Colorado is losing low-cost rental housing

A CCLP issue brief

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Key findings

- Between 2010 and 2019, Colorado lost 41.2 percent of rental units with rents under $600. This housing would be considered affordable to households earning up to $24,000 in 2019. That year, 23.0 percent of renter households had incomes below $24,000 in Colorado.
- Low-cost rental housing represented 10.1 percent of Colorado's rental housing stock in 2019, down from 19.5 percent in 2010.
- Only 5.9 percent of rental units built in Colorado since 2010 had rents under $600. 66.1 percent of rental units built since then had rents between $1,000 and $1,999.
- 33.4 percent of rental units in rural counties in Colorado had rents under $600 in 2019 compared to 9.7 percent of rental units in urban counties. Urban counties accounted for 93.6 percent of the net loss in Colorado's stock of low-cost rental units between 2010 and 2019.
- While all regions of the state saw net losses of low-cost rental units, the fastest losses were experienced in urban Front Range regions. The Denver Metro region alone accounted for 60.0 percent of the net loss in low-cost units between 2010 and 2019.
- Sixteen of Colorado's 64 counties saw net gains in their stock of low-cost rent housing between 2010 and 2019 led by Rio Grande, Archuleta, Moffat, Clear Creek, and Costilla counties. The sixteen counties saw a net gain of 1,727 units with rents below $600. However, the remaining 48 counties saw net losses of 91,099 units.
- 29.9 percent of low-cost rental units were found in multifamily buildings with 3 to 19 units; and mobile homes made up approximately one in ten low-cost rental units in 2019. That same year, 39.4 percent of renter-occupied mobile homes had rents under $600, the most of any housing type.
- 45.2 percent of low-cost renters experienced poverty in 2019, compared to 20.6 percent of all renters in Colorado. This makes sense given the median income of a renter household living in a low-cost unit was $17,266 in 2019. Despite this, rates of housing cost burden were less among renters living in low-cost rental units when compared to the rate of housing cost burden for all renters.

Introduction

While much of the discussion of affordable housing in Colorado focuses on how state and local governments can encourage the development of more affordable housing, less attention is paid to our state's existing stock of low-cost rental housing units and how housing policies can encourage the preservation of rental housing that is already affordable to most renters in the state. With inspiration from a blog from Harvard University's Joint Center for Housing Studies (JCHS)[1] looking at this trend nationally, we examine changes in the stock of low-cost rental units in Colorado between 2010 and 2019. We also look at the types of rental housing that were most likely to be low-cost rentals, as well as a select economic characteristics of renters who lived in these housing units in 2019.

Here we follow the JCHS's definition of "low-cost" as rental units that had a monthly contract rent[2] below $600. Rents below $600 would be affordable to renter households with annual incomes up to $24,000 in 2019.[3] Approximately 23.0% of Colorado renter households had annual household incomes below $24,000 that same year.[4] Using a more familiar metric in affordable housing parlance, $24,000 was equivalent to approximately 25.9 percent of area median income (AMI) in the Denver-Aurora-Lakewood metropolitan area for a household of four and 36.9 percent of AMI for a household of one.[5] Table 1 shows the AMI equivalency for households with incomes of $24,000 in Colorado's other metropolitan areas. While this is not true across all areas, most households of four earning $24,000 would be considered extremely low income (AMI less than 30 percent) according to the U.S. Department of Housing and Urban Development (HUD), while most one-person households would be considered very low income (AMI less than 50 percent).

1 McCue, Daniel. "As low-cost units become increasingly scarce, low- and moderate-income renters are losing access to many neighborhoods." Joint Center for Housing Studies, Harvard University (February 2022). Accessed from https://www.jchs.harvard.edu/blog/low-cost-units-become-increasingly-scarce-low-and-moderate-income-renters-are-losing-access on 12 April 2022.

2 The U.S. Census Bureau defines contract rent as the rent amount agreed upon by the tenant and property owner. This may or may not include the cost of utilities and other fees that tenants are required to pay to the property owner or property manager in addition to their rent amount.

3 A monthly rent of $600 would be 30 percent of a monthly income of $2,000, which is equivalent to an annual income of $24,000. Here we use the standard that households should not spend more than 30 percent of their income on housing.

4 CCLP analysis of 2019 1-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

5 "FY 2019 Income Limits Summary." Program Parameters and Research Division, U.S. Department of Housing and Urban Development (2019). Accessed from https://www.huduser.gov/portal/datasets/il/il2019/select_Geography.odn on 12 April 2022.

Table 1: $600 monthly rent as a percentage of area median income, 2019

Metropolitan Area	4-person AMI	$600 Rent as Percent of AMI	1-person AMI	$600 Rent as Percent of AMI
Denver-Aurora-Lakewood	$92,800	25.9%	$65,000	36.9%
Colorado Springs	$81,400	29.5%	$57,000	42.1%
Fort Collins	$87,200	27.5%	$61,100	39.3%
Boulder	$113,600	21.1%	$79,600	30.2%
Greeley	$79,200	30.3%	$55,500	43.2%
Pueblo	$65,200	36.8%	$47,700	50.3%
Grand Junction	$69,700	34.4%	$48,800	49.2%

The annual income for a household that could afford a $600 rent (i.e., a household who spends no more than 30% of monthly income on rent) would be $24,000 in 2019, regardless of household size.

Source: "FY 2019 Income Limits Summary." Program Parameters and Research Division, U.S. Department of Housing and Urban Development (2019).

A note about the data

The estimates presented in this issue brief come from both the 1-year and 5-year American Community Survey (ACS) from the U.S. Census Bureau. We used 1-year ACS data when doing year-to-year comparisons, since there are no overlaps in the samples. However, the 1-year ACS has a smaller sample size than the 5-year ACS, which represents a weighted average value for the 5-year periods ending in 2010 and 2019. Therefore, we refer to 5-year ACS data when making estimates about the characteristics of low-cost rental housing, such as the year a unit was built or the unit's housing type. As a result, the estimates will differ depending on if data from the 1-year or 5-year ACS was used in the analysis.[6] Finally, we excluded any rental units that did not have a cash rent.

To control for the effects of inflation, we adjusted contract rent amounts to 2019 dollars when analyzing changes in low-cost rental units at the state level. For example, a $600 rent in 2019 was equivalent to a $519 rent in 2010 using the All Items Less Shelter CPI for the Denver-Aurora-Lakewood metropolitan area.[7] However, due to data limitations, it was not possible to adjust county and regional rents for inflation when we examined changes in low-cost rental units.[8] In such instances, the 2010 estimate of units under $600 includes rental units that may have seen their rents increase above $600 due to inflation, not due to landlords raising rents faster than the rise in the cost of living. Despite this

6 For more on the differences between the 1-year and 5-year estimates from the American Community Survey, please see: https://www.census.gov/programs-surveys/acs/guidance/estimates.html.

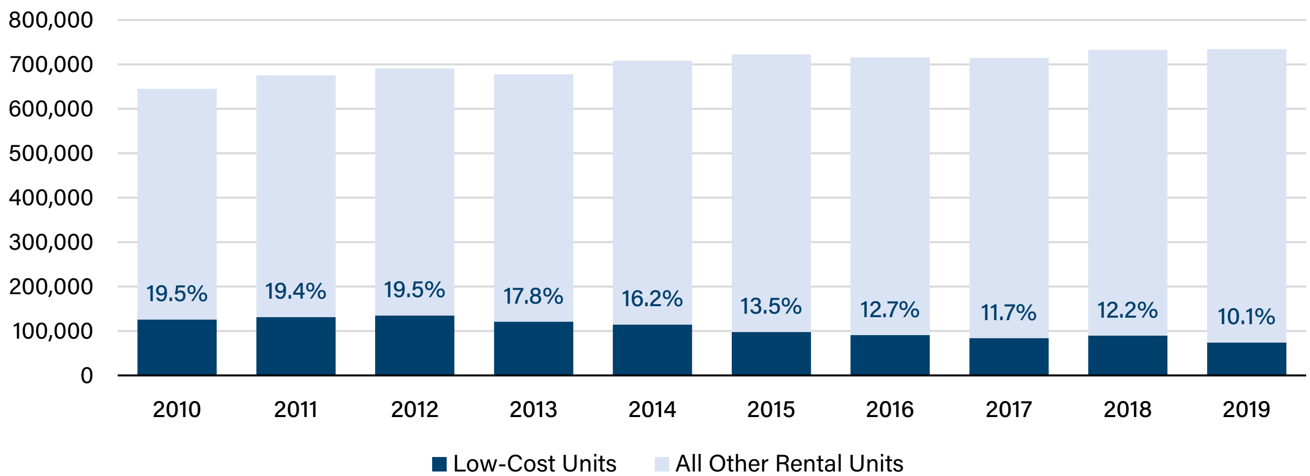
7 Consumer Price Index for the Denver-Aurora-Lakewood area, as measured by the CPI-U. U.S. Bureau of Labor Statistics. Our analysis uses the measure for all items less shelter to measure the change in value of a $600 rent relative to non-housing items in the CPI. Shelter in the CPI includes both rental housing and housing that is owner-occupied.

8 Our analysis for counties and regions relied on the summary tables prepared by the U.S. Census Bureau for the American Community Survey results. As a result, we had to use the rent ranges established by the Census Bureau, which do not adjust for inflation year-to-year.

limitation, we still believe the analysis is useful in identifying the communities in Colorado that have seen the greatest loss in low-cost rental units since 2010.

Low-cost rentals are increasingly hard to find

Figure 1: Colorado's rental housing stock, 2010 - 2019



Source: CCLP analysis of 2010-19 1-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

Between 2010 and 2019, we estimate that Colorado saw a net loss[9] of 51,866 low-cost rental units.[10] This represents a 41.2 percent decline in our state's stock of low-cost rental housing since 2010. Over this same period, Colorado saw a 13.9 percent net increase in the total number of rental housing units.

Looking at low-cost housing as a share of all rental housing in the state, we estimate that 19.5 percent of Colorado's rental housing had contract rents below $600 in 2010. This share shrunk to 10.1 percent of rental housing units in 2019, a decline of 9.4 percentage points.[11] Although the JCHS blog author used a different period for his analysis, he found that Colorado experienced the greatest loss of low-cost rental housing of any state in the country between 2011 and 2019.[12]

New construction has not replaced lost low-cost rental units

The issue does not appear to be that Colorado communities are not creating new rental housing. Instead, the issue appears to be a loss of existing units combined with the lack of construction of low-

9 There are a number of ways in which a low-cost unit might have been "lost" over this period including, but not limited to: the landlord raised the rent above $600 (or it's inflation-adjusted equivalent); the rental unit was destroyed or redeveloped; the unit switched from being renter-occupied to owner-occupied; or the rental is being used unit as a short-term rental. This is certainly not an exhaustive list.

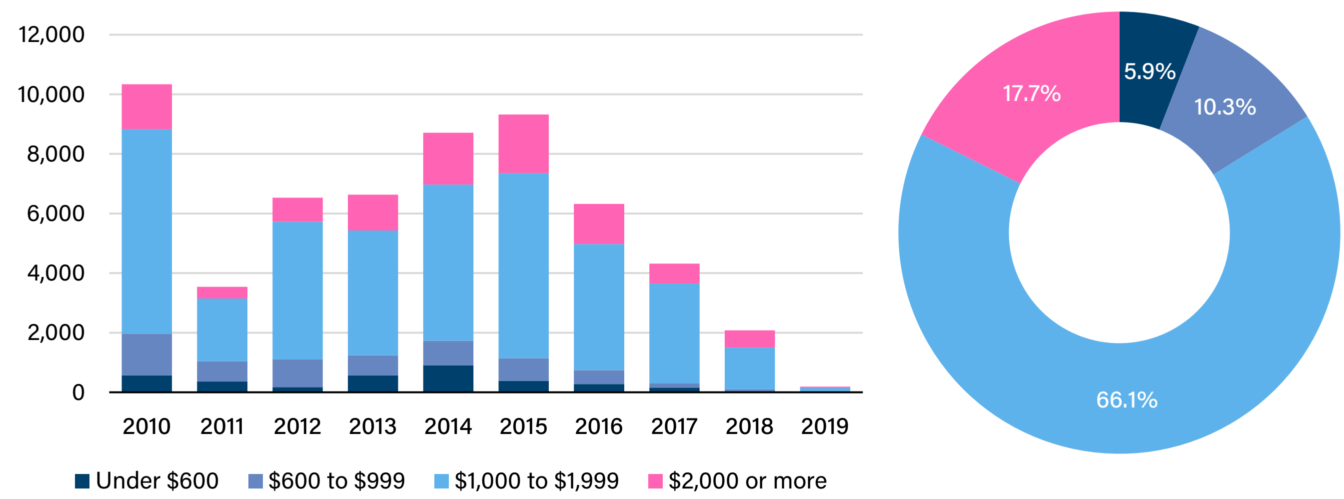
10 CCLP analysis of 2010-2019 1-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

11 CCLP analysis of 2010 and 2019 1-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

12 The JCHS blog used a national measure of inflation to adjust for cost of living instead of one more specific to Colorado.

cost rental units to take their place. Even if all the existing low-cost rental units in the state remained low-cost in the future, we would still need more units to replace the units we have lost since 2010.

Figure 2: Rental units built since 2010 by rent



Source: CCLP analysis of 2010-19 1-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

We estimate that just 5.9 percent of the rental units built in Colorado since 2010 were low-cost units.[13] On the other hand 66.1 percent of the rental units built over this period had monthly contract rents between $1,000 and $1,999 in 2019. Similarly, 3.9 percent of the low-cost rental units in Colorado in 2019 were built after 2010 compared to 9.9 percent and 16.2 percent of units with contract rents between $1,000 and $1,999 and $2,000 and up, respectively.

This analysis suggests that the private housing market has been unable or unwilling to produce housing units with monthly rents that are affordable to close to one-in-four renter households in Colorado over the past decade. This trend may change as Colorado allocates and spends the funds for affordable housing the state received through the American Rescue Plan Act (ARPA), not to mention the additional funds allocated by the General Assembly to affordable housing during the years just prior to the pandemic.

However, because the funds are currently proposed to support affordable housing projects serving renter households with incomes as high as 170 percent of AMI, depending on the program and county,[14] we may continue to see production of rental housing that is out of reach for households that

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13 CCLP analysis of 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0. The U.S. Census Bureau does not collect data on whether rental housing units are under some sort of rent restriction or receive some sort of rental subsidy, such as through the Low-Income Housing Tax Credit program or the Housing Choice Voucher program. We cannot know from this data source whether these low-cost units were built through a federal, state, or local affordable housing program or through private market forces alone.

14 As of the date of publication, SB22-159 would create a revolving loan fund in the Division of Housing (DOH) in the Department of Local Affairs (DOLA) to fund projects serving renter households earning up to 120 percent of AMI in their local community. This AMI limit can go up to 140 percent of AMI in rural resort counties. HB22-1304 would create the Transformational Affordable Housing Grant Program and the Infrastructure and Strong Communities Grant Program in the Division of Housing and the Division of Local Governments (DLG), can only afford to live in housing with rents under $600. Depending on the metropolitan area and household size, units with rents of $1,000 or higher could be below the 80 percent of AMI ceiling proposed for urban counties in the Transformational Affordable Housing Grant Program which would be created through HB22-1304, currently under consideration by our state legislature. In other words, ARPA funds could be used to subsidize private development of units that the market appears to have had no trouble producing on its own over the past decade.[15] That said, ARPA funds will also be available to preserve and rehabilitate existing affordable housing units, which could provide much needed support towards stemming the loss of low-cost rental units in Colorado in the coming years.

Table 2: $1,000 and $1,999 monthly rent as a percentage of area median income, 2019

Metropolitan Area	4-person Household		1-person Household	
	$1,000 Rent as Percent of AMI	$1,999 Rent as Percent of AMI	$1,000 Rent as Percent of AMI	$1,999 Rent as Percent of AMI
Denver-Aurora-Lakewood	43.1%	86.2%	61.5%	123.0%
Colorado Springs	49.1%	98.2%	70.2%	140.3%
Fort Collins	45.9%	91.7%	65.5%	130.9%
Boulder	35.2%	70.4%	50.3%	100.5%
Greeley	50.5%	101.0%	72.1%	144.1%
Pueblo	61.3%	122.6%	83.9%	167.6%
Grand Junction	57.4%	114.7%	82.0%	163.9%

The annual income for a household that could afford a $1,000 rent or a $1,999 rent (i.e., a household who spends no more than 30% of monthly income on rent) would be $40,000 and $79,960 in 2019, respectively.

Source: "FY 2019 Income Limits Summary", Program Parameters and Research Division, U.S. Department of Housing and Urban Development (2019).

How our $400 million in ARPA funds for affordable housing will be used remains to be seen. However, we believe this analysis indicates that there needs to be a greater emphasis on the preservation *and* production of units that are affordable to households below 50 percent or even 30 percent of AMI. As the Department of Local Affairs creates additional evaluation guidelines for how it awards grants and loans through these new programs, we hope that priority will be given to projects serving renters at the lower ends of the proposed AMI limits so that Colorado can reverse its loss of low-cost rental units.

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respectively, both in DOLA. Both programs created by HB22-1304 would target renter households earning 80 percent of AMI in urban counties, 140 percent of AMI in rural counties, and 170 percent of AMI in rural resort counties. Note that the definitions of urban, rural, and rural resort counties are yet to be established and may or may not reflect the definitions of urban and rural we used in this issue brief. The AMI limits proposed in both bills may change as the bills work their way through the legislature.

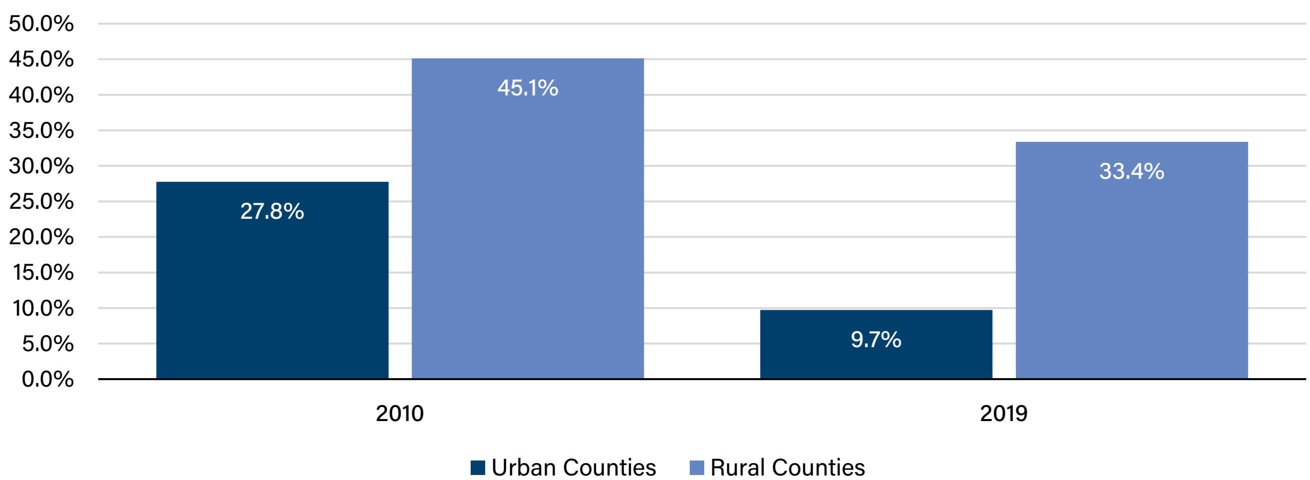
15 While it is likely that some rental units with rents between $1,000 and $1,999 were built with subsidies from federal, state and/or local affordable housing programs, it does not seem likely that two-thirds of the rental units built in Colorado since 2010 received some sort of financial subsidy.

Since most of the funds will be spent at the local level, it is worth taking a deeper dive into our state's loss of low-cost rental units since 2010 by looking at changes in low-cost units in various parts of Colorado.

Urban Counties Saw Greater Losses than Rural Counties

Despite accounting for 17.6 percent of the state's low-cost rental housing in 2010, 45.1 percent of rental housing in rural counties had contract rents under $600 compared to 27.8 percent of rental units in urban counties.[16] Similarly, rural counties saw a slower decline in low-cost rental housing between 2010 and 2019 than urban counties. Over that period, urban counties saw their number of low-cost units decrease by 57.1 percent, faster than the rate for the state. On the other hand, rural counties saw their number of low-cost units decline by 18.2 percent. Between 2010 and 2019, 93.6 percent of the low-cost units lost in Colorado were in urban counties.[17] As a result, rural counties maintained a greater share of low-cost rental units in 2019 even with the losses experienced. That year just 9.7 percent of rental units in urban counties were low-cost units compared to 33.4 percent of units in rural counties.

Figure 3: Low-cost units as share of renter-occupied units



Urban counties are defined as counties that were part of a metropolitan statistical area (MSA) in Colorado in 2019, as defined by the U.S. Office of Management and Budget. Rural counties are defined as counties that were not part of a metropolitan statistical area. These estimates were not adjusted for inflation.

Source: 2006-10 and 2015-19 5-year American Community Survey, U.S. Census Bureau.

Looking at regional trends across the state allows us to understand with greater detail where Colorado has lost the greatest amount of low-cost rental units. All regions[18] of the state lost low-cost rental units between 2010 and 2019.

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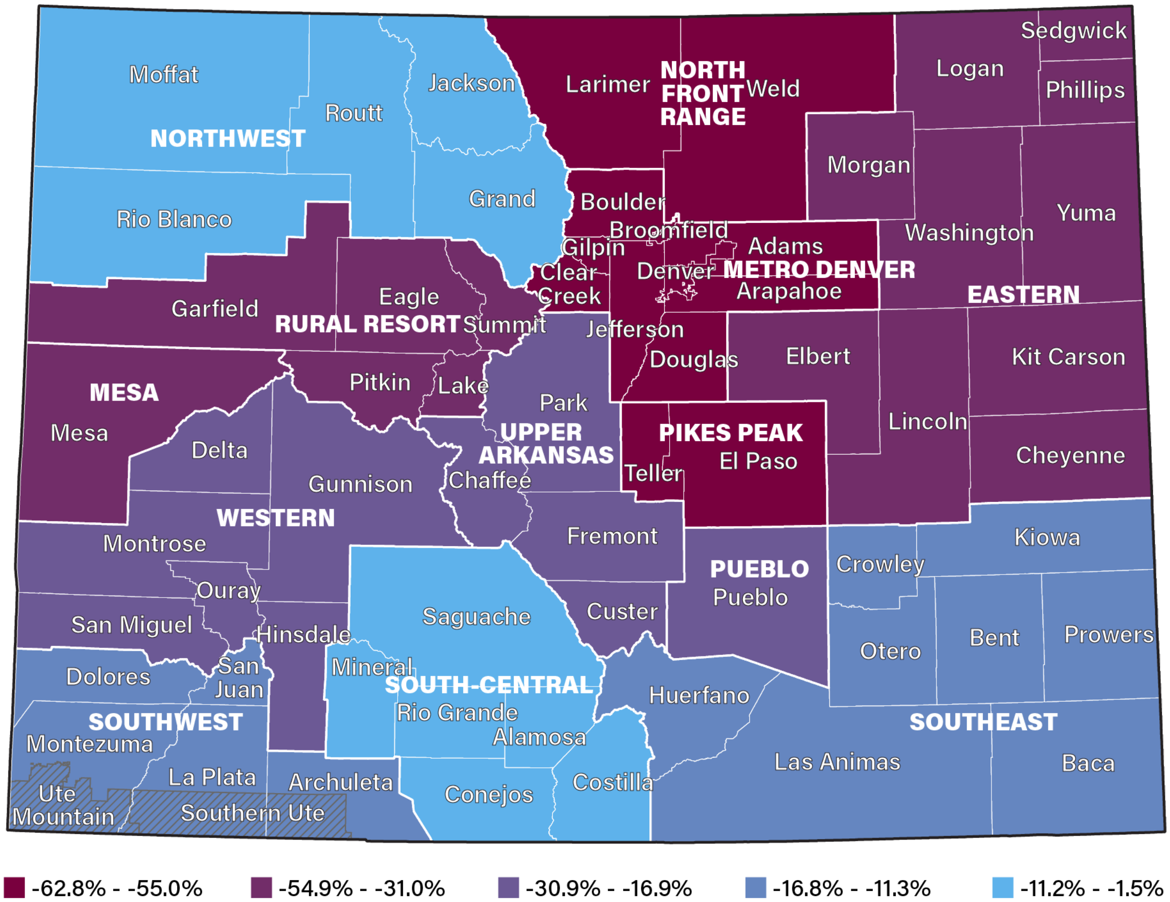
16 2006-10 5-Year American Community Survey, U.S. Census Bureau.

17 2015-2019 5-Year American Community Survey, U.S. Census Bureau.

18 The regions used in this issue brief are based on the Colorado Workforce Development regions and subregions.

Figure 4: Regional Percent Change in Low-Cost Rental Units, 2010-19



These estimates were not adjusted for inflation.

Source: 2006-10 and 2015-19 5-year American Community Survey, U.S. Census Bureau.

The Denver Metro region accounted for 60.0 percent of the low-cost units lost over this period, followed by the Pikes Peak region (17.6 percent) and the North Front Range region (11.7 percent).[19] This finding is not too surprising when we consider that these regions have seen some of the greatest population growth in our state. These three regions also saw the largest rate of loss of low-cost units—each lost over half of the low-cost rental units they had in 2010 by 2019. Outside of the Front Range, the Rural Resort (33.5 percent), Mesa (31.1 percent) and Eastern (31.0 percent) regions all lost close to one-third of their low-cost units. Despite accounting for just 5.5 percent of lost low-cost units statewide, the losses experienced in these regions since 2010 represent a significant loss of the low-cost rental housing stock in those communities.

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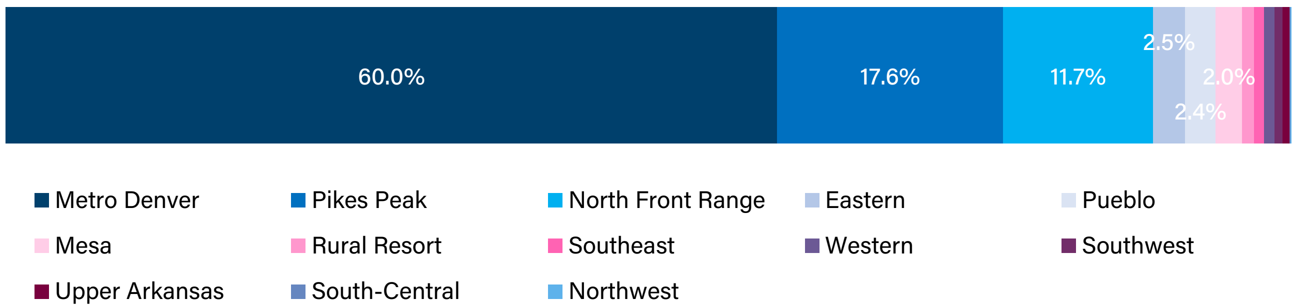
19 CCLP analysis of 2006-10 and 2015-19 5-Year American Community Survey data, U.S. Census Bureau.

Figure 5: Share of low-cost rental units lost by region, 2010-19

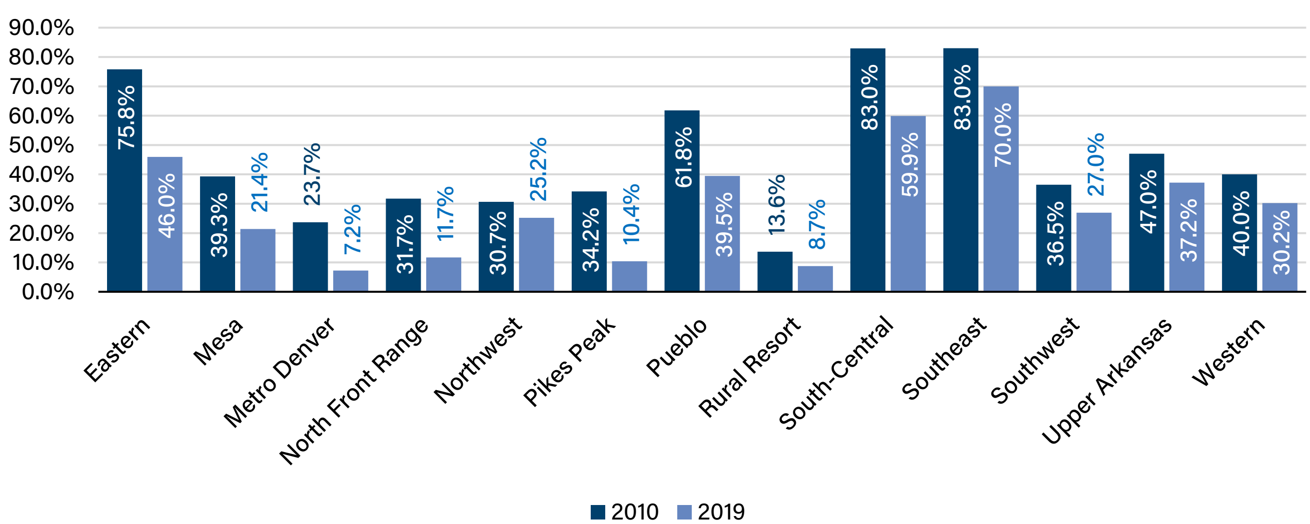


These estimates were not adjusted for inflation.

Source: 2006-10 and 2015-19 5-year American Community Survey, U.S. Census Bureau.

Two regions of our state saw a slight change in low-cost rental units between 2010 and 2019—the Northwest and South-Central regions. These two parts of the state experienced a 2.5 percent and 1.5 percent decline in low-cost units over this period, respectively.[20] As a result, these regions collectively nearly doubled their share of the state's low-cost rental units from 2.9 percent of all low-cost units in 2010 to 5.7 percent of low-cost rental units in 2019. Despite seeing the slowest percent change in low-cost units, the South-Central region experienced one of the greatest percentage point swings in the share of regional rental housing that is made up by low-cost units. In 2010, 83.0 percent of the rental units in the region had rents under $600. By 2019, this share dropped 23.1 percentage points to 59.9 percent of the rental stock. A combination of a slight loss of low-cost rental units combined with the largest percent increase in rental housing of any region in the state resulted in this large swing in the share of rental units with rents below $600 in the South-Central region.

Figure 6: Low-cost rental units as a share of total renter-occupied units, by region



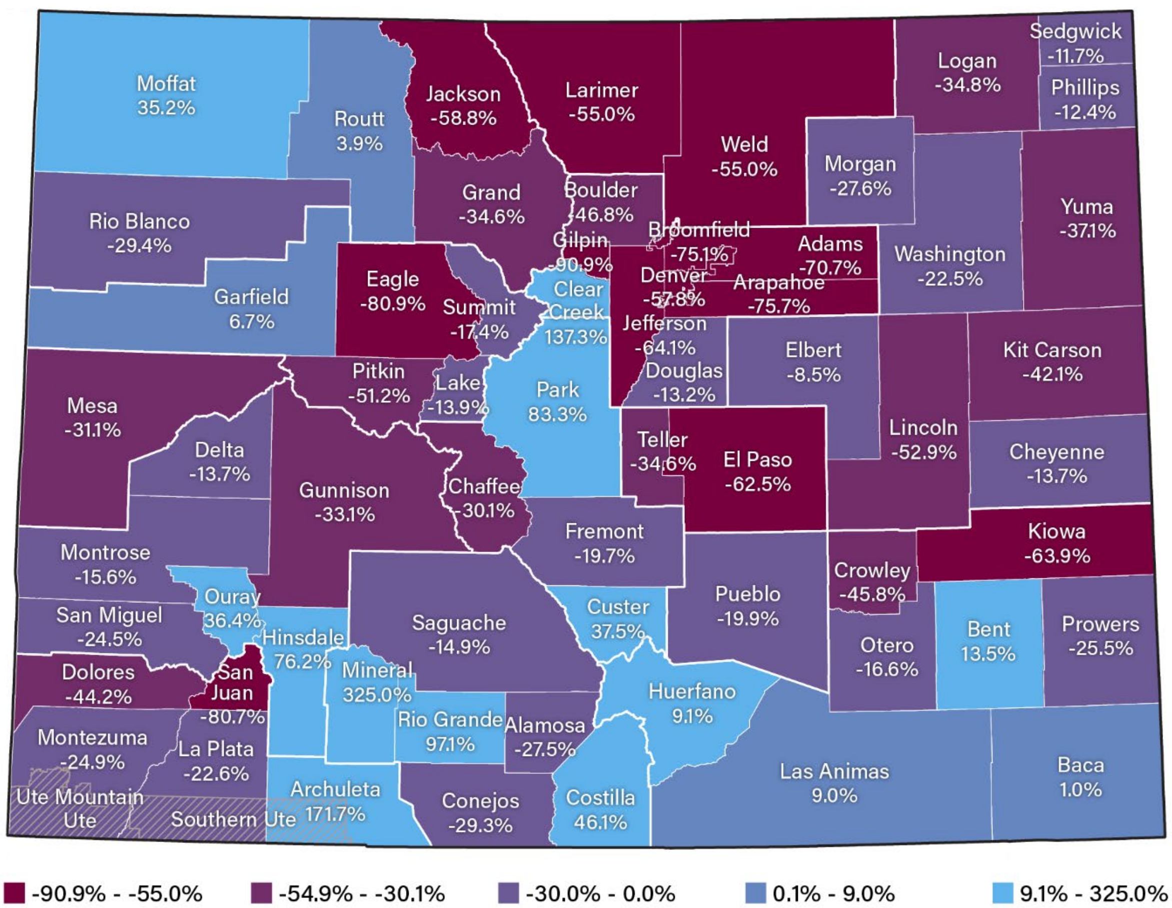
These estimates were not adjusted for inflation.

Source: 2006-10 and 2015-19 5-year American Community Survey, U.S. Census Bureau.

20 CCLP analysis of 2006-10 and 2015-19 5-Year American Community Survey data, U.S. Census Bureau.

Indeed, we gain even more insight into regional trends when we look at the gains and losses of low-cost rental units experienced by counties. For example, one reason the South-Central region did not see as fast a decrease in low-cost rental units as other regions is because the 677 units lost in Saguache, Alamosa, and Conejos counties were offset by an increase of 624 low-cost rental units in Mineral, Rio Grande, and Costilla counties.[21] A similar trend is at play in the Northwest region.

Figure 7: Percentage change in low-cost rental housing, 2010-19



These estimates were not adjusted for inflation.

Source: 2006-10 and 2015-19 5-year American Community Survey, U.S. Census Bureau.

Looking just at county-level net gains and losses, we see that between 2010 and 2019 16 of Colorado's 64 counties saw a net increase in their supply of low-cost rental units. Rio Grande County led the way with an increase of 506 units, followed by Archuleta, Moffat, Clear Creek, and Costilla counties. Because some of these counties did not start 2010 with many low-cost rental units, even this modest increase in units resulted in a sizable percentage increase. In total, the counties that added units saw a net increase of 1,727 low-cost rental housing units. This number is tiny in comparison to the counties that saw a net loss of low-cost units. Collectively these counties saw a net loss of 91,099 units between 2010 and 2019.[22]

21 2006-10 and 2015-19 5-Year American Community Survey data, U.S. Census Bureau.

22 2006-10 and 2015-19 5-Year American Community Survey data, U.S. Census Bureau.

Fifteen of the state's 64 counties lost more than half of their low-cost rental units between 2010 and 2019. Gilpin County led the way with a 90.9 percent decline in units with rents under $600, followed by Eagle, San Juan, Arapahoe, and Broomfield counties. Three of these counties were in the Denver Metro region, accounting for 26.1 percent of the units lost in that region since 2010.[23]

While a regional- and county-level look at the state's change in low-cost rental units is useful in understanding which areas of our state fared better or worse in terms of lost units, we cannot forget that certain parts of our state provide greater economic opportunities than others. For example, 87.8 percent of Colorado's jobs were in urban counties in 2018, up from 85.8 percent in 2008 prior to the Great Recession.[24] The fact that the Front Range regions of our state experienced the greatest loss of low-cost units since 2010 suggests that there is a connection between areas of our state that are growing economically and the loss of affordable housing. That said, we should not neglect the housing needs of rural Coloradans. Plenty of rural counties also saw losses to their stock of low-cost rental housing over this period.

Profile of Low-Cost Rental Units & Renters

While we have dedicated the first half of this issue brief to documenting the changes in Colorado's supply of low-cost rental housing, it is useful to understand more about the characteristics of low-cost rental units in our state and the economic characteristics of renters who live in low-cost unit. Low-cost renters living in low-cost units in 2019 will be impacted by future losses of low-cost rental housing. As our analysis shows, these households likely depend on the relative affordability of low-cost units to make ends meet and cover their household's basic needs.

Small Multifamily Buildings and Mobile Homes Are Critical Low-Cost Housing Types

In 2019, 29.4 percent of Colorado's low-cost rental housing stock was made up of units in multifamily buildings containing 3 to 19 units.[25] Single-family homes and multifamily buildings with 50 or more units accounted for 22.6 percent and 18.1 percent of our low-cost rental housing stock, respectively. Together, these three housing types made up 70.1 percent of all low-cost rental units in the state. While there were some shifts, these three types also made-up a similar 68.2 percent of all low-cost rental housing in 2010.

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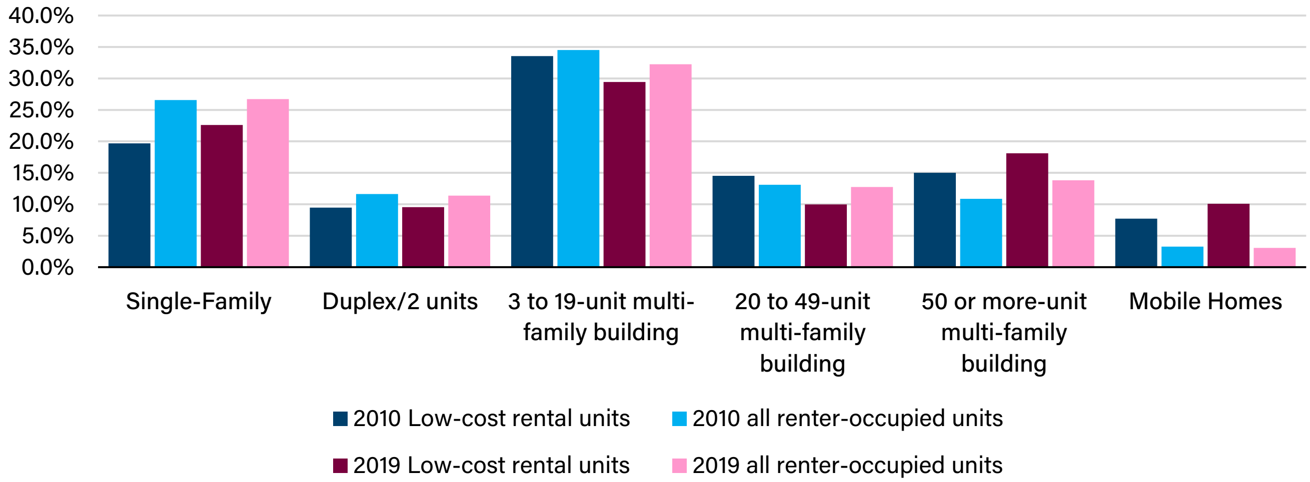
23 2006-10 and 2015-19 5-Year American Community Survey data, U.S. Census Bureau.

24 Brennan, Charles and Lauren Contorno. *State of Working Colorado*. Colorado Center on Law and Policy (2020). Accessed from https://cclponline.org/wp-content/uploads/2020/12/SWCO_Final_122820_SM.pdf on 12 April 2022.

25 CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

Figure 8: Renter-occupied housing units by type

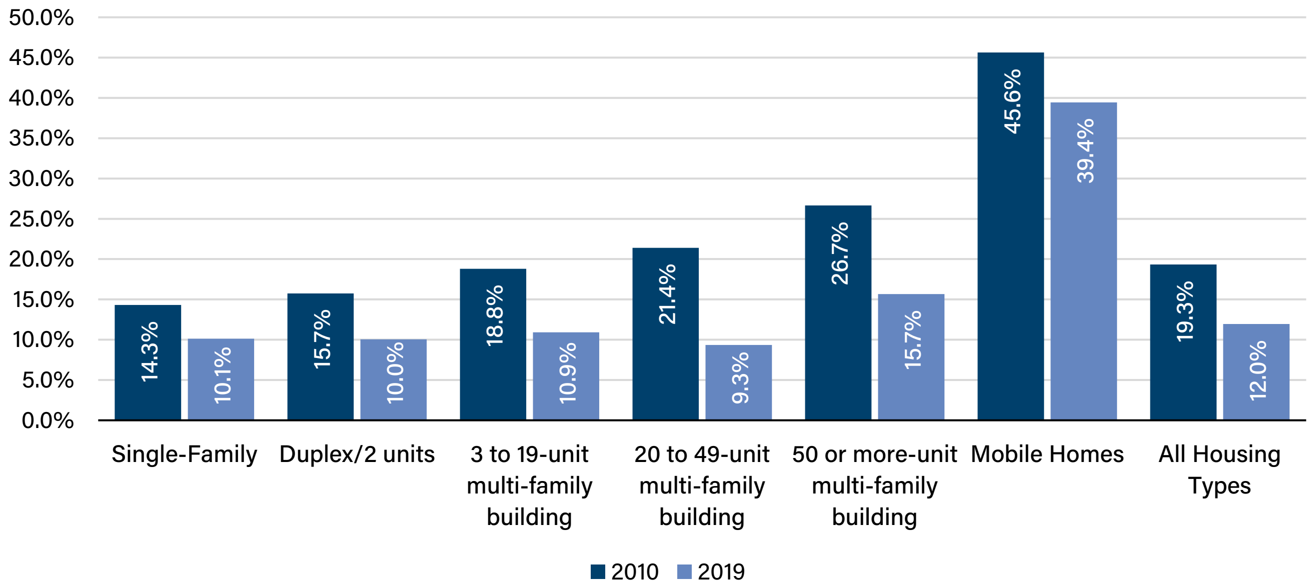


Source: CCLP analysis of 2006-10 and 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

Low-cost rental units in multifamily buildings with 3 to 19 units accounted for 45.8 percent of the low-cost rental units lost in Colorado between 2010 and 2019.[26] Mobile homes accounted for the smallest share of lost units over this period. In 2019, this housing type represented 10.1 percent of low-cost rental units in Colorado, up from 7.7 percent of units in 2010. This is a positive trend since 39.4 percent of renter-occupied mobile homes in the state had rents under $600, the highest share of any housing type in 2019. Despite making up a large share of low-cost rental units, just 10.9 percent of all rental units in multifamily buildings with 3 to 19 units had rents below $600. This is 7.9 percentage points less than in 2010.

26 CCLP analysis of 2006-10 and 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

Figure: 9: Share of rental housing that is low-cost, by housing type



Source: CCLP analysis of 2006-10 and 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

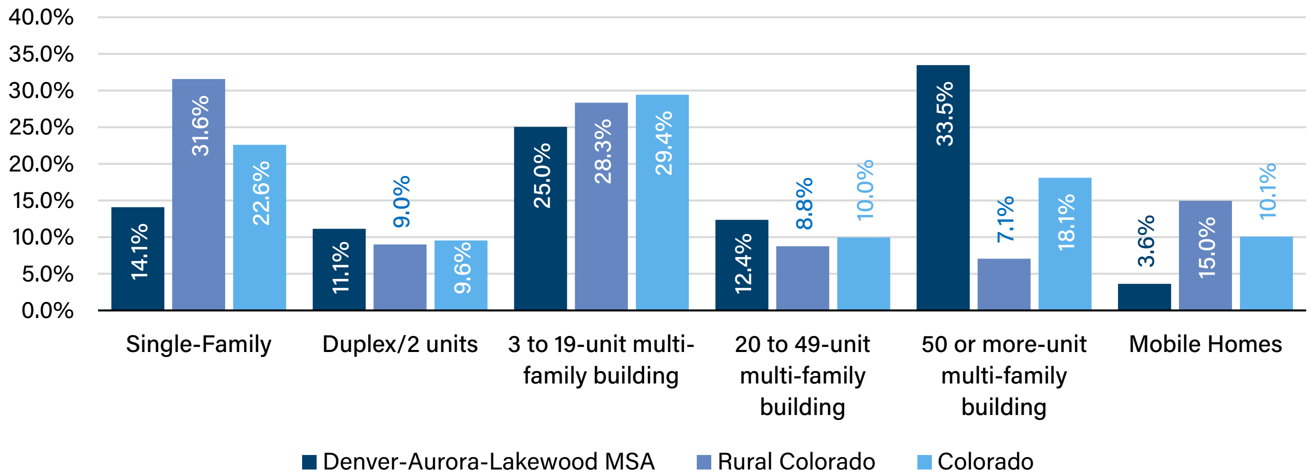
Geography is important in this conversation, as the housing types most likely to make up low-cost rental units differ depending on where in the state we are looking at. For example, the most prevalent low-cost rental housing type in the Denver-Aurora-Lakewood metropolitan area in 2019 were multifamily buildings with 50 or more units, not buildings with 3 to 19 units as is the case when we look at the state as a whole.[27] Similarly, single-family homes and mobiles homes made up a smaller share of the Denver metropolitan area's low-cost housing compared to the state. While 22.6 percent of low-cost units in Colorado were single-family homes in 2019, this housing type made up just 14.1 percent of Denver's low-cost rental housing.

Similarly, in non-metropolitan rural counties in Colorado, 31.6 percent of the low-cost rental housing stock consisted of single-family homes.[28] Low-cost rental units in multifamily buildings with 3 to 19 units accounted for 28.3 percent of the low-cost rental housing in rural counties, followed by mobile homes (15.0 percent). Unlike in the Denver metropolitan area, only a small share of low-cost units was found in large multifamily buildings. This makes sense given the lower-density development patterns found rural Colorado.

27 CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

28 CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

Figure 10: Low-cost rental units by housing type, 2019



The Denver-Aurora-Lakewood metropolitan statistical area consists of the City and County of Denver, Arapahoe County, Jefferson County, Adams County, Douglas County, the City and County of Broomfield, Elbert County, Park County, Clear Creek County, and Gilpin County. Rural Colorado is defined as Colorado counties that are not included in a metropolitan area.

Source: CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

This analysis demonstrates that low-cost rental housing is found across all housing types in our state—from mobile homes to large multifamily apartment buildings. One trend that stands out in this data is the loss of low-cost rental units in multifamily buildings with 3 to 19 units. Whether we look at the state as a whole or choose to zoom into the Denver metropolitan area or rural parts of the state, the data from the Census Bureau suggest that low-cost units of this housing type make up a significant share of Colorado's existing low-cost rental housing. Despite their prevalence as low-cost rental units across the state, 45.8 percent of the low-cost units lost in Colorado between 2010 and 2019 were of this housing type.[29] Efforts to stem the net loss of this housing type would go a long way towards slowing Colorado's loss of existing low-cost rental units. This could include preserving existing units or targeting our state's ARPA funds towards project that would add more low-cost units of this housing type to our rental stock. Based on the analysis in the first section of this issue brief, such projects would need to serve households earning 50 percent of AMI or below in most metropolitan areas of our state to be affordable to renter households.

Although they represented just one-in-ten low-cost rental units, we cannot ignore the importance of mobile homes in Colorado's stock of low-cost housing. 39.4 percent of renter-occupied mobile homes in our state had rents below $600 in 2019, a much greater share than any other housing type.[30] While they are a smaller share of low-cost units in urban counties, mobile homes are an important source of affordable housing in rural areas of Colorado. The number of mobile homes that were low-cost rentals declined by just 1.8 percent between 2010 and 2019, suggesting that mobile homes were much more

29 CCLP analysis of 2006-2010 and 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

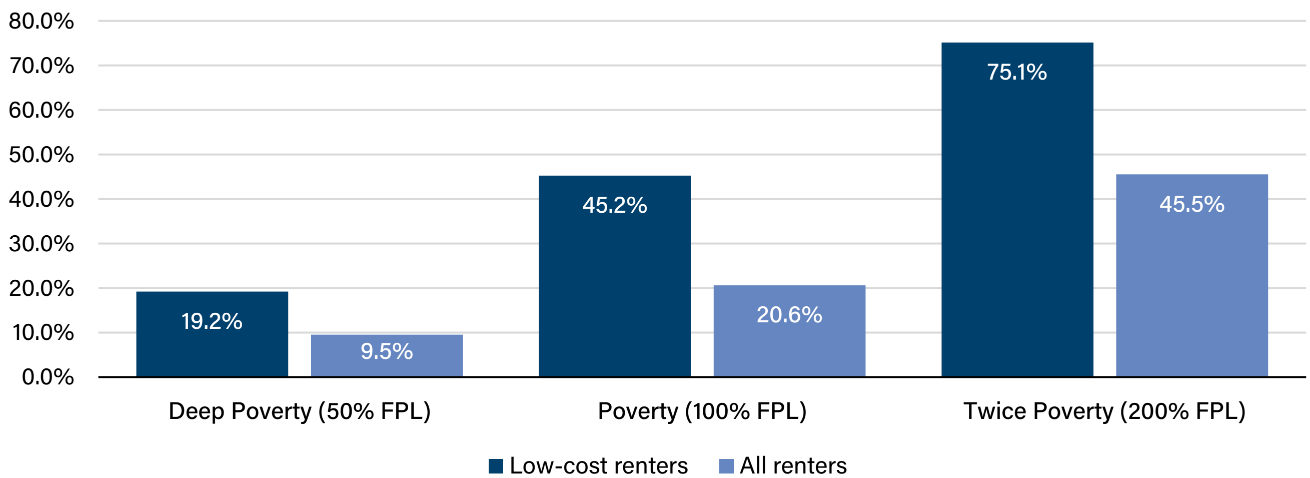
30 CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

likely to remain low-cost over the past 9 years than any other housing type.[31] Efforts to maintain the affordability of mobile homes should not be ignored as a powerful affordable housing strategy, particularly in rural Colorado.

Economic insecurity is greatest among low-cost renters

Renter households living in a low-cost rental unit had a median income of $17,266 in 2019.[32] This was lower than the $47,589 median income for all renter households in Colorado. Adjusted for inflation, the median income of a household living in a low-cost rental unit was $937 lower than in 2010.[33] Reflecting this loss of income, 40.9 percent of households in low-cost units participated in the Supplemental Nutrition Assistance Program (SNAP) in 2019 up from 26.6 percent of households in 2010. Similarly, Coloradans living in low-cost rental housing experienced poverty at a much higher rate.[34] Across multiple measures, rates of economic insecurity were greatest among Coloradans who lived in a low-cost rental unit in 2019.

Figure 11: Rates of poverty among Colorado renters, 2019



Source: CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

Despite this, rates of affordability were greater among household living in rental units with rents under $600. In 2019, 41.8 percent of low-cost renter households spent 30 percent or more of their income on rent compared to 49.6 percent of all renters.[35] The continued loss of low-cost rental units in our state would change this. The median low-cost renter household paid $400 in monthly contract rent

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31 CCLP analysis of 2006-2010 and 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

32 CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

33 CCLP analysis of 2006-2010 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

34 CCLP analysis of 2006-2010 and 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

35 CCLP analysis of 2015-19 5-Year American Community Survey microdata obtained from IPUMS USA: Version 11.0

in 2019. If the median low-cost renter household instead paid the median rent paid by all renter households, $1,172, it would be equivalent to 81.5 percent of the household's income. In other words, unless Colorado preserves and expands its stock of low-cost rental housing, low-cost renters will have to dedicate substantially more of their income towards rent in the future. With a median income of $17,266, it seems unlikely that these households have spare room in their budgets to cover higher monthly rents.

Conclusion

This analysis shows why it is important to look at both sides of the affordable housing equation. Policy that only focuses on the area median income (AMI) does not allow for a more robust analysis and understanding of how our housing stock has changed over time, or how it might change in the future. We find here that Colorado needs more rental housing with rents for less than $600—this is just as true in communities with relatively low AMIs as it is in communities with high AMIs. It is also important to remember that what makes housing affordable is not necessarily AMI itself, but the fact that households do not spend more than 30 percent of their income on housing costs. So, while a community might build housing that is affordable to households earning 140 percent of AMI, it does not mean those housing units will be affordable to low-income renters.

In other words, there is an important distinction between affordable housing and housing that is affordable to low-income households. Our policy discussions around housing both at the state and local levels should reflect this. Because we do not have the resources today to ensure that all households in the state pay 30 percent or less of their income on housing costs, the real question is not if Colorado needs more affordable housing, but who should we be targeting with our limited resources? Our research shows that 24.9 percent of households in Colorado with at least one person between the ages of 18 and 64 were not paid enough to cover their basic expenses in 2019.[36] This means that these households face hard choices about which areas of their budget they can cover with their income and which ones they must forgo.

Similarly, 89.4 percent of renter households earning less than $20,000 in 2019 were cost-burdened[37] compared to 41.0 percent of renter households earning between $50,000 and $74,999.[38] Cost-burdened renters earning less than $20,000 accounted for 28.5 percent of all cost-burdened renters in the state; households earning between $50,000 and $74,999 accounted for 17.7 percent of renters spending more than 30 percent of their income on housing. This is not to say that these households would not benefit from help in ensuring their housing is affordable—no household in the state, regardless of income, should spend more than 30 percent of their income on housing unless by choice. But when we consider where the greatest need is in our state and where we should dedicate our limited resources, there is compelling evidence to suggests that our lowest income households would see the greatest benefit from living in affordable housing. Getting housing costs under 30 percent of their income

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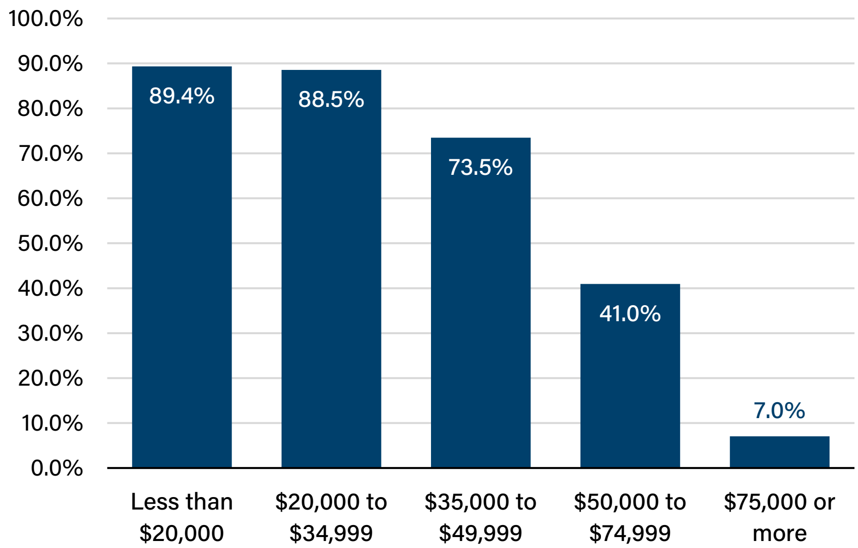
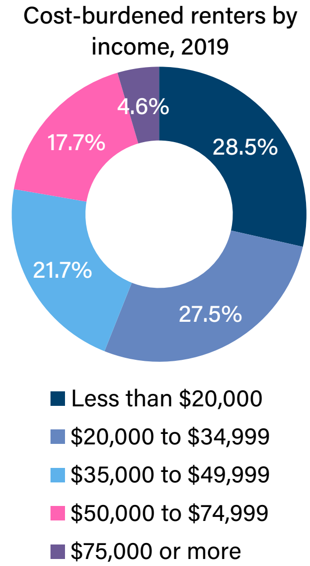
36 Kucklick, Annie & Lisa Manzer. *Overlooked and Undercounted: Coloradans Struggling to Make Ends Meet in 2019*. Prepared for CCLP by the Center for Women's Welfare at the University of Washington (2022). Accessed from https://cclponline.org/resource/overlooked-and-undercounted-2022/ on 12 April 2022.

37 Cost-burdened refers to households that paid more than 30 percent of their income on housing costs.

38 2019 1-Year American Community Survey, U.S. Census Bureau would help these households afford their other essential expenses, particularly given the high rates of inflation Coloradans are currently experiencing.

Figure 12: Share of housing cost-burden among renters by income, 2019





Source: 2019 1-Year American Community Survey, U.S. Census Bureau

As we stated at the start of this issue brief, affordable housing conversations, including the discussion so far in this conclusion, focus mostly on new affordable housing. Yet we show that Colorado already has a segment of rental housing that is affordable to low-income households. Given the losses we have seen in the stock of low-cost rental housing, low-income households would certainly benefit from efforts to preserve existing housing with rents under $600. If Colorado continues to see a loss of low-cost rental housing, our affordable housing crisis will worsen. What are renters to do if they can only afford to pay a rent of $600 or less but none of the affordable housing in their community is affordable to them? Stemming the loss of low-cost rental housing needs to be just as important a piece of the affordable housing conversation in the state as the production of new affordable housing has been. If Colorado had maintained the stock of low-cost rental housing it had in 2010, our affordable housing situation would undoubtedly be improved from what it is today. Targeting housing types most likely to contain low-cost rental housing, such as smaller apartment buildings and mobile homes, is a good place to start. Unless there are intentional efforts to direct our affordable housing resources, including ARPA funds, towards preservation of existing low-cost housing and housing at the lowest end of the AMI spectrum, there is no guarantee that the money will lead to greater housing stability for our most vulnerable. We cannot miss this opportunity to move the needle on Colorado's affordable housing crisis.

Appendix A: $24,000 Income as AMI, 2019

County	4-person AMI	$600 Rent as Percent of AMI	1-person AMI	$600 Rent as Percent of AMI	Share of Renter Households with Annual Income Below $25,000[1]
Adams	$92,800	25.9%	$65,000	36.9%	22.3%
Alamosa	$49,100	48.9%	$47,700	50.3%	38.2%
Arapahoe	$92,800	25.9%	$65,000	36.9%	19.2%
Archuleta	$61,700	38.9%	$47,700	50.3%	32.7%
Baca	$49,400	48.6%	$47,700	50.3%	47.8%
Bent	$44,000	54.5%	$47,700	50.3%	46.5%
Boulder	$113,600	21.1%	$79,600	30.2%	25.7%
Broomfield	$92,800	25.9%	$65,000	36.9%	14.2%
Chaffee	$67,300	35.7%	$47,700	50.3%	23.2%
Cheyenne	$67,200	35.7%	$47,700	50.3%	19.9%
Clear Creek	$92,800	25.9%	$65,000	36.9%	25.8%
Conejos	$52,500	45.7%	$47,700	50.3%	53.1%
Costilla	$34,900	68.8%	$47,700	50.3%	60.0%
Crowley	$43,000	55.8%	$47,700	50.3%	53.6%
Custer	$54,500	44.0%	$47,700	50.3%	45.6%
Delta	$57,100	42.0%	$47,700	50.3%	47.1%
Denver	$92,800	25.9%	$65,000	36.9%	23.0%
Dolores	$43,100	55.7%	$47,700	50.3%	14.5%
Douglas	$92,800	25.9%	$65,000	36.9%	10.4%
Eagle	$94,000	25.5%	$65,800	36.5%	19.6%
Elbert	$92,800	25.9%	$65,000	36.9%	23.4%
El Paso	$81,400	29.5%	$57,000	42.1%	24.5%
Fremont	$54,200	44.3%	$47,700	50.3%	44.3%
Garfield	$79,600	30.2%	$55,100	43.6%	20.9%
Gilpin	$92,800	25.9%	$65,000	36.9%	17.3%
Grand	$78,500	30.6%	$55,000	43.6%	23.1%
Gunnison	$71,000	33.8%	$49,700	48.3%	26.4%
Hinsdale	$75,300	31.9%	$52,800	45.5%	38.0%
Huerfano	$52,400	45.8%	$47,700	50.3%	62.7%
Jackson	$62,100	38.6%	$47,700	50.3%	9.6%
Jefferson	$92,800	25.9%	$65,000	36.9%	21.7%

County	4-person AMI	$600 Rent as Percent of AMI	1-person AMI	$600 Rent as Percent of AMI	Share of Renter Households with Annual Income Below $25,000[1]
Kiowa	$53,300	45.0%	$47,700	50.3%	21.7%
Kit Carson	$56,900	42.2%	$47,700	50.3%	25.1%
Lake	$68,100	35.2%	$47,700	50.3%	33.6%
La Plata	$82,600	29.1%	$57,900	41.5%	26.1%
Larimer	$87,200	27.5%	$61,100	39.3%	27.5%
Las Animas	$57,500	41.7%	$47,700	50.3%	46.6%
Lincoln	$54,900	43.7%	$47,700	50.3%	40.2%
Logan	$58,900	40.7%	$47,700	50.3%	37.6%
Mesa	$69,700	34.4%	$48,800	49.2%	36.3%
Mineral	$73,700	32.6%	$51,600	46.5%	30.2%
Moffat	$73,500	32.7%	$51,500	46.6%	33.3%
Montezuma	$57,100	42.0%	$47,700	50.3%	40.4%
Montrose	$59,100	40.6%	$47,700	50.3%	33.4%
Morgan	$58,200	41.2%	$47,700	50.3%	31.7%
Otero	$46,100	52.1%	$47,700	50.3%	47.0%
Ouray	$78,600	30.5%	$55,100	43.6%	22.0%
Park	$92,800	25.9%	$65,000	36.9%	33.8%
Phillips	$65,600	36.6%	$47,700	50.3%	18.5%
Pitkin	$103,400	23.2%	$72,400	33.1%	8.8%
Prowers	$54,000	44.4%	$47,700	50.3%	46.8%
Pueblo	$65,200	36.8%	$47,700	50.3%	42.2%
Rio Blanco	$78,800	30.5%	$55,200	43.5%	29.4%
Rio Grande	$55,500	43.2%	$47,700	50.3%	53.4%
Routt	$86,100	27.9%	$60,300	39.8%	19.6%
Saguache	$46,400	51.7%	$47,700	50.3%	35.0%
San Juan	$62,900	38.2%	$47,700	50.3%	18.9%
San Miguel	$78,800	30.5%	$59,700	40.2%	17.3%
Sedgwick	$59,600	40.3%	$47,700	50.3%	54.7%
Summit	$89,100	26.9%	$62,400	38.5%	9.9%
Teller	$79,800	30.1%	$55,900	42.9%	32.0%
Washington	$61,200	39.2%	$47,700	50.3%	33.1%
Weld	$79,200	30.3%	$55,500	43.2%	28.8%
Yuma	$55,900	42.9%	$47,700	50.3%	24.2%

1. Due to data limitations, we are only able to estimate the share of renter households with incomes below $25,000 not $24,000 which is the minimum annual income a household paying a $600 rent could make and pay only 30% of their income on housing costs. As

such, the estimates in this column overestimate the share of renter households who would benefit from an increase in low-cost rental housing in each county. That said, renter households earning between $24,000 and $24,999 would undoubtedly benefit from additional low-cost rental housing as well.

Source: "FY 2019 Income Limits Summary." Program Parameters and Research Division, U.S. Department of Housing and Urban Development (2019); 2015-2019 5-Year American Community Survey