Advances
Colorado Division of Housing
The source for current housing trends

RENTAL HOUSING PROFILE

According to the 1990 U.S. Census, 78,225 Colorado renters paid more than 50% of their income to rent. Ninety-five percent of these families were very low income. For these families this rent burden consumes income that could otherwise be available for food, clothing, child care, education, and health care. Typically the average American family spends about 21% of their income on rent and utilities; 18% on transportation; 15% on food; and 11% on insurance and pensions. The remaining third of their budget is spent on health care, personal care, clothing, entertainment, and other household expenses. The lower the income the more a family spends on housing. Nationally, the average very low income family spends 29% of income on rent and utilities. With the growing gap between wages and housing cost this percentage is increasing, particularly in Colorado.

For 1995, the Colorado Division of Housing estimates the number of renters in the state increased to 603,927. Twenty-three percent of these families are paying more than 50% of their income to rent. This represents 139,679 families. For those renters with very low incomes, a major medical expense or even the temporary loss of employment makes becoming homeless a real threat.

These projections of the 1990 Census are not based on current survey results. To avoid overstating the need for affordable housing, our assumptions about Colorado's economy over the last five years are cautious.

These estimates of excessive rent burden for very low income families were based on 1995 population projections, decreases in household size consistent with national trends, an average rent for Colorado of $500, annual family income increases of approximately four percent, and that the distribution of household incomes remained constant from 1990 to 1995.

The average rents are based on the Colorado Division of Housing Multifamily Rent & Vacancy Survey, median family incomes are updated annually by the U.S. Department of Housing and Urban Development, and population projections are supplied by the Colorado Division of Local Government.

The number of households paying more than 50% of their income to rent is projected to increase in coming years. Contributing to this disparity is the widening gap between wages and housing cost. Last year the Legislative Council staff compared the growth in per-capita personal income from 1990 to 1993 with growth in housing value over the same period in thirteen geographic areas of the state. The results of this survey showed that in seven counties the growth in housing values were double the increase in incomes. Only in Prowers County did the growth in income exceed housing values.

Increases in housing costs are being fueled by a number of factors. Low vacancy rates is the most obvious. A rental & vacancy survey of twelve market areas outside metro Denver is conducted semiannually by the Colorado Division of Housing. This survey, designed to provide a statewide comparison of the cost of multifamily rental units and vacancy rates, pinpoints the need for affordable housing.

MARKET AREA	VACANCY RATES	AVERAGE RENTS
ASPEN	0.8	$985
COLORADO SPRINGS	3.8	497
CORTEZ	1.1	491
DURANGO	4.3	582
FORT COLLINS	3.3	549
LOVELAND	1	518
FT. MORGAN/STERLING	1.3	354
GLENWOOD SPRINGS	2.5	585
GRAND JUNCTION	4.3	426
GREELEY	4.6	511
PUEBLO	2.3	404

The February Multi-family Housing Vacancy & Rental Survey reported on 20,629 units in the communities listed above. Results are tabulated from surveys of owners and managers of these multi-family buildings. The survey's methodology corresponds with the Metro Denver Multifamily Housing & Rental Survey. Together these two reports provide a statewide summary of the rental market conditions.