

## Evaluating Housing Affordability in Fort Collins

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- Housing accessibility for all socio-economic groups is a prime goal of any community.
- Colorado’s Fort Collins was once affordable to many, but now workers in most of the lower-paid occupations can no longer afford to live where they work.
- The problem has worsened over the 2020-2021 pandemic, a period where housing demand far exceeded supply, thus raising home and rental prices.

Much attention has been paid in recent months to inflationary dynamics in the US following pandemic-related supply chain disruptions and the Russian invasion of Ukraine. Although the media have predictably narrowed in on disruptions in the global oil markets, the largest expense for most households is still shelter – the cost of which has skyrocketed in many parts of the country. According to [one study](#), in 2021, average monthly listed rents in the U.S. increased 14.1 percent year-over-year, with certain metro areas seeing hikes above 30 percent.

In Colorado’s booming Front Range, the story is no different. Using the Fair Market Rent (FMR<sup>1</sup>) rate established by the Department of Housing and Urban Development (HUD) and the Occupational Employment and Wage Statistics (OEWS) from the Bureau of Labor Statistics, we examine the changes that have occurred in Fort Collins from 2010 to 2020. Unsurprisingly, median wages for many occupations have not kept pace with fair market rents.

Occupational Group	2010	2020	% change
Arts, Design, Entertainment, Sports, and Media Occupations	\$19.25	\$21.23	10%
Production Occupations	\$15.24	\$19.24	26%
Office and Administrative Support Occupations	\$14.95	\$18.82	26%
Transportation and Material Moving Occupations	\$13.58	\$16.29	20%
Healthcare Support Occupations	\$12.65	\$15.79	25%
Sales and Related Occupations	\$11.31	\$15.68	39%
Farming, Fishing, and Forestry Occupations	\$11.41	\$15.11	32%
Building and Grounds Cleaning and Maintenance Occupations	\$11.09	\$14.91	34%
Personal Care and Service Occupations	\$10.61	\$14.50	37%
Food Preparation and Serving Related Occupations	\$9.08	\$12.82	41%

Figure 1

Comparing data from 2010 and 2020, we can see that housing is becoming increasingly unaffordable. In 2010, FMR was \$832 per month, and in 2020, it was \$1,244 per month, which was an increase of 50%. To reasonably afford FMR, workers needed to make wages of \$16.00 in 2010 and \$23.92 in 2020<sup>2</sup>. Figure 1 shows the median wages of the ten major occupational groups in Fort Collins that could not afford FMR

<sup>1</sup> Fair Market Rent is the rent amount, including utilities (except telephone), to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities. It is defined as the 40th percentile of rents paid by recent movers (renters who moved in the last 24 months) in a given FMR area.

<sup>2</sup> These numbers show the minimum hourly wage needed to not be rent burdened, assuming that renters are paying FMR. Renters are considered rent burdened when they spend over 30% of monthly earnings on rent payments.



in 2020, and none of them have experienced a growth in wages that keeps pace with rents. Rather, wages rose by \$3 to \$4 across all occupations during this period. These lowest-earning occupations are significantly rent burdened, and the strain on these workers keeps increasing.

We identified two major occupational categories where the housing affordability crisis has had particularly noticeable impacts. Healthcare Support Occupations are split into several different sub-occupations. The largest by number of employees is Home Health and Personal Care Aides. The median wage in this sub-occupation was \$14.32 per hour in 2021. In order to be able to afford fair market rent of \$1,351 per month, employees in this sub-occupation need a raise of roughly 50% by \$9.60 per hour. This pay shortage has strong gender impacts as well, as 87% of employees in this specific sub-occupation are female. Every single sub-occupation makes below the wage required to afford fair market rent, and each is over 70% female.

Another occupational category that is severely impacted by the housing affordability crisis is Food Preparation and Serving Related Occupations. With 14,290 employees, this is one of the largest occupational categories in Fort Collins, but is the lowest-earning. The situation is so dire for this group that even employees making the 90<sup>th</sup> percentile wage are unable to afford FMR. The Waiters and Waitresses sub-occupation made the lowest median wage of the group, at just \$12.01 per hour. This means that their hourly raise needed to afford fair market rent is \$11.91 – almost double their current wage. Additionally, the gap between wages and fair-market rent is rising. In 2010, waiters and waitresses made a median of \$10.16 per hour, meaning that their wages grew by less than \$2 per hour. Meanwhile, the wage needed to comfortably afford fair-market rent rose almost \$8 per hour during the same period.

Of course, it is not just these occupations that have been affected by the housing affordability crisis. In 2010, 36% of the average of all occupations could not afford fair-market rent, but by 2020, that number rose to 52%, with a minimum of 43,000 Fort Collins employees who can't afford to live here, which makes up 28% of the city's entire workforce. Fort Collins workers are increasingly being priced out of town, which could result in staffing shortages, especially for the service-based businesses in the area. Employers have been concerned about being able to hire the narrow number of experienced staff, but most must look far afield from Fort Collins high-rent areas, as service-workers with lower tier income simply can't afford to live and work in the same community.

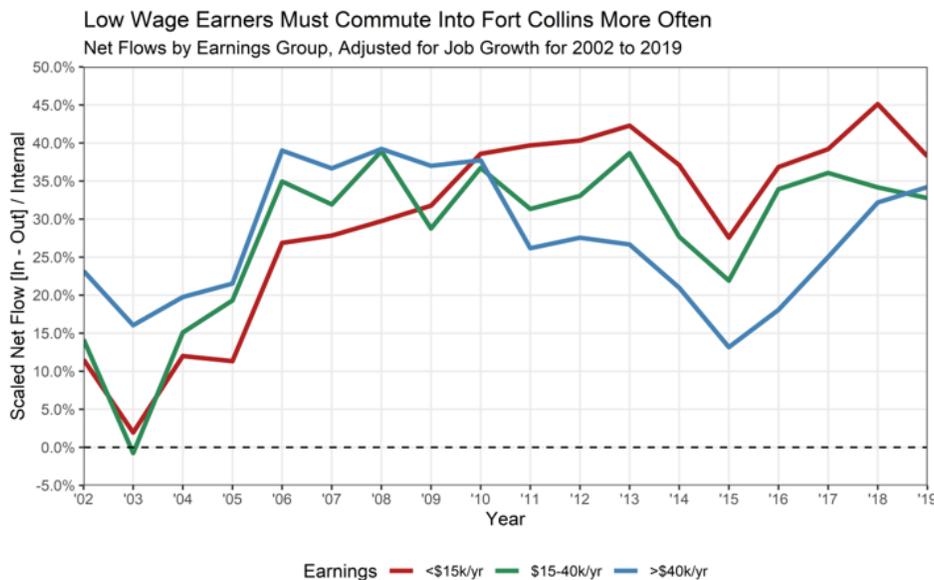


Figure 2

Created by REDI@CSU  
Data: Census Bureau, Longitudinal Employer-Household Dynamics



Figure 2 shows the trends in scaled net inflows of workers that commute to Fort Collins from surrounding areas. Unsurprisingly, lowest-wage workers commute into Fort Collins at a higher rate, which makes sense, as there is little evidence that they can afford to live here. Also noteworthy about Figure 2 is that it shows how more higher-wage workers have begun to commute into Fort Collins in recent years. Wages of \$40,000 and above previously were sufficient to afford Fort Collins rents, but now workers in this income bracket are being priced out of town as well. Though commuters may save money in housing costs by living in lower cost-of-living areas, they incur extra costs in other ways, such as fuel, insurance, vehicle maintenance, and parking. Commuting contributes to environmental damages as well.

The housing affordability crisis intensified during the Covid-19 pandemic. Inflation rose significantly in 2021, and included in this are housing costs. From 2020 to 2021, FMR in Fort Collins rose by 8.6% to \$1,351 per month, which is roughly in line with the national inflation rate. The shift to work-from-home created extra demand for housing as workers began to spend more at home than at their workplace. Additionally, new housing constructions slowed due to higher costs of materials. The result was a housing market which had increased demand and not enough supply to keep up, which in turn raised rents and makes them even less affordable for low-wage workers.

Colorado has no rent control laws and there may be broader implications that policymakers do not consider. From affecting the quality of the workforce that is able to be recruited to our state (or choose to live here if their work status allows them to now choose their worksite), to influencing the affordability of housing for key public sector positions such as teachers, police and fire personnel, to further impacting the affordability of housing for the students our Universities hope to recruit, housing costs have far-reaching impacts on Colorado's future. As usual, any legislation impacting housing - whether rent control or Fort Collin's U+2 law - should be given thoughtful consideration so as to mitigate possible unintended consequences, if any.