

March 29, 2019

Welcome to the fifth annual Longmont Housing Affordability Review. The goal of this report is to compare the affordability of homes in Longmont to the affordability of other nearby towns. This introductory note lays the foundation for our data, its analysis and conclusions. The data from this report comes from IRES [1] the predominant Multiple Listing Service (MLS) system that REALTORS® and real estate agents alike use to market homes for sale. Due to incompatible data sets, data from REColorado [2], the primary MLS for the Denver Metro Area has not been included. Also, this report does not account for any private transfers or For Sale by Owner (FSBO) transactions. Due to the high usage of IRES in the areas covered by this report, the conclusions and data presented here can be considered reliable even though the data set is incomplete.

The current formula for measuring affordability was established in the 2017 report. This new formula or scale was chosen due to its flexibility to adjust over time based on the economy, housing prices, income levels, the unemployment rate, and other economic indicators. It relies on maximum income data published by the City of Longmont, which is then handed to a local mortgage expert, who calculates buying power and the home price a borrower can afford using current standards and interest rates appropriate for the time period.

The City of Longmont, The U.S. Department of Housing and Urban Development (HUD) [3] and other governmental agencies use Area Median Income or AMI [4] for many lending borrowing and financial aid decisions. The current Boulder County AMI is \$75,669. This is the income limit that Colorado Housing and Finance Authority (CHFA) [5] looks at to qualify people for down payment assistance programs, which constitute a portion of the purchasing power utilized in this report.

HUD and CHFA use the Boulder County AMI for their programs, but a reasonable argument can be made that county-wide number is higher than that of Longmont alone. With this in mind, we use Longmont's 2018 Maximum Income Limits for Housing Programs [6], which are much more conservative than the Boulder County AMI. According to the City of Longmont the income limit for down payment assistance for a single person household is \$50,350, up from \$47,600 in 2017. The income limits for a family of four for 2018 is \$71,900, up from \$68,000 in 2017. Using these maximum income levels, a borrower could qualify for a CHFA 5% down payment assistance program to help them get into a home.

Using the current maximum income for a single person of \$50,350, the CHFA down payment assistance of 5%, an interest rate of 5.25%, and a \$200 per month HOA payment, a borrower could qualify to purchase a home up to \$275,000. This is the maximum purchasing power for this person, any debt they have (credit cards, car payments, etc.) will reduce their purchasing power and they will have to find an even less expensive home to buy. It's reasonable to expect that this single person would strongly consider an attached home, such as a condo or townhome.

For a family of four, using the maximum income limit of \$71,900, the same 5% CHFA down payment and a 5.25% interest rate (no HOA fee), this family would qualify for a loan up to \$360,000. This larger family would need more space, so it is reasonable to expect the family would strongly consider a single-family home. This scenario also assumes \$300 per month in

debt payments. As outlined in the single person scenario above, any increase in monthly debt would reduce the price of the home they could afford to purchase.

The two most common hurdles to purchasing a home, especially in the 80% AMI income levels are high debt and a low credit score. The most common sources of high debt are car loans, credit card balances and student loan payments. While housing prices are increasing, the ability to purchase a home isn't based just on price. If we were to magically increase our inventory of affordable homes, many potential borrowers would still not qualify due to the self-inflicted burden of high debt and bad credit. The role of personal financial responsibility in the pursuit of home ownership cannot be over stated.

Housing prices are increasing at all levels in and around Longmont. Despite the increasing price of real estate in every area covered by this report, once again it's evident that the availability of affordable housing in Longmont surpasses that of nearly all our neighboring towns.

Please use the contact information below if you have any questions.

Respectfully,

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2018 Longmont Housing Affordability Review

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Single Family Residential

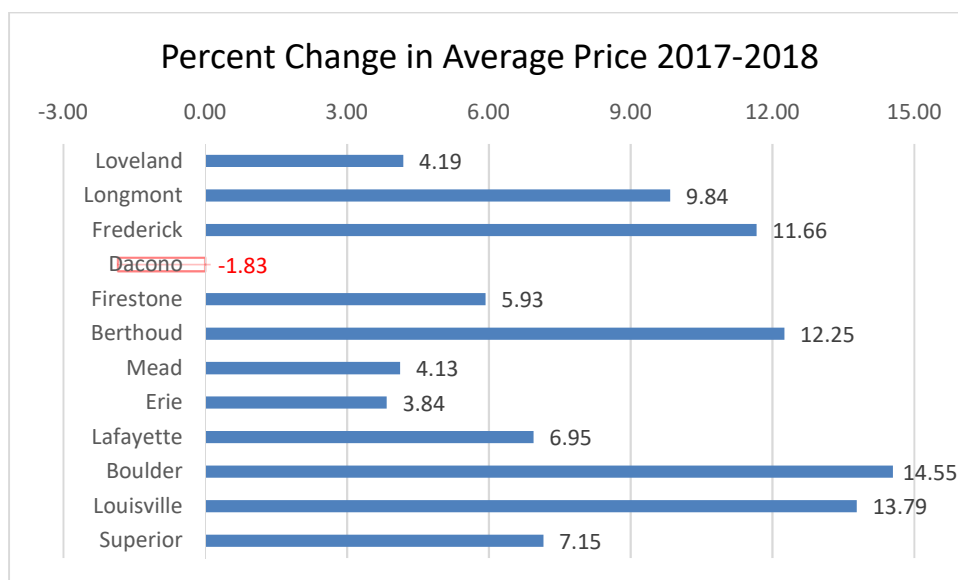
City	Total Units Sold	Average Price	Median Price	Sold below \$360k	% of Market	Total Active	Active Below \$360k
Loveland	1409	\$ 408,250	\$ 360,000	717	50.9%	131	15
Longmont	1129	\$ 461,708	\$ 429,000	279	24.7%	95	13
Frederick	255	\$ 412,070	\$ 399,900	75	29.4%	48	4
Dacono	105	\$ 307,248	\$ 335,500	73	69.5%	8	6
Firestone	281	\$ 420,529	\$ 401,518	63	22.4%	39	2
Berthoud	328	\$ 455,013	\$ 411,826	53	16.2%	95	6
Mead	90	\$ 469,406	\$ 403,500	31	34.4%	12	0
Erie	445	\$ 535,962	\$ 512,000	15	3.4%	101	1
Lafayette	276	\$ 619,254	\$ 587,500	9	3.3%	35	0
Boulder	628	\$ 1,214,966	\$ 955,000	3	0.5%	113	1
Louisville	193	\$ 749,621	\$ 670,000	0	0.0%	15	0
Superior	96	\$ 675,266	\$ 640,000	0	0.0%	16	0

Notes and Observations

- Active Listings information was collected on 3/20/2019.
- For the sixth year in a row, Loveland provides the greatest number of affordable housing units in the area.
- Of the 717 affordable homes sold last year in Loveland, 3 were below \$200,000; 187 were between \$200,000 and \$300,000; and 727 between \$300,000 and \$360,000.
- All three single family homes sold in Boulder below \$360,000 were in an Affordable Housing Program.
- For the third year in a row, the average sales price in Boulder exceeded \$1,000,000. It ended 2018 with a 14.55% increase to \$1,214,966.
- The highest percentage of affordable housing again goes to Dacono at 69.5%.
- The low number of active listings is typical for this time of year.
- There were 829 fewer sales in all areas in 2018 than in 2017, a 13.7% decrease.
- There were 500 fewer affordable homes sold in 2018 for a 27.5% decrease.
- Longmont remains the most affordable city in Boulder County. It has the lowest average sales price, lowest median sales price, the greatest number of overall home sales and the greatest number of single-family homes sold for \$360,000 and under.
- There were more affordable homes sold in Longmont than in Firestone, Frederick and Dacono combined.
- For the third year in a row Louisville and Superior did not have a single affordable home sell.

- The average price of a home dropped 1.83% in Dacono.

Average Year-over-Year Price Change for Single Family Homes



Single Family, Year-over-Year, Average Price Datasheet

City	2017	2018	% Change
Loveland	\$ 391,817	\$ 408,250	4.19
Longmont	\$ 420,356	\$ 461,708	9.84
Frederick	\$ 369,027	\$ 412,070	11.66
Dacono	\$ 312,979	\$ 307,248	-1.83
Firestone	\$ 396,979	\$ 420,529	5.93
Berthoud	\$ 405,349	\$ 455,013	12.25
Mead	\$ 450,802	\$ 469,406	4.13
Erie	\$ 516,137	\$ 535,962	3.84
Lafayette	\$ 579,034	\$ 619,254	6.95
Boulder	\$ 1,060,614	\$ 1,214,966	14.55
Louisville	\$ 658,788	\$ 749,621	13.79
Superior	\$ 630,178	\$ 675,266	7.15

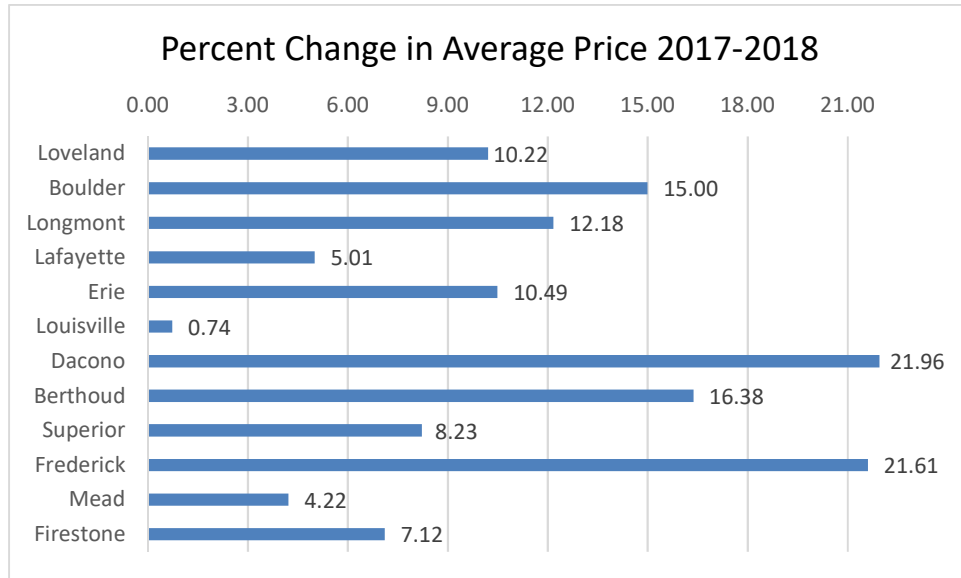
Attached Dwellings

City	Total Units Sold	Average Price	Median Price	Sold Below \$275k	% of Market	Total Active	Active Below \$275k
Loveland	320	\$ 301,128	\$ 288,450	135	42.2%	55	7
Boulder	595	\$ 525,609	\$ 460,000	89	15.0%	109	6
Longmont	338	\$ 353,045	\$ 332,214	62	18.3%	56	4
Lafayette	135	\$ 374,629	\$ 371,000	24	17.8%	13	1
Erie	66	\$ 338,766	\$ 310,000	15	22.7%	15	0
Louisville	72	\$ 429,767	\$ 387,500	11	15.3%	20	2
Dacono	6	\$ 259,875	\$ 273,375	3	50.0%	0	0
Berthoud	23	\$ 352,778	\$ 335,000	2	8.7%	8	0
Superior	89	\$ 458,909	\$ 462,393	2	2.2%	5	0
Mead	1	\$ 145,000	\$ 145,000	1	100.0%	0	0
Frederick	9	\$ 350,339	\$ 354,950	1	11.1%	4	0
Firestone	3	\$ 291,000	\$ 290,000	0	0.0%	1	0

Notes and Observations

- Active Listings information was collected on 3/20/2019.
- For the second year in a row Loveland had the most affordable homes sold despite having only the third highest number of attached units sold.
- Of the 30 lowest price attached homes in Boulder last year, at least 28 of them were part of an affordable housing program.
- Despite having the 4th highest total of attached homes sold in 2018, Superior had just 2 sales of affordable attached homes.
- The three towns with the lowest average price (Mead, Dacono and Firestone) are some of the least accessible markets for attached affordable housing. Combined, they produced just 4 sales of affordable housing, which represents just 1.2% of all the attached affordable sales covered by this report
- Despite having a population of about 78,000 people, Loveland produces more affordable housing options than either Longmont or Boulder, which are just under and just over 100,000 residents each, respectively.
- The lowest priced attached home in Boulder is priced at \$170,913 and it has spent 275 days, or about 9 months, on the market.
- Despite the total sales of attached homes increasing by 7 units, to 1657, there was a 26.8% decrease in the number of affordable units sold in 2018. This decrease is similar to the 27.5% decline in single family affordable units sold in 2018.
- Longmont saw a decline of 44 (or -41.5%) affordable units change hands. All areas had fewer sales of affordable homes in 2018 versus 2017 with Erie seeing the biggest decline of 33 units or -68.8%.
- All 12 areas covered in this report saw an increase in average price. The three areas with the largest resale volume (Loveland, Boulder and Longmont) saw average price increases of 10-15%.

Average Year-over-Year Price Change for Attached Dwellings



Attached Dwellings, Year-over-Year, Average Price Datasheet

City	2017	2018	% Change
Loveland	\$ 273,212	\$ 301,128	10.22
Boulder	\$ 457,061	\$ 525,609	15.00
Longmont	\$ 314,718	\$ 353,045	12.18
Lafayette	\$ 356,752	\$ 374,629	5.01
Erie	\$ 306,600	\$ 338,766	10.49
Louisville	\$ 426,628	\$ 429,767	0.74
Dacono	\$ 213,081	\$ 259,875	21.96
Berthoud	\$ 303,138	\$ 352,778	16.38
Superior	\$ 424,024	\$ 458,909	8.23
Frederick	\$ 288,074	\$ 350,339	21.61
Mead	\$ 139,125	\$ 145,000	4.22
Firestone	\$ 271,667	\$ 291,000	7.12

Resources:

- [1] IRES – Information and Real Estate Services <https://www.iresis.com>
- [2] REColorado - <http://www.recolorado.com/>
- [3] HUD – U.S. Department of Housing and Urban Development <https://www.hud.gov/>
- [4] AMI – Area Median Income <https://www.hud.gov/>
- [5] CHFA – Colorado Housing and Finance Authority <https://www.chfainfo.com/>
- [6] Longmont Income and Asset Limits - <http://bit.ly/2FFWFnp>

