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Colorado's Housing Affordability Report

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About the Authors



Steven Byers, Ph.D.

Steven Byers, Ph.D. is the Senior Economist with Common Sense Institute. Steven's experience as an economist spans twenty-three years, including work at federal regulatory agencies (SEC, CFTC, PCAOB) and quantitative economic analysis supporting international trade litigation cases brought before the U.S. International Trade Commission.



Peter LiFari

Peter LiFari is the 2024 CSI Housing Fellow. He is the Chief Executive Officer of [Maiker Housing Partners](#), a socially conscious public housing authority, owner, operator, and developer of multifamily affordable housing based in Adams County, Colorado. In his role as CEO, LiFari leads a passionate team committed to ending the cycle of generational poverty by providing individuals and families with access to affordable housing and support programs and by engaging in community development. LiFari is a compassionate visionary whose leadership style is grounded in treating individuals with empathy, warmth, and grace.

Beyond his work with Maiker Housing Partners, LiFari is currently using his expertise to provide strategic guidance to Rocky Mountain Partnership, a collective impact model, as Co-Chair of their Steering Committee. Additionally, he was appointed by the Governor of Colorado to serve on the inaugural Colorado Statewide Middle Income Housing Authority Board and was recently appointed Vice Chair. LiFari is the recipient of the 2023 NAHRO Outstanding Professional of The Year Award, and past Chair of the National NAHRO Community Revitalization and Development Committee. LiFari is the current 2023 Housing Fellow and past Terry J. Stevenson Fellow at the Common Sense Institute and is frequently invited to showcase his expertise in affordable housing through local and national speaking engagements including panel discussions and podcasts.

LiFari is a graduate of the Maryland Institute College of Art. He earned his MFA from Queens College and his MBA from the Florida Institute of Technology.

About the CSI Housing Fellowship

Colorado ranks in the top 10 most expensive places to live and while many factors contribute to the rank, housing is one of the most significant. If people can't afford to live here, economic development will suffer, jobs will suffer, families will suffer, and our economy will stagnate.

The focus of the fellowship is an issue that impacts every single Coloradan – housing affordability. The fellow will continue to develop original research and analysis to fulfill CSI's mission of delivering facts and data to the policy challenges facing our state. The Fellowship is a yearlong commitment and focuses on a number of research topics impacting housing.

About Common Sense Institute

Common Sense Institute (CSI) is a non-partisan research organization dedicated to the protection and promotion of our economy. As a leading voice for free enterprise, CSI's mission is to examine the fiscal impacts of policies and laws and educate voters on issues that impact their lives.

CSI's founders were a concerned group of business and community leaders who observed that divisive partisanship was overwhelming policy-making and believed that sound economic analysis could help people make fact-based and common sense decisions.

CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Colorado economy and individual opportunity.

Teams & Fellows Statement

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. CSI's work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit of academic freedom. The CSI team's work is informed by data-driven research and evidence.

The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

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Denver Metro Area Housing Affordability Report

January 2024

Regrettably, the Common Sense Institute (CSI) Homebuyers Misery Index, which measures effective homebuying costs, has worsened across many parts of the Denver metro since the last CSI quarterly housing affordability report.ⁱ According to [CSI's Free Enterprise Competitiveness Housing Index](#),ⁱⁱ Colorado currently ranks 51st (last) in competitiveness relative to 49 states and the District of Columbia, highlighting the urgent need for continued strategic interventions. Despite a glimmer of hope facilitated by declining mortgage rates in the fourth quarter of 2023, available inventory remained restrained as homeowners clung to their homes financed with sub-3% mortgage rates, keeping the cost of housing stubbornly high. New housing permits also remain suppressed in the fourth quarter, with all Denver metro area counties forecasted to end the year in a housing supply deficit status.

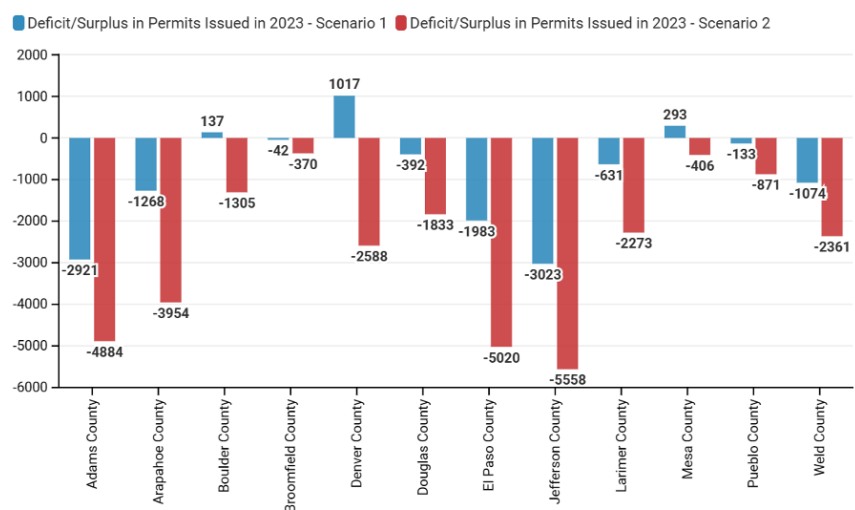
This report analyzes trends in housing affordability and estimates whether there is a deficit or surplus in housing units in seven counties in the Denver metro area and five other large counties. This study encompasses the period 2000 to 2023. Data sources used and most recent availability include the American Community Survey (2022), the National Association of Homebuilders (2020), the U.S. Department of Housing and Urban Development (January 2023), Zillow (November 2023), the Wall Street Journal/Realtor.com Emerging Housing Markets Index, and the Colorado State Demography Office (2022). The housing deficit/surplus in 2023 is estimated using forecasts of population and average household sizes. It is important to note that the housing unit deficit/surplus estimates may change with each new U.S. Census data release.

Key Findings

- Escalating Home Prices and Mortgage Rates:** The Homebuyer's Misery Index increased in all counties in the latter half of 2023 as mortgage rates increased and housing prices remained out of reach for most Coloradans. Unaffordability increased the most in Mesa County from January 2023 to October 2024 at 7%, when compared to counties along the Front Range. While Boulder grew at just 3%, Denver, Larimer, Pueblo and Weld grew at 4%, and Broomfield, Adams, Arapahoe, El Paso, and Jefferson Counties grew at 5%. (Figure 5)
- Impact on Homeowners:** Declining affordability increased the number of hours the average homeowner in Colorado's major cities had to work from 2013 to 2023 to cover monthly mortgage payments. The Denver metro area faced a 172% increase in required hours of work at the average hourly wage to cover mortgage payments for a newly purchased average-priced home, from 42 hours to 114. (Figure 10)
- Housing Unit Deficit and Future Housing Demand:** The estimated housing unit deficit in the Denver metro area for 2023 ranged between 45,025 and 115,012 housing units. To meet new population-driven housing demand and close the existing supply gap by 2028, an additional 26,971 to 40,968 housing units per year are required. (Figure 14)
- New Home Permits in 2023:** Despite a strong start in 2023, new housing permits in the Denver metro area dropped significantly after May. Based on the number of housing permits issued in the Denver metro through October, the 2023 projected number of permits (20,477) is 17% lower than 2022 levels (24,872). Therefore, the projected number of housing permits across the eight-county Denver metro is below the range of permits needed to close the existing supply gap and meet projected housing demand by 2028. Under the lower estimate of housing demand, scenario 1, three counties including Boulder, Denver, and Mesa issued enough permits in 2023 to close the housing deficit and meet new demand by 2028. Under the scenario with a larger housing deficit, scenario 2, no county issued enough permits in 2023 to close the housing shortage and meet new demand by 2028. (Figure 1 and 14)

Figure 1

Shortage/Surplus of Annual Permits Required to Close the Housing Shortage and Meet New Housing Demand



Source: U.S. Census and H.U.D.

- **Permit Distribution:** In 2023, the distribution of permits in the Denver metro area revealed 43.2% for single-family and 56.8% for multi-family units. Jefferson County issued the highest share of single-family unit permits at 94.7%, while Broomfield had the lowest share at 2.7%. (Figure 16)
- **Challenges Ahead for Colorado's Housing Market:** The Denver metro area housing market faces persistent challenges in 2024, characterized by enduring housing shortages compounded by a reduction in new building permits. Absent falling interest rates, this scenario is likely to curtail new home availability, hindering homeownership affordability.
- **Divided Approach in Addressing Housing Unit Deficit:** A stark divide persists between Colorado cities and the state government regarding strategies to tackle the housing unit deficit. While the Governor has positioned housing as a matter of statewide concern, local municipalities have resisted state interventions, such as the Governor's statewide zoning reform efforts, advocating for fiscal incentives and technical support while retaining autonomy over land use decisions. This divide complicates and delays the resolution of the housing crisis, via feasible zoning and building code reforms, posing a significant challenge to achieving cost-reducing, consensus-driven solutions. Will 2024 be the year of compromise?

Colorado Housing Competitiveness

The prevalence and affordability of housing are critical to the competitiveness of Colorado's economy. It impacts employers' ability to retain a talented workforce, affecting the overall attractiveness of Colorado because housing constitutes such a large portion of a household's budget. As discussed in this report, the high cost and shortage of available affordable housing have emerged as one of Colorado's most serious problems.

The following graph shows Colorado's decreasing competitiveness relative to 49 states and the District of Columbia. Colorado currently ranks 51st (last).

Figure 2

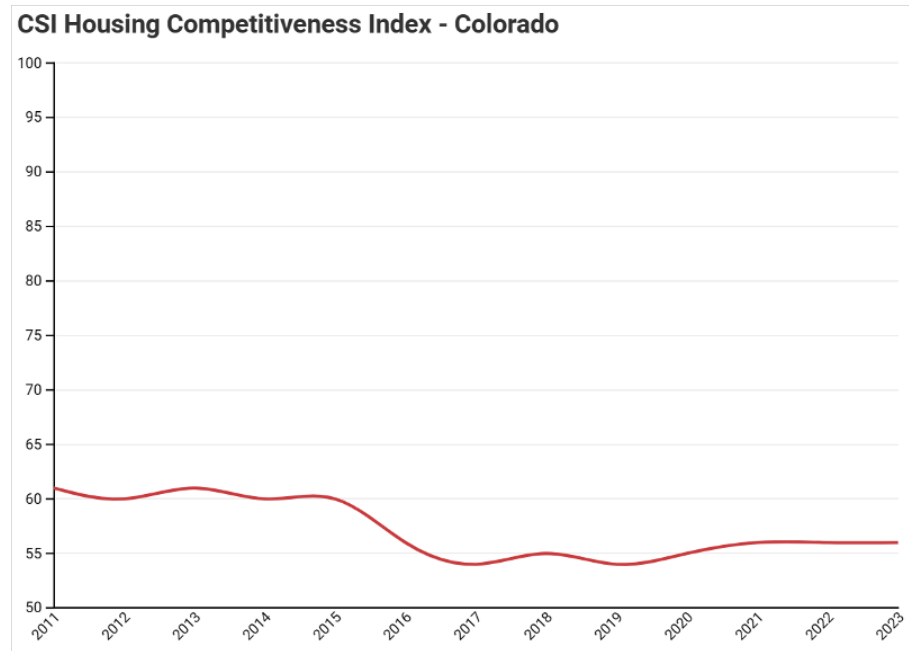
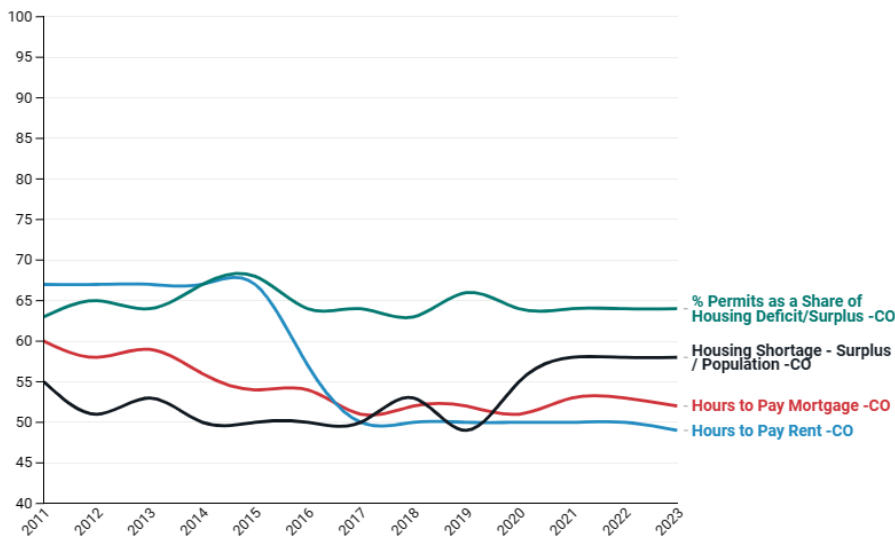


Figure 3

CSI Housing Competitiveness Index Components- Relative to U.S.



A Colorado competitiveness metric may rise at the state level, however, fall relative to the U.S., thus decreasing Colorado's overall competitiveness. The inverse may also be true.

The following graph shows the components of the aggregate housing competitiveness shown above. The affordability of monthly mortgages and rent has been the largest drivers of the overall decline. One area where there has been some improvement is an increase in the housing shortage as a percentage of population. Estimates of the shortage for 2023 are detailed later in this report.

Misery Index

The “Homebuyer Misery Index”, as developed by Common Sense Institute, captures the impact of housing prices and mortgage rates on the affordability of purchasing a new home. The Denver, Colorado Homebuyer, and U.S. Homebuyer Misery indices are based on 30-year mortgage rates and Zillow home prices.

The mortgage rates are converted into an index with 2000 as its base year. The mortgage rate index is then added to the Zillow price index and normalized. Figure 4 shows the Misery Index for 12 of the most populous counties in Colorado: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, and Weld. The substantial increase from 2012 to the end of 2020 was primarily a function of home prices increasing. Beginning in 2021, home prices in these counties continued to increase, and mortgage rates more than doubled by November 2023. Consequently,

the cost to purchase an average-priced home more than doubled from 2012 to 2023, with the largest increases occurring in the Denver metro area (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson).

After the misery index peaked in late 2022, it declined due to a 64-basis point decrease in 30-year mortgage rates through February 2023. In March 2023, interest rates rose again, eventually reaching 7.62% in October 2023, thus the misery index returned to the highs seen in late 2022.

In the counties under consideration, home affordability has declined since January 2013. The following table shows the decline in affordability for each county for 11 years starting in January 2013 to October 2023. Adams County has experienced the largest increase in unaffordability at a 167% decrease since January 2103. Mesa County saw the smallest decrease in affordability.

Figure 4

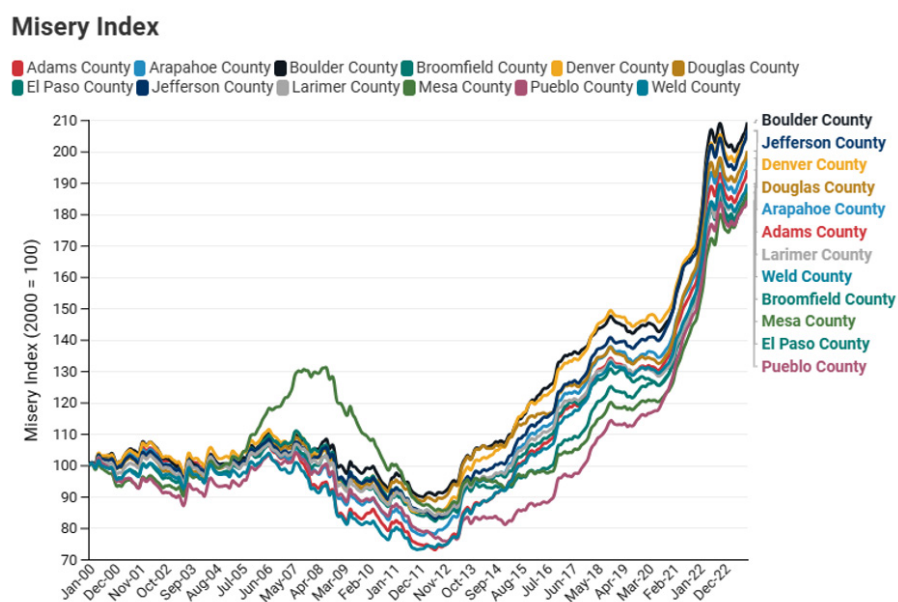


Figure 5

Percent Change in Housing Unaffordability											
% Change as of October 2023 Since:	13-Jan	14-Jan	15-Jan	16-Jan	17-Jan	18-Jan	19-Jan	20-Jan	21-Jan	22-Jan	23-Jan
Adams	155%	120%	111%	85%	68%	58%	47%	47%	42%	19%	5%
Arapahoe	141%	108%	103%	79%	64%	55%	45%	46%	41%	19%	5%
Boulder	124%	98%	95%	73%	57%	51%	44%	45%	41%	20%	3%
Broomfield	124%	98%	96%	77%	62%	55%	46%	47%	44%	20%	5%
Denver	135%	103%	95%	72%	58%	50%	40%	41%	37%	18%	4%
Douglas	118%	90%	89%	73%	62%	56%	48%	49%	45%	19%	5%
El Paso	120%	99%	103%	90%	75%	65%	51%	49%	42%	18%	5%
Jefferson	141%	111%	106%	83%	67%	58%	49%	48%	40%	20%	5%
Larimer	122%	98%	95%	75%	60%	53%	44%	45%	43%	22%	4%
Mesa	116%	95%	102%	91%	81%	72%	58%	55%	49%	24%	7%
Pueblo	142%	121%	127%	110%	92%	80%	63%	59%	45%	20%	4%
Weld	150%	116%	106%	83%	67%	56%	44%	45%	41%	19%	4%

Over the same period when housing unaffordability increased, the average wage rate in these counties rose anywhere between 31% in Boulder County and 67% in Larimer County, as shown in Figure 6. Without comparable increases in wages, affordable housing was pushed further out of reach for many households.

Figure 6

Change in Average Wage Rates January of Each Year to October 2023											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Adams	44%	39%	37%	34%	36%	31%	22%	19%	17%	6%	0%
Arapahoe	44%	39%	37%	34%	36%	31%	22%	19%	17%	6%	0%
Boulder	31%	25%	23%	26%	26%	18%	6%	5%	6%	2%	0%
Broomfield	44%	39%	37%	34%	36%	31%	22%	19%	17%	6%	0%
Denver	44%	39%	37%	34%	36%	31%	22%	19%	17%	6%	0%
Douglas	44%	39%	37%	34%	36%	31%	22%	19%	17%	6%	0%
El Paso	48%	45%	42%	40%	35%	31%	26%	16%	11%	6%	0%
Jefferson	44%	39%	37%	34%	36%	31%	22%	19%	17%	6%	0%
Larimer	67%	60%	51%	55%	40%	35%	29%	28%	19%	10%	1%
Mesa	44%	41%	38%	41%	34%	29%	24%	19%	14%	6%	0%
Pueblo	46%	35%	42%	47%	43%	39%	47%	31%	15%	14%	4%
Weld	52%	44%	41%	42%	34%	26%	20%	17%	14%	5%	0%

Potential for Future Home Price Appreciation

The Wall Street Journal and Realtors.com began producing their Emerging Housing Markets Index in the spring 2021 and have now published nine quarterly estimates. The index identifies the top metro areas for home buyers seeking an appreciating housing market, strong local economies, and appealing lifestyle amenities. Three hundred of the most populous core-based statistical areas as measured by the U.S. Census Bureau are evaluated using two main areas: real-estate markets (50%) and economic health (50%). It utilizes 11 key indicators that are weighted and summed to create a single measure: real-estate supply (16.6%), real-estate demand (16.6%), medium home listing price trend (16.6%), unemployment (6.25%), wages (6.25%), regional price parities (6.25%), amenities (6.25%), small businesses (6.25%), and property taxes (6.25%).ⁱⁱⁱ

The following table shows the rankings of the Colorado core-based statistical areas relative to all three hundred most populous areas included in the index. From Spring 2021 through Fall 2023, the seven Colorado MSAs covered by the Emerging Housing Markets Index have all declined relative to the 299 other MSA's that are in the Index and are viewed as having less potential for prices to continue to rise in the near future.

Figure 7

Wall Street Journal/Realtor.com Emerging Housing Markets Index, Ranked Relative to 300 Metropolitan Statistical Areas									
	Spring 2021	Summer 2021	Fall 2021	Spring 2022	Summer 2022	Fall 2022	Spring 2023	Summer 2023	Fall 2023
Boulder	31	46	20	6	14	33	46	26	72
Colorado Springs	32	14	11	25	20	14	66	50	84
Denver-Aurora-Lakewood	115	88	59	52	66	38	114	63	134
Fort Collins	96	68	24	8	11	47	64	57	106
Grand Junction	60	39	90	126	50	43	118	125	146
Greeley	153	140	93	108	113	168	147	144	192
Pueblo	86	55	83	102	78	98	160	198	200

This table is ranked by comparison to 300 of the most populous metro areas in the U.S. The index identifies the top metro areas for home buyers seeking an appreciating housing market, a strong local economy, and appealing lifestyle amenities.

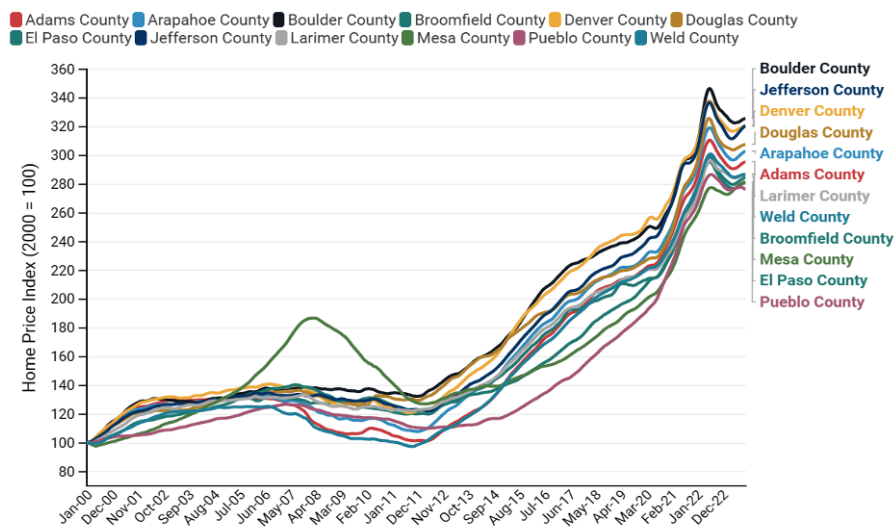
Home Prices

The following graph shows home price indices for the Denver metro area. The index for home prices in the Denver metro area has increased from 100.7% to 139.4% since 2013. Since mid-2022, home prices in the Denver metro area have begun to taper off but are still near historical highs.

As shown in the following table, since 2013 home prices have increased the most in Adams County (167%, and the least in Douglas County (117%).

Figure 8

Home Price Indices



Source: FRED

Figure 9

Change in Average Home Prices from January of Each Year to October 2023											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Adams	167%	141%	112%	82%	63%	50%	40%	35%	23%	4%	0.2%
Arapahoe	148%	122%	101%	75%	59%	47%	39%	34%	23%	4%	0.5%
Boulder	124%	107%	92%	67%	51%	43%	37%	33%	24%	6%	-0.8%
Broomfield	124%	108%	93%	71%	56%	46%	39%	34%	25%	4%	0.6%
Denver	138%	114%	92%	66%	52%	41%	33%	29%	19%	4%	-0.2%
Douglas	117%	96%	84%	67%	57%	48%	42%	37%	27%	4%	0.4%
El Paso	119%	110%	101%	88%	73%	58%	45%	36%	22%	2%	0.1%
Jefferson	147%	125%	105%	79%	63%	51%	43%	36%	22%	6%	1.2%
Larimer	121%	108%	91%	69%	54%	44%	37%	32%	23%	6%	-0.4%
Mesa	113%	105%	100%	89%	80%	67%	54%	43%	30%	9%	3.0%
Pueblo	148%	145%	134%	115%	95%	78%	61%	47%	25%	4%	-0.6%
Weld	161%	136%	106%	79%	62%	47%	38%	31%	22%	3%	-1.2%

Hours of Work Needed to Afford a Home Mortgage

To measure the impact on the average homeowner in Colorado's largest cities, Common Sense Institute calculated the number of hours that one would have to work while earning the average hourly wage in each year from 2013 to 2023 to cover the monthly mortgage payments shown in the following table. In terms of the largest percentage increase in hours required to cover the mortgage on a newly purchased average-priced home, Adams County experienced a 209% increase, going from 29 to 91. In the Denver metro area, the increase was 172%, from 42 to 114. Over the same period, wages increased 44% in the Denver metro area, one-third of the increase in unaffordability.

The most expensive average-priced home is in Boulder County (\$715,102) and the least expensive is in Pueblo (\$286,925). The largest increase in the average home price occurred in Adams County, increasing 167% from \$182,177 in 2013 to \$485,670 in 2023.

Figure 10

Average Home Prices and Hours Required to Pay Monthly Mortgage at the Average Wage Rate						
	Average Home Price 2013	Average Home Price 2023	% Change in Average Home Price	Hours Required to Pay Mortgage 2013	Hours Required to Pay Mortgage 2023	% Change in Hours Required to Pay Mortgage
Denver Metro	\$258,025	\$605,739	134.8%	42	114	172.3%
Adams	\$182,177	\$485,670	166.6%	29	91	209.2%
Arapahoe	\$211,935	\$524,760	147.6%	34	99	187.2%
Boulder	\$323,021	\$725,102	124.5%	51	139	171.9%
Broomfield	\$283,539	\$634,234	123.7%	46	119	159.5%
Denver	\$235,123	\$560,073	138.2%	38	105	176.3%
Douglas	\$324,133	\$702,099	116.6%	52	132	151.2%
Jefferson	\$246,245	\$608,235	147.0%	40	114	186.5%
El Paso	\$203,418	\$445,569	119.0%	43	102	135.5%
Larimer	\$242,608	\$537,198	121.4%	53	115	115.1%
Mesa	\$181,800	\$387,749	113.3%	43	103	135.9%
Pueblo	\$115,484	\$286,925	148.5%	31	90	194.0%
Weld	\$185,973	\$484,531	160.5%	39	106	172.2%

Housing Supply Shortage

The Denver metro area has failed to build enough housing to keep pace with demand. Standard housing market reports like those developed by the National Association of REALTORS® track inventory based on homes listed for sale. What those reports do not capture is the total stock of homes needed to maintain a healthy housing market.

CSI estimates the number of homes needed in the Denver metro area to achieve a healthy housing market under two scenarios. Each scenario is intended to measure the difference between the actual number of homes in a county relative to the number of homes needed to maintain a more stable market for the local population. The first scenario averages the values of a housing deficit or surplus based on the low estimate of homes held off the market for purchase by the local population. The second scenario averages the values of a housing deficit or surplus based on the high estimate of homes held off the market for purchase by the local population.

Housing units and households – Each scenario uses both the estimate of housing units and households from the U.S. Census Bureau's American Community Survey (ACS) and the Colorado State Demography Office. We adjust the housing units by removing those that are considered uninhabitable by having no kitchen or lacking plumbing facilities.

Homes held off the market – Total homes held off the market reflect existing housing units not available for purchase by the local population. The estimate includes a range of second homes at the county level released by the National Association of Homebuilders,^{iv} along with an estimate of uninhabitable homes from ACS. Denver has between 0% and 4.99% of the housing stock allocated to second homes.

Desired ratio of total units to the local population – To estimate the target number of housing units, the value of 1.1 housing units per household was used to represent a healthy market. This value is derived from the historic average ratio of vacancy rates for the U.S. and was the basis for a housing supply report done for the state of Oregon.^v **Table 6** shows the forecasted change in population and the number of households in 2028. The population is forecasted to increase by 202,645 by 2028, resulting in another 81,661 households.

Figure 11

Population, Households, Housing Units						
Region	Population			Households		
	2022	2028	Change	2022	2028	Change
Denver Metro	3,274,384	3,477,029	202,645	1,332,660	1,414,321	81,661
Adams	528,353	567,213	38,860	186,040	199,723	13,683
Arapahoe	661,724	704,187	42,463	254,509	270,841	16,332
Boulder	330,652	337,386	6,734	141,304	144,182	2,878
Broomfield	77,224	89,666	12,442	31,139	36,156	5,017
Denver	719,481	769,522	50,041	336,206	359,590	23,384
Douglas	373,864	404,492	30,628	138,468	149,812	11,344
Jefferson	583,086	604,563	21,477	244,994	254,018	9,024
El Paso	746,686	801,843	55,157	293,971	315,686	21,715
Larimer	367,097	395,713	28,616	157,552	169,834	12,282
Mesa	158,680	166,991	8,312	66,116	69,580	3,463
Pueblo	170,248	174,055	3,807	71,234	72,827	1,593
Weld	347,878	398,878	51,000	124,242	142,456	18,214

Using the scenarios discussed above, the deficit in housing units in the Denver metro area in 2023 is estimated between 45,025 and 115,012 units. The following table presents results for Colorado's most populous counties considered in this study. CSI will continue to monitor new data as it becomes available and will amend the estimates and methodology as required.

Figure 12

Housing Deficit/Surplus in Select Counties in 2023					
Region	Housing Stock 2023	Housing Deficit/Surplus in 2023		Deficit/Surplus as a Percent of 2023 Existing Stock of Housing Units	
		Scenario 1	Scenario 2	Scenario 1	Scenario 2
Denver Metro	1,402,547	(45,025)	(115,012)	3.21%	8.20%
Adams	196,598	(10,854)	(20,664)	5.52%	10.51%
Arapahoe	269,150	(10,683)	(24,114)	3.97%	8.96%
Boulder	144,419	(5,313)	(12,520)	3.68%	8.67%
Broomfield	32,822	(404)	(2,042)	1.23%	6.22%
Denver	361,212	(886)	(18,910)	0.25%	5.24%
Douglas	144,387	(6,350)	(13,555)	4.40%	9.39%
Jefferson	253,959	(10,535)	(23,207)	4.15%	9.14%
El Paso	304,249	(12,778)	(27,960)	4.20%	9.19%
Larimer	164,525	(2,695)	(10,905)	1.64%	6.63%
Mesa	69,987	(1,421)	(4,914)	2.03%	7.02%
Pueblo	73,902	(421)	(4,109)	0.57%	5.56%
Weld	128,978	(3,580)	(10,016)	2.78%	7.77%

Change in Housing Supply Shortage Since 2022

The following table shows the change in the housing supply/deficit from 2022 to 2023. In every county, except Arapahoe County, the deficit was reduced. For the Denver metro area, the deficit was reduced by 21,080 to 20,944 housing units. Broomfield experienced the largest decline, 6,707 to 6,682 followed by Denver (8,816 to 8,762) and Jefferson County (5,836 to 5,795). Arapahoe County saw the deficit increase by -3,622 to 3,565.

The Denver metro area's housing shortage declined given actual population growth of 11,413 in 2022 was 65.1% lower than forecast estimates of 32,703. This contributed to lower household projections and lower permitting requirements as well. Permitting also picked up in 2022, at the same time population growth slowed.

Figure 13

Permits Required to Close the 2023 Deficit and New Housing Demand in 2028							
Region	Number of Permits Required to Close the Deficit Plus New Demand for Housing in Deficit Counties by 2028		Number of Permits Required to Close the Deficit Plus New Demand for Housing in Deficit Counties per Year by 2028		Permits Issued in 2023 Projected	Deficit/Surplus in Permitted Units Issued in 2023 Projected	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2		Scenario 1	Scenario 2
Denver Metro	(134,853)	(204,840)	(26,971)	(40,968)	20,477	(7,647)	(20,491)
Adams	(25,905)	(35,716)	(5,181)	(7,143)	2,260	(2,921)	(4,884)
Arapahoe	(28,649)	(42,079)	(5,730)	(8,416)	4,462	(1,268)	(3,954)
Boulder	(8,479)	(15,686)	(1,696)	(3,137)	1,832	137	(1,305)
Broomfield	(5,923)	(7,561)	(1,185)	(1,512)	1,142	(42)	(370)
Denver	(26,608)	(44,633)	(5,322)	(8,927)	6,338	1,017	(2,588)
Douglas	(18,828)	(26,033)	(3,766)	(5,207)	3,373	(392)	(1,833)
Jefferson	(20,461)	(33,134)	(4,092)	(6,627)	1,069	(3,023)	(5,558)
El Paso	(36,665)	(51,847)	(7,333)	(10,369)	5,350	(1,983)	(5,020)
Larimer	(16,205)	(24,415)	(3,241)	(4,883)	2,610	(631)	(2,273)
Mesa	(5,232)	(8,724)	(1,046)	(1,745)	1,339	293	(406)
Pueblo	(2,173)	(5,861)	(435)	(1,172)	301	(133)	(871)
Weld	(23,616)	(30,052)	(4,723)	(6,010)	3,649	(1,074)	(2,361)

Building Permits and the Housing Supply Deficit

To erase the estimated deficit and meet new population-driven demand for housing in the Denver metro area by 2028, an additional 26,971 to 40,968 permits are needed per year, see the following table. CSI is tracking building unit permits by county every quarter to evaluate whether the level of issuance is sufficient to close the existing housing deficit and meet new demand for housing as the population grows.

Boulder, Denver, and Mesa County issued enough permits to reduce the deficit by 2028 for scenario 1 (low estimate of homes held off the market). Jefferson County shows the largest deficit in permits issued to close the deficit and meet new demand by 2028, 3,023 to 5,558. Adams County is estimated to have a deficit of 2,921 to 4,884.

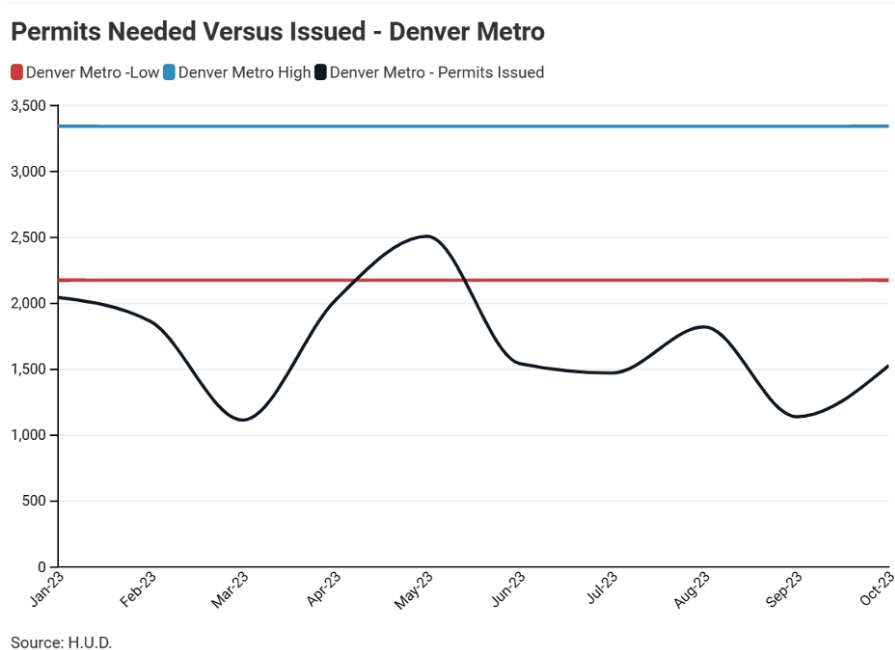
In the Denver metro area, growth in county population was lower than forecasted.

Figure 14

Permits Required to Close the 2023 Deficit and New Housing Demand in 2028							
Region	Number of Permits Required to Close the Deficit Plus New Demand for Housing in Deficit Counties by 2028		Number of Permits Required to Close the Deficit Plus New Demand for Housing in Deficit Counties per Year by 2028		Permits Issued in 2023 Projected	Deficit/Surplus in Permitted Units Issued in 2023 Projected	
	Scenario 1	Scenario 2	Scenario 1	Scenario 2		Scenario 1	Scenario 2
Denver Metro	(134,853)	(204,840)	(26,971)	(40,968)	20,477	(7,647)	(20,491)
Adams	(25,905)	(35,716)	(5,181)	(7,143)	2,260	(2,921)	(4,884)
Arapahoe	(28,649)	(42,079)	(5,730)	(8,416)	4,462	(1,268)	(3,954)
Boulder	(8,479)	(15,686)	(1,696)	(3,137)	1,832	137	(1,305)
Broomfield	(5,923)	(7,561)	(1,185)	(1,512)	1,142	(42)	(370)
Denver	(26,608)	(44,633)	(5,322)	(8,927)	6,338	1,017	(2,588)
Douglas	(18,828)	(26,033)	(3,766)	(5,207)	3,373	(392)	(1,833)
Jefferson	(20,461)	(33,134)	(4,092)	(6,627)	1,069	(3,023)	(5,558)
El Paso	(36,665)	(51,847)	(7,333)	(10,369)	5,350	(1,983)	(5,020)
Larimer	(16,205)	(24,415)	(3,241)	(4,883)	2,610	(631)	(2,273)
Mesa	(5,232)	(8,724)	(1,046)	(1,745)	1,339	293	(406)
Pueblo	(2,173)	(5,861)	(435)	(1,172)	301	(133)	(871)
Weld	(23,616)	(30,052)	(4,723)	(6,010)	3,649	(1,074)	(2,361)

The following graph shows the number of needed housing unit permits in the Denver metro area to close the deficit by 2028 for two scenarios, and the number of permits issued monthly from January 2023 through October 2023. The red line shows the average monthly required permits to close the 2022 deficit and meet new housing demand by 2028 for scenario 1. The blue line is for scenario 2. In scenario 1, enough permits were issued in May to cover the housing deficit and meet the new demand for housing by 2028. Since May, permitting has dropped off and will not be sufficient to cover the housing deficit and meet the new demand for housing by 2028. In scenario 2, insufficient permits have been issued to cover the housing deficit and new housing demand by 2028. The appendix shows the county-by-county permitting needed versus issued for the 12 counties included in this study.

Figure 15



Types of Permits Issued

The following table shows the number of housing unit permits issued in total, and the percentage of each type issued in 2023. In the Denver metro area, 43.2% of permits were for single-family and 56.8% for multi-family in 2023. Jefferson County Issued the highest percentage share of single-family unit permits, 94.7%. Broomfield issued the lowest percentage share of single-family unit permits, 2.7%.

Figure 16

Number of Permits by of Type Issued					
	Total Units	Single-Family Units	Multi-Family Units	% Single Family Units	% Multi-Family Units
Denver Metro	17,064	7,375	9,689	43.2%	56.8%
Adams	1,883	1,487	396	79.0%	21.0%
Arapahoe	3,718	1,657	2,061	44.6%	55.4%
Boulder	1,527	738	789	48.3%	51.7%
Broomfield	952	26	926	2.7%	97.3%
Denver	5,282	1,032	4,250	19.5%	80.5%
Douglas	2,811	1,591	1,220	56.6%	43.4%
Jefferson	891	844	47	94.7%	5.3%
El Paso	4,458	2,239	2,219	50.2%	49.8%
Larimer	2,175	1,064	1,111	48.9%	51.1%
Mesa	1,116	426	690	38.2%	61.8%
Pueblo	251	251	0	100.0%	0.0%
Weld	3,041	2,118	923	69.6%	30.4%

Going Forward

The Denver metro area continues to grapple with an acute housing shortage, resulting in sky-high home prices and an alarming affordability crisis for owners and renters alike. Between 2013 and 2023, home prices more than doubled, simultaneous with a surge in mortgage rates. The decline in affordability meant the hours of work required for the average homeowner in the Denver metro rose to 114, a 172% increase from 42 hours a decade ago. In Adams County, the increase was 209% from 2013, or an increase from 29 to 91.

In 2023, the housing deficit in the Denver metro area stood between 45,025 and 115,012 units. Although the overall deficit declined between 2022 and 2023, much of that was attributed to lower population estimates. Despite strong levels of new home permits at the start of 2023 permitting waned starting in May, and the total number of projected permits for 2023 fell outside the range needed to mitigate the housing deficit by 2028.

Analysis of permit types highlights that 43.2% of permits in the Denver metro area were for single-family homes, while 56.8% were for multi-family units. Jefferson County skewed heavily towards single-family units at 94.7%, whereas Broomfield registered a 2.7% share for single-family unit permits. Rectifying the housing shortage necessitates a strategic permit issuance approach and a diverse housing development plan that emphasizes both for-sale and multi-family rental units.

As we look ahead to 2024, the Denver metro area housing market is poised to grapple with ongoing challenges. Persistent housing shortages compounded by limited new building permits will likely restrict new home availability. Despite potential stabilization in average home costs in metro Denver, absent interest rate reductions, homeownership will remain out of reach for most Coloradans. This scenario is likely to curb developers' enthusiasm for new projects amidst market instability.

Simultaneously, a stark divide persists between Colorado cities and the state government in addressing the housing unit deficit. While the governor champions statewide zoning reforms, local municipalities resist state interventions, preferring financial-based incentives and technical support while retaining control over land use decisions.

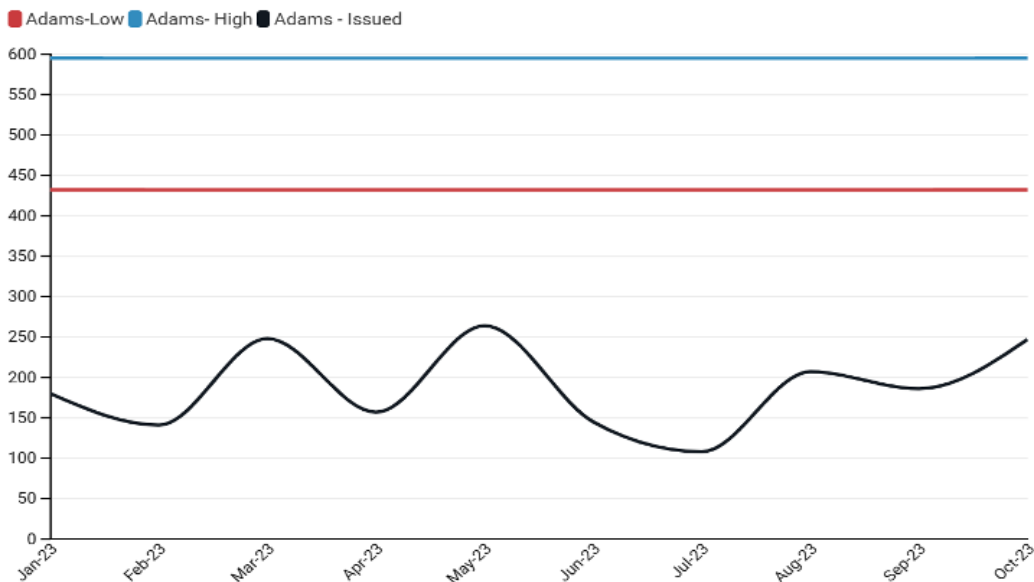
The undeniable impact of Colorado's housing deficit on economic competitiveness and citizen well-being remains a critical concern. While debates ensue, the economy has transformed, altering what was once a favorable housing development market. Several competing cities and states reformed their zoning codes during the pandemic and following years, while policy reforms in Colorado stagnated. This impeded housing development progress when market conditions were favorable and has positioned the state at a disadvantage for sustained housing development.

Yet, hope remains for Colorado's future, demanding proactive solutions to counter concerning housing affordability trends, returning Colorado to its rightful place as one of the most economically competitive states in the country.

Appendix A

Figure 17

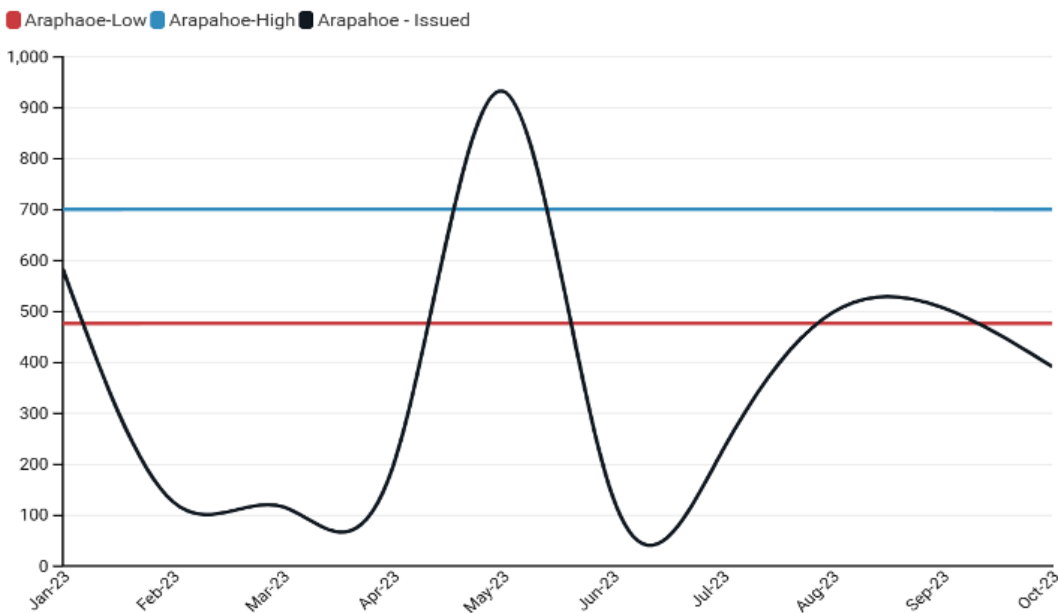
Permits Needed Versus Issued - Adams County



Source: H.U.D.

Figure 18

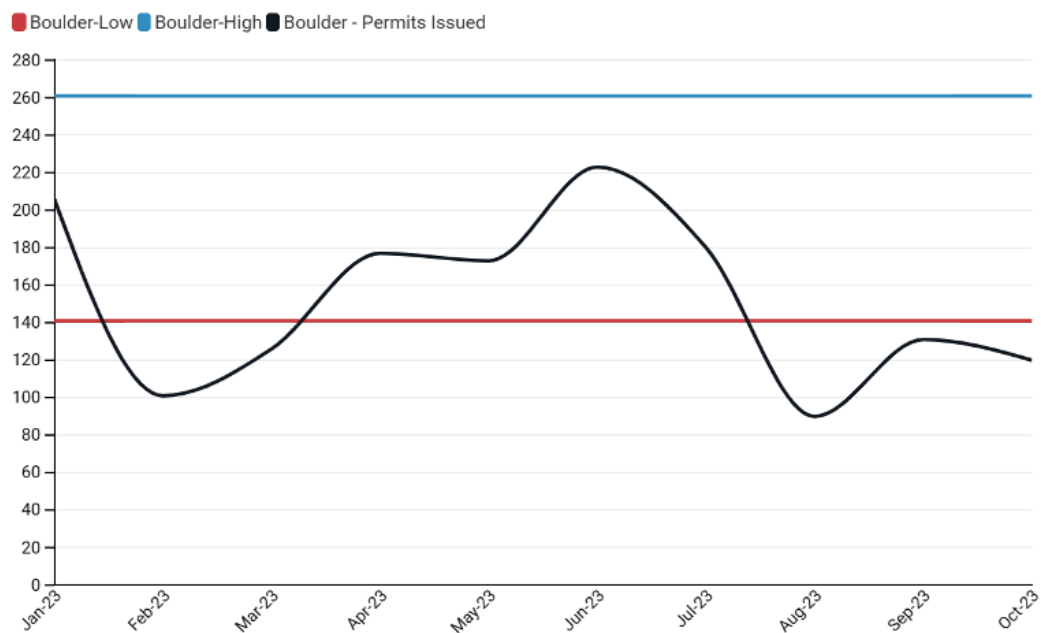
Permits Needed Versus Issued - Arapahoe County



Source: H.U.D.

Figure 19

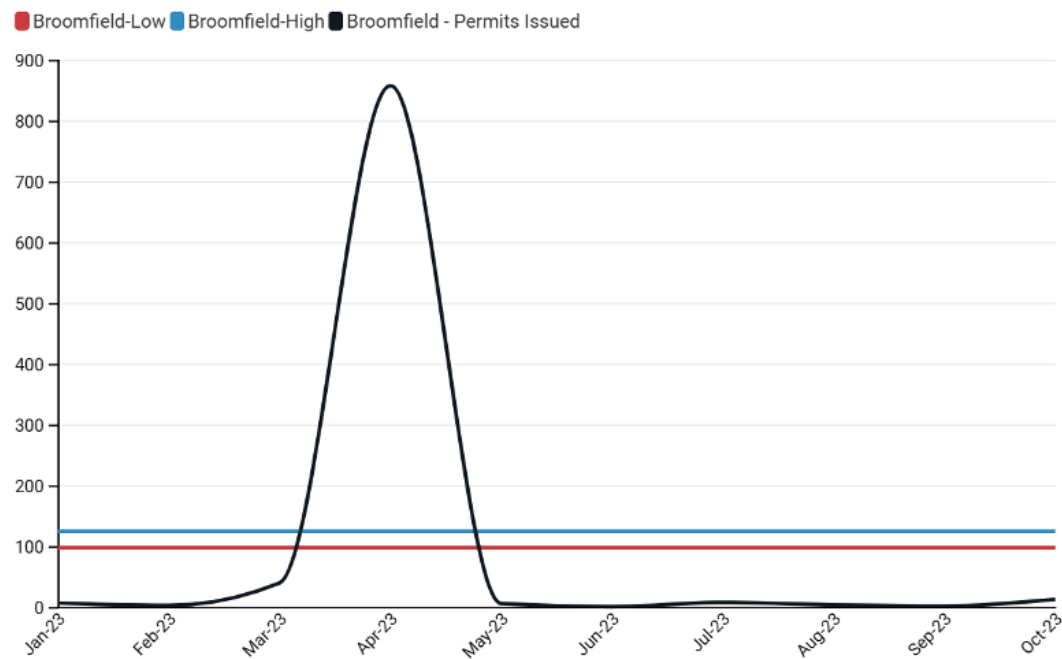
Permits Needed Versus Issued - Boulder County



Source: H.U.D.

Figure 20

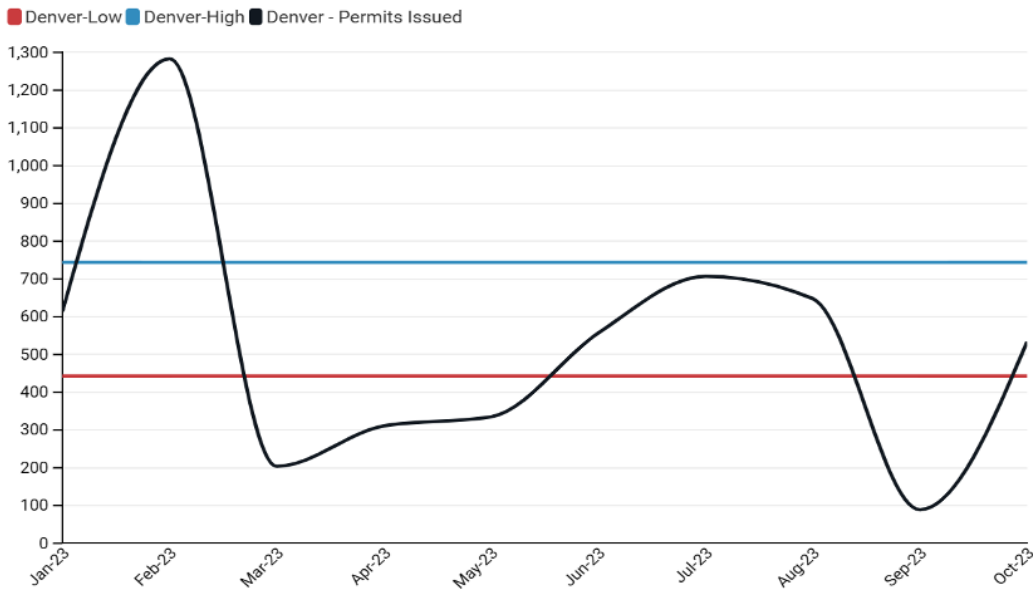
Permits Needed Versus Issued - Broomfield County



Source: H.U.D.

Figure 21

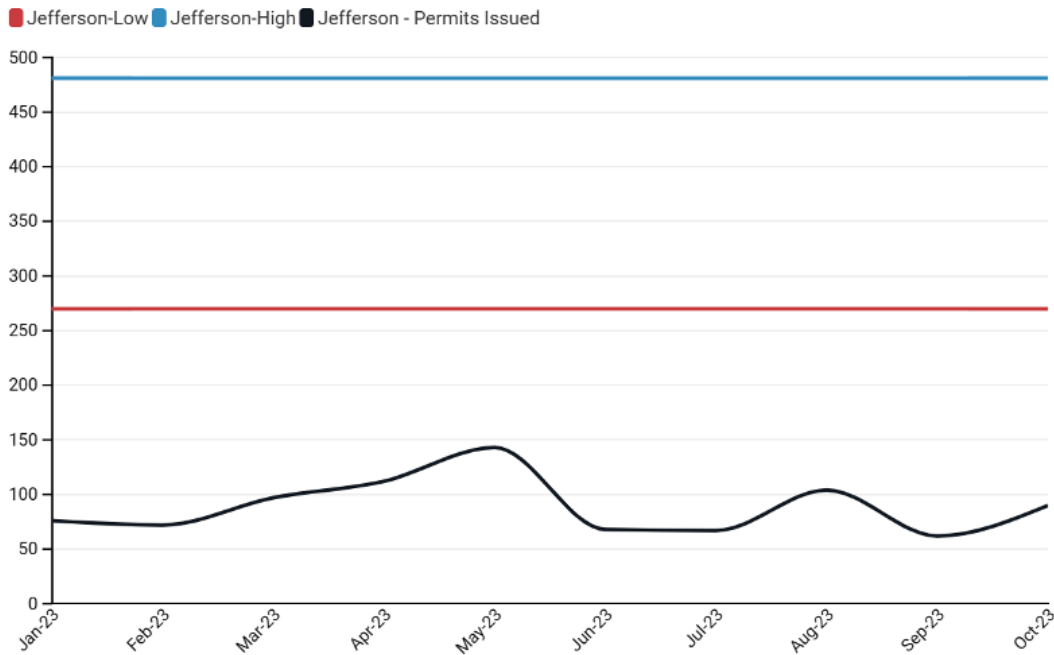
Permits Needed Versus Issued - Denver County



Source: H.U.D.

Figure 22

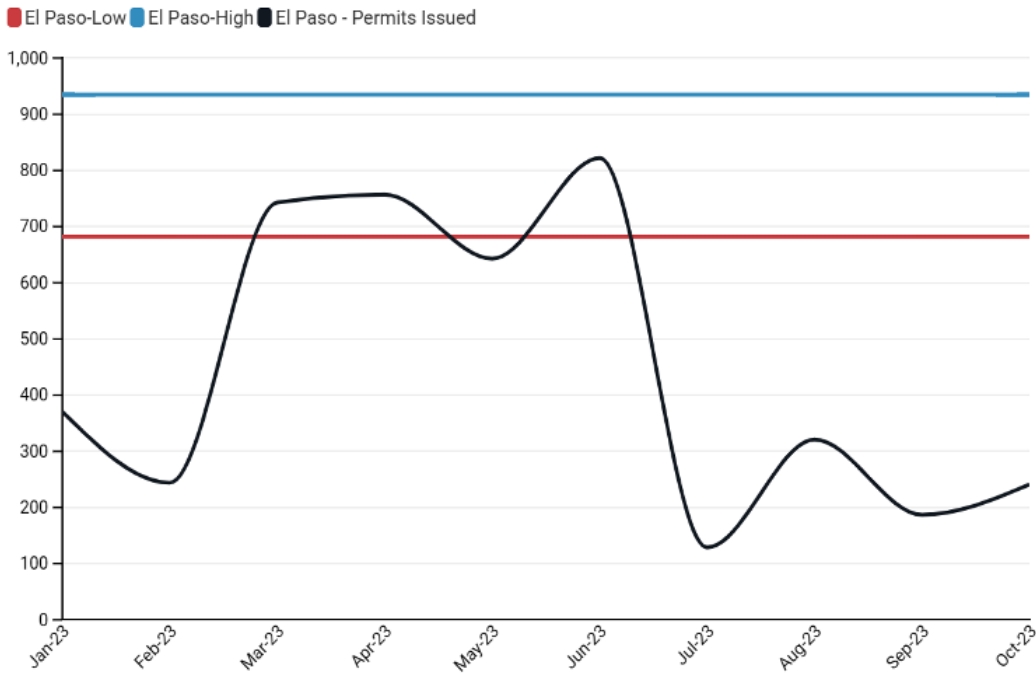
Permits Needed Versus Issued - Jefferson County



Source: H.U.D.

Figure 23

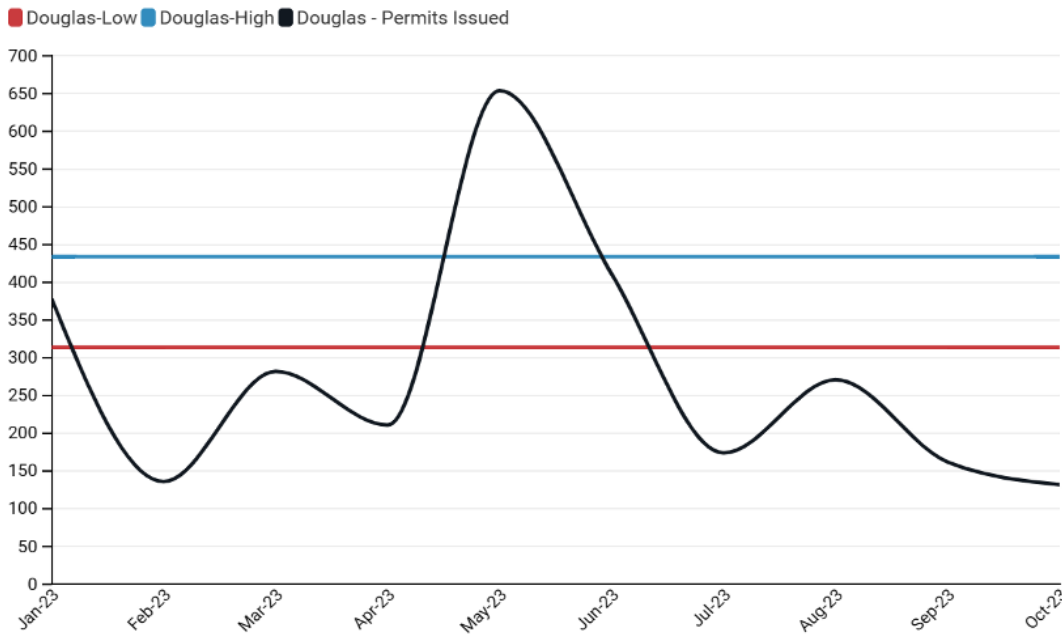
Permits Needed Versus Issued - El Paso County



Source: H.U.D.

Figure 24

Permits Needed Versus Issued - Douglas County

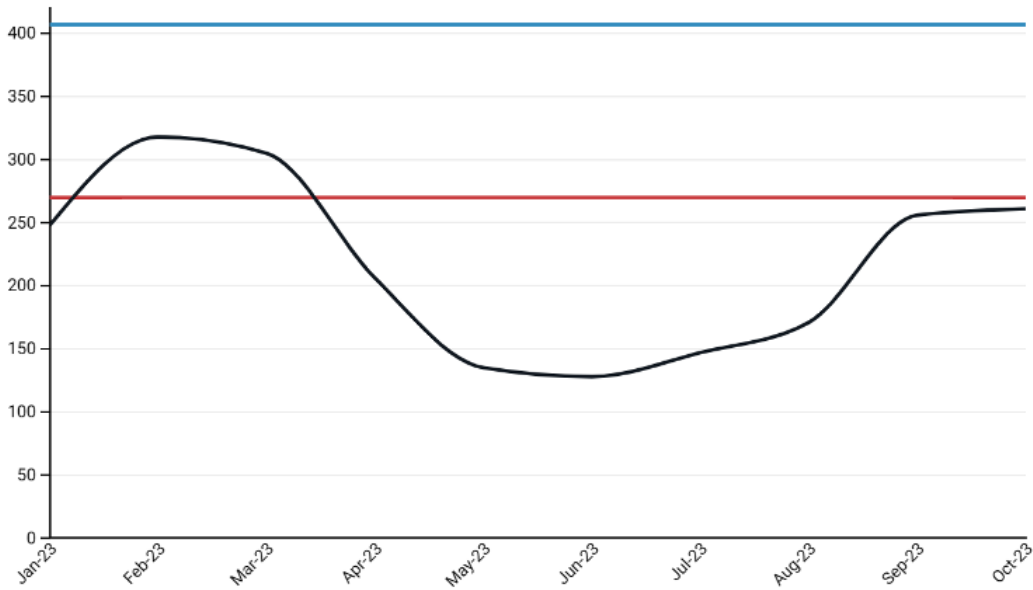


Source: H.U.D.

Figure 25

Permits Needed Versus Issued - Larimer County

Larimer-Low Larimer-High Larimer - Permits Issued

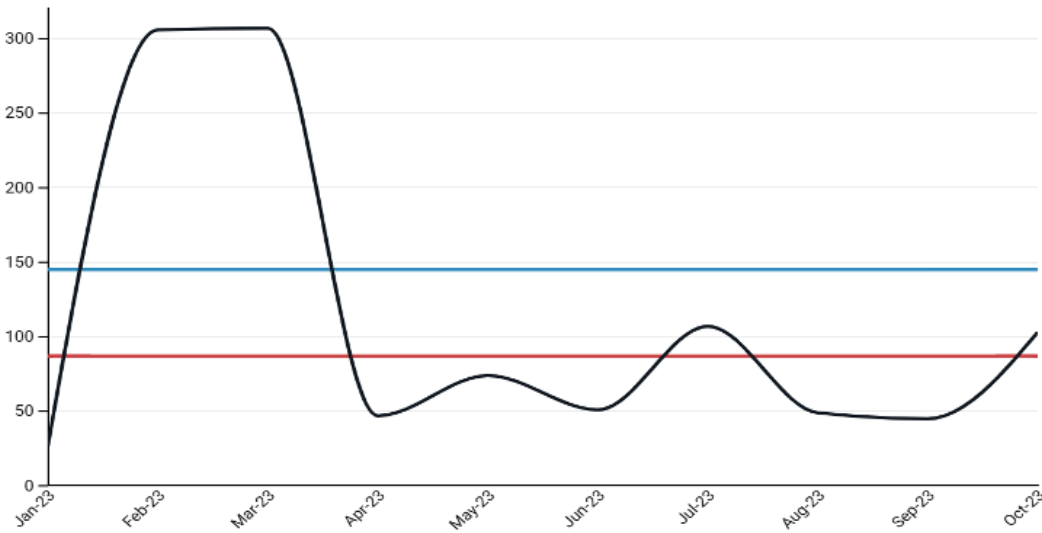


Source: H.U.D.

Figure 26

Permits Needed Versus Issued - Mesa County

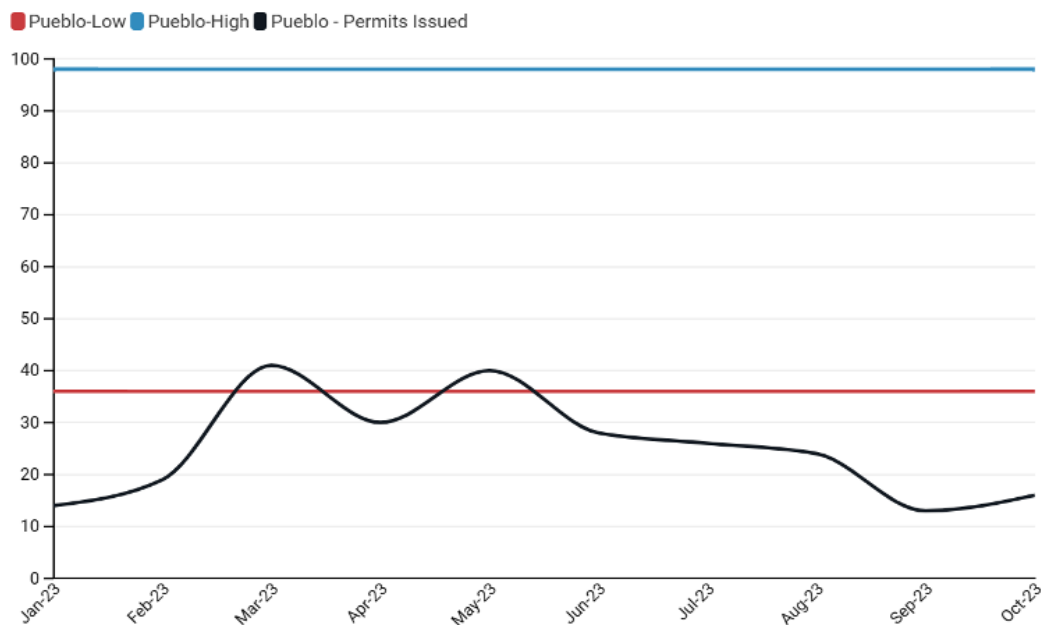
Mesa-Low Mesa-High Mesa - Permits Issued



Source: H.U.D.

Figure 27

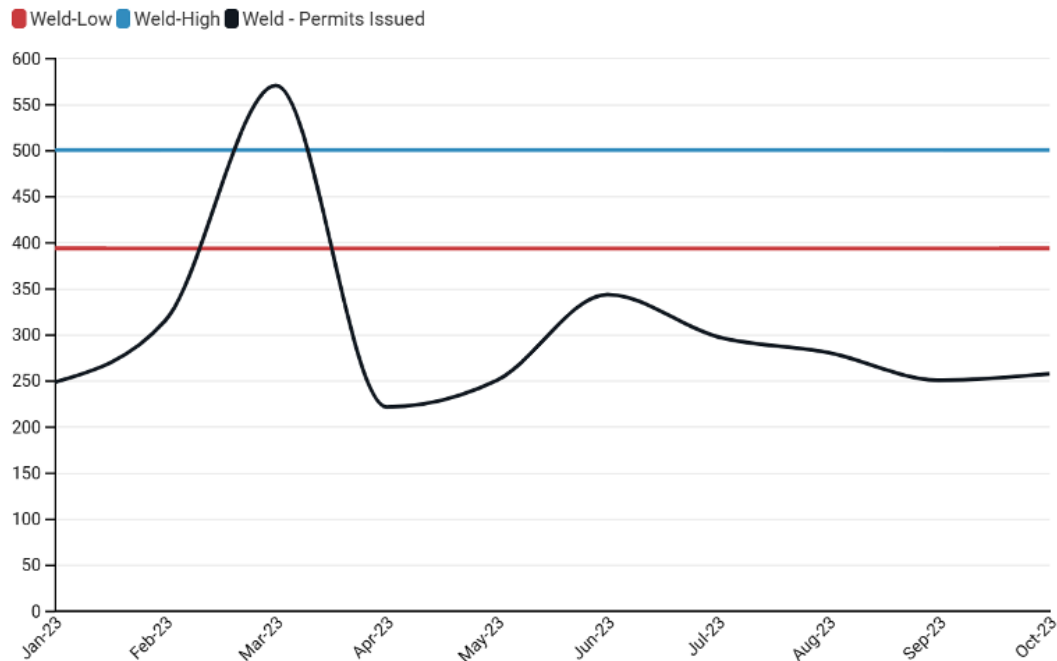
Permits Needed Versus Issued - Pueblo County



Source: H.U.D.

Figure 28

Permits Needed Versus Issued - Weld County



Source: H.U.D.

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