

In Search of Affordable Housing

Presented at a panel discussion sponsored
by the Home Builders Association of
Colorado Springs, November, 2017



Summit Economics, LLC

Peer into the future before it becomes the present

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Applied Economics

Tom
Binnings

Equilibrium Forces

Driving Price Up

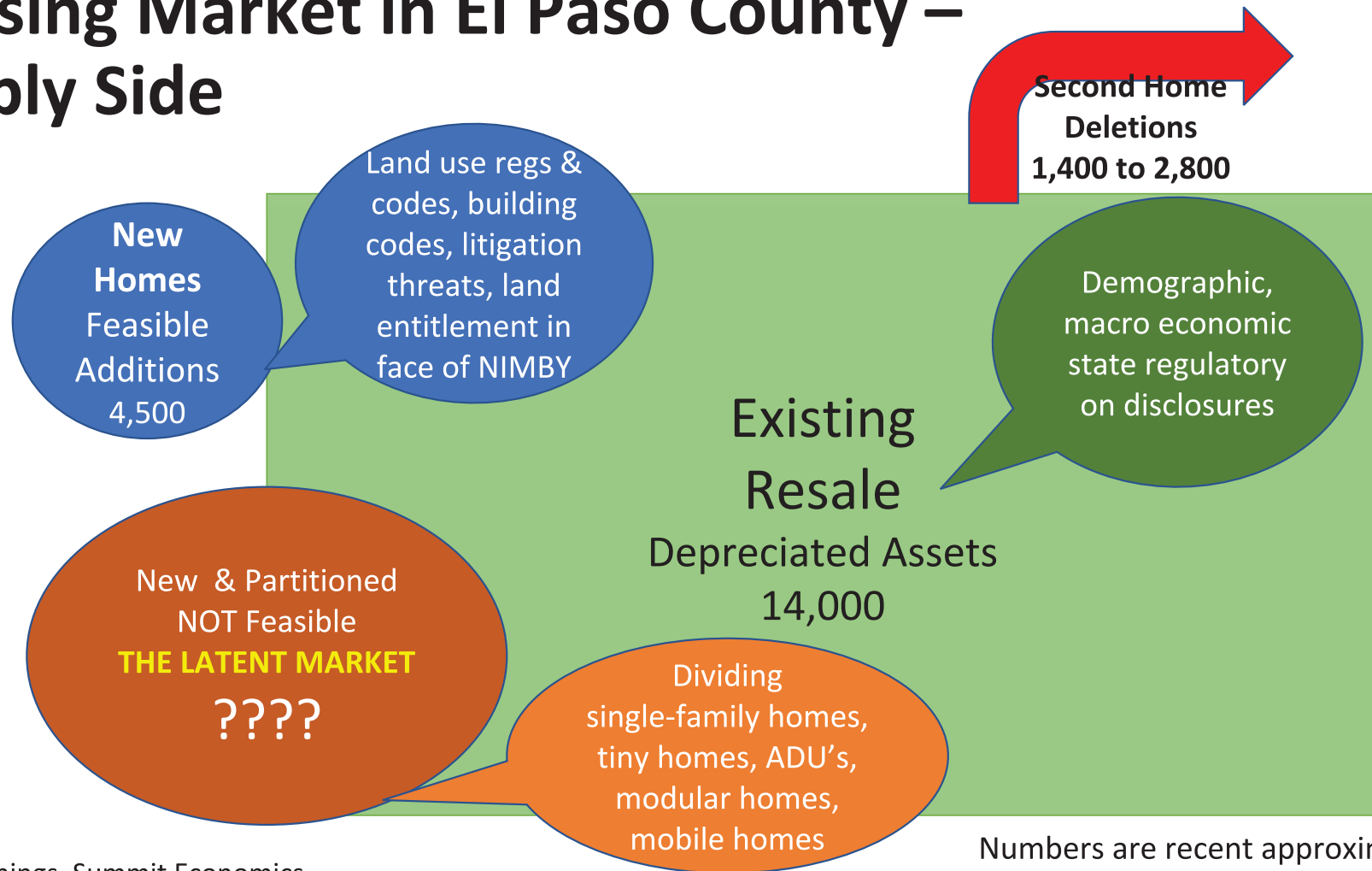
- Low mortgage rates
- Low inventory
- High demand
- Layering building codes
- Land use regulations
- Investment appeal of housing
- Litigation threats
- Construction labor shortage
- Developable land availability

Driving Prices Down

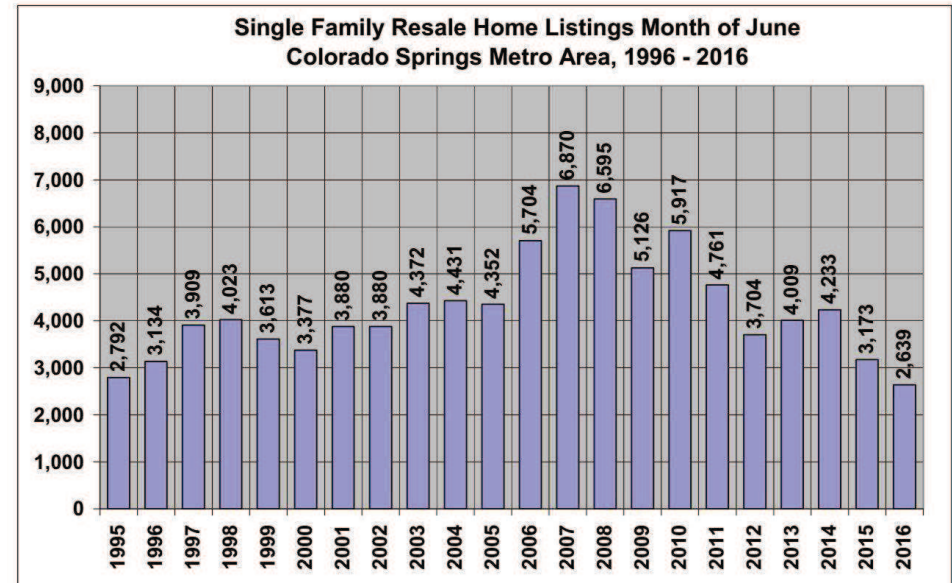
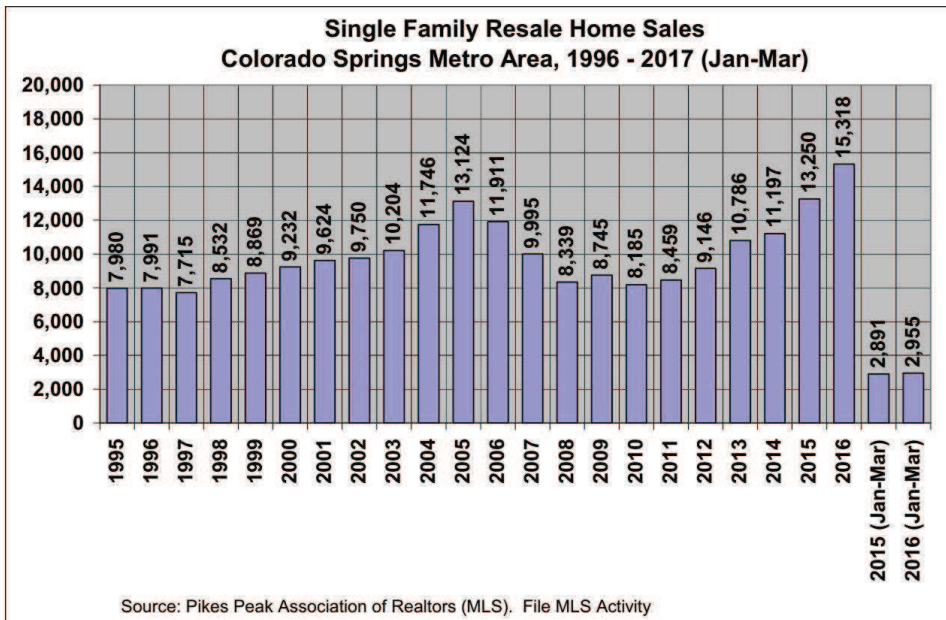
- Mortgage qualifying standards are higher
- Competitive markets
- Innovation
- Neighborhood decline
- Physical & functional depreciation

**What is the
Fundamental issue**

Housing Market in El Paso County – Supply Side



Resales: High Demand Low Supply

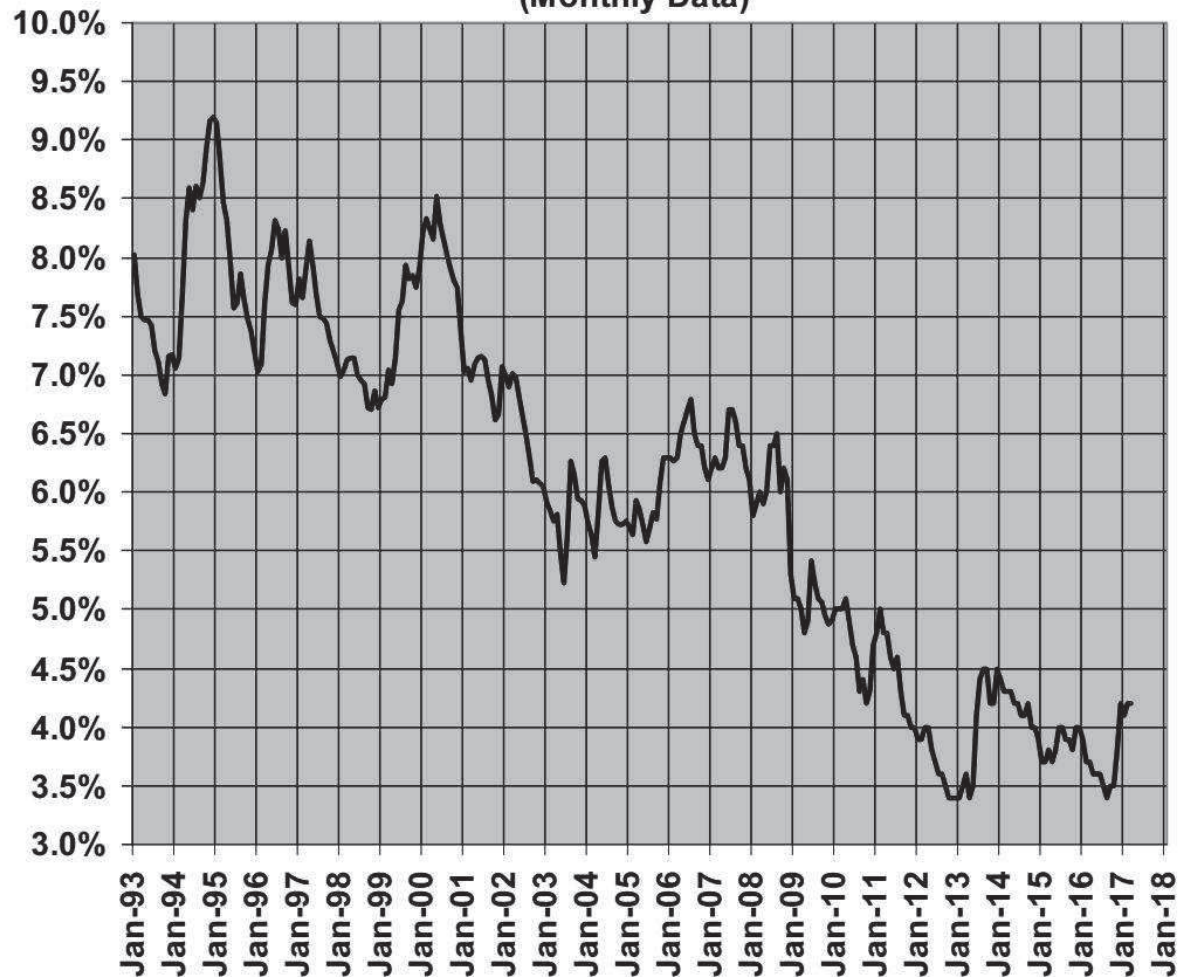


**Analysis of New Single Family Inventory
(Under Construction and Finished) Apr 1, 2017**

Price Range	Presold and Unsold Inventory Apr 1 2017	Annual Closings Apr 2016 thru Mar 2017	Months of Presold and Unsold Inventory
Less than \$250,000	26	161	1.9
\$250,000 to \$299,999	396	843	5.6
\$300,000 to \$349,999	439	660	8.0
\$350,000 to \$399,999	206	347	7.1
\$400,000 to \$499,999	239	325	8.8
\$500,000 and Over	197	234	10.1
Total	1,503	2,570	7.0

Source: Metrostudy survey

Conventional 30-Year Fixed Mortgage Rate
Colorado Springs Metro Area, Jan 1993 - Mar 2017
(Monthly Data)

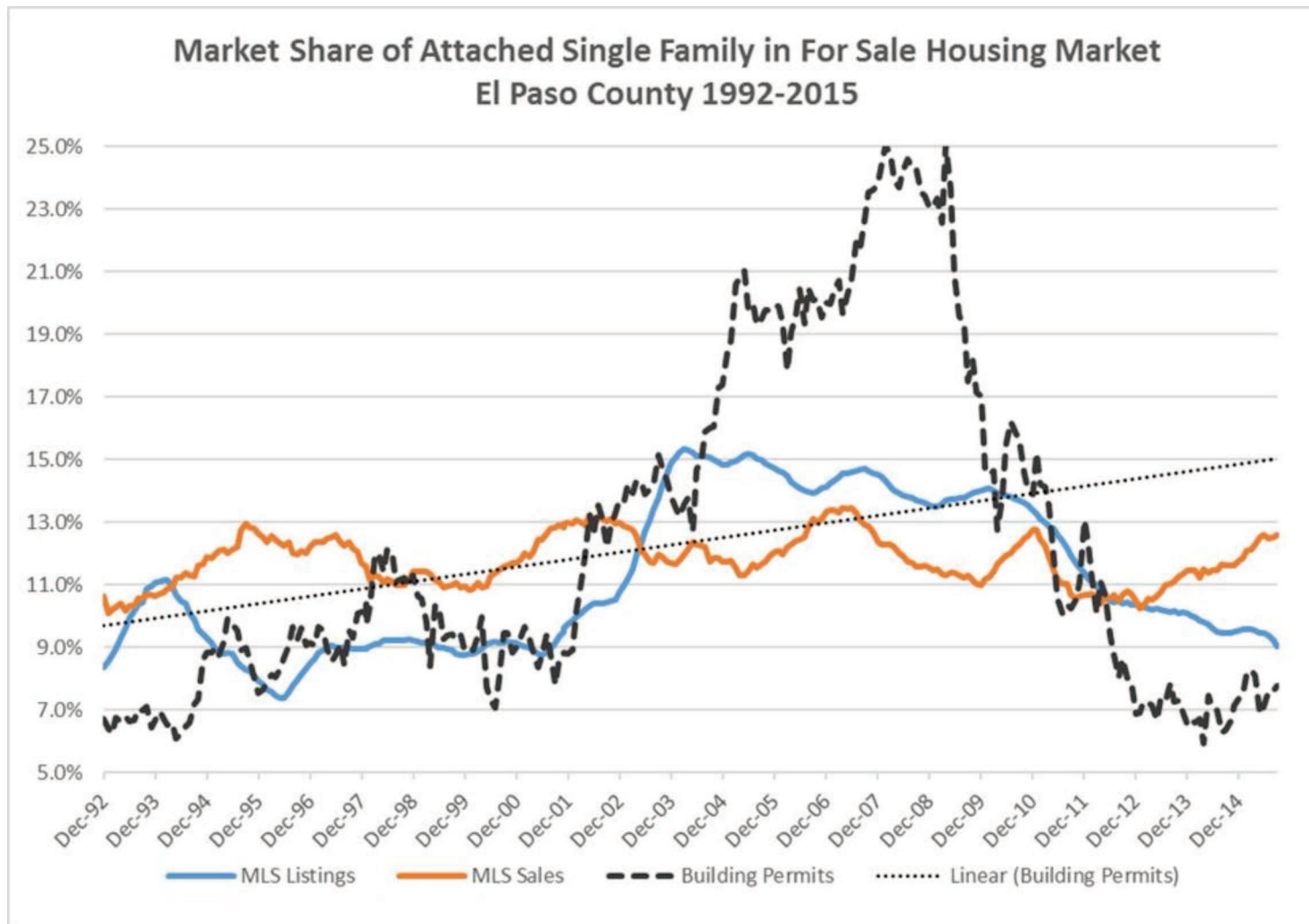


Source: Federal Reserve Bank

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Where's the attached housing

Market Share of Attached for Sale New Home El Paso County 1999-2014			
	Market Share	Avg Detached	Avg TH, Condo, Dup*
End of 1990's Expansion (1999-2001)	8.9%	4,655	456
Early 2000's Housing Boom (2002-2007)	16.7%	4,528	905
Housing Bust (2008-2010)	21.4%	1,467	399
Housing Recovery (2011-2014)	7.8%	2,187	186
16 Year Average	13.8%	3,335	535
* Townhomes, Condominiums, Duplexes (Paired Housing)			
Pikes Peak Regional Building Department, Summit Economics, LLC, Tom Binnings			



PPAR, PPRBD, Summit Economics

About Summit Economics

Summit Economics is an associate owned, social benefit company founded in 2008 to focus on data, information, and knowledge creation for clients. We consider business, community, and financial aspects for organizations, entrepreneurs, and teams. As applied social scientists we elaborate on the economic, social, cultural, and political contexts. We strive to do this in an objective, balanced, and transparent manner.

Our most frequent engagements support decision-making, quantify visioning and planning, develop performance metrics, or assist with risk management – all related to the 5Ps of policies, projects, programs, products, and processes.

Our clients include governments, for-profit companies, non-profit organizations, economic development groups, real estate developers, and public-private partnerships. Some of most our recent engagements include:

- The challenge of affordable housing
- The economic value of national defense to the Colorado economy
- Market/feasibility and business planning for a national museum's expansion plans
- The social return on investment associated with an energy resource center
- The fiscal impacts of downtown redevelopment
- New FHA financed apartment market analysis
- Sustainable funding mechanisms for water and forest conservation
- The economic impact of a new hospital

