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# The Hayden Housing Story

Prepared For: CML Housing Webinar

Prepared By: Tegan Ebbert, Community Development Director  
and Mathew Mendisco, Town Manager



# Hayden: Heart of the Yampa Valley



## OUR PURPOSE IS SIMPLE

We exist to be a place to thrive

## OUR VISION IS CLEAR

Anyone looking for a more authentic life can find connection, acceptance, and prosperity

## WE ARE ON A POWERFUL MISSION

Empower each neighbor with sustainable investments, sufficient outdoor recreational resources, an inclusive & welcoming culture, and diverse means & opportunities

## WE STAND BY OUR UNWAVERING VALUES

Authenticity, Heritage, Welcoming, Inclusivity, Community, Optimism, Thoughtfulness, Intelligence



## Data 2010 - 2021

- ➔ **Boom Town on Brink, Colorado Business Journal 1978:** “The worst thing that coal has done... is it has increased housing and land prices drastically... You can’t buy a new two-bedroom house for less than \$45,000 – IF YOU CAN FIND ONE”.
- ➔ **Population Growth over Time:** **2010 1,805; 2015 1,844; 2021 1,937.** Total population growth over 11 years 7%.
- ➔ **Available Housing Units:** 2010, 807; 2015, 820; 2021, 847. Total housing units built over 11 years 5%.
- ➔ **Household Average Size:** 2010, 2.46; 2015, 2.44; 2021, 2.42.









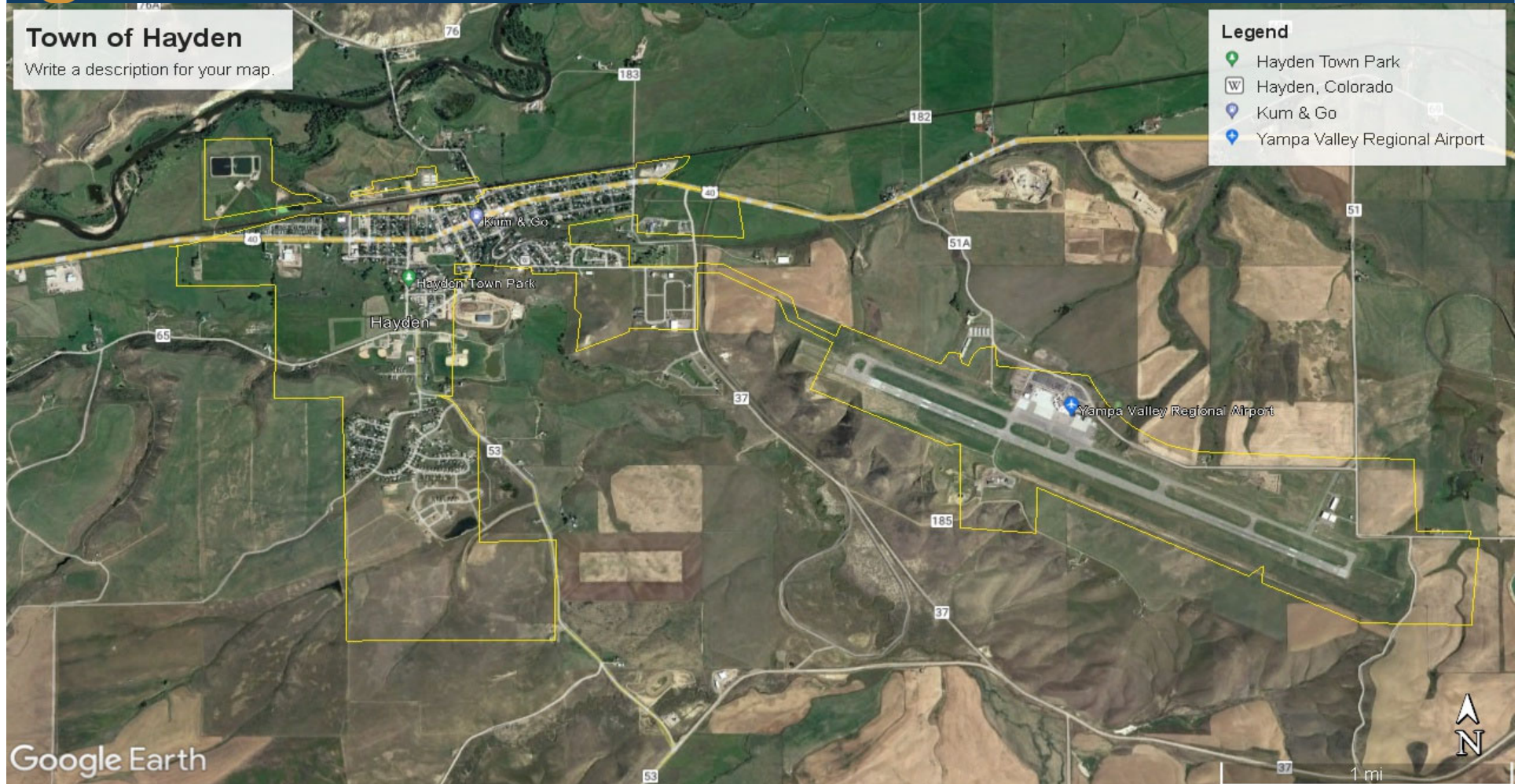
## Map of Hayden

### Town of Hayden

Write a description for your map.

#### Legend

-  Hayden Town Park
-  Hayden, Colorado
-  Kum & Go
-  Yampa Valley Regional Airport



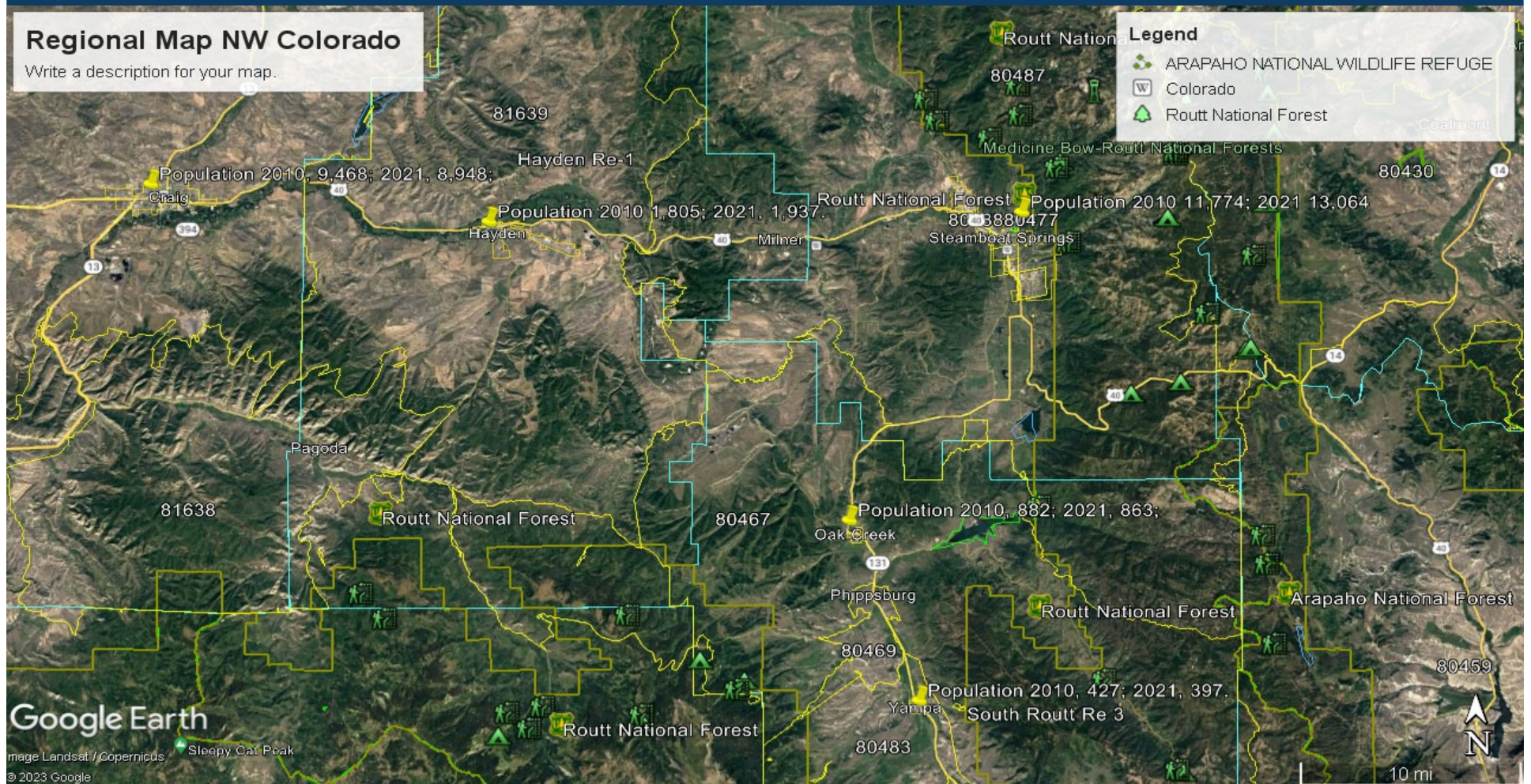




## Regional Map of NW Colorado with Population 2020

### Regional Map NW Colorado

Write a description for your map.



## How to Determine Housing Needs?

- ➔ **Housing Needs Assessment**
  - While Hayden knew it had a housing crisis (Market Value increased from 2020 – 2022 by 65%) we did not know how many units.
- ➔ **We were a community in coal transition**
  - Yet housing was the most expensive per person ever.
- ➔ **Resources**
  - Hayden has one FTE in Community Development to work on Housing.
- ➔ **Who's role was it to work on Housing**
  - The Hayden Town Council still questioned who's role it was to build housing (should it solely be private or could Town do it)?



## Project and Policy Goals

- ➔ **Housing Needs Assessment:** Complete within 8 months
- ➔ **Housing Policy:** Complete within 1 year
- ➔ **Address Housing Needs:** Five Years (with Town involvement).



## Housing Needs Assessment? Did we need One?

- ➔ We are never huge advocates of another study:
  - However, to access funds to help with the problem agency's want to see a professional study. Maybe you don't have a problem?
- ➔ Policy Impacts:
  - What type of housing policy should the Town have?





# Project Funding Breakdown (how you leverage funds)

## Expense

- Our RFP results for a needs assessment was \$60K (we got one response).

## Revenue

DOLA (Planning): \$45,000 (used as match)

CFHA: \$15,000



# Housing Needs Assessment

## Community Snapshot

The Town of Hayden is in the northwestern region of Colorado, located in Routt County between the City of Craig to the West and Steamboat Springs to the East. Hayden is nestled in a rural landscape and the community's history is rooted in ranching, agriculture, and energy.

**What do you want to see changed in the next 5 years in regards to housing in your community?**

- ***"More for the Town of Hayden, more housing of all types, of all kinds"***
- ***"More rentals, a diversity of options, larger units"***
- ***"More affordable housing so that people can stay in Hayden and opportunities to move up"***

**- Members of the Hayden Housing Needs Assessment Steering Committee**



# Housing Needs Assessment

## Defining Affordability Levels in Hayden

“Affordable housing” is often thought of as rentals that are subsidized by the government, but it’s really just a calculation of housing costs divided by household income. This calculation is applied the same way whether a household makes minimum wage or six figures, regardless of the type of home, who built it, or if it is for rent or for-sale.

This Assessment centers on discovering what households can afford for housing in Hayden,

explores where their needs are being met, and where there are gaps. The projections are based on the premise that housing is affordable when the monthly payment (rent or mortgage) is no more than 30% of a household’s gross income (i.e., income before taxes). The “30% standard” is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and rental leasing agents.



Source: WSW Consulting Inc



# Why Hayden's Housing Market is not Meeting Housing Demand

## Construction Costs

- Combination of inflation, supply chain, and general raising costs have driven up cost to build a home. And, when you cost of building is the same in Steamboat as Hayden but margin is nearly 50% more in Steamboat Springs it makes hard to bring over builders.

## Housing and Jobs Mismatch

- Because a lot of people travel outside of Hayden for work (around 65%) and remote work has created a ultra-competitive market for existing housing.

## Limited Housing Supply

- Rental Vacancy Rate: Effectively 0% making it hard for new workers or existing workers to find housing.
- For Sale Rate: 2 week supply creates sellers market with short supply and more demand.





# Housing Needs Assessment

## 125-150 units

### 5-6x increase in annual housing production

In total, between 125-150 housing units are needed by 2027 to support the existing and future Hayden workforce and Town residents, or 25-30 units developed each year. Since 2012, there have been approximately five housing units developed annually in Hayden so this recommendation represents a 5-6x increase over historical production rates. However, in 2021, 13 building permits were issued for new residential units indicating increased development interest.

number of units needed to maintain a functioning housing market as the Town grows—known as the “keep up need.”

### Catch Up Needs

#### *Unfilled Jobs*

Over half (56%) of employers responding to the 2022 Employer Survey indicated that they have unfilled jobs. Based on data collected in the survey an additional 26 homes are needed to house employees to fill these jobs. Employers are likely to continue to face challenges recruiting and retaining workers for reasons beyond housing, but without construction of additional housing that their employees can afford, housing scarcity will continue to stymie economic growth.

Unfilled Jobs	
2022 Employer Survey Unfilled Jobs	51
Jobs per employee (Routt County)	1.1
Employees per household with a worker (Routt County)	1.8
<b>Housing units needed to support unfilled jobs</b>	<b>26</b>



# Housing Needs Assessment

## Keep Up Needs

### Community Growth

Based on input from the 2022 Employer Survey and projections by the Colorado Demography Office, somewhere in the range of 25 to 50 new homes are needed to keep up with job growth. The high end of the range is more likely to hold if the economy does not slow down between now and 2027. The low end of the range assumes a slight slowdown relative to the county's rate of job growth from 2010 to 2019.

Homes needed for Job Growth	
New Jobs through 2027	50-100
Jobs per employee	1.1
Employees per household with a worker (Routt County)	1.8
<b>New housing units needed for job growth</b>	<b>25-50</b>

### Effects of Retirement

Twenty new homes are needed to house new employees backfilling jobs as current employees retire over the next 5 years.

Retirees	
# to retire by 2027	35
Employees per household with a worker (Routt County)	1.8
<b>New housing units needed for backfilling and retirement</b>	<b>20</b>

Between anticipated employment growth and housing needed to support backfilling jobs vacated by retiring employees Hayden will need an additional 45-70 units by 2027.

## Total Housing Units Needed Through 2027



To build 125 to 150 homes in the next five years would require about 25-30 new homes to be built each year



# Housing Needs Assessment

## For-Sale Needs and Rates

There were two homes for sale in Hayden as of May 1, 2022 at price points shown in the figure at right. Not one was affordable to households making less than about \$119,000 per year (well above the median household income).

The market will continue to serve most households earning 150% AMI and above, so the focus should be on building new for-sale housing priced from about \$230,000 to \$430,000.

## For-Sale Homes on the Market May 1st 2022

4 bed/2 bath: \$549,000 (190% AMI)

3 bed/2 bath: \$419,900 (175% AMI)

AMI	Household Income Range (2-person household)	Maximum Affordable Sale Price	Total Household Income Distribution [1]	For-Sale Listings May 2022
<30%	\$0-\$24,570	\$86,300	15%	0
30.1-50%	\$24,570-\$40,950	\$143,800	9%	0
50.1-80%	\$40,951-\$65,520	\$230,100	22%	0
80.1-100%	\$65,521-\$81,900	\$287,600	13%	0
100.1-120%	\$81,901-\$98,280	\$345,100	12%	0
120.1-150%	\$98,281-\$122,850	\$431,400	16%	1
150.1-200%	\$122,851-\$163,800	\$575,200	5%	1
>200%	>\$163,800	>\$575,200	9%	0
<b>Total</b>	--	--	<b>100%</b>	<b>2</b>

[1] may not add to 100% due to rounding

Source: CHFA 2022 Income Limits, Ribbon Demographics, LLC, consultant team



# Housing Needs Assessment

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Current and Projected Housing Needs

## Rental Needs and Rates

There are so few rentals in Town, that new rentals are needed across a wide price range up to about 100% AMI. One in four renters can pay no more than \$1,000 per month, a price that can only be achieved through deep subsidy. Another 49% of households need rents from \$1,000 to \$2,000.

AMI	Household Income Range (2-person household)	Maximum Affordable Rent	Renter Income Distribution [1]	Available Rentals
<30%	\$0-\$24,570	\$614	16%	0
30.1-50%	\$24,570-\$40,950	\$1,024	10%	1
50.1-80%	\$40,951-\$65,520	\$1,638	36%	0
80.1-100%	\$65,521-\$81,900	\$2,048	13%	0
100.1-120%	\$81,901-\$98,280	\$2,457	10%	3
120.1-150%	\$98,281-\$122,850	\$3,071	6%	0
150.1-200%	\$122,851-\$163,800	\$4,095	4%	0
>200%	>\$163,800	>\$4,095	6%	0
<b>Total</b>	--		<b>100%</b>	<b>4</b>

[1] may not add to 100% due to rounding

Source: CHFA 2022 Income Limits, Ribbon Demographics, LLC, consultant team





# Housing Needs Assessment

## Capital Gap

The majority of the homeownership market in Hayden is composed of households between 50% and 150% AMI. For-sale homes that would be affordable for these households would be priced between \$230,000 and \$430,000. Unfortunately, with the rising costs of land, labor, and building materials, the cost to build new housing exceeds these price points.



In order to fill this gap, the public and private sectors need to work together and leverage a variety of tools and resources. Priority strategies for the Town of Hayden will be discussed in more depth in the Hayden Housing Action Plan that follows this Assessment.



# Housing Needs Assessment

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Data Analysis | job market & economy

For those that do have a daily drive, the additional monthly cost to live in Hayden and work in Craig is estimated at \$398.

For those who commute to Steamboat the

monthly cost is estimated to be \$585. These numbers are based on the IRS 2022 standard mileage rates which do not account for the recent increases in the cost of gasoline. Hayden residents who need to commute face significantly higher costs of living due to the addition of these transportation expenses.

A primary concern in 2022 will be labor shortages impacting business operations, which has been exacerbated by the dramatic rise in home and rent prices in the Steamboat Springs market. This is forcing lower wage workers out of Steamboat to look for housing in Hayden, Craig, and elsewhere, thereby increasing the number of residents needing to commute.

Community	Miles	Cost/Mile	Daily Cost of Commute (round trip)	Cost of Commute (per month)
Steamboat Springs	25	\$0.585	\$29	\$585
Craig	17	\$0.585	\$20	\$398

\*costs rounded to the nearest dollar

Source: Census LEHD, Colorado Demography Office, IRS 2022 standard mileage rate, Google Maps, consultant team



# Housing Action Plan

## Town Role

### Capital (Funding) Gap

The largest gaps in the Hayden housing market are 1 and 2 bedroom units, both for sale and for rent, rentals priced between \$1,000-\$2,000/month. There is also a critical need for rentals at and below \$614/month which can be served with tax credit financed projects.

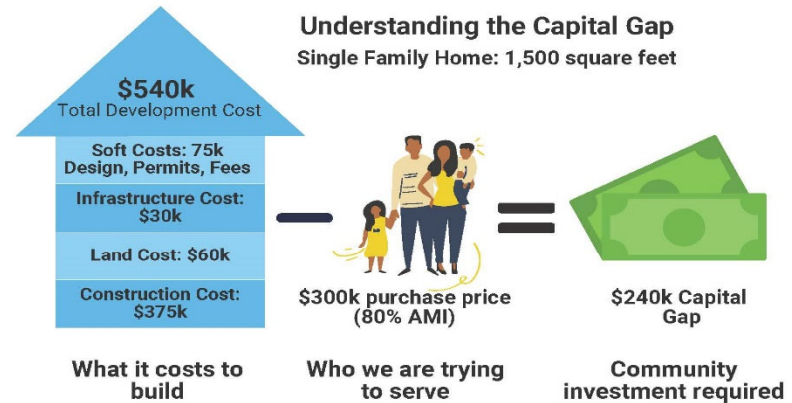
### Understanding the Capital Gap Multi Family: 15 units, 2 bedroom, 800 square feet each



Incomes Served	60% AMI	80% AMI
Monthly rent	\$1,381	\$1,842
Total annual rent (income)	\$248,580	\$331,560
Less operating costs	(\$98,000)	(\$98,000)
Net operating income (NOI)	\$133,000	\$210,000
Mortgage size	\$1.9M	\$3.1M
<b>Capital Gap (Equity Needs)</b>	<b>\$6.1M</b>	<b>\$4.9M</b>

On the for-sale side the Town's greatest needs include homes priced below \$430,000, and more diverse housing forms including duplexes, townhouses, and condos. Unfortunately, with the rising costs of land, labor, and building materials, the cost to build this housing exceeds these price points.

### Understanding the Capital Gap Single Family Home: 1,500 square feet



In order to fill this gap, the public and private sectors need to work together and leverage a variety of tools and resources. The strategies discussed throughout this Action Plan are high-priority steps to enable, encourage, and incentivize the types of housing most needed in Hayden.

Additionally, Hayden can signal housing priorities to developers by having a clear and consistent approach to the level of support the town is willing to offer for various development proposals. This can also help preserve developer and staff time by making it more clear what residential development falls outside the town's priorities.

# Housing Action Plan

## Town Housing Priorities and Tools to Support Development

The following chart reflects the Town's housing priorities.

Priority Level	Types of Housing	How the Town might support (case by case basis – resources available and project merit)
1	Rentals - Priced up to 80% AMI For Sale – Priced up to 100% AMI Employer sponsored for-sale & rental housing without income limits	<ul style="list-style-type: none"> <li>• Fee waivers, reductions, deferrals</li> <li>• Infrastructure cost sharing – greatest financial support</li> <li>• In-kind support with staff time, public works services</li> <li>• Pass through grant funding from State/Federal sources</li> <li>• General Fund allocation for matching funds to leverage other resources</li> <li>• Housing authority participation for tax exemption, pass through funding, management and compliance support</li> <li>• Advocacy for LIHTC and other State/Federal resources</li> </ul>
2	Rentals - Priced 80 - 120% AMI For Sale – Priced 100 - 200% AMI For Sale/For Rent for Seniors - all price points	<ul style="list-style-type: none"> <li>• Fee reductions, deferrals</li> <li>• Infrastructure cost sharing – mid level financial support</li> <li>• In-kind support with staff time, public works services</li> <li>• Housing authority participation for tax exemption, pass through funding, management and compliance support</li> </ul>
3	Rentals - Priced above 120% AMI For Sale – Priced above 200% AMI	<ul style="list-style-type: none"> <li>• Fee deferrals</li> <li>• Infrastructure cost sharing – lower level or no financial support</li> </ul>

## Action Plan Strategies

Because of the low rental vacancy rate and the low inventory of for-sale housing, each of the primary strategies is focused on increasing the housing supply within the Town of Hayden. Other strategies will be essential to preserve the existing housing stock and ensure housing is serving the local community—but the most critical intervention will be to increase the overall supply.

### Primary Strategies:

- Coalesce around a feasible development
- Support infrastructure costs for needed housing types
- Coordinate an employer-assisted housing effort
- Land Banking
- Partner around Accessory Dwelling Units (ADUS)

### Additional Housing Tools:

- Rehabilitation and Weatherization Programs
- Annual Review of Short Term Rentals
- Annexation & PUD Policies
- Inclusionary Zoning
- Grow Capacity in Local Housing Organizations

This Action Plan details how to utilize these tools in Hayden, describing what the strategy looks like, who should lead the strategy, a timeline for implementation, and what funding will be required.





# Housing Action Plan

Employers can support housing in the following ways:



Help with the housing search/housing navigation  
One stop shop - resource hub  
Housing stipend  
Rental payment assistance  
Down payment assistance/ mortgage assistance  
Rental housing either owned/ leased by the employer  
Pooled property management  
Creating new supply

Employer capacity and local conditions will determine which of the above will be the most successful in Hayden. Based on the supply constraints the town is experiencing, the consulting team recommends approaches that increase supply (creating new supply, master leasing) rather than intensify competition (housing costs assistance).

**Who will implement this strategy:**

- Hayden Economic Development Commission
- Local Employers, potentially including:
- Northwest Colorado Health
- Routt County
- Steamboat Ski & Resort Corporation
- School District
- Xcel Energy
- Yampa Valley Electric Association



# Housing Action Plan

## Land Banking

### **What this strategy is:**

The town can donate, sell, or lease Town owned parcels to developments to help reduce overall development costs and incentivize the types of development that are most needed in the community. However, Hayden currently owns few parcels that would be good candidates for development.

Because land is a scarce resource, acquiring land or land banking and preserving it for future community purposes is an important strategy.

### **Who will implement this strategy:**

Town Council with the support of Town Manager and Community Development Director

## Partner around Accessory Dwelling Units

### **What this strategy is:**

Accessory Dwelling Units (ADUs) are permitted as a use by right across most zone districts in Hayden, but allowing this development form does not necessarily mean they will be built (or built affordably). Oftentimes in places where ADUs are built, they are used primarily for short term rentals as this is frequently more profitable than long term rentals and can cover the costs of development more quickly.

To incentivize ADU development that serves local residents, some communities are actively subsidizing ADU development in exchange for committing to rent out the units as long term rentals at or below specified price points. If implemented in Hayden, this strategy could be a good way to incentivize "gentle density" or the addition of units without changing the community character.

To more immediately support ADU development, the Town can compile a pipeline of homeowners interested in ADUs and issue a request for proposals (RFP) for builders to coordinate multiple ADU projects concurrently, creating a better economy of scale.

### **Who will implement this strategy:**

Town Council with the support of Town Staff.

### **How to accomplish this strategy & proposed timeline:**

This strategy can begin immediately with an information campaign letting homeowners know about the benefits of building an ADU on their property. The Town can establish criteria for homeowners to



## Additional Housing Tools

### Rehabilitation & Weatherization Program

- Focus on existing supply ensuring folks can get access to these essential programs.

### Annual Review of Short-term Rental Policy

- Hayden adopted its Short-term rental policy in 2021 and reviews it annually.

### Annexation and PUD Policy

- Ensure that future land that may be annexed incorporates needed housing types etc.

### Inclusionary Zoning Policy

- 10% of any new housing development that exceeds four units.
- Fee in Lieu: 10% of Market Value
- Significant Community Benefit Clause



# Housing Action Plan

## Grow Capacity in Local Housing Organizations

At this point, the above strategies will have to be driven forward by the Town. To make these efforts sustainable it will be important to simultaneously build up the capacity of local housing organizations. These may be local housing authorities, nonprofit developers, or other supportive agencies.

Communities around Colorado and neighboring states structure their housing responsibilities and decision making in a wide variety of ways, and the Town should consider different structures before determining what will work best in Hayden.

Some examples of how different communities structure these responsibilities include:

- Taking on housing responsibilities at the City or County level vs. delegating those roles to the housing authority, non-profit, or public/private partnerships.
- Building up extensive advisory committee structures vs. only having decision-making boards and commissions.
- Dedicating funding sources through voter approved taxes vs. finding creative ways to fund housing activities over time (often drawing upon multiple funding sources to cover programs, staffing, and gap finance for projects).





## Conclusion and Path Forward

### Supply and Demand

- Hayden had a housing problem in that since 2010 population growth has exceeded housing supply being built.
- Positive: Home values are higher than they have ever been.
- Negative: If you did not buy a home before 2020 the average AMI household can't afford to buy a home (unless you have cash from previous sale).
- On current path Hayden's economic growth (remember coal) will slow significantly unless we can solve housing problem.

### Public/Private Partnerships and Housing Authority

- Hayden formed its Hayden Housing Authority in 2021.
- We know we need the private sector to succeed.
- Positive: Housing growth will help us fill unmet job demands and future demands as well as bringing supply and demand in check.
- Possible Negative: Hayden prides itself on Community and a small-town feel. WE CAN'T LOOSE THAT (per Council).

