Brighton Housing Needs and Incentive Strategies Assessment

Final Draft Report / October 12, 2023

GRUEN GRUEN + ASSOCIATES

Table of Contents

I: Executive Summary and Recommended Strategies 1

INTRODUCTION AND PURPOSE 1

RECOMMENDED STRATEGIES AND INCENTIVES 3

KEY FINDINGS AND CONCLUSIONS OF HOUSING ANALYSIS 10

II: Existing Housing Inventory 19

HOUSING CONSTRUCTION ACTIVITY 20

HOUSING CHARACTERISTICS 22

PUBLICLY ASSISTED HOUSING UNITS 25

III: Housing Prices and Market Conditions 27

FOR-SALE HOUSING MARKET 27

RENTAL HOUSING MARKET 32

IV: Housing Affordability in Brighton 37

CURRENT INCOME LIMITS 37

COST BURDENED HOUSEHOLDS 38

HOUSING AFFORDABILITY GAP ESTIMATES 41

FOR-SALE HOUSING AFFORDABILITY 44

V: Demography and Households 46

HISTORICAL POPULATION AND HOUSEHOLD GROWTH 46

POPULATION CHARACTERISTICS 47

REAL HOUSEHOLD INCOME 50

VI: Economic Base and Labor Force 51

EMPLOYMENT TRENDS 51

JOBS-HOUSING RATIO 53

COMMUTE PATTERNS 54

OCCUPATIONAL MIX 55

VII: Community Housing Survey Results 57

INTRODUCTION 57

HOUSING PATTERNS OF SURVEY RESPONDENTS 58

HOUSING SATISFACTION AND QUALITY 62

HOUSING SELECTION FACTORS 63

PLANS TO MOVE AND TYPE OF HOUSING PREFERRED 67

ACCESSORY DWELLING UNITS 70

LOCAL FUNDS FOR AFFORDABLE HOUSING 72

CHARACTERISTICS OF SURVEY RESPONDENTS 73

VIII: Projection of Future Housing Needs 78
INTRODUCTION 78
PROJECTION OF WORKFORCE HOUSING NEED 80
PROJECTION OF NON-WORKFORCE HOUSING NEED 87
ESTIMATE OF HOUSING REPLACEMENT NEED 88

IX: Housing Development Economics (Introduction and Prototypical Housing Development Assumptions) 90
INTRODUCTION AND APPROACH 90
SUMMARY OF RESULTS (REVIEWED IN CHAPTER X) 91
HOUSING DEVELOPMENT PROTOTYPES 92
DEVELOPMENT COST ASSUMPTIONS 93
MARKET-RATE AND AFFORDABLE HOUSING PRICE ESTIMATES 96
APARTMENT VALUATION AND OPERATING ASSUMPTIONS 100

X: Housing Development Economics (Feasibility Results and Sensitivity Analysis) 102
ROW HOME DEVELOPMENT FINANCIAL FEASIBILITY 102
GARDEN APARTMENT DEVELOPMENT FINANCIAL FEASIBILITY 104
LARGE APARTMENT DEVELOPMENT FINANCIAL FEASIBILITY 106

List of Tables

TABLE I-1: Summary of Projected 10-Year Housing Need 15
TABLE I-2: Summary of Prototypical Housing Development Feasibility Analysis 18
TABLE II-1: New Residential Units Permitted in Brighton, 2010-2023 20
TABLE II-2: Supply of Platted Single-Family Lots 21
TABLE II-3: Composition of Brighton Housing Inventory[1] 22
TABLE II-4: Publicly Assisted Rental Housing in Brighton 25
TABLE III-1: Recent Residential Sales (June 2022 – May 2023) Characteristics in City of Brighton 29
TABLE III-2: Brighton-Area Mortgage Originations by Applicant Ethnicity and Age (2022)[1] 31
TABLE III-3: Local and Regional Apartment Market Conditions (2023) 33
TABLE III-4: Multi-Family Apartment Deliveries and Absorption 34
TABLE III-5: Current Monthly Asking Rents by Property and Unit Type 36
TABLE IV-1: Adams County and Weld County Income Limits for 2023 37
TABLE IV-2: Distribution of Cost Burdened Households by Income Level and Household Type 40
TABLE IV-3: Current Affordable Housing Prices by Household Income Bracket 41
TABLE IV-4: Estimated Rental Housing Affordability Gaps in Brighton (in $2023 Dollars) 42
TABLE IV-5: Estimated Ownership Housing Affordability Gaps in Brighton (in $2023 Dollars) 43
TABLE V-1: Brighton Population and Household Growth, 2010-2023 46
TABLE V-2: Brighton Households by Housing Tenure, Size, Family Status, and Age 49
TABLE VI-1: Composition of Private Employment in Brighton 52
TABLE VI-2: Labor Inflows and Outflows for City of Brighton 54
TABLE VII-1: Respondents by Type of Housing Unit 58
TABLE VII-2: Respondents by Housing Tenure and Number of Bedrooms 60
TABLE VII-3: Monthly Housing Costs by Household Income 61
TABLE VII-4: Respondents by Physical Housing Condition 63
TABLE VII-5: Preferred Housing Locations in Brighton 66
TABLE VII-6: Plans to Move from Current Residence Within Next Five Years 67
Table VII-7: Plans to Change Unit Sizes (Among Expected Movers) by Age of Respondent 68
TABLE VII-8: Type of Next Housing Preferred by Maximum Monthly Cost 69
TABLE VII-9: Survey Respondents by Age 73
TABLE VII-10: Survey Respondents by Household Size and Presence of Children 74
TABLE VII-11: Survey Respondent's 2022 Gross Household Income 76
TABLE VII-12: Survey Respondents by Educational Attainment 76
TABLE VIII-1: Summary of 10-Year Population and Household Growth in Brighton[1] 79
TABLE VIII-2: Distribution of Regional Workforce by Household Size and Income Level 83
TABLE VIII-3: Distribution of Workforce Households by Income Level and Housing Type 83
TABLE VIII-4: Projected 10-Year Growth in Brighton Workforce 84
TABLE VIII-5: Projected 10-Year Workforce Housing Need by Type and Income Level 86
TABLE VIII-6: Projected Non-Workforce Household Growth by Household Size and Income Level 87

TABLE VIII-7: Projected 10-Year Non-Workforce Housing Need by Type and Income Level 88
TABLE VIII-8: Estimated 10-Year Housing Replacement Need in Brighton 89
TABLE IX-1: Summary of One-Acre Housing Development Prototypes 92
TABLE IX-2: Housing Unit Mix Assumptions 93
TABLE IX-3: Development Cost Estimates by Prototype [1] 95
TABLE IX-4: Market-Rate Row Home Sales Price Estimates 96
TABLE IX-5: Affordable Purchase Prices at 80 Percent of AMI 96
TABLE IX-6: Market-Rate Apartment Rent Estimates 98
TABLE IX-7: Affordable Monthly Rents at 60 Percent of AMI 99
TABLE IX-8: Apartment Financing Assumptions 101
TABLE X-1: Row Home Development Feasibility Results 102
TABLE X-2: Row Home Density Bonus and Fee Waiver Scenario Results 103
TABLE X-3: Garden Apartment Development Feasibility Results 104
TABLE X-4: Garden Apartment Density Bonus and Fee Waiver Scenario Results 105
TABLE X-5: Large Apartment Development Feasibility Results 106
TABLE X-6: Large Apartment Density Bonus and Fee Waiver Scenario Results 107

List of Figures & Maps

FIGURE I-1: Residential Sales Price Trends in Brighton Market Area 11
FIGURE I-2: Percent of Brighton Households with a Housing Cost Burden 12
FIGURE I-3: Survey Respondent Satisfaction with Current Housing Situation 14
FIGURE I-4: Response Frequency to Factors that Discourage ADU Construction 15
FIGURE I-5: Projected 10-Year Housing Need by Household Income Level 16
FIGURE II-1: Housing Unit Growth in Brighton, 2010-2022 19
FIGURE II-2: Distribution of Bedrooms and Housing Square Footage by Year Built 23
MAP II-1: Residential Parcels by Year Built 24
MAP II-2: Publicly Assisted Rental Properties in Brighton 26
FIGURE III-1: Residential Sales Price Trends in Brighton Market Area 28
FIGURE III-2: Distribution of Recent Residential Sales by Price Point and Year Built 30
FIGURE III-3: Observed Rent Index for Brighton and Nearby Communities 32
FIGURE III-4: Average Monthly Rents by Unit Type (Brighton/Commerce City Market Area) 35
FIGURE IV-1: Percent of Brighton Households with a Housing Cost Burden 38
MAP IV-1: Residential Sales (June 2022-May 2023) by Affordable Income Limit 45
FIGURE V-1: Brighton Population by Age Cohort 47
FIGURE V-2: Brighton Population by Ethnicity and Race 48
FIGURE V-3: Estimated Distribution of Brighton Households by Income (in $2023) 50
FIGURE VI-1: Wage and Salary Employment in City of Brighton, 2010-2022 51
FIGURE VI-2: Jobs-Housing Ratio Comparison 53
FIGURE VI-3: Brighton Civilian Labor Force by Occupation, 2010-2021 55
FIGURE VII-1: Respondents by Length of Time in Current Housing 59
FIGURE VII-2: Respondents by Location of Prior Residence 60
FIGURE VII-3: Satisfaction with Current Housing Situation 62
FIGURE VII-4: Mean Ratings of Housing Unit Selection Factors 64
FIGURE VII-5: Mean Ratings of Housing Location Selection Factors 65
FIGURE VII-6: Survey Respondent Attitudes Toward Accessory Dwelling Units 70
FIGURE VII-7: Response Frequency to Factors that Discourage ADU Construction 71
FIGURE VII-8: Levels of Support and Opposition to Local Funding 72
FIGURE VII-9: Survey Respondents by Employment Status 73
FIGURE VII-10: Multi-Generational Households of Survey Respondents 75
MAP VIII-1: Brighton Commute Shed and Regional Market Area 81
FIGURE VIII-1: Regional Workforce by Occupation and Household Income Level 82
FIGURE VIII-2: Projected Workforce Household Growth by Household Size and Income Level 85
FIGURE IX-1: Affordable Purchase Prices Relative to Market 97
FIGURE IX-2: Affordable Monthly Rents Relative to Market 99

CHAPTER I

Executive Summary and Recommended Strategies

INTRODUCTION AND PURPOSE

The city of Brighton engaged Gruen Gruen + Associates (GG+A) to complete an assessment of housing needs and conditions, evaluate appropriate housing strategies and incentives given identified needs and constraints, and to assist Brighton to opt-in to Proposition 123 (the application for which was accepted by the state as of early October 2023).

The research and analysis summarized in this report provides an information base about the existing housing inventory and market conditions, housing affordability, factors affecting housing needs, as well as the attitudes and preferences of households in the city of Brighton. A projection of additional housing units potentially needed in Brighton over the next 10 years, by type of housing and household income level, is also presented in this study. Future housing needs (as well as existing or unmet needs) are put into perspective with analyses of the current economics of developing typical new housing units in Brighton. Thus, a related purpose of the assessment is to identify the types and prices of needed housing which the private market is unlikely to produce in sufficient quantity.

This executive summary presents the recommended approach to addressing housing needs and summarizes the key findings, conclusions, and results of the housing research and analysis. The analysis on which GG+A bases these conclusions and strategy recommendations is presented in several chapters following the executive summary, including:

II. Existing Housing Inventory
III. Housing Market Conditions
IV. Housing Affordability
V. Demography and Households
VI. Economic Base and Labor Force
VII. Housing Survey Results
VIII. Projection of Future Housing Needs
IX. Housing Development Economics

Work Completed

- ✓ Toured Brighton, its neighborhoods, and examples of recently developed housing in the community
- ✓ Participated in numerous discussions with municipal and housing authority staff
- ✓ Conducted interviews with a sample of local housing stakeholders and experts (property owners, home builders, market-rate and affordable housing developers, economic development corporation, etc.)
- ✓ Prepared an alternative Proposition 123 affordable housing baseline and 3-year commitment estimate for Brighton
- ✓ Analyzed existing housing inventory, costs, and market conditions
- ✓ Reviewed prevailing patterns related to population and household change, the economic base, and workforce
- ✓ Identified the number of cost-burdened households, and estimated the shortfalls or "gaps" in existing affordable housing
- ✓ Designed, distributed, and evaluated a community housing survey which garnered nearly 400 completed responses from current Brighton households
- ✓ Assessed how regional job growth and population growth are likely to affect future housing demand and needs in Brighton
- ✓ Evaluated the real estate economics of developing typical types of for-sale and rental housing units in Brighton to identify the types and price points of housing units that will or will not be feasible for the private market to supply

RECOMMENDED STRATEGIES AND INCENTIVES

ENCOURAGE HOUSING PRODUCTION AT ALL LEVELS AND EVALUATE OPTIONS TO REDUCE HOUSING PRODUCTION COSTS

The supply of affordable housing depends on the availability of housing at all price points. Existing units remain scarce and can be difficult to obtain, irrespective of price. Therefore, the overall recommendation is to facilitate housing affordability in Brighton by encouraging the private sector to produce an adequate supply of new market-rate housing. When the development of new housing is constrained, currently affordable units are more likely to "filter up" in price (increase in relative price over time, due to quality improvements for which owners are rewarded in making) and therefore less likely to remain part of the affordable housing stock. A robust level of new housing production at the top-end of the market will help to alleviate price and rent pressure in the lower tiers of the Brighton housing ladder by helping to satisfy the demand of higher-income households, which would otherwise compete for (and bid up the price of) existing units.

Changes to policies and regulations (within the control of the city) can help lower production costs for all types of housing and encourage the market to maintain an adequate pipeline of new housing that is affordable to larger segments of the local market. To accomplish the overall goal of encouraging the production of an adequate amount of housing, the city could:

- **Revise one-time fee structures** to better reflect differences in housing unit size or value[1], which is one way to incentivize the production of less costly housing;

- **Relax some architectural design standards and monotony requirements** and identify a few "easy wins" that will not jeopardize community-level place making objectives. Many individual households, for example, will tradeoff less architectural detail for lower housing cost, and contractors/builders frequently cite greater uniformity and repetition in construction as an effective way to deliver new units at lower costs; and

- **Reduce the procedural complexity and potential delays** in providing necessary land entitlements and issuing permits. Given the suburban nature of most housing development in Brighton, a common "critique" relates to the inability to overlap horizontal (land) improvements with vertical design review and construction.

---

[1] Some jurisdictions impose utility Plant Investment Fees or Development Impact Fees based on unit size or lot size. For examples see: Colorado Springs Utilities; Bozeman (MT) Impact Fees; Fort Collins-Loveland Water District.
For perspective: development impact fees and utility plant investment fees in Brighton total about $30,000 for a large detached single-family home, and nearly $24,000 for a much smaller attached townhome unit (based on the city fee schedule effective August 2023).

ADDRESS THE COST AND AVAILABILITY OF RAW WATER AND LAND SERVED WITH PUBLIC INFRASTRUCTURE

Two other factors significantly affecting the cost of new housing in Brighton have been the escalating: (1) costs of raw water; and (2) public infrastructure, coupled with the city's requirement that most new developments dedicate water rights and complete off-site public infrastructure improvements. Brighton does not have a scarcity of raw land, but the supply of finished or "shovel ready" lots with both water and adequate infrastructure represent a primary constraint to future housing affordability. By the city requiring land developers/home builders to pay upfront for water resources and off-site public infrastructure, these upfront capital costs of individual developments are passed on to housing consumers.

Because developers and builders' capital return requirements and capital funding costs are higher than the costs municipalities pay to fund long term improvements, housing costs are higher because of the shift of public infrastructure and water resource provision to the private sector. Smaller-scale housing developers that do not typically have the time, resources, working capital, or financial backing to acquire water and improve off-site infrastructure prior to vertical construction – such as affordable projects capitalized primarily with Low Income Housing Tax Credits (LIHTC) and other public subsidies are especially impacted by the water and infrastructure requirements.

Therefore, consider evaluating whether in certain locations the city could obtain economies of scale or other efficiencies in providing the necessary water resources and public infrastructure and bridge housing development feasibility gaps that would be paid back over time through taxes and fees. Specifically consider or review the following:

- **The city's water resource policy** that requires a minimum dedication of 0.27-acre-feet of water for each multi-family housing unit (and a much higher for single-family units) and identify if the city could be in a better position to more cost effectively obtain and maintain water rights that could be used to serve developments geared toward smaller and affordable housing units;

- **Providing all housing developments under a certain size threshold (e.g., 100 units) the opportunity to pay water dedication in-lieu fees** and complete the necessary capital planning and acquisitions to supply this raw water;

- **Developing an inventory of surplus publicly owned land and real estate** (including that of municipal partners such as the school district, county, etc.), evaluating the suitability of land for infill residential uses or building conversions, and making necessary regulatory or planning changes to allow future housing production on identified sites; and

- **Proactively planning to complete off-site infrastructure improvements** via the city's capital budget and/or bonding capacity in locations where the civic goals and objectives include the provision of infill housing developments.

PROMOTE INFILL HOUSING THROUGH ACCESSORY DWELLING UNIT (ADU) CONSTRUCTION

Accessory Dwelling Units (ADUs) are almost by definition affordable housing because they are small. Adding an ADU to an existing single-family lot is a modest way to increase density. ADUs also rely upon existing improved land and public infrastructure, making them more efficient and sustainable than new growth at the fringe of the community. They can help to accommodate the needs of an extended or multi-generational family and may provide additional income for older-aged households or space for a caregiver to live on site. ADUs may be an especially appropriate housing solution in Brighton, given survey results indicate almost 20 percent of respondents live in a multi-generational household (with at least two generations of adults living in the same housing unit).

Survey results also indicate interest in building ADUs in Brighton – about 23 percent of surveyed homeowners that do not currently have an ADU may consider building one in the future. To date, however, relatively few ADUs have been permitted and built and limited resources exist to help homeowners navigate the process of building an ADU. The construction of a single ADU can also be cost-prohibitive, and many homeowner associations in Brighton do not currently allow ADUs. City regulations already permit ADUs in both single-family and duplex units throughout the community and existing zoning requirements (e.g., maximum unit sizes) are relatively lenient. To promote greater construction of ADUs, the city should:

- **Implement a community awareness campaign** about ADUs and provide materials to help navigate the approval and permitting process. Host informational workshops, promote and participate in ADU tours, and if sufficient levels of interest exist, explore ways the city may be able to help "bundle" ADU construction (among numerous homeowners, to reduce per-unit construction costs). Also continue to inform applicants building new single-family units of the option to create ADUs in new construction;

- **Provide sample language that homeowner associations** can draw on to change their bylaws or declarations to permit ADUs;

- **Create or sponsor pre-approved architectural plans** (for detached ADUs) and provide them at no cost or minimal cost to interested property owners; and

- **Encourage joint utility meters/taps** by removing the requirement to demonstrate adequate utility services when the principal structure is below a certain size threshold. If separate utility service is required or preferred for an ADU, provide for significantly reduced Plant Investment Fees commensurate with the size of the ADU.[2]

[2] Denver Water (the wholesale supplier to many residential water customers in the metro area), for example, charges a significantly reduced system development fee for ADUs that is roughly 20 to 30 percent of the cost of a standard single-family unit fee.

STREAMLINE AND EXPAND DEVELOPMENT INCENTIVES FOR AFFORDABLE HOUSING

New market-rate housing is unlikely to be built at prices affordable to lower-income households. Policy actions can motivate developers to add housing for lower-income households and financial incentives or subsidies are frequently required to make affordable housing construction feasible. Reducing upfront capital costs, minimizing the time and uncertainty of the development approval process, and allowing greater housing density can be effective ways to facilitate the development of affordable housing. Consider the following policy actions and incentives to support the development of affordable housing for lower-income households in Brighton:

- **Adopt a uniform definition of "Affordable Housing"** throughout the municipal code and land use and development code. Income limits that apply to incentive policies should be periodically reviewed with respect to market and development conditions;[3]

- **Formally create a fast-track permitting and expedited review process** to incentivize projects that meet a minimum affordable unit set-aside. Grant priority to proposed developments that include affordable units by placing them first in the queue before other land use and development applications in the community. Ensure that sufficient city capacity is available to meet expedited timelines;

- **Revise city fee waiver policy to provide clear and consistent eligibility for any new housing development that will construct and dedicate on-site affordable units**. Remove the eligibility requirement to address special housing needs, given that special needs populations frequently require supportive services and not just housing. Identify city construction use tax, planning, and permit fees as eligible for waiver or deferral (in addition to the tap fee, impact fee, and in-lieu fees already specified). To encourage for-profit developments to voluntarily set aside affordable units, implement and publish a sliding scale based specifically on the number of affordable units and income level proposed. Results of the housing development economic analysis indicate a total fee waiver of approximately $150,000 to $200,000 per affordable unit could encourage participation if combined with other non-financial incentives[4];

---

[3] Based on the analysis of current housing development economics (Chapters IX-X), and for consistency with some state (e.g., Prop 123) and federal funding sources, it is recommended that affordable rental housing be defined as units restricted by deed to no more than 60 percent of Area Median Income, and affordable ownership housing be defined as units restricted by deed to no more than 80 percent of Area Median Income. Higher income limits could be applied to local incentive policies in Brighton, although the private market can likely produce new units affordable to roughly 90 percent of Area Median Income (for renters) and 120 percent of Area Median Income for owners.

[4] For example: up to $2.0 million in total municipal fee waiver for a 100-unit apartment development that deed restricts 10 percent of units at rents affordable to 60 percent of Area Median Income.

- **Revise "Community Benefit Incentives" with emphasis on effective non-financial (zoning/density) incentives to encourage affordable housing production**. Incentive eligibility should focus on the provision of affordable housing units, such that individual sites or developments can more readily obtain both fee waivers and zoning-related bonuses or concessions. Remove or significantly reduce the objectives related to "diverse housing" and the requirement that 25 percent of units also be provided at attainable price points – many developments are simply not large enough nor sufficiently profitable to meet all the varying requirements, in addition to providing on-site affordable housing. For projects meeting the current 15 percent affordable unit set-aside requirement, provide for zoning incentives that (a) do not require special approval (e.g., city council or plan commission) and (b) more specifically identify reductions in lot open space, minimum lot area per unit, and/or minimum parking requirements. Recognize that height-related bonuses are constrained by development economics in Brighton, and that meaningful zoning incentives to reduce per-unit land and sitework costs are only practical if lot open space, setback, and parking standards are reduced for qualifying developments; and

- **Encourage property tax incentives** for housing projects that create or rehabilitate affordable units priced below market, or for private landlords that agree to accept rent vouchers. Consider the use of the Brighton Urban Renewal Authority to dedicate the tax increment for new projects within existing redevelopment areas and explore the appropriateness of expanding such areas for planned housing redevelopments. Also confer with the school district to investigate whether, and under what conditions, the district may consider dedicating some of its property tax in support of affordable housing creation (e.g., if live-work preference can be given to affordable units for school district employees).

ENCOURAGE AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES

Brighton has an acute shortage of homes affordable to lower-income households. Only nine percent of all residential sales in the past year represented affordable purchases for below-median income households. The city can deploy local funds to supplement downpayment assistance programs and pursue outside partnerships to begin to address the shortage of existing and affordable ownership units. Shared equity programs and community land trust models are mechanisms for creating affordable homeownership opportunities and maintaining the units as permanently affordable housing in the long run. Long-term affordability is generally created by matching government subsidies to reduce upfront costs, removing the land and horizontal improvements from the initial sale price of the home or units and imposing resale restrictions on subsequent sales, and sharing or recapturing some of the price appreciation to ensure the initial subsidy remains with the home. Such developments are typically led by non-profit land trust organizations and require significant municipal incentives such as those recommended above (fee waivers, infrastructure assistance, etc.).

To improve affordable homeownership opportunities in Brighton, the city and non-profit partners should:

- **Encourage local employers to establish downpayment assistance programs.** Employer assisted housing tools such as downpayment assistance do not increase the supply of for-sale housing but can be effective in highly competitive housing markets (such as Brighton) where employers struggle to attract and retain critical staff and many of the lowest priced homes may sell for cash. Investigate whether a collation of local employers can jointly fund and operate a program, including the city of Brighton itself and other local government entities[5];

- **Pursue a partnership with a local community land trust[6] and private builder(s)** to plan, fund, and implement a mixed-income development model that can meet the need for ownership units affordable to lower- or moderate- income first time homebuyers in Brighton. First investigate available properties (and cooperative property owners) that may be large enough to include a mix of market-rate and affordable housing product types and reach concurrence on the local incentives or funds that the city is willing to commit.

[5] Assistance programs typically provide one-time funds toward initial down payment or closing costs in the form of a forgivable loan (if the recipient stays with the employer for a specified duration of time, the loan is forgiven).

[6] Elevations Community Land Trust, Habitat for Humanity, and the Urban Land Conservancy are three local nonprofit organizations focused on acquiring or developing permanently affordable homes in Metro Denver.

PRESERVE HOUSING AND ASSIST HOUSEHOLDS TO REMAIN STABLY HOUSED

Older and smaller existing housing units, typically within the historical core footprint of the city, provide an important source of affordable housing within the community. Brighton will also experience an increase in older adult households and should anticipate a commensurate need to remodel or rehabilitate homes to facilitate aging in place. Where older units are still functional but less expensive than the cost to produce new housing, helping older adult or lower-income families to maintain and improve existing housing stock can be an effective policy. The city and housing authority should be alert for opportunities to:

- **Advocate for and pursue additional Community Development Block Grants (CDBG), HOME funds, and Proposition 123 funds** to increase the supply of decent, affordable housing in Brighton via opportunistic acquisitions, unit rehabilitations, and accessibility improvements to accommodate elderly or other special population needs; and

- **Establish a reliable source of local funding to support housing preservation or acquisition efforts.** The housing authority, city, and other non-profit partners will likely require local funds to preserve housing at-risk of converting to market rents (as subsidies expire) and/or to create otherwise affordable properties via existing housing inventory. Efforts should ensure that expiring units or other affordable housing sources are not lost to deteriorating property conditions.

Also recognize that many unmet housing needs in Brighton result from a mismatch between local incomes and rent growth (not just from rising rents). Lower-income renters already account for the largest source of existing unmet housing need in Brighton. The housing authority, for example, maintains a waiting list of nearly 1,500 households for Housing Choice Vouchers and other tenant-based rental assistance. However, the demand for vouchers far outweighs the supply and many households wait years before obtaining a voucher.

- **Continue to pursue and administer additional vouchers.** This will require coordination with other municipalities, Adams County, and others to develop a lobbying plan for advocating at the state and federal levels for more funding and more vouchers; and

- **Provide additional tenant-based financial assistance** for households in the lowest-income categories to help households (especially those with children or elderly) access and stay in housing in the face of job losses or health crises. Locally funded rent voucher programs can better address urgent needs in a timely manner to prevent loss of housing.

KEY FINDINGS AND CONCLUSIONS OF HOUSING ANALYSIS

HOUSING INVENTORY:

Many households live in housing units that are affordable by virtue of their age, condition, or location, and most households that move (change housing units) each year will move into existing housing units. The existing housing supply plays a key role in addressing housing needs as households move up and down the housing ladder.

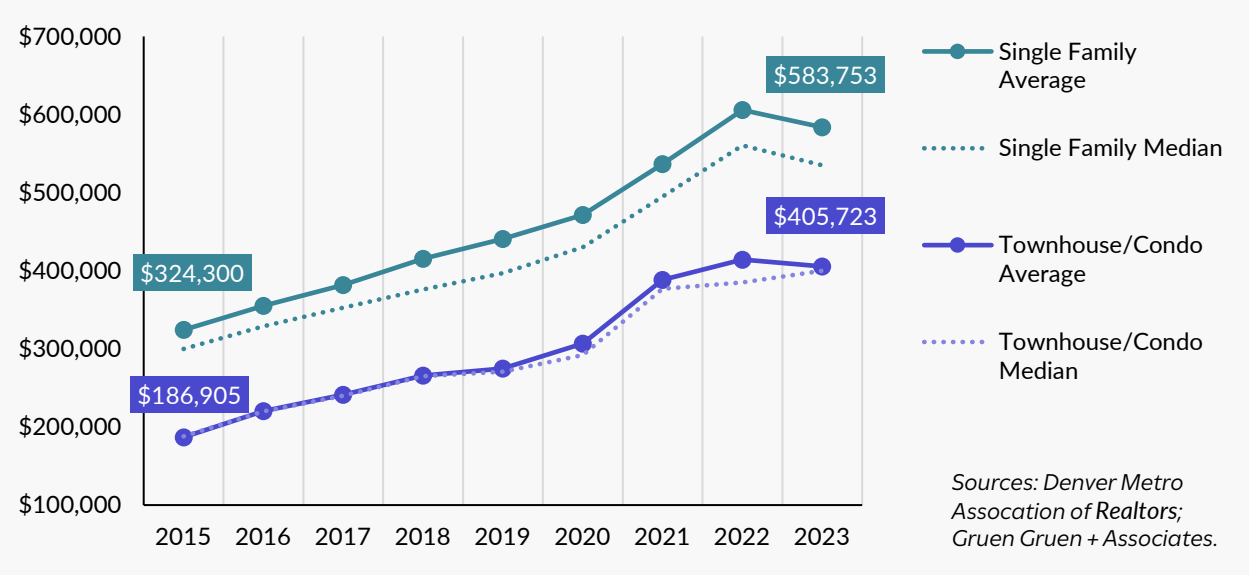
- **Citywide housing inventory grew by about 4,100 units, or 2.6 percent annually, between 2010 and 2022.** New construction activity has recently slowed with only 95 new single-family housing units permitted through the first six months of 2023. Historically, since 2010, detached and attached single-family homes have comprised about 65 percent of new units permitted. Multi-family units comprised about 35 percent of new units permitted.
- **The supply of finished single-family home lots has declined.** New single-family housing demand, especially over the past five years, has outpaced the creation of additional finished lots. Approximately 1,840 approved (but unbuilt) single-family lots were available at year-end 2017, compared to only 770 available lots in June 2023. Multiple large-scale subdivisions such as Farmlore and Mountain View are actively developing an additional 1,300 single-family home lots.
- **Detached single-family homes in Brighton are still the predominate source of existing housing supply.** Detached homes account for an estimated 71 percent of the housing unit inventory and 82 percent of existing bedrooms in the city. Most of Brighton's housing inventory has been built in the past 20 years.
- **Brighton contains approximately 900 rental apartment units that are publicly assisted with active subsidies.** These units are deed-restricted to lower income households and are estimated to represent about one-quarter of all rental housing units within Brighton. Approximately 80 percent of the existing units are assisted by Low Income Housing Tax Credits ("LIHTC").

HOUSING MARKET CONDITIONS:

Housing market conditions affect the type and price of housing that is readily available in a community. Market conditions may encourage or discourage the improvement and maintenance of existing housing units as well as the production of new housing.

- **For-sale housing prices in Brighton have increased significantly since 2015 when a typical single-family home in Brighton sold for about $324,000.** The average single-family price was approximately $584,000 in Brighton through the first six months of 2023, representing an average price increase of approximately 80 percent since 2015.

FIGURE I-1: Residential Sales Price Trends in Brighton Market Area



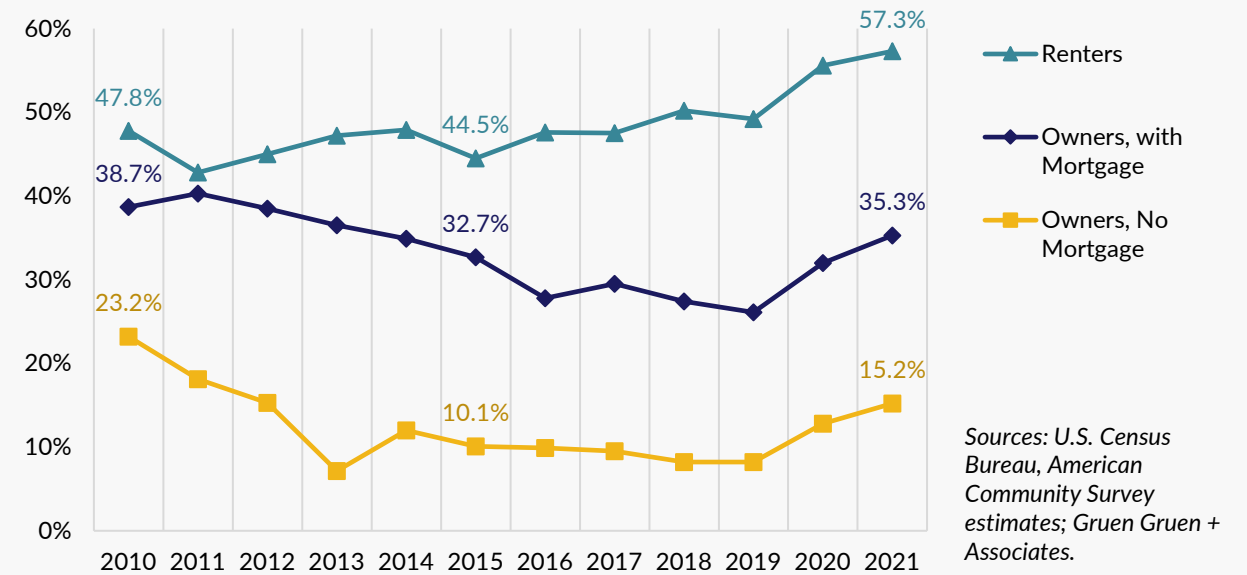
- **For-sale housing market conditions have softened over the past year.** Sales prices have moderated or declined slightly, homes are taking longer to sell, and fewer are selling for above the asking or "list" price. Prices, however, remain well above levels experienced just two or three years ago and the available for-sale housing inventory in Brighton has declined.
- **Older, existing single-family housing units in Brighton are typically more affordable than new construction homes.** New construction homes sold over the June 2022-May 2023 period had an average sales price of about $550,000 per unit. About two-thirds of all new construction homes were priced between $450,000 and $650,000 per unit. The average sales price for homes built prior to 2000 was $445,000, approximately 20 percent lower than the average price for new construction homes.
- **The local rental housing market is characterized by relatively low vacancy rates, strong rent growth over the past several years, and a significant amount of recent and on-going development activity.** More than 92 percent of multi-family apartment units are estimated to be occupied and average monthly rents are estimated to have increased by about 30 percent since 2018.
- **New apartment developments in the local market are primarily serving new rental housing demand, rather than siphoning tenants from existing units.** The Northeast Adams County apartment submarket (of which Brighton is a part) has delivered nearly 1,900 new units in the past two years, while the submarket has absorbed 1,750 additional units over the same period.

HOUSING AFFORDABILITY CONDITIONS:

Housing affordability is defined by both the income of a household and the cost of a housing unit appropriate for that household. Housing is considered "affordable" if a household spends 30 percent or less of its before-tax income on housing and related expenses. Households spending more than 30 percent of their income are commonly defined as "cost burdened."

- **Approximately 57 percent of renters in Brighton are estimated to be cost burdened.** The cost burden rate for Brighton renters has increased over time, indicating that rents have typically escalated faster than household incomes.
- **Housing affordability conditions for homeowners in Brighton have been more stable over the long term.** The cost burden rate for homeowners with a mortgage declined by about three percentage points over the 2010-2021 period, decreasing from 38.7 percent in 2010 to 35.3 percent in 2021.

FIGURE I-2: Percent of Brighton Households with a Housing Cost Burden



Sources: U.S. Census Bureau, American Community Survey estimates; Gruen Gruen + Associates.

- **Brighton, like many communities, experiences a shortage of deeply affordable rental units.** Using the 30-percent-of-income standard, Brighton is estimated to contain about 1,410 renter households who can afford to pay no more than $1,250 in monthly gross rent. The existing supply of rental units priced below this affordability threshold is estimated at approximately 890 units; indicating a "gap" or deficit of approximately 520 rental units affordable to the lowest income bracket.
- **For-sale housing inventory has become significantly less affordable to local households.** Between June 2022 and May 2023, only nine percent (9%) of all residential sales in Brighton were affordable to the Adams County median income. About 65 percent of all sales were only affordable to households with incomes above 120 percent of the Area Median Income.

ECONOMIC BASE AND LABOR FORCE:

Frequently, the largest source of housing demand/need relates to new households formed or attracted due to employment growth in the community or its commute shed. More than 80 percent of existing households in Brighton are "workforce households," including at least one worker in the household.

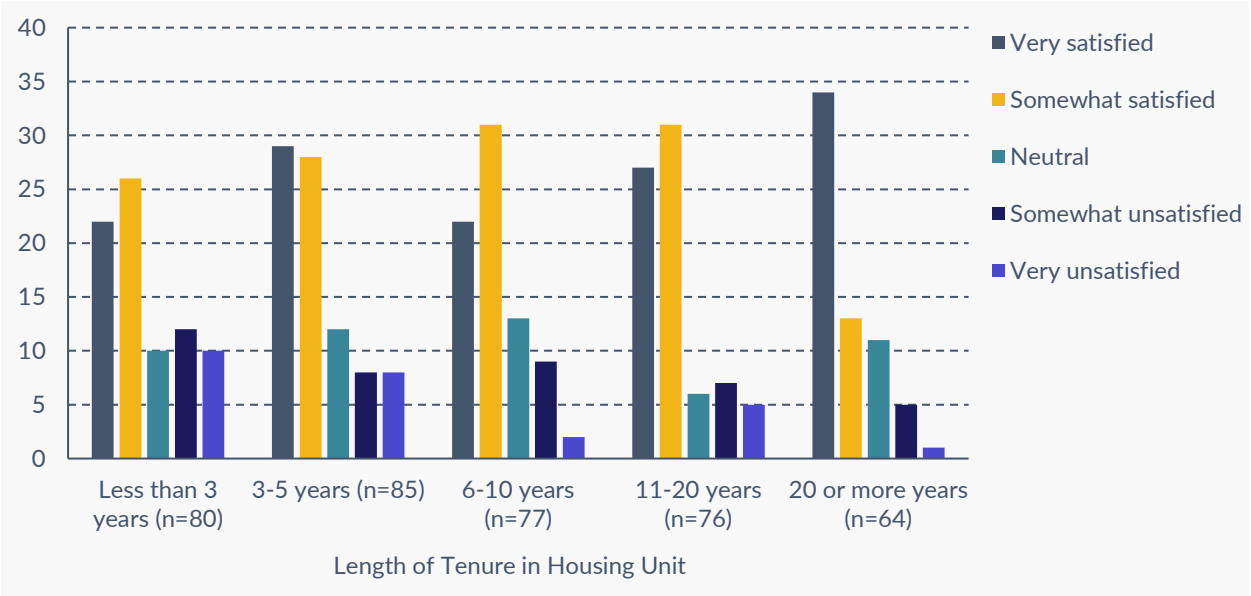
- **Local employment has grown significantly in the past decade and the make-up of the economic base continues to shift.** Approximately 6,400 wage and salary jobs have been added in Brighton since 2010 and private employment has shifted strongly in favor of the Construction and Manufacturing sectors. These two industry sectors, as of 2020, combined to account for about 19 percent of all private wage and salary jobs in Brighton, up from only 10 percent in 2010.
- **The current jobs-housing unit ratio in Brighton is about 1.1 jobs per housing unit.** The jobs-housing balance is not unusually high, indicating that factors other than an imbalance between job growth and workforce housing have contributed to rapid housing price increases and housing scarcity. Since 2010, however, approximately 1.6 jobs have been added for each new housing unit, suggesting that the local jobs-housing ratio may increase over time.
- **Brighton experiences a net "outflow" of labor with more residents leaving the community for employment than non-residents commuting into Brighton for work.** Only 15 percent of resident labor force members are estimated to be employed within the city.
- **The occupational mix of the resident labor force continues to change**. More than 30 percent of the resident labor force is employed in management, business, science, and arts-related occupations. The other fastest growing occupations (among employed residents) have primarily related to goods movement, transportation, and healthcare services.

COMMUNITY HOUSING SURVEY:

GG+A designed a community housing survey to obtain information and perspective about the current housing patterns, housing costs, and housing preferences of Brighton households. A total of 396 valid survey responses were received through September 10, 2023.

- **The majority or 62 percent of all respondents have housing costs that exceed $1,875 per month.** About 20 percent of respondents spend between $1,250 and $1,874 per month, while an additional 18 percent of respondents spend less than $1,250 per month on their current housing.
- **Respondents that have more recently moved in their unit are much more likely to be unsatisfied with their current housing situation**, at least partially because these newer residents tend to have higher housing costs. Approximately 28 percent of respondents that moved into their current unit less than three years ago are somewhat or very unsatisfied. Among respondents that have lived in their unit for more than 20 years, only 9.3 percent are somewhat or very unsatisfied.

FIGURE I-3: Survey Respondent Satisfaction with Current Housing Situation



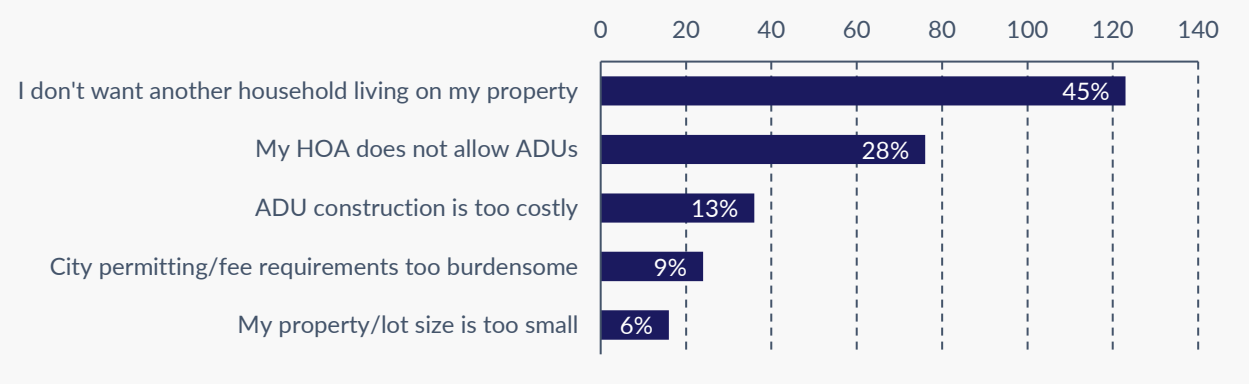
- **The most important factors influencing housing unit choices are the "overall cost of a unit" and the "overall quality of the unit."** The size of the lot (or outdoor space) and the design or materials of the unit's exterior were the two lowest rated factors, for both homeowners and renters and across varying income levels. The "safety of the neighborhood" and proximity to "parks, open space, or trails" were the two most important locational factors among respondents.

- **Approximately 37 percent of survey respondents have plans to move within the next five years.** Most respondents that plan to move would prefer to move outside of Brighton, although this differs significantly by housing tenure (renters being more likely to change units within Brighton).

- **About one-half of all respondents expecting to move within five years would prefer a unit with the same number of bedrooms** as their current unit, suggesting that many housing moves will likely be motivated by housing cost, location, or quality (more than housing unit size). Among respondents aged 55 or older, approximately 40 percent of expected movers prefer to downsize into a unit with fewer bedrooms.

- **Most respondents indicated they "cannot or do not want to build an ADU" on their property**. Approximately 27 percent of respondents indicated they already have an ADU or may consider building one in the future. The most frequently cited factors for not wanting an ADU was (1) not wanting another household on the property and (2) living within an HOA that does not permit ADUs.

FIGURE I-4: Response Frequency to Factors that Discourage ADU Construction



- **Approximately one-half of survey respondents indicate they support local (city) funding for affordable housing initiatives.** About 23 percent of respondents indicated opposition to local funding and one-quarter of all respondents indicated they were uncertain about the city funding affordable housing initiatives.

FUTURE HOUSING NEED PROJECTION:

The 10-year projection of future housing need reflects anticipated employment and household growth within Brighton and throughout the region and, given the scarcity of currently available housing in the community, the commensurate need to create additional housing inventory to keep up with this growth.

- **Total housing need in Brighton over the next 10 years is estimated at approximately 3,300 units.** Workforce housing needs are estimated at about 2,300 units, representing 69 percent of the total projected need. Non-workforce housing needs (primarily associated with older adults) are estimated at about 840 units, representing 26 percent of total projected need. Housing replacement needs at about 170 units represents an additional five percent of total projected need.

TABLE I-1: Summary of Projected 10-Year Housing Need

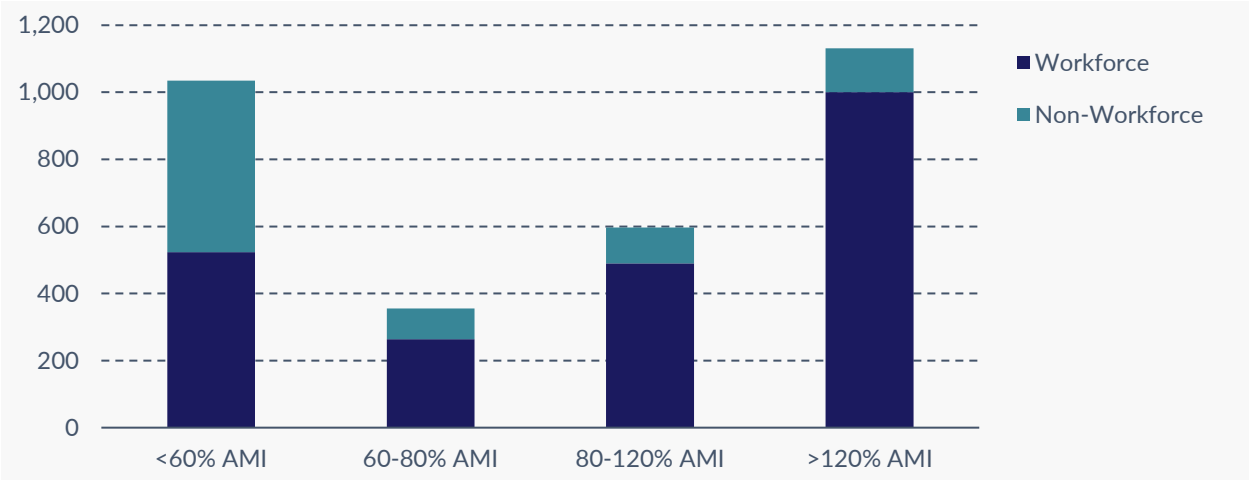
	Average Annual Need	Total (10-Year) Need	
	# Units	# Units	% of Total
Workforce Housing Need	228	2,277	69
Non-Workforce Housing Need	84	842	26
Housing Replacement Need	17	167	5
Total	**329**	**3,286**	**100**

Source: Gruen Gruen + Associates

- **Approximately one-third of the overall housing need is projected to be for multi-family housing units**. This is generally consistent with the composition of recent residential building permits in Brighton over the prior 10 years.

- **Thirty-six (36) percent of the projected housing need in Brighton over the next 10 years (1,130 units) is for housing affordable to households at or above 120 percent of Area Median Income.** An additional 33 percent of the projected need (1,035 units) is for housing affordable to households at or below 60 percent of Area Median Income.[7]

FIGURE I-5: Projected 10-Year Housing Need by Household Income Level



[7] Many older adult and non-workforce households already own housing free and clear of any debt. Lower incomes below 60 percent of Area Median Income may itself not be an indication of affordable (below-market) housing needs among this cohort.

HOUSING DEVELOPMENT ECONOMICS:

The real estate economic analysis of prototypical housing developments identifies the order-of-magnitude costs to produce new housing units in Brighton, the financial feasibility of developing this housing at market-rate and affordable price points, and the commensurate housing "production gaps" that may persist in the absence of local development incentives or other subsidies.

- **Total development costs are estimated to range from a low of $270 per square foot for an attached Row Home use up to $470 per square foot for a Large Apartment use** (5-story building with structure parking). The total estimated costs range from $330,000 to $380,000 per prototypical housing unit. Utility tap and municipal permit and impact fees are estimated to range from about $36,000 to $41,000 per housing unit and represent approximately 10 to 11 percent of total development costs.

- **Two of the housing prototypes are best characterized as marginally feasible to develop at market-rate sales prices or rents.** These include attached Row Homes and walk-up Garden Apartment units. The prototypical Large Apartment use is not currently feasible to develop in Brighton even at prevailing market rents (development costs are too high to provide an adequate return and obtain financing).

- **New attached single-family housing cannot currently be feasibly produced at prices affordable to households earning below 120 percent of Area Median Income.** The estimated market sales prices for attached Row Home units ($400,000-$450,000) represent prices that are affordable to households at approximately 119 percent to 125 percent of Area Median Income. The differential between market price and an affordable purchase at 80 percent of Area Median Income is estimated to be about $160,000 per unit.

- **New multi-family rental housing cannot currently be feasibly produced at monthly rents affordable to households earning below 90 percent of Area Median Income.** The estimated market rents for the prototypical apartment units ($1,925 to $2,700 monthly) represent rents that are affordable to households at approximately 89 to 91 percent of Area Median Income. The monthly differential between estimated market rent and affordable rents at 60 percent of Area Median Income is estimated to be about $700 to $1,000 per unit.

- **Modeled inclusionary housing scenarios that include 10 percent units sold or rented at affordable prices cause each prototypical development to become financially infeasible.** Table I-2 provides a summary of results of the financial feasibility analysis, including a fee waiver and incentive scenario that could improve feasibility to a point that would encourage private homebuilders and developers to set aside a small percentage of units at affordable prices.

TABLE I-2: Summary of Prototypical Housing Development Feasibility Analysis

	Market-Rate Scenario	10% Affordable Scenario [1]	10% Affordable Scenario with Density Bonus and Fee Waiver[2]
Attached Row Homes (For-sale, 2-story, attached garages)			
Housing Density	15 du/ac	15 du/ac	18 du/ac
Off-Street Parking	2.0/unit	2.0/unit	2.0/unit
Development Cost Per-Unit	$380,300	$380,300	$338,100
Sales Revenue Per-Unit	$433,300	$417,400	$417,400
Homebuilder Net Margin	**12.2%**	**8.9%**	**19.0%**
Financial Feasibility	☑ **Marginally Feasible**	☒ **Infeasible**	☑ **Feasible**
Garden Apartments (Rental, 3-story walk-up units, surface parking)			
Housing Density	25 du/ac	25 du/ac	30 du/ac
Off-Street Parking	2.4/unit	2.4/unit	1.8/unit
Development Cost Per-Unit	$328,000	$328,000	$293,700
Annual Income Per-Unit	$20,100	$19,100	$19,100
Yield on Cost	**6.1%**	**5.8%**	**6.5%**
Annual Equity Return (IRR)	**13.5%**	**10.9%**	**17.2%**
Financial Feasibility	☑ **Marginally Feasible**	☒ **Infeasible**	☑ **Feasible**
Large Apartments (Rental, 5-story with ground floor podium/garage)			
Housing Density	50 du/ac	50 du/ac	60 du/ac
Off-Street Parking	2.2/unit	2.2/unit	1.7/unit
Development Cost Per-Unit	$375,800	$375,800	$331,800
Annual Income Per-Unit	$17,800	$16,900	$16,900
Yield on Cost	**4.7%**	**4.5%**	**5.1%**
Annual Equity Return (IRR)	**1.7%**	**-0.1%**	**4.8%**
Financial Feasibility	☒ **Infeasible**	☒ **Infeasible**	☒ **Infeasible**

[1] Affordable rental units income-restricted to 60% AMI and affordable Row Home units sold at prices affordable to 80% AMI.
[2] Assumes 20 percent increase in housing density; reduced parking for apartments; and waiver of municipal fees including plan review/permits, construction use tax, and all development impact fees (no utility tap fees waived).

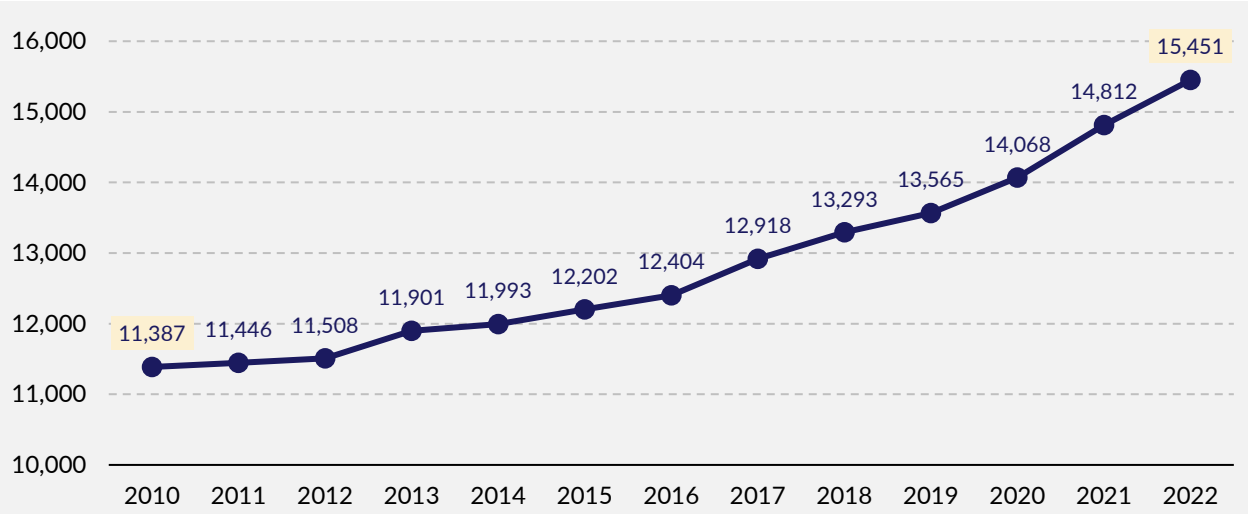
Source: Gruen Gruen + Associates

CHAPTER II

Existing Housing Inventory

Figure II-1 summarizes the historical growth of housing units in Brighton based on data from the DOLA State Demography Office and a recent estimate (for year-end 2022) prepared by city staff.

FIGURE II-1: Housing Unit Growth in Brighton, 2010-2022



Sources: DOLA, State Demography Office; City of Brighton; Gruen Gruen + Associates.

The total housing inventory in Brighton grew by only seven percent, or 815 units, between 2010 and 2015. Over the subsequent seven-year period from 2015 through 2022, the inventory is estimated to have grown by nearly 27 percent or about 3,250 units. The housing inventory grew at an average rate of 2.6 percent annually over the entire 2010-2022 period. The total housing inventory in Brighton would approximate 20,000 units by 2032 if the same annual growth rate is applied to the next 10 years (i.e., assuming the trend continues).

HOUSING CONSTRUCTION ACTIVITY

Table II-1 summarizes housing development activity that has occurred since 2010 in Brighton according to new residential construction permit data.

TABLE II-1: New Residential Units Permitted in Brighton, 2010-2023

Year	Single-Family Permits[1] # Units	Multi-Family Permits # Units	Infill Permits # Units	Total # Units
2010	50	0	2	52
2011	50	0	7	57
2012	110	280	1	391
2013	112	0	2	114
2014	203	0	0	203
2015	203	0	2	205
2016	171	351	1	523
2017	173	192	1	366
2018	260	0	5	265
2019	317	178	5	500
2020	436	315	3	754
2021	371	0	5	376
2022	374	288	2	664
2023 [2]	95	0	0	95
Total	**2,925**	**1,604**	**36**	**4,565**
% of Total	64.1%	35.1%	0.8%	100.0%

[1] *Includes detached and attached units.*
[2] *Through June 2023.*

Sources: City of Brighton; Gruen Gruen + Associates.

Since 2010, on average, city permitting data indicates that 344 new housing unit permits have been issued annually. Approximately 64 percent of all new residential permits over the past 20 years have been for single-family housing units. Multi-family housing units have represented 35 percent of new construction permits while infill units have comprised less than one percent of new construction permits. New construction permit activity through the first six months of 2023 has declined significantly relative to the prior five years.

The high volume of single-family construction activity in recent years has resulted in a decline of finished lots within Brighton. Table II-2 summarizes the total remaining number of platted and improved lots by subdivision, as of June 2023.

TABLE II-2: Supply of Platted Single-Family Lots

Subdivision Filing	Approved Lots # Lots	Remaining Lot Supply [1] # Lots	Subdivision Build-Out
Brighton Crossing #7	372	341	8%
Ridgeline Vista	145	126	13%
Inspirada	77	77	0%
Prairie Center Village 1	370	65	82%
Homestead Phases 2-3	92	54	41%
Brighton East Farms #3	311	44	86%
Cherry Meadows	104	38	63%
Brighton Crossing #2 (SFD)	781	8	99%
Brighton Crossing #2 (SFA)	88	3	97%
Park Place	75	4	95%
North Star	7	4	43%
Brighton Crossing #3	317	3	99%
Total	**2,739**	**767**	**72%**

[1] Approved lots without permits or certificates of occupancy issued, as of June 2023.

Sources: City of Brighton; Gruen Gruen + Associates.

Active single-family subdivisions in Brighton are approximately 72 percent built out. The dozen subdivision filings summarized above include a total of 2,739 single-family lots approved at final plat. Nearly 2,000 of the entitled lots have been absorbed or have units currently under construction, resulting in a remaining supply of 767 single-family lots. Two subdivisions comprise most of the remaining lot supply: the seventh filing for Brighton Crossing and Ridgeline Vista.

The single-family lot supply has declined over the past five years. Approximately 1,836 approved (but unbuilt) single-family lots were available at year-end 2017, indicating a decline of nearly 1,100 available lots relative to June 2023. The comparison indicates that recent new single-family housing construction has outpaced the creation of additional finished lots.

Multiple large-scale subdivisions are currently in the entitlement and development process in Brighton. Several projects[8] include almost 1,300 platted but currently undeveloped single-family home lots for both attached and detached units.

[8] Farmlore (phases 1-3), Mountain View, Sunflower Meadows, DHI Telluride, and Indigo Trails.

HOUSING CHARACTERISTICS

Table II-3 summarizes characteristics of the Brighton housing inventory based on data currently available from the Adams County Assessor.

TABLE II-3: Composition of Brighton Housing Inventory[1]

	Housing Units		Bedrooms		Building Space	
	# Units	%	# Beds	%	# Square Feet	%
Single Family Residential						
Ranch (1 Story) Homes	4,631	31.0	14,062	32.8	6,521,554	27.5
2 Story Homes	4,725	31.6	16,949	39.5	10,194,913	43.0
Other Homes [2]	1,242	8.3	4,155	9.7	2,232,115	9.4
Subtotal	10,598	70.8	35,166	82.0	18,948,582	79.9
Attached Residential						
Condo	295	2.0	667	1.6	374,254	1.6
Duplex/Triplex	293	2.0	617	1.4	255,259	1.1
Townhouse	454	3.0	1,224	2.9	595,173	2.5
Subtotal	1,042	7.0	2,508	5.8	1,224,686	5.2
Multiple Unit Residential						
3 Story Apartments	3,320	22.2	5,229	12.2	3,527,379	14.9
TOTAL	**14,960**	**100.0**	**42,903**	**100.0**	**23,700,647**	**100.0**

[1] GG+A analysis of Adams County property records. Excludes housing units located in Weld County.
[2] Split-level homes, 1.5 story homes, etc.

Sources: Adams County Assessor; Gruen Gruen + Associates.

An analysis of county property records indicates that approximately 15,000 housing units containing 42,900 bedrooms are located within Brighton municipal limits.[9] The amount of existing residential building space is estimated at nearly 24 million square feet.

Detached single-family homes in Brighton are estimated to account for 71 percent of the housing unit inventory; 82 percent of existing bedrooms; and 80 percent of residential building space. The average single-family home in Brighton contains about 1,800 square feet of space and 3.3 bedrooms.

Attached homes including townhouses, duplexes/triplexes, and condos are estimated to account for about seven percent of the housing unit inventory. These units comprise less than six percent of all bedrooms and residential building space. A typical unit contains about 1,200 square feet of space and 2.4 bedrooms.

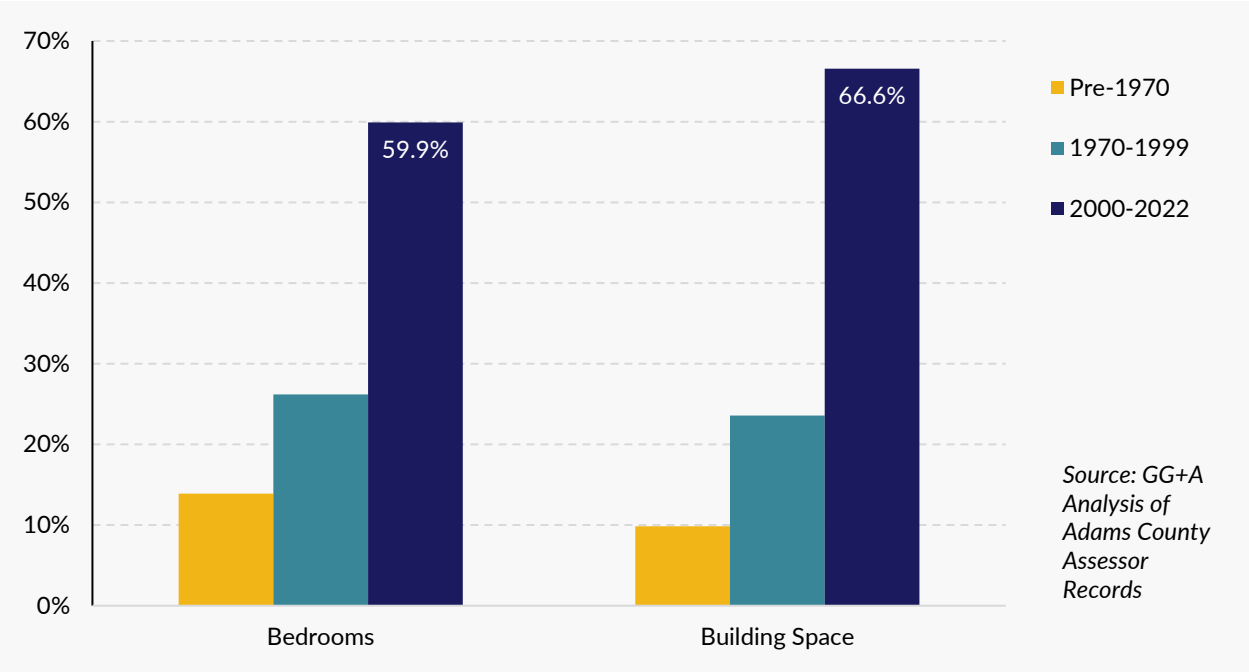
[9] Approximately 200 additional single-family homes in Brighton are in Weld County. This housing inventory is not summarized in the characteristics on Table II-3.

Age of Housing Inventory

Brighton's housing stock is comparatively new. According to the most recent *2017-2021 American Community Survey* estimates, about 26 percent of housing units in the regional housing market (Denver-Aurora-Lakewood MSA) were built since 2000. Adams County Assessor records for properties in the city of Brighton indicate that more than 60 percent of the local housing inventory has been built since 2000.

Figure II-2 summarizes the distribution of bedrooms and residential building space in Brighton by year built. Map II-1 summarizes residential parcels with building improvements in Brighton by year built.

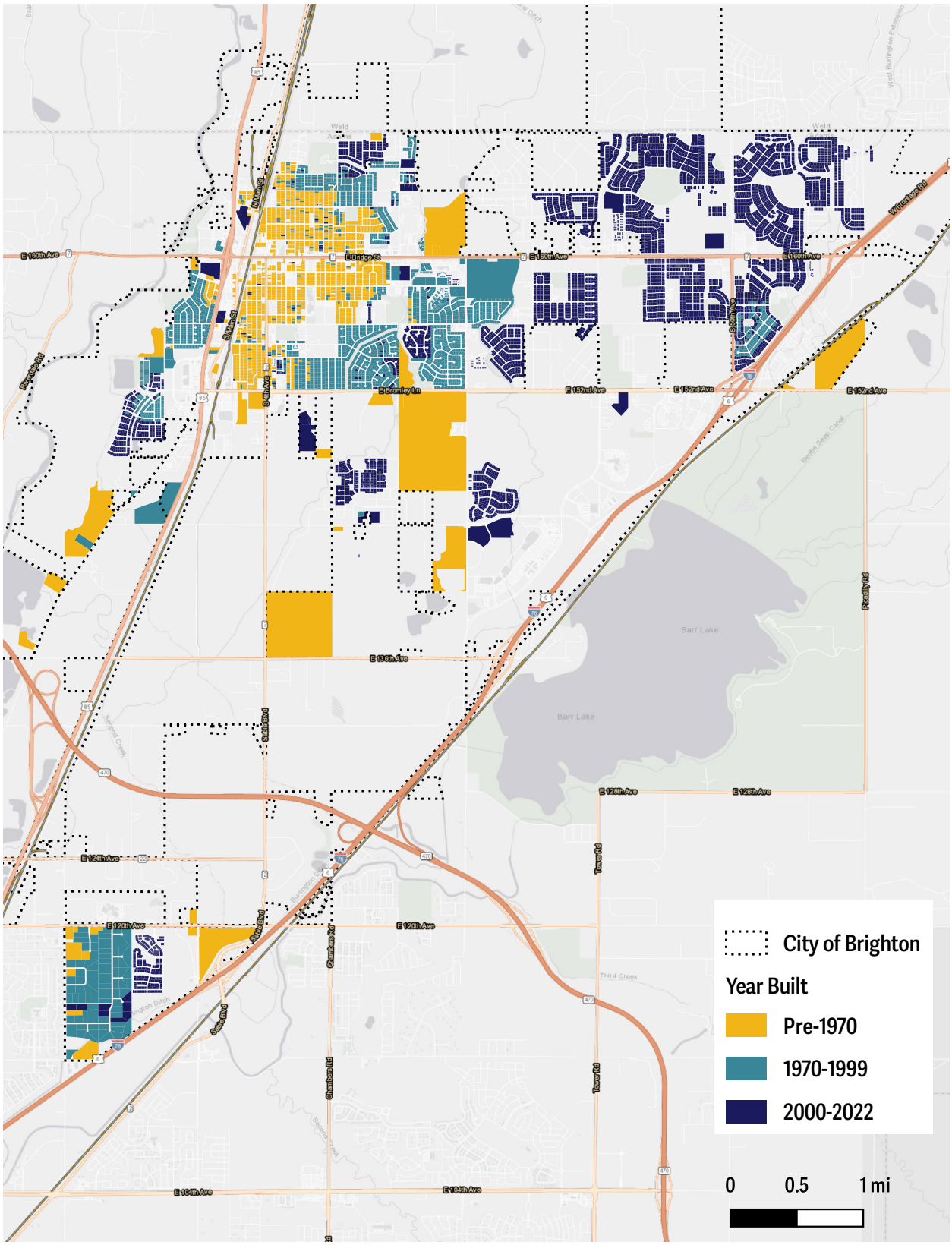
FIGURE II-2: Distribution of Bedrooms and Housing Square Footage by Year Built



Housing units built since 2000 provide an estimated 60 percent of all bedrooms in the city and account for 67 percent of all residential building space. Housing units that are more than 50 years in age (built pre-1970) account for about 14 percent of bedrooms and less than 10 percent of all residential building space in Brighton.

The years preceding the Great Recession were an exceptionally strong period of housing development in Brighton. Units built between 2000-2009 alone account for roughly one-third of the existing housing supply. The 2020 decade, through its first three years, is on pace to match or exceed the level of new housing construction achieved in the early 2000's. Adams County assessment records indicate that 12 percent of bedrooms and 13 percent of residential building space in Brighton has been built in just the prior three years, 2020 through 2022.

MAP II-1: Residential Parcels by Year Built



PUBLICLY ASSISTED HOUSING UNITS

Table II-4 summarizes the number of publicly assisted rental housing units in Brighton. Publicly assisted units are 1) deed-restricted to specific income levels below 80 percent of Area Median Income and 2) subsidized with federal funds or programs such as Low Income Housing Tax Credits, HOME funds, and HUD or USDA multifamily mortgage programs. The inventory of publicly assisted rental units does not include Housing Choice Vouchers (Section 8) placed in Brighton, which are allocated to a tenant and not a specific property/landlord.

TABLE II-4: Publicly Assisted Rental Housing in Brighton

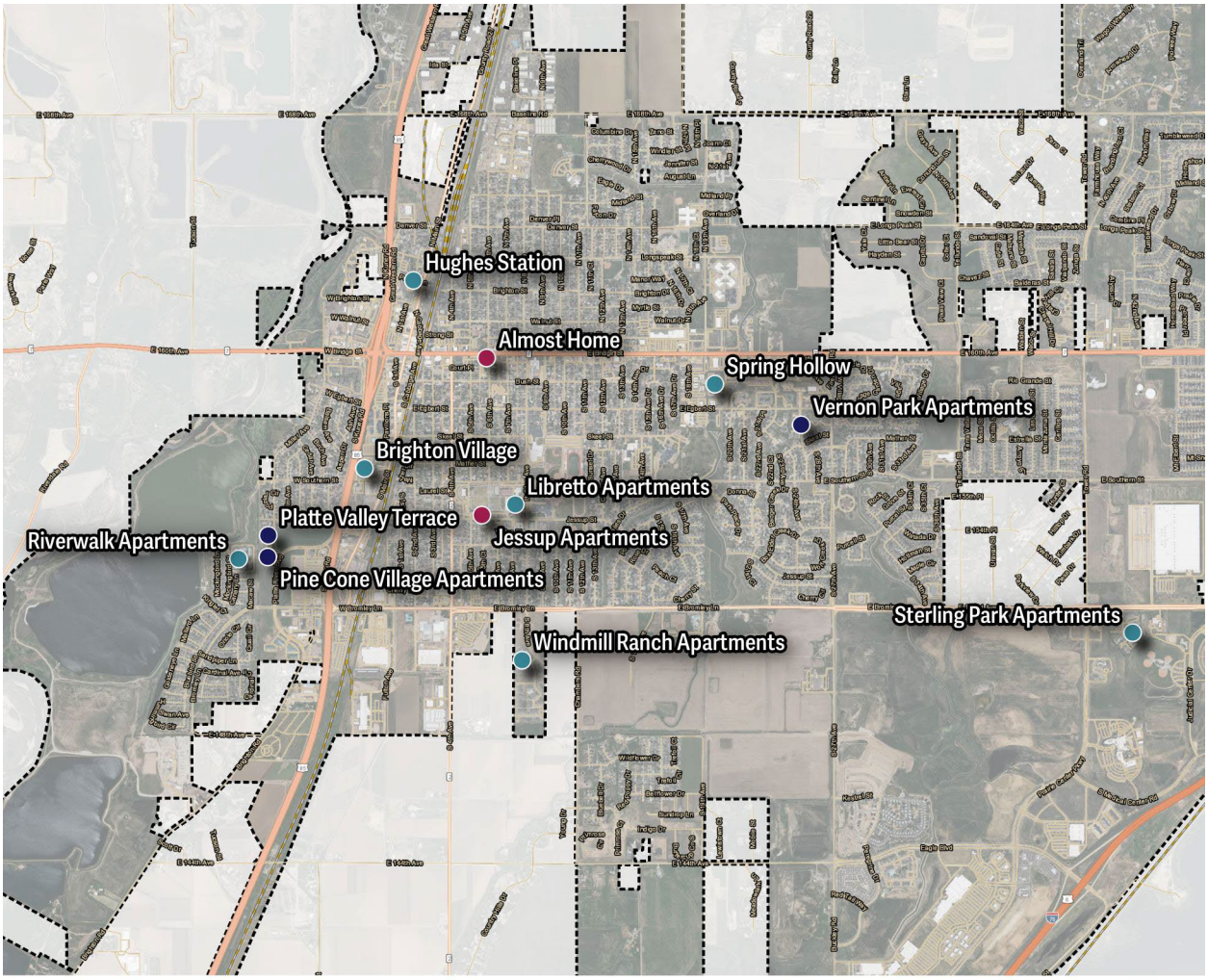
	Assisted Units	Housing Unit Mix			
	#	1-Br	2-Br	3-Br	Primary Funding Source
Sterling Park Apartments [1]	128		NA		LIHTC
Hughes Station	120	15%	50%	35%	Multiple
Spring Hollow	108	22%	44%	33%	LIHTC
Windmill Ranch Apartments	96	38%	31%	31%	Multiple
Riverwalk Apartments	87	30%	47%	23%	LIHTC
Brighton Village II	63	59%	41%	---	LIHTC
Brighton Village I	60	53%	47%	---	LIHTC
Platte Valley Terrace	46	48%	52%	---	USDA
Libretto Apartments II	42	86%	14%	---	Multiple
Pine Cone Village	40	60%	40%	---	USDA
Vernon Park II	40	100%	---	---	USDA
Libretto Apartments I	28	86%	14%	---	Multiple
Vernon Park I	24	100%	---	---	USDA
Almost Home Acquisition [1]	11		NA		Other HUD
Jessup Apartments	11	---	---	100%	Other HUD
Total	**904**	**44%**	**38%**	**18%**	

[1] Unit mix not reported for these publicly assisted properties.

Sources: National Housing Preservation Database; Brighton Housing Authority; Gruen Gruen + Associates.

Brighton contains approximately 900 rental apartment units that are publicly assisted with active subsidies. These units are estimated to represent about one-quarter of all rental housing units within Brighton. Approximately 80 percent of the existing units are assisted by Low Income Housing Tax Credits ("LIHTC"). Most units are reserved for incomes between 30 percent and 60 percent of Area Median Income. As illustrated by Map II-2, most of the publicly assisted units are within or near the historical core footprint of the city, located west of 27th Avenue.

MAP II-2: Publicly Assisted Rental Properties in Brighton



City of Brighton

0 0.5 1 mi

Primary Funding Source

- Low Income Housing Tax Credits
- Other HUD
- U.S. Dept of Agriculture

CHAPTER III

Housing Prices and Market Conditions

FOR-SALE HOUSING MARKET

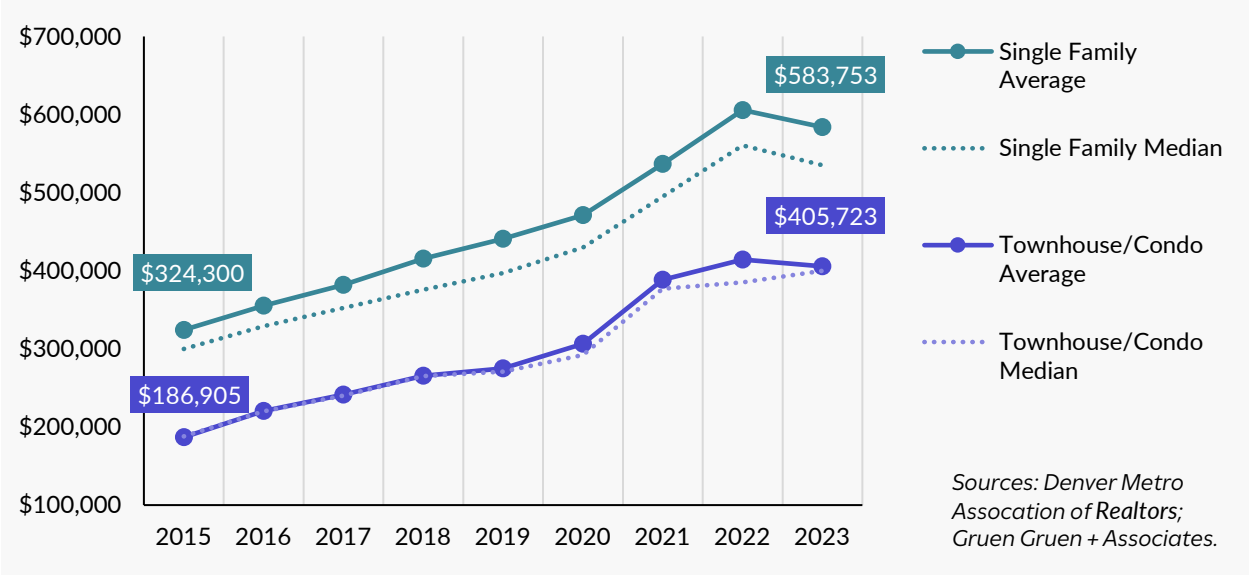
For-sale housing prices in Brighton have increased significantly since 2015. Other indications of a strong for-sale housing market evident in Brighton over the past several years, include:

- An increase in single-family sales transactions, from 875 sales in 2018 to a reported high of 1,130 sales in 2021; and
- A downward trend in the average number of "days on market", which declined from 40 days in 2019 to only 13 days in 2021 and 22 days in 2022.

Local and regional for-sale housing market conditions have softened somewhat over the past year. Sales prices have moderated or declined slightly, single-family homes are taking longer to sell, and fewer of them are selling for above the asking or "list" price. In Brighton, the average number of days on market has increased to 51 days through the first six months of 2023 and the average single-family sales price has declined by about five percent (year-over-year). However, prices remain elevated well above levels experienced just two or three years ago and the available for-sale housing inventory in Brighton has dwindled (as of June 2023, new listings have declined 21 percent year-over-year).

Figure III-1 summarizes the historical average and median sales prices for single-family homes and attached townhouse and condo units according to the Denver Metro Association of Realtors.[10]

FIGURE III-1: Residential Sales Price Trends in Brighton Market Area



The average single-family price was approximately $584,000 in Brighton through the first six months of 2023. The average sales price has increased by approximately 80 percent since 2015 when a typical single-family home in Brighton sold for about $324,000. Average and median single-family prices have declined by about five percent in the past year but remain approximately 10 percent above 2021 levels.

The average sales price for townhome and condominium units was approximately $406,000 through the first six months of 2023. The average sales price has more than doubled since 2015 when the average townhome or condominium unit in Brighton sold for $187,000.

[10] DMAR market reports are based on zip codes and do not specifically correspond to Brighton municipal boundaries.

Housing Prices by Size and Age of Unit

Table III-1 summarizes the characteristics of recent residential sales within Brighton municipal limits based on analysis of sales transactions and property characteristics recorded by the Adams County Assessor.

TABLE III-1: Recent Residential Sales (June 2022 – May 2023) Characteristics in City of Brighton

	Sales #	Average Unit Size # Square Feet	Average Sales Price $	Average Price Per Square Foot $
Single Family				
2-Bedroom	56	943	362,882	385
3-Bedroom	421	1,741	517,379	297
4-Bedroom	210	2,262	572,995	253
5+ Bedrooms	50	2,101	591,767	282
Subtotal	*737*	*1,853*	*526,534*	*284*
Townhouse/Condo				
2-Bedroom	23	1,159	346,813	299
3-Bedroom	27	1,407	373,662	266
4-Bedroom	2	1,546	415,000	268
Subtotal	*52*	*1,302*	*363,377*	*279*
TOTAL	**789**	**1,817**	**515,781**	**284**

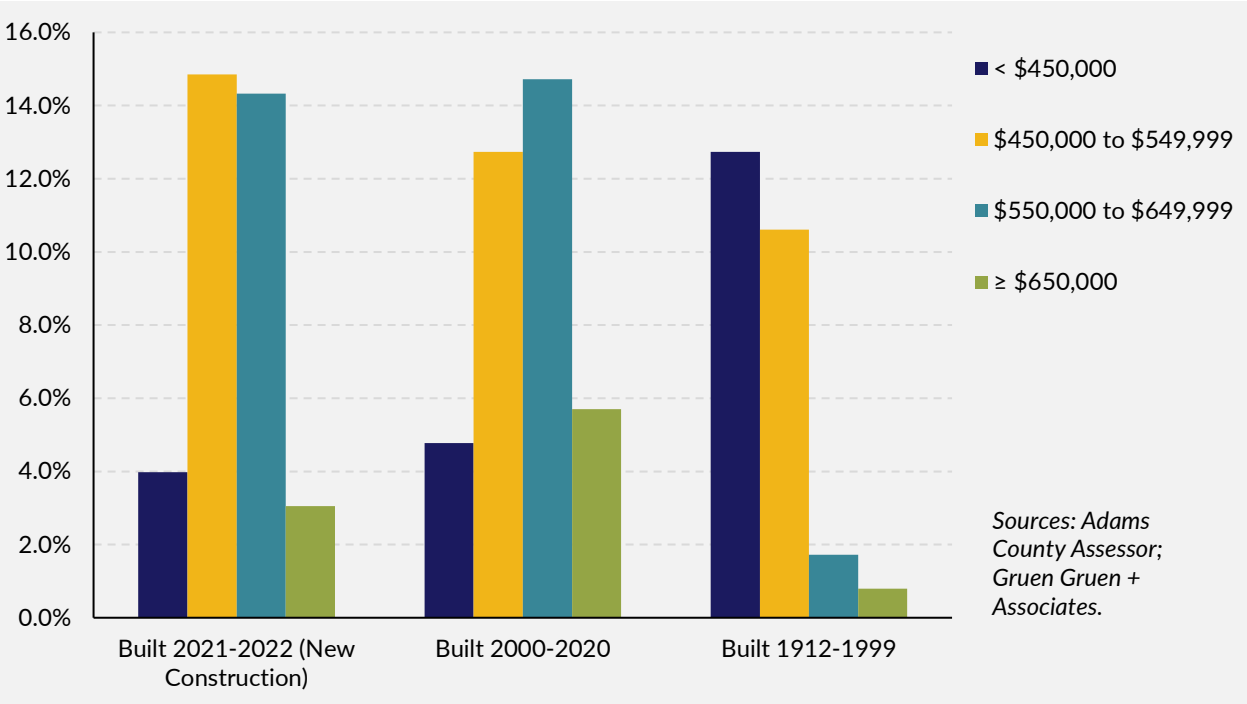
Sources: Adams County Assessor; Gruen Gruen + Associates.

Over the 12-month period from June 2022 through May 2023, approximately 740 detached single-family homes were reportedly sold within Brighton municipal limits. The typical unit sold contained about 1,850 square feet of space. The average sales price over the period was approximately $527,000 or $284 per square foot. More than 85 percent of single-family home sales included three- or four-bedrooms. A small number of two-bedroom homes, including an average of 943 square feet of space, were sold with a much lower average price per unit of $363,000 (though, a higher price per square foot averaging $385 per square foot).

The average sales price for attached housing units including townhomes and condominiums was about $363,000 over the June 2022-May 2023 period. The average unit contained approximately 1,300 square feet of space equating to an average sales price of $279 per square foot. Nearly all of the sales were for units including two or three bedrooms.

Figure III-2 illustrates the distribution of recent residential sales by price point and year in which the unit was originally built.

FIGURE III-2: Distribution of Recent Residential Sales by Price Point and Year Built



Most new construction homes, recorded as built in 2021 or 2022 and sold over the June 2022-May 2023 period, were priced between $450,000 and $650,000. The average sales price was $547,000 per unit. Sales of new construction homes comprised about 36 percent of the citywide residential sales activity over the period.

Sales of homes built between 2000 and 2020 comprised a slightly higher proportion – about 38 percent – the total sales activity over the period. The overall average sales price for homes built between 2000 and 2020 was $554,000. About three-quarters of this resale inventory was priced between $450,000 and $650,000. About 15 percent of homes built from 2000 to 2020 were priced above $650,000.

Homes built prior to 2000 comprised 26 percent of citywide sales over the June 2022-May 2023 period. These older units tend to be smaller and command lower sales prices, on average. Approximately 60 percent of all citywide sales below $450,000, for example, were sales of older homes built prior to 2000, and many prior to 1980. The average sales price for homes built prior to 2000 was $445,000, approximately 20 percent lower than the average price for new construction homes.

Sources of For-Sale Housing Demand

The characteristics of recent residential mortgage borrowers provide an indication of for-sale housing demand within the local market. Table III-2 presents *Home Mortgage Disclosure Act* data for home purchase loans originated in 2022 within the Census Tracts corresponding to Brighton. Data excludes any second lien mortgages, refinancings, business or home equity loans, and so forth.

TABLE III-2: Brighton-Area Mortgage Originations by Applicant Ethnicity and Age (2022)[1]

	Hispanic or Latino	Not Hispanic or Latino	Joint	Ethnicity Unknown	Total
Less than 25 Years	3.5%	2.3%	0.2%	0.3%	6.4%
25 to 34 Years	12.2%	19.7%	2.8%	2.4%	37.2%
35 to 44 Years	6.7%	14.2%	2.5%	2.0%	25.4%
45 to 54 Years	4.8%	8.3%	0.7%	1.3%	15.1%
55 to 64 Years	1.6%	5.0%	0.7%	3.9%	11.2%
65+ Years	0.7%	3.0%	0.0%	1.0%	4.7%
TOTAL	**29.6%**	**52.5%**	**6.9%**	**11.0%**	**100.0%**

[1] Data for Census Tracts corresponding to the municipal boundary and some enclave unincorporated areas. Includes first mortgages for home purchases only; excludes refinancings, business or home equity loans, etc.
[2] Refers to applicants and co-applicants with differing ethnicities (i.e., both Hispanic and non-Hispanic).

Sources: Home Mortgage Disclosure Act; Gruen Gruen + Associates.

Hispanic and non-Hispanic applicants comprised about 30 percent and 53 percent of the originated mortgages in 2022, respectively. An additional seven percent of originated loans were classified as "joint" ethnicity, meaning joint applicants were both Hispanic and non-Hispanic. About 11 percent of the originated loans did not have a reported applicant ethnicity.

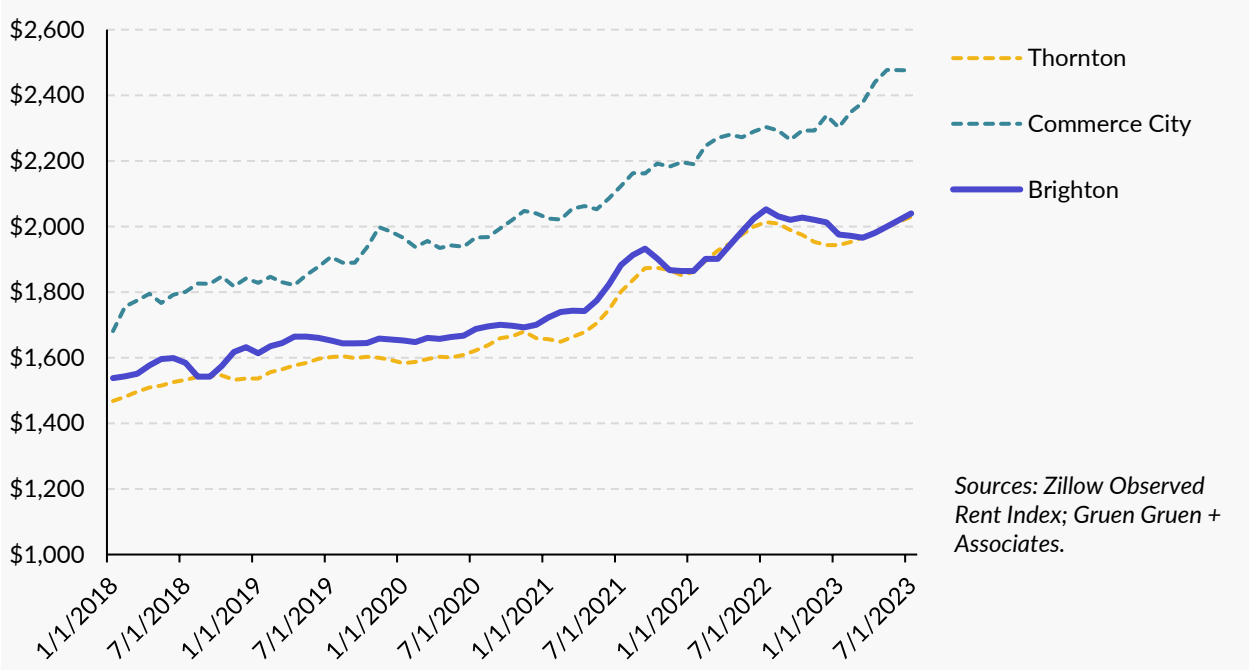
Applicants between 25 and 34 years of age represented the largest source of mortgage originations in the Brighton area. Including younger mortgage borrowers under the age of 25, about 44 percent of all new mortgage originations in 2022 were from primary borrowers under the age of 35. Applicants between 35 and 44 years of age comprised about one-quarter of all new mortgage originations.

Mortgage origination data is consistent with input received from several representatives of single-family home builders and land developers in Brighton. Younger buyers and first-time home buyers have been and continue to be a primary source of demand for single-family homes in Brighton.

RENTAL HOUSING MARKET

The multi-family apartment market is characterized by relatively low vacancy rates, strong rental rate growth over the past several years, and a significant amount of recent and on-going development activity. Since early 2018, according to the *Zillow Observed Rent Index (ZORI)*, asking rents in Brighton have increased by 33 percent or about $500 per unit as illustrated in Figure III-3.

FIGURE III-3: Observed Rent Index for Brighton and Nearby Communities



Monthly rents in the neighboring communities of Commerce City and Thornton, which generally represent the competitive geographic market area for apartment units in Brighton, have increased by similar levels since 2018. As of the first quarter of 2023, the local rental apartment inventory remained well-occupied despite significant rent escalations and considerable new apartment supply growth in recent years.

Table III-3 summarizes local and regional apartment market conditions according to CoStar.

TABLE III-3: Local and Regional Apartment Market Conditions (2023)

	Northeast Adams County[1]	Metro Denver Total
Inventory of Apartment Units	8,277	283,759
Vacancy Rate	7.6%	7.5%
Effective Monthly Rent Per Unit	$1,657	$1,807
Monthly Per Square Foot	$2.00	$2.13

[1] Submarket generally includes Brighton, Commerce City, and north side of Thornton.

Sources: CoStar, *Denver Multifamily Market Reports*; Gruen Gruen + Associates.

As of the first quarter of 2023, the overall apartment vacancy rate for the submarket comprising the city of Brighton was recorded at 7.6 percent, indicating that about 92 percent of rental apartment units remain occupied. The average effective monthly rent was $1,657 or $2.00 per square foot for the Northeast Adams County submarket. Effective monthly rents in the local submarket are about eight percent lower than the regional Metro Denver average.

Apartment Supply and Demand

Recent additions of new apartment supply both locally and regionally have put some downward pressure on rent growth and ultimately provide greater choice and housing mobility for renters. Within Brighton alone, almost 1,000 new multi-family apartment units have been delivered in the past five years resulting in a 25 percent expansion to local rental housing supply. While recent construction activity has been generally met with a commensurate level of absorption, landlords are now offering more concessions and rent deals to encourage prospective tenants to occupy units.

Table III-4 summarizes multi-family apartment deliveries and absorption over the past two years for Northeast Adams County and other nearby submarkets.

TABLE III-4: Multi-Family Apartment Deliveries and Absorption

	Existing Inventory # Units	Under Construction *(Future Supply)* # Units	Recent Supply and Demand: 24-Month Net Absorption *(New Demand)* # Units	Recent Supply and Demand: 24-Month Net Deliveries *(New Supply)* # Units
Northeast Adams County[1]	**8,277**	**570**	**1,750**	**1,865**
Northwest Adams County	19,294	919	-72	114
South Adams County	4,489	946	357	575
Aurora	35,987	3,104	1,676	1,701
East Denver	19,424	3,405	1,666	2,209
Submarket Totals	*87,471*	*8,944*	*5,377*	*6,464*

[1] Submarket generally includes Brighton, Commerce City, and north side Thornton.

Sources: CoStar, *Denver Multifamily Market Reports*; Gruen Gruen + Associates.

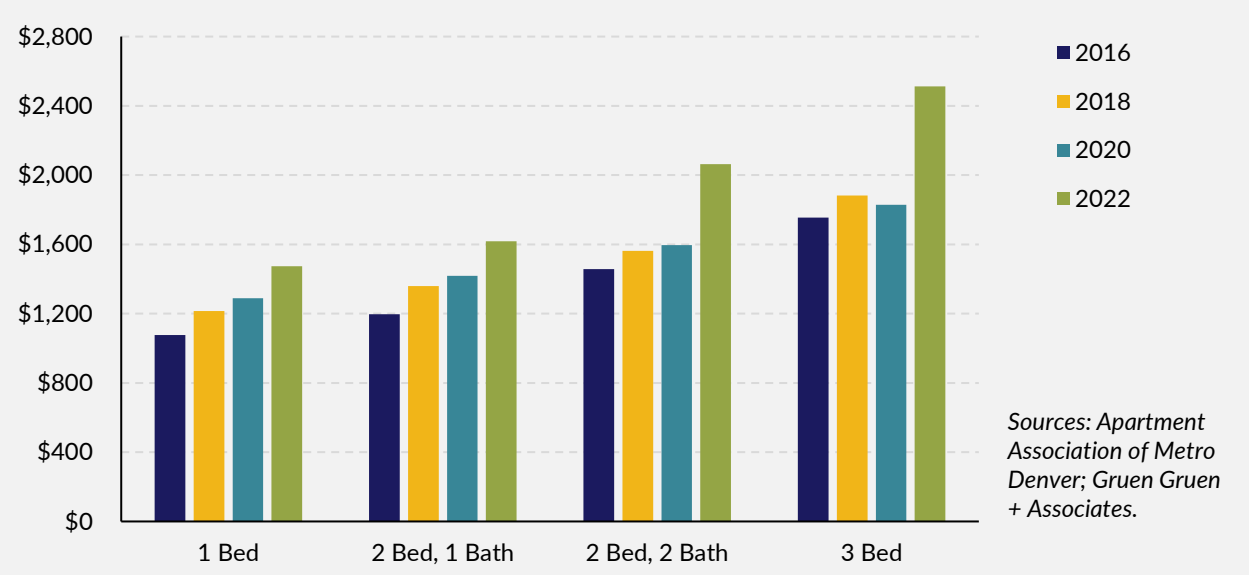
Nearly 1,900 units or about one-quarter of all multi-family apartment units in Northeast Adams County, which includes Brighton, have been delivered in the past two years. The recent supply additions have been met with strong apartment absorption (i.e., new demand). According to CoStar market analytics, the Northeast Adams County submarket has absorbed 1,750 additional apartment units in the past 24 months. This is an indication that new developments in the local market are primarily serving new rental housing demands, rather than siphoning tenants from existing units.

The broader area encompassing Adams County, the city of Aurora, and the east side of Denver have a significant pipeline of apartment units currently under construction. When completed, the 8,944 units under construction will expand the multi-family apartment supply by approximately 10 percent. A softening of the apartment market locally and regionally may affect the feasibility of new market-rate apartment construction, but it is unlikely to cause many private owners of smaller, older, and lower-priced units to reduce rents to levels that will become affordable to the lowest income segments of the renter population.

Monthly Rents by Unit Type

Rental housing prices in Brighton can vary significantly depending on the size and age of the unit. Figure III-4 illustrates the historical changes in average monthly rents by unit type.

FIGURE III-4: Average Monthly Rents by Unit Type (Brighton/Commerce City Market Area)



Units with one-bedroom and units with two-bedrooms and one bath are estimated to rent on average for approximately $1,500 and $1,600, respectively, in the Brighton/Commerce City market area, according to recent market surveys sponsored by the Apartment Association of Metro Denver. Average monthly rents for these unit types increased by about 45 percent between 2016 and 2022. Monthly rents for larger two- and three-bedroom apartment units increased by approximately 40 percent over the same period, with most of the rent escalation occurring in 2021 and 2022. The typical rent for a three-bedroom apartment unit in the Brighton/Commerce City market area exceeded $2,500 monthly for the first time in 2022.

Table III-5 summarizes current monthly asking rents for a sample of the largest and newest multi-family apartment properties in Brighton.

TABLE III-5: Current Monthly Asking Rents by Property and Unit Type

	Monthly Asking Rents by Bedroom Size[1]			
	Studio	1 BR	2 BR	3 BR
Thayne Apartments *288 Units* *Built 2023*	NA	$1,650-$1,800 679-752 sf $2.39-$2.43/sf	$2,035-$2,245 1,010-1,117 sf $2.01/sf	$2,470-$2,640 1,171-1,283 sf $2.06-$2.11/sf
Bromley at Brighton Crossing *315 Units* *Built 2021*	$1,843-$1,940 541 sf $3.40-$3.59/sf	$1,678-$2,504 600-1,025 sf $2.44-$2.88/sf	$2,387-$2,603 949-1,025 sf $2.52-$2.54/sf	$3,051-$3,176 1,275-1,350 sf $2.35-$2.39/sf
Avilla at Prairie Center *136 Units* *Built 2019*	NA	$1,826-$1,851 637 sf $2.87-$2.91/sf	$2,299-$2,314 962 sf $2.39-$2.41/sf	$2,509-$2,544 1,289 sf $1.95-$1.97/sf
Elements at Prairie Center *288 Units* *Built 2018*	NA	$1,671-$1,740 725-794 sf $2.19-$2.30/sf	$1,896-$2,009 937-1,027 sf $1.96-$2.02/sf	$2,352 1,210 sf $1.94/sf

[1] Data accessed August 10, 2023. Figures include range in monthly asking rents, the available unit sizes (in square feet), and the commensurate monthly rent per-square-foot.

Sources: CoStar, Apartments.com; Gruen Gruen + Associates.

Monthly rents per square foot for studio units are $3.40 to $3.59 per square foot, while one-bedroom units range from a low of $2.19 to $2.30 per square foot for Elements at Prairie Center built in 2018 to a high of $2.87 to $2.91 per square foot at Avilla at Prairie Center. The Bromley at Brighton Crossing, built in 2021, has the highest rent per square foot for two bedrooms at $2.52 to $2.54 per month. The three-bedroom units at Bromley also have the highest per square foot rents for three bedrooms at $2.35 to $2.39 per square foot. Elements at Prairie Center and Avilla at Prairie Center have three-bedroom units that rent from $1.94 to $1.97 per square foot.

CHAPTER IV

Housing Affordability in Brighton

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. Under standards defined by federal law and the U.S. Department of Housing and Urban Development (HUD), housing is "affordable" 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." The 30-percent-of-income threshold is used throughout this analysis to characterize housing affordability conditions in Brighton.

CURRENT INCOME LIMITS

Area Median Income (AMI) is defined as the midpoint of an area's household income distribution and is calculated on an annual basis by HUD. Income limits, expressed as a percentage of AMI, are used extensively to determine eligibility for affordable housing subsidies. Many state and federal housing programs, such as low-income housing tax credits or rent vouchers, require that the income of a tenant fall under a specified percentage of AMI to lease a unit. Because the city of Brighton municipal limits span portions of both Adams County and Weld County, Table IV-1 summarizes current affordable housing income limits for each county.

TABLE IV-1: Adams County and Weld County Income Limits for 2023

	-------- Household Size (# Persons) --------							
	1	2	3	4	5	6	7	8
Adams County								
120% AMI	$104,280	$119,160	$134,040	$148,920	$160,920	$172,800	$184,680	$196,680
100% AMI	$86,900	$99,300	$111,700	$124,100	$134,100	$144,000	$153,900	$163,900
80% AMI	$69,520	$79,440	$89,360	$99,280	$107,280	$115,200	$123,120	$131,120
50% AMI	$43,450	$49,650	$55,850	$62,050	$67,050	$72,000	$76,950	$81,950
30% AMI	$26,070	$29,790	$33,510	$37,230	$40,230	$43,200	$46,170	$49,170
Weld County								
120% AMI	$88,080	$100,680	$113,280	$125,760	$135,840	$145,920	$156,000	$166,080
100% AMI	$73,400	$83,900	$94,400	$104,800	$113,200	$121,600	$130,000	$138,400
80% AMI	$58,720	$67,120	$75,520	$83,840	$90,560	$97,280	$104,000	$110,720
50% AMI	$36,700	$41,950	$47,200	$52,400	$56,600	$60,800	$65,000	$69,200
30% AMI	$22,020	$25,170	$28,320	$31,440	$33,960	$36,480	$39,000	$41,520

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

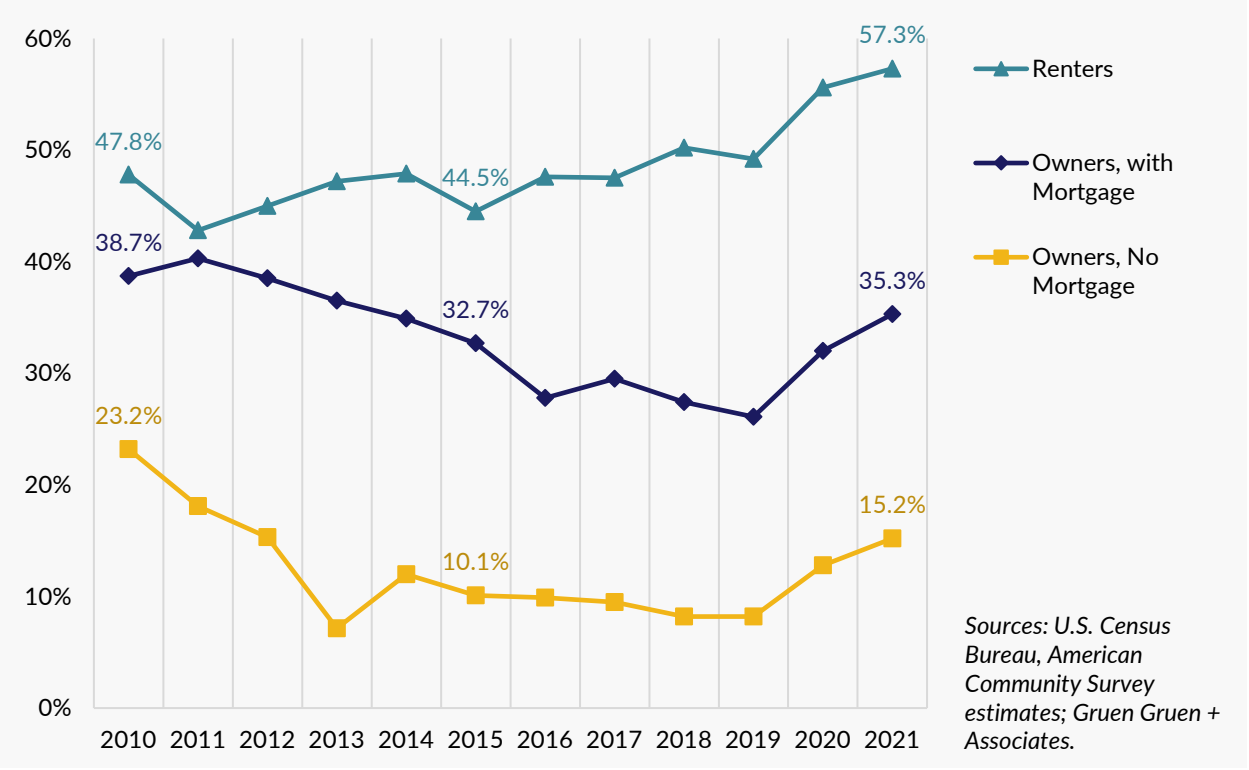
In Adams County, affordable income limits for the "Extremely Low Income" category (30 percent of AMI or less) range from about $26,000 for a single-person up to $40,000 for a five-person household. Limits for the "Very Low Income" category, which represents 30 percent to 50 percent of AMI, range from about $43,000 for a single-person household up to about $67,000 for a five-person household. Limits for the "Low Income" category, reflecting 50 percent to 80 percent of AMI, range from about $70,000 for a single-person household up to $107,000 for a five-person household. Current income limits at 120 percent of AMI in Adams County range from about $104,000 for a single-person to $161,000 for a five-person household.

Current affordable income limits in Weld County are approximately 15 percent below those of Adams County. Affordable income limits for the "Extremely Low Income" category range from about $22,000 for a single-person up to $34,000 for a five-person household in Weld County. Limits for the "Low Income" category (80 percent of AMI) in Weld County range from approximately $59,000 to $91,000 for a single-person and five-person household, respectively.

COST BURDENED HOUSEHOLDS

Figure IV-1 illustrates the percentage of households spending more than 30 percent of their income on housing in Brighton. Again, households spending 30 percent or more of household income on housing expenses are considered cost burdened.

FIGURE IV-1: Percent of Brighton Households with a Housing Cost Burden



Housing affordability conditions for homeowners in Brighton have generally improved over the long-term. The cost burden rate for homeowners with a mortgage declined by about three percentage points over the 2010-2021 period, decreasing from 38.7 percent in 2010 to 35.3 percent in 2021. As recently as 2019, however, only 26 percent of homeowners with a mortgage in Brighton were estimated to be cost burdened. The cost burden rate for homeowners without a mortgage has also declined substantially over the past decade, decreasing from 23.2 percent in 2010 to 15.2 percent in 2021. Since 2019, the percentage of homeowners without a mortgage that spend more than 30 percent of their income on housing has increased by seven percentage points.

The cost burden rate for renters increased significantly over the period, from 47.8 percent of households in 2010 to 57.3 percent of households in 2021. The increase in cost burdened renters indicates that rents have typically increased faster than renter household incomes.

Composition of Cost Burdened Households

Table IV-2 presents a detailed snapshot of the cost burdened households in Brighton based on the most recently available *2019 Comprehensive Housing Affordability Strategy data* (CHAS data) produced by HUD. Available estimates by family size do not identify the number of larger households that may have affordable housing because of over-crowding. The community housing survey data will provide additional perspective on this topic.

TABLE IV-2: Distribution of Cost Burdened Households by Income Level and Household Type

	Household Income				
	≤ 30% AMI	30% to 50% AMI	50% to 80% AMI	> 80% AMI	Total
Owners					
Elderly Household [1]	6.3%	2.2%	3.5%	0.8%	12.8%
Large Family Household [2]	2.6%	1.1%	0.5%	0.8%	5.0%
Small Family Household [3]	2.0%	2.5%	8.5%	6.0%	19.0%
Other Household [4]	2.2%	1.2%	2.3%	1.8%	7.5%
Subtotal	**13.1%**	**6.9%**	**14.9%**	**9.4%**	**44.3%**
Renters					
Elderly Household [1]	7.2%	2.4%	4.1%	0.0%	13.7%
Large Family Household [2]	1.6%	3.1%	4.4%	0.0%	9.1%
Small Family Household [3]	8.3%	6.3%	5.3%	0.0%	19.9%
Other Household [4]	3.0%	3.1%	3.8%	3.0%	13.0%
Subtotal	**20.2%**	**14.9%**	**17.6%**	**3.0%**	**55.7%**
TOTAL	**33.3%**	**21.9%**	**32.5%**	**12.4%**	**100.0%**

[1] At least one member of household is age 62 or older.
[2] Families with five or more household members (and no elderly members).
[3] Families with four or fewer household members (and no elderly members).
[4] Non-family households with no elderly members.

Sources: U.S. Department of Housing and Urban Development, *2015-2019 CHAS (Comprehensive Housing Affordability Strategy)* data; Gruen Gruen + Associates.

Extremely Low Income households (≤ 30 percent AMI) are estimated to comprise one-third of all cost burdened households in Brighton. More broadly, lower income households with incomes at or below 80 percent of AMI represent about 88 percent of the cost burdened households in Brighton, according to HUD estimates.

Small family households, defined as families with four or fewer people in the household, are estimated to comprise 39 percent all cost burdened households in Brighton. About one-half of small family households with a housing cost burden have incomes below 50 percent of AMI; they are primarily

renters. A significant portion of small families with a cost burden are also homeowners with incomes exceeding 50 percent of AMI.

Elderly households, defined as a household with at least one person aged 62 or older, comprise about 27 percent of all cost burdened households. Elderly households with a housing cost burden include a relatively equal proportion of both homeowners and renters and they tend to be concentrated within the Extremely Low Income (≤ 30 percent AMI) category.

HOUSING AFFORDABILITY GAP ESTIMATES

This section compares the existing housing inventory, by price and tenure, to the existing income characteristics of the household base in Brighton. 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 estimated exist at those affordable price points. The estimates are based on our analysis of *2017-2021 American Community Survey* estimates and recent for-sale and rental housing market statistics in Brighton.

Affordable Housing Prices

Table VI-3 summarizes estimates of the price of housing currently afforded by Brighton households at different income levels.

TABLE IV-3: Current Affordable Housing Prices by Household Income Bracket

Household Income	Maximum For-Sale Housing Price[1]	Maximum Gross Monthly Rent[2]
Less than $35,000	Below $60,000	Below $875
$35,000 to $49,999	$60,000 to $110,000	$875 to $1,249
$50,000 to $74,999	$110,000 to $195,000	$1,250 to $1,874
$75,000 to $99,999	$195,000 to $280,000	$1,875 to $2,499
$100,000 to $149,999	$280,000 to $450,000	$2,500 to $3,749
$150,000 and Above	$450,000 and Above	$3,750 and Above

[1] Rounded to nearest $5,000 increment. Assumptions include six percent (6%) down payment; 30-year fixed mortgage at annual interest rate of 6.5 percent; annual permanent mortgage insurance equal to 0.8 percent of loan; annual property tax equal to 0.92 percent of home purchase; homeowner insurance of about $200 monthly; and utility expenses of $250 monthly.
[2] Assumes monthly gross rents equal 30 percent of income. "Gross" rent represents contract rent plus utilities.

Source: Gruen Gruen + Associates

Households with less than $35,000 of annual gross income can afford no more than $875 in monthly gross rent. Households with $50,000 of annual income could afford up to $1,250 in monthly gross rent. Assuming a household with an annual income of $50,000 could secure a 30-year mortgage and

had a six percent down payment, the maximum affordable purchase price would be approximately $110,000.

A household with $75,000 of annual income can afford up to $1,875 in monthly rent or a purchase price of approximately $195,000. Households with annual incomes of $100,000 can afford monthly rents of $2,500 and can afford a purchase price of about $280,000. Households with annual incomes of $150,000 or above can afford monthly rents of $3,750 or higher, and purchase prices of $450,000 or higher.

Renter-Occupied Housing Gap Estimates

Table IV-4 summarizes the existing housing rental inventory by price, in comparison to the income characteristics of the existing renters in Brighton. The estimates reflect the price of housing that households can potentially afford, not what they will necessarily elect to rent.

TABLE IV-4: Estimated Rental Housing Affordability Gaps in Brighton (in $2023 Dollars)

	Existing Supply of Renter Occupied Units[1] #	Number of Renters Able to Afford Units #	Existing Surplus or (Deficit) in Units #
Monthly Gross Rent:			
Less than $875[2]	463	911	(447)
$875 to $1,249	431	501	(70)
$1,250 to $1,874	1,633	912	721
$1,875 to $2,499	1,043	750	294
$2,500 to $3,749	446	611	(165)
$3,750 and above	19	351	(332)

[1] Estimate of occupied units by price. Price distribution from mid-2019 adjusted upwards to account for 20 percent typical rent inflation.
[2] Estimated supply includes small number of units with "no cash rent."

Sources: U.S. Census Bureau, *2017-2021 American Community Survey*; Gruen Gruen + Associates.

Using the 30-percent-of-income standard, Brighton is estimated to contain about 1,410 renter households who can afford to pay no more than $1,250 in monthly gross rent. The existing supply of rental units priced below this affordability threshold is estimated at approximately 890 units; indicating a "gap" or deficit of approximately 520 rental units affordable to the lowest income bracket. This quantitative comparison helps to explain why such a high proportion of Brighton renters (57 percent) are estimated to be cost burdened.

At the high end of the income spectrum, Brighton is estimated to contain about 960 renter households who could potentially afford monthly rents exceeding $2,500. A relatively small number of existing

rental units in Brighton command this level of rent, indicating another gap of almost 500 units affordable to the highest income renters. This "gap" is not a rental housing deficiency. It reflects the presence of a relatively small but very high-income subset of existing renters, many of whom can find suitable rental housing at a price well below their incomes would support. It also helps to explain the recent increase in market-rate multi-family apartment construction, many of which are amenity-laden properties and higher quality units that differ from older rental housing stock in Brighton.

A large share of rental housing needs of both lower- and higher-income renters tend to be satisfied in the middle of the market, which is why a large surplus of rental units priced between $1,250 and $2,500 per month is estimated to exist in relation to household incomes.

Owner-Occupied Housing Gap Estimates

Table IV-5 summarizes the existing housing owner-occupied inventory by price, in comparison to the income characteristics of the existing homeowners in Brighton. Again, the estimates reflect the price of housing that households can potentially afford, not what they will necessarily elect to purchase.

TABLE IV-5: Estimated Ownership Housing Affordability Gaps in Brighton (in $2023 Dollars)

	Existing Supply of Owner- Occupied Units[1] #	Number of Owners Able to Afford Units #	Existing Surplus or (Deficit) in Units #
Home Value:			
Below $60,000	202	776	(574)
$60,000 to $110,000	151	721	(570)
$110,000 to $195,000	58	1,279	(1,221)
$195,000 to $280,000	136	1,219	(1,083)
$280,000 to $450,000	2,623	2,272	351
$450,000 and Above	5,768	2,670	3,098

[1] Estimate of occupied units by value. Price distribution from mid-2019 adjusted upwards to account for 40 percent typical sales price inflation.

Sources: U.S. Census Bureau, *2017-2021 American Community Survey*; Gruen Gruen + Associates.

A large surplus of owner-occupied housing exists at the higher price points of the housing ladder. This in part reflects the significant escalation in residential sales prices that have occurred and the historically low mortgage rates that were available for much of the past five years.

Almost 95 percent of all owner-occupied housing or 8,400 units in Brighton are estimated to have values that exceed $280,000. Using the 30-percent- of-income standard and other assumptions described previously, Brighton is estimated to contain about 4,900 existing homeowners who could

today afford purchase prices of $280,000 and above. The difference suggests a large surplus of about 3,500 owner-occupied units priced above $280,000. The large discrepancy between incomes of existing homeowners and home values in Brighton suggests that many existing homeowners would be challenged to purchase different housing in the community, absent a considerable decline in prices.

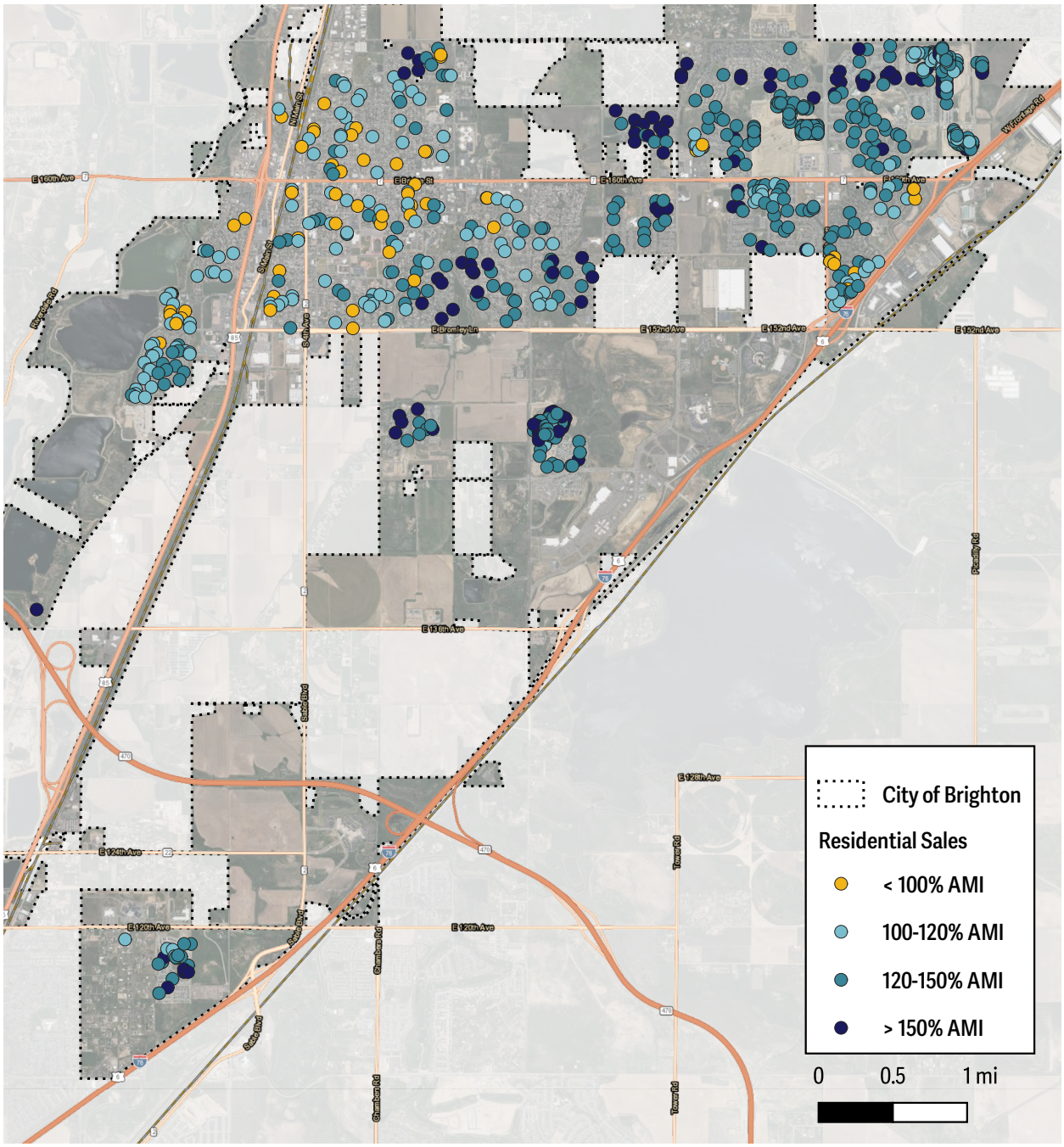
The gaps or "deficits" for owner-occupied housing inventory are concentrated in the lowest-income and price segments of the for-sale housing market. For example, an estimated 4,000 households whose income would suggest affordable purchase prices below $280,000 compares to an estimated supply of only 550 units, indicating a gap of nearly 3,500 owner-occupied housing units at deeply affordable purchase prices.

FOR-SALE HOUSING AFFORDABILITY

For-sale housing affordability within the city of Brighton is further illustrated by a comparison between recent residential sales prices and current 2023 affordable income limits for Adams County. Map IV-1 summarizes recent home sales by level of affordability. The sample includes approximately 800 sales that occurred within city limits over June 2022-May 2023 period (sales previously reviewed in Chapter II). Manufactured housing sales are excluded from the analysis and map.

Only nine percent of all residential sales in the past year have been affordable to households at or below 100 percent of AMI. Most of these sales were for smaller housing units containing less than 1,200 square feet of living area and located in the historical core of the city. Only 26 percent of sales were affordable to households at 100 to 120 percent of AMI. About 65 percent of all sales were affordable to households above 120 percent of AMI.

MAP IV-1: Residential Sales (June 2022-May 2023) by Affordable Income Limit



CHAPTER V

Demography and Households

HISTORICAL POPULATION AND HOUSEHOLD GROWTH

Table V-1 summarizes historical population and household growth estimates for the city of Brighton between 2010 and 2023.

TABLE V-1: Brighton Population and Household Growth, 2010-2023

	Household Population	Group Quarters Population	Total Population	Households	Average Household Size
2010	31,900	1,546	33,446	10,820	2.95
2015	35,715	1,578	37,293	12,075	2.96
2020	39,469	843	40,312	13,323	2.96
2023[1]	43,698	843	44,541	±14,760	2.96
Change	**11,798**	**-703**	**11,095**	**3,940**	

[1] 2023 figures based on city staff estimates of population and housing counts. Prior years are estimates from the DOLA State Demography Office.

Sources: City of Brighton, Current Population Estimates; DOLA, State Demography Office; Gruen Gruen + Associates.

The household population of Brighton is estimated to have grown by approximately 11,800 persons or 37 percent since 2010. This equates to an average annual growth rate of 2.5 percent over the 2010-2023 period. The total population is estimated to have grown by only 11,095 persons over the period, reflecting a decline in Group Quarters population reported over the period by DOLA.

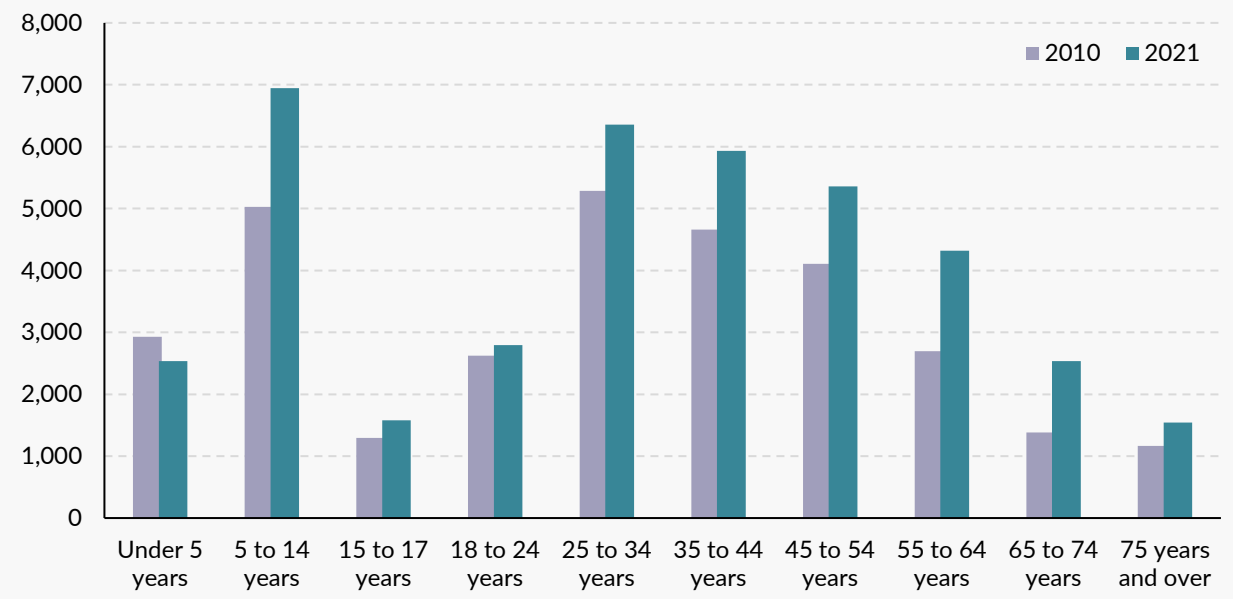
The total number of households in Brighton is estimated to currently approximate 14,800 households with an average household size of 2.96 persons. Since 2010, the household base is estimated to have grown by approximately 3,900 households or 33 percent, representing an average annual growth rate of about 2.2 percent.

POPULATION CHARACTERISTICS

Brighton Population by Age

Figure V-1 summarizes the estimated change in population by age cohort from 2010 to 2021.

FIGURE V-1: Brighton Population by Age Cohort



Sources: U.S. Census Bureau, American Community Survey estimates; Gruen Gruen + Associates.

Recent population growth in Brighton has occurred among nearly every age cohort, the exception being the population under five years of age which declined slightly over the 2010-2021 period. The population of children between five and 14 years of age increased considerably between 2010 and 2021, by more than 1,900 persons or 38 percent, and is estimated to now represent the largest age cohort of Brighton's population.

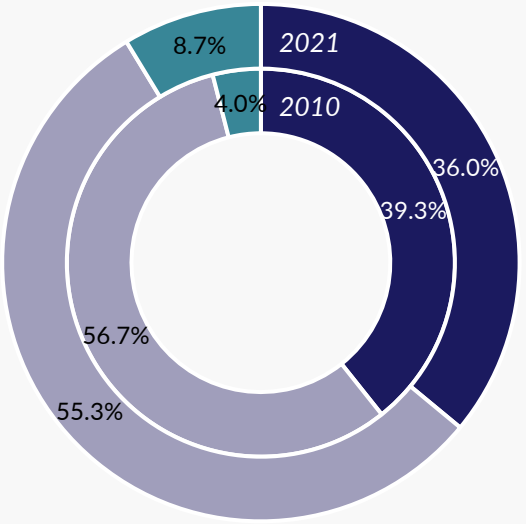
The population of older teenagers and younger adults (age 15 to 24) increased by only 450 persons or 12 percent between 2010 and 2021. The population between 25 and 34 years of age represents the second largest cohort in Brighton with an estimated 2021 population of about 6,400 residents.

Prime working age adults between 35 and 54 years of age grew strongly in population, increasing by about 30 percent or 2,500 residents between 2010 and 2021. The fastest growing population in Brighton was those between 55 and 74 years of age. This cohort grew by approximately 78 percent or nearly 2,800 persons between 2010 and 2021.

Brighton Population by Ethnicity and Race

The ethnic and racial make-up of Brighton's population base has remained relatively consistent over the past decade. Figure V-2 summarizes the population in Brighton by Hispanic origin and race.

FIGURE V-2: Brighton Population by Ethnicity and Race



- Hispanic or Latino origin
- White alone, not Hispanic or Latino
- Other races, not Hispanic or Latino

Sources: U.S. Census Bureau, American Community Survey estimates; Gruen Gruen + Associates.

Hispanics comprised about 39.3 percent of Brighton's total population as of 2010. About 36 percent of the citywide population was estimated to be of Hispanic origin in 2021, according to *American Community Survey* estimates. The non-Hispanic white population comprised about 57 and 55 percent of all Brighton residents in 2010 and 2021, respectively. Although still relatively small, the population of other races (non-Hispanic) has experienced the highest rate of growth since 2010, more than doubling in size over the period.

Household Composition

Table V-2 presents household characteristics for Brighton homeowners and renters related to household size, family status, and age of householder.

TABLE V-2: Brighton Households by Housing Tenure, Size, Family Status, and Age

	Owners			Renters		
	2010 #	2021 #	Change #	2010 #	2021 #	Change #
Household Size						
1-Person	1,197	1,533	336	889	1,379	490
2-Person	2,470	2,858	388	645	835	190
3-Person	1,458	1,331	-127	424	776	352
4-Person	1,291	1,838	547	363	625	262
5+ Persons	950	1,378	428	458	420	-38
Family Status						
Family Households, no Children	3,016	3,922	906	493	808	315
Family Households, w/ Children	2,886	3,185	299	1,214	1,406	192
Non-Family Households	1,464	1,831	367	1,072	1,821	749
Age of Householder						
Under 35 years	1,709	1,382	-327	1,103	1,363	260
35 to 44 years	1,650	1,849	199	528	841	313
45 to 54 years	1,672	2,004	332	436	912	476
55 to 64 years	1,289	2,011	722	300	409	109
65+ years	1,046	1,692	646	411	510	99

Sources: U.S. Census Bureau, *American Community Survey* estimates; Gruen Gruen + Associates.

Owner-occupied households in Brighton have become older in age and a smaller percentage of homeowners have children living at home. By age of householder, homeowners under the age of 45 have declined both in absolute terms and as a share of the household base. As recently as 2010, almost one-half of all Brighton homeowners (46 percent) were estimated to be under the age of 45. The share of homeowners under the 45 years of age declined to 36 percent according to *2021 American Community Survey* estimates. A significant and corresponding increase in homeowners older than 55 years of age has occurred.

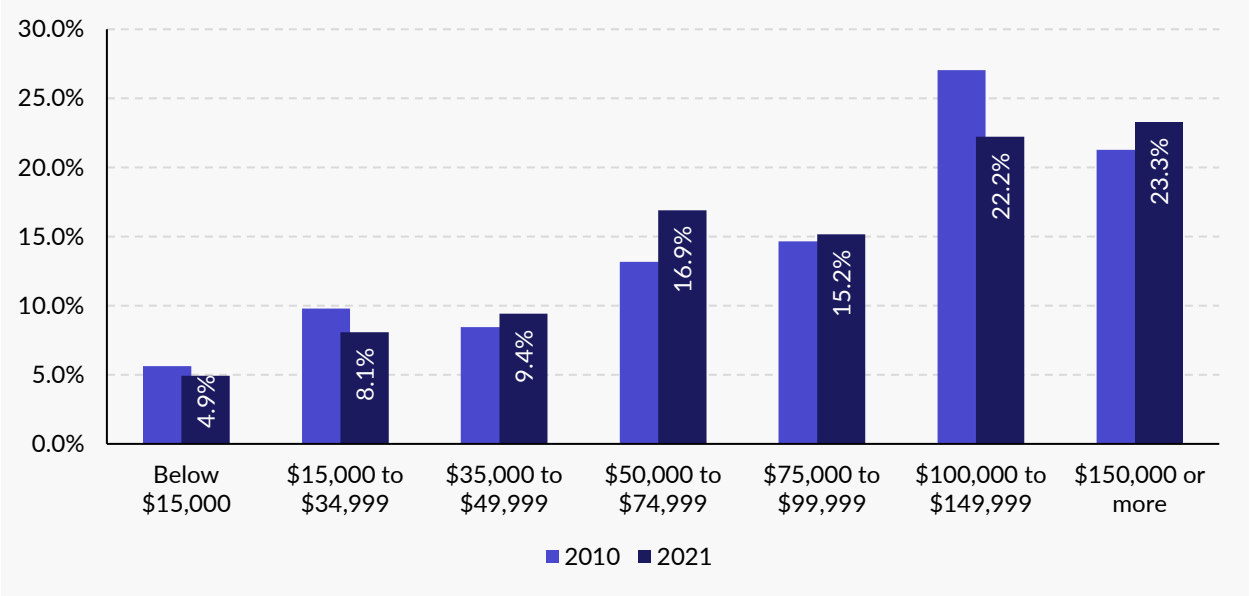
Interestingly, households that own their housing in Brighton have become larger over time despite aging and the diminished presence of families with children. Approximately one-half of all homeowners are single- or two-person households, a characteristic that has not changed much over time in Brighton. The number of three-person households (among homeowners) has declined in both

absolute and relative terms. Between 2010 and 2021, most of the growth in owner-occupied households occurred among households with at least four persons in the household.

REAL HOUSEHOLD INCOME

Figure V-3 summarizes the distribution of Brighton households by income (in "real" inflation-adjusted dollars) over the 2010 to 2021 period.

FIGURE V-3: Estimated Distribution of Brighton Households by Income (in $2023)



Adjusted for inflation, the distribution of households by income shifted upwards over the 2010-2021 period in Brighton. The proportion of households with annual incomes below $35,000 decreased from 15.4 percent in 2010 to an estimated 13 percent in 2021. The share of households with annual incomes between $35,000 and $75,000 also increased, from 21.6 percent in 2010 to 26.3 percent in 2023.

The proportion of households with annual incomes between $75,000 and $99,999 remained relatively stable over the period at 15 percent. The share of households with annual incomes between $100,000 and $149,999 declined from about 27 percent in 2010 to 22 percent in 2021, while higher income households with incomes exceeding $150,000 increased in share from about 21 percent in 2010 to 23.3 percent in 2021.

On an inflation-adjusted basis, the median household income among renters increased from $52,200 in 2010 to about $62,000 as of 2021. This represents a real increase of 19 percent over the period. The real median household income among homeowners remained relatively stable, decreasing from $112,900 in 2010 to about $109,000 in 2021.

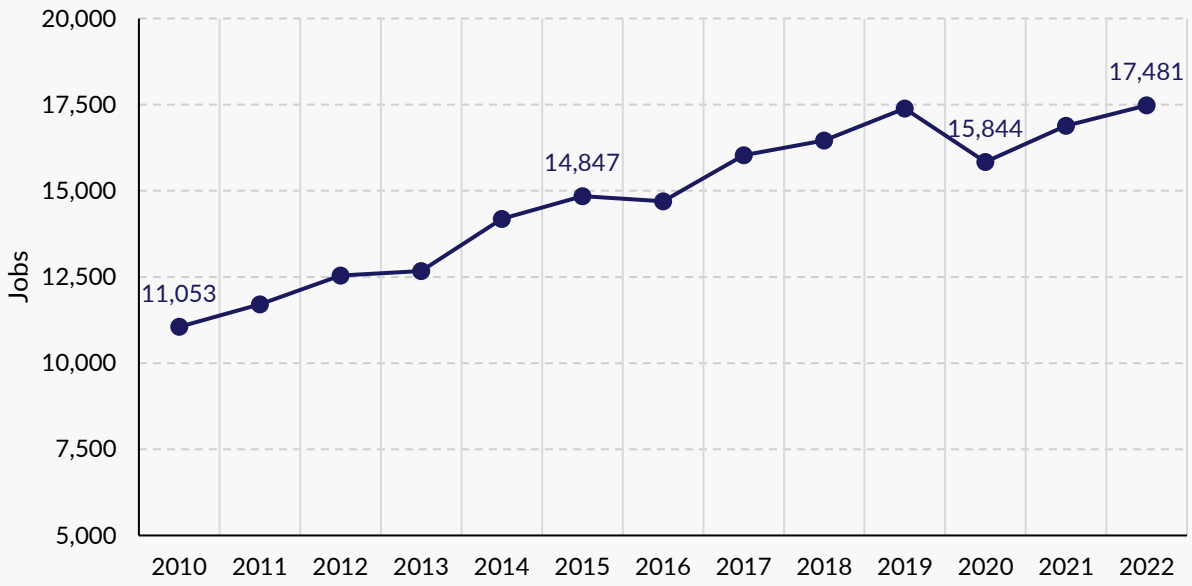
CHAPTER VI

Economic Base and Labor Force

EMPLOYMENT TRENDS

Figure VI-1 shows the estimated long-term change in employment located in Brighton between 2010 and 2022. Employment estimates include wage and salary (i.e., payroll) jobs covered in the Quarterly Census of Employment and Wages and tabulated by the Denver Regional Council of Governments.

FIGURE VI-1: Wage and Salary Employment in City of Brighton, 2010-2022



Sources: Denver Regional Council of Governments; Gruen Gruen + Associates

Total payroll employment grew by an estimated 58 percent over the period, increasing from approximately 11,100 jobs in 2010 to nearly 17,500 jobs in 2022. Prior to the recession brought about by the Covid-19 pandemic, wage and salary employment in Brighton had been growing rapidly for several consecutive years. Over a three-year period from 2016 through 2019, the local employment base added approximately 2,700 payroll jobs and was expanding at an average annual rate of nearly six percent (6%). Employment in 2022 recovered to its previous peak of about 17,500 jobs in 2019.

Industry Composition

Table VI-1 presents changes in Brighton's private employment base by sector over the 2010 to 2020 period (the most recent data available). Estimates for the composition of the local employment base by detailed industry sector are drawn from longitudinal employer-household data produced by the U.S. Census Bureau.

TABLE VI-1: Composition of Private Employment in Brighton

Economic Sector	2010 %	2020 %	Shift 2010-2020 *Pct Points*
Natural Resources and Utilities	11.1	8.6	(2.5)
Construction	4.6	7.3	2.7
Manufacturing	5.5	11.6	6.1
Wholesale Trade	4.2	3.3	(0.9)
Retail Trade	22.3	17.0	(5.3)
Transportation and Warehousing	4.7	3.4	(1.3)
Information	0.8	2.2	1.4
Financial Activities	4.5	3.0	(1.5)
Professional and Business Services	7.4	9.5	2.1
Education and Health Services	18.8	17.2	(1.6)
Leisure and Hospitality	12.8	13.7	0.9
Personal Services	3.4	3.3	(0.1)
Total	100.0	100.0	

Sources: U.S. Census Bureau, Center for Economic Studies; Gruen Gruen + Associates.

The two largest sectors of employment in Brighton include Education and Health Services and Retail Trade, each accounting for approximately 17 percent of private employment as of 2020. Both sectors have experienced relative declines in their share of overall employment since 2010.

Private employment has shifted strongly in favor of the Construction and Manufacturing sectors of the local Brighton economy. These two industry sectors, as of 2020, combined to account for about 19 percent of all private wage and salary jobs in Brighton, up from only 10 percent in 2010.

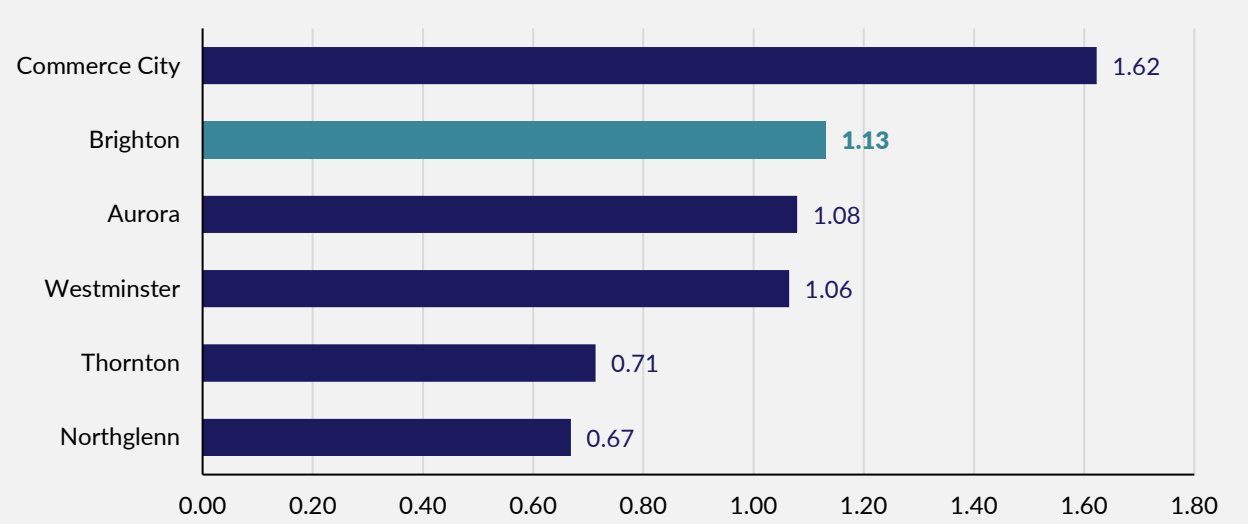
The local economy also shifted towards the Professional and Business Services and Leisure and Hospitality sectors over the 2010-2020 period. Leisure and Hospitality and Professional and Business Services comprise an estimated 14 percent and 10 percent of all private employment in Brighton, respectively.

JOBS-HOUSING RATIO

A jobs-to-housing ratio is considered an important indicator in local and regional planning. It is also a generalized but useful indicator of housing demand pressures within a given area. Regions or communities with 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 workforce. This is not necessarily the case in Brighton; suggesting that factors other than local employment growth have contributed to the rapid price escalations and low availability rates for existing housing inventory.

Figure VI-2 provides a comparison of current jobs-to- housing unit ratios between Brighton and other nearby municipalities.

FIGURE VI-2: Jobs-Housing Ratio Comparison



Sources: Denver Regional Council of Governments; DOLA State Demography Office; Gruen Gruen + Associates.

The estimated jobs-housing unit ratio in Brighton currently approximates 1.1 jobs per housing unit. Historical estimates of local wage and salary employment and the housing stock indicate that the ratio has ranged from about 1.0 to 1.3 jobs per housing unit. In other communities such as Commerce City, Aurora, Westminster, and Thornton, current ratios range from approximately 0.7 to 1.6 jobs per housing unit.

COMMUTE PATTERNS

Table VI-2 summarizes current and historical commutation patterns for the city of Brighton.

TABLE VI-2: Labor Inflows and Outflows for City of Brighton

	2010 #	2020 #
Resident Labor Force	15,134	18,815
Employed within Brighton	2,401	2,844
Out-Commuters	**12,733 (84.1%)**	**15,971 (84.9%)**
Employment Base (Jobs)	11,617	15,570
Jobs Held by Resident Labor	2,401	2,844
In-Commuters	**9,216 (79.3%)**	**12,726 (81.7%)**

Estimates are for all jobs covered by unemployment insurance.

Sources: U.S. Census Bureau, Center for Economic Studies; Gruen Gruen + Associates.

According to data from the U.S. Census Bureau's *Center for Economic Studies*, Brighton experiences a net outflow of labor – meaning, more resident workers leave the community for employment than non-residents commute into Brighton for work.

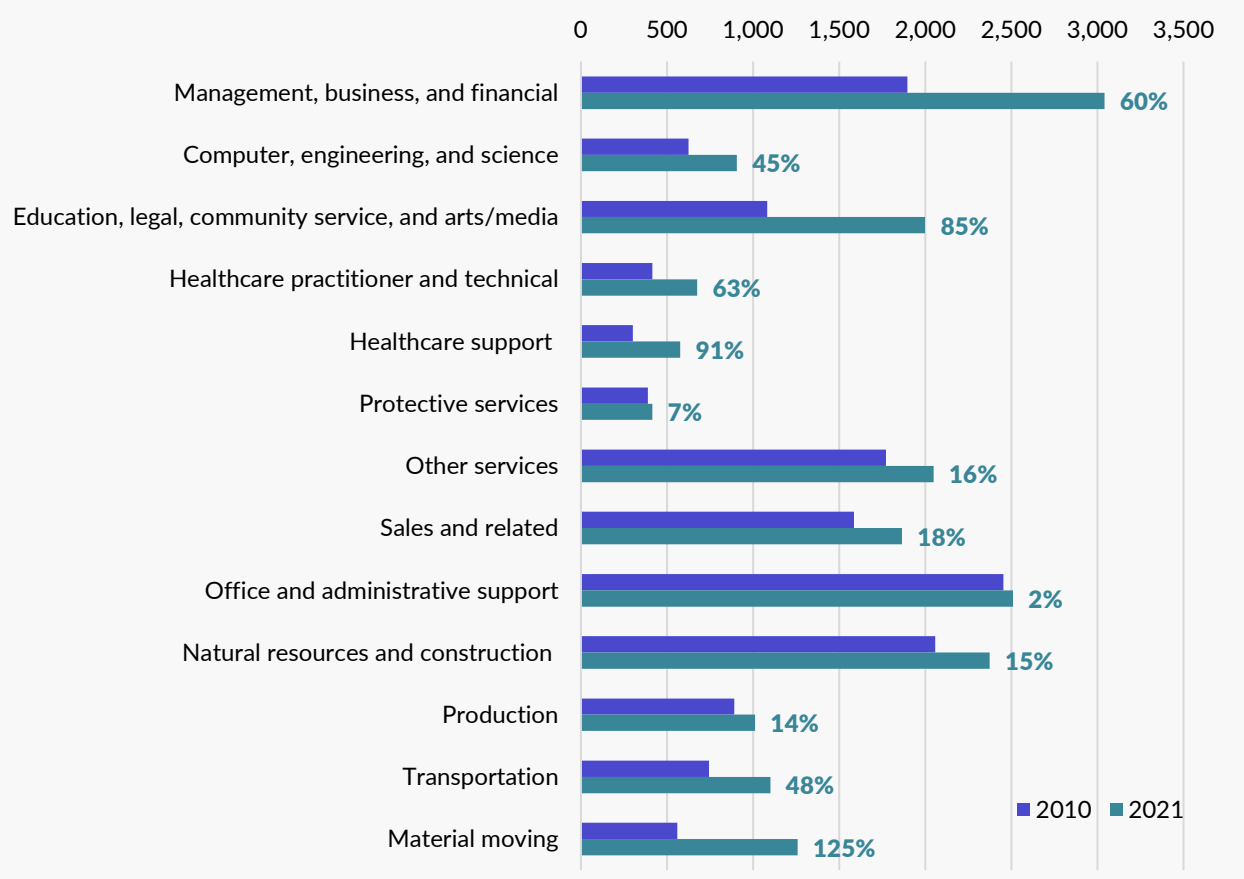
Approximately 85 percent of the resident labor force is employed outside of the community (i.e., "out-commuters). Only 15 percent of resident labor force members are estimated to be employed within the city. About 82 percent of jobs located in Brighton are estimated to be held by non-resident workers, indicating that 18 percent of local jobs are held by resident labor force members. The degree to which local employers in Brighton rely upon non-resident labor appears to have increased slightly over time.

The primary commute shed for workers living in Brighton (not necessarily employed in Brighton) generally includes communities in eastern Adams County and the city of Denver. Approximately 57 percent of Brighton's resident labor force members are estimated to be employed in Adams County or the city of Denver.

OCCUPATIONAL MIX

Between 2010 and 2021, the civilian labor force in Brighton is estimated to have increased in every occupational category, suggesting the community continues to house a wide array of workers and their households. Figure VI-3 summarizes the changes in labor force by occupation.

FIGURE VI-3: Brighton Civilian Labor Force by Occupation, 2010-2021



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

More than 30 percent of Brighton's resident labor force is employed in management, business, science, and arts-related occupations. The share of residents employed in these typically high-skill occupations has increased over time, from about 24 percent in 2010 to 30 percent in 2021.

Industrial occupations related to natural resources, construction, transportation, and materials moving represent another 29 percent of Brighton workers. The number of residents employed in material moving occupations has grown especially rapidly, from only 560 workers in 2010 to almost 1,300 workers by 2021.

While comprising a relatively small share of overall resident labor, occupations related to healthcare services have also grown rapidly. Healthcare practitioner and healthcare support occupations grew by 63 percent and 91 percent, respectively, over the 2010-2021 period.

Occupations related to sales and administrative support represent a large source of resident labor, comprising 22 of all workers in Brighton, although these types of occupations have experienced comparatively little growth since 2010.

CHAPTER VII

Community Housing Survey Results

INTRODUCTION

GG+A designed a community housing survey which the city distributed in the ways described below to obtain information and perspective about the current housing patterns, housing costs, and housing preferences of Brighton households. Chapter VII summarizes the responses and findings drawn from GG+A's analysis of the survey results.

The electronic survey was made available in both English and Spanish. It was publicized on city-sponsored social media accounts, the city website, and at a municipal barbeque held in July 2023. A notification of the survey requesting participation was also attached to utility bills sent to Brighton households and property owners over the month of August 2023.

A total of 405 survey responses were received through September 10, 2023. Nine responses were received from people who indicated they do not live nor work in the city of Brighton; these responses were removed from the survey sample. The survey design did not include any required questions and answers and not all survey respondents answered every question. While the survey distribution was not random and skewed towards those directly receiving utility bills, the 396 valid surveys provide a large enough sample to satisfy typical standards for statistical significance.[11]

[11] According to SurveyMonkey, a population universe of about 43,500 (the currently estimated household population of Brighton) would require a minimum "sample size" of 380 responses to obtain results with a 95% confidence level and 5% margin of error.

HOUSING PATTERNS OF SURVEY RESPONDENTS

Geographical Location

Ninety-four percent (94%) of the completed surveys are from respondents who indicated they currently live within Brighton's municipal limits. An additional four percent (4%) of respondents indicated they "don't know" if they live within the municipal limits. A small number of responses (six respondents, or 1.5 percent of the sample) are included from people who are employed in Brighton. Approximately 93 percent of all respondents live in the 80601 zip-code area.

Type of Housing Currently Occupied

Table VII-1 shows that 85 percent of all respondents live in detached single-family housing units.

TABLE VII-1: Respondents by Type of Housing Unit

	#	%
Detached Single-Family Home	336	*85.1*
Attached Single-Family Unit	27	*6.8*
Multi-Family Unit	20	*5.1*
Other [1]	12	*3.0*
Total	**395**	***100.0***

[1] Includes one respondent living in a mobile home, two living in an assisted living unit, and nine respondents who indicated they are temporarily living with family or friends.

Source: Gruen Gruen + Associates

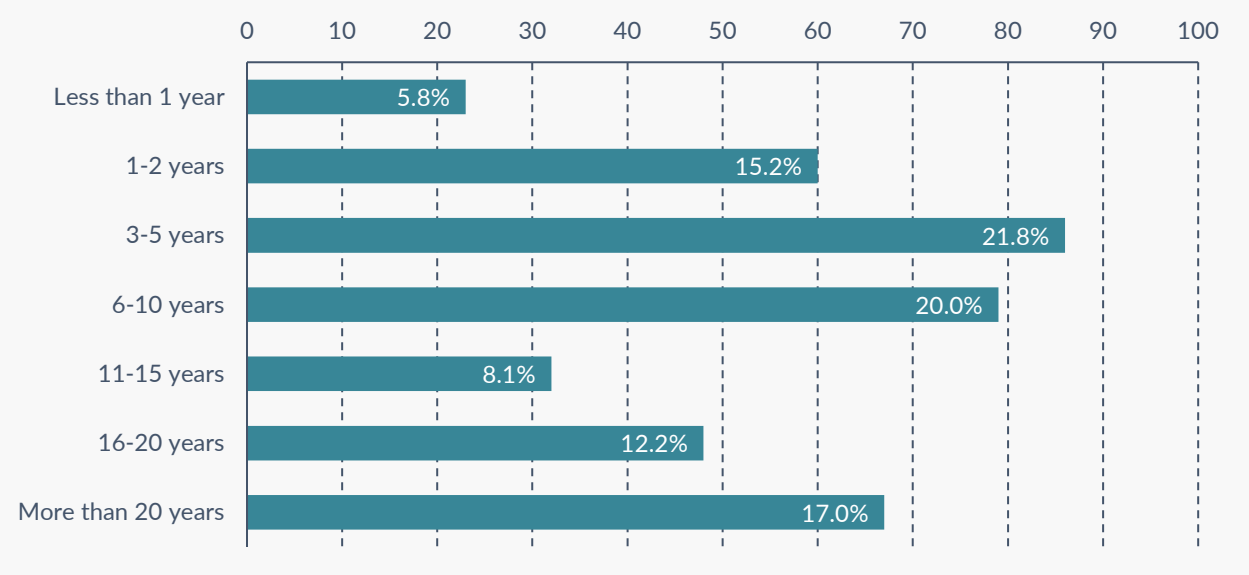
An additional 12 percent of respondents live in an attached single-family housing or multi-family housing unit. Responses for "other" types of housing units included people residing in mobile homes or assisted living units, and several responses to the effect of "parent or friend's basement."

The survey is overweighted towards respondents living in detached single-family homes (detached single-family units are estimated to comprise 72 percent of the city's housing inventory- and as indicated above 85.1 percent of respondents reside in detached single-family homes).

Length of Time in Current Housing Unit

Figure VII-1 shows that approximately 21 percent of respondents have lived in their current housing unit for less than three years. Another 22 percent have lived in their unit for three to five years. Approximately 28 percent of respondents have lived in their current housing for six to 15 years, and 29 percent have lived in their current unit for more than 15 years.

FIGURE VII-1: Respondents by Length of Time in Current Housing



Housing Tenure

Eighty-seven percent (87%) of all survey respondents own their housing unit. Thirteen percent (13%) of respondents rent their housing unit. Approximately 70 percent of all Brighton households are estimated to be homeowners, indicating the survey response is overweighted to homeowners. (It is not unusual for housing owners to have a higher survey response rate than renters).

Number of Bedrooms in Housing Unit

Table VII-2 summarizes the housing tenure of respondents by number of bedrooms in their housing unit.

TABLE VII-2: Respondents by Housing Tenure and Number of Bedrooms

	Owners		Renters		Total	
	#	%	#	%	#	%
No bedrooms (studio)	1	*0.3*	2	*4.4*	3	*0.8*
1 bedroom	0	*0.0*	1	*2.2*	8	*2.1*
2 bedrooms	36	*10.7*	13	*28.9*	49	*12.8*
3 bedrooms	158	*46.9*	18	*40.0*	176	*46.1*
4 or more bedrooms	142	*42.1*	4	*8.9*	146	*38.2*
Total	**337**	***100.0***	**45**	***100.0***	**382**	***100.0***

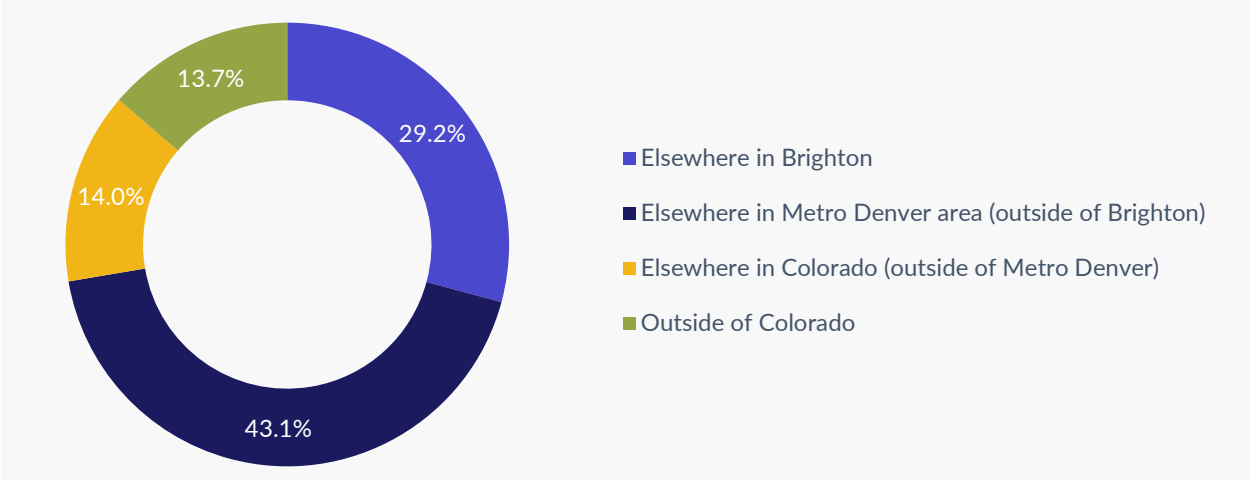
Source: Gruen Gruen + Associates

A total of 176 respondents, or approximately 46 percent of all respondents, live in a unit with three bedrooms. An additional 38 percent of all respondents live in a unit with four or more bedrooms. Only three percent of all respondents live in smaller studio or one-bedroom units.

Location of Prior Residence

One question of the survey asked respondents to identify where they lived prior to their current residence. Results, summarized in Figure VII-2, identify the geographic composition of housing moves in Brighton.

FIGURE VII-2: Respondents by Location of Prior Residence



Approximately 29 percent or 115 respondents previously lived somewhere else in Brighton prior to their current housing location. Respondents that moved to their current residence from elsewhere in the Metro Denver area represented the highest frequency with about 43 percent of total responses. About 28 percent of respondents previously lived elsewhere in Colorado (outside of Metro Denver) or out of state.

Monthly Housing Costs

Each respondent was asked, "Approximately how much are your total monthly housing costs, including utilities, insurance, mortgage and property tax or rental payments?" Table VII-3 summarizes current monthly housing costs by household income.

TABLE VII-3: Monthly Housing Costs by Household Income

	Income below $50,000		Income $50,000 to $74,999		Income $75,000 and above		Total [1]	
	#	%			#	%	#	%
Less than $875	10	16.4	2	3.6	10	4.4	24	6.4
$875 - $1,249	12	19.7	9	16.1	19	8.4	43	11.4
$1,250 - $1,874	19	31.1	15	26.8	34	15.0	76	20.2
$1,875 - $2,499	9	14.8	14	25.0	54	23.8	79	21.0
$2,500 - $3,749	6	9.8	8	14.3	77	33.9	105	27.9
$3,750 or more	5	8.2	8	14.3	33	14.5	49	13.0
Total	**61**	**100.0**	**56**	**100.0**	**227**	**100.0**	**376 [1]**	**100.0**

[1] Total includes 32 respondents that did not provide their household's 2022 gross income.

Source: Gruen Gruen + Associates

The majority or 62 percent of all respondents have housing costs that exceed $1,875 per month. About 20 percent of respondents spend between $1,250 and $1,874 per month, while an additional 18 percent of respondents spend less than $1,250 per month on their current housing.

At least 64 percent of respondents with household incomes below $50,000 are currently spending more than $1,250 per month on their housing; indicating these households are cost burdened (spending more than 30 percent of their gross income on housing). At least 54 percent of respondents with household incomes between $50,000 and $74,999 are cost burdened, spending more than $1,875 monthly on their housing.

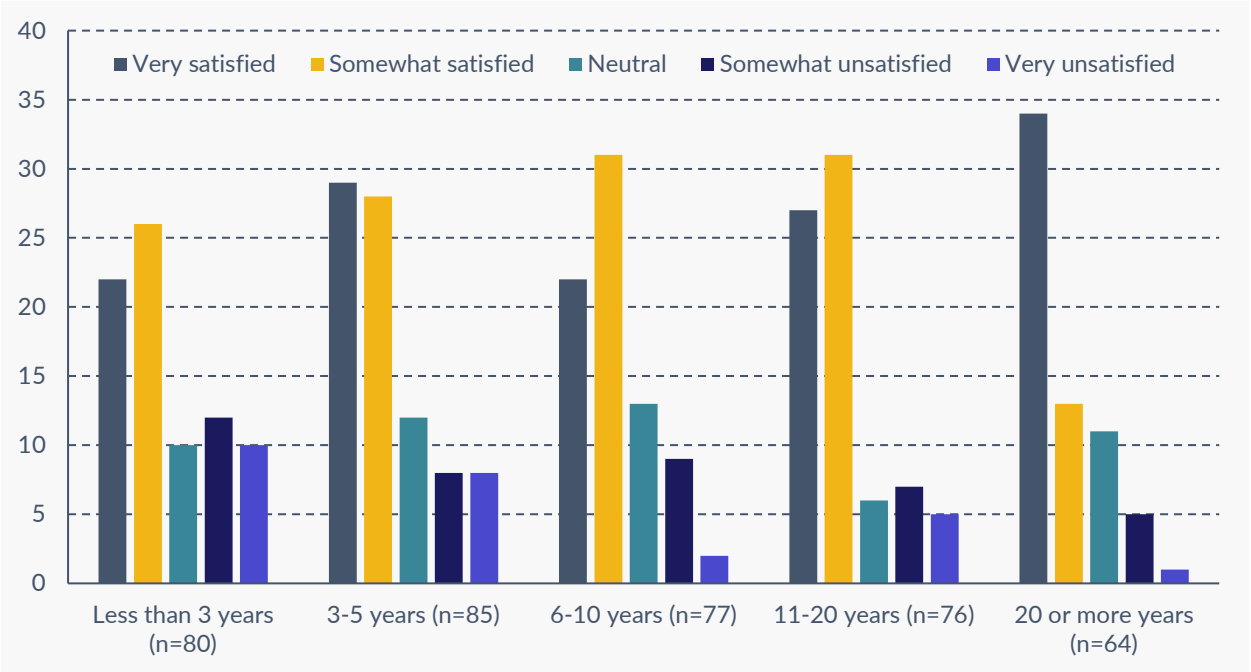
Newer residents tend to spend more on housing than residents who have lived in their unit for longer periods of time. Among survey respondents that have lived in their current Brighton housing unit for less than three years, approximately 60 percent are spending more than $2,500 per month on their housing. Only 29 percent of respondents who have lived in Brighton for at least 10 years spend more than $2,500 per month on their housing.

HOUSING SATISFACTION AND QUALITY

Satisfaction with Current Housing Situation

Figure VII-3 summarizes differences in housing satisfaction of respondents by length of tenure in their current housing unit.

FIGURE VII-3: Satisfaction with Current Housing Situation



About 69 percent of all respondents are either very or somewhat satisfied with their current housing situation. An additional 14 percent of respondents are "neutral" on their current housing situation. About 18 percent of respondents are somewhat unsatisfied or very unsatisfied with their current housing situation.

Respondents that have more recently moved in their unit are much more likely to be unsatisfied with their current housing situation (and, as previously summarized, these newer residents tend to have higher costs which are likely related to higher levels of dissatisfaction). Approximately 28 percent of respondents that moved into their current unit less than three years ago are somewhat or very unsatisfied. Among respondents that have lived in their unit for more than 20 years, only 9.3 percent are somewhat or very unsatisfied.

Physical Housing Condition

Respondents were asked to rate the physical condition of their housing unit. The results are summarized below in Table VII-4.

TABLE VII-4: Respondents by Physical Housing Condition

	#	%
Excellent	107	*28.0*
Above Average	130	*34.0*
Average	113	*29.6*
Below Average	26	*6.8*
Poor	6	*1.6*
Total	**382**	***100.0***

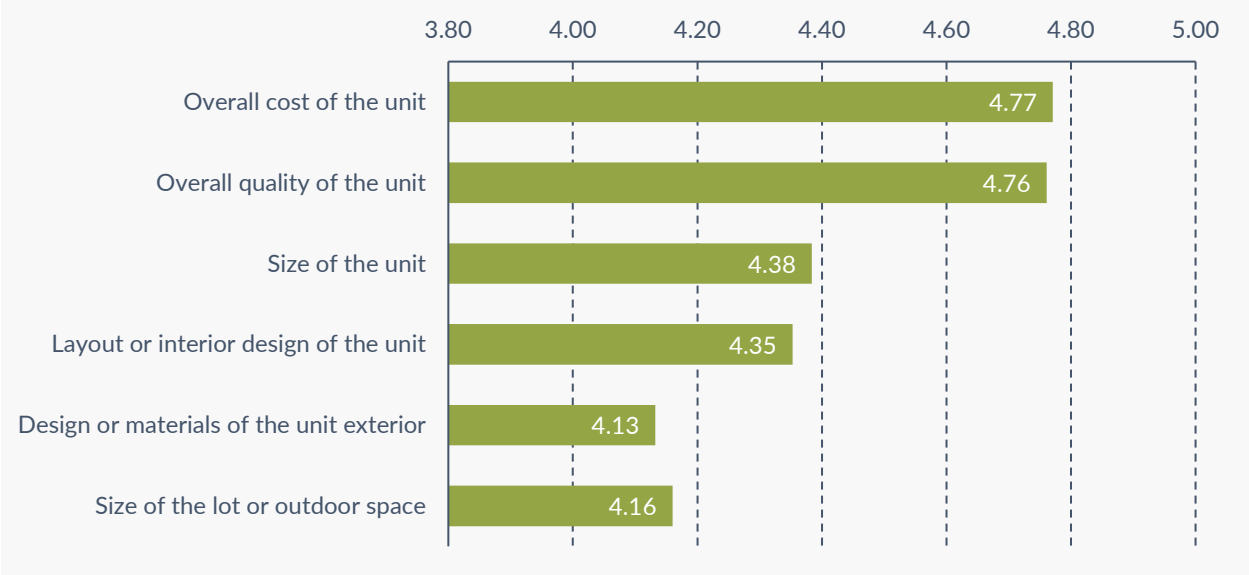
Source: Gruen Gruen + Associates

Only six respondents (about two percent) indicated the condition of their unit as "Poor." An additional seven percent of respondents described the physical condition of their unit as "Below Average." The majority or 62 percent of all respondents describe the physical condition of their units as excellent or above average.

HOUSING SELECTION FACTORS

One purpose for conducting the survey was to identify factors that are most important to the housing decisions of Brighton residents. One question contained a list of housing unit preference factors. A second question contained a list of housing location factors. Each respondent was asked to rate factors on a scale of 1 to 5 as to their overall importance to the respondent's housing choice. Figure VII-4 summarizes the mean ratings for the housing unit preferences, with a score of 5 signifying a "very important" factor and a score of 1 being "very unimportant."

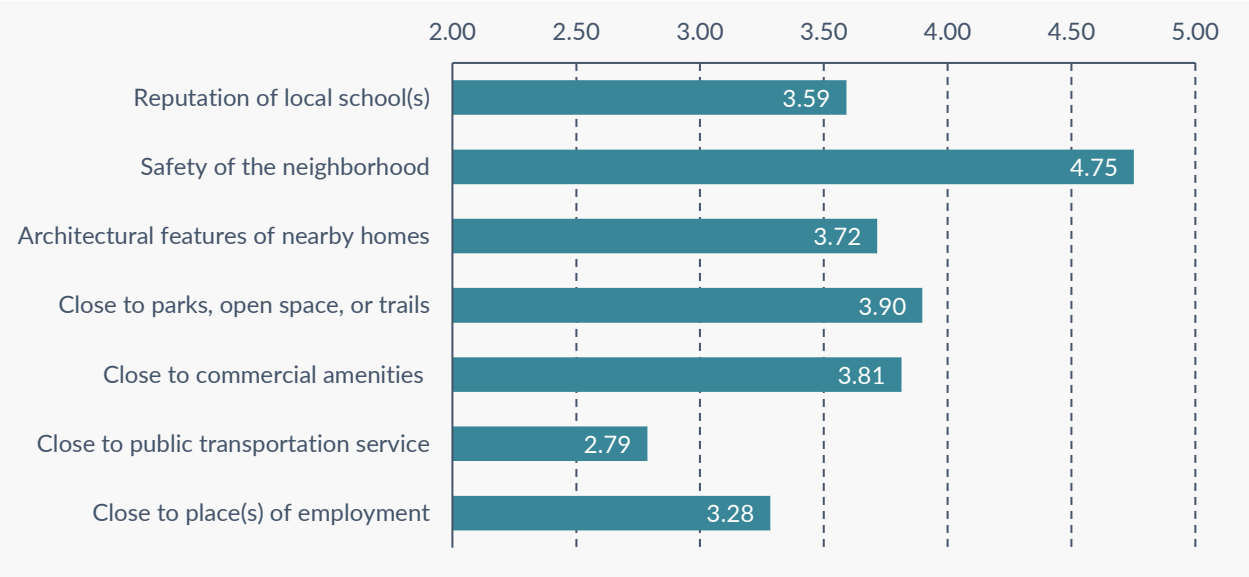
FIGURE VII-4: Mean Ratings of Housing Unit Selection Factors



The most important factors influencing housing unit choices are the "overall cost of a unit" and the "overall quality of the unit." These were the two most important housing unit factors by a wide margin, for both homeowners and renters and across varying income levels. The third and fourth most important factors were the "size of the unit" and "layout or interior design of the unit." Larger households indicated greater importance on unit size. The size of the lot (or outdoor space) and the design or materials of the unit's exterior were the two lowest rated factors by all respondents, irrespective of housing tenure. The ranking of the housing unit factors suggests that many households will tradeoff smaller lots and less architectural detail for higher quality and lower cost housing units.

Figure VII-5 summarizes the mean ratings for the housing unit preferences.

FIGURE VII-5: Mean Ratings of Housing Location Selection Factors



In terms of housing location, the "safety of the neighborhood" and proximity to "parks, open space, or trails" were the two most important factors among all survey respondents. More than 95 percent of all respondents indicated that neighborhood safety is "very important" or "somewhat important" to their housing location decisions. Approximately 71 percent of respondents indicated that housing close to parks, open space or trails is very important or somewhat important.

Proximity to commercial amenities/services (e.g., dining, shopping) and the architectural features of other nearby homes were the third and fourth highest rated factors, respectively. The reputation of local schools, proximity to places of employment, and proximity to public transportation are less important to respondents in their housing location decisions.

Although less important than other location factors, the importance of local schools varied significantly by household type. Households with children under the age of 18 rated the reputation of local schools with a mean rating of 4.4, indicating a similar level of importance as neighborhood safety. Lower-income households with less than $50,000 of annual income also rated public transportation service higher (mean rating of 3.5) than other respondents.

Preferred Housing Locations in Brighton

Each respondent was asked, "If you could afford to live anywhere in Brighton, where would you prefer to live?" A map identifying six different locations was presented as part of the question. Table VII-5 summarizes the responses.

TABLE VII-5: Preferred Housing Locations in Brighton

	#	%
Bridge & I-76	66	*18.0*
Northeast Brighton	62	*16.9*
Prairie Center Area	60	*16.4*
Downtown Brighton	28	*7.7*
Sable & E470 (near County Government Center)	22	*6.0*
Platte Valley Hospital area	21	*5.7*
Elsewhere	107	*29.2*
Total	**366**	***100.0***

Source: Gruen Gruen + Associates

The most frequent response was for "Elsewhere," indicating a preference to live outside of the six geographic areas identified above in Table VII-5. Among the six locations provided, the Bridge and Interstate 76 area was preferred by about 18 percent of all respondents. The second and third most preferred locations were Northeast Brighton (in Weld County) and the Prairie Center area, with about 17 percent and 16 percent of responses, respectively. Less than eight percent (8%) of respondents identified Downtown Brighton, Sable and E470, and the Platte Valley Hospital area as preferred housing locations.

Among a relatively small sample of existing renters (42 renters answered the question), the Prairie Center area and Downtown Brighton were the two most preferred housing locations.

PLANS TO MOVE AND TYPE OF HOUSING PREFERRED

Table VII-6 shows respondents' plans to move from their current housing unit within the next five years.

TABLE VII-6: Plans to Move from Current Residence Within Next Five Years

	Owners		Renters		Total	
	#	%	#	%	#	%
I have no plans to move	227	*68.6*	7	*16.7*	234	*62.7*
I plan to move and would prefer that my next housing unit be elsewhere (not in Brighton)	87	*26.3*	5	*11.9*	92	*24.7*
I plan to move and would prefer that my next housing unit be in Brighton	17	*5.1*	30	*71.4*	47	*12.6*
Total	**331**	***100.0***	**42**	***100.0***	**373**	***100.0***

Source: Gruen Gruen + Associates

Approximately 69 percent of owners have no plans to move within the next five years. Conversely, more than 80 percent of renters do plan to move within the next five years. Most respondents that plan to move would prefer to move outside of Brighton, although this differs significantly by housing tenure. Among expected movers, owners indicate a preference to leave Brighton by a significant margin, while more than 85 percent of renters that expect to move indicate a preference to remain in Brighton.

Current housing satisfaction levels are also indicative of survey respondents' plans to move in the next five years. More than 75 percent of respondents who indicated some level of dissatisfaction with their current housing situation plan to move in the next five years, while only 13 percent of those "very satisfied" with their current housing plan to move.

Preferred Number of Bedrooms

Table VII-7 summarizes the number of bedrooms that expected movers would prefer in their next housing unit (relative to their current housing).

Table VII-7: Plans to Change Unit Sizes (Among Expected Movers) by Age of Respondent

	Below Age 55		Age 55-74		Age 75 or older		Total [1]	
	#	%	#	%	#	%	#	%
Fewer Bedrooms	16	*18.4*	15	*39.5*	4	*40.0*	35	*25.4*
Same Number Bedrooms	42	*48.3*	18	*47.4*	5	*50.0*	66	*47.8*
More Bedrooms	29	*33.3*	5	*13.2*	1	*10.0*	37	*26.8*
Total	**87**	***100.0***	**38**	***100.0***	**10**	***100.0***	**138**	***100.0***

[1] Total includes three respondents who did not indicate their age.

Source: Gruen Gruen + Associates

Zero respondents who currently live in a housing unit with fewer than three bedrooms indicated a preference to downsize, regardless of age or housing tenure. Respondents that currently live in a unit with at least four bedrooms indicated the highest propensity to downsize and respondents tend to be age 55 or older. Among respondents aged 55 or older, approximately 40 percent of expected movers prefer to downsize into a unit with fewer bedrooms.

About 25 percent of all respondents expecting to move within five years would prefer a unit with fewer bedrooms. An additional 48 percent would prefer a different unit with the same number of bedrooms, suggesting that about one-half of housing moves will likely be motivated by housing cost, location, or quality (more than housing unit size). About 27 percent of all respondents expecting to move would prefer a larger unit with more bedrooms. Two-thirds of respondents indicating a preference for more bedrooms in their next housing unit have at least one child under the age of 18 living in their household.

Preferred Type of Housing

Table VII-8 summarizes the type of housing units that respondents expecting to move within five years prefer for their next housing. The responses are also stratified by the maximum monthly housing costs that respondents indicated they could afford to pay.

TABLE VII-8: Type of Next Housing Preferred by Maximum Monthly Cost

	Detached Single-Family Home		Attached Single-Family Unit		Multi-Family or Other [1] Unit		Total	
Monthly Cost	#	%	#	%	#	%	#	%
Less than $1,250	21	*20.0*	5	*33.3*	7	*46.7*	33	*24.4*
$1,250 - $1,874	19	*18.1*	6	*40.0*	3	*20.0*	28	*20.7*
$1,875 - $2,499	35	*33.3*	4	*26.7*	1	*6.7*	40	*29.6*
$2,500 - $3,749	24	*22.9*	---	*0.0*	2	*13.3*	26	*19.3*
$3,750 or more	6	*5.7*	---	*0.0*	2	*13.3*	8	*5.9*
Total	**105**	***100.0***	**15**	***100.0***	**15**	***100.0***	**135**	***100.0***

[1] Responses for "other" types of housing primarily referenced units in age-restricted communities or independent senior living facilities, etc.

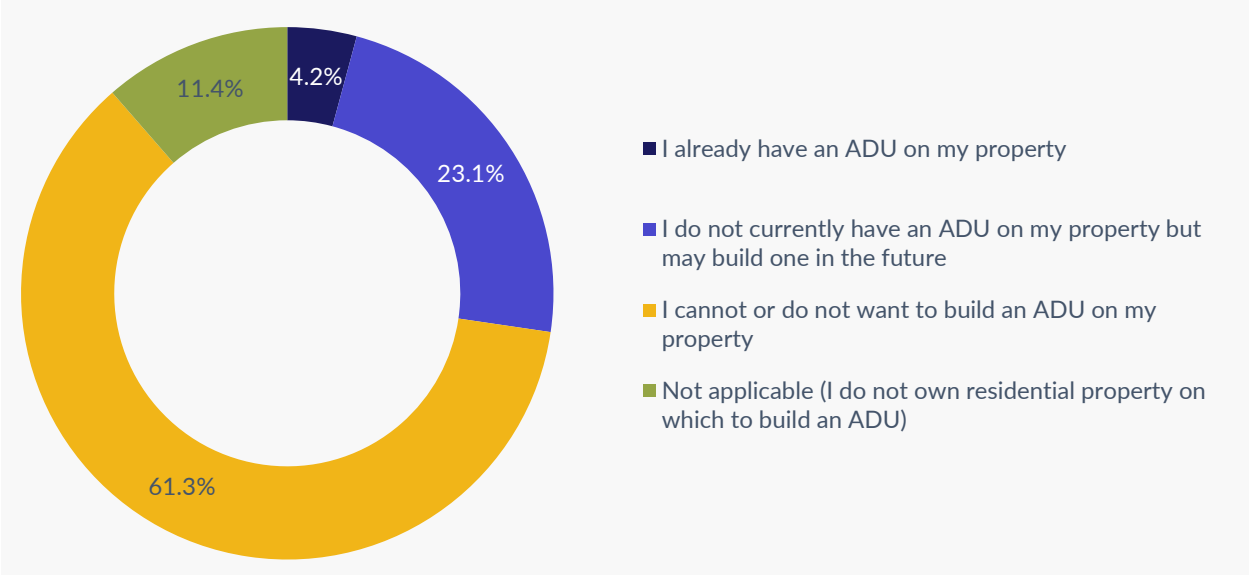
Source: Gruen Gruen + Associates

Overall, the survey response indicates that few current single-family occupants plan to change housing types. Most respondents currently living in attached or multi-family housing would also prefer a detached single-family home for their next housing unit. About 78 percent of all respondents who expect to move within the next five years indicated a preference for detached single-family housing. Sixty-one respondents or 45 percent of expected movers indicated they can afford monthly housing payments of $1,875 or less for their next housing unit. About 30 percent of expected movers indicated they can afford monthly payments of $1,875 to $2,499 for their next housing. An additional 26 percent of respondents indicated they can afford monthly payments exceeding $2,500 for the next housing.

ACCESSORY DWELLING UNITS

Multiple survey questions were designed to understand resident preferences and attitudes towards Accessory Dwelling Units (ADUs). Survey respondents were first asked, "Have you considered, or would you consider building an ADU on your residential property?" A series of statements were presented, which are summarized below in Figure VII-6.

FIGURE VII-6: Survey Respondent Attitudes Toward Accessory Dwelling Units



Fourteen (14) respondents or about four percent of all respondents indicated they "already have an ADU on [their] property." The most frequently cited response, at more than 61 percent of total respondents, was from those indicating they cannot or do not want to build an ADU. Approximately 23 percent of respondents indicated they do not currently have an ADU but may consider building one in the future. An additional 11 percent of single-family respondents currently rent their unit and selected the "Not Applicable" category.

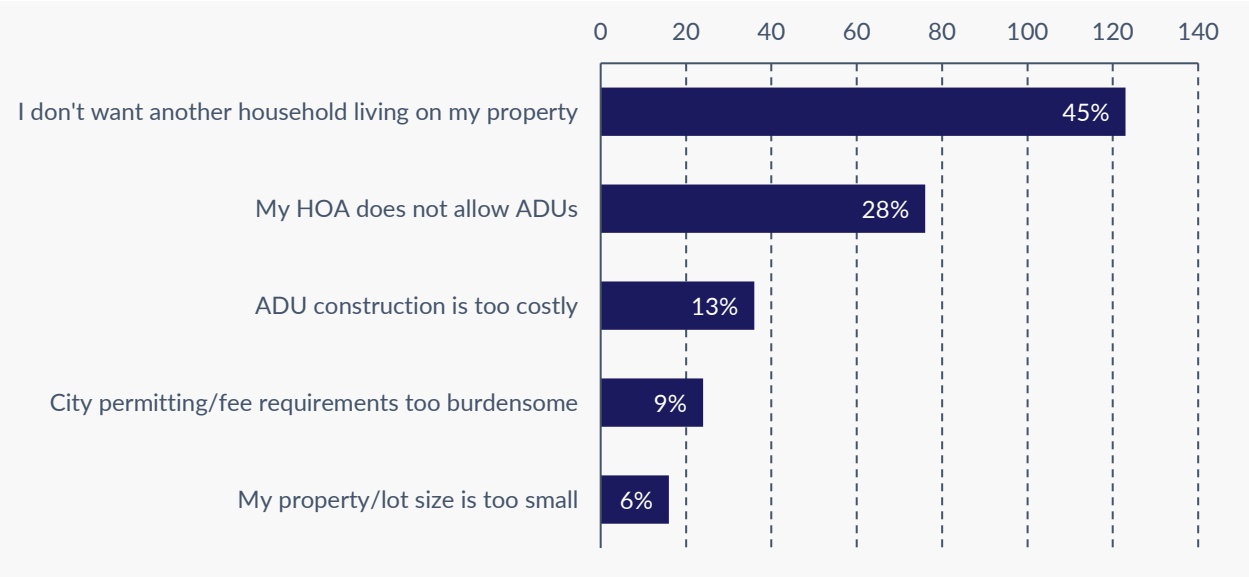
The survey results suggest that about one-quarter of single-family housing units in Brighton either have, or potentially could have, an ADU. Interestingly, the receptiveness to ADUs varied by age of respondent. About 38 percent of all respondents under the age of 45 indicated they either have or may consider building an ADU. Only 31 percent of respondents between the age of 45 and 64, and less than 10 percent of respondents aged 65 or over, indicated they have or may consider building an ADU.

A follow-up question was asked to respondents that indicated they would consider building (or already have) an ADU: "Do you rent, or would you consider renting the ADU to someone unrelated to you?" Approximately 45 percent of the respondents indicated Yes, they would consider renting to an unrelated household. About 30 percent of respondents indicated they would not consider it and an additional 25 percent of respondents indicated they are uncertain about it.

Factors Discouraging ADU Construction

Respondents who indicated they "cannot or do not want to build an ADU on [their] property" were asked to identify the factors, if any, that discourage them from building an ADU. Respondents could select multiple factors and also write-in responses under an "other" category. Figure VII-7 summarizes the most frequently cited factors.

FIGURE VII-7: Response Frequency to Factors that Discourage ADU Construction

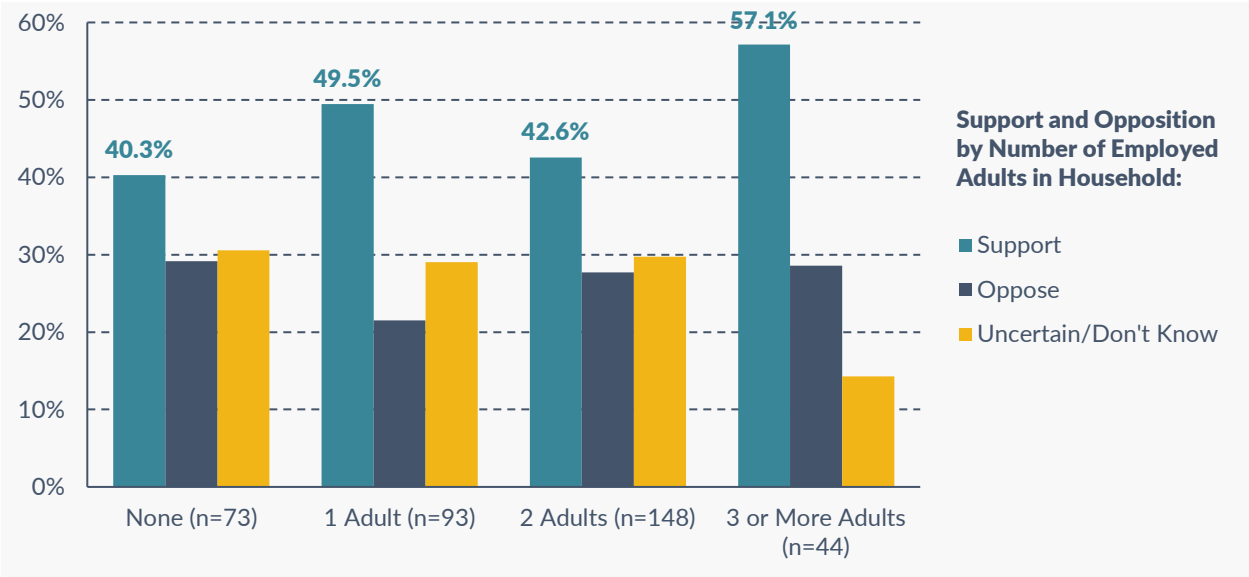


The most highly cited factor for not wanting an ADU was not wanting another household on the property. Forty-five percent of households who did not want to construct an ADU on their property gave this reason. Twenty-eight percent of respondents indicate their HOA did not allow the construction of ADUs. The cost of ADU construction discourages 13 percent of respondents while city permit and fee requirements discourage nine percent of respondents from constructing ADUs. Six percent of respondents who indicated they cannot or do not want to construct an ADU indicated their property or lot size is too small to accommodate an ADU.

LOCAL FUNDS FOR AFFORDABLE HOUSING

Figure VII-8 summarizes the levels of support for and opposition to local (city) funding for affordable housing initiatives. Workforce households tend to indicate a higher level of support than non-working households.

FIGURE VII-8: Levels of Support and Opposition to Local Funding



The highest level of support for funding affordable housing is from households with three or more employed adults at about 57 percent of those households. About 43 to 50 percent of households with one or two employed adults support local funding. The lowest level of support is from households without any employed adults.

CHARACTERISTICS OF SURVEY RESPONDENTS

Age of and Employment Status

As shown on Table VII-9, respondents between the ages of 35 and 74 account for about three-quarters of all responses.

TABLE VII-9: Survey Respondents by Age

	Survey Respondents		*City of Brighton* [1]
	#	%	%
Age 18-34	51	14.1%	*31.7%*
Age 35-54	136	37.6%	*39.2%*
Age 55-74	141	39.0%	*23.8%*
Age 75+	34	9.4%	*5.4%*
Total	**362**	**100.0%**	***100.0%***

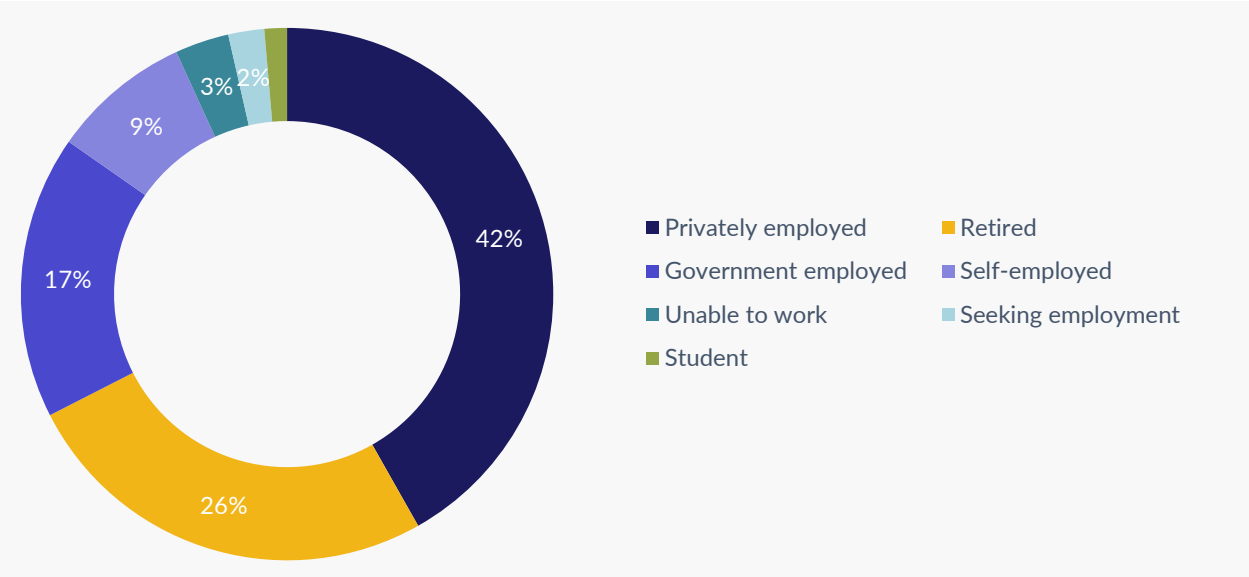
[1] Distribution of adult (age 18+) population from 2021 American Community Survey.

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

Those under the age of 35 comprised an additional 14 percent of the responses. Respondents aged 75 or older comprised an additional nine percent of all responses. The survey respondent age distribution was older than Brighton's overall population of adults.

Figure VII-9 summarizes the employment status of survey respondents.

FIGURE VII-9: Survey Respondents by Employment Status



About 42 percent of respondents are privately employed. More than 26 percent of respondents are retired. An additional 26 percent of respondents are employed by the government or self-employed. The remaining seven percent (7%) of respondents are either seeking employment, unable to work, or students.

Commuting Characteristics

In addition to questions about their employment status, respondents were also asked about their commute patterns. The responses are summarized as follows:

- About 15 percent (15%) of employed respondents indicated they "always or almost always work remotely from home."
- An additional 31 percent (31%) of employed respondents indicated their primary place of employment is located in the city of Brighton.
- Approximately 47 percent (47%) of employed respondents indicated their primary place of employment is elsewhere in Metro Denver or Weld County.
- About seven percent (7%) indicated their primary place of employment is located outside of Metro Denver or Weld County.

Household Composition

The average household represented in the survey sample included approximately 2.8 persons on average. According to American Community Survey estimates, all households in Brighton averaged 2.96 persons per household as of 2021. Table VII-10 summarizes the survey respondents by household size and presence of children in the household.

TABLE VII-10: Survey Respondents by Household Size and Presence of Children

	No Children		With Children	
	#	%	#	%
1 person	72	*19.7*	0	*0.0*
2 people	126	*34.4*	4	*1.1*
3 people	21	*5.7*	43	*11.7*
4 people	9	*2.5*	42	*11.5*
5 or more people	3	*0.8*	46	*12.6*
Total	**231**	***63.1***	**135**	***36.9***

Source: Gruen Gruen + Associates

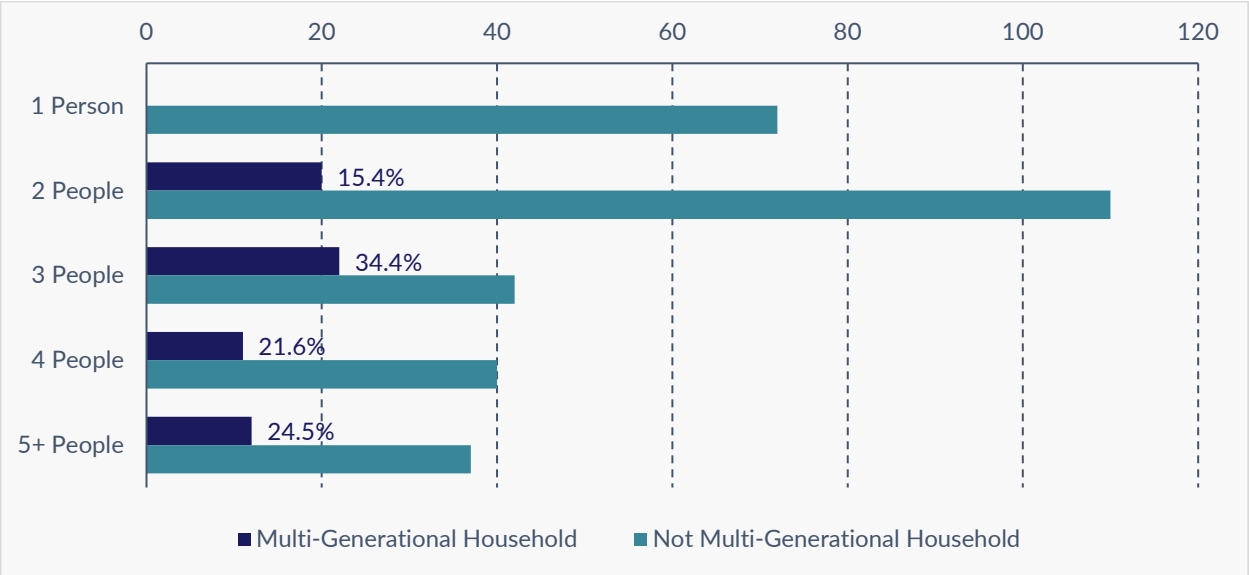
About 37 percent of survey respondents indicated the presence of children under the age of 18 in their household. According to American Community Survey estimates, as of 2021, approximately 40 percent of all households in Brighton had at least one person under the age of 18.

Single- and two-person households comprised about 55 percent of the survey sample. Three- and four-person households comprised an additional 31 percent of the survey sample. Large households containing at least five people comprised just over 13 percent of the survey sample; these households were almost entirely family households with children.

Multi-Generational Households

Survey respondents were asked to identify how many generations of family members live in their housing unit. Figure VII-10 summarizes a resulting estimate of "multi-generational" households in the survey sample, with multi-generational referring to multiple generations of adults aged 18 or older living in the same housing unit.

FIGURE VII-10: Multi-Generational Households of Survey Respondents



About 18 percent of all survey respondents are estimated to live in multi-generational households with at least two generations of adults (age 18 or older) living in the same housing unit. More than one-quarter of all survey respondent households containing at least three household members are estimated to be multi-generational households.

Household Income

Table VII-11 shows the gross 2022 household income reported by respondents.

TABLE VII-11: Survey Respondent's 2022 Gross Household Income

	Survey Respondents		*City of Brighton [1]*
	#	%	%
Under $35,000	34	9.8%	*13.9%*
$35,000 to $49,999	29	8.0%	*10.8%*
$50,000 to $74,999	56	15.5%	*17.7%*
$75,000 - $99,999	67	18.5%	*15.7%*
$100,000 - $149,999	89	24.6%	*22.3%*
$150,000 or more	73	20.2%	*19.6%*
Total	**348**	**100.0%**	***100.0%***

[1] Distribution from 2021 American Community Survey, inflated to 2022 dollars.

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

Approximately 18 percent of respondents had a 2022 gross household income of below $50,000. Approximately 34 percent of respondents reported a 2022 income ranging from $50,000 to $99,999. An additional 45 percent of respondents reported 2022 household incomes exceeding $100,000. Household incomes in the survey response were very similar to the estimated income distribution of all households in the city of Brighton.

Educational Attainment

Table VII-12 summarizes the highest level of education completed by respondents aged 25 or older.

TABLE VII-12: Survey Respondents by Educational Attainment

	Survey Respondents		*City of Brighton [1]*
	#	%	%
Post college graduate degree	73	20.6	*7.4%*
College graduate	126	35.5	*15.0%*
Some college	76	21.4	*22.2%*
Post high school vocational training	14	3.9	*9.9%*
High school graduate	63	17.7	*32.5%*
Did not complete high school	3	0.8	*13.0%*
Total	**355**	**100.0**	***100.0%***

[1] Estimates from 2021 American Community Survey for Brighton population aged 25 or older.

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

Approximately 56 percent of respondents are college graduates or have obtained a post graduate degree. An additional 25 percent of respondents have completed some college or vocational training. The educational attainment of survey respondents is very high relative to the broader population in Brighton.

CHAPTER VIII

Projection of Future Housing Needs

INTRODUCTION

Chapter VIII presents a projection of future housing needs in Brighton over the next 10 years. The projection of "future need" reflects anticipated employment and household growth within Brighton and throughout the region and, given the current scarcity of available housing in the community, the commensurate need to create additional housing inventory to keep up with this growth.

The need for housing in a community is typically influenced by the following factors:

- Employment Growth: Job creation and new employment opportunities within a housing market area typically account for the largest source of additional housing need. Additional jobs tend to attract new workers (labor) and their households;

- Lifecyle 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 children leaving the "nest" or becoming older and elderly - are frequently associated with changes in housing preferences or needs. Changing lifestyle preferences can also stimulate the demand for housing, such as when households seek an improved quality-of-life or make tradeoff decisions between housing affordability and other factors such as commute times; 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. Market forces may also encourage the merger or conversion of residential units unrelated to physical condition. "Replacement need" reflects the need to replace units that will be removed from the housing stock over time.

The estimates and projections presented in Chapter VIII quantify each source of potential housing need in Brighton, including identification of future needs by household size and household income level.

Summary of Projected Population and Household Growth

Table VIII-1 summarizes the projected population and household growth for Brighton related to the future workforce and non-workforce housing needs estimated in this chapter.

TABLE VIII-1: Summary of 10-Year Population and Household Growth in Brighton[1]

	2023 Estimate	2033 Projection	10-Year Growth	
	#	#	#	%
Population				
In Workforce Households[2]	38,800	44,900	6,100	16%
In Non-Workforce Households[3]	4,900	6,100	1,200	24%
In Group Quarters	800	800	0	0%
Total	44,500	51,800	7,300	16%
Households				
Workforce Households	11,900	14,100	2,200	18%
Non-Workforce Households	2,800	3,600	800	29%
Total	14,700	17,700	3,000	20%

[1] Figures are rounded to nearest hundred.
[2] A "workforce household" contains at least one active member of the labor force.
[3] Other "non-workforce households" are those without any labor force participants; primarily older adult (age 65+) households.

Source: Gruen Gruen + Associates

The population of workforce households is anticipated to increase by 16 percent or 6,100 over 10 years to 44,900 people in 2033. The population of non-workforce households, that is a household without an employed member in the labor force is anticipated to increase by 24 percent or 1,200 over 10 years to 6,100 people in 2033. The number of workforce households is estimated to increase by 18 percent or 2,200 to 14,100 households. The number of non-workforce households is estimated to increase by 29 percent or 800 households to 3,600 households. Overall, the number of households are estimated to increase by 20 percent or 3,000 households to 17,700 households in 2033.

The basis for the estimates presented above is reviewed in the next sections of this chapter.

PROJECTION OF WORKFORCE HOUSING NEED

A "workforce household" contains at least one active member of the labor force, and most workforce households contain more than one worker. The housing survey results indicate that 68 percent of workforce households in Brighton contain multiple workers. About 80 percent of the existing housing unit inventory in Brighton is estimated to be occupied by a workforce household. This is likely to change over time as the community ages and labor force participation rates continue to decline.

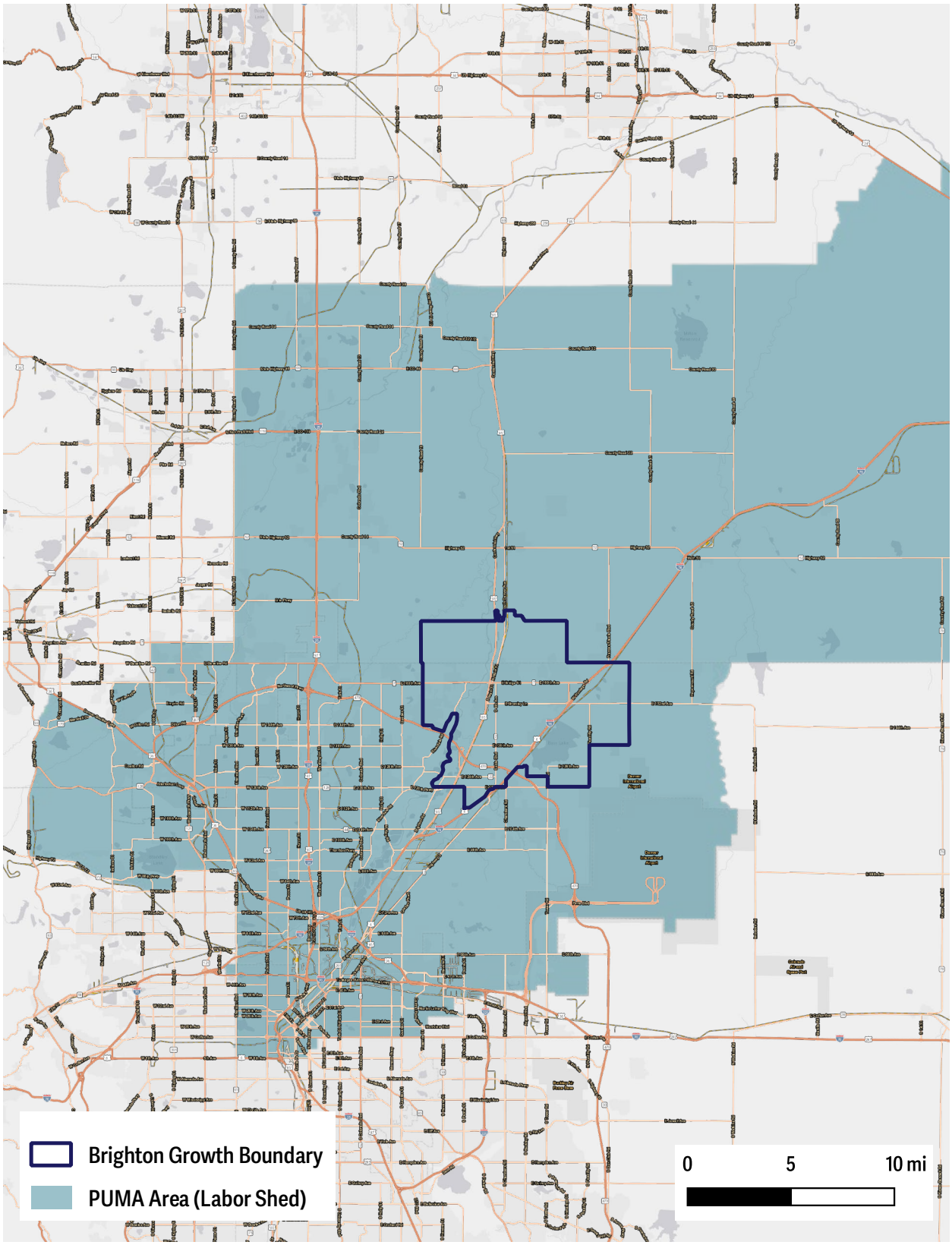
Commute Shed and Regional Market Area

Workforce housing demand in Brighton is regional in nature and a significant source of demand has related to workers seeking more affordable housing than available in other suburban locations of Denver. Many of the neighboring communities in the northeast suburbs increasingly function as one broad employment and housing market area (although, the broader market contains many submarkets). Significant flows of labor occur across municipal and county borders in multiple directions.

As previously described in Chapter VI, Brighton experiences a net outflow of labor. Nearly 85 percent of employed Brighton residents are estimated to commute to jobs located elsewhere within the region. In other words – economic activity and employment growth throughout Metro Denver stimulates demand for workforce housing in Brighton.

Map VIII-1 illustrates the geographic area representing the primary commute shed and primary labor shed for Brighton. About 65 percent of workers residing in Brighton's growth boundary are employed within this commute shed. A similar share of workers employed in Brighton (about 62 percent) live within this area. For purposes of the future housing need projection, the Public Use Microdata Areas (PUMAs) identified on Map VIII-1 are defined as the regional market area.

MAP VIII-1: Brighton Commute Shed and Regional Market Area

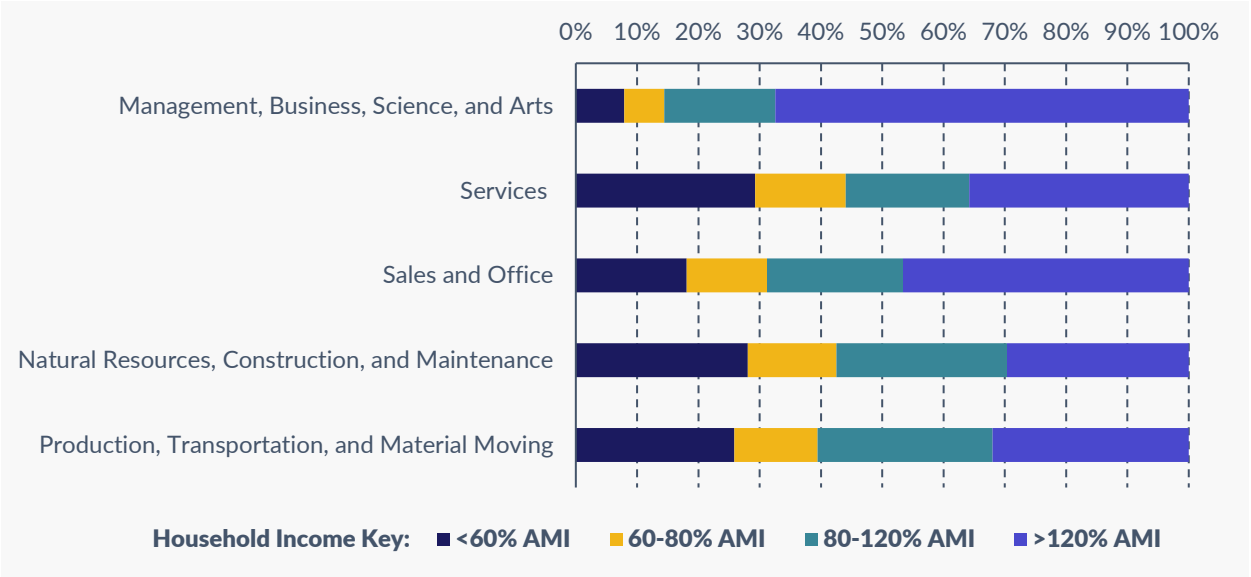


Workforce Household Characteristics

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 projection relies on secondary data that quantifies the attributes of workers employed in different types of jobs and occupations and the housing and income characteristics of the households in which workers reside, which are summarized below.

Figure VIII-1 summarizes the distribution of the regional market area workforce by 1) occupation and 2) the annual household incomes of workers in the market. Household incomes are expressed as a percentage of Adams County income limits, adjusted for household size. This data is drawn from Public Use Microdata Samples (PUMS) from the 2021 American Community Survey.

FIGURE VIII-1: Regional Workforce by Occupation and Household Income Level



Approximately 35 percent of the existing regional workforce is estimated to reside in households with annual incomes less than 80 percent of AMI. A smaller subset of workers, about 20 percent in total, live in households with annual incomes below 60 percent of AMI. Workers employed in typically low-wage lower-skilled industries are much more likely to reside in a lower income household earning less than 60 percent of AMI. Most workers employed across all occupations (ranging from 55 percent to 85 percent) live in households that earn above 80 percent of AMI.

Table VIII-2 summarizes the distribution of workers by household size and income level. In short, the incomes of workforce households are correlated to household sizes and the number of workers employed in the household.

TABLE VIII-2: Distribution of Regional Workforce by Household Size and Income Level

	Household Income			
	<60% AMI	60-80% AMI	80-120% AMI	>120% AMI
1 person	25.0%	20.0%	15.0%	5.0%
2 persons	25.0%	25.0%	30.0%	35.0%
3 persons	20.0%	20.0%	20.0%	25.0%
4 persons	15.0%	15.0%	15.0%	20.0%
5+ persons	15.0%	20.0%	20.0%	15.0%
Total	***100.0%***	***100.0%***	***100.0%***	***100.0%***

Sources: U.S. Census Bureau, 2021 Public Use Microdata; Gruen Gruen + Associates.

Workforce households earning above 120 percent of AMI tend to be larger, while the lowest income households earning below 60 percent of AMI are on average smaller. The households in the highest income bracket tend to have multiple wage earners and many (about 60 percent) have three or more household members. Only five percent of households earning above 120 percent of AMI are single persons, for example. Conversely, about one-quarter of all households earning below 60 percent of AMI are single person households.

The size and incomes of workforce households also bear on the type of housing typically occupied. Table VIII-3 summarizes differences in regional workforce households by income level and the type of housing occupied.

TABLE VIII-3: Distribution of Workforce Households by Income Level and Housing Type

	Household Income			
	<60% AMI	60-80% AMI	80-120% AMI	>120% AMI
Smaller (1-2 Person) Workforce Households				
Single-Family	45%	45%	55%	65%
Multi-Family	55%	55%	45%	35%
Subtotal	*100%*	*100%*	*100%*	*100%*
Larger (3+ Person) Workforce Households				
Single-Family	60%	75%	85%	95%
Multi-Family	40%	25%	15%	5%
Subtotal	*100%*	*100%*	*100%*	*100%*

Sources: U.S. Census Bureau, 2021 Public Use Microdata; Gruen Gruen + Associates.

Smaller workforce households with one or two persons occupy multi-family units at greater rates than larger sized households. About 55 percent of all lower income workforce households (earning less than 80 percent of AMI) with two or fewer household members occupy multi-family housing units. At the highest income bracket exceeding 120 percent of AMI, however, even small workforce households predominately occupy single-family housing. Most larger workforce households with three or more persons occupy single-family housing, irrespective of income level.

Future Growth in Brighton Workforce

A secondary forecast of regional employment growth over the next 10 years is drawn upon to make a projection of local workforce growth within Brighton. According to a long-term occupational employment forecast published by the Colorado Department of Labor and Employment, the Metro Denver employment base is forecast to grow by 1.4 percent annually over the 10-year period from 2022 through 2032. The five fastest growing occupations are forecast to be Computer, Engineering and Sciences (2.3% annual); Healthcare Support (2.0% annual); Healthcare Practitioners and Technical (1.8% annual); Education, Legal and Community Services (1.8% annual); and Transportation and Materials Moving (1.6% annual).

Historical growth and change in Brighton's resident labor force has been very similar to regional patterns. Table VIII-4 summarizes a 10-year projection of workforce growth in Brighton by occupational sector. Regional growth rates forecast by the Colorado Department of Labor and Employment have been adjusted slightly where historical patterns have differed.[12]

TABLE VIII-4: Projected 10-Year Growth in Brighton Workforce

	2022 Estimate # Workers	2032 Projection # Workers	10-Year Growth	
			# Workers	***AAGR[1]***
Management, Business, Science, and Arts Occupations	6,700	8,400	**1,700**	***2.3%***
Service Occupations	3,100	3,700	**600**	***1.8%***
Sales and Office Occupations	4,400	4,700	**300**	***0.7%***
Natural Resources, Construction, and Maintenance Occupations	2,500	2,900	**400**	***1.5%***
Production, Transportation, and Material Moving Occupations	3,400	4,100	**700**	***1.9%***
Brighton Total	20,100	23,800	**3,700**	***1.7%***

[1] Average annual growth rate.

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

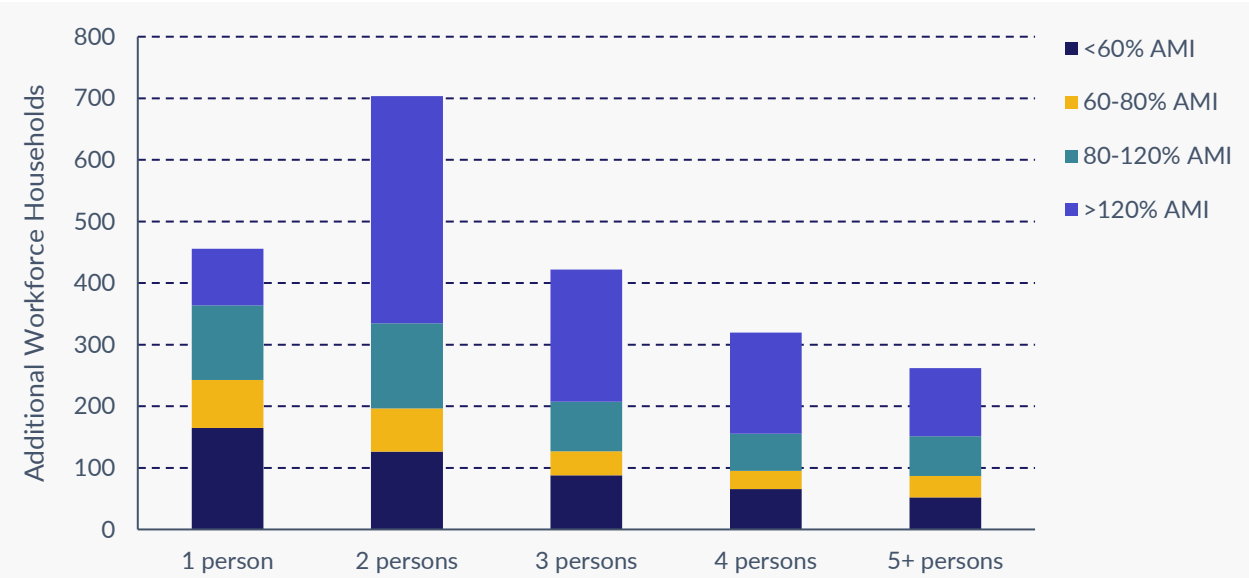
[12] For example: healthcare, education, and industrial-related occupations have grown more quickly in Brighton than throughout Metro Denver. The relative differences are assumed to continue over the 10-year projection period.

The occupation expected to account for most future growth is the Management, Business, Service, and Arts sector, with a projected growth of 1,700 workers to about 8,400 workers by 2032. This equates to an average annual growth rate of 2.3 percent. Production, Transportation, and Material Moving Occupations are forecast to grow by 1.9 percent annually or by 700 workers to 4,100 jobs in 2032. Service occupations are expected to grow at an average annual rate of 1.8 percent or 600 workers to 3,700 workers. Natural Resources, Construction, and Maintenance Occupations are expected to increase at an annual average growth rate of 1.5 percent or 400 workers to 2,900 workers in 2032. Sales and Office occupations are expected to grow at the slowest rate (0.7 percent annually) with projected growth of 300 workers over the next 10 years.

Projected 10-Year Workforce Housing Need in Brighton

Figure VIII-2 summarizes the projected growth in workforce households, by household size and household level, in Brighton over the next 10 years. To provide for adequate mobility in the local housing market, a five percent frictional vacancy factor is also applied to the forecast growth in workforce households (i.e., 100 units are needed for every 95 additional households).

FIGURE VIII-2: Projected Workforce Household Growth by Household Size and Income Level



Projected growth totals just under 2,200 workforce households. Single- and two-person households represent the majority of projected growth or approximately 1,160 households. Approximately 950 households, representing 44 percent of the total new workforce households over 10 years, are projected to have incomes above 120 percent AMI. An additional 470 households or about 22 percent of the expected household growth are projected to have incomes between 80 percent and 120 percent AMI. Approximately 35 percent of projected workforce household growth is associated with income levels below 80 percent AMI.

Table VIII-5 presents a projection of the workforce housing unit need by type of housing and income level over 10 years.

TABLE VIII-5: Projected 10-Year Workforce Housing Need by Type and Income Level

	By Household Income Level				Total
	<60% AMI	60-80% AMI	80-120% AMI	>120% AMI	
Single-Family Units	284	146	341	822	1,593
Multi-Family Units	239	119	149	178	684
TOTAL	**523**	**264**	**490**	**1,000**	**2,277**

Source: Gruen Gruen + Associates

A total of 2,277 housing units attributable to workforce growth are projected to be needed over 10 years. Of the total, 1,593 units or 70 percent of the need is projected to be for single-family units and 684 units or 30 percent of the total need is projected to be for multi-family units. Of the total, an estimated 1,000 units (822 single-family unit and 178 multi-family units) are projected to be needed by households with 120 percent of AMI. A total of 523 units (284 single-family units and 239 multi-family units) are projected to be needed by workforce households with incomes of less than 60 percent of AMI. A projected need of 490 housing units for workforce households with incomes of 80 to 120 percent of AMI and a projected need of 264 housing unit for workforce households with incomes of 60 to 80 percent of AMI account for the remainder of the total projected housing needs.

PROJECTION OF NON-WORKFORCE HOUSING NEED

"Non-workforce households" are those without any labor force participants. About 85 percent of non-workforce households in the regional market area contain at least one person aged 65 or over (i.e., most non-workforce households are retirees or otherwise not active in the workforce).

Table VIII-6 summarizes the projected growth in non-workforce households, by household size and household income level, in Brighton over the next 10 years. The projection is based on the current characteristics of non-workforce households in the regional market area and an estimate that total population in Brighton will grow at the rate of 1.5 percent annually over the next decade.[13]

TABLE VIII-6: Projected Non-Workforce Household Growth by Household Size and Income Level

	Household Income			
	<60% AMI [1]	60-80% AMI [2]	80-120% AMI	>120% AMI
1 person	342	40	40	45
2 persons	112	43	55	71
3+ persons	33	3	7	8
10-Year Total	**487**	**87**	**102**	**124**

[1] About 45 percent of older-adult, lower income households already own housing free and clear of debt. Lower incomes may not be an indication of affordable housing need.

Sources: U.S. Census Bureau, 2021 Public Use Microdata; Gruen Gruen + Associates.

An additional 800 senior and non-workforce households are projected to be added in Brighton over the 10-year period. An additional 487 non-workforce households (61 percent of total) are projected to have incomes below 60 percent of AMI. An additional 189 non-workforce households are projected to have incomes between 60 and 120 percent of AMI. About 16 percent or an additional 124 non-workforce households are projected to have to have incomes above 120 percent of AMI.

[13] Population projections from DOLA indicate that Adams County is forecast to grow at about 1.3 percent annually over the 2023-2033 period. Historically, Brighton has experienced a slightly higher rate of population growth than the county and this trend is assumed to continue.

Table VIII-7 presents the projection of non-workforce housing (predominately senior housing) need by type of housing unit and income bracket. Estimates again reflect a five percent frictional vacancy rate.

TABLE VIII-7: Projected 10-Year Non-Workforce Housing Need by Type and Income Level

	By Household Income Level				Total
	<60% AMI	60-80% AMI	80-120% AMI	>120% AMI	
Single-Family Units	268	66	85	113	532
Multi-Family Units	245	25	22	18	310
Total	**512**	**91**	**107**	**131**	**842**

Source: Gruen Gruen + Associates

Single-family housing, with a projected total need of 532 units over 10 years, constitutes about 60 percent of additional housing need for seniors and other households not active in the workforce. Multi-family units needed are projected at about 310 units over the 10-year period. Much of the future need will be associated with senior and non-workforce households that already own housing free and clear of any debt. Lower incomes may not be an indication of affordable (below-market) housing needs among this cohort.

ESTIMATE OF HOUSING REPLACEMENT NEED

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 combined, and existing structures may change from their initial use.

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. Overall, the "Components of Inventory Change: 2015-2017" study sponsored by HUD suggests that the annual nationwide housing loss rate is relatively low at 1.8 units per 1,000.

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 Brighton, summarized in Table VIII-8.

TABLE VIII-8: Estimated 10-Year Housing Replacement Need in Brighton

	Existing Stock[1] # Units	Housing Loss Rate[2] % Annual	10-Year Housing Replacement Need # Units
25 Years or Less	9,000	0.00%	0
26 to 35 Years	1,200	0.12%	14
36 to 45 Years	1,050	0.23%	24
46 to 55 Years	900	0.29%	26
56 to 65 Years	1,050	0.13%	14
66 to 75 Years	600	0.49%	29
75 Years or Older	1,200	0.49%	59
Total	**15,000**		**167**

[1] Existing housing stock estimate based on county assessor records.
[2] Derived from HUD "Components of Inventory Change" report, prepared 2020.

Source: Gruen Gruen + Associates

The size and age distribution of the existing housing stock suggests an estimated need to replace approximately 170 units over the next 10 years. More than one-half of the housing replacement need estimate is attributable to the replacement of units that are 65 years or older.

CHAPTER IX

Housing Development Economics (Introduction and Prototypical Housing Development Assumptions)

INTRODUCTION AND APPROACH

The real estate economic analysis presented in Chapters IX and X of this report reviews the financial feasibility of developing different types of housing in Brighton at market-rate and affordable price points. The purpose of the analysis is to:

- Illustrate order-of-magnitude costs to develop new housing units in Brighton and the prices needed to make the production of housing at those costs feasible;
- Identify housing production gaps[14] that may persist in the absence of local development incentives or other subsidies; and
- Quantify the amount/type of local development incentives that may motivate private developers to supply new affordable units priced "below market."

The economic analysis considers multiple scenarios to evaluate whether it is feasible for the private market to "set aside" units at affordable prices, and if not, to identify examples of local development incentives that could improve feasibility. The city of Brighton Municipal Code and Land Use and Development Code already provide opportunities for development incentives such as fee waivers and density bonuses if certain conservation or housing objectives are met, including the provision of affordable units in new market-rate developments, although the existing incentives are infrequently used. For purposes of the economic analysis, "affordable housing units" are defined consistently with Section 3-5-10 of the Brighton Municipal Code concerning development impact fees and fee waiver eligibility:

- **"Affordable owner housing** means a dwelling unit sold for occupancy by a homeowner whose income is eighty percent (80%) or less of the current median family income by family size for the Brighton-Adams County area, as set by the U.S. Department of Housing and Urban Development"; and

[14] Housing production gaps refer to housing price points (and income levels) that are infeasible for the private market to supply via new construction.

- **"Affordable rental housing** means a dwelling unit for occupancy by a tenant whose income is sixty percent (60%) or less of the current median income by family size for the Brighton-Adams County area, as set by the U.S. Department of Housing and Urban Development."

SUMMARY OF RESULTS (REVIEWED IN CHAPTER X)

- The attached Row Home prototype is best characterized as marginally feasible to develop at market-rate sales prices.

- An inclusionary housing scenario that includes 10 percent of Row Home units sold at prices affordable to households with 80 percent of Area Median Income is financially infeasible to develop.

- To bridge the feasibility gap of an inclusionary housing requirement for the Row Home prototype, an approximately 20 percent increase in housing density (achieved horizontally, not vertically) to reduce per-unit land and lot costs would be required, plus full waivers of (a) city plan review and permitting fees; (b) city construction use tax; and (c) all city development impact fees. The moderate density increase combined with a fee waiver of $26,425 per unit ($476,000 total for an 18-unit development) improves feasibility to a point that could encourage homebuilders to provide 10 percent of units priced below market.

- The construction of the prototypical Garden Apartment development alternative without an inclusionary housing requirement is again estimated to generate a marginally feasible return. Adding an inclusionary housing requirement (10% of units set aside at 60% AMI), holding all other variables the same, would cause most developments to become infeasible.

- Under a density increase from 25 to 30 units per acre, a reduction in parking requirements (to accommodate the increased density), and a waiver of city plan/permit fees, local construction use tax, and development impact fees (but not utility tax fees), the construction of the prototypical Garden Apartment development alternative would become feasible with the 10 percent affordable housing set aside. The modeled fee waiver is $23,237 per unit or approximately $697,000 in total for a 30-unit Garden Apartment development.

- The prototypical Large Apartment development alternative is not feasible with- or without-municipal fee waivers and increased density and is not feasible with all market-rate units.

HOUSING DEVELOPMENT PROTOTYPES

Three housing development prototypes are based on characteristics of recently built projects in Brighton and a review of existing zoning and design requirements. Table IX-1 summarizes the key physical assumptions for the three development prototypes. Prototypes are expressed per-acre of land and reflect residential building types identified in Article 5 ("Neighborhood Design Standards") of the current Land Use and Development Code.

TABLE IX-1: Summary of One-Acre Housing Development Prototypes

	Row Houses	Garden Apartments	Large Apartments
Building Type	Attached Single-Family	Multi-Family	Multi-Family
Building Height	2 story	3 story	5 story
Housing Density (Units/Acre)	15 du/ac	25 du/ac	50 du/ac
Minimum Lot Open Space	200 sf/unit	300 sf/unit	150 sf/unit
Floor-Area-Ratio	0.5	0.6	1.1
Residential Parking Ratio [1]	2.0/unit	2.4/unit	2.2/unit
Average Unit Size in Square Feet [2]	1,400 sf/unit	906 sf/unit	800 sf/unit

[1] Per current residential parking requirements in Section 7.03 of Land Use and Development Code.
[2] Amount of rentable or sellable space per unit. The multi-family apartment prototypes include other space (circulation, common areas, etc.) representing about 10 to 20 percent of total gross building area.

Sources: City of Brighton; Gruen Gruen + Associates.

The Row House prototype includes 15 attached housing units on one acre of land. The typical unit would be two stories and include an average of 1,400 square feet of living area. All units would contain an attached two-car garage accessible via a rear alley (i.e., alley-loaded row homes). The overall floor-area-ratio would be about 0.5.

The Garden Apartment prototype includes 25 rental units in a three-story building(s) on one acre of land. Units are assumed to be provided in "walk up" buildings, meaning the structures would not feature elevators and would have limited common building areas such as lobbies or hallways. Some units, for example, could have their own separate entryways on the ground floor. The average unit size is assumed to be about 900 square feet of rentable area. The parking ratio is about 2.4 stalls per unit provided in a surface lot. The overall floor-area-ratio would be about 0.6.

The Large Apartment prototype is representative of an infill apartment use that is typical for the Metro Denver area. Developments feature wood-frame residential structures built above a concrete podium. The Large Apartment prototype includes 50 rental units in a five-story building on one acre of land. The ground floor podium is assumed to include about 50 garage parking stalls and a small amount of residential common area (e.g., lobby, business center). The remainder of on-site parking would be surface stalls behind the building. The average unit size is assumed to be smaller at 800 square feet of rentable area and the overall floor-area-ratio would be higher at roughly 1.1.

Because affordable housing rents and sales prices are typically based on the number of bedrooms in each housing unit, each prototype is assigned a typical "unit mix." The unit mix assumptions are summarized in Table IX-2.

TABLE IX-2: Housing Unit Mix Assumptions

	Row Houses		Garden Apartments		Large Apartments	
	# Units	% Mix	# Units	% Mix	# Units	% Mix
1-Bedroom	---	---	10	40%	30	60%
2-Bedroom	5	33%	8	32%	20	40%
3-Bedroom	10	67%	7	28%	---	---
Total (Per Acre)	**15**	**100%**	**25**	**100%**	**50**	**100%**

Source: Gruen Gruen + Associates

The prototypical Row House development is assumed to have 33 percent of the units consisting of two bedrooms and 67 percent of the units consisting of three bedrooms. The Garden Apartment development is assumed to consist of 40 percent one-bedroom units, 32 percent two-bedroom units, and 28 percent three-bedroom units. The unit distribution for the Large Apartment development is assumed to be much smaller, consisting of 60 percent one-bedroom units and 40 percent two-bedroom units.

DEVELOPMENT COST ASSUMPTIONS

Land and Water Dedication Costs

Each housing prototype is assumed to be developed on one acre of land. An average land acquisition cost is included at $200,000 per acre of land (about $4.50 per square foot) for an unimproved site. This assumption is based on interviews with housing developers in Brighton and review of secondary land sales and assessment data. A water dedication cost of $12,765 per unit is included. This cost is based on the current fee in-lieu set by the city for water dedications; it may be optimistic (low) if housing developments are required to purchase water rights on the private market.

Hard and Soft Construction Costs

Hard and "soft" construction cost assumptions are based upon our interviews with local for-profit and non-profit housing developers in Brighton, review of secondary cost data[15], recent experience, and analysis of current fee schedules for the city. Cost assumptions, in addition to land acquisition and water dedication, include the categories and items described below.

Hard Construction Costs

- Site work and land improvements equal to $15 per square foot of land area.
- Parking costs equal to $5,000 per surface stall, $15,000 per attached (tuck-under) garage stall, and $45,000 per podium parking stall.
- Residential building construction costs equal to $130 per square foot for attached Row Homes, $200 per square foot for walk-up Garden Apartment units, and $220 per square foot for the Large Apartment infill prototype.

Utility and Municipal Fees

- Entitlement, plan review, and permit fees equal to 1.5 percent (1.5%) of hard construction cost.
- City construction use tax of 3.75 percent (3.75%) on building materials.
- Utility plant investment and meter fees (water and sewer) of approximately $13,000 to $15,000 per unit.
- Community impact fees[16] and open space dedication in-lieu fees of approximately $14,000 to $18,000 per unit.

Other Soft and Financing Costs

- Architectural and engineering design fees, other professional fees (e.g., legal), and general administrative costs equal to six percent (6%) of hard construction costs.
- Construction financing costs of approximately $18,000 to $21,000 per unit.[17]
- For Row Home units, additional selling and warranty expenses equal to five percent (5%) of sales prices (commissions, closing costs, marketing, warranty reserves, etc.).

Total Development Cost Estimates

Total order-of-magnitude development costs are estimated to range from approximately $330,000 to $380,000 per prototypical housing unit. Total costs per rentable or sellable square foot are estimated to range from approximately $270 up to $470 per square foot. Table IX-3 provides a detailed summary of the estimated total development costs for each housing prototype.

---

[15] Colorado Housing Finance Authority, Affordable Housing Development Cost Dashboard; National Association of Homebuilders, 2023 Cost Survey

[16] Community Park Impact Fee, Neighborhood Park Impact Fee, Crossing Fee, Traffic Impact Fee, Storm Drainage Fee.

[17] Roughly equates to 18-month construction loan with 50% loan-to-cost at an 8% annual interest rate.

TABLE IX-3: Development Cost Estimates by Prototype [1]

	Row Homes		Garden Apartments		Large Apartments	
	Per Unit	*% of TDC*	Per Unit	*% of TDC*	Per Unit	*% of TDC*
Land and Water Dedication	$26,100	*6.9*	$20,800	*6.3*	$16,800	*4.5*
Site and Building Construction	$255,600	*67.2*	$238,100	*72.6*	$284,100	*75.6*
Utility and Municipal Fees	$41,300	*10.9*	$36,200	*11.0*	$36,700	*9.8*
Other Soft and Financing	$57,300[2]	*15.1*	$32,900	*10.0*	$38,300	*10.2*
Total Development Cost (TDC)[3]	**$380,300**	***100.0***	**$328,000**	***100.0***	**$375,800**	***100.0***
Average Unit Size	1,400 sf		906 sf		800 sf	
TDC Per Square Foot	**$272**		**$362**		**$470**	

[1] Figures are rounded to nearest hundred dollars.
[2] Row Homes include expenses to market and sell the units (commissions, closings costs, warranty reserves, etc).
[3] Total development cost does not include any profit.

Source: GG+A Interviews and Review of Recent Cost Examples

MARKET-RATE AND AFFORDABLE HOUSING PRICE ESTIMATES

This section reviews market-rate and affordable housing price estimates for rental apartment units and for-sale Row Homes.

For-Sale Row Home Prices

Table IX-4 presents an estimate of currently obtainable market prices for attached Row Home units in Brighton.

TABLE IX-4: Market-Rate Row Home Sales Price Estimates

	Two-Bedroom Unit	Three-Bedroom Unit	**Average Market-Rate Unit**
Unit Mix	33%	67%	
Average Unit Size in Square Feet	1,200 sf	1,500 sf	**1,400 sf**
Estimated Average Sales Price	$400,000	$450,000	**$433,333**
Market Price Per Square Foot	$333	$300	**$310**

Source: Gruen Gruen + Associates

Estimates are based on our interviews with builders and recent sales data for attached housing units in Brighton (see Chapter III). The average market sales price is estimated at $433,333 per unit or $310 per square foot. Larger three-bedroom units are assumed to sell for a market price of $450,000 or $300 per square foot. Smaller two-bedroom units are estimated to sell for an average price of $400,000 or $333 per square foot.

Table IX-5 summarizes estimates of affordable purchase prices for the attached Row Home units at 80 percent of Area Median Income, based on current 2023 income limits for Adams County and assuming 1.5 persons per bedroom.

TABLE IX-5: Affordable Purchase Prices at 80 Percent of AMI

	Two-Bedroom Units	Three-Bedroom Units	**Average Affordable Unit**
Household Size (# Persons)	3.0	4.5	
Annual Income Limit @ 80% AMI	$89,360	$97,520	**$94,800**
Affordable Monthly Cost (30%)	$2,234	$2,438	**$2,370**
Affordable Purchase Price[1]	$242,600	$290,100	**$274,300**
Price Per Square Foot	$202	$193	**$196**

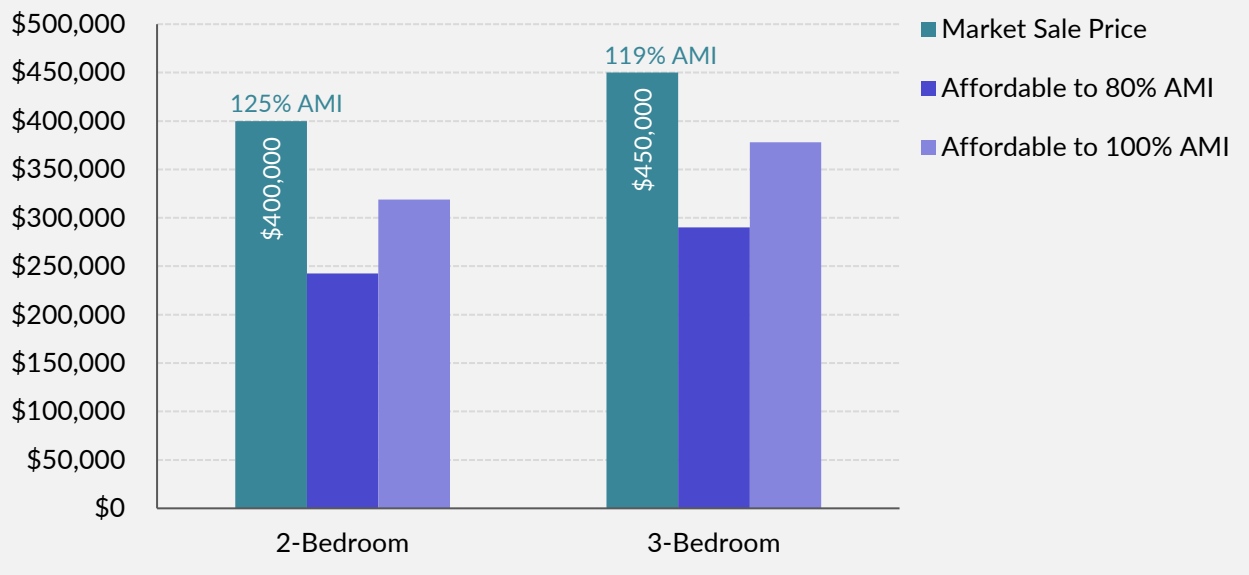
[1] See Chapter IV for affordable purchase price assumptions.

Source: CHFA, 2023 Income and Rent Limits; Gruen Gruen + Associates

For the two-bedroom units, the affordable purchase price at 80 percent of Area Median Income is estimated at $242,600 per unit or 61 percent of the estimated market price. For the three-bedroom units, the affordable sales price at 80 percent of Area Median Income is estimated at $290,100 or 64 percent of the estimated market price. In other words, for-sale Row Home units restricted to 80 percent of Area Median Income would need to be priced approximately 36 to 39 percent "below market."

Figure IX-1 puts the affordable purchase assumptions further into context with the estimated market-rate sales prices.

FIGURE IX-1: Affordable Purchase Prices Relative to Market



The estimated market sales prices for attached Row Home units ($400,000-$450,000) represent prices that are affordable to households at approximately 119 percent to 125 percent of Area Median Income. The differential between market price and an affordable purchase at 80 percent of Area Median Income is estimated to be about $160,000 per unit.

Monthly Apartment Rents

Table IX-6 presents an estimate of currently obtainable market rents for the two apartment prototypes.

TABLE IX-6: Market-Rate Apartment Rent Estimates

	One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units	**Average Market-Rate Unit**
Garden Apartments				
Unit Mix	40%	32%	28%	
Average Unit Size in Square Feet	700 sf	950 sf	1,150 sf	**906 sf**
Average Monthly Rent	$1,925	$2,375	$2,700	**$2,286**
Monthly Per Square Foot	$2.75	$2.50	$2.35	**$2.52**
Large Apartments				
Unit Mix	60%	40%	NA	
Average Unit Size in Square Feet	700 sf	950 sf	---	**800 sf**
Estimated Average Monthly Rent	$1,925	$2,375	---	**$2,105**
Monthly Per Square Foot	$2.75	$2.50	---	**$2.63**

Sources: Apartment Association of Metro Denver; CoStar/Apartments.com; Gruen Gruen + Associates

Monthly market rents are estimated to range from $1,925 for one-bedroom units up to $2,700 for larger three-bedroom units. Average monthly rents for the Garden Apartment development prototype are estimated at approximately $2,300 per unit in today's dollars. Average monthly rents for the Large Apartment development prototype are estimated at about $2,100 per unit (reflecting a smaller size unit mix).

Table IX-7 summarizes estimates of monthly affordable rents at 60 percent of Area Median Income, again based on current 2023 income limits for Adams County and assuming 1.5 persons per bedroom.

TABLE IX-7: Affordable Monthly Rents at 60 Percent of AMI

	One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units
Household Size (# Persons)	1.5	3.0	4.5
Annual Income Limit @ 60% AMI	$55,860	$67,020	$77,460
Affordable Monthly Gross Rent [1]	$1,396	$1,675	$1,936
Less: Monthly Utility Allowance [2]	($161)	($178)	($235)
Affordable Monthly Rent @ 60% AMI	**$1,235**	**$1,497**	**$1,701**
Monthly Per Square Foot	$1.76	$1.58	$1.48

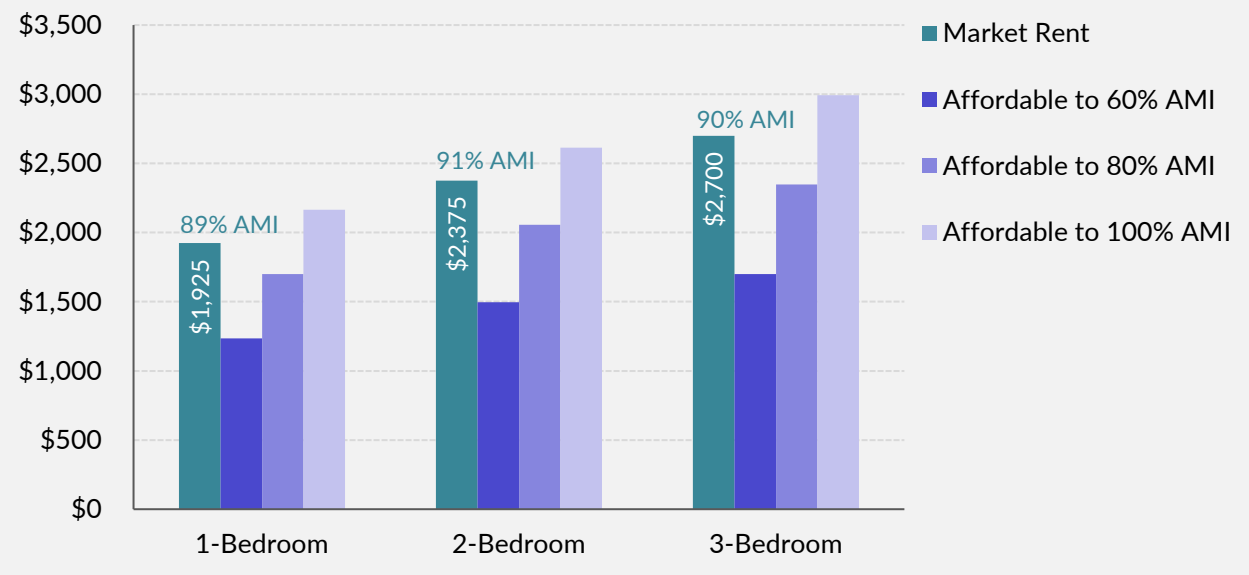
[1] *Maximum monthly gross rent equals 30% of income limit.*
[2] *Based on current 2023 utility allowance schedules for multi-family apartments in Metro Denver.*

Sources: CHFA, 2023 Income and Rent Limits; Colorado Division of Housing, 2023 Utility Allowance Schedules; Gruen Gruen + Associates

Utility allowance assumptions are drawn from current Colorado Division of Housing allowance schedules. Monthly affordable rents at 60 percent of Area Median Income range from $1,235 for one-bedroom units up to $1,701 for three-bedroom units. This equates to monthly affordable rents of about $1.50 to $1.75 per square foot.

Figure IX-2 puts the affordable monthly rent assumptions further into context with the estimated market rents.

FIGURE IX-2: Affordable Monthly Rents Relative to Market



The estimated market rents for the prototypical apartment units ($1,925 to $2,700 monthly) represent rents that are affordable to households at approximately 90 percent of Area Median Income. The monthly differential between estimated market and affordable rents at 60 percent of Area Median Income is estimated to be about $700 to $1,000 per unit.

APARTMENT VALUATION AND OPERATING ASSUMPTIONS

Operating Expenses

The following annual operating expense estimates are applied to the analysis of rental apartment housing prototypes:

- Property taxes equal to one-half of one percent (0.5%) of total development costs;[18]
- Insurance costs equal to one-quarter percent (0.25%) of replacement costs;
- Management fee, administration, and payroll costs equal to 10 percent (10%) of gross revenues; and
- Maintenance/repair and common area utility costs equal to $2.50 per gross square foot.[19]

These expense estimates represent approximately $7,500 per unit in today's dollars, or about 25 to 30 percent of potential gross rents.

Apartment Occupancy

The existing multi-family rental inventory is well occupied with vacancy rates below eight percent. For the purposes of the economic analysis, we assume that each apartment prototype is fully leased in its second year following construction. Upon stabilized occupancy, a five percent vacancy and credit loss factor is applied thereafter (this is typical for mortgage underwriting of multi-family apartments in Metro Denver).

Rent and Expense Escalation

The analysis assumes apartment rent and operating expense growth of three percent (3%) annually. Miscellaneous revenues associated with application fees, pet fees, and so forth, are included at $75 per unit monthly. Affordable set-aside units are assumed to incur no extra "ancillary" charges.

---

[18] Equates to annual property taxes of approximately $1,600 to $1,800 per prototypical apartment unit. Assessor records indicate that current taxes for newer apartment properties in Brighton typically range from about $1,500 up to $2,000 per unit.

[19] CoStar, 2023, Denver Multifamily Market Report.

Other Apartment Financing and Valuation Assumptions

Table IX-8 summarizes the other primary assumptions related to the permanent financing of the prototypical apartment developments, assumed a five- year holding period for the investments or sale of the properties after five years of operations.

TABLE IX-8: Apartment Financing Assumptions

	Garden Apartments & Large Apartments
Permanent Mortgage Funding	
Loan-to-Value	65% max (or 1.20x debt coverage)
Annual Interest Rate	7.0%
Amortization (Years)	25 years
Property Sale / Investment Exit	
Holding Period	5 years
Capitalization Rate	5.25%
Cost of Sale	3.0%
Sources: CBRE; CoStar; Essex Financial Group; Gruen Gruen + Associates.	

The sources of permanent funding or "capital stack" for the prototypical apartment units are sized upon the lesser of two factors: (1) a loan-to-value at 65 percent; or (2) the loan-to-value ratio supported at a 1.20 debt service coverage ratio (e.g., $120 of net income for every $100 of debt service payment). A permanent mortgage at an annual interest rate of 7.0 percent[20] and amortized over 25 years is assumed for each apartment prototype.

The exit capitalization rate, or a buyer's required yield on the income from an apartment property at the time of sale, is estimated at 5.25 percent.[21] In recent years during the all-time low interest rate environment, new apartment developments in Metro Denver were frequently traded at lower capitalization rates – however, capitalization rates generally increase with interest rates. To the extent capitalization rates increase and therefore property values decline, the investment returns will be lower than presented in the real estate economic analysis.

---

[20] Commercial mortgages for multi-family apartment units are typically quoted at "150 to 250 basis points" over U.S. treasuries with similar terms (in other words, about 1.5 to 2.5 percentage points higher than U.S. Treasury yields). As of September 2023, the average five-year U.S. Treasury yield was about 4.6 percent.

For examples of current apartment mortgage rates, see: https://www.commercialloandirect.com/apartment-interest-rates.php

[21] In 2022, CoStar reported an average apartment sale price of about $320,000 per unit and a 4.8% capitalization rate for properties in Metro Denver. For the housing prototypes modeled in this analysis, the 5.25% cap rate assumption indicates an initial stabilized value of about $310,000 to $370,000 per apartment unit.

CHAPTER X

Housing Development Economics (Feasibility Results and Sensitivity Analysis)

ROW HOME DEVELOPMENT FINANCIAL FEASIBILITY

Table X-1 summarizes the results of the economic analysis for the attached Row Home prototype.

TABLE X-1: Row Home Development Feasibility Results

	Market-Rate Scenario		10% Affordable Scenario[1]	
	Per Unit	Per Acre[2]	Per Unit	Per Acre[2]
Residential Sales Revenues	$433,333	$6,499,995	$417,426	$6,261,396
Total Development Cost including Selling Expenses	($380,283)	($5,704,241)	($380,283)	($5,704,241)
Homebuilder Net Profit	$53,050	$795,754	$37,144	$557,154
Homebuilder Net Profit Margin	**12.2%**	**12.2%**	**8.9%**	**8.9%**

[1] Assumes ten percent (10%) of units are sold at prices affordable to 80% AMI.
[2] Base housing density of 15 attached Row Homes per acre of land.

Source: Gruen Gruen + Associates

At market-rate sales prices, the simulation proforma for the attached Row Home prototype indicates that estimated sales prices would be sufficient to cover the total development cost plus a builder net profit margin equal to 12.2 percent of sales revenues. This profit margin is lower than margins or "returns" typically sought by large production homebuilders, many of whom are actively building in Brighton, but above the national 2022 single-family builder average margin (according to the National Association of Home Builder's 2022 cost survey, the average single-family builder achieved a net profit of about $65,000 per unit equating to a 10.1 percent net profit margin). In other words, even at the estimated market-rate sales price averaging $433,000 per unit, the modeled Row Home prototype is best characterized as marginally feasible.

The modeled inclusionary housing scenario that includes 10 percent of Row Home units sold at prices affordable to households with 80 percent of Area Median Income reduces the average sales revenue to about $417,000 per unit or $6,261,000 per acre of development. The total sales revenues would not be sufficient to cover the estimated development cost and a reasonable builder profit margin, indicating the affordable set-aside scenario is infeasible.

Row Home Sensitivity to Housing Density and Municipal Fees

Financial and non-financial development incentives will be required to encourage for-sale builders to provide affordable units priced below market. And to be effective (i.e., encourage participation), the development incentives will need to exceed the revenue loss from the provision of on-site affordable units.

Table X-2 summarizes an example incentive scenario that would significantly improve the feasibility of providing affordable units in a for-sale Row Home development. It assumes a 20 percent increase in housing density (achieved horizontally, not vertically) to reduce per-unit land and lot costs, plus a full waiver of (a) city plan review and permitting fees, (b) city construction use tax, and (c) all city development impact fees. The total amount of fee waiver assumed is $26,425 per unit or approximately $476,000 in total for an 18-unit Row Home development.

TABLE X-2: Row Home Density Bonus and Fee Waiver Scenario Results

	10% Affordable Scenario with Density Bonus and Fee Waiver[1]	
	Per Unit	Per Acre[2]
Residential Sales Revenues	$417,426	$7,513,675
Total Development Cost including Selling Expenses	($338,148)	($6,086,666)
Homebuilder Net Profit	$79,278	$1,427,009
Homebuilder Net Profit Margin	**19.0%**	**19.0%**

[1] Assumes ten percent (10%) of units are sold at prices affordable to households with 80% AMI. Density is increased by 20% and a Fee Waiver is assumed to include city plan review/permit fees, local construction use tax, and development impact fees (utility tap fees not waived).
[2] Increased housing density of 18 attached Row Homes per acre of land.

Source: Gruen Gruen + Associates

By increasing the revenue potential from additional row house units by approximately, $1,252,000 and reducing development costs by $42,125 per unit, the home builder net profit per unit increases by $26,228 per unit or nearly $870,000 for an increase of the net profit margin from under nine percent for the inclusionary zoning scenario (and 12.2 percent for the market rate scenario) to a feasible 19 percent.

GARDEN APARTMENT DEVELOPMENT FINANCIAL FEASIBILITY

Table X-3 summarizes the results of the economic analysis for the Garden Apartment prototype.

TABLE X-3: Garden Apartment Development Feasibility Results

	Market-Rate Scenario		10% Affordable Scenario[1]	
	Per Unit	Per Acre[2]	Per Unit	Per Acre[2]
Annual Income				
Gross Rents	$28,255	$706,374	$27,220	$680,511
Ancillary Revenue	$927	$23,175	$834	$20,858
Less: Vacancy and Credit Loss (5%)	($1,459)	($36,477)	($1,403)	($35,068)
Effective Gross Income	$27,723	$693,072	$26,652	$666,300
Less: Operating Expenses	($7,650)	($191,241)	($7,543)	($188,564)
Net Operating Income	**$20,073**	**$501,830**	**$19,109**	**$477,736**
Feasibility Metrics				
Total Development Cost	$328,000	$8,199,800	$328,000	$8,199,800
Annual Yield on Cost[3]	**6.1%**		**5.8%**	
Equity Investment	$141,000	$3,525,900	$147,600	$3,689,900
Annual Internal Rate of Return [4]	**13.5%**		**10.9%**	

[1] Assumes ten percent (10%) of units are income-restricted to 60% AMI.
[2] Base housing density of 25 walk-up units per acre of land.
[3] Net operating income divided by development cost = yield on cost.
[4] Annualized return on equity investment. Assumes fully leased apartment property sold after five operating years at capitalization rate of 5.25%.

Source: Gruen Gruen + Associates

The construction of the prototypical Garden Apartment development alternative without an affordable housing requirement is estimated to generate a marginally feasible rate of return (13.5 percent IRR), though the yield on cost at 6.1 percent would be below financing costs and therefore it would be difficult for a developer to obtain financing for the project.

The modeled inclusionary housing scenario that includes 10 percent of units leased at prices affordable to households with 60 percent of Area Median Income reduces the yield on cost to 5.8 percent and the annual equity return to a 10.9 percent IRR. Both measures of return are below what for-profit apartment developers will typically require, indicating the inclusionary requirement (10% of units set aside at 60% AMI) would cause most Garden Apartment developments to become infeasible.

Garden Apartment Sensitivity to Housing Density, Parking, and Municipal Fees

Table X-4 shows a sensitivity analysis under which assumptions of a small density bonus, parking reduction, and waiver of some municipal fees would result in much more favorable financial results.

TABLE X-4: Garden Apartment Density Bonus and Fee Waiver Scenario Results

	10% Affordable Scenario with Density Bonus and Fee Waiver[1]	
	Per Unit	Per Acre[2]
Annual Income		
Gross Rents	$27,220	$816,613
Ancillary Revenue	$834	$25,029
Less: Vacancy and Credit Loss (5%)	($1,403)	($42,082)
Effective Gross Income	$26,652	$799,560
Less: Operating Expenses	($7,543)	($226,277)
Net Operating Income	**$19,109**	**$477,736**
Feasibility Metrics		
Total Development Cost	$293,700	$8,810,500
Annual Yield on Cost[3]	**6.5%**	
Equity Investment	$135,700	$3,392,000
Annual Internal Rate of Return [4]	**17.2%**	

[1] Assumes ten percent (10%) of units are income-restricted to 60% AMI. Density is increased and parking reduced to 1.5 stalls per one-bedroom unit and 2.0 stalls per two- or three-bedroom unit. Fee Waiver assumed to include city plan review/permit fees, local construction use tax, and development impact fees (utility tap fees not waived).
[2] Increased housing density of 30 walk-up units per acre of land.
[3] Annual net operating income divided by development cost = yield on cost.
[4] Annualized return on equity investment. Assumes fully leased apartment property sold after five operating years at capitalization rate of 5.25%.

Source: Gruen Gruen + Associates

The above results again assume a 20 percent increase in housing density from 25 units per acre to 30 units per acre; a reduction in off-street parking (from 2.4 stalls/unit to 1.8 stalls/unit); plus a full waiver of (a) city plan review and permitting fees, (b) city construction use tax, and (c) all city development impact fees. The total amount of fee waiver assumed is $23,237 per unit or approximately $697,000 in total for a 30-unit development.

The construction of the prototypical Garden Apartment development, including the 10 percent affordable unit set-aside, would become financially feasible with these incentives. The yield on cost would improve to 6.5 percent and the IRR to 17.2 percent.

LARGE APARTMENT DEVELOPMENT FINANCIAL FEASIBILITY

Table X-5 summarizes the results of the economic analysis for the Large Apartment prototype.

TABLE X-5: Large Apartment Development Feasibility Results

	Market-Rate Scenario		10% Affordable Scenario[1]	
	Per Unit	Per Acre[2]	Per Unit	Per Acre[2]
Annual Income				
Gross Rents	$26,018	$1,300,890	$25,072	$1,253,613
Ancillary Revenue	$927	$46,350	$834	$41,715
Less: Vacancy and Credit Loss (5%)	($1,347)	($67,362)	($1,295)	($64,766)
Effective Gross Income	$25,598	$1,279,878	$24,611	$1,230,562
Less: Operating Expenses	($7,802)	($390,090)	($7,703)	($385,158)
Net Operating Income	**$17,796**	**$889,788**	**$16,908**	**$845,403**
Feasibility Metrics				
Total Development Cost	$375,800	$18,791,800	$375,800	$18,791,800
Annual Yield on Cost[3]	**4.7%**		**4.5%**	
Equity Investment	$206,700	$10,335,500	$218,000	$10,899,300
Annual Internal Rate of Return [4]	**1.7%**		**(0.1%)**	

[1] Assumes ten percent (10%) of units are income-restricted to 60% AMI.
[2] Base housing density of 50 units per acre of land.
[3] Annual net operating income divided by development cost = yield on cost.
[4] Annualized return on equity investment. Assumes fully leased apartment property sold after five operating years at capitalization rate of 5.25%.

Source: Gruen Gruen + Associates

Neither the market-rate scenario nor the scenario including a 10 percent inclusionary housing requirement would be remotely feasible under current value and cost conditions. The 100 percent market-rate alternative would have a yield on cost well below the cost of debt and the annual return (1.7 percent IRR) would not be able to attract debt or equity financing. The annual IRR for the Large Apartment development including 10 percent of the units set aside as affordable apartments would become negative (i.e., an investor would not fully recoup its investment in the development).

Large Apartment Sensitivity to Housing Density, Parking, and Municipal Fees

Table X-6 summarizes the results of the same density bonus, parking reduction, and fee waiver modeled for the smaller Garden Apartment alternative.

TABLE X-6: Large Apartment Density Bonus and Fee Waiver Scenario Results

	10% Affordable Scenario with Density Bonus and Fee Waiver[1]	
	Per Unit	Per Acre[2]
Annual Income		
Gross Rents	$25,072	$1,504,336
Ancillary Revenue	$834	$50,058
Less: Vacancy and Credit Loss (5%)	($1,295)	($77,720)
Effective Gross Income	$24,611	$1,476,674
Less: Operating Expenses	($7,703)	($462,190)
Net Operating Income	**$16,908**	**$1,014,484**
Feasibility Metrics		
Total Development Cost	$331,800	$19,877,000
Annual Yield on Cost[3]	**5.1%**	
Equity Investment	$172,300	$10,336,000
Annual Internal Rate of Return [4]	**4.8%**	

[1] Assumes ten percent (10%) of units are income-restricted to 60% AMI. Density is increased and parking reduced to 1.5 stalls per one-bedroom unit and 2.0 stalls per two-bedroom unit. Fee Waiver assumed to include city plan review/permit fees, local construction use tax, and development impact fees (utility tap fees not waived).
[2] Increased housing density of 60 units per acre of land.
[3] Annual net operating income divided by development cost = yield on cost.
[4] Annualized return on equity investment. Assumes fully leased apartment property sold after five operating years at capitalization rate of 5.25%.

Source: Gruen Gruen + Associates

Even with an increase in density, reduction of parking requirements, and waiver of municipal fees, the current real estate economics of the development of the prototypical Large Apartment concept would not be feasible. The IRR would be less than five percent and would not support attracting either debt or equity financing.