



# Pueblo Housing Assessment and Strategy

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Final Report - September 2021



GRUEN GRUEN + ASSOCIATES

*Cover photo courtesy of George Koncilja*

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# **1. Introduction and Recommended Strategies**

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## Introduction and Purpose

The primary purpose of the housing assessment study was to estimate the unmet needs for housing in Pueblo County and to recommend a strategic approach to addressing them. It identifies the problems or deficiencies in meeting housing needs and the factors contributing to these problems or deficiencies. The study also includes a forecast of affordable and market-rate housing needs and considers the economics of housing production in Pueblo. A related objective is to give private housing builders, developers, financiers, and property owners a “leg up” on their due diligence, while recognizing housing needs which the private market cannot alone address.

We define general housing need broadly as the total number of housing units required by future number of households with workers and households with no employed members. We estimate effective housing demand; that is, the number of households who can afford to pay for available standard housing. We then compare the estimated total housing need to the estimated effective demand to identify the number of units needed but not being provided under current market and regulatory conditions. While this approach provides unique insight for guiding policy to increase the production of housing, it does not explicitly account for overcrowding or households living in substandard units. Therefore, we also consider this humanitarian element of need in the report by estimating the amount of obsolete or uninhabitable units that require replacement. We also present an analysis and estimate of housing need attributable to “senior” households.

This report presents an analysis of the existing City and County of Pueblo housing inventory by price and tenure in comparison to the existing income characteristics of the household base of the City and County of Pueblo and therefore the ability to pay for housing. The report presents estimates of the number of households which can afford housing at various prices and the number of housing units at these price points so that the shortfalls between units needed at various prices and units available at those price points are identified. This report also presents estimates of the number of “cost-burdened” or income-constrained households spending 30 percent or more of their income on housing.

We also studied whether, and if so, what types of housing products can currently be profitably developed given the typical costs and prices that apply. We considered the factors of land availability and market feasibility of housing development on vacant land parcels to reach judgments on the potential amount of housing likely to be developed to meet future housing needs within Pueblo County.

Given the results of the analysis of the need for affordable housing, this report also suggests strategies for encouraging the production of affordable housing and strategies for increasing the supply of affordable housing projects.

# Housing and Economic Development

## **ECONOMIC EFFECTS OF AN UNCOMPETITIVE HOUSING MARKET**

A region without adequate affordable housing choices for its residents will be at a competitive disadvantage in attracting and retaining beneficial economic development. Attracting and retaining an adequately sized, quality labor force requires a diverse and competitively priced housing stock. The supply and price of housing available affects the ability of firms to attract and retain labor (and how much it costs to employ that labor). When an insufficient amount of affordable housing is available, workers, especially lower-waged workers, must share housing to reduce costs or seek housing further away which creates longer commutes and makes workers less productive as well as increases traffic congestion. Fewer workers able to live in a community makes it more difficult for local employers to hire and retain workers. If workers are forced to spend more of their incomes on housing because of a lack of a competitive functioning housing market, they spend less on other goods and services in the local economy. The reduction in demand means fewer retail, restaurant, service, recreation or other providers of goods and services will be supportable in the community.

The resulting smaller base of services and amenities and the higher wage and salary requirements due to an insufficient supply of housing discourage business attraction and expansion because companies dependent upon talented and productive workers to be innovative and competitive consider quality of life and affordable housing factors in making site selection and facility decisions. Just like public infrastructure such as roadways and interchanges and adequate utilities, housing bears on the competitiveness and productivity of private sector business. Businesses evaluate the ability of a community to draw and retain labor necessary to compete in a knowledge-based economy. This is particularly true for firms that export their goods and services beyond the community or region.

The process of building new housing, in and of itself, also stimulates local economic activity, providing jobs and incomes along a wide skills spectrum. New housing development activity generates direct employment and income, but it also generates employment and income opportunities indirectly. These indirect effects of housing development activity occur as: (1) builders purchase materials, equipment, and services from other firms in the regional economy; and as (2) workers spend some of their earned income locally - on everything from retail goods and services to healthcare and their own housing.

Affordable housing also reduces the propensity and incidence of foreclosure risks and the associated economic, social, and fiscal costs with foreclosures.

## **IMPROVING PLACE COMPETITIVENESS THROUGH FACILITATING AN ADEQUATE SUPPLY OF HOUSING**

While seeking better ways to use government and non-profit resources to provide subsidized housing for the poor will always be important, seeking ways to encourage housing developers to over build is also necessary for improving place competitiveness through price lowering downward filtration by facilitating those households which can afford higher priced housing to move from existing units to newer or new units so that from the creation of the new units, existing units will be made available to households which cannot afford the cost of new housing.



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A perceived shortage of readily developed land for new housing and a limited supply of existing available housing relative to demand gives owners of existing housing stock less competitive pressures or incentives to invest in maintenance and quality improvements of their residences. This condition exists in Pueblo County and explains why occupancy rates are so high for even what would otherwise be considered obsolete housing stock.

### **NEIGHBORHOOD QUALITY IS AFFECTED BY HOUSING MARKET COMPETITIVENESS**

Housing blight is the physical result of an economic situation in which property owners are unable to raise rents or prices to pay for the costs of remodeling, renovation, or new construction, while simultaneously the failure to maintain will not cause a rental or price reduction that exceeds the annualized cost of the maintenance needed to preclude blight. Therefore, a rational, profit-seeking landlord or housing unit owner finds disinvestment to be his or her best option. Over time, disinvestment becomes cumulative as properties next to those that show the physical signs of blight are put in the same situation as the demand for housing in the area declines.

Alternatively, as the number of households and household incomes increase, the demand for housing in previously developed neighborhoods may change, encouraging property renovation and upgrading and redevelopment as the neighborhood becomes part of a new and frequently higher-priced housing submarket. In this situation, the options that can lead to profit maximization include either demolition of existing improvements and new construction or rehabilitation and modernization of existing improvements to provide contemporary space. Which of the blight removing or precluding investment paths occurs depends upon the interaction between demand and supply conditions and the age, size, and relative obsolescence of the existing housing units.

If more residential development in Pueblo County is not facilitated, the economic development potential of Pueblo County may not be realized. More pressure will exist for downward housing filtration and upward housing filtration will be discouraged. Downward filtration refers to a decline in the relative value of a housing unit or neighborhood over time reflecting the tendency for housing units to decline in quality over time, both absolutely and in relation to newly constructed housing units.

## Recommended Strategies

### Encourage the Production of Market-Rate Housing

When insufficient housing units are available at the top end of the market, some higher-income households will substitute to housing units at the next quality or cost tier down, contributing to higher prices of housing units in that tier. Those households outbid for housing in that (second) tier will substitute to housing at the next quality or cost tier down, outbidding lower income households which would otherwise have been able to afford housing in that (third) tier, and so on. Similarly, as new housing is built in the higher or highest cost tiers, some higher-income households will vacate homes in the second tier, which will free up housing units in the second tier for households that may have substituted to housing in the third tier, and so on. Accordingly, the construction of new homes serving higher income households alleviate price and rent pressure in lower tiers in the ladder of the housing market. New homes at the top of the market will increase supply for middle-income households more than for moderate- and lower income households, but lower-income households also benefit from the increase in new housing supply. Mast (2019) provides evidence showing how these filtrations or move chains work in practice; his estimates suggest that for every 100 market-rate units built in a city, 45 to 70 vacancies will open in below-median-income neighborhoods.<sup>1</sup>

**Facilitate housing affordability by encouraging builders and developers to construct new homes and multi-family housing units. Although the homes created may be sold or rented at market rates, their creation promotes affordability by helping to satisfy the demand of higher-income households, which would otherwise compete for (and bid up the price of) existing units.**

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<sup>1</sup> [The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market \(upjohn.org\)](#); Evan Mast W.E. Upjohn Institute for Employment Research, July 2019, pages 1 and 3.

## Create Regulatory and Planning Environment that Improves Ease/Timeliness of Affordable Housing Production

Approaches and policies that will help encourage the production of quality affordable housing include:

- Reducing procedural complexity and delay in providing necessary entitlements and issuing permits<sup>2</sup>;
- Periodically reviewing the benefits and costs of local regulations and processes (such as architectural design standards) so that particularly onerous or costly requirements can be improved or lightened where appropriate<sup>3</sup>;
- Removing uncertainty about stormwater facility requirements<sup>4</sup>; and
- Ensuring that one-time municipal and utility fees do not add a disproportionate amount to the development cost of a new housing unit.

Some jurisdictions impose one-time utility tap and Plant Investment Fees on the basis of lot size or unit size for new residential connections.<sup>5</sup> All else being equal, this type of fee structure incentivizes smaller units. Consider whether a similar approach could be adopted among local water utilities.

Furthermore, facilitate the expansion of public infrastructure to locations that will allow for the creation of new neighborhoods and in-fill housing developments capable of serving a variety of future housing needs. For potential large-scale developments, proactively investigate the feasibility of Metropolitan Districts to fund one-time public infrastructure costs such as public roadway or water/sewer improvements. For smaller-scale residential projects, consider allocating capital improvement budgets or funds toward assistance with public infrastructure requirements of these projects. In either case, the private development entity should demonstrate the need for such funding.

In addition, pursue grants from the housing development incentives grant program as an incentive to develop one or more affordable housing developments under State of Colorado House Bill 21-1271.

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<sup>2</sup> An extended time in processing entitlements can result in developers missing market opportunities. For example, a developer cited a 103-lot development in north Pueblo for which 18 months was needed to obtain approvals. During the process, costs to develop the lots increased so that the prices needed for the land increased beyond what the finished home markets would support so the land remained undeveloped until the recent increase in land prices and sales prices of homes that have now made the land development feasible, several years later.

<sup>3</sup> Review the zoning code approximately every five years to identify refinements needed. Consultants and/or committees including planners engineers, lawyers, builders, and others involved with the planning and development industries can be convened to assist in the zoning review.

<sup>4</sup> A prescriptive manual or guide that includes standards and specifications (for representative areas of the City and County and different soil conditions, etc.) could be helpful. See the Town of Erie's storm drainage facilities manual for one example: [Section 800 - Storm Drainage Facilities](#)

<sup>5</sup> Colorado Springs Utilities and the Fort Collins-Loveland Water District are two local examples of utilities that charge water tap fees on the basis of single-family lot size. See for example: [Colorado Springs Utilities 2021 Development Charges and Fees](#)

## Formally Recognize Workforce Housing as a Critical Component of Local and Regional Economic Development Policies

Economic developers frequently advocate for job-creation incentives and attend land use hearings for nonresidential uses - but not so often for proposed residential developments. Just like public infrastructure such as roadways and interchanges and adequate utilities, housing is increasingly important to the competitiveness and productivity of private sector business and the economic development of communities. Local economic development policies/strategies and economic developers should support housing developments and encourage local land use regulations that zone more land for relatively higher density housing.

Public funding for economic development should also reflect the critical importance of adequate housing supply. Both the City and County of Pueblo have enacted special taxes, or raised taxes, that are generally used to fund economic development or special projects. The one-half cent special sales tax fund dedicated to economic development purposes in the City of Pueblo for example has “generated an additional \$86 million in city sales tax revenue” over the prior 26 years.<sup>6</sup> In Pueblo County, increases in recreational marijuana sales and excises tax rates have also generated new revenue sources.

**Consideration should be given to dedicating some of these local funds in support of new housing developments. Without considerable new housing development, given the scarcity of existing units and continued rapid escalation in housing prices, it will become increasingly difficult to attract “primary employers”.** Dedicated funding support could be utilized in a variety of forms such as:

- Reimbursement for land or property acquisitions for desirable projects that help accomplish civic objectives;
- Assistance with public infrastructure costs of new housing developments;
- One-time upfront payment (to a private owner/developer) in exchange for an income-based deed restriction on a certain number of units for a specified duration; or
- Matching funds made to primary employers that create employer-assisted housing units.

The real estate economic analysis conducted as part of the housing assessment indicates that the private market will be challenged to supply new housing units affordable to households with incomes below 95 percent of AMI. State and federal programs available to fund affordable housing are primarily targeted to households earning 60 percent of AMI or less (e.g., Section 8 vouchers, Low Income Housing Tax Credits). Accordingly, local funding from existing special taxes could be directed at new housing developments that fill the gap between these two income levels and increase overall housing supply.

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<sup>6</sup> Severance, Ryan. “Half-cent sales tax extension in Pueblo easily passing.” *The Pueblo Chieftain*, Nov 7, 2020, <https://www.chieftain.com/story/news/2020/11/03/pueblo-voters-gave-strong-backing-extending-citys-half-cent-sales-tax/6149067002/>



## Make Local Development Incentives Available to Builders of Affordable or Workforce Housing

Where appropriate, **reduce barriers to providing incentives that facilitate housing development.** Consider formally incorporating development incentives for affordable or workforce housing into zoning and development codes. Incentives to bridge feasibility gaps for lower-priced housing could include:

- Zoning or building variances for affordable housing projects;
- Density or height bonuses;
- Fee waivers (such as for utility taps/PIF fees, building permits, plan review, etc.);
- Rebates of construction sales tax;
- Tax Increment Financing for qualifying projects; and
- Property tax abatements.<sup>7</sup>

## Develop Implementation Plan to Encourage Adaptive Re-use of Vacant or Underutilized Buildings for Housing

Opportunities may arise to replace obsolete housing stock or create new residential uses in or near the core Downtown through thoughtful planning and implementation of public-private partnerships designed to make the adaptive reuse of vacant or underutilized buildings feasible.

**The City of Pueblo should consider all options to alleviate or negate extraordinary costs associated with the conversion of upper floors to multi-family residential** uses, such as related to sprinkler improvements or provision of necessary parking. These options may be either financial or regulatory in nature (e.g., amendments to the 2015 IEBC). Given the historic architecture is a key source of differentiation between Downtown and standard commercial/shopping areas, local programs or policies that enhance the feasibility of renovating and rehabilitating older structures with architectural merit makes sense. **Encourage private property owners to develop business plans for the adaptive reuse of functionally obsolete commercial buildings and coordinate with other entities (Pueblo Urban Renewal Authority, Downtown Association) to establish a formal implementation framework** that clearly identifies or defines:

- The type or mix of housing units that are sought. A “mixed income” approach would be advisable;<sup>8</sup>
- A holistic approach to Transportation Demand Management and off-site residential parking

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<sup>7</sup> Colorado Springs and its Urban Renewal Authority, for example, have worked to abate property taxes to facilitate the feasibility of affordable housing developments. See the following link for one recent example: [https://gazette.com/news/el-paso-county-approves-tax-break-for-affordable-housing-project-in-southeast-colorado-springs/article\\_45228bc6-ef23-11eb-818e-1fbcb5d933e5.html](https://gazette.com/news/el-paso-county-approves-tax-break-for-affordable-housing-project-in-southeast-colorado-springs/article_45228bc6-ef23-11eb-818e-1fbcb5d933e5.html)

<sup>8</sup> Market-rate housing should be a component of any Downtown housing strategy, such as live-work units or smaller housing products targeted to young professionals or the artist community. The concentration of subsidized Low Income affordable units or a singular reliance upon state and federal affordable housing funding sources (e.g., Low Income Housing Tax Credits) to finance adaptive reuse projects should be avoided.

capacity;<sup>9</sup>

- In addition to parking requirements, other modifications to existing zoning or building codes that would be safe and acceptable;
- Regulatory changes or areas of lenience to increase the certainty and speed of the entitlement and plan review/permitting process;
- Sources of local financial and non-financial incentives that will be made available, with clear guiding principles and criteria that will be used to allocate these resources; and
- Ways in which City or agency staff can better assist in the administrative and application process associated with securing non-local funding sources such as historic, new market, or low income tax credits.

### **Increase the Supply of Land for Housing Development/Redevelopment on Sites Already Served by Adequate Public Infrastructure**

Identify and earmark surplus publicly owned properties that are vacant or underutilized and either (a) use some of the proceeds from their disposition to bridge feasibility gaps for the development of additional housing or (b) consider contributing the sites for affordable or workforce housing development if they are appropriately located for residential use. Engage other public landowners that may have similar surplus properties to consider disposition for residential developments.

Additional tactics to consider include:

- Establishing a City-sponsored program to assist private property owners in packaging, planning and disposing of underutilized or vacant sites for housing development. Assistance could take the form of identifying the property as available in a formal solicitation that would specify the type and scale of housing envisioned and the actions the City would consider taking to improve development feasibility or reduce risks.
- Proactively identifying sites currently designed for non-residential land uses that would be suitable for re-zoning consistent with infill residential standards.

### **Establish Framework for Accessory Dwelling Units**

Some jurisdictions have adopted Accessory Dwelling Unit (ADU) ordinances, which specify the requirements for creating small housing units attached to an existing single-family home or a detached unit located on the same lot. Because of their small size, ADUs are not typically economical to construct but can accommodate rental housing needs within high-demand urban neighborhoods that have limited land capacity.

The City and County should amend or clarify zoning codes to specifically address ADU construction, including considerations such as locations or lot sizes/districts where ADU units may be allowed or encouraged; leniency for maximum lot coverage ratios or setbacks, if any; and other factors such as off-street parking requirements or whether ADU's will require separate water and sewer taps.

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<sup>9</sup> Who pays for it? Where does surplus capacity already exist or where could it be created? How much parking is actually needed?

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## Encourage Shared Equity Homeownership Programs or Community Land Trusts

Shared equity homeownership offers an alternative option to renting and traditional homeownership. Shared equity programs can create long-term, affordable homeownership opportunities by imposing restrictions on the resale of subsidized housing units. Typically, a nonprofit or government entity provides a subsidy to lower the purchase price of a housing unit, making it affordable to a low-income buyer. In return for the subsidy, the buyer agrees to share any home price appreciation at the time of resale with the entity providing the subsidy, which helps preserve affordability for subsequent homebuyers.

A local example of a shared equity program is the Hyde Park Gardens subdivision developed by NeighborWorks of Southern Colorado. The land was initially donated by the City of Pueblo and the land improvements were placed in a community land trust as a shared equity component. A similar grant program that encouraged homebuyer “sweat equity” to buy-down prices (the Self-Help Homeownership Opportunity Program) was also utilized.

Typically, shared appreciation loans are in the form of second mortgages provided by a public or nonprofit agency the principal of which buyers pay in full at the time of resale along with a percentage of home value appreciation. These funds are then reinvested to make homeownership affordable to another low-income buyer. Under the “shared retention approach”, resale price restrictions ensure that the subsidy remains with the home. The most widely implemented subsidy retention programs include community land trusts (CLTs), deed-restricted housing programs, and limited equity housing cooperatives. CLTs increase affordability by removing the cost of the land from the sale price of a home — homebuyers purchase the structure but lease the land from the CLT, which retains ownership. Resale price restrictions are built into the ground lease to maintain affordability for future income-eligible buyers. In a deed-restricted housing program, resale restrictions are recorded with the property’s deed and generally remain valid for more than 30 years. Residents of limited equity housing cooperatives are shareholders; instead of a housing unit, buyers purchase a share of stock in the cooperative, which entitles them to occupy one housing unit, at a much lower price. Limits on the resale price of the cooperative shares ensure affordability.

## Assist Households Accessing and Staying in Housing

Rising rent burdens result from a mismatch between income and rent growth, not just from rising rents. For households in the lowest-income household categories, provide additional tenant-based financial assistance to help households (especially those with children or elderly) access and stay in housing in the face of job losses or health crises.

As one example, since 2006, Home Forward (the public housing agency for the Portland, Oregon, metropolitan area) has administered the Short-Term Rent Assistance program on behalf of Multnomah County, the cities of Portland and Gresham, and Home Forward. These entities contribute annual funding for the program, which was supplemented in 2009 with federal funds from the American Recovery and Reinvestment Act. The program differs from the federal housing choice voucher program in that it is limited in time as rent assistance is made available for up to 24 months for individuals and families facing a housing crisis. Eligibility is limited to households with incomes at or below 50 percent of the area median income, and assistance can be used for emergency hotel vouchers, rent payment and eviction prevention, and housing placement assistance. Assistance provided through the program can also be used to cover security deposits, application fees, move-in costs, and other supportive services.

Additional strategies to pursue include:

- **Promoting Mobility for Housing Choice Voucher Holders**

Promote mobility for Housing Choice Voucher holders within Pueblo County and encourage private landlords to accept vouchers.<sup>10</sup> If needed, expand staffing and administrative resources necessary to accept and administer additional Section 8 vouchers.

- **Altering Codes or Fees for Residential Renovations**

Altering housing rehabilitation codes to focus code requirements for rehabilitation on key safety issues without requiring buildings to be brought fully up to code and reducing one-time fees are other ways to improve the feasibility of housing preservation.

- **Making Incentives Available that will Encourage Investment in Housing Maintenance and Rehabilitation**

To encourage upward filtration, several policy actions should be considered and adopted, where appropriate. For example, some communities provide a real estate tax abatement for real property

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<sup>10</sup> Most project-based voucher programs are specific to a single jurisdiction, but the Regional Housing Initiative is a partnership that covers Chicago and Cook County as well as three neighboring counties and four cities. The jurisdictions pool project-based vouchers and maintain a centralized, regional waiting list. Vouchers are only attached to units located in “opportunity communities” of the participating jurisdictions, often in the suburbs which allow tenants to find affordable housing near jobs. Since 2016, the initiative has been used to attach project-based vouchers to 546 units in 34 developments to make them affordable to very low-income households (BRick Partners LLC 2016) according to ELLEN, LUBELL, AND WILLIS, “THROUGH THE ROOF”, POLICY FOCUS REPORT | LINCOLN INSTITUTE OF LAND POLICY, 2021, pages 36 and 37. [Through the Roof: What Communities Can Do About the High Cost of Rental Housing in America \(lincolninstitute.edu\)](https://lincolninstitute.org/through-the-roof-what-communities-can-do-about-the-high-cost-of-rental-housing-in-america/)



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improvements made in distressed areas. To encourage significant remodeling and modernization of existing owner-occupant single-family housing units and the redevelopment of obsolete single-family units, provide a residential tax abatement for 10 years. The abatement would apply to the increase in assessed valuation attributable to the improvements made to the property.

## Do Not Adopt Inclusionary Zoning Policies

Under inclusionary zoning, a fraction of the demand for market rate housing from higher income households is intended to generate a supply of housing units affordable to the middle class. The quantity of “below market” affordable housing created by this regulatory mechanism is so short in meeting the demand that the new units must be allocated through lotteries. In New York City, the odds faced by potential beneficiary households to win the lottery is usually below 1/100,000. Requiring developers to produce units priced below market acts as a tax on the production of new market produced units, and therefore reduces the creation of supply. Thus, the impact of inclusionary zoning is to make housing more expensive for those who can afford it and scarcer for those who rely on the program to attain housing. **Inclusionary zoning is an example of a well-meaning policy involving housing that may push up prices to such an extent that the negative side-effects are more harmful than the problem the policy is intended to correct.**

In essence, inclusionary zoning acts as rent control<sup>11</sup> on the below-market-rate units and a tax on new development.<sup>12</sup> Both of these conditions serve to reduce housing supply, leading to higher prices for households (other than the extraordinary few selected to live in below-market-rate units) who do not get to live in a below-market-rate unit. Because new housing and existing housing are substitutes, the inclusionary tax increases prices regionally, not just in projects that include inclusionary units. Inclusionary zoning policy also incentivizes new developments to be at the highest obtainable price points in order for the developments to subsidize the required below-market-rate units. Given that the policy does not increase the supply of housing, but does increase the cost of housing for everyone other than the fortunate few which via lotteries or waiting lists obtain new construction at below market prices, it would be much more economically efficient and fair to target resources to low-income households through income assistance or housing vouchers as outlined above.

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<sup>11</sup> See [Historic and Contemporary Responses to Housing Shortages: The Impact of Rent Control Using San Francisco as a Case Study | Lambda Alpha International \(lai.org\)](#).

<sup>12</sup> See the pioneering article entitled “The Irony of Inclusionary Zoning,” Robert C. Ellickson, Southern California Law Review Vol. 54:1167, 1981 [The Irony of Inclusionary Zoning \(yale.edu\)](#).

## Work Completed

To accomplish the study purpose, GG+A performed the following principal tasks:

- Reviewed past comprehensive plans, citizen surveys, and other documents to obtain background and perspective on previous housing and economic development goals, population and household and housing conditions, and growth projections as well as public housing characteristics;
- Analyzed historical household and population change, the economic base, labor force trends, and household characteristics of Pueblo County;
- Reviewed the Pueblo County housing inventory and patterns of change including apartment and for-sale housing market conditions and housing costs;
- Identified the number of cost-burdened households and identified the existing shortfall or “gap” in the amount of affordable housing;
- Conducted interviews with housing developers, home builders, real estate brokers, and other knowledgeable individuals to assess Pueblo’s position in the regional housing market and to obtain information and insight about neighborhood trends, advantages and disadvantages of Pueblo as a housing location, geographic origins and types of households attracted to Pueblo, sources of supply competition, and housing product preferences. We also directed interviews with builders to obtaining information on the real estate economics of new housing development;
- Designed and analyzed a survey of Pueblo residents to identify housing patterns, housing satisfaction and preferences, plans to move and type and cost of housing preferred as well as the demographic, household, employment and socio-economic characteristics of survey respondents;
- Projected employment growth for Pueblo County to estimate the additional labor force that will require housing;
- Projected new workforce and senior households in Pueblo County, based upon the forecast employment growth and anticipated growth in population age 65-years or older;
- Estimated potential future housing needs of workforce and senior households, and the need to replace obsolete housing stock;
- Distributed future housing needs into income groups to estimate housing demand by price range;
- Compared forecast housing demand to the present and likely future supply of housing;
- Evaluated the real estate economics of developing typical types of housing in the City and County of Pueblo to support inferences about which housing products (and price points) will be feasible for the private market to supply in response to demand, and what housing needs are likely to be served by the private market in sufficient quantities; and
- Synthesized the research and analysis to reach judgments about existing and future housing needs and policies and actions likely to best encourage the production of housing, positive neighborhood change, and increases in housing quality.

## Report Organization

Appendix A reviews existing housing inventory and market conditions for rental and for-sale housing. Appendix A describes affordability conditions in Pueblo and presents estimates of affordability gaps by housing price point. Appendix A also provides an overview of the demographic and socio-economic factors affecting current and future needs.

Appendix B presents the results of the synthesis of interviews with land developers, home builders, real estate brokers, real estate lenders, public housing and non-profit housing providers, and other knowledgeable individuals about the following:

- Geographic market areas from which households are attracted to locations within the Pueblo County housing market;
- Types of households attracted to housing in Pueblo County;
- Factors influencing housing location decisions;
- Advantages and disadvantages of Pueblo County as a housing location;
- Patterns of development and neighborhood change;
- Types of housing units for which demand is highest or most needed; and
- Factors and policies that discourage the development of housing.

Appendix C presents the results of a survey of Pueblo County households. Appendix C reviews the housing patterns of the 465 respondents to the survey, including:

- The current and prior locations of survey respondents;
- Housing tenure;
- Length of time at which respondents have lived in their housing units,
- Type of housing units in which respondents live; and
- Costs of housing units.

Appendix C also presents the results about the level of satisfaction with the current housing units and housing preferences and whether respondents have any plans to move and if so, the reasons for those plans to move, and to which type of housing at what costs. Appendix C also presents the demographic, employment, and socio-economic characteristics of the respondent households.

Appendix D presents a projection of future housing need within Pueblo County over the next 10 years. Housing needs attributable to employment growth internal and external to Pueblo County, to the increase in the number of “senior” households, and to the need to replace obsolete housing stock are separately presented.

Appendix E reviews the analysis of the real estate economics of prototypical housing development alternatives and the conclusions drawn from the results of the analysis.

Appendix F summarizes the review of prior plans and other documents.

Summaries of the appendices are presented next in the following sections:

**Housing Needs Assessment**

- Existing Housing Inventory and Patterns of Change
- Housing Affordability in Pueblo
- Economic, Demographic, and Household Trends
- Housing Interviews
- Housing Survey Results
- Projection of Future Housing Need in Pueblo

**Real Estate Economic Analysis of Housing Development Alternatives**

- Housing Prototypes
- Development Feasibility
- Housing Production Gaps





## **2. Housing Needs Assessment**

## Existing Housing Inventory and Patterns of Change

- The City of Pueblo's total number of housing units increased by 13.7 percent, or nearly 5,900 units from approximately 43,100 in 2000 to approximately 49,000 in 2019.
- The vacancy rate increased between 2000 and 2010 but has since declined from 8.9 percent in 2010 to 6.6 percent in 2019.
- The total number of housing units in Pueblo West and other County areas grew by a larger amount at just over 6,900 units from approximately 15,800 units in 2000 to nearly 22,800 units in 2019.
- Pueblo West and other County areas' share of total housing units increased over the 19-year period from about 26.8 percent to 31.7 percent.
- The vacancy rate is higher for Pueblo West and other County areas at nearly eight percent.
- Approximately 71 percent of the City of Pueblo's housing inventory is estimated to be single family detached units. Single-family units comprise about the same share of the total housing stock as they did in 2000.
- Pueblo West and other areas of the County have an even higher share of single-family units at 87 percent, up from 75 percent in 2000.
- About two-thirds of all housing in Pueblo West and other County areas is estimated to have been built within the past 40 years (since 1980). About 73 percent of all housing in the City of Pueblo is estimated to be more than 40 years old.
- Total countywide residential permits averaged about 1,200 new units annually from 2000 through 2006. Most permits were for single-family detached units. New permits reached a low in 2011 of less than 120 units.
- Total new residential construction activity has grown steadily since 2014 but remains far below prerecession levels of the early 2000's. About 500 new units have been permitted annually over the past three years.
- About 60 percent of all new residential construction permits issued between 2015 and 2020 were located in the Pueblo West metro district. Permits issued within the City of Pueblo represented an additional 28 percent of countywide permit activity. Most new residential construction activity within the City occurred west of Interstate 25.

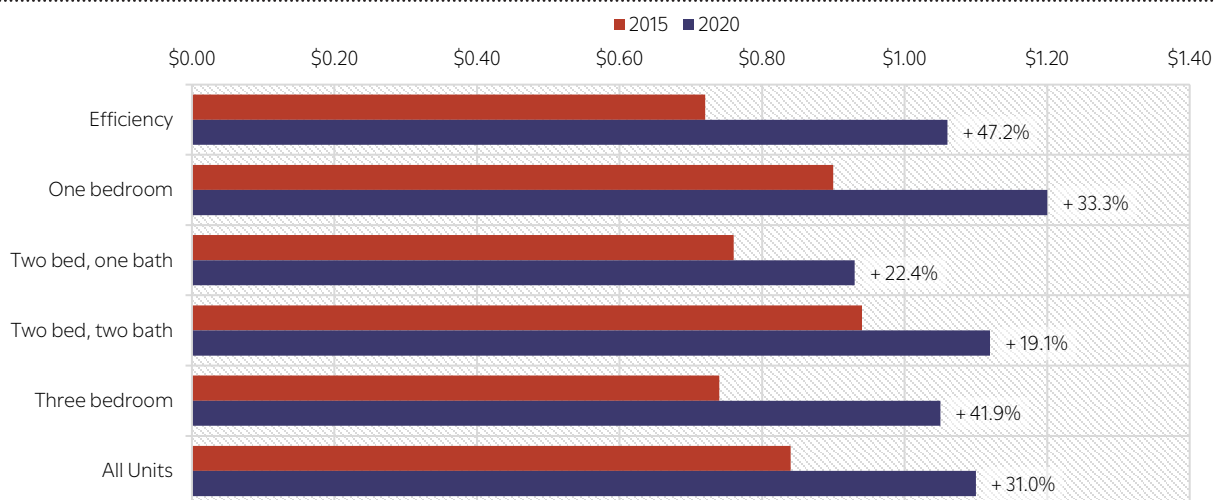
### Existing Rental Housing Inventory

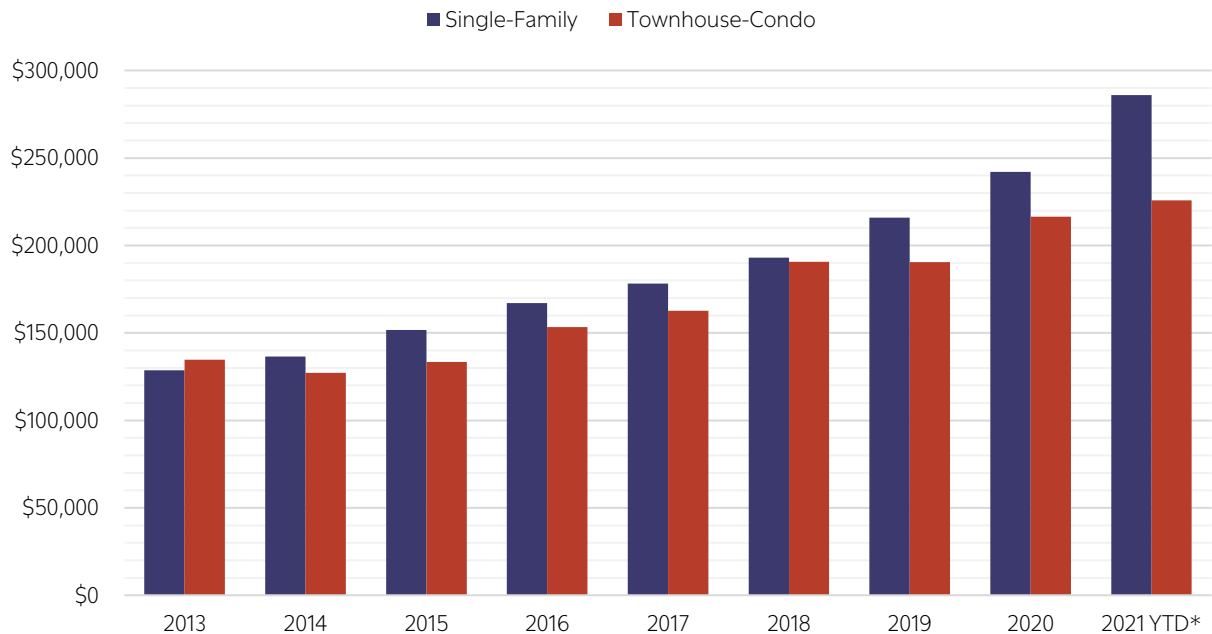
- Pueblo County contains approximately 2,600 rental units that are publicly assisted. These units represent about four percent of the existing countywide housing inventory.
- The rental housing market in Pueblo County of 18,080 units in the City and 3,700 units in Pueblo West and other County areas is characterized by very low vacancy rates (2.4 percent), high rates of rent escalation over the past decade (56 percent), but a limited amount of new market-rate development activity.
- Nearly one-half of the rental inventory is occupied at rents per month of \$750 to \$1,500 per unit. Only six percent of the rental units in the City are higher than \$1,500 per unit per month.

### For-Sale Housing Market Conditions

- Pueblo County averaged 2,600 single-family and townhome/condominium unit sales annually from 2013 through 2020. The volume of market activity has increased recently with more than 3,000 housing sales occurring in 2020 which represented the highest sale volume in more than a decade.
- The average sales price has more than doubled since 2013 when a typical single-family home in Pueblo County sold for approximately \$129,000. Since 2015, the average sales price of a townhome or condominium unit has increased by 51 percent.
- The ratio of listing price to sales price has consistently increased so that currently sales prices tend to be above listing prices, while days on the market has decreased from 100 days on the market in 2013/2014 to 64 days this year.
- The average sales price per square foot has increased from about \$80 in 2015 to \$130 in 2020. Average sales prices for two- and three-bedroom housing units has increased at a much higher rate than sales prices for five-bedroom units (75 percent compared to 51 percent).

**Figure 1: Average Monthly Rent Per Square Foot in Pueblo County (2015-2020)**



**Figure 2: Pueblo County Average Residential Sale Prices, 2013-2021**

\* Through July 2021

- About 29 percent of housing unit sales in the City of Pueblo in 2020 were for less than \$150,000. About 50 percent of sales in the City ranged from \$150,000 to \$250,000 per unit while about 20 percent of sales occurred in the price ranges of \$250,000 to \$449,000.
- Less than 20 percent of sales in Pueblo West occurred at prices less than \$250,000. Nearly 60 percent of housing unit sales were within price ranges of \$250,000 and \$350,000, while approximately 27 percent of housing unit sales were for prices above \$350,000.
- About one-third of the City's owner-occupied units are valued at \$150,000 or less. Another 13 percent of the City's units are valued between \$150,000 and \$199,999. Nearly 30 percent of the City's units are valued between \$200,000 and \$299,999. About one-quarter of units are valued at \$300,000 or higher.
- Only 11 percent of units located in Pueblo West are valued at less than \$150,000. Nearly 60 percent of Pueblo West and other County area units are priced at \$300,000 or higher (as compared to 23 percent in the City of Pueblo).

# Housing Affordability in Pueblo

## Owner-Occupied Housing Affordability

- Affordability conditions in the City of Pueblo for owner-occupied housing improved slightly over the period from 2000 to 2019. The cost burden rate for owner-occupied households in the City declined by 1.6 percentage points, from 24 percent of households in 2000 to 22.4 percent in 2019. The percentage of owners spending less than 20 percent of their household income on housing increased slightly from 55.7 percent in 2000 to nearly 58 percent by 2019.
- The long term improvement in affordability relates to: (1) the steep home price declines that followed the housing market crash and Great Recession in 2008; (2) the historically low borrowing environment that followed the Great Recession (albeit with more stringent mortgage lending controls); and (3) the slight increase in owner occupied household incomes over the period.
- Owner-occupied housing affordability in Pueblo West and other County areas also improved over the 2000-2019 period. The cost burden rate for owner-occupied households in Pueblo West and other areas improved greatly by declining by 8.0 percentage points, from 27.8 percent of households in 2000 to 19.8 percent in 2019.

## Rental Housing Affordability

- Affordability conditions for rental households, however, worsened over the 2000 to 2019 period. The cost-burden rate for renter households in the City of Pueblo was 47.4 percent in 2000 and 55.0 percent in 2019. Nearly one-quarter of all renters in City of Pueblo are still estimated to occupy units at very affordable levels – spending less than 20 percent of their income on housing.
- Affordability conditions for rental households in Pueblo West and other County areas is much more favorable than for City of Pueblo rental housing. Cost-burdened renter households remained about the same as a proportion of households at about one-third from 2000 to 2019. Renter households who occupy units at affordable levels – spending less than 20 percent of their income on housing – improved by 16.5 percentage points, increasing from 34.5 percent in 2000 to 51 percent in 2019.
- The most significant concentrations of households experiencing a housing problem are Extremely Low and Very Low-Income households residing in the City of Pueblo. Households with incomes below 50% AMI in the City of Pueblo represent about one-half of households countywide cost burdened.

## ► *Housing Affordability?*

Housing affordability is defined by both the income of a household (its “ability to pay”) and the cost of a housing unit appropriate for that household.

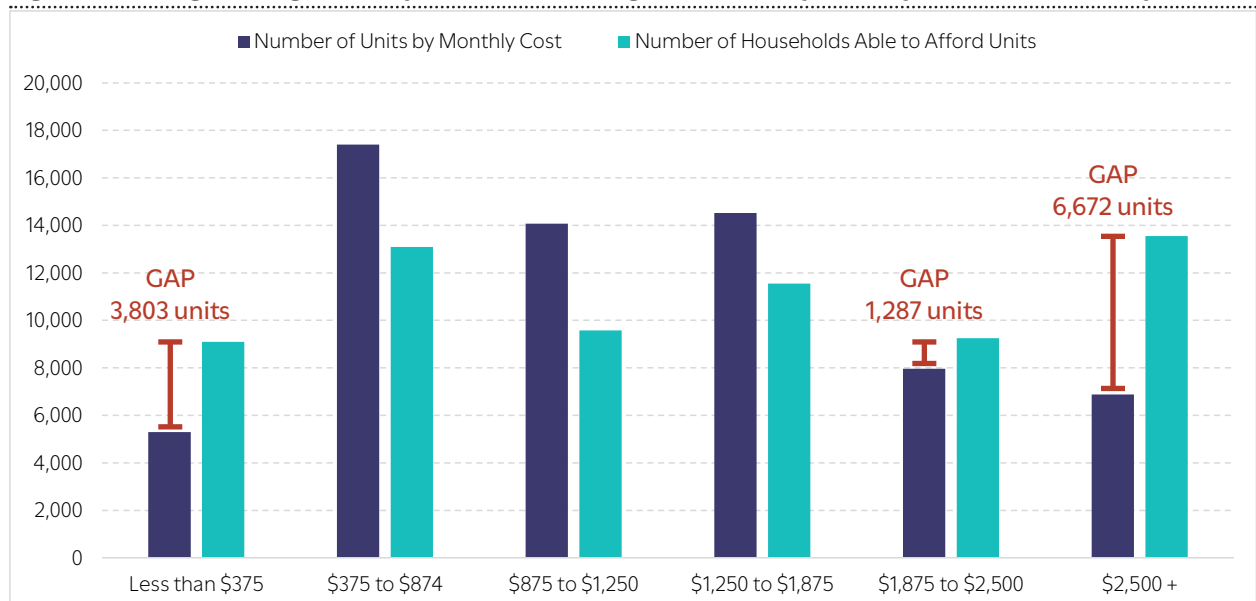
- Housing is considered to be “affordable” under standards defined by federal law and the U.S. Department of Housing and Urban Development (HUD) if a household spends 30 percent or less of its before-tax income on housing and related expenses.
- Housing is not affordable if more than 30 percent of income is spent on housing.

Households spending **more than 30 percent of their income** are commonly defined as “**cost burdened.**”

### Housing “Gap” Analysis

- Relative to supply and the ability of households to afford rental units, a shortage of an estimated 2,637 units with monthly rents below \$375 exists in the City of Pueblo. The pattern is similar for housing affordability gaps for ownership housing. Fewer homes valued at below \$65,000 (equal to about \$375 in monthly cost) exist than the number of households able to afford units at this low price level within the City.
- The existing rental housing inventory by price is better aligned with the income characteristics of renters in Pueblo West and other County areas.
- Approximately 5,100 existing homeowners in Pueblo West or other areas of the County could afford no more than a \$215,000 unit while only 3,900 units are estimated to exist at those home values, suggesting a shortage or “gap” of about 1,200 housing units at this price level in Pueblo West or other areas of the County.
- Countywide inventory is affordable on the upper end of the pricing/income ladder. About 23,000 existing households could afford monthly housing costs of \$1,875 or higher, relative to existing supply of 15,000 units.

**Figure 3: Existing Housing Inventory Relative to Existing Households by Monthly Cost (Pueblo County)**



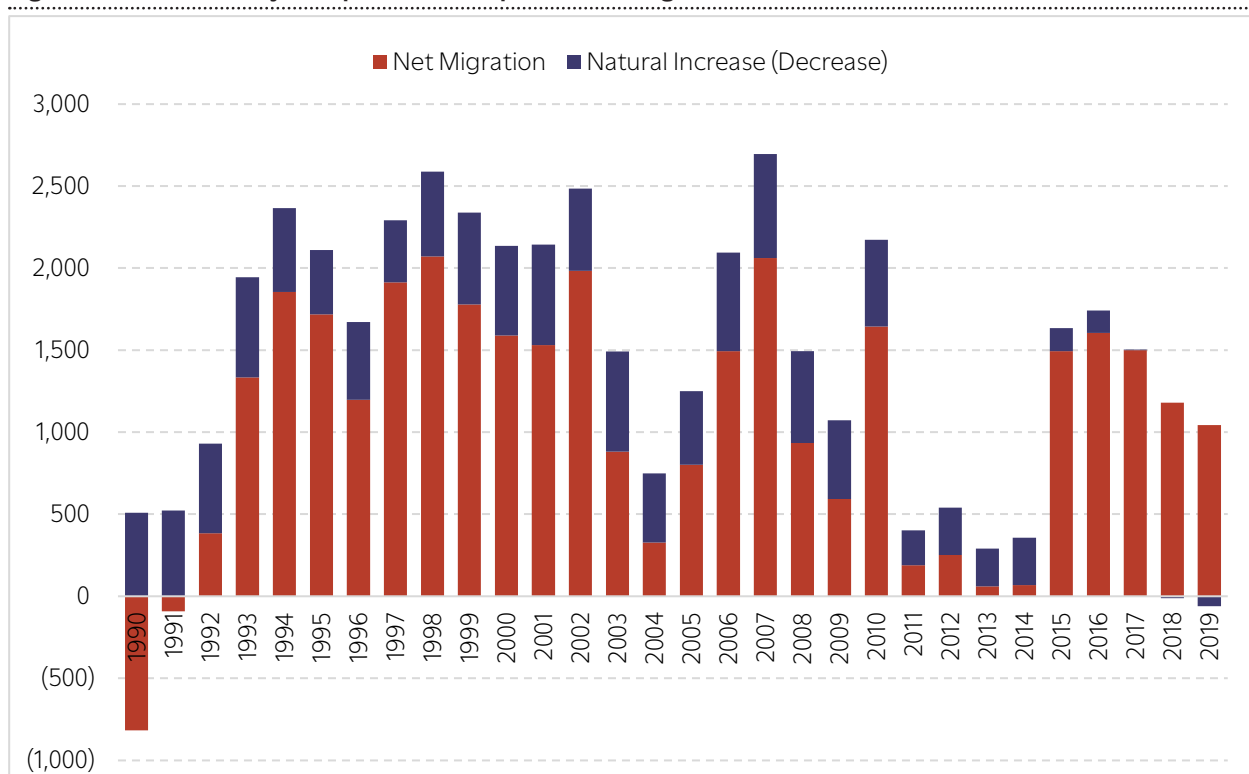


# Economic, Demographic and Household Trends

## Population and Net Migration

- The City of Pueblo has experienced a low population growth trend of about one-half percent annually over the prior 29 years (1990-2019).
- Pueblo West and other County areas have grown more rapidly, with a population growth trend of nearly three percent over the prior 29 years.
- The population has been aging quickly. Since 2000, the population of prime working age adults (ages 25 to 54) increased by less than four percent. The population of adults age 55 or older has grown by almost 60 percent since 2000.
- The dynamics of natural population change in Pueblo have inverted recently as the number of deaths exceeded births for the first time in 2019. This is associated with an aging population.
- Although, countywide population growth has historically been driven by net migration (more so than natural population increases). Approximately 73 percent of the population increase since 1990 in Pueblo County has been due to net migration.
- Net migration among prime working age adults (ages 25 to 54) has represented only 25 percent of total migration since 2000, a pattern generally consistent with migration driven by lifestyle and housing affordability (more than employment opportunity).
- Pueblo County has recently begun attracting rather than losing significant population growth from Metro Denver, Colorado Springs (El Paso County), neighboring Fremont County, and out-of-state locations.

**Figure 4: Pueblo County Components of Population Change, 1990-2019**



### Economic Base

- Education and healthcare, government, and professional and business services currently make up approximately one-half of the regional economic base. The economic base continues to shift in favor of these sectors.
- Pueblo County is forecast to grow by approximately 5,600 jobs over 10 years. This equates to an average annual increase in jobs located in Pueblo County of 0.9 percent.
- Local employment growth within Pueblo County over 10 years is primarily expected to relate to the Health Care and Social Assistance, Accommodation and Food Services, Construction, Educational Services, and Transportation and Warehousing sectors of the economy.
- The Colorado Springs MSA and Denver-Aurora-Lakewood MSA are predicted to grow by more than 414,000 jobs over 10 years. Approximately 23 percent of the resident labor force in Pueblo County is employed in Colorado Springs or Metro Denver. Job growth in the broader commute shed will generate demand for housing in Pueblo.

### Jobs-Housing Balance

- The estimated jobs-housing unit ratio in the City of Pueblo has declined slightly over time, currently approximating about 1.2 jobs for each housing unit. The jobs-housing ratio elsewhere in the county is much lower though it has increased since 2010.
- Areas with significantly higher jobs-to-housing ratios than 1.3 to 1.7-jobs per housing unit typically do not have an adequate amount of housing supply to meet the needs of the local workforce. This is not necessarily the case in Pueblo County; suggesting that factors other than local employment growth have contributed to the rapid price escalations and low availability rates for existing housing inventory.

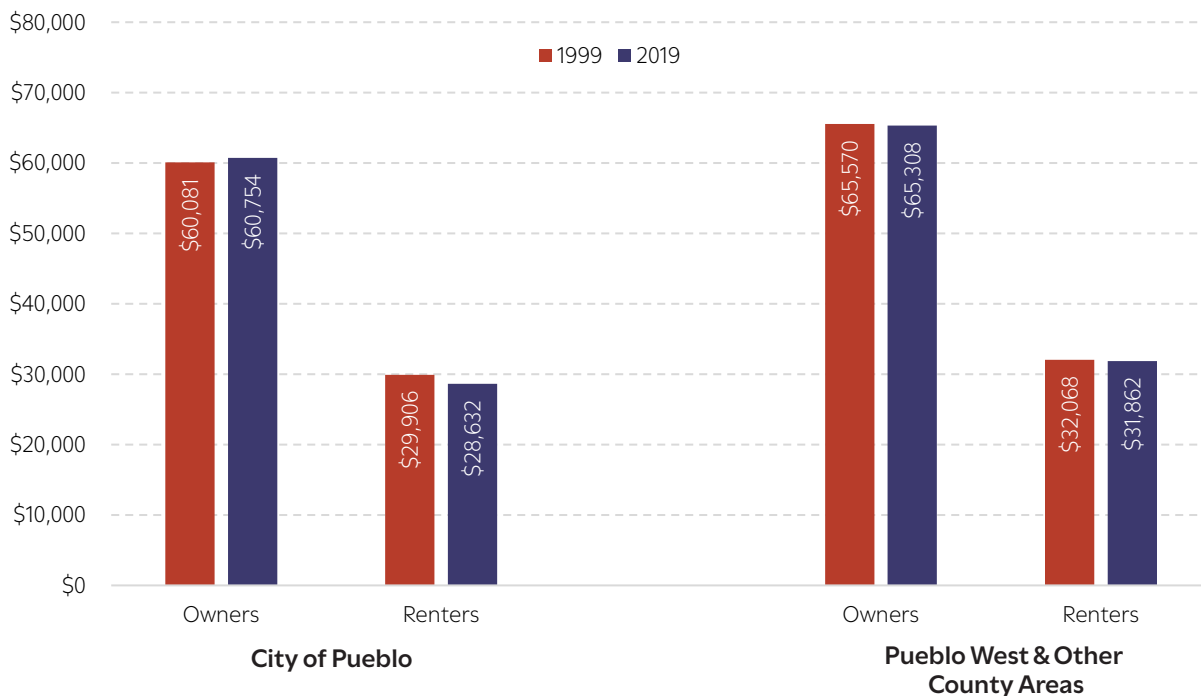
### Labor Force

- Approximately 74 percent of workers employed in Pueblo County also reside within the County.
- Employers “import” about 26 percent of needed labor from beyond Pueblo County. Colorado Springs (El Paso County) and Metro Denver are estimated to supply approximately 14 percent of the labor employed in Pueblo County.
- The size of the resident labor force has grown steadily over the past 30 years, with the exception of the 2012-2015 period following the Great Recession. The labor force participation rate is estimated to have increased from about 57 percent in 1990 to a high of 64 percent in 2010. Labor force participation has slowly declined to an estimated 59 percent (as of 2020). This decline reflects the aging population base of Pueblo County.
- Growth in the City of Pueblo’s resident labor has occurred solely in management, business, science and arts and service occupations. All other occupations experienced a decline in the resident labor force.
- Similarly, Pueblo West and other County areas have experienced resident labor force growth in management, business, science and arts occupations and service occupations.

## Households and Home Ownership

- The City’s household base includes a much higher proportion of single-person households than reside in Pueblo West or other County areas. Areas outside the City including Pueblo West have a higher share of two-person households at 45 percent versus 33 percent within the City. Larger households with three or more persons comprise about the same share in and outside the City of about 35 percent.
- The rate of home ownership decreased slightly over the 2000-2019 period, from about 70 percent in 2000 to 67 percent in 2019. This compares to a 64.6 percent homeownership rate in the nation as a whole.
- Sixty-five percent of Pueblo County households include at least one member in the labor force for an average rate of 1.62 workers per household.
- Household incomes have not kept pace with housing costs, especially recently. Adjusted to consider inflation, median household income in Pueblo County has basically remained constant over a 20-year period.
- Median household income for owner-occupied and renter-occupied households is approximately \$65,300 and \$31,900, respectively. For the City of Pueblo, real median household income has grown slightly for owner-occupied households but declined by about four percent for renter-occupied households. Median household income for owner-occupied and renter-occupied households of the City is lower than Countywide median household income at approximately \$60,800 and \$28,600, respectively.

**Figure 5: Median Household Income Trends \***



\* Historical median incomes have been adjusted for inflation to current 2021 dollars (as of March 2021), based on the Consumer Price Index for the Denver-Aurora-Lakewood, CO area.

## Housing Interview Findings

### Housing Market Sources of Demand

- Baby boomers, some of which are downsizing from larger or older single-family homes, and millennials seeking to purchase their first homes comprise large portions of the demand for new construction, for-sale housing in the Pueblo market.
- Millennials frequently move from other locations within Colorado to Pueblo County. The desire for more affordable housing is a major factor in the decision to move to Pueblo.
- Older baby boomer buyers include households from Texas, California, or the Midwest with connections to the military and those that can sell their relatively higher value homes and obtain more space for the cost and outdoor amenities by relocating from out-of-state.
- Buyer segments migrating to Pueblo County locations also include members of the military associated with Fort Carson near Colorado Springs and households in which one or more adults work in Colorado Springs or elsewhere along the Interstate 25 corridor.
- Households considering locations within Pueblo West will tend to focus their search within Pueblo West. Households considering Pueblo West tend to move from outside of Pueblo West. An important source of demand for Pueblo West housing units are retirees. The City tends to attract more younger-aged buyers than are attracted to Pueblo West.
- Households returning to or moving from within the City of Pueblo tend to select south or north locations, depending upon their family geographic origin.
- Out-of-town households moving to the City are frequently attracted to housing units in neighborhoods on the periphery of town such as El Camino, Southpointe, and University (e.g., Walking Stick) which are viewed comparably.

### Advantages and Disadvantages of Pueblo as a Housing Location

The primary advantages of a Pueblo West location (and similar unincorporated County locations) have historically included the following:

- Lower municipal / local taxes;
- Widespread availability of large-lot housing;
- A school district with a positive reputation;
- A perception as a safe and secure location;
- A pleasant climate; and
- Scenic views with excellent access to outdoor recreation (including Lake Pueblo State Park).

The primary disadvantage of a Pueblo West location includes limited public infrastructure and municipal services.

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In addition to the pleasant climate that differentiates Pueblo from areas to its north, advantages of a location within the City of Pueblo also include:

- More affordable existing housing stock than Pueblo West/County locations;
- Excellent accessibility to Interstate 25;
- Readier access to commercial “amenities” from healthcare services to shopping, dining and entertainment;
- Readier access to post high school educational institutions including CSU-Pueblo and Pueblo Community College; and
- A cultural and recreational fabric that is unique and historic – such as the Pueblo Zoo, Arkansas Riverwalk, Downtown, Pueblo City Park.

Primary disadvantages include that the school district serving the City is perceived less favorably than the school district serving the County. Additionally, some neighborhoods in the City are perceived as less safe and secure with higher incidence of crime and social dislocation.

### **Growth Poles and Emerging Market Opportunities**

- While land prices have not increased to levels that would support or encourage widespread teardown activity (i.e., demolition of existing units and replacement with new construction), many older neighborhoods within the City are experiencing an increase in remodeling and reinvestment activity.
- The northern portions of the City of Pueblo are anticipated to experience relatively greater investment and change related to new housing development. This expectation is principally attributed to housing demand from households working in Colorado Springs, Fort Carson, or elsewhere in the Interstate 25 employment corridor north of Pueblo.
- Because of infrastructure constraints and increased lot costs and water connection fees, the prices for lots in Pueblo West are becoming comparable to or higher than those in the City. This shift provides incentives for price-sensitive buyers and builders to consider in-City locations.
- An increasing market opportunity exists for the development of smaller detached single-family homes and attached housing options (e.g., duplexes, townhomes). As land prices and lot development costs increase and sales prices of single-family homes rise, one of the behavioral responses will be a shift to townhomes or smaller lot single-family homes that are more affordable than larger single-family homes.
- A shortage of available quality apartment units exists for workforce households (such as healthcare professionals) recruited to Pueblo for employment opportunities, and which may want to get acclimated to the community before deciding on which single-family neighborhood to live or which are not in a life cycle stage to want to occupy single-family housing.

### Affordable Housing and Support Service Needs

- Because of the high proportion of very low-income, unemployed, or underemployed population, a chronic need for assisted or subsidized housing exists. Due to the growth in single-parent households and increase in the elderly population, a relatively greater need is for below market rate one- to three-bedroom housing units rather than larger housing units.
- An increasing amount of transitional or support housing is needed to house people afflicted with drug or alcohol addiction or mental health challenges. Single-room occupancy units, or “SRO’s”, are an affordable housing product type that could respond to the need to serve such residents.
- Downtown restaurants, entertainment and other service providers find it difficult to attract and retain labor especially for the lower skilled positions. Providing workforce housing near the Downtown would potentially assist restaurants and other service providers with recruiting and retaining labor while facilitating sources of labor being able to accept those job opportunities.

### Housing Development Constraints

The factors and policies perceived to be affecting new housing development in Pueblo include:

- The overhang of finished lots left over from the aftermath of the Great Recession has just finally been worked off. Costs of land acquisition have begun to increase;
- Raw land supply is plentiful and not generally a constraint to new housing development. Speculative land development has been discouraged by the lot overhang, and historically low absorption velocity, and land entitlement process (ease, certainty, or lack thereof);
- Infrastructure capacity, requirements, and water supply are important considerations. Pueblo Water has ample capacity to serve new growth although the infrastructure/ delivery footprint will need to be extended;
- Other frequently cited constraints relate to roadway, circulation, and other requirements that tend to increase costs and reduce the amount of housing units that can be built on a given land parcel. The perception is that standards can change, or interpretations of standards can vary unexpectedly. Some of the challenge also relates to a pattern of “over planning” for future growth/ infrastructure need;
- An extended time to process land entitlements/approvals and uncertainties. High staff turnover and the lack of institutional knowledge resulting from turnover contribute to this perception. During the pandemic, however, the City has implemented digital online plan review and related services that have significantly improved speed of the review process. The “one stop shop” offering City and County permit and review services in a centralized office may provide similar benefits;
- A construction trades labor shortage reportedly exists which limits housing production. Construction costs have increased considerably in the past 18 months, most of which relates to materials; and
- Additional regulatory constraints within the control of the public entities to improve or mitigate relate to policies about design guidelines, the zoning/development code, tap fees, and so forth.



# Housing Survey Results

The full results of the housing survey are reviewed in Appendix C. This section provides an abbreviated summary of the survey approach, results, and key findings.

## Survey Distribution and Sample Size

- A total of 465 survey responses were completed during the months of July and August.
- The survey was administered electronically using Survey Monkey, an online survey platform. Pueblo Water distributed a flyer accompanying water bills to notify residential customers of the survey. Organizations such as the United Way of Pueblo County and Pueblo Triple Aim Corporation also helped to notify households of the housing survey.
- The total number of households that received notification of the survey is unknown. Based on the total household population of Pueblo County, however, the 465 finished surveys provide a large enough sample to satisfy typical standards for statistical significance.

## Survey Respondent Characteristics

- Well-educated, higher-income households that own detached single-family housing units are overrepresented in the sample. About 87 percent of survey respondents own their housing, for example, while the overall homeownership rate in Pueblo County is estimated at 67 percent.
- Demographically, the survey sample is skewed towards the older non-Hispanic white population which typically reside in households without children.
- The sample by geography is reasonably consistent with the household distribution of Pueblo County. The City of Pueblo contains about 70 percent of countywide households. Respondents that indicated they currently live within City limits represented a slightly higher share (77%) of the sample.

**Table 1: Survey Respondent Characteristics**

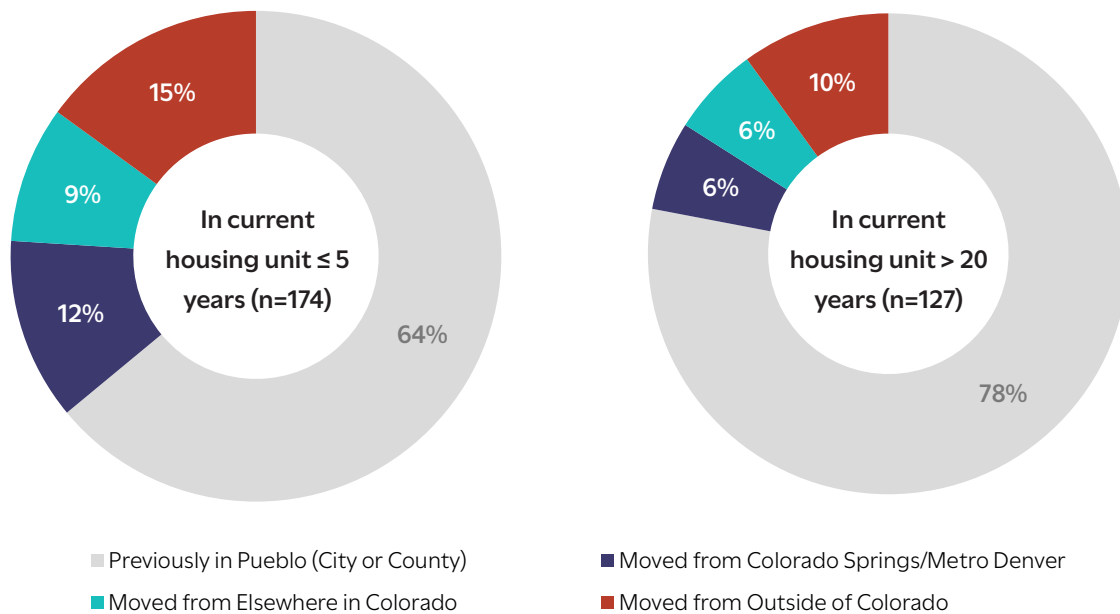
	Survey Sample	Pueblo County
<b>Age Distribution (Adults)</b>		
Under Age 35	12%	28%
Age 35 to 64	49%	48%
Age 65+	39%	24%
<b>Gender</b>		
Female	60%	51%
Male	40%	49%
<b>Ethnicity</b>		
Hispanic	23%	43%
Non-Hispanic White	69%	52%
Other	8%	5%
<b>Educational Attainment</b>		
Bachelor's degree	40%	15%
Post-graduate degree	27%	8%
<b>Household Location</b>		
City of Pueblo	77%	69%
Pueblo West/County	23%	31%
<b>Household Composition</b>		
Average size (persons)	2.4	2.5
Households with children	24%	30%
<b>Household Income</b>		
< \$50,000	38%	46%
\$50,000 - \$99,999	31%	32%
> \$100,000	31%	22%
<b>Housing Tenure</b>		
Homeowners	87%	67%
Renters	13%	33%
<b>Housing Type</b>		
Detached single-family	91%	76%
Attached (townhome)	5%	3%
Multi-family	2%	14%

Source: Gruen Gruen + Associates

### Prior Residential Locations

- Most respondents (69 percent) previously lived somewhere else in Pueblo County prior to their current housing location.
- Respondents that moved to Pueblo County from Colorado Springs, the Metro Denver area, or “elsewhere in Colorado” represented 18 percent of the total response. Respondents that previously lived “outside of Colorado” represented the remaining 13 percent of responses.
- Households that have recently moved into their current housing unit are more likely to have relocated from outside of Pueblo County (than those who moved into their current housing more than 20 years ago).
- This result is consistent with increasing housing demand attributable to migrants relocating from out of state, Colorado Springs, and Denver.

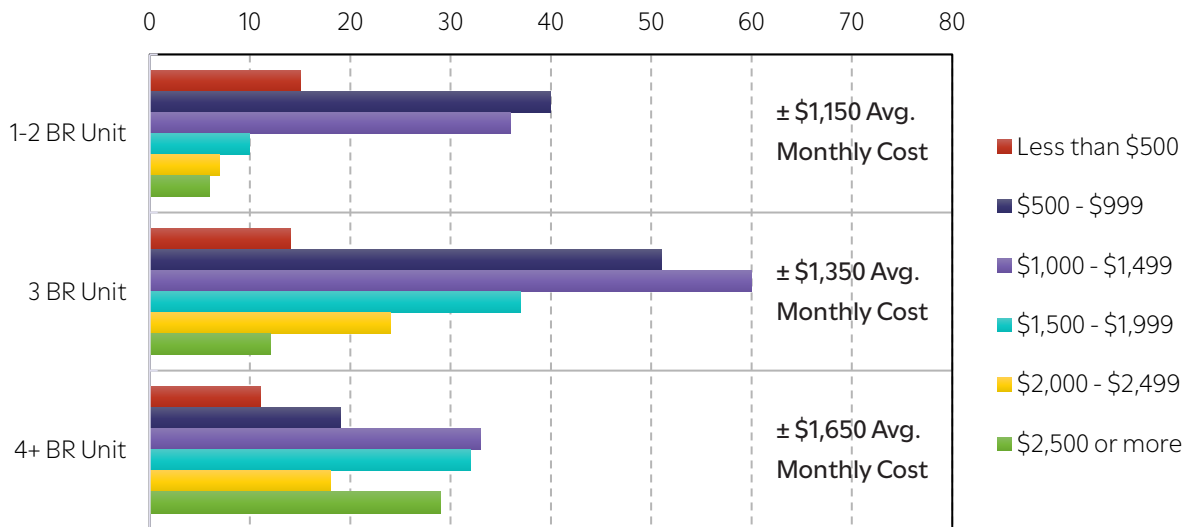
**Figure 6: Length of Time in Current Housing Unit by Prior Residential Location**



## Number of Bedrooms and Current Housing Costs

- More than 200 respondents or 44 percent live in three-bedroom housing units. An additional 31 percent live in larger units with four (or more) bedrooms. Less than 25 percent of respondents live in smaller one- or two-bedroom units.
- Approximately 36 percent of all respondents have current housing costs that are below \$1,000 per month. Approximately 10 percent of respondents have current housing costs that exceed \$2,500 per month. About 28 percent have housing costs that range from \$1,000 to \$1,500 per month while an additional 28 percent of respondents have housing costs that range from \$1,500 to \$2,500 per month.
- The average monthly cost for owners and renters is about \$1,400 and \$1,300, respectively.
- About one-third of all respondents that live in a unit with four or more bedrooms have current housing costs that exceed \$2,000 per month. Approximately one-half of all respondents that live in smaller units (with two or fewer bedrooms) have current housing costs below \$1,000 per month.

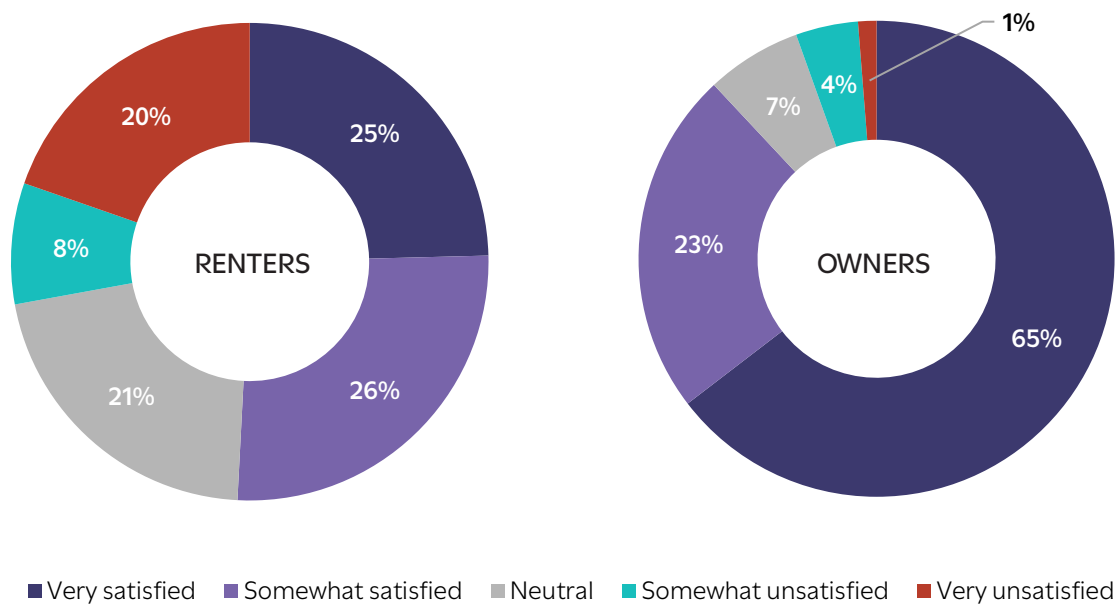
**Figure 7: Monthly Housing Cost of Survey Respondents (by Number of Bedrooms in Housing Unit)**



### Housing Satisfaction and Physical Housing Quality

- About 83 percent of all respondents are either “Very satisfied” or “Somewhat satisfied” with their current housing situation.
- Renters are much more likely to be unsatisfied with their current housing situation. Approximately 28 percent of renters are somewhat or very unsatisfied with their current housing situation, compared to just five percent of homeowners.
- Only four respondents (less than one percent) indicated the condition of their unit as “Poor.”
- Existing owners describe the physical condition of their housing units more positively than renters. More than 70 percent of owners describe their unit as “Excellent” or “Above Average”, compared to only 33 percent of renters.
- Approximately 10 percent of homeowners are without Broadband service. Almost 38 percent of renters indicated their units lack Broadband service.

**Figure 8: Housing Satisfaction Levels of Survey Respondents**



## Housing Selection Factors

- The most important factor influencing housing choice is “safety of the neighborhood or building.” With near equal importance, the second highest rated factor is the “overall cost” of the housing unit. The “quality of the unit” given its price was the third highest rated factor. These were the three most important factors for both owners and renters.
- The size of the unit and “layout or design” are both factors that scored more highly than the “size of the lot or outdoor space.”
- “Pet friendliness”, proximity to parks or open space, and proximity to commercial amenities each rated more highly than factors such as reputation of schools or proximity to services including public transit and childcare.
- Survey results suggest that overall cost is a very important factor in the housing selection decisions of existing Pueblo households irrespective of income. Two very different income groups – households with (a) less than \$50,000 of annual income and (b) more than \$150,000 of annual income – both rated the importance of overall housing cost very similarly.
- The “size of the lot or outdoor space” was not among the top five factors for homeowners and results suggest this factor is even less important to younger (under age 35) and older (age 75+) survey respondents. Single-family homeowners, especially within the starter home or trade-down market segments, will trade-off smaller lots for lower overall housing cost and higher quality units.

## Plans to Move

- Approximately seven percent of all respondents plan to move within the next year and 11 percent plan to move within the next one to three years. An additional nine percent of respondents plan to move within three to five years.
- Renters plan to move at a far higher rate than owners. More than 65 percent of all renters plan to move within the next five years while only 23 percent of owners plan to move within three years.
- About 46 percent of respondents that expect to move within the next five years are considering or planning to move away from the Pueblo region. Approximately 40 percent of renters are considering or planning to leave the region.
- The three reasons most frequently cited for considering a move away from the area include (1) low wages, (2) lack of affordable housing, and (3) overall cost of living.

**Table 2: Plans to Move from Current Residence**

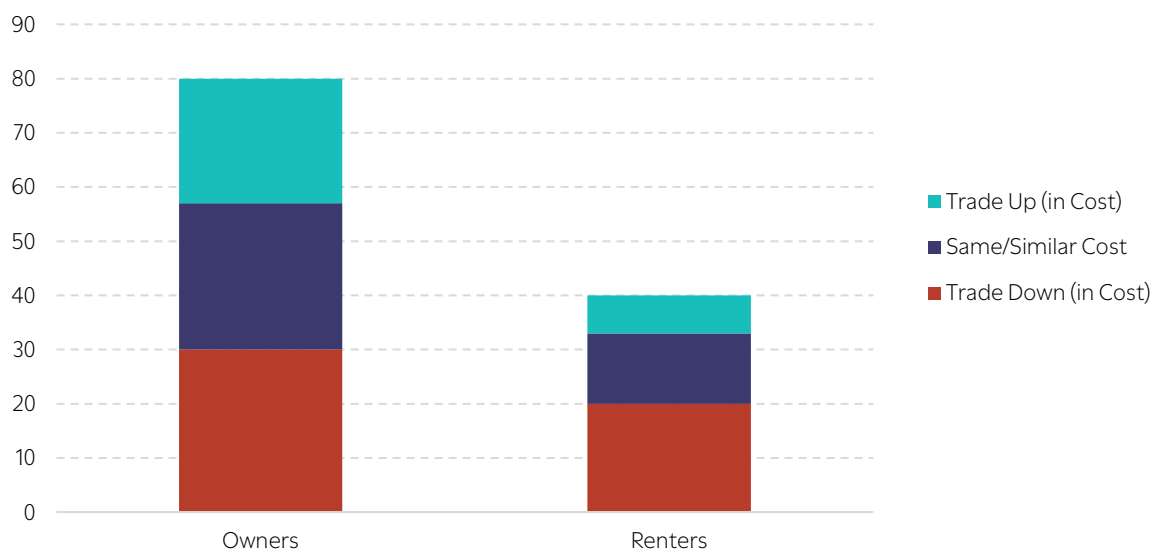
	Owners		Renters		Total	
	#	%	#	%	#	%
Within the next year	15	3.8	17	27.9	32	7.0
Within 1-3 years	31	7.8	21	34.4	52	11.3
Within 3-5 years	39	9.8	2	3.3	41	8.9
No plans to move in 5 years	314	78.7	21	34.4	335	72.8
Total	399	100.0	61	100.0	460	100.0

Source: Gruen Gruen + Associates

### Preferred Housing (Among Expected Movers)

- About 26 percent of current owners that expect to move in the next five years would prefer a unit with more bedrooms. Approximately one-half of owners would prefer the same number of bedrooms, and one-quarter would prefer to downsize into a unit with fewer bedrooms.
- Nearly all (98 percent) of respondents that currently own housing would prefer to remain owners; indicating little if any rental housing demand from existing homeowners.
- Respondents that currently live in a unit with at least four bedrooms indicate the highest propensity to “downsize.” About 56 percent of those expecting to move within five years would prefer a unit with fewer bedrooms.
- Among renters that expect to move in the next five years, about 43 percent would prefer more bedrooms while 57 percent would prefer a unit with the same or fewer bedrooms.
- Most renters would prefer to own their next housing unit. However, more than 85 percent indicate the “maximum amount” they have for a down payment on a new home purchase is less than \$20,000.
- Most respondents that plan to move within five years (about 60 percent) indicate they can afford housing costs in the range of \$800 to \$1,500 per month. Approximately 27 percent of expected movers can afford higher-priced housing with monthly costs exceeding \$1,500.
- Approximately 25 percent of respondents that plan to move expect to “trade up” in housing cost. The vast majority of these expected moves are from respondents that would prefer a housing unit with the same number or more bedrooms; indicating most trade-up moves may be driven by households seeking more space or a different quality/location of space.
- About 42 percent of all expected moves within five years are associated with a trade-down in monthly housing cost. These housing moves are more likely associated with affordability, especially among existing renters.

**Figure 9: Number of Respondents that Expect to Trade Up or Down within Five Years**





## Potential Housing “Turnover” Demand

Existing households already residing in Pueblo County generate housing demands as they trade up or down in housing price, size, or quality. These moves do not necessarily contribute to an incremental increase in total housing units needed, although new housing construction often plays an instrumental role in providing adequate mobility in the housing market when available inventory (to accommodate turnover demands) is in very short supply.

As confirmed by the Housing Survey results, internal housing moves within the local market still represent a higher share of aggregate demand than external moves from outside the market. Based on the Housing Survey results, Table 3 summarizes an order-of-magnitude estimate of potential annual housing demand due to existing household turnover.

**Table 3: Survey-Based Estimate of Annual Housing Turnover Demand in Pueblo Market**

	Owners	Renters	TOTAL
Existing households in Pueblo market	45,000	22,100	67,100
Future mobility or “Turnover” rate (annual) <sup>1</sup>	4.3%	13.1%	7.2%
<b>Total annual moves among existing households</b>	<b>1,940</b>	<b>2,900</b>	<b>4,840</b>
Percent of movers planning to remain in Pueblo market <sup>1</sup>	50%	60%	56%
<b>Total annual turnover demand within Pueblo market</b>	<b>970</b>	<b>1,740</b>	<b>2,710</b>
Potential candidates for new market-rate construction <sup>1</sup>	75%	50%	
<b>Potential annual turnover demand for new construction housing</b>	<b>730</b>	<b>870</b>	<b>1,600</b>
<sup>1</sup> Specific estimates drawn from Housing Survey results.			
Source: GG+A Analysis of Housing Survey results			

- Given the proportion of existing owners and renters indicating they plan to change housing units sometime in the next five years, approximately 4,800 annual housing moves (among existing households in Pueblo County) are estimated for a given year.
- Some households will migrate out of the region. Approximately 56 percent of households that move, however, will remain in the market seeking a different housing unit. This suggests total annual turnover demand within the Pueblo housing market of approximately 2,700 units per year.
- Whether this scale of annual housing turnover demand can be satisfied will significantly depend upon available housing inventory. New housing construction will be needed to improve available housing supply to levels that would permit, for example, more than 1,700 renters changing units each year.
- Based on the household size, household income, and other characteristics (e.g., maximum down payment afforded) of existing households that plan to move within the next five years, approximately 75 percent of existing homeowners and 50 percent of existing renters represent potential candidates for new market-rate housing construction.

- New market-rate housing construction could potentially accommodate up to 1,600 units of annual housing turnover demand. Considering the survey finding that about 40 percent of expected movers will seek to “trade down” in price, however, some annual turnover demand will be from households that may seek more affordable existing housing options - to the extent this inventory is available.
- Other housing turnover demands (at least 900 units annually) associated with households not likely to afford new housing construction product would need to be satisfied through lower-priced existing inventory.

## Projection of Future Housing Need in Pueblo

Total housing need in Pueblo County over the next 10 years is estimated at approximately 9,600 units. Workforce housing needs are estimated at about 4,300 units, representing 45 percent of the total projected need. Senior housing needs are estimated at about 3,600 units, representing 38 percent of total projected need. Housing replacement needs at about 1,600 units represents an additional 17 percent of total projected need.

**Table 4: Summary of Projected 10-Year Housing Need in Pueblo County**

	Average Annual Need # Units	Total (10-Year) Need	
		# Units	% of Total
Workforce housing need	433	4,325	45.2
Senior housing need	365	3,649	38.2
Housing replacement need	159	1,587	16.6
<b>TOTAL</b>	<b>956</b>	<b>9,561</b>	<b>100.0</b>

Source: Gruen Gruen + Associates

### WORKFORCE HOUSING NEED

- A primary objective of the workforce housing need projection is to quantify the amount, type, and cost of housing units required to house new workers over the next decade. The production of workforce housing will influence the ability of Pueblo to realize non-residential growth potential and maintain a competitive functioning housing market.
- Continued economic growth elsewhere in the urban Front Range corridor (outside of Pueblo County) will also stimulate workforce housing needs locally as employers, workers, and their households continually make trade-off decisions between housing affordability, quality of life, commuting, and telework.
- Single-family detached housing, with a projected total need of about 3,000 units over 10 years, constitutes 69 percent of the total additional workforce housing need. A projected need of approximately 360 attached single-family units (e.g., townhomes) represents a much smaller though still significant source of overall workforce housing need. Projected need for multi-family units totaling just under 970 units constitutes approximately 22 percent of all workforce housing need over the next 10 years.

**Table 5: Projected 10-Year Workforce Housing Unit Need by Type and AMI Bracket**

	<50% AMI	50-80% AMI	80-120% AMI	>120% AMI	Total
Single-Family Detached	281	366	644	1,706	2,997
Single-Family Attached	68	89	112	94	362
Multi-Family	286	246	239	195	966
<b>10-YEAR TOTAL</b>	<b>634</b>	<b>702</b>	<b>995</b>	<b>1,995</b>	<b>4,325</b>

Source: Gruen Gruen + Associates

## SENIOR HOUSING NEED

- The aging of existing households and continued migration of retirees to Pueblo County will impact future housing needs that are different than the employment-driven housing need among households active in the workforce.
- The senior housing need projection is based upon a countywide forecast of population by age, prepared by the Colorado Department of Local Affairs (“DOLA”). The predicted amount of growth in the Age 65+ population in Pueblo County permits an estimation of likely future change in the number and composition of senior households.
- Single-family detached housing, with a projected total need of about 2,500 units over 10 years, constitutes 68 percent of the total additional senior housing need. A projected need of approximately 210 attached single-family units represents about six percent of overall senior housing need. Projected need for multi-family units totaling just under 960 units represents approximately 26 percent of all senior housing need over the next 10 years.

**Table 6: Projected 10-Year Senior Housing Unit Need by Type and AMI Bracket**

		<50% AMI	50-80% AMI	80-120% AMI	>120% AMI	Total
Owners without mortgage	Single-Family Detached	427	234	290	448	1,399
	Single-Family Attached	20	33	17	48	117
	Multi-Family	124	66	25	12	227
	<b>Subtotal</b>	<b>571</b>	<b>333</b>	<b>332</b>	<b>508</b>	<b>1,742</b>
Renters + owners with mortgage	Single-Family Detached	340	211	247	288	1,086
	Single-Family Attached	16	30	14	31	90
	Multi-Family	462	69	150	50	731
	<b>Subtotal</b>	<b>817</b>	<b>310</b>	<b>411</b>	<b>369</b>	<b>1,907</b>
<b>TOTAL</b>		<b>1,387</b>	<b>643</b>	<b>743</b>	<b>876</b>	<b>3,649</b>
Source: Gruen Gruen + Associates						

## REPLACEMENT NEED

- A continual need to replace housing units (irrespective of other housing needs) is associated with the aging and obsolescence of residential structures beyond reasonable repair, changing market dynamics, and socioeconomic factors which each lead to varying degrees of housing removal or “loss”.
- National data on housing loss rates by age of structure are utilized to make an order-of-magnitude estimate of future housing inventory removals in Pueblo. Because the housing stock within the City of Pueblo is typically much older, the amount of 10-year housing replacement need is greater.
- Based on the size and age of the existing housing stock within the City, the need to replace existing housing totals about 1,270 units over the next 10 years.
- In Pueblo West and other areas of the County, the 10-year housing replacement need is estimated at 316 units.

**Table 7: Housing Replacement Need Estimate (Over 10 Years)**

Age of Housing <sup>1</sup>	City of Pueblo # Units	Pueblo West & County Areas # Units	Total # Units
25 Years or Less	---	---	---
26 to 35 Years	42	44	86
36 to 45 Years	115	48	163
46 to 55 Years	206	61	267
56 to 65 Years	100	16	116
66 to 75 Years	323	39	362
75 Years or Older	485	108	593
<b>Total</b>	<b>1,271</b>	<b>316</b>	<b>1,587</b>
<sup>1</sup> Age of existing housing stock as of 2021.			
Source: Gruen Gruen + Associates			





### **3. Real Estate Economic Analysis of Housing Development Alternatives**



## Purpose

GG+A completed a real estate economic analysis of housing development alternatives to evaluate and identify:

- The financial feasibility of developing typical new single-family and multi-family housing units in Pueblo;
- Housing production gaps – meaning types or price points of housing that won't be feasibly produced in sufficient quantities by the private market; and
- The degree of public assistance or incentive needed to bridge production gaps.

The results and conclusions drawn from modeling several housing “prototypes” are differentiated by housing density, type, and tenure. The prototypes are selected for their consistency with housing typologies expressed in the current Pueblo Regional Comprehensive Plan update and to exemplify a spectrum of product types that could accommodate future housing needs in a variety of locations and settings.

### ► Measuring Development Feasibility

- ✓ One reference point for measuring financial feasibility is the “Residual Land Value” supported by a development.
- ✓ The yardstick of residual land value is used to evaluate the prototypes, indicating the amount a developer/home builder of each prototype could afford to pay for land given (a) market-rate prices for housing, (b) development costs, and (c) return-on-investment or profit margin thresholds.
- ✓ A project is feasible if the residual land value equals or exceeds the cost of acquiring a site or property in Pueblo.
- ✓ If the residual land value is \$0 or negative, the project is infeasible without public assistance.

## Prototypical Housing Development Alternatives

- Large Lot Home - detached single-family subdivision development featuring average lot sizes of  $\pm$  50,000 square feet with an overall housing density at 0.8 units per acre. Lots are assumed to be developed with septic systems and minimal public roadway improvements.
- City Lot Home - detached single-family subdivision development with typical lot sizes of  $\pm$  6,500 square feet and smaller average home sizes with an overall housing density of five units per acre.
- Townhome / Duplex - attached single-family housing development including two-story townhomes and ranch duplexes at an average housing density of 12 units per acre.
- Walk-Up Apartments – efficient multi-family building(s) including three floors, minimal common areas, and surface parking at an average housing density of about 25 units per acre.
- Low-Rise Apartment Building – a larger multi-family building configured around a traditional elevator core (common hallways and entry, etc.) with surface parking and an average housing density of 35 units per acre.
- Adaptive Re-Use – conversion of a four-story, 100,000-square-foot commercial building to multi-family residential use. Ground floor would include common areas and commercial space with residential units on upper floors. Parking for residential units is provided in an off-site parking structure.

**Table 8: Summary of Housing Development Prototypes**

	Gross Land Area <sup>1</sup>	Housing Density	Average Unit Size <sup>2</sup>	Parking Ratio
Large Lot Home	125.0 ac	0.8 du / ac	2,000	2.0 / unit
City Lot Home	20.0 ac	5.0 du / ac	1,700	2.0 / unit
Townhome / Duplex	8.3 ac	12 du / ac	1,500	1.5 / unit
Walk-Up Apartments	4.0 ac	25 du / ac	900	2.0 / unit
Low-Rise Apartment Building	2.9 ac	35 du / ac	800	1.5 / unit
Adaptive Re-Use <sup>3</sup>	0.7 ac	150 du / ac	700	1.0 / unit
<sup>1</sup> Total land area to site 100 prototypical housing units of each type.				
<sup>2</sup> In square feet of above-grade living area (for single-family units) and square feet of rentable area (for multi-family units).				
<sup>3</sup> Modeled as an existing 100,000-square-foot building. Parking structure assumed to be provided off-site.				
Source: Gruen Gruen + Associates				

# Housing Development Feasibility

**Three housing prototypes are estimated to be financially feasible for the private market to develop (at market-rate sales prices or rents).**

- These include the City Lot Home, Townhome/Duplex, and Walk-Up Apartment prototypes. Residual land values are estimated to range from approximately \$1.50 to \$4.10 per square foot of unimproved land (about \$66,000 to \$179,000 per acre).
- Supportable land values exceed the likely reservation prices of landowners. Review of current listings for six vacant parcels ranging in size from 4.5 acres to 230 acres (all within or contiguous to City limits) indicates that unimproved land prices range from about \$10,000 to \$50,000 per acre, or approximately \$0.25 to \$1.15 per square foot of land.
- A developer/investor could acquire the land needed to build each prototype and still earn a feasible rate of return on development.

**The denser Townhome/Duplex and Walk-Up Apartment prototypes are estimated to support land values that may begin to encourage infill redevelopment from non-residential to residential use.**

- The attached Townhome/Duplex and Walk-Up Apartment units are estimated to generate residual land values of about \$3.25 and \$4.10 per square foot of land, respectively.
- These housing prototypes may be financially viable candidates for the redevelopment of non-residential properties no longer in their highest and best use (especially on sites already served by adequate off-site infrastructure capacity and without major environmental remediation constraints).
- For example: about 32 acres at the former Pueblo Greyhound Park on the south side of Pueblo is listed for sale as a “redevelopment opportunity” with an asking price of approximately \$3.65 per square foot of land.

**Table 9: Feasible Housing Development Prototypes**

	City Lot Home	Townhome/Duplex	Walk-Up Apartments
Land Use	Single-Family Detached	Single-Family Attached	Multi-Family
Number of Dwelling Units	100	100	100
Gross Land (Site) Area	20.0 ac	8.3 ac	4.0 ac
<b>Residual Land Value</b>	<b>\$1,310,000</b>	<b>\$1,186,000</b>	<b>\$715,400</b>
<b>Per Square Foot of Land</b>	<b>\$1.50</b>	<b>\$3.27</b>	<b>\$4.11</b>
<b>Per Housing Unit</b>	<b>\$13,100</b>	<b>\$11,860</b>	<b>\$7,154</b>

Source: Gruen Gruen + Associates

**The “Large Lot Home” prototype is marginally feasible at low land prices. Affordability constraints may discourage this type of large lot single-family development in the future.**

- Results of the real estate economic analysis indicate a residual land value averaging about \$32,000 per lot for the Large Lot Home prototype, representing a land value of approximately \$0.60 per square foot of gross land area. (This assumes homes served by septic systems with minimal street improvements).
- Reservation prices for existing (but generally unimproved) platted lots in areas such as Pueblo West have increased rapidly to above what new developments of similar nature would support in land values. As of August 2021, for example, less than 15 percent of lots for sale were listed at prices below \$32,000. The average list price for lots south and north of Highway 50 was \$50,000 and \$45,000 per lot, respectively.

**Private unassisted development of the Low-Rise Apartment Building and Adaptive Re-Use prototypes are not feasible.**

- Residual land values for each prototype are negative, indicating that feasibility “gaps” exist. Rates of return on investment/development would be below levels typically required to attract private capital. Public funding and other incentives will be needed to encourage development of these housing prototypes, or market rents will need to increase before these types of housing development become financially feasible.
- The residual land value supported by the Low-Rise Apartment building prototype is estimated at negative \$1,659,300 (or negative \$16,600 per housing unit). This indicates such a development would require a site (land) at no cost, plus approximately \$1.7 million of public investment or incentive. Property tax abatements and fee waivers may be sufficient to bridge a feasibility gap of this size.
- The feasibility gap associated with the Adaptive Re-Use prototype (renovation of an existing 100,000-square-foot building) is much larger. The residual land value is estimated at minus \$7.9 million, indicating the building would need to be acquired for \$0 plus about \$7.9 million of public investment or incentive.
- A combination of public financing sources would likely be required to bridge the feasibility gap, such as historic tax credits, tax increment financing (TIF), fee waivers, capital contributions for off-site parking provision, and so forth.

**Table 10: Infeasible Housing Development Prototypes**

	Low-Rise Apartment Building	Adaptive Re-Use
Land Use	Multi-Family	Multi-Family + Commercial
Number of Dwelling Units	100.0	100.0 <sup>1</sup>
Gross Land (Site) Area	2.9	0.7 <sup>1</sup>
<b>Residual Land Value</b>	<b>(\$1,659,300)</b>	<b>(\$7,868,600)</b>
<b>Per Square Foot of Land</b>	<b>(\$13.33)</b>	<b>(\$270.96)</b>
<b>Per Housing Unit</b>	<b>(\$16,593)</b>	<b>(\$78,686)</b>
<sup>1</sup> The Adaptive Re-Use prototype also assumes an off-site parking structure with 100 stalls (not included in the site area of an existing 100,000-square-foot building).		
Source: Gruen Gruen + Associates		

## Housing Production Gaps

### **New detached single-family housing cannot be feasibly produced at prices affordable to households earning below 110 percent of Area Median Income (AMI).**

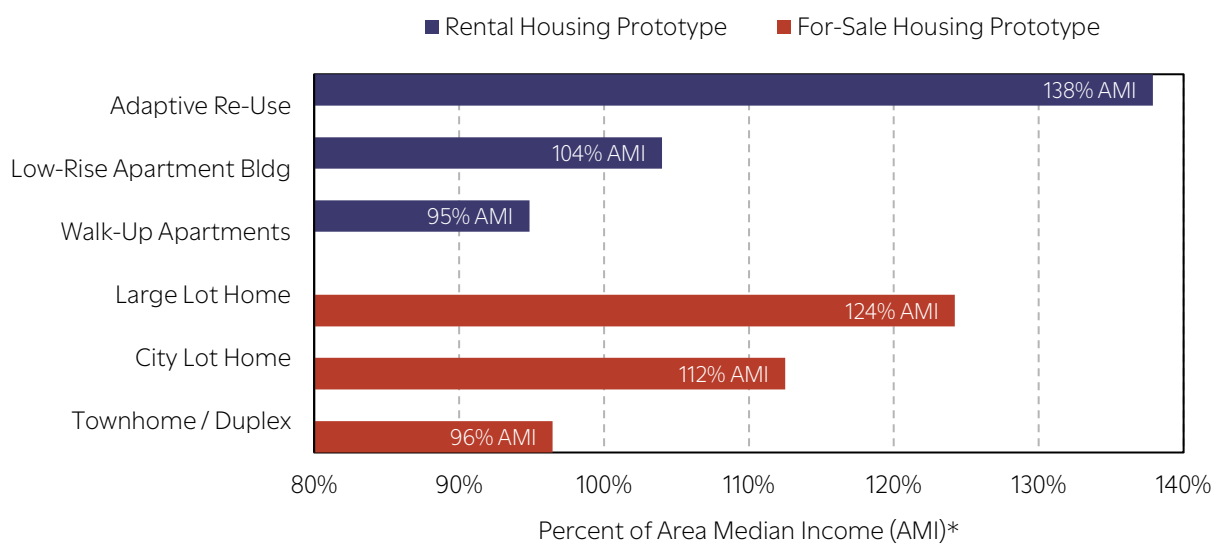
- The average sales price for the Large Lot Home prototype is estimated at \$450,000 or \$225 per square foot. This represents a monthly housing cost of \$2,580 that would require approximately 124 percent of AMI to afford.
- The average sales price for the smaller City Lot Home prototype is estimated at \$375,000 or \$220 per square foot. This represents an average monthly housing cost of \$2,150 that would require about 112 percent of AMI to afford.
- About two-thirds of future workforce housing and senior housing need over 10 years is predicted among households that can likely afford the market prices needed to feasibly build new single-family housing in Pueblo.
- About one-third of the predicted need or 1,900 units over 10 years is for detached single-family housing at prices that may not be feasible for the private market to produce through new construction. Given the low available inventory, new housing development that would induce higher income existing residents to purchase new housing units - so as to free up relatively lower priced existing homes - would be desirable.

### **New attached single-family and multi-family housing units cannot be feasibly produced below prices affordable at 95 percent of AMI.**

- A housing production gap also exists for smaller, more dense housing products although these product types (primarily because they are smaller) can be produced at prices affordable to larger segments of the market.
- The average sales price for the Townhome/Duplex prototype is estimated at \$300,000 or \$200 per square foot. This represents a monthly housing cost of \$1,720 that would require approximately 96 percent of AMI to afford.
- The average market rent for the Walk-Up Apartment is estimated at \$1,570 per month or \$1.74 per square foot. This average monthly housing cost would require 95 percent of AMI to afford.

- About 40 percent of the future workforce and senior housing need for attached or multi-family units is predicted to originate from households earning above 95 percent of AMI or from senior households that already own housing. These additional housing needs can be feasibly served by the private market.
- The majority or about 60 percent of the predicted future need for attached single-family or multi-family housing is likely to be at prices that may not be feasible for the private market to produce.
- This suggests the importance of not adopting policy actions that increase housing development costs and encouraging new market-rate apartment or townhome construction that will free-up existing, lower-priced inventory.

**Figure 10: Minimum Annual Income Needed to Afford Market Price of Feasible Housing Development**



\*Based on 2021 income limits for Pueblo County and adjusted for unit sizes assumed for each prototype.



# Existing Conditions and Emerging Trends

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Appendix A

## Introduction

The research and analysis summarized in this appendix provides an information base about existing conditions and trends related to existing housing supply and demand in Pueblo. The information is meant to provide perspective for the identification and forecast of existing and future housing needs.

The information is presented in three primary sections that review:

- Existing housing inventory and market conditions for rental and for-sale housing;
- Housing affordability conditions in Pueblo; and
- Economic, demographic, and socio-economic factors affecting housing needs.

Secondary data describing the current housing inventory is presented in Section 1, along with a summary of current and historical real estate market conditions for rental and ownership housing in Pueblo.

Section 2 reviews estimates and metrics related to housing affordability conditions. Specifically, estimates of “affordability gaps” by housing price point are presented.

Section 3 provides an overview of demographic and socio-economic factors affecting current and future housing needs in Pueblo.

## Data Sources

The research and information presented throughout the report relies upon a variety of secondary data sources. Secondary data is drawn extensively from sources including the:

- City of Pueblo;
- Colorado State Demography Office;
- Colorado Department of Local Affairs, *Vacancy and Rent Surveys*;
- Colorado Department of Labor and Employment;
- Pueblo Association of REALTORS®;
- Pueblo Regional Building Department;
- U.S. Census Bureau, *Decennial Census, 2019 American Community Survey*; and
- U.S. Department of Housing and Urban Development, *Comprehensive Housing Affordability Strategy data*.

# **Existing Housing Inventory and Market Conditions for Rental and For-Sale Housing**

## Existing Housing Inventory and Patterns of Change

Table A-1 identifies the housing unit inventory, by occupancy status, throughout Pueblo County in 2000, 2010, and 2019.

Over a 19-year period, the City of Pueblo's total number of housing units increased by 13.7 percent, or nearly 5,900 units from approximately 43,100 in 2000 to approximately 49,000 in 2019. The number of occupied units has increased as the number of vacant units has declined. The vacancy rate increased between 2000 and 2010 but has since declined from 8.9 percent in 2010 to 6.6 percent in 2019.

The total number of housing units in Pueblo West and other County areas grew by a larger amount at just over 6,900 units from approximately 15,800 units in 2000 to nearly 22,800 units in 2019. Pueblo West and other County areas' share of total housing units has increased over the 19-year period from about 26.8 percent to 31.7 percent.

The housing vacancy rate which has declined countywide since 2010 is approximately seven

percent, but higher for Pueblo West and other County areas at nearly eight percent.

### COMPOSITION OF HOUSING INVENTORY

Table A-2 compares the estimated housing inventory by unit type in 2000 and 2019.

Approximately 71 percent of the City of Pueblo's housing inventory is estimated to be single-family detached units. Single-family units comprise about the same share of the total housing stock as they did in 2000. Another 14.5 percent of units are in buildings of five or more apartments, up slightly from 12.7 percent in 2000. Attached single-family units have increased from nearly three percent to four percent of total units. Multi-family units in both small and larger buildings make up about 20 percent of the City's inventory. Multi-family units in small buildings (2-4 units) are estimated to have decreased both in number and share of total units.

Pueblo West and other areas of the County have an even higher share of single-family units at 87 percent, up from 75 percent in 2000. The number and proportion of attached single-family

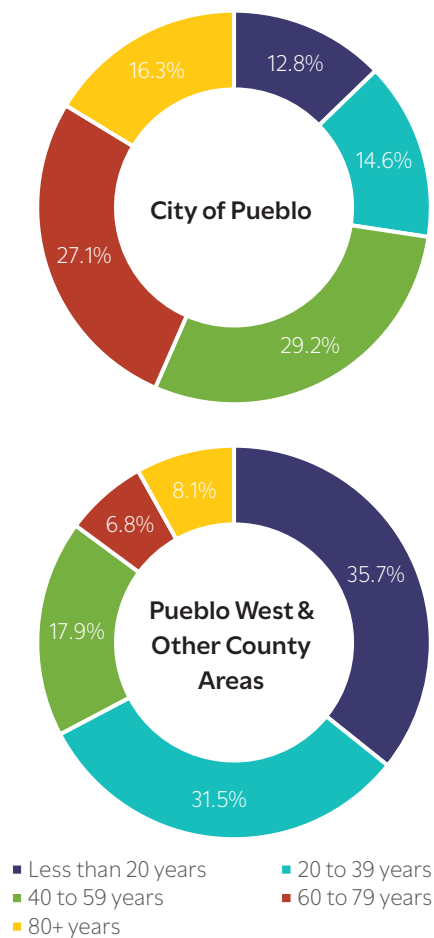
**Table A-1: Total Housing Unit Inventory in Pueblo County (2000-2019)**

	2000	2010	2019	Change 2000-19 #	Change 2000-19 %
<b>City of Pueblo:</b>					
Occupied Units	40,412	43,411	45,762	5,350	13.2
Vacant Units	2,707	4,242	3,251	544	20.1
Vacancy Rate	6.28%	8.90%	6.63%		
Total Units	43,119	47,653	49,013	5,894	13.7
<b>Pueblo West &amp; Other County Areas:</b>					
Occupied Units	14,167	19,737	20,960	6,793	47.9
Vacant Units	1,640	2,224	1,794	154	9.4
Vacancy Rate	10.38%	10.13%	7.88%		
Total Units	15,807	21,961	22,754	6,947	43.9
<b>Pueblo County Total:</b>					
Occupied Units	54,579	63,148	66,722	12,143	22.2
Vacant Units	4,347	6,466	5,045	698	16.1
Vacancy Rate	7.38%	9.29%	7.03%		
Total Units	58,926	69,614	71,767	12,841	21.8
Sources: Colorado Department of Local Affairs, State Demography Office; Gruen Gruen + Associates.					

**Table A-2: Housing Units by Units in Structure (2000-2019)**

	2000 Census # Units	2000 Census % of Total	2019 ACS # Units	2019 ACS % of Total
<b>City of Pueblo:</b>				
Detached single-family	31,130	72.2	34,411	71.1
Attached single-family	1,233	2.9	1,946	4.0
Multi-family (2-4 units)	3,418	7.9	2,864	5.9
Multi-family (5+ units)	5,495	12.7	7,018	14.5
Mobile homes/other	1,843	4.3	2,188	4.5
Total	43,119	100.0	48,427	100.0
<b>Pueblo West &amp; Other County Areas:</b>				
Detached single-family	11,909	75.3	20,138	87.0
Attached single-family	404	2.6	163	0.8
Multi-family (2-4 units)	751	4.8	294	1.4
Multi-family (5+ units)	158	1.0	177	0.8
Mobile homes/other	2,585	16.3	2,698	10.0
Total	15,807	100.0	23,470	100.0

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

**Figure A-1: Age of Housing Inventory (2019 ACS)**

units is estimated to have declined so these unit types make up less than one percent of the total inventory. Multi-family units in both small and larger buildings make up a very small share of the inventory at only 2.2 percent of the total housing stock. Mobile homes are estimated to represent about 10 percent of the overall housing inventory located in Pueblo West and other areas outside of the City.

### AGE OF HOUSING STOCK

Figure A-1 summarizes the age of the existing housing stock according to 2019 American Community Survey estimates.

About two-thirds of all housing in Pueblo West and other County areas is estimated to have been built within the past 40 years (since 1980). The housing stock within the City of Pueblo is considerably older: about 73 percent of all housing is estimated to now be more than 40 years old.

## RESIDENTIAL CONSTRUCTION ACTIVITY

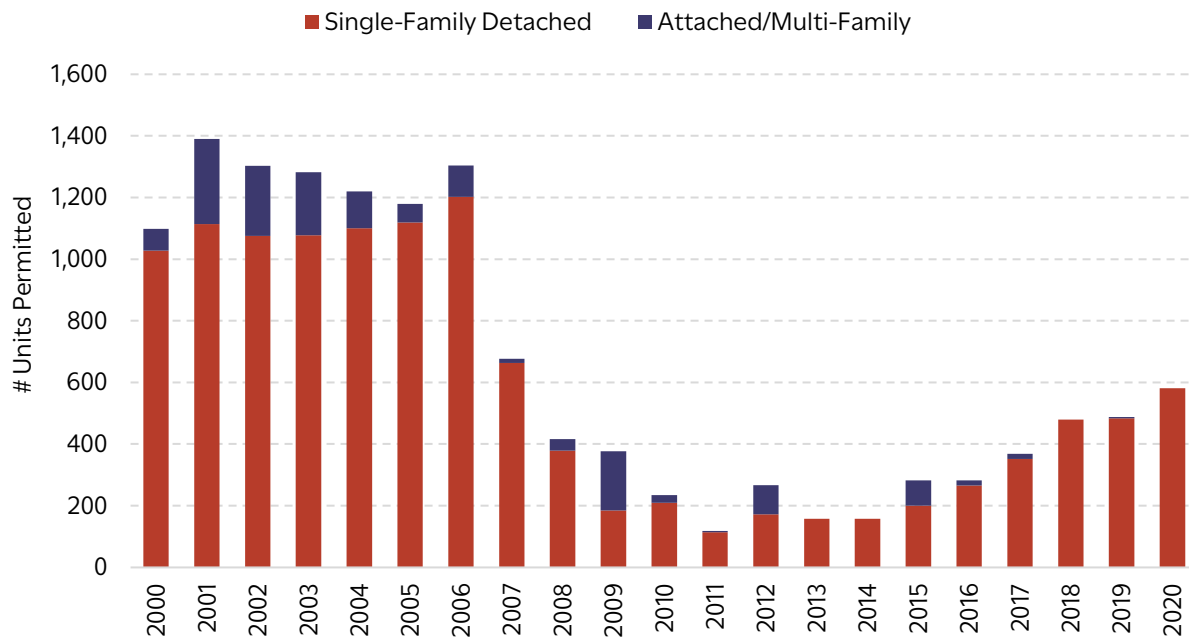
Figure A-2 summarizes residential building permits by unit type in Pueblo County from 2000 through 2020. Map A-1 illustrates the geographical distribution of new residential construction permits over a more recent 5-year period.

Residential permit activity was very high prior to the Great Recession. Total countywide residential permits averaged about 1,200 new units annually from 2000 through 2006. Most permits were for single-family detached units. New permits reached a low in 2011 of less than 120 units. Total new residential construction activity has grown steadily since 2014 but remains far below pre-recession levels of the early 2000's. About 500 new units have been permitted annually over the past three years.

Geocoded building permit records obtained from the City and Pueblo Regional Building Department indicate that about 60 percent of all new residential construction permits issued between 2015 and 2020 were located in the Pueblo West metro district. Permits issued within the City of Pueblo represented an additional 28 percent of countywide permit activity. Most new residential construction activity within the City occurred west of I-25.

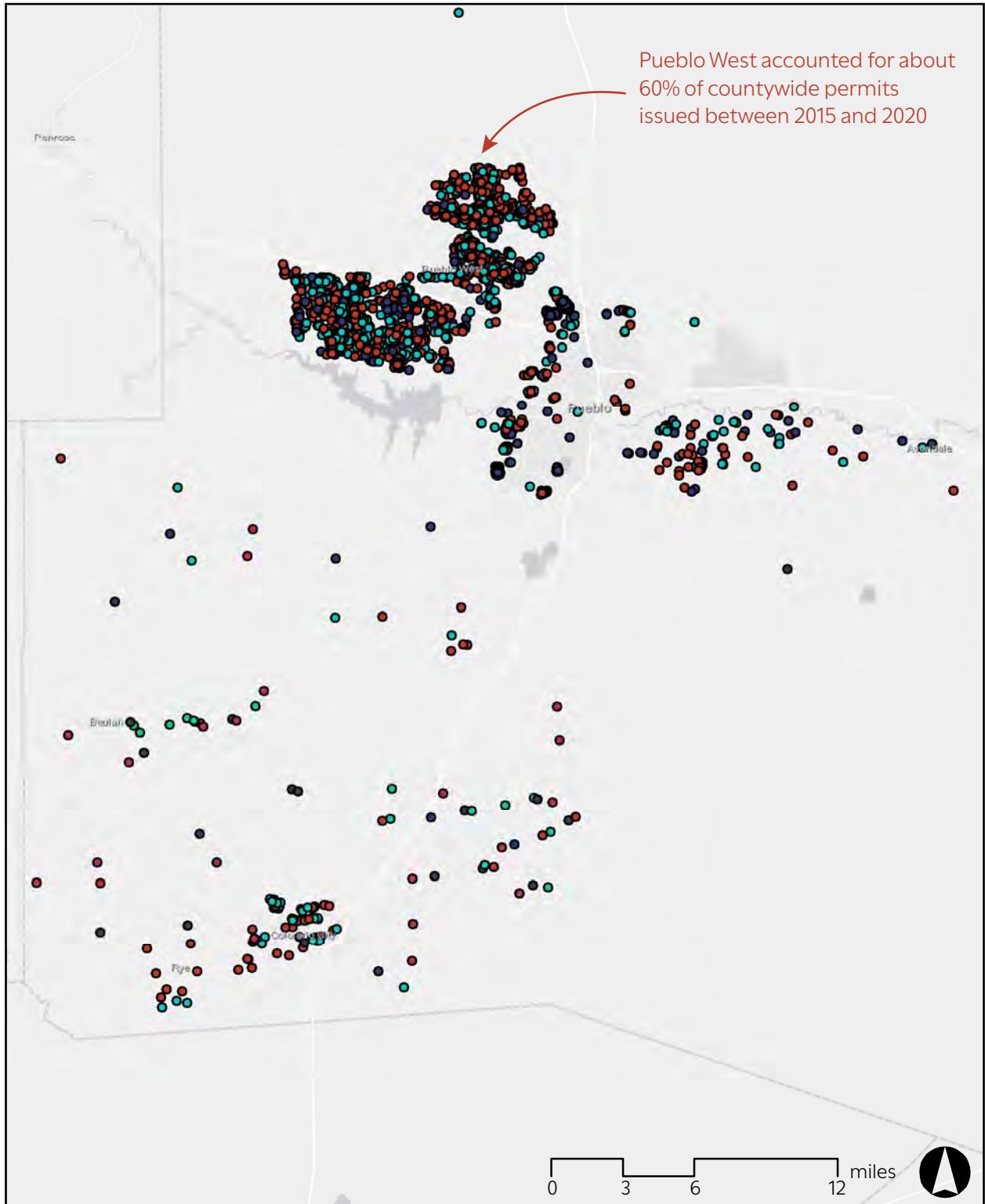
Areas in the south County (primarily Colorado City and Rye) accounted for about seven percent of countywide permits, while the unincorporated communities east of Pueblo represented about five percent of all new residential construction permits between 2015 and 2020.

**Figure A-2: Residential Building Permit Activity in Pueblo County (2000-2020)**





Map A-1: New Residential Construction Permits in Pueblo County (2015-2020)



**NEW RESIDENTIAL CONSTRUCTION PERMITS**

- 2015 - 2016
- 2017 - 2018
- 2019 - 2020

## AFFORDABLE RENTAL HOUSING INVENTORY

Pueblo County contains approximately 2,600 rental units that are publicly assisted. These units represent about 3.6 percent of the existing countywide housing inventory. Table A-3 summarizes the number of publicly assisted units in Pueblo County by type of funding stream.

Approximately 50 percent of all affordable rental units in Pueblo County are assisted by Section 8 or Low Income Housing Tax Credit (“LIHTC”) sources. About 15 percent of affordable units are assisted by a combination of these programs. The Public Housing Authority represents the direct source of funding for an additional 25 percent of units. The publicly assisted units are almost entirely located within the City of Pueblo. Only 161 assisted units (or about six percent of all assisted units countywide) are located beyond City limits – mostly in Pueblo West.

**Table A-3: Existing Affordable Rental Housing Inventory in Pueblo County**

	Assisted Units #	Share of Total %
Section 8 Voucher Program	656	25.1
Public Housing Authority	655	25.1
Low Income Housing Tax Credits (LIHTC)	653	25.0
Multiple Programs <sup>1</sup>	394	15.1
Other HUD Assistance <sup>2</sup>	233	8.9
U.S. Department of Agriculture	18	0.7
<b>Total Assisted Units in Pueblo County</b>	<b>2,609</b>	<b>100.0</b>
<sup>1</sup> Some units receive assistance from multiple sources. Most of these units are supported by a combination of Section 8 and LIHTC programs.		
<sup>2</sup> Other includes Section 236 HUD Insured Mortgages, Section 202 Direct Loans, and Section 236.		
Sources: National Housing Preservation Database (NHPD); Gruen Gruen + Associates.		

## Apartment Market Conditions and Rental Housing Costs

The multi-family apartment market in Pueblo is characterized by very low vacancy rates, high rates of rent escalation over the past decade, but a limited amount of new market-rate development activity.

According to the most recent *Colorado Multi-Family Vacancy and Rental Survey*, the overall vacancy rate in the Pueblo apartment market was 2.4 percent as of mid-2020. The multi-family rental inventory is uniformly well-occupied with minimal availability.

### HISTORICAL VACANCY AND RENTAL RATE TRENDS

Figure A-3 summarizes historical average monthly rents and vacancy rates in Pueblo County from 2010 to 2020 according to *Colorado Multi-Family Vacancy and Rental Survey* data. The average monthly rent has steadily increased from about \$500 in 2010 to over \$800 by 2020, an increase of approximately 56 percent over the 10-year period. Average monthly rents remained essentially stable from mid-2018 through mid-2020 according to the survey.

Rental vacancy rates declined from 2010 to 2012 but then sharply increased to a high of about 16 percent in 2012. Since 2012, rental vacancy rates have sharply dropped to a now low of around two percent.

**Figure A-3: Average Monthly Rent and Vacancy Rate in Pueblo (2010-2020)**

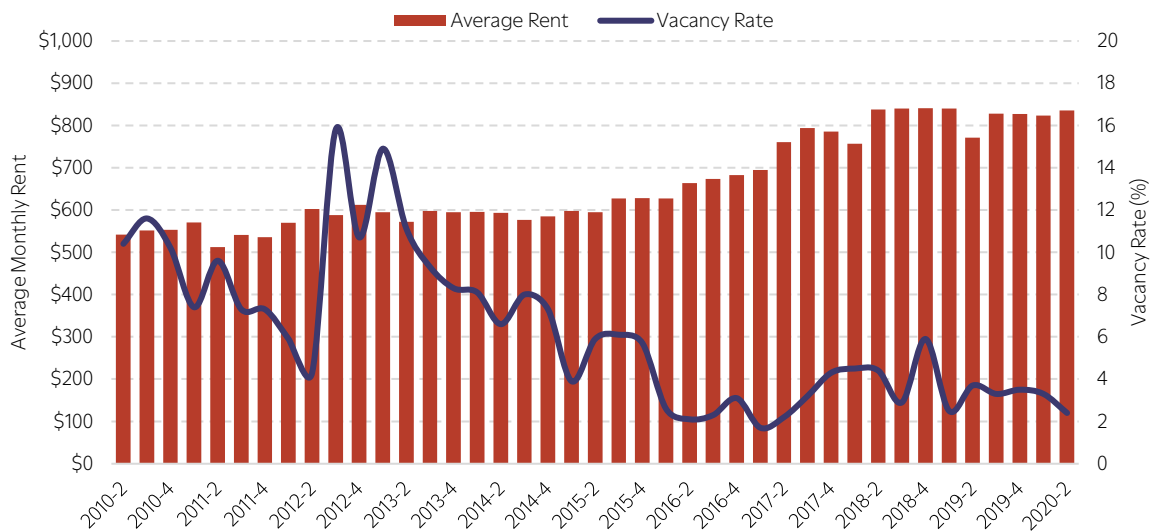


Figure A-4 shows how average monthly rent on a per square foot basis grew between 2015 and 2020. Over the five-year period, all unit types experienced an increase in average rents per square foot. Monthly rents averaged \$0.84 per square foot in 2015, increasing by 31 percent to \$1.10 per square foot by mid-2020.

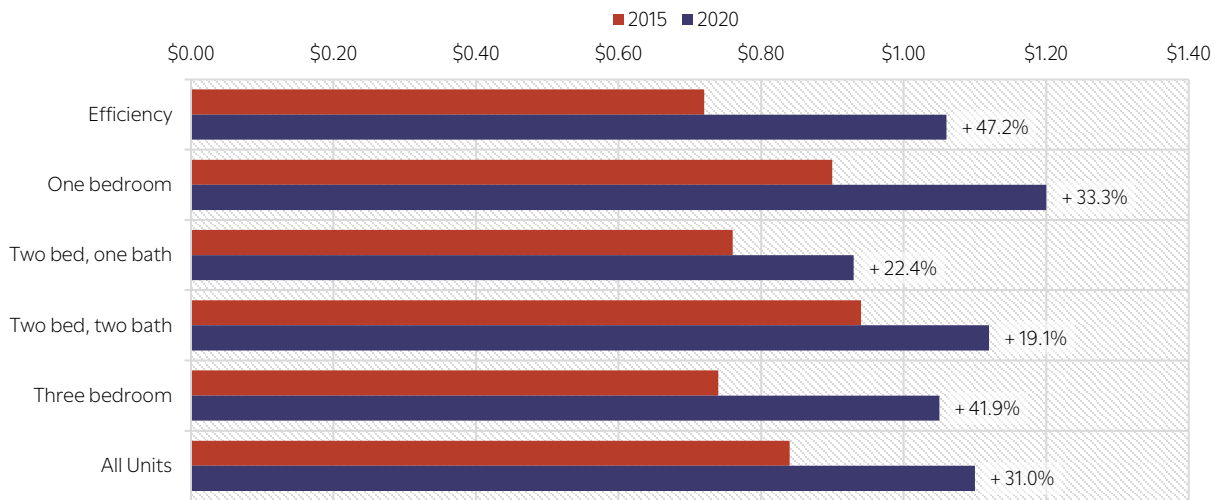
Efficiency units have experienced the largest five-year increase at about 47 percent. Three-bedroom and one-bedroom units have experienced the next largest increases in monthly per square foot rents of nearly 42 percent and 33 percent, respectively. Two-bedroom, two bath units experienced the smallest monthly per square foot rent increases of about 19 percent.

## CURRENT ASKING RENTS

Table A-4 summarizes advertised “asking rents”, as of June 2021, for a sample of larger multi-family apartment properties in Pueblo. These units represent about 20 percent of the multi-family rental housing inventory.

Newer units on the north side of Pueblo are characterized by higher monthly rents than the market average of approximately \$1.10 per square foot. Asking rents at three large properties including the Villas at Park West, Landings at Eagleridge, and Outlook Ridge mostly range from about \$1.40 to \$1.80 per square foot. Monthly rents on an absolute basis range from approximately \$1,100 to \$2,000 per unit.

**Figure A-4: Average Monthly Rent Per Square Foot (2015-2020)**



**Table A-4: Multi-Family Apartment Asking Rent Survey (June 2021)**

Property	Year Built	# Units	Unit Sizes in Square Feet	Monthly Rents \$ Per Unit	Monthly Rents \$ Per-Square-Foot
Villas at Park West	2005	260	613 to 1,269	1,105 to 1,780	1.40 to 1.80
Landings at Eagleridge	2003	236	746 to 1,160	1,200 to 1,765	1.52 to 1.61
Outlook Ridge	2012	184	594 to 1,244	1,455 to 2,070	1.66 to 2.45
Belmont Manor	1973	167	661 to 806	800 to 900	1.12 to 1.21
Covington Apartments	1972	144	624 to 820	780 to 880	1.07 to 1.25
Belmont Square	1977	138	600 to 810	615 to 745	0.92 to 1.03
The Preserve at Belmont	1999	96	748 to 1,176	995 to 1,245	1.06 to 1.33
North Ridge Heights	1995	78	960 to 1,700	950 to 1,500	0.88 to 0.99
Stardust Plaza Apartments	1971	72	595 to 795	630 to 725	0.91 to 1.06
Mechanics Building	2020	37	394 to 894	995 to 1,895	2.12 to 2.53

Sources: Apartments.com/CoStar; Forrent.com; Gruen Gruen + Associates.

Four older properties built in the 1970's, generally featuring smaller units and less common area amenities, advertise rents that range from about \$600 to \$900 monthly. This represents monthly rents of approximately \$0.90 to \$1.20 per square foot.

The recently completed adaptive re-use of the Mechanics Building in Downtown Pueblo has 37 market-rate units, ranging in size from about 400 to 900 square feet, with advertised rents of \$995 to \$1,895 monthly. This represents the "top of market" at asking rents of about \$2.10 to \$2.50 per square foot.

Advertised unit availability is extremely limited. The sample of 1,375 existing units built between 1971 and 2012 (excluding the Mechanics Building property) included fewer than 20 currently available units, suggesting a physical vacancy rate of less than 1.5 percent.

### ESTIMATE OF EXISTING RENTAL INVENTORY BY PRICE POINT

Table A-5 summarizes an estimate of the occupied rental housing stock by number of bedrooms and monthly gross rent.

The City of Pueblo is estimated to contain a higher share of lower-rent units than Pueblo

West and other County areas. Among the 18,000 occupied units in the City (as of 2019), nearly one-half of rental units are estimated to be occupied at monthly rents of \$750 or less. Most of these lower-rent units are small efficiency or one-bedroom units. Nearly one-half of the rental inventory is estimated to be occupied at monthly rents of \$750 to \$1,500 per unit.

Relatively few units (only six percent) in the City are estimated to be occupied at monthly rents exceeding \$1,500 per month. (As reviewed previously, monthly rents exceeding \$1,500 are associated with larger units in newer market-rate apartment developments).

Pueblo West and other areas of the County have a limited inventory of multi-family rental housing. Most of the rental inventory is comprised of single-family units and mobile homes including three or more bedrooms. More than 52 percent of rental units are estimated to be occupied at monthly rent of \$1,000 or more. Outside of City limits, relatively few units (of any size) are estimated to exist at monthly rents below \$750.

**Table A-5: Estimate of Existing Rental Housing Supply (Occupied Units) by Price and Bedrooms**

Monthly Gross Rent		Efficiency/ 1-Bedroom # Units	2-Bedrooms # Units	3+ Bedrooms # Units	Total # Units
City of Pueblo	Less than \$750 <sup>1</sup>	4,290	1,800	2,350	8,430
	\$750 to \$999	640	1,890	1,060	3,580
	\$1,000 to \$1,499	640	2,120	2,260	5,020
	\$1,500 or more	220	430	410	1,050
	<i>Total</i>	<i>5,790</i>	<i>6,240</i>	<i>6,080</i>	<i>18,080</i>
Pueblo West and Other County Areas	Less than \$750 <sup>1</sup>	150	150	700	990
	\$750 to \$999	50	330	400	770
	\$1,000 to \$1,499	90	320	1,290	1,700
	\$1,500 or more	0	0	240	240
	<i>Total</i>	<i>290</i>	<i>800</i>	<i>2,630</i>	<i>3,700</i>
<sup>1</sup> Includes units with "no cash rent."					
Source: GG+A analysis of 2019 ACS data					

# For-Sale Housing Market Conditions and Ownership Housing Costs

Pueblo County averaged 2,600 single-family and townhome/condominium unit sales annually from 2013 through 2020. The volume of market activity has increased recently with more than 3,000 housing sales occurring in 2020 which represented the highest sale volume in more than a decade.

The steady increase in activity has been accompanied by a rapid increase in average housing prices. Figure A-5 summarizes average sale prices for single-family homes and townhouse-condominium units based on data from the Pueblo Association of REALTORS®.

The average single-family sales price was approximately \$270,000 through the first four months of 2021. The average sales price has more than doubled since 2013 when a typical

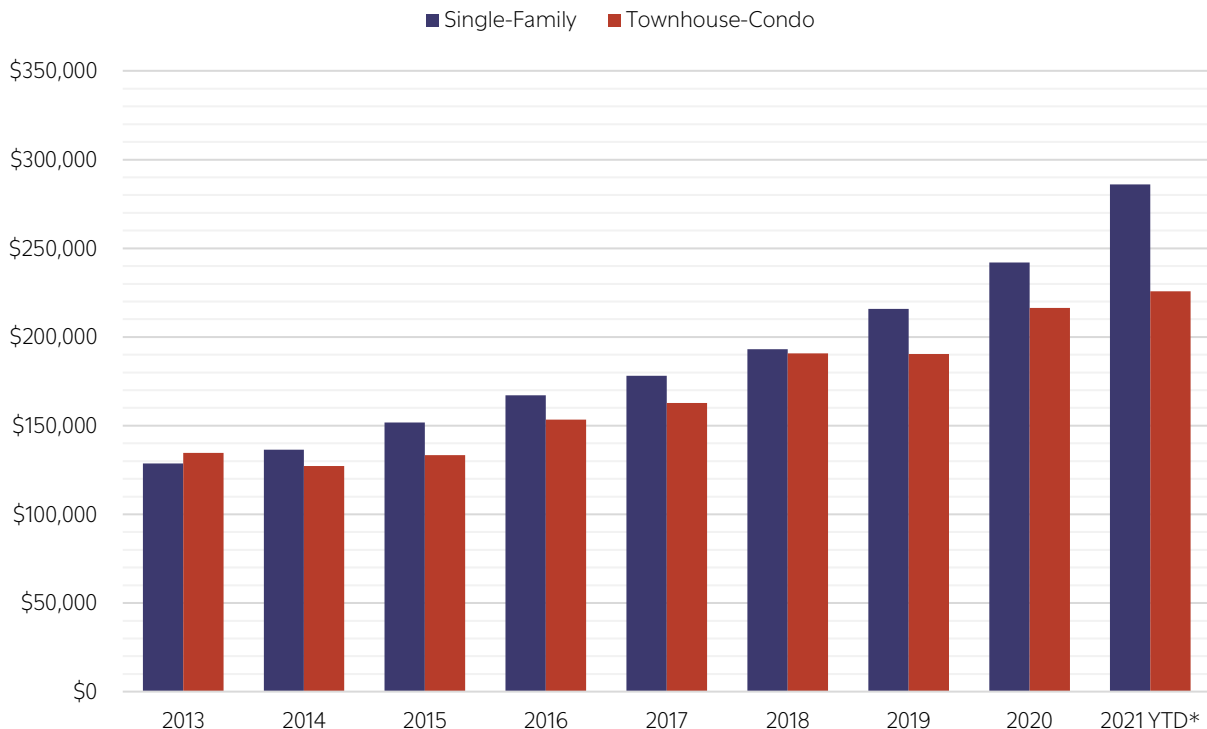
single-family home in Pueblo County sold for approximately \$129,000. During the four-year period between 2013 and 2017, the average single-family price increased by 39 percent from approximately \$129,000 to \$178,000. Single-family prices countywide have escalated more rapidly since 2017, increasing by nearly 52 percent since.

Townhomes and condominium units comprise a relatively small share of the resale market (at less than five percent of all sales), though average prices have exhibited similarly high rates of increase. Relative to 2015, the average sales price has increased by approximately 53 percent from \$133,000 to \$204,000.

## OTHER MARKET INDICATORS

In addition to an increase in the volume of activity (sales) and rapid price escalation, other indications of a tightening for-sale housing market have been evident over the past several years. As summarized in Table A-6, the average number of “days on market” has been trending

**Figure A-5: Pueblo County Average Sale Prices, 2013-2021**



\* Through July 2021



downwards and the ratio of listing price to sales price has been consistently increasing.

The average single-family home transaction through the first four months of 2021 received slightly above list price, with a sale to listing price ratio of 101 percent. This represents a four percentage point uptick in the sale to listing price ratio relative to 2013. The average number of days on market for single-family homes steadily declined from over 100 days on average in 2013 and 2014 down to 64 days this year.

## SALES CHARACTERISTICS BY HOME SIZE

The average sales price per square foot increased from about \$80 to \$130 during a more recent five-year period between 2015 and 2020. Table A-7 summarizes the average size and price of homes sold in 2015 relative to 2020.

Price increases for smaller homes consisting of two- or three-bedrooms have been especially high. The average sales price of two-bedroom units increased on a per square foot basis by 75

**Table A-6: Average Days on Market and List-Sale Price Ratios**

	2013	2015	2017	2019	2021 <sup>1</sup>
<i>Single-Family Sales</i>					
Average Days on Market ("DOM")	119	99	83	74	64
Percent of Listing Price Received	96.60%	97.40%	98.00%	98.60%	101.20%
<i>Townhouse-Condo Sales</i>					
Average Days on Market ("DOM")	135	132	72	89	71
Percent of Listing Price Received	97.40%	96.30%	97.60%	98.00%	100.60%
<sup>1</sup> Through July 2021.					
Sources: Pueblo Association of REALTORS®; Gruen Gruen + Associates.					

**Table A-7: Average Sales Prices by Unit Size, 2015-2020**

	2015	2020	5-Year Change
<i>2-Bedrooms</i>			
Average Price	\$86,540	\$144,102	66.5%
Average Unit Size <sup>1</sup>	1,072	1,018	-5.0%
Average Price Per Square Foot	\$81	\$142	75.3%
<i>3-Bedrooms</i>			
Average Price	\$131,605	\$209,132	58.9%
Average Unit Size <sup>1</sup>	1,554	1,531	-1.5%
Average Price Per Square Foot	\$85	\$137	61.2%
<i>4-Bedrooms</i>			
Average Price	\$163,854	\$251,448	53.5%
Average Unit Size <sup>1</sup>	2,200	2,150	-2.3%
Average Price Per Square Foot	\$74	\$117	58.1%
<i>5+ Bedrooms</i>			
Average Price	\$225,719	\$315,411	39.7%
Average Unit Size <sup>1</sup>	3,072	2,862	-6.8%
Average Price Per Square Foot	\$73	\$110	50.7%
<sup>1</sup> Square feet of finished living area.			
Source: GG+A analysis of MLS sales database			

percent between 2015 and 2020.

The same increase for three-bedroom home prices per square foot was about 61 percent over the period. An average three-bedroom home with slightly less than 1,600 square feet sold, on average, for below \$135,000 in 2015. By 2020, the average sales price for that same sized home had increased to almost \$210,000.

The increase in average sales prices for four- and five-bedroom (or larger) homes was somewhat less significant. Average prices per square foot for the largest homes with five or more bedrooms increased by about 51 percent between 2015 and 2020.

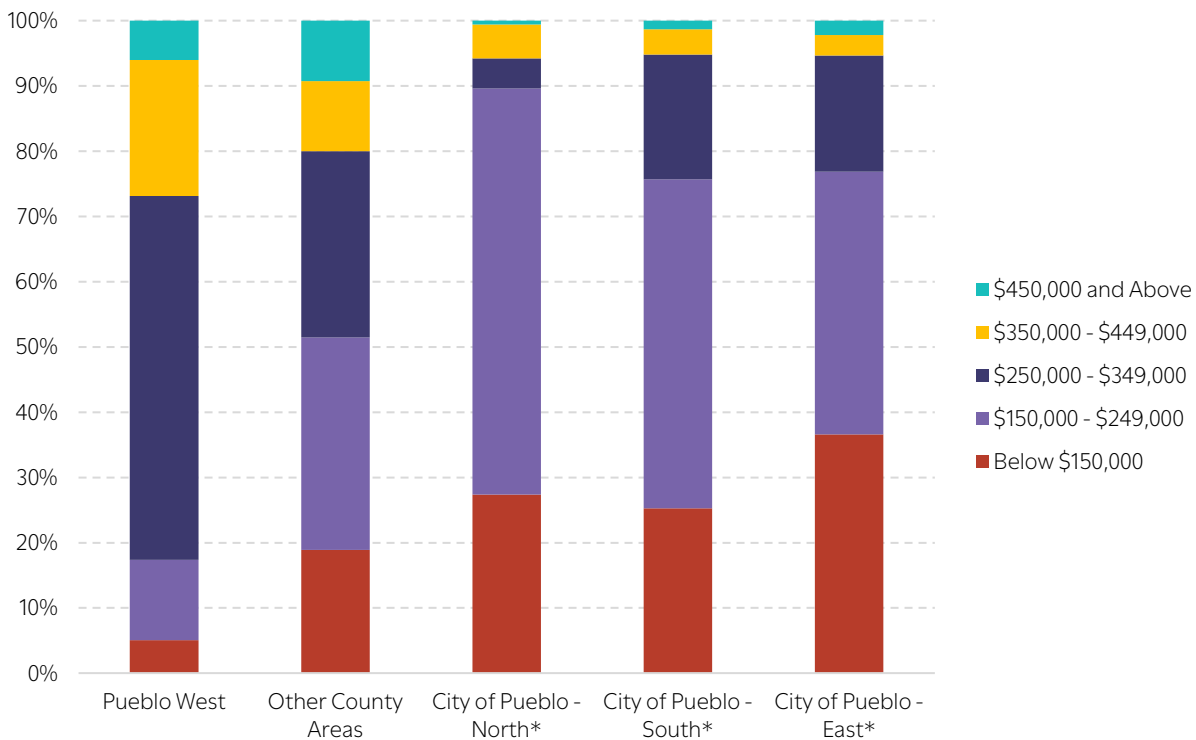
## GEOGRAPHICAL DIFFERENTIATION IN FOR-SALE HOUSING PRICES

Figure A-6 summarizes the distribution of annual housing sales by price point and geographic area throughout 2020.

Approximately 29 percent of all housing sales in the City of Pueblo occurred at prices below \$150,000. About 60 percent of these sales (at prices below \$150,000) were concentrated in four City neighborhoods: Eastside; Bessemer; Heritage; and Lakeview. Fifty percent of sales in the City in 2020 occurred in the \$150,000 to \$250,000 price bracket. An additional 20 percent of sales were bracketed between \$250,000 and \$449,000.

Less than 20 percent of sales in Pueblo West occurred at prices below \$250,000. The majority of all 2020 sales in Pueblo West (almost 60 percent) were priced between \$250,000 and \$349,999. Approximately 27 percent of sales were above \$350,000.

**Figure A-6: Housing Sales Distribution by Price Point and Area in 2020**



\*Areas of the City generally correspond to neighborhoods located north or south of the Arkansas River, with "East" referring to sales located east of Interstate 25.

## ESTIMATE OF EXISTING OWNERSHIP HOUSING INVENTORY BY PRICE POINT

Table A-8 summarizes an estimate of the supply of owner-occupied housing by current price. The estimates reflect our analysis of: (a) the most recent *2019 American Community Survey* estimates for the City of Pueblo and Pueblo County; and (b) the for-sale housing market price trends reviewed in the prior sections.<sup>1</sup>

We estimate that about one-third of the City's owner-occupied units are valued at \$150,000 or below. Another 13 percent of the City's units are valued between \$150,000 and \$199,999. Nearly 30 percent of the City's units are valued between \$200,000 and \$299,999. About one-quarter of existing units are valued at \$300,000 or higher.

The inventory of owner-occupied units in Pueblo West and other County areas has a unit distribution by value which is skewed higher than that of the City of Pueblo. Only 11 percent of units are valued at less than \$150,000. Nearly 60 percent of Pueblo West and other areas units are priced at \$300,000 or higher (as compared to 23 percent in the City of Pueblo).

<sup>1</sup> The price distribution of existing owner-occupied housing units, drawn from 2019 estimates, has been adjusted upwards by 25 percent to account for the typical appreciation in average and median prices that has occurred between 2019 and early 2021.

**Table A-8: Estimate of Owner-Occupied Housing Inventory by Current Price**

		# Units	% of Units
City of Pueblo	Less than \$150,000	9,500	35.2
	\$150,000 - \$199,999	3,500	13.2
	\$200,000 - \$249,999	5,100	18.8
	\$250,000 - \$299,999	2,700	10.1
	\$300,000 - \$399,999	3,700	13.8
	\$400,000 - \$499,999	1,400	5.3
	\$500,000 and above	1,000	3.5
Pueblo West and Other County Areas	Less than \$150,000	2,000	11.4
	\$150,000 - \$199,999	1,000	5.7
	\$200,000 - \$249,999	2,300	13.2
	\$250,000 - \$299,999	1,900	10.9
	\$300,000 - \$399,999	4,400	25.2
	\$400,000 - \$499,999	2,700	15.7
	\$500,000 and above	3,200	17.9

Source: GG+A analysis of 2019 ACS data

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# **Housing Affordability Conditions in Pueblo**

## Housing Affordability Definition

Housing affordability is defined by both the income of a household (its “ability to pay”) and the cost of a housing unit appropriate for that household.

- Housing is considered to be “affordable” under standards defined by federal law and the U.S. Department of Housing and Urban Development (HUD) if a household spends 30 percent or less of its before-tax income on housing and related expenses.<sup>1</sup>
- Housing is not affordable if more than 30 percent of income is spent on housing. Households spending more than 30 percent of their income are commonly defined as “cost burdened.”

The 30-percent-of-income threshold is used throughout this analysis to characterize housing affordability conditions in Pueblo.

## CURRENT INCOME LIMITS

Table A-9 summarizes current household income limits in 2021 for Pueblo County.

Household income limits for the Extremely Low Income category - 30% or less of Area Median Income (AMI) - range from \$15,450 for a single-person household up to \$29,130 for an eight-person household. Limits for the “Very Low Income” category, which represents 30% to 50% of AMI, range from \$25,750 for a single-person household up to \$48,550 for an eight-person household. Limits for the “Low Income” category, reflecting 50% to 80% of AMI, range from about \$41,200 for a single-person household up to \$77,680 for an eight-person household. The limits for the moderate income categories, reflecting up to 120% of AMI, range from about \$61,800 for a single-person household up to \$116,520.

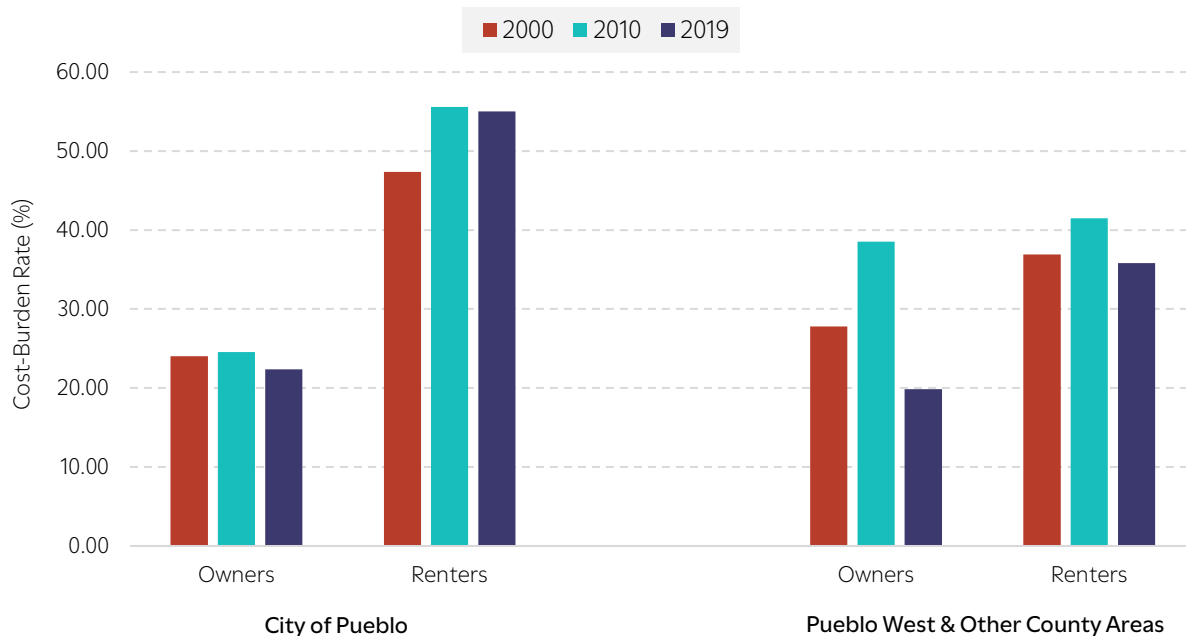
<sup>1</sup> The Housing and Urban Development Act in 1969 established a 25 percent threshold; Congress raised the cap to 30 percent in the 1980’s. Note that “housing and related expenses” include costs such as utilities, insurance, and property taxes - not just rent or mortgage payments.

**Table A-9: Pueblo County Income Limits for 2021**

Household Size:	1	2	3	4	5	6	7	8
120% AMI	\$61,800	\$70,560	\$79,440	\$88,200	\$95,280	\$102,360	\$109,440	\$116,520
100% AMI	\$51,500	\$58,800	\$66,200	\$73,500	\$79,400	\$85,300	\$91,200	\$97,100
80% AMI	\$41,200	\$47,040	\$52,960	\$58,800	\$63,520	\$68,240	\$72,960	\$77,680
50% AMI	\$25,750	\$29,400	\$33,100	\$36,750	\$39,700	\$42,650	\$45,600	\$48,550
30% AMI	\$15,450	\$17,640	\$19,860	\$22,050	\$23,820	\$25,590	\$27,360	\$29,130

Sources: Colorado Housing and Finance Authority; Gruen Gruen + Associates.

**Figure A-7: Cost-Burden Rates by Housing Tenure (2000-2019)**



## Cost-Burdened Households

Figure A-7 and Table A-10 illustrate the distribution of households, in 2000, 2010, and 2019, by housing tenure and the percentage of income expended on housing. Again, households spending 30 percent or more of their income on housing are considered cost burdened.

Affordability conditions in the City of Pueblo for owner-occupied housing improved slightly over the 19-year period from 2000 to 2019. The cost burden rate for owner-occupied households in the City declined by 1.6 percentage points, from 24 percent of households in 2000 to 22.4 percent in 2019. The percentage of owners spending less than 20 percent of their household income on housing increased slightly from 55.7 percent in 2000 to nearly 58 percent by 2019. The improvement in affordability relates to: (1) the steep home price declines that followed the housing market crash and Great Recession in 2008; (2) the historically low borrowing environment that followed the Great Recession (albeit with more stringent mortgage lending controls); and (3) the slight increase in owner-occupied household incomes over the period.

Owner-occupied housing affordability conditions in Pueblo West and other County areas has also

improved over the 2000-2019 period. Owner-occupied housing affordability conditions are currently slightly more favorable than the City of Pueblo's conditions. The cost burden rate for owner-occupied households in Pueblo West and other areas improved greatly by declining by 8.0 percentage points, from 27.8 percent of households in 2000 to 19.8 percent in 2019.

Affordability conditions for rental households however worsened over the 2000 to 2019 period. American Community Survey data indicates that the cost-burden rate for renter households in the City of Pueblo was 47.4 percent in 2000 and 55.0 percent in 2019. Nearly one-quarter of all renters in City of Pueblo are still estimated to occupy units at very affordable levels – spending less than 20 percent of their income on housing.

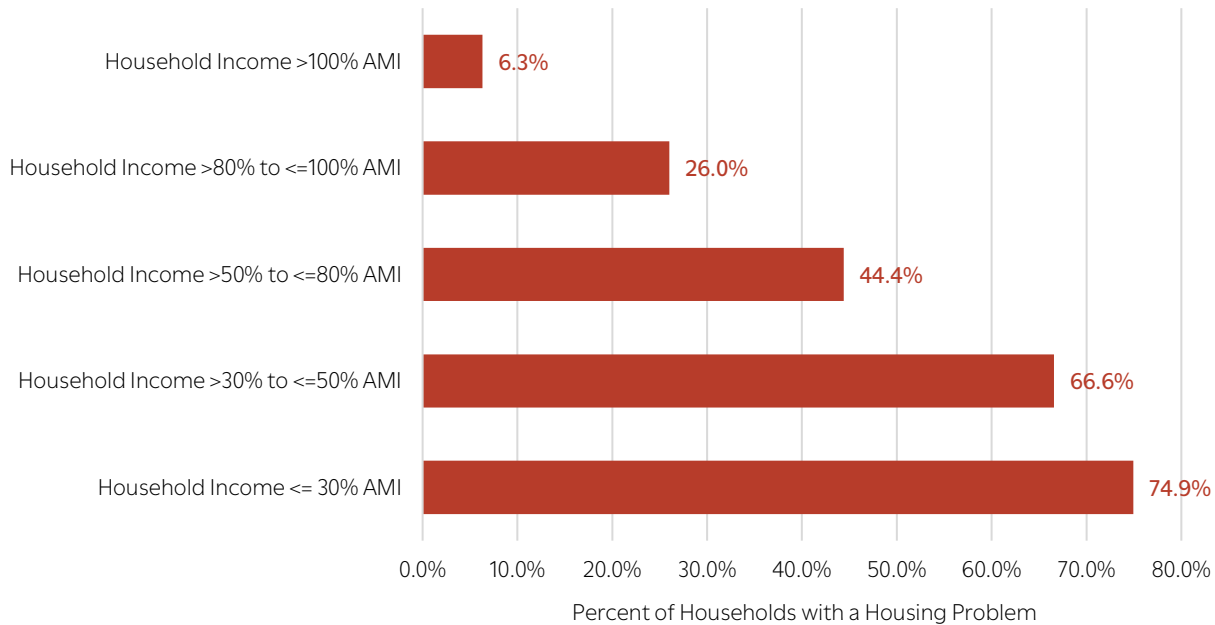
Affordability conditions for rental households in Pueblo West and other County areas is much more favorable than for City of Pueblo rental housing. Cost-burdened renter households remained about the same as a proportion of households at about one-third from 2000 to 2019. Renter households who occupy units at affordable levels – spending less than 20 percent of their income on housing – improved by 16.5 percentage points, increasing from 34.5 percent in 2000 to 51 percent in 2019.



Table A-10: Housing Costs as a Percentage of Household Income

		2000 % of Households	2010 % of Households	2019 % of Households
City of Pueblo	Owners			
	Less than 20 percent of income	55.7	52.2	57.9
	20 to 29 percent of income	20.3	23.2	19.7
	<b>30 percent or more of income</b>	<b>24.0</b>	<b>24.5</b>	<b>22.4</b>
	Renters			
	Less than 20 percent of income	27.2	25.6	25.0
	20 to 29 percent of income	25.4	18.8	20.0
	<b>30 percent or more of income</b>	<b>47.4</b>	<b>55.6</b>	<b>55.0</b>
Pueblo West and Other County Areas	Owners			
	Less than 20 percent of income	47.2	42.3	57.4
	20 to 29 percent of income	25.0	19.1	22.8
	<b>30 percent or more of income</b>	<b>27.8</b>	<b>38.5</b>	<b>19.8</b>
	Renters			
	Less than 20 percent of income	34.5	35.0	51.0
	20 to 29 percent of income	28.7	23.6	13.2
	<b>30 percent or more of income</b>	<b>36.9</b>	<b>41.5</b>	<b>35.8</b>
PUEBLO COUNTY OVERALL	Owners			
	Less than 20 percent of income	53.4	48.5	57.7
	20 to 29 percent of income	21.5	21.7	20.9
	<b>30 percent or more of income</b>	<b>25.0</b>	<b>29.8</b>	<b>21.4</b>
	Renters			
	Less than 20 percent of income	28.1	27.0	29.4
	20 to 29 percent of income	25.8	19.5	18.8
	<b>30 percent or more of income</b>	<b>46.0</b>	<b>53.5</b>	<b>51.7</b>
Sources: U.S. Census Bureau; Gruen Gruen + Associates.				

**Figure A-8: Percent of Pueblo County Households with a Housing Problem**



### HOUSING PROBLEMS BY INCOME LEVEL

Approximately 88 percent of all cost burdened households in Pueblo County are reported by HUD to be at or below 80 percent of AMI. A higher share - nearly 93 percent - of all renters with incomes at or below 80 percent of AMI are estimated to be cost burdened. A very low share (less than six percent) of households at or above 100 percent of AMI (i.e., above median income households) are estimated to be cost burdened.

Figure A-8 illustrates the distribution of cost burdened households, as well households with other HUD-defined housing problems<sup>2</sup>, within Pueblo County by percentage of AMI. The estimates are drawn from Comprehensive Housing Affordability Strategy (“CHAS”) data produced by HUD.

The CHAS data indicates that the most significant concentrations of households experiencing a housing problem are Extremely Low and Very Low Income households residing in the City of Pueblo. Households with incomes below 50% AMI in the City of Pueblo represent about one-half of households countywide determined to have a housing problem.

<sup>2</sup> In addition to housing costs exceeding 30 percent of income, HUD defines other housing problems to include units lacking complete kitchen or plumbing facilities and overcrowding.

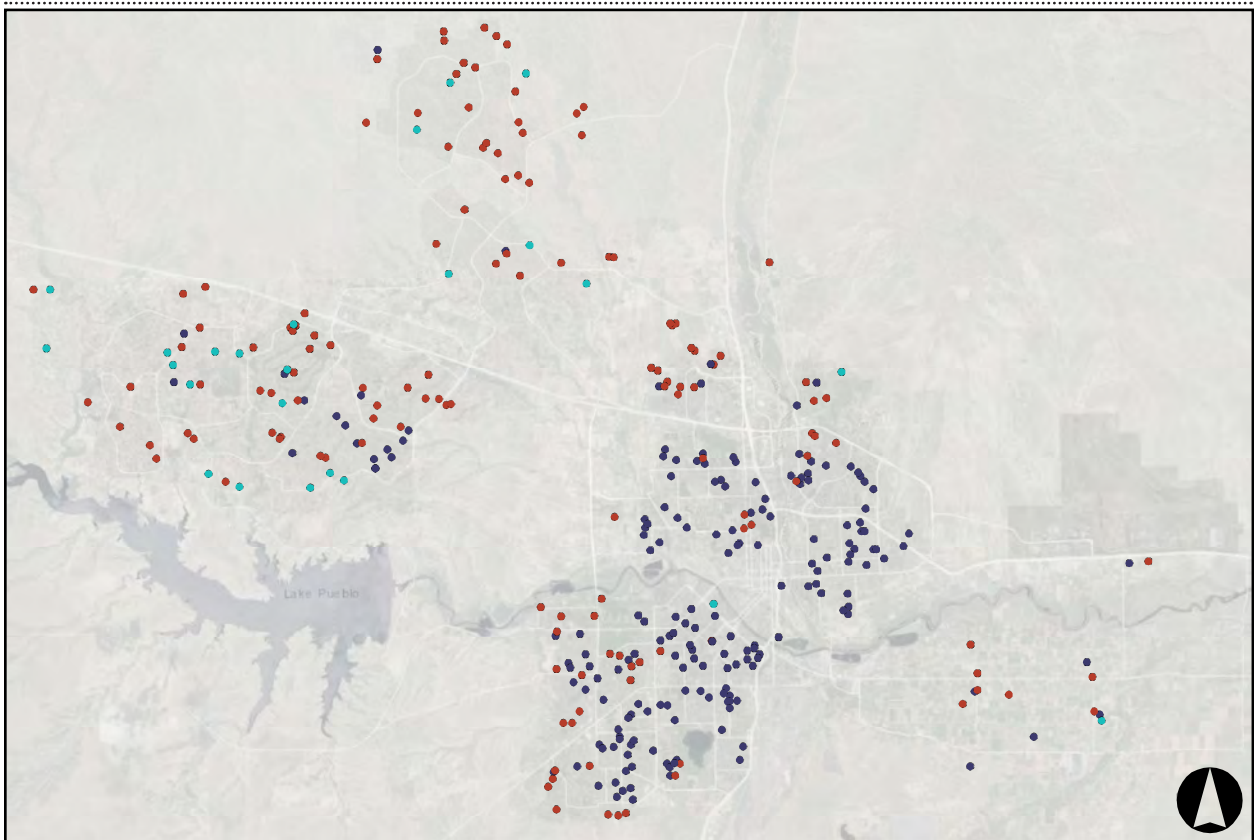
## For-Sale Housing Affordability

Map A-2 summarizes recent home sales by level of affordability. The sample includes three- and four-bedroom homes sold within the past 90 days (March through May 2021). The sales are expressed as the percentage of AMI, adjusted for household size, required to afford the sales prices.

A large percentage of the existing housing inventory remains affordable to most Pueblo households, perhaps despite the continued strength of the for-sale housing market and persistently high rate of price escalation.

About 17 percent of recent home sales were affordable to households at 50% of AMI; while an additional 36 percent of sales were affordable to households at 80% of AMI. Collectively, more than 52 percent of countywide sales have been affordable to households earning 80% of AMI when adjusted for household size and the number of bedrooms. The most affordable inventory is not surprisingly concentrated among older neighborhoods within the City of Pueblo.

**Map A-2: Recent Home Sales by Affordability Level**



### RECENT HOME SALES BY AFFORDABILITY LEVEL

*Sales of 3- and 4-bedroom homes during prior 90 days:*

- Affordable at or below 80% AMI
- Affordable at 80% to 120% AMI
- Affordable above 120% AMI

# Housing Affordability "Gap" Analysis

This section compares the existing housing inventory, by price and tenure, to the existing income characteristics of the household base. The comparison is commonly referred to as an "affordability gap" analysis, in which the gaps are the differences in the number of existing households bracketed by affordable housing costs and the number of units that exist at those affordable price points. The estimates are based on our analysis of 2019 American Community Survey estimates.

## AFFORDABLE HOUSING PRICES

Table A-11 summarizes estimates of the price of housing currently afforded at various household income levels.

The lowest income households with less than \$15,000 of annual gross income can afford no more than \$375 in monthly gross rent. Households with \$35,000 of annual income could afford up to \$875 in monthly gross rent. Assuming a household with an annual income of \$35,000 or less could secure a 30-year mortgage, such a household could likely afford no more

than a \$155,000 unit. A household with \$75,000 of annual income can afford \$1,875 in monthly rent. A household with income of \$75,000 could afford a purchase price of approximately \$325,000. Households with more than \$100,000 of annual income (which comprise 16 percent of all households in the City and 33 percent of households in the County and Pueblo West) can afford monthly rents of \$2,500 and higher and can afford to purchase homes priced at \$435,000 or higher.

## AFFORDABILITY GAP ESTIMATES FOR CITY OF PUEBLO

Table A-12 summarizes the existing City of Pueblo housing inventory by tenure and affordability level in comparison to the income characteristics of the household base. The estimates reflect the price of housing that households can potentially afford, not what they will necessarily elect to purchase or rent.

The City of Pueblo, like many communities, experiences a deficit of rental units available at very low prices. Using the 30-percent-of-income

**Table A-11: Affordable Housing Prices and Monthly Rents by Household Income Bracket**

Annual Income	Maximum For-Sale Housing Price <sup>1</sup>	Maximum Gross Monthly Rent <sup>2</sup>
Less than \$15,000	Below \$65,000	Below \$375
\$20,000 to \$34,999	\$65,000 to \$154,999	\$375 to \$874
\$35,000 to \$49,999	\$155,000 to \$219,999	\$875 to \$1,249
\$50,000 to \$74,999	\$220,000 to \$324,999	\$1,250 to \$1,874
\$75,000 to \$99,999	\$325,000 to \$434,999	\$1,875 to \$2,499
\$100,000 and Above	\$435,000 and Above	\$2,500 and Above
<sup>1</sup> Assumes a 5.0 percent down payment with a 30-year fixed rate mortgage at an annual interest rate of 3.5 percent. Permanent mortgage insurance is included at 0.8 percent of the loan (current FHA rates). Annual property tax and home insurance costs are assumed to approximate 1.0 percent of the purchase price.		
<sup>2</sup> Assumes monthly gross rents equal 30 percent of income.		
Source: Gruen Gruen + Associates		

**Table A-12: Estimated Housing Affordability Gaps in the City of Pueblo**

	Existing Supply of Units <sup>1</sup> #	Number of Households Able to Afford Units #	Existing Surplus or (Deficit) in Units #
Monthly Gross Rent:			
Less than \$375 <sup>2</sup>	2,139	4,776	(2,637)
\$375 to \$874	8,210	6,051	2,159
\$875 to \$1,249	5,000	2,614	2,386
\$1,250 to \$1,874	2,298	1,730	568
\$1,875 to \$2,499	331	1,840	(1,509)
\$2,500 and Above	104	1,071	(967)
Home Value:			
Below \$65,000	2,075	2,898	(823)
\$65,000 to \$154,999	6,913	4,313	2,600
\$150,000 to \$214,999	6,045	3,987	2,059
\$215,000 to \$324,999	6,688	5,793	895
\$325,000 to \$429,999	3,278	4,198	(920)
\$430,000 and Above	1,864	5,674	(3,810)
<sup>1</sup> Estimate of occupied units by price.			
<sup>2</sup> Estimated supply includes about 700 rental units with “no cash rent.”			
Sources: U.S. Census Bureau, 2019 American Community Survey; Gruen Gruen + Associates.			

standard, the City of Pueblo is estimated to contain approximately 4,800 renter households who can afford to pay no more than \$375 in monthly gross rent. The existing supply of rental units priced below this affordability threshold is estimated at 2,100 units; indicating a “gap” or deficit of approximately 2,600 rental units affordable to the lowest income bracket.

At the opposite end of the income spectrum, the City currently contains about 2,900 renter households who could afford monthly rents exceeding \$1,875. There are estimated to be very few existing rental units in the City commanding this level of rent (less than 450 units), indicating another gap of almost 2,500 units affordable to the highest income renters in the City. This situation is not unique to Pueblo and does not necessarily indicate a “deficiency” in the rental housing stock. Rather, it signals an affordable rental inventory on the upper end of the pricing ladder that offers the features and quality acceptable to higher-income households at prices that permit allocating far less than 30 percent of their incomes to housing. The current affordability conditions at higher price points

and income levels also highlight the potential demand for new high-quality rental product from existing households, which could serve to create more slack in the existing rental inventory at lower price points.

The gap analysis for owner-occupied housing in the City follows a similar pattern. A deficit of deeply affordable ownership units exists at the lowest income and price level; though much of the existing owner-occupied housing inventory (despite the pattern of rapidly increasing costs) remains affordable relative to household incomes. Approximately 10,000 current home owners in the City that could afford housing priced above \$325,000 relative to existing supply of about 5,100 units.

## AFFORDABILITY GAP ESTIMATES FOR PUEBLO WEST AND OTHER COUNTY AREAS

Table A-13 summarizes the same comparison of existing housing inventory to households (and their ability to pay/afford housing) collectively for Pueblo West and other areas of Pueblo County.

The existing rental housing inventory is estimated to be relatively in balance with the income characteristics of renters in Pueblo West and other County areas. Similar to the estimates for the City of Pueblo, on the higher end of the income spectrum there are more renters than rental housing at those price points - signaling that higher income renters do not need to expend 30 percent of their income on housing.

A deficit exists of about 1,200 owner-occupied units priced below \$215,000 in Pueblo West and other County areas. Approximately 5,100 existing homeowners can afford no more than a \$215,000

unit and only 3,900 units are estimated to exist at those home values.

The “deficit” of higher priced units relative to the incomes of existing homeowners again suggests the possibility that built-in demand may exist for new market-rate housing in Pueblo West and other County areas - if housing preferences and needs among existing owners evolved over time to encourage trade-ups (in price) to different types or qualities of housing product.

**Table A-13: Estimated Housing Affordability Gaps in Pueblo West and Other County Areas**

	Existing Supply of Units <sup>1</sup>	Number of Households Able to Afford Units	Existing Surplus or (Deficit) in Units
	#	#	#
Monthly Gross Rent:			
Less than \$375 <sup>2</sup>	534	407	127
\$375 to \$874	866	888	(22)
\$875 to \$1,249	1,071	692	378
\$1,250 to \$1,874	1,144	842	302
\$1,875 to \$2,499	87	468	(381)
\$2,500 and Above	0	405	(405)
Home Value:			
Below \$65,000	545	1,015	(470)
\$65,000 to \$154,999	1,410	1,843	(433)
\$150,000 to \$214,999	1,952	2,287	(335)
\$215,000 to \$324,999	4,387	3,183	1,205
\$325,000 to \$429,999	4,262	2,738	1,524
\$430,000 and Above	4,908	6,399	(1,490)
<sup>1</sup> Estimate of occupied units by price.			
<sup>2</sup> Supply comprised entirely of units estimated to have “no cash rent.”			
Sources: U.S. Census Bureau, 2019 American Community Survey; Gruen Gruen + Associates.			

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# **Economic, Demographic, and Household Characteristics and Trends**



# Historical Population and Household Change

Figure A-9 shows population growth rates by decade for City of Pueblo and Pueblo West and other County areas. Table A-14 presents historical population and household counts for these same areas.

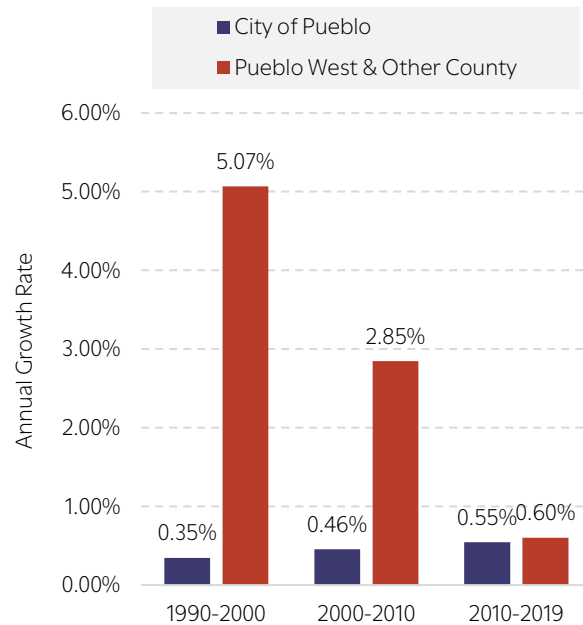
Annual population growth rates have been low for the City of Pueblo for a long period. Growth rates have increased slightly among the City population from 0.35 percent annually for the 1990's decade to 0.55 percent annually for the 2010's decade. Pueblo West and other areas of the County experienced much higher annual population growth rates for the 1990's and 2000's decades. These areas annual population growth rate declined to a similar rate of less than one percent as the City of Pueblo's growth rate over the 2010's decade.

The City of Pueblo has experienced low population growth trend of about one-half percent annually over the prior 29 years. The population grew by approximately 13,600 persons over a 29-year period from nearly 98,600 in 1990 to over 112,000 in 2019. Households grew by approximately 19 percent, increasing from approximately 38,300 in 1990 to 45,800 in 2019.

Pueblo West and other County areas have grown more rapidly with a population growth trend of nearly three percent over the prior 29 years. The population grew by approximately 31,600

persons over a 29-year period from about 24,200 in 1990 to 55,900 in 2019. Households grew by 140 percent, increasing from approximately 8,700 in 1990 to nearly 21,000 in 2019.

**Figure A-9: Population Growth by Decade**



**Table A-14: Long-Term Population and Household Growth in Pueblo County**

		1990	2000	2010	2019	Growth 1990-2019	Growth 1990-2019
		#	#	#	#	#	Annual %
City of Pueblo	Population	98,640	102,121	106,881	112,251	13,611	0.45%
	Households	38,324	40,412	43,411	45,762	7,438	0.61%
Pueblo West and Other County Areas	Population	24,238	39,733	52,615	55,859	31,621	2.92%
	Households	8,733	14,348	19,737	20,960	12,227	3.07%
Pueblo County (Total)	Population	122,878	141,854	159,496	168,110	45,232	1.09%
	Households	47,057	54,760	63,148	66,722	19,665	1.21%

Sources: Colorado Dept. of Local Affairs, State Demography Office; U.S. Census Bureau; Gruen Gruen + Associates.

## COMPONENTS OF POPULATION CHANGE

Table A-15 summarizes components of population change in Pueblo County since 1990.

Pueblo County has experienced greater net migration than natural increase over the past 29 years. Approximately 73 percent of the population increase is accounted for by net migration. The decades of the 1990's and 2000's experienced the largest population increase with net migration holding steady at about 70 percent of the change and natural increase holding at about 30 percent. The 2010's decade had a smaller amount of population growth but the

proportion due to net migration was significantly larger at nearly 84 percent.

The dynamics of natural population change in Pueblo have inverted recently; the number of deaths exceeded births for the first time in 2019.

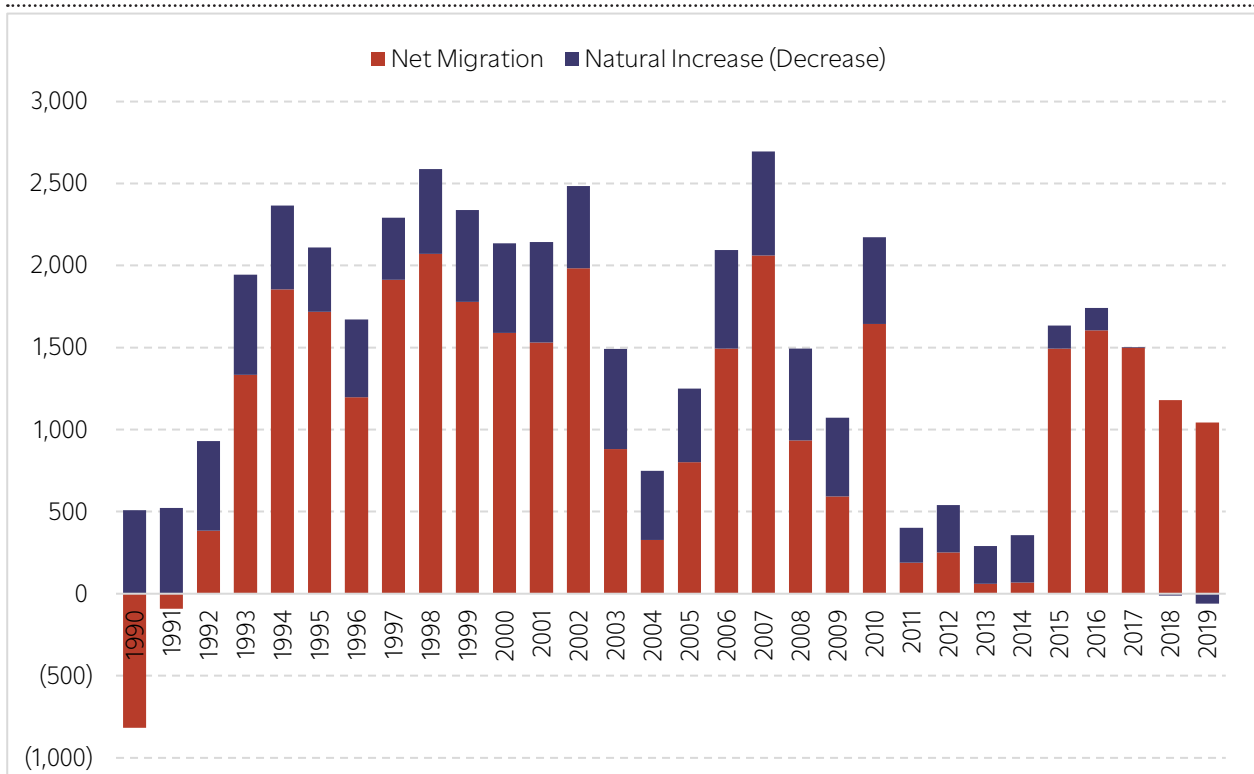
A recent inflection point occurred in 2014 with significant positive migration occurring thereafter. Adults beyond their prime working years (Age 55+) have continued to comprise the majority of net population migration into Pueblo County.

**Table A-15: Components of Population Change in Pueblo County**

	Natural Increase		Net Migration		Total Population Growth
	#	% of Growth	#	% of Growth	
1990-1999	5,020	30.7	11,335	69.3	16,355
2000-2009	5,412	30.7	12,194	69.3	17,606
2010-2019	1,756	16.3	9,030	83.7	10,786
<b>Total 1990-2019</b>	<b>12,188</b>	<b>27.2</b>	<b>32,559</b>	<b>72.8</b>	<b>44,747</b>

Sources: Colorado Dept. of Local Affairs, State Demography Office; Gruen Gruen + Associates.

**Figure A-10: Pueblo County Components of Population Change, 1990-2019**



The geographic composition of net migration has also shifted in recent years. Table A-16 presents a comparison summarizing net county-to-county migration flow estimates from the U.S. Census Bureau for 2010 and 2018 (the most recently available). During the Great Recession in 2010, Pueblo County was losing population to out-of-state locations and Metro Denver; but attracting population from elsewhere in Colorado. By 2018, the migration patterns had inverted. Pueblo County was attracting significant population growth from Metro Denver, Colorado Springs (El Paso County), neighboring Fremont County, and out-of-state locations - but experienced outflows to other counties in Colorado.

**Table A-16: Domestic Net Migration by Source**

	2010	2018
Within Colorado:		
Metro Denver Counties	(358)	+301
El Paso County	+168	+657
Fremont County	(128)	+510
Balance of Colorado	+1,019	(956)
Out-of-State	(235)	+720
<b>Total Domestic Migration</b>	<b>+466</b>	<b>+1,232</b>
Sources: U.S. Census Bureau; Gruen Gruen + Associates.		

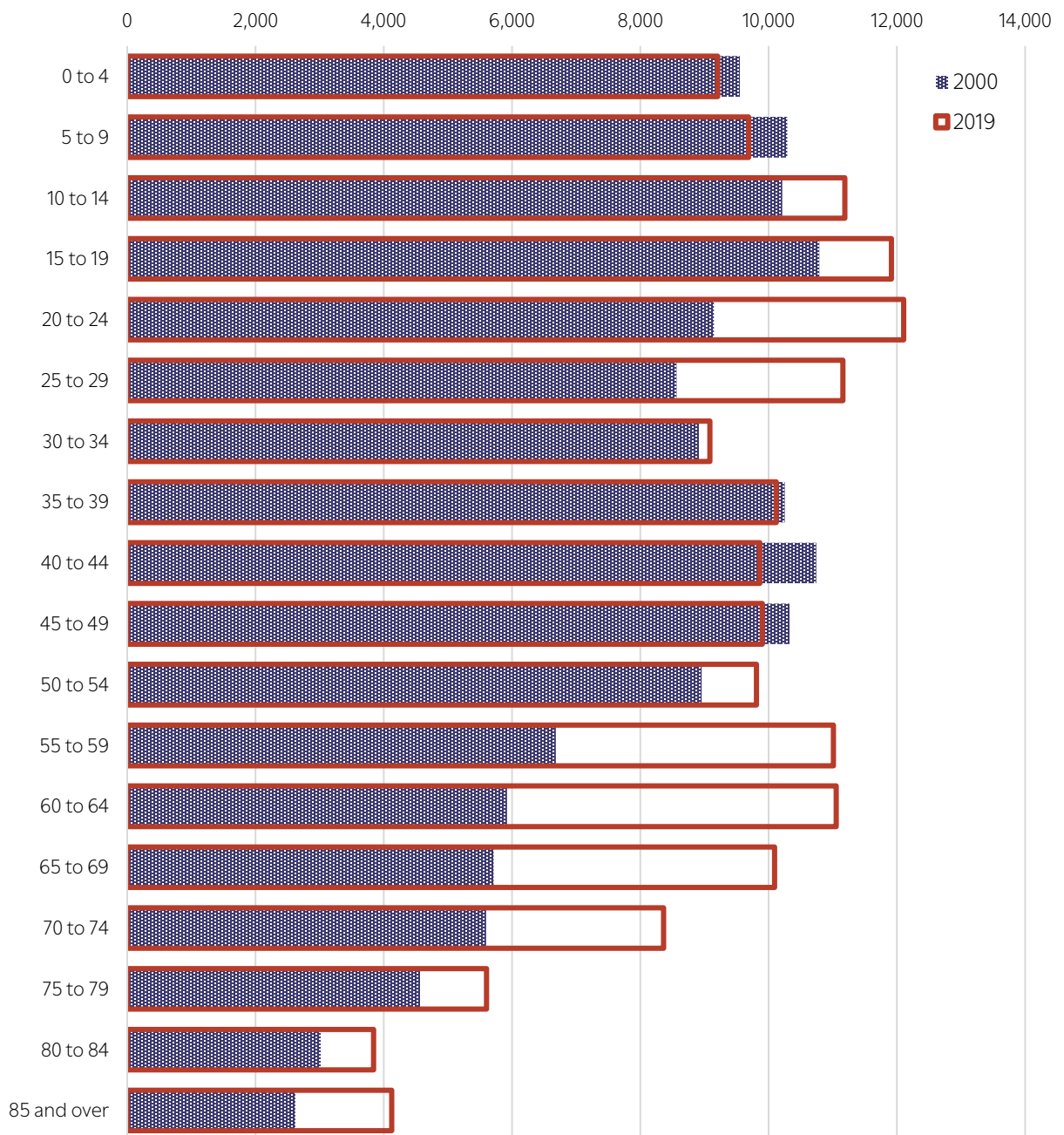
### POPULATION BY AGE

Figure A-11 summarizes the change in county population by age cohort from 2000 to 2019.

59,931 persons in 2019, an increase of just under four percent. The population age 50+ years grew substantially increasing from 34,114 in 2000 to 54,082 in 2019, an increase of 58 percent.

The population has been aging over the past 19 years. Prime working age adults – ages 25-54 – grew slightly from 57,751 persons in 2000 to

**Figure A-11: Change in Pueblo County Population by Age (2000-2019)**



## Characteristics of the Regional Economic Base

Table A-17 summarizes the composition of Pueblo's employment base, wages and salaries, and gross regional product by industry sector. Education and healthcare, government, and professional and business services currently make up approximately one-half of the regional economic base (as measured by employment and wages).

Table A-18 summarizes changes in Pueblo County's employment base by industry sector from 2001 to 2019. Patterns of employment change reflect a continued shift toward educational, healthcare, and professional and business service sectors.

**Table A-17: Composition of the Pueblo Economy**

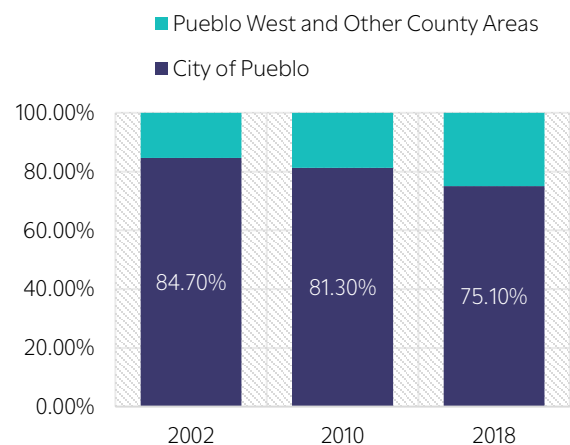
	Percent (%) of Total		
	Nonfarm Employment	Wages & Salaries	Gross Regional Product
Natural resources	0.5	0.9	0.2
Utilities	0.5	1.8	7.7
Construction	6.7	8.7	4.9
Manufacturing	6.1	8.5	8.6
Wholesale trade	2.3	3.0	2.6
Retail trade	11.8	9.0	7.5
Transportation and warehousing	3.1	2.6	3.3
Information	1.0	1.3	1.2
Financial activities	7.6	2.9	23.0
Professional and business services	11.1	12.3	7.8
Education and healthcare services	17.9	33.4	13.3
Leisure and hospitality	9.8	4.2	3.5
Other (personal) services	5.4	1.7	2.3
Government and government enterprises	16.2	9.7	14.2
Sources: U.S. Bureau of Economic Analysis; Colorado Dept. of Labor and Employment; Gruen Gruen + Associates.			

**Table A-18: Pueblo County Nonfarm Employment by Industry Sector (2001-2019)**

	2001 # Jobs	2010 # Jobs	2019 # Jobs	Change 2001-19 # Jobs	Change 2001-19 %
Natural resources	888	865	1,010	122	13.7
Utilities	385	443	404	19	4.9
Construction	5,022	4,349	5,049	27	0.5
Manufacturing	4,883	4,072	4,783	(100)	-2.0
Wholesale trade	1,420	1,345	1,511	91	6.4
Retail trade	8,125	8,030	8,950	825	10.2
Transportation and warehousing	2,566	1,852	2,494	(72)	-2.8
Information	969	849	828	(141)	-14.6
Financial activities	3,713	3,215	3,161	(552)	-14.9
Professional and business services	6,013	7,381	8,304	2,291	38.1
Education and healthcare services	9,977	11,945	14,155	4,178	41.9
<i>Private education services</i>	319	690	846	527	165.2
<i>Ambulatory health care services</i>	3,386	4,139	5,035	1,649	48.7
<i>Hospitals</i>	2,879	3,318	3,991	1,112	38.6
<i>Nursing and residential care facilities</i>	1,744	2,027	2,026	282	16.2
<i>Social assistance</i>	1,649	1,771	2,257	608	36.9
Leisure and hospitality	6,419	6,834	7,378	959	14.9
Other (personal) services	3,808	3,977	3,902	94	2.5
<b>Private Employment</b>	<b>54,188</b>	<b>55,157</b>	<b>61,929</b>	<b>7,741</b>	<b>14.3</b>
Military	400	443	414	14	3.5
Federal civilian	664	1,038	1,114	450	67.8
State and local government	10,807	11,821	11,667	860	8.0
<b>Government Employment</b>	<b>11,871</b>	<b>13,302</b>	<b>13,195</b>	<b>1,324</b>	<b>11.2</b>
<b>TOTAL NONFARM</b>	<b>66,059</b>	<b>68,459</b>	<b>75,124</b>	<b>9,065</b>	<b>13.7</b>
Sources: Colorado Dept. of Local Affairs, State Demography Office; Gruen Gruen + Associates.					

The estimated proportion of jobs located in the City of Pueblo has shifted downward from 84.7 percent in 2002 to 75.1 percent in 2018. Pueblo West and other areas of Pueblo County are experiencing more rapid employment growth than occurring within City limits.<sup>1</sup>

<sup>1</sup>The Pueblo West zip code (81007) is associated with an increase in both payroll employment and number of business establishments.

**Figure A-11: Distribution of Employment**

## JOBS-TO-HOUSING BALANCE

A jobs-to-housing balance, or ratio, is considered an important indicator in local and regional planning. It is also a general, but still a good indicator of housing demand pressures within a given area. Regions or communities that exhibit persistently high ratios of jobs to available housing units are most often those that experience high increases in housing cost over time. While jobs to housing relationships will vary given differences among communities in labor force, social, and economic characteristics; transportation linkages, geographical constraints, and land use regulatory conditions, the generally accepted ratio for a balanced relationship between jobs and housing tends to fall within 1.3-to-1.7-jobs-per-housing unit. Areas with significantly higher jobs-to-housing ratios typically do not have an adequate amount of housing supply to meet the needs of the local work force.

The estimated jobs-housing unit ratio in the City of Pueblo has declined slightly over time, currently approximating about 1.2 jobs for each housing unit. The jobs-housing ratio elsewhere in the county is much lower though is estimated to have increased since 2010.

## LABOR SHED PATTERNS

Table A-19 summarizes Pueblo County labor shed trends based on the U.S. Census Bureau's *Longitudinal Employer-Households Dynamics* program data.

**Table A-19: Pueblo County Labor Shed**

Place of Residence <sup>1</sup>	2002 %	2010 %	2018 %
Pueblo County	81.2	72.7	73.6
El Paso County	6.1	7.2	8.3
Metro Denver	5.0	9.4	5.4
Fremont County	2.5	2.7	2.8
Other	5.2	8.0	9.9

<sup>1</sup> Where workers employed in Pueblo County live.  
Sources: U.S. Census Bureau; Gruen Gruen + Associates.

Approximately 74 percent of workers employed in Pueblo County also reside within the county. This indicates that employers “import” about 26 percent of needed labor from beyond Pueblo County. Colorado Springs (El Paso County) and Metro Denver supply approximately 14 percent of the labor employed in Pueblo County, a share that has increased slightly over the long-term but declined since 2010 (when nearly 17 percent

**Figure A-12: Estimated Jobs-Housing Ratios in Pueblo County**



Sources: U.S. Census Bureau's *Longitudinal Employer-Households Dynamics* data; DOLA; Gruen Gruen + Associates.



of jobs in Pueblo County were held by workers commuting from these areas). The Great Recession of 2008-2010 appears to have been an inflection point at which the labor shed patterns shifted. In the early 2000's, more than 80 percent of jobs in Pueblo County were estimated to be held by county residents.

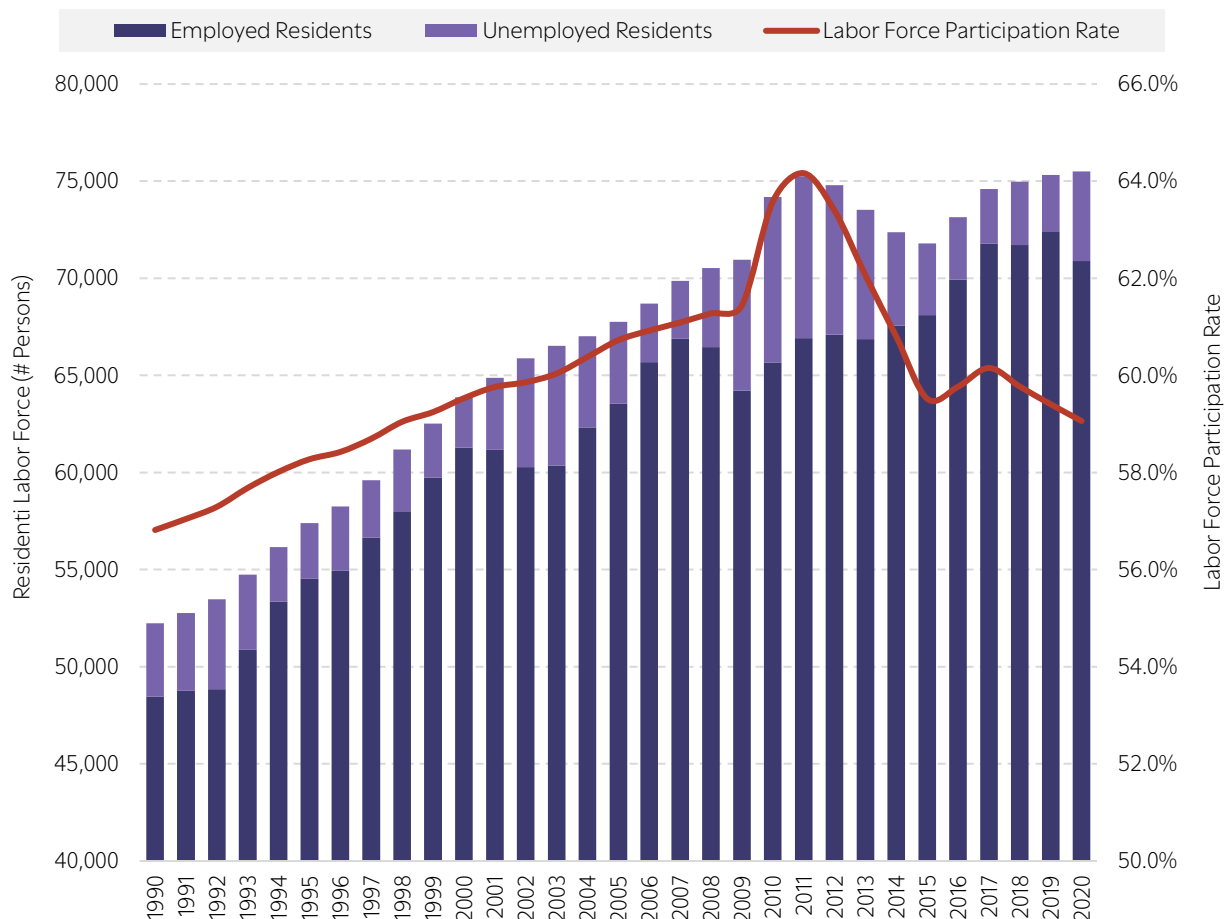
## Resident Labor Force Characteristics

Figure A-13 summarizes long-term resident labor patterns in Pueblo County since 1990. The estimates indicate the number of employed and unemployed residents and the overall labor force participation rate. *(Labor force participation rate refers to the percentage of the civilian non-institutionalized population, age 16 or older, that is active in the labor force.)*

The size of the resident labor force has grown steadily over the past 30 years, with the exception of the 2012-2015 period following the Great Recession. The number of unemployed residents had been decreasing steadily up until 2020 due to Covid-19 employment losses.

The labor force participation rate is estimated to have increased from about 57 percent in 1990 to a high of 64 percent in 2010. The rate of labor force participation has since declined. Pueblo County's share of labor force participation has slowly declined to an estimated 59 percent (as of 2020). This is consistent with the aging population base of Pueblo County as an increasing number of Baby Boomers have retired in the past decade.

**Figure A-13: Civilian Labor Force and Labor Force Participation in Pueblo County**



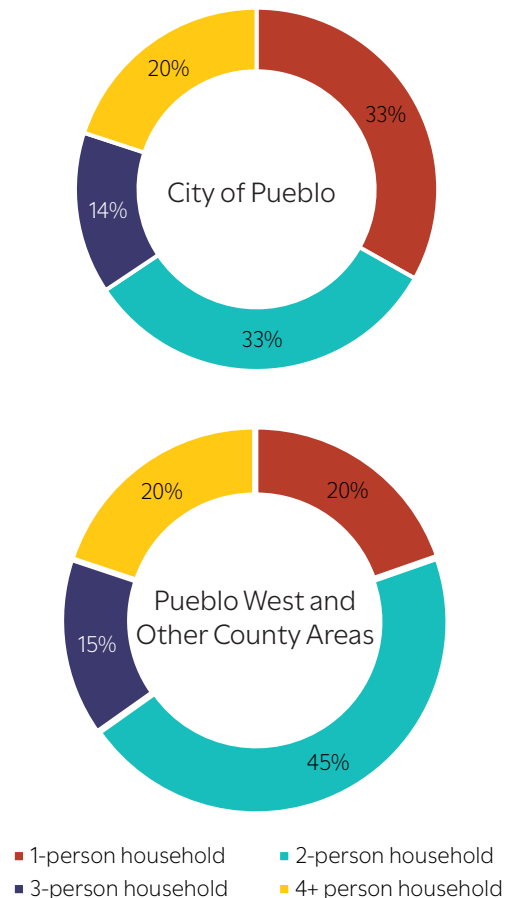
## OCCUPATIONAL MAKE-UP

Table A-20 summarizes changes in Pueblo County's labor force, by occupation, between 2000 and 2019. Growth in the City of Pueblo's resident labor has occurred solely in management, business, science and arts and service occupations. All other occupations experienced a decline in the resident labor force. Similarly, Pueblo West and other County areas have experienced resident labor force growth in management, business, science and arts occupations and service occupations. These areas outside of the City of Pueblo, however, have also experienced small resident labor force growth in natural resources/construction and maintenance operations and production/transportation and material moving occupations.

## Household Characteristics

Figure A-14 summarizes the current distribution of households by size. The City's household base includes a much higher proportion of single-person households. Areas outside the City including Pueblo West have a higher share of two-person households at 45 percent versus 33 percent within the City. Larger households with three or more persons comprise about the same share in and outside the City of about 35 percent.

**Figure A-14: Households by Size (2019)**



**Table A-20: Pueblo County Employed Labor Force by Occupation (2000-2019)**

	2000 #	2019 #	Change #	Change %
City of Pueblo:				
Management, business, science, and arts occupations	10,969	14,760	3,791	34.6
Service occupations	7,951	11,099	3,148	39.6
Sales and office occupations	11,940	10,714	(1,226)	-10.3
Natural resources, construction, and maintenance occupations	4,943	3,698	(1,245)	-25.2
Production, transportation, and material moving occupations	5,357	5,059	(298)	-5.6
Pueblo West & Other County Areas:				
Management, business, science, and arts occupations	5,887	8,425	2,538	43.1
Service occupations	2,909	5,493	2,584	88.8
Sales and office occupations	4,874	4,717	(157)	-3.2
Natural resources, construction, and maintenance occupations	2,279	2,567	288	12.6
Production, transportation, and material moving occupations	2,606	3,259	653	25.1

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

These patterns are consistent with the existing housing inventory (the vast majority of one- and two-bedroom units being located within the City of Pueblo).

## HOUSING TENURE

Table A-21 summarizes the current and historical number of households by tenure (i.e., owner versus renter) and number of bedrooms occupied in Pueblo County.

The rate of home ownership decreased slightly over the 2000-2019 period, from about 70 percent in 2000 to 67 percent in 2019. This decrease corresponded to stronger growth in renter households which increased by approximately 35

percent between 2000 and 2019.

The make-up of households with respect to the number of bedrooms also shifted. While almost all new household growth since 2000 has been attributable to an increase in single- and two-person households - the occupied housing inventory has shifted in the opposite direction. Housing occupancy for both owners and renters throughout Pueblo County has shifted to larger units with three or more bedrooms.

## WORKFORCE STATUS

Table A-22 summarizes Pueblo County households by number of workers in the household. Sixty-five percent of households in

**Table A-21: Pueblo County Households by Housing Tenure and Number of Bedrooms (2000-2019)**

Tenure	Number of Bedrooms	2000		2019		Change 2000-2019	
		#	% of Total	#	% of Total	#	%
OWNERS	0-1 Bedrooms	1,679	3.1	1,320	2.0	-359	-21.4
	2 Bedrooms	9,805	18.0	9,035	13.7	-770	-7.9
	3 Bedrooms	16,892	30.9	19,584	29.6	2,692	15.9
	4+ Bedrooms	10,058	18.4	14,389	21.8	4,331	43.1
	<b>Total Owners</b>	<b>38,434</b>	<b>70.4</b>	<b>44,328</b>	<b>67.1</b>	<b>5,894</b>	<b>15.3</b>
RENTERS	0-1 Bedrooms	5,782	10.6	6,067	9.2	285	4.9
	2 Bedrooms	6,248	11.4	7,035	10.6	787	12.6
	3 Bedrooms	3,181	5.8	6,930	10.5	3,749	117.9
	4+ Bedrooms	934	1.7	1,751	2.6	817	87.5
	<b>Total Renters</b>	<b>16,145</b>	<b>29.6</b>	<b>21,783</b>	<b>32.9</b>	<b>5,638</b>	<b>34.9</b>

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

**Table A-22: Pueblo County Households by Number of Workers in Household (2019)**

	City of Pueblo		Pueblo West/Other County Areas		Pueblo County Total	
	#	%	#	%	#	%
Non-workforce households	16,092	35.8	7,028	33.2	23,120	35.0
Workforce Households:						
1 worker	17,503	38.9	7,206	34.0	24,709	37.4
2 workers	9,330	20.8	5,588	26.4	14,918	22.6
3+ workers	2,020	4.5	1,344	6.3	3,364	5.1
Subtotal	28,853	64.2	14,138	66.8	42,991	65.0
<i>Average number of workers per household</i>	<i>1.57</i>		<i>1.73</i>		<i>1.62</i>	

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

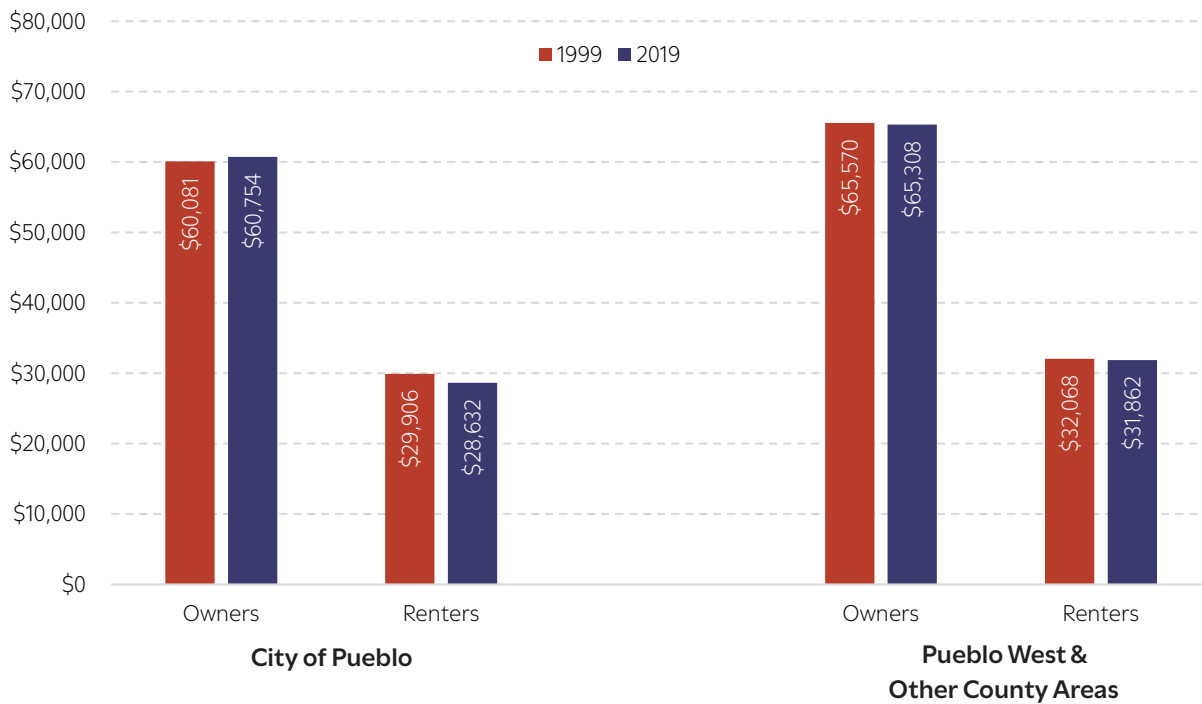
Pueblo County are “workforce households” - meaning the household includes at least one active member of the labor force. About 36 percent of households in the City of Pueblo and 33 percent of households elsewhere in the County do not include any workers. The workforce households in Pueblo County are estimated to include an average of 1.62 workers per household. Pueblo West and other County areas (outside of the City of Pueblo) have a higher number of workers per household at 1.73 compared to 1.57 workers per household for the City of Pueblo.

respectively. For the City of Pueblo, real median household income has grown slightly for owner-occupied households but declined by about four percent for renter-occupied households. Median household income for owner-occupied and renter-occupied households is lower than Countywide median household income at approximately \$60,800 and \$28,600, respectively.

### REAL HOUSEHOLD INCOMES

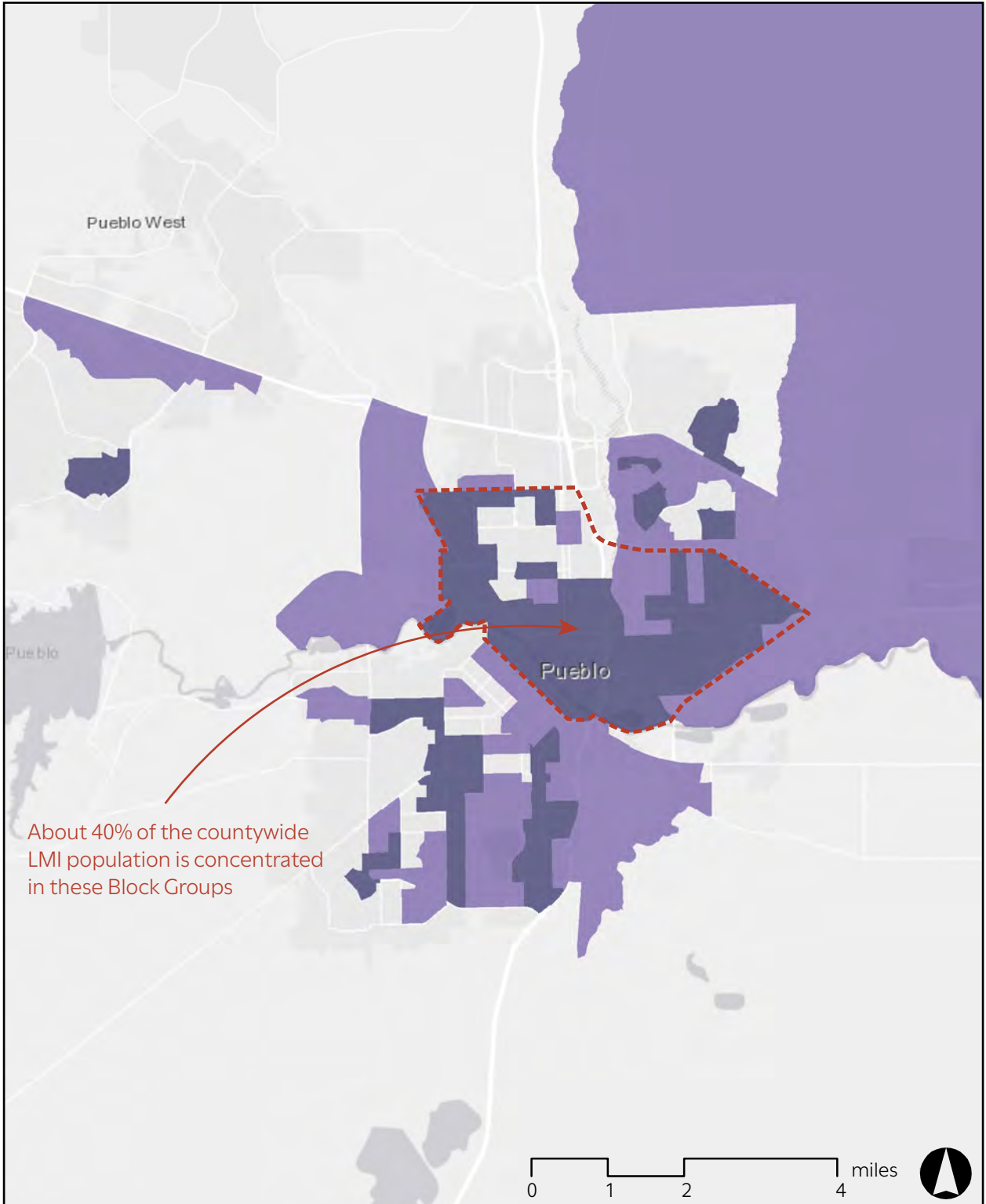
Figure A-15 summarizes median household income (in “real” inflation-adjusted dollars) trends over the past 20 years in Pueblo County. On an inflation-adjusted basis, median household income in Pueblo County has remained constant over a 20-year period. Median household income for owner-occupied and renter-occupied households is approximately \$65,300 and \$31,900,

**Figure A-15: Median Household Income Trends (\$2021) \***



\* Historical median incomes have been adjusted for inflation to current 2021 dollars (as of March 2021), based on the Consumer Price Index for the Denver-Aurora-Lakewood, CO area.

Map A-3: Low- and Moderate-Income Block Groups



**LOW- AND MODERATE-INCOME BLOCK GROUPS**

Percent of the Population Below 80% AMI

- 51.1% to 67%
- 67.1% to 100%

Table A-23 shows how the distribution of households by income is estimated to have changed between 1999 and 2019. On an inflation-adjusted basis, the distribution of households in the City of Pueblo has shifted toward lower incomes. The proportion of households with incomes below \$35,000, for example, is estimated to have increased from about 33 percent in 1999 to about 39 percent by 2019. Conversely, the proportion of higher-income households is estimated to have declined in the City.

For Pueblo West and other County areas, the change in income distribution has been similar in direction though less significant. When adjusted for inflation, the proportion of households with more than \$100,000 of income declined from 14 percent in 1999 to under 12 percent in 2019.

**Table A-23: Change in Distribution of Households by Income in Pueblo County (1999-2019)**

Household Income in 2021 Dollars <sup>1</sup>	City of Pueblo			Pueblo West & Other County Areas		
	1999 %	2019 %	Shift (Pct. Points)	1999 %	2019 %	Shift (Pct. Points)
Less than \$15,000	13.8	16.7	2.9	6.4	6.6	0.1
\$15,000 to \$34,999	19.1	22.5	3.4	11.6	12.5	0.9
\$35,000 to \$49,999	15.0	14.5	(0.5)	11.5	13.5	2.0
\$50,000 to \$74,999	19.7	16.7	(3.0)	19.1	18.8	(0.3)
\$75,000 to \$99,999	11.8	13.4	1.6	16.2	15.1	(1.1)
\$100,000 to \$149,999	12.6	9.5	(3.0)	21.3	21.7	0.5
\$150,000 or more	8.0	6.6	(1.3)	14.0	11.7	(2.2)
Total	100.0	100.0		100.0	100.0	

<sup>1</sup> Historical income brackets have been adjusted for inflation to current 2021 dollars (as of March 2021), based on the Consumer Price Index for the Denver-Aurora-Lakewood, CO area.

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

# Housing Market Interviews

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Appendix B



## Introduction

This section provides a synthesis of the interviews with land developers, home builders, real estate brokers, real estate lenders, public housing and non-profit housing providers, and other knowledgeable individuals about the following:

- Geographic market areas from which households are attracted to locations within the Pueblo County housing market;
- Types of households attracted to housing in Pueblo County;
- Factors influencing housing location decisions;
- Advantages and disadvantages of Pueblo County as a housing location;
- Patterns of development and neighborhood change;
- Types of housing units for which demand is highest or most needed; and
- Factors and policies that discourage the development of housing.

## Geographic Market Areas and Sources of Housing Demand

The geographic market area for housing in Pueblo tends to be more extensive than in the past, particularly for starter homes, because of an increase in the number of two-adult worker households (i.e., “dual income” households) in which the members may be employed in different communities including Colorado Springs or Canon City. In addition, retirees that elect to move from the housing they occupied while they were employed may consider a variety of locations unfettered by the need or preference to locate near places of work. Locations in Pueblo County offer retirees comparatively affordable housing, scenic views, outdoor recreational opportunities, a pleasant climate, and in some cases proximity to children or other relatives.

Baby boomers, some of which are downsizing from larger or older single-family homes, and millennials seeking to purchase their first homes comprise large portions of the demand for new construction, for-sale housing in the Pueblo market. Millennials frequently move from other locations within Colorado to Pueblo County. The desire for more affordable housing is a major factor in the decision to move to Pueblo. One appeal of a Pueblo County location is the ability to obtain a new home for roughly the same cost of a 1970s vintage home in Colorado Springs. Older baby boomer buyers include households from Texas, California, or the Midwest with connections to the military and those that can sell their relatively higher value homes and obtain more space for the cost and outdoor amenities by relocating from out-of-state.

With increases in the cost of housing in Denver and Colorado Springs, Pueblo County has increasingly attracted households seeking more affordable housing. Buyer segments migrating to Pueblo County locations include members of the military associated with Fort Carson near Colorado Springs and households in which one or more adults work in Colorado Springs or elsewhere along the Interstate 25 corridor.

Based on a synthesis of the interviews, some other generalizations that apply to the broad

Pueblo County housing market include:

- Households considering locations within Pueblo West will tend to focus their search within Pueblo West. Households considering Pueblo West tend to move from outside of Pueblo West. An important source of demand for Pueblo West housing units are retirees;
- Two alternative locations that some households considering Pueblo West locations may also consider include the St. Charles Mesa and Blende areas, east of the City in unincorporated Pueblo County. Prices, however, in these locations are higher and fewer lots are available relative to Pueblo West. Housing demand in these areas is largely driven by lifestyle preference and less by relative affordability; and
- Households returning to or moving from within the City of Pueblo tend to select south or north locations, depending upon their family geographic origins; that is “southsiders” tend to opt for neighborhoods in the southern portions of Pueblo, while “northsiders” tend to opt for neighborhoods in the northern parts of the City.

also viewed as comparable neighborhoods.

Comparable submarkets and neighborhoods within the City are largely differentiated by age of housing stock. The four neighborhoods with the highest average price per square foot in 2020 (Sunny Heights, Ridge, Park West, and Southpointe) are each predominately comprised by units built since 2000.

Out-of-town households moving to the City are frequently attracted to housing units in neighborhoods on the periphery of town such as El Camino, Southpointe, and University (e.g., Walking Stick) which are comparable in pricing and housing quality. The City tends to attract more younger-aged buyers than are attracted to Pueblo West. Healthcare professionals associated with the largest employer in Pueblo, Parkview Health System, who typically move from outside Pueblo often choose University (Walking Stick), Aberdeen, or Mesa Junction in the City or Pueblo West.

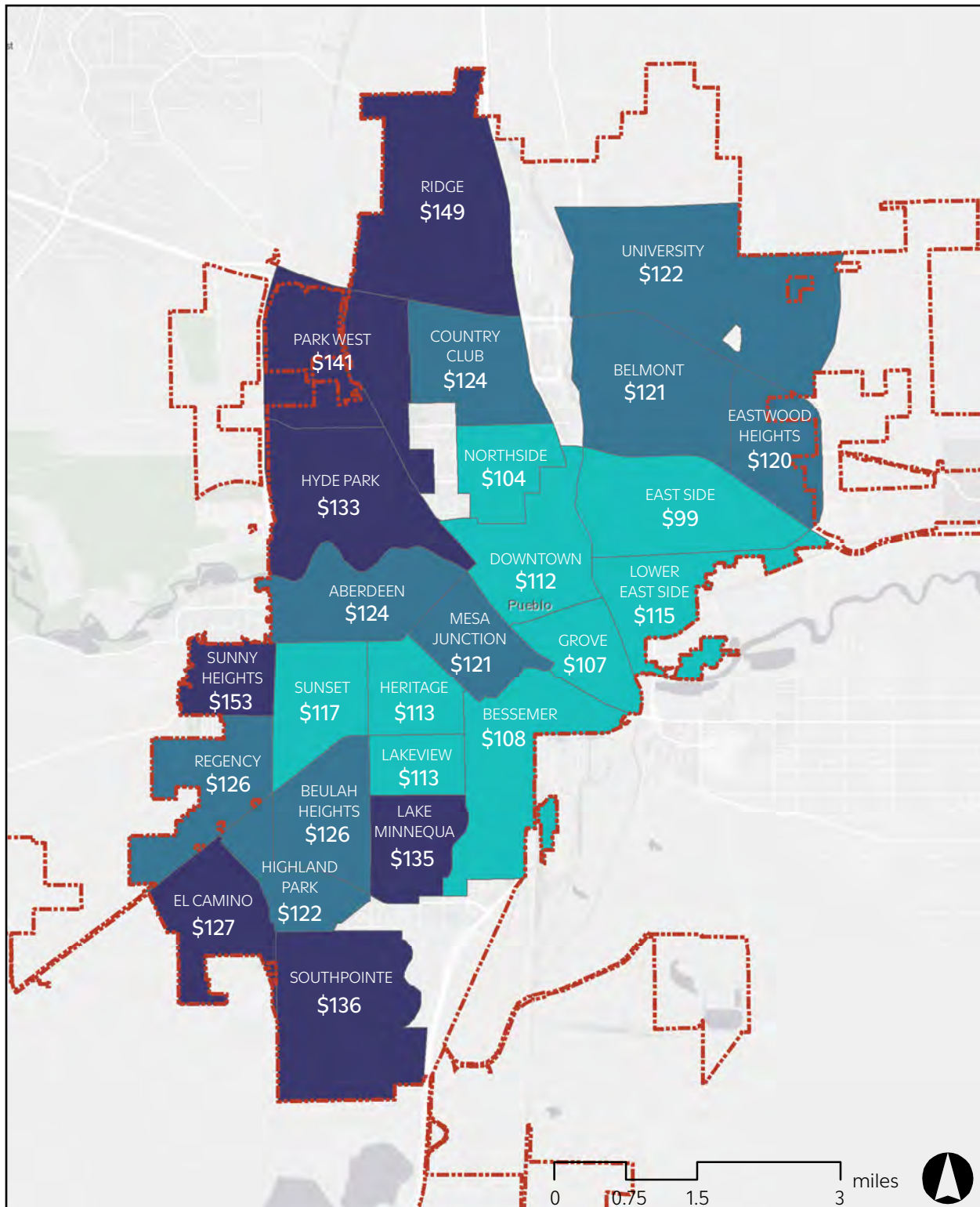
Pueblo West home buyers tend to pay more for housing than buyers of housing in the City. Most existing housing in Pueblo West sells for above \$300,000. More than 85 percent of home sales in the City were priced at \$300,000 or lower (in 2020).

## HOUSING SUBMARKETS WITHIN PUEBLO

Map B-1 summarizes housing prices per square foot for the City’s neighborhoods based on 2020 sales data. Consistent with the sales data analysis, neighborhoods that are viewed as relatively comparable (similar pricing for similar housing units) would include the southside neighborhood Bessemer, the Eastside and Lower Eastside neighborhoods, and the historic Northside neighborhood.

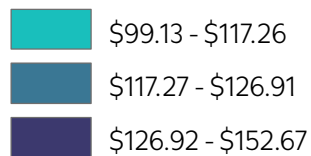
The southside neighborhoods of Regency, Southpointe (Ventana), and El Camino and northside neighborhoods of University and Ridge, although not geographically contiguous, are also viewed as comparable neighborhoods. While Highland Park is on the south side it is comparable to Belmont on the north side. The interviews also suggest that Country Club on the north side and Aberdeen on the south side are

Map B-1: Average Housing Sales Prices by Neighborhood



**2020 AVERAGE SALES PRICES BY NEIGHBORHOOD**

Average Price-Per-Square-Foot for 3- and 4-bedroom homes:



## Factors that Influence Housing Location Decisions and Advantages/Disadvantages of Pueblo County as Housing Location

### PUEBLO WEST & OTHER COUNTY AREAS – ADVANTAGES AND DISADVANTAGES

According to the interviews, the primary advantages of a Pueblo West location (and similar unincorporated County locations) have historically included the following:

- Lower municipal / local taxes;
- Widespread availability of large-lot housing;
- A school district with a positive reputation;
- A perception as a safe and secure location;
- A pleasant climate; and
- Scenic views with excellent access to outdoor recreation (including Lake Pueblo State Park).

Consistent with its status as a Metro District (and not a municipality), the primary disadvantage of a Pueblo West location includes limited public infrastructure and municipal services. Especially with respect to new development, costs to “improve” lots in Pueblo West and other areas of the County are typically higher than would apply in City limits. These costs can reflect higher tap fees, septic systems, and roadway improvement standards. Other disadvantages include relatively few jobs and commercial services available in Pueblo West.

The areas east of the City of Pueblo such as the St. Charles Mesa area in unincorporated Pueblo County also offer large lot housing, with desirable schools, and are perceived as safe and secure - although existing housing is generally less affordable and land/lot development costs are higher for new housing construction.

### CITY OF PUEBLO – ADVANTAGES AND DISADVANTAGES

In addition to the pleasant climate that differentiates Pueblo from areas to its north, advantages of a location within the City of Pueblo also include:

- More affordable existing housing stock than Pueblo West/County locations;
- Excellent accessibility to Interstate 25;
- Readier access to commercial “amenities” from healthcare services to shopping, dining and entertainment;
- Readier access to post high school educational institutions including CSU-Pueblo and Pueblo Community College; and
- A cultural and recreational fabric that is unique and historic – such as the Pueblo Zoo, Arkansas Riverwalk, Downtown, Pueblo City Park.

Primary disadvantages include that the school district serving the City is perceived less favorably than the school district serving the County. Additionally, some neighborhoods in the City are perceived as less safe and secure with higher incidence of crime and social dislocation.

# Patterns of Neighborhood Change and New Development

The interviews indicate that while land prices have not increased to levels that would support or encourage widespread teardown activity (i.e., demolition of existing units and replacement with new construction), many older neighborhoods within the City are experiencing an increase in remodeling and reinvestment activity.

The Aberdeen neighborhood on the City's south side has limited land for infill development but has experienced an uptick in remodeling activity. Near Pueblo Community College, this neighborhood reportedly has a high proportion of "fixer uppers" but is perceived as desirable and safe with access to many recreational amenities. Nearby centrally-located neighborhoods in Pueblo that are frequently referred to as the "Central High School Area" are also reported to be among the most rapidly changing. This includes Mesa Junction and parts of adjoining neighborhoods such as Heritage, Lakeview, and Bessemer. Similarly, subdivisions within

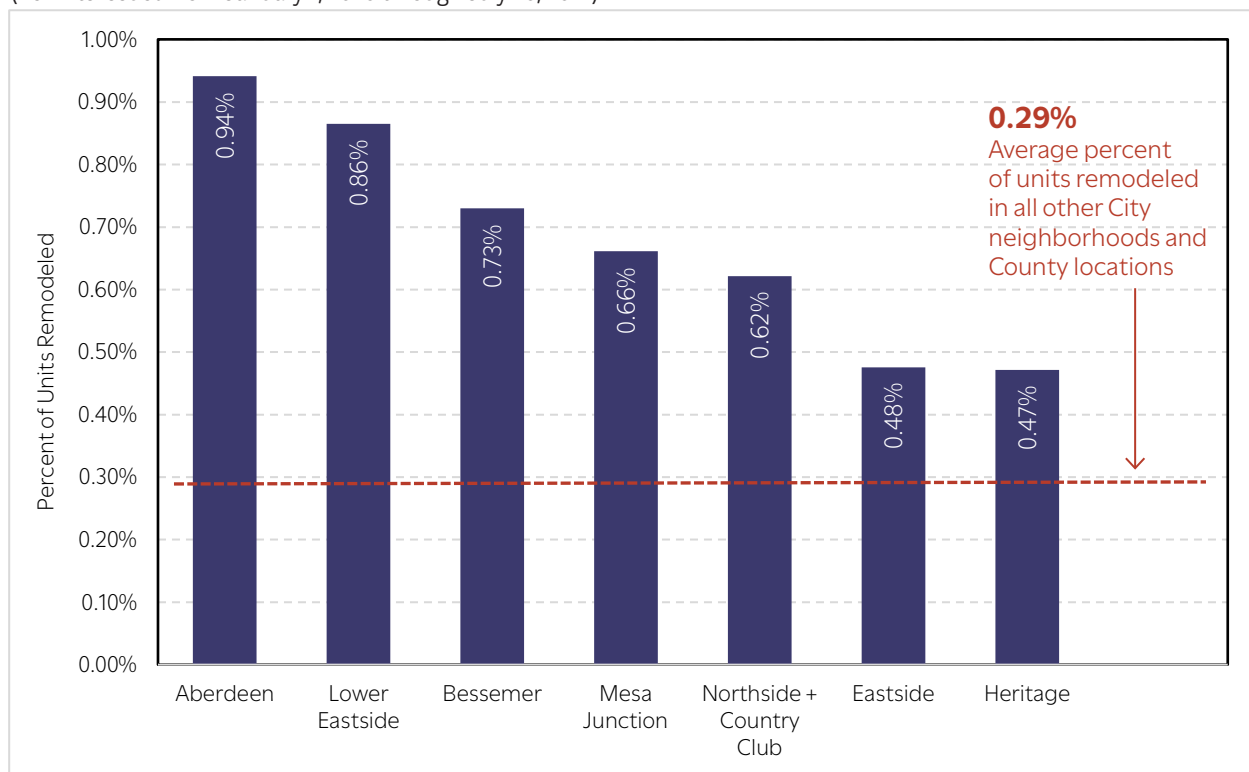
the historic Northside and Country Club neighborhoods just north of Downtown have reportedly experienced increased interest and remodeling of vintage homes built in the early 1900's.

Secondary data obtained from the Pueblo Regional Building Department confirms these trends. Figure B-1 and Map B-2 summarize recent interior remodeling permits by location. The number of interior remodel permits issued since January 1, 2020 is substantially concentrated in the older neighborhoods of the City referenced above.

The interviews also indicate other desirable neighborhoods such as El Camino, Sunset and Beulah Heights on the southside have experienced upticks in remodeling of existing homes and house flipping. In lower-priced neighborhoods such as Eastside and Bessemer, the relocations of existing households and entry of new households, including millennials, from beyond Pueblo have increasingly contributed to homes being converted from rental units to owner-occupied homes. The relatively low prices

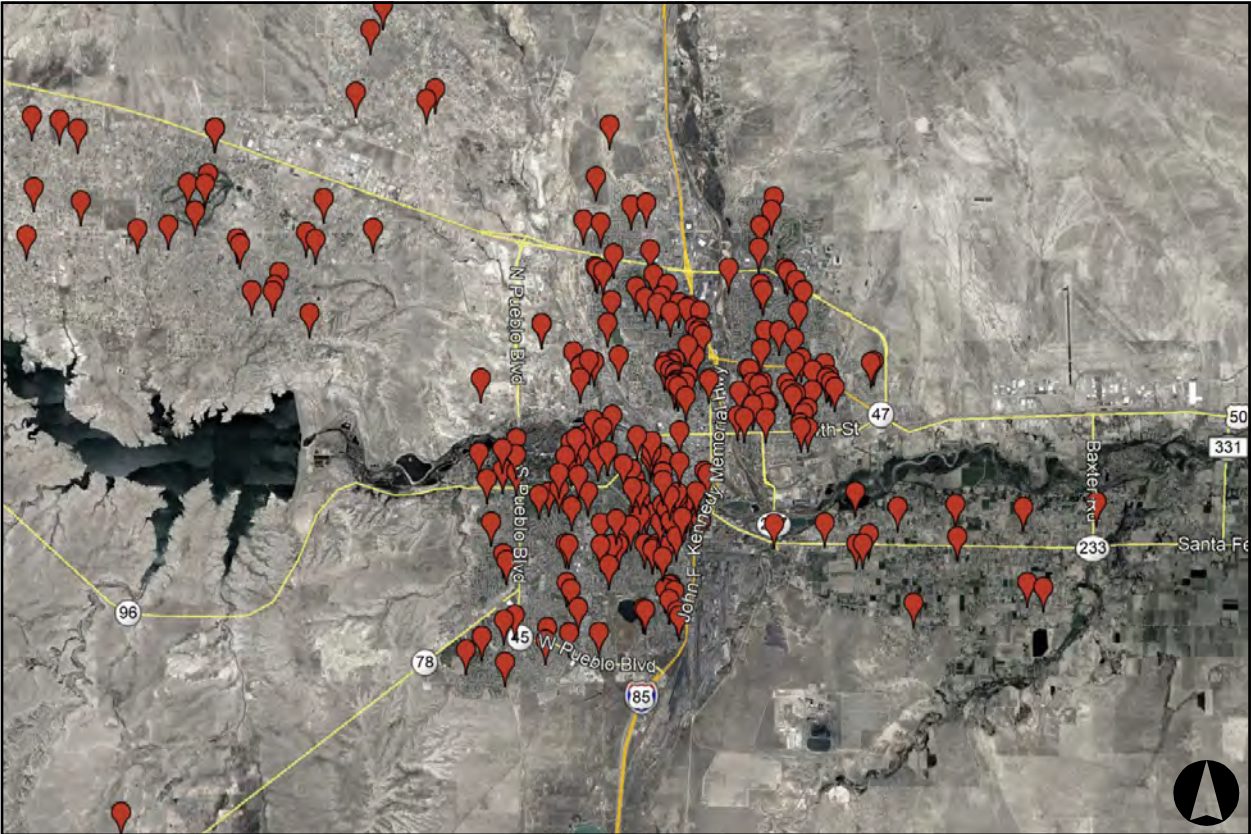
**Figure B-1: Recent Interior Remodel Permits by Neighborhood**

(Permits issued from January 1, 2020 through July 20, 2021)






Map B-2: Location of Interior Remodeling Permits



**RESIDENTIAL INTERIOR REMODELING PERMITS**

 Permit pulled (Jan 1, 2020 - July 20, 2021)

of housing in parts of these neighborhoods makes it feasible to expend the dollars necessary to convert and rehabilitate the residences from rental properties to owner-occupied properties.

**REPEAT HOUSING SALES**

Repeat housing sales during a specified period and geographic area can provide an indication of neighborhood change. The sale of a housing unit with a high amount of price appreciation, over a relatively short period of time, can be a good proxy to identify trends such as a higher incidence of house “flipping” and rental-to-ownership conversions. Table B-1 summarizes sales recorded in the MLS database between 2015 and 2020 located within the City of Pueblo that can be described as: (a) units or homes that sold at least twice within less than two years; and furthermore (b) by a sales price differential (increase) between the two sales that exceeded 50 percent.

About 80 percent of all repeat-sales meeting the criteria were concentrated in nine City neighborhoods. Neighborhoods (as defined by the City of Pueblo) which are generally synonymous with the “Central High School Area” represented about 40 percent of all citywide repeat-sales characterized by high price escalations within a span of less than two years. Other southside neighborhoods including Beulah Heights, Sunset, and Highland Park registered comparatively high frequencies of repeat-sales as well. The secondary data supports the findings drawn from the interviews about which areas are experiencing relatively higher levels of remodeling and related housing investment.

**Table B-1: Repeat Housing Sales in the City of Pueblo (2015-2020)**

<b>Neighborhood</b>	<b>Repeat Sale with Price Increase &gt; 50% in Less than Two Years # Sales</b>	<b>Share of Citywide Repeat Sales %</b>
Bessemer	30	15.9
Beulah Heights	21	11.1
Lakeview	19	10.1
Country Club	19	10.1
Northside	18	9.5
Heritage	13	6.9
Mesa Junction	11	5.8
Sunset	11	5.8
Aberdeen	9	4.8
Highland Park	8	4.2
All Other Neighborhoods	30	15.9
<b>TOTAL</b>	<b>189</b>	<b>100.0</b>
Source: GG+A Analysis of MLS Sales Database		

**FUTURE HOUSING GROWTH/ DEVELOPMENT**

Interviews with a variety of residential brokers, developers, and builders suggest that the northern portions of the City of Pueblo are anticipated to experience relatively greater investment and change related to new housing development. This expectation is principally attributed to housing demand from households working in Colorado Springs, Fort Carson, or elsewhere in the Interstate 25 employment corridor north of Pueblo.

The newer neighborhoods on the City's northside (such as Ridge, North Vista, and University neighborhoods) are thus anticipated to change because of new construction. To capture the preference for households to locate near Interstate 25 on the northside of the City of Pueblo, Richmond American is actively building out more than 140 lots at the Seasons at Crestview Hills and Villa Bella subdivisions. Regional builder Premier Homes is developing an adjoining 100 lots in Crestview Hills. The Landhuis Company, a large land developer and home builder based in Colorado Springs, has reportedly acquired 540 acres of the Villa Bella planned subdivision. Near the Villa Bella subdivision, another developer is reported to have secured entitlements for a 400+ acre

housing development. Further north, the 1,600-acre North Vista Highlands subdivision is entitled for more than 4,500 new housing units and is reportedly attracting interest from national home builders.

Pueblo West is historically where more new lots and single-family homes were created than in the more built-out City of Pueblo. One reason for this focus was Pueblo West had ample lots available at low prices and land development/site work costs were relatively modest. Land costs and infrastructure /site work costs have dramatically increased as fewer finished lots are available for development and health and sanitation requirements have increased to require more than rudimentary septic systems.

The interviews suggest because of infrastructure constraints and increased lot costs and water connection fees, the prices for lots in Pueblo West are becoming comparable or higher than those in the City. This is providing incentives for price sensitive buyers and builders to consider in-City locations.



## Types of Housing Units for Which Demand is Highest or Most Needed

### MARKET RATE HOUSING

Increases in land development and building costs in conjunction with growth in demand for both starter homes and trade down homes suggests that an increasing market opportunity exists for the development of smaller detached single-family homes and attached housing options (e.g., duplexes, townhomes).

Housing products that provide privacy and proximity to essential services and shopping, but fewer maintenance responsibilities, will appeal especially to older age or retiree households. The Bella Vista development (north Pueblo) is an example of relatively small single-family homes designed specifically for the retirement and empty-nester market with features that facilitate aging-in-place. Units currently being built include two or three bedrooms in a ranch style home with about 1,300 to 1,700 square feet of living space. Homes are designed and marketed as “no step” units that significantly appeal to retirees and elderly households seeking to downsize. “Duplex style” townhomes of similar nature are reportedly planned for the first phase of the North Vista Highlands development.

Historically, due to the lot supply overhang and limited new lot development since 2008, land prices have not increased, and home prices have not escalated to levels needed to support the development of smaller single-family homes or townhomes. Buyers have preferred the larger single-family home that was not markedly higher in price to a townhome unit. As land prices and lot development costs increase and sales prices of single-family homes rise, one of the behavioral responses will be a shift to townhomes or smaller lot single-family homes that are more affordable than larger single-family homes.

The build-out in Pueblo West has reached locations not as close to the preferred locations near the Pueblo Reservoir and the west part of Swallows Valley. In addition, infrastructure costs and sitework costs are rising and water

rights limitations constrain development. The interviews suggest a potential relative shift in housing development within the City which has ample land, fewer constraints related to infrastructure/water rights, and superior access to Interstate 25.

In addition, the interviews suggest a shortage of available quality apartment units for those households such as healthcare professionals recruited to Pueblo for employment opportunities, and which may want to get acclimated to the community before deciding on which single-family neighborhood to live or which are not in a life cycle stage to want to occupy single-family housing.

### ASSISTED / AFFORDABLE HOUSING

Interviews with representatives of the Pueblo Housing Authority and multiple non-profit housing organizations indicate because of the high proportion of very low-income, unemployed, or underemployed population, a chronic need for assisted or subsidized housing exists. Due to the growth in single-parent households and increase in the elderly population, a relatively greater need is for below market rate one- to three-bedroom housing units rather than larger bedroom housing units. In addition, the interviews suggest an increasing amount of transitional or support housing is needed to house people afflicted with drug or alcohol addiction or mental health challenges. Interviews suggest single-room occupancy units, or “SRO’s”, are an affordable housing product type that could respond to the need to serve such residents.

In addition, the interviews suggest Downtown restaurants, entertainment and other service providers find it difficult to attract and retain labor especially for the lower skilled positions. Providing workforce housing near the Downtown would potentially assist restaurants and other service providers with recruiting and retaining labor while facilitating sources of labor being able to accept those job opportunities.

## Factors and Policies that Discourage Development of Housing

A variety of factors can constrain new housing production and affect the cost of new housing units. Based on a synthesis of the interviews, the factors and policies perceived to be affecting new housing development in Pueblo include:

- The overhang of finished lots left over from the aftermath of the Great Recession has just finally been worked off. About 3,000 single-family homes were permitted throughout Pueblo County between 2011 and 2021. Many of these units were developed on lots initially entitled or improved prior to the Great Recession of 2008-2010. Costs of land acquisition have begun to increase;
- Raw land supply is plentiful and not generally a constraint to new housing development. Speculative land development, however, has been discouraged by the lot overhang and historically low absorption velocity (especially within City limits). The land entitlement process (ease, certainty, or lack thereof) can also be a major constraint;
- Infrastructure capacity, requirements, and water supply are important considerations. Pueblo Water has ample capacity to serve new growth although the infrastructure/delivery footprint will need to be extended. Other frequently cited constraints relate to roadway, circulation, and other requirements that tend to increase costs and reduce the amount of housing units that can be built on a given land parcel. The perception is that standards can change, or interpretations of standards can vary unexpectedly. Some of the challenge also relates to a pattern of “over planning” for future growth/infrastructure need;
- An extended time in processing entitlements can result in developers missing market opportunities. For example, a developer cited a 103-lot development in north Pueblo for which 18 months was needed to obtain approvals. During the process, costs to

develop the lots increased so that the prices needed for the land increased beyond what the finished home markets would support so the land remained undeveloped until the recent increase in land prices and sales prices of homes that have now made the land development feasible, several years later;

- Part of the reason for undue delays and uncertainties in processing entitlements, approvals and permits reflect a high degree of staff turnover and the lack of institutional knowledge resulting from turnover. During the pandemic, however, the City has implemented digital online plan review and related services that have significantly improved speed of the review process. Many are also hopeful that the “one stop shop” offering City and County permit and review services in a centralized office will provide similar benefits;
- A construction trades labor shortage also presently exists which limits housing production. Especially in Pueblo West, for example, single-family lots are scattered which reduces the potential for construction efficiencies or economies of scale to be realized in creating finished lots and completing vertical construction;
- Construction costs have increased considerably in the past 18 months, most of which relates to materials and not labor; and
- Additional regulatory constraints within the control of the public entities to improve or mitigate relate to policies about design guidelines, the zoning/development code, impact/tap fees, and so forth. Relaxing aesthetic or façade requirements for certain housing products, for example, may help somewhat in producing housing at more “attainable” price points or to improve/encourage greater diversity in new housing construction.

Because regulations increase the marginal cost of construction, both directly through the fees and time costs and indirectly by requiring construction to follow certain forms (lot size and setback requirements, for example, that the

builder may not otherwise adopt) and by creating uncertainty about or added time for project approval, regulations can result in the creation of a smaller and/or more expensive housing stock in a community or region. Therefore, the interviews suggest that the benefits and costs of regulations and processes for entitlements and building permits from time to time be reviewed so particularly onerous requirements or elements of processes can be improved or lightened where appropriate

# Housing Survey Results

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Appendix C

## Introduction

To obtain information and perspective about the current housing patterns, housing costs, and housing preferences of existing Pueblo households, GG+A designed and administered an online housing survey.

With assistance from the Pueblo Triple Aim Corporation and United Way of Pueblo County, the survey was electronically distributed in July to mailing and membership lists associated with the One CommUNITY Pueblo Coalition, Latino Chamber of Commerce of Pueblo, Greater Pueblo Chamber of Commerce, and PEDCO. Approximately 180 completed survey responses were collected from these electronic distributions (email blasts). In early August, a printed flyer was distributed with Pueblo Water bills to notify residential water customers of the housing survey. An additional 285 completed survey responses were collected via this method in the month of August.

A total of 465 completed survey responses were collected during the months of July and August. The survey design did not include any required questions/answers. Therefore, not all survey respondents, including some of the 465 who finished the survey, answered every question. The total number of households that received notification of the survey is unknown (and thus, an overall survey response rate cannot be determined). However, given that the total population of Pueblo County is known, the 465 finished surveys provide a large enough sample to satisfy typical standards for statistical significance.<sup>1</sup>

The following report summarizes the responses and findings drawn from the results of the survey.

### ► Housing Survey Purpose

- ✓ Collect timely data about current housing characteristics and costs
- ✓ Identify relative importance of housing preferences
- ✓ Document housing satisfaction levels
- ✓ Quantify expected housing moves (turnover)
- ✓ Understand type/cost of housing preferred by expected movers
- ✓ Estimate housing turnover demand

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<sup>1</sup> According to *SurveyMonkey*, a population universe of approximately 170,000 (the total population of Pueblo County) would require a minimum “sample size” of 384 people to obtain results with a 95% confidence level and 5% margin of error. The 465 completed surveys are well above the minimum sample size requirement.

## Housing Patterns of Survey Respondents

### CURRENT RESIDENTIAL LOCATION

Figure C-1 summarizes survey respondents by zip code and location within or outside of City of Pueblo municipal limits. About 78 percent, or 360 respondents, currently live within City of Pueblo municipal limits.<sup>2</sup>

Approximately 54 percent of the in-City respondents live in two zip codes (81004 and 81005) that generally correspond to southside neighborhoods of the City. Zip codes corresponding to Downtown and northside neighborhoods of the City (81003 and 81008) represented an additional 31 percent of respondents that live within City limits. The remaining 15 percent of in-City respondents live east of Interstate 25 in the 81001 zip code.

Twenty-two percent or 104 respondents indicated they do not live within City limits (or were unsure). Approximately 70 percent of

respondents living outside of the City of Pueblo are in the 81007 zip code associated with Pueblo West.

The survey sample is generally representative of the countywide population distribution by zip code, as summarized in Table C-1. Zip codes mostly comprised by southside and northside neighborhoods of the City are slightly over-represented.

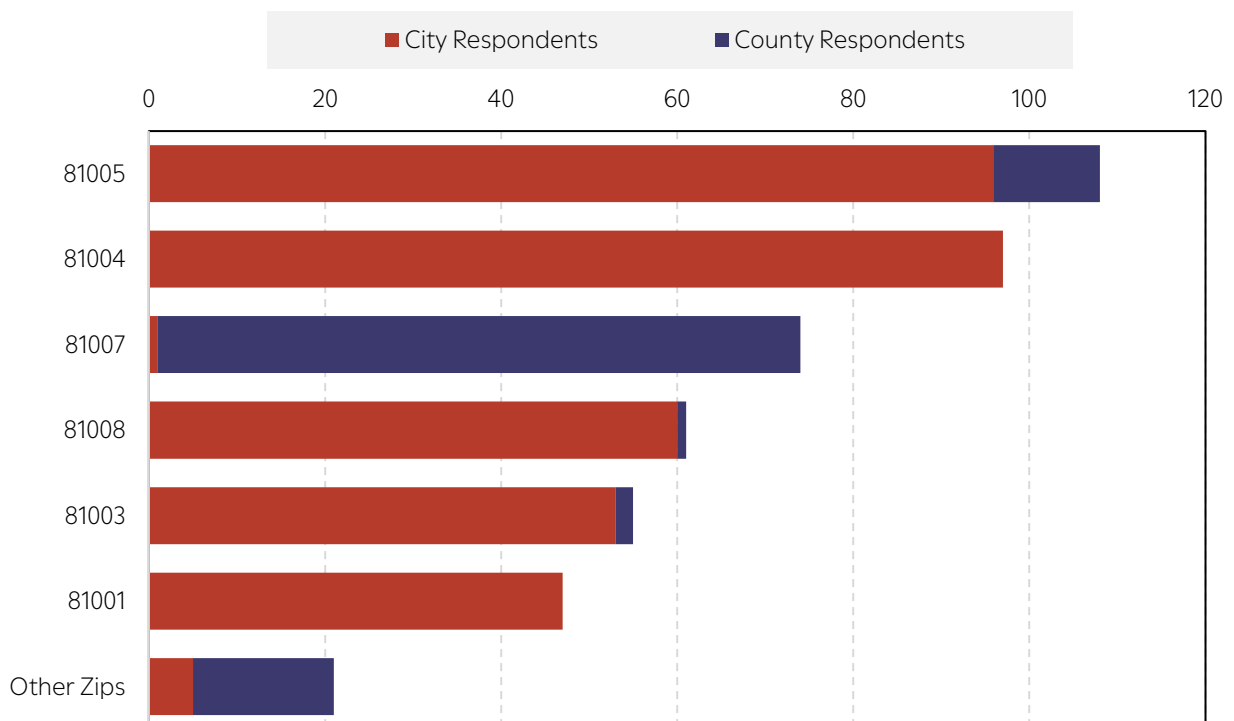
**Table C-1: Geographical Representation**

Zip Code	Total Survey Sample	County Population <sup>1</sup>
81005	23%	19%
81004	21%	16%
81007	16%	19%
81008	13%	8%
81003	12%	9%
81001	10%	18%
Other	5%	11%

<sup>1</sup> 2019 ACS estimates by zip code.  
Source: Gruen Gruen + Associates

<sup>2</sup> As of 2019, the City of Pueblo included about 68 percent of all households in Pueblo County.

**Figure C-1: Survey Respondents by Zip Code**



**Table C-2: Housing Tenure by Type of Housing Unit**

	Owners		Renters		Total	
	#	%	#	%	#	%
Detached single-family	380	94.8	40	65.6	420	90.9
Attached single-family	15	3.7	9	14.8	24	5.2
Multi-family	1	0.2	10	16.4	11	2.4
Other	5	1.2	2	3.3	7	1.5
Total	401	100.0	61	100.0	462	100.0

Source: Gruen Gruen + Associates

**TYPES OF HOUSING UNITS IN WHICH RESPONDENTS LIVE**

Table C-2 shows that 91 percent of all respondents live in detached single-family housing units.<sup>3</sup> Another eight percent live in attached single-family housing or multi-family housing units.

About 95 percent of all owners live in a detached single-family unit, while nearly two-thirds of all renters also live in a detached single-family unit. About four percent of owners and 15 percent of renters live in attached single-family units (e.g., Townhomes, Duplexes). Responses for “other” types of housing units include a mobile homeowner and a few respondents who misunderstood the question and described their current housing arrangements, such as living with family or parents or renting a bedroom in someone’s house, etc.

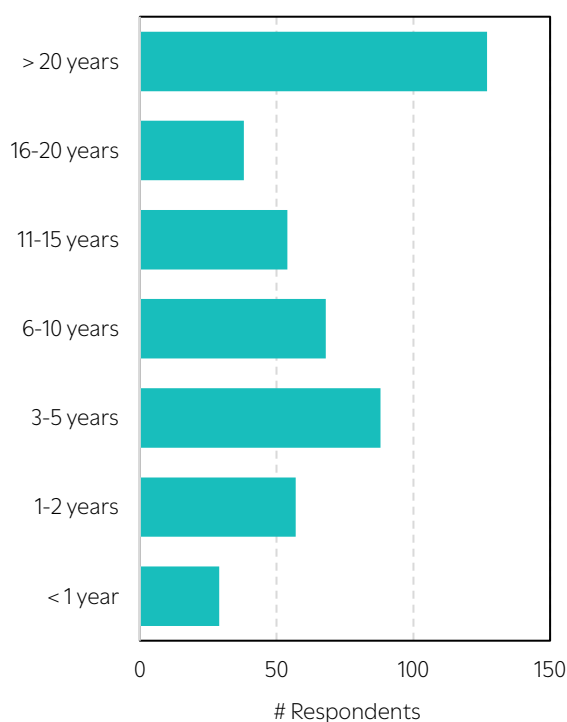
**HOUSING TENURE**

Eighty-seven percent (87%) of all survey respondents own their housing unit.<sup>4</sup> Sixty-one (61) respondents or 13 percent rent their housing unit. Approximately three-quarters of the rental household respondents live within the City of Pueblo.

**LENGTH OF TIME IN CURRENT HOUSING UNIT**

Figure C-2 shows that approximately 19 percent of respondents have lived in their current housing unit for less than three years. Another 19 percent have lived in their unit for three to five years. Approximately 27 percent of respondents have lived in their current housing for six to 20 years, and 28 percent have lived in their current unit for more than 20 years.

**Figure C-2: Respondents by Length of Tenure in Current Housing**



<sup>3</sup> Detached single-family units are estimated to comprise about 76 percent of the existing countywide housing inventory.

<sup>4</sup> The rate of home ownership in Pueblo County is about 67 percent.



## PRIOR RESIDENTIAL LOCATIONS

One question of the survey asked respondents to identify where they lived prior to their current residence. Results, summarized in Table C-3, identify the geographic composition of housing moves in Pueblo. Approximately 69 percent or 316 respondents previously lived somewhere else in Pueblo County prior to their current housing location. Respondents that moved to their current residence from “Outside of Colorado” represented the second highest frequency; 62 responses or about 13 percent of total. About nine percent of respondents previously lived in the Colorado Springs or Metro Denver areas. An additional nine percent lived elsewhere in Colorado.

Figure C-3 summarizes a cross-tabulation of two survey variables: length of time in current housing unit by prior residential location. The results confirm housing market interviews indicating that the geographic market area for housing in Pueblo has expanded with increasing “non local” demand attributable to migrants relocating from out of state, Colorado Springs, and Denver.

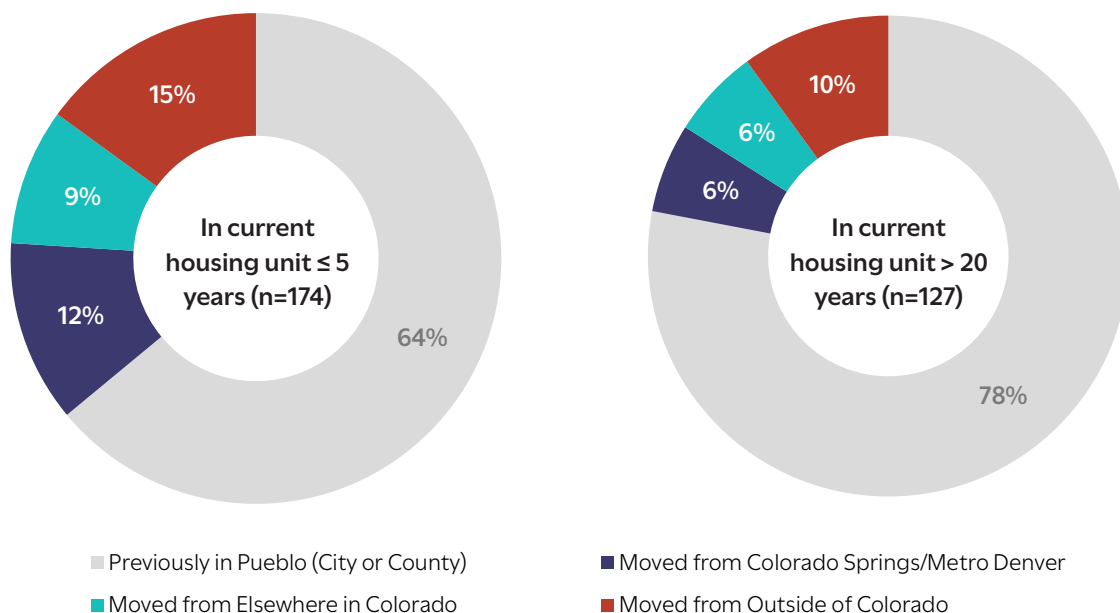
Survey respondents that have lived in their current housing for five years or less are much more likely to have previously lived outside of Pueblo County than those who moved into their current housing more than 20 years ago.

**Table C-3: Respondents’ Prior Residential Location**

	Number #	Percent of Respondents %
Somewhere else in Pueblo or Pueblo County	316	68.5
Colorado Springs or Metro Denver areas	40	8.7
Elsewhere in Colorado	43	9.3
Outside of Colorado	62	13.4
Total	461	100.0

Source: Gruen Gruen + Associates

**Figure C-3: Length of Time in Current Housing Unit by Prior Residential Location**



## NUMBER OF BEDROOMS

Figure C-4 summarizes the housing tenure of respondents by number of bedrooms in their housing unit.

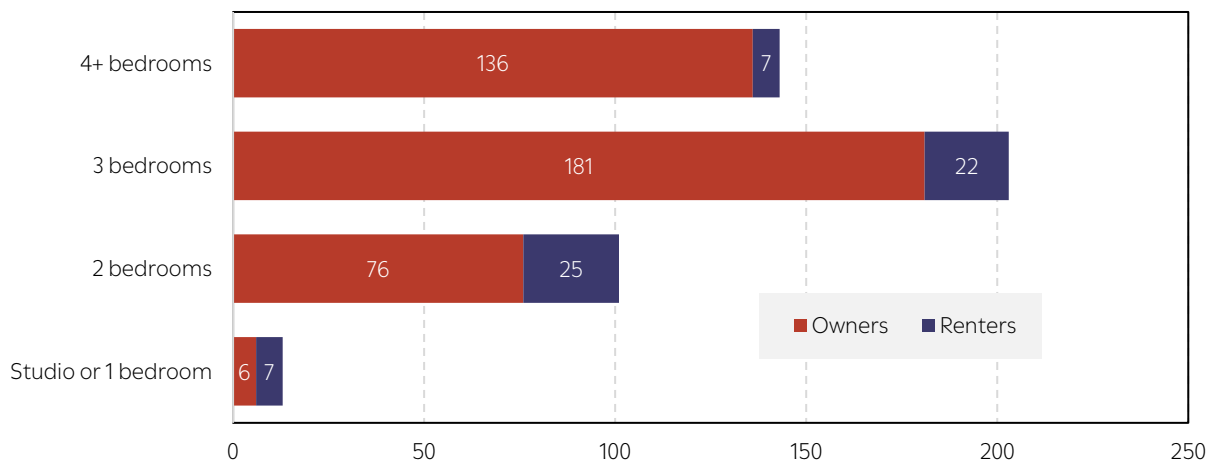
More than 200 respondents, or approximately 44 percent of all respondents, live in three-bedroom units. About 31 percent of respondents live in larger units with four or more bedrooms. Less than 25 percent of all respondents live in smaller one- or two-bedroom units. Approximately 53 percent of current renters live in units with one or two bedrooms. The preponderance of current owners (almost 80 percent) live in units with at least three bedrooms.

## MONTHLY HOUSING COSTS

Each of the respondents was asked, "Approximately how much are your total monthly housing costs, including utilities, insurance, mortgage and property tax or rental payments?" Table C-4 summarizes current monthly housing costs by housing tenure.

The majority or 51 percent of all respondents have housing costs that exceed \$1,250 per month. About one-third of respondents spend less than \$1,000 per month on housing. Assuming a normal response distribution within each price bracket, the average monthly cost for owners and renters is about \$1,400 and \$1,300, respectively.

**Figure C-4: Housing Tenure by Number of Bedrooms in Unit**



**Table C-4: Monthly Housing Costs by Housing Tenure**

	Owners		Renters		Total	
	#	%	#	%	#	%
Less than \$500	37	9.4	3	4.9	40	8.8
\$500-\$799	58	14.8	9	14.8	67	14.8
\$800-\$999	33	8.4	12	19.7	45	9.9
\$1,000-\$1,249	58	14.8	11	18.0	69	15.2
\$1,250-\$1,499	50	12.8	9	14.8	59	13.0
\$1,500-\$1,999	70	17.9	8	13.1	78	17.2
\$2,000-\$2,499	43	11.0	6	9.8	49	10.8
\$2,500 or more	43	11.0	3	4.9	46	10.2
TOTAL	392	100.0	61	100.0	453	100.0

Source: Gruen Gruen + Associates

## Housing Satisfaction and Quality

### SATISFACTION WITH CURRENT HOUSING SITUATION

Table C-5 summarizes differences in housing satisfaction among renters and owners. About 83 percent of all respondents are either very or somewhat satisfied with their current housing situation. Another eight percent are neutral on their current housing situation. Eight (8) percent are somewhat unsatisfied or very unsatisfied with their current housing situation.

Renters are less likely to be “very satisfied” with their current housing and much more likely to be very unsatisfied. While 65 percent of all owners are very satisfied, only 25 percent of renters are very satisfied. Similarly, a much higher proportion of renters are very unsatisfied with the current housing situation. Among the 17 respondents indicating they are very unsatisfied, 12 of them are renters.

### PHYSICAL HOUSING CONDITION

Respondents were asked to qualitatively describe the physical condition of their housing unit.

Only four respondents (less than one percent) indicated the condition of their unit as “Poor.” Similar to housing satisfaction, existing owners describe the physical condition of their housing units more positively. The majority or 71 percent of owners describe the physical condition of their units as excellent or above average, with less than five percent of owners indicating their units are below average. This compares to nearly 25 percent of renters that describe their units as below average or poor. Among renters, the largest frequency of response was for units in “average” condition.

Every respondent, irrespective of housing tenure, indicated their units include working plumbing and bathroom facilities. Two renters indicated their units did not have a working stove

**Table C-5: Satisfaction with Current Housing Situation**

	Owners		Renters		Total	
	#	%	#	%	#	%
Very satisfied	259	64.6	15	24.6	274	59.3
Somewhat satisfied	94	23.4	16	26.2	110	23.8
Neutral	26	6.5	13	21.3	39	8.4
Somewhat unsatisfied	17	4.2	5	8.2	22	4.8
Very unsatisfied	5	1.2	12	19.7	17	3.7
Total	401	100.0	61	100.0	462	100.0

Source: Gruen Gruen + Associates

**Table C-6: Respondents by Physical Housing Condition**

	Owners		Renters		Total	
	#	%	#	%	#	%
Excellent	116	29.1	5	8.2	121	26.4
Above Average	166	41.7	15	24.6	181	39.4
Average	99	24.9	26	42.6	125	27.2
Below Average	15	3.8	13	21.3	28	6.1
Poor	2	0.5	2	3.3	4	0.9
Total	398	100.0	61	100.0	459	100.0

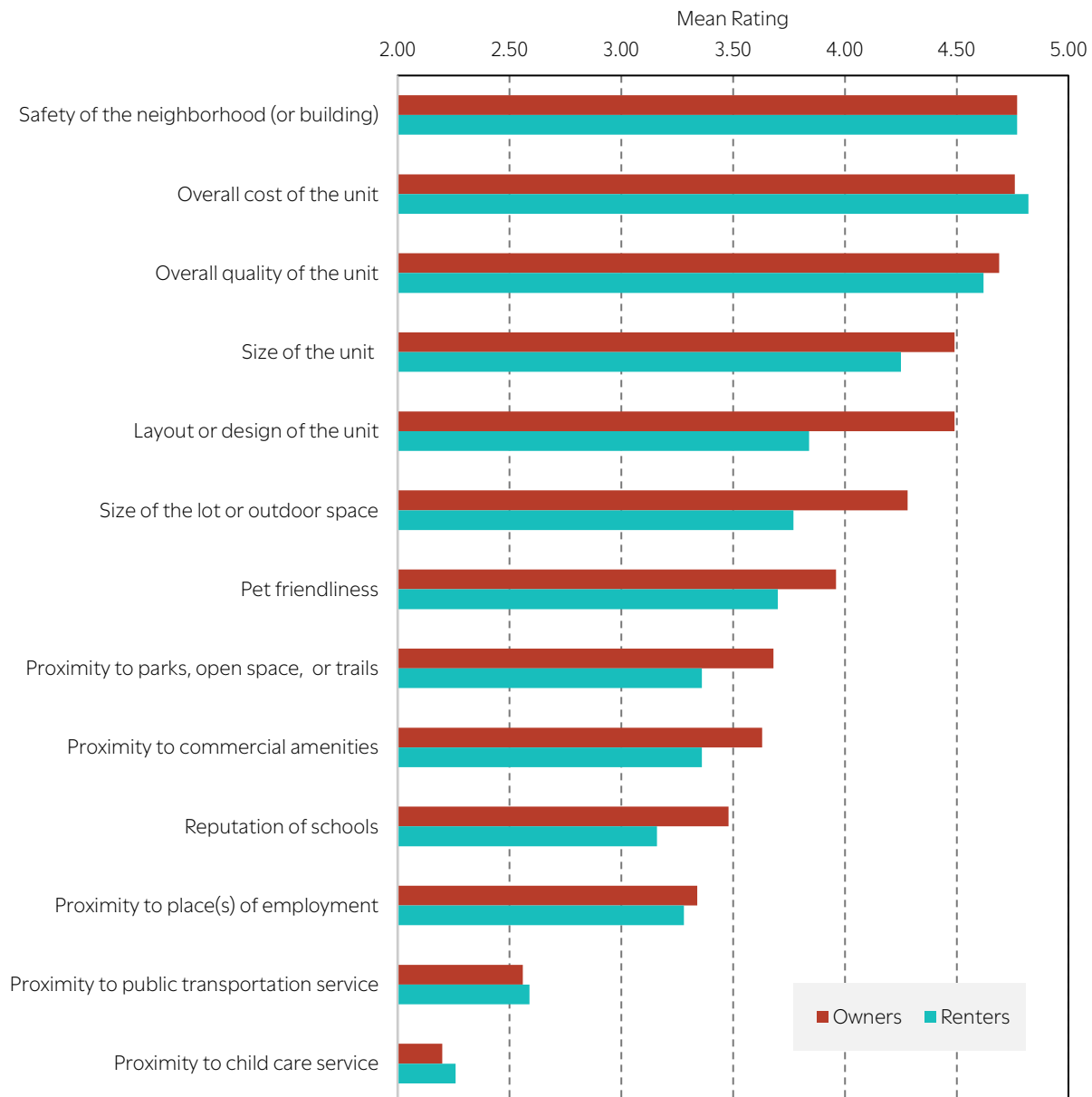
Source: Gruen Gruen + Associates

and refrigerator. However, many respondents indicated their current housing units do not include Broadband (high-speed) internet service. Approximately 10 percent of homeowners are without Broadband service. Almost 38 percent of renters indicated their units lack Broadband service.

## Housing Selection Factors

One purpose for conducting the survey was to identify factors that are most important to the housing decisions of existing residents. One question contained a list of housing preference factors. Each respondent was asked to rate each of the factors on a scale of 1 to 5 as to their overall importance to the respondent's housing choice. Figure C-5 summarizes the mean ratings for the housing preference factors, with a score of 5 signifying the most important and a score of 1 being the least important.

**Figure C-5: Mean Ratings of Housing Selection Factors**



The most important factor influencing housing choice is “safety of the neighborhood or building.” With near equal importance, the second highest rated factor is the overall cost of the housing unit. The quality of unit given its price was the third highest rated factor. These were the three most important factors for both owners and renters.

Size of the unit and “layout or design” are both factors that scored more highly than “size of the lot or outdoor space.”

“Pet friendliness”, proximity to parks or open space, and proximity to commercial amenities both rated more highly than reputation of schools (a result corresponding to most respondents that do not have school-aged children at home).

Among owners, proximity to recreational and commercial amenities are more important than proximity to places of employment or services such as child care and public transportation. Among renters, proximity to place of employment was rated similarly as proximity to recreational and commercial amenities.

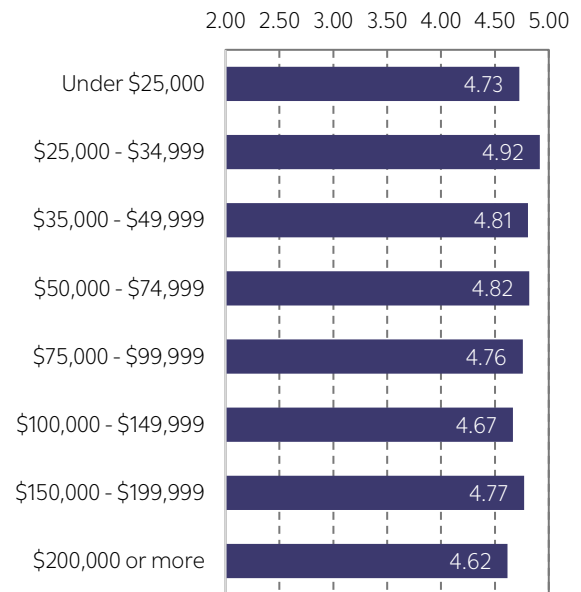
Other than safety of the neighborhood, none of the factors related to location scored as highly as those associated with the cost or physical attributes of housing units.

### IMPORTANCE OF OVERALL HOUSING COST BY HOUSEHOLD INCOME

Figure C-6 summarizes the mean ratings for “overall cost of the unit” by household income bracket.

While the importance of housing cost tends to decline (slightly) among higher-income households, as would be expected, the survey results suggest that overall cost is a very important factor in the housing selection decisions of existing Pueblo households irrespective of income. Overall housing cost was rated similarly, for example, among two very different income groups - households earning more than \$150,000 per year and less than \$50,000 per year.

**Figure C-6: Mean Ratings of Overall Housing Cost**



### IMPORTANCE OF LOT SIZE BY AGE OF HOMEOWNER

The “size of the lot or outdoor space” rated as the sixth most important housing selection factor among existing homeowners. About 45 percent indicated that lot size was a “very important” factor in their housing selection.

This factor is relatively less important to younger and older survey respondents. Less than 36 percent of homeowners under the age of 35 rated the size of the lot or outdoor space as very important. Approximately 38 percent of elderly homeowners (age 75 or older) rated lot size as very important. By comparison, about 50 percent of all homeowners between the age 35 to 64 rated lot size as very important.

Especially within the “first home and last home” segments of the local housing market (e.g., starter homes), the survey results indicate that homeowners will trade-off smaller lots for lower overall housing cost.

# Plans to Move and Type/Cost of Housing Preferred

Table C-7 shows respondents' plans to move from their current housing unit. Approximately seven percent of all respondents plan to move within the next year. An additional 11 percent of respondents plan to move within the next one to three years and additional nine percent plan to move within three to five years.

Renters plan to move at a far higher rate than owners. More than 65 percent of all renters plan to move within the next five years while only 21 percent of owners plan to move within five years.

## REASONS FOR MOVING AWAY

Approximately 51 percent of owners that expect to move within the next five years are considering or planning to move away from the Pueblo region. Reasons for homeowners considering a move away from Pueblo most frequently included (1) low wages, (2) lack of employment, and (3) overall cost of living. Lack of affordable housing was the fourth most frequent response among existing homeowners. Other responses mostly cited concerns about public safety or quality of schools, as well as reasons unrelated to Pueblo (i.e., to be near family or aging parents).

Among renters that expect to move housing units within five years, 60 percent plan to remain in the Pueblo area. Renters that are considering leaving the region most frequently cited a (1) lack of affordable housing, (2) low wages and (3) overall cost of living as reasons to leave. Similar

to homeowners considering a move, other responses mostly emphasized family reasons (unrelated to Pueblo) or concerns about crime and public safety.

## NUMBER OF BEDROOMS PREFERRED

Among renters that expect to move in the next five years, about 43 percent would prefer more bedrooms while 57 percent would prefer the same or fewer bedrooms. Only 26 percent of owners that expect to move in the next five years would prefer a unit with more bedrooms. About 49 percent of owners would prefer the same number of bedrooms and 26 percent would prefer to downsize into a unit with fewer bedrooms.

Figure C-7 summarizes the preferred changes in housing unit size (number of bedrooms) among the respondents that expect to move within the next five years. The results are categorized by the number of bedrooms currently occupied by the respondent.

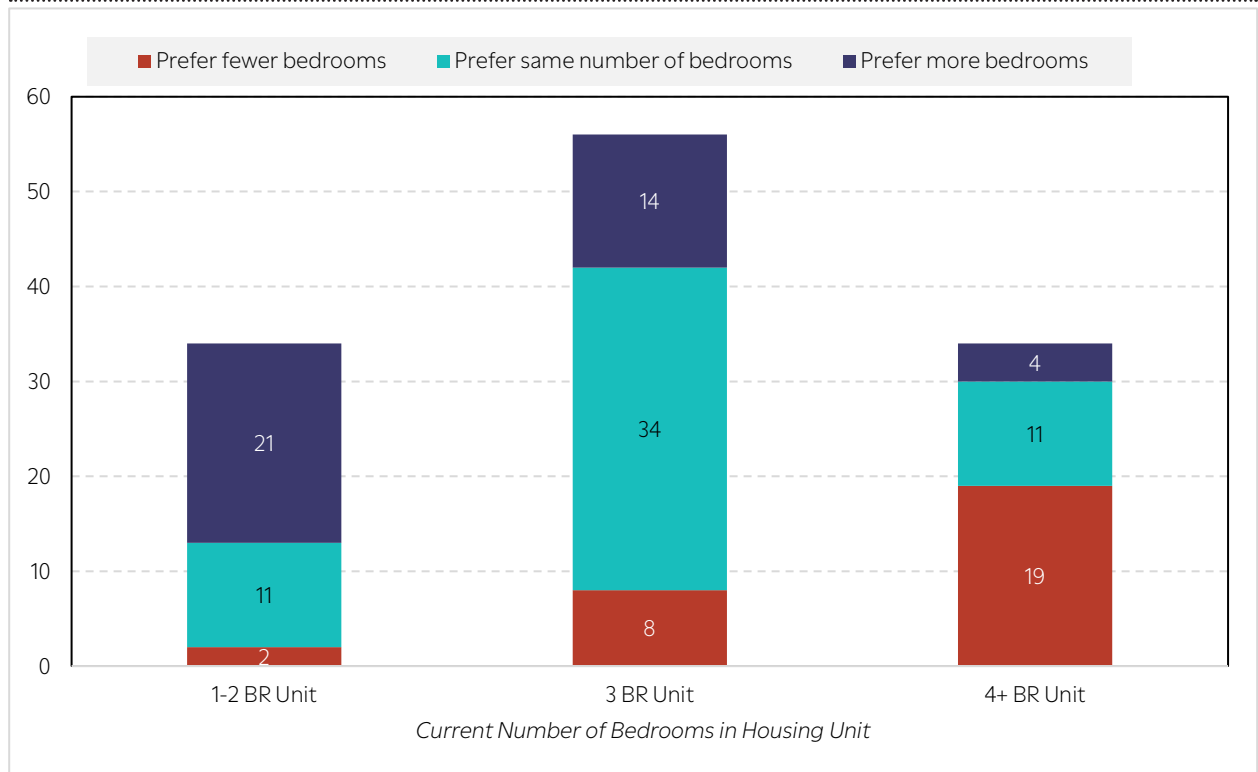
Respondents that currently live in a housing unit with one or two bedrooms will generally seek larger units when they move. Approximately 62 percent would prefer a unit with more bedrooms.

The majority (61%) of respondents that currently live in a unit with three bedrooms would prefer a new unit with the same number of bedrooms.

**Table C-7: Plans to Move from Current Residence**

	Owners		Renters		Total	
	#	%	#	%	#	%
Within the next year	15	3.8	17	27.9	32	7.0
Within 1-3 years	31	7.8	21	34.4	52	11.3
Within 3-5 years	39	9.8	2	3.3	41	8.9
No plans to move in 5 years	314	78.7	21	34.4	335	72.8
Total	399	100.0	61	100.0	460	100.0

Source: Gruen Gruen + Associates

**Figure C-7: Preferred Changes in Housing Unit Size Among Expected Movers**

Respondents that currently live in a unit with at least four bedrooms indicate the highest propensity to “downsize.” About 56 percent of those expecting to move within five years would prefer a unit with fewer bedrooms.

### TENURE PREFERENCE

About 73 percent of renters that plan to move within the next five years would prefer to own their next housing unit. However, more than 85 percent of current renters that would prefer to own their next unit indicate the “maximum amount” they have for a down payment on a new home purchase is less than \$20,000.

More than 98 percent of respondents that currently own housing would prefer to remain owners, indicating moves among existing homeowners are not likely to represent a source of demand for rental units in Pueblo.



**Table C-8: Maximum Monthly Housing Costs that Respondents Can Afford to Spend on Different Housing**

	Owners		Renters		Total	
	#	%	#	%	#	%
Less than \$500	4	5.0	1	2.5	5	4.2
\$500-\$799	6	7.5	4	10.0	10	8.3
\$800-\$999	8	10.0	13	32.5	21	17.5
\$1,000-\$1,249	23	28.8	13	32.5	36	30.0
\$1,250-\$1,499	11	13.8	5	12.5	16	13.3
\$1,500-\$1,999	10	12.5	2	5.0	12	10.0
\$2,000-\$2,499	9	11.3	0	0.0	9	7.5
\$2,500 or more	9	11.3	2	5.0	11	9.2
Total	80	100.0	40	100.0	120	100.0

Source: Gruen Gruen + Associates

**MAXIMUM AMOUNT RESPONDENTS CAN AFFORD TO SPEND ON HOUSING**

Table C-8 shows the maximum monthly housing costs respondents indicated they could afford to spend on a different housing unit. (Respondents with no plans to change housing in the next five years were not asked this question).

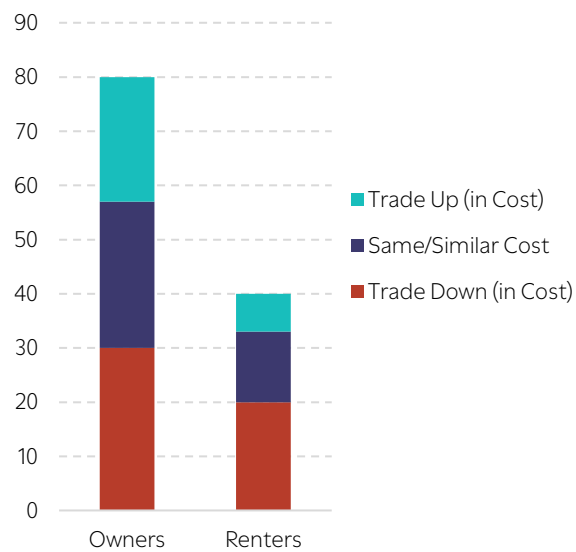
Among all respondents that plan to move within the next five years, the majority or approximately 61 percent indicate they can afford maximum housing costs that range from \$800 to \$1,499 per month. Only 38 percent of all survey respondents have current housing costs that range from \$800 to \$1,499 per month, suggesting that many “plans to move” may be highly driven by a desire to secure more affordable housing.

Approximately 78 percent of existing renters that plan to move indicate they cannot afford housing costs that exceed \$1,250 monthly. A similarly high share of existing owners (about 65 percent) indicate they cannot afford housing costs that exceed \$1,500 monthly.

Approximately 27 percent of all respondents that plan to move indicate they can afford higher-priced housing with monthly costs exceeding \$1,500. This compares to about 38 percent of all survey respondents which have current housing costs (for their existing housing units) that exceed \$1,500 monthly, indicating that households already occupying higher-priced housing inventory are somewhat less likely to move in the next five years.

Figure C-8 summarizes trade-up and trade-down moves (in terms of monthly housing cost) among respondents that anticipate changing housing units in the next five years.

**Figure C-8: Number of Respondents that Expect to Trade Up or Down in Monthly Housing Cost**



One-third of all respondents anticipate moving to a different housing unit with a “maximum monthly cost” that is similar (within the same price bracket) to their current housing costs. The majority of respondents within this category would prefer a unit with the same or fewer bedrooms, suggesting these housing moves are likely to be associated with changes in unit size,

layout or location.

About 42 percent of all expected moves within five years are associated with a trade-down in monthly housing cost. These housing moves are more likely associated with affordability, especially among existing renters.

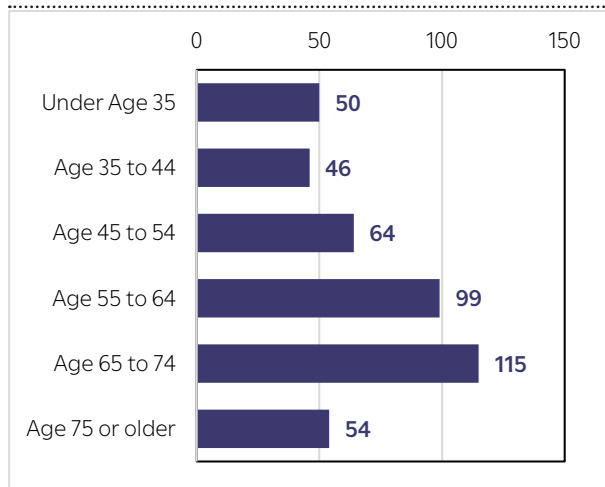
The smallest though significant type of expected housing move can be categorized as a trade-up in housing cost, representing 25 percent of respondents that anticipate moving within five years. Eighty percent (80%) of these housing moves are from respondents that would prefer a housing unit with the same number or more bedrooms. This implies that most trade-up moves will be driven by households seeking more or a different quality/location of space.

# Demographic, Household, Employment, and Socio-Economic Characteristics of Survey Respondents

## AGE AND GENDER

As shown on Figure C-9, respondents under the age of 35 made-up about 12 percent of all responses. Those between the age of 35 and 54 comprised an additional 26 percent of the response. Respondents between the age of 55 and 74 represented 50 percent of all responses. Respondents aged 75 or older comprised an additional 13 percent.<sup>5</sup>

**Figure C-9: Number of Respondents by Age**



Approximately 60 percent of all respondents identified their gender as female with males comprising the remainder (40 percent).

## HOUSEHOLD COMPOSITION

The majority (65 percent) of respondents are married or partnered while 35 percent of respondents are single.

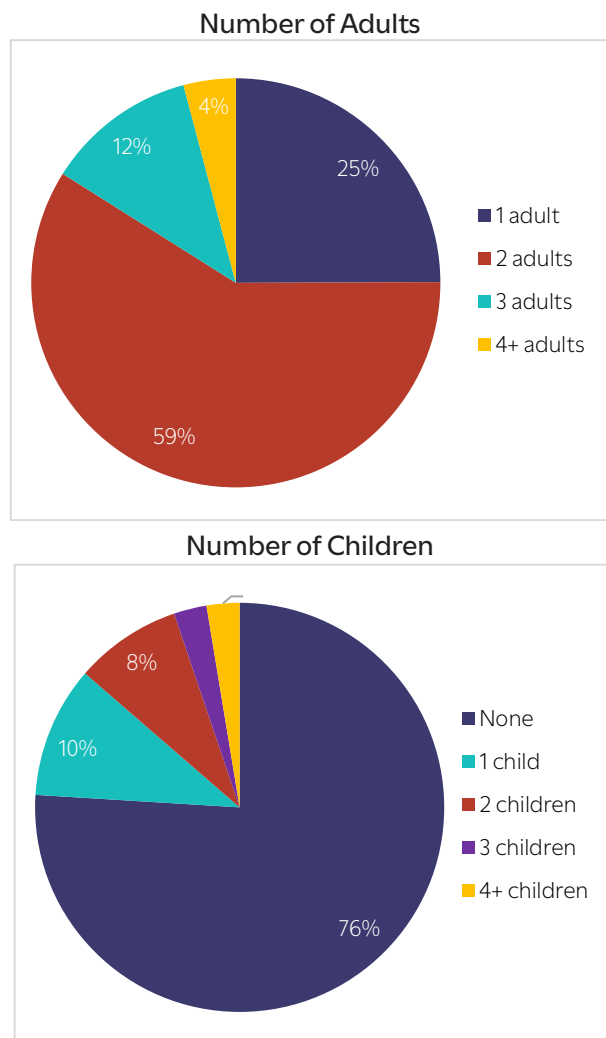
Slightly less than 25 percent of households have one adult member. Fifty-nine percent of households include two adult members, while 16

percent of households have three or more adult members.

About 76 percent of respondents do not have children under the age of 18 living at home. About 10 percent of respondents have one child while nearly 14 percent of respondents have multiple children living in their household.<sup>6</sup>

The average household size of survey respondents is approximately 2.4 persons.<sup>7</sup> About 22 percent of all respondents are single-person households. Another 47 percent live in a two-person household and 13 percent in a three-

**Figure C-10: Respondents by Number of Adults and Children in Household**



<sup>5</sup> Respondents over the age of 65 are over-represented in the sample (relative to the adult population of Pueblo County).

<sup>6</sup> About 30 percent of all households in Pueblo County are estimated to have children at home.

<sup>7</sup> The average household size throughout Pueblo County is approximately 2.5 persons.

person household. Approximately 18 percent of respondents live in larger households with at least four persons.

### HOUSEHOLD INCOME DISTRIBUTION

Table C-9 shows the gross 2020 household income reported by respondents.<sup>8</sup>

Approximately 38 percent of respondents had a 2020 gross household income of below \$50,000. Approximately 31 percent of respondents reported a 2020 income ranging from \$50,000 to \$99,999. An additional 31 percent of respondents at 35 percent reported 2020 incomes exceeding \$100,000.

<sup>8</sup> The survey response is over-representative of higher income households. Only 22 percent of respondents indicated a gross household income of below \$35,000. More than 30 percent of all households in Pueblo County are estimated to have incomes below \$35,000.

### EMPLOYMENT STATUS

Respondents were asked to identify the number of adults in their household that are employed either full-time or part-time. Table C-10 provides a summary of respondents' households when categorized by the number of employed adults.

Approximately 27 percent of all respondent households contain two or three adults that are employed on a full-time basis. Approximately 32 percent of all respondent households contain one adult member that is employed full-time. Nearly 30 percent of respondent households do not include any adults which are employed.

**Table C-9: Respondent's 2020 Gross Household Income**

	Number #	Percent of Respondents %
Under \$25,000	45	10.5
\$25,000 - \$34,999	49	11.4
\$35,000 - \$49,999	68	15.8
\$50,000 - \$74,999	72	16.7
\$75,000 - \$99,999	63	14.7
\$100,000 - \$149,999	72	16.7
\$150,000 - \$199,999	35	8.1
\$200,000 or more	26	6.0
Total	430	100.0

Source: Gruen Gruen + Associates

**Table C-10: Number of Employed Adults in Respondent's Household**

	Number #	Percent of Respondents %
Three or more adults employed full-time	17	3.7
Two adults employed full-time	108	23.3
Two adults employed full-time; plus 1-2 adults employed part-time	18	3.9
One adult employed full-time; plus 1-2 adults employed part-time	35	7.6
One adult employed full-time; no adults employed part-time	111	24.0
No adults employed full-time; 1-2 adults employed part-time	36	7.8
No adults employed	138	29.8
Total	463	100.0

Source: Gruen Gruen + Associates

Table C-11 summarizes the number of respondents by their employment status. About 38 percent of respondents are employed by a private company or organization. An additional 12 percent of respondents are government employed, in addition to one respondent employed in the military. Approximately 10 percent of respondents are self-employed, and 38 percent are either retired, seeking employment, or unable to work.

### OCCUPATIONAL AND COMMUTE CHARACTERISTICS

In addition to questions about their employment status and the presences of employed adults in their household, respondents were asked several questions pertaining to their occupation and commute patterns. Key highlights of the response sample include:

- As summarized in Table C-12, respondents employed in professional (e.g., medical, law), managerial or executive positions represent about 50 percent of employed individuals.
- As summarized in Table C-13, during a typical work week, about 19 percent of all employed respondents indicate they work “remotely from home” every day with an additional six percent indicating they work remotely 3-4 days per week. Two-thirds of these workers

expect the amount of time they work remotely to increase or remain about the same.

- About 71 percent of employed respondents indicate their primary place of employment is in the City of Pueblo. Approximately 19 percent of respondents indicate their employer is located outside of Pueblo County and/or they work remotely.
- About 91 percent of employed workers use a personal automobile to commute to work locations.
- As summarized in Table C-14, one-way commute times among respondents are generally short. Nearly 60 percent of respondents indicate a commute time of less than 15 minutes. Another 30 percent indicate a commute time of between 15 and 30 minutes.

**Table C-11: Employment Status of Respondent**

	Number #	Percent of Respondents %
Employed by private company or organization	177	38.2
Government employed	55	11.9
Self-employed	44	9.5
Employed in the military	1	0.2
Seeking employment	8	1.7
Unable to work	13	2.8
Retired	164	35.4
Student	1	0.2
Total	463	100.0

Source: Gruen Gruen + Associates

**Table C-12: Respondent's Occupational Status**

	<b>Number #</b>	<b>Percent of Respondents %</b>
Professional (medical, law, etc.)	77	27.5
Managerial, executive	61	21.8
Administrative, clerical	50	17.9
Trade worker	39	13.9
Marketing, sales	20	7.1
Service or retail workers	18	6.4
Engineering, technical	15	5.4
Total	280	100.0

Source: Gruen Gruen + Associates

**Table C-13: Respondent's Frequency of "Remote" Work from Home**

	<b>Number #</b>	<b>Percent of Respondents %</b>
Every day	55	19.2
3-4 days a week	17	5.9
1-2 days a week	53	18.5
Never	161	56.3
Total	286	100.0

Source: Gruen Gruen + Associates

**Table C-14: Respondent's Commute Time**

	<b>Number #</b>	<b>Percent of Respondents %</b>
Less than 15 Minutes	162	59.3
15-30 Minutes	81	29.7
31-45 Minutes	10	3.7
46-60 Minutes	12	4.4
61 Minutes or Longer	8	2.9
Total	273	100.0

Source: Gruen Gruen + Associates

## EDUCATIONAL ATTAINMENT

Consistent with the high proportion of respondents employed in high skill and white-collar occupations, educational attainment is high among survey respondents. Table C-15 summarizes the highest level of education completed by respondents.

Nearly 68 percent of respondents are college graduates or have obtained a post graduate degree. An additional 18 percent of respondents have completed some college. Educational attainment of survey respondents is very high relative to the broader population universe.<sup>9</sup>

<sup>8</sup> About 23 percent of the adult population (age 25+) in Pueblo County is estimated to have a bachelor's degree or higher.

## ETHNICITY

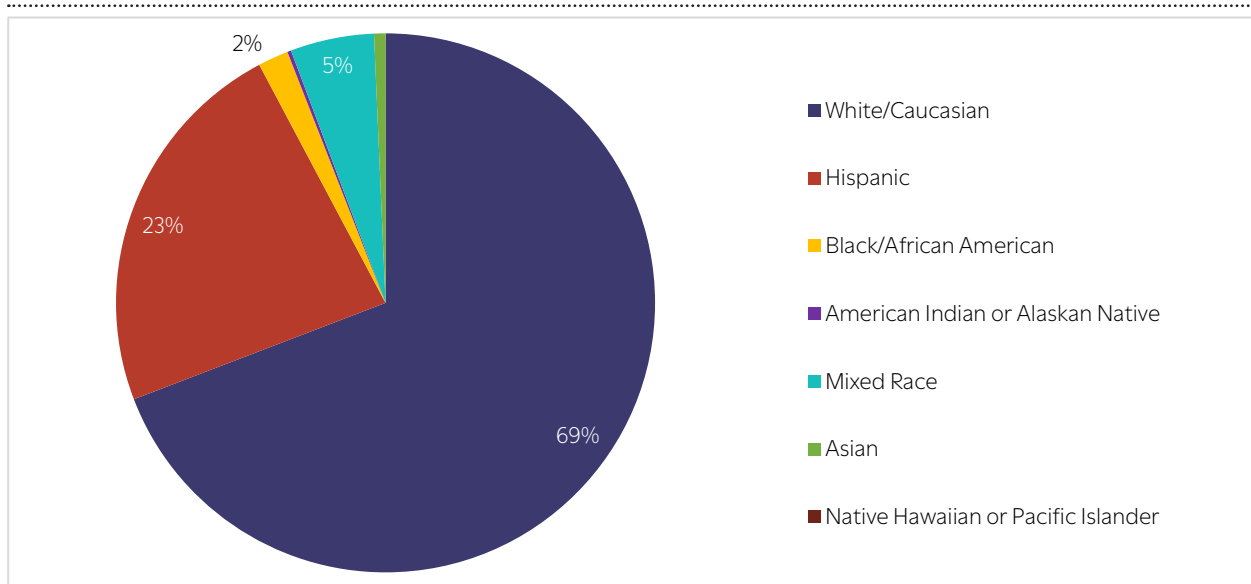
Figure C-11 summarizes the make-up of respondents by ethnicity. Sixty-nine percent of respondents are White/Caucasian while 23 percent are Hispanic. All other ethnicities represent five percent or less of the total respondents.

**Table C-15: Respondent's Educational Status**

	Number #	Percent of Respondents %
College graduate	186	40.2
Post graduate degree	127	27.4
Some college	83	17.9
High school graduate	42	9.1
Post high school vocational training	18	3.9
Did not complete high school	7	1.5
Total	463	100.0

Source: Gruen Gruen + Associates

**Figure C-11: Respondents by Ethnicity**





# Projection of Housing Need in Pueblo

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Appendix D

# Introduction

This appendix presents a projection of future housing need within Pueblo County over the next 10 years. The demand for housing in a community is influenced by the following factors:

- **Employment Growth.** Job creation and new employment opportunities typically account for the largest source of housing needed. Additional jobs attract new workers (labor) and their households;
- **Lifecycle Events and Lifestyle Change.** Demographic changes within an existing population base can stimulate demand for new or different types of housing units. Households that experience a lifecycle event (such as a newborn child, children leaving the “nest”, or aging) are frequently associated with changes in housing preferences or needs. “Lifestyle” preference changes related to seeking an improved quality-of-life or making trade-off decisions between housing affordability and other factors such as commute times can also stimulate the demand for housing. This latter source of demand has been particularly evident during the Covid-19 pandemic as “remote” work at least part of the time has become an option for some workers; and
- **Housing Replacement.** Physical housing inventory is periodically lost. Some of the existing stock may become so old, obsolete, or under-maintained that it is no longer safe or habitable. Other market forces may encourage the merger or conversion of residential units, unrelated to physical condition. “Replacement need” reflects the need to replace units no longer part of the housing stock.

## APPROACH AND METHODOLOGY

The focus of the housing need projection is on the first and often most significant source of need for new housing related to the growth of the workforce. “Workforce housing” in this projection is defined as housing required by any household with at least one active member of the labor force.

According to recent projections from the State of Colorado Department of Labor and Employment, the employment base in Pueblo County is anticipated to add about 5,600 jobs over 10 years.<sup>1</sup> The production of workforce housing will influence the ability of Pueblo to realize this non-residential growth potential and maintain a competitive functioning housing market. Continued economic growth elsewhere in the urban Front Range corridor (outside of Pueblo County) will also stimulate workforce housing needs locally as employers, workers, and their households continually make trade-off decisions between housing affordability, quality of life, commuting, and telework.

The primary objective and purpose of the **workforce housing need** projection is to quantify the amount, type, and cost of housing units required to house new workers over the next decade. The employment-based projection is based on secondary data that quantifies the linkage between local and regional jobs, the characteristics of the workforce employed in those jobs, and the housing characteristics of the households in which the workers reside.

This working report also presents a projection of **“senior housing” need**. The projection provides perspective on how the aging of households will impact demands for new housing in Pueblo due to changing needs. For consistency with age cohorts used regularly by the U.S. Census Bureau, the forecast of senior housing needs presented in this report considers any household containing at least one-person age 65 or older

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<sup>1</sup> Colorado Dept. of Labor and Employment, Labor Market Information, *Industry Employment Projections – Long Term 2020-2030*.  
<https://www.colmigateway.com/vosnet/analyzer/resultsNew.aspx?session=indproj&pu=1&plang=E>

as a “senior household.” The projection of future need considers forecast population growth by age in Pueblo County prepared by the Colorado Department of Local Affairs (DOLA) and the current characteristics of senior households.

An estimate of potential **housing replacement need** is also made. The estimate identifies the order-of-magnitude scale of potential replacement needs given (a) the age of the existing housing stock in Pueblo and (b) analysis of secondary data on typical housing “loss rates” by age of structure. Related data specific to Pueblo are also reviewed to provide perspective, including code enforcement and mailing address vacancy data.

## Summary of Projected Housing Need

Table D-1 summarizes the 10-year projection of housing need in Pueblo County. Total housing need in Pueblo County over the next 10 years is estimated at approximately 9,600 units. Workforce housing needs are estimated at about 4,300 units, representing 45 percent of the total projected need. Senior housing needs are estimated at about 3,600 units, representing 38 percent of total projected need. Housing replacement needs at about 1,600 units represents an additional 17 percent of total projected need.

**Table D-1: Summary of Projected 10-Year Housing Need in Pueblo County**

	Average Annual Need # Units	Total (10-Year) Need	
		# Units	% of Total
Workforce housing need	433	4,325	45.2
Senior housing need	365	3,649	38.2
Housing replacement need	159	1,587	16.6
<b>TOTAL</b>	<b>956</b>	<b>9,561</b>	<b>100.0</b>

Source: Gruen Gruen + Associates

# Employment and Workforce Housing Relationships

A “workforce household” contains at least one active member of the labor force. Most workforce households contain more than one worker. Approximately two-thirds of all existing housing unit inventory in Pueblo County is currently occupied by workforce households.

## COMMUTE SHED AND REGIONAL HOUSING MARKET AREA

Pueblo currently contains a shortage of available housing. Communities throughout the Front Range are experiencing shortfalls in housing supply and rapidly escalating housing prices. Pueblo and many of its neighboring communities/counties, especially those to the north, increasingly function as one broad employment and housing market area (although the broader market contains submarkets). Significant flows of labor across municipal and county borders occur in multiple directions. A significant source of demand for housing originates from households seeking more affordable housing than available in Denver or Colorado Springs. Many of these households work outside of Pueblo. As described below, the high level of transportation accessibility (to Interstate 25) provided by many housing locations in Pueblo, in combination with increasing adoption of remote work and

telecommuting facilitates households considering a Pueblo location (or alternative locations within the extensive commute shed).

Table D-2 shows that approximately one-third of the resident labor force in Pueblo County is employed at locations outside of Pueblo County.

As of 2018, about two-thirds of resident workers were employed within Pueblo County. Approximately 12 percent of all resident workers were employed in the Metro Denver area. An additional 11 percent were employed in the Colorado Springs MSA. Accordingly, almost one-quarter of all resident workers were employed in the urban corridor north of Pueblo.

## WORKFORCE HOUSEHOLD CHARACTERISTICS

Figure D-1 summarizes the estimated distribution of the existing workforce by two characteristics: (a) industry of employment; and (b) the total annual income of the household in which the worker resides. Household incomes are expressed as percentage of “Area Median Income” (AMI), adjusted for household size. This data is based on Public Use Microdata Samples (PUMS) from the 2019 American Community Survey.

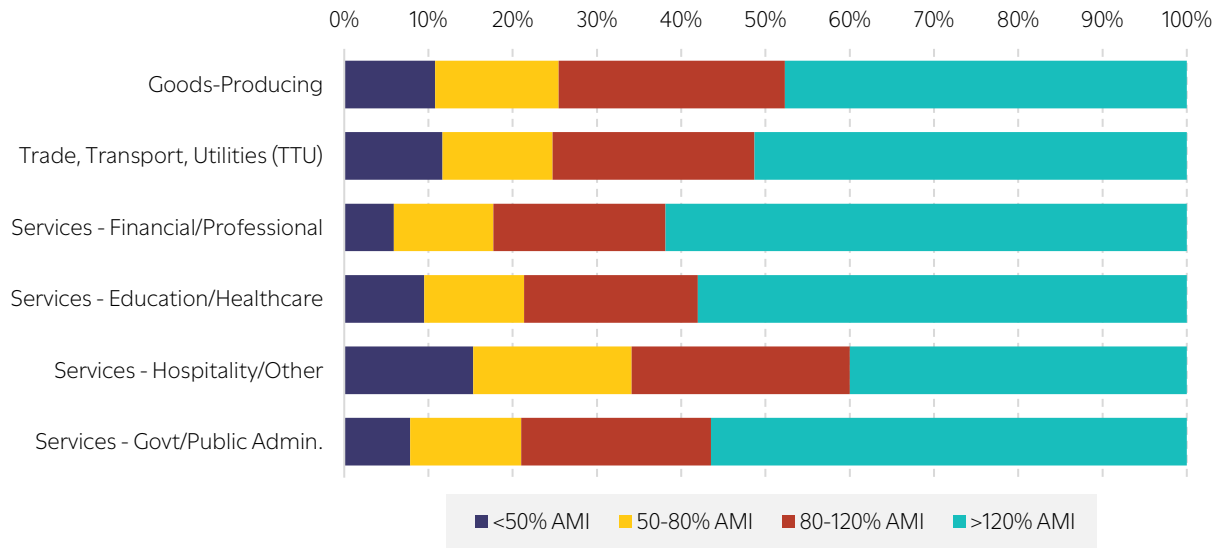
Approximately 25 percent of the existing workforce is estimated to reside in a household that can be considered Low Income earning

**Table D-2: Pueblo County Resident Labor Force<sup>1</sup> by Place of Employment**

<i>Place of Employment</i>	<b>Workers #</b>	<b>Share of Total %</b>
Pueblo County	43,175	67.1%
Denver-Aurora-Lakewood MSA	7,830	12.2%
Colorado Springs MSA	7,241	11.2%
Fremont County	1,166	1.8%
Other Locations	4,962	7.7%
Total	64,374	100.0%

<sup>1</sup> 2018 estimates for Civilian labor force in wage and salary positions. Does not include military employment, for example.

Sources: U.S. Census Bureau; Gruen Gruen + Associates.

**Figure D-1: Workforce by Industry of Employment and Household AMI Bracket****Table D-3: Distribution of Workforce by Household Size and Income Segment**

	Workforce Household Income Bracket			
	<50% AMI	50-80% AMI	80-120% AMI	>120% AMI
1-Person Household	25.7%	18.1%	9.3%	4.7%
2-Person Household	22.5%	31.5%	30.9%	35.6%
3-Person Household	20.7%	16.4%	19.2%	21.1%
4+ Person Household	31.1%	34.0%	40.6%	38.7%
Total	100.0%	100.0%	100.0%	100.0%

Sources: U.S. Census Bureau, 2019 American Community Survey, Public Use Microdata Sample (PUMS); Gruen Gruen + Associates.

less than 80 percent of AMI when adjusted for household size. A smaller subset of workers, about 10 percent in total, live in households that can be characterized as “Extremely Low” or “Very Low” income, earning below 50 percent of AMI respectively. Most workers employed across all sectors, ranging from 66 percent to 82 percent, live in households that earn above 80 percent of AMI. They are far less likely to be challenged to find affordable housing and will typically not qualify for federal or state housing assistance programs.

Workers employed in typically low-wage, lower skilled industries are most likely to reside in a Lower Income household earning less than 80 percent of AMI. About one-third of all workers employed in the Leisure and Hospitality and Other/Personal Service sectors live in a Lower Income household. About 15 percent live in a household earning less than 50 percent of AMI.

Table D-3 summarizes the distribution of workers by size and household income level. Workforce households earning above 120 percent of AMI tend to be larger, while the lowest income households (earning below 50 percent of AMI) are generally smaller on average. Thus, the incomes of workforce households are correlated to household size and number of workers in the household. The households at the highest income bracket tend to have multiple wage earners and many (about 60 percent) have three or more household members. Less than five percent of households earning above 120 percent of AMI are single persons. Conversely, about one-quarter of all households earning below 50 percent of AMI are single person households.

The size and income characteristics of workers and their households also bear on the type of housing preferred and occupied. Table D-4 summarizes the distribution of workforce households by income segment and type of housing occupied.

Larger-sized households with four or more persons mostly occupy detached single-family housing irrespective of income level.

Smaller workforce households with one or two persons occupy multi-family units and attached single-family housing at greater rates than larger sized households. About 60 percent of all lower income workforce households (earning less than 80 percent of AMI) with two or fewer household members occupy multi-family housing or attached single-family units. At the highest income bracket exceeding 120 percent of AMI, however, even small workforce households predominately occupy detached single-family housing.

**Table D-4: Distribution of Workforce Households by Housing Type**

	Workforce Household Income Bracket			
	<50% AMI	50-80% AMI	80-120% AMI	>120% AMI
<b>1-2 Person Households</b>				
Single-Family Detached	37.2%	40.0%	51.6%	79.6%
Single-Family Attached	9.1%	15.2%	14.2%	6.1%
Multi-Family	53.7%	44.8%	34.2%	14.2%
Total	100.0%	100.0%	100.0%	100.0%
<b>3-Person Households</b>				
Single-Family Detached	39.6%	54.4%	73.2%	92.1%
Single-Family Attached	10.2%	13.5%	4.7%	3.4%
Multi-Family	50.2%	32.1%	22.1%	4.5%
Total	100.0%	100.0%	100.0%	100.0%
<b>4+ Person Households</b>				
Single-Family Detached	61.5%	76.0%	78.8%	90.7%
Single-Family Attached	14.1%	7.3%	10.5%	3.2%
Multi-Family	24.4%	16.7%	10.7%	6.1%
Total	100.0%	100.0%	100.0%	100.0%

Sources: U.S. Census Bureau, 2019 American Community Survey, Public Use Microdata Sample (PUMS); Gruen Gruen + Associates.

# Workforce Housing Need Projection

## EMPLOYMENT GROWTH FORECAST

Figure D-2 summarizes an employment forecast for Pueblo County released in July 2021 by the Colorado Department of Labor and Employment.

The forecast identifies employment growth by industry sector over a 10-year period (2020-2030). Pueblo County is forecast to grow by approximately 5,600 jobs over 10 years. This equates to an average annual increase in jobs located in Pueblo County of 0.9 percent. Five industry sectors are forecast to generate most of the net new job growth. These sectors include:

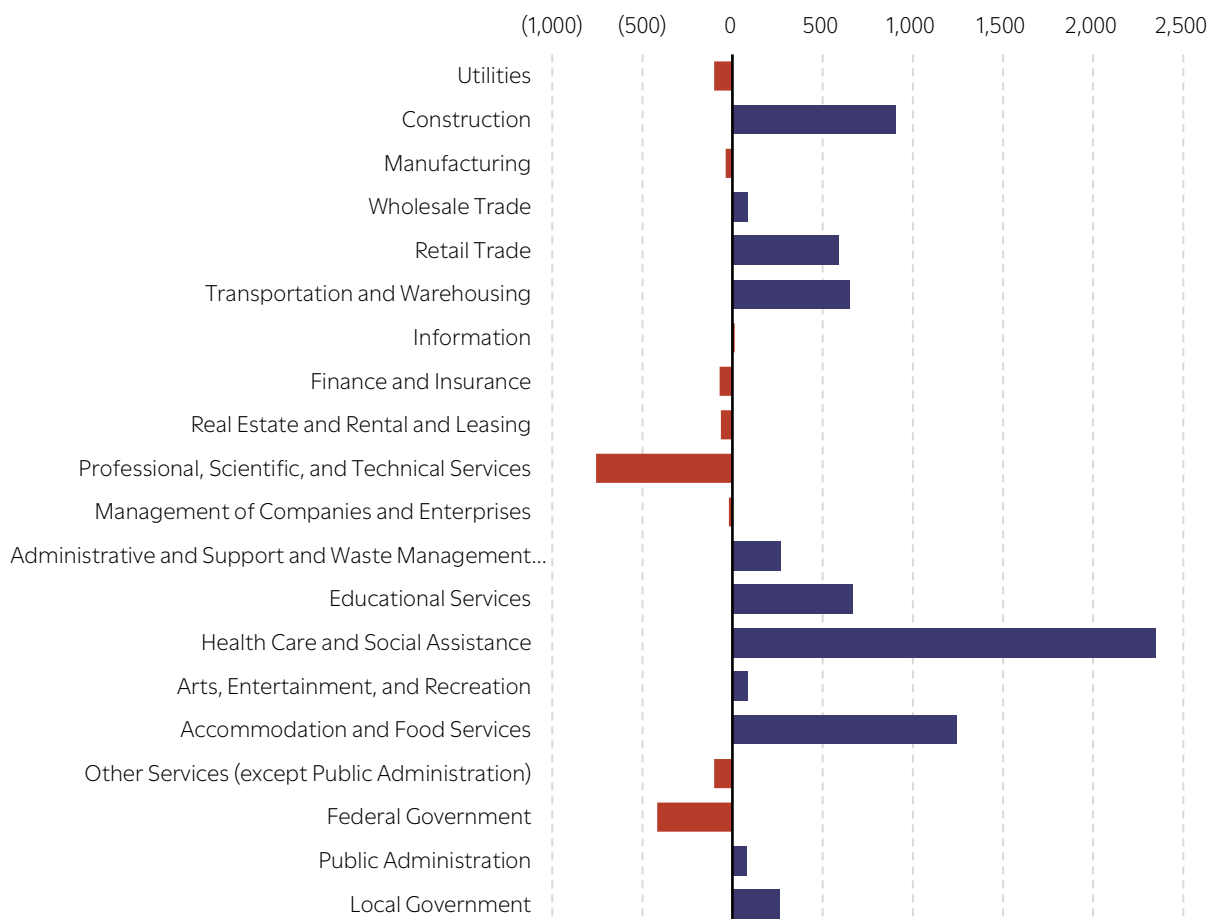
- Health Care and Social Assistance (2,346 jobs at annual growth rate of 1.6 percent);

- Accommodation and Food Services (1,241 jobs at annual growth of 2.2 percent);
- Construction (906 jobs at annual growth of 2.2 percent);
- Educational Services (669 jobs at annual growth of 1.2 percent); and
- Transportation and Warehousing (650 jobs at annual growth of 2.9 percent).

Sectors such as Professional, Scientific, and Technical Services, Finance and Insurance, Real Estate, and Federal Government are expected to lose employment. Employment in these categories is forecast to decline by approximately 1,100 jobs or 11 percent.

The rate of forecast employment growth in Pueblo County is consistent with historical trends.

**Figure D-2: Forecast Change in Pueblo County Employment (2020-2030)**





Total employment following the Great Recession has grown by about one percent annually in Pueblo County. The annual rate of growth was much lower over the prior decade; employment grew by about 0.4 percent annually between 2000 and 2010.

The sources and composition of forecast job growth are also consistent with the current structure and composition of the economic base of Pueblo County. Medical and educational institutions such as the Parkview and St-Mary Corwin medical centers, Pueblo Community College, and CSU-Pueblo comprise the largest non-retail employers. The economic base has evolved to primarily become a regional hub of commerce, healthcare, education, and recreation which attracts households and visitors from across southern Colorado. Although not directly a source of growing employment, strong agricultural production and durables goods manufacturing activities in the county stimulate demand for related services and inputs – such as Transportation and Warehousing, a smaller employment sector that is predicted to grow.

### PUEBLO COUNTY WORKFORCE GROWTH

Regional employment growth in the Front Range urban corridor north of Pueblo is forecast to increase by a higher amount and higher rate than employment is forecast to increase in Pueblo County.

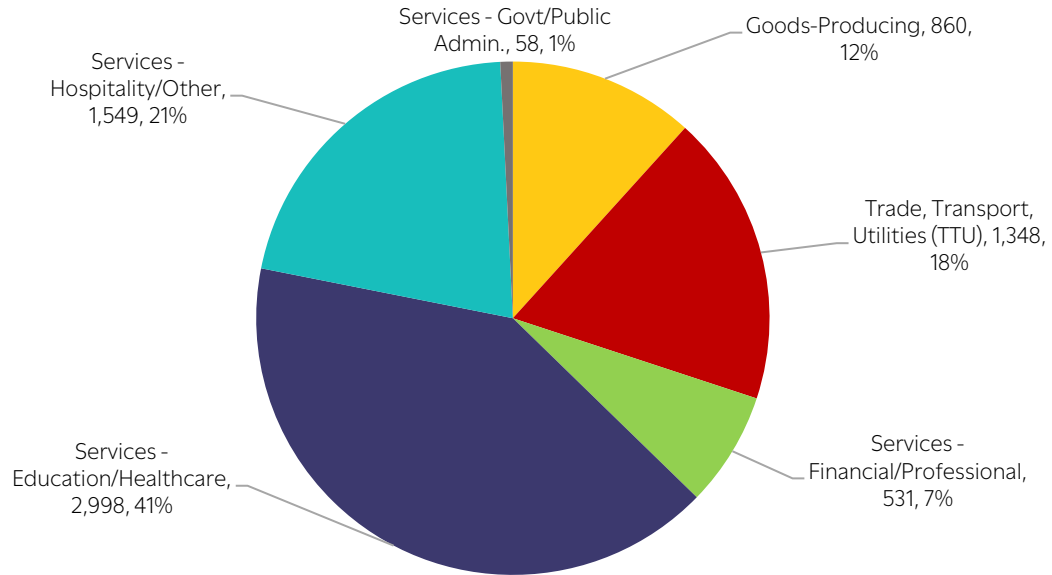
Table D-5 shows that the Colorado Springs MSA and Denver-Aurora-Lakewood MSA are predicted to grow by more than 414,000 jobs

over the same 10-year period. This job growth in the broader commute shed will generate demand for housing in Pueblo, assuming the current ratio of residents which live in Pueblo and where they work remains the same. If 75 percent of Pueblo County residents continue to live and work within the County, the forecast job growth in Pueblo County of 5,626 would translate into 3,924 additional workers residing in Pueblo County over the 10-year forecast. If three percent of the forecast growth in the workforce in the Colorado Springs MSA resides in Pueblo County, an additional 1,791 workers would reside in Pueblo County over the 10-year forecast. Similarly, if one-half of one percent of the forecast growth in the workforce in the Denver MSA reside in Pueblo County, an additional 1,628 workers would reside in Pueblo County over the 10-year forecast for a total of 7,343 additional workers needing housing in Pueblo County.

Figure D-3 shows the estimate of the Pueblo workforce growth by economic sector.

**Table D-5: Pueblo County 10-Year Workforce Growth Projection**

	Pueblo County	Colorado Springs MSA	Denver MSA	Total
Future 10-Year Employment Growth Projection <sup>1</sup>	5,626	64,177	350,210	420,013
Pueblo County Labor Share <sup>2</sup>	75.0%	3.0%	0.5%	1.3%
Multiple Job-holding Rate <sup>3</sup>	7.0%	7.0%	7.0%	7.0%
Additional Employed Workforce in Pueblo County	3,924	1,791	1,628	7,343
<sup>1</sup> Employment growth forecasts from Colorado Department of Labor and Employment. <sup>2</sup> Existing share of jobs in each area which are held by Pueblo County resident workers. <sup>3</sup> Percentage of workers that hold multiple jobs.				
Sources: Colorado Department of Labor and Employment; U.S. Census Bureau; Gruen Gruen + Associates.				

**Figure D-3: Pueblo Workforce Growth by Sector of Employment**

Sources: Colorado Department of Labor and Employment; U.S. Census Bureau; Gruen Gruen + Associates.

An additional 2,998 workers in educational and healthcare services are forecast to reside in Pueblo County, representing about 41 percent of projected workforce growth. An additional 1,549 workers in the hospitality and personal services sector are forecast to reside in Pueblo County comprising about 21 percent of total projected workforce growth. An additional 1,348 workers in the trade (wholesale and retail), transportation, and utilities sectors are forecast to reside in Pueblo County (18 percent of projected growth). An additional 860 workers in the good-producing sectors and 531 workers in the financial and professional service sectors are forecast to reside in Pueblo County, collectively representing about 19 percent of all projected workforce growth.

## GROWTH IN WORKFORCE HOUSEHOLDS BY INCOME BRACKET

Table D-6 presents a projection of additional workforce households by household size and income bracket.<sup>1</sup>

An additional 634 workforce households or 14.6 percent of forecast total added households in Pueblo County are estimated to have incomes below 50 percent of AMI. An additional 702 workforce households or 16.2 percent of forecast total added households in Pueblo County are estimated to have incomes between 50 and 80 percent of AMI. An additional 995 workforce households or 23 percent of forecast total added households in Pueblo County are forecast to have incomes between 80 and 120 percent of AMI. An additional 1,995 households or 46 percent of forecast total added households are estimated to have incomes of more than 120 percent of AMI.

## PROJECTED WORKFORCE HOUSING UNIT NEED

Table D-7 presents the projection of workforce housing need by type of housing unit and income bracket.<sup>2</sup>

Single-family detached housing, with a projected total need of about 3,000 units over 10 years, constitutes 69 percent of the total additional workforce housing need. A projected need of approximately 360 attached single-family units (e.g., townhomes) represents a much smaller though still significant source of overall workforce housing need. Projected need for multi-family units totaling just under 970 units constitutes approximately 22 percent of all workforce housing need over the next 10 years.

The projected workforce housing needs vary significantly by income. Units affordable to workforce households earning above 120 percent of AMI comprise 46 percent of total projected need. The price point for a three-bedroom, single-family home affordable to this AMI bracket, for example, equates to

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<sup>1</sup>The projection of additional workers is divided by the average number of workers in each household type, resulting in an estimate of additional workforce households. The characteristics summarized previously in “Figure D-1: Workforce by Industry of Employment and Household AMI Bracket” and “Table D-3: Distribution of Workforce by Household Size and Income Segment” are also used in making the projection of workforce households by type.

*For example:*

1. An additional 860 workers employed in goods-producing sectors are projected over the 10-year period.
2. About 10% of goods-producing workers live in a 3-person household with income above 120% of AMI, suggesting 86 additional workers in this household category.
3. Three-person households with income above 120% AMI contain an average of 2.0 workers, indicating 86 additional workers will reside in 43 workforce households with these characteristics (>120% AMI, 3-person household).
4. The process is repeated for all other industry sectors and household types, resulting in the estimates presented in Table D-6.

<sup>2</sup>The analysis of the distribution of workforce households by income and housing occupancy characteristics presented previously (“Table D-4: Distribution of Workforce Households by Housing Type”) is the basis for the projection.

*For example:*

1. About 79% of workforce households with (a) three persons and (b) income between 80-120% AMI occupy a detached single-family housing unit.
2. A total of 181 workforce households in this size/income bracket are projected.
3. Thus, these workforce households generate a projected need for 143 detached single-family units (79% x 181).
4. The process is repeated for all other housing types and income brackets, resulting in the estimates summarized in Table D-7.

**Table D-6: Total Additional Workforce Households in Pueblo County by Household Size and AMI Bracket**

	<50% AMI	50-80% AMI	80-120% AMI	>120% AMI	Total
1-Person	208	184	157	181	730
2-Person	149	213	319	808	1,490
3-Person	102	111	181	405	798
4+ Persons	175	193	338	602	1,308
<b>10-YEAR TOTAL</b>	<b>634</b>	<b>702</b>	<b>995</b>	<b>1,995</b>	<b>4,325</b>
Source: Gruen Gruen + Associates					

**Table D-7: Workforce Housing Unit Need by Type and AMI Bracket**

	<50% AMI	50-80% AMI	80-120% AMI	>120% AMI	Total
Single-Family Detached	281	366	644	1,706	2,997
Single-Family Attached	68	89	112	94	362
Multi-Family	286	246	239	195	966
<b>10-YEAR TOTAL</b>	<b>634</b>	<b>702</b>	<b>995</b>	<b>1,995</b>	<b>4,325</b>
Source: Gruen Gruen + Associates					

housing costs of \$2,300 per month or higher. This monthly payment is likely to permit the purchase or rental of a quality existing unit or a new construction home in Pueblo. The projected workforce housing need for units affordable to lower income brackets, however, will be more challenging for the private market to address. The maximum affordable rent for a two-bedroom unit at 50 percent of AMI is approximately \$830 per month, representing a type of additional workforce housing need. While workforce units affordable to less than 50 percent of AMI are a relatively small share of overall projected need, the implication is that this source of additional housing need will need to be addressed via existing units at deeply affordable prices and/or additional sources of public housing assistance.

## Senior Housing Need Projection

The senior housing need projection is based upon a countywide forecast of population by age, prepared by DOLA. The predicted amount of growth in the Age 65+ population in Pueblo County permits an estimation of likely future change in the number and composition of senior households. Like the workforce housing need projection, PUMS data from the most recent American Community Survey were analyzed to identify the household arrangement, size, housing tenure, and income characteristics of senior households in the region. These estimates are then used to quantify how growth in senior-age population may result in additional housing needed.

Many seniors will prefer to remain in their current home and community as they age, and some of the future increase in senior households will simply represent the aging of existing residents/ households who remain in Pueblo County over the 10-year projection period. However, an underlying assumption of the projection is that the absolute change in senior households predicted to occur over the next 10 years will generate a 1-to-1 need for additional housing.<sup>3</sup>

It is also important to recognize that not one but many market niches exist for housing that responds to the demands and preferences of senior households and the elderly. “Senior housing” encompasses a variety of products geared to different stages of physiological, psychological, and social aging factors. Senior housing products such as independent living facilities or age-restricted active adult communities are very different than skilled nursing or assisted living facilities. While the former typically cater to relatively healthy senior households and offer a variety of common area amenities (dining, recreation, etc.) and social programming, but with limited support services, many other specialized housing alternatives (congregate care, memory care, assisted living,

skilled nursing, and so forth) are tailored more to the needs of less active more frail senior residents that may require assistance with the activities of daily living, rehabilitative assistance, and ongoing medical care.

The projection of senior housing need does not delineate needs by type of housing service such as independent or assisted living facilities. Estimates of need are provided as a function of household size, type of housing unit, and household income. Especially among senior households which (by definition) are not earning wages or salaries from employment, it is also important to note that annual income is not the only measure of housing affordability. Because many senior households are typically no longer employed (at least full time), they frequently comprise a disproportionate share of “Low-Income” households with annual incomes below 80 percent of AMI. However, the ability to pay for housing reflects both assets and income. PUMS data from 2019 suggests that nearly 50 percent of all senior households that live on incomes below 80 percent of AMI (in Pueblo and El Paso counties) currently own a housing unit that is free and clear of any mortgage debt. Some of these households will have enough wealth to permit them to stay in or purchase or rent more expensive housing than their income alone would suggest. Senior households that do not own homes tend to be less affluent than those that do and may be less able to afford market rate housing, while senior households that own their units free and clear have relatively low housing costs.

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<sup>3</sup>This assumption is reasonable because Pueblo County continues to attract non-local senior households (retirees) and this has long been a significant driver of new housing demand, especially in areas such as Pueblo West. During the 2000-2010 decade, for example, overall population change and migration estimates indicate that more than 85 percent of the growth in senior-age population during that period was attributable to positive net migration into Pueblo County. Interviews with active real estate brokers and homebuilders also confirm that senior households migrating to Pueblo County remain an important (if not primary) market for new housing.

## FUTURE GROWTH IN SENIOR (AGE 65+) POPULATION

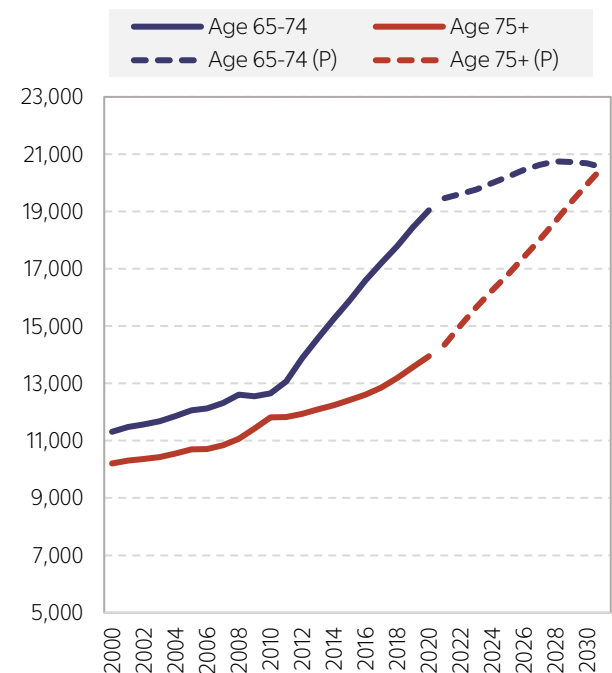
Figure D-4 summarizes the historical and projected population of Pueblo County between the ages of 65 to 74 and those aged 75 or older.

According to single year of age population projections prepared by DOLA, the population aged 65 and older in Pueblo County is anticipated to grow by about two percent annually over the next 10 years. The population between the age of 65 and 74 is projected to increase by about 1,100 persons while the population that is age 75 or older is projected to increase by 6,200 persons. Cumulatively, the senior population is estimated to increase by approximately 7,300 persons or 21.5 percent by 2031.

Table D-8 summarizes projected growth in the senior population by workforce status and household size. Approximately 45 percent of population aged 65 to 74, and 25 percent of the population age 75 or older, is active in the labor force or resides with other household members still in the labor force. About 27 percent of the projected growth in senior population is assumed to be associated with workforce households. The total senior population that will reside in a “senior household” (not a workforce household) is projected to increase by approximately 5,300 over 10 years. The population age 75 or older is projected to account for approximately 89 percent of the total change.

As summarized in Table D-8, the projected net change in senior population is allocated by living arrangement and household size. These estimates are based on the distribution of current senior population by household size and group living arrangements. The projected

**Figure D-4: Senior Age 65+ Population History and Projection in Pueblo County**



**Table D-8: Projected 10-Year Increase in Senior (Age 65+) Population**

	Age 65-74 #	Age 75+ #	Total #
Total Population Change	1,068	6,208	7,276
<i>Less: Population Residing in a Workforce Household</i>	<i>(502)</i>	<i>(1,428)</i>	<i>(1,930)</i>
<b>Net Population Change (Residing in a “Senior Household”)</b>	<b>566</b>	<b>4,780</b>	<b>5,346</b>
By Household Size:			
Group Quarters <sup>1</sup>	6	194	200
1-person	120	1,512	1,631
2-person	266	2,534	2,800
3-person	161	308	469
4+ person	13	233	246
<sup>1</sup> Based on statewide percentage of senior age cohorts that reside in group quarters living arrangements; current local estimates are not available.			
Sources: U.S. Census Bureau; DOLA; Gruen Gruen + Associates.			

population change among seniors in Pueblo County entails an additional:

- 200 seniors residing in Group Quarters housing;
- 1,631 seniors living alone;
- 2,800 seniors living in a two-person household; and
- 715 seniors living in households with three or more persons.

### FUTURE GROWTH IN SENIOR HOUSEHOLDS

Senior population growth is converted into household growth based upon estimates of the average number of seniors in each sized household (estimates of which are summarized in Figure D-4). Three-person senior households, for example, contain an average of 1.55 seniors.

The projected change in the number of seniors residing in three-person households (469) is then divided, for example, by the average number of seniors per household (1.55 in this case) to forecast the change in the number of three-person senior households, and so forth.

Table D-9 summarizes the resulting projected growth in senior households. Seniors living alone (i.e., single-person households) are projected to increase by approximately 1,600 households representing nearly 45 percent of all senior household growth. Two-person senior households are projected to also increase by about 1,600, accounting for about 43 percent of the total projected change in senior households.

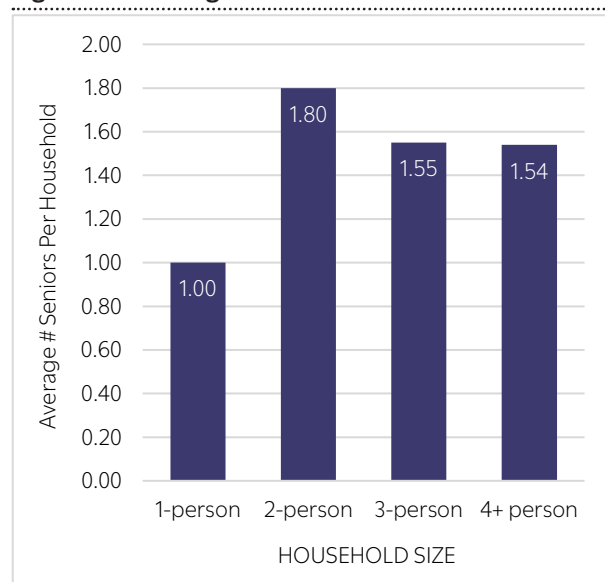
**Table D-9: Projected 10-Year Increase in Senior Households**

	10-Year Change # Households	Share % of Total
1-person	1,631	44.7
2-person	1,556	42.6
3-person	302	8.3
4+ person	160	4.4
<b>Total Senior Households<sup>1</sup></b>	<b>3,649</b>	<b>100.0</b>

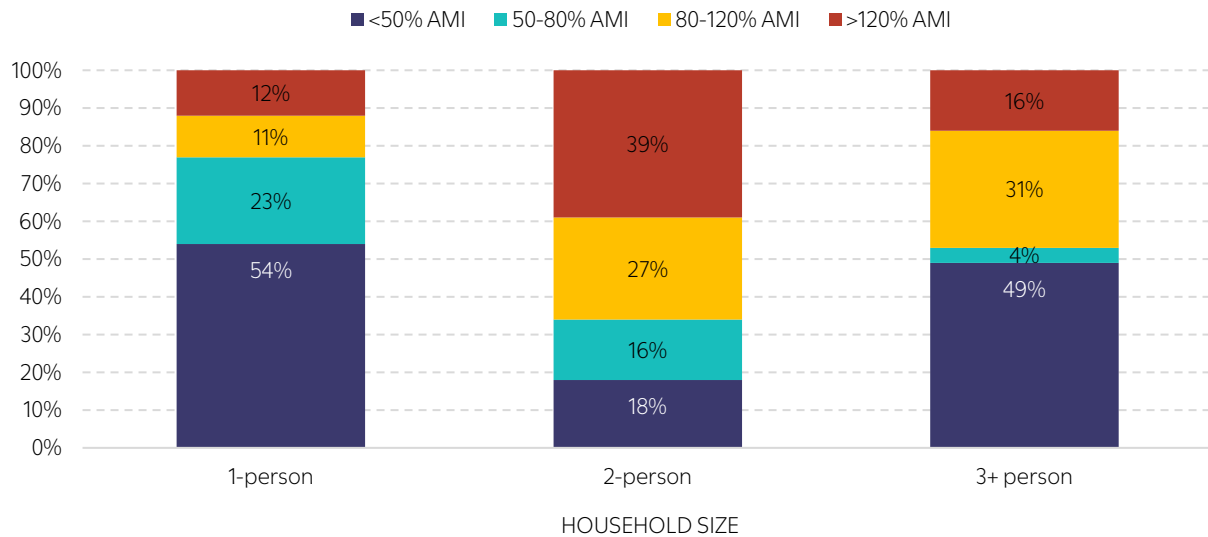
<sup>1</sup> Does not include 200 additional persons in Group Quarters.

Sources: U.S. Census Bureau; DOLA; Gruen Gruen + Associates.

**Figure D-4: Average Seniors Per Household**





**Figure D-5: Distribution of Senior Households by Size and AMI Bracket****Table D-10: Total Additional Senior Households by Size and Income**

	<50% AMI	50-80% AMI	80-120% AMI	>120% AMI	Total
1-Person	881	375	179	196	1,631
2-Person	280	249	420	607	1,556
3-Person	148	12	94	48	302
4+ Persons	78	6	50	26	160
<b>10-YEAR TOTAL</b>	<b>1,387</b>	<b>643</b>	<b>743</b>	<b>876</b>	<b>3,649</b>

Source: Gruen Gruen + Associates

### GROWTH IN SENIOR HOUSEHOLDS BY INCOME BRACKET

Figure D-5 summarizes the estimated distribution of senior households by size and AMI bracket. Like the workforce housing need projection, these estimates are made from 2019 PUMS data for Pueblo County. The estimates are approximate but important to understanding senior households' ability to pay for housing. Given that senior households (with no active labor force members) are not earning labor income, a large proportion live on incomes that are below 80 percent of AMI.

Table D-10 presents the resulting projection of additional senior households by household size and AMI bracket.

An additional 1,387 senior households (38 percent of total) in Pueblo County are projected to have

incomes below 50 percent of AMI. An additional 643 senior households or 18 percent of projected growth are estimated to have incomes between 50 and 80 percent of AMI. An additional 1,619 senior households or 44 percent of total growth are projected to have incomes above 80 percent of AMI.

### PROJECTED SENIOR HOUSING UNIT NEED

Table D-11 presents an estimate of senior housing need by type of housing unit and income bracket. Estimates of housing need are presented separately for senior households that are likely to already own housing free and clear of debt (thus an indication that lower incomes may not be a constraint to renting or purchasing a different housing unit).

Single-family detached housing, with a projected total need of about 2,500 units over 10 years,

**Table D-11: Senior Housing Unit Need by Type and AMI Bracket**

		<50% AMI	50-80% AMI	80-120% AMI	>120% AMI	Total
Owners without mortgage	Single-Family Detached	427	234	290	448	1,399
	Single-Family Attached	20	33	17	48	117
	Multi-Family	124	66	25	12	227
	<b>Subtotal</b>	<b>571</b>	<b>333</b>	<b>332</b>	<b>508</b>	<b>1,742</b>
Renters and owners with mortgage	Single-Family Detached	340	211	247	288	1,086
	Single-Family Attached	16	30	14	31	90
	Multi-Family	462	69	150	50	731
	<b>Subtotal</b>	<b>817</b>	<b>310</b>	<b>411</b>	<b>369</b>	<b>1,907</b>
<b>TOTAL</b>	<b>1,387</b>	<b>643</b>	<b>743</b>	<b>876</b>	<b>3,649</b>	

Source: Gruen Gruen + Associates

constitutes 68 percent of the total additional senior housing need. A projected need of approximately 210 attached single-family units represents about six percent of overall senior housing need. Projected need for multi-family units totaling just under 960 units represents approximately 26 percent of all senior housing need over the next 10 years.

Approximately 1,400 units or 38 percent of senior housing need is estimated to be attributable to households with incomes of less than 50 percent of AMI. An additional 640 units or 18 percent of senior housing need is estimated to be attributable to households with incomes between 50 and 80 percent of AMI. Senior households with gross incomes below 80 percent of AMI may be considered “Low-Income” households, although their incomes (which do not include wages, salaries, or any employment-related earnings) are not the only indicator of “ability to pay” for housing. Approximately 45 percent of housing need at below 80 percent of AMI (totaling 903 units) is estimated to be associated with senior households that already own housing free and clear of any mortgage debt.<sup>4</sup>

An additional 1,100 units of housing need, at prices affordable to 80 percent of AMI or less, are associated with senior households that are either

renters or owners with outstanding mortgage debt. This source of need is more likely to be associated with senior households that may not be able to afford market-rate housing product.

Approximately 740 units or 20 percent of senior housing need is estimated to be attributable to households with incomes of 80 to 120 percent of AMI. Approximately 880 units or 24 percent of senior housing need is estimated to be attributable to households with incomes of more than 120 percent of AMI.

<sup>4</sup> Wealth, especially that associated with retirement accounts and home equity, tends to increase significantly with age. By age of householder, those age 65 or older possess median wealth (per household) that is two- to three-times greater than householders between the ages of 35 and 54. See for the example the U.S. Census Bureau publication “The Wealth of Households: 2017”: <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p70br-170.pdf>

## Housing Replacement Needs

This section reviews estimates related to the third source of new housing need: the replacement of existing units “lost” or removed over time from the existing housing stock. While it is difficult to forecast total replacement need accurately because of exogenous or unpredictable factors which can lead to large removals of housing stock (e.g., large floods or fires), some amount of housing replacement need is simply correlated to the declining physical condition of the existing housing stock. Aging and obsolescence of residential structures beyond reasonable repair will generate a continual need to house displaced residents (frequently tenants/renters) irrespective of other housing needs.

Changing market dynamics and socioeconomic factors also lead to varying degrees of housing removal. Existing units or lots can be merged<sup>5</sup> and existing structures may change from their initial use. Neighborhoods burdened by high concentrations of poverty are also prone to abandonment and housing deterioration; some homeowners simply cannot afford necessary maintenance or landlords avoid/defer maintenance given the lack of market incentive to invest in maintenance.

### PROLONGED VACANCY AND HOUSING DETERIORATION IN PUEBLO

#### USPS Vacancy Data

HUD receives quarterly administrative data from the United States Postal Service (“USPS”) about address vacancies. The data is aggregated by zip code and Census Tract, identifying USPS counts of total residential addresses, total vacant addresses<sup>6</sup>, as well as characteristics of vacant addresses – such as duration of the vacancy.

Table D-12 summarizes a count of prolonged vacancies in Pueblo County for the first quarter of 2021.

**Table D-12: Count of Residential Addresses Vacant for 36 Months or Longer (1Q 2021)**

	Count #	Vacancy Rate <sup>1</sup>
Eastside / Lower Eastside	274	4.9%
Northside / Country Club	176	3.4%
Bessemer / Lakeview	149	2.6%
Downtown/Grove	40	1.9%
Hyde Park/Park West/ Skyview	37	1.7%
Belmont/Eastwood Heights	85	1.3%
Mesa Junction/Aberdeen/Heritage	45	1.0%
Sunset/Sunny Heights/Regency	46	0.8%
University/Ridge	17	0.4%
Beulah Heights/Highland Park/El Camino	26	0.3%
County Areas	297	1.1%
<b>COUNTYWIDE TOTAL</b>	<b>1,192</b>	<b>1.6%</b>
<sup>1</sup> Percent of residential address within each area reported vacant for 36 months or longer.		
Sources: HUD, USPS Administrative Data on Vacancies; City of Pueblo; Gruen Gruen + Associates.		

The highest incidences of prolonged housing vacancy according to the USPS vacancy data are associated with census tracts that generally correspond to neighborhoods of the City of Pueblo with the oldest and lowest-priced housing inventory.

Census tracts where more than two percent of all residential addresses are reported to have been vacant for more than 36 months are concentrated in the Eastside, Lower Eastside, Northside, Bessemer, and Lakeview neighborhoods. These census tracts include more than 50 percent of all prolonged residential vacancies in Pueblo County, but less than 22 percent of residential address points countywide.

<sup>5</sup> Consider an older, detached single-family home that was split into a duplex rental property 50 years ago. The owner may remodel and “merge” the units back to its original use (as a single-family, owner-occupied home) when for-sale housing market conditions encourage this conversion.

<sup>6</sup> A “Vacant” address is one identified by USPS delivery staff on urban routes as being vacant (not collecting mail) for 90 days or longer.

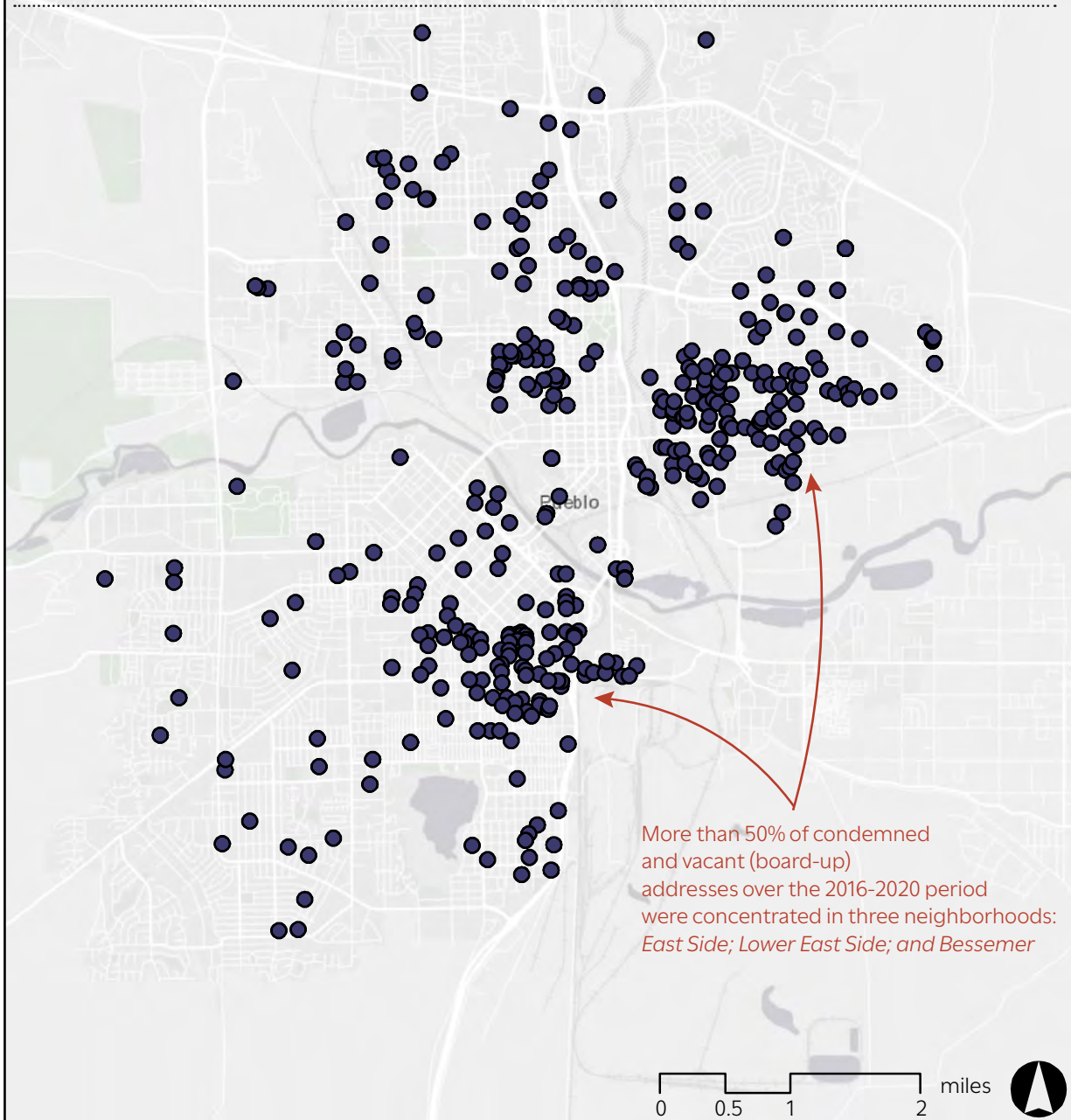
## Code Enforcement Data

Code Enforcement addresses standards of habitability for residential properties. Between 2017 and 2020, the Code Enforcement Department within the City of Pueblo has logged between 350 and 500 violations and

complaints (each year) related to “Board-Ups” and “Interior Property Maintenance.”<sup>7</sup> This indicates that approximately 0.7 to 1.0 percent of the existing housing stock in the City each year is subject to complaint or violation specifically related to habitability of residential structures (not including exterior property maintenance

<sup>7</sup> Pueblo Police Department, 2020 Annual Report, Page 41: <https://www.pueblo.us/ArchiveCenter/ViewFile/Item/3491>

**Map D-1: Condemned and Vacant Housing Units, 2016-2020 Code Enforcement Data**



### CONDEMNED OR VACANT HOUSES

Code Enforcement Data, 2016 - 2020:

- Residential Address Points

violations such as for weeds, litter removal, junk vehicles, etc.).

## SECONDARY HOUSING “LOSS RATE” DATA

National-level data via American Housing Survey samples are periodically evaluated to determine dynamics of housing stock change, including the balance between permanent and temporary housing stock losses and non-construction additions to inventory. The U.S. Census Bureau also applies regional housing loss rates (by age of structure) when preparing annual housing inventory and population estimates.

Table D-13 summarizes data from the most recent “Components of Inventory Change: 2015-2017” study sponsored by the U.S. Department of Housing and Urban Development.

The newest housing stock built since 1990 is estimated to experience no housing loss/removal when housing additions (additions not associated with new construction - such as unit splits or conversions of structures to residential use) are considered. In other words, the housing “loss rate” for existing housing built in this period

is negative. Beginning with existing housing stock built in the 1980s, the net housing loss rate increases. All existing units built prior to 1950 are estimated to experience a net annual housing loss rate exceeding 0.4 percent. Approximately four to seven existing units, out of 1,000 units of existing inventory, will be lost or removed in a given year.

Overall, the “Components of Inventory Change: 2015-2017” study from HUD suggests that the annual nationwide housing loss rate is relatively low at 1.8 units per 1,000. Implicitly this indicates that the newest housing units added to inventory will not need replacing within the next 500 years. This is not likely to be the case but the generalization that newer units are less susceptible to abandonment or becoming uninhabitable due to functional obsolescence and disrepair is reasonable.

To make an approximation of housing replacement need over the next 10 years, we apply the net annual housing loss rates to the existing housing stock in Pueblo County.

**Table D-13: Net Housing Loss Rates by Year Built**

	2015 Housing Stock # Units	Permanent Losses, 2015-17 # Units	Non-Construction Additions <sup>1</sup> , 2015-17 # Units	Net Housing Loss, 2015-17 # Units	Net Annual Housing Loss Rate %
2000 or later	23,362,200	128,500	152,900	-24,400	-0.10%
1990-1999	17,578,700	81,100	85,000	-3,900	-0.01%
1980-1989	18,747,000	101,800	57,000	44,800	0.12%
1970-1979	20,023,400	138,000	46,300	91,700	0.23%
1960-1969	14,603,600	115,900	30,600	85,300	0.29%
1950-1959	14,407,900	66,000	27,800	38,200	0.13%
1940-1949	6,860,300	78,400	11,100	67,300	0.49%
1930-1939	4,372,500	71,600	14,000	57,600	0.66%
1920-1929	5,318,100	79,400	28,800	50,600	0.48%
Pre-1920	9,516,200	130,200	49,400	80,800	0.42%
Total	134,790,000	991,000	503,000	488,000	0.18%

<sup>1</sup> Such as existing units being split, or existing non-residential structures being converted to residential use.

Sources: Econometrica, Inc., “Components of Inventory Change: 2015-2017” prepared for HUD Office of Policy Development and Research, 2020; Gruen Gruen + Associates.

## ESTIMATE OF POTENTIAL HOUSING REPLACEMENT NEED

Table D-14 presents an estimate of housing replacement need for the City of Pueblo over 10 years. Given an existing stock of about 48,500 units and the age distribution of the housing stock, using the housing loss rate estimates by age bracket drawn from the housing loss data by age (reviewed previously) produces an estimate of the need to replace 1,271 units over 10 years. Approximately 64 percent of the housing replacement estimate is attributable to the need to replace housing units 66 years or older.

Table D-15 presents an estimate of housing replacement needs for Pueblo West and areas in Pueblo County. Given a housing stock of 23,500 units and a much smaller number of older housing units, the 10-year housing replacement need is estimated at 316 units or 0.13 percent of the total housing stock.

**Table D-14: Housing Replacement Need Estimate, City of Pueblo**

Age of Housing <sup>1</sup>	Existing Housing Stock <sup>2</sup> # Units	Housing Loss Rate (Annual) %	10-Year Housing Replacement Need # Units
25 Years or Less	8,700	0.00%	---
26 to 35 Years	3,500	0.12%	42.0
36 to 45 Years	5,000	0.23%	115.0
46 to 55 Years	7,100	0.29%	206.0
56 to 65 Years	7,700	0.13%	100.0
66 to 75 Years	6,600	0.49%	323.0
75 Years or Older	9,900	0.49%	485.0
<b>Total</b>	<b>48,500</b>	<b>0.26%</b>	<b>1,271.0</b>

<sup>1</sup> Age of existing housing stock as of 2021.  
<sup>2</sup> Figures are rounded to nearest hundred units. Existing housing stock by current age based upon 2019 ACS estimates.

Source: Gruen Gruen + Associates

**Table D-15 Housing Replacement Need Estimate, Pueblo West and County Areas**

Age of Housing <sup>1</sup>	Existing Housing Stock <sup>2</sup> # Units	Housing Loss Rate (Annual) %	10-Year Housing Replacement Need # Units
25 Years or Less	11,400	0.00%	---
26 to 35 Years	3,700	0.12%	44.0
36 to 45 Years	2,100	0.23%	48.0
46 to 55 Years	2,100	0.29%	61.0
56 to 65 Years	1,200	0.13%	16.0
66 to 75 Years	800	0.49%	39.0
75 Years or Older	2,200	0.49%	108.0
<b>Total</b>	<b>23,500</b>	<b>0.13%</b>	<b>316.0</b>

<sup>1</sup> Age of existing housing stock as of 2021.  
<sup>2</sup> Figures are rounded to nearest hundred units. Existing housing stock by current age based upon 2019 ACS estimates.

Source: Gruen Gruen + Associates

# Real Estate Economic Analysis of Housing Development Alternatives

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Appendix E



## Introduction

This appendix by Gruen Gruen + Associates (GG+A) summarizes an analysis of current housing development economics in Pueblo. The purpose of the analysis is to evaluate and identify:

- The financial feasibility of developing typical new single-family and multi-family housing in Pueblo;
- Types of housing (and price points) which the private market cannot feasibly produce without municipal assistance; and
- The degree of public assistance or incentives needed to bridge housing production gaps.

The results and conclusions drawn from modeling several housing “prototypes” are differentiated by housing density, type, and tenure. The prototypical development alternatives are selected for their consistency with housing typologies expressed in the current Pueblo Regional Comprehensive Plan update.<sup>1</sup> The housing prototypes were also selected to further exemplify a spectrum of product types that could accommodate future housing needs in a variety of locations and settings, from unincorporated County areas to new housing in urban settings (e.g., within or near Downtown Pueblo).

## ANALYTICAL APPROACH

The most significant determinants of land use value are the potential income (rents) or sales prices that can be earned by alternative land uses, the costs associated with the construction and maintenance of alternative land uses, and the regulations that govern the right to develop or alter alternative land uses and the physical characteristics of how they can be developed.

We focus in this appendix on identifying the real estate economics of prototypical development alternatives identified as representative of the types of housing uses commonly developed or in accord with the Comprehensive Plan and land use regulations.

Although market and land use policy, regulatory conditions, and the physical circumstances of a particular property may vary by location (which the prototypes cannot explicitly quantify), property owners and developers tend to share a common motivation to maximize their own economic return from a particular development undertaking. One reference point for measuring development financial feasibility is the residual land value; a yardstick used to evaluate each prototypical housing development alternative. We simulate the development economics of each alternative from the viewpoint of a potential developer/builder and estimate how much each project could afford to pay for land given current relationships between market-rate prices for housing and estimates development costs – including targeted return-on-investment (profit margin) thresholds.

A project is feasible if a developer can achieve a return on the developer/investor equity that meets a hurdle rate commensurate with the associated risk. If the residual land value from the investment is zero or less, the likely cost of the land makes the investment infeasible without municipal assistance.

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<sup>1</sup> See Page 50 of the “State of the County Report,” which identifies four general types of housing including Pueblo Ranch Homes on one-acre or more, Suburban Single-Family units at a density of about five units per acre, Attached Housing (2-5 units), and Multifamily Housing.

<https://wp-cpr.s3.amazonaws.com/uploads/2021/05/2021-Pueblo-State-of-the-County.pdf>

In essence, we asked the following question:

***“How much could a prospective developer/builder pay for the amount of land needed to site each prototypical housing development alternative and earn a reasonable profit margin commensurate with the risk of each hypothetical development?”***

For the single-family housing prototypes (assumed to be “for sale” or ownership housing), we use this methodology of estimating the residual land value based upon (1) a minimum required home builder profit margin equal to 15 percent of gross sales revenues, and (2) a minimum 20 percent annual return on total capital investment required to improve land and create finished lots. In this calculation, we assume that the developer would be a residential builder seeking to earn a fair return on a for-sale product, rather than an investor who would calculate feasibility by considering the return the investor would earn from rents over time.

For the multi-family prototypes which are modeled as rental apartment units, residual land value estimates reflect a “hurdle rate” or return on equity investment equal to a 20 percent annual Internal Rate of Return (IRR).

Note that the residual land value benchmark is best used to compare alternatives and obtain insight on the “ability to pay”. Actual market value is also affected by the price of competing entitled land supply. Accordingly, the differences between each prototype are meant to provide perspective on: (1) how development financial feasibility change with density, construction type, parking configuration, unit type/sizes/mixture, and market orientation; and (2) which of the prototypes, based on the preliminary information contained in this updated analysis, are feasible to undertake with- and without- municipal incentives or policy changes.

In cases where our findings suggest that the real estate economics currently affecting the area would not support the private, unassisted development of a given type of housing, our analysis provides a measure of the public investment that would be required to encourage

such development. For example, if we find that the residual land value of a housing use is minus \$2 per square foot, then some form of a subsidy in excess of that amount would be required before a landowner would find the development of such a use feasible. As indicated above, the reader should keep in mind also that zoning and other land use regulations that govern density, heights, site coverage and the like play a significant role in affecting the feasibility that we are measuring in this report by estimates of supportable land value.

## Summary of Housing Prototypes

Three prototypes for single-family housing range from large lot homes at a density of less than one unit per acre to attached townhomes at a density of 12 units per acre. Three prototypes for multi-family housing range from “walk up” apartment units to an adaptive re-use of an existing four-story building. Table E-1 summarizes the six prototypical housing alternatives that were modeled.

Key physical assumptions underlying each housing prototype are as follows:

- **Walk-Up Apartments**<sup>2</sup> – multi-family building(s) including three floors and parked via surface lots. Buildings would not feature elevators and common areas/amenities would be minimal. The overall housing density is 25 units per acre with an average unit size of about 900 square feet. An on-site parking ratio would be about 2.0 spaces per unit.
- **Low-Rise Apartment Building**<sup>2</sup> – multi-family building with four floors configured around a traditional elevator core with a common entryway/lobby and common hallways. The overall housing density is 35 units per acre with an overall average unit size of 800 square feet. Parking would be provided at a ratio of 1.5 stalls per unit in an on-site surface lot.
- **Adaptive Re-Use** – conversion of a four-story, 100,000-square-foot commercial building to multi-family residential use. The ground floor would feature residential common areas, amenities, and commercial spaces. Upper floors of the building would be converted to rental apartment units with an average unit size of 700 square (reflecting a unit mix oriented to smaller one-bedroom and single-room occupancy “SRO” units). Parking for the residential units is assumed to be provided in an off-site parking structure at a ratio of one stall per unit.
- **Large Lot Home** – detached single-family subdivision development featuring average lot sizes of  $\pm 50,000$  square feet with an average home size of 2,000 square feet (above-grade living area). Accounting for typical right-of-way and street requirements, the overall housing density is assumed at 0.8 units per acre. Lots are assumed to be developed with septic systems and minimal public roadway improvements. The prototype is consistent with the A-3 Zone District requirements in Pueblo County (with a minimum one-acre lot size).
- **City Lot Home** – detached single-family subdivision development with typical lot sizes of  $\pm 6,500$  square feet and a smaller average home size of 1,700 square feet (above-grade living area). The overall housing density is estimated at approximately five units per acre. This prototype would be consistent with the existing R-2 Zone District in the City of Pueblo.
- **Townhome / Duplex**<sup>2</sup> - attached single-family housing development including two-story townhomes and ranch duplexes with an average unit size of 1,500 square feet of living area. The overall housing density is estimated at approximately 12 units per acre, with typical attached housing lot sizes of  $\pm 3,000$  square feet.

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<sup>2</sup> Each prototype is generally consistent with existing R-4 Zone District (Mixed Residential) requirements in the City of Pueblo.

**Table E-1: Summary of Housing Development Prototypes**

	<b>Gross Land Area<sup>1</sup></b>	<b>Housing Density</b>	<b>Average Unit Size<sup>2</sup></b>	<b>Parking Ratio</b>
Large Lot Home	125.0 ac	0.8 du / ac	2,000	2.0 / unit
City Lot Home	20.0 ac	5.0 du / ac	1,700	2.0 / unit
Townhome / Duplex	8.3 ac	12 du / ac	1,500	1.5 / unit
Walk-Up Apartments	4.0 ac	25 du / ac	900	2.0 / unit
Low-Rise Apartment Building	2.9 ac	35 du / ac	800	1.5 / unit
Adaptive Re-Use <sup>3</sup>	0.7 ac	150 du / ac	700	1.0 / unit
<sup>1</sup> Total land area to site 100 prototypical housing units of each type.				
<sup>2</sup> In square feet of above-grade living area (for single-family units) and square feet of rentable area (for multi-family units).				
<sup>3</sup> Modeled as an existing 100,000-square-foot building. Parking structure assumed to be provided off-site.				
Source: Gruen Gruen + Associates				

# Housing Development Feasibility

The analysis of housing prototypes was utilized to test the financial feasibility of new residential development (at market-rate sales prices or rents) and to quantify feasibility gaps. The key findings are highlighted below.

**The “City Lot Home”, “Townhome/Duplex”, and “Walk-Up Apartment” prototypes are financially feasible for the private market to develop.**

These prototypical housing developments are estimated to generate residual land values of \$1.50 to \$4.10 per square foot of unimproved land. Table 2 summarizes the results for 100 units of each housing prototype.

The residual land value estimates represent supportable land acquisition prices of \$7,200 to \$13,100 per housing unit or approximately \$66,000 to \$179,000 per acre of land. Based on interviews with brokers and builders and review of land parcels currently listed for sale in Pueblo, the land values supported by these housing prototypes exceed the likely reservation prices<sup>3</sup> of land and property owners.

Larger unimproved tracts of land can typically be acquired at less than \$20,000 per acre. Smaller infill parcels in City limits or already platted/entitled lots typically entail higher acquisition costs. A review of current listings for six vacant parcels ranging in size from 4.5 acres to 230 acres (all within or contiguous to City limits) indicates that unimproved land prices range from about

\$10,000 to \$50,000 per acre, or approximately \$0.25 to \$1.15 per square foot of land.

The housing prototypes included in Table E-2 are all estimated to feasibly support land values that exceed these prices, indicating a developer/investor could acquire the raw land needed to build each prototype and still earn a feasible rate of return on development.

**The denser “Townhome/Duplex” and “Walk-Up Apartment” prototypes are estimated to support land values that may begin to encourage infill redevelopment from non-residential to residential use.**

About 32 acres at the former Pueblo Greyhound Park on the south side of Pueblo, for example, is listed for sale as a “redevelopment opportunity” with an asking price of approximately \$3.65 per square foot of land. The attached Townhome/Duplex and Walk-Up Apartment units are estimated to generate residual land values of about \$3.25 and \$4.10 per square foot of land, respectively. The analysis suggests these housing prototypes may be financially viable candidates for the redevelopment of non-residential properties no longer in their highest and best use (especially on sites already served by adequate off-site infrastructure capacity and without major environmental remediation constraints).

<sup>3</sup> “Reservation price” refers to the minimum price for which a landowner will sell its property.

**Table E-2: Feasible Housing Development Prototypes**

	City Lot Home	Townhome/Duplex	Walk-Up Apartments
Land Use	Single-Family Detached	Single-Family Attached	Multi-Family
Number of Dwelling Units	100	100	100
Gross Land (Site) Area	20.0 ac	8.3 ac	4.0 ac
<b>Residual Land Value</b>	<b>\$1,310,000</b>	<b>\$1,186,000</b>	<b>\$715,400</b>
<b>Per Square Foot of Land</b>	<b>\$1.50</b>	<b>\$3.27</b>	<b>\$4.11</b>
<b>Per Housing Unit</b>	<b>\$13,100</b>	<b>\$11,860</b>	<b>\$7,154</b>
Source: Gruen Gruen + Associates			

**Table E-3: Infeasible Housing Development Prototypes**

	Low-Rise Apartment Building	Adaptive Re-Use
Land Use	Multi-Family	Multi-Family + Commercial
Number of Dwelling Units	100.0	100.0 <sup>1</sup>
Gross Land (Site) Area	2.9	0.7 <sup>1</sup>
<b>Residual Land Value</b>	<b>(\$1,659,300)</b>	<b>(\$7,868,600)</b>
<b>Per Square Foot of Land</b>	<b>(\$13.33)</b>	<b>(\$270.96)</b>
<b>Per Housing Unit</b>	<b>(\$16,593)</b>	<b>(\$78,686)</b>
<sup>1</sup> The Adaptive Re-Use prototype also assumes an off-site parking structure with 100 stalls (not included in the site area of an existing 100,000-square-foot building).		
Source: Gruen Gruen + Associates		

**The “Large Lot Home” prototype is marginally feasible if platted lots or raw land can be acquired at low prices in areas such as Pueblo West. Affordability constraints may discourage this type of large lot single-family development in the future.**

The Large Lot Home prototype models a hypothetical subdivision development with lots averaging about 1.2 acres in size, consistent with County A-3 zone district standards. Like most remaining lots in Pueblo West, it also assumes detached single-family homes served by septic systems with minimal street improvements. The results of the real estate economic analysis indicate a residual land value averaging about \$32,000 per lot. This equates to a land value of approximately \$0.60 per square foot of gross land area.

The reservation prices for existing platted lots in areas such as Pueblo West have increased rapidly to be above what most typical developments can support and still earn a feasible return. As of August 2021, less than 15 percent of lots for sale were listed at prices below \$32,000. The average list price for lots south and north of Highway 50 was \$50,000 and \$45,000 per lot, respectively.

**The private unassisted development of the “Low-Rise Apartment Building” and “Adaptive Re-Use” prototypes are not feasible. Public funding and other incentives will be needed to encourage development of these housing prototypes or rents will need to increase before the types of developments become financially feasible.**

The real estate economic analysis of the prototypical Low-Rise Apartment Building and Adaptive Re-Use alternatives indicate that such uses do not support high enough land values and investment returns to induce private unassisted development. Table 3 summarizes the residual land value estimates for 100 units of each housing prototype.

Residual land value estimates for both apartment prototypes are negative indicating that feasibility gaps exist. For the Low-Rise Apartment Building prototype, the residual land value is estimated at minus \$1,659,300. This represents a negative land value of about \$16,600 per housing unit. The development would require a site (land) at no cost, plus approximately \$1.7 million of public investment or incentive. Property tax abatements and fee waivers may be sufficient to bridge a feasibility gap of this size.<sup>4</sup>

The feasibility gap associated with the Adaptive Re-Use prototype (renovation of an existing

<sup>4</sup> The residual land value improves to positive \$3.25 per square foot of land under the following incentive assumptions: (a) 20-year full property tax abatement; (b) waiver of water and sewer tap fees; and (c) waiver or rebate of building permit, plan check/review, and local construction use taxes.

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100,000-square-foot building) is much larger. The residual land value is estimated at minus \$7.9 million, indicating the building would need to be acquired for \$0 plus about \$7.9 million of public investment or incentive. This finding may explain why prospective adaptive re-use projects within the Downtown have not yet been realized, such as the historical Colorado Building, Federal Building, and Pope Block. Both interviews and the analysis suggest that a combination of public financing sources including historic tax credits, tax increment financing (TIF), fee waivers, capital contributions for off-site parking provision, and so forth would be required to bridge the feasibility gap.<sup>5</sup>

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<sup>5</sup> Assuming a building acquisition cost of \$20-per-square-foot, the total feasibility gap would be approximately \$100,000 per unit.



## Housing Production Gaps

Findings and conclusions related to the affordability of new privately funded housing production in Pueblo are presented below. Comparisons to forecast workforce and senior housing needs over the next 10 years in Pueblo are also summarized for context.

### **New detached single-family housing cannot be feasibly produced at prices affordable to households earning below 110 percent of Area Median Income (AMI).**

A housing production gap for detached single-family units at prices affordable to households earning below 110 percent of AMI exists. Table E-4 below summarizes the estimated market prices required to produce detached single-family homes in terms of the percentage of AMI needed to afford the housing unit.

The average sales price for the Large Lot Home prototype, consisting of an average home with 2,000 square feet of living area, is estimated at \$450,000 or \$225 per square foot. This represents a monthly housing cost of \$2,580 that would require approximately 124 percent of AMI to afford.

The average sales price for the smaller City Lot Home prototype, consisting of an average home with 1,700 square feet of living area, is estimated at \$375,000 or \$220 per square foot.

This represents an average monthly housing cost of \$2,150 that would require about 112 percent of AMI to afford.

The projection of future workforce and senior housing need in Pueblo County indicates a total of about 5,500 detached single-family units required to accommodate additional housing needs over the next 10 years. Approximately two-thirds of the future housing need is predicted to originate from households earning above 110 percent of AMI (and/or senior households that already own housing free and clear of any debt; households for which housing affordability will not likely hinge upon monthly payments). Accordingly, about one-third of the predicted need or 1,900 units over 10 years is for detached single-family housing at prices that may not be feasible for the private market to produce through new construction. Some of the potential need could be satisfied through the purchase of existing housing units from owners with sufficient incomes to afford the cost of new housing units. Given the low available inventory, new housing development that would induce higher income existing residents to purchase new housing units so as to free up relatively lower priced existing homes would be desirable.

**Table E-4: Percent of AMI Needed to Afford New Construction Detached Single-Family Homes**

	Large Lot Home	City Lot Home
Residual Land Value Per-Square-Foot	\$0.58	\$1.50
<i>Feasibility Conclusion</i>	<i>Marginally Feasible</i>	<i>Feasible</i>
Average Market Sales Price Per Unit	\$450,000	\$375,000
Average Bedrooms Per Unit (Prototype Assumptions)	3.75	3.0
<b>Percent of AMI Required to Afford Market Price<sup>1</sup></b>	<b>124%</b>	<b>112%</b>
<sup>1</sup> Based on 2021 income limits for Pueblo County, adjusted by household size and number of bedrooms. Conversion from average market sales price to monthly housing cost assumes the following: <ul style="list-style-type: none"> <li>- 5.0% down payment;</li> <li>- 3.5% annual interest rate on 30-year mortgage;</li> <li>- Mortgage Insurance premium equal to 0.8% of loan balance (FHA rates); and</li> <li>- Property tax and home insurance expense equal to 1.0% of sales price.</li> </ul>		
Source: Gruen Gruen + Associates		

**New attached single-family and multi-family housing units cannot be feasibly produced below prices affordable at 95 percent of AMI.**

A similar housing production gap may apply for smaller, more dense housing products although the feasibility threshold (in terms of market sales prices or rents) is slightly more affordable than for new detached single-family housing production.

Table E-5 summarizes the percentage of AMI required to afford the market sales price of new “Townhome/Duplex” or market rents estimated for the “Walk-Up Apartment” unit prototype.

The average sales price for the Townhome/ Duplex prototype, consisting of an average unit with 1,500 square feet of living area, is estimated at \$300,000 or \$200 per square foot. This represents a monthly housing cost of \$1,720 that would require approximately 96 percent of AMI to afford.

The average market rent for the Walk-Up Apartment unit averaging 900 square feet in size is estimated at \$1,570 per month or \$1.74 per square foot. This average monthly housing cost would require 95 percent of AMI to afford.

The projection of future workforce and senior housing need in Pueblo County includes a total

of 2,500 units of attached single-family and multi-family housing required to accommodate additional housing needs over the next 10 years. About 40 percent of the future housing need, or 1,000 units, is predicted to originate from households earning above 95 percent of AMI or from senior households that already own housing. Approximately 60 percent of the predicted need or 1,500 units over 10 years is for attached single-family or multi-family housing at prices that may not be feasible for the private market to produce. As indicated above, this points to the desirability of existing higher income households purchasing new housing helping to free up comparatively more affordable existing housing. This also suggests the importance of not adopting policy actions that increase housing development costs.

**Table E-5: Percent of AMI Needed to Afford New Construction Attached Single-Family and Walk-Up Apartment Units**

	Townhome / Duplex	Walk-Up Apartments
Residual Land Value Per-Square-Foot	\$3.27	\$4.11
<i>Feasibility Conclusion</i>	<i>Feasible</i>	<i>Feasible</i>
Average Market Sales Price Per Unit	\$300,000 (sales price)	\$1,570 (monthly rent)
Average Bedrooms Per Unit (Prototype Assumptions)	2.5	2.0
<b>Percent of AMI Required to Afford Market Price</b>	<b>96% <sup>1</sup></b>	<b>95%</b>
<sup>1</sup> Based on 2021 income limits for Pueblo County, adjusted by household size and number of bedrooms. Conversion from average market sales price to monthly housing cost assumes the following: <ul style="list-style-type: none"> <li>- 5.0% down payment;</li> <li>- 3.5% annual interest rate on 30-year mortgage;</li> <li>- Mortgage Insurance premium equal to 0.8% of loan balance (FHA rates); and</li> <li>- Property tax and home insurance expense equal to 1.0% of sales price.</li> </ul>		
Source: Gruen Gruen + Associates		

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# **Real Estate Economics of Multi-Family Housing Development**

## Multi-Family Prototypes

Table E-6 summarizes the key assumptions underlying each multi-family housing prototype. The three prototypes are as follows:

- Walk-Up Apartments** – this prototype includes three-story buildings with on-site surface parking. The overall housing density is 25 units per acre and the floor-area ratio approximates 0.6. The buildings would not include elevators and common areas would be minimal. The prototype unit mix is assumed to include a variety of one-, two-, and three-bedroom units oriented to workforce and family households with an average unit size of about 900 square feet. An on-site parking ratio would be 2.0 spaces per unit.
- Low-Rise Building** – the second prototype is a larger four-story building, configured around a traditional elevator core with a common entryway/lobby and common hallways. The overall housing density is 35 units per acre and the floor-area ratio approximates 0.8. The prototype unit mix is assumed to predominantly include one- and two-bedroom units with an overall average unit size of 800 square feet. Parking would be

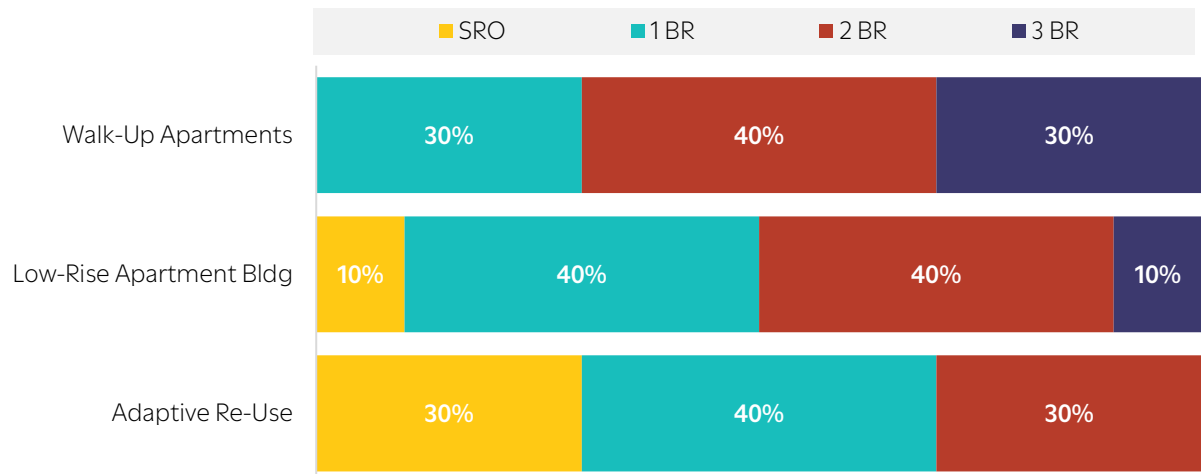
provided at a ratio of 1.5 stalls per unit in an on-site surface lot.

- Adaptive Re-Use** – this prototype assumes the rehabilitation, re-use, and historic preservation of an existing four-story building with about 100,000 square feet of existing building area. Approximately 12,500 square feet of commercial space is included on the ground floor with other residential common areas and amenities. The upper floors of the building would be entirely re-used for rental apartment space. The overall average unit size is assumed to be smaller, at 700 square feet per unit, reflecting a unit mix oriented to one-bedroom and single-room occupancy (SRO) units. Parking for the residential units is assumed to be provided in an off-site parking structure at a ratio of one stall per unit.

The Walk-Up Apartments and Low-Rise Apartment Building prototypes would be consistent with existing R-4 Zone District (Mixed Residential) standards and off-street parking requirements in the City of Pueblo. Figure E-1 summarizes the assumed unit mix for each of the multi-family housing prototypes. Seventy (70) to 80 percent of the unit mix for each prototype consists of one- and two-bedroom units.

**Table E-6: Multi-Family Housing Development Prototypes**

	Walk-Up Apartments	Low-Rise Building	Adaptive Re-Use
Land Use	Multi-Family	Multi-Family	Mixed-Use
Number of Dwelling Units	100	100	100
Gross Site Area	4.0 AC	2.9 AC	0.7 AC
Density (Units/Acre)	25.0	35.0	150.0
Average Unit Size <sup>1</sup>	900 SF	800 SF	700 SF
Building Loss Factor <sup>2</sup>	10%	15%	20%
Gross Building Area:			
Residential	100,000 SF	94,000 SF	87,500 SF
Commercial	0 SF	0 SF	12,500 SF
<i>Total Gross Building</i>	<i>100,000 SF</i>	<i>94,000 SF</i>	<i>100,000 SF</i>
Floor-Area-Ratio	0.6	0.8	3.4
Parking	2.0 stalls/unit On-site surface lot	1.5 stalls/unit On-site surface lot	1.0 stalls/unit Off-site garage
<sup>1</sup> In rentable building area.			
<sup>2</sup> Loss factor refers to proportion of building area that is utilized for common areas and otherwise unrentable space (e.g., circulation corridors, stairwells, mechanical rooms).			
Source: Gruen Gruen + Associates			

**Figure E-1: Unit Mix Assumptions for Multi-Family Prototypes**

## Development Cost Estimates

Table E-7 summarizes estimated development costs, excluding land and financing, for each multi-family prototype. The estimated hard and soft construction costs are based on interviews with several housing developers and finance professionals, review of proforma cost estimates for planned multi-family developments of similar construction types in Pueblo (e.g., Fairway Village) and Colorado Springs, and current water and sewer tap fee rates in the City of Pueblo.

The hard construction cost estimates reflect a site work cost assumption equal to \$5 per square foot of land area, residential building area costs of \$130 to \$175 per gross square foot, and commercial building area and tenant improvement costs of \$225 per gross square foot (for the Adaptive Re-Use prototype). Costs for the Adaptive Re-Use prototype also include parking structure costs at \$25,000 per stall. The total estimated hard construction costs range from a low of about \$139,000 per unit for the Walk-Up Apartments (which assumes an efficient and economical product with minimal common areas or hallways, etc.), to a high of \$206,000 per unit for the Adaptive Re-Use scenario.

Building permit and other fees, local construction use tax, and water and sewer tap/impact fees are estimated to range from approximately \$8,700 to \$10,700 per housing unit. A development fee equal to five percent of hard construction cost is uniformly applied to each prototype, ranging from \$6,900 to \$10,300 per unit. Additional

“soft costs” attributable to architecture and engineering, professional and legal fees, pre-development expenses, etc., are estimated at approximately \$12,000 per unit for the new construction prototypes, or 8.5 percent of hard construction costs. Additional soft costs for the Adaptive Re-Use prototype are assumed to be slightly higher (about \$20,600 per unit) given the planning, design and pre-development phase of historic re-use is typically more tedious and complicated according to our interviews.

Total development costs (before land and financing) for the Walk-Up Apartment and Low-Rise Apartment Building prototypes are estimated at \$166,000 and \$176,000 per unit, respectively. Total costs for the Adaptive Re-Use scenario at almost \$248,000 per unit which largely reflects additional costs associated with structure parking and ground-floor commercial space.

**Table E-7: Estimated Development Costs for Multi-Family Prototypes**

	Walk-Up Apartments		Low-Rise Building		Adaptive Re-Use	
	\$ Per Sq. Ft.	\$ Per Unit	\$ Per Sq. Ft.	\$ Per Unit	\$ Per Sq. Ft.	\$ Per Unit
Hard Costs	139	138,700	157	147,200	206	206,250
Permits/Fees and Use Tax	4	4,161	5	4,416	6	6,188
Water/Sewer Tap Fees	5	4,500	5	4,500	5	4,500
Developer Fee <sup>1</sup>	7	6,935	8	7,360	10	10,313
Additional Soft Costs <sup>2</sup>	12	11,790	13	12,512	21	20,625
<b>TOTAL COST <sup>3</sup></b>	<b>166</b>	<b>166,086</b>	<b>187</b>	<b>175,988</b>	<b>248</b>	<b>247,875</b>

<sup>1</sup> Five percent (5%) of hard construction cost.

<sup>2</sup> Architectural, engineering, professional and legal fees, pre-development expenses, and so forth.

<sup>3</sup> Before land acquisition and financing.

Source: GG+A Interviews and Review of Development Proformas

## Market and Operating Parameters

A variety of secondary sources and estimates were considered in preparing the market rent and operating expense assumptions, including: HUD Fair Market Rents for 2021 in Pueblo County; current asking rents for newer apartment units in Pueblo; apartment property offering memorandums; and development proformas for planned multi-family developments in Pueblo and Colorado Springs.

Table E-8 summarizes estimates of average market rents for each multi-family prototype.

The average rents by prototype are based on the following market rate monthly rent assumptions, where applicable:

- SRO units at \$1,000 monthly (\$2.00 per square foot);
- One-bedroom units at \$1,300 monthly (\$1.86 per square foot);
- Two-bedroom units at \$1,600 monthly (\$1.78 per square foot); and
- Three-bedroom units at \$1,800 monthly (\$1.64 per square foot).

Monthly rents are estimated to range (on average) from about \$1.74 per square foot for the Walk-Up Apartments to \$1.86 per square foot for the Adaptive Re-Use scenario.

### Apartment Unit Absorption and Occupancy

The existing multi-family rental inventory is extremely well occupied and limited new market-rate inventory has been delivered in recent years. For purposes of the real estate analysis, we assume that 25 percent of units in each prototype are pre-leased and that absorption averages 10 units per month after construction. Upon stabilization, a seven percent vacancy rate and credit loss factor are included.

### Operating Expenses

The real estate economic analysis is based on the following annual operating expense estimates for the multi-family rental housing prototypes:

- Annual property tax and insurance expenses of \$1.50 per square foot;
- Management fee equal to three percent (3%) of gross revenue; and
- Annual variable expenses (such as payroll, utilities, general maintenance/repairs, etc.) equal to 20 percent of annual gross revenues.

These expense assumptions represent approximately 30 percent of gross revenues, or approximately \$4,700 to \$5,700 per unit upon stabilization of each prototype.

**Table E-8: Estimated Market Rents for Multi-Family Rental Units**

	Walk-Up Apartments	Low-Rise Building	Adaptive Re-Use
Average Unit Size	900 SF	800 SF	700 SF
Average Monthly Rent Per Unit	\$1,570	\$1,440	\$1,300
Average Monthly Rent Per Square Foot	\$1.74	\$1.80	\$1.86
<b>Percent of Area Median Income (AMI) Needed to Afford Market Rent <sup>1</sup></b>	<b>94.9%</b>	<b>95.0%</b>	<b>94.3%</b>
<sup>1</sup> Adjusted for unit mix (see Figure E-1) and based on 2021 rent and income limits for Pueblo County.			
Source: GG+A Interviews and Review of Secondary Data / Proformas			



**Table E-9: Investment and Financing Assumptions for Multi-Family Prototypes**

	Multi-Family Prototypes
Timeline:	
Planning / Pre-Development	6 months
Construction	18 months
Investment Holding Period	10 years
Capital Stack:	
Equity Investment	25%
Debt Financing	75%
Equity Investment Rate of Return:	
Annual Internal Rate of Return (IRR)	20.0%
Interim (Construction) Financing:	
Annual Interest Rate	6.0%
Loan Fees / Points	1.5%
Loan Duration	24 months
Permanent Mortgage:	
Annual Interest Rate	4.0%
Loan Amortization	25 years
Property Sale:	
Income Capitalization Rate	6.0%
Cost of Sale	2.0%
Source: Gruen Gruen + Associates	

## Investment and Financing Parameters

Table E-9 summarizes the financing and investment parameters upon which the residual land value estimates for multi-family prototypes are based.

Each multi-family prototype is assumed to have a two-year planning and construction period, which is typical for moderately sized projects. Equity investment is assumed to be held for a period of 10 years from date of construction.

Financial parameters include equity and debt terms, construction and permanent loan arrangements, Internal Rate of Return (IRR) requirements, and capitalization rates.

The capital stack or “sources” of funding includes 25 percent equity investment and 75 percent debt. This provides for a reasonable debt service coverage ratio that exceeds 1.4x following the stabilized occupancy of each prototype. For the

multi-family prototypes which are modeled as rental apartment units, a “hurdle rate” or return on equity investment equal to a 20 percent annual Internal Rate of Return (IRR) is applied.

We conservatively estimate a construction loan interest rate of 6.0 percent and loan fees/points of 1.5 percent. We assume a permanent mortgage loan is obtained in the third year of the project to take out or retire the construction loan, with an annual interest rate of 4.0 percent for the permanent mortgage and a loan amortization schedule of 25 years. We estimate the capitalization rate or required yield on the purchase of an income-producing property of 6.0 percent. Expenses associated with the sale of the property (in Year 10) are estimated at two percent of the transaction value.

## Residual Land Value Estimates for Multi-Family Prototypes

Table E-10 presents the results of the real estate economic analysis of prototypical multi-family developments on a per-unit basis.

The results of the analysis indicate that the least dense multi-family prototype (Walk-Up Apartments) generates a residual land value of approximately \$7,100 per unit. At a density of approximately 25 units per acre, this represents a land value of about \$4 per square foot of land. An investor/developer could pay \$715,000 for the land required to site 100 walk-up units and earn a 20 percent annual return on its equity investment.

The results of the analysis indicate that residual land values for the other multi-family housing prototypes are negative, indicating the development of such projects would be infeasible without public investment or other forms of incentive/assistance. The Low-Rise Building generates a land value of minus \$16,593 per unit, meaning an investor/developer would need land provided at no cost plus an upfront incentive of \$1,659,300 to develop 100 units of this housing prototype and still achieve a 20 percent annual return on equity investment.

The feasibility gap for the Adaptive Re-Use prototype is even larger with a negative land value of nearly \$79,000 per apartment unit. The existing building would need to be acquired and provided at no cost to the investor/developer, plus an additional \$7.9 million in public investment or subsidy to complete the project and earn the targeted 20 percent annual return on investment. Some of this public assistance could be provided in the form of off-site parking, which would reduce the feasibility gap by almost one-half.

**Table E-10: Residual Land Value Estimates for Multi-Family Prototypes**

	Walk-Up Apartments \$ Per Unit	Low-Rise Building \$ Per Unit	Adaptive Re-Use \$ Per Unit
<b>Residual Land Value</b>	<b>7,154</b>	<b>(16,593)</b>	<b>(78,686)</b>
Hard Construction Costs	138,700	147,200	206,250
Soft Costs	27,386	28,788	41,625
Financing Costs	7,785	8,249	11,619
<i>Total Project Value</i> <sup>1</sup>	<i>181,026</i>	<i>167,644</i>	<i>180,808</i>
Equity Investment	45,256	41,910	45,202
Internal Rate of Return in Year 10	20.00%	20.00%	20.00%
<sup>1</sup> Represents total development costs, including financing, plus the estimated Residual Land Value.			
Source: Gruen Gruen + Associates			

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# **Real Estate Economics of Single-Family Housing Development**

## Single-Family Prototypes

Table E-11 summarizes the key physical assumptions underlying each single-family housing prototype.

The three prototypes are as follows:

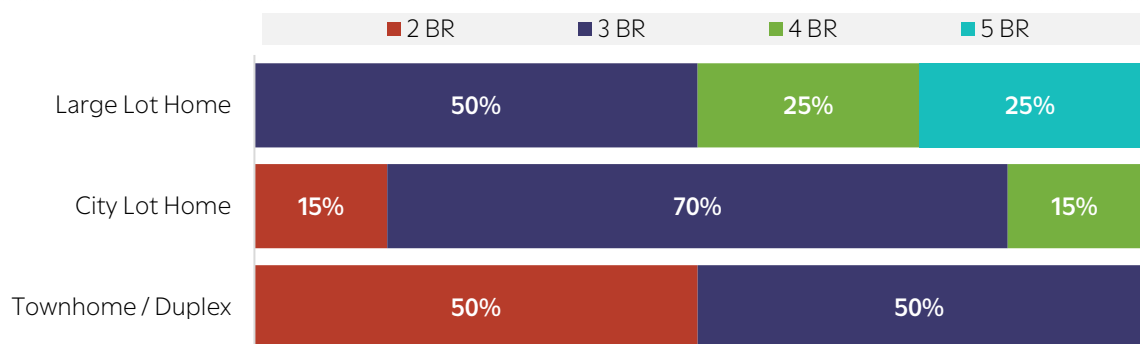
- Large Lot Home** – a detached single-family subdivision development featuring average lot sizes of  $\pm 50,000$  square feet with an average home size of 2,000 square feet (above-grade living area). Accounting for typical right-of-way and street requirements, the overall housing density is assumed at 0.8 units per acre. Lots are assumed to be developed with septic systems and minimal public roadway improvements. The prototype is consistent with the A-3 Zone District requirements in Pueblo County (with a minimum one-acre lot size).
- City Lot Home** – a detached single-family subdivision development with much smaller average lot sizes of  $\pm 6,500$  square feet and a smaller average home size of 1,700 square feet (above-grade living area). The overall housing density is estimated at approximately five units per acre. This prototype would be consistent with the existing R-2 Zone District in the City of Pueblo.
- Townhome / Duplex** – an attached single-family housing development including two-story townhomes and single-story duplexes with an average unit size of 1,500 square feet of living area. The overall housing density is estimated at approximately 12 units per acre, with typical attached housing lot sizes of  $\pm 3,000$  square feet. This prototype would generally be consistent with the existing R-4 Zone District in the City of Pueblo.

Figure E-2 summarizes the assumed unit mix for each of the single-family housing prototypes. Three-bedroom units are assumed to represent at least 50 percent of the unit mix for each prototypical single-family development.

**Table E-11: Single-Family Housing Development Prototypes**

	Large Lot Home	City Lot Home	Townhome / Duplex
Land Use	Detached Single-Family	Detached Single-Family	Attached Single-Family
Number of Dwelling Units	100	100	100
Gross Land Area	125.0 AC	20.0 AC	8.3 AC
Density (Units/Acre)	0.8	5.0	12.0
Typical Lot Size	$\pm 50,000$ SF	$\pm 6,500$ SF	$\pm 3,000$ SF
Average Unit Size <sup>1</sup>	2,000 SF	1,700 SF	1,500 SF
Total Living Area	200,000 SF	170,000 SF	150,000 SF
<sup>1</sup> Above-grade finished living area.			
Source: Gruen Gruen + Associates			

**Figure E-2: Unit Mix Assumptions for Single-Family Prototypes**



## Sales Price Estimates

Table E-12 summarizes the average market-rate sales price estimates for each single-family housing prototype. The estimates reflect our interviews with multiple local homebuilders, review of new construction home listings in Pueblo, and analysis of current and historical single-family sales prices throughout the City and County.

The gross sale revenue estimates reflect average base sales prices of \$200 to \$225 per square foot of above-grade living area. Interviews and secondary data both suggest that owner-occupied housing prices in Pueblo continue to escalate rapidly, with the average price of existing for-sale housing inventory increasing by nearly 80 percent since 2015. Accordingly, the obtainable sales price estimates are order-of-magnitude in nature as of August 2021.

The average price for the Large Lot Home prototype is estimated at \$450,000 or \$225 per square foot. The average unit with 2,000 square feet of above-grade living area would require approximately 124 percent of AMI to afford monthly housing payments.

The average price for the City Lot Home prototype is estimated at \$375,000 or \$221 per square foot. The average unit with 1,700 square feet of above-grade living area would require approximately 112 percent of AMI to afford monthly housing payments.

The average price for the Townhome/Duplex prototype is estimated at \$300,000 or \$200 per square foot. This reflects about a 10 percent discount to a detached housing unit of similar size. The average unit with 1,500 square feet of above-grade living area would require approximately 97 percent of AMI to afford monthly housing payments.

**Table E-12: Average Sales Price Estimates for Single-Family Units**

	Large Lot Home	City Lot Home	Townhome / Duplex
Average Lot Size	± 50,000 SF	± 6,500 SF	± 3,000 SF
Average Unit Size <sup>1</sup>	2,000 SF	1,700 SF	1,500 SF
<b>Average Sales Price Per Unit</b>	<b>\$450,000</b>	<b>\$375,000</b>	<b>\$300,000</b>
Average Sales Price Per Square Foot	\$225	\$221	\$200
<i>Percent of Area Median Income (AMI) Needed to Afford Average Sales Price <sup>2</sup></i>	124.2%	112.5%	96.5%
<sup>1</sup> Above-grade finished living area. <sup>2</sup> Based on 2021 income limits for Pueblo County, adjusted by household size and number of bedrooms. Conversion from average sales price to monthly housing cost assumes the following: <ul style="list-style-type: none"> <li>- 5.0% down payment;</li> <li>- 3.5% annual interest rate on 30-year mortgage;</li> <li>- Mortgage Insurance premium equal to 0.8% of loan balance (FHA rates); and</li> <li>- Property tax and home insurance expense equal to 1.0% of sales price.</li> </ul>			
Source: GG+A Interviews and Sales Data Analysis			

## Development Cost Estimates

Table E-13 summarizes order-of-magnitude estimates of horizontal or “land development” costs for the prototypical single-family housing alternatives. Estimates reflect our interviews with multiple land developers that have created lots in Pueblo, review of street/public improvement budgets for publicly financed projects in the broader region, and prior experience.

Differences in horizontal cost largely reflect the physical attributes (lot size, lot width and amount of street frontage) that differentiate the City Lot Home and Townhome/Duplex prototypes. Note that the estimates specifically do not encompass any “off-site” improvement costs that might be required for specific development parcels, such as extending existing water or sewer mains to the site.

The Large Lot Home prototype is estimated to have a horizontal land development cost of approximately \$36,000 per lot. This assumes an existing lot in that is already platted and graded, such as in Pueblo West, with minimal public street and utility requirements. Based on interviews with local builders, an on-site septic system is assumed to be required at a cost of approximately \$30,000 per home.

Land development costs for the City Lot Home and Townhome/Duplex prototypes are estimated at approximately \$37,400 and \$19,600, respectively. The estimates reflect hard costs for streets, curb and gutter, sidewalks, storm drainage, and wet and dry utilities equal to approximately \$500 per linear foot of roadway.

Table E-14 presents estimates of “vertical” construction cost for the single-family units based on interviews with local builders, review of recent single-family building permit records, current water and sewer tap fees in the City of Pueblo and Pueblo West, as well as other secondary data such as National Association of Home Builder cost surveys.

**Table E-13: Horizontal (Land Development) Costs for Single-Family Units**

	Large Lot Home \$ Per Lot	City Lot Home \$ Per Lot	Townhome / Duplex \$ Per Lot
Site Preparation / Grading	0	4,800	2,000
Street Improvements and Utilities	2,500	34,200	18,400
Septic Systems <sup>1</sup>	30,000	0	0
Soft Costs @ 10% of Hard <sup>2</sup>	3,250	3,900	2,040
<b>LAND DEVELOPMENT COSTS<sup>3</sup></b>	<b>35,750</b>	<b>37,375</b>	<b>19,550</b>
<sup>1</sup> “Large Lot” prototype is representative of a lot in Pueblo West or other unincorporated areas of the County.			
<sup>2</sup> Engineering, legal and professional service fees, permitting/review, etc.			
<sup>3</sup> Does not include land acquisition or development/investment profit.			
Source: GG+A Interviews and Review of Public Improvement Cost Estimates			

**Table E-14: Vertical Development Cost for Single-Family Units**

	Large Lot Home		City Lot Home		Townhome / Duplex	
	\$ Per-Sq-Ft	\$ Per Unit	\$ Per-Sq-Ft	\$ Per Unit	\$ Per-Sq-Ft	\$ Per Unit
Hard Cost	105	210,000	105	183,750	100	155,000
Permit Fees and Use Tax	3	6,300	3	5,355	3	4,500
Water / Sewer Tap Fees	6	12,400	4	7,100	5	7,100
Selling / Marketing Costs	11	22,500	11	18,750	10	15,000
Other Soft Costs <sup>1</sup>	18	36,000	18	30,000	16	24,000
Builder Profit Margin <sup>2</sup>	34	67,500	33	56,250	34	51,000
<b>VERTICAL COSTS</b>	<b>177</b>	<b>354,700</b>	<b>174</b>	<b>295,955</b>	<b>168</b>	<b>251,600</b>
<sup>1</sup> Architectural/design fees, insurance and warranty reserves, costs of funds (financing), and builder overhead/G&A equal to 8% of sales revenue. <sup>2</sup> Builder profit included at 15% of detached unit sales revenue and 17% of townhome unit sales revenue. This margin is commensurate with a smaller local or regional builder. Larger national homebuilders typically will have lower margin requirements.						
Source: GG+A Interviews and Analysis						

Vertical hard construction costs are estimated at \$100 to \$105 per square foot of above-grade living area, or \$155,000 per Townhome/Duplex unit up to \$210,000 for larger detached units. Hard cost estimates before any permit or utility fees represent about 50 percent of finished home sales prices, which is typical.

Building and other permit fees, construction use tax, and water and sewer tap fees are estimated to approximate \$11,600 to \$12,500 per unit for the City Lot Home and Townhome/Duplex prototypes. Fees are higher for the Large Lot Home prototype as the current water impact fee for Pueblo West (about \$12,400 per unit) is applied. Soft costs associated with selling and marketing units (e.g., closing costs, commissions, model units) are estimated at five percent of sales revenues or about \$15,000 to \$22,500 per unit. Additional soft costs for typical items like design, insurance and warranty reserves, costs of funds, general administrative expenses, and builder overhead are included at eight percent of sales revenues or \$24,000 to \$36,000 per unit.

Based on interviews with local builders, a builder “profit margin” for the detached single-family prototypes is estimated at 15 percent of sales revenues or approximately \$56,000 to \$68,000 per unit. A higher profit margin of 17 percent is applied to the attached Townhome/Duplex prototype to account for higher levels of

construction defect and absorption risk typically associated with attached housing products.

In total, the vertical development costs for single-family units are estimated to range from a low to \$252,000 per unit to a high of \$355,000 per unit.



## Residual Land Value Estimates

Table E-15 summarizes estimates of “finished lot values” for each single-family prototype, which reflect the non-discounted difference between the gross sales revenue from one unit and the total vertical construction cost (including builder profit) of the unit. In other words, these estimates represent the price that a vertical builder could afford to pay for a shovel-ready home site that is fully entitled, platted, prepared, and improved with necessary infrastructure.

The Large Lot Home prototype supports the highest finished lot values at approximately \$95,000 per lot. The comparison between estimated sales revenues and vertical costs for a prototypical City Lot Home indicates a finished lot value of about \$79,000 per lot. This is consistent with several interviews indicating that finished lots within the newest subdivisions (of the City) are difficult to produce at less than \$75,000 per lot. The smaller attached Townhome/ Duplex lots are estimated to support finished lot values of about \$48,000 per lot, representing approximately 60 percent of the finished lot price associated with a detached home.

**Table E-15: Finished Lot Values for Single-Family Prototypes**

	Large Lot Home \$ Per Lot	City Lot Home \$ Per Lot	Townhome / Duplex \$ Per Lot
Gross Unit Sale Revenues	450,000	375,000	300,000
Less: Vertical Costs	(354,700)	(295,955)	(251,600)
<b>Finished Lot Values<sup>1</sup></b>	<b>95,300</b>	<b>79,045</b>	<b>48,400</b>
<sup>1</sup> Difference between gross sale revenues (Table E-11) and vertical construction costs (Table E-13).			
Source: Gruen Gruen + Associates			

Table E-16 summarizes the residual land value estimates for the single-family housing prototypes. After account for horizontal land development costs and a return on capital investment in land acquisition and improvements, the estimates indicate the supportable value of unimproved land. A return on land investment and development is included based on a 20 percent annual return requirement and an average sales velocity of four lots per month. The estimates of required return or “profit” on land development range from approximately \$14,000 up to \$28,000 per lot, representing about a 29 percent margin on the finished lot sales.

The residual land value (finished lot prices, less land development costs and return/profit) of the Large Lot Home prototype is estimated at \$31,750 per lot or just under \$3.2 million for a prototypical 100-lot development. This represents an unimproved land value of approximately \$0.60 per square foot.

The City Lot Home prototype is estimated to support a residual land value of \$13,100 per lot or \$1.3 million in total for a 100-lot development. This represents an unimproved land value of approximately \$1.50 per square foot of land. The residual land value supported by the attached Townhome/Duplex prototype is estimated at \$11,860 or just under \$1.2 million for a prototypical 100-unit development. This represents an unimproved land value of approximately \$3.30 per square foot of land.

**Table E-16: Residual Land Value Estimates for Single-Family Prototypes**

	Large Lot Home		City Lot Home		Townhome / Duplex	
	\$ Per Unit	\$ Total <sup>1</sup>	\$ Per Unit	\$ Total <sup>1</sup>	\$ Per Unit	\$ Total <sup>1</sup>
Finished Lot Sales	95,300	9,530,000	79,000	7,900,000	48,400	4,840,000
Land Development Cost	(35,750)	(3,575,000)	(42,900)	(4,290,000)	(22,440)	(2,244,000)
Land Development Return <sup>2</sup>	(27,800)	(2,780,000)	(23,000)	(2,300,000)	(14,100)	(1,410,000)
<b>Residual Land Values</b>	<b>31,750</b>	<b>3,175,000</b>	<b>13,100</b>	<b>1,310,000</b>	<b>11,860</b>	<b>1,186,000</b>
Per-Square-Foot of Land		\$0.58		\$1.50		\$3.27
<sup>1</sup> Totals for a prototypical 100-unit development.						
<sup>2</sup> Return on land investment/development is based on (a) 20% unleveraged IRR and (b) sales velocity of four lots/month.						
Source: Gruen Gruen + Associates						

# Review of Prior Comprehensive Plans and Other Reports

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Appendix F

## Introduction

Past plans were reviewed to obtain perspective on demographic and employment and housing conditions and trends, housing needs, and public housing characteristics. Actual figures have been compared to some prior projections. The comparison suggests that the amount of employment and household growth has been consistently lower than forecast. Also reviewed and summarized below are the Pueblo Housing Authority Annual Plan, Draft 2020-24 Consolidated Plan, and Pueblo 2020 Citizen Survey.

## Pueblo's Comprehensive Plan (Regional Development Plan)

### PUEBLO AREA COUNCIL OF GOVERNMENTS - July 25, 2002

The Pueblo Regional Development Plan was prepared by a joint venture of the City of Pueblo, Pueblo County, the Metro Districts of Pueblo West and Colorado City, the towns of Beulah and Rye, School Districts 60 and 70, the Pueblo Board of Water Works, and the Salt Creek Sanitation District under the auspices of the Pueblo Area Council of Governments. Page 1.

Pueblo experienced the most growth during the decades of the 1950s and 1960s with the addition of approximately 34,000 new residents. The new housing development occurred primarily to the north (Country Club, Skyview, and Northside), east (Belmont) and southwest (Beulah Heights, Sunset Park, and Lake Minnequa). Page 5.

By 1970, single-family development within the City of Pueblo slowed. The 2002 population reflects an increase of only 5,500 persons since it reached 97,770 in 1970. Page 6.

From 1940 to 2002, approximately 20 - 30% of Pueblo County's population has resided outside the City of Pueblo. Unincorporated population growth (11,000 people) over the decade of the 1990's occurred primarily within the Pueblo West Metro District and the St. Charles Mesa. Page 6.

The Pueblo West Metro District is located seven miles west of Pueblo along U.S. Highway 50. It was established in 1969 and encompasses 31,000 acres or 49 square miles (land area slightly larger than City of Pueblo) with 18,700 platted residential lots. The Colorado City Metro District is located approximately 20 miles south of the City along Interstate 25. This district was established in 1963 and encompasses 8,500 acres or 13 square miles subdivided into 16,800 lots. Pueblo County provides police, zoning, and subdivision services to residents of the Metro Districts. Page 6.

Community issues raised related to mobility, such as the lack of connectivity from one area of the region to the other, traffic congestion or the lack of pedestrian-friendly transportation systems. Other concerns included land use conflicts between residential and commercial, redevelopment of older areas within the City of Pueblo, and the suburbanization of rural areas. Also, issues frequently raised by citizens included the economy, and over-crowding within the school system in fast-growing suburban areas. Page 13.

Pueblo County's population growth over the three decades (1970 – 2000) fluctuated. County's population peaked at almost 126,700 in 1975. The recession of the mid 1980's resulted in a decline in population not recovered until 1994, almost 20 years later. 2000 population estimated at 140,000 people. The Demand Analysis, indicates that Pueblo County's population will reach approximately 200,000 in year 2030. Page 17. As of 2019, the county population totaled of over 168,000. At the average annual rate of 1.09 percent since 2000, the population would total over 189,000 by 2030. However, the population growth since 2010 has averaged only 0.59 of one percent.

See Table 1 – Regional Population Growth page 18. Based on single-family building permits, from 1990 to 2000, the City of Pueblo captured 32% of the new home starts, while Pueblo West captured 56% and other areas of the County captured 12%.

The Demand Analysis's population projections for the City were increased to reflect a population growth capture rate for the City of 35% of the County's projected 59,800 new residents over

the next 30 years, which results in a population increase in the City of 20,950 people. Since 2000, the City's population has increased by an estimated 10,130.

About 81 percent of the 30,100 new residential units developed over the next 30 years are projected to be single-family residential units. About two-thirds of all new housing units will be built outside the City of Pueblo. Page 18. 89% of units added between 2000-2019 were single-family detached. 54% of units added between 2000-2019 were built outside City of Pueblo. Higher proportion of single-family units were added than forecast in 2002 and lower proportion of units added were outside City of Pueblo.

From 2001 to 2030, 30,100 new dwelling units will be built in the Pueblo Region. Page 29. Nearly 13,000 units have been added from 2000-2019; about 43% of the 2002 forecast.

In 1997, Pueblo Region had 66,027 jobs. During the 30-year planning horizon, job growth is expected to more than double, rising to 139,000 jobs. Page 19. The actual change has been considerably less with fewer than 9,100 jobs added through 2019.

The total number of jobs in Pueblo County is based on projections to 2025 by the Colorado Department of Local Affairs. From 2001 to 2030, 30,100 new dwelling units will be built in the Pueblo Region. In 1997, the Pueblo Region had 66,027 jobs. During the 30-year planning horizon, job growth is expected to more than double, rising to 139,000 jobs. Page 20. Based on these projections, the "service sector" will be the largest gainer in job growth, adding over 31,000, followed by 18,700 new retail trade jobs. Overall, it is projected there will be over 73,000 new jobs created in the 33- year time span.

See page 22 Table 5 for summary of land needs by use.

The Pueblo Region has a growth capacity of 1,225,550 vacant, developable acres (1,915 square miles or three-fourths of the Region's 2,400 square miles). This is vacant land unconstrained by environmental factors. Page 24.

In 1998, there was sufficient capacity in the Region to accommodate 89,500 new residential units and 72,000 new jobs. Approximately half of the residential capacity is located in the City of Pueblo and the Metro Districts (a vacant land capacity of 45,300 dwelling units). This is more than enough capacity. Page 24.

Almost 49% of the Region's remaining residential capacity (44,200 dwelling units) is located in unincorporated areas or small rural communities on land that is zoned for agricultural use. Page 25.

Over two-thirds (68%) of the employment capacity is located in the City of Pueblo or in Pueblo West. Available capacity in these areas is typically well served by public facilities and an urban street network. Only 27% of the capacity for future employment is located in more rural areas of the Region. Page 25.

#### Page 28 Summary of Capacity and Demand

The year 2000 population of the Pueblo Region is estimated at 140,000 people.

By year 2030, it is projected the Region's population will reach 200,000 (an additional 60,000 people).

The forecasted population growth will add an estimated 30,100 dwelling units by 2030, a 50% increase over the existing number of residential units currently within the Region.

Based on historic residential land use demand, additional residential development over the next 30 years will have a gross land demand of 21,270 acres (33 square miles).

The Region may add over 73,000 new jobs over the next 30 years, a 100% increase over existing employment. Job growth will occur in commercial, office, industrial, and government land uses and will have a gross land demand of 9,790 acres (15 square miles).

Of the Pueblo Region's 2,400 square miles, over 1900 square miles are classified as vacant and environmentally unconstrained; this includes a considerable amount of active agricultural land.

The vacant land capacity (under current zoning classifications) can accommodate 89,500 additional dwelling units and 72,000 additional jobs. This is more than enough vacant land for residential development and an adequate amount of land for most of the employment demand. The capacity to accommodate additional land for residential purposes is somewhat inflated because it contains land that is currently in productive agricultural uses and thus not actually available for development.

Trends show an increase in the percentage of persons occupying lands in unincorporated Pueblo County (38% in 2030 v. 26% in 2000). This translates into a trend that two-thirds of the future housing development will occur outside the City of Pueblo's corporate limits. Existing rural subdivisions such as Hatchet Ranch, Midway, Red Creek Ranch, and Signal Mountain consume 48,000 acres, and if fully developed (1 unit per 60 acres), they would add over 800 dwelling units in the rural areas. Land use densities of rural subdivisions currently consume land at a rate of 180 times that of urban development (1 unit per 60 acres compared to 3 units per acre in the urban area).

The Pueblo Region has a vast amount of land area – 2,400 square miles or 1.5 million acres. Of this, 1,915 square miles, or 1.2 million acres, is considered developable (unconstrained by existing development or environmental factors). Developable land includes land that is in active agricultural/ranching use. This land is not necessarily available for development, but because there are currently few limitations on agricultural/ranching lands being converted to “developed” acres, they were included in the developable or growth capacity acres. Page 33.

Page 33-40 describes anticipated character of subsectors of Pueblo region. Referred to as growth management actions.

Page 41 -A significant portion of the 1,900 square miles of developable land in the Pueblo Region is projected to remain in the category of Rural/Ranch. This is sparsely populated acreage devoted to traditional ranching operations, large rural land holdings and ranch.

Production Agriculture category pertains to prime agricultural land located east of the St. Charles River and within the bottomlands adjacent to Fountain Creek, north of Pueblo. These prime agricultural areas are known to possess rich, fertile soils, and the Soil Conservation Service has classified the soils as being prime for agricultural use. There remain viable farm operations within these areas despite increasing pressures from suburban development. The protection and preservation of the prime agricultural lands is the primary purpose of this land use designation. Page 42.

Country Residential provides large lot development options typically ranging from 1–5 acres in size. This land use is intended to remain more rural in character without public sewer service but having some suburban amenities such as public water service designed with sufficient capacity for fire protection services. These Country Residential uses are recommended for the one-to-five-acre lot development found in northern and southwestern portions of Pueblo West, St. Charles Mesa immediately east of the City of Pueblo, Baxter/Airport area (residential area) and areas surrounding the edges of Colorado City and the Town of Rye. Page 44.

The Suburban Residential land use designation identifies residential subdivisions with densities from 1 to 3 units an acre. Page 44. Areas identified as Suburban Residential are developments within the City of Pueblo, including the neighborhoods of Belmont, Country Club, portions of Sunny Heights and El Camino, the area around the University of Southern Colorado, as well as within Pueblo West (eastern area of smaller lots on sanitary sewer). Page 45.

The Urban Residential neighborhoods are found predominantly within the city limits of Pueblo and the urbanizing areas in the City's immediate periphery. Page 45. Development in these Urban Neighborhoods is typically at densities of 4 to 7 units per acre and often reflects the traditional urban residential layout used in the early development of Pueblo. Page 45. Urban Residential neighborhoods are typically found within the City of Pueblo such as Mesa Junction, Eastside, Bessemer, Northside, Aberdeen,



State Park, and Hyde Park. As the City of Pueblo expands to the north, south (SouthPointe) and southwest, a continuation of these Urban Residential Areas should be continued. Interconnected neighborhoods, sanitary sewer and neighborhood parks should be an integral part of the development. Page 46.

Several areas within the City of Pueblo include High Density Residential land use. These multiple family housing complexes, having densities of 8 to 12 units an acre, are primarily found within the Minnequa, Belmont and Northridge areas of the City of Pueblo and within Pueblo West along Highway 50. This land use includes townhomes, row houses and apartment buildings. Page 46.

“Employment Center is a future land use category that is planned with potential for the location of major economic-base employers, such as the North and South Pueblo Gateways, D.O.T Test Track, Former Army Depot, Airport Industrial Park, and Pueblo West Industrial Park. These may be developed as mixed-use office parks, manufacturers and regional distribution and service centers. Some of these lands are more fully developed than others, but realization of the full potential of these sites will depend, in most cases, on significant additional investment in infrastructure; an exception to this is the Airport Industrial Park. Zoning in employment centers should allow office uses, warehousing, assembly and light manufacturing uses. Supporting commercial uses, including restaurants, convenience stores and service stations, should be allowed within the designated areas but typically not along the major arterials providing access to the areas; allowing development of a strip of auto-oriented uses at the entrance to such an area may create practical, economic and visual barriers to economic development within the area. Office Park is a future land use category that is planned for two distinct gateway areas into the City of Pueblo, the northern gateway (Porter Draw/Eden Interchanges on I-25) and the southern gateway (near SouthPointe along I-25).” Page 48.

See Table 13 on page 50 for summary of land use density recommendations.

## Pueblo Regional Development Plan

### ADDENDUM 2014

Population – County is forecast to grow by 69,237 residents between 2010 and 2040 (and City forecast to grow by 26,178 residents). County forecast to grow to 228,300 people by 2040 and City will grow to 136,241 people; City’s share of population forecast to continue to decline from 69 percent of County share in 2010 to 60 percent share in 2040. Decline due to less expensive public infrastructure, less restrictive land use regulations and availability of large lot development in unincorporated areas including Pueblo West.

Housing Growth – forecast to grow by 30,898 units between 2011 and 2040. 79 percent of forecast units are projected to be single-family units (24,532 units). Expect unincorporated County to experience a little more than half of residential development. Only 2,153 units (3,180 building permits) were added to the County from 2010 through 2019 compared to a forecast for the 2011-2020 period for 10,706 new units in the County.

Job Growth – Forecast of 26,634 new jobs between 2010 and 2040. The forecast emphasizes growth will be in services sector (16,624 new jobs) so this sector will growth to a share of 50 percent in County by 2040 (from 44 percent in 2010). Total jobs in County in 2010 are shown at 68,452. Services in all categories comprise 44 percent of total employment-the same as in 2010.

Land Demand – to provide for 69,237 new residents and 26,634 new jobs between 2010 and 2040 in County, will need 11,022 net acres and 25,840 gross acres (applied some multiplier effect to account for uncertainty of specific property development). Gross acreage demand for residential uses totals 21,360 acres in County (most of this is for single-family units – 19,630 acres).

Land Capacity – Based on current land development/zoning regulations, County has capacity to develop 89,443 new dwelling units



and 72,025 new jobs. Region has sufficient capacity to accommodate new demand for residential and non-residential growth. Analysis by location, shows City of Pueblo can accommodate 22 percent of new units (about 19,800 units) so majority of new units (78 percent) will be located in Pueblo West, Colorado City Metro, and unincorporated small towns. Employment land capacity is different. City can accommodate 43 percent of new jobs (30,651 jobs) but Pueblo West, Colorado City and unincorporated small towns will accommodate 57 percent of new jobs (as opposed to 78 percent of new housing units).

## 2020-2024 HUD Consolidated Plan

### CITY OF PUEBLO AND PUEBLO CONSORTIUM -MAY/JUNE 2021

The Draft 2020-2024 Consolidated Plan provides a comprehensive summary of low- and moderate-income housing needs in the community based on stakeholder interviews and review of secondary data: The most significant housing needs in Pueblo are generally summarized as:

- Rehabilitation of older housing units occupied by low- and moderate-income households. The need is particularly concentrated among renters.
- "Increased access to clean, safe, and affordable housing for both owners and renters." Affordable studio and one-bedroom apartments and units offering handicap accessible features are noted as primary needs.
- A variety of services and emergency and permanent housing solutions to assist persons and families experiencing homelessness. Permanently supportive housing (especially for families) and services for intensive medical needs are urgent.
- For persons or households already residing in public housing, needs continue to relate to maintaining stable/decent living conditions and improving access to employment, education, and transit.

### Housing Problems

- Lower income households often face a difficult choice between substandard housing conditions, overcrowding, or severe cost burdens.
- The most significant housing issues identified are severe cost burdens, most acutely felt by the lowest income households.
- Overcrowding conditions and substandard units each affect about one percent of all City households. These problems are almost entirely concentrated among households earning less than 80 percent of AMI.
- The Point in Time survey conducted in 2019 in Pueblo identified more than 250 individuals/

families at imminent risk of homelessness. About 50 percent of those identified are affected by chronic physical disability or mental illness.

### Non-Homeless Special Needs

- Special needs populations in the community include the elderly, persons with disabilities, and individuals challenged with substance abuse or addiction.
- About 31 percent of all households include at least one person aged 65 or older.
- Almost 21 percent of the City population identifies as having a physical or cognitive disability. More than 39 percent of citizens with a disability are living below the poverty line.
- Pueblo disproportionately experiences behavioral health challenges leading to high rates of substance abuse and drug poisoning. The per capita rate of overdose is nearly three times the State average.
- Needs specifically related to these special populations include access to public transit that allows easy access to both employment and health services; assistance making accessibility improvements or repairs to existing units; emergency shelter beds; and an increased capacity of supportive housing as people/families are discharged from institutions.

### Barriers to Affordable Housing

- Increasing rents have resulted in a scarcity of rental units that are affordable at “Fair Market Rent” via HUD Section 8 vouchers. Many landlords will assess higher rents than are compensated from tenant-based vouchers.
- In addition to general lack of unit inventory, lower- and moderate-income households are challenged with down payments and closing costs, rental application fees, and financial literacy.
- Land for housing development has become increasingly expensive in the past 10 years.
- Regulatory compliance for use of federal funds on rehabilitation projects are often prohibitive: total cost of rehab investment may exceed market price of a finished home.
- Existing zoning code is not conducive to

higher density housing, SRO's, or accessory dwelling units. There is a perceived shortage of land zoned for attached housing units, multi-family, or other mixed housing units (e.g., small-lot single family).

- Zoning code treats multi-family use with commercial standards.
- The “No Camping” ban extends to “tiny homes” which are classified as temporary structures.
- Churches, which have capacity to provide shelter and assistance, are zoned as residential use where overnight sheltering is not permitted.
- General NIMBYism delays development of multi-family housing and controversial projects.

### Strategic Goals Summary

See Pages 140-142

# Five-Year Plan and 2021 Annual Public Housing Authority Plan

## PUEBLO HOUSING AUTHORITY - JAN 2021

The Housing Authority of the City of Pueblo (“Housing Authority”) identifies a five-year plan with goals and objectives generally focused on:

- Expanding the supply of assisted housing and improving the quality of units;
- Increasing assisted housing choices and increasing the use of vouchers;
- Improving living environments (e.g., deconcentrating poverty, enhancing security);
- Promoting self-sufficiency and asset development of assisted households; and
- Ensuring equality opportunity and fair housing practices.

A major on-going effort to further these objectives is the replacement and conversion of the 212-unit Sangre de Cristo Apartments. The phased development, currently in its second phase, will convert Public Housing units to Section 8 voucher assistance (i.e., project-based vouchers), with additional funds leveraged from programs such as 9% Low Income Housing Tax Credits.

The Housing Authority’s 2021 Annual Plan provides a current snapshot of assisted units, current waiting lists, and admission preferences:

- The inventory currently totals 2,340 units or vouchers, including 818 units of Public Housing and 1,522 Housing Choice Vouchers (Section 8).
- The waiting list for Public Housing units is 742 applicants, mostly seeking 1BR or 2BR units. The waiting list has been (and remains) closed for 1BR and 2BR assisted units.
- The waiting list for Section 8 vouchers includes 473 families, almost entirely within the “Extremely Low Income” category (below 30 percent of AMI). The waiting list for Section 8 has been closed for more than 12 months.
- Stated admission preferences for Public Housing currently include (a) victims of domestic violence; (b) families actively experiencing homelessness; (c) single persons who are elderly, displaced, experiencing homelessness or persons with disabilities; and (d) families that include a person with disabilities.

## 2020 Citizen Satisfaction Survey

### CITY OF PUEBLO 2020

The City of Pueblo periodically sponsors a survey of residents to assess citizen satisfaction with quality of services. The latest survey was conducted during the winter of 2020. Key findings that potentially reflect conditions or perceptions interrelated to the local housing market or housing challenges/opportunities included:

- Services that residents think warrant the greatest emphasis/improvement generally include street maintenance, policing, and code enforcement.
- Among respondents who had an opinion, only 44 percent are satisfied with “quality of life in the City” – although 61 percent are satisfied with the “City as a place to live.”
- The majority of residents with an opinion (about 70 percent of respondents) are satisfied with the location, quality and maintenance of City parks.
- Seventy-six percent (76%) of respondents indicated that there are areas of town where they do not feel safe (especially at night).
- Only nine percent of are satisfied with City efforts to demolish vacant structures, although more than one-half (54 percent) of respondents indicated they are “satisfied with the condition of housing in their neighborhood.”
- Nearly two-thirds of residents surveyed indicated support for terminating the Black Hills Energy franchise and establishing a municipal utility.
- Services recommended as a “top priority” by the administrator of the survey (ETC Institute) with respect to Public Safety emphasize City crime-prevention efforts and improving feelings of safety and security, visibility of police, and police response times.