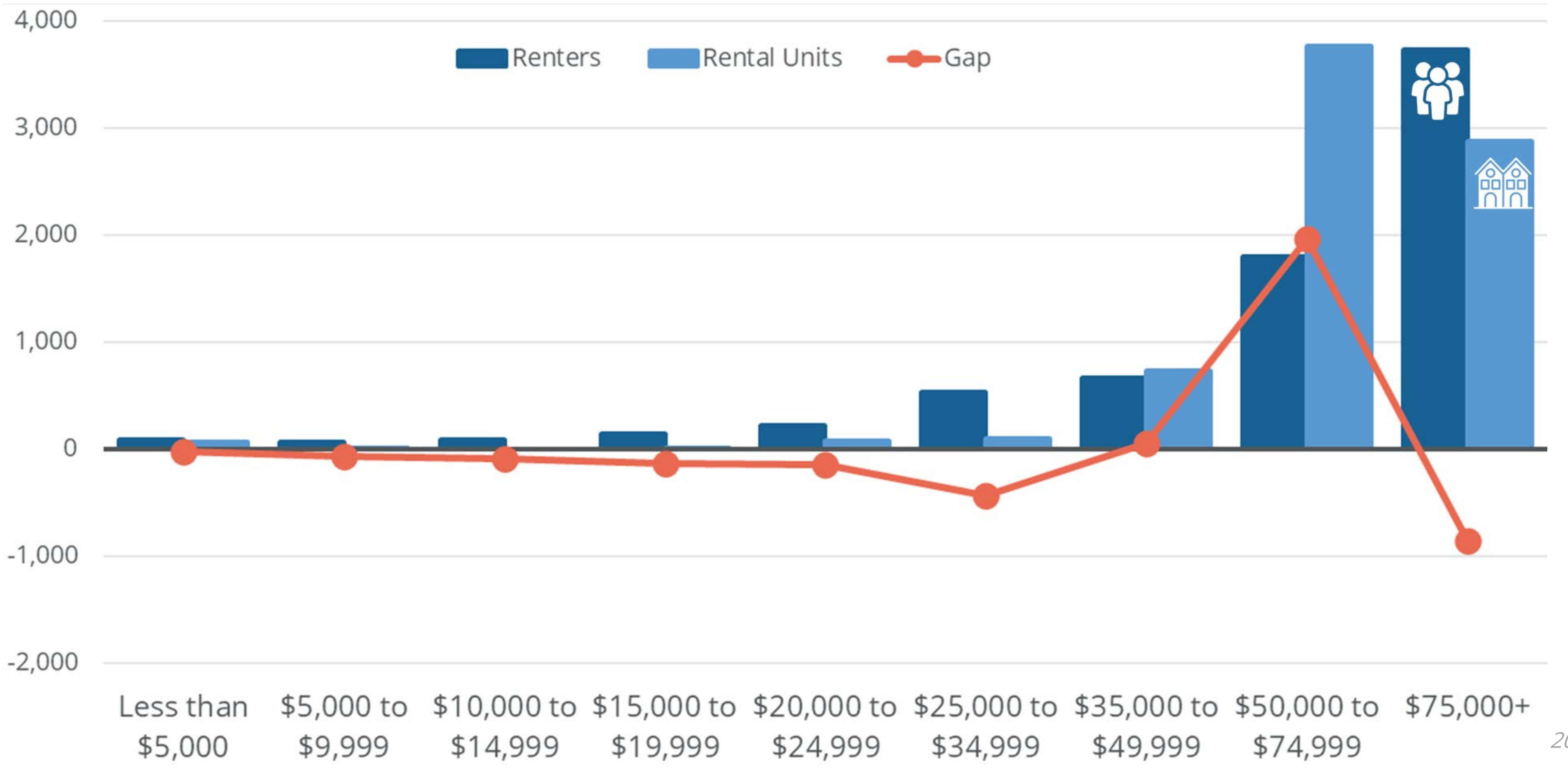
Rental Gaps

Income Range	Maximum Affordable Gross Rent	Rental Demand (Current Renters)		Rental Supply (Current Units)		Gap
		Number	Percent	Number	Percent	
Less than $5,000	$125	92	1%	67	1%	(25)
$5,000 to $9,999	$250	71	1%	4	0%	(67)
$10,000 to $14,999	$375	92	1%	0	0%	(92)
$15,000 to $19,999	$500	142	2%	11	0%	(131)
$20,000 to $24,999	$625	225	3%	76	1%	(149)
$25,000 to $34,999	$875	535	7%	103	1%	(432)
$35,000 to $49,999	$1,250	672	9%	728	10%	56
$50,000 to $74,999	$1,875	1,802	24%	3,765	49%	1,963
$75,000+	$1,875+	3,730	51%	2,878	38%	(852)
Total/Low Income Gap (<$35,000)		7,361	100%	7,632	100%	(896)

2020 5-year ACS

The gap for households earning <$35,000 is 896 units priced under $875

Rental Gaps



2020 5-year ACS

The gap for households earning <$35,000 is 896 units priced under $875

Home Purchase Gaps

Income Range	Max Affordable Home Price	Potential Demand among 1st Time Buyers (Current Renters)		For-Sale Supply (Homes Sold 2020-2022)		Renter Purchase Gap	Cumulative Gap
		Number	Percent	Number	Percent		
Less than $25,000	$124,793	622	8%	1	0%	-8%	-8%
$25,000 to $34,999	$174,712	535	7%	13	0%	-7%	-15%
$35,000 to $49,999	$249,590	672	9%	102	2%	-7%	-22%
$50,000 to $74,999	$374,388	1,802	24%	368	8%	-16%	-38%
$75,000 to $99,999	$499,185	1,498	20%	1,236	28%	8%	-31%
$100,000 to $149,999	$748,781	1,480	20%	2,001	45%	25%	-5%
$150,000 or more		752	10%	684	16%	5%	0%

Households must make $75,000 or more to be competitive in the ownership market

2020 5-year ACS and MLS

Home Purchase Gaps

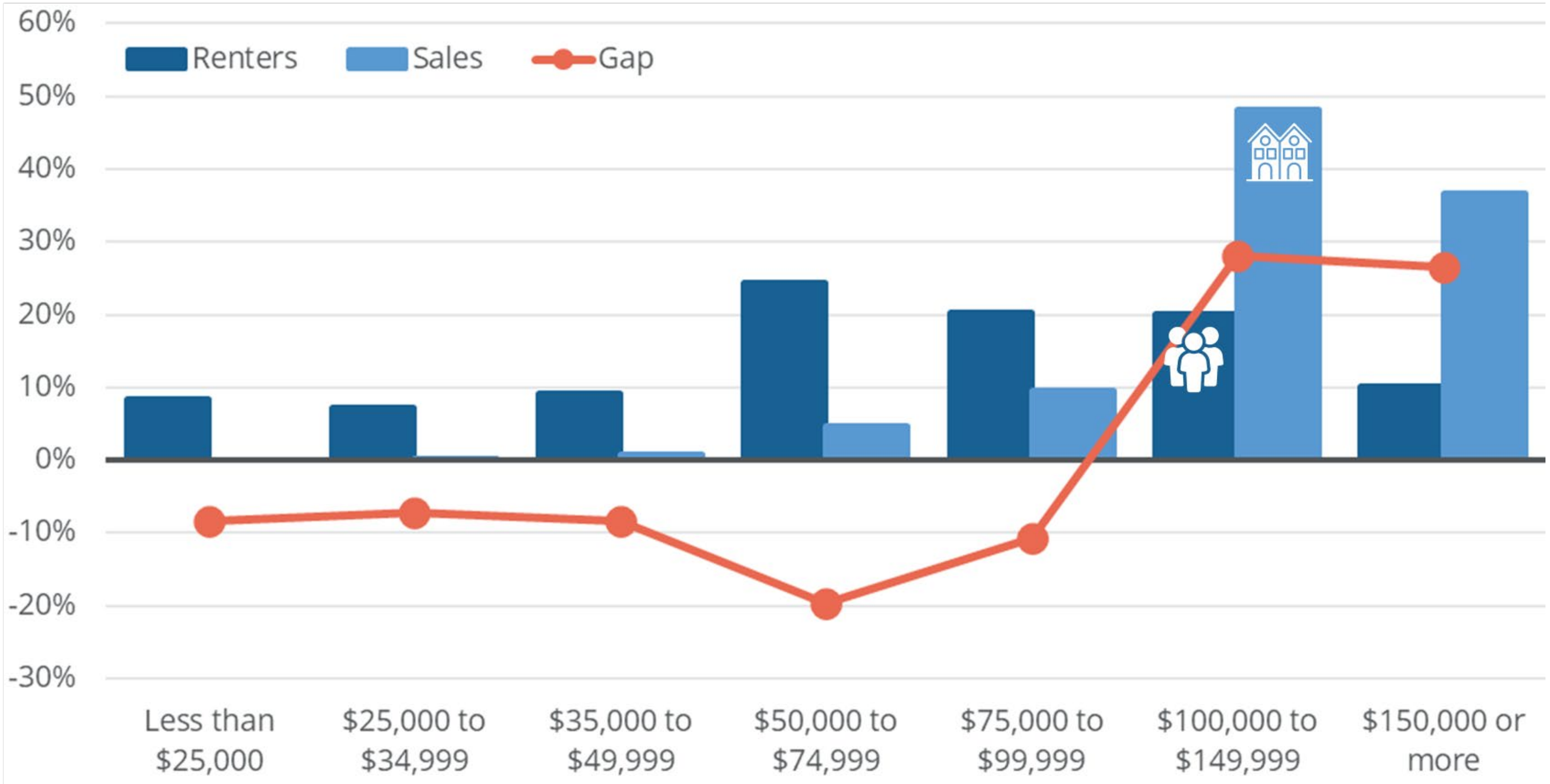
3.35%
Interest Rate

2020 5-year ACS and MLS

Households must make $75,000 or more to be competitive in the ownership market

Home Purchase Gaps

5.25%
Interest Rate



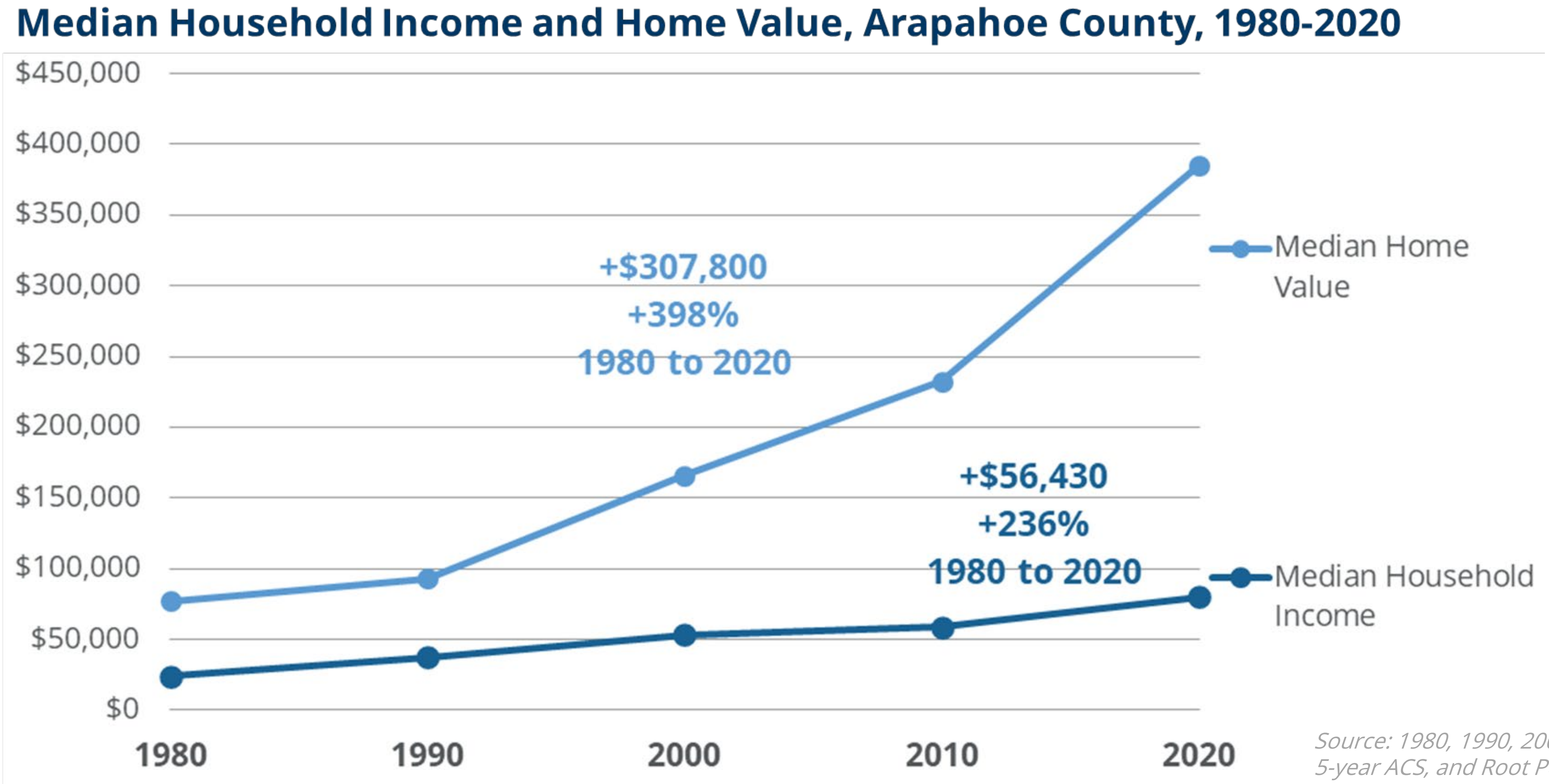
2020 5-year ACS and MLS

With an increase in interest rates:

Households must make $100,000 or more to be competitive in the ownership market

Historical For Sale Affordability Analysis

Historical Analysis



Source: 1980, 1990, 2000 Census, 2010 and 2020 5-year ACS, and Root Policy Research.

Household incomes have not kept up with housing prices from 1980 to 2020.

Historical Analysis

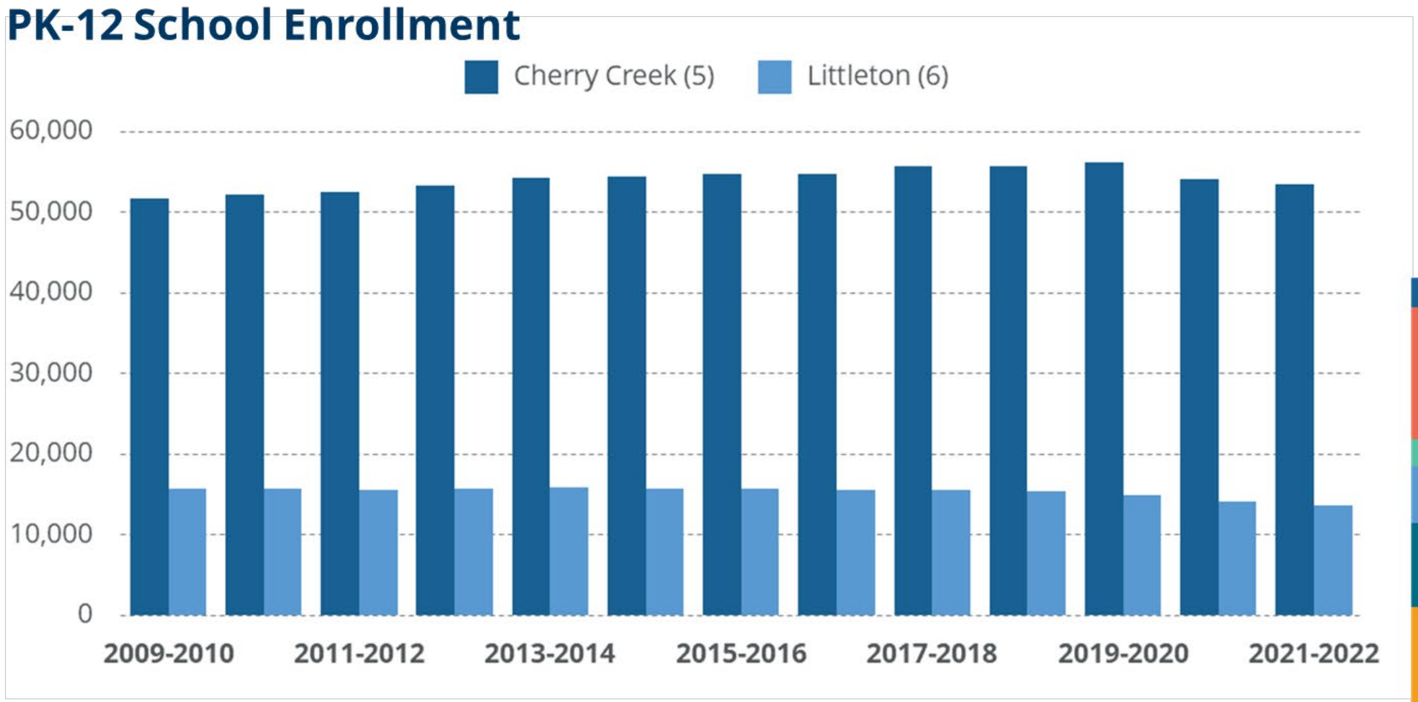
Year	Median Household Income	Affordable Housing Costs		Downpayment	
		Monthly Payment	Sale Price	Dollars	Percent of Income
1980	$23,861	$597	$45,086	$4,509	19%
1990	$37,234	$931	$92,330	$9,233	25%
2000	$53,570	$1,339	$159,856	$15,986	30%
2010	$58,719	$1,468	$249,368	$24,937	42%
2020	$80,291	$2,007	$413,136	$41,314	51%

A 10% downpayment in 1980 was 19% of the median household income. In 2020 it is 51% of the median household income.

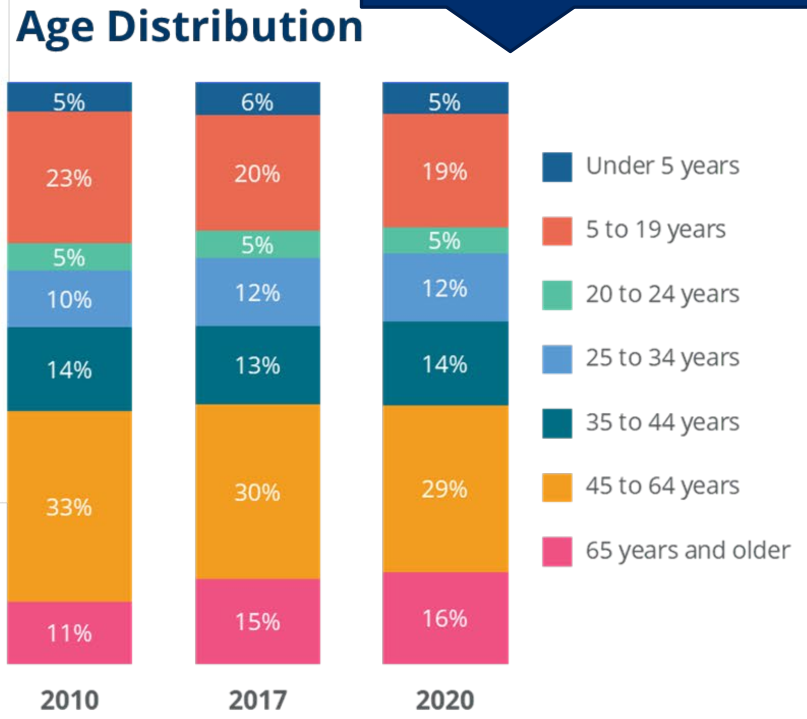
Source: Freddie Mac, 1980, 1990, 2000 Census, 2010 and 2020 5-year ACS, and Root Policy Research.

Family Affordability Analysis

School Enrollment Trends



The share of residents in the city under 19 decreased from 28% in 2010 to 24% in 2020.



CDE, 2010, 2017, and 2020 5-year ACS

Housing Families

Assumptions: 5.25% interest rate; 20% of the monthly payment is for property taxes, utilities, insurance; 10% downpayment

Q: Can young families with children in Arapahoe County afford to purchase a home in Centennial?

A: Married-couple families can afford to purchase in Centennial, but other types of families cannot afford Centennial.

Affordable Purchase Price by Household Type vs. 3-4 Bedroom Sales in Centennial

	Median Income	Max Affordable	% of Households	% of 3-4 Bedroom Sales (2020-2022)
Centennial Family Median Incomes				
Household Type				
Married-couple with children	$146,034	$728,988	26%	58%
Single father with children	$71,719	$358,014	2%	2%
Single mother with children	$63,036	$314,670	5%	1%
Age of Householder				
Householder under 25 years	$71,164	$355,244	1%	2%
Householder 25 to 44 years	$117,029	$584,198	31%	42%
Arapahoe Family Median Incomes				
Household Type				
Married-couple with children	$114,108	$569,616	22%	39%
Single father with children	$56,142	$280,256	2%	0%
Single mother with children	$45,849	$228,874	6%	0%
Age of Householder				
Householder under 25 years	$48,169	$240,455	4%	0%
Householder 25 to 44 years	$82,137	$410,020	37%	8%

MLS and 2020 5-year ACS

Housing Families

Assumptions: 5.25% interest rate; 20% of the monthly payment is for property taxes, utilities, insurance; 10% downpayment

Q: Can Arapahoe County families afford to purchase a suitably sized home in Centennial?

A: Two-person households can.

Affordable Purchase Price by Number of People in Household vs. Average Sale Price by Number of Bedrooms

Number of Bedrooms or People in Household	Median Income	Max Affordable Purchase Price	Avg. Sale Price (2020-2022)	Affordable?
Centennial Median Incomes				
1 or less	$54,892	$274,016	$262,565	Yes
2	$109,405	$546,139	$354,218	Yes
3	$130,695	$652,417	$510,561	Yes
4	$162,538	$811,374	$620,610	Yes
5 or more	$155,536	$776,421	$748,325	Yes
Arapahoe Median Incomes				
1 or less	$43,153	$215,416	$262,565	No
2	$89,022	$444,389	$354,218	Yes
3	$100,198	$500,179	$510,561	No
4	$115,322	$575,676	$620,610	No
5 or more	$112,112	$559,652	$748,325	No

MLS and 2020 5-year ACS

Housing Families

- Most home sales from 2020 to 2022 were 3-4 bedroom units
- Most households are 1-2 person households
- Most 1-2 person households have to rent to live in Centennial

Households by Number of People in Household vs. Sales by Number of Bedrooms

Number of Bedrooms or People in Household	Households		Sales in Centennial (2020-2022)	
	# of Households	% of Households	# of Sales	% of Sales
Centennial				
1 or less	8,637	21%	97	2%
2	14,560	36%	480	11%
3	7,428	18%	1,311	29%
4	6,388	16%	1,724	38%
5 or more	3,684	9%	935	21%
Arapahoe				
1 or less	65,733	27%	97	2%
2	80,184	33%	480	11%
3	38,084	16%	1,311	29%
4	33,826	14%	1,724	38%
5 or more	24,062	10%	935	21%

MLS and 2020 5-year ACS

Future Housing Needs and Projections

In the next 5, 10, and 15 years…

Remember: Centennial is building around 241 new units per year

		2025	2030	2035		
Households	**Root Household Projections** (based on DOLA)	43,490	46,371	48,732	**+8,426** households	**+561** households annually
	Centennial Next	47,120	50,576	54,285	**+10,384** households	**+692** households annually
Workers	**Root Employment Projections** (based on DOLA and CDLE)	76,102	81,227	85,572	**+17,791** workers 1.68 jobs/household **+10,590** households	**+706** households annually

DOLA, CDLE, Centennial Next, ACS

Current Industry Affordability

Assumptions:

- 1.68 jobs/household
- 5.25% interest rate; 20% of the monthly payment is for property taxes, utilities, insurance; 10% downpayment

Q: Can workers in the following industries afford to live in Centennial now?

Industry	Avg. Weekly Wage, 2020	Afford Median Rent?	Afford Median Detached?	Afford Median Attached?	Afford Median Condo/Apt?
Utilities	$1,885	Yes	Yes	Yes	Yes
Agriculture, Forestry	$728	No	No	No	No
Mining and Oil and Gas	$3,375	Yes	Yes	Yes	Yes
Public Administration	$1,379	Yes	No	No	Yes
Transportation and Warehousing	$1,101	Yes	No	No	No
Educational Services	$1,020	Yes	No	No	No
Real Estate and Rental and Leasing	$1,380	Yes	No	No	Yes
Manufacturing	$1,318	Yes	No	No	Yes
Arts, Entertainment, and Recreation	$1,351	Yes	No	No	Yes
Management of Companies	$2,690	Yes	Yes	Yes	Yes
Wholesale Trade	$2,028	Yes	Yes	Yes	Yes
Accommodation and Food Services	$468	No	No	No	No
Administration; Waste Management	$1,027	Yes	No	No	No
Construction	$1,476	Yes	No	Yes	Yes
Retail Trade	$775	No	No	No	No
Information	$2,448	Yes	Yes	Yes	Yes
Health Care and Social Assistance	$1,189	Yes	No	No	No
Finance and Insurance	$2,200	Yes	Yes	Yes	Yes
Professional Services	$2,087	Yes	Yes	Yes	Yes
Other Services	$947	Yes	No	No	No

QCEW, MLS, ACS

2035 Industry Affordability

Assumptions:

- 1.68 jobs/household
- 5.25% interest rate; 20% of the monthly payment is for property taxes, utilities, insurance; 10% downpayment

Q: Can workers in the following industries afford to live in Centennial in 2035?

Industry	Avg. Weekly Wage, 2025	Afford Median Rent?	Afford Median Detached?	Afford Median Attached?	Afford Median Condo/Apt?
Utilities	$2,603	Yes	No	No	No
Agriculture, Forestry	$718	No	No	No	No
Mining and Oil and Gas	$6,031	Yes	Yes	Yes	Yes
Public Administration	$1,907	Yes	No	No	No
Transportation and Warehousing	$1,363	Yes	No	No	No
Educational Services	$1,508	Yes	No	No	No
Real Estate and Rental and Leasing	$2,241	Yes	No	No	No
Manufacturing	$1,804	Yes	No	No	No
Arts, Entertainment, and Recreation	$2,365	Yes	No	No	No
Management of Companies	$4,196	Yes	No	Yes	Yes
Wholesale Trade	$2,820	Yes	No	No	No
Accommodation and Food Services	$790	No	No	No	No
Administration; Waste Management	$1,772	Yes	No	No	No
Construction	$2,562	Yes	No	No	No
Retail Trade	$1,238	No	No	No	No
Information	$4,310	Yes	No	Yes	Yes
Health Care and Social Assistance	$1,675	Yes	No	No	No
Finance and Insurance	$4,189	Yes	No	Yes	Yes
Professional Services	$3,135	Yes	No	No	No
Other Services	$1,497	Yes	No	No	No

QCEW, MLS, ACS

What if we housed all new workers that can afford to live in Centennial?

Assumptions:

- 1.68 jobs/household
- 5.25% interest rate; 20% of the monthly payment is for property taxes, utilities, insurance; 10% downpayment

Without housing policy changes, in-commuting will increase and homeownership will decrease

Year	New Workers	New Households	Housing Types Households Can Afford		Impact
				Households	
2025	+8,186 Workers	+4,868 Households	Detached	521	In-Commuters +1,265
			Attached & Condo/Apt	1,468	Homeownership Rate
			Rent	2,130	82% to 78%
				Households	
2030	+13,311 Workers	+7,915 Households	Detached	392	In-Commuters +2,079
			Attached & Condo/Apt	2,697	Homeownership Rate
			Rent	3,589	82% to 75%
				Households	
2035	+17,656 Workers	+10,499 Households	Detached	17	In-Commuters +2,767
			Attached & Condo/Apt	1,157	Homeownership Rate
			Rent	7,680	82% to 67%

How do other communities think about housing needs?

Defining affordable/attainable

- **Affordable**
- **Attainable**
- **Workforce**
- **Examples:**
  - Affordable housing: Housing units with a contractual requirement (deed-restriction or income restriction) that keeps the cost of rent or mortgages affordable to households making 80% or less of the AMI.
  - Attainable housing: Housing units affordable to households making between 80% and 120% of AMI. This can include naturally occurring or deed-restricted properties.
  - Workforce housing: Housing affordable to workers in the community such as teachers, fire fighters, librarians, etc. This can include naturally occurring or deed-restricted properties.

Setting goals

- **Fort Collins:** The City of Fort Collins has already adopted a goal of 10% affordable at 80% AMI by 2040.
- **Colorado Springs:** Increasing affordable housing inventory by 1,000 units each year.
- **Longmont:** Longmont has a goal to have 12% of its housing stock be permanently affordable by 2035. The city's definition of affordable housing is defined as homes sold at a price that is affordable to households at or below 80% of the Area Median Income and units rented at or below 50% of the AMI.
- **Denver:**
  - Create 2,000 new affordable units, of these new units, approximately 90% are expected to serve renters and 10% are expected to serve homeowners.
  - Preserve 1,000 existing affordable units, of these new units, approximately 90% are expected to serve renters and 10% are expected to serve homeowners.
  - Serve 20,000 households with program resources such as homebuyer counseling, down payment assistance, and supportive services;
  - Serve 10,000 households through programs such as tenant-landlord counseling, eviction assistance, and emergency home repair.

Questions/Discussion

May 17 Workshop Update

What inspired you to attend the workshop?

- Seeing what’s going on
- Problems with selling house and buying another
- Need for more affordable housing options
- Need for affordable and low-income housing options and more multiunit housing near transit
- Concern about University Blvd. becoming a high-density stretch of 4-6 story apt. complexes much like University Blvd. near DU
- We need more options for housing in Centennial

Removing Procedural Barriers	Additional Incentives	New Allowances and Requirements	Fees and Other Costs	Funding Mechanisms
Expedited development review for affordable housing	Establish a density bonus program	**Authorize Accessory Dwelling Units (ADUs)**	Subsidize or reduce development fees for affordable housing	Establish a dedicated funding source to subsidize infrastructure costs
Expedited development review for converting underutilized commercial/office property to housing		**Implement an inclusionary zoning policy**	Incentivize current landlords to lower prices of existing units	Create a land donation or land banking program

LDC and Policy Updates

Working Group Strategy Review Packet

- Overview of topic – basic explanation of terms, goals, potential outcomes
- Comprehensive studies – one or two research assessments of how the strategy has worked in other communities
- Sample regulations or policies, preferably from Colorado

Next Steps

- **June 8:** Planning & Zoning Commission (update)
- **June 27:** Next Working Group Meeting
- **July 11:** City Council (update)
- **July 13:** Planning and Zoning Commission (update)
- **August 9:** Housing Workshop #2
- **August 17:** Joint Work Session with City Council and Planning and Zoning Commission
- **October 4:** Housing Workshop #3
- Keep an eye on the project website for updates: centennialco.gov/housing

Centennial

HOUSING STUDY AND POLICY DEVELOPMENT

Thank you for your time & input!

NEXT COUNCIL UPDATE: JULY 11TH