March 15, 2017

Amy Aschenbrenner and Kyle Snyder proudly submit our 2016 Longmont Housing Affordability Review. While this is not an all- encompassing statistical analysis, it is a year over year comparison of home prices in the cities and towns located near and impacting the Longmont real estate market. In this note you will find items that impact the data and conclusions from the results.

First of all, it must be noted that this is the first time that complete data is not available for this report. Currently, there is disagreement between the two multiple listing services (MLS) that serve as our main data source. The primary MLS service in the Denver metro area is REColorado and in Northern Colorado it is IRES. The availability of data provided by REColorado is limited to the past 6 months, while the time frame of the IRES data is unrestricted. This being the case, and data for this report was pulled in early February 2017, there is no REColorado data from the first 7 months of 2016.

How does this impact the data reported here? In Longmont, about 6% of our total annual sales are listed in REColorado only. This percentage is higher for towns to the south of Longmont and lower for those to the north. We are comfortable with the results here since a majority of sales, during the height of the selling season of June through September, are included here.

When we started this report in 2014 prices have increased significantly in both single family homes and attached homes. The lines we drew in the sand as reasonably priced in both categories will soon be obsolete in some cities. Of the 12 towns reported here, only 4 have more than 5% of their entire resale market as affordable (below $250,000) single family homes and only 1 in 12 have more than 5% of their attached market as affordable (below $150,000).

For absolute comparison purposes, here are a couple of raw numbers for your review. In 2014 there were 212 attached homes sold in this report, in 2016 there were just 27 or a drop of 87%. In 2014, there were 1,491 single family homes sold in these same areas for below $250,000; in 2016, just 413, which is a drop of 72%.

The increase in home prices in Longmont and the surrounding towns is indicative of a healthy real estate market. It has been proven that owning real estate is a great wealth and community builder. The economy has recovered from the economic crisis of 2008 and the inventory of low-priced and foreclosed homes has long since been extinguished. New home construction has returned to the area with nearly 1,000 homes slated to become reality in Longmont alone over the next couple of years. Starting price of these new homes is at or above the 2016 Longmont average home price of $386,043, so the availability of entry-level homes in the area will not change any time soon.

Our conclusion from the information presented here is that there are no entry level housing options and that is contributing to push prices higher. There is no entry level housing being constructed and there hasn’t been any for several years. Without this lower priced housing stock we are restricting future

generations from creating their own wealth and prohibiting them from enhancing our community by their prolonged residence in the city.

Due to the pricing constraints of land, development and construction, the only logical product to be built to solve this pending problem is condominium units. Currently, Colorado has a flawed Construction Defects Law that is preventing the widespread construction of condos throughout the state. The state legislature has failed to properly address this situation and fix the law to encourage the construction of this product. Approximately fourteen municipalities across the state have created their own construction defects ordinances. In unison, we encourage the City of Longmont to move forward on a construction defects ordinance and the State of Colorado to prioritize reform of the state law. A statewide solution will provide all residents the freedom to increase their financial position and strengthen their communities through homeownership. Furthermore, the statewide construction industry will be further buoyed by having a uniform set of laws and regulation which builders and developers can rely on to bring this product to more municipalities in need of entry level home buying options.

For questions regarding this report, please use the following contact information.

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2016 Longmont Housing Affordability Review

by
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What is Affordable?

Since the inception of this report in 2014 we have chosen to continue to use the same price points to identify affordability. Over this time the relative affordability of homes in the Longmont market has decreased. We have decided to retain the same price levels in order observe the movement of the market. The 2017 Single Family level of $250k is 68% of the average home price in Longmont, down from 74% in 2015. The Attached Dwelling level of $150k is 50% of the average price, down from 62% in 2016.

What is our “Area”

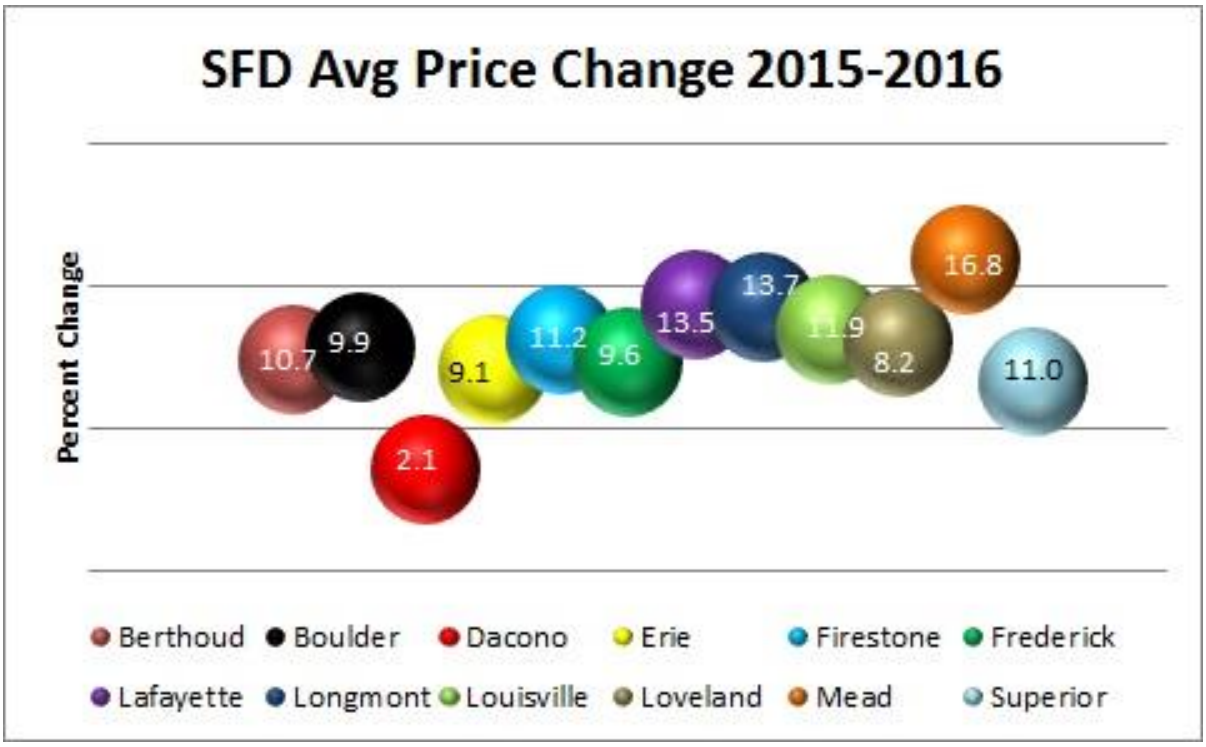
For purposes of this report, we have chosen to report on average sold prices on single family and detached homes in towns that are in our general market area. While Loveland is a little further than the others, it has been included due to its relatively similar market composition.
Towns included are: Boulder, Longmont, Lafayette, Louisville, Superior, Erie, Loveland, Berthoud, Firestone, Frederick, Mead and Dacono.

Single Family Residential

City	Units Sold	Average Price	Sold Less then $250k	% of Market	Total Active	Active Less than $250k
Boulder	637	1,066,674	3	0.47%	81	1
Louisville	199	627,938	0	0.00%	14	0
Superior	138	615,435	0	0.00%	11	0
Lafayette	237	548,446	1	0.42%	22	0
Erie	435	491,239	5	1.15%	82	0
Berthoud	201	425,018	10	4.98%	66	0
Mead	87	422,818	1	1.15%	11	2
Longmont	1,165	386,043	90	7.73%	92	0
Loveland	1,613	356,642	226	14.01%	156	2
Firestone	296	355,042	10	3.38%	45	0
Frederick	369	348,095	32	8.67%	34	8
Dacono	94	265,363	35	37.23%	12	3

Notes

- The 3 houses that sold in Boulder for less than $250k were not permanently affordable homes.
- Louisville and Superior are only two towns with no listings or sales of homes under $250k.
- Loveland remains most affordable town in this study with highest number of homes sold under $250k and second highest percentage of market under $250k.
- Diminishing availability of homes on the market under $250k in all towns in this study.
- Dacono experienced nearly double the number of total sales for the year, which resulted in almost exactly double the number of sales under $250k.
- Overall, in 2016 there were 32% fewer homes sold for under $250k than in 2015 and 72% decline since 2014. (2016=413, 2015=605, 2014=1,491).
- 2016 was the 1st year in which the full-year average sales price in Boulder was over $1,000,000.
- Longmont remains the most affordable town in eastern Boulder County with the lowest average sales price, highest number of overall sales and highest number of sales under $250k.



Single Family Y-o-Y Average Price Change

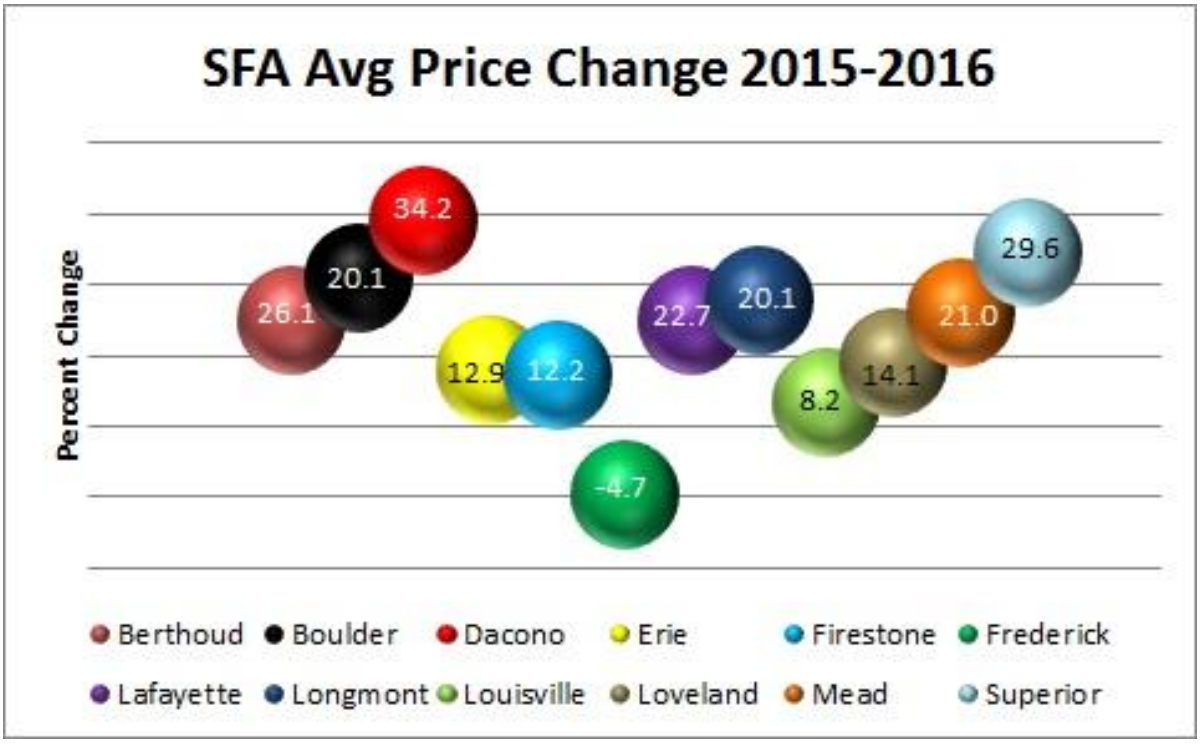
City	2015	2016	%Change
Mead	362,022	422,818	16.79
Lafayette	482,393	548,446	13.69
Longmont	340,215	386,043	13.47
Louisville	561,338	627,938	11.86
Firestone	319,401	355,042	11.16
Loveland	321,442	356,642	10.95
Boulder	963,556	1,066,674	10.70
Berthoud	386,681	425,018	9.91
Frederick	317,543	348,095	9.62
Erie	450,290	491,239	9.09
Superior	568,701	615,435	8.22
Dacono	260,034	265,363	2.05

Attached Dwellings

City	Units Sold	Average Price	Sold Less than $150k	% of Market	Total Active	Active Less than $150k
Boulder	586	490,102	9	1.54%	53	2
Superior	48	381,267	0	0.00%	7	0
Louisville	71	370,862	1	1.41%	10	0
Lafayette	164	323,140	1	0.61%	8	0
Longmont	329	299,100	11	3.34%	28	0
Berthoud	21	285,520	0	0.00%	10	0
Erie	64	259,977	0	0.00%	6	0
Loveland	274	256,939	4	1.46%	23	0
Firestone	5	242,180	0	0.00%	0	0
Dacono	27	237,765	0	0.00%	0	0
Frederick	1	195,000	0	0.00%	4	0
Mead	3	128,633	2	66.66%	0	0

Notes

- The $150,000 or below condo or townhome is becoming extinct.
- Total yearly sales of attached homes declined 62% in 2016 vs 2015 (73 vs 28)
- Overall, in 2016 there were 62% fewer attached homes sold for under $150k than in 2015 and 87% decline since 2014. (2016=28, 2015=73, 2014=212).
- Three of the 9 attached homes sold in Boulder for under $150k were permanently affordable.
- Longmont had the highest number of attached homes sold under $150k in 2016
- A total of two homes listed in all towns for under $150k. Both are permanently affordable housing in Boulder.
- Lack of existence of attached homes in Firestone, Frederick and Mead are key factors attributed to the low sales totals.
- Longmont remains the most affordable town in eastern Boulder County with the lowest average sales price of attached homes, highest number of attached home sales and highest number of attached home sales for under $150k.



Attached Dwelling Y-o-Y Average Price Change

City	2015	2016	% Change
Dacono	177128	237765	34.23
Superior	294202	381267	29.59
Boulder	388744	490102	26.07
Longmont	243755	299100	22.71
Mead	106333	128633	20.97
Lafayette	269102	323140	20.08
Berthoud	237811	285520	20.06
Loveland	225204	256939	14.09
Erie	230285	259977	12.89
Firestone	215850	242180	12.20
Louisville	342730	370862	8.21
Frederick	204500	195000	-4.65