



# **Town of Basalt Housing Needs Assessment**

**December 2008**

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**Town of Basalt**

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## Introduction

### *Purpose of the Study*

The primary purpose of this study is to provide a framework for the Town to make changes to its current affordable housing regulations. By examining and quantifying housing demand and supply in Basalt, this Housing Needs Assessment provides information key to the consideration of policies, options and opportunities. Its findings are intended to support development of specific goals and objectives for actionable strategies to address identified housing needs.

The ultimate outcome from this study will be recommendations on how to comprehensively address housing needs for the preservation of the community and its economy.

This study assesses and quantifies a variety of housing problems including:

- Affordability, which considers housing costs relative to income;
- Satisfaction levels and how they vary by income, tenure and type of job held;
- Location of housing, or the ability of residents to live where they want to live and in proximity to employment;
- Overcrowding, or when homes are not of a sufficient size to meet the needs of the household;
- Employment-related problems, including insufficient labor force to fill available positions and high turnover, that are directly attributable to housing costs and availability.

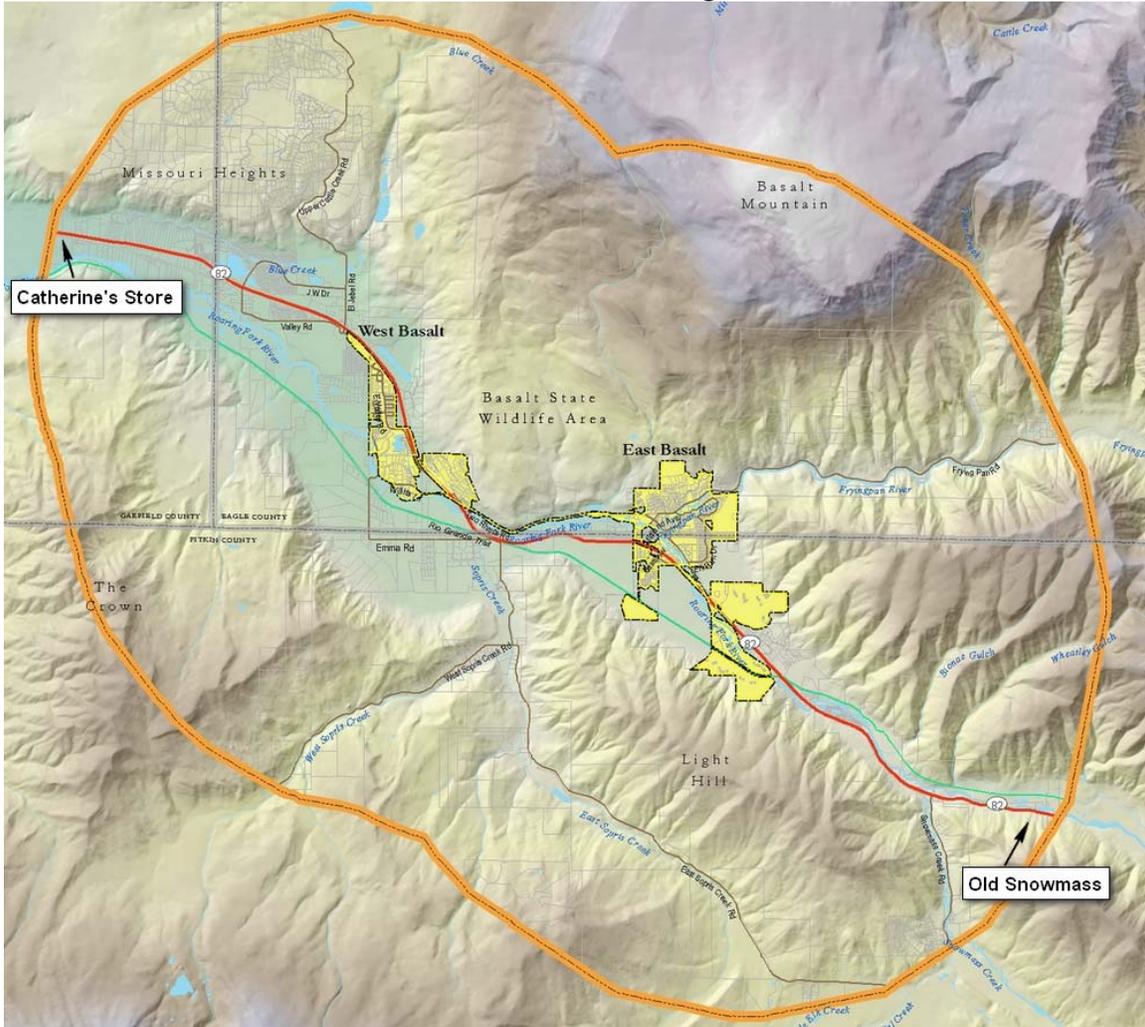
The study then provides estimates of the number of units needed to address problems based on unfilled jobs, commuting, demand from the adjacent unincorporated planning area, overcrowding, job growth and retirement.

**Study Area**

The study area for this project is primarily the Town of Basalt, within both Eagle and Pitkin counties. Unless otherwise indicated, data presented herein covers the area within Basalt’s municipal boundaries.

Housing developed through the Town’s Community Housing Guidelines can be owned or rented by employees who work in the nearby area, however (see map below). Because demand for affordable housing in Basalt is a function of employment between Old Snowmass and Catherine’s Store, this study also considers housing demand generated by employees working in the unincorporated planning area.

**Town of Basalt Planning Area**



Source: Town of Basalt 2007 Master Plan

## *Organization of the Report*

The report is organized into eight sections:

1. Economic and Demographic Framework, which provides population and household estimates, examines growth, describes the demographics of households in Basalt, and includes data on number of jobs, growth in jobs, seasonality in employment, wages paid and commuting.
2. Housing Inventory, which provides information on the number, type, occupancy/use and development of residential units in Basalt, including the affordable housing inventory.
3. Homeownership Market Conditions, which considers historic and current home prices and the availability of homes by price and income; sales of affordable units is also covered.
4. Rental Market Analysis, which describes the inventory of rental units, the rents charged and vacancy rates.
5. Housing Problems, which examines perceptions, satisfaction, affordability, overcrowding, physical conditions, forced commuting, and problems employers are having related housing – unfilled jobs and employees leaving or not accepting positions.
6. Housing Preferences, including where residents most want to live, other considerations related to location, neighborhood amenities, unit type, the acceptability of deed restriction with appreciation caps, trade offs and home amenities.
7. Housing Needs and Gaps, which estimates the total number of housing units needed by employees in Basalt to both fill existing gaps in the market and to accommodate future needs based on projections of growth.
8. Key Findings and Conclusions.

The appendices contain profiles by income, survey samples, a detailed explanation of methodologies used, comments received during research, and definitions used. Throughout the report, the abbreviation AMI is used for Area Median Income.

### *Sources and Methodology*

Sources of information referenced in this report are identified within the text and adjacent to tables and graphs. These sources include:

- Employment information from the Colorado Department of Labor and Employment (2000), Quarterly Census of Employment and Wages (2007), the US Bureau of Economic Analysis, the Center for Business and Economic Forecasting (CBEF) and Business Pattern data from the Economic Census;
- Population and Housing projections from the Department of Local Affairs and the 2007 Basalt Master Plan;
- 2008 Area Median Income for Eagle County and Pitkin County from the Department of Housing and Urban Development;
- 1990 and 2000 US Census data, including CHAS (Comprehensive Housing Affordability Strategy) special tabulation data;
- US Census Local Employment Dynamics (2008), US Census Place to Place files (2000) and 2004 Local and Regional Travel Patterns Study for commuting patterns; and
- Eagle County and Pitkin County Assessor data for homeownership and sales information and Eagle County and Pitkin County MLS for current sales listings.

Survey research was conducted to generate information beyond that available from existing sources. This research included a paper version of the household survey distributed to Basalt households, an online version of the household and employer surveys publicized through the Basalt Chamber of Commerce and newspapers.

The Household Survey was placed on the doors of all 1,600 housing units in Basalt. A total of 386 completed household surveys were returned, for an average response rate

of about 24%. Responses from the household survey represent 940 total persons and 572 employed adults.

Employer surveys were distributed by mailed to employers identified through the Town's business license list. Additionally, employer surveys were made available online. In total, 73 responses were received. Responding businesses together account for a total of 846 winter jobs and 894 summer jobs, which equates to about 30% of all jobs in the greater Basalt planning area. More details on the distribution and weighting of the sample are provided in the appendix.

Additionally, surveys were distributed through employers to in-commuting employees. In total, 46 Basalt employees living outside of Basalt responded to the survey.

## Section 1 – Economic and Demographic Framework

This section of the report provides information on Basalt’s population and economy key to analysis of housing needs and the establishment of policies aimed at addressing those needs.

### *Population and Households*

At present, Basalt’s population is estimated to be 3,458. The methodology for these estimates is described in an appendix to this report. These persons live in 1,356 households, with an average household size of 2.55 persons per unit.

The size of households has been declining in Basalt, as in much of the country. At the same time, the vacancy rate, which represents primarily vacation homes, has been rising. This trend is explored further in the Sec 2—Housing Inventory.

### **Population and Housing Unit Estimates**

*(within Town Limits)*

	<b>Population</b>	<b>Housing Units</b>	<b>Occupied Housing Units</b>
1998	2,286	935	808
2004	3,084	1,388	1,176
2008	3,458	1,593	1,356
2012	3,834	1,809	1,503

Sources: See appendix

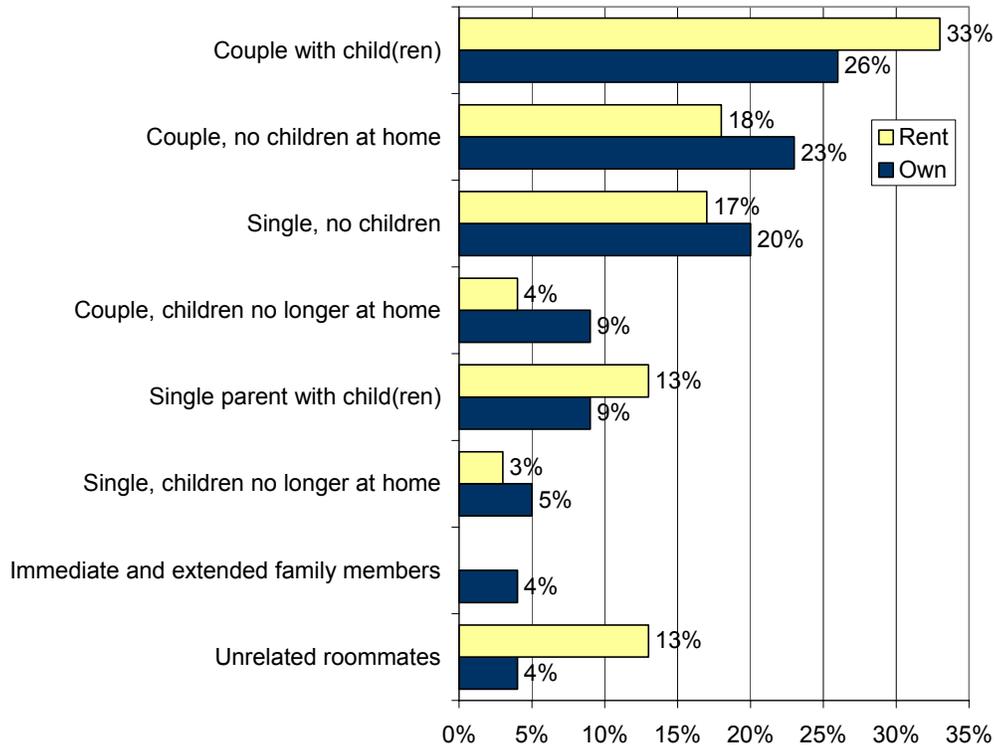
It is important to note that the estimates presented above were based largely on the Town of Basalt’s Master Plan. They are higher than estimates generated by the Census and State Demographer due to the reporting of an annexation and assumptions about the number of persons per unit.

The Town’s Master Plan estimated that there were 2,236 housing units outside of town limits in the Basalt Planning Area in 2004. The units within the Town comprise only 38% of the total number of units within the planning area.

*Household Composition*

Basalt has a diverse population in terms of the composition of its households. It is clearly a family community – about 50% of homeowners have children living in the home. Many of the renters are also families. Singles without children comprise a relatively small portion of the household population.

**Household Composition by Own/Rent**

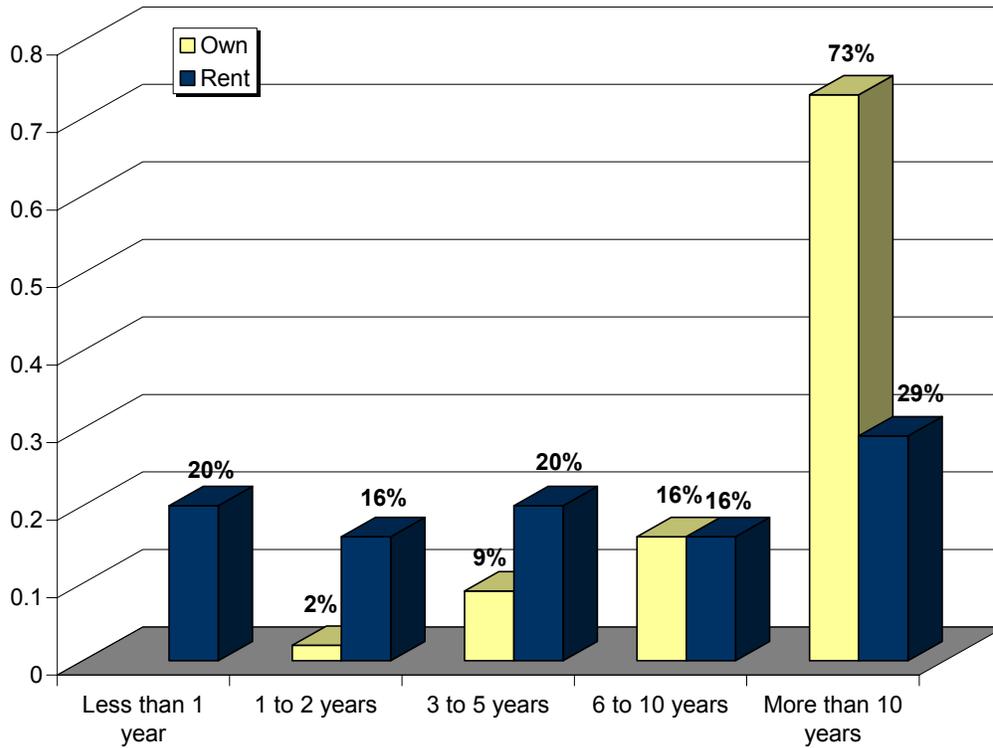


Source: 2008 Household Survey

*Length of Residence*

Basalt has a relatively stable population. Overall, 74% of households have lived in the area for 6 years or more. None of the homeowners surveyed moved to Basalt within the last year, an indication that new residents are not able to buy.

### Length of Residency by Tenure



Source: 2008 Household Survey

### Household Area Median Income

Basalt lies in both Eagle and Pitkin Counties. The area median income varies by county, where Pitkin’s 2008 median family income is \$91,800 and Eagle’s is \$83,800. Since household income estimates are not published annually for municipalities as they are for counties, the last source of estimates for Basalt specifically is the 2000 Census. The Census reported the median family income in the Town of Basalt was \$73,375, which was slightly higher than Eagle County’s and lower than the median income in Pitkin County.

### Median Incomes Basalt Compare to Eagle and Pitkin Counties

	Median Family Income (2000)
Eagle County	\$68,226
Pitkin County	\$75,048
Basalt Town	\$73,375

Source: US Census

Household estimates by the State Demographer for 2007 show that 72% of Basalt's households are in Eagle County and 28% are in Pitkin County. For purposes of this analysis, the Area Median Income (AMI) for Basalt was determined from a weighted average based on household location. Thus the median income represented below falls between that of Pitkin County and Eagle County. This same approach could be used for updating the Town's Housing Guidelines.

### Basalt AMI, 2008

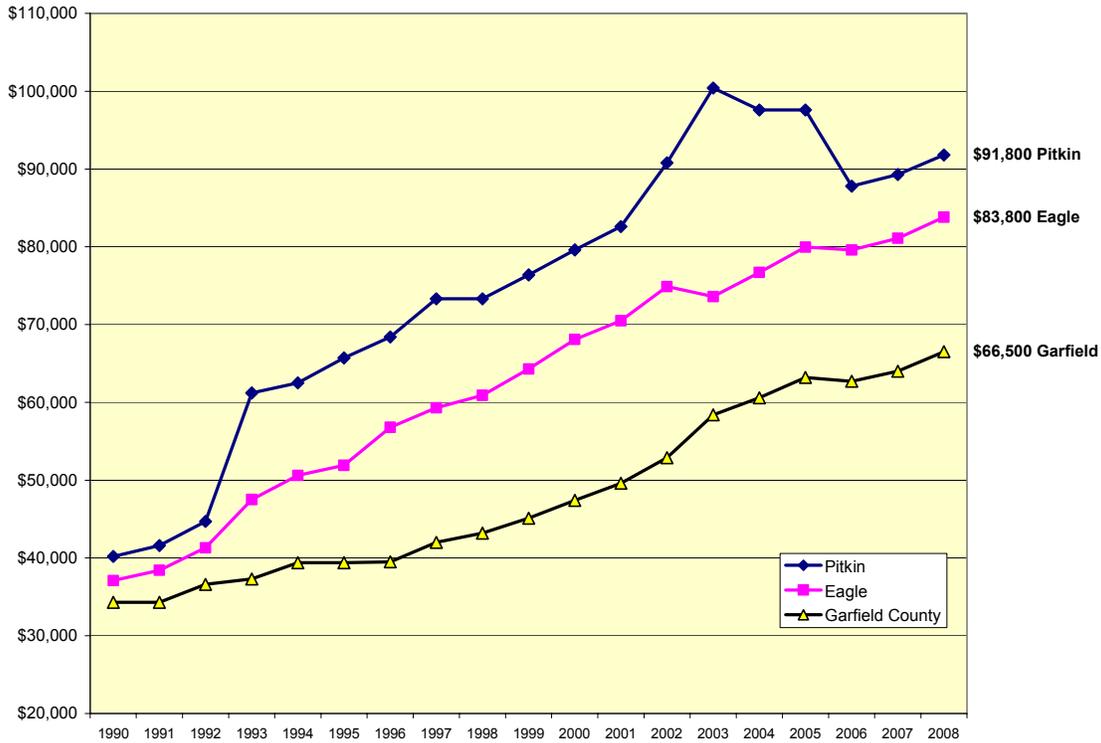
*Weighted Average of AMI's in Pitkin and Eagle Counties*

	<b>1-person</b>	<b>2-person</b>	<b>3-person</b>	<b>4-person</b>	<b>5-person</b>	<b>6-person</b>
30% AMI	\$18,419	\$21,046	\$23,694	\$26,322	\$28,420	\$30,519
50% AMI	\$30,705	\$35,067	\$39,450	\$43,848	\$47,353	\$50,858
80% AMI	\$43,502	\$49,708	\$55,929	\$62,135	\$67,092	\$72,084
100% AMI	\$61,410	\$70,133	\$78,900	\$87,696	\$94,706	\$101,717
120% AMI	\$73,692	\$84,160	\$94,681	\$105,235	\$113,647	\$122,060
150% AMI	\$92,115	\$105,200	\$118,351	\$131,544	\$142,059	\$152,575

Source: US Department of Housing and Urban Development

The median incomes in both Eagle and Pitkin counties as well as neighboring Garfield County have been trending upward though adjustments made after the release of income information from the 2000 Census show an erratic line in Pitkin County. Between 2000 and 2008, the AMI for a family of four increased 23.1% in Eagle County and 15.3% in Pitkin County.

### Change in Area Median Income



Source: US Department of Housing and Urban Development

### Income Distribution by Tenure

Approximately 25% of Basalt’s households are low income (incomes equal to or less than 80% AMI). About 45% are in the moderate to middle ranges, and 30% are upper income (150% AMI or more). Owners have higher incomes than renters, as it typically the case.

### Income Distribution by Tenure

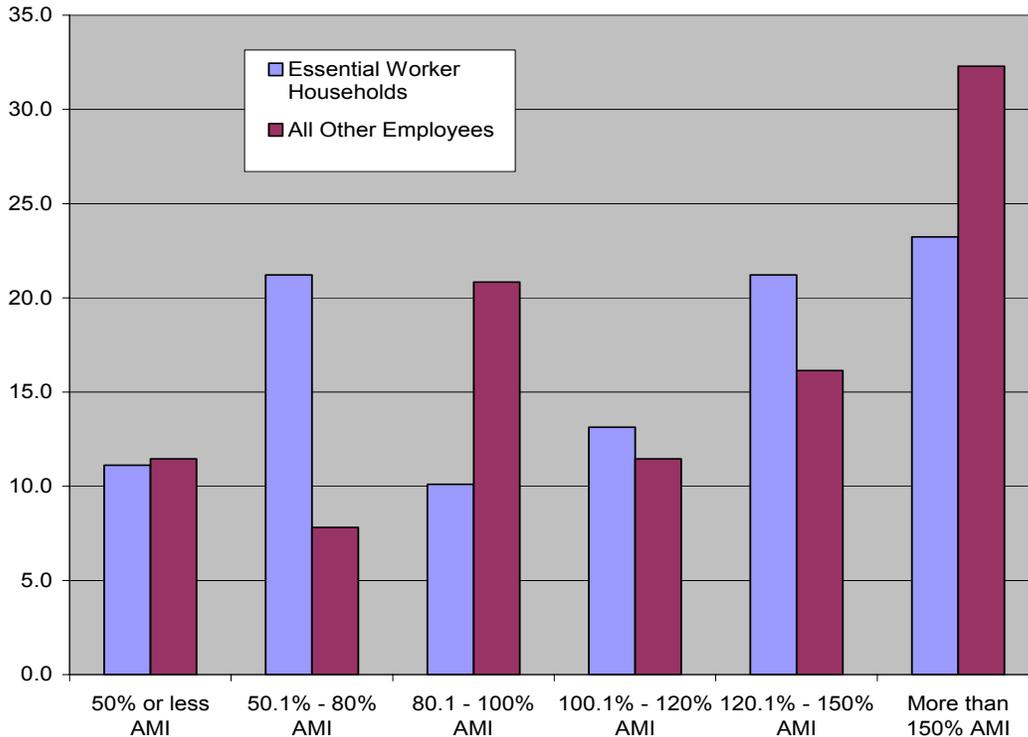
Shading denotes low income.

	Renter		Owner		Total	
	#	%	#	%	#	%
50% or less AMI	67	15.6%	87	9.4%	153	11.3%
50.1% - 80% AMI	63	14.7%	117	12.7%	182	13.4%
80.1 - 100% AMI	77	17.8%	173	18.7%	250	18.4%
100.1% - 120% AMI	59	13.6%	102	11.0%	161	11.9%
120.1% - 150% AMI	68	15.8%	135	14.6%	203	15.0%
More than 150% AMI	97	22.4%	311	33.6%	407	30.0%
<b>Total</b>	<b>431</b>	<b>100.0%</b>	<b>925</b>	<b>100.0%</b>	<b>1,356</b>	<b>100.0%</b>

Source: CHAS; RRC Calculations

Essential employees (health care providers, government and special district employees, teachers and day care providers) have incomes that are generally lower than other employees.

### Incomes of Essential Employees



Source: 2008 Household Survey

Since Basalt’s affordable housing program serves persons who work in Basalt as well as in the nearby unincorporated planning area, their incomes have been separately calculated from employees who work elsewhere, like Aspen. Employees who work in Basalt have lower household incomes than residents who commute out to jobs in other communities. Approximately 37% of the households that include at least one person who works in Basalt are low income ( $\leq 80\%$  AMI). Their median income is \$70,000, which equates to about 100% AMI for a two-person household. In contrast, only 20% of the households where all employed members commute to jobs elsewhere have low incomes. The median income for commuter households is nearly \$84,000, which is roughly 120% AMI. Households in which no employees reside have the lowest income levels.

**Income by Where Work**

*Based on Winter Job Location – Shading denotes low income.*

	<b>Work in Basalt</b>	<b>Work Elsewhere</b>	<b>No Employees</b>
50% or less AMI	23.2	9.2	21.8
50.1% - 80% AMI	13.5	11.1	37.1
80.1 - 100% AMI	18.1	19.5	4.2
100.1% - 120% AMI	10.8	10.6	6.9
120.1% - 150% AMI	13.9	18.7	11.5
More than 150% AMI	20.5	30.9	18.6
Total	100%	100%	100%
Median	\$70,000	\$83,714	\$41,249
Mean	\$79,652	\$99,782	\$74,865

Source: 2008 Household Survey

**Maximum Purchase Price by AMI**

Housing is generally considered to be affordable when the monthly payment equals no more than 30% of the household’s gross income. The following table provides the maximum affordable purchase prices for each AMI category based on current mortgage standards.

**Income Limits and Maximum Affordable Purchase Price**

<b>Area Median Income*</b>	<b>1-person</b>	<b>2-persons</b>	<b>3-persons</b>	<b>4-persons</b>	<b>5-persons</b>
30% AMI	\$18,419	\$21,046	\$23,694	\$26,322	\$28,420
50% AMI	\$30,705	\$35,067	\$39,450	\$43,848	\$47,353
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120% AMI	\$73,692	\$84,160	\$94,681	\$105,235	\$113,647
150% AMI	\$92,115	\$105,200	\$118,351	\$131,544	\$142,059
<b>MAX Purchase Price*</b>					
30% AMI	\$60,000	\$69,000	\$77,000	\$86,000	\$93,000
50% AMI	\$100,000	\$114,000	\$128,000	\$143,000	\$154,000
80% AMI	\$142,000	\$162,000	\$182,000	\$202,000	\$218,000
100% AMI	\$200,000	\$228,000	\$257,000	\$286,000	\$308,000
120% AMI	\$240,000	\$274,000	\$308,000	\$343,000	\$370,000
150% AMI	\$300,000	\$343,000	\$385,000	\$428,000	\$463,000

\*Assumes 30% of income towards payment, 5% down, 6.5% 30 year loan, 20% of housing payment for property insurance, taxes, HOA

Down payment availability and interest rates greatly impact these amounts.

### *Job Estimates and Employment*

At present, there are approximately 5,100 jobs within the Basalt Planning Area. This estimate includes full and part-time positions. This is not a measurement of the number of employees, however, since many employees hold more than one job. With an average of 1.25 jobs per employee, 5,133 jobs translate into 4,106 employees. Of these, 2,570 employees work within Town limits.

<b>Jobs - Basalt Area</b>			
<b>Year</b>	<b>Jobs In Town</b>	<b>Jobs Outside</b>	
		<b>Limits</b>	<b>Total Jobs</b>
2000 (year average)	1,667	816	2,483
2006 (year average)	2,732	1,559	4,291
2008 (estimate)	3,213	1,920	5,133
2012 (projection)	4,465	2,927	7,392
<b>Total New Jobs 2008 to 2012</b>	<b>1,253</b>	<b>1,007</b>	<b>2,259</b>

Source: QCEW; RRC Associates  
See Appendix for methodology.

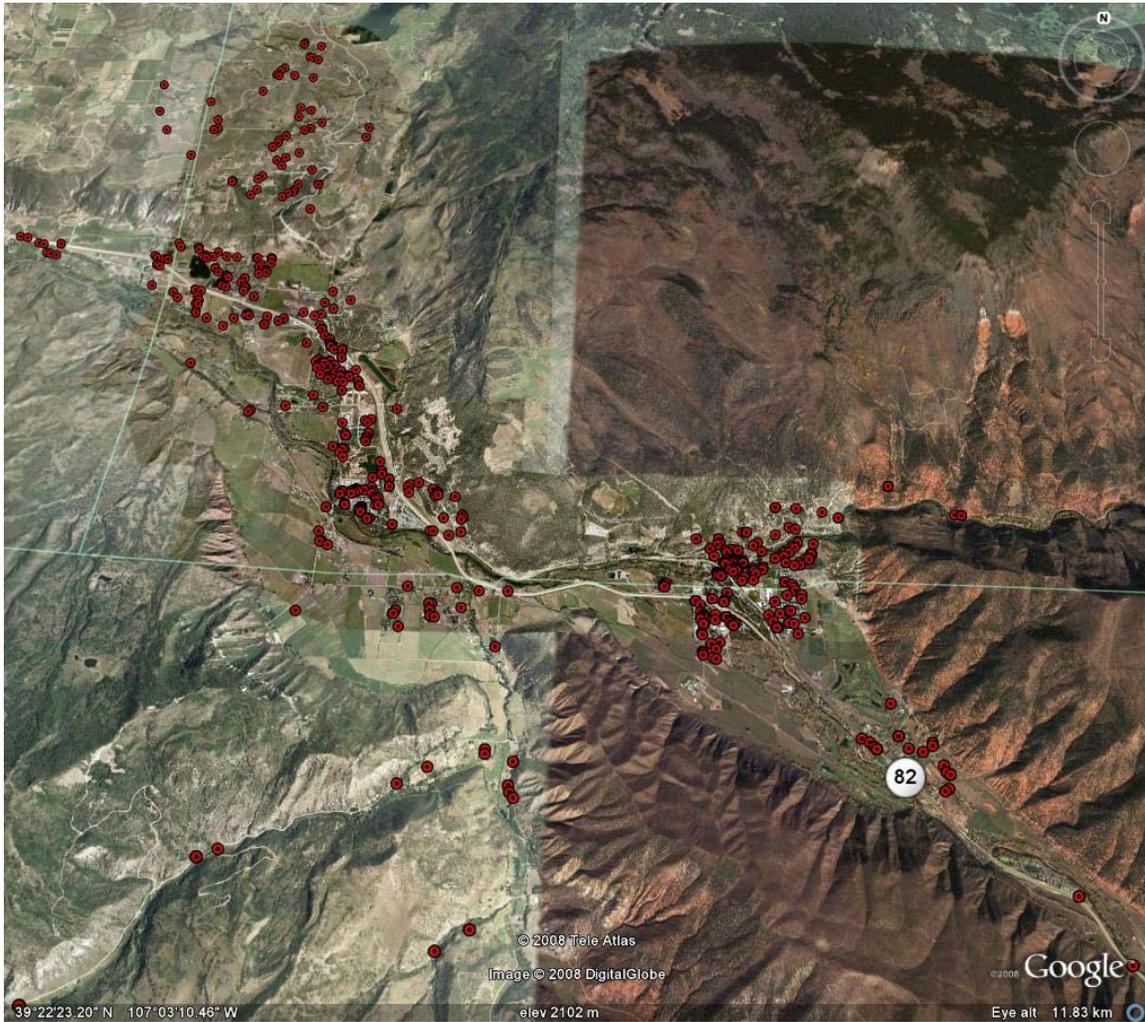
If job growth continues at the same rate as between 2000 and 2006, a time that included both a recessionary period early in the decade followed by strong economic growth, over 2,000 new jobs will be created in the Basalt area by 2012.

Approximately 63% of the jobs in the area are located within Basalt's municipal limits. This estimate was generated by mapping the employer's primary address. There are weaknesses in this approach in that all employees are usually shown at the same addresses even if the employer operates at multiple locations. This is the best indication available, however, of job locations. Since Basalt's housing programs serve employees working through the planning area, the demand for the housing will be greater than reflected solely by job growth within the town.

<b>Job Location</b>			
<b>Year</b>	<b>Jobs In Town</b>	<b>Jobs Outside</b>	
		<b>Limits</b>	<b>Total Jobs</b>
2000 (year average)	67.1%	32.9%	100%
2006 (year average)	63.7%	36.3%	100%
2008 (estimate)	62.6%	37.4%	100%
<b>Total Jobs 2008</b>	<b>3,213</b>	<b>1,920</b>	<b>5,133</b>

Source: QCEW; RRC Associates

### Basalt Area Business Locations



### *Jobs per Employee and Employees per Household*

Multiple job holding is common in communities with economies similar to Basalt. On average, employees hold 1.25 jobs in some combination of full- and part-time positions.

<b>Jobs per Employee</b>				
	<b>Summer</b>	<b>Ski Season</b>	<b>Spring/Fall</b>	<b>Average</b>
Own	1.23	1.22	1.24	1.23
Rent	1.27	1.32	1.29	1.29
<b>Total</b>	<b>1.25</b>	<b>1.25</b>	<b>1.26</b>	<b>1.25</b>

Source: 2008 Household Survey

During the winter season, the average number of employees per households with at least one employee is 1.73. The average is slightly higher among renter households.

**Average Number of Employees per Household  
by Own/Rent**

	<b>Average</b>
Own	1.63
Rent	1.91
Total	1.73

Source: 2008 Household Survey

While the survey documented that the number of employees per unit increases with the number of bedrooms, it found that the numbers are smaller than those used with the Town’s Community Housing Guidelines. The Town’s commercial development requirements are based on the number of employees for which housing must be provided. Credit towards that number is based on the number of bedrooms within the proposed units as shown on the following table. Using standards for the number of employees per unit that are higher than actual results in an effective lowering of the requirements below the current 20% guideline.

**Employees per Unit  
Survey and Town Guidelines Compared**

<b>Bedrooms</b>	<b>Average # Employees/Unit</b>	<b>Town Guidelines</b>
1	1.25	1.75
2	1.72	2.25
3	1.68	3.00
4	1.93	3.50

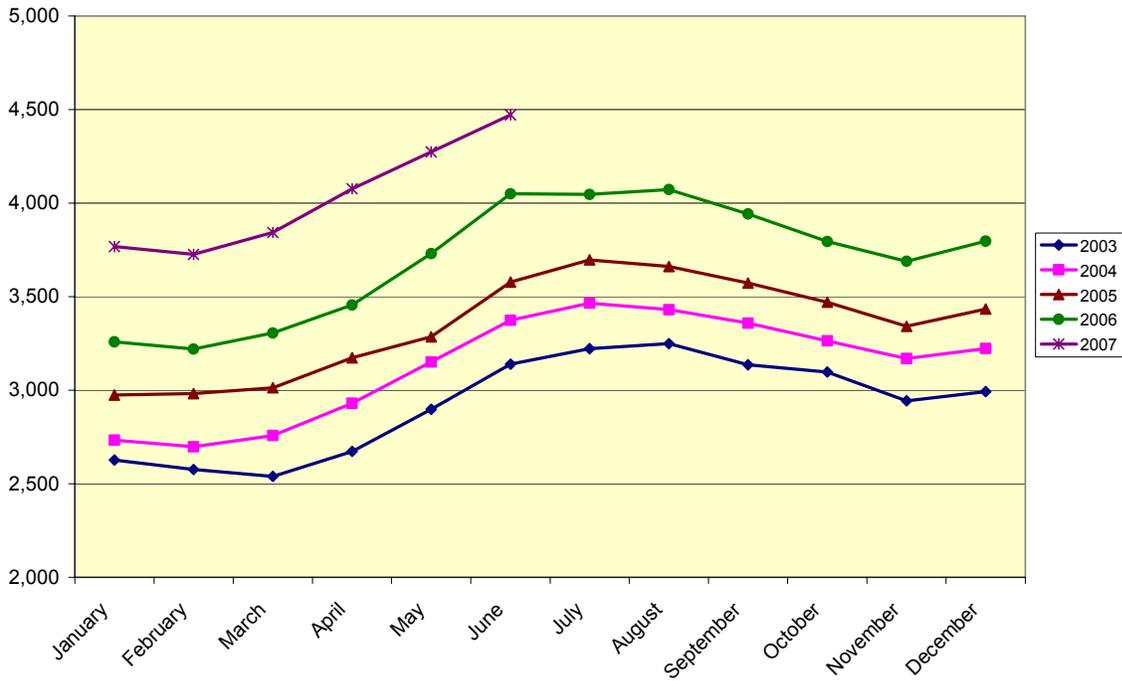
Source: 2008 Household Survey

Note: The sample of units with five or more bedrooms was small but averaged just over two employees per unit.

***Seasonality in Employment***

Basalt has seasonal fluctuations in employment, with summer being the peak period. With growth in jobs each year, the seasonal pattern has changed little.

### Seasonality of Employment Jobs in the Basalt Planning Area

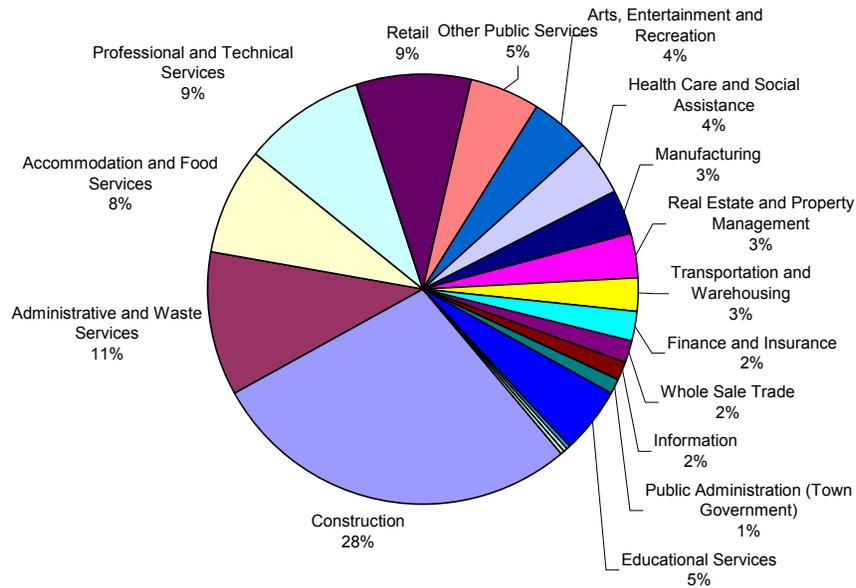


Source: Quarterly Census of Employment and Wages

### *Employment by Industry*

The construction industry is the single largest source of jobs in Basalt – 28% of the total. With the current slow down in construction, the growth in jobs experienced in recent years should slow. An overall net loss of jobs could occur.

### Employment by Industry 2<sup>nd</sup> Qtr 2007



Source: Quarterly Census of Employment and Wages

From 2000 through the second quarter of 2007, the most recent period for which data are available:

- Construction was the most seasonal of the major industries in the area, of no surprise given how weather impacts activity. While the number of construction jobs based in Basalt grew 35%, both residential and commercial construction activity has slowed dramatically in 2008.
- Retail employment growth was steady and healthy, up 34.7% with only minor seasonality.
- The largest percent increase (316%) occurred in information services.
- The only industries in which the number of jobs was relatively flat were transportation and warehousing and public administration.

### Change in Jobs by Industry

	Overall Growth 2 <sup>nd</sup> Qtr 2003 to 2 <sup>nd</sup> Qtr 2007
Construction	35.2%
Administrative and Waste Services	117.8%
Accommodation and Food Services	125.2%
Professional and Technical Services	55.5%
Retail	34.7%
Other Public Services	63.6%
Arts, Entertainment and Recreation	21.0%
Health Care and Social Assistance	43.5%
Manufacturing	-0.7%
Real Estate and Property Management	78.0%
Transportation and Warehousing	63.6%
Finance and Insurance	7.2%
Whole Sale Trade	31.1%
Information	316.3%
Public Administration (Town Government)	18.0%
Educational Services	-2.8%
Agriculture, forestry, fishing, hunting	5.0%
Utilities	70.8%
Management of Companies and Enterprises	-36.8%

Source: Quarterly Census of Employment and Wages

### Wages

The average wage paid to employees working in Basalt amounts to an income of \$41,206 per year. On average, restaurant workers have the lowest wages and business managers have the highest.

**Average 2007 Q2 Wages and % Employment by Industry**

	<b>Wages</b>	<b>% Employment</b>
Construction	\$49,019	28.6%
Administrative and Waste Services	\$28,482	11.0%
Accommodation and Food Services	\$17,732	10.4%
Professional and Technical Services	\$59,611	9.2%
Retail	\$32,464	8.9%
Other Public Services	\$43,737	5.3%
Arts, Entertainment and Recreation	\$28,229	4.4%
Health Care and Social Assistance	\$38,634	4.3%
Manufacturing	\$42,628	3.4%
Real Estate and Property Management	\$55,416	3.4%
Transportation and Warehousing	\$43,050	2.7%
Finance and Insurance	\$52,803	2.1%
Whole Sale Trad	\$68,069	1.7%
Information	\$41,812	1.6%
Public Administration	\$45,156	1.2%
Educational Services	\$27,777	0.8%
Agriculture, forestry, fishing, hunting	\$27,478	0.3%
Utilities	\$25,889	0.3%
Management of Companies and Enterprises	\$80,483	0.3%
Overall	\$41,206	100.0%

Source: Quarterly Census of Employment and Wages

### *Unemployment*

Unemployment is a measurement of the percentage of the labor force that is unable to find acceptable employment. Estimates are published at the county level and are not available specifically for Basalt. Full employment is generally considered to be an unemployment rate of around 3%. Rates lower than 3% typically indicate a labor shortage.

Unemployment rates in Pitkin and Eagle counties have been lower than the state average for years, a trend that continued through September 2008. When last reported, the rate was 3.5% in both counties, compared with 4.9% for the state as a whole. It appears to be increasing, although the change has been minimal thus far. The sharp decline in construction activity will likely be felt throughout the community, however, and unemployment rates should continue to increase.

**2008 Unemployment Rate**

	<b>Pitkin</b>	<b>Eagle</b>	<b>Colorado</b>
January	2.4	3.1	4.7
February	2.4	3.1	4.7
March	2.4	3.0	4.7
April	2.4	2.9	4.3
May	5.9	4.6	4.7
June	3.7	3.9	5.3
July	3.2	3.4	5.2
August	2.9	3.3	5.2
September	3.5	3.5	4.9

Source: LAUS Unit, LAUS system output file

The Basalt Chamber of Commerce reports that several businesses each month are leaving Basalt, most for down-valley locations where space tends to be less expensive. Professional and commercial services who do work valley wide conduct business as easily in Carbondale or Glenwood Springs, and housing there is less expensive for their employees.

**Annual Unemployment Rates**

	<b>Pitkin</b>	<b>Eagle</b>	<b>Colorado</b>
2005	4.1	3.9	5.1
2006	3.2	3.4	4.3
2007	2.8	2.9	3.8

Source: LAUS Unit, LAUS system output file

***Commuting Patterns***

In this report, commuting is measured in two ways – in and out. The first, in commuting, examines where persons who are employed in Basalt live. The employer survey found that:

- approximately 16% of employees who work in the town also live there;
- 13% commute in from the nearby area that extends from Catherine’s Store to Old Snowmass;
- nearly 6.5 % commute down valley from the Aspen/Snowmass Village area;

- The rest commute up valley from Carbondale, Glenwood Springs and the communities along the I-70 corridor in the Grand River Valley.

**Where Basalt Workers Live**

	Year		
	Round	Seasonal	Total
Carbondale	23.1%	15.5%	22.1%
New Castle/Silt/Rifle/Parachute	15.7%	35.1%	18.1%
Glenwood Springs	17.1%	12.4%	16.5%
Basalt - within town	15.4%	22.7%	16.3%
Old Snowmass to Catherine's Store - outside Town limits	14.7%	3.1%	13.2%
Other	8.4%	0.0%	7.4%
Aspen/Snowmass Village Area	5.7%	11.3%	6.4%
Total	100.0%	100.0%	100.0%

Source: 2008 Employer Survey

Out commuting is the travel of Basalt residents to jobs in other locations. According to the household survey, in the winter:

- 45% of Basalt’s working residents work in Basalt;
- 55% out commute to jobs elsewhere, primarily up valley.

The survey probably overstated the percentage of residents who work in Basalt and under-represented out commuters since commuters, who spend more time traveling to and from their work, are typically less likely to complete surveys. While the sample size of residents living outside of Basalt within the unincorporated planning area is small, it appears that their commuting patterns are similar to the Town’s residents. As described in an appendix to this report, a comparison of 2000 Census data, 2004 Transportation Study results and 2006 Census estimates were used to estimate the number of in and out commuters.

Commuting declines slightly during the summer months when more residents work near where they live.

**Where Basalt Residents Work**

*Total exceeds 100% because of multiple job locations*

	<b>Winter</b>	<b>Summer</b>
Aspen/Snowmass Village area	55%	50%
Basalt - within town limits	45%	49%
Outside town limits	12%	13%
Glenwood Springs	6%	7%
Carbondale	6%	6%
<b>Total</b>	<b>124%</b>	<b>125%</b>

Source: 2008 Household Survey

The most recent comprehensive commuting information is from the 2000 US Census, which indicated that 25% of Basalt’s workers also lived in Basalt and 35% of Basalt’s employed residents also worked in Basalt. Based on the US Census, and a combination of other sources, it appears that in-commuters outnumber out commuters. About 1,800 workers travel into Basalt for work while 1,300 residents leave the town for jobs elsewhere. For purposes of estimating Catch-up needs in Section 6 – Housing Gaps and Needs, the below commuting numbers are used.

**Estimates of Commuting**

	<b>Total*</b>	<b>%</b>
Persons Employed in Basalt	2,500	100%
Residents working in Basalt	700	25%
In commuters	1,800	75%
Employed Residents	2,000	100%
Employees Living in Basalt	700	35%
Out commuters	1,300	65%

\*Numbers represent rounded estimates.  
Please see appendix for methodology

## Section 2 -- Inventory

This section of the report covers number of units and rate of growth, type of units, occupancy and tenure, ownership, and inventory of affordable units.

### *Number of Units and Rate of Growth*

Basalt remained a very small community from its inception through the 1970's when, by the end of the decade, there were only 160 homes in Basalt. This changed, however, when this mid-valley community became an affordable alternative to Aspen in the 1980's. Though market conditions were generally soft in Colorado's mountain communities in the first half of the decade, the average annual rate of growth in housing in the 1980's reached approximately 16%.

Basalt witnessed its biggest boom in construction in the late 1990's and the early part of this decade. While the rate of residential growth eased somewhat, the absolute number of housing units built in the late 1990's was roughly four times the number built per year in the 1980's. So far this decade, residential construction has averaged about 60 units per year.

According to a combination of Assessor data and building permit records, 1,593 residential units are now located in Basalt. Since most of these homes are relatively new, it is likely that relatively few units are in substandard physical condition. Only 10% of the inventory (160 units) was originally built or significantly remodeled more than 30 years old.

**Housing Units -- Year Built\* and Rate of Growth**

	<b># Built</b>	<b>Avg #/Yr</b>	<b>% Built</b>	<b>Cumulative Total</b>	<b>Growth Rate</b>	<b>Avg. Annual Rate</b>
Before 1940	51		3.20%	51		
1940 to 1949	4	0.4	0.30%	55	7.8%	0.8%
1950 to 1959	13	1.3	0.80%	68	23.6%	2.4%
1960 to 1969	35	3.5	2.20%	103	51.5%	5.1%
1970 to 1979	57	5.7	3.60%	160	55.3%	5.5%
1980 to 1989	259	25.9	16.20%	419	161.9%	16.2%
1990 to 1994	246	49.2	15.40%	665	58.7%	11.7%
1995 to 1999	441	88.2	27.60%	1,106	66.3%	13.3%
2000 to 2007	422	60.3	26.40%	1,528	38.2%	5.5%
2008 estimate	65	--	4.10%	1,593	4.3%	4.3%
<b>Total</b>	<b>1,593</b>	<b>38</b>	<b>100%</b>	<b>1,593</b>		<b>7.5%</b>

\* The Eagle County Assessor may change the date of construction for major remodels/additions. As such, some units are at least partially older than indicated.

***Unit Type***

Basalt has relatively few single-family homes for a rural community – only 44% of the total. This is primarily due to the high price and limited availability of land, and the Town’s land use policy, which has resulted in construction of higher-density condominium and townhome units. According to the Town’s 1998 Comprehensive Plan, just over half of all units were single-family homes. The drop of four percentage points in 10 years represents a marked shift in the composition of the housing inventory.

**Housing Units by Type**

	<b>Comp Plan 1998</b>	<b>Comp Plan 2004</b>	<b>New*</b>	<b>Total thru 2007</b>	<b>% of Total</b>
Single Family	474	629	41	670	43.9%
Duplex	42	104	36	140	9.2%
Multi Family	368	502	62	564	36.9%
Mobile Home	51	51	1	52	3.4%
Mixed Use	N/A	102	N/A	102	6.7%
<b>Total</b>	<b>935</b>	<b>1,388</b>	<b>140</b>	<b>1,528</b>	<b>100%</b>

Source: Basalt 2007 Master Plan, Eagle County Assessor, Pitkin County Assessor

The number of mobile homes, which are often the most affordable housing option, has remained constant over the past 10 years, due in part at least to the Town’s adoption of

a 100% replacement policy for low-income housing. The inventory is small, however – only 52 units.

The 2007 Master Plan identified 102 units in mixed-use developments. Residential units above commercial space have become increasingly marketable in the mountain west, and appear to be a viable form of housing in Basalt. These units appear to have high occupancy levels, providing mostly rental housing. The units are primarily occupied by singles and couples without children. A local record keeping system will be needed to track the development of these units, however, since neither of the county assessors nor the Census Bureau have a designation for units in mixed-used developments.

*Owner/Renter Mix*

About one-third of the households in Basalt rent their homes and two-thirds are homeowners. The homeownership rate in Basalt is very similar to the overall average for Colorado and, like the trend throughout much of the state, it increased between 1990 and 2000.

**Basalt Tenure**

	<b>1990</b>	<b>2000</b>	<b>2008 (est*)</b>	<b>2008 #</b>
Own	66.6%	67.5%	68.2%	925
Rent	33.4%	32.5%	31.8%	431
Total	100%	100%	100%	1,356

Source: US Census; RRC Associates, Inc.

\*assumes same rate of change as between 1990 and 2000

The gradual trend toward proportionately more owner-occupied units may not continue in the near term with tight credit standards following the mortgage market crisis, and the current recession. Decisions made about the owner/renter mix for affordable units could impact this trend.

*Occupancy and Ownership of Units*

With an increase in second homes, proportionately fewer units are occupied by local residents. The local occupancy rate shifted about 1.3 percentage points in the past 10 years with an almost doubling of the number of homes that are vacant/second homes.

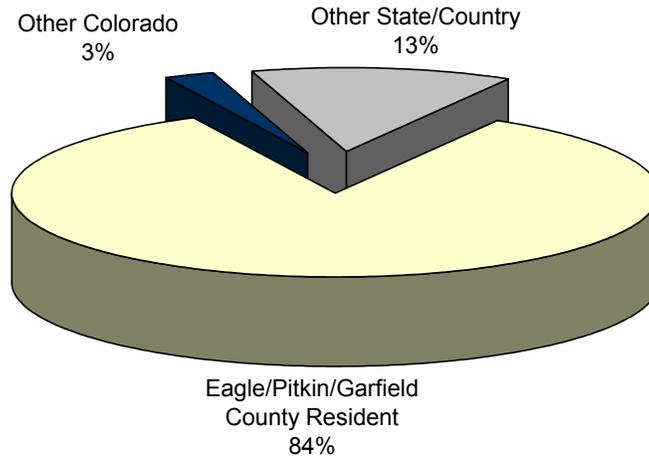
**Housing Unit Occupancy Rates**

	<b>Housing Units</b>	<b>Occupied Housing Units</b>	<b>Occupancy Rate</b>	<b>Vacant/ Second Homes</b>
1998	935	808	86.4%	127
2008	1,593	1,356	85.1%	237

*Ownership*

According to Assessor records, about 84% of all units in Basalt are owned by residents of the town or neighboring counties. The owners of approximately 13% of Basalt’s housing units maintain a primary address in some other state or country.

**Ownership of Units**



Source: Eagle County Assessor, Pitkin County Assessor

*Affordable Housing Inventory*

Basalt’s inventory of affordable units is modest but growing. It includes a combination of “category” units with employment, income and price caps, and “RO” units, which must be occupied by a locally employed resident but without income limits. Some RO units have resale price caps while others have employment restrictions only.

As of late 2008, Basalt had a total of 56 housing units with deed restrictions limiting their occupancy and, in some cases, their price, which equates to approximately 3.5% of the Town’s total inventory. Of these units:

- 16 are category units, most of which (9) are Category 3; there are no Category 1 units;
- 26 are “RO” units with resale price caps;
- 14 are RO units without caps;
- 39% are owner occupied while 61% are rental units;
- The bedroom mix is about evenly split between one- and two-bedroom units with just two studios and four three-bedroom units.

**Existing Affordable Housing Inventory**

<b>Existing</b>	<b>Total Units</b>	<b>1</b>	<b>2</b>	<b>Category 2-3</b>	<b>3</b>	<b>RO w/ Caps</b>	<b>RO no Caps</b>
<u>Ownership</u>							
Valley Pines	8				8		
Riverside	7					7	
Southside	1					1	
Willits	6						6
sub-total	22	0	0	0	8	8	6
<u>Rental</u>							
Lakeside - Willits	1		1				
Roaring Fork MH Park	1						1
Valley Pines	1				1		
Riverside Plaza	1						1
Roaring Fork Club	4		4				
Roaring Fork Club*	18					18	
Kelso	1						1
Keelty	5						5
Southside IV	1			1			
Teague	1			1			
sub-total	34						
<b>Total - Existing</b>	<b>56</b>	<b>0</b>	<b>5</b>	<b>2</b>	<b>17</b>	<b>34</b>	<b>20</b>

Source: Town of Basalt Planning Department

Developments that have already been approved will more than double the size of the affordable inventory. A total of 86 units have been approved but not yet built. Most of these will be in a single project – Willits. Of the 86 planned units:

- 38 will be RO without caps;
- 26 will be Category 2/3 (an average of Categories 2 and 3)

- 18 will have a unique per-square-foot price restriction; and
- 4 will be reserved for purchase by the Town and Fire District.

The bedroom mix has only been specified for six of the 86 units – four will have two bedrooms and two will have one bedroom. Most will be for owner occupancy although Willits may have up to 19 rental units.

**Affordable Housing Units, Approved – Not Built**

Approved - Not Built	Total Units	Category			RO w/ Caps	RO no Caps
		1	2	2-3		
Willits						
Ownership	60	4 for Town& Fire District;18 @\$218/SF				38
Rental (max #)	19			19		
Basalt Commercial Park	1			1		
Mid-Valley Center	4			4		
River Mtn Lodge	2			2		
<b>Total</b>	<b>86</b>			<b>48</b>		<b>38</b>

\* In 2008 dollars.

As now planned, eight proposed developments will provide 191 additional affordable units, which would bring the total inventory up to 333 units. The Town’s Master Plan is guiding decisions about these developments based on a policy calling for 30% of total units to be category units with full price and employment restrictions and for 20% of the total to be RO units with appreciation caps for annexations. Some of the proposed developments are currently within the Town limits and only subject to a requirement of providing affordable housing mitigation for 20% of the residential units and 15% of the bedrooms within the development.

Preliminary numbers indicate that, of the additional units, 41% will be Category 2/3, 17% will be RO without caps and approximately 39% will be RO with caps. Most of the proposed units (110) will be in a single, 100% deed-restricted project – Stott’s Mill.

### Proposed Affordable Housing Units

Pending Pipeline	Total Units	Category				RO w/ Caps	RO no Caps
		1	2	2-3	3		
Pokorny	14			14			
Flying Fish	2						2
Basalt Design District	7			7			
Stott's Mill	110			23		15	72
Jadwin	40			24		16	
Basalt Bluffs	4			3		1	
Arbaney/Kittle	8			8			
Midland Place/Green Drake	6			To be determined			
Total	191			79		32	74

It should be noted that the demand for housing generated by proposed commercial development has not been required. A total of 174,400 square feet is proposed, which would generate over 500 employees and total demand for approximately 240 workforce housing units.

Observations about the affordable housing inventory include:

- There is not much diversity in the existing inventory -- most of the units are apartments in mixed-use developments most suited for occupancy by singles or couples without children
- The owner/renter mix will shift but the character of the inventory will change little as units already approved are built; most will still be small units located over commercial space.
- Units are now located primarily in commercial areas rather than dispersed widely throughout the community.
- If approved, the projects in the pipeline will significantly alter the composition/character of the affordable housing inventory, expanding the options for family housing in residential neighborhoods.
- About two-thirds of existing units are in east Basalt – this relationship will not change. Even though one large project (Willits) is in west Basalt, approximately two-thirds of other approved or planned affordable units are proposed in east Basalt.

- Approximately 55% of existing and approved affordable units are or will be RO units. And, as planned, nearly 40% of the affordable units in the planning pipeline will also carry only RO restrictions. This is not typical. RO is most often a form of deed restriction intended to provide housing for the upper end of the locals market, amounting to no more than 10% to 20% of the inventory. There are exceptions like San Miguel County, where all units carry only occupancy/employment restrictions.
- The variety in the restrictions imposed upon affordable units is so great as to make monitoring and enforcement very difficult. Compiling and summarizing information on the inventory was more difficult and time consuming than is typically the case.
- While the Town's three-category structure was intended to provide for a range of pricing to serve different income groups, in practice this is not happening. There are no Category 1 units and none planned. All of the units that have been approved or are in the planning pipeline are either RO or the average of Categories 2 and 3.

Information on the prices for affordable units is included in the following section of this report.

### Section 3 – Homeownership Market Conditions

This section of the report examines home prices from 2000 through August 2008, the number of sales that have taken place by unit type during this same period, and the inventory of current listings.

#### Prices

Basalt is no longer the “affordable” mid-valley community. In the first eight months of 2008, the average price of free-market units sold in Basalt averaged nearly \$780,000. While prices are still much lower than in the Aspen area, the average price has increased nearly 110% since 2000.

**Average and Median Sales Prices 2000 to 2008 (thru August)**

	<b>Average</b>	<b>Median</b>	<b>Minimum</b>	<b>Maximum</b>	<b>N</b>
2000	\$372,692	\$315,000	\$100,000	\$2,000,000	169
2001	\$385,493	\$314,000	\$115,500	\$2,350,000	147
2002	\$410,438	\$320,000	\$128,000	\$2,280,000	117
2003	\$389,705	\$338,000	\$109,000	\$1,297,000	132
2004	\$407,732	\$342,000	\$140,900	\$2,150,000	182
2005	\$475,929	\$369,500	\$174,200	\$2,200,000	240
2006	\$595,786	\$498,000	\$150,000	\$2,410,000	245
2007	\$737,258	\$608,000	\$188,000	\$2,600,000	172
2008 Jan - Aug	\$779,907	\$613,400	\$256,900	\$3,400,000	84
Average/Total	\$501,232	\$410,000	\$100,000	\$3,400,000	1,488
% Change 2000 to 2008	109.3%	94.7%			

\*Excludes mobile homes, fractional ownership and deed-restricted properties.

Source: Eagle County Assessor, Pitkin County Assessor

The median price has consistently been slightly lower than the average, an indication that the average is affected by sales at the upper end of the price spectrum, like the home that sold for \$3.4 million in 2008.

On a per-square-foot basis, the overall median for units sold during the first eight months of 2008 topped \$500. In 2007, the median price of new units more than doubled over the previous year, soaring to \$710 per square foot while prices for existing units jumped \$100 per square foot from 2006.

**Median Price per Square Foot, New and Existing Units**

	<b>New</b>	<b>Existing</b>	<b>Total</b>
2000	\$203	\$205	\$204
2001	\$219	\$221	\$220
2002	\$240	\$215	\$219
2003	\$183	\$220	\$212
2004	\$190	\$230	\$220
2005	\$196	\$245	\$242
2006	\$354	\$327	\$334
2007	\$710	\$427	\$436
2008 (Jan – Aug)	\$523	\$433	\$507

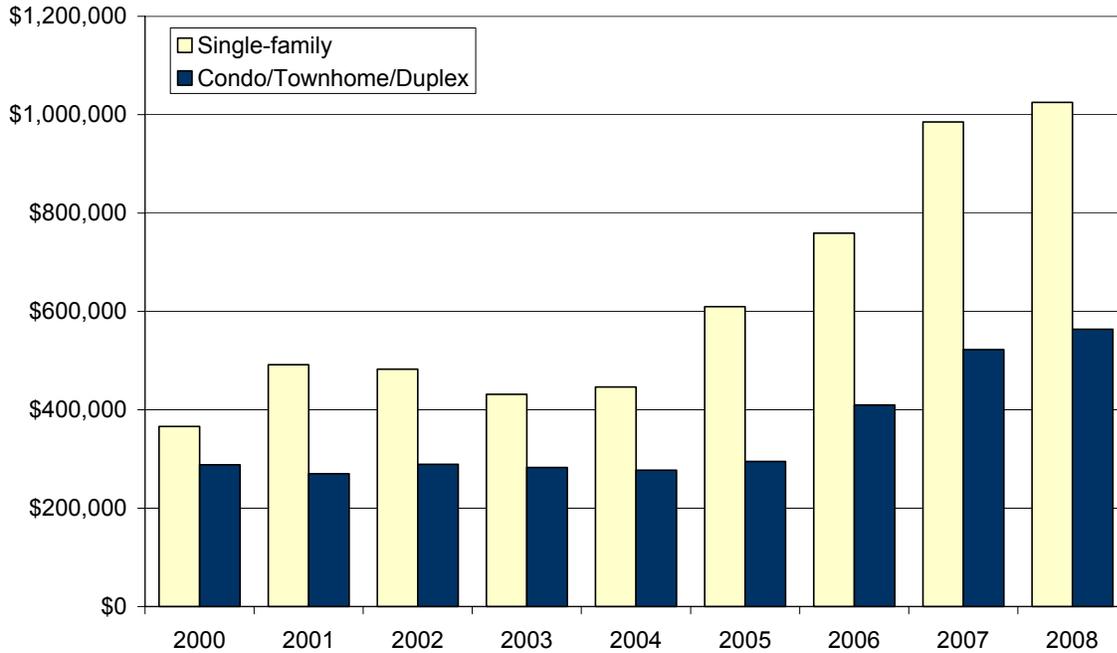
\*Excludes mobile homes, fractional ownership and deed-restricted properties.

Source: Eagle County Assessor, Pitkin County Assessor

The median price for new units has recently exceeded the price for older, existing units but this has not always been the case. The price differential between new and existing units was relatively small prior to the jump prices in 2007.

While realtors report that prices are now flat, the median price for single-family homes sold during the first eight months of 2008 exceeded \$1 million. The median price for condominiums, townhomes and duplexes was historically about two-thirds the price of single-family homes; however, the gap has widened with the price escalations from 2005 through 2007. Single-family houses are now selling for just a little more than half the median for condos/townhomes.

**Median Sales Prices by Unit Type 2000 thru August 2008**

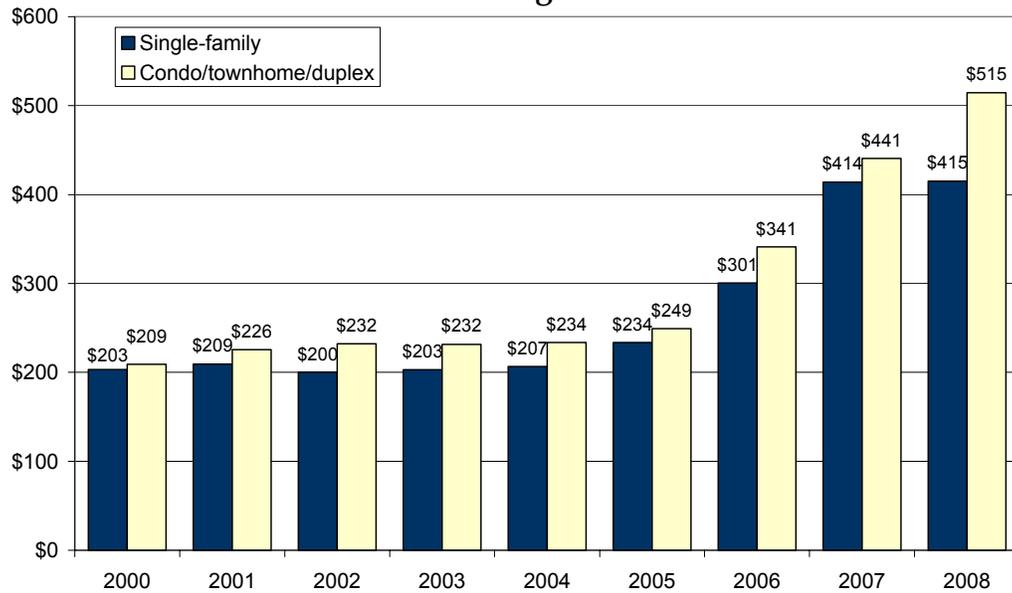


Source: Eagle County Assessor, Pitkin County Assessor

A combination of factors contributed to the steep rise in prices including completion of construction on Highway 82, which had been a 10-year project, continued escalation of housing prices in Aspen making Basalt a comparative value, construction of higher-end homes that attract second-home buyers, and the development of the Roaring Fork Club, which provided an amenity appealing to second-home owners.

On a per-square-foot basis, single-family homes are still more affordable, however, than condos/townhomes -- \$415 compared with \$515.

### Median Sales Price per Square Foot by Unit Type 2000 thru August 2008



Source: Eagle County Assessor, Pitkin County Assessor

Averages and medians only partially represent market activity. Tracking sales by price range shows that the number of sales within the lower price categories has declined sharply while proportionately there have been far more sales in the upper price ranges. In 2007, more sales were priced at or above \$1 million than in any other price category.

### Sales by Price Range 2000 thru August 2008

*Shading denotes price range with most sales.*

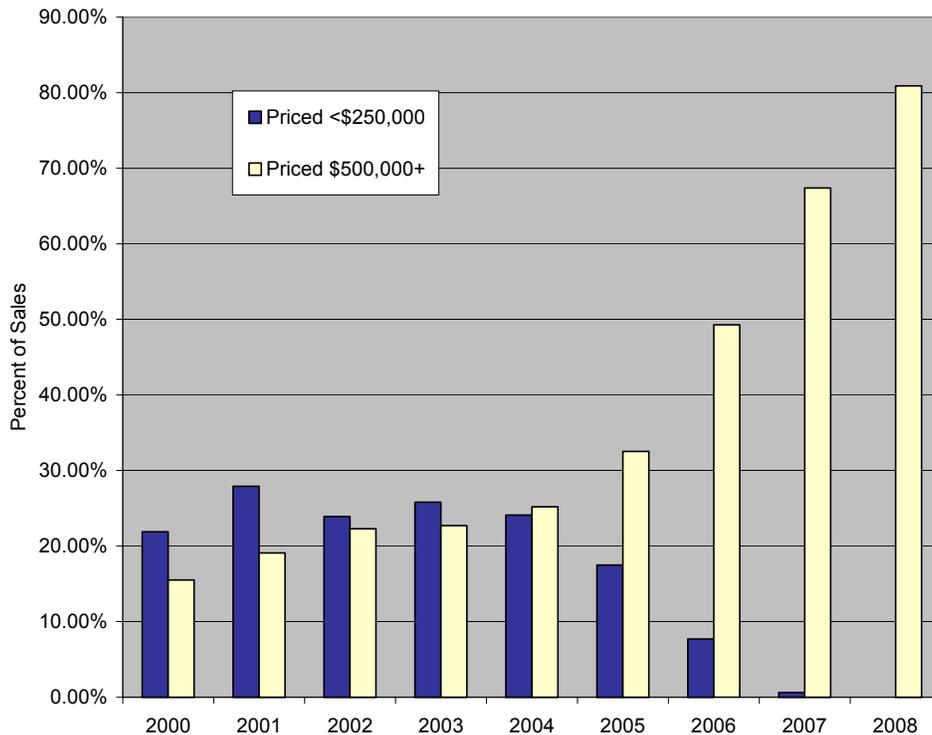
	2000	2001	2002	2003	2004	2005	2006	2007	2008
\$100-149,999	5.9%	7.5%	5.1%	7.6%	2.2%				
\$150-199,999	3.6%	6.8%	6.8%	5.3%	8.2%	4.2%	1.2%	0.6%	
\$200-249,999	12.4%	13.6%	12.0%	12.9%	13.7%	13.3%	6.5%		
\$250-299,999	21.9%	17.0%	13.7%	12.1%	13.7%	20.8%	6.9%	1.2%	2.4%
\$300-349,999	17.2%	8.8%	17.9%	13.6%	17.0%	5.8%	6.9%	4.1%	1.2%
\$350-399,999	13.0%	10.2%	10.3%	8.3%	4.9%	7.9%	12.7%	6.4%	2.4%
\$400-449,999	5.3%	9.5%	4.3%	6.8%	8.8%	7.1%	10.6%	11.0%	3.6%
\$450-499,999	5.3%	7.5%	7.7%	10.6%	6.0%	8.3%	5.7%	9.3%	9.5%
\$500,000-599,999	3.6%	6.8%	9.4%	7.6%	12.1%	10.0%	16.3%	16.3%	28.6%
\$600,000-699,999	3.6%	7.5%	6.0%	8.3%	6.0%	8.3%	9.4%	11.0%	19.0%
\$700,000-799,999	4.1%	1.4%	1.7%	4.5%	2.2%	4.6%	9.0%	11.6%	6.0%
\$800,000-899,999	1.8%	1.4%	1.7%	0.8%	1.1%	2.1%	1.2%	5.2%	7.1%
\$900,000-999,999	1.2%		0.9%		0.5%	2.1%	2.4%	6.4%	8.3%
\$1M +	1.2%	2.0%	2.6%	1.5%	3.3%	5.4%	11.0%	16.9%	11.9%

\*Excludes mobile homes, fractional ownership and deed-restricted properties.

Source: Eagle County Assessor, Pitkin County Assessor

The following chart illustrates the recent upward shift in prices. From 2000 through 2004, between 22% and 28% of units sold were priced under \$250,000. That percentage then dropped sharply. None of the units sold in the first eight months of 2008 were priced under \$250,000. At the same time, the percentage of upper-end units rose steeply. In 2000, only 15% of all units sold were for prices at or exceeding \$500,000. By 2008, over 80% of sales were for \$250,000 or more.

### Low- and Upper-End Sales



\*Excludes mobile homes, fractional ownership and deed-restricted properties.  
Source: Eagle County Assessor, Pitkin County Assessor

A comparison of the sale prices for Basalt’s deed restricted inventory to the market cost, on a per-square-foot basis of condominiums revealed that:

- Category units with income and price caps (Valley Pines) sold for 20% less than market average from 2003 through 2005. The price differential grew to 60% when free market prices shot upward in 2006.
- RO units with appreciation caps (Riverside, AKA Ute Center) sold for prices higher than the free market average, an indication of premium pricing for new

units at a good location and the little impact that RO restrictions have on price, even when appreciation caps are imposed.

- The only sales of RO units without price caps during this period occurred in 2008 (Willits). The average price per square foot of \$475 was approximately 8% below the free-market average.

**Affordable Housing Prices, 2001 – 2008**

Year of Sale	Category		RO w/Caps		RO no Caps		Market Price Condos
	Price	Price/SF	Price	Price/SF	Price	Price/SF	
2001			\$218,800	\$330			\$226
2003	\$120,900	\$195					\$232
2004	\$120,900	\$195	\$167,000	\$317			\$234
2005	\$127,700	\$206	\$215,500	\$342			\$249
2006	\$132,100	\$213	\$242,000	\$408			\$341
2007			\$257,250	\$412			\$441
2008					\$485,000	\$475	\$515

\*Excludes mobile homes, fractional ownership and deed-restricted properties.  
Source: Eagle County Assessor, Pitkin County Assessor

*Number of Sales*

From 2000 through August 2008, there were 1,669 sales transactions for improved residential properties. This equates to an average of about 194 units sold per year.

**Number of Qualified Sales by Type**

Year	Single-family	Condo/Duplex/ Townhome	Fractional	Deed- Restricted	Mobile Home	Total
2000	60	109	1	0	5	175
2001	54	86	5	7	4	156
2002	41	76	12	0	2	131
2003	63	69	13	8	5	159
2004	80	101	16	3	2	202
2005	84	151	9	7	3	256
2006	71	170	29	6	5	283
2007	50	120	40	3	5	218
2008 (Jan – Aug)	16	68	3	5	2	89
<b>Total</b>	<b>519</b>	<b>950</b>	<b>128</b>	<b>39</b>	<b>33</b>	<b>1,669</b>
<b>% of Total</b>	<b>31.1%</b>	<b>56.9%</b>	<b>7.7%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>100%</b>

Source: Eagle County Assessor, Pitkin County Assessor

Of sales:

- About one-third were for single-family homes.
- The majority were condominiums and townhomes, outnumbering sales for all other types of units combined.
- Only 2.3% were for deed-restricted units, and even fewer were for mobile homes.

### *Primary vs. Second Homes*

Realtors report that proportionately more homes have been sold to second home buyers in recent years. Assessor data support this trend. In 2007, 75% of sales were to owners with local addresses while one-quarter were sold to owners who maintained addresses outside of the region.

	<b>Single Family</b>	<b>Condo</b>	<b>Total</b>
Local Resident	76.0%	74.5%	75.0%
Out of Area Resident	0.0%	25.5%	25.0%
Total	100.0%	100.0%	100.0%

Source: Eagle County Assessor, Pitkin County Assessor

### *Listings*

The inventory of homes listed for sale in Basalt is large – 122 as of mid November within the town limits of Basalt. This equates to a 7.5-month inventory based on the average annual number of sales between 2000 and August 2008. Given the recent drop in sales activity, it will likely take much longer to absorb the current inventory. A complete list of the inventory is included in the appendix, along with a map showing their location.

### For Sale Listings by Unit Type and Price

	<b># of Listings</b>	<b>Average Price</b>	<b>Median Price</b>	<b>Median Size</b>	<b>Median Price/SF</b>
Duplex/Triplex	7	\$1,293,429	\$960,000	1,892	\$521
Condo	44	\$613,777	\$625,000	1,097	\$598
Townhome	25	\$1,012,560	\$699,000	1,884	\$410
Single Family	46	\$2,052,929	\$1,585,000	3,260	\$616

Note: The number of listings is slightly lower than referenced by the Board of Realtors since it excludes all properties not within town limits.

Of the 122 residential units listed for sale:

- About 36% of the listings were condominiums. These 44 units were listed for prices ranging from \$327,000 for a 450 square foot studio to \$985,000 for a three-bedroom unit with about 1,750 square feet. The median list price was \$625,000, or \$598 per square foot.
- Larger townhomes had a median list price of nearly \$700,000 but were a better value with a median price per square foot of \$410. One townhome was listed at about \$1.5 million and four were asking from \$2.4 to \$2.7 million.
- There were more single family homes listed for sale than any other type of unit – 46 homes or 38% of listings. The median price for these homes was nearly \$1.6 million. The average topped \$2 million. The homes are not listed for these prices because they are really large. The median size was 3,260 square feet, and the median price per square foot was \$616, making single family homes the most expensive type of housing per square foot listed for sale in Basalt.
- Of the seven duplex/triplex units for sale, five were listed at prices ranging from \$629,000 to \$985,000. Two were much higher at \$2.1 to \$2.75 million.

In terms of affordability, an income equivalent to approximately 620% AMI is needed to be able to afford a single-family home in Basalt based on today's median list price. A household would need an income equivalent to 245% AMI to be able to purchase a median-priced condominium.

### Price Affordability by Unit Type

	Median Price	Approx. AMI Required*
Duplex/Triplex	\$960,000	375%
Condo	\$625,000	245%
Townhome	\$699,000	270%
Single Family	\$1,585,000	620%

\* For a three-person household; assumes 5% down payment.

Only two units were listed at prices affordable for households with incomes at 150% AMI – the studio with 458 square feet and a one-bedroom condominium with 535 square feet. The lowest-priced condominium listed for \$100,000 more than what would be affordable for a household with an income at 100% AMI.

List prices do not necessarily reflect market prices. At this time, there is insufficient activity to establish what market prices are. Offers are just not being made. As activity picks up again, the prices buyers are willing to accept may be significantly lower than current list prices. The National Association of Realtors recently reported a 9% drop in median prices nation wide over 2007 levels with great variety by market area.

## Section 4 – Rental Market

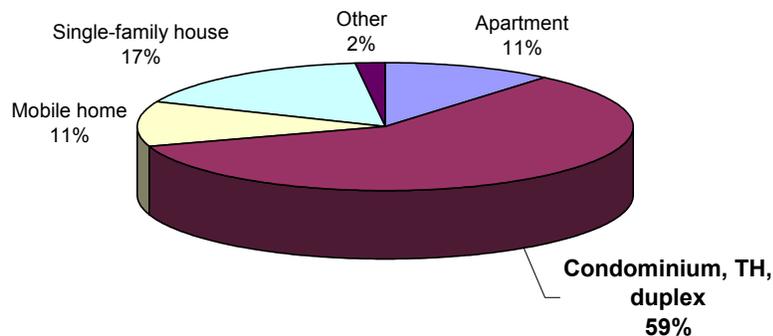
This section of the report covers the number and type of rental units in Basalt, bedroom mix, rents, market conditions in the region, changing conditions in Basalt, turnover and the desire to move either into homeownership or a different rental unit.

### *Number and Type of Units*

Approximately 430 housing units in Basalt are renter occupied, which equates to just under 32% of all occupied housing units (27 of total units taking into account vacant/second homes).

Most of the renter-occupied dwellings are units that could be sold individually for owner occupancy. Almost 60% are condominiums, townhomes or duplexes, and another 17% are single-family homes.

**Renter-Occupied Units by Type**



Source: Household Survey

Only 11% of the renters surveyed indicate they live in apartments. Many of these units are legally condominiums, however, since there are no apartment complexes in Basalt. The only units that can only be renter occupied and not sold for owner occupancy should market conditions allow and owner preferences dictate, are accessory dwellings (about 20) and employee rental units (34 at present). This is unusual for a community the size of Basalt where so many of the jobs are low wage (retail is one of the major employment sectors), and the cost to buy a home is so high.

A lawsuit known as the Telluride Decision confirmed that rent controls are not legal in Colorado. For this reason, the Town has focused its affordable housing efforts on homeownership and imposed rent controls on the rental units required by obtaining a small fractional ownership in the units. Concerns about potential challenges to these controls appear largely unwarranted, however. Challenges to similar controls in other communities have been filed by owners of individual units, and have not been successful. Also, development of affordable apartment projects requires some type of subsidized financing, most often Low Income Housing Tax Credits. These sources of financing control rents for at least 30 to 40 years. Affordability is often also maintained permanently through non-profit ownership.

Many of the apartments in Basalt are owned and controlled by employers. Approximately 10% of renters surveyed indicated their units were provided through their employers.

### *Bedroom Mix*

Since most of Basalt's renter-occupied unit were designed for homeownership, very few are small. Only 10% are studios or have one bedroom. This is unusually low and has implications for affordability. In most Colorado market areas, units with multiple bedrooms require multiple incomes. In Basalt, this means that few employees have the opportunity to live alone.

#### **Bedroom Mix – All Rental Units**

<b>Bedrooms</b>	<b>Rent</b>
0	1.7
1	8.3
2	42.4
3	40.6
4	6.1
5	1.0
<b>Total</b>	<b>100%</b>

Source: Household Survey

### *Rents*

Rents in Basalt average nearly \$1,900 per month. The average for single-family homes tops \$2,300 per month. Mobile homes are the least expensive, with an average monthly rent of \$875. With only 34 deed-restricted rental units, and no subsidized apartment

projects, rents on apartment units are averaging nearly \$1,500 per month. Rents appear to be slightly lower outside of town limits.

**Average Rents by Unit Type**

	<b>Basalt - within town limits</b>	<b>Outside town limits</b>	<b>Overall Area</b>
Apartment	\$1,486	\$840	\$1,382
Condominium, TH, duplex	\$2,105	\$1,800	\$2,100
Mobile home	\$875	\$1,050	\$900
Single-family house	\$2,315	\$1,250	\$2,246
Overall	\$1,893	\$1,431	\$1,830

Source: Household Survey

Rents for one-bedroom units are the most affordable averaging a little more than \$900 per month but, as explained previously, there are few one-bedroom rentals. Rents for two-bedroom units appear to be higher than for three-bedroom units. This is likely due to the age and condition of units, not a factor of size. Property managers report that one bedroom units are the easiest to rent and that new two-bedroom condominiums are their most often requested units.

**Average Rents by Number of Bedrooms**

<b>Bedrooms</b>	<b>Basalt – within town limits</b>	<b>Outside town limits</b>	<b>Overall Area</b>
1	\$911	\$1,000	\$926
2	\$2,052	\$1,394	\$1,967
3	\$1,950	\$1,750	\$1,926
4	\$1,978	\$1,050	\$1,742

Note: small sample size for four-bedroom units.

Source: Household Survey

**Affordability of Rents**

The following table shows the rent rates that are affordable by AMI for both two- and four-person households, assuming rent equals 30% of household income.

**Affordable Rent Rates**

<b>Income</b>	<b>2-person Household</b>	<b>Affordable Rent</b>	<b>4-person Household</b>	<b>Affordable Rent</b>
30% AMI	\$21,046	\$526	\$26,322	\$658
50% AMI	\$35,067	\$877	\$43,848	\$1,096
80% AMI	\$49,708	\$1,243	\$62,135	\$1,553
100% AMI	\$70,133	\$1,753	\$87,696	\$2,192
120% AMI	\$84,160	\$2,104	\$105,235	\$2,631
150% AMI	\$105,200	\$2,630	\$131,544	\$3,289

Rents are generally affordable for households with incomes at 100% AMI. It would take about two times the average overall wage or 2.5 times the average retail wage in Basalt to afford a two-bedroom unit.

#### Incomes Needed for Rents to be Affordable

Bedrooms	Average Rent	Income Needed	Approximate AMI*	# Retail Wages Required (Avg. \$32,464)	# Overall Wages Required (Avg. \$41,206)
1	\$911	\$36,440	52%	1.1	0.9
2	\$2,052	\$82,080	117%	2.5	2.0
3	\$1,950	\$78,000	98%	2.4	1.9
4	\$1,978	\$79,120	100%	2.4	1.9
Overall	\$1,893	\$75,720	96%	2.3	1.8

\*Based on incomes for three-person households.

#### *Market Conditions in the Region*

The Colorado Division of Housing sponsors a survey of rents and rental vacancy rates twice yearly in many of Colorado's larger non-metro communities. This survey is intended to represent market-rate apartments, not deed-restricted rentals or single-family homes that are renter occupied. While it does not report on Basalt specifically, it covers Eagle County and two neighboring market areas -- Aspen and Glenwood Springs. Results from this survey provide insight into the rental market in the Roaring Fork Valley.

The survey reported that:

- Vacancies among rental units were extremely low as of the first quarter of 2008 and have been for the past three years. The vacancy rate is slightly higher in Eagle County than in Aspen or Glenwood Springs but was last reported at 2.7%, which is still very low.
- Rents are high but remaining steady. There has been little upward movement in rents during the past three years, which is because they have reached the maximum that most renter households can and will pay.
- Rents in Aspen and Eagle County are similar but rates are still lower in Glenwood Springs. Although the DOH survey does not indicate it, rents have

been rising along the I-70 corridor in Garfield County due to a surge in employment in the oil and gas industry.

#### Rents and Vacancy Rates by Market Area

<b>Vacancy Rates</b>	<b>2006 1st Qtr</b>	<b>2006 3rd Qtr</b>	<b>2007 1st Qtr</b>	<b>2007 3rd Qtr</b>	<b>2008 1st Qtr</b>
Aspen	1	1	0.7	1.4	1.4
Eagle County	1.3	1.6	2	4.7	2.7
Glenwood Springs	1.3	2.4	2.2	2.4	1.4
<b>Average Rents</b>					
Aspen	\$1,098	\$1,106	\$1,106	\$1,113	\$1,133
Eagle County	\$1,080	\$1,048	\$1,092	\$1,079	\$1,058
Glenwood Springs	\$722	\$724	\$736	\$730	\$715
<b>3rd Qtr 07 Rents</b>					
	<b>Studio</b>	<b>1 BR</b>	<b>2 BR/1 BA</b>	<b>2 BR/2 BA</b>	<b>3 BR</b>
Aspen	\$995	\$1,116	\$1,261	\$1,313	\$1,541
Eagle County	\$672	\$962	\$1,091	\$1,164	\$1,201
Glenwood Sprs	\$738	\$604	\$807	\$1,038	\$833

Source: Colorado Division of Housing

#### *Changing Conditions in Basalt*

The rental market in Basalt has softened in recent months. While one property manager reported that October was very busy (about 10 calls a day), all are reporting vacancies that they can not fill. Most of the units that are now vacant are priced at or over \$2,000 per month. Units that rent for \$1,000 to \$1,500 per month are remaining largely full.

The recent surge in vacancies can be attributed primarily to two factors: the sharp decline in construction activity and the increase in supply resulting from owners trying to rent homes that they can not sell. Construction-related jobs pay the highest hourly wages in the area. Workers holding these jobs often rent, remaining flexible to follow the work to where it is available. They can afford higher rents, and often push up rates during construction booms. With the recent sharp slow down in construction, workers are leaving the area and decreasing rental demand.

At the same time, homes are not selling. Rather than remain vacant, owners are trying to rent them. This increase in supply is hitting simultaneously with the decrease in demand stemming from the construction slump.

Higher vacancies are also a function of the level to which rents have climbed. Most employees can not afford to spend \$1,500 per month on rent and are forced to commute

from down valley where rates are considerably less. Few landlords have yet to lower their asking rates but rents should decline soon, and may drop significantly depending upon the depth and length of the current recession. The demand for rental units should not drop much further, however, unless job losses extend beyond the construction industry. With mortgage availability limited by tough credit standards and higher down payment requirements, and with purchase prices still very high in the area, fewer renters will be able to move into ownership.

Managers of rental properties also report:

- Renting to households with pets is very difficult; 30% to 40% of renters have dogs.
- Employers are increasingly interested in master leasing units for subleasing to employees. Property managers are reluctant to do so because of their inability to control who resides in the units.

Renting units to households consisting of multiple unrelated roommates is a problem. Two roommates can generally be placed into one unit but not groups of three or more. Unit owners set limits on roommates, and neighbors object primarily due to cars and parking. Government regulations also impede renting to multiple roommates. While the Town has less stringent requirements regarding occupancy, the International Building Code generally does not allow for more than one person per every 200 square feet of residential space.

### *Turnover*

While almost 30% of renters have lived in the area a long time (more than 10 years) they tend to change residents frequently. Over 37% have lived in the units they now rent for less than one year, and another 24% have only lived in their current residences one to two years.

**Length of Residency in Home and Area – Renters Only**

	<b>Live in Current Residence</b>	<b>Live in the Area</b>
Less than 1 year	37.3	19.7
1 to 2 years	24.1	15.6
3 to 5 years	25.1	19.9
6 to 10 years	1.7	15.8
More than 10 years	11.8	29.0
Total	100%	100%

Source: Household survey

*Desire to Move*

The vast majority of renters (82%) would like to buy. Of those who would rather continue renting, about half would like to stay in their current residence while the other half would rather rent somewhere new or different.

**Desire to Buy or Rent**

	<b>% Renters</b>
Buy a home	82.4
Stay in my current residence	9.1
Rent a new apartment or mobile home	8.5
Total	100%

Source: Household survey

While the sample size of those who want to rent somewhere different is small, it appears that most would rather rent an apartment than a mobile home and that they would like two or three bedrooms.

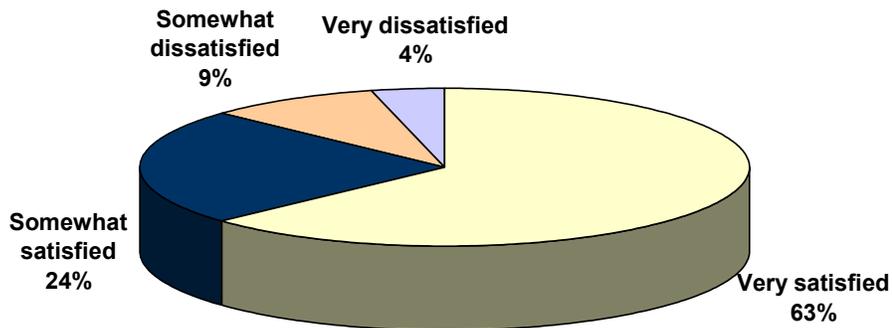
## Section 5 – Housing Problems

This section of the report examines standard indicators of housing problems including satisfaction levels and reasons for dissatisfaction with housing, affordability, foreclosures, overcrowding, forced commuting, employer perceptions as to the extent of the workforce housing problem, and problems that employers are experiencing directly related to housing, like inability to fill jobs.

### *Satisfaction with Housing*

Approximately 13% of Basalt’s households are dissatisfied with their residence. This equates to approximately 176 households. Basalt had an unusually high percentage of “very satisfied” respondents – 63%.

**Satisfaction with Current Residence**



Source: 2008 Household Survey

Satisfaction levels are related to length of residency. Generally, the longer that someone has lived in the area, the more satisfied they are with their housing. Residents who have only lived in the area for one to two years are the most likely to be dissatisfied.

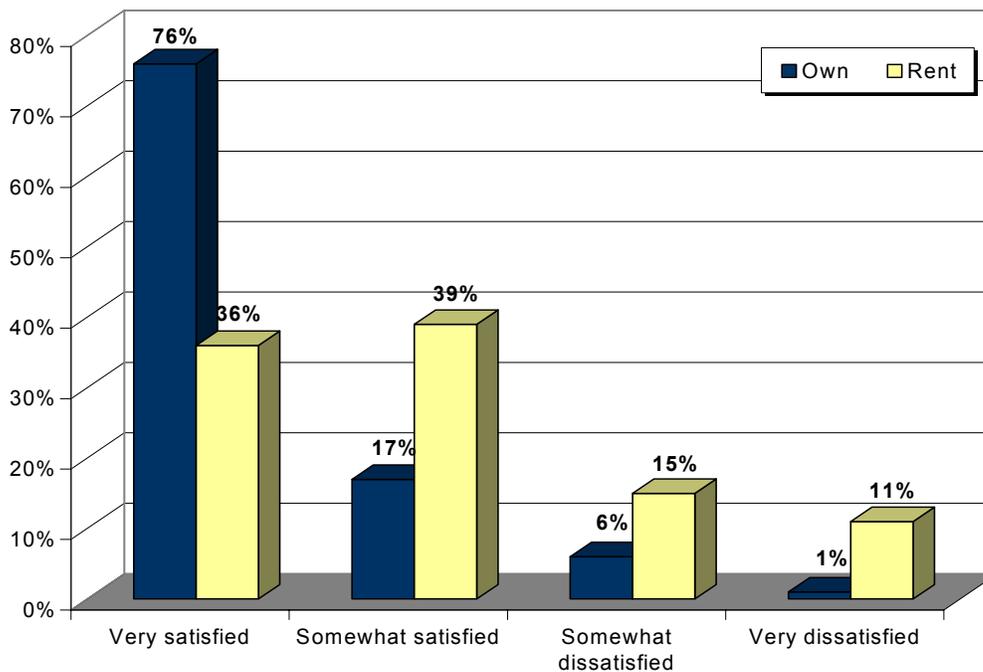
**Satisfaction by Length of Residency in the Region**

	Less than 1 year	1 to 2 years	3 to 5 years	6 to 10 years	More than 10 years
Very satisfied	31.8%	24.1%	55.8%	41.8%	71.4%
Somewhat satisfied	59.1%	37.9%	23.3%	36.4%	17.2%
Somewhat dissatisfied	9.1%	31.0%	16.3%	16.4%	6.9%
Very dissatisfied	0.0%	6.9%	4.7%	5.5%	4.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2008 Household Survey

As is typically the case, renters in Basalt are more likely to be dissatisfied (26%) than homeowners (7%).

**Satisfaction with Current Residence by Own/Rent**



Source: 2008 Household Survey

There also appears to be a correlation between incomes and satisfaction levels. Respondents with very low incomes (equal to or less than 50% AMI) are likely to be very satisfied or very dissatisfied with their housing, with few responses from in between.

**Satisfaction by Income Category**

	<b>50% or less AMI</b>	<b>50.1% - 80% AMI</b>	<b>80.1 - 100% AMI</b>	<b>100.1% - 120% AMI</b>	<b>120.1% - 150% AMI</b>	<b>More than 150% AMI</b>
Very satisfied	71%	44%	59%	49%	77%	66%
Somewhat satisfied	7%	43%	21%	23%	15%	31%
Somewhat dissatisfied	0%	13%	18%	23%	5%	2%
Very dissatisfied	22%	0.0%	2%	5%	2%	2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2008 Household Survey

Essential employees tend to be more satisfied with their housing than other employees but the difference is minimal.

**Satisfaction – Essential Employees**

	<b>Essential Employee Households</b>	<b>All Other Employees</b>
Very satisfied	66.7	61.4
Somewhat satisfied	22.9	24.5
Somewhat dissatisfied	7.6	8.2
Very dissatisfied	2.9	5.9
Total	100%	100%

Source: 2008 Household Survey

The cost of housing is the foremost reason for dissatisfaction among renters; however, overcrowding/too small was more frequently cited by dissatisfied homeowners. While distance to work is a factor for some, very few residents indicated that living in an undesirable location contributes to their displeasure with their home.

**Reasons for Dissatisfaction by Own/Rent**

*(multiple response question)*

	<b>OVERALL</b>	<b>Own</b>	<b>Rent</b>
Too expensive	62%	43%	71%
Overcrowded/no privacy/too small	48%	55%	44%
Too far from work	37%	26%	42%
Unit in poor condition	32%	45%	27%
Disturbance from nearby short-term rentals	28%	13%	35%
Not in desirable location	14%	14%	14%
Total	221%	196%	233%

Source: 2008 Household Survey

An examination of reasons for dissatisfaction by income revealed some interesting findings. Very low income residents are concerned about the small size and poor

condition of the homes in which they live. They are not as concerned about the expensive cost of their housing as are moderate- to upper-income households.

**Reasons for Dissatisfaction by Income Category**

*(multiple response question-small sample size)*

	<b>50% or less AMI</b>	<b>50.1% - 80% AMI</b>	<b>80.1 - 100% AMI</b>	<b>100.1% - 120% AMI</b>	<b>120.1% - 150% AMI</b>	<b>More than 150% AMI</b>
Too expensive	0%	59%	82%	74%	100%	80%
Overcrowded/no privacy/too small	100%	19%	21%	63%	100%	10%
Too far from work	0%	22%	37%	55%	32%	80%
Unit in poor condition	100%	22%	28%		32%	10%
Nearby short-term rentals	69%	0%	11%	37%	100%	0%
Not in desirable location	0%	19%	11%	18%		10%
<b>Total</b>	<b>269%</b>	<b>141%</b>	<b>189%</b>	<b>247%</b>	<b>364%</b>	<b>190%</b>

Source: 2008 Household Survey

**Affordability**

Housing is generally considered to be affordable when the monthly mortgage or rent payment does not exceed 30% of a household’s gross income. Based on this standard, approximately 34% of Basalt’s households (460 households) live in housing that is more expensive than they can afford. These households are considered to be cost burdened by their housing payment, which makes it difficult from them to afford other necessities.

**Percentage of Income Spent on Housing by Own/Rent**

	<b>Overall</b>	<b>Own</b>	<b>Rent</b>
Under 10%	14%	20%	2%
10-20%	23%	20%	27%
20-30%	29%	26%	35%
30-40%	14%	14%	15%
40-50%	10%	12%	6%
Over 50%	10%	8%	16%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Total Cost Burden</b>	<b>34%</b>	<b>34%</b>	<b>37%</b>

Source: 2008 Household Survey

Being cost burdened also places the household at risk of default and foreclosure, or eviction if they are renters. Historically, renters were more likely to have monthly payments exceeding 30% of their incomes; however, with the lax lending standards and sub-prime loans of the recent past, the percentage of homeowners with payments that are too high relative to their income increased. In Basalt, just over one-third of all homeowners are cost burdened.

With incomes that are generally lower than other employees, it is not surprising that proportionately more essential employees are cost burdened by their housing payment. Nearly 40% of households with at least one essential employee spend more than 30% of their income on housing.

**Affordability for Essential Employees**

	<b>Essential Employee Households</b>	<b>All Other Employees</b>
Under 10%	9.4	10.6
10-20%	21.9	23.3
20-30%	29.2	33.9
30-40%	15.6	12.7
40-50%	13.5	7.9
Over 50%	10.4	11.6
	100%	100%
<b>Total Cost Burdened</b>	<b>39.6</b>	<b>32.3</b>

Source: Household Survey

***Foreclosures***

Foreclosure filings provide a good guide to foreclosure activity in a given county, and while a property may be withdrawn from the foreclosure process after a filing is made, the filings statistics nevertheless indicate where borrowers are delinquent and in default. Eagle County has a significantly higher level of foreclosure activity than Pitkin County, with a rate of one foreclosure for every 147 households versus one per 1,088 households in Pitkin County. Both Pitkin and Eagle County have shown an increase in filings through the first two quarters of 2008. In both 2007 and 2008, three filings were reported in Basalt, which equated to 428 filings per household in 2007 and 452 in 2008.

The most significant foreclosure activity is on the Front Range of Colorado. The counties with the most foreclosure filings per household are Adams, Weld, Denver, and

Arapahoe Counties. Adams and Weld Counties topped the list with one filing per 44 households and one filing per 52 households respectively.

**Foreclosure Filings – Eagle and Pitkin Counties**

	1sts QTR	2nd QTR	3rd QTR	4th QTR	Total	Households per Filing
2007 Pitkin	0	3	4	0	7	1,088
2008 Pitkin	9	0	-	-		
2007 Eagle	14	45	43	27	129	147
2008 Eagle	33	46	-	-		
2007 Basalt	1	0	2	0	3	428
2008 Basalt	0	0	0	3	3	452

Source: CDOH Foreclosure Report; Eagle County Public Trustee

*Overcrowding*

Overcrowding is not common in Basalt. In total, 5.5% of respondent households are overcrowded, which equates to a total of 75 households in Basalt. As is usually the case, larger households are more likely to be overcrowded. It is acknowledged that these estimates do not adequately represent the conditions in which extended Hispanic families and undocumented workers live.

**Number of Bedrooms and Number of Residents Compared**

*Shading denotes overcrowded units*

Bedrooms	Persons in Household					
	One	Two	Three	Four	Five	Six
1	25.0%	6.4%	3.6%			
2	40.0%	38.9%	19.6%	14.5%	11.8%	
3	22.5%	42.0%	35.7%	54.8%	17.6%	28.6%
4	11.3%	8.3%	37.5%	27.4%	52.9%	28.6%
5	1.3%	3.8%	3.6%	3.2%	11.8%	28.6%
6		0.6%			5.9%	
7						14.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2008 Household Survey

***Unable to Live Where Desired – Forced Commuting***

The majority of residents now living in Basalt (70%) indicated that Basalt is where they most want to live. About 18%, however, would like to move up valley to the Aspen or Snowmass Village area, and 7% would like to live in the area just outside of town. Very few want to move down valley or leave the region.

Of those respondents who live near Basalt but outside of town limits, over half want to continue to live out of town but 30% want to move into Basalt.

**Where Want to Live by Where Now Live**

<b>Where want to live</b>	<b>Where Live Now</b>	
	<b>Basalt - within town limits</b>	<b>Outside town limits</b>
Basalt - within town limits	70%	30%
Outside town limits	7%	57%
Aspen/Snowmass Village area	18%	13%
Carbondale	2%	
Outside of this region	2%	
Other	1%	
Glenwood Springs	0%	
<b>Total</b>	<b>100%</b>	<b>100%</b>

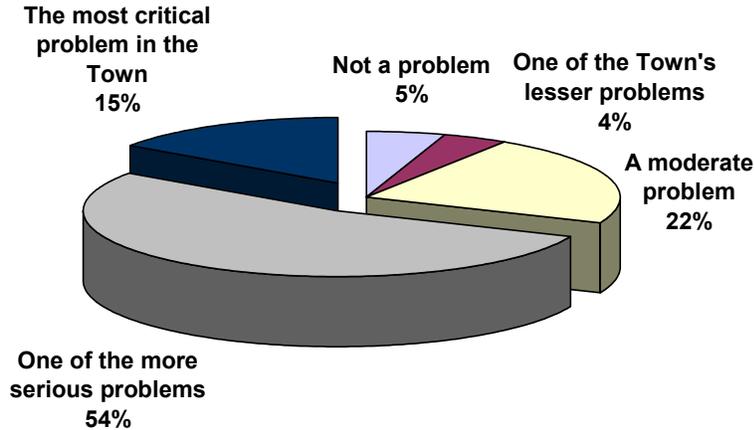
Source: 2008 Household Survey

Of employees who commute into Basalt from homes up or down valley, approximately 27% indicated they would most like to live within the town of Basalt and another 18% would like to live in the area outside of town. This is a key factor impacting the demand for housing in Basalt and will be taken into account in Section 6 of this report.

***Employer Perceptions about Housing***

Just over half of the employers surveyed indicated that the availability of affordable workforce housing in Basalt is “one of the more serious problems”. Another 15% felt it is “the most critical problem in the town”. Fewer than 10% felt workforce housing is not a problem or one of the lesser problems facing the community.

### Extent to Which Housing is a Problem



Source: 2008 Employer Survey

### *Employer Problems Related to Housing*

The perceptions employers have regarding the extent to which the availability of affordable workforce housing is a problem are based, in part at least, to difficulty they have experienced hiring and keeping employees. Of those surveyed, over half indicated their ability to recruit and retain qualified employees had gotten harder over the past three years. While nearly 30% have indicated that hiring employees has stayed about the same only 3% indicated it has gotten easier. This suggests that the economic recession currently descending upon the country has not yet significantly impacted the job market and labor force availability in Basalt.

### Ability to Recruit and Retain Qualified Employees

	<b>% Employers</b>
Improved/gotten easier	3%
Stayed about the same	29%
Declined/gotten harder	51%
Don't know/not applicable	18%
<b>Total</b>	<b>100%</b>

Source: 2008 Employer Survey

Employers were asked to indicate the number of jobs that were very difficult to fill and the number that remained unfilled during the past year. Those who responded to the survey indicated 115 jobs in the winter and 127 jobs in the summer were very difficult

to fill. By applying this result to total jobs in the Basalt area, it follows that about 714 jobs were very difficult to fill.

**Difficult to Fill – Employers Surveyed 2008**

<b>Basalt Area</b>	<b>Winter</b>	<b>Summer</b>	<b>Average</b>
Difficult to Fill Jobs	679	749	714
Total Jobs	4,991	5,275	5,133
% Difficult to Fill	13.6%	14.2%	13.9%
<b>Town of Basalt</b>			
Difficult to Fill Jobs	425	469	447
Total Jobs	3,123	3,301	3,212
% Difficult to Fill	13.6%	14.2%	13.9%

Source: 2008 Employer Survey

Some jobs were never filled, a situation that impacts customer service, hours of operation, profitability and the ability to grow. Based on the experience of employers surveyed, roughly 280 jobs remained unfilled during the past year in the Basalt area. Some were seasonal. More jobs remained unfilled in the winter than during the summer months.

**Unfilled Jobs – Employers Surveyed 2008**

<b>Basalt Area</b>	<b>Winter</b>	<b>Summer</b>	<b>Average</b>
Unfilled Jobs	304	253	282
Total Jobs	4,991	5,275	5,133
% Unfilled	6.1%	4.8%	5.5%
<b>Town of Basalt</b>			
Unfilled Jobs	191	158	177
Total Jobs	3,123	3,301	3,212
% Unfilled	6.1%	4.8%	5.5%

Source: 2008 Employer Survey

Housing was not the only factor impacting employee recruitment and retention. When asked to indicate the specific reasons why employees would not accept a job or left employment, the high cost of living in the area was the most frequently cited response. Housing was the second most common reason, impacting employment far more so than transportation and day care. Among the employers surveyed, a total of 76 employees were identified that refused a job offer or left a position due to the lack of housing. This translates to about 1,280 employees who did not take or stay in jobs available to them within the Basalt Planning Area.

**Reasons for Not Accepting or Leaving Employment**

	<b># Employees</b>
Lacked Housing	76
Lacked Transportation	25
Lacked day care	6
Found cost of living in area was too high	112
Total Employees (2008 Survey)	219
% Employment	25%

Source: 2008 Employer Survey

## Section 6 – Housing Preferences

This section of the report covers where residents most want to live, other considerations related to location, neighborhood amenities, unit type, the acceptability of deed restriction with appreciation caps, trade offs and home amenities.

### *Location Preferences*

For the most part, Basalt’s residents most want to live in Basalt, owners even more so than renters. Overall, however, 18% would rather move up valley to the Aspen/Snowmass Village area. Very few would like to move down valley.

**Where Residents Most Want to Live**

	<b>Overall</b>	<b>Own</b>	<b>Rent</b>
Basalt - within town limits	67%	69%	62%
Aspen/Snowmass Village area	18%	15%	24%
Outside town limits	11%	11%	11%
Carbondale	2%	1%	2%
Outside of this region	2%	2%	0%
Other	1%	1%	2%
Glenwood Springs	0%	1%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: 2008 Household Survey

A comparison of first and second choices reveals that residents would rather live just outside of town if they can not live in Basalt, and that they would rather move down valley than leave the region.

**Where Residents Most Want to Live  
1<sup>st</sup> Choice and 2<sup>nd</sup> Choice Compared**

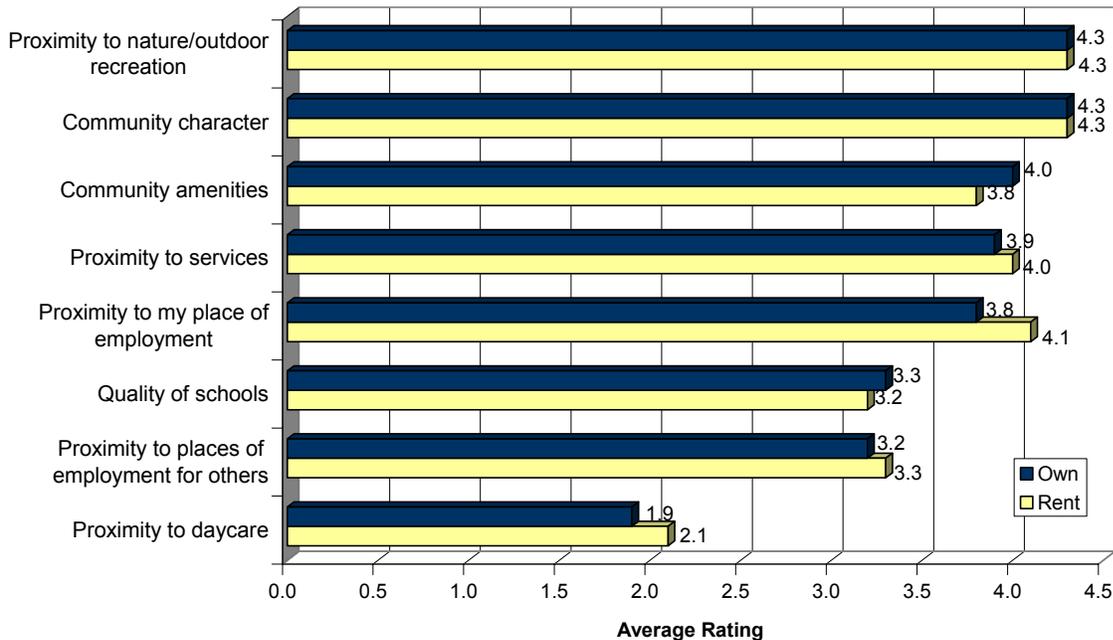
	<b>1<sup>st</sup> Choice</b>	<b>2<sup>nd</sup> Choice</b>
Basalt - within town limits	67%	25%
Aspen/Snowmass Village area	18%	17%
Outside town limits	11%	33%
Carbondale	2%	18%
Outside of this region	2%	1%
Other	1%	3%
Glenwood Springs	0%	2%
New Castle, Silt, Rifle or Parachute	0%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: 2008 Household Survey

*Location Considerations*

Owners and renters agree that proximity to nature and outdoor recreation is tied with community character for the top considerations when choosing where to live. Community amenities and proximity to services are next overall in terms of importance. Proximity to employment is also a major consideration but more important to renters than to homeowners.

**Importance of Location Considerations by Own/Rent**



Source: 2008 Household Survey

Proximity to day care rated the lowest overall since it tends to be important only to households with young children. The quality of schools is far more important when deciding where to live. Reasons for this -- more households have school-age children, and more residents tend to feel that good quality schools are important to the community, regardless of whether or not they have children.

**Detailed Ratings of Daycare and Schools**

<b>Proximity to Daycare</b>	<b>Overall</b>	<b>Own</b>	<b>Rent</b>
1=Not at all Important	63%	66%	59%
2	6%	6%	6%
3	10%	10%	11%
4	11%	9%	14%
5=Extremely Important	9%	9%	10%
	100%	100%	100%
Average	2	1.9	2.1

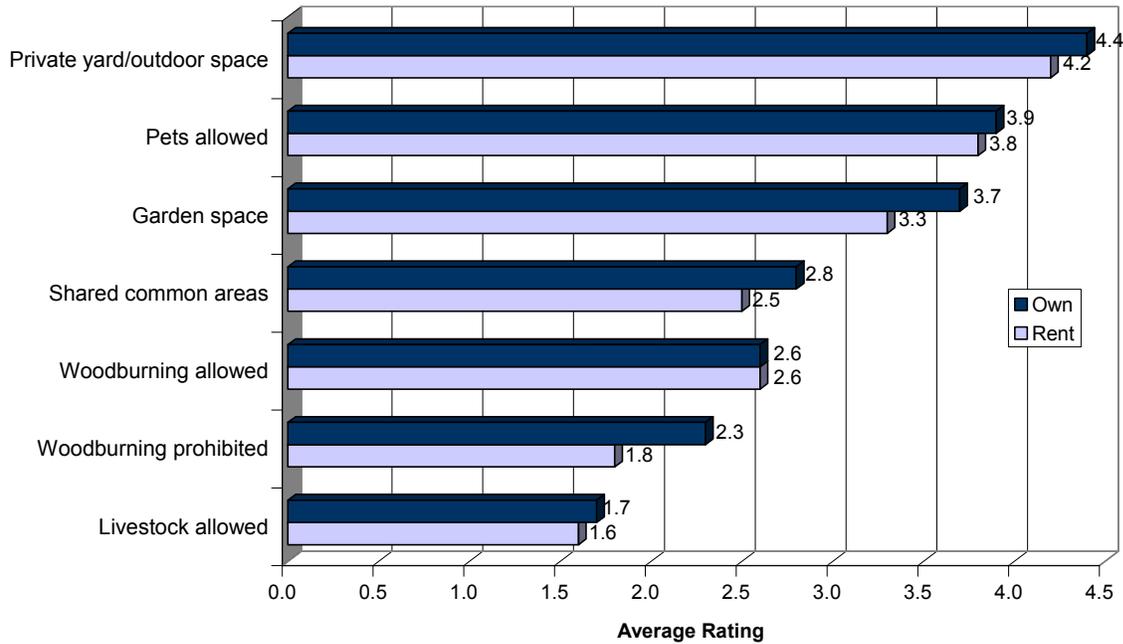
<b>Quality of Schools</b>			
1=Not at all Important	29%	32%	25%
2	5%	3%	11%
3	11%	9%	13%
4	20%	21%	19%
5=Extremely Important	34%	36%	32%
	100%	100%	100%
Average	3.2	3.3	3.2

Source: 2008 Household Survey

*Neighborhood Amenities*

Of seven optional neighborhood amenities, residents rated private yard/outdoor space the highest, which is a common finding in similar area. Allowing pets was a close second, which is a little higher than typical but not unusual in mountain communities. With a third place ranking, garden space is more important to Basalt residents than is often the case elsewhere. This may be a function of timing, with recent jumps in food prices and more publicity about sustainable agriculture.

**Importance of Neighborhood Options**  
 1= not at all important; 5 = extremely important



Source: 2008 Household Survey

Survey respondents offered 36 “other” suggestions for neighborhood amenities. The most popular suggestion was a recreation center of some type (gym, spa, health club, pool). The response also clearly revealed a desire for quiet, peaceful, safe neighborhoods with slow traffic suitable for families. (See appendix for the complete list of comments.)

***Unit Type***

The household/employee survey offered potential homebuyers (renters who would like to move into ownership and owners who would like to buy a new home in Basalt) were given options for three types of units at multiple size and price points. The prices are far below market rates but within the range required by the Town’s Community Housing Guidelines.

The most popular choice was a single-family home with three bedrooms for \$250,000. Two-story townhomes were desired by about twice as many potential buyers as were condominiums. No one selected the least expensive option, a one-bedroom condominium for \$100,000.

### Unit Type, Size and Cost Preferences

	Overall	Own	Rent
<b>Condominium – Single Story</b>			
Condo: 1 bedroom - \$100,000	-0-	-0-	-0-
Condo: 2 bedrooms - \$125,000	7%	8%	6%
Condo: 3 bedrooms - \$150,000	3%	2%	3%
Subtotal	10%	10%	9%
<b>Townhome – Two Story</b>			
Townhome: 1 bedroom - \$150,000	2%		4%
Townhome: 2 bedrooms - \$175,000	6%	5%	7%
Townhome: 3 bedrooms - \$200,000	10%	6%	14%
Townhome: 4 bedrooms - \$225,000	1%	2%	
Subtotal	19%	13%	25%
<b>House</b>			
House: 1 bedrooms - \$200,000	1%		2%
House: 2 bedrooms - \$225,000	14%	9%	18%
House: 3 bedrooms - \$250,000	35%	44%	28%
House: 4 bedrooms - \$275,000	17%	18%	16%
Subtotal	67%	71%	64%
<b>None of the above</b>	4%	5%	3%
	100%	100%	100%

Source: 2008 Household Survey

The preferences of renters who want to move into ownership vary little from the desires of those who already own. While renters are generally more interested in the lower-priced condominium or townhome units, their choice of number of bedrooms tracks with owners.

The survey also allowed participants to select “none of the above” and to state reasons why. Only 4% overall found the options unacceptable, which is very low compared to results when similar survey options have been offered in other mountain communities. Reasons given include the desire to purchase a deed restricted unit in Aspen and their decision being dependent on the ultimate design.

Renters who indicated they wanted to continue renting but preferred to rent a new place were asked to choose between a mobile home or apartment. The sample size for this question is small but suggests that apartments would be more desirable to a large majority than mobile homes.

### *Acceptability of Deed Restrictions*

Potential homebuyers were then asked a question about deed restrictions. They were given an example of how an annual cap on appreciation of 4% would impact their price and return on investment upon sale. They were then given four options describing the extent to which their purchase decision would be affected by the deed restrictions.

For the majority of potential buyers, deed restrictions with limits on appreciation would have an impact but, for most, it would be moderate. Nearly 40% indicated they would have very little to no impact at all. Deed restriction would affect renters to a lesser degree than owners who would like to buy a new home in Basalt.

	<b>Overall</b>	<b>Own</b>	<b>Rent</b>
No impact at all	11.1	7.7	13.8
Very little	27.5	25.6	29.1
Moderate impact	44.4	38.0	49.4
Very much	17.0	28.7	7.8
Total	100%	100%	100%

Source: 2008 Household Survey

### *Trade Offs*

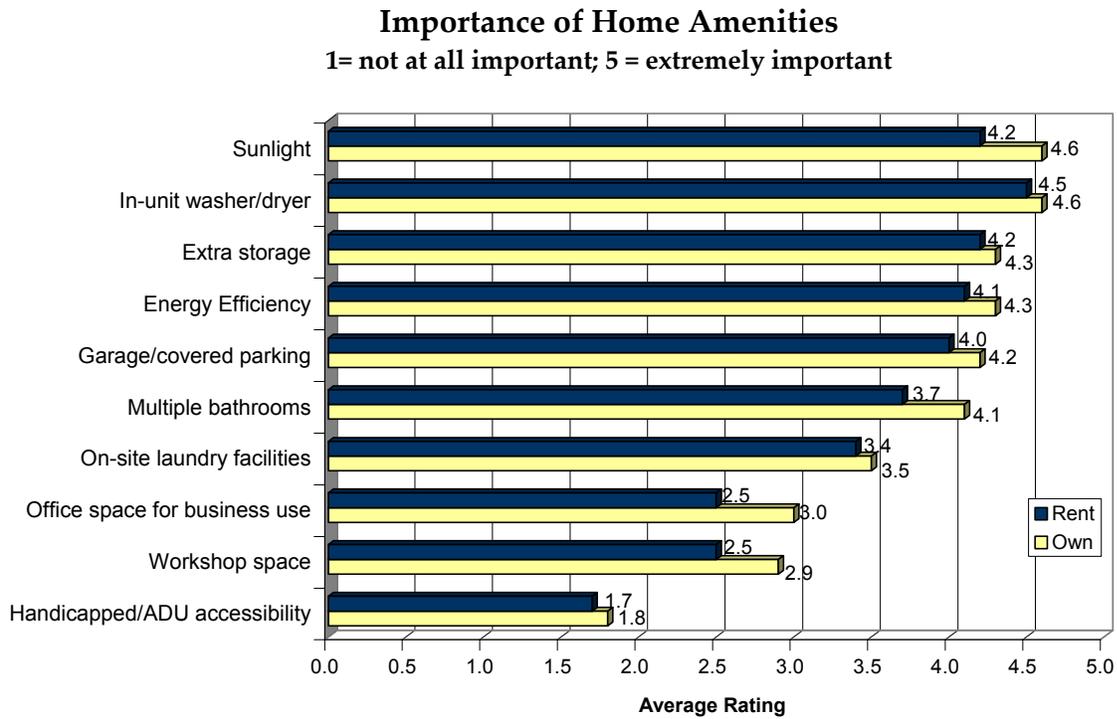
All survey participants were asked to rank their most important consideration assuming that they would have to make trade offs when finding a place to live. Price was the most important consideration for both owners and renters, followed by location. Unit type and unit size were far less important, an indication that affordably priced units will sell or rent, even if they not single-family homes, or are smaller than preferred.

	<b>Overall</b>	<b>Own</b>	<b>Rent</b>
Price	49.5%	45.1%	57.9%
Location	35.1%	39.8%	26.2%
Unit Size	4.8%	4.4%	5.6%
Unit Type	10.5%	10.7%	10.3%
Total	100.0%	100.0%	100.0%

Source: 2008 Household Survey

*Home Amenities*

Out of 10 optional home amenities, sunlight received the highest score, followed by in-unit washers and dryers. Six of 10 options rated very highly with overall average scores of 4.0 or more, including energy efficiency. Owners rated all of the options as more important than did renters.



Source: 2008 Household Survey

## Section 7 – Housing Needs and Gaps

This section of the report estimates the total number of housing units needed by employees in the town of Basalt both to fill existing gaps in the market and to accommodate future needs based on population and employment growth projections through 2012. The demand for additional employee housing is estimated using a combination of factors – unfilled jobs, overcrowding, in-commuting, replacement of retiring employees and growth in new jobs.

Estimates are provided on the number of housing units that are needed to support job growth and sustain employers. Two categories of need are quantified:

- *Catch-Up Needs* -- the number of housing units needed to address current deficiencies in housing calculated by considering overcrowding, unfilled jobs and in-commuting employees who want to live in Basalt; and,
- *Keep-Up Needs* -- the number of units needed to keep-up with future demand for housing based on projected employment and population growth and the requirement to replace retiring employees.

The quantitative estimates in this section of the report represent the number of additional housing units needed. The development of these additional units will not, however, address all existing housing problems, such as lack of affordability. In theory, if the balance between demand/need and supply is brought into greater balance, housing affordability and other problems will improve. If the development of additional units for employees continues to lag behind job growth, other non-development measures for addressing problems will be needed.

This section concludes with an analysis of the “gaps” in housing and compares total needs to units provided by the market to better understand at what price points housing is needed to meet resident and local worker needs.

It is important to note that the estimates of need contained herein represent components of demand, but not total demand. This section does not quantify demand from households that are adequately and affordably housed but who would like to buy a new or different home.

## *Catch-Up Needs*

### **Demand from Unfilled Jobs in 2008**

The number of units needed to attract employees to fill vacant positions is part of the equation for the total catch-up demand for additional employee housing units in 2008. Approximately 75 additional housing units are needed to enable additional employees to move into Basalt to fill jobs that are currently vacant. This estimate was based on a combination of assumptions concerning the number of unfilled jobs and the number of employees now living in Basalt and available for work. As covered in the Housing Problems section of this report, employers report that between 4.8% and 6.1% of jobs are vacant depending upon time of year. This translates into an average estimate of about 177 jobs that remained unfilled during 2008.

As referenced in the Demographic and Economic Framework section of this report, the Colorado Department of Labor reports that the unemployment rate in both Eagle and Pitkin County was 3.5% as of September 2008, lower than the state average of 4.9%. It is near but does not represent full employment. As such, some jobs can be filled with existing residents but in-migration will be required to fill the others. The number of town residents who are looking for work and qualified for work is small, however – about 12 based on .5% of the estimated labor force of 2,365. To fill the remaining jobs, 75 additional units are needed.

#### **Estimate of Housing Needed to Fill Vacant Jobs**

	<b>Basalt</b>
Total Unfilled Jobs (avg of summer & winter)	177
Jobs per employee	1.25
Total employees needed	142
Filled by current residents	12
In-migration of Employees	130
Employees/Housing Unit	1.73
Housing Demand Generated	75

Sources: 2007 Employer and Household Surveys, RRC/Rees calculations.

Employers have often not relied on in migration to fill the jobs they offer but have instead hired employees who live down valley and commute. Down valley housing prices have shot upward however in recent years from job growth in the natural gas industry. While the very recent drop in natural gas prices has resulted in some softening of the housing demand fueled by this growth, long-term forecasts for the

region call for sustained competitive for available housing. In commuting will unlikely be the solution it has been in the past.

**In-Commuters (Catch-Up)**

Demand from in-commuters who want to move to Basalt represents a catch-up housing need. As reported in the Economic and Demographic Framework section, roughly 1,800 employees commute into Basalt for work. The household survey found that 27% of in commuters to jobs within Basalt’s planning area would like to live in Basalt. Applying this percentage to the approximately 1,800 in commuters results in an estimate of demand for additional 280 employee housing units.

This estimate is conservative. The assumption that only 27% of employees who have jobs based in Basalt is lower than typically assumed. It does not include the in commuters who would like to live near but outside of town. According to the employee survey, 18% would like to live outside of town but within the planning area. There are no plans at present, however, to produce affordable housing units within the planning area for these employees. Since the inventory of affordable units for catch-up demand is not likely to increase outside of town, these in commuters would likely opt for housing within town.

**Catch-Up Housing Needs Generated by In-Commuting Employees**

	<b>Basalt</b>
In-commuters from outside of planning area	1,800
# want to live in Basalt (27%)	486
Employees per household	1.73
<b>Total housing units needed</b>	<b>281</b>

Sources: DOLA, 2007 In-commuter survey and RRC/Rees calculations.

No adjustments have been made for potential changes in the number of residents who out commute and would like to move to be closer to their jobs, primarily in the Aspen/Snowmass Village area. The Aspen/Pitkin County Housing Authority considers length of residence in its selection criteria, giving strong preference to current residents. That policy, combined with full occupancies among its affordable housing inventory, makes it unlikely that many of their employees who now live in Basalt will be moving up valley in the foreseeable future.

**Demand from Planning Area (Catch Up)**

The Town’s Community Housing Guidelines base eligibility to rent or own deed-restricted units on the entire planning area, which necessitates taking into account the portion of these employees who want to live in Basalt. Nearly 2,000 jobs are located outside of Basalt but within the planning area. Of employees surveyed who live within the planning area but outside of town 30% would like to move into town. These employees generate demand for 266 additional housing units.

**Catch-Up Housing Needs Generated  
by Planning-Area Employees**

	<b>Basalt</b>
Jobs in Planning Area – Outside of Town	1,920
Jobs per Employee	1.25
Employees in Planning Area	1,536
# wanting to live in Basalt (30%)	461
Employees per household	1.73
Total housing units needed	266

Sources: DOLA, 2007 In-commuter survey and RRC/Rees calculations.

Because these employees have lower priority for affordable housing within Basalt than do employees working within the town, and because Eagle County now requires that developers of commercial space provide housing for 60% of the jobs generated, it would be appropriate to discount this demand when setting goals for affordable housing.

**Units Needed to Address Overcrowding**

While some of the housing problems now existing in Basalt can be addressed through non-construction methods like monthly subsidies for cost-burdened renters, overcrowding can only be addressed by building additional units. As reported in the Housing Problems section of this report, 75 units are overcrowded in Basalt. Typically, an increase in the supply of workforce housing equal to about 30% of the number of overcrowded units will largely address overcrowding to the extent practical, given cost consciousness and cultural preferences.

**Units Needed to Address Overcrowding**

	<b>Units</b>
# Overcrowded Units	75
% Needed to Address Overcrowding	30%
Housing Units Needed	23

Source: 2007 Household survey and RRC/Rees calculations.

*Keep-up Needs***Housing Demand from Job Growth**

According to employment forecasts based on job growth rates between 2000 and 2006, Basalt will have a net gain of approximately 1,250 jobs by 2012. Another 1,000 jobs will be added in the unincorporated planning area. Job growth will be the result of expansion by existing employers, new residential development and new commercial/industrial development. Of employers surveyed, 45% indicated they plan a net increase in employees in the next five years.

Projected job growth through 2012 will generate demand for 579 additional housing units to accommodate the workforce. This assumes the multiple job holding ratio of 1.25 and the average number of employees per unit of 1.73 remain constant. It also assumes that job growth will continue at the rate between 2000 and 2006 which included a short recessionary period followed by strong economic growth. Depending upon the depth and length of the current recession, the projection of future demand based on job growth in Basalt may be overstated. This is balanced, however, by not taking into account job growth projected to occur within the unincorporated planning area.

**Estimate of Housing Needed to Fill New Jobs, 2008 – 2012**

	<b>2012</b>
Increase in Jobs over 2008	1,253
Jobs per Employee	1.25
New Employees Needed	1,002
Employees/Housing Unit	1.73
Housing Demand Generated	579

Sources: Household Survey and Rees/RRC calculations.

**Demand from Replacement of Retirees**

Many mountain counties anticipate a surge in the number of employees reaching retirement age as their population matures and the first wave of baby boomers reach 65. In Basalt, 28 of the 73 employers surveyed indicated that about 7% of their employees will be retiring within the next five years. This equates to an estimate of 180 total retirees. The new employees who are needed to fill the positions vacated by the retiring employees will generate demand for additional housing units. Given current housing

prices, few of the housing units the retirees now occupy will be available for their replacements.

Employees needed to replace retirees will generate demand for approximately 104 additional units by 2012.

**Estimate of Housing Needed to Fill Jobs Vacated by Retirees, 2008 - 2012**

<b>Basalt</b>	
Total Estimated Employees, 2008	2,570
% Employees Retiring by 2012	7%
Replacement Employees Needed	180
Employees/Housing Unit	1.73
Housing Demand Generated	104

Source: Household Survey, Rees/RRC calculations.

***Total Need for Additional Housing***

At present, there is catch-up demand for approximately 645 housing units needed to:

- attract employees to fill vacant positions (75 units);
- accommodate in-commuters who want to move into Basalt (281 units);
- house demand generated from the adjacent planning area (266 units); and,
- address overcrowding (23 units).

By 2012, keep-up demand for 683 units will be generated including:

- 579 additional units to accommodate growth in the labor force through in-migration to sustain business expansion and start ups, and
- 104 units for employees needed to fill positions that will be vacated by retiring workers.

In total, over 1,300 units of housing will be needed to address catch-up and keep-up needs by 2012. These estimates represent all housing needed at all income levels and price ranges, not just affordable housing for low- and moderate-income households.

### Summary of Housing Needs

Source of Demand	Units
<b>Catch-Up Needs</b>	
Unfilled Jobs, 2008	75
In-commuters	281
Planning Area Demand	266
Overcrowded Units	23
Total Catch-Up Needs	645
<b>Keep-Up Needs</b>	
New Jobs, 2008 - 2012	579
Replacement of Retirees, 2008 - 2012	104
Total Keep-Up Needs	683
<b>Total Need for Additional Units by 2012</b>	<b>1,328</b>

It should be noted that the above estimates do not include the need for retirement/senior housing. Retiring employees who need to cash out of homes they own to support their expenses and want to remain in Basalt will need rental units. Since the homes they now own are largely free-market units, few if any will be affordable for the employees who are needed to fill vacated positions.

#### *Needs by Own/Rent*

Multiple considerations determine how the need for additional units is allocated between ownership and rental housing. Both owners and renters now living in Basalt have unmet needs; the percentage that is cost burdened by high housing payments is similar. Of the employees who will move into Basalt, some will buy while others will rent. Therefore, both catch-up and keep-up needs include both ownership and rental housing components.

In practice, the ideal mix between ownership and rental housing is as much a matter of policy as it is of need. Municipal and county officials base policies not only on the extent of problems but on the vision they have for their community's future. To some extent, the adage "build it and they will come" is true. If homeownership opportunities are created that are responsive to needs (price and location being the key factors) many employees will buy. If they are not, proportionately more rental units are needed.

In the absence of a definitive policy regarding the desired mix between owner and renter units, the need is allocated according to the mix that exists today – 68% owner occupancy and 32% rentals. If further changes in the town’s demographic and economic characteristics are desired, these numbers could shift.

<b>Housing Needs by Own/Rent</b>			
	<b>Owner 68.2%</b>	<b>Renter 31.8%</b>	<b>Total</b>
Catch-up – Current Needs	440	205	645
Keep-up – Future Needs	466	217	683
<b>Total</b>	<b>906</b>	<b>422</b>	<b>1,328</b>

Owner/renter targets for workforce housing should also take into account the incomes of targeted beneficiaries. While the homeownership rate has increased slightly since 2000, this trend will be difficult to continue. In the next five years, homeownership will likely be more difficult to attain than in the first half of this decade because of tightening credit and higher down payment requirements. It has always been difficult to provide homeownership product at prices that are affordable for households with incomes at 80% AMI, and it will likely be more difficult in the near future. As shown next, between 328 and 487 of the total units needed by 2012 should be priced for households with incomes no greater than 80% AMI. Most if not all of these units should be rentals.

*Housing Needs by AMI*

To determine how the units needed should be priced, two alternatives are provided. The first is based on the incomes of employees who work in Basalt since the purpose of Town’s housing efforts is to serve its workforce. The second approach considers the incomes of all residents who now live in Basalt regardless of where they work. This approach would maintain the community’s demographic characteristics as it grows but would result in higher affordable prices.

Based on the incomes of Basalt’s employees:

- 487 units will be needed for households with incomes equal to or less than 80% AMI. The maximum affordable purchase price for these units would be \$182,000 but the price would need to be much lower to serve most of the households. For most of these households, rental units in a wide range of rents up to about \$1,250

per are needed. Approximately two-thirds of these household would be eligible for units financed with Low Income Housing Tax Credits.

- 240 households would need housing priced between \$180,000 and \$260,000.
- 328 households could afford homes priced from round \$260,000 to \$385,000.
- 272 households should be able to afford homes priced over \$385,000.

**Housing Units Needed by AMI**

	Max. Price* 2008 \$'s	Method 1		Method 2	
		Work in Basalt	Units Needed	Live in Basalt	Units Needed
50% or less AMI	\$128,000	23.2%	308	11.3%	150
50.1% - 80% AMI	\$182,000	13.5%	179	13.4%	178
80.1 - 100% AMI	\$257,000	18.1%	240	18.4%	244
100.1% - 120% AMI	\$308,000	10.8%	143	11.9%	158
120.1% - 150% AMI	\$385,000	13.9%	185	15.0%	199
More than 150% AMI	\$385,000+	20.5%	272	30.0%	398
Total		100%	1,328	100%	1,328

Source: Household Survey; Rees/RRC calculations.

\* Varies by household size; figures shown are for 3-person households

**Gaps**

The gap is the difference between the number of units needed at specific income levels and the number of units that are or will be available at corresponding affordable price points.

A small portion of the gap will be addressed by the 277 affordable housing units approved for construction or in the planning pipeline. Of the 86 approved units, 48 are Category 2/3 and will address low-income needs. The 38 RO units, if priced as RO units sold to date, will serve households with incomes at or above 150% AMI. As now planned, 79 of the 191 proposed units will be Category 2/3, targeting low income households and 106 will be RO units serving 150% AMI or greater. The mix for six of the units is too preliminary to include at this time. These units leave a gap of 1,056 units.

**Gap - Net of Planned Affordable Housing**

	<b>Max. Price* 2008 \$'s</b>	<b>Units Needed</b>	<b>AH Units</b>	<b>Gap</b>
50% or less AMI	\$128,000	308		308
50.1% - 80% AMI	\$182,000	179	127	52
80.1 - 100% AMI	\$257,000	240		240
100.1% - 120% AMI	\$308,000	143		143
120.1% - 150% AMI	\$385,000	185		185
More than 150% AMI	\$385,000+	272	144	128
<b>Total</b>		<b>1,328</b>	<b>255</b>	<b>1,056</b>

The free market will also address part of the gap. As described in Section 3, Homeownership Market Conditions, the median price for condominiums for sale in Basalt was \$625,000 as of mid November 2008. For single-family homes, the median exceeded \$1.6 million. No housing units are available for purchase in Basalt by households with low, moderate and even middle incomes. As of mid November, only two residential units were listed for sale through the MLS for prices that were potentially affordable for households with incomes equal to or less than 150% AMI. Both were small condominiums.

Prices might drop in the near term given little activity and large inventory. Unless the downward adjustments are significant, however, the free market can realistically be expected to address only that portion of demand generated by households with incomes greater than 150% AMI. Of the 272 units needed in this price range, 144 will be provided through Basalt's housing requirements. This leaves a gap of 128 units for the free-market to provide. With 122 units listed for sale as of mid-November, the housing needs of the upper-income market segment should be addressed although there would still be a gap at the lower end. The result is a gap between demand and what the market will supply of approximately 934 units

A small portion of this gap might be filled by vacant rental units. Property managers report a recent surge in vacancies but most appear to be for units with rents in excess of \$2,000 per month. These units are only affordable for households with incomes at or above 110% AMI.

## Section 8 – Key Findings and Conclusions

Housing in Basalt is not affordable for the vast majority of its employees, and the current demand for additional workforce is substantial – 645 units. Housing development has not kept pace with job growth. Basalt’s housing market has also been influenced by second-home buyers and increasing costs in neighboring communities. Housing markets are in state of flux, however, as the recession impacts the town’s largest industrial section -- construction.

This report provides an in-depth examination of historical and current market conditions, and attempts to forecast housing needs into the future. It includes the most up-to-date information available yet the very recent but dramatic slow down in construction activity and real estate sales are not represented in the data. It seems that building, buying, and even renting housing has come largely to a standstill though prices have not yet dropped. They should, however, if the current recession is sustained, which may alleviate somewhat the housing affordability and availability problems that now exist.

A comparison of change from 2000 through 2008 in housing units, affordable housing, jobs and housing costs reveals the relationship between jobs and housing, a factor that has contributed to the high cost of housing in Basalt.

- While the percentage increase in affordable housing units is large, the addition of 6.6 units on average per year has not matched job growth. One workforce housing unit has been built for every 29 new jobs created. These units house about 90 employees, or about 7.4% of new employees.
- Housing development overall has not kept up with commercial growth – the total number of housing units has increased 44% while the number of jobs grew by 93%.

**Trend Comparison: 2000 – 2008**

	<b>2000</b>	<b>2008</b>	<b>Change</b>	<b>% Change</b>
# Housing Units	1,106	1,593	487	44.0%
% Affordable Units	0.3%	3.5%	3.2%	4012.2%
# Affordable Housing Units	3	56	53	1766.7%
# Jobs	1,667	3,213	1,546	92.7%
Median Income	\$73,375	\$87,696	14,321	19.5%
Median Price	\$315,000	\$613,400	\$298,400	94.7%
Median Rent	1,159	1,893	734	63.3%

The median price of all homes rose by 95% and rents increased by 63% at the same time that incomes grew by less than 20%. While the imbalance between jobs and housing was a key factor, other influences including the increase in second-home ownership in Basalt have contributed to the increasing inability of employees to afford housing.

Key findings from each section of the report are summarized in these conclusions. Following work sessions with members of a task force created for this process, recommendations will be provided on how to address identified needs.

### *Demographic and Economic Framework*

Basalt is a diversified community with a fairly stable population. It is more family oriented than resort communities yet it is home to relatively more middle- and upper-incomes households than typically found in down-valley communities. Incomes in Basalt are not as high as in the Aspen area but are higher than in Eagle County as a whole.

Low-income households make up a relatively small portion of the population (25%). Employees who work in Basalt have lower incomes than residents overall, and especially lower than residents who commute to jobs in the Aspen/Snowmass Village area. Nearly 37% of the employees working in Basalt are low income (incomes  $\leq$ 80% AMI).

The construction industry is the single largest provider of jobs in Basalt -- 28% of total jobs. Basalt's economic dependence on the construction industry will likely have wide-felt ramifications during this current economic recession.

Basalt is not an isolated or distinct market area. There are more homes in the unincorporated planning area than within town, and over 37% of the jobs within the

planning area. This equates to approximately 1,500 employees who work outside of town and are potentially eligible to own or rent Basalt's affordable housing.

Commuting is significant and about equal in both directions. About 1,800 employees commute in and 1,300 commute out to jobs elsewhere, mostly up valley.

### *Housing Inventory*

At 68%, the homeownership rate in Basalt is similar to the state average but higher than in many high-cost mountain communities. The rate increased between 1990 and 2000 with strong economic growth and low mortgage interest rates but this trend has ceased. Prices are out of the reach of persons moving into the area – 100% of the residents surveyed who have lived in the area for one year or less rent. Tightening credit standards will further drive rental demand.

Basalt has a high percentage of multi-family units designed for owner occupancy (condominiums and townhomes) but very few apartments. About 32% of occupied units or 430 units are renter occupied. Most of them are condominiums. Single-family rentals outnumber apartment units. This leads to higher rents and places renters at risk of displacement when market conditions entice landlords to sell.

The primary home/second home relationship is shifting with proportionately fewer homes occupied by local residents. The increased interest in Basalt by second-home buyers is one of the factors contributing to the recent sharp escalation in housing prices. Continuation of the trend will likely result in greater market volatility and home prices that being driven by incomes from outside of the area.

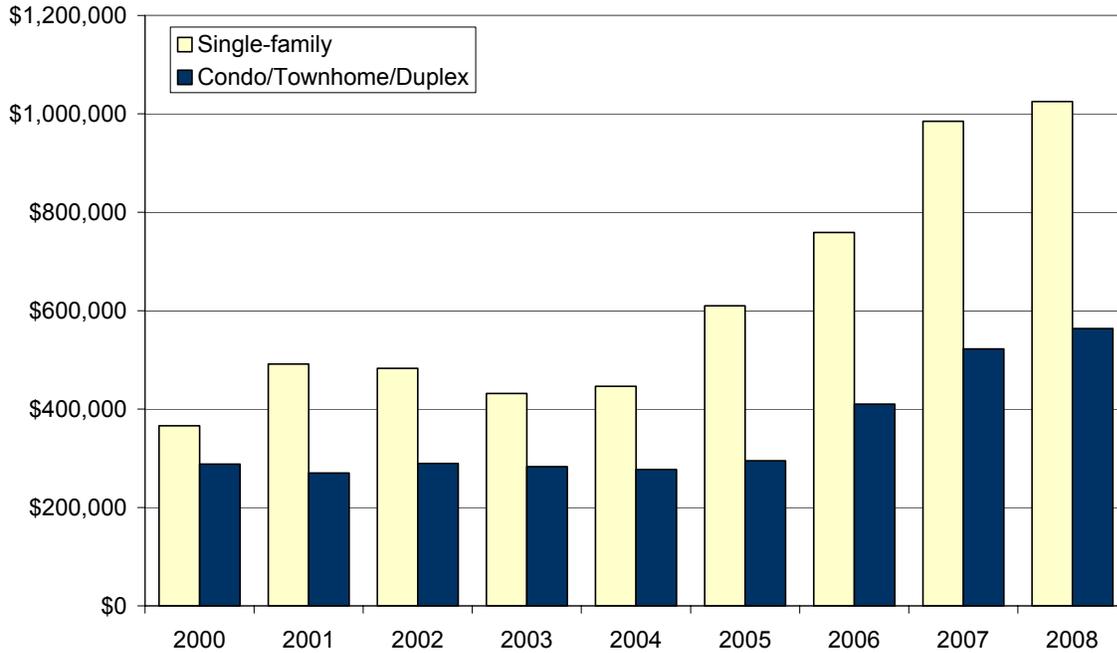
### *Homeownership Market Conditions*

In the first eight months of 2008, the average for all units sold was nearly \$780,000 (median of \$613,400), up from \$734,000 in 2007. The median price for single-family homes sold in 2008 exceeded \$1 million.

On a per-square-foot basis, the overall median for units sold during the first eight months of 2008 topped \$500. The numbers suggest that prices rose initially with an increase in home size followed by an increase in per-square-foot prices as the market soared.

Prices were relatively flat from 2000 through 2004 then started a steep rise in 2005 which continued through the early part of 2008. The following graph illustrates this escalation.

**Median Sales Prices by Unit Type 2000 thru August 2008**



By 2007, more sales were priced at or above \$1 million than in any other price category, and almost no homes were sold for less than \$250,000.

Also in 2007, 75% of sales were to owners with local addresses while one-quarter were sold to owners who maintained addresses outside of the region. Of all units in 2007, 16% were owned by non-residents. This finding supports what realtors have reported – proportionately more of Basalt’s residential units are becoming second homes.

The prices for affordable housing units have ranged from about 20% below market to slightly above market averages on a per-square-foot basis though the recent escalations in free-market prices appear to be widening the gap. Specifically:

- Category units with income and price caps (Valley Pines) sold for 20% less than market average from 2003 through 2005 but the price differential grew to 60% when free market prices shot upward in 2006.

- RO units with price caps (Riverside, AKA Ute Center) sold for prices slightly higher than the free market average, a reflection of premium pricing for new units and an indication that RO restrictions have little impact on price, even when appreciation caps are imposed.
- RO units without price caps which sold in 2008 (Willits) averaged \$475 per square foot, approximately 8% below the free-market average.

From 2000 through August 2008, a total of 194 units changed ownership each year on average. The 122 units listed for sale as of mid-November represented a 7.5-month inventory based on this rate; however, a recent sharp drop in sales reported by area realtors will extend the time it takes for these units to sell.

Prices have not yet dropped in response to the softening of the market. The median price of single-family homes listed for sale was nearly \$1.6 million as of mid-November, which would be affordable for households with incomes at or above 620% AMI. The median price for condominiums was \$625,000, requiring an income of roughly 245% AMI.

Prices are likely to drop although there is too little activity at this time to predict how fast and how far. The large inventory and drop in prices potentially present an opportunity to acquire and buy down units for permanent affordability.

### *Rental Housing Analysis*

Approximately 430 units in Basalt are renter occupied. Most are condominiums or townhomes with apartments and mobile homes, the two most affordable housing options, combined comprising only 22% of the inventory.

- Only 10% of the renter-occupied units in Basalt are studios or have one bedroom. This is a relatively small percentage, and a factor contributing to higher overall rent levels in Basalt.
- Rents in Basalt average nearly \$1,900 per month. The average for single-family homes tops \$2,300 per month. With only 34 deed-restricted rental units, and no subsidized apartment projects, rents for apartment units are averaging nearly \$1,500 per month.

- Rents are generally affordable for households with incomes at 100% AMI. It takes two employees earning the average wage to afford a two-bedroom unit.
- A recent surge in vacancies has been caused by two factors: 1) a dramatic slow down in construction activity; and, 2) an increase in the supply as owners who are unable to sell homes decide to rent them. Units that rent for less than \$1,500 per month are remaining largely full, however. This indicates that demand for rental units is still strong but that rents have climbed above the rates that many employees can afford.
- The vast majority of renters (82%) would like to buy. Many of them have lived in the community for a long time and have incomes that would enable them to move into ownership if they moved elsewhere.

### *Housing Problems*

**Affordability** -- Approximately 34% of Basalt's households (460 households) live in housing that is more expensive than they can afford. Nearly 40% of the households with at least one essential employee spend more than 30% of their income on housing.

**Satisfaction Levels** -- While Basalt has an unusually high percentage of residents who are "very satisfied" with their housing (63%), an estimated 176 households are dissatisfied. Renters, residents who are new to the area and households with lower incomes tend to be more dissatisfied than others. The cost of housing followed by the size of housing are the primary reasons for dissatisfaction.

**Forced Commuting** -- Employees are often not able to live where they desire. About 18% of Basalt's residents would like to move up valley while 30% of employees living in the unincorporated planning area would like to move into town and 27% of employees commuting from elsewhere in the valley would like to live in Basalt.

**Employer Opinions about Workforce Housing** -- Nearly 70% of employers surveyed consider the availability of affordable workforce housing in Basalt to be the most critical or one of the more serious problems in the community.

**Inability of Fill Jobs** -- Employers have found it increasingly difficult to hire and retain qualified employees. About 370 jobs were very difficult to fill during the past year. Nearly 150 jobs remained unfilled. Approximately 670 employees did not accept a

position offered to them or did not stay in their jobs, primarily due to the overall high cost of living and housing.

### *Housing Needs and Gaps*

Two categories of need are presented:

- *Catch-Up Needs* -- the number of housing units needed to address current deficiencies in housing calculated by considering overcrowding, unfilled jobs, demand from the unincorporated planning area, and in-commuting employees who want to live in Basalt; and,
- *Keep-Up Needs* -- the number of units needed to keep-up with future demand for housing based on projected employment growth and the need to replace retiring employees.

At present, there is catch-up demand for approximately 645 housing units. By 2012, job growth and job replacement for retirees will generate demand for 683 additional units. Of the 1,328-unit total, 906 should be developed for owner occupancy and 422 should be rental units if the existing owner/renter mix in Basalt is to be maintained.

#### Summary of Workforce Housing Needs

<b>Source of Demand</b>	<b>Units</b>
<b>Catch-Up Needs</b>	
Unfilled Jobs, 2008	75
In-commuters	281
Planning Area Demand	266
Overcrowded Units	23
<b>Total Catch-Up Needs</b>	<b>645</b>
<b>Keep-Up Needs</b>	
New Jobs, 2008 - 2012	579
Replacement of Retirees, 2008 - 2012	104
<b>Total Keep-Up Needs</b>	<b>683</b>
<b>Total Need for Additional Units by 2012</b>	<b>1,328</b>

These estimates represent all housing needed at all income levels and price ranges, not just affordable housing for low- and moderate-income households. They are based solely on the need for workforce housing, however, and do not include the demand generated by seniors or special populations.

A large component of catch-up demand (266 units) is generated by employees who work in Basalt’s unincorporated planning area. With Eagle County’s recent increase in their affordable housing requirements and Pitkin County’s higher requirements, it might be appropriate to change the Town’s eligibility criteria.

The Town’s Master Plan calls for housing to be affordable for Basalt’s employees. Therefore, the pricing for the 1,328 units that will be needed should be based on their income distribution. The following table does that, showing that nearly 37% of all housing units developed for the workforce should be priced to be affordable for low-income households.

**Units Needed by AMI and Price**

	<b>Max. Price 2008 \$'s</b>	<b>Incomes - Basalt Employees</b>	<b>Units Needed</b>
50% or less AMI	\$128,000	23.2	308
50.1% - 80% AMI	\$182,000	13.5	179
80.1 - 100% AMI	\$257,000	18.1	240
100.1% - 120% AMI	\$308,000	10.8	143
120.1% - 150% AMI	\$385,000	13.9	185
More than 150% AMI	\$385,000+	20.5	272
<b>Total</b>		<b>100%</b>	<b>1,328</b>

*Housing Preferences*

- Most of Basalt’s residents want to live in Basalt but 18% would like to move up valley. If they are unable to continue living in Basalt, they would like to live near town or down valley rather than leave the region.
- Proximity to nature/outdoor recreation and community character are their top considerations when deciding where to live.
- Of neighborhood amenities, Basalt’s residents most highly value private yards/outdoor space, the ability to have pets and space for gardening.
- While the majority of potential homebuyers would prefer to buy a single family home, but they indicated that price and location are far more important to them than unit type and size when forced to make trade offs.

- Most renters would opt to rent a new apartment over a new mobile home.
- The top home amenities desired by both owners and renters are sunlight, in-unit washers and dryers, extra storage and energy efficiency.
- Nearly 40% of potential homebuyers indicated that deed restrictions with caps on appreciation of between 3% and 5% per year would have very little to no impact at all on their purchase decision. Only 17% indicated the restrictions would significantly impact their decision.