



Littleton Housing Study

City of Littleton

DRAFT REPORT

Draft Report

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Littleton Housing Study

Prepared for

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Executive Summary

Littleton Housing Study

EXECUTIVE SUMMARY

In early 2017, BBC Research & Consulting was contracted to conduct a Housing Study for the City of Littleton. The study is organized around the following sections:

- **Section I. Demographic Profile** provides a general overview of Littleton's demographic and economic environment to set the context for the housing market analysis.
- **Section II. Housing Profile and Market Analysis** provides an analysis of Littleton's housing market including a discussion of housing stock, trends in the owner and rental markets, an analysis of scrapes and an overview of publicly assisted rental housing. The section concludes with a gaps analysis to examine mismatches in supply and demand of housing in Littleton.
- **Section III. Community Input** describes the findings from the public participation component of the housing study, which included three focus groups, a random sample telephone resident survey and an online resident survey. The public input process was designed to assess community culture and community perceptions of housing issues.
- **Section IV. Resources and Options** summarizes housing challenges and opportunities in the form of a SWOT analysis; reviews resources available for affordable housing creation; analyzes the city's current housing policies and programs; and discusses zoning and transit corridors in the context of addressing housing needs.

The ultimate purpose of the study is to provide recommendations that serve to guide future city policy decisions relating to housing. This draft reflects the first phase of the overall study—an analysis of trends, community perceptions and resources related to Littleton's housing market and potential housing needs. The second phase of the study is to craft recommendations for addressing the identified housing needs. Those recommendations will be developed in conjunction with the city and the Littleton Housing Study Advisory Committee through a strategic planning process scheduled for the summer of 2017.

This Executive Summary highlights the key findings from each report section and then summarizes the top needs to set the context for future recommendations. The Executive Summary concludes with a discussion of why the city may desire to address housing needs.

Key Findings

Demographic trends:

- Littleton is currently home to about 45,000 people. Residents between 35 and 54 years old are the largest cohort in the city (28% of the population). Seniors (65 and older) represent 17 percent of the population and millennials (18 to 34) represent 21 percent of the population. Since 2010 the population in Littleton has increased by about 10% overall; the

proportion of seniors has increased, the proportion of children decreased slightly and the proportion of millennials has remained fairly constant.

- The median household income in the City of Littleton was \$65,221 in 2015, up 30 percent from 1999, when median income was \$50,245. Over that period, owners experienced higher income growth (34%) than renters (19%).
- Typical of national trends, income growth was not uniform across all income categories: Workers in high-paying professions and residents with accumulated wealth saw their incomes increase during the past 15 years, while lower income residents were disproportionately affected by the economic downturn.

Housing market trends:

- Littleton currently has a well-balanced and relatively diverse housing stock. Just over half of Littleton's housing stock is single family detached homes and 47 percent is attached housing (20% in structures with fewer than 10 units and 27% in structures with 10 or more units). In addition, 2 percent of the housing stock is mobile homes.
- Since early 2012, home prices have increased sharply in Littleton and in peer communities throughout the metro area. In 2016, the median sale price for homes in Littleton was \$370,000. Single family detached homes sold for a median sale price of \$410,000, significantly higher than the median sale price for attached homes (\$247,750).
- Falling interest rates have allowed potential buyers to increase their purchasing power even though home prices are rising faster than incomes. However, the lack of supply—particularly homes under \$300,000—caused ownership constraints (in 2016, homes under \$300,000 stayed on the market for a median of 4 days).
- Cost burden among both renters and owners increased between 1999 and 2015—that is, more households are spending more than 30 percent of their income on housing. The proportion of both renters and owners spending at least half of their income has also increased (severe cost burden).
- Littleton renters lost purchasing power between 1999 and 2015 as rents increased faster than incomes: median rent increased from \$709 to \$1,008 (42%) and incomes would have needed to increase by about \$12,000 to keep pace, but the actual increase in renter median income was only \$6,000.
- To examine how well Littleton's current housing market meets the needs of its residents BBC conducted a modeling effort called a "gaps analysis" which compares the supply of housing at various price points to the number of households who can afford such housing.
 - Altogether, the city has a shortage of rental units priced affordably for renters earning less than \$25,000 per year of 1,350 units. These households consist of students, working residents earning low wages, residents who are unemployed and residents who are disabled and cannot work.

- The for sale gaps analysis shows the Littleton market to be relatively affordable for renters earning more than \$75,000 per year. For renters earning between \$50,000 and \$75,000, the market does offer proportional affordability but it is contingent on a willingness to consider townhomes and condos.
- Overall, the average Denver metro worker—earning \$60,215 per year—could afford 80 percent of Littleton’s rental units and 15 percent of the homes sold in Littleton in 2016 (96% of which are attached homes).
- If current trends continue (home prices rising faster than incomes) and lending conditions remain constant, affordability is likely to decline substantially over the next five to fifteen years in Littleton. For example, forecasts conducted for this study indicate that a household earning 150 percent of the median income could afford 71 percent of homes in 2016 but only 33 percent in 2032. A renter household earning half the median income could afford 29 percent of rentals in 2016 but only 18 percent of rentals in 2032.

Community input: In general, the community input for the housing study highlights Littleton’s strong community culture and appreciation for quality of life assets such as good schools, parks and green space—similar to resident perspectives included in the Comprehensive Plan. The primary housing needs identified were affordability and single-level, small yard downsize options. Residents and most stakeholders shared a desire to accommodate a mix of appropriately scaled product types to address the range of housing needs.

- Stakeholders emphasized housing needs related to affordability and accessibility. Real estate professionals specifically highlighted the need for homes priced from \$280,000 to \$400,000 and more product diversity including small attached and patio homes.
- Stakeholders also advocated for more predictability and consistency in the design and development process.
- Resident survey respondents indicated that cost was the most important factor in choosing their current home but quality public schools were also influential. Residents chose Littleton over other communities for a number of factors including schools, proximity to work (or spouse’s work), good place to raise a family and community values.
- Housing for middle class families and housing affordable to residents in public service received are top priorities among Littleton residents, along with housing for residents with mobility challenges, housing for low income residents and options for first-time buyers.
- Responses from millennials and seniors indicated similar priorities, though millennials focused more on starter homes and apartments while seniors focused more on affordability for those with a fixed income and accessible housing.
- The types of homes residents considered “appropriate” for Littleton were consistent with the types of homes they considered important. Medium-sized single family homes (1,500 to 3,000 square feet) and more affordable types of homes (co-housing, townhomes, and small homes) were all widely accepted—most were comfortable with these housing types in any

Littleton neighborhood. Among traditional rental product types, small apartment buildings (10 or fewer units) were considered to be the most appropriate for Littleton.

Resources and options:

- Core strengths of Littleton’s housing context include a strong economy with low unemployment, increasing resident incomes, diverse housing stock and middle-market home prices. These strong market indicators are coupled with high levels of resident satisfaction and appealing community assets such as good schools and small-town charm.
- However, these community assets also increase demand for living in Littleton and contribute to rising home prices. The market analysis revealed market weaknesses, particularly related to declining affordability as home costs rise faster than incomes. Residents and stakeholders also indicated a shortage of units that accommodate seniors and people with disabilities—specifically single-level, low-maintenance housing options (attached and detached).
- Market threats that add to the challenge of addressing current housing needs include the pace of home prices increases relative to income growth, the risk of rising interest rates, an aging population and the regional context. However, Littleton is well-situated to address housing concerns based on its current housing market strengths, community support for housing that can address needs and national housing development trends that can be leveraged to help address needs.
- Financial resources to address housing needs in Littleton are limited. The city owns 28 units of affordable housing and the Littleton Community Development Department Neighborhood Resources Division administers some community building programs and grants but Littleton primarily relies on South Metro Housing Options (the local public housing authority) along with county and state funds for affordable housing resources.
 - SMHO, formerly the Littleton Housing Authority, owns and manages various housing programs in Littleton accounting for 600 units of affordable housing in the community. SMHO also administers housing choice vouchers for both the City of Littleton and Arapahoe County.
 - Littleton has an additional 350 affordable rental units developed under the Low Income Housing Tax Credit (LIHTC) program—a federally funded public-private partnership program that is the largest single producer of affordable rental housing in the country.
 - Arapahoe County receives federal “block grant” funds that can be used for a number of housing and community development activities to support low and moderate income residents. Littleton is allocated a portion of the county funds annually for qualifying projects which typically include emergency and essential home repair, health-related public services, public housing improvement projects and infrastructure improvement projects.
- One of the most common local governmental constraints to the private production of affordable housing is zoning, subdivision, and land development regulations. Best practices

for zoning that fosters affordable development include allowing a diversity of housing types, relaxing minimum dimensional standards, and proactive measures such as incentives for affordable development.

Next Steps and Action Plan

As discussed in the introduction, the ultimate purpose of the study is to provide recommendations that serve to guide future city policy decisions relating to housing. Recommendations, though not part of this draft, will be developed in conjunction with the city as part of a strategic planning process scheduled for the summer of 2017. Recommendations should offer a balanced approach for promoting housing affordability within Littleton. A collaborative engagement, which spreads the cost, impact, and rewards among all interested parties, will have the greatest chance for success.

Future recommendations should focus on actions that would best help the city preserve its existing strengths and address the following core needs:

- Additional affordable rentals, specifically for residents earning less than \$25,000—the city currently has a shortage of 1,350 units priced below \$623 per month. Note that Littleton residents consider small-scale rental structures with fewer than 10 units to be the most “appropriate” for Littleton.
- Starter homes and family homes priced near or below \$300,000. Residents are open to a variety of product types that could help meet this need.
- Housing options attractive to aging seniors—primarily single-level homes with low maintenance yards (could be patio homes, other small-lot options and small attached products without stairs).

Why Work to Address Housing Needs?

A balanced housing stock accommodates a diverse resident population which in turn supports the local economy and contributes to Littleton’s unique culture. The city has historically been relatively affordable to households across the income spectrum but recent trends indicate that many current and future residents may be priced out of Littleton as prices increase. Actions that help mitigate price increases and preserve both market-rate and publicly assisted housing affordability will also help preserve the culture and identity of Littleton itself.

Currently the average worker in only two of the city’s top ten industries has wages high enough to afford the 2016 median sale price of \$370,000.¹ By 2032 those workers will also be priced out of Littleton (at the median). Households earning 150 percent of the area median income will only be able to afford one-third of the homes for sale in Littleton by 2032 (currently these households can afford 71% of for-sale homes in Littleton).

¹ Calculation assumes a 30-year mortgage with a 10 percent down payment and an interest rate of 3.85 percent and incorporates property taxes, insurance and utilities (assumed to collectively account for 30% of the monthly payment). Housing costs are restricted to be 30 percent of total income or less.

SECTION I.

Demographic Profile

SECTION I.

Demographic Profile

This section provides a general overview of Littleton's demographic and economic environment to set the context for the housing market analysis. The discussion is organized around population levels and trends, household diversity and economic health.

Population Levels and Trends

Population. The 2015 American Community Survey (ACS) reports that Littleton has a population of 44,553, up from 40,340 in 2000 (a 10% increase). Over the same period, Arapahoe County's population increased by 25 percent and the Denver Metro's population overall increased by 30 percent (and increase of 790,000 people).¹ As shown in Figure I-1, much of Littleton's growth since 2000 has occurred within the last five years.

Figure I-1.
Littleton Population, 2000, 2010 and 2015

	Total Population			Total Growth 2000-2015	Annual Growth Rate	
	2000	2010	2015		2000-2010	2010-2015
Littleton	40,340	41,737	44,553	4,213	0.3%	1.3%
Arapahoe County	487,967	572,003	608,310	120,343	1.6%	1.2%
Denver Metro	2,629,980	3,090,874	3,418,876	788,896	1.6%	2.0%

Note: "Denver Metro" is defined as the Denver Metro Combined Statistical Area and includes Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, Park and Weld Counties.

Source: 2000 and 2010 U.S. Census, 2015 5-year ACS and BBC Research & Consulting.

Population by age. According to the 2015 ACS, the median age of residents in Littleton is 42, seven years older than the Arapahoe County and Denver metro median ages (both 36). Figure I-2 shows that residents between the ages of 35 and 54 years old are the largest cohort in the city, representing 28 percent of the population. Seniors (65 and older) represent 17 percent of the population and millennials (18 to 34) represent 21 percent of the population.

Between 2010 and 2015 the population of children in Littleton declined slightly, (from 22% of the population to 20% of the population) and the population of residents 55 or older increased. Millennials, as a proportion of the total population remained fairly constant, with a slight increase in post-college-age millennials (aged 25 to 34).

¹Throughout this report "Denver Metro" is defined as the Denver Metro Combined Statistical Area and includes Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, Park and Weld Counties.

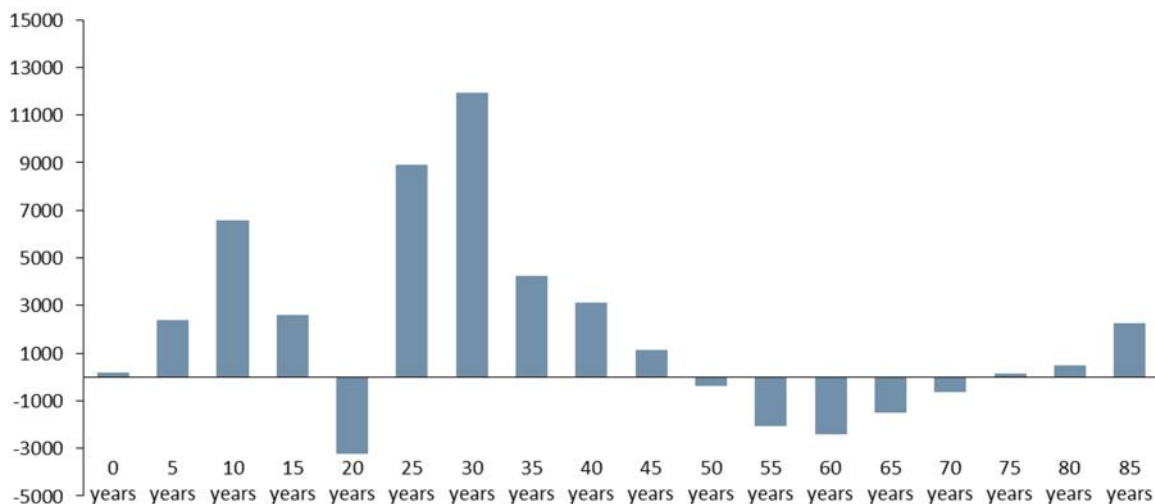
Figure I-2.
Age, City of Littleton, 2000, 2010 and 2015

	2000		2010		2015		2010-2015 Numerical Change	2010-2015 Pct. Pt. Change
	Number	Percent	Number	Percent	Number	Percent		
Under 5 years	2,301	6%	2,364	6%	2,265	5%	-99	-1%
5 to 17 years	7,080	18%	6,777	16%	6,652	15%	-125	-1%
18 to 24 years	3,322	8%	3,566	9%	3,786	8%	220	0%
25 to 34 years	5,237	13%	5,089	12%	5,703	13%	614	0%
35 to 54 years	13,008	32%	12,480	30%	12,395	28%	-85	-2%
55 to 64 years	3,667	9%	4,630	11%	6,285	14%	1,655	3%
65 years and over	5,725	14%	6,446	16%	7,467	17%	1,021	1%

Source: 2000 U.S. Census, 2010 5-year ACS and 2015 5-year ACS and BBC Research & Consulting.

Figure I-3 displays net migration by age for Arapahoe County. Between 2000 and 2010, 62 percent of new Arapahoe County residents were post-college-aged millennials (25 to 34). However, Littleton has not captured much of that county-wide millennial growth.

Figure I-3.
Net Migration by Age, Arapahoe County, 2000 to 2010



Note: Data only available for county level – not available for Littleton only.

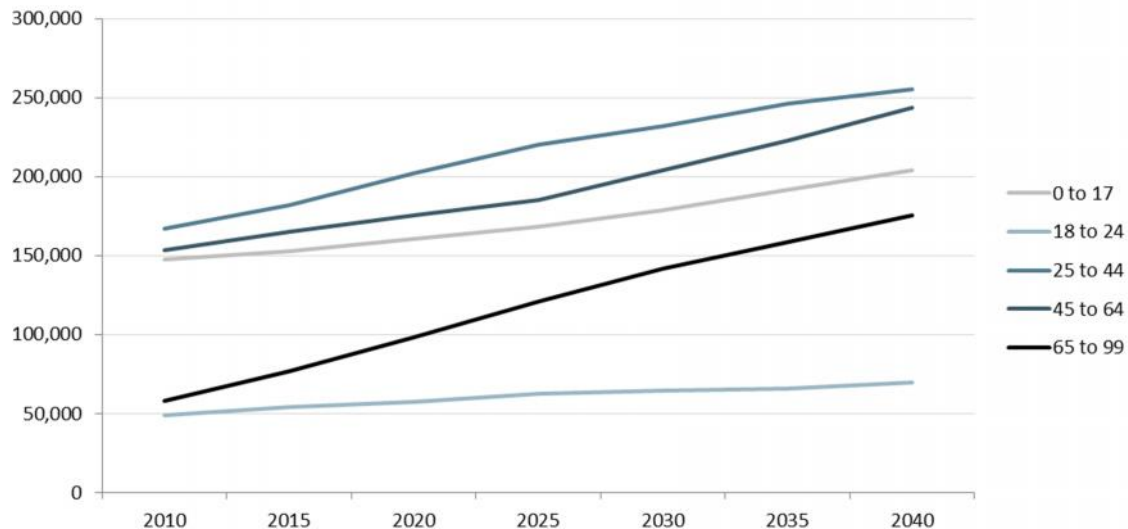
Source: Colorado Department of Local Affairs and BBC Research & Consulting.

Population projections. Population forecasts were not available for the City of Littleton, but estimates for Arapahoe County indicate population growth over the next twenty years is likely to be similar to that of the last decade—forecasts show a 1.6 percent projected compound annual growth rate for 2015 to 2040, the same rate as the county experienced between 2000 and 2010.

Figure I-4 displays forecasted population growth by age group for Arapahoe County. Between 2015 and 2040 the senior population (65 and older) is expected to increase by 3.3 percent per

year, compared to 1.6 percent for the population overall. The county's population of 18 to 24 year olds is forecasted to have the slowest growth at 1.0 percent per year.

Figure I-4.
Population Forecasts, Arapahoe County, 2010 through 2040



Note: Data only available for county level – not available for Littleton only.

Source: Colorado Department of Local Affairs and BBC Research & Consulting.

Population/household growth in Littleton is likely to be lower than Arapahoe County overall as it is constrained by the city's buildout capacity. Assuming a similar rate of growth as the city experienced between 2010 and 2015 (0.7% CAGR), Littleton could reach 52,575 residents by 2040.

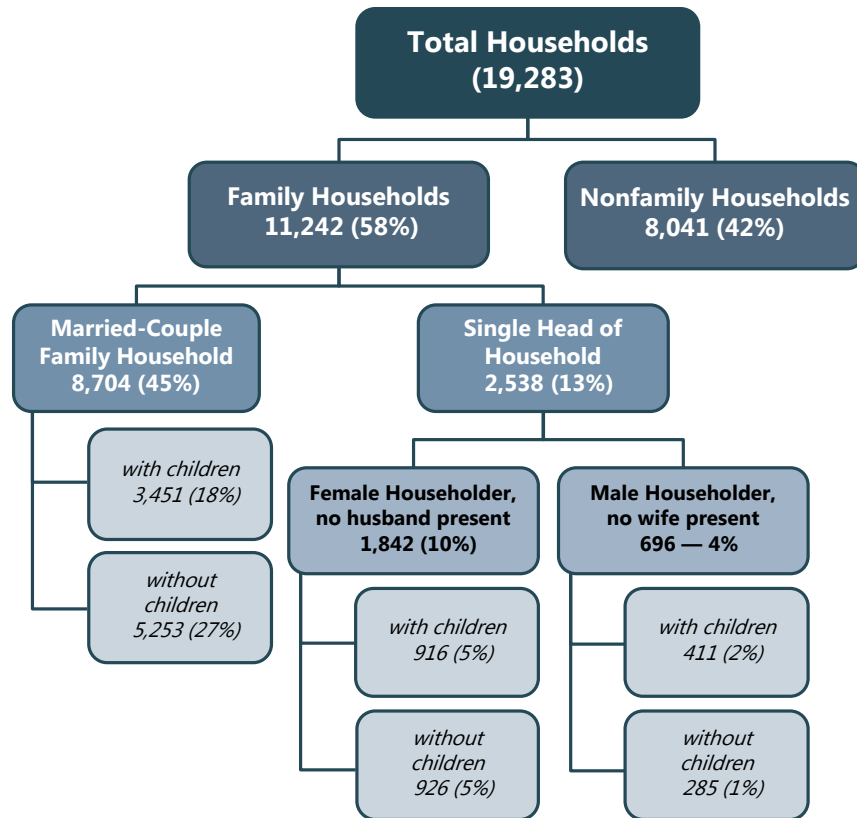
Household Diversity

Household types. About three out of five Littleton households are family households, most of which are comprised of married couples with or without children. Forty-two percent of households are non-family households, which include unrelated persons living together or individuals living alone.

Overall, 27 percent of households include children (married couple and single head of household), down slightly from 29 percent in 2010. Single parent households make up 7 percent of all Littleton households. Figure I-5 displays the city's 2015 household composition.

**Figure I-5.
Household
Composition, City of
Littleton, 2015**

Source:
2015 5-year ACS and BBC
Research & Consulting.



Disability. In 2015, about 4,500 Littleton residents—10 percent of the total population—had at least one type of disability. About half of those disabled residents were 65 or older. The proportion of residents with a disability in Littleton (10%) is similar to the Denver metro (9%) and the state overall (10%).

Nearly one-third of all seniors (65 years and over) in Littleton are living with at least one disability. Seniors are most affected by ambulatory and independent living disabilities and children are most affected by cognitive and vision disabilities.

The high percentage of seniors living with disabilities, coupled with the population growth among this age group in Littleton (Figure I-6), suggests that the number of total residents living with a disability will increase in the future.

Understanding the needs of seniors with disabilities, primarily with physical disabilities, in terms of housing and community resources will ensure that the City of Westminster is prepared and equipped to accommodate this growing community.

Figure I-6.
Incidence of Disability by Age, City of
Littleton, 2015

Source:
 2015 5-year ACS and BBC Research & Consulting.

	Number of Residents	Percent of Residents
Total Residents with a Disability	4,447	10%
Residents 5 years and younger	0	0%
Residents 5 to 17 years	269	4%
Hearing	20	0%
Vision	12	0%
Cognitive	241	4%
Ambulatory	14	0%
Self-care	3	0%
Population 18 to 64 years	1,894	7%
Hearing	407	1%
Vision	315	1%
Cognitive	975	3%
Ambulatory	835	3%
Self-care	401	1%
Independent living	761	3%
Population 65 years and over	2,284	32%
Hearing	1,129	16%
Vision	457	6%
Cognitive	495	7%
Ambulatory	1,213	17%
Self-care	432	6%
Independent living	854	12%

Race and ethnicity. Eighty-two percent of Littleton residents are non-Hispanic white; the other 18 percent belong to a minority group. About 12 percent are Hispanic, 2 percent are Asian, 1 percent are African American and 3 percent are two or more races. Although minority populations have experienced faster growth than non-Hispanic whites over the past 15 years, there have only been modest changes in the city's overall racial/ethnic distribution since 2010. Figure I-7 presents the racial and ethnic composition of city residents and how the composition has changed since 2000.²

² It should be noted that Census data on race and ethnic identification vary with how people choose to identify themselves. The U.S. Census Bureau treats race and ethnicity separately: the Bureau does not classify Hispanic/Latino as a race, but rather as an identification of origin and ethnicity. In 2010 the U.S. Census Bureau changed the race question slightly, which may have encouraged respondents to check more than one racial category.

Figure I-7.
Race and Ethnicity, City of Littleton, 2000, 2010 and 2015

	2000		2010		2015		2000-2015 Percent Change
	Number	Percent	Number	Percent	Number	Percent	
Total population	40,416		41,352		44,553		10%
Race							
American Indian and Alaska Native	189	0%	332	1%	189	0%	0%
Asian	707	2%	1,184	3%	959	2%	36%
Black or African American	443	1%	623	2%	663	1%	50%
Native Hawaiian and Other Pacific Islander	19	0%	18	0%	36	0%	89%
White	37,081	92%	36,564	88%	40,810	92%	10%
Two or more races	904	2%	992	2%	1,194	3%	32%
Ethnicity							
Hispanic or Latino	3,347	8%	5,234	13%	5,129	12%	53%
Non-Hispanic White	35,098	87%	33,205	80%	36,667	82%	4%

Note: The ACS question on Hispanic origin was revised in 2008 to make it consistent with the 2010 Census Hispanic origin question. As such, there are slight differences in how respondents identified their origin between the 2000 Census and 2015 ACS.

Excludes "Some Other Race" category due to inconsistency of reporting between 2000 Census and 2015 ACS.

Source: 2000 U.S. Census, 2010 5-year ACS and 2015 5-year ACS.

Economic Health

Income. The median household income in the City of Littleton was \$65,221 in 2015—higher than the state overall (\$63,909) and Arapahoe County (\$63,265) but lower than the Denver metro overall (\$70,361).

Figure I-8 displays median household income of both renters and owners in Littleton for 1999, 2007, 2010 and 2015. Overall, median household income increased by 30 percent between 1999 and 2015—from \$50,245 to \$65,221. Much of that increase occurred within the last five years.

Renters experienced a 19 percent income increase (from \$31,333 to \$37,359) and owners experienced a 34 percent increase (from \$65,117 to \$87,394).³

³ It is important to note that the median used in housing programs is a HUD-determined figure based on household incomes in the Denver-Aurora region, adjusted for household size. The 2016 HUD-determined median for a family of four in the Denver-Aurora metropolitan statistical area (MSA) is \$79,900.

Figure I-8.
Median Household Income
by Tenure, City of Littleton,
1999, 2007, 2010 and 2015

Source:

2000 Census; 2007 3-year ACS, 2010 and
 2015 5-year ACS and BBC Research &
 Consulting.

	All Households	Owners	Renters
Median HH Income			
1999	\$50,254	\$65,117	\$31,333
2007	\$55,742	\$75,744	\$29,694
2010	\$54,512	\$78,950	\$28,564
2015	\$65,221	\$87,394	\$37,359
Percent Change in MHI			
1999 to 2007	11%	16%	-5%
2007 to 2010	-2%	4%	-4%
2010 to 2015	20%	11%	31%
Total change 1999-2015	30%	34%	19%

Income growth was not uniform across all income categories, as shown in Figure I-9. The city now has more owners earning more than \$75,000 than in 1999—and fewer owners earning \$25,000 to \$75,000. However, owners living in poverty (earning less than \$25,000) increased slightly, by 8 percent.

As discussed above, renters' incomes grew 19 percent overall between 1999 and 2015. Growth was most prominent for renters earning more than \$100,000: the number of renters earning at least \$100,000 more than doubled. This could be due to an increase in the incomes of current renters as well as in- and out-migration of renter households.

These changes typify the growing “income gap” experienced in many cities in the country. Workers in high-paying professions and residents with accumulated wealth saw their incomes increase during the past 15 years, while lower income residents were disproportionately affected by the economic downturn, particularly those in recession-vulnerable professions, such as housing construction.

**Figure I-9.
Income Shifts,
City of Littleton,
2000 and 2015**

Source:
2000 Census; 2015 5-year
ACS and BBC Research &
Consulting.

	2000		2015		2000-2015 Numerical Change	2000-2015 Percent Change
	Number	Percent	Number	Percent		
Total	17,389		19,283		1,894	11%
Owners						
Less than \$25,000	1,136	7%	1,227	6%	91	8%
\$25,000 - \$50,000	2,666	15%	1,740	9%	-926	-35%
\$50,000 - \$75,000	2,433	14%	1,974	10%	-459	-19%
\$75,000 - \$100,000	1,620	9%	1,900	10%	280	17%
\$100,000+	2,929	17%	5,023	26%	2,094	71%
Total	10,784	62%	11,864	62%	1,080	10%
Renters						
Less than \$25,000	2,444	14%	2,418	13%	-26	-1%
\$25,000 - \$50,000	2,388	14%	2,154	11%	-234	-10%
\$50,000 - \$75,000	1,136	7%	1,476	8%	340	30%
\$75,000 - \$100,000	352	2%	651	3%	299	85%
\$100,000 +	285	2%	720	4%	435	153%
Total	6,605	38%	7,419	38%	814	12%

Poverty. Over 4,000 Littleton residents (9% of the population) are living in poverty. Children (under 18 years old) are the most likely age group to be living in poverty (12%) and residents over 35 are the least likely to be living in poverty (7% of 35-64 year olds and 7% of seniors). The city has a lower poverty rate than Arapahoe County (11%) and the Denver metro area overall (14%). Figure I-10 displays poverty by age for Littleton residents in 2015.

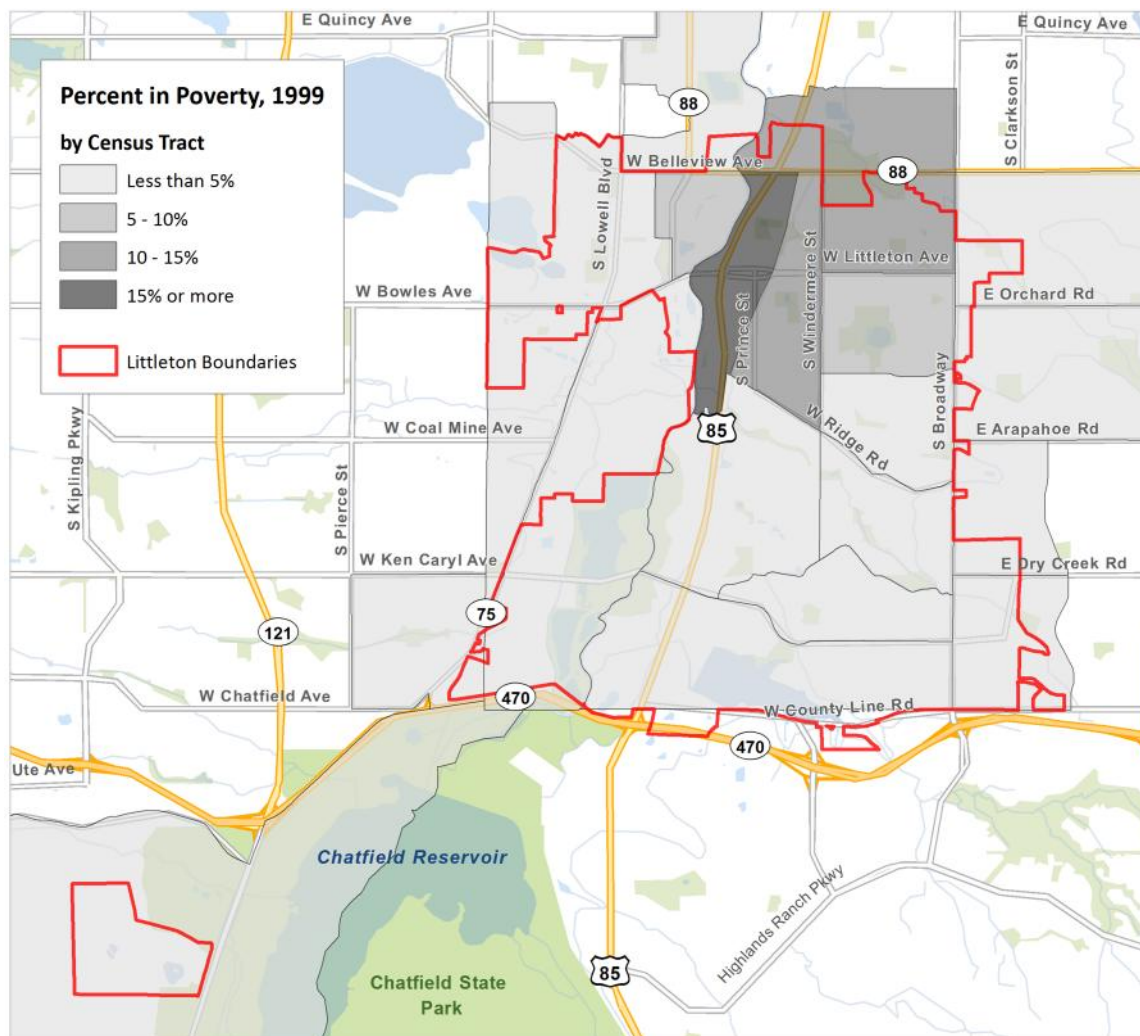
**Figure I-10.
Poverty Levels by Age, City of
Littleton, 2015**

Source:
2015 5-year ACS and BBC Research &
Consulting.

	Total	Number Below Poverty	Percent Below Poverty
Total Population	44,110	4,131	9%
Under 5 years	2,246	280	12%
U5 to 17 years	6,625	761	11%
18 to 34 years	9,443	1,319	14%
35 to 64 years	18,615	1,267	7%
65 years and over	7,181	504	7%

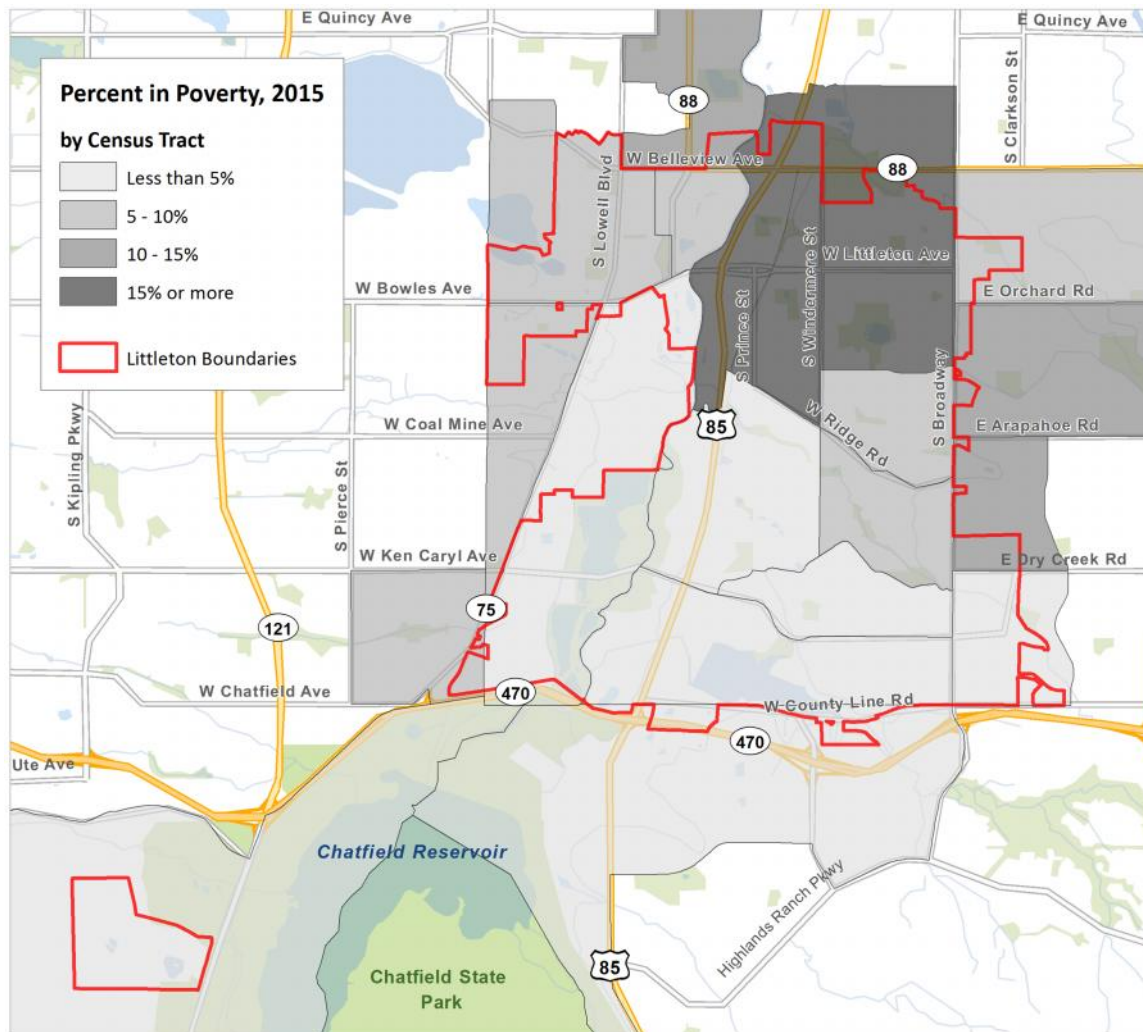
Geospatial distribution of poverty within Westminster has changed little since 1999, except for a rise in the northern portion of the city outside the Santa Fe corridor and in the Census tracts that border Littleton to the east and west (see Figures I-11 and I-12). Generally speaking, neighborhoods with poverty rates exceeding 40 percent are considered to be “concentrated poverty” and are statistically associated with higher levels of social dysfunction and community stressors. None of Littleton’s neighborhoods have a poverty rate of 40 percent.

Figure I-11.
Poverty Rates by Census Tract, City of Littleton, 1999



Source: 2000 Census, TIGER/Line, Esri, and BBC Research & Consulting.

Figure I-12.
Poverty Rates by Census Tract, City of Littleton, 2015

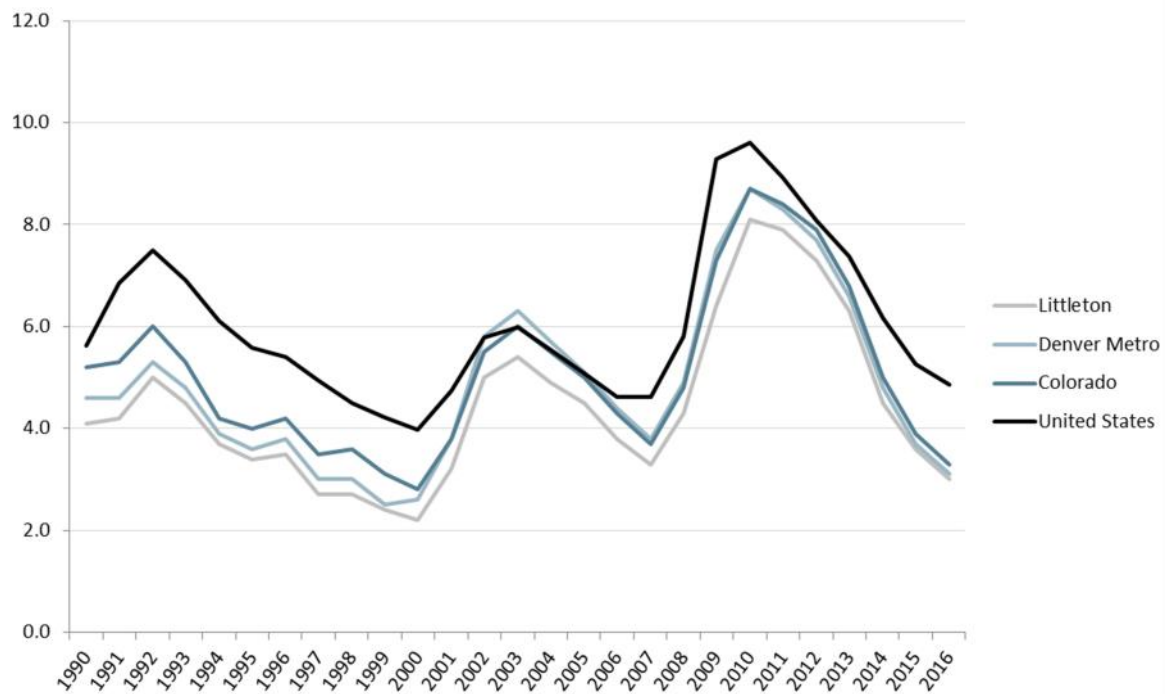


Source: 2015 5-year ACS, TIGER/Line, Esri and BBC Research & Consulting

Jobs and Unemployment. Among Littleton residents aged 16 and older, 68 percent participate in the labor force. This indicates these residents were currently employed (either part-time or full-time) or were actively looking for a job.

Unemployment. As displayed by Figure I-13, the city has historically exhibited relatively low rates of unemployment. As of January 2017, Littleton's unemployment rate was 2.9 percent—just below the rate for the Denver metro area (3.1%) and the State of Colorado (3.3%).

Figure I-13.
Unemployment Rates in the City of Littleton, the Denver metro, Colorado and the United States, 1990 through 2016



Source: Bureau of Labor Statistics and BBC Research & Consulting.

Industry and Earnings. According to the US Census Bureau’s Longitudinal Employer-Household Dynamics, there are 19,846 working Littleton residents (either employed in the city or commuting to work outside the city) and 29,524 workers whose primary jobs are located in Littleton (some of these workers live in the city and some live outside the city). Figure I-14 displays employment by industry for people working in the city and for people living in the city. The figure also displays the average 2016 wage for each industry.

Over half (56%) of Littleton jobs are concentrated in five industries: health and social services (13%), retail (13%), education (12%), public administration (10%) and information services (9%). Littleton residents, most of whom are out-commuters, have a broader industry distribution with health and social services accounting for the most jobs (12%) followed by retail (11%) and professional services (11%).

Mining and Management of companies have the highest average annual pay (\$169,000 and \$148,000, respectively) but account for a small proportion of the workforce (1% of workers with jobs in Littleton and 4% of working residents). Average annual wages in the Denver metro across all industries is \$60,215.

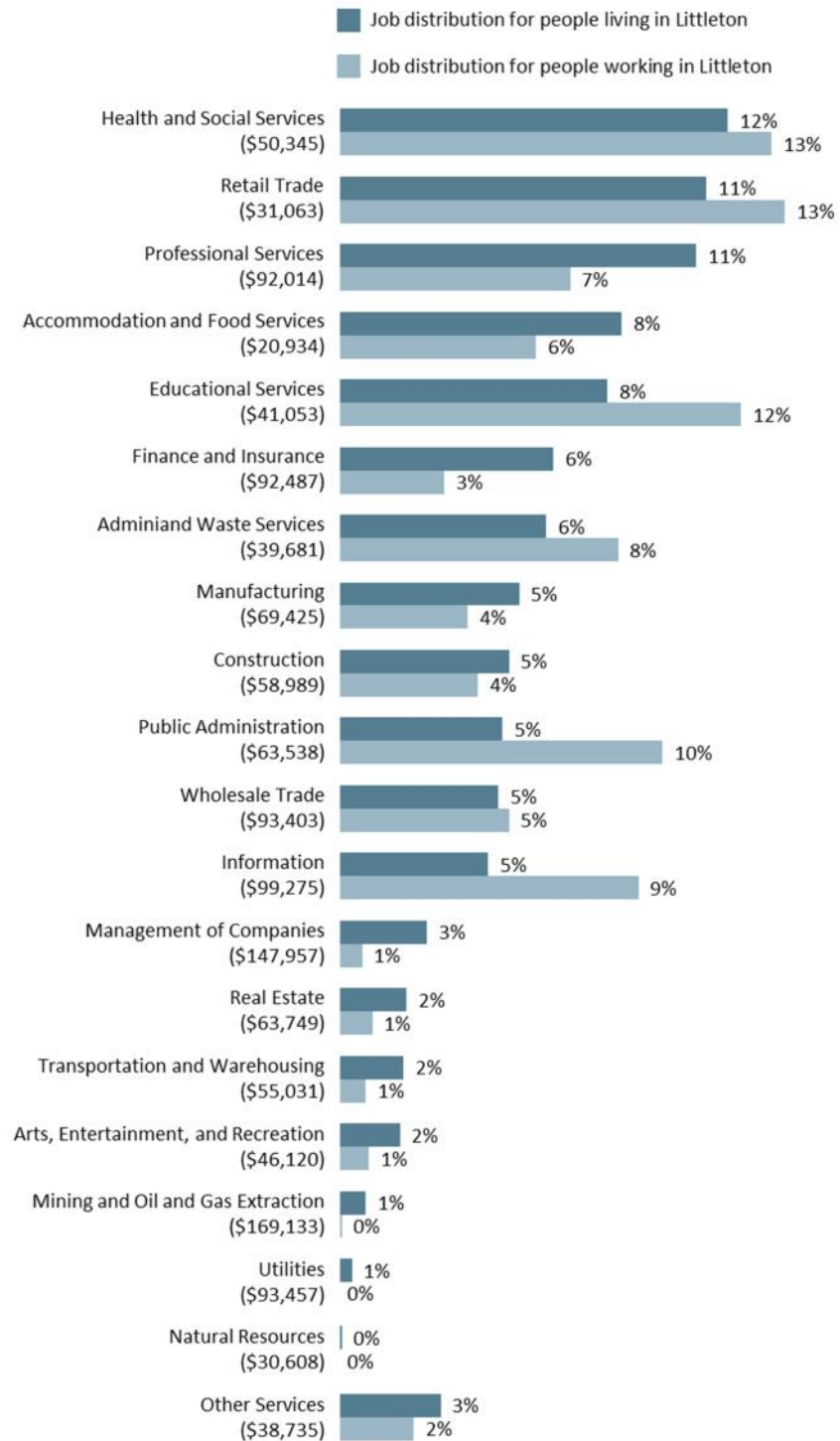
Figure I-14.
Employment and
Earnings by Industry,
City of Littleton, 2014

Note:

People who both live and work the city are included in both distributions. Average annual wages are estimated for the Denver metro area as a whole and reflect 2015 annual averages. Metro area data were not available for select industries; in those cases wages are shown for Arapahoe County.

Source:

US Census Bureau's Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW) and BBC Research & Consulting.



Commuting patterns. Among the 29,524 Littleton workers and the 19,846 employed residents, there are just 2,325 people that both live and work in Littleton. As shown in Figure I-15, about 27,000 people work in Littleton but live elsewhere (in-commuters) and 17,521 people live in Littleton but commute to jobs elsewhere (out-commuters).

In other words, 88 percent of working Littleton residents are out-commuters and 92 percent of Littleton's jobs are held by in-commuters.

Figure I-15.
Inflow and Outflow of Primary Jobs,
City of Littleton, 2014

Source:
US Census Bureau's Longitudinal Employer-Household
Dynamics and BBC Research & Consulting.

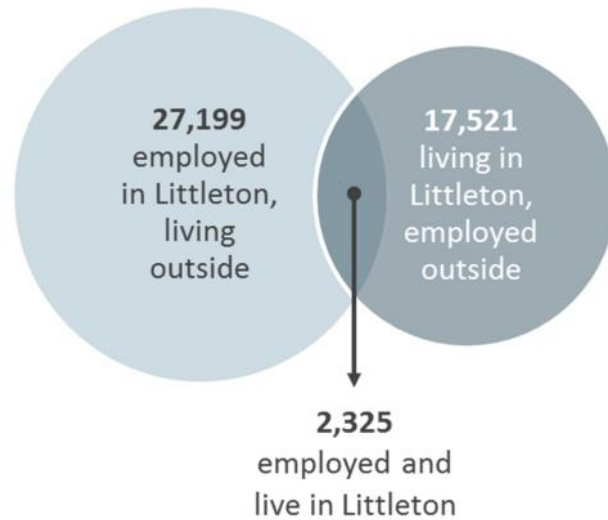


Figure I-16 displays the top daily destinations of in-commuters, out-commuters to/from Littleton. Denver is the top destination: 28 percent of Littleton residents work in Denver and 15 percent of Littleton workers live in Denver.

Figure I-16.
In-Commuter and Out-Commuter Destinations, City of Littleton, 2014

Where Littleton residents work (Top 6)

1. Denver (28%)
2. Littleton (12%)
3. Centennial (6%)
4. Lakewood (6%)
5. Aurora (5%)
6. Greenwood Village (4%)

Where Littleton workers live (Top 6)

1. Denver (15%)
2. Centennial (9%)
3. Highlands Ranch (8%)
4. Littleton (8%)
5. Aurora (7%)
6. Lakewood (4%)

Source: US Census Bureau's Longitudinal Employer-Household Dynamics and BBC Research & Consulting.

Section Summary

This section has reviewed demographic trends in Littleton to set the context for the analysis of housing demand in Section II. Primary findings include:

- Littleton is currently home to about 45,000 people. Residents between 35 and 54 years old are the largest cohort in the city (28% of the population). Seniors (65 and older) represent 17 percent of the population and millennials (18 to 34) represent 21 percent of the population. Since 2010 the population in Littleton has increased by about 10% overall; the proportion of seniors has increased, the proportion of children decreased slightly and the proportion of millennials has remained fairly constant.
- Littleton's 45,000 residents occupy about 28,000 households. Fifty-eight percent are family households; 28 percent include children under 18.
- In 2015, about 4,500 Littleton residents—10 percent of the total population—had at least one type of disability (similar to the Denver metro and state overall). About half of those disabled residents were 65 or older.
- About 18 percent of Littleton's residents identify as racial/ethnic minorities (12% Hispanic, 2% Asian, 1% African American and 3% two or more races). Although minority populations have experienced faster growth than non-Hispanic whites over the past 15 years, there have only been modest changes in the city's overall racial/ethnic distribution since 2010.
- The median household income in the City of Littleton was \$65,221 in 2015, up 30 percent from 1999, when median income was \$50,245. Over that period, owners experienced higher income growth (34%) than renters (19%).
- Typical of national trends, income growth was not uniform across all income categories: Workers in high-paying professions and residents with accumulated wealth saw their incomes increase during the past 15 years, while lower income residents were disproportionately affected by the economic downturn.
- Over 4,000 Littleton residents (9% of the population) are living in poverty; children (under 18 years old) are the most likely age group to be living in poverty (12%). The city has a lower poverty rate than Arapahoe County (11%) and the Denver metro area overall (14%). Within Littleton, poverty is concentrated in the northern portion of the city, particularly along the Santa Fe corridor.
- The average metro area worker earns about \$60,000 annually. About two-thirds of Littleton residents participate in the labor force and Littleton's unemployment rate is below that of the metro and the state overall.
- There are about 29,500 primary jobs in Littleton and about 19,800 employed residents. However, there are just 2,325 people that both live and work in Littleton. That is, 88 percent of working Littleton residents are out-commuters and 92 percent of Littleton's jobs are held by in-commuters.

SECTION II.

Housing Profile and Market Analysis

SECTION II.

Housing Profile and Market Analysis

This section provides an analysis of Littleton's housing market. It begins with a discussion of housing stock then examines trends in the owner and rental markets. It also includes an analysis of scrapes in Littleton and an overview of publicly assisted rental housing. The section concludes with gaps analysis to examine mismatches in supply and demand of housing in Littleton.

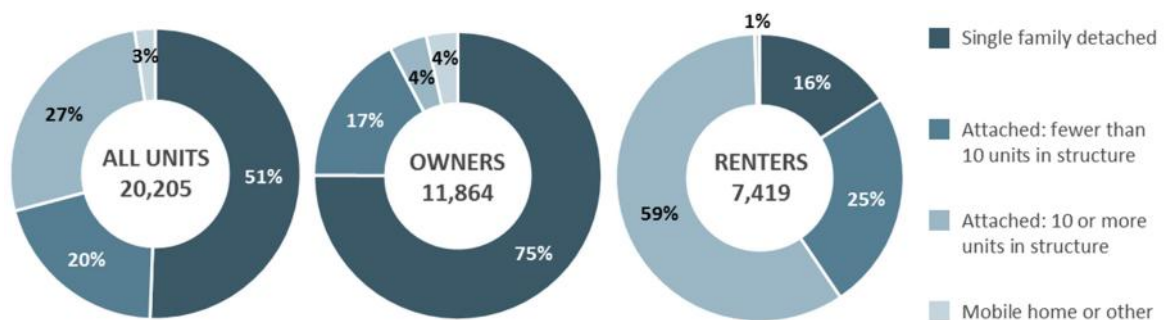
Existing Housing Stock

According to the 2015 ACS there are 20,205 housing units (occupied and vacant) in Littleton, up from 19,176 in 2010—a 5 percent increase. Nearly two thirds (62%) of households in the city are owner-occupied; 38 percent are renter occupied.

Housing type. Just over half of Littleton's housing stock is single family detached and 47 percent is attached housing (paired homes, townhomes, apartments, condos, etc). In addition, 2 percent of the housing stock is mobile homes. The distribution of housing type in Littleton is similar to Arapahoe County overall.

The vast majority of Littleton owners (75%) live in single family detached houses and the vast majority of renters (84%) live in attached units. Figure II-1 displays housing type by tenure for Littleton.

Figure II-1.
Housing Type by Tenure, City of Littleton, 2015

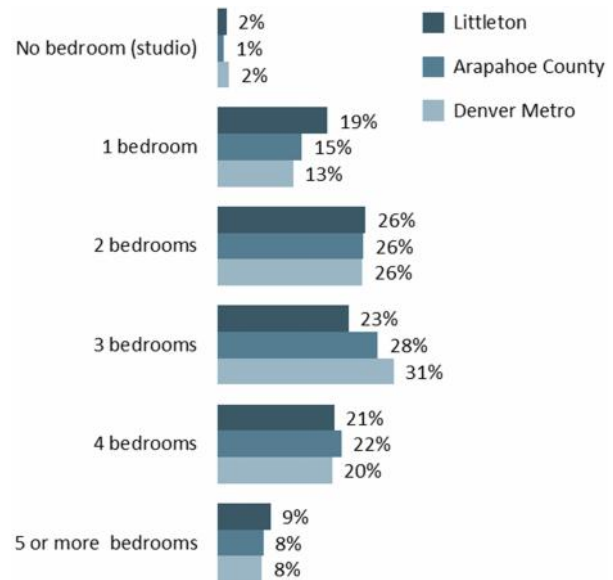


Source: 2015 5-year ACS and BBC Research & Consulting.

Household size and bedrooms. The average household size in Littleton is 2.29—smaller than Arapahoe County (2.63) and the Denver metro as a whole (2.59). About one-quarter of housing units in Littleton have three bedrooms; 47 percent have fewer than three bedrooms and 30 percent have four or more bedrooms. As shown in Figure II-2, Littleton has a higher proportion of one bedroom units and fewer three bedroom units than Arapahoe County and the Denver metro overall.

Figure II-2.
Number of Bedrooms,
City of Littleton, 2015

Source:
2015 5-year ACS and BBC Research & Consulting.

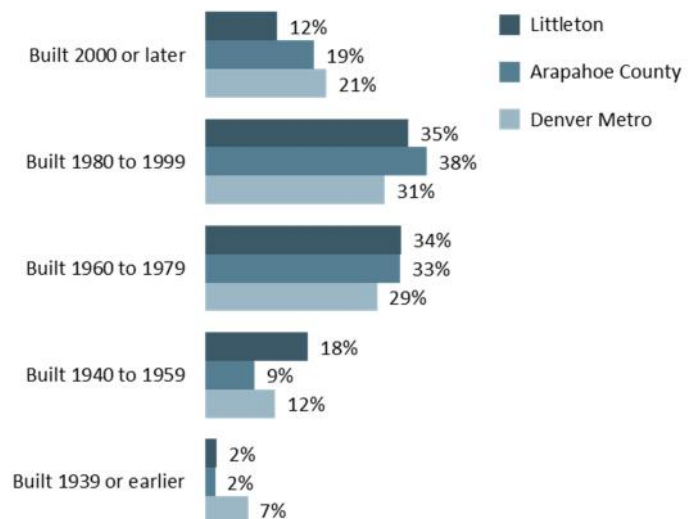


On average, owner-occupied households in Littleton are larger (2.45 people) than renter occupied households (2.02 people). Owner occupied units also tend to have more bedrooms than renter occupied units—77 percent of owner occupied homes have three or more bedrooms, compared to just 19 percent of renter occupied homes.

Age of housing stock. About 12 percent of Littleton’s housing stock was built in the past 15 years (since 2000). Over one third (35%) was built between 1980 and 2000. Over one third (35%) was built between 1940 and 1980 and just one percent was built before 1940. Figure II-3 displays the city’s housing stock by age; data for Arapahoe County and the Denver Metro are included for comparison.

Figure II-3.
Age of Housing Stock, City of
Littleton, 2015

Source:
2015 5-year ACS and BBC Research & Consulting..



When examined by tenure, the city’s owner occupied units have a similar age distribution as renter occupied units: 53 percent of both owner and renter occupied units were built prior to 1980. However, fewer rentals than owner units were built between 1980 and 2000 (32%

compared to 36%) and more rentals than owner units were built in the past 15 years (15% compared to 11%).

Most of Littleton's housing stock was built after 1940, therefore reducing the risk of lead-based paint.¹ Age of homes can be an important indicator of housing condition: older houses tend to have more condition problems and are more likely to contain materials such as lead based paint. Just 2 percent of the housing units in Littleton were built before 1940 and nearly half were built after 1980.

Overcrowding and substandard conditions. Other key factors to examine in evaluating housing condition are overcrowding and substandard units. Overcrowding in housing can threaten public health, strain public infrastructure, and points to an increasing need of affordable housing. This study uses HUD's definition of having more than one person per room to identify overcrowded units.² Approximately two percent of the city's households—or about 384 households—are overcrowded.

The 2015 ACS reported that 33 units (vacant and occupied) in the city lacked complete plumbing facilities and 75 housing units (vacant and occupied) lacked complete kitchens. These 108 severely substandard units represent less than one percent of the city's total housing units.

Current and Future Development

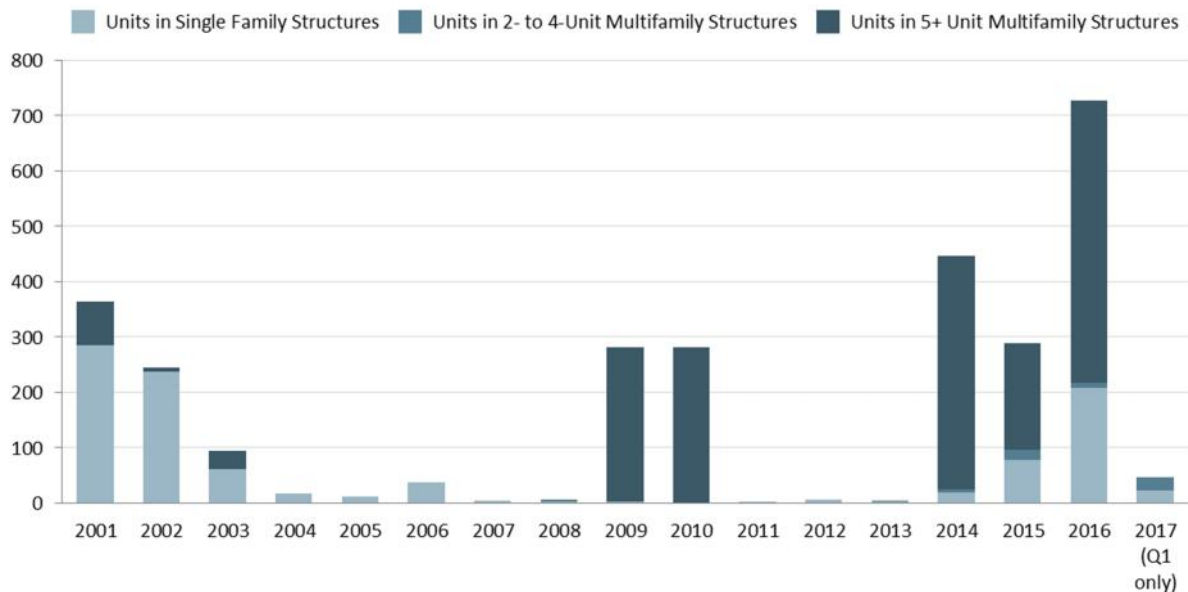
Like many areas across the country, residential development in Littleton slowed in the wake of the recession but has experienced resurgence over the past few years. Figure II-4 displays residential permitting over the past 16 years, broken out by housing type. Data for 2017 reflects only the first quarter (January through March).

Permitting has been high over the past three years, relative to recent history. Most notably, the number of multifamily housing permits issued has been especially high over the past three years.

¹ Lead-based paint was banned from residential use in 1978. Housing built before 1978 is considered to have some risk, but housing built prior to 1940 is considered to have the highest risk. After 1940, paint manufacturers voluntarily began to reduce the amount of lead they added to their paint. As a result, painted surfaces in homes built before 1940 are likely to have higher levels of lead than homes built between 1940 and 1978.

² The HUD American Housing Survey defines a room as an enclosed space used for living purposes, such as a bedroom, living or dining room, kitchen, recreation room, or another finished room suitable for year-round use. Excluded are bathrooms, laundry rooms, utility rooms, pantries, and unfinished areas.

Figure II-4.
Building Permits Issued, City of Littleton, 2001 through Q1 2017



Source: HUD State of the Cities Data Systems Building Permit Database and BBC Research & Consulting.

Figure II-5 shows the number of existing units by type as well as permitted units for 2014 through 2017 to evaluate how current development may impact the overall housing type distribution in Littleton. Currently, single family homes (detached and attached) comprise 61 percent of the overall housing stock in Littleton. Given the types of housing units permitted for construction, the proportion of single family homes will drop to 59 percent—a relatively small decline. Projects show an associated 2 percentage point rise in the proportion of units in multifamily structures.

Figure II-5.
Future Development by Housing Type, City of Littleton

Type of Housing	Number of Dwelling Units			Housing Stock	
	Existing Housing Stock	Building Permits Issued 2014-2017	Possible Future Housing Stock	Current	Future
Units in Single Family Structures	12,383	329	12,712	61%	59%
Units in 2- to 4-Unit Multifamily Structures	587	57	644	3%	3%
Units in 5+ Unit Multifamily Structures	6,773	1,124	7,897	34%	36%
Mobile Home and other	462	0	462	2%	2%
Total Units	20,205	1,510	21,715	100%	100%

Source: 2015 5-year ACS, HUD State of the Cities Data Systems Building Permit Database and BBC Research & Consulting.

Profile of Renters and Owners

Littleton is home to more owners (62%) than renters (38%). Owners tend to be older and earn higher incomes than renters (median income for renters is less than half that of owners). Owners are also more likely to be non-Hispanic white. Owners and renters are equally likely to

have children living in the home—26 percent of renters and 27 percent of owners are households with children. Renters are more likely than owners to be living alone.

Figure II-6 summarizes characteristics of renters and owners in Littleton. The figure displays the number and distribution of renter and owner households by demographic characteristic and also provides the homeownership rate by income, age group, household type and race/ethnicity.

Figure II-6.
Profile of Renters and Owners, City of Littleton, 2015

	Renters		Owners		Ownership Rate
	Number	Percent	Number	Percent	
Total Households	7,419	100%	11,864	100%	62%
Median Income	\$37,359		\$87,394		
Income Distribution					
Less than \$25,000	2,418	33%	1,227	10%	34%
\$25,000 - \$50,000	2,154	29%	1,740	15%	45%
\$50,000 - \$75,000	1,476	20%	1,974	17%	57%
\$75,000 - \$100,000	651	9%	1,900	16%	74%
\$100,000+	720	10%	5,023	42%	87%
Age of Householder					
Young millennials (15-24)	866	12%	20	0%	2%
Post-college millennials (25-34)	1,809	24%	714	6%	28%
Ages 35-44	1,359	18%	1,858	16%	58%
Ages 45-64	2,023	27%	5,712	48%	74%
Seniors (65 and older)	1,362	18%	3,560	30%	72%
Household Type					
Family household without children	1,893	26%	3,195	27%	63%
Family household with children	1,219	16%	4,935	42%	80%
Nonfamily household - living alone	3,634	49%	3,187	27%	47%
Other nonfamily household	673	9%	547	5%	45%
Race/Ethnicity of Householder					
Non-Hispanic white	5,890	79%	10,919	92%	65%
Hispanic	1,037	14%	566	5%	35%
Other minority	492	7%	379	3%	44%

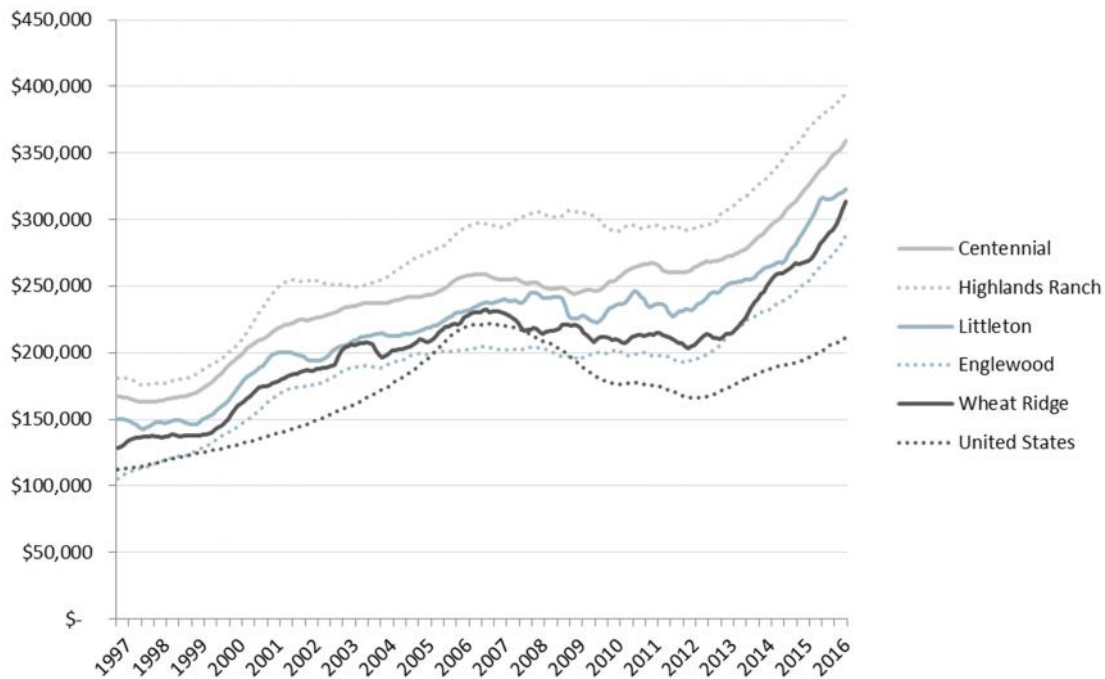
Source: 2015 5-year ACS and BBC Research & Consulting.

Ownership Market Trends

Similar to most housing markets across the country, Littleton experienced substantial increases in home values between 2000 and 2008 followed by a drop in values and sales activity as the housing bubble burst. However, the impact in Littleton (and regionally) was not as severe as in the U.S. as a whole.

Since early 2012, home prices have increased sharply in Littleton and in peer communities throughout the metro area. Figure II-7 uses Zillow data to compare long-term trends in Littleton home prices to other communities in the metro area and to the United States overall.

Figure II-7.
Median Sale Price, Littleton and Surrounding Communities, 1997 - 2016



Source: Zillow median sale price and BBC Research & Consulting.

Home value. According to the 2015 5-year ACS, the median value of owner-occupied homes in Littleton was \$284,000, up from \$192,200 in 1999 and \$269,500 in 2010. (Median value reflects the self-reported value of all homes—not just those listed or sold; as such median value is typically below median sale price in any community).

Figure II-8 displays the distribution of home values in Littleton, along with Arapahoe County and the Denver metro for comparison. One-third of Littleton owners report their home value to be between \$200,000 and \$300,000 and nearly another third report their home value to be between \$300,000 and \$500,000. About 10 percent of Littleton homes are valued below \$150,000. Compared to Arapahoe County and the Denver Metro, Littleton has fewer homes valued below \$200,000 and more homes valued between \$200,000 and \$1 million.

Figure II-8.
Home Value Distribution,
City of Littleton, Arapahoe County
and the Denver Metro, 2015

Source:
 2015 5-year ACS and
 BBC Research & Consulting.

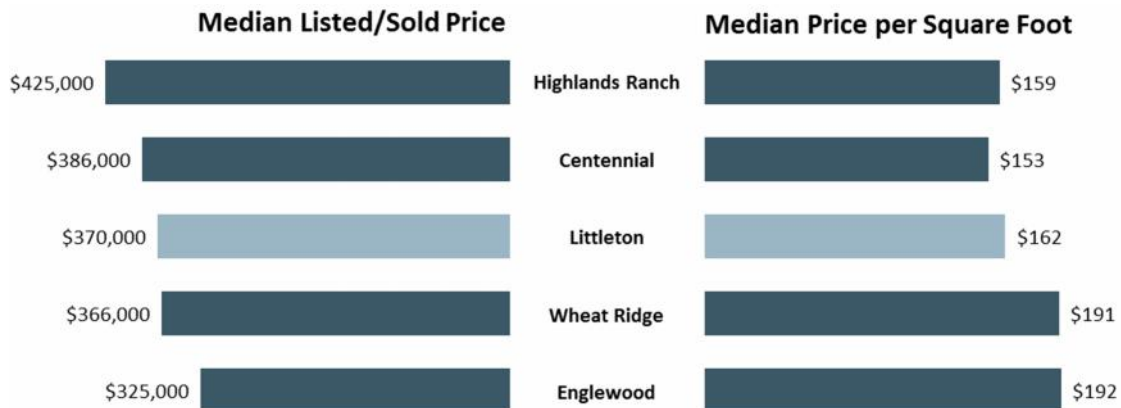


Home sales. In 2016, about 3,500 homes were listed for sale or sold in Littleton for a median price of \$370,000. Over 70 percent of sales were single family detached homes, a proportion slightly below the 75 percent of owner-occupied homes in the city that are single family detached. Single family detached homes sold for a median sale price of \$410,000, significantly higher than the median sale price for attached homes (\$247,750).

Littleton's median sale price of \$370,000 was similar to surrounding areas and peer cities in the metro area. As shown in Figure II-9 Highlands Ranch had the highest median sale price at \$425,000 and Englewood had the lowest at \$325,000.

Median price per square foot still shows Littleton in the middle of the peer city range but Englewood and Wheat Ridge move to the upper end and Highlands ranch and Centennial fall below Littleton.

Figure II-9.
Median Price and Price per Square Foot, City of Littleton and Surrounding Communities, 2016



Source: Genesis Group MLS data and BBC Research & Consulting.

Figure II-10 shows characteristics of the homes listed/sold in Littleton during 2016. Fifteen percent of homes were bought with cash, 66 percent were bought through conventional mortgages and the remaining 19 percent of homes were bought with FHA, VA or other financial terms. Most of the city's home sales (57%) were priced between \$300,000 and \$500,000; one-quarter were priced below \$300,000.

On average, the homes listed or sold in Littleton in 2016 were 2,500 square feet with 3 bedrooms and 3 baths and were on the market for just 23 days before going under contract.

Figure II-10.
Home Sales Characteristics, City of Littleton, 2016

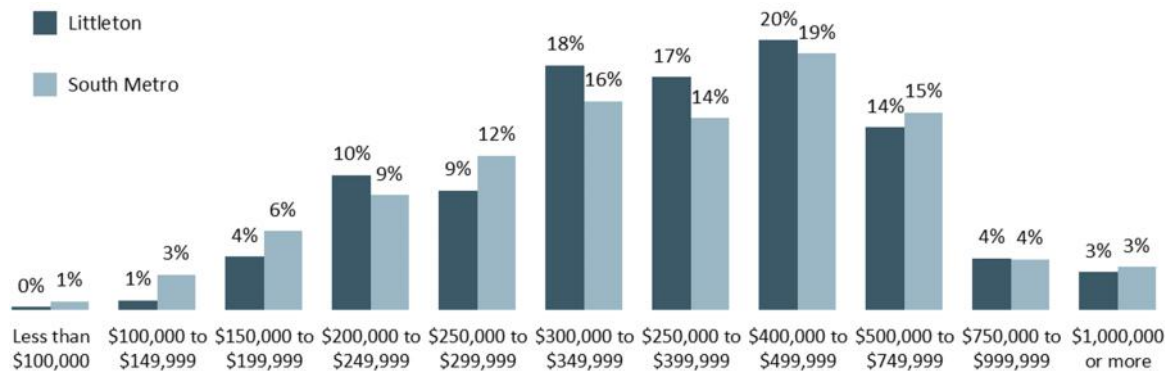
Source:
 Genesis Group MLS data and BBC Research & Consulting.

	Attached Homes	Detached Homes	All Homes
Total Homes			
Number	990	2,350	3,340
Percent of All Homes	29%	29%	100%
Financial Terms			
Cash	22%	12%	15%
Conventional	59%	69%	66%
Other (FHA, VA, etc.)	19%	19%	19%
Price			
Sale Price of < \$300k	73%	5%	25%
Sale Price of \$300k - \$500k	26%	70%	57%
Sale Price of > \$500k	1%	25%	18%
Average Characteristics			
Square Feet	1,500	3,032	2,522
Number of Baths	2.3	3.2	2.9
Number of Bedrooms	2.3	3.8	3.3
Year Built	1992	1984	1986
Days on Market	13	26	23

Days on market are lowest for homes priced below \$300,000 (average of 14 days and median of 4 days) and highest for homes priced over \$500,000 (average of 46 days and median of 20 days). This indicates demand (and competition) is very high for homes in the most affordable price range.

Price distribution. Figure II-11 displays the distribution of home listed/sold prices in Littleton compared to the South Metro overall (Arapahoe, Douglas and Jefferson counties). Compared to the South Metro, Littleton has fewer homes priced below \$200,000 but more homes priced between \$300,000 and \$500,000.

Figure II-11.
Price Distribution of Homes Listed/Sold in Littleton and the South Metro, 2016



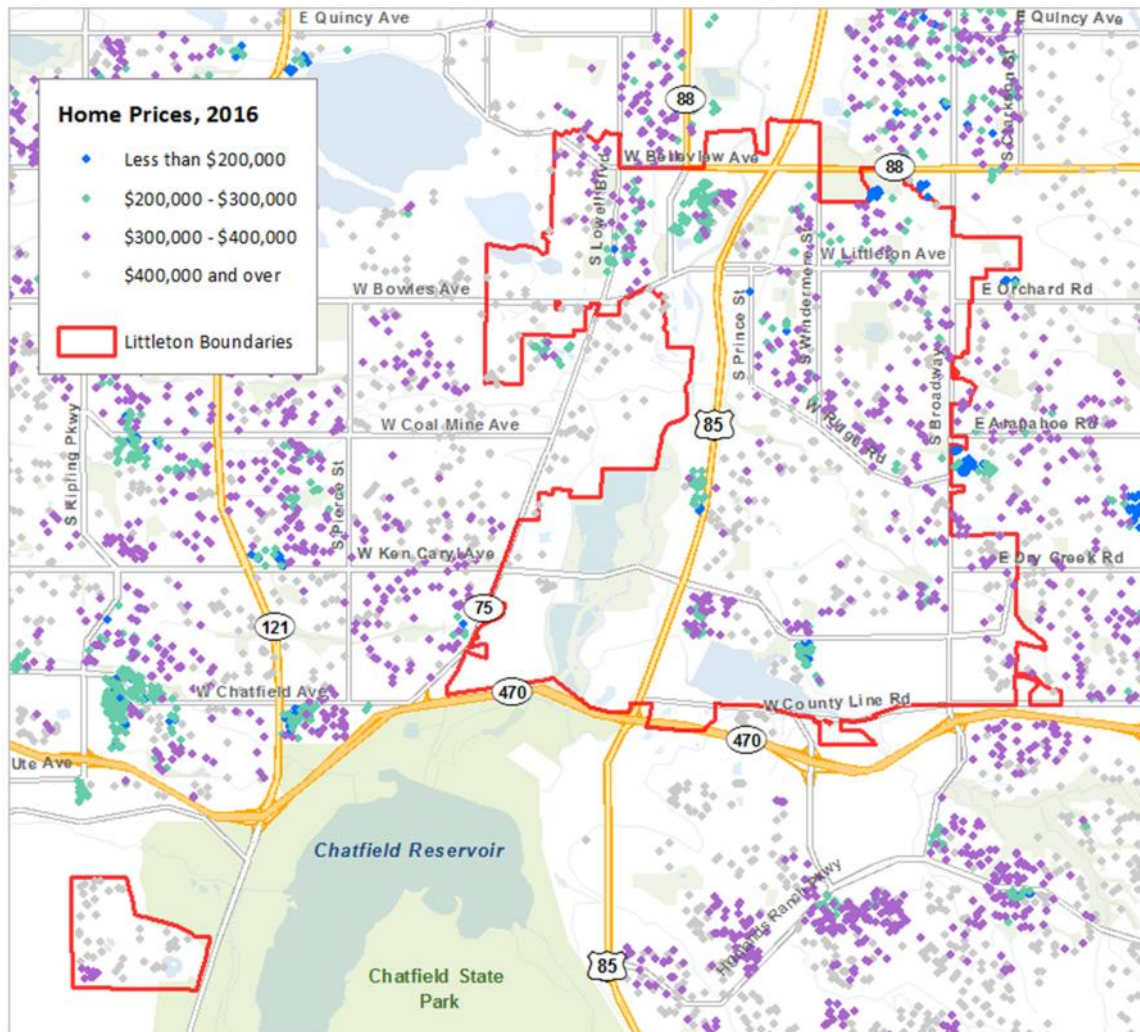
Note: South Metro includes Arapahoe, Douglas and Jefferson counties.

Source: Genesis Group MLS data and BBC Research & Consulting.

Figure II-12 displays the geographic distribution of homes listed/sold in 2016 by price point in Littleton; Figure II-13 displays the same detail but for the core metro area. As illustrated by the maps, very few homes were sold for less than \$200,000 in 2016 and those that did sell at that price point were primarily located in Aurora.

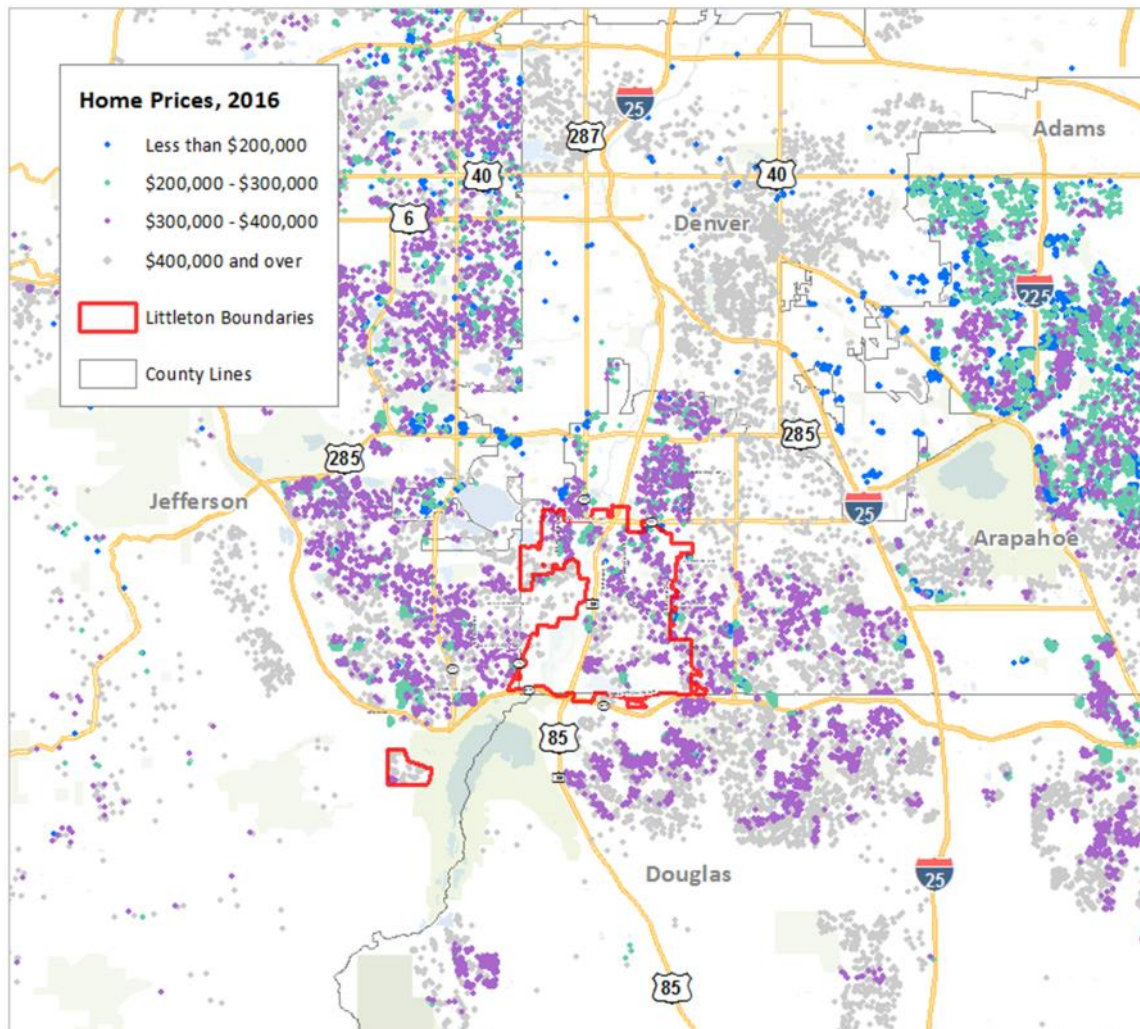
In the City of Littleton, homes priced below \$300,000 were clustered in the northwest portion of the city or in several developments along transportation corridors.

Figure II-12.
Homes Listed/Sold by Price, City of Littleton, 2016



Source: Esri, USGS, Genesis Group MLS data and BBC Research & Consulting.

Figure II-13.
Home Values, South Metro Area, 2016



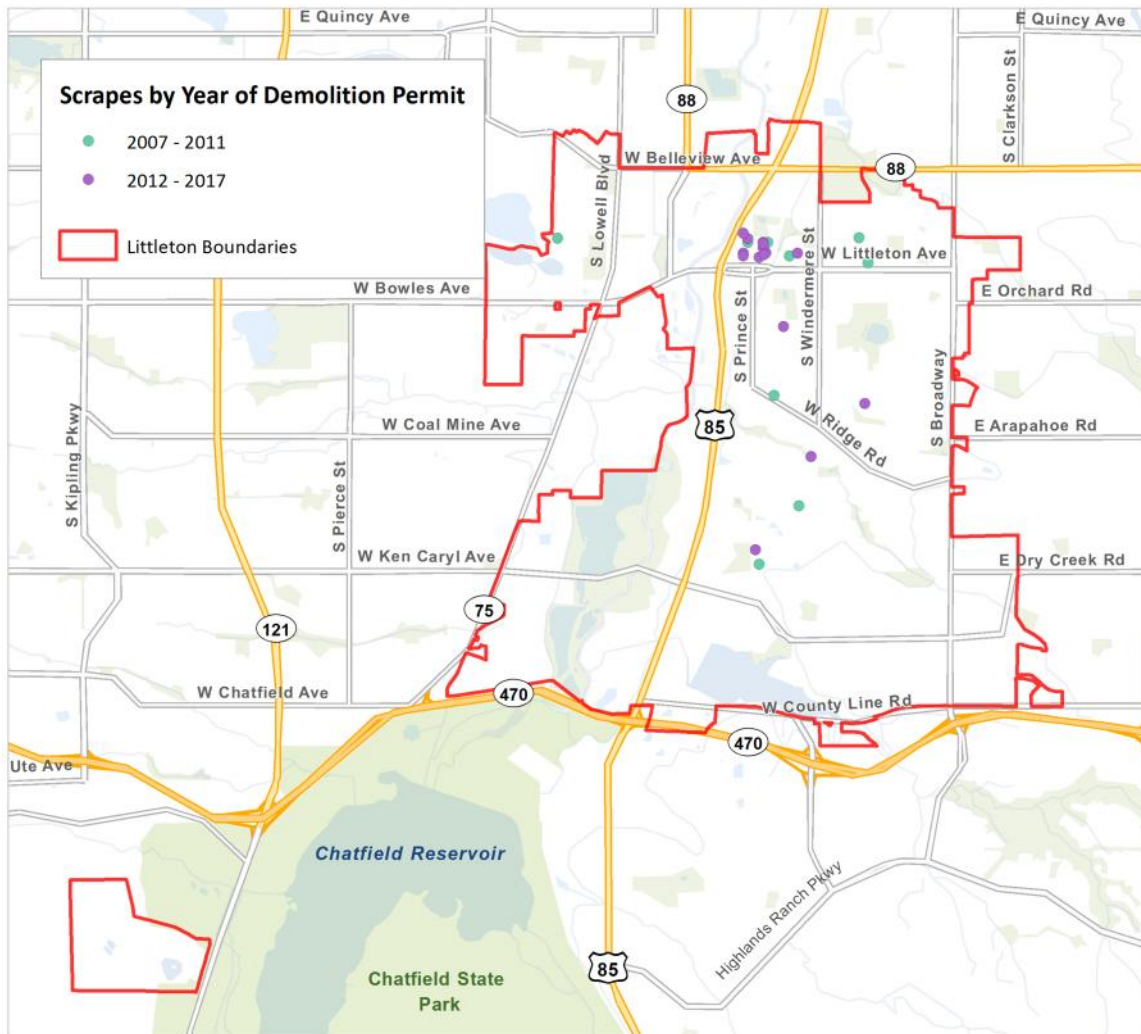
Source: Esri, USGS, Genesis Group MLS data and BBC Research & Consulting.

Scrapes. Rising home prices in any market—particularly markets with a substantial portion of older housing stock—can incentivize investors or owners to purchase a property with the intent of demolishing the existing structure and replacing it with a higher value structure. This activity, commonly called “scraping” can include replacing a single family structure with a larger single family home or replacing a single family unit with a higher density form, such as a duplex or townhomes.

BBC matched demolition permit data with assessor's data (before and after demolition and construction) to calculate the number and location of scrapes in Littleton over the past 10 years. In total, there were 43 residential demolition permits issued in Littleton between January 2007 and February 2017. Of those, 24 appear to be scrapes—22 properties have proceeded with demolition and either completed or started construction on a replacement structure; and 2 properties permitted in 2017 are likely to be scraped. (Demolitions not categorized as scrapes include vacant lots, small residential outbuilding demos and mobile homes).

About half of the demolished homes were replaced with larger single family homes (double the pre-scraps value on average) and about half were replaced with higher density developments including split-lot single family detached, duplexes, townhomes or condos. Figure II-14 maps scraped properties in Littleton.

Figure II-14.
Properties Identified as Scrapes, City of Littleton, January 2007 through February 2017



Source: City of Littleton Demolition Permits, Esri, USGS and BBC Research & Consulting.

Ownership affordability. As discussed in the Demographic Profile, owners experienced higher percentage gains in median income than renters between 1999 and 2015. For owners, median income increased by 34 percent over the period, from \$65,117 to \$87,394. Median income for all households increased by 30 percent, from \$50,254 to \$65,221.

Median sale prices increased even faster, nearly doubling between 1999 and 2015 and then rising further in 2016. However, falling interest rates between 1999 and 2015 have allowed potential buyers to increase their purchasing power meaning ownership affordability has

actually improved at the median. In other words, even though home prices increased, it became easier to buy because potential homebuyers could afford a higher-priced home.

This is demonstrated in Figure II-15, which shows the change in income, home prices and purchasing power in Littleton. Income shown is for all residents, not just owners in order to include renters who may wish to purchase homes. In 1999, the median household income of \$50,254 could afford to purchase a home priced at \$158,000 (based on a 7.44% interest rate with 10% down on a 30 year fixed loan and assuming 30% of monthly housing costs go toward insurance, utilities and taxes). In 2015, the median household income of \$65,221 could afford a home priced at \$395,000 based on a much lower interest rate of 3.85 percent (and otherwise the same lending assumptions). Over that fifteen year period, purchasing power increased by 151 percent for median income households and the median sale price increased by 97 percent.

Figure II-15.

Changes in Purchasing Power, City of Littleton, 1999 to 2015

Note:

Purchasing power calculation assumes 10% down on a 30 year fixed loan and 30% of monthly housing costs go toward insurance, utilities and taxes.

Source:

2000 Census 2015 5-year ACS, Zillow, Freddie Mac and BBC Research & Consulting .

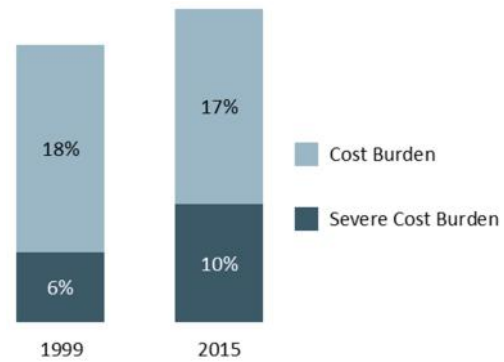
	<u>1999</u>	<u>2015</u>	<u>% Change</u>
Median Sale Price	\$160,000	\$315,000	97%
Median Income	\$50,254	\$65,221	30%
Prevailing Interest Rate	7.44%	3.85%	-3.6
Purchasing Power at the Median Income	\$158,000	\$395,000	151%

However, purchasing power is not the only—and may not the best—measure of affordability dynamics in a given market. Although purchasing power increased as interest rates dropped, the rising home prices make it more challenging to save for a down payment to purchase a home. Assuming a 10 percent down payment, the median sale price in 1999 required a \$16,000 down payment—about 32 percent of the median household’s annual income. In 2015, the median sale price required a \$31,500 down payment, about 48 percent of the median household’s income. For renters looking to purchase a home, rising rental prices also impact the ability to save for a down payment.

Cost burden, defined as spending 30 percent or more on housing costs is another measure of affordability trends. As shown in Figure II-16 the proportion of owners (with a mortgage) who are cost burdened increased from 24 percent in 1999 to 27 percent in 2015. The proportion of owners (with a mortgage) who are severely cost burdened—spending over half their income on housing costs—increased from 6 percent to 10 percent. These increases may reflect existing owners with rising property taxes and/or new owners purchasing above their affordability levels to keep up with rising home prices.

Figure II-16.
Cost Burdened Owners, City of Littleton, 2015

Source:
2015 5-year ACS and BBC Research & Consulting.



Rental Market Trends

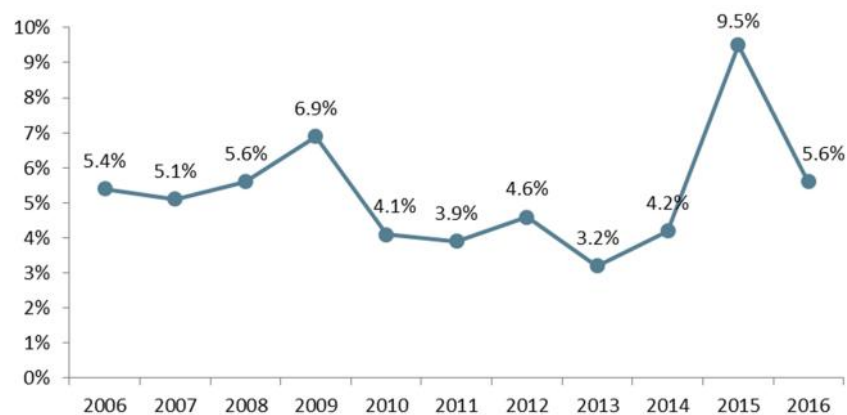
According to market reports, apartment vacancy rates in the Denver metro area were at a nine year low in late 2014 at 3.9 percent—indicating an extremely tight rental market. Vacancy rates have increased somewhat since then but still reflect a relatively tight rental market and average rents have continued to rise. As of Q4 2016, the Denver metro vacancy rate was 6.2 percent and the average rent was \$1,347. In Littleton, the 2016 Q4 vacancy rate was 5.8 percent and the average rent was \$1,303.³

Vacancy rates. Vacancy rates around 5 percent typically indicate a competitive equilibrium in the rental market. Rates that fall below 5 percent indicate a very tight market. As shown in Figure II-17, between 2006 and 2009 multifamily vacancies in Littleton hovered between 5.1 and 6.9 percent but fell to 4.1 percent in 2010. Vacancies stayed below 5 percent through 2014 (reaching a low of 3.2% in 2013). The market responded by increasing multifamily construction in 2015 and 2016 and vacancy rates have now returned to 5.6 percent. (Note that the 2015 vacancy rate appears high but actually reflects new units leasing up as projects were completed).

Figure II-17.
Multifamily
Annualized Vacancy
Rates, City of Littleton,
2006-2016

Note:
2015 vacancy rate affected by new units
leasing up.

Source:
Apartment Market Vacancy Survey
4Q16 and BBC Research &
Consulting.



³ Apartment Market Vacancy Survey 4Q16. The Vacancy Survey is based on a survey of multifamily structures and does not include single family rental units. In contrast, the ACS provides self-reported rents among all renters, regardless of structure.

Distribution of rents. According to ACS data, the median rent in Littleton was \$1,008 in 2015—within \$2 of the median rent in the metro overall (\$1,006). As shown in Figure II-18, median rent in Littleton is higher than Englewood and Wheat Ridge but lower than Centennial and Highlands Ranch.

Figure II-18.
Median Rent, City of Littleton and Surrounding Communities, 2015

Source:
2015 5-year ACS and BBC Research & Consulting.

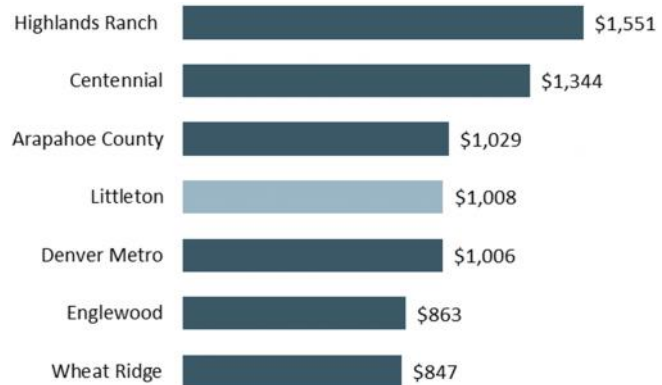
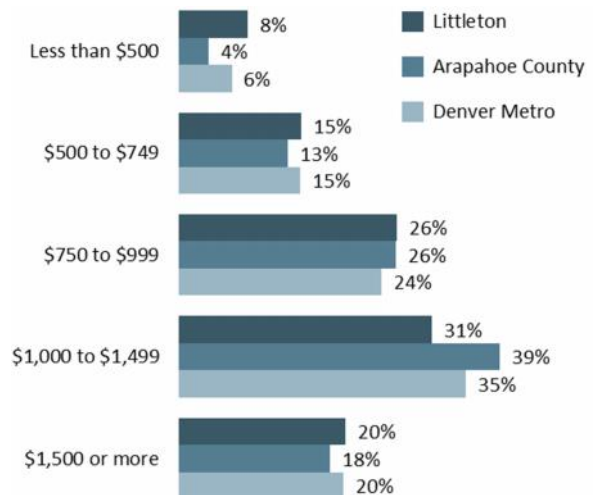


Figure II-19 displays the distribution of rents for Littleton, Arapahoe County and the Denver metro. Most Littleton renters (72%) pay between \$500 and \$1,500 for their units. Eight percent pay less than \$500 and 20 percent pay more than \$1,500 per month.

Figure II-19.
Gross Rent Distribution, City of Littleton, 2015

Source:
2015 5-year ACS and BBC Research & Consulting.



Market rates. The ACS data on median rent and rental distribution is a comprehensive analysis of what all renters currently pay for rent. However, those data might not reflect what is available on the market for a household looking to rent. A survey of apartment complexes in the Greater Denver Metro shows that average rents region-wide were \$1,347 in 2016, up from \$936 in 2011 (44% increase). Average rent by unit size ranged from \$1,117 for a studio to \$1,844 for a three-bedroom, two-bath unit. Average rent was highest for apartment communities with 200 to 350 units at \$1,400 and lowest for small complexes (8 or fewer units) at \$1,039.⁴

⁴ Apartment Market Report, Greater Denver Metro Area. Second Quarter 2016. Apartment Association Metro Denver Publication.

Average rent in Littleton was \$1,303 in 2016, up from \$963 in 2011. Average rent by unit size ranged from \$890 for studios to \$1,887 for three bedroom units. Similar to the metro overall, average rents in Littleton tend to be higher in larger complexes.⁵

Renter affordability. Between 1999 and 2015 renters in Littleton lost purchasing power as rents increased faster than incomes. Median rent increased by 42 percent in Littleton from \$709 in 1999 to \$1,008 in 2015. In order to afford the increase in rent, renters' annual incomes would have needed to increase by \$11,960 between 1999 and 2015; however actual increase in renter median income was only \$6,026.

Figure II-20.
Rental Affordability, City of Littleton, 2015

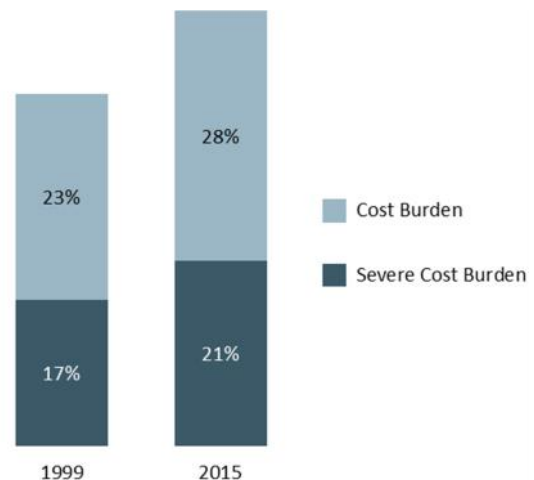
Source:
2015 5-year ACS and BBC Research & Consulting.

Rental Size	Median Rent	Income Required
1-bedroom	\$831	\$33,240
2-bedroom	\$1,108	\$44,320
3-bedroom	\$1,389	\$55,560
4-bedroom	\$1,743	\$69,720

Nearly half of all Littleton renters (49%), 2,554 households, are cost burdened, spending 30 percent or more of their income on housing costs. One in five renters (1,059 households) are severely costs burdened, spending at least half of their income on housing costs. The increase in cost burdened renters between 1999 and 2015 (demonstrated in Figure II-21) is consistent with the decline in purchasing power among renters over the same period.

Figure II-21.
Cost Burdened Renters, City of Littleton, 2015

Source:
2000 Census, 2015 5-year ACS and BBC Research & Consulting.



Publicly assisted rental housing. Eligibility for housing assistance programs is generally based on how a resident's income falls within HUD-determined income categories. The categories are based on the regional Area Median Income of AMI. In Littleton, the AMI used for a family of four is \$83,900, which is the regional AMI for the Denver-Aurora metro area. Extremely low income households are those earning 30 percent of AMI and low income households are those earning 50 percent AMI—both typically qualify for publicly assisted rental housing.

⁵ Apartment Market Report, Greater Denver Metro Area. Second Quarter 2016. Apartment Association Metro Denver Publication.

There are currently 1,036 households in Littleton living in publicly assisted housing or using a housing choice voucher. About one-third of those households live in Low Income Housing Tax Credit (LIHTC) properties, one-quarter live in Project Based Section 8 units and 20 percent use Housing Choice Vouchers. The remainder live in public housing units, scattered site family public housing or other publicly supported housing developments. The city does not have any income restricted units for owners.

Figure II-22.
Publicly Assisted Housing, City of Littleton, 2017

Source:
SMHO and BBC Research & Consulting.

Program	Number of Units	Percent of all Units
LIHTC	350	34%
Project-Based Section 8	266	26%
Public Housing (includes scattered site)	143	14%
Housing Choice Vouchers	230	22%
Other Programs	47	5%
Total Units	1,036	100%

Over half of the Littleton households in publicly assisted housing earn less than \$15,000 per year and 90 percent earn less than \$25,000 per year. Just over one quarter of occupants of Littleton's publicly supported housing are children and nearly one-third are seniors (62 years or older).

Gaps Analysis

To examine how well Littleton's current housing market meets the needs of its residents—and to determine how likely it is to accommodate demand of future residents and workers—BBC conducted a modeling effort called a “gaps analysis.” The analysis compares the supply of housing at various price points to the number of households who can afford such housing. If there are more housing units than households, the market is “oversupplying” housing at that price range. Conversely, if there are too few units, the market is “undersupplying” housing. The gaps analysis conducted for renters in Littleton addresses both rental affordability and ownership opportunities for renters who want to buy.

Mismatch in the rental market. Figure II-23 compares the number of renter households in Littleton in 2015, their income levels, the maximum monthly rent they could afford without being cost burdened, and the number of units in the market that were affordable to them. The “Rental Gap” column shows the difference between the number of renter households and the number of rental units affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

Figure II-23.
Mismatch in Rental Market, City of Littleton, 2015

Income Range	Max Affordable Rent	Renters		Rental Units		Rental Gap	Cumulative Gap
		#	%	#	%		
Less than \$5,000	\$125	383	5%	15	0%	(368)	(368)
\$5,000 to \$9,999	\$250	331	4%	147	2%	(184)	(552)
\$10,000 to \$14,999	\$375	573	8%	257	3%	(316)	(868)
\$15,000 to \$19,999	\$500	602	8%	221	3%	(381)	(1,250)
\$20,000 to \$24,999	\$625	529	7%	428	6%	(101)	(1,350)
\$25,000 to \$34,999	\$875	883	12%	1,861	24%	978	(372)
\$35,000 to \$49,999	\$1,250	1,271	17%	2,333	30%	1,062	690
\$50,000 to \$74,999	\$1,875	1,476	20%	1,797	23%	321	1,012
\$75,000 to \$99,999	\$2,500	651	9%	553	7%	(98)	914
\$100,000 or more	\$2,500+	720	10%	78	1%	(642)	369
Total/Low Income Gap		7,419	100%	7,691	100%	(1,350)	

Source: 2015 5-year ACS and BBC Research & Consulting.

The gaps analysis in Figure II-23 shows that:

- Seventeen percent of renters (1,287 households) living in Littleton earn less than \$15,000 per year. These renters need units that cost less than \$375 per month to avoid being cost burdened. Just 5 percent of rental units (419 units) in the city rent for less than \$375/month (including subsidized rental units). This leaves a “gap,” or shortage, of 868 units for these extremely low income households.
- Over 1,100 renters earn between \$15,000 and \$25,000 per year. There are only 649 rental units priced at their affordability range (between \$375 and \$625/month), leaving a shortage of 482 units.
- Altogether, the city has a shortage of rental units priced affordably for renters earning less than \$25,000 per year of 1,350 units. These households consist of students, working residents earning low wages, residents who are unemployed and residents who are disabled and cannot work.⁶

In sum, the private rental market in Littleton largely serves renters earning between \$25,000 and \$75,000 per year—78 percent of rental units are priced within that group’s affordability range. The market fails to adequately serve the 33 percent of renters earning less than \$25,000 per year—even when accounting for the impact of subsidized housing programs.

The “shortage” shown in the gaps model for high income renters (earning more than \$75,000 per year) suggests those renters are spending less than 30 percent of their income on housing—perhaps in order to save for a down payment on a home purchase.

⁶ It is important to note that these renters are not homeless. Those renters who cannot find affordability priced rentals are living in units that cost more than they can afford. These households are “cost burdened.”

Gaps in the For Sale Market. A similar gaps analysis was conducted to evaluate the market options affordable to renters who may wish to purchase a home in Littleton. Again, the model compared renters, renter income levels, the maximum monthly housing payment they could afford, and the proportion of units in the market that were affordable to them. The maximum affordable home prices shown in Figure II-24 assume a 30-year mortgage with a 10 percent down payment and an interest rate of 3.85 percent. The estimates also incorporate property taxes, insurance and utilities (assumed to collectively account for 30% of the monthly payment).

The “Renter Purchase Gap” column in Figure II-24 shows the difference between the proportion of renter households and the proportion of homes listed or sold in 2016 that were affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

The for sale gaps analysis shows the Littleton market to be relatively affordable for renters earning more than \$75,000 per year. For renters earning between \$50,000 and \$75,000, the market does offer proportional affordability but it is contingent on a willingness to consider townhomes and condos—78% of the affordable units in their price range are attached housing options. Renters earning less than \$50,000 per year can afford a max home price of \$205,000. Only 212 homes were listed or sold in Littleton in 2016 in that price range (6% of all listed/sold homes); 98 percent of those were attached homes.

It is important to note that home size, condition and housing preferences are not considered in the affordability model. The model also assumes that renters are able to save for a 10 percent down payment (up to \$31,000 for a household earning less than \$75,000 annually).

Figure II-24.
Market Options for Renters Wanting to Buy, City of Littleton, 2016

Income Range	Max Affordable Home Price	Renters		Homes Listed/Sold in 2016		Renter Purchase Gap	Percent of Homes that are Attached
		#	%	#	%		
Less than \$35,000	\$143,711	3,301	44%	29	1%	(44%)	100%
\$35,000 to \$49,999	\$205,304	1,271	17%	183	5%	(12%)	97%
\$50,000 to \$74,999	\$307,958	1,476	20%	721	20%	1%	78%
\$75,000 to \$99,999	\$410,612	651	9%	1,298	37%	28%	15%
\$100,000 to \$149,999	\$615,919	481	6%	912	26%	19%	4%
\$150,000 or more	\$615,919+	239	3%	385	11%	8%	2%
Total/ Gap below \$50,000		7,419	100%	3,528	100%	(56%)	

Note: Maximum affordable home price is based on a 30 year mortgage with a 10 percent down payment and an interest rate of 3.85%. Property taxes, insurance and utilities are assumed to collectively account for 30% of the monthly payment.

Source: 2015 5-year ACS, 2016 Genesis Group MLS data and BBC Research & Consulting.

What can workers afford? Figure II-25 displays affordable rental and ownership options for workers earning the average wage by industry. Among the five largest industries of Littleton residents (those who live and work in the city as well as out-commuters), which account for about half of all resident workers: three industries have average wages high enough to afford the city’s median rent and only one of the five industries has average wages high enough to afford

the 2016 median sale price of \$370,000. Affordability for Littleton workers (those who live and work in the city as well as in-commuters) is similar: three of the top five industries can afford median rent and one of the top five industries can afford the median home price.

Overall, the average Denver metro worker—earning \$60,215 per year—could afford 80 percent of Littleton’s rental units and 15 percent of the homes sold in Littleton in 2016 (96% of which are attached homes).

Figure II-25.
Affordability for Workers by Industry, Littleton, 2015/2016

Industry	Average Annual Wage in Metro Denver	Job distribution for Littleton residents	Job distribution for Littleton workers	Max Affordable Rent	Can Afford Median Rent?	Max Affordable Home Price	Can Afford Median Home Price?
Private, Total, all industries	\$60,215	100%	100%	\$1,505	yes	\$247,252	no
Health and Social Services	\$50,345	12%	13%	\$1,259	yes	\$206,724	no
Retail Trade	\$31,063	11%	13%	\$777	no	\$127,550	no
Professional Services	\$92,014	11%	7%	\$2,300	yes	\$377,824	yes
Accommodation and Food Services	\$20,934	8%	6%	\$523	no	\$85,958	no
Educational Services	\$41,053	8%	12%	\$1,026	yes	\$168,570	no
Finance and Insurance	\$92,487	6%	3%	\$2,312	yes	\$379,766	yes
Admin and Waste Services	\$39,681	6%	8%	\$992	no	\$162,936	no
Manufacturing	\$69,425	5%	4%	\$1,736	yes	\$285,070	no
Construction	\$58,989	5%	4%	\$1,475	yes	\$242,218	no
Public Administration	\$63,538	5%	10%	\$1,588	yes	\$260,897	no
Wholesale Trade	\$93,403	5%	5%	\$2,335	yes	\$383,527	yes
Information	\$99,275	5%	9%	\$2,482	yes	\$407,639	yes
Management of Companies	\$147,957	3%	1%	\$3,699	yes	\$607,535	yes
Real Estate	\$63,749	2%	1%	\$1,594	yes	\$261,763	no
Transportation and Warehousing	\$55,031	2%	1%	\$1,376	yes	\$225,966	no
Arts, Entertainment, and Recreation	\$46,120	2%	1%	\$1,153	yes	\$189,376	no
Mining and Oil and Gas Extraction	\$169,133	1%	0%	\$4,228	yes	\$694,487	yes
Utilities	\$93,457	1%	0%	\$2,336	yes	\$383,749	yes
Natural Resources	\$30,608	0%	0%	\$765	no	\$125,681	no
Other Services	\$38,735	3%	2%	\$968	no	\$159,052	no

Source: US Census Bureau's Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW), Genesis Group MLS data, 2015 5-year ACS and BBC Research & Consulting.

Future Housing Need

Over the past 15 years, rents and home prices in Littleton rose faster than incomes. If that trend continues an increasing proportion of households may be priced out of the market. Figure II-26 models affordability changes over the next 15 years, using trends from the past 15 years to forecast changes in income and housing costs. The forecast model presents income as a percent of the HUD Area Median Income and for the sake of simplicity, lending conditions are assumed to remain constant. Income and housing costs in the model are based on the following historical trends and conditions:

- HUD Area Median Family Income (HAMFI) for the Denver metro area (the HUD standard for Littleton) increased by 24 percent between 2001 and 2016 (1.47% CAGR). BBC applied the same CAGR to model income growth through 2032. BBC used HAMFI for a 3-person household to forecast owner affordability and HAMFI for a 2-person household to forecast renter affordability based on median household size by tenure for Littleton.
- Median gross rent in Littleton increased from \$709 in 1999 to \$1,008 in 2015—an increase of 42 percent, or 2.22 percent CAGR. BBC assumed the same BBC applied the same CAGR to model rent growth through 2032.
- Median sale price from homes in Littleton increased by 71 percent between 2000 and 2016 (from about \$189,000 to about \$323,000). BBC applied the same CAGR (3.4%) to model increases in home prices through 2032.

Figure II-26.
Affordability Forecasts, City
of Littleton 2016 - 2032

Note:

2016 HUD AMI is \$72,100 for a 3-person household and \$64,100 for a 2-person household.

Source:

BBC Research & Consulting.

<i>Owner affordability forecasts</i>					
Income Range (3-person hh)	Max Affordable Home Price	Percent of Homes Affordable			
		2016	2022	2027	2032
50% HAMFI	\$148,027	1%	1%	0%	0%
100% HAMFI	\$296,054	23%	17%	14%	9%
150% HAMFI	\$444,081	71%	59%	47%	33%
<i>Rental affordability forecasts</i>					
Income Range (2-person hh)	Max Affordable Rent	Percent of Rentals Affordable			
		2016	2022	2027	2032
50% HAMFI	\$801	29%	21%	21%	18%
100% HAMFI	\$1,603	83%	80%	77%	75%

As demonstrated in the figure, affordability of both rentals and for-sale homes declines substantially over the forecast period. In 2016, a household earning the median income could afford nearly one-quarter of all homes listed/sold in Littleton; by 2032 that household could afford fewer than one in ten. At 150 percent of the median, a household could afford 71 percent of homes in 2016 but only 33 percent in 2032. Rental affordability declines as well, though not as quickly. A household earning half the median income could afford 29 percent of rentals in 2016 but only 18 percent in 2032. At the median, rental affordability drops from 83 percent in 2016 to 75 percent in 2032.

Section Summary

Key findings from this section include:

- Littleton currently has a well-balanced and relatively diverse housing stock. Just over half of Littleton's housing stock is single family detached homes and 47 percent is attached housing (20% in structures with fewer than 10 units and 27% in structures with 10 or more units). In addition, 2 percent of the housing stock is mobile homes.
- Littleton is home to more owners (62%) than renters (38%). Owners tend to be older and earn higher incomes than renters (median income for renters is less than half that of owners). Owners and renters are equally likely to have children living in the home.
- Since early 2012, home prices have increased sharply in Littleton and in peer communities throughout the metro area. In 2016, the median sale price for homes in Littleton was \$370,000. Single family detached homes sold for a median sale price of \$410,000, significantly higher than the median sale price for attached homes (\$247,750).
- In 2016, days on market were lowest for homes priced below \$300,000 indicating demand (and competition) is very high for homes in the most affordable price range.
- The Littleton housing market is priced in the mid-range of surrounding communities such as Highlands ranch, Centennial, Englewood and Wheat Ridge—this is true for median sales, price, median price per square foot and median rent.
- In the past 10 years, there have been about two-dozen “scrapes” in Littleton—about half of the demolished homes were replaced with larger single family homes (double the pre-scrape value on average) and about half were replaced with higher density developments including split-lot single family detached, duplexes, townhomes or condos.
- Falling interest rates have allowed potential buyers to increase their purchasing power even though home prices are rising faster than incomes. However, the lack of supply—particularly homes under \$300,000—caused ownership constraints (in 2016, homes under \$300,000 stayed on the market for a median of 4 days).
- Cost burden among both renters and owners increased between 1999 and 2015—that is, more households are spending more than 30 percent of their income on housing. The proportion of both renters and owners spending at least half of their income has also increased (severe cost burden).
- Littleton renters lost purchasing power between 1999 and 2015 as rents increased faster than incomes: median rent increased from \$709 to \$1,008 (42%) and incomes would have needed to increase by about \$12,000 to keep pace, but the actual increase in renter median income was only \$6,000.
- To examine how well Littleton's current housing market meets the needs of its residents—and to determine how likely it is to accommodate demand of future residents and workers—BBC conducted a modeling effort called a “gaps analysis.” The analysis compares

the supply of housing at various price points to the number of households who can afford such housing.

- Altogether, the city has a shortage of rental units priced affordably for renters earning less than \$25,000 per year of 1,350 units. These households consist of students, working residents earning low wages, residents who are unemployed and residents who are disabled and cannot work
 - The for sale gaps analysis shows the Littleton market to be relatively affordable for renters earning more than \$75,000 per year. For renters earning between \$50,000 and \$75,000, the market does offer proportional affordability but it is contingent on a willingness to consider townhomes and condos.
 - Overall, the average Denver metro worker—earning \$60,215 per year—could afford 80 percent of Littleton’s rental units and 15 percent of the homes sold in Littleton in 2016 (96% of which are attached homes).
- If current trends continue (home prices rising faster than incomes), affordability is likely to decline substantially over the next five to fifteen years in Littleton. For example, forecasts conducted for this study indicate that a household earning 150 percent of the median income could afford 71 percent of homes in 2016 but only 33 percent in 2032. A renter household earning half the median income could afford 29 percent of rentals in 2016 but only 18 percent of rentals in 2032.

SECTION III.

Community Input

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Community Input

This section describes the findings from the public participation component of the housing study. The public input process was designed to assess community culture and community perceptions of housing issues. Opportunities for public participation included:

- Three stakeholder focus groups facilitated by BBC—28 participated;
- A statistically valid representative telephone survey of Littleton residents—401 respondents completed the survey; and
- An online resident survey—350 residents responded.

Focus Groups

BBC designed the focus group engagement to solicit perspectives of Littleton stakeholders, with a focus on real estate and development professionals as well as social service providers. To that end, BBC scheduled two focus groups and encouraged participation through city networks of real estate professionals, business and property owners, and service providers.

However, as BBC began soliciting feedback from potential participants and from the Littleton Housing Study Advisory Committee, it became clear that a local informal watchdog group with an active voice in the real estate development and political landscape of Littleton should also be included. In response to these comments BBC decided, with the consent of the city, to add a third focus group with members of Sunshine (or the Sunshine Boys).

Findings from the real estate professionals focus group and from the social service provider group are used to gather professional insight about the housing market and about Littleton's housing and community needs. Findings from the Sunshine focus group provide perspective from that specific advocacy group about their perception of housing needs and development preferences in Littleton. Resident perspectives are gathered through the survey efforts described later in this section.

Service providers. BBC invited social service providers to participate in this focus group through the city's network of non-profits, grant recipients and human service and affordable housing providers. Participants included representatives from Aging Well, the James Resource Network, South Metro Housing Authority, Arapahoe County Housing and Community Development, Doctors Care, Highlands Ranch housing, Denver Seminary (student housing services) and Historic Littleton. The focus group was held on March 23 at the Littleton Museum.

The discussion centered around housing needs of the populations served by attendees. Key themes are described below.

- **Affordability is a primary concern.** Across all service populations, affordability—or the lack thereof—was a primary concern. The rental market and for-sale market are extremely tight and there are very few options for low income and even middle income households. Service providers noted increases in the homeless population as well as growing needs among residents and seniors with fixed incomes. Demand for services and requests for housing/rental assistance are also on the rise. Participants noted that housing affordability is an issue throughout the region, not just in Littleton.
- **Housing for people with disabilities also a concern.** Providers also expressed concern about options for residents with disabilities (both seniors and non-seniors). Affordability but also accessibility of the housing stock limits supply for this population. There is also a need for more integrated housing options for people with cognitive disabilities.
- **Other needs.** In addition to housing affordability and accessibility, stakeholders discussed the need for better public transportation, increased funding for emergency rental assistance, and more landlords willing to accept housing choice vouchers.
- **Social/community impacts of pricing out.** The group was quick to point out the social and community impacts of Littleton’s affordability shortage. Displacement of residents and families due to high home prices can also disrupt their support network, access to health and services, and social stability. This has a particularly adverse impact on seniors, who may rely on friends and family for care/support and on school children, for whom housing and school stability is a significant indicator of success and wellness. The community as a whole may also experience negative impacts by pricing out long-time residents and by creating a more exclusive community.
- **NIMBYism (LIHTC).** One potential solution to the lack of affordable housing is construction of LIHTC or other affordable developments. However, in the past projects in Littleton have been met with community opposition—“not in my back yard” or NIMBYism. There is a misconception about affordable housing and the tenants thereof. Focus group participants suggested educating residents about affordable development and the needs within the community to help mitigate community opposition.
- **Need two-bedroom senior units, small attached, casitas and multi-generational housing products.** In addition to the general need for more affordable housing, stakeholders discussed specific housing types that are in high demand and that could provide affordable solutions for Littleton. Small attached products (condos, townhomes and du-/tri-plexes) as well as “casitas” or accessory dwelling units were identified as good solutions that could be integrated in existing neighborhoods. Housing that accommodates multiple generations under one roof is also needed and would accommodate families that choose to double-up for cost savings. Service providers also discussed the need for two-bedroom units for seniors to accommodate residents that require live-in assistance and/or need additional space for medical equipment.
- **Potential solutions.** Focus group participants provided the following recommendations to the city as potential solutions to address the needs identified by the group:

- Work to change resident perception of affordable housing;
 - Offer incentives for infill development of attainable/affordable housing;
 - Create opportunities for owners to add casitas or accessory dwelling units; and
 - Consider shared housing programs (e.g., Silvernest) which facilitate homeshares and roommate matching as an affordability solution.
- **Littleton community culture.** One of the core strengths of Littleton, according to stakeholders, is the strong community culture. Residents are known to be engaged citizens and have a reputation of taking care of those in need (most often through personal connections and church support). Focus group participants also discussed the balance of preserving Littleton's historic feel and accommodating infill development.

Real estate professionals and business owners. The real estate and business owner focus group was held on April 7th at the Littleton Museum and included 7 participants, most of whom were real estate professionals. The discussion focused on housing demand in Littleton, housing availability for workforce and regulatory and market barriers to housing creation. Key themes are discussed below.

- **Ranches/single level du- and tri-plexes (paired ranches) and starters.** When asked about demand for specific product types, focus group participants expressed concern about the limited inventory and noted specifically a shortage of smaller attached and detached product types for seniors and starters. The highest perception of need was for ranches, starter homes and single level attached (duplexes, triplexes and paired homes).
- **Downsize options would free up family homes.** Real estate agents in particular felt the limited supply of family homes is exacerbated by a lack of downsize options for seniors. Their opinion was that an increase in senior-friendly downsize options would increase turnover of traditional family-oriented products, which are in very high demand among young families.
- **Need more \$280k-\$400k.** Affordability was also a concern among real estate professionals and business owners. The biggest gap in market-provided options is between \$280,000 and \$400,000. There was also concern that even homes priced in the \$300,000 to \$400,000 range need substantial investment so the true price is even higher than list. Part of the affordability challenge may be related to the lack of condo development (due to legislative issues around construction defects).
- **Young couples/families.** A key demographic that desires to live in Littleton are young couples and young families. These include people who grew up in Littleton and wish to return as they form households as well as young professionals tired of living in the urban core. Littleton's assets, including good schools, parks and trails and community culture are a strong draw for this demographic. However, lack of affordable inventory and available starter homes limit the ability of these households to find a suitable home in Littleton.
- **Perceive Littleton to be difficult for developers.** The perception among real estate and business professionals is that Littleton's development process poses significant challenges for developers. Key concerns were difficulty getting projects through permitting, planning

and approvals; unpredictability in the development process (rules seem to change on a case-by-case basis) and outdated zoning regulations.

- **Infill opportunities and urban renewal.** This market-oriented focus group indicated Littleton has a number of good location for infill development and urban renewal, including vacant parcels and underutilized commercial development. The group was strongly in favor of designating urban renewal areas and focusing infill and renewal opportunities on housing and mixed use development. Some specific suggestions included live-work spaces and coop office space, like Galvanize. Focus areas for urban renewal included Sant Fe and Littleton Boulevard.
- **Allow diverse stock.** Focus group participants would like to see the city allow more diversity in the housing stock to meet market demand. One example of where this was done well is the Steeplechase development which includes well-designed condos and townhomes—demand for these units is extremely high.

Sunshine. According to the Littleton Independent, Sunshine formed in the early 2000s, galvanized by an effort to repeal Littleton’s grocery tax. The group continues to hold informal weekly meetings to discuss city business and often attends city council meetings. There is no formal membership or charter but the group is associated with a mission “to promote transparency in local government and carefully considered growth within the city.”¹

BBC coordinated with the group’s leadership to encourage Sunshine regulars to participate in a focus group to discuss housing needs in Littleton. BBC facilitated the discussion on April 3, 2017 at the Littleton Museum; 11 attendees participated. Key themes from the discussion included:

- **Low density preferences.** For the most part, participants expressed strong preferences for low density development. The group was concerned that apartments—especially larger-scale multifamily developments—are being overbuilt. Concerns related to culture, crime and traffic impacts were associated with perceptions of increasing density without consideration of context and location.
- **Value Littleton culture and green space.** The group included a number of long-time Littleton citizens who expressed great appreciation and fondness for the culture and community of Littleton. Overall the group felt that Littleton is a great place to live and to work. Green space, in particular, is a strong value among the group and some concerns related to building density centered around the loss of green space.
- **Perceptions that city accommodates developers over design and zoning standards and citizen preferences.** Similar to the real estate focus group, Sunshine participants also felt the development process is somewhat unpredictable and felt that developments are considered on a case-by-case basis instead of driven by defined standards and expectations. However, Sunshine, unlike the realtor group, felt this process favored developers. Perception among this group was that the city offers too many accommodations to

¹ <http://littletonindependent.net/stories/Sunshines-impact-sparks-heated-debate,221972>

developers—specifically related to relaxing design standards and setback requirements. Members of the group indicated that the comprehensive plan is a good guiding document but were frustrated that it doesn't seem to be a strong guide for actual development.

- **Need for patio homes and/or single story down-size options.** When asked about Littleton's housing stock and whether it meets the needs of residents, focus group participants reported a need for patio homes, ranches and single-level downsize options, particularly for seniors. Specifically, homes with a main floor master and/or no stairs along with little to no yard maintenance are desired. Perception is that newly constructed townhomes could be a good option except that most of these are multi-story. Participants stressed the need for appropriate scale—mixed use and attached products can be great as long as they fit in the neighborhood context.
- **Address regional issues—housing & transportation.** The group also discussed the regional complexities of Littleton's housing and transportation concerns and encourages the city to work on regional issues. Traffic impacts in particular were attributed to development occurring all around Littleton (in addition to increasing density within Littleton). The group expressed a need to understand how density impacts traffic and desires for the city to develop a transportation plan.

Littleton Resident Survey

The Littleton resident phone survey contacted a statistically valid representative sample of residents to better understand their housing choices as well as perception of current and future housing needs in the city. The survey randomly sampled residents via both landline and cell phone. As part of the analysis, results are weighted to match the existing tenure and income profile of the city. A total of 401 residents completed the survey.

BBC designed the telephone survey instrument with review from Littleton City staff and the Littleton Housing Study Advisory Committee. Many of the questions had been validated in previous surveys conducted by BBC in housing studies across the country. The survey included questions related to current housing choice, living in Littleton, future housing choice, Littleton's housing spectrum and demographic questions.

Figure III-1 compares resident survey respondent demographic and socioeconomic characteristics with city residents overall. Survey respondents tend to be slightly older than residents overall and are more likely to be non-Hispanic white.

**Figure III-1.
Survey Respondent
Demographics**

Note:
N=401.

Source:
BBC Research & Consulting from the
2017 Littleton Live Work Survey and 2015
5-year ACS.

	Survey Respondents (weighted)	Littleton Residents
Age		
18 to 24	6%	8%
25 to 34	11%	13%
35 to 44	19%	13%
45 to 64	38%	29%
65 to 74	17%	9%
75 or older	10%	8%
Housing Tenure		
Homeowner	62%	62%
Renter	37%	38%
Living with others but not paying rent	2%	
Income		
Less than \$25,000	19%	19%
\$25,000 up to \$50,000	20%	20%
\$50,000 up to \$75,000	18%	18%
\$75,000 up to \$100,000	13%	13%
\$100,000 up to \$150,000	15%	15%
\$150,000 or more	15%	15%
Race or Ethnicity		
White	86%	82%
Hispanic	9%	12%
Two or more races	2%	2%
Black or African American	1%	2%
Asian or Asian Indian	1%	2%
American Indian and Alaska Native	0%	0%
Native Hawaiian or other Pacific Islander	0%	0%

Current housing choice. Most survey respondents (58%) live in a single family detached home; 12 percent live in a townhome or duplex and 27 percent live in a multifamily building such as a condo or apartment building. The remaining 3 percent live in a mobile home, accessory dwelling unit or retirement community. About half of all respondents have lived in their current home more than 10 years—12 percent have lived in their current home for 30 years or more.

Survey respondents identified the single most important factor that led to their choice of home. Figure III-2 displays results from all respondents (the general market sample) along with responses from millennials (aged 18 to 34) and seniors (aged 65 or older).

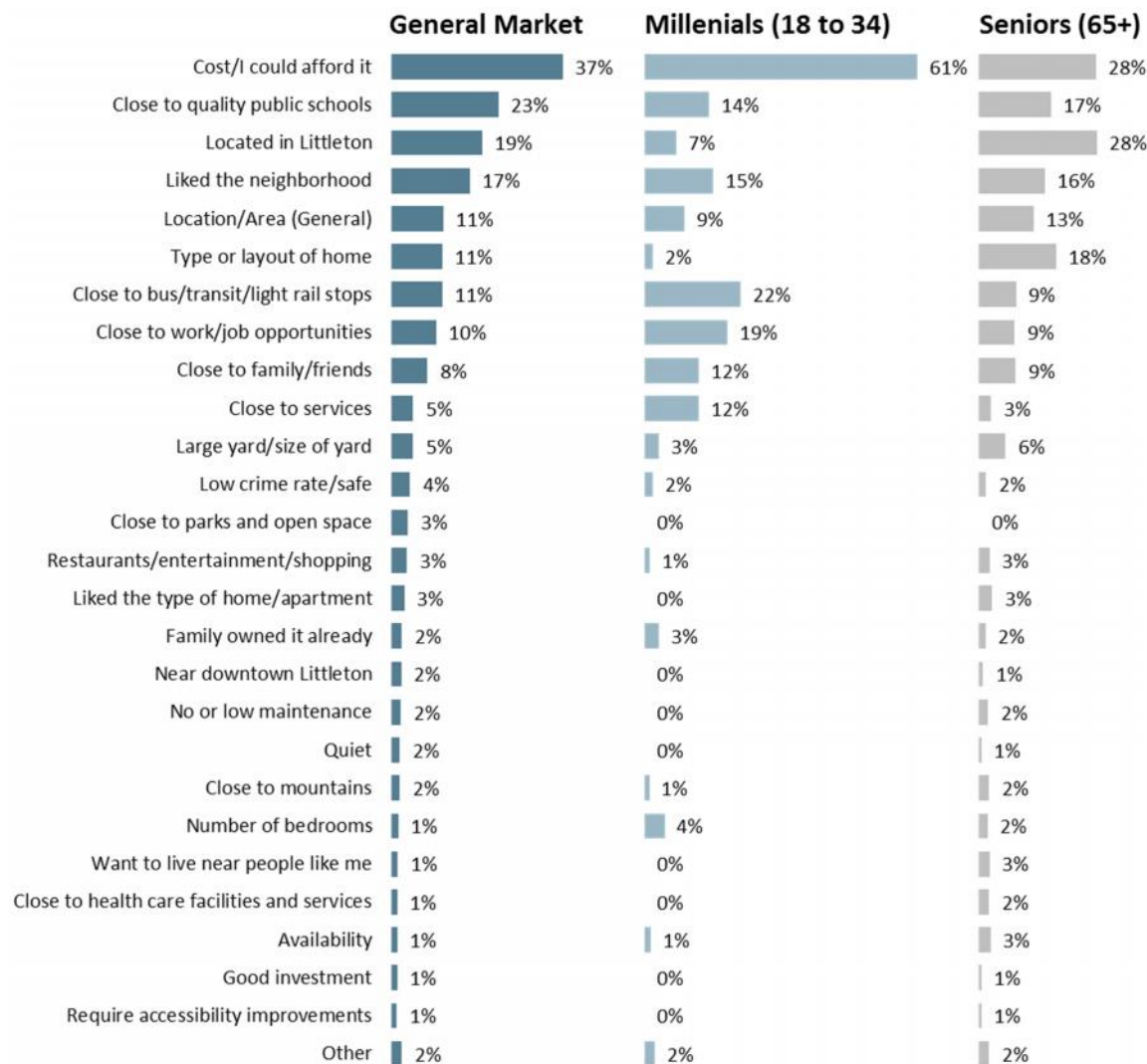
For the general market sample, cost was the most important factor, followed by quality public schools and Littleton location. Millennials also selected cost as the top factor, followed by access to transit and proximity/access to job opportunities. Seniors put the highest importance on Littleton location followed by cost and the type/layout of the home.

All three groups considered proximity to quality public schools to be one of the top five factors in choosing their current home—a particularly important finding among millennials and seniors

who are less likely to school-aged children at home. This finding indicates all residents place a high value on the local education system and acknowledge its impact on housing choice.

Figure III-2.

What is the factor that was most important to you in choosing your current home or apartment?



Note: General market sample n=401, Millennial sample n=66, Senior sample n=104.

Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

Overall, respondents were very satisfied with their current home in Littleton—the average satisfaction rating on a scale of 1 to 10 was 8.1 (where 1 means very dissatisfied and 10 means very satisfied). Just five percent of respondents were somewhat or very unsatisfied (rating of 0-4) with their housing. Top reasons include:

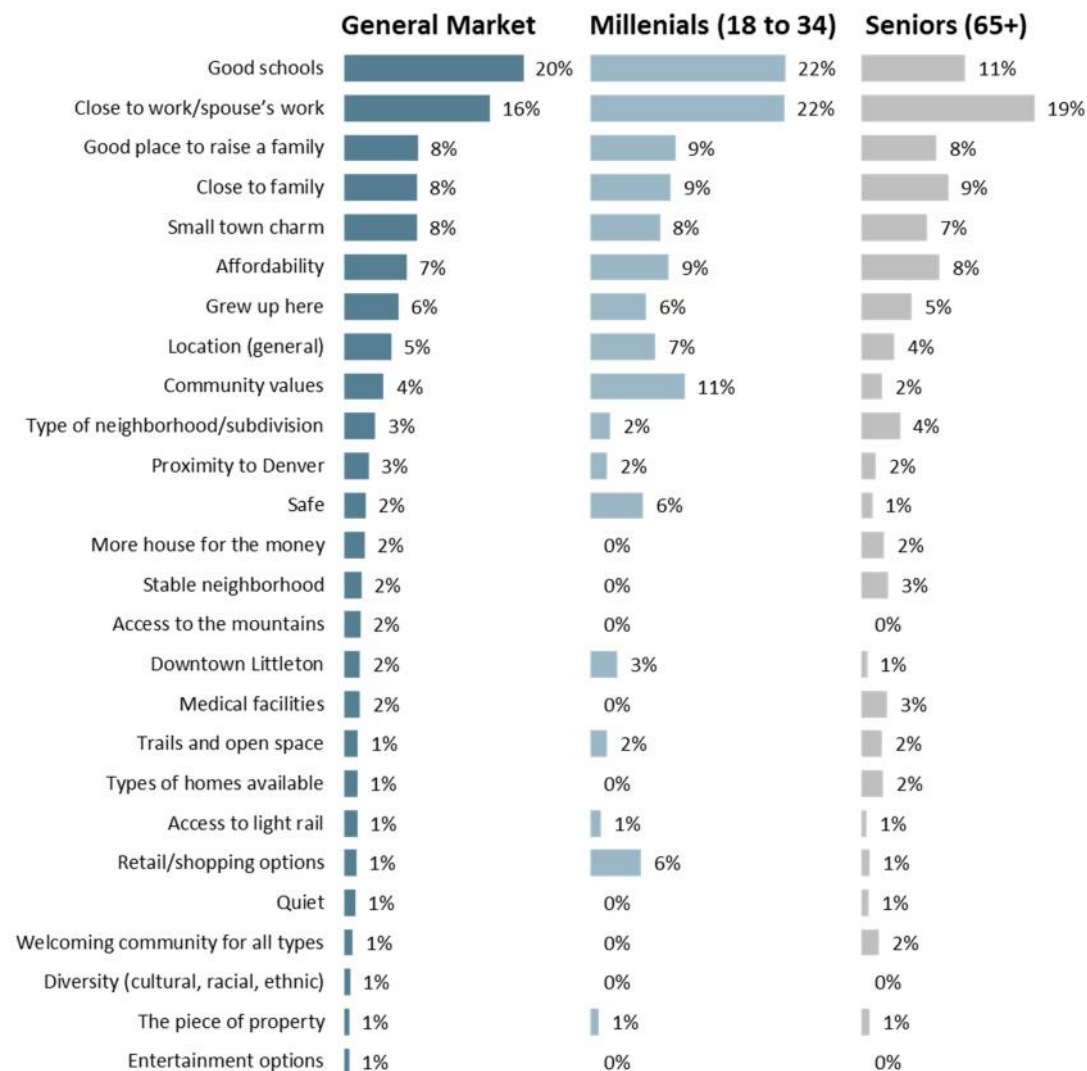
- Rent was too high;
- HOA/housing rules; and
- Bad/rude/loud neighbors;
- Landlord won't make repairs.

Living in Littleton. Residents shared their perspectives on the desirability of living in Littleton. Residents in general, were very happy with their choice to live in Littleton—over 80 percent said if they were looking to rent or buy today, they would you still make the choice to live in Littleton.

Choosing Littleton. Just over half of Littleton residents participating in the survey considered living in other communities when searching for their current home. These included Denver, Centennial, Englewood, Highlands Ranch and surrounding suburbs.

Residents chose Littleton over other communities for a number of factors. As shown in Figure III-3, these include schools, proximity to work (or spouse’s work), good place to raise a family and community values. The consistency of responses across market segments indicates the strong cultural appeal of Littleton to residents in a variety of life phases and age cohorts.

Figure III-3.
When you were looking for a place to live, why did you choose to live in Littleton?



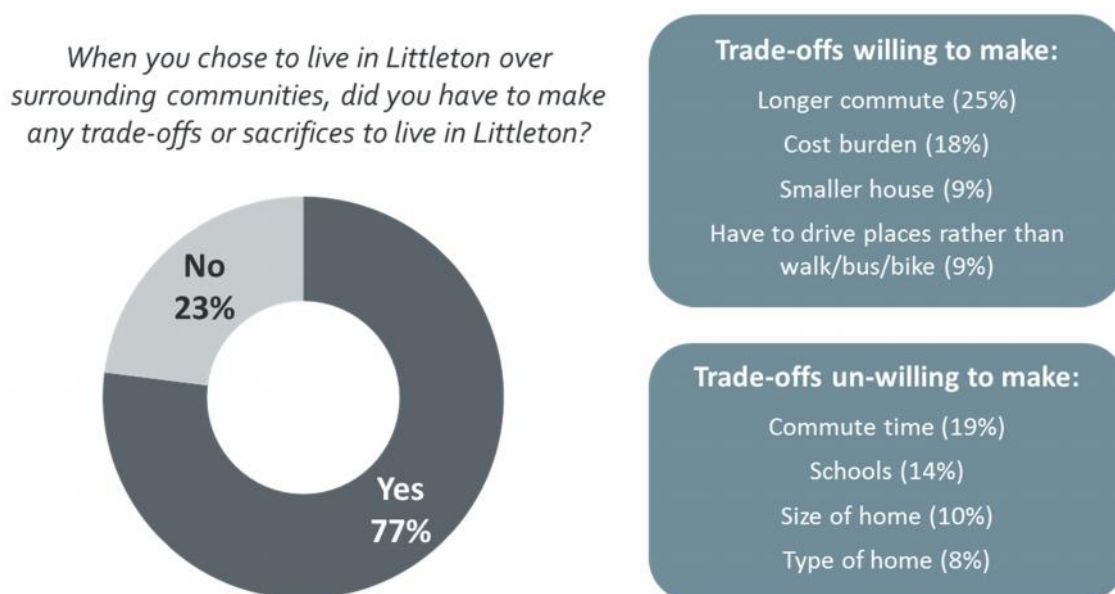
Note: General market sample n=401, Millennial sample n=66, Senior sample n=104.

Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

Among residents that only considered Littleton, the top reasons for focusing their housing search on Littleton were schools, proximity to work, proximity to family, affordability and community values.

Tradeoffs. Respondents were also asked about tradeoffs, or sacrifices, they made to live in Littleton over other communities. About one-quarter indicated they did make a trade-off to live in Littleton but the array of trade-offs residents were willing and un-willing to make reveal no consistent themes, except that personal preferences are driving factors in housing choice.

Figure III-4.
Tradeoffs Residents made to live in Littleton



Note: n=401.

Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

Changes in Littleton Living. As discussed in detail in Section II, home prices and rents in Littleton have increased substantially over the past decade. That trend is reflected in the resident survey results as well. Respondents were asked about the price they paid for a home or for a rental when they first moved to Littleton. Figure III-5 displays the average rent or home price based on when residents moved to Littleton.

Figure III-5.
When you moved into your first home or apartment in Littleton, what did you pay for your rent/home?

Source:

BBC Research & Consulting from the 2017 Littleton Live Work Survey.

	Mean Rent	Mean Home Price	% Owners	n=
Before 1980	\$275	\$46,903	71%	50
1980 to 1999	\$603	\$124,206	66%	105
2000 to 2009	\$922	\$217,767	58%	119
2010 or later	\$930	\$285,434	28%	123
Total change	239%	509%	-43%	

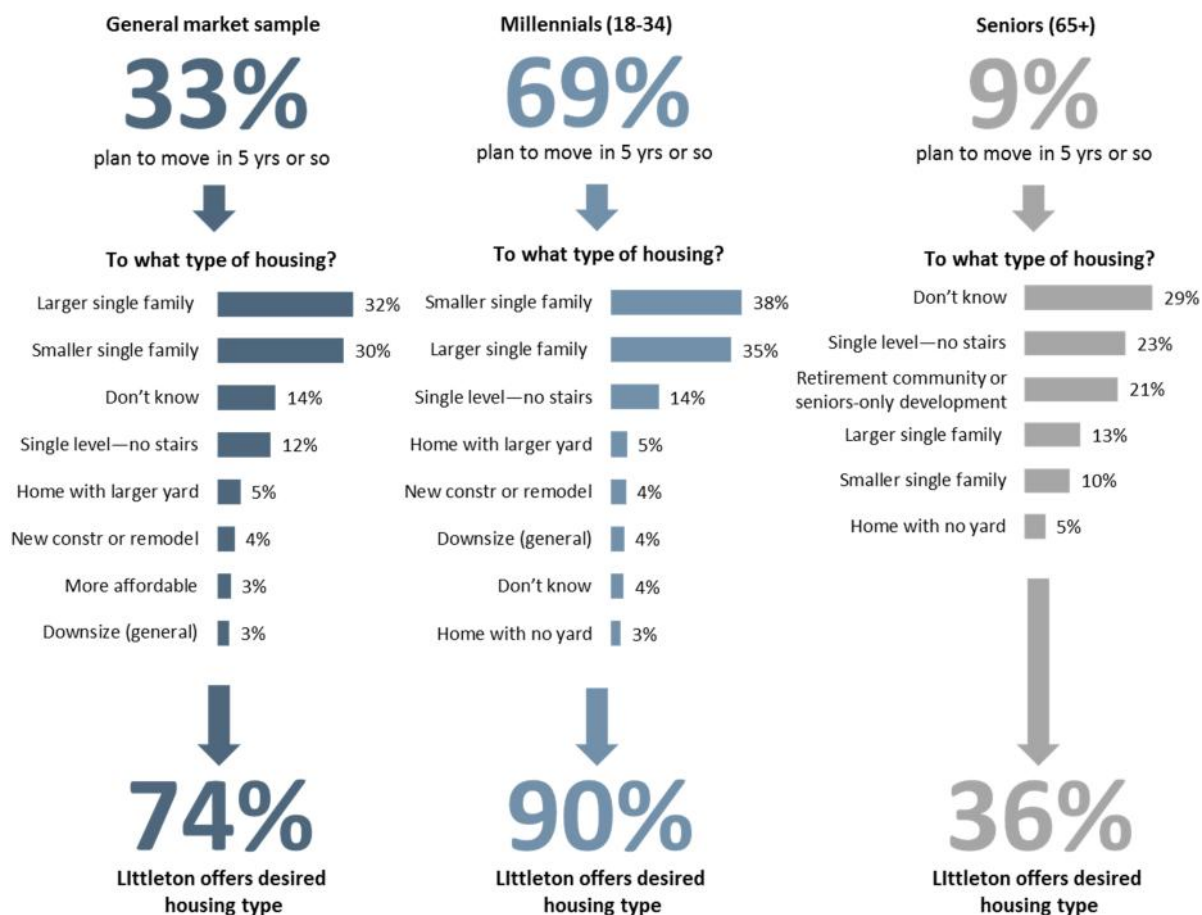
For those that moved to Littleton prior to 1980, average rent was \$275 and the average home price was \$47,000; 71 percent of those respondents purchased homes when they first moved to

Littleton. Among residents that moved to Littleton after 2010, average rent was \$930 and the average home price was \$285,000. Just 28 percent of those respondents purchased homes when they moved to Littleton.

Future housing plans. About one-third of the general market sample report that they plan to move in the next five years, as shown in Figure III-6. The proportion is much higher for millennials (69%) and much lower for seniors (9%). Among seniors, 87 percent reported they plan to stay in their current home as long as possible and 4 percent report they would like to stay in their home but are concerned they may not be able to (primarily for financial or maintenance/housekeeping concerns).

Most residents in the general market sample and the millennial sample that planned to move want to live in a single family home but were split between wanting a smaller single family home and a larger single family home. Seniors were less likely to know what kind of home they might look for when they move but 23 percent indicated they would need a home without stairs and 21 percent indicated they would look for a retirement or seniors-only community.

Figure III-6.
Plans to Move



Note: General market sample n=401, Millennial sample n=51, Senior sample n=103.

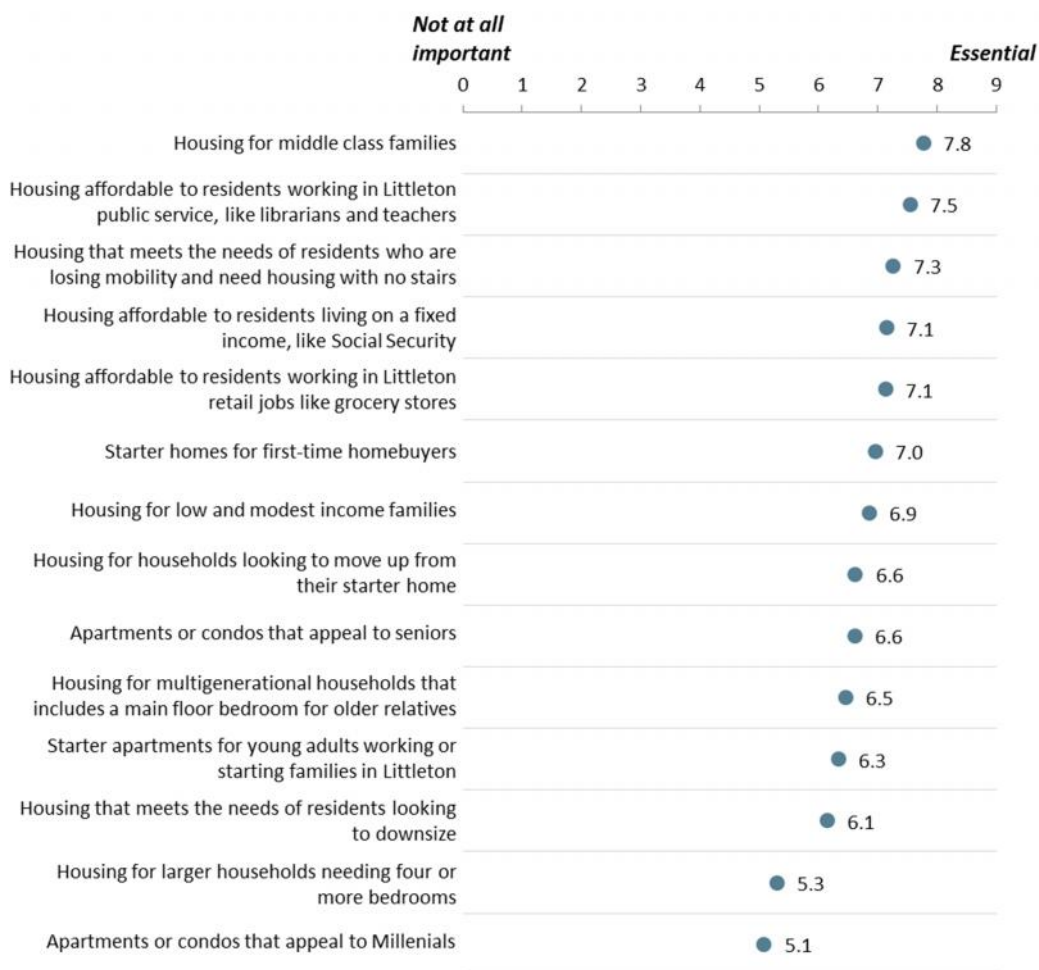
Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

Littleton's housing spectrum. The survey also included questions about resident perception of housing needs and appropriate product types. Specifically, residents were asked the following:

“On a scale of 1 to 10, where 10 means extremely important and 1 is not at all important, how important to you is it that Littleton's housing supply includes the following types of homes?”

Housing for middle class families and housing affordable to residents in public service received the highest ratings (7.8 and 7.5 respectively). Respondents also placed high importance on housing for residents with mobility challenges, housing that is affordable to residents with relatively low incomes (those on fixed incomes and those working retail jobs) and starter homes for first-time buyers. Figure III-7 displays the average rating among the general market sample.

Figure III-7.
How important to you is it that Littleton's housing supply includes the following types of homes?



Note: n=401.

Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

Responses from millennials and seniors indicated similar values, though millennials focused more on starter homes and apartments while seniors focused more on affordability for those with a fixed income and accessible housing. Figure III-8 displays the top responses and ratings for each group.

Figure III-8.

How important to you is it that Littleton's housing supply includes the following types of homes?

General Market Sample	Millennials (18-34)	Seniors (65+)
1 Housing for middle class families (7.8)	1 Affordable to public service workers (8.9)	1 Affordable on a fixed income (8.1)
2 Affordable to public service workers (7.5)	2 Housing for middle class families (8.7)	2 Housing accessibility; no stairs (7.2)
3 Housing accessibility; no stairs (7.3)	3 Starter homes for first-time buyers (8.4)	3 Affordable to retail workers (7.2)
4 Affordable on a fixed income (7.1)	4 Starter apartments for young adults (7.8)	4 Affordable to public service workers (7.2)
5 Affordable to retail workers (7.1)	5 Housing for low and modest incomes (7.7)	5 Apartments/condos appeal to seniors (7.1)

Note: General market sample n=401, Millennial sample n=66, Senior sample n=104.

Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

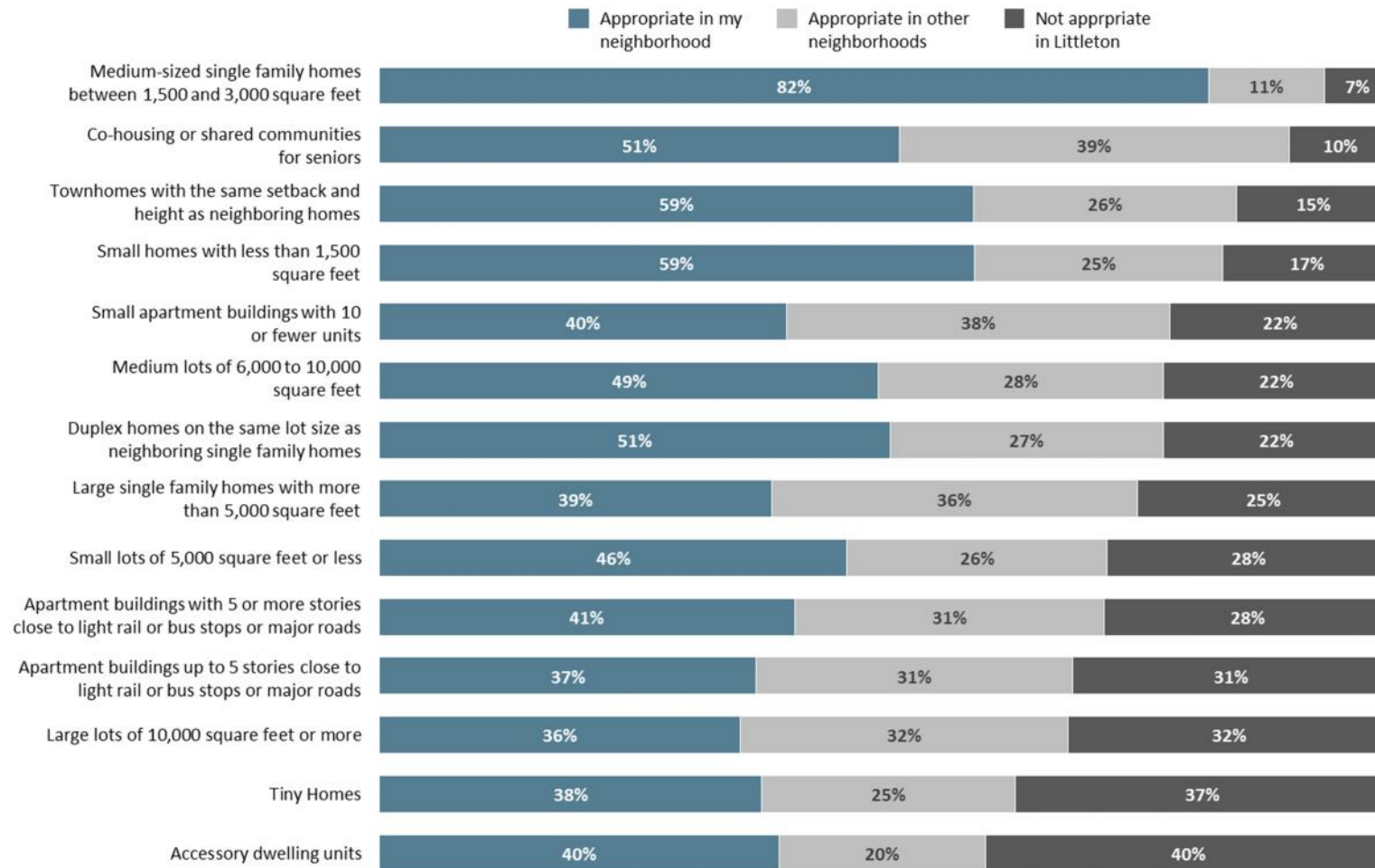
In a separate question, respondents were asked about specific housing product types (e.g., townhomes, large-lot single family homes, tiny homes, etc.). Respondents were asked to state whether each product type was appropriate in their neighborhood, appropriate in other Littleton neighborhoods or not appropriate in Littleton. Figure III-9 displays responses from the General Market sample; products are shown in order of most to least accepted in Littleton (either in “my” neighborhood or “other” neighborhoods).

Medium-sized single family homes (1,500 to 3,000 square feet) were the most widely accepted product type—for Littleton as a whole and in “my” neighborhood. Co-housing or shared communities for seniors was also widely accepted for Littleton overall but received a more mixed response about whether it was most appropriate in “my” or “other” neighborhoods. Townhomes (with the same setback and height as neighboring homes) and small homes (with less than 1,500 square feet) were also widely accepted as appropriate. Among traditional rental product types, small apartment buildings (10 or fewer units) were considered to be the most appropriate for Littleton.

Tiny homes and accessory dwelling units had the highest percentage of “not appropriate in Littleton” responses, though both still had majority approval for Littleton.

Figure III-9.

Please state whether the following types of housing are appropriate in your neighborhood, other Littleton neighborhoods or not appropriate in Littleton.



Note: n=401.

Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

Compared to the general market, millennials tended to consider more product types “appropriate” for Littleton and seniors tended to consider fewer product types “appropriate.” Figure III-10 displays the proportion of each group that considered each product type as appropriate in Littleton (includes appropriate in “my” and “other” neighborhoods). The Difference columns display how responses from millennials and seniors differed from the general market sample.

Figure III-10.

Please state whether the following types of housing are appropriate in your neighborhood, other Littleton neighborhoods or not appropriate in Littleton.

	Appropriate in Littleton (in "my" or "other" neighborhoods)			Difference from General Market	
	General Market	Millennials	Seniors	Millennials	Seniors
Medium-sized single family homes between 1,500 and 3,000 square feet	93%	100%	86%	7%	-7%
Co-housing or shared communities for seniors	90%	92%	84%	2%	-6%
Townhomes with the same setback and height as neighboring homes	85%	79%	83%	-6%	-2%
Small homes with less than 1,500 square feet	83%	96%	73%	12%	-10%
Small apartment buildings with 10 or fewer units	78%	92%	64%	14%	-14%
Medium lots of 6,000 to 10,000 square feet	78%	70%	82%	-8%	4%
Duplex homes on the same lot size as neighboring single family homes	78%	92%	69%	14%	-8%
Large single family homes with more than 5,000 square feet	75%	93%	69%	18%	-6%
Small lots of 5,000 square feet or less	72%	80%	58%	8%	-14%
Apartment buildings with 5 or more stories close to light rail or bus stops or major roads	72%	78%	72%	6%	0%
Apartment buildings up to 5 stories close to light rail or bus stops or major roads	69%	77%	69%	9%	1%
Large lots of 10,000 square feet or more	68%	69%	59%	1%	-9%
Tiny Homes	63%	72%	56%	9%	-7%
Accessory dwelling units	60%	55%	57%	-5%	-3%

Note: General market sample n=401, Millennial sample n=66, Senior sample n=104.

Source: BBC Research & Consulting from the 2017 Littleton Live Work Survey.

Specifically, millennials were much more approving of large single family homes (more than 5,000 square feet), duplex homes on the same lot size as neighboring single family homes, small apartment buildings and small homes (less than 1,500 square feet)—for each of those product types the proportion of millennials that considered it appropriate for Littleton was at least 10 percentage points higher than the general market sample. Seniors were less approving of small homes, small apartment buildings and small lots than the General Market sample by a margin of 10 percentage points or more.

Online Resident Survey

To further expand opportunities for participation in the study, an online survey, similar to the telephone survey, was publicly promoted through the city's website and partner networks. While the results of the online survey do not statistically represent any particular population, they provide additional depth to the study and perspective on the experience of residents with regard to housing preferences and community needs.

The online surveys were hosted by SurveyMonkey.com, a certified Section 508 compliant website.

Demographics. On average, resident respondents to the online survey had higher incomes (55% have incomes over \$100,000 per year), were more likely to be homeowners (78%) and were less likely to have children under 18 living in the home (35% compared to 73%). The online survey captured a similar proportion of millennial responses but fewer senior responses. Respondents aged 35 to 64 were over-represented in the online survey, accounting for 65 percent of online respondents compared to 57 percent in the phone survey.

Current housing choice. Similar to phone survey respondents, online survey respondents were very satisfied with their current home: the average satisfaction rating was 7.9 (on a 10-scale). About three-quarters of online respondents live in single family detached homes (compared to 58% of phone survey respondents) and 45 percent have lived in Littleton fewer than five years (compared to 27% of phone respondents).

Despite these differences between online and phone survey respondents, when asked about the most important factors in choosing their current home, the two groups placed the most emphasis on the same four factors: neighborhood, cost/affordability, Littleton location and proximity to quality schools. The Online survey respondents, however, placed higher importance on proximity to parks and open space and on proximity to downtown/Historic Littleton than phone survey respondents.

Living in Littleton. Both the online and the phone survey asked residents why they chose to live in Littleton when looking for a place to live. Good schools was the top response in both surveys and "good place to raise a family" and "small town charm" were in the top five among both groups. Online respondents placed more importance on safety, access to trails and open space and neighborhood stability than phone survey respondents. Conversely, online respondents placed less emphasis on proximity to work, proximity to family and affordability than phone survey respondents.

Future housing plans. About the same proportion of online respondents as phone respondents indicated they planned to move in the next five years or so (about one-third). However, online respondents were much more likely to say they wanted to move to a more affordable home (31% of online respondents compared to 3% of phone respondents) and were less confident that Littleton offers the type of housing they would like to move to (only 43% said Littleton has the housing they want to move to, compared to 74% in the phone survey).

Littleton's housing spectrum. The online survey, similar to the phone survey, asked residents about Littleton's housing spectrum—specifically, the types of homes that are important and appropriate for Littleton. Similar to phone survey respondents, online respondents placed the highest importance on housing for middle class families and housing

affordable to residents working on public service. Online respondents also felt it was very important that Littleton's housing supply include starter homes for first-time homebuyers. Online respondents, more so than phone respondents, indicated the importance of Littleton offering a full range of housing options including starter homes, downsize options and options for residents looking to move up from their starter homes.

When asked about the appropriateness of specific housing products for Littleton, online survey respondents had similar preferences to phone respondents and were most accepting of medium-sized single family homes, townhomes with the same setback as neighboring homes and co-housing or shared communities for seniors. For rental products, online respondents were most accepting of small apartment buildings with 10 or fewer units.

Section Summary

In general, the community input for the housing study highlights Littleton's strong community culture and appreciation for quality of life assets such as good schools, parks and green space—similar to resident perspectives included in the Comprehensive Plan. The primary housing needs identified were affordability and single-level, small yard downsize options. Residents and most stakeholders shared a desire to accommodate a mix of appropriately scaled product types to address the range of affordability and mobility housing needs.

Key findings from stakeholder engagement include:

- Social service providers emphasized housing needs related to affordability and accessibility. Specific product types they considered to be undersupplied included two-bedroom senior units, small attached homes, casitas (or ADUS) and multi-generational housing products. Their primary recommendations to the city included reducing NIMBYism, incentives for developing attainable/affordable housing, allow ADUs and consider shared housing programs.
- Real estate professionals also highlighted the need for more affordability in the market (\$280,000 to \$400,000) and increased diversity in product types—specifically small attached and patio homes. A key demographic of buyers looking to live in Littleton are young professional couples and families but lack of affordable inventory and available starter homes limit are a barrier for these households. Their recommendations to the city included focusing on infill and urban renewal and allowing a broader array of housing products in Littleton.
- Similar to the other groups, Sunshine also identified a need for patio homes and/or single story down-size options. The group expressed a need to balance housing demand with protecting the culture and green space of the existing community. Key recommendations to the city included addressing the regional complexities of housing and transportation concerns, considering the impact of increasing density, and upholding the city's Comprehensive Plan.
- Both real estate professionals and Sunshine advocated for more predictability and consistency in the design and development process.

Key findings from resident engagement include:

- Survey respondents indicated that cost was the most important factor in choosing their current home but quality public schools were also influential. Even Millennials and seniors—who are less likely to have school-aged children at home—also included proximity to quality public schools to be one of the top five factors in choosing their current home.
- Residents chose Littleton over other communities for a number of factors including schools, proximity to work (or spouse’s work), good place to raise a family and community values. The consistency of responses across market segments indicates the strong cultural appeal of Littleton to residents in a variety of life phases and age cohorts.
- Seniors are likely to age-in-place: 87 percent of seniors reported they plan to stay in their current home as long as possible and 4 percent report they would like to stay in their home but are concerned they may not be able to (primarily for financial or maintenance/housekeeping concerns). Focus group results indicate that more seniors might choose to move if there were more single-level, low maintenance housing products available in Littleton.
- Housing for middle class families and housing affordable to residents in public service received are top priorities among Littleton residents, along with housing for residents with mobility challenges, housing for low income residents and options for first-time buyers.
- Responses from millennials and seniors indicated similar priorities, though millennials focused more on starter homes and apartments while seniors focused more on affordability for those with a fixed income and accessible housing.
- The types of homes residents considered “appropriate” for Littleton were consistent with the types of homes they considered important. Medium-sized single family homes (1,500 to 3,000 square feet) and more affordable types of homes (co-housing, townhomes, and small homes) were all widely accepted—most were comfortable with these housing types in any Littleton neighborhood. Among traditional rental product types, small apartment buildings (10 or fewer units) were considered to be the most appropriate for Littleton.
- Compared to the general market, millennials tended to consider more product types “appropriate” for Littleton and seniors tended to consider fewer product types “appropriate.”
- Online survey respondents, on average, had higher incomes, fewer children, were “newer” residents of Littleton and were more likely to be homeowners than phone survey respondents. Despite these differences, online respondents expressed similar housing preferences and similar visions for the Littleton housing market overall. These included emphasis on Littleton’s high quality schools, small town charm and housing products that help maintain affordability, especially for public servants and first-time buyers.

SECTION IV.

Resources and Options

SECTION IV.

Resources and Options

This section evaluates the resources and options available to the city to address housing challenges identified in Sections I through III of this report. It begins with a summary of the housing challenges and opportunities discussed in previous sections; reviews resources available for affordable housing creation; analyzes the city's current housing policies and programs; and discusses zoning and transit corridors in the context of addressing housing needs.

SWOT Analysis

A summary of Littleton's housing market and community attributes is provided below in the framework of a SWOT analysis, designed to assess challenges and opportunities related to addressing Littleton's housing needs.

Strengths. Core strengths of the Littleton's housing context include a strong economy with low unemployment, increasing resident incomes, diverse housing stock and middle-market home prices. These strong market indicators are coupled with high levels of resident satisfaction and appealing community assets such as good schools and small-town charm.

- The median household income in the City of Littleton was \$65,221 in 2015, up 30 percent from 1999, when median income was \$50,245. Over that period, owners experienced higher income growth (34%) than renters (19%).
- Littleton currently has a well-balanced and relatively diverse housing stock. Just over half of Littleton's housing stock is single family detached homes; 47 percent is attached housing (20% in structures with fewer than 10 units and 27% in structures with 10 or more units); and 2 percent of the housing stock is mobile homes.
- The Littleton housing market is priced in the mid-range of surrounding communities such as Highlands Ranch, Centennial, Englewood and Wheat Ridge—this is true for median sales price, median price per square foot and median rent.
- The for sale gaps analysis shows the Littleton market to be relatively affordable for potential buyers earning more than \$75,000 per year. For potential buyers earning between \$50,000 and \$75,000, the market does offer proportional affordability but it is contingent on a willingness to consider townhomes and condos.
- In general, the community input for the housing study highlights Littleton's strong community culture and appreciation for quality of life assets such as good schools, parks and green space—similar to resident perspectives included in the Comprehensive Plan. Residents are highly satisfied with their current housing situation and the vast majority of current residents would choose Littleton again if they were looking for housing today.

Weaknesses. The weaknesses identified in the market analysis are primarily related to declining affordability as home costs rise faster than incomes. Residents and stakeholders also indicated a shortage of units that accommodate seniors and people with disabilities—specifically single-level, low-maintenance housing options (attached a detached).

- Since early 2012, home prices have increased sharply in Littleton and in peer communities throughout the metro area. In 2016, the median sale price for homes in Littleton was \$370,000. Single family detached homes sold for a median sale price of \$410,000, significantly higher than the median sale price for attached homes (\$247,750).
- Falling interest rates have allowed potential buyers to increase their purchasing power even though home prices are rising faster than incomes. However, the lack of supply—particularly homes under \$300,000—caused ownership constraints (in 2016, homes under \$300,000 stayed on the market for a median of 4 days).
- Typical of national trends, income growth was not uniform across all income categories in Littleton: Workers in high-paying professions and residents with accumulated wealth saw their incomes increase during the past 15 years, while lower income residents were disproportionately affected by the economic downturn.
- Littleton renters lost purchasing power between 1999 and 2015 as rents increased faster than incomes: median rent increased from \$709 to \$1,008 (42%) and incomes would have needed to increase by about \$12,000 to keep pace, but the actual increase in renter median income was only \$6,000.
- Cost burden among both renters and owners increased between 1999 and 2015—that is, more households are spending more than 30 percent of their income on housing. The proportion of both renters and owners spending at least half of their income has also increased (severe cost burden).
- The city has a shortage of rental units priced affordability for renters earning less than \$25,000 per year of 1,350 units. These households consist of students, working residents earning low wages as well as residents who are unemployed and/or who are disabled and cannot work.
- The primary housing needs identified by residents and stakeholders were affordability and single-level, small/low-maintenance-yard downsize options.

Opportunities. Littleton is well-situated to address housing concerns based on its current housing market strengths, community support for housing that can address needs and national housing development trends that can be leveraged to help address needs.

- Littleton already has a solid foundation in place for meeting the housing needs of residents (e.g., product diversity and moderate prices) and can focus on addressing acute needs while maintaining the current strengths of the housing market. Key focus areas for addressing acute needs are affordable rentals, specifically for residents earning less than \$25,000; starter homes and family homes priced near or below \$300,000; and housing options

attractive to aging seniors—primarily single-level homes with low maintenance yards (could be patio homes, other small-lot options and small attached products without stairs).

- Housing needs and housing priorities identified by residents are well-aligned. The resident survey identified common perspectives on housing preferences, housing needs and product solutions among a diverse set of age cohorts in Littleton and both residents and most stakeholders shared a desire to accommodate a mix of appropriately scaled product types (including attached products) to address the range of affordability and mobility housing needs.
- National market trends focusing on “missing middle”¹ product types are likely to fit well within Littleton’s housing context and can help meet demand for affordable and senior-friendly products. With more developers producing these homes and relatively high demand expressed for them, Littleton has an opportunity to encourage development to meet the needs of residents by making sure zoning and land use plans allows these missing middle product types in the appropriate context.

Threats. Market threats that add to the challenge of addressing current housing needs include the pace of home prices increases relative to income growth, the risk of rising interest rates, an aging population and the regional context.

- If current trends continue (home prices rising faster than incomes), affordability is likely to decline substantially over the next five to fifteen years in Littleton. For example, forecasts conducted for this study indicate that a household earning 150 percent of the median income could afford 71 percent of homes in 2016 but only 33 percent in 2032. A renter household earning half the median income could afford 29 percent of rentals in 2016 but only 18 percent of rentals in 2032.
- Mortgage interest rates have remained low as prices have increased over the past few years. So far, falling interest rates have allowed owners and potential buyers to maintain purchasing power. However, if interest rates rise substantially in the coming years, affordability will decline even faster than forecasted.
- The proportion of Littleton residents aged 65 or older is likely to increase faster than other age cohorts over the next 15 years. Meeting the housing and service needs of this population—many of whom may have ambulatory or self-care disabilities—pose unique challenges. Most seniors prefer to age in place (in their current homes) but for those who are not able to do so, it is important for the city to accommodate development of housing types attractive to aging seniors (single-level homes, low/no-maintenance yards, co-housing options, etc.).

¹ The term Missing Middle was crafted by Daniel Parolek of the planning and design firm Opticos. He uses the term to define a particular residential product type: “multi-unit or clustered housing types” that are compatible in scale with single family homes and which are targeted to help meet a growing demand for “walkable urban living.” Many take this definition to be synonymous with middle income households. In many, but not all, markets, Missing Middle products are more affordable than detached single family products. Yet changing market preferences for lower maintenance, walkable residential environments—largely driven by Millennials and Baby Boomers—can make Missing Middle products less affordable.

- The regional context can pose both an opportunity and a threat to Littleton’s housing goals. For any community that operates in the context of a metropolitan area, housing, transportation and employment choices are all impacted by the broader regional market. As such, it remains important for Littleton to maintain a regional perspective on housing issues and to adapt to changing regional dynamics.

Housing Policies, Programs and Resources

Financial resources to address housing needs in Littleton are limited. The city owns 28 units of affordable housing and the Littleton Community Development Department Neighborhood Resources Division administers some community building programs and grants but Littleton primarily relies on South Metro Housing Options (the local public housing authority) along with county and state funds for affordable housing resources.

City programs. Through the Neighborhood Resources Division, the City of Littleton provides mediation services to the community and manages neighborhood block grant and the business place-making grant programs. The City also owns Geneva Village, an affordable housing complex for seniors and people with disabilities. These programs are described below:

- Geneva Village in an affordable housing complex of 28 units owned by the City of Littleton and operated by South Metro Housing Options. The complex was acquired in the 1970s as part of a larger land acquisition to build the Littleton Center and the city has maintained the units as an affordable housing option for residents aged 61 and older. The Geneva Village Fund is an enterprise fund with annual revenues (rental payments and investment earnings) averaging \$128,000 annually and expenditures (operations and maintenance) averaging \$133,000 annually.
- The Community Mediation Program—the Conflict Resolution Center, or CRC—was established in 2015 and focuses on mediating neighbor-to- neighbor, landlord/tenant, homeowner association, code compliance, animal control, business/consumer, and non-criminal police issues.
- The city also facilitates community volunteer services including clean-up projects, minor home repair assistance and snow removal for the residents who are elderly and/or have a disability.
- Littleton’s community grants program includes small community-building grants (up to \$500) to encourage neighborhood outreach and engagement (e.g., newsletters, block parties and clean-up events) and large community-improvement grants (up to \$9,999) to facilitate community improvement projects. The city budgets approximately \$60,000 for these neighborhood grants, annually.

Other city grant programs, administered by the Economic Development Department, include the Revitalization Incentive Grant and the Main Street Historic Grant. These grant programs encourage private investment and capital improvements that benefit residents and help make revitalization efforts more affordable. The Revitalization Incentive Grant offers matching funds for projects and is budgeted for \$100,000 of funding in 2017. The Main Street Historic Grant is budgeted for \$50,000.

- The city has also made direct investments in community revitalization through streetscapes, roadway improvements, and parks development. These investments provide benefit to residents and the overall community and can be targeted to enhance specific neighborhoods and/or contribute to place-based development objectives.

South Metro Housing Options (SMHO). Housing authorities are the primary providers of rental assistance in most communities—and the same is true for the City of Littleton. Direct subsidies to renters come in the form of housing choice vouchers (Section 8, a federal program administered locally). SMHO, formerly the Littleton Housing Authority, owns and manages various housing programs in Littleton accounting for 600 units of affordable housing in the community. SMHO also administers housing choice vouchers for both the City of Littleton and Arapahoe County.

The following is an excerpt from SMHO's annual plan and provides a brief description of the programs and services that SMHO provides for the residents within the City of Littleton.

- *Housing Choice Vouchers - Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low income families in the private market and earns an administrative fee to cover the program's operating costs. In 2016, the Authority was authorized to issue 288 vouchers.*
- *Public Housing – The Authority owns and operates Bradley House a 72-unit elderly housing complex and 71 units of disbursed family housing for low income individuals and families in the City of Littleton.*
- *Section 8 New Construction – Under multi-family contracts with HUD, the Authority receives funding for three project-based housing facilities to provide subsidized rent for 260 low income households. These three properties are Amity Plaza, Alyson Court, and John W. Newey Family Housing.*
- *Development – The Authority is involved with developing and rehabbing new acquisitions and the construction of low income housing. This fund also accounts for the Authority's interest in various properties, including 2 office buildings, an interest in a Low Income Housing Tax Credit project, and other affordable housing projects.*
- *Powers Circle Apartments – This 69-unit apartment complex was purchased by the Authority in 2008. On July 30, 2013 the property was sold to the Powers Circle Apartments LLLP tax credit partnership. Partners include Countryside Corporate Tax Credits XXI (as a Limited Partner) and Littleton Area Neighborhood Development (LAND) (as the General Partner). Littleton Housing Authority is the developer of the project and acts as the Management Agent. The property will remain affordable in the community for a period of 15 years in accordance with the tax credit requirements and for an additional 15 years in accordance with the Land Use Restriction Agreement.*
- *Housing Rehab Program – With funding received through the HOME investment partnership program and program income, low income homeowners receive low interest loans to rehabilitate their homes that are in need of major repairs, health and safety problems or home*

improvements. In 2014, this program was put on hiatus in order to redesign its financial structure and scope. The previous loans are serviced and accounted for in this Fund.

- *Libby Bortz Assisted Living Center – The Authority owns and operates a 111-unit elderly assisted living property designed for moderate income frail elderly. Services provided include three meals a day, weekly housekeeping and laundry service, medication administration and 24 hour protective oversight.*

The majority of SMHO's funding is from the U.S. Department of Housing and Urban Development (HUD) and consists of Section 8 housing assistant payments, capital fund grants and operating subsidies and other smaller grants.

Arapahoe County CDBG and HOME Funds. Arapahoe County receives federal "block grant" funds that can be used for a number of housing and community development activities to support low and moderate income residents. Littleton is allocated a portion of the county funds annually for qualifying projects. Arapahoe County receives approximately \$1.04 million in Community Development Block Grant (CDBG) and \$530,000 in HOME funds annually. Ten percent of county CDBG funds are set aside for the "North" neighborhood of Littleton, which is a local target area for community development investment and 2 percent of county CDBG funds are set aside for other Littleton projects. Additional projects in Littleton can be funded with County CDBG funds and are awarded based on competitive applications county-wide. HOME funds are allocated throughout the county based on project applications as well. Goals, strategies and funding priorities for CDBG and HOME funds are described in detail in the Arapahoe County Community Development Consolidated Plan.² In Littleton, these funds are typically used for emergency and essential home repair, health-related public services, public housing improvement projects and infrastructure improvement projects.

Low Income Housing Tax Credits (LIHTC). The LIHTC program originated in 1986 under the Tax Reform Act and was part of an effort by the federal government to devolve the obligation of publicly-supported housing to states and local governments. Today, the LIHTC is the largest single producer of affordable rental housing in the country. At the most basic level, the LIHTC provides investors with a credit against their taxes in exchange for equity capital to support development of affordable rental units. States administer the program, including setting the criteria for scoring applications. State annual Qualified Allocation Plans (QAP) establish state priorities, guiding principles, and scoring criteria for LIHTC applicants. There have been six LIHTC developments in Littleton (all between 1992 and 2014), producing 350 units of affordable rental housing for residents.

Private sector. The programs available in any community depend on the size and funding sources and are typically inadequate to address housing needs. As such, the role of the private sector in providing housing is crucial for housing affordability. The private sector creates and maintains a significant portion of the housing stock, an estimated 90 percent of the rental units and 100 percent of the for-sale homes in Littleton. Cities typically use land use planning, zoning

² Available online at <http://www.co.arapahoe.co.us/index.aspx?NID=330>

and development incentives to encourage private sector development of housing that supports community needs and values.

Zoning and Transit Corridors

One of the most common local governmental constraints to the private production of affordable housing is zoning, subdivision, and land development regulations. In some cases, land use regulations that intentionally or unintentionally cause barriers to affordable development can offset the impact of affordable housing subsidies or increase the need for subsidies as a vehicle for meeting affordable housing goals.

A number of studies, including a 2006 book by Jonathan Levine (*Zoned Out*), have documented the impact of zoning regulations on the supply of affordable housing.^{3, 4} Common zoning regulations negatively impacting affordable development include:

- Minimum house size, lot size, or yard size requirements;
- Prohibitions on accessory dwelling units;
- Restrictions on land zoned and available for multifamily and manufactured housing; and
- Excessive subdivision improvement standards.

Best practices for zoning that fosters affordable development are described below. These best practices are derived from work conducted by Don Elliott of Clarion Associates and focus on land use regulations that can have significant impacts on housing affordability and availability.

- **Permitted uses, or types of housing units allowed** (e.g., multifamily parcels, manufactured homes, accessory dwelling units, mixed use districts, and group housing). In order to promote affordability, the zoning code should allow for a diversity of housing types and should accommodate the construction of multifamily and manufactured housing as well as encouraging housing production in close proximity to employment. Best practices for residential uses that foster affordable development are described below:

- **Mixed Use**—housing should be allowed near businesses that employ workers, particularly moderate and lower income employees.
- **Multifamily Parcels**—at least one zone district (or overlay district, or permit system) should allow the construction of multifamily housing, and enough land should be mapped into that district to allow a reasonable chance that multifamily housing will be developed. Failure to provide opportunities for multifamily development has been identified as one of the four leading regulatory causes of increased housing costs.

³ Levine, Jonathan, *Zoned Out* (RFF Press, Washington, D.C., 2006).

⁴ Colorado Department of Local Affairs, *Reducing Housing Costs through Regulatory Reform* (Denver: Colorado Department of Local Affairs, 1998).

- Accessory Dwelling Units—the code should allow accessory dwelling units in at least one zone district—preferably more—either as an additional unit within an existing home structure or in an accessory building on the same lot.
- Manufactured Homes—manufactured housing that meets HUD safety standards should be allowed in at least one zone district; ideally in a residential zone where the size and configuration matches the scale and character of the area.
- **Residential development standards.** Dimensional standards, such as lot size, house size and density have a substantial impact on housing costs. Parking standards can also be a barrier to affordable development, particularly for multifamily developments.
 - Density and lot size—minimum lot size requirements are the type of regulation most responsible for increasing housing costs. In addition, lot width requirements should be reasonable and consistent with minimum lot sizes.
 - Minimum house sizes—minimum house size requirements are not common but have been identified as a significant cause of increased housing price in those communities where they are in place.
 - Parking standards—although the traditional standard of two parking spaces per dwelling unit may be reasonable for many areas, a lower standard can and generally should be used for affordable housing, multi-family housing, group housing, and special needs housing.
 - Architectural design standards—architectural design standards can coexist with affordable residential development if they follow two key principles. First, objective standards that can be reviewed by city staff for compliance (without the need for individualized review and negotiation in front of a committee) are preferable. Second, there is sometimes room for adopting lower design standards—or exempting affordable projects from some standards—without significantly compromising neighborhood or historic character.
- **Other proactive measures** to help foster the production of affordable housing include purpose statements, flexible nonconforming structure regulations and affordable development incentives.
 - Purpose statements—the code should reflect the jurisdiction’s purpose to provide housing choice for its residents and to comply with applicable federal and state law regarding housing choice.
 - Flexibility on Nonconforming Structures—although zoning codes generally require that nonconforming structures damaged or destroyed through fire or natural causes can only be rebuilt in compliance with the zoning code, an increasing number of codes are exempting affordable housing from this requirement.
 - Incentives for affordable development—in order to encourage the development of affordable housing, the code should recognize the difficult economics involved and should offer incentives. Common incentives include smaller lots, increased

density in multi-family areas, reduced parking requirements, or waivers or reductions of application fees or development impact fees.

The City of Littleton is currently in the process of updating its zoning ordinance and subdivision regulations, which are over 20 and 40 years old, respectively. In late 2014 the city retained Clarion Associates to assist with assessment and amendment of the Zoning Ordinance. Clarion completed the initial assessment in 2015 and prepared a draft of revised permitted use regulations in 2016. Currently, the Zoning Code Land Use Table review is on hold. However, Subdivision Regulations are actively under review.

Littleton's Citywide Plan was updated in 2014 and the Neighborhoods and Corridors Plan was revised in 2000 with a minor update in 2016. The City is also in the process of completing Master Plans for its two light rail stations (the Downtown Station and the Mineral Avenue Station).

Based on the strengths and challenges of the housing market in Littleton BBC recommends the following considerations for the city's land use, zoning and transportation planning:

- Accommodate the development of diverse housing products with a focus on “missing middle” and small-scale attached products. The city may also want to consider allowing accessory dwelling units to increase affordability and product diversity.
- Incorporate development incentives for the production of affordable housing.
- Streamline the development process and increase transparency in design standards and the development approval process.
- Use transit corridors and TOD sites to increase housing choice and encourage appropriately dense mixed use development that helps address identified housing needs and preserves community character.

It should be noted that Littleton is close to build out and does not have a great deal of vacant land for development. In addition the city has limited economic incentives to offer developers. As such, strategies that rely on zoning and land use to create and /or preserve affordability may be limited and should consider infill and/or redevelopment opportunities.

Section Summary

- Core strengths of Littleton's housing context include a strong economy with low unemployment, increasing resident incomes, diverse housing stock and middle-market home prices. These strong market indicators are coupled with high levels of resident satisfaction and appealing community assets such as good schools and small-town charm.
- However, these community assets also increase demand for living in Littleton and contribute to rising home prices. The market analysis revealed market weaknesses, particularly related to declining affordability as home costs rise faster than incomes. Residents and stakeholders also indicated a shortage of units that accommodate seniors and people with disabilities—specifically single-level, low-maintenance housing options (attached and detached).

- Market threats that add to the challenge of addressing current housing needs include the pace of home prices increases relative to income growth, the risk of rising interest rates, an aging population and the regional context. However, Littleton is well-situated to address housing concerns based on its current housing market strengths, community support for housing that can address needs and national housing development trends that can be leveraged to help address needs.
- Financial resources to address housing needs in Littleton are limited. The city owns 28 units of affordable housing and the Littleton Community Development Department Neighborhood Resources Division administers some community building programs and grants but Littleton primarily relies on South Metro Housing Options (the local public housing authority) along with county and state funds for affordable housing resources.
 - SMHO, formerly the Littleton Housing Authority, owns and manages various housing programs in Littleton accounting for 600 units of affordable housing in the community. SMHO also administers housing choice vouchers for both the City of Littleton and Arapahoe County.
 - Littleton has an additional 350 affordable rental units developed under the Low Income Housing Tax Credit (LIHTC) program—a federally funded public-private partnership program that is the largest single producer of affordable rental housing in the country.
 - Arapahoe County receives federal “block grant” funds that can be used for a number of housing and community development activities to support low and moderate income residents. Littleton is allocated a portion of the county funds annually for qualifying projects which typically include emergency and essential home repair, health-related public services, public housing improvement projects and infrastructure improvement projects.
- One of the most common local governmental constraints to the private production of affordable housing is zoning, subdivision, and land development regulations. Best practices for zoning that fosters affordable development include allowing a diversity of housing types, relaxing minimum dimensional standards, and proactive measures such as incentives for affordable development.