

The Economics of Land Use



Final Report

Housing Conditions Update

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Town of Basalt
Planning Department

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April 27, 2015

EPS #143043

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1. INTRODUCTION & SUMMARY OF FINDINGS

Background

Since completion of the last affordable housing needs study in 2008 the Town of Basalt, like so many other communities – mountain-resort, rural, and urban, has experienced significant market and economic changes. Housing prices plummeted and sales activity came to a near stand-still, and the recovery has been more protracted than anticipated. Building activity nearly ceased in 2009, and the number of foreclosures heavily impacted markets, which have now largely worked through this competitive supply. And while housing prices in the resort communities do not appear to be on the unsustainable path they were before the recession, the proportion of cost-burdened households has been increasing steadily since 2000 as incomes have neither kept pace with inflation nor housing costs in general. Moreover, the cost of building homes has risen for a variety of reasons. Labor skills shortages have created challenges and materials costs have increased.

These changes have brought about a new environment and left questions concerning the extent to which these changing conditions have affected housing needs for Basalt:

- What are the overall housing needs within the 3-mile planning area?
- How do those needs compare to the current inventory?
- What actions can be taken to address those current and future needs?
- How may demand have changed for permanent and second homeowner housing?
- What are the effects of such demand on the price of housing?
- What are the trends in the cost of building?
- Has cost burden changed?
- What is the extent of demand from the low-wage labor force?
- To what extent may local or state regulatory and financing issues be contributing to problems?

As the complexion of the housing market continues to be reshaped by a changed economy, changing preferences, and ever-changing demographics, it is an opportune time for the Town to take stock of what its housing needs are, identify how its problems may have changed or been exacerbated by current market conditions, and identify how policy solutions might play a role in addressing these needs. This report is tailored to help the Town of Basalt answer these questions with rigor, insight, and a depth of understanding and perspective.

Summary of Findings

1. The number of wage and salary jobs available in Basalt has increased only by approximately 125 since 2001.

Between 2001 and 2013, major industry shifts have occurred in the Valley – regionally, just over 2,000 net new jobs were added to the Roaring Fork Valley's economy. Underneath this trend, however, major shifts occurred. The Valley experienced a net loss of 1,800 construction jobs (300 of which were in Basalt), a loss of over 400 retail jobs (although Basalt netted a 100 job increase), a loss of over 400 manufacturing and wholesale trade jobs, as well as a net loss of 270 IT jobs (but Basalt gained 45 IT jobs). On the other hand, industries with the largest increase in jobs were accommodations (nearly 1,100 new jobs), health care (approximately 1,050 jobs), and administrative and support services (nearly 800 jobs). The real estate industry also seemed to recover, adding a net 480 jobs between 2001 and 2013 (although Basalt remains at nearly 33 percent of its peak employment in this category).

2. The share of low-wage jobs in Basalt has increased from 31 percent in 2001 to 43 percent of all jobs in 2013.

Low-wage jobs are those jobs in a selection of service-oriented industries, including agriculture, retail, administrative services, arts and entertainment, and accommodations. In 2001, there were 750 of these jobs out of the total 2,450 jobs in Basalt, or 31 percent of the total. The employment in low-wage industries (as of 2013) now accounts for over 1,100 of the 2,580 jobs, or 43 percent, in the Town. On a region-wide basis, low-wage industries account for 46 percent of the total workforce.

3. The population of Basalt has grown by nearly 40 percent (more than 1,000 permanent residents) since 2000.

For every one net new job in Basalt, there were eight new permanent residents. Between 2000 and 2013, Basalt's population grew by more than 1,000 permanent residents, from fewer than 2,800 to over 3,800 persons. By comparison, Aspen grew by fewer than 500, owing partly to the housing market collapse and recession that pushed out nearly 400 of its residents during 2009 and 2010. Snowmass Village, while not as severely affected by the recession, grew by fewer than 400. And in bigger communities, Carbondale grew by just over 1,200 residents during this period and Glenwood Springs grew by nearly 2,000.

4. A total of 620 new housing units were added to the Town's inventory to accommodate this population increase, 467 of which were permanent resident households.

Between 2000 and 2010, 75 percent of housing units added in the Town of were permanent resident households, while 25 percent remained vacant, were for seasonal use, and second homes. These estimates of the growth in second-homeowner housing units, however, are based on the best available, but likely conservative, estimates from the U.S. Census.

5. Between 2000 and 2010, Basalt's median household income decreased by 2.3 percent, but the cost of living increased by 26.5 percent.

As a result of these changes, the purchasing power of a Basalt household at the median income (adjusted for inflation) decreased by 22.8 percent, the largest decline among Valley communities.

6. Average housing sales prices in Basalt increased by 11 percent between 2004 and 2013, from approximately \$526,000 to \$583,000.

It is evident that during this period, housing prices spiked sharply throughout the Valley and have since come down. From their peak in 2008, the market correction in Basalt lasted until 2013, at which point prices began to slowly increase. Within this trend, average condominium sales prices increased from \$318,000 to \$341,600, a 7 percent total increase. On the other hand, single-family prices increased from \$739,800 to \$848,900, a 15 percent overall increase. To afford the average-priced home in Basalt in 2013, a household would need to have an annual income of approximately \$150,000. Considering the larger Roaring Fork Valley, only 14 percent of all households fall into this category, and a combined 30 percent of all households in the Valley have incomes higher than \$100,000.

7. Existing active developments, as well as proposed projects in the pipeline, continue to press the limits of the local-buyer household affordability threshold and appeal to a small segment of the total buyer market.

Although residential projects are being marketed to mid-valley residents and the local, dual-income buyer, their price points for single-family residential housing are still above the upper limits of what a household with median income can afford. Residential developments, such as Ironbridge (which is still not built out), have attracted local and regional household buyers (i.e. relocating from up- and down-valley locations), but at price points in the range of \$500,000, they are attracting a smaller portion of the regional household. The pricing at developments, such as Tree Farm or River Edge further down-valley, are anticipated to be similarly oriented to the local dual-income homebuyer market, as well, with single-family units priced in the range of \$500,000 and condominiums priced in the range of \$350,000 to \$400,000. Additionally, development in the Town of Basalt, such as Parcel 4C of Sopris Meadows and the remaining units in the Wilds that are being completed are being marketed well above the \$400,000 range.

8. Although the escalation in housing prices was dampened by the recession and housing market correction of the past five to six years, the value of homes remain and continue to become less affordable to permanent resident households.

From 2000 to 2010, the median home value in Basalt increased 70 percent from \$379,900 to \$647,300. In 2000, a permanent resident household earning median income could afford a home for \$183,200 under the going mortgage lending terms. By 2010, a household earning median income could afford a home for \$234,700 under the going lending terms. The gap between what is affordable to the permanent resident household and the median value of homes widened from \$196,700 to \$412,600, a 109 percent increase. Moreover, the square-footage of housing has increased over time, from approximately 1,960 square feet to more than 2,080 square feet. In particular, the size of one- and two-bedroom units has increased, exacerbating affordability.

9. An increasing number of households are spending more of their income on housing costs.

Cost burden is defined as a household spending more than 30 percent of its pre-tax income on either mortgage or rental costs, plus utilities, insurance, and property taxes. In 2000, 39 percent of all households in Basalt were cost-burdened. By 2010, that portion had increased to 42 percent. While not alarming in itself, from a regional perspective, down valley locations have become increasingly cost-burdened as those markets have risen in the face of increasing demand pressures from the second-homeowner market for housing and the services and employment industry necessary to keep the regional economy functioning. Carbondale's portion of cost-burdened households also increased from 37 to 42 percent, and in Glenwood Springs', increased from 31 to 43 percent, indicating that all down-valley housing markets are becoming increasingly more expensive.

10. This pattern of housing costs increasing at higher rates down valley has also contributed to the continued push for further down-valley commutes.

Between 2003 and 2008, during which housing cost pressures were increasing at their strongest rate, in-commuting from down-valley locations increased by 58 percent. In-commuting from El Jebel increased by 42 percent, 46 percent from Carbondale, nearly 100 percent from Glenwood Springs, 83 percent from new Castle, and 47 percent from Rifle. Since 2008, in-commuting has fallen with total employment, but as a percent of total jobs, in-commuting has continued to increase from 69 percent of the 2008 workforce to 77 percent of the workforce in 2011.

11. Eighty-five percent of Basalt area employees surveyed would live in Basalt if it were more affordable. Seventy-seven percent would like to buy a home in the next three years.

Employees at five of the Town's largest employers were asked to complete a brief survey to gauge level of interest in living in Basalt, their preferences, and their needs. Approximately 75 percent do not currently live in the Town, 60 percent are renters and 40 percent are owners. Of the 77 percent that would like to buy a home in the next three years, two-thirds are renters and one-third are current homeowners.

12. The threat of construction defects claims has had a material impact on multifamily for-sale housing development.

While the full effects caused by the threat of construction defects claims on residential construction activity is difficult to quantify, it has resulted in a reduction in construction of for-sale multifamily housing. It affects communities throughout the state and is complicated by the entanglement of legal, financial, and insurance issues. Although not the sole cause for the lack of for-sale multifamily housing construction, developers and builders view the risk of exposure to lawsuits as a significant deterrent to developing projects.

Recommendations

- 1. Based on employment and commuting patterns, the Town could best address housing needs of the next five years by encouraging the development of at least 200 new affordable units.**

Such development would satisfy the demand of the current level of in-commuters. The needs analysis estimates that just over 25 percent of in-commuters (a total over more than 1,800) would be interested in living in Basalt, according to survey results. Based on an affordability gaps analysis, as well as the analysis of cost-burdened households, this would address existing needs and therefore represent the minimum number of units that need to be developed.

- 2. It is recommended that the Town meet needs of the workforce by expanding the inventory of family-oriented single-family, condominium, and townhome units.**

Survey responses indicate strongest demand for affordable housing is in the larger single-family dwellings, followed by mid-sized condominiums or townhomes, and smaller condominiums and townhomes ranking lowest. Specifically, the Town should seek to expand its inventory of family-oriented affordable 3- and 4-bedrooms single-family inventory. Most survey responses indicating demand for this type of housing came from couples with children. Between 2000 and 2013, U.S. Census data for the Town of Basalt indicate that 3- and 4- bedroom housing accounted for more than 60 percent of the housing inventory increase, but it is clear that more inventory is still needed to meet permanent resident housing demands.

- 3. It is also recommended that the Town meet the needs of the workforce with smaller entry-level housing units.**

The Town should also expand its entry-level affordable 2- and 3- bedroom single-family, condominium, and townhome inventories to meet demands from its workforce that is priced out of the current market. Demand for this type of product came mainly from single-person households and couples with no children. Furthermore, analysis of U.S. Census data for the Town of Basalt shows that the inventory of 2-bedroom ownership units accounted for just 7 percent of the total inventory increase. Based on the findings from the analysis that average unit sizes in Basalt and the Roaring Fork Valley have increased over time, the Town's development of smaller unit sizes would not only contribute to a need for these units to meet entry-level housing needs of in-commuters and the Town's workforce, but also positively contribute to keeping total unit prices more affordable.

- 4. A Town housing development should be split 75 percent owner and 25 percent renter.**

EPS recommends a distribution of units by tenure based on the cost-burdened households analysis. The development of 150 ownership units would reflect a 13 percent in the Town's current ownership inventory, and a 50-unit rental project would reflect a 10 percent increase in the current rental inventory. The proportion of ownership units is based not only on the cost-burdened households analysis, but is in alignment with the housing gaps analysis on page 31. The proportion of rental units is based also on the cost-burdened households analysis.

5. The Town should seek to develop ownership housing affordable to the 100 to 140 percent AMI categories (priced between \$200,000 and \$320,000) and rental housing affordable to the 50 to 100 percent AMI levels (rents between \$800 and \$1,600 per month).

Analysis of U.S. Census data shows that the greatest rates of cost-burden exist between 50 and 120 percent AMI for owner households (i.e. the community workforce housing category) and between 30 and 50 percent AMI for renter households (i.e. seasonal workforce). Rental housing at this AMI level is typically a private housing solution, but the Town should seek to develop some rental properties at this level by potentially using state low-income housing tax credits. Developing a larger inventory at these target ranges will contribute to offsetting the trend in increased cost-burden for the Town's expanding low-wage workforce, as well contribute to meeting the needs of a portion of the existing service and community workforce that currently commute to work from down-valley.

6. Features of any Town-funded or developed housing project should emphasize practical considerations.

Several practical home features play prominently in survey-takers' minds, including in-unit washer and dryers, sunlight, private outdoor space, extra storage, energy efficiency, pets allowable, a garage or covered parking, and multiple bathrooms. Moreover, responses indicate that households' decision to purchase a home are based on a variety of non-housing attributes, such as consideration for proximity to nature, proximity to their jobs (which are in Basalt), and quality of schools. While some of these and other attributes are generally out of the direct control of the Town to influence or change, the Town should be mindful of the implications for not only the housing development it may undertake, but also the implication that investment in other community attributes may also contribute positively toward developing a more attractive community and housing environment.

7. The Town should align its IHO set-aside requirement more closely with Eagle County's set-aside requirement.

Misalignments within single markets, such as the Town's 35 percent set-aside and the County's 25 percent can create market distortions that lead to development choosing not to do business with the Town. While set-aside requirements range in resort settings between 20 and even 60 percent, typical set-asides for diversified year-round communities in resort areas generally fall between 20 and 30 percent. To be clear, EPS does not recommend elimination of the IHO, rather a modification to the set-aside portion. IHOs are effective as components of comprehensive housing policy programs, especially in resort markets where demand on housing far exceeds supply and the desirability of the location means that housing prices exceed what ordinary (permanent resident) working households can afford.

8. Work toward regional policy solutions and goals.

In broader terms, the Town should actively pursue and be a leader in orchestrating greater regional cooperation and policy formation with regard to housing policy. Just as disparate IHO set-aside portions in the Town and County can cause market distortions, other regional objectives, such as aligning economic development and housing goals with community and regional goals regarding commuting will result in more beneficial outcomes for all of the Roaring Fork Valley's communities.

9. Work with elected officials to remedy the threat of construction defect claims.

EPS encourages the Town of Basalt to actively engage with its elected officials and state representatives in the pursuit of a remedy to the issues surrounding construction defects claims in particular during the remainder of the current legislative session. More than one bill has been introduced, including SB 177, but opposition to it has been strong. These efforts come after two years of failed proposals at the legislature. EPS believes that it is critical to the success of any proposed legislation that it both maintains homeowner protections against legitimate construction defects and proposes a plausible and actionable course for developers or contractors to pursue defects without the threat of costly and mandatory litigation.

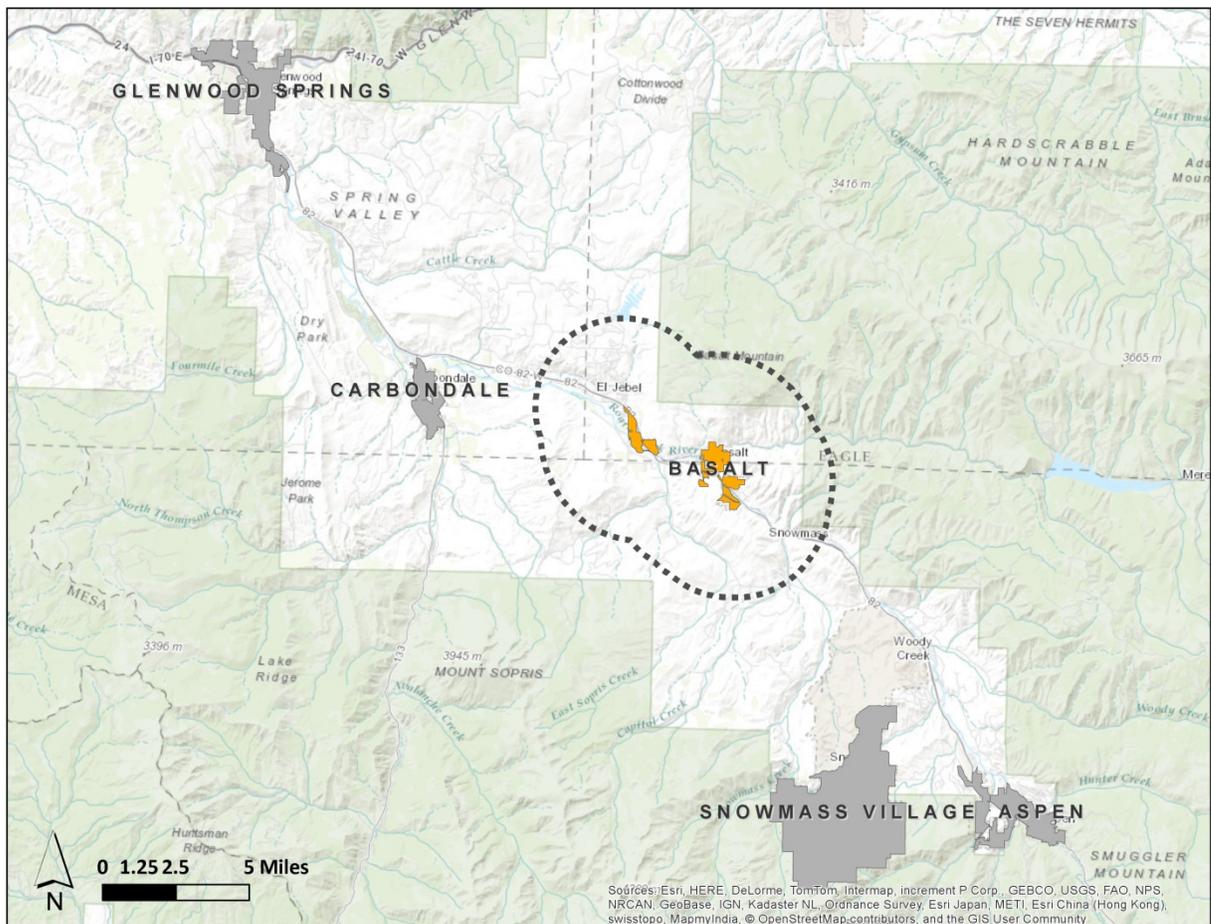
2. ECONOMIC AND DEMOGRAPHIC FRAMEWORK

Housing affordability policy is best established when it is grounded on an analysis of local and regional economic and demographic conditions. The content of this chapter is tailored to provide a clear picture of the economic and demographic context. Using data to characterize trends in population, employment, incomes, commuting, housing market conditions and pricing, an analysis of housing gaps and cost components synthesizes much of the preceding analysis, which identifies and characterizes the magnitude of need with respect to housing affordability policy.

Planning Area

As a starting point, the trade area was determined based on commuting patterns, as detailed later in this chapter. **Figure 1** illustrates which 4 communities function as a regional economic unit, characterized by commuting to and from Basalt.

Figure 1
Town of Basalt Three-Mile Planning Area



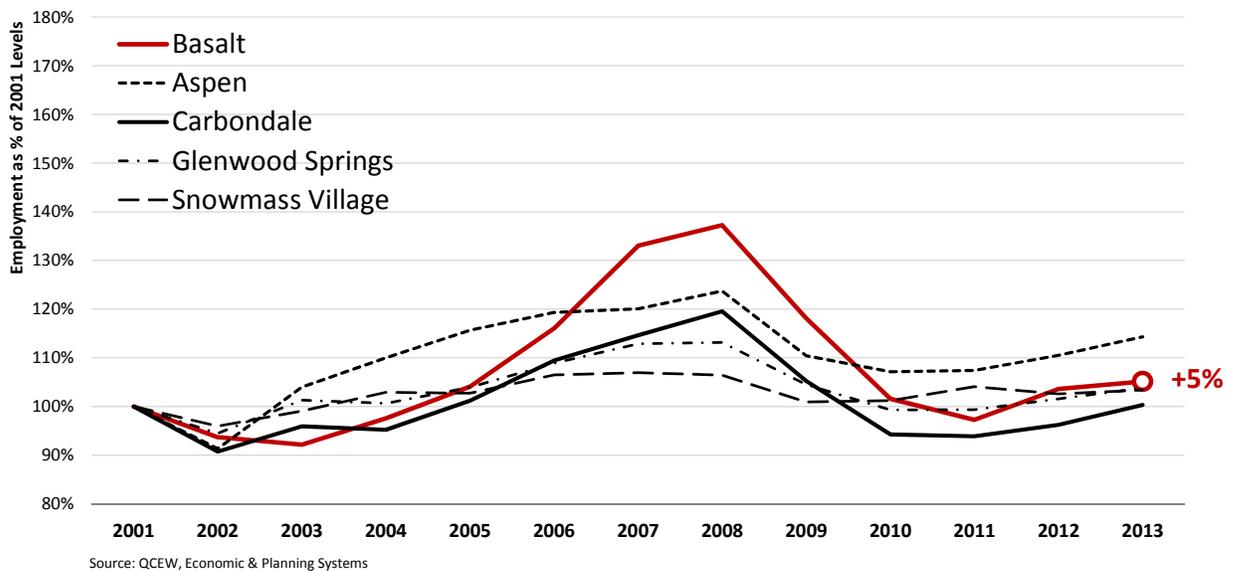
Economics

Population growth is largely fueled by employment and income growth. This section provides details on the growth in wage and salary jobs and commuting patterns between Basalt and the 4 surrounding communities.

Employment

Figure 2 shows employment trends within the region between 2001 and 2013. Total number of jobs in all wage and salary-earning industries was used as a metric of change relative to the total number of jobs in 2001. Prior to 2008, Basalt experienced employment growth above levels experienced elsewhere in the region. Following the economic recession, jobs dropped significantly region-wide and continued to decrease in Basalt until 2011. By the end of 2013, the total number of jobs in Basalt had increased five percent from 2001, but has yet to return to pre-recession levels. Overall, Basalt's total employment has increased just 5 percent above its 2001 levels. Only Glenwood Springs' employment is at a point higher than Basalt in terms of overall increase.

Figure 2
Employment Trends, 2001-2013



The number of wage and salary jobs available in Basalt has increased only by approximately 125 since 2001. Between 2001 and 2013, major industry shifts have occurred in the Valley – regionally, just over 2,000 net new jobs were added to the Roaring Fork Valley’s economy. Underneath this trend, however, major shifts occurred. The Valley experienced a net loss of 1,800 construction jobs (300 of which were in Basalt), a loss of over 400 retail jobs (although Basalt netted a 100 job increase), a loss of over 400 manufacturing and wholesale trade jobs, as well as a net loss of 270 IT jobs (but Basalt gained 45 IT jobs). On the other hand, industries with the largest increase in jobs were accommodations (nearly 1,100 new jobs), health care (approximately 1,050 jobs), and administrative and support services (nearly 800 jobs). The real estate industry also seemed to recover, adding a net 480 jobs between 2001 and 2013 (although Basalt remains at nearly 33 percent of its peak employment in this category).

Table 1
Employment Trends by Municipality, 2001-2013

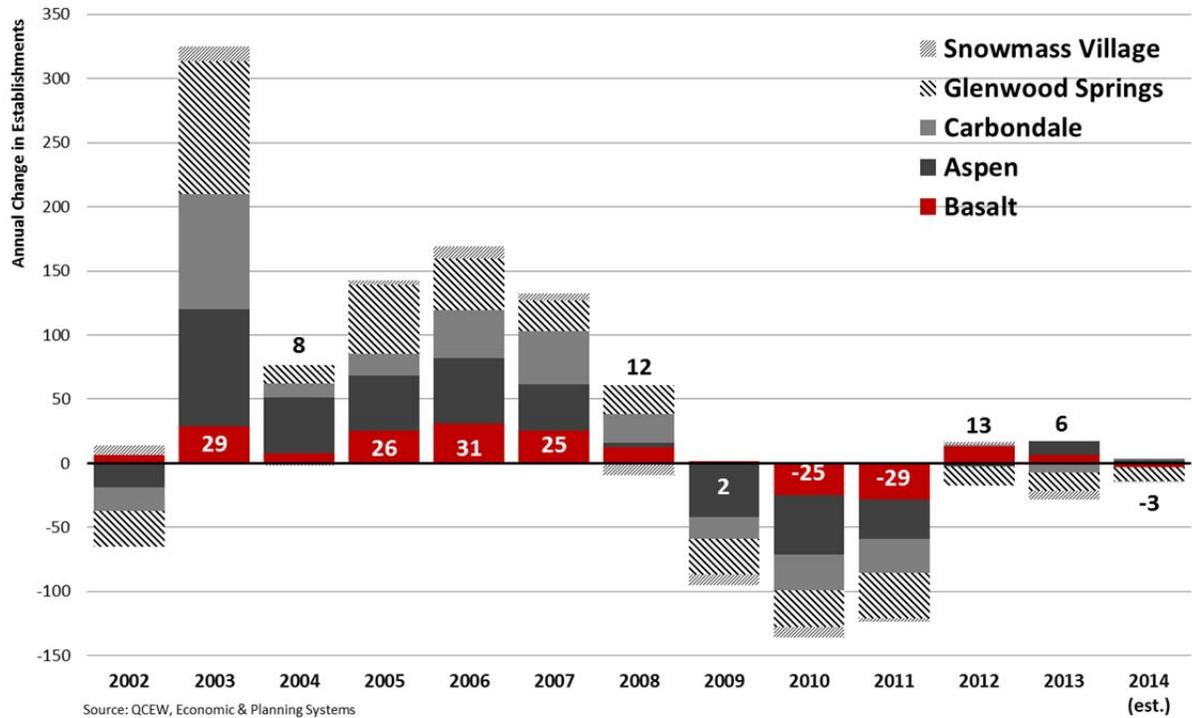
| | Employment | | | | | |
|------------------|------------|--------|------------|------------------|------------------|---------------------|
| | Basalt | Aspen | Carbondale | Glenwood Springs | Snowmass Village | Roaring Fork Valley |
| Year | | | | | | |
| 2001 | 2,450 | 10,294 | 3,746 | 10,314 | 2,591 | 31,396 |
| 2002 | 2,296 | 9,402 | 3,398 | 9,746 | 2,487 | 29,330 |
| 2003 | 2,259 | 10,704 | 3,592 | 10,445 | 2,566 | 31,569 |
| 2004 | 2,391 | 11,326 | 3,567 | 10,379 | 2,667 | 32,334 |
| 2005 | 2,550 | 11,907 | 3,790 | 10,720 | 2,661 | 33,635 |
| 2006 | 2,843 | 12,281 | 4,099 | 11,229 | 2,759 | 35,217 |
| 2007 | 3,260 | 12,359 | 4,294 | 11,640 | 2,771 | 36,330 |
| 2008 | 3,364 | 12,734 | 4,477 | 11,673 | 2,757 | 37,012 |
| 2009 | 2,895 | 11,366 | 3,941 | 10,777 | 2,615 | 33,602 |
| 2010 | 2,489 | 11,030 | 3,531 | 10,244 | 2,621 | 31,925 |
| 2011 | 2,383 | 11,059 | 3,516 | 10,248 | 2,696 | 31,913 |
| 2012 | 2,539 | 11,376 | 3,605 | 10,477 | 2,658 | 32,668 |
| 2013 | 2,577 | 11,770 | 3,758 | 10,705 | 2,678 | 33,500 |
| 2001-2013 | | | | | | |
| Total Δ | 126 | 1,476 | 12 | 391 | 87 | 2,104 |
| Ann. # | 11 | 123 | 1 | 33 | 7 | 175 |
| Ann. % | 0.4% | 1.1% | 0.0% | 0.3% | 0.3% | 0.5% |
| 2007-2013 | | | | | | |
| Total Δ | -684 | -589 | -536 | -935 | -93 | -2,830 |
| Ann. # | -114 | -98 | -89 | -156 | -15 | -472 |
| Ann. % | -3.8% | -0.8% | -2.2% | -1.4% | -0.6% | -1.3% |

Source: CDLE, QCEW; Economic & Planning Systems

H:\143043-Basalt Affordable Housing Study\Data\143043 - Employment.xlsx\TABLE 6 - Emp Overview

Growth in the number of businesses provides additional context to the overall health of the local economy. The region experienced overall growth in the number of establishments each year between 2002 and 2008. Between 2009 and 2014 (estimated), ¹ the region experienced overall loss in the number of establishments (**Figure 3**). Basalt lost a total of 54 establishments during 2010 and 2011.

Figure 3
Establishment Counts, 2001-2013



¹ The establishment estimate for the total year of 2014 was derived by multiplying activity in the first quarter of 2014 by four quarters.

Basalt has maintained a stable portion of the region's employment. Between 2001 and 2013, employment in the town ranged between approximately eight and ten percent of the region as a whole (**Figure 4**). In 2013, total employment from all wage and salary-earning industries in the region was 28,765.

Figure 4
Town of Basalt Employment as Portion of Valley, 2001-2013

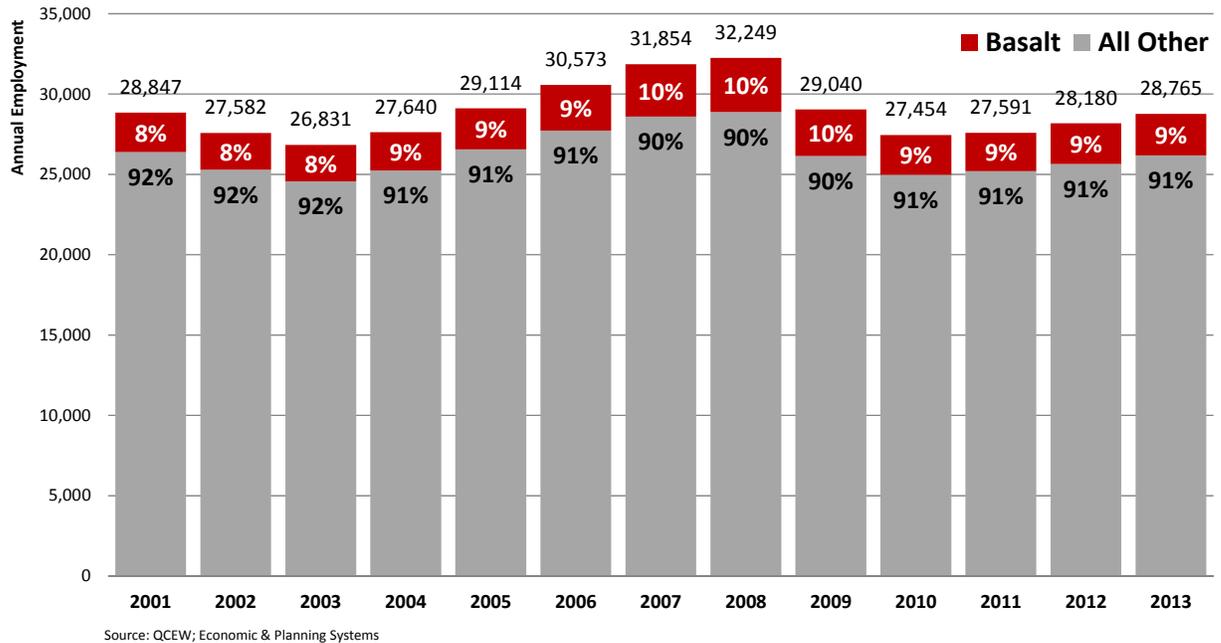


Table 2 illustrates the distribution of employment by industry in 2001, 2007, and 2013. As this analysis indicates, the construction industry has been the Town's largest industry since 2001 when it accounted for 31 percent of all jobs. In 2007, the height of the market, the industry also accounted for nearly 30 percent of all employment, and more than 900 jobs. Retail trade, an industry whose fluctuations are often induced by fluctuations of export-oriented industries, has ranked second or third since 2001. Unlike construction which has lost more than 50 percent of its employment since 2007, the retail industry has steadily grown. Administrative and support services has nearly doubled since 2001 but lost jobs since 2007. Accommodation and food services has also increase substantially from its 2001 base, but lost some jobs since 2007. And health care employment has nearly doubled from 120 jobs in 2001 to 230 jobs in 2013.

Table 2
Employment by Industry

| | 2001 | | 2007 | | 2013 | |
|--|--------------|---------------|--------------|---------------|--------------|---------------|
| | Jobs | as % | Jobs | as % | Jobs | as % |
| Construction | 754 | 30.8% | 923 | 28.3% | 438 | 17.0% |
| Retail Trade | 282 | 11.5% | 312 | 9.6% | 383 | 14.9% |
| Administrative and Support Services | 134 | 5.5% | 357 | 11.0% | 298 | 11.6% |
| Accommodation and Food Services | 184 | 7.5% | 291 | 8.9% | 285 | 11.0% |
| Health Care and Social Assistance | 122 | 5.0% | 155 | 4.7% | 235 | 9.1% |
| Professional, Scientific, and Technical Services | 183 | 7.4% | 212 | 6.5% | 189 | 7.3% |
| Arts, Entertainment, and Recreation | 142 | 5.8% | 155 | 4.7% | 138 | 5.3% |
| Finance and Insurance | 62 | 2.5% | 78 | 2.4% | 112 | 4.3% |
| Other Services (except Public Administration) | 113 | 4.6% | 224 | 6.9% | 95 | 3.7% |
| Manufacturing | 156 | 6.4% | 138 | 4.2% | 79 | 3.0% |
| Transportation and Warehousing | 75 | 3.1% | 87 | 2.7% | 58 | 2.2% |
| Information | 13 | 0.5% | 40 | 1.2% | 58 | 2.2% |
| Wholesale Trade | 70 | 2.9% | 77 | 2.4% | 57 | 2.2% |
| Real Estate and Rental and Leasing | 72 | 3.0% | 125 | 3.8% | 46 | 1.8% |
| Public Administration | 50 | 2.0% | 46 | 1.4% | 45 | 1.7% |
| Utilities | 8 | 0.3% | 12 | 0.4% | 24 | 0.9% |
| Educational Services | 12 | 0.5% | 1 | 0.0% | 21 | 0.8% |
| Agriculture, Forestry, Fishing and Hunting | 10 | 0.4% | 14 | 0.4% | 13 | 0.5% |
| Management of Companies and Enterprises | 10 | 0.4% | 9 | 0.3% | 2 | 0.1% |
| Mining, Quarrying, and Oil and Gas Extraction | 0 | 0.0% | 5 | 0.1% | 2 | 0.1% |
| Total | 2,450 | 100.0% | 3,260 | 100.0% | 2,577 | 100.0% |

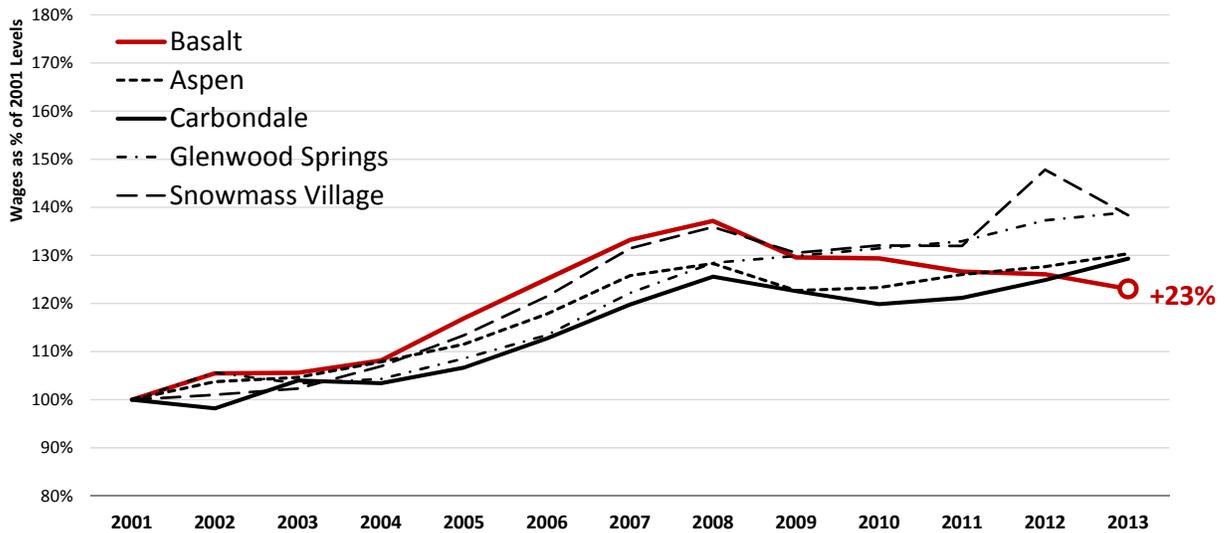
Source: CDLE, QCEW; Economic & Planning Systems

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Wages

Figure 5 illustrates the trend in average wages for Basalt and the 4 other Roaring Fork Valley communities, measuring the change in average wages over time as a percentage over average wages in 2001. In the case of Basalt, average wages in 2001 were approximately \$29,000 per job, increasing to nearly \$40,000 by 2007 and 2008. Since that time, wages have decreased to approximately \$36,000 per job, although 23 percent higher than average wages in 2001. Compared to the other Roaring Fork Valley communities, where wages have recovered their 2007 and 2008 peaks, Basalt's average wages have not.

Figure 5
Average Wages, 2001-2013



Source: QCEW, Economic & Planning Systems

To illustrate changes in average wage purchasing power, **Table 3** illustrates wages in 2001, 2007, and 2013 adjusted by the cost of living, using the Western-Urban Consumer Price Index (CPI). Overall, wages have dropped by nearly a percent each year between 2001 and 2013, and decreased 20 percent from their peak in 2007. Decreases are most pronounced in real estate, where average wages dropped by 55 percent between 2007 and 2013 (adjusted for inflation), and professional and technical services industry, where wages dropped more than 30 percent during this time.

Table 3
Inflation-Adjusted Wages by Industry

| | Wages (CPI-adjusted) | | | 2001-2013 | | |
|--|----------------------|-----------------|-----------------|-----------------|---------------|--------------|
| | 2001 | 2007 | 2013 | Total Δ | Ann. \$ | Ann. % |
| Construction | \$53,248 | \$57,955 | \$49,407 | -\$3,841 | -\$320 | -0.6% |
| Retail Trade | \$36,750 | \$34,449 | \$29,618 | -\$7,133 | -\$594 | -1.8% |
| Administrative and Support Services | \$38,245 | \$36,427 | \$33,793 | -\$4,452 | -\$371 | -1.0% |
| Accommodation and Food Services | \$19,304 | \$21,865 | \$20,745 | \$1,441 | \$120 | 0.6% |
| Health Care and Social Assistance | \$43,351 | \$49,850 | \$45,769 | \$2,418 | \$202 | 0.5% |
| Professional, Scientific, and Technical Services | \$79,669 | \$79,751 | \$55,406 | -\$24,263 | -\$2,022 | -3.0% |
| Arts, Entertainment, and Recreation | \$43,231 | \$47,781 | \$47,387 | \$4,156 | \$346 | 0.8% |
| Finance and Insurance | \$48,782 | \$58,796 | \$60,796 | \$12,014 | \$1,001 | 1.9% |
| Other Services (except Public Administration) | \$51,044 | \$52,924 | \$44,624 | -\$6,419 | -\$535 | -1.1% |
| Manufacturing | \$43,966 | \$43,171 | \$40,260 | -\$3,705 | -\$309 | -0.7% |
| Transportation and Warehousing | \$43,696 | \$50,999 | \$42,445 | -\$1,251 | -\$104 | -0.2% |
| Information | \$42,266 | \$69,439 | \$81,388 | \$39,122 | \$3,260 | 5.6% |
| Wholesale Trade | \$57,442 | \$68,401 | \$56,320 | -\$1,122 | -\$93 | -0.2% |
| Real Estate and Rental and Leasing | \$44,637 | \$77,628 | \$34,578 | -\$10,058 | -\$838 | -2.1% |
| Public Administration | \$41,690 | \$52,510 | \$80,526 | \$38,836 | \$3,236 | 5.6% |
| Utilities | \$15,971 | \$31,043 | \$43,493 | \$27,522 | \$2,293 | 8.7% |
| Educational Services | \$15,396 | \$90,987 | \$34,560 | \$19,163 | \$1,597 | 7.0% |
| Agriculture, Forestry, Fishing and Hunting | \$29,853 | \$37,389 | \$25,347 | -\$4,506 | -\$376 | -1.4% |
| Management of Companies and Enterprises | \$93,585 | \$119,691 | \$172,034 | \$78,449 | \$6,537 | 5.2% |
| Mining, Quarrying, and Oil and Gas Extraction | --- | \$65,726 | \$65,720 | --- | --- | --- |
| Total | \$38,763 | \$44,109 | \$35,405 | -\$3,358 | -\$280 | -0.8% |

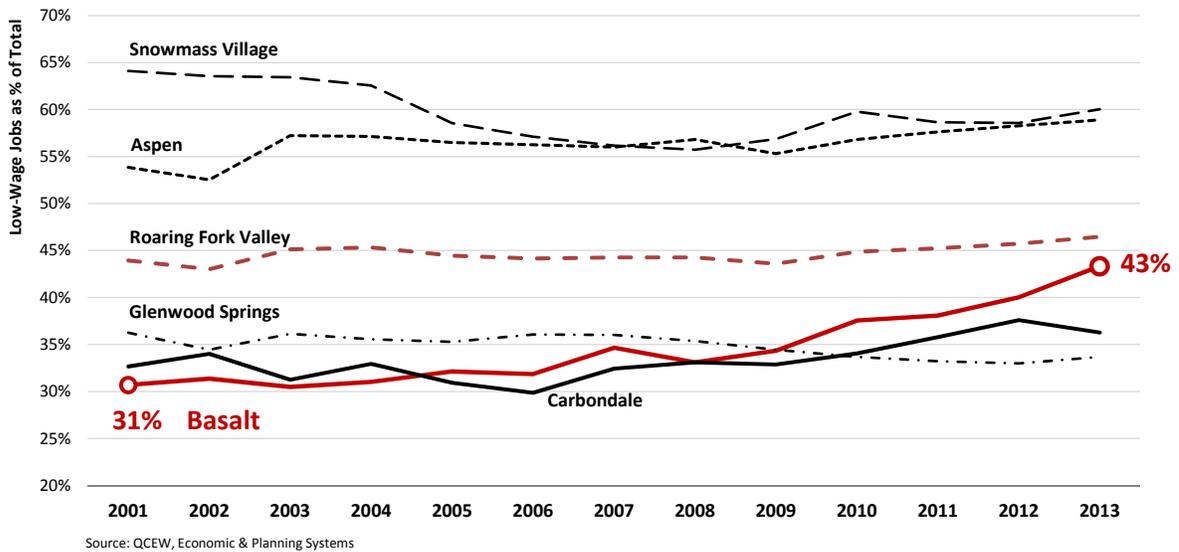
Source: CDLE, QCEW; Economic & Planning Systems

HI 143043-Basalt Affordable Housing Study\Data\143043 - Employment.xlsx\TABLE 3.1- Wages by Ind

Low-Wage Employment

The share of low-wage jobs in Basalt has increased from 31 percent in 2001 to 43 percent of all jobs in 2013. Low-wage jobs are those jobs in a selection of service-oriented industries, including agriculture, retail, administrative services, arts and entertainment, and accommodations. In 2001, there were 750 of these jobs out of the total 2,450 jobs in Basalt. The employment in low-wage industries as of 2013 accounts for 43 percent or over 1,100 of the 2,580 jobs in the Town. On a region-wide basis, low-wage industries account for 46 percent of the total workforce.

Figure 6
Low-Wage Jobs as Portion of Total, 2001-2013



Incomes

Between 2000 and 2010, Basalt's median household income decreased by 2.3 percent, but the cost of living increased by 26.5 percent. Adjusted for inflation, and measured by the Consumer Price Index, the purchasing power of a Basalt household with median income decreased by 22.8 percent, the largest decline among Valley communities.

Table 4
Household Median Incomes

| | 2000 | 2010 | 2000-2010 | | |
|--|----------|----------|-----------|----------|--------|
| | | | Total | Ann. \$ | Ann. % |
| Household Median Income | | | | | |
| Basalt | \$67,200 | \$65,625 | -\$1,575 | -\$158 | -0.2% |
| Eagle County | \$62,682 | \$71,337 | \$8,655 | \$866 | 1.3% |
| Aspen | \$53,750 | \$62,458 | \$8,708 | \$871 | 1.5% |
| Carbondale | \$52,429 | \$63,971 | \$11,542 | \$1,154 | 2.0% |
| Glenwood Springs | \$43,934 | \$53,882 | \$9,948 | \$995 | 2.1% |
| Snowmass Village | \$57,059 | \$58,478 | \$1,419 | \$142 | 0.2% |
| Consumer Price Index | 174.80 | 221.20 | 46.40 | 4.64 | 2.4% |
| Median Incomes Adjusted for Inflation | | | | | |
| Basalt | \$85,039 | \$65,625 | -\$19,414 | -\$1,941 | -2.6% |
| Eagle County | \$79,322 | \$71,337 | -\$7,985 | -\$798 | -1.1% |
| Aspen | \$68,019 | \$62,458 | -\$5,561 | -\$556 | -0.8% |
| Carbondale | \$66,347 | \$63,971 | -\$2,376 | -\$238 | -0.4% |
| Glenwood Springs | \$55,597 | \$53,882 | -\$1,715 | -\$171 | -0.3% |
| Snowmass Village | \$72,206 | \$58,478 | -\$13,728 | -\$1,373 | -2.1% |

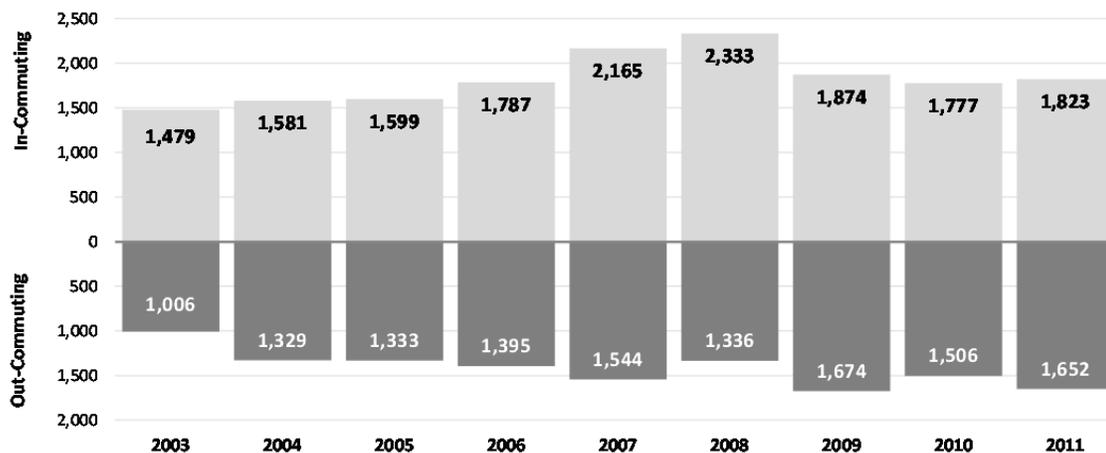
Source: U.S. Census; Economic & Planning Systems

HI 143043-Basalt Affordable Housing Study\Data[143043 - Income.xlsx]TABLE 1- HH Incomes

Commuting Patterns

Between 2003 and 2008, during which housing cost pressures were increasing at their strongest rate, in-commuting from down-valley locations increased by 58 percent. In-commuting from El Jebel increased by 42 percent, 46 percent from Carbondale, nearly 100 percent from Glenwood Springs, 83 percent from new Castle, and 47 percent from Rifle. Since 2008, in-commuting has fallen with total employment, but as a percent of total jobs, in-commuting has continued to increase from 69 percent of the 2008 workforce to 77 percent of the workforce in 2011.

Figure 7
Commuting Patterns, 2003-2011



Source: U.S. Census LEHD; Economic & Planning Systems

Table 5 shows details of these in- and out-commuting trends between 2003 and 2011, the time period for which data from the U.S. Census were available. In addition to illustrating the increased in-commuting trends between 2003 and 2008, mentioned above, the trends also reflect the influx of working households from up-valley that are now commuting out of Basalt. That is, up-valley out-commuting has increased 6 percent per year since 2003.

Table 5
Commuting Patterns, 2003-2011

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2003-2011 | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-----------|--------------|
| | | | | | | | | | | Total | Ann. # | Ann. % |
| In-Commuting | | | | | | | | | | | | |
| Down-Valley | | | | | | | | | | | | |
| El Jebel CDP, CO | 214 | 245 | 229 | 312 | 286 | 304 | 276 | 252 | 200 | -14 | -2 | -0.8% |
| Eagle town, CO | - | - | - | - | 3 | - | 3 | 1 | 23 | --- | --- | --- |
| Carbondale town, CO | 158 | 189 | 164 | 181 | 204 | 231 | 161 | 139 | 136 | -22 | -3 | -1.9% |
| Glenwood Springs city, CO | 107 | 133 | 138 | 143 | 186 | 212 | 196 | 131 | 117 | 10 | 1 | 1.1% |
| New Castle town, CO | 23 | 25 | 27 | 33 | 33 | 42 | 27 | 24 | 47 | 24 | 3 | 9.3% |
| Rifle city, CO | <u>51</u> | <u>59</u> | <u>45</u> | <u>57</u> | <u>61</u> | <u>75</u> | <u>45</u> | <u>43</u> | <u>40</u> | <u>-11</u> | <u>-1</u> | <u>-3.0%</u> |
| Down-Valley In-Commuting | 553 | 651 | 603 | 726 | 773 | 864 | 708 | 590 | 563 | 10 | 1 | 0.2% |
| Up-Valley | | | | | | | | | | | | |
| Snowmass Village town, CO | 81 | 72 | 56 | 70 | 69 | 68 | 67 | 74 | 90 | 9 | 1 | 1.3% |
| Aspen city, CO | <u>72</u> | <u>68</u> | <u>79</u> | <u>93</u> | <u>96</u> | <u>110</u> | <u>91</u> | <u>98</u> | <u>86</u> | <u>14</u> | <u>2</u> | <u>2.2%</u> |
| Up-Valley In-Commuting | 153 | 140 | 135 | 163 | 165 | 178 | 158 | 172 | 176 | 23 | 3 | 1.8% |
| Other Locations | <u>773</u> | <u>790</u> | <u>861</u> | <u>898</u> | <u>1,227</u> | <u>1,291</u> | <u>1,008</u> | <u>1,015</u> | <u>1,084</u> | <u>311</u> | <u>39</u> | <u>4.3%</u> |
| Total In-Commuting | 1,479 | 1,581 | 1,599 | 1,787 | 2,165 | 2,333 | 1,874 | 1,777 | 1,823 | 344 | 43 | 2.6% |
| Out-Commuting | | | | | | | | | | | | |
| Down-Valley | | | | | | | | | | | | |
| Glenwood Springs city, CO | 92 | 90 | 93 | 71 | 89 | 69 | 109 | 113 | 100 | 8 | 1 | 1.0% |
| Carbondale town, CO | 27 | 44 | 38 | 43 | 62 | 65 | 69 | 67 | 61 | 34 | 4 | 10.7% |
| Eagle town, CO | 10 | 10 | 8 | 9 | 16 | 9 | 21 | 10 | 33 | 23 | 3 | 16.1% |
| El Jebel CDP, CO | <u>51</u> | <u>38</u> | <u>47</u> | <u>82</u> | <u>50</u> | <u>45</u> | <u>69</u> | <u>62</u> | <u>49</u> | <u>-2</u> | <u>0</u> | <u>-0.5%</u> |
| Down-Valley Out-Commuting | 180 | 182 | 186 | 205 | 217 | 188 | 268 | 252 | 243 | 63 | 8 | 3.8% |
| Up-Valley | | | | | | | | | | | | |
| Aspen city, CO | 376 | 518 | 489 | 516 | 600 | 493 | 539 | 477 | 545 | 169 | 21 | 4.7% |
| Snowmass Village town, CO | <u>102</u> | <u>152</u> | <u>128</u> | <u>135</u> | <u>203</u> | <u>202</u> | <u>228</u> | <u>215</u> | <u>240</u> | <u>138</u> | <u>17</u> | <u>11.3%</u> |
| Up-Valley Out-Commuting | 478 | 670 | 617 | 651 | 803 | 695 | 767 | 692 | 785 | 307 | 38 | 6.4% |
| Other Locations | <u>348</u> | <u>477</u> | <u>530</u> | <u>539</u> | <u>524</u> | <u>453</u> | <u>639</u> | <u>562</u> | <u>624</u> | <u>276</u> | <u>35</u> | <u>7.6%</u> |
| Total Out-Commuting | 1,006 | 1,329 | 1,333 | 1,395 | 1,544 | 1,336 | 1,674 | 1,506 | 1,652 | 646 | 81 | 6.4% |

Source: U.S. Census LEHD, Economic & Planning Systems

H:\143043-Basalt Affordable Housing Study\Data\143043-Commuting.xlsx\1. Commute

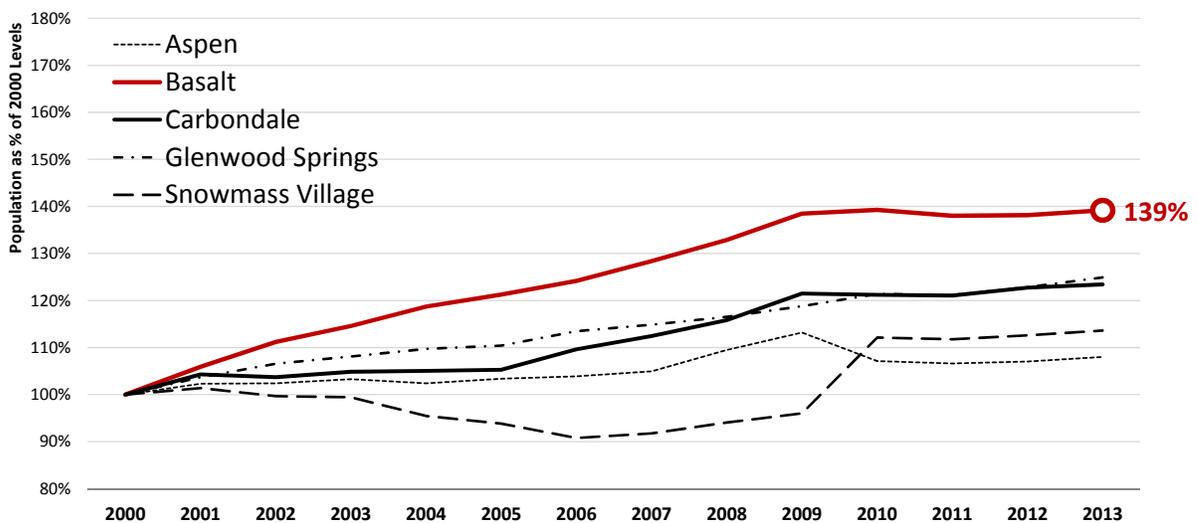
Population and Households

Although not a comprehensive review of the demographic trends and conditions of Basalt, this section presents a few of the higher-level series of information that frame the context for the following housing affordability policy analysis.

Population

The population of Basalt has grown by nearly 40 percent (more than 1,000 permanent residents) since 2000. For every one net new job in Basalt, there were 8 new permanent residents. Between 2000 and 2013, Basalt's population grew by more than 1,000 permanent residents, from fewer than 2,800 to over 3,800. By comparison, Aspen grew by fewer than 500, owing partly to the housing market collapse and recession that pushed out nearly 400 of its residents between 2009 and 2010. Snowmass Village, while not as severely affected by the recession, grew by fewer than 400. And in bigger communities, Carbondale grew by just over 1,200 residents during this period and Glenwood Springs grew by nearly 2,000.

Figure 8
Population Trends, 2000-2013



Source: DOLA, Economic & Planning Systems

Housing Market

This section documents trends and conditions in the housing market. Where available, housing market trends and conditions in surrounding communities are evaluated.

Occupied Housing Inventory

To accommodate the net population increase, 620 new housing units were added to the Town's inventory, 467 of which were permanent resident households. Between 2000 and 2010, 75 percent of housing units added in Basalt were permanent resident households, while 25 percent remained vacant, were for seasonal use, and were second homes. These estimates of the growth in second-homeowner housing units, however, are based on the best available, but likely conservative, estimates from the U.S. Census.

Table 6
Occupied Housing Units, 2000 and 2010

| | 2000 | 2010 | 2000-2010 | |
|---------------------------------|---------------|---------------|--------------|------------|
| | | | Total Δ | as % |
| Total Housing Units | | | | |
| Aspen | 4,346 | 6,052 | 1,706 | 39% |
| Basalt | 1,183 | 1,804 | 621 | 52% |
| Carbondale | 1,846 | 2,429 | 583 | 32% |
| Glenwood Springs | 3,405 | 4,392 | 987 | 29% |
| Snowmass Village | <u>1,760</u> | <u>2,477</u> | <u>717</u> | <u>41%</u> |
| Total | 12,540 | 17,154 | 4,614 | 37% |
| Occupied Housing | | | | |
| Aspen | 2,901 | 3,293 | 392 | 14% |
| Basalt | 1,017 | 1,484 | 467 | 46% |
| Carbondale | 1,771 | 2,284 | 513 | 29% |
| Glenwood Springs | 3,274 | 3,965 | 691 | 21% |
| Snowmass Village | <u>860</u> | <u>1,226</u> | <u>366</u> | <u>43%</u> |
| Total | 9,823 | 12,252 | 2,429 | 25% |
| Vacant, for Seasonal Use | | | | |
| Aspen | 1,121 | 1,777 | 656 | 59% |
| Basalt | 83 | 132 | 49 | 59% |
| Carbondale | 21 | 49 | 28 | 133% |
| Glenwood Springs | 66 | 126 | 60 | 91% |
| Snowmass Village | <u>814</u> | <u>910</u> | <u>96</u> | <u>12%</u> |
| Total | 2,105 | 2,994 | 889 | 42% |

Source: U.S. Census; Economic & Planning Systems

H:\#3043-Basalt Affordable Housing Study\Data\#3043 - Housing Characteristics.xlsx\TABLE 2 - HUs

Tenure of Occupied Housing

Table 7 illustrates the change in occupied housing by tenure between 2000 and 2010. Basalt's share of owner-occupied housing has increased from 65 to 74 percent during this time. And although the portion of renter-occupied households has decreased from 35 to 26 percent, the number of units has increased slightly. Overall, this reflects more of the trend in construction of owner-occupied homes to the exclusion of rental inventory in the Town.

Table 7
Households by Tenure, 2000 and 2010

| | Basalt | Aspen | Carbondale | Glenwood Springs | Snowmass Village |
|---------------------------|--------------|--------------|--------------|---------------------|---------------------|
| Households in 2000 | | | | | |
| Owner | 657 | 1,472 | 1,029 | 1,802 | 476 |
| Renter | <u>360</u> | <u>1,429</u> | <u>742</u> | <u>1,472</u> | <u>384</u> |
| Total | 1,017 | 2,901 | 1,771 | 3,274 | 860 |
| Owner | 65% | 51% | 58% | 55% | 55% |
| Renter | 35% | 49% | 42% | 45% | 45% |
| Households in 2010 | | | | | |
| Owner | 1,095 | 1,949 | 1,473 | 2,473 | 682 |
| Renter | <u>389</u> | <u>1,344</u> | <u>811</u> | <u>1,492</u> | <u>544</u> |
| Total | 1,484 | 3,293 | 2,284 | 3,965 | 1,226 |
| Owner | 74% | 59% | 64% | 62% | 56% |
| Renter | 26% | 41% | 36% | 38% | 44% |

Source: U.S. Census; Economic & Planning Systems

H:\143043-Basalt Affordable Housing Study\Data\143043 - Households by Income.xlsx\TABLE 3 - Summary

Units by Size (Bedrooms)

Analysis of Town of Basalt data shows that more than 40 percent of all units built between 2000 and 2013 have been 3 bedroom ownership units, followed by 23 percent 4-bedroom ownership units. On the other hand, just 7 percent of new inventory was 2-bedroom ownership housing.

Table 8
Housing Units by Bedroom Count, 2000-2013

| | 2000 | 2009 | 2010 | 2011 | 2012 | 2013 | 2000-2013 | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|---------------|
| | | | | | | | Total Δ | as % of Total |
| Owner Housing Units | | | | | | | | |
| 0 bedroom | 4 | 7 | 5 | 5 | 5 | 0 | -4 | -1% |
| 1 bedroom | 35 | 50 | 42 | 77 | 87 | 106 | 71 | 16% |
| 2 bedroom | 169 | 320 | 279 | 224 | 190 | 199 | 30 | 7% |
| 3 bedroom | 260 | 375 | 477 | 414 | 458 | 435 | 175 | 41% |
| 4 bedroom | 155 | 188 | 276 | 274 | 263 | 253 | 98 | 23% |
| 5 or more bedroom | <u>34</u> | <u>16</u> | <u>16</u> | <u>12</u> | <u>4</u> | <u>0</u> | <u>-34</u> | <u>-8%</u> |
| Subtotal | 657 | 956 | 1,095 | 1,006 | 1,007 | 993 | 336 | 78% |
| Renter Housing Units | | | | | | | | |
| 0 bedroom | 23 | 0 | 0 | 0 | 0 | 0 | -23 | -5% |
| 1 bedroom | 76 | 174 | 124 | 161 | 104 | 134 | 58 | 13% |
| 2 bedroom | 160 | 116 | 161 | 232 | 256 | 206 | 46 | 11% |
| 3 bedroom | 87 | 72 | 83 | 57 | 104 | 101 | 14 | 3% |
| 4 bedroom | 14 | 0 | 21 | 18 | 17 | 15 | 1 | 0% |
| 5 or more bedroom | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> |
| Subtotal | 360 | 362 | 389 | 468 | 481 | 456 | 96 | 22% |
| Total Housing Units | 1,017 | 1,318 | 1,484 | 1,474 | 1,488 | 1,449 | 432 | 100% |

[Note 1]: Estimates for 2009 through 2013 are ACS 5-year counts; they reflect an average of the data collected over a 5-year period.

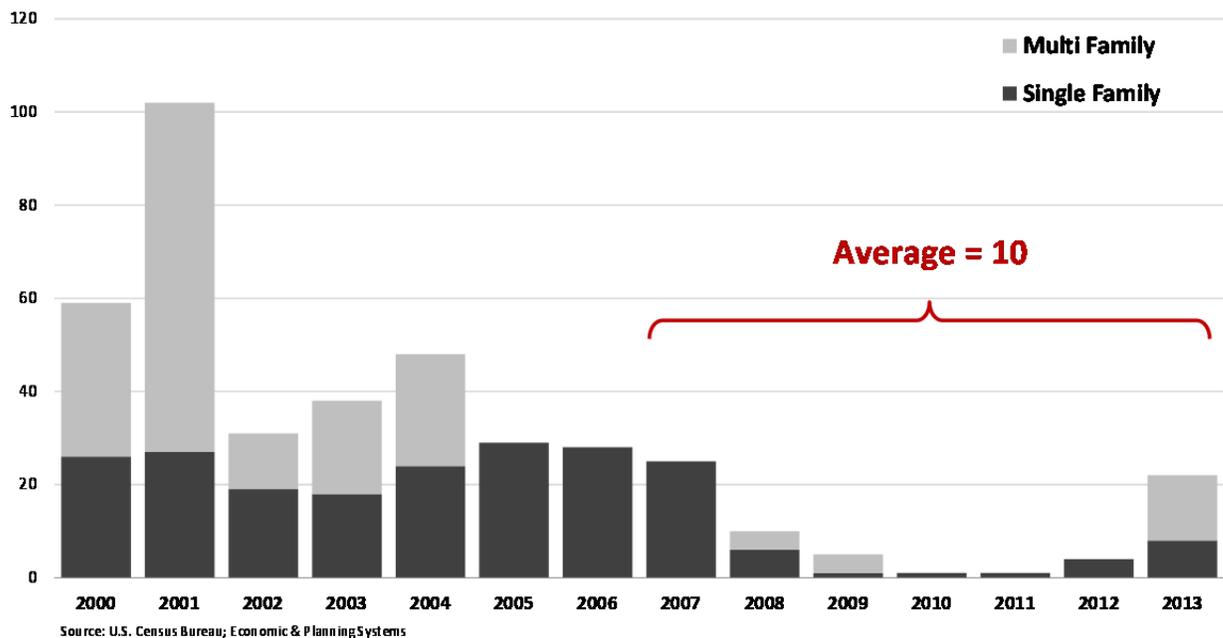
Source: U.S. Census, American Community Survey; Economic & Planning Systems

H:\#3043-Basalt Affordable Housing Study\Data[#3043 - Unit by Bedrooms.xlsx]TABLE 1- Summary

Residential Building Permits

Figure 9 illustrates data collected from the U.S. Census on residential building permits issued in the Town of Basalt between 2000 and 2013. During this time, approximately 53 percent of the inventory permitted were single-family housing units, with 47 percent of the units being multifamily dwelling, either owner or renter-occupied. Nearly 80 percent of the multifamily construction, however, occurred before 2007. Overall, since 2007, building activity has average just 10 permits per year.

Figure 9
Residential Building Permits, 2000-2013



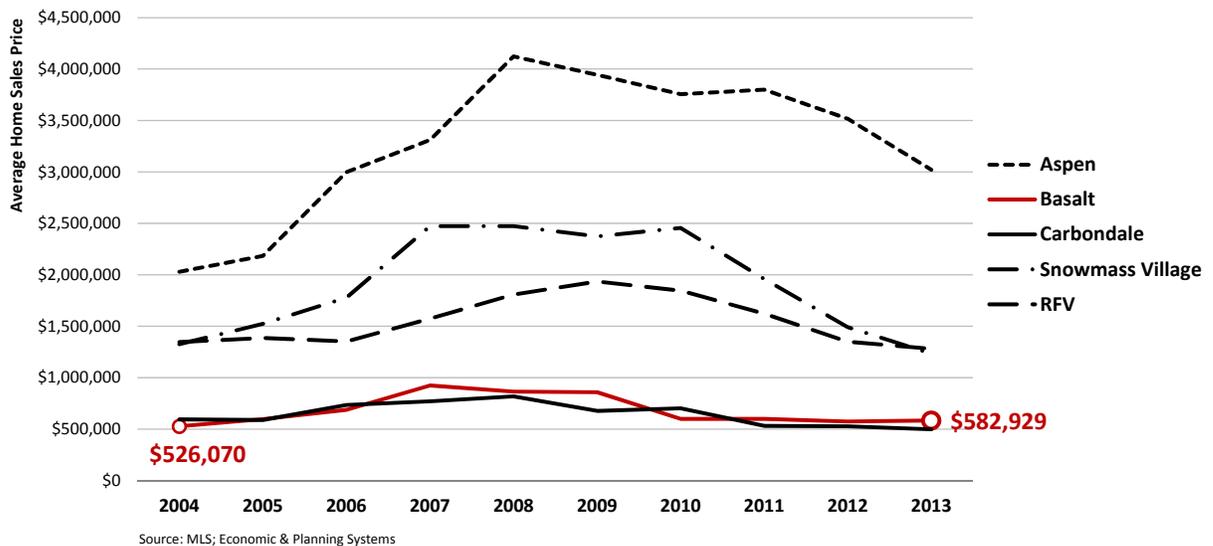
Home Sales

The following two charts illustrate general trends in home sales for the Roaring Fork Valley communities, including average home prices since 2004 and the average size of units sold during the same time.

Average Prices

Average housing sales prices in Basalt increased by 11 percent between 2004 and 2013, from approximately \$526,000 to approximately \$582,929. It is evident that during this period, housing prices spiked sharply throughout the Valley and have since come down. From their peak in 2008, the market correction in Basalt lasted until 2013, at which point prices began to slowly increase. Within this trend, average condominium sales prices increased from \$318,000 to \$341,600, a 7 percent total increase. On the other hand, single-family prices increased from \$739,800 to \$848,900, a 15 percent overall increase. To afford the average-priced home in Basalt in 2013, a household would need to have an annual income of approximately \$150,000. Considering the larger Roaring Fork Valley, only 14 percent of all households fall into this category, and a combined 30 percent of all households in the Valley have incomes higher than \$100,000.

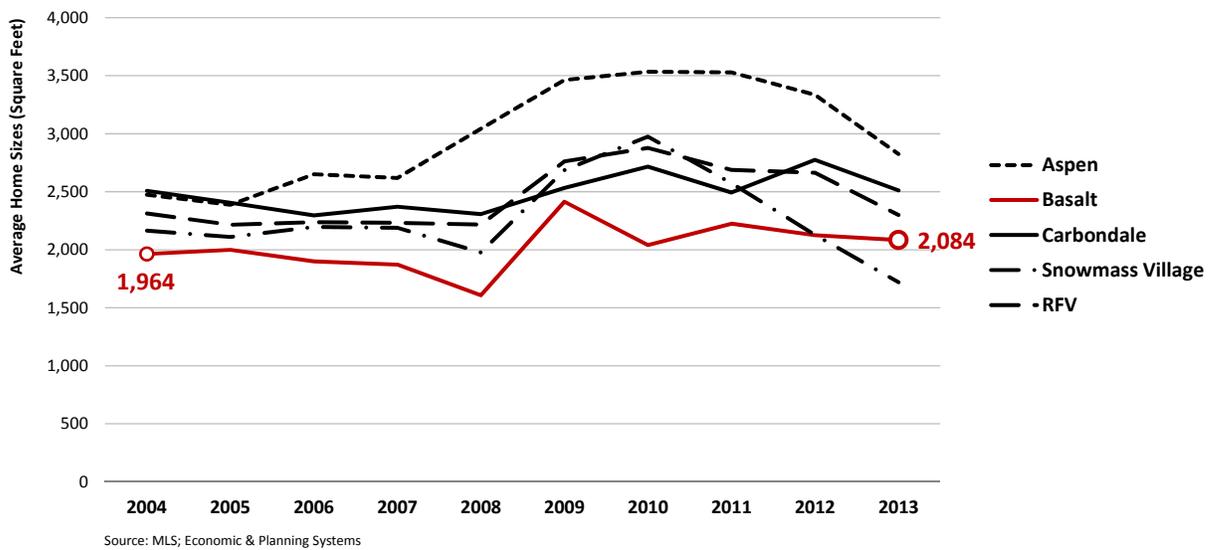
Figure 10
Home Sales Price Trends, 2004-2013



Average Unit Sizes

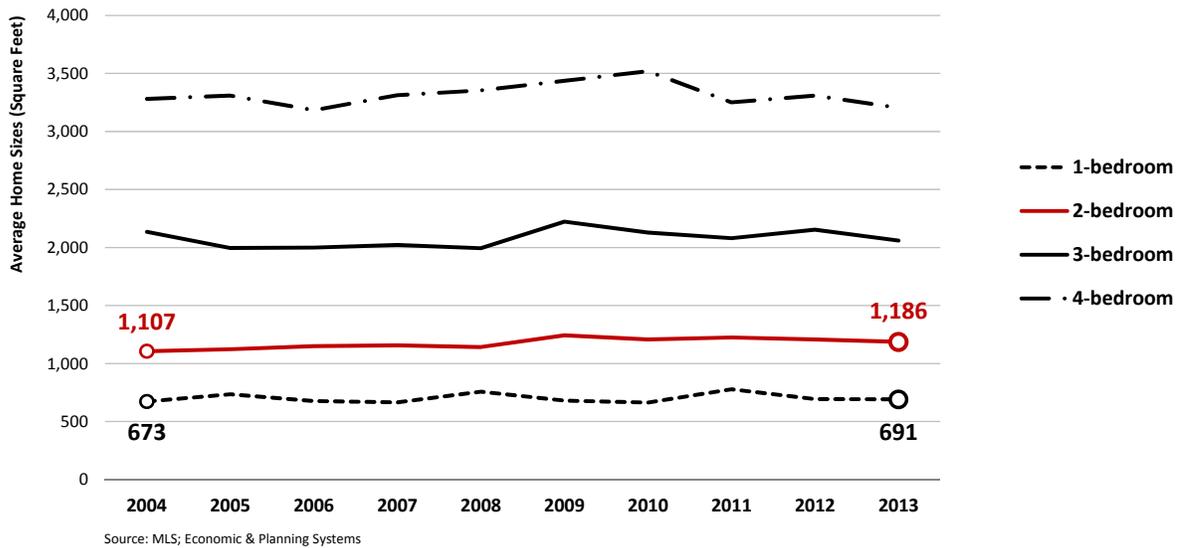
The average size of existing and new homes sold was tabulated for Roaring Fork Valley communities (excluding Glenwood Springs here because of incompleteness of data at the early part of the time series) between 2004 and 2013, as shown in **Figure 11**. In Basalt, the average home size has increased from more than 1,900 square-feet in 2004 to nearly 2,100 square feet in 2013. As with the other Roaring Fork communities, the average size peaked during the intense years of the housing market and have since returned to a level more commensurate with a pre-housing bubble market. Nevertheless, the trend in increasing home sizes is more than an issue of physical space, but an issue of affordability. Both prices and sizes are increasing, exacerbating the need for more affordable (i.e. smaller-sized) inventory.

Figure 11
Average Home Sizes, 2004-2013



Analysis of average unit sizes by bedroom type illustrates a trend in increasing sizes for one- and two-bedroom housing units. As **Figure 12** illustrates, the average one-bedroom unit in the Roaring Fork Valley has increased slightly from 670 to 690 square feet, and the average two-bedroom unit has increased from 1,107 to approximately 1,186. While an 80 square-foot increase may not seem like a significant increase, with average housing sales prices in Basalt at \$280 per square-foot in 2013, an 80 square-foot increase adds more than \$22,000 to the price of a house.

Figure 12
Average Unit Sizes by Bedroom Type, 2004-2013



Development Pipeline

Existing developments still being built out, as well as projects underway or proposed, continue to press the limits of the local-buyer household affordability threshold and appeal to a small segment of the total buyer market. Although residential projects are being marketed to mid-valley residents and the local, dual-income buyer, their price points for single-family residential housing are still above the upper limits of what a household with median income can afford. Residential developments, such as Ironbridge, which are still not built out, have attracted local and regional household buyers (i.e. relocating from up- and down-valley locations), but at price points in the range of \$500,000, they are attracting a smaller portion of the regional household. The pricing at developments, such as Tree Farm or River Edge (formerly Cattle Creek Crossing) a bit further down-valley, are anticipated to be similarly oriented to the local dual-income homebuyer market, as well, with single-family units priced in the range of \$500,000 and condominiums priced in the range of \$350,000 to \$400,000. Additionally, several developments in Basalt are marketing condominium units at well above the \$400,000 such as the units on Parcel 4C of Sopris Meadows and the remaining units in the Wilds PUD.

Building Costs

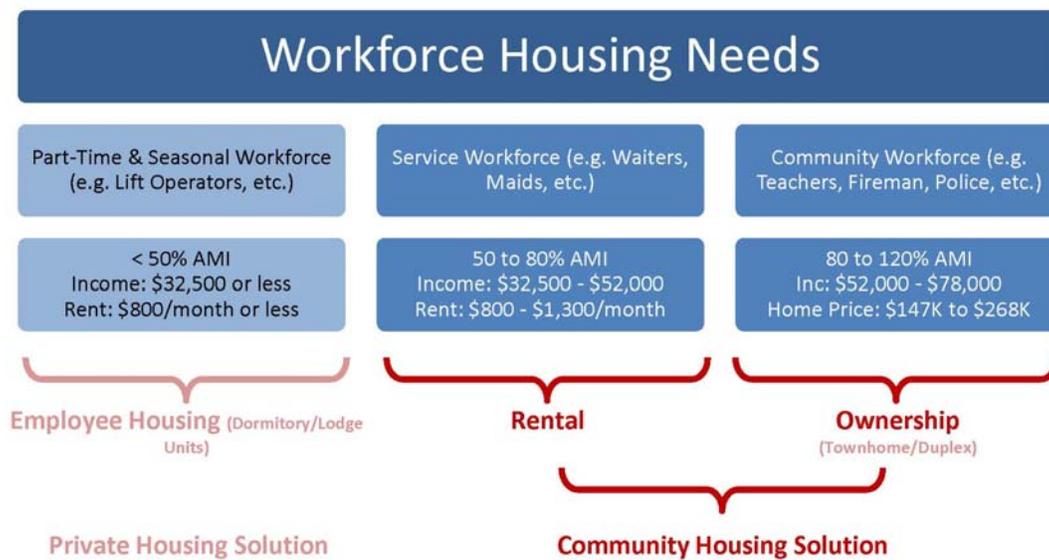
The cost of building materials, excluding labor, increased 49 percent between 2000 and 2013. While not a complete picture of the costs associated with housing construction, the increase in building materials costs has contributed significantly to the rise in housing costs as well.

3. AFFORDABILITY

Definition of Affordability

The definition of housing affordability lies at the intersection of housing costs and household incomes.² This section provides a juxtaposition of the affordable housing purchase price for a household earning the area median income (AMI) against median housing price levels for Basalt and the surrounding communities.

Figure 13
Housing Spectrum

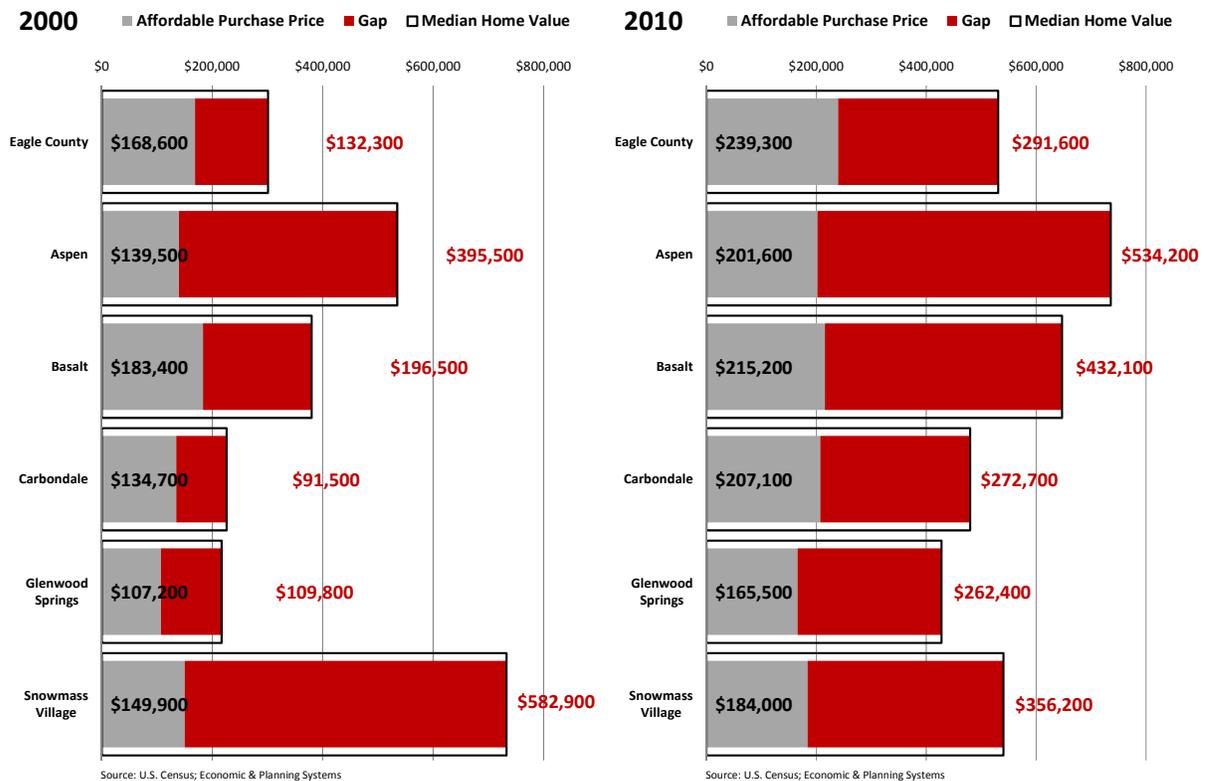


² Affordability is defined as a household spending no more than 30 percent of its income on housing, including payments on principal, interest, taxes, insurance, and utilities. EPS also includes a monetary assumption for HOA dues for analyses in markets where this is common, such as Basalt. The assumptions used in this analysis reflect average lending terms and conditions for each time period evaluated, 2000 and 2010. For 2000, the assumptions are: 8 percent mortgage interest rate; 30-year fixed rate mortgage, 5 percent downpayment; property taxes of 1 percent of total housing value per year; insurance of \$400 per year; and HOA dues of \$200 per month. For 2010, the assumptions are: 5 percent mortgage interest rate; 30-year fixed rate mortgage, 5 percent downpayment; property taxes of 1 percent of total housing value per year; insurance of \$500 per year; and HOA dues of \$300 per month.

Affordability for Permanent Residents

Although the escalation in housing prices was dampened by the recession and housing market correction of the past five to six years, the value of homes remain and continue to become less affordable to permanent resident households. From 2000 to 2010, the median home value in Basalt increased 70 percent from \$379,900 to \$647,300. In 2000, a permanent resident household earning median income could afford a home for \$183,400 under the going mortgage lending terms. By 2010, a household earning median income could afford a home for \$215,200 under the going lending terms. The gap between what is affordable to the permanent resident household and the median value of homes widened from \$196,500 to \$432,100, a 120 percent increase.

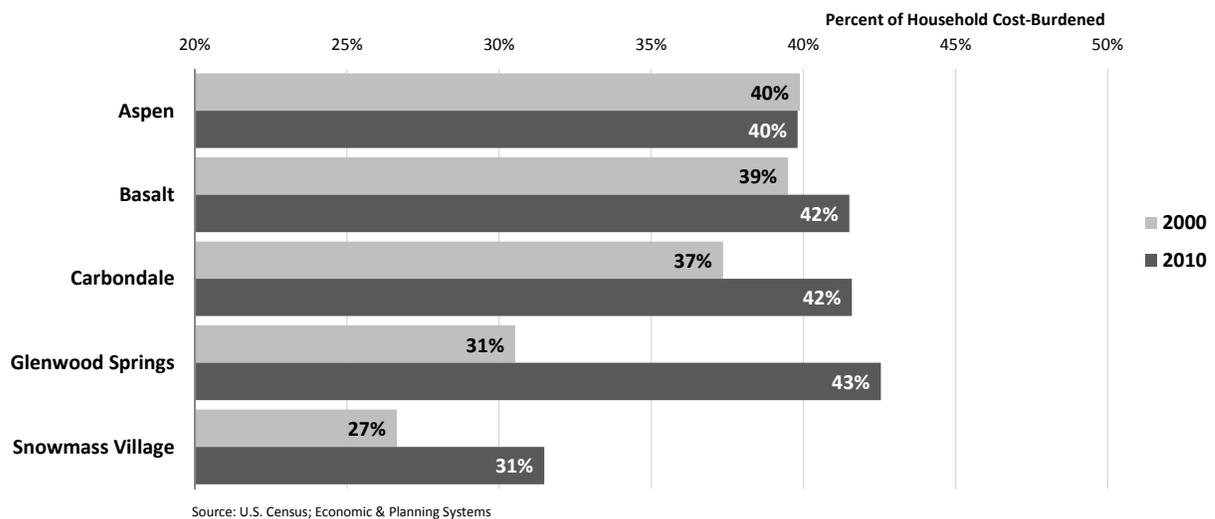
Figure 14
Affordability Gaps, 2000 and 2010



Cost Burden

Put together, an increasing number of Roaring Fork Valley households are spending more of their income on housing costs. Cost burden is defined as a household spending more than 30 percent of its pre-tax income on either mortgage or rental costs, plus utilities, insurance, and property taxes. In 2000, 39 percent of all households in Basalt were cost-burdened. By 2010, that portion had increased to 42 percent. While not alarming in itself, from a regional perspective, down valley locations have become increasingly cost-burdened as those markets have risen in the face of increasing demand pressures from the second-homeowner market for housing and the services and employment industry necessary to keep the regional economy functioning. Although 42 percent of Aspen's permanent resident households were still cost-burdened in 2010 as they were in 2000, Carbondale's portion of cost-burdened households increased from 37 to 42 percent, and Glenwood Springs' portion increased from 31 to 43 percent, indicating that down-valley housing markets are becoming increasingly more expensive.

Figure 15
Cost Burdened Households, 2000 and 2010



A closer look at the distribution of cost-burdened households reveals the heavy concentration of cost-burdened owner households in Basalt, shown in **Table 9**, as of 2010. Nearly 80 percent of all cost-burdened households in Basalt were owner households, whereas cost-burdened owner households in other Roaring Fork Valley communities accounted for 50 to 60 percent of the total. This metric, however, is not surprising given that 74 percent of occupied housing in Basalt is owner-occupied versus 26 percent renter-occupied. With 1,095 units of occupied owner housing in the Town (2010), approximately 45 percent are cost-burdened, and with 389 units in the Town's rental inventory in 2010 (refer back to **Table 7**), nearly one third of renter households are cost-burdened. As a matter of policy implication, however, the fact that there is a larger portion of owner households who are cost-burdened than renter households should not overshadow the fact that, regionally speaking, there is a need for more rental inventory in the Town.

Table 9
Distribution of Cost Burdened Households, 2010

| | Aspen | Basalt | Carbondale | Glenwood Springs | Snowmass Village |
|---|--------------|-------------|-------------|------------------|------------------|
| Cost-Burdened Households | | | | | |
| Owner | | | | | |
| Less than \$20,000 | 111 | 81 | 95 | 130 | 44 |
| \$20,000 to \$34,999 | 168 | 70 | 106 | 198 | 89 |
| \$35,000 to \$49,999 | 152 | 68 | 73 | 95 | 43 |
| \$50,000 to \$74,999 | 175 | 104 | 205 | 229 | 35 |
| <u>\$75,000 or more</u> | <u>133</u> | <u>165</u> | <u>79</u> | <u>252</u> | <u>35</u> |
| Subtotal | 739 | 488 | 558 | 904 | 246 |
| Renter | | | | | |
| Less than \$20,000 | 103 | 31 | 83 | 307 | 10 |
| \$20,000 to \$34,999 | 171 | 35 | 158 | 161 | 34 |
| \$35,000 to \$49,999 | 138 | 43 | 21 | 267 | 32 |
| \$50,000 to \$74,999 | 50 | 19 | 59 | 48 | 64 |
| <u>\$75,000 or more</u> | <u>110</u> | <u>0</u> | <u>71</u> | <u>0</u> | <u>0</u> |
| Subtotal | 572 | 128 | 392 | 783 | 140 |
| Total | 1,311 | 616 | 950 | 1,687 | 386 |
| Cost-Burdened Households (as % of Total) | | | | | |
| Owner | | | | | |
| Less than \$20,000 | 8% | 13% | 10% | 8% | 11% |
| \$20,000 to \$34,999 | 13% | 11% | 11% | 12% | 23% |
| \$35,000 to \$49,999 | 12% | 11% | 8% | 6% | 11% |
| \$50,000 to \$74,999 | 13% | 17% | 22% | 14% | 9% |
| <u>\$75,000 or more</u> | <u>10%</u> | <u>27%</u> | <u>8%</u> | <u>15%</u> | <u>9%</u> |
| Subtotal | 56% | 79% | 59% | 54% | 64% |
| Renter | | | | | |
| Less than \$20,000 | 8% | 5% | 9% | 18% | 3% |
| \$20,000 to \$34,999 | 13% | 6% | 17% | 10% | 9% |
| \$35,000 to \$49,999 | 11% | 7% | 2% | 16% | 8% |
| \$50,000 to \$74,999 | 4% | 3% | 6% | 3% | 17% |
| <u>\$75,000 or more</u> | <u>8%</u> | <u>0%</u> | <u>7%</u> | <u>0%</u> | <u>0%</u> |
| Subtotal | 44% | 21% | 41% | 46% | 36% |
| Total | 100% | 100% | 100% | 100% | 100% |

Source: Economic & Planning Systems

H:\143043-Basalt Affordable Housing Study\Data\143043-Cost Burden.xlsx\TABLE 2 - CB 2010

Gaps Analysis

This section presents an estimate of housing gaps by income level for owner- and renter-occupied housing using data on the distribution of households by income level and distributions of owner-occupied inventory by value and renter-occupied inventory by monthly rental rate. The datasets are converted to an income-level basis for direct comparison in a gaps analysis. A gap analysis identifies the portion of households in the Town that are housing cost-burdened at certain income levels. The gap should not, however, be interpreted as a measure of housing need, because it can overstate the need.

Owner Housing Gaps

Table 10 illustrates the components of the gap analysis, which include a juxtaposition of the number of owner housing units available at various income levels, using information from the U.S. Census and the distribution of ownership inventory at housing value levels. The results of the gap analysis for 2010 show that there are 85 households earning less than \$25,000 per year and approximately 80 households earning between \$25,000 and \$50,000 who are cost-burdened (i.e. spending more than 30 percent of their gross household income on housing).³

Table 10
Ownership Housing Gaps, 2010

| | Affordable Home Price Range | Units | | Owner Households | | Gaps | |
|--------------------------|--------------------------------|------------|--------------|------------------|--------------|-------------|------------|
| | | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 |
| Income Category | | | | | | | |
| Less than \$25,000 | Less than \$69,300 | 0 | 55 | 53 | 140 | -53 | -85 |
| \$25,000 to \$49,999 | \$69,301 to \$176,100 | 0 | 80 | 151 | 158 | -151 | -78 |
| \$50,000 to \$74,999 | \$176,101 to \$283,100 | 13 | 2 | 172 | 191 | -159 | -189 |
| \$75,000 to \$99,999 | \$283,101 to \$389,900 | 71 | 12 | 104 | 104 | -33 | -92 |
| \$100,000 to \$149,999 | \$389,901 to \$601,700 | 141 | 104 | 103 | 252 | 38 | -148 |
| <u>\$150,000 or more</u> | <u>More than \$601,701</u> | <u>210</u> | <u>841</u> | <u>74</u> | <u>162</u> | <u>136</u> | <u>679</u> |
| Total | | 435 | 1,095 | 657 | 1,007 | -222 | 88 |

Source: U.S. Census; Economic & Planning Systems

H:\143043-Basalt Affordable Housing Study\Data\143043-Gaps.xlsx\TABLE 8 - Owner Gaps (2)

³ This is an industry standard metric (30 percent) used in housing affordability studies, and is primarily guided by the direction of the Department of Housing and Urban Development's and U.S. Census's definition of cost-burden.

Renter Housing Gaps

Table 11 illustrates the analysis of housing gaps in the rental inventory, i.e. the juxtaposition of the number rental housing inventory by income and affordability level, using information from the U.S. Census on the distribution of households by income levels and the distribution of rental unit inventory by monthly rental rates. The results of the gap analysis for 2010 show that there are approximately 90 renter households earning between \$50,000 and \$74,999 spending more than 30 percent of their gross household income on rents.

Table 11
Rental Housing Gaps, 2010

| | Affordable Monthly Rent Range | Units | | Renter Households | | Gaps | |
|-------------------------|----------------------------------|------------|------------|-------------------|------------|-------------|------------|
| | | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 |
| Income Category | | | | | | | |
| Less than \$25,000 | Less than \$625 | 23 | 62 | 46 | 39 | -23 | 23 |
| \$25,000 to \$49,999 | \$626 to \$1,249 | 135 | 147 | 78 | 57 | 57 | 90 |
| \$50,000 to \$74,999 | \$1,250 to \$1,874 | 168 | 123 | 102 | 210 | 66 | -87 |
| <u>\$75,000 or More</u> | <u>More than \$1,874</u> | <u>34</u> | <u>148</u> | <u>134</u> | <u>175</u> | <u>-100</u> | <u>-27</u> |
| Total | | 360 | 481 | 360 | 481 | 0 | 0 |

Source: U.S. Census; Economic & Planning Systems

H:\143043-Basalt Affordable Housing Study\Data\143043-Gaps.xlsx\TABLE 8 - Renter Gaps (2)

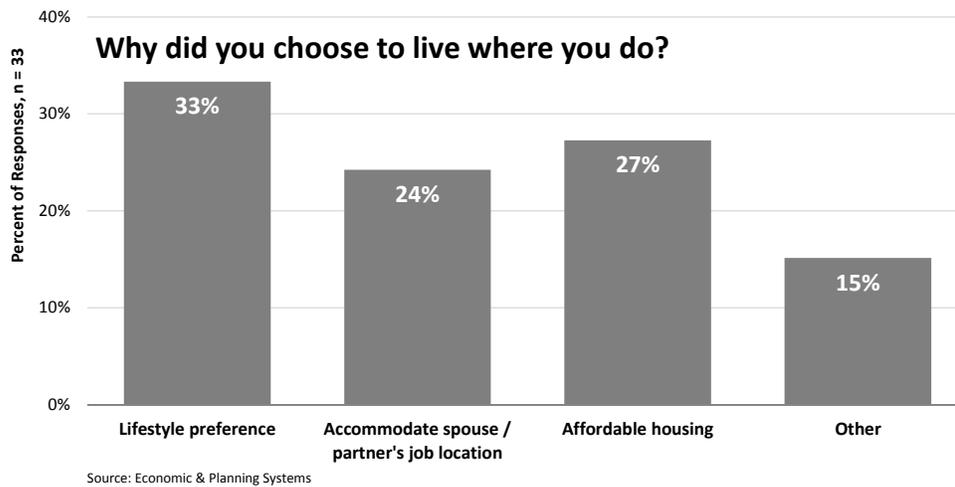
4. EMPLOYER SURVEY

A brief non-statistical survey was fielded to five of the Town's largest employers during the late fall of 2014. It was estimated that between 150 and 200 employees received the survey, of which 33 responses were received. A brief analysis of the key responses is presented in this section.

Residency Preference

Figure 16 illustrates the distribution of survey-taker responses regarding the reason for choosing to live where they do. The responses reflect the top consideration households made, and do not necessarily imply that their decisions were made without consideration for other factors or trade-offs.

Figure 16
Residence Preference



Eighty-five percent of employees surveyed would live in Basalt if it were more affordable. Seventy-seven percent would like to buy a home in the next three years. Employees at four of the Town's largest employers were asked to complete a brief survey to gauge level of interest in living in Basalt, their preferences, and their needs. Approximately 75 percent do not currently live in the Town, 60 percent are renters and 40 percent are owners. Of the 77 percent that would like to buy a home in the next three years, of which two-thirds are renters and one-third are current homeowners.

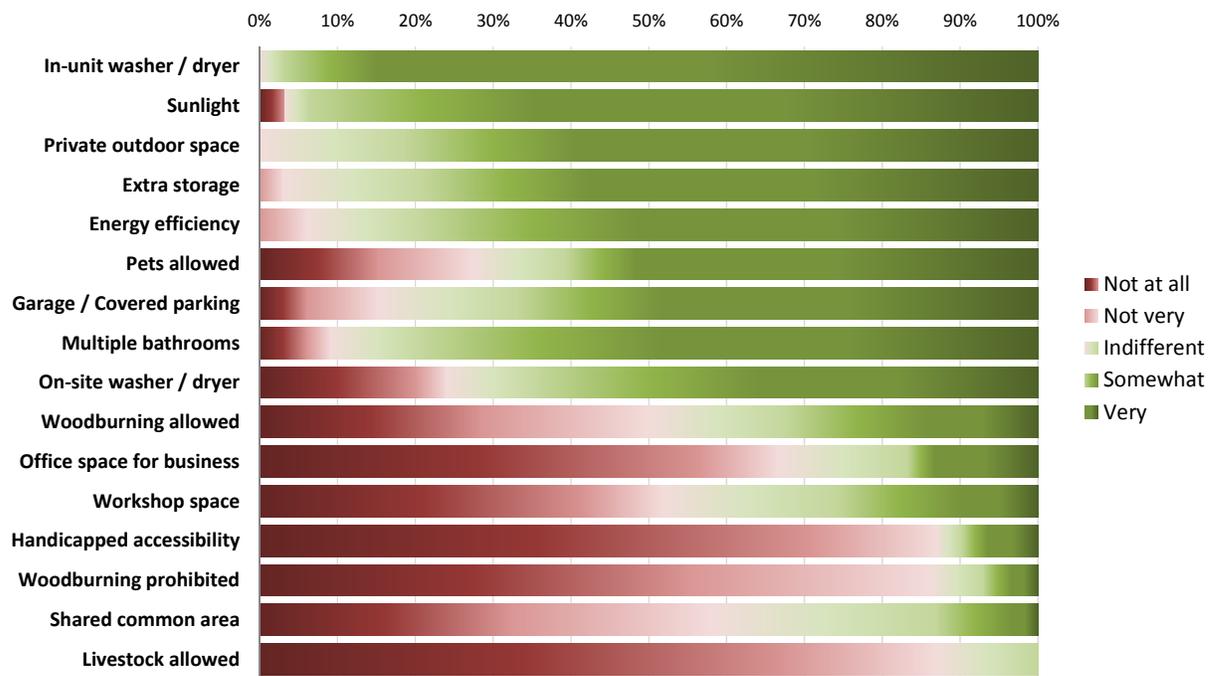
Housing Type Preferences

The greatest housing demand exists for 2, 3, and 4-bedroom single-family units, followed by mid-sized condominiums and townhomes. Analysis shows that more than 40 percent of all units built between 2000 and 2013 have been 3 bedroom ownership units, followed by 23 percent 4-bedroom ownership units. On the other hand, just 7 percent of new inventory was 2-bedroom ownership housing. Given the preferences of employees surveyed, demand is strong not only for more 3 and 4-bedroom housing but also 2-bedroom ownership housing.

Importance of Home Features

Several practical home features play prominently in survey-takers' minds, including in-unit washer and dryers, sunlight, private outdoor space, extra storage, energy efficiency, pets allowable, a garage or covered parking, and multiple bathrooms.

Figure 17
Housing Feature Preferences



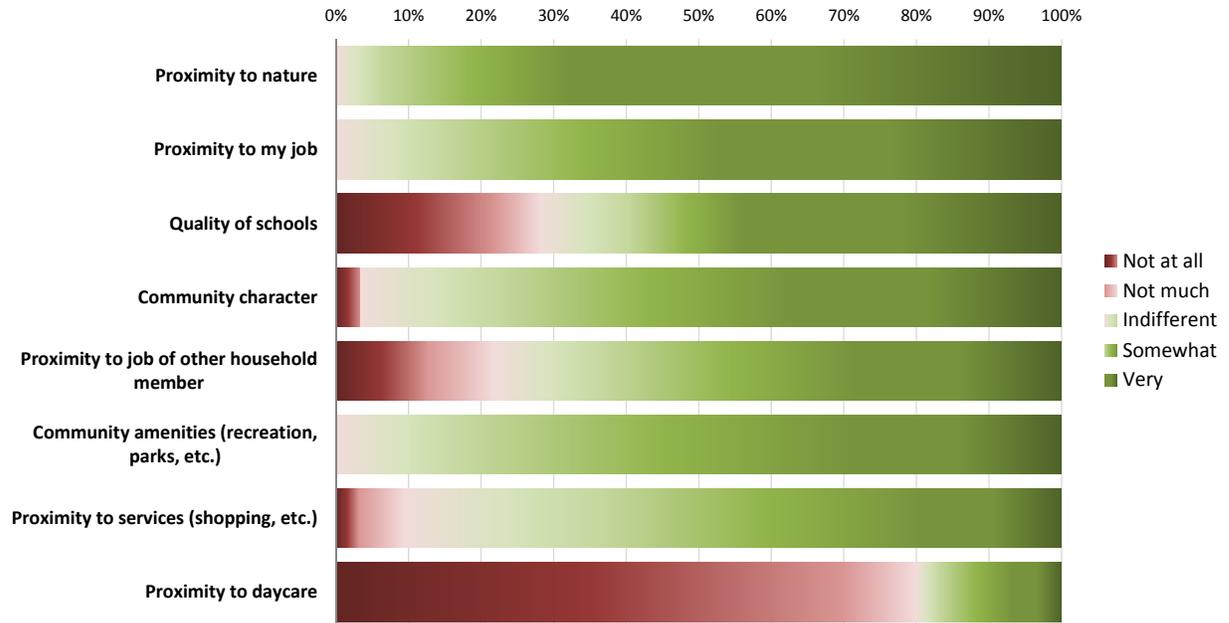
Source: Economic & Planning Systems

Home Purchase Considerations

Moreover, responses indicate that households' decision to purchase a home are based on a variety of non-housing attributes, such as consideration for proximity to nature, proximity to their jobs (which are in Basalt), and quality of schools. While some of these and other attributes are generally out of the direct control of the Town to influence or change, the Town should be mindful of the implications for not only the housing development it may undertake, but also the implication that investment in other community attributes may also contribute positively toward developing a more attractive community and housing environment.

Additionally, survey-takers ranked four key components of home-purchase decision-making: price, location, housing type, and size. The results indicate that most rank price as the top consideration in choosing where to live, affirmed by more than 60 percent of survey-takers. The second place ranking was less decisive, with the largest portion of responses (just 30 percent) indicating that housing type was the second most important consideration. Location ranked third with 44 percent of the responses, and size of unit ranked last with 56 percent of responses.

Figure 18
Home Purchase Considerations



Source: Economic & Planning Systems