

2020 Rural Housing Update  
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Community Resources and Housing Development Corporation (CRHDC) is a 501c3 private nonprofit corporation formed in 1971 as the Colorado Rural Housing Development Corporation. We changed our name in 2009 reflect expansion of our work into urban as well as rural markets. CRHDC is a HUD Housing Counseling Agency and a member of NeighborWorks® America and has worked with cities, community leaders in rural communities, lenders, public and private sector organizations, foundations and corporations for almost 50 years developing affordable housing for farmworkers, families, seniors and people with special needs. During that time, CRHDC has developed over 500 units of farmworker housing around the state, senior housing in New Castle using the HUD Section 202 program and a 50-unit development in Fort Morgan for farmworkers using the Low-Income Housing Tax Credit program. In addition, CRHDC has helped nearly 2,000 families build their own homes in 30 different Colorado Counties through its mutual self-help program in which they contribute “sweat equity” and take an active role in construction of their homes. Because of that track record, knowledge and experience, the U.S. Department of Agriculture Rural Development agency has selected CRHDC as a technical assistance provider for organizations in the central and western regions of the country who are interested in developing farm labor housing using the USDA 514/516 program.

CRHDC has found that while the geographic and economic diversity of the state is profound, what remains consistent from Grand Junction to Greeley and points in between is the persistent shortage of affordable housing.

Demographic changes in rural parts of the state, spurred by an aging population, slow recovery after the recession, and the persistence of rural poverty do not alleviate the affordable housing challenge. In fact, these factors often exacerbate the existing need. Even parts of the state that are experiencing reduction in populations, such as the San Luis Valley, where CRHDC builds homes in partnership with new homeowners through the USDA-funded Mutual Self Help Housing program, communities are facing challenges of providing quality stock, as there are fewer tradespeople and construction workers, which adds more time and money to building-based solutions. Developable land is readily available at low prices but the shortage of labor and the increased costs of construction attributable to the costs of delivering materials to rural locations makes the total costs for rent or sale beyond the reach of the lower incomes common to rural areas.

From the market perspective, there seems to be an uptick in buyer interest, according to Bill Morke at Colliers International. “This is probably due in part to the typical front range investors looking for better yields, but also in part from new-to-market investors who want exposure to Colorado.” This does not inherently mean a loss of affordable units in sum, however. Morke indicates, “The demand for affordable housing investments continues to grow too, so we think – barring an unexpected economic surprise – demand for rural investments will remain strong in 2020.”

It is true that more could be done to ensure that rural communities receive their fair share of investment from funding sources that serve to finance affordable development. For example, LIHTC and funds from the Division of Housing could benefit from set-asides for rural communities. There is currently a legislative push for a homeownership set-aside of the state

housing fund, which would benefit rural communities that have higher percentages of single-family structures and moderate incomes with less of a gap to achieve homeownership in many rural parts of the state. USDA Rural Development can also play an important role. The expiring of USDA 515 properties across the state puts established affordable developments with project-based rental assistance across the state at risk of losing much needed affordability.

The absence of continued funding for programs like HUD's Section 202 and USDA's 515 programs has removed valuable resources from the ability to develop affordable rental housing for seniors and families in rural areas, further exacerbating the problem. The relatively scarce resources of LIHTC and private activity bonds, federal funding from HUD and USDA combined with the intense competition from urban areas with their own needs simply compounds the challenges faced in rural development.

The interest from investors cited by Morkes will only serve to take inventory away and drive up the prices of that which remains; remote-working and tele-commuting add to the problem as higher-income individuals seeking a quieter life purchase rural properties and the "brain-drain" of younger people leaving rural towns for work in urban areas contributes to the complexity of the issue.

Given all of that, the need for decent, quality housing for those who remain and those who do the work and those who support those workers is great, has no easy solutions and will not soon go away.