



DEFINING THE PROBLEM

THE URGENT HOUSING NEED

The Brown Ranch presents our community with an unprecedented opportunity to take control of our housing future and design the community in which we want to live.

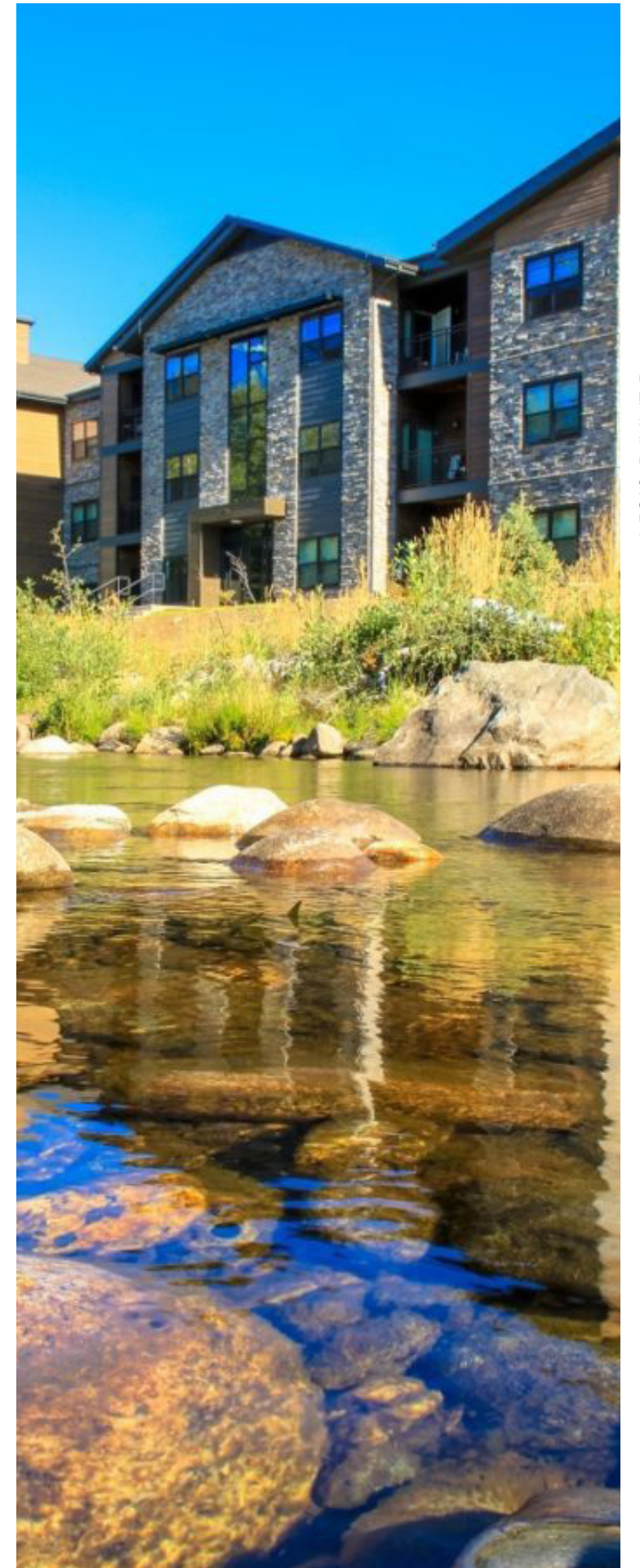
THE STEAMBOAT SPRINGS HOUSING NEED

The Steamboat Springs and Routt County community is at a turning point in its arc of history. We pride ourselves in being a town with a resort, not a resort town. The community that many have visited or called home because it is a “real town” is losing the very character that has made it special for generations. A major influence in this loss of character is the intense pressure on existing housing supply and the commensurate increase in housing prices. Decades of muted development of housing that is affordable to the local workforce has created a housing deficit that has been exacerbated by increasing tourism and second home demand on our limited housing supply. This market imbalance has resulted in a decline

in working age population, a workforce that is housing cost burdened, travelling large distances to access attainable housing, or doubling up in the limited supply of existing affordable housing properties in Steamboat Springs. This confluence of events has created a seriously large housing problem that requires a seriously large solution.

Seeing this growing need, YVHA began an aggressive plan to deliver affordable housing in our community using federal low income housing tax credits and grants. Since YVHA's inception by the City and the County in 2003, and the affordable housing mill levy in 2017, we have been delivering housing to the community's workforce. We built 48 low income units at the Reserves, 72 low- and moderate-income units at Alpenglow, 90 moderate-income units at Sunlight Crossing, and we are in the process of building 75 low-income units at Anglers Four Hundred and approximately 200 moderate-income units at Mid Valley. Despite these developments, the need far exceeds the number of units that can be developed on infill land within the existing

city limits of Steamboat Springs. A larger planned neighborhood is needed to address the decade-long absence of workforce housing being built in the Yampa Valley. Early in this process, a housing demand study was conducted for us to better understand how many units needed to be built to make up for the absence of housing for our workforce. These experts calculated that the immediate need was 1,400 housing units. More will be needed as more jobs are created in the Valley. The Brown Ranch is the solution to this need. It is the last developable tract of land within the urban growth boundary that can create the homes needed for our workforce.



HOUSING & NON-RESIDENTIAL DEMAND SUMMARY

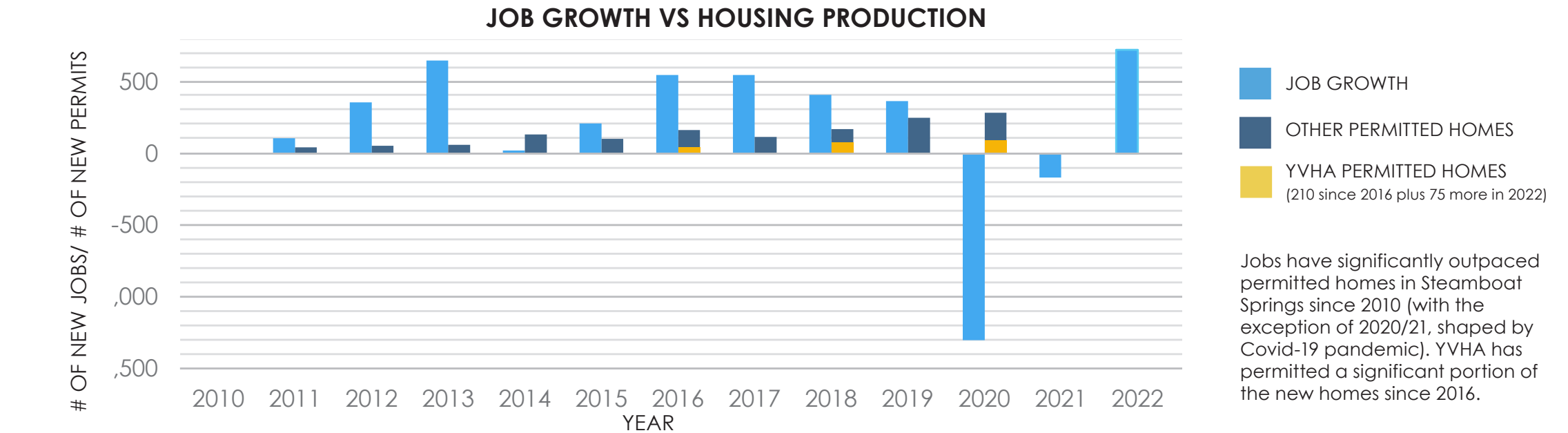
There is an immediate need for 1,400 units to house local, full-time Steamboat workers, and additional units needed for sustainable future growth.

DEFINING THE PROBLEM

A confluence of market factors is driving the need for more affordable housing in Steamboat Springs – continued job growth in Routt County, finite planned development, and a growing presence of second home and investors that inflate the for-sale and short-term rental housing market. Together, these forces create a significant housing shortfall for local workers. As a result, the Steamboat Springs workforce is traveling further to find housing options, paying a large share of their income on housing, or “doubling up” in the limited supply within Steamboat Springs, creating health and safety issues for residents.

ABOUT THE HOUSING DEMAND STUDY

This dilemma has spurred the need for further research into quantifying the need for housing to serve local Steamboat Springs workers. RCLCO used a range of data points including data from the Colorado Labor Department,



the US Census, and the local Assessor's office to quantify both the housing shortfall that exists today, as well as the amount of additional housing units needed to support the number of new jobs anticipated in Routt County over the next 10-20 years. The findings from this analysis are then utilized to define a target program for the Brown Ranch Development, a community that will mitigate the existing workforce housing crisis.

RESULTS OF THE STUDY

RCLCO estimated that the current housing shortfall to serve Steamboat Springs workers is roughly 1,400 units. Projections for future

demand growth relative to supply growth suggest that there is a total need for approximately 1,960 new homes by 2030 (560 additional beyond the existing shortfall) and approximately 2,300 new homes by 2040 (900 additional beyond the existing shortfall). The methodology for determining both the current and future need is described later in this section.

WHO TO SERVE

In order to better understand demand as it relates to the Steamboat Springs workforce, RCLCO looked into the segmentation of housing needs by income and family size. The

largest need falls within two categories:

- Rental units in the “low income” category, meaning those earning less than 60% of the Area Median Income (AMI).
- Ownership units in the “move-up” category, or 128%-258% AMI.

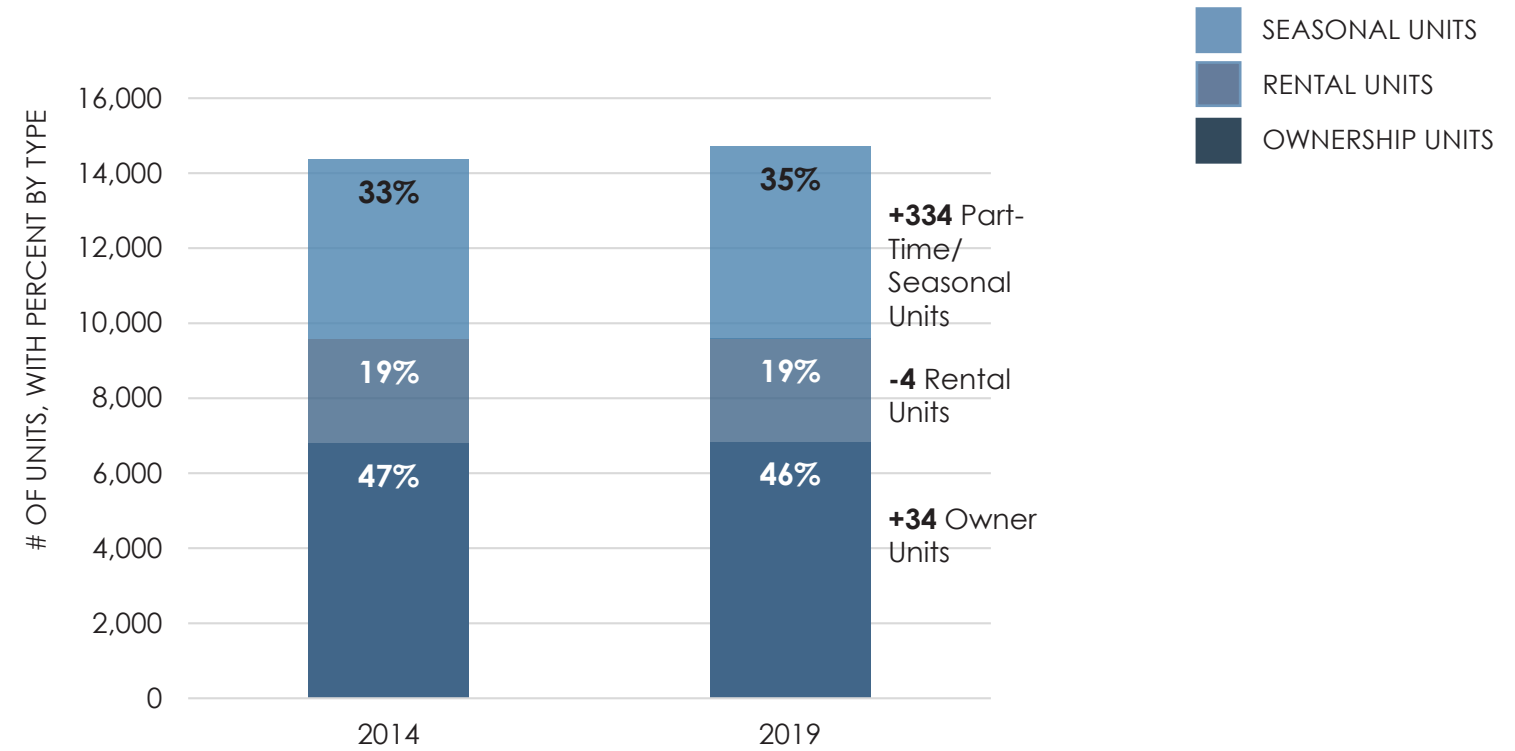
Addressing the housing shortfall for these groups is needed to sustain local businesses that face challenges retaining workers, given the lack of housing options today, and also provide opportunities for long-term Steamboat residents who have deep roots in the area and wish to continue raising families in the Yampa Valley.

HOUSING SUPPLY

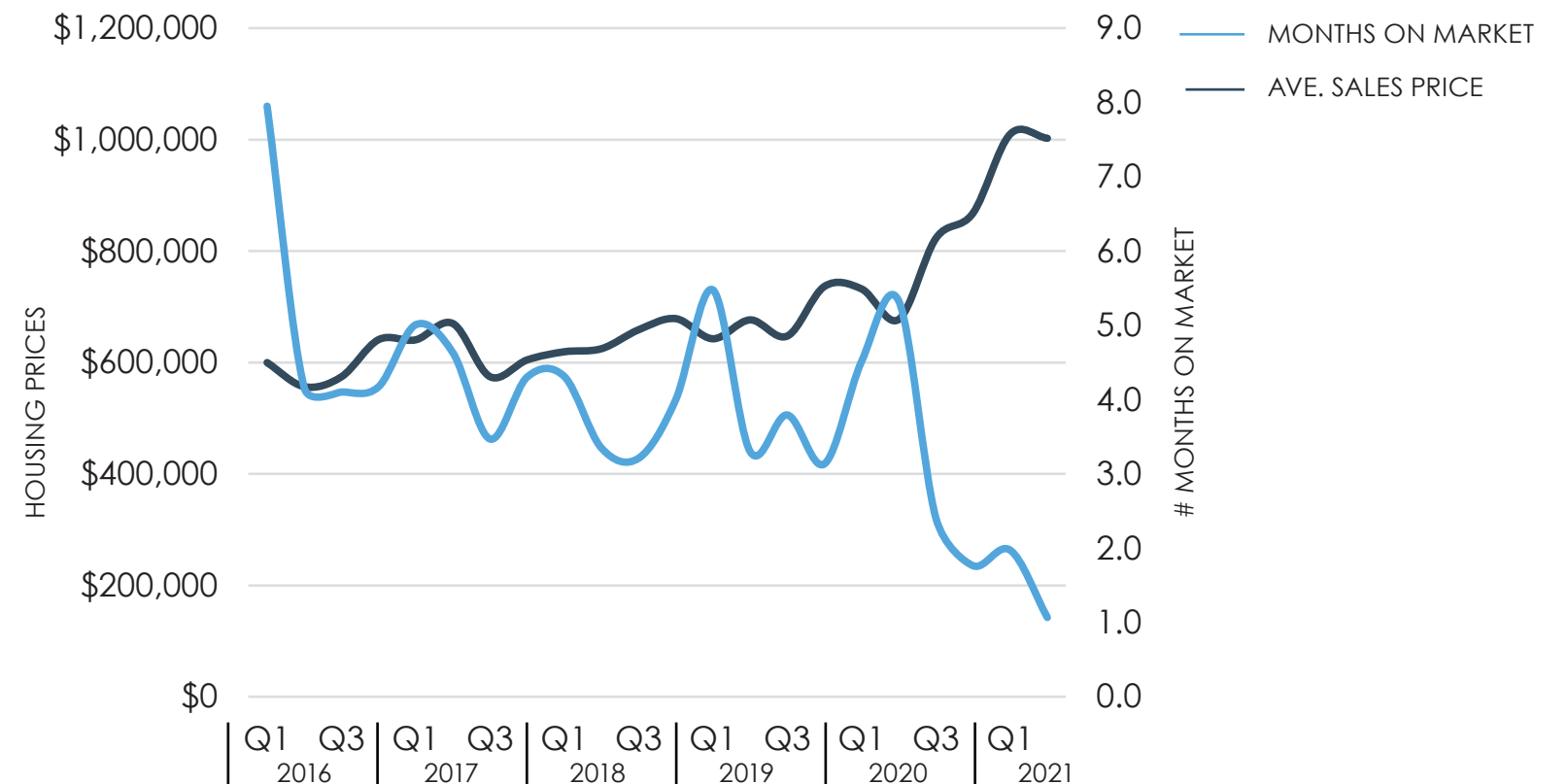
Jobs have outpaced housing production for the past 10 years. Meanwhile, housing supply is shifting to vacation rental properties while home prices skyrocket and inventory declines in Routt County.

Local housing supply is not keeping up with net new job and household growth, exacerbating housing supply and affordability challenges in both Steamboat and Routt County. From 2014 to 2019, 2,100 local jobs were added in the County, which should have translated to around 1,135 local-serving housing units. Instead only 34 net local owner units were added to County inventory as well as only four rental units, while non-local-serving seasonal rental unit inventory grew by over 300 units. In the long-term, housing inventory in Steamboat for both rental and owner units tends to grow at a rate of 0.5% to 1% per year, while jobs have grown closer to 2% annually. This mismatch in historical employment demand and housing supply growth can explain the existing net shortfall.

It should be noted that in addition to job growth outpacing new housing development, housing prices continue to outpace AMI growth in the county. From 2015-2021, home prices grew at a rate of 9-10% per year, while AMI grew at a rate of 2.5%, resulting in a continued housing squeeze as more and more housing inventory is pushed beyond the affordable price range of local residents due to a lack of available supply.

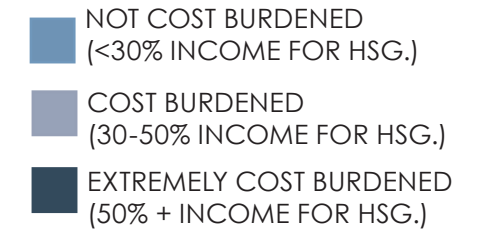


ROUTT COUNTY TOTAL HOUSING SUPPLY BY TYPE, 2014 vs 2019



ROUTT COUNTY HOME SALES: PRICES & INVENTORY

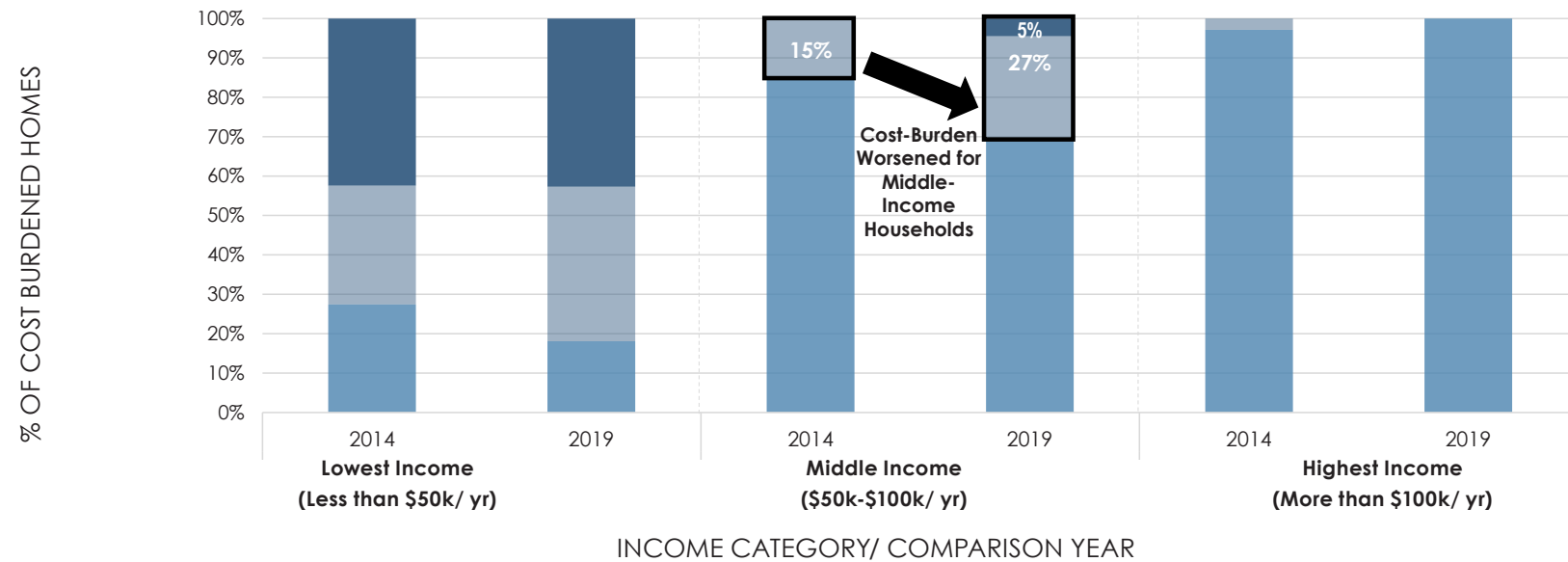
HOUSING AFFORDABILITY



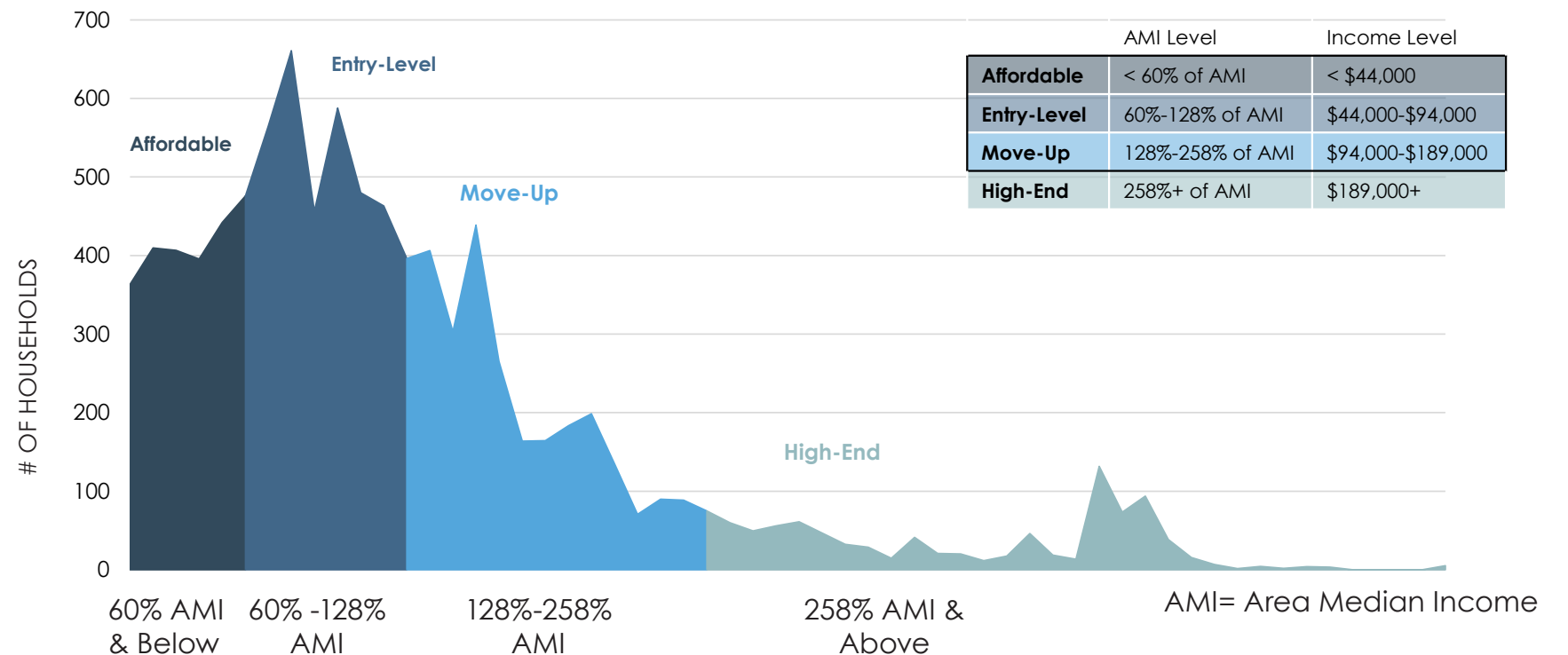
Workforce households have become more and more cost-burdened: an increasing share of households spend more than half their income on rent, or have to seek housing outside of the county.

The market trends described on the previous pages have manifested in increases in cost-burdened workforce households, where cost-burdened households are defined as those having to spend over one third of gross income on housing. From 2014 to 2019, the share of households earning less than \$50,000 that were not cost-burdened declined from 27% to 18%, while those that were cost-burdened increased from 30% to 39%. Households earning between \$50,000 and \$100,000 experienced a similar trend, with cost-burdened households increasing from 15% to 27% and extremely cost-burdened households increasing from 0% to 5%. These trends underscore the rising unaffordability for local workers in Steamboat Springs.

A majority of Routt County households fall in the 60-128% AMI or 60% AMI & Below categories and make up the local workforce. Market trends will continue to squeeze this population unless housing affordable at these incomes is developed at scale.



ROUTT COUNTY COST BURDENED HOUSEHOLD BY INCOME CATEGORY: 2014 VS 2019



ROUTT COUNTY HOUSEHOLDS BY INCOME CATEGORY (as of 2019)

DEMAND METHODOLOGY

In order to assess demand for housing, RCLCO used a local employment-based model that aligns with the goals of Brown Ranch’s mission to serve local workforce households.

The Colorado Department of Local Affairs (DOLA) estimates that in 2022, Routt County has an estimated 20,000 employees. By 2040, the County is estimated to gain an additional 4,000 – 5,000 net new jobs that will drive the need for new housing. An estimated 80% of these new locals are expected to be based in greater Steamboat Springs, given that Steamboat Springs continues to be the primary economic driver in the county, with its wealth of local businesses, commerce, and tourism demand.

Historically, there are roughly 0.54 households for every job in the greater Steamboat area, which has remained consistent over time. Therefore, RCLCO assumed that going forward, every new job added would continue to generate demand from about 0.54 new households.

In order to better segment the local, employment-driven housing need into distinct groups, RCLCO cut for the Steamboat Springs share of county worker households (80%), then analyzed the distribution of households by income level and parsed demand into four categories:

- **Low Income** (60% AMI or less)
- **Entry-Level** (60% AMI to 128% AMI, or the 33rd percentile of housing sales in 2021)
- **Move-Up** (128% AMI to 258% AMI, or the 67th percentile of housing sales in 2021)
- **High-End** (above 258% AMI)

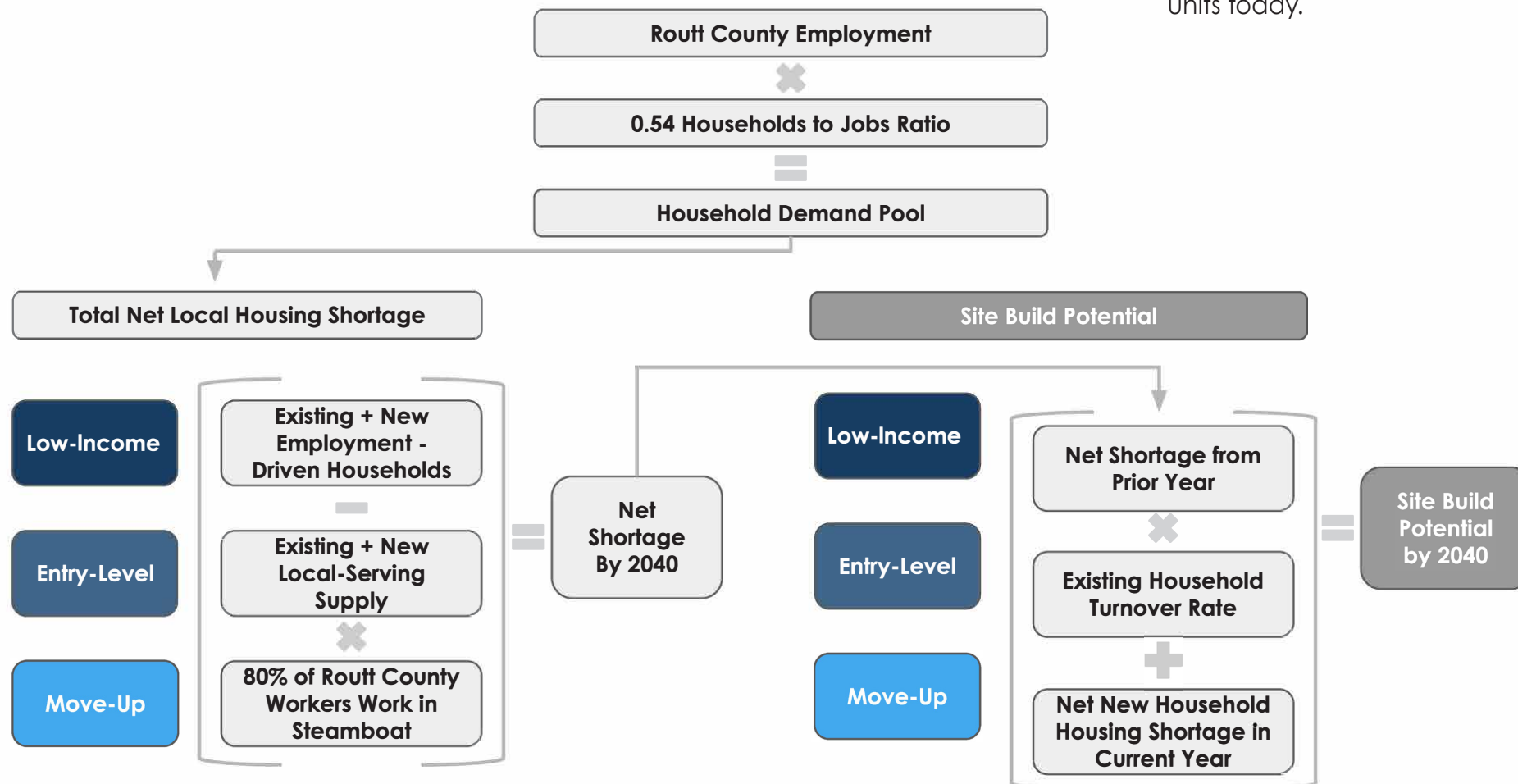
These definitions are consistent with historical demand studies undertaken by the City and YVHA in 2016, 2018, and 2020 respectively.

After parsing demand into these groups, RCLCO compared wages for valuable local jobs, such as retail workers, teachers, police, and doctors in

Steamboat to the aforementioned housing need categories. Given that many professions pay annual wage levels that fall into Affordable, Entry-Level, and Move-up categories, and the goal of Brown Ranch is to serve all local workers, RCLCO focused on quantifying the housing needs for all three of these groups. Based on RCLCO’s analysis, Steamboat area workers in these income groups generate demand for about 7,800 housing units in 2022.

In order to understand how the local housing supply compared to the estimated demand by income group, RCLCO utilized Routt County

Assessor and US Census American Community Survey (ACS) data. For both owners and renters in each income group, attainable housing costs were calculated based on the assumption that households should spend up to one third of gross income on housing. These attainable housing cost ranges were compared to local-serving supply within the same ranges. In order to define local-serving supply, RCLCO removed properties in the County Assessor’s database where the primary owner mailing address was outside of Routt County zip codes (50-60% of housing supply at each income level is estimated to be non-local). This results in an estimated net shortage of 1,400 units today.



MEETING DEMAND AT BROWN RANCH

The Brown Ranch can help alleviate the current and future housing shortage, but key decisions about who to serve are needed to define the project.

FUTURE DEMAND

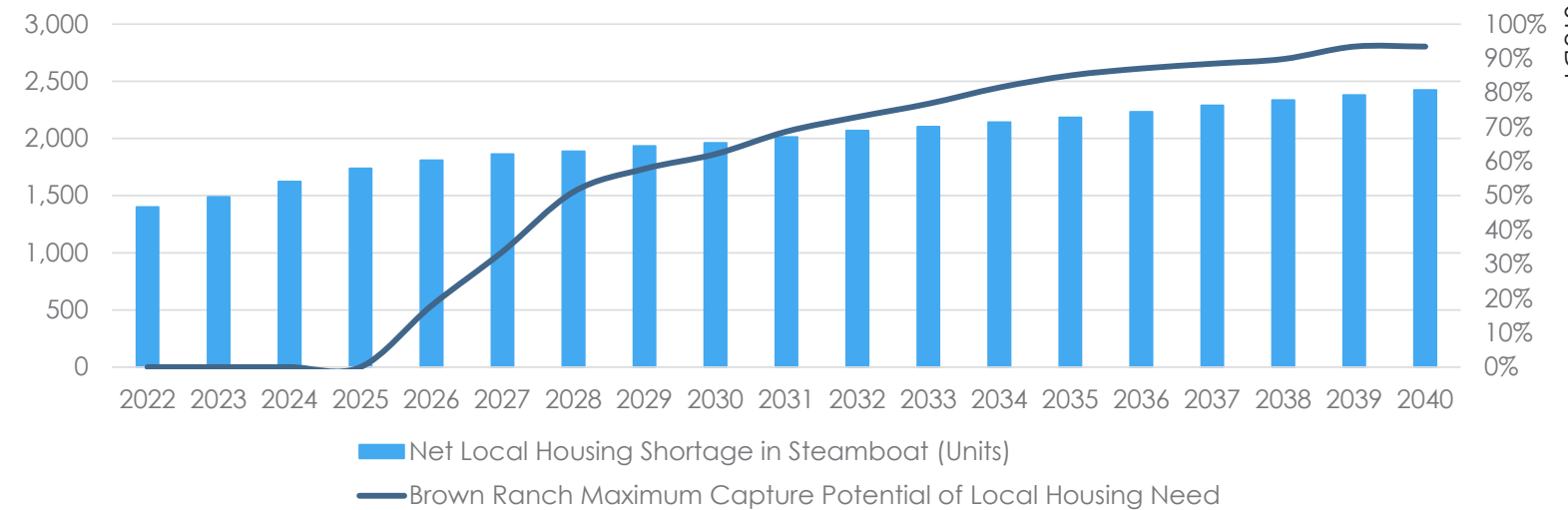
In order to project the future demand for workforce housing, RCLCO relied on forward job projections and several key assumptions, including the continuation of historical trends in income growth, housing inventory growth, and a similar share of inventory allocated to non-local uses for each income group. RCLCO also factored in planned housing authority development to supply and assumed a slow-down in housing market price growth to be more in line with long-term historical levels as a conservative estimate. Based on this analysis, there is expected to be a net demand for 1,961 Affordable, Entry-Level and Move-Up households by 2030, and over 2,400 in the Steamboat area by 2040.

While this reflects the theoretical net need for housing, RCLCO understands that in practice, many existing households in the market are not going to move in a given year. While RCLCO assumes new housing at Brown Ranch can

capture new and current local workers to the market each year, RCLCO assumes only a share of existing households will re-locate based on historical “turnover” for owners and renters for each income group. In essence, Brown Ranch can slowly draw down the pent-up housing shortage over time, ultimately addressing over half the existing housing shortage by 2030 with a large Phase I, and the majority of the housing shortage by 2040 by capturing an increasing share of the local workforce with 2,264 total units.

BASIS OF RECOMMENDATIONS

Based on the principles established through the Focus Team meeting process, the research included within this Demand Study, and some preliminary work to align Demand and Project Economics, the recommended housing delivery at Brown Ranch is 2,264 units by 2040. Approximately 30% of these units should be targeted as affordable for 60% AMI and below category (“affordable”) while 43% should be targeted as affordable for those earning 60-128% AMI (“entry-level”). The remaining 37% should be affordable to those earning 128-258% AMI (“move-up”). These recommendations align to current assumptions about housing need, community preferences and available subsidies. The plan incorporates flexibility for changing needs over time.



	2026*	2030	2035	2040
Low-Income	139	466	565	677
Entry-Level	116	446	712	968
Move-Up	69	306	578	619
TOTAL HOUSING UNIT POTENTIAL ON BROWN RANCH SITE	324	1,218	1,855	2,264

*First homes feasibly constructed

NON-RESIDENTIAL DEMAND

Non-residential uses at Brown Ranch are important to building a walkable and connected community. Aligning community goals with demand will help ensure success of non-residential uses on the site.

NON-RESIDENTIAL DEMAND

Non-Residential uses will be an important component in achieving Urban Design and Sustainability goals such as the creation of a walkable community. Access to affordable food options are also a critical aspect of the Health Equity Initiative. Evaluating the non-residential demand helps us understand how much of each use can be supported within Brown Ranch.

The commercial space summary table to the right is based on regional and visitor/ tourist demand, as well as demand from the future residents of Brown Ranch. By 2030, there will be support for an unsubsidized mid-sized grocer of about 30k s.f., several supporting restaurants and shops, and a couple neighborhood offices. By 2040, a full community commercial core is possible, with a “downtown” feel and up to about 170k s.f. of space.

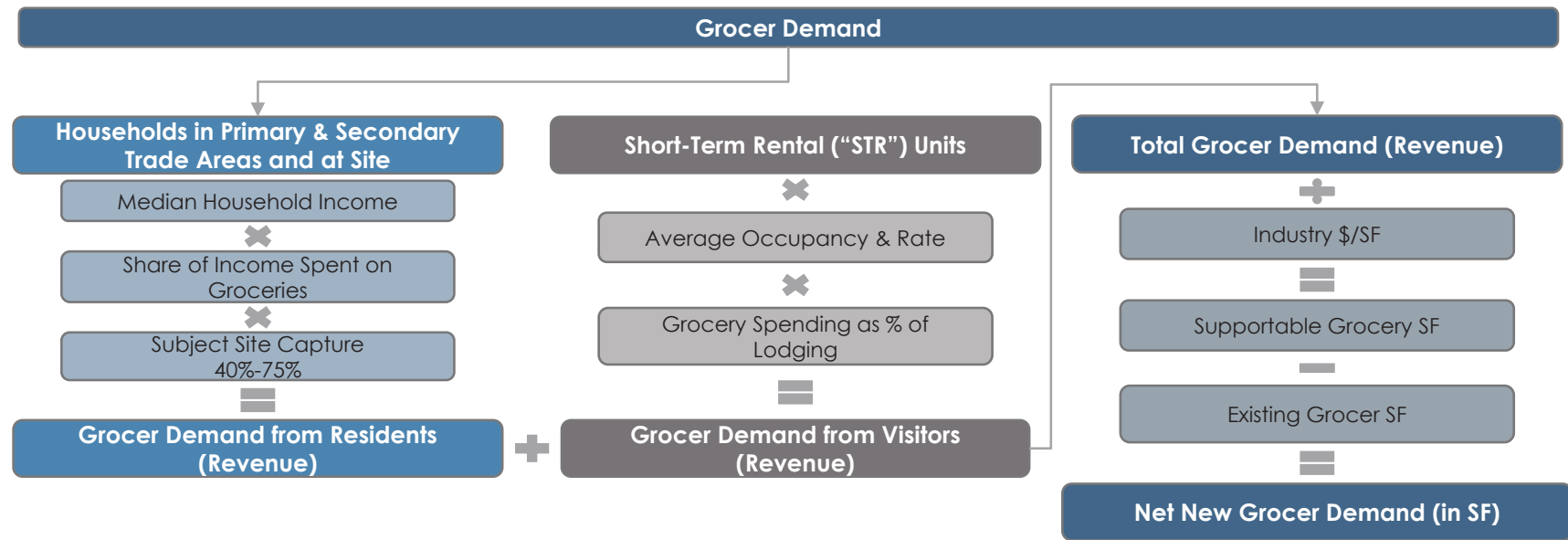
The proposed services for Brown Ranch use

this data as a starting point for establishing the non-residential areas required, but only captures those aspects of the non-residential demand that align with the vision and principles for the site. For example, it was determined to be important to have healthy, affordable food access at Brown Ranch, which is best accommodated through a food co-op or similar community food program. There are likely other sites in West Steamboat that are

better suited to accommodating the large-format grocery store indicated in the Demand Study.

The proposed services also include spaces that were not indicated by the demand, but that we know through the health equity work and community engagement are critical to supporting the community at Brown Ranch. These spaces include childcare, school and unspecified community program.

As the development progresses, other non-residential services may emerge that are important in meeting community goals. The Development Plan accounts for this by identifying developable blocks that extend beyond what is needed to meet the proposed services. Balancing community need with economic viability will be critical in shaping the neighborhood areas balance for Brown Ranch.



	Today	2026	2030*	2035	2040
Grocery	0	12,566	31,688	39,801	57,380
Supporting retail (coffee, tacos, brewery, etc.)	0	18,849	47,532	59,702	86,070
Neighborhood office (Non-profits, arts, medical)	0	3,235	9,605	18,205	27,575
TOTAL COMMERCIAL SQUARE FEET POTENTIAL AT SITE	0	34,651	88,826	117,708	171,024

*Indicates market support for grocer