

# PAYCHECK TO PAYCHECK



## Affordability Challenges in Colorado

by Brian Stromberg

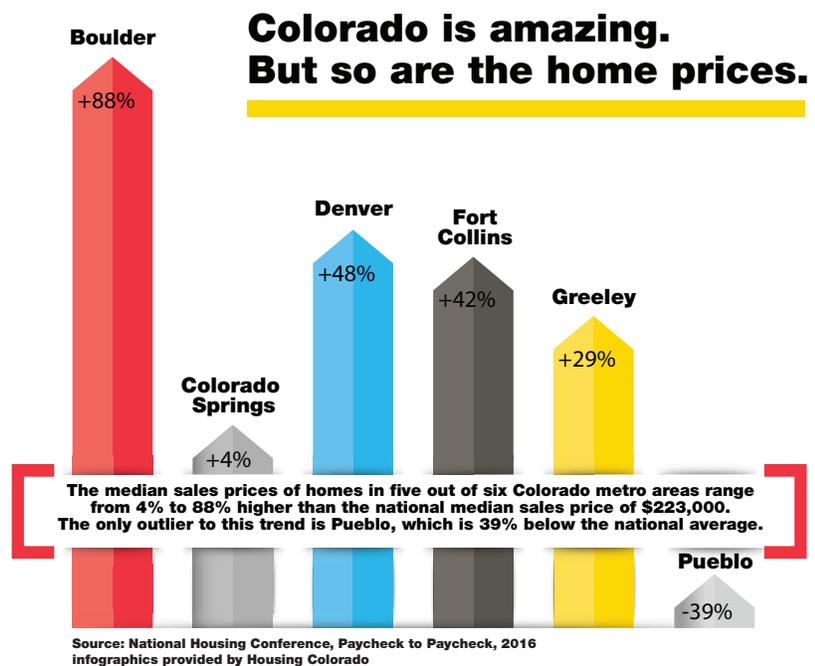
RESEARCH NOTE September 2016

The annual *Paycheck to Paycheck* report from the National Housing Conference looks at the ability of workers in a diverse range of occupations to afford housing in metro areas across the United States. Along with our partners Housing Colorado, NHC has prepared a brief that focuses on the particular housing affordability challenges in the state of Colorado. It compares median housing costs and median income data from six metro areas around the state — Denver, Boulder, Greeley, Fort Collins, Pueblo, and Colorado Springs — to assess the ability of workers in five key community occupations — retail sales associate, early-career elementary school teacher, patrol police officer, janitor, and licensed nurse — to afford renting or owning a typical home.

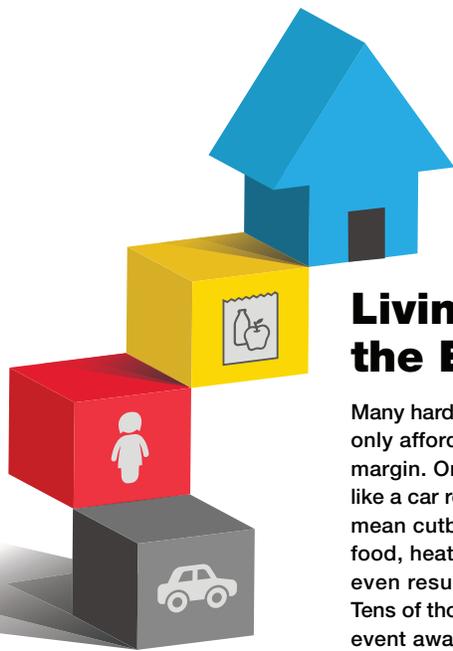
### The relative cost of homeownership in Boulder and Denver makes them particularly difficult markets for most of these workers,

although even the metro areas with lower housing costs also present affordability challenges. The median sales price of homes in each of the Colorado metro areas (excluding Pueblo) are higher than the national median sales price of \$223,000. Home prices in Boulder and Denver in particular are significantly more expensive than the national median—88 percent higher in Boulder and 48 percent higher in Denver. For the occupations that earn wages on the lower end of the scale, homeownership is still difficult to achieve in the lower-cost metros; the costs of homeownership in both Greeley and Pueblo are well above the salaries of janitors or full-time retail associates.

In terms of rents, only Boulder and Denver surpass the national median rent of \$1,056. However, only elementary school teachers could afford to typical rents in all six Colorado metro areas, while janitors and full-time retail associates could not afford the rent in any of the metros. In the Greeley metro area, the typical rent for a 2-bedroom home would consume almost 40 percent of a full-time retail associate's earnings.



**Housing affordability** may not appear to be at a crisis point in Colorado as it is in notoriously high-cost places such as California or New York. However, the cost of housing in metro areas around the state remain at the edge of affordability for essential service workers like janitors, nurses, and police officers, while the high-cost markets of Boulder and Denver are challenging for workers across the earnings spectrum.



## Living on the Edge.

Many hardworking Coloradans can only afford a home by a very slim margin. One unexpected expense like a car repair or a medical bill can mean cutbacks on essentials like food, heat, and child care. Or can even result in losing their home. Tens of thousands of people are one event away from a housing crisis.

Source: National Housing Conference, Paycheck to Paycheck, 2016 infographics provided by Housing Colorado

A lack of affordable housing has impacts that reverberate throughout a community, as workers are forced to relocate to more affordable areas, spend more time on longer commutes, or spend less on essential household costs like healthcare and food. This can make qualified workers difficult to come by, impacting the ability of local businesses to survive and presenting longer term economic development consequences when industries feel they are priced out of the Colorado market.

## Rent or buy? Both are tough for essential workers.

Can the people who are working to make our communities safe, vital, and healthy afford to live in Colorado? Many of our essential workers don't earn enough to pay market rental rates, let alone own a home.

### Essential Workers

**Y** Yes **N** No



School Teacher



Patrol Officer



Janitor



Licensed Nurse



Full-time Retail Associate

		School Teacher	Patrol Officer	Janitor	Licensed Nurse	Full-time Retail Associate
<b>Boulder</b>	Rent	Y	N	N	N	N
	Own	N	N	N	N	N
<b>CO Springs</b>	Rent	Y	Y	N	Y	N
	Own	N	N	N	N	N
<b>Denver</b>	Rent	Y	Y	N	N	N
	Own	N	N	N	N	N
<b>Fort Collins</b>	Rent	Y	Y	N	Y	N
	Own	N	N	N	N	N
<b>Greeley</b>	Rent	Y	Y	N	Y	N
	Own	N	N	N	N	N
<b>Pueblo</b>	Rent	Y	Y	N	Y	N
	Own	Y	Y	N	Y	N

Source: National Housing Conference, Paycheck to Paycheck, 2016 infographics provided by Housing Colorado