TOWN OF WELLINGTON
PLANNING COMMISSION
December 9, 2024
6:30 PM

Leeper Center, 3800 Wilson Avenue, Wellington CO

WORK SESSION

The Zoom information below is for online viewing and listening only.

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1. ITEMS

   A. Draft Housing Needs Assessment and Discussion

The Town of Wellington will make reasonable accommodations for access to Town services, programs, and activities and special communication arrangements Individuals needing special accommodation may request assistance by contacting at Town Hall or at 970-568-3381 at least 24 hours in advance.

TOWN OF WELLINGTON

Planning Commission Meeting

Date: **December 9, 2024**
Submitted By: **Cody Bird, Planning Director**
Subject: **Draft Housing Needs Assessment and Discussion**

EXECUTIVE SUMMARY

The Town is undertaking a Housing Needs and Affordability Assessment. Matrix Design Inc. was selected to assist the Town with conducting research and analysis and preparing recommendations for opportunities to support and increase housing affordability in Wellington. This first draft of the Housing Needs and Affordability Assessment includes existing conditions and expected housing inventory and market trends. The information is intended to inform additional research and guide next steps in the process that will include stakeholder engagement, Town code/policy review, and development of recommendations for possible code/policy adoption to achieve community housing goals. Matrix will be presenting the draft assessment and facilitating discussion of initial findings.

BACKGROUND / DISCUSSION

The first draft of the Housing Needs and Affordability Assessment is attached for review.

STAFF RECOMMENDATION

This item is for discussion and guidance purposes only. No action may be taken in a work session.

ATTACHMENTS

1. DRAFT_HousingNeedsAssessment_120224

TOWN OF WELLINGTON

WELLINGTON HOUSING

Needs & Affordability Assessment

COLORADO
Department of Local Affairs

This project made possible by grant funding provided by the Colorado Department of Local Affairs (DOLA)

Wellington Housing Needs & Affordability Assessment

Prepared for:

TOWN OF WELLINGTON

Prepared by:

Matrix
Excellence by Design

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Updated: December 2, 2024

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Executive Summary

In July 2024, the Town of Wellington contracted with Matrix Design Group, Inc. (Matrix) to conduct a *Housing Needs and Affordability Assessment*. A Colorado Department of Local Affairs Innovative Housing Opportunities Planning (IHOP) grant provided the funding for this project. As the title implies, the assessment serves to quantify the gaps in the town's housing stock. Because demographics are inextricably linked to a community's housing needs, the assessment features a comprehensive analysis of the town's population and household characteristics. It also assesses the state of the town's housing stock and rental and ownership markets. The findings are set to aid local leaders and stakeholders in achieving the *Wellington Comprehensive Plan 2021*'s goal of ensuring that "existing and future residential developments contribute to enhancing quality of life."

What is the composition of Wellington's population and households in terms of demographics, socioeconomic status, and housing tenure?

In 2023, Wellington's population reached 11,871. It is projected to rise to 13,510 in 2030, 15,070 in 2035, and 16,629 in 2040. Seniors have outpaced other age groups in population growth, with the 2022 five-year American Community Survey (ACS) showing that residents aged 65 and over accounted for 10% of the population. There is a clear need for accessible housing for people with disabilities, as well as assisted living and memory care facilities: An estimated 245 seniors reported experiencing an ambulatory difficulty, while 143 were impacted by a self-care or living difficulty. Cognitive disabilities were less common, affecting an estimated 56 seniors.

According to the ACS, the median Wellington household earned $101,259. Given that housing is considered affordable when monthly costs account for less than 30% of gross household income, it was advisable for the typical Wellington household to spend no more than $2,531 on total rental or ownership costs. Despite Wellington's relatively high median household income, it had substantial income inequality. ***The town's family poverty rate of 7.4% exceeded the regional and statewide rates, underscoring the need for low-income housing.***

As of 2022, approximately 84% of the town's 4,000 households owned their homes. This rate was almost identical to the one observed five years earlier, even though recent home price and interest rate surges have rendered homeownership less attainable. Homeownership is far more common in Wellington than in other parts of the state, which likely reflects the town's limited rental options.

What are some key characteristics of Wellington's housing stock?

Consistent with the observation that Wellington households overwhelmingly own their homes, about nine-in-ten residential properties in Wellington are single-family detached homes. The housing stock also features 300 townhomes and 123 condos. Other housing types, including duplexes, triplexes, and apartments, are rarer.

By any measure, the housing stock is in exceptional condition. The town has been the beneficiary of a significant amount of new development, as evidenced by the fact that the median home was built in 2007. However, Wellington does have its share of older homes, especially in the north central neighborhoods. Substandard units, defined as those with incomplete kitchen or plumbing facilities, are so rare in Wellington that none appeared in the most recent ACS sample.

Vacancies have consistently been scarce in Wellington. As of 2022, just one percent of the town's homes were unoccupied. This rate, which was considerably lower than the countywide and statewide rates, suggests that Wellington has faced a housing shortage. Wellington's constrained housing supply has fostered favorable market conditions for sellers and landlords, who can generally command high asking prices.

How affordable is Wellington for renters?

In August 2024, median asking rent in Wellington was $2,395. To limit gross rent (including utilities) to less than 30% of household income, a household would need to earn at least $106,680. This represents 90% of the FY 2024 area median income (AMI) of $118,800 for the Fort Collins, CO Metropolitan Statistical Area (MSA). But because one- and two-person households generally earn significantly less than AMI, which is calculated for a family of four, they often struggle to afford the typical rental unit in Wellington. ***Compared to Larimer County in its entirety, Wellington is about 43% more expensive for renters.*** Previously, this disparity was significantly smaller.

Per the 2022 ACS, Wellington was home to 251 cost-burdened renter households, defined as those that devote 30% or more of household income to gross rent. This equates to a cost-burdened rate of 41%, which, encouragingly, fell below the countywide and statewide rates and marked a decline from 2017. ***Among the subset of renters who qualified as cost burdened, though, more than eight in ten qualified as "severely burdened," in that they spent 50% or more of their income on housing.***

How affordable is Wellington for homeowners?

In September 2024, the median Wellington home sold for $475,000, a 23% real increase over pre-pandemic levels. Assuming a 20% down payment, a 30-year loan term, and a 7% interest rate, such a home would carry a mortgage of $2,528. In accordance with the general rule that a home's sale price should represent no more than three times household income, a family would need to earn at least $159,982 to afford a home at this price point. Homes that sell for substantially less than the median price are more likely to be older and, by extension, require repairs and upgrades. Prices tend to be lower in Wellington, and Larimer County more generally, than in Weld County and the state as a whole. Inadequate supply has been a main contributing factor to Wellington's escalating home prices. ***While availability has increased more recently, there were periods in 2022 and 2023 when the entire inventory was estimated to sell out in just two months or less.***

Whereas prospective homeowners can expect to pay over $2,500 on the mortgage alone, among all homeowners in Wellington, median monthly costs (inclusive of property taxes, HOA fees, utilities, and insurance) totaled $1,965 as of 2022. Homeowners faced less severe affordability challenges than renters. About 23% of the town's homeowners met the definition of cost burdened, spending 30% or more of household income on housing costs. By comparison, the countywide and statewide homeowner cost-burdened rates were 27% and 29%, respectively.

What are Wellington's current and future housing gaps?

Wellington's renter households spanned the income spectrum, yet its rental units were concentrated in a price range suitable for households earning from 50% to 120% of AMI ($55,650 to $133,560). ***As such, unit shortages existed at the low and high ends of the market.*** Most notably, the deficit at the below 50% of AMI level amounted to 139 units.

Likewise, the owner housing stock did not fully reflect the income distribution of homeowners. ***For example, 1,448 owner households earned below 80% of AMI, yet just 233 homes would have been affordable to them at today's market values.*** This finding underscores the need for additional entry-level for-sale housing in Wellington, especially if the town aims to sustain a diverse homeowner population.

When market conditions are unfavorable to renters and buyers, much of the demand for housing is unrealized, or latent, as individuals and families turn to shared living arrangements to reduce housing expenses. ***As of 2022, 4,000 realized, or actual, households resided in Wellington, but an additional 170 to 307 would have formed if housing were more affordable.*** These latent households would have been disproportionately low income, further highlighting the need for additional affordable options.

In 2030, 793 renter households and 4,049 owner households are projected to reside in Wellington. These totals are anticipated to rise to 884 and 4,517 by 2035, respectively. ***To accommodate this expected growth, the town requires 801 new units by 2030 and 1,360 new units by 2035.*** The new units must cater to a wide range of residents in order to preserve Wellington's current socioeconomic diversity.

Introduction

Located in northern Larimer County, Colorado, the Town of Wellington is a rapidly growing community known for its small-town charm, proximity to Fort Collins, and easy access to Colorado's Front Range. With an estimated population of approximately 12,000, Wellington has experienced remarkable growth since the turn of the century. The sources of the town's appeal include its rural character, quality schools, and scenic views. Wellington has grown from its agricultural roots to become a residential and commuter-friendly community, while still retaining elements of its cultural heritage.

Wellington's growth has been fueled by its strategic location along Interstate 25, which has led many who work in Fort Collins, Denver, and nearby urban centers to make it their home. This connectivity, paired with the town's reputation for safety and community-oriented values, has attracted a diverse mix of families, professionals, and retirees. First-time homebuyers have been particularly drawn to Wellington for its affordability compared to communities such as Fort Collins and Boulder, as well as its growing community amenities.

While this rapid growth has helped create a thriving community, it also presents challenges, especially as it relates to housing. Demand for affordable and attainable housing has surged, outpacing the development of new housing stock and placing pressure on existing resources. Although Wellington's growth has far exceeded that of the state and nation, the housing shortage is by no means confined to the town. Indeed, Colorado is estimated to face a housing deficit ranging from 127,000 to 225,000 units, while the national shortage is thought to range from 3.8 to 4.5 million units.

To be sure, housing-related challenges predate the COVID-19 pandemic, but a myriad of pandemic-related factors, including supply chain constraints, labor shortages, increased material costs, and the proliferation of remote work, caused them to exacerbate. Wellington faces the task of balancing its growth with sustainable planning to ensure housing accessibility, quality, and affordability for all residents. Rising property values and housing costs, shifting demographics, and the limited availability of developable land underscore the importance of data-driven decision-making to guide Wellington's future development and maintain its welcoming, inclusive character.

To that end, the Town of Wellington retained Matrix Design Group, Inc. (Matrix) to conduct a *Housing Needs and Affordability Assessment*. The insights gained will help the town realize its goal, as stated in *Wellington Comprehensive Plan 2021*, of ensuring that "existing and future residential developments contribute to enhancing quality of life." While the town is concerned about the housing needs of all residents, the Comprehensive Plan emphasizes the need to create viable housing options for the local workforce specifically. The demographic, socioeconomic, and housing data presented in this study are intended to help the community ascertain the extent of this need for the workforce and residents more generally, as well as strategize for the future.

Methodology

To provide a comprehensive picture of housing conditions in Wellington, Matrix employed a rigorous, mixed-methods approach that combined data analysis with community engagement. For the various metrics presented throughout the study, Larimer County, Weld

County, and Colorado serve as points of comparison, thus adding key context to the findings. The analyses leverage the premier sources of demographic, socioeconomic, and housing data, which are described below.

- **American Community Survey:** Administered by the U.S. Census Bureau on an ongoing basis, the American Community Survey (ACS) is the leading source of statistically valid demographic, socioeconomic, and housing data. ***The U.S. Census Bureau employs probability sampling, statistical weighting, and other scientific methods to ensure the sample is representative of the population. Unlike real estate and rental listing data, ACS data are not limited to the housing units currently available for sale or rent.*** At the time of this writing, the most current estimates for Wellington are available from the 2022 five-year ACS, which covers the period from 2018 to 2022. When discussing five-year ACS data, this report references only the year featured in the title of the survey. Particularly for small communities such as Wellington, ACS estimates can have wide margins of error and therefore carry considerable statistical uncertainty. Readers should be aware of this limitation as they interpret the findings.
- **Larimer County Assessor's Office:** The parcel database from the Larimer County Assessor's Office provides 2024 residential property values for Wellington. Commercial properties were excluded from all analyses.
- **Redfin:** The Redfin Real Estate Data Center compiles data from multiple listing service (MLS) databases, which track real estate transactions in nearly real time, in every locale across the country. A variety of indicators that, collectively, shed light on the state of the for-sale housing market are available.
- **Zillow:** A leading online real estate marketplace, Zillow provides up-to-date rental listing data. Available rentals are usually classified by location, price, and size.
- **Apartments.com:** Similar to Zillow, apartments.com is a comprehensive source of current rental market data. Landlords and property managers typically list the unit's location, price, and size.
- **Esri:** The Updated Demographics Dataset offers population and household projections at several geographic levels. While the latest projections are for 2027, Matrix uses extrapolation methods to extend them through 2040.

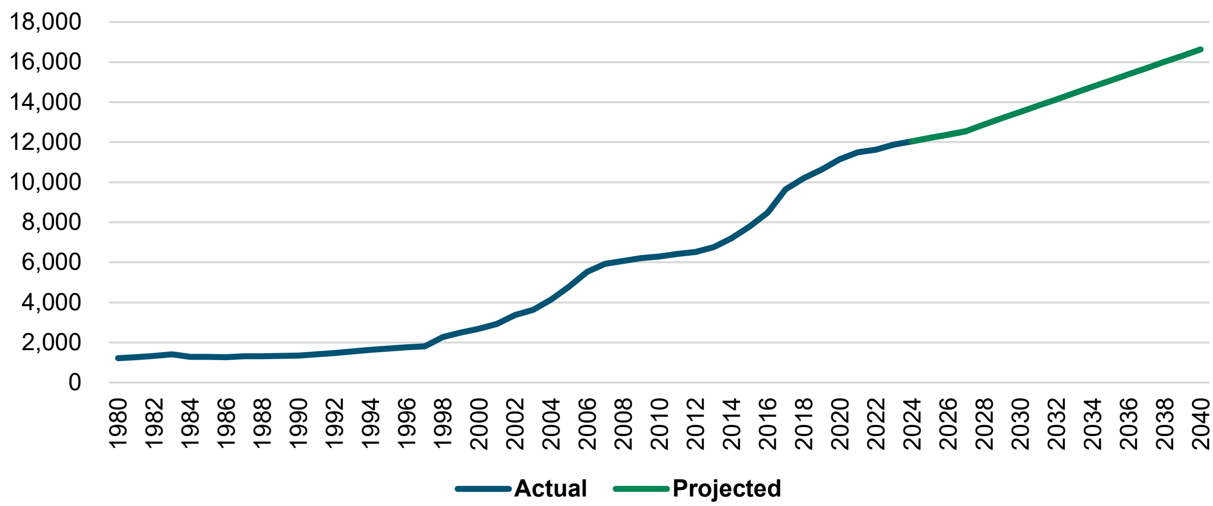
Demographic and Socioeconomic Conditions

This section examines Wellington's population and household characteristics. It explores population size and age, race and ethnicity, socioeconomics, household type and size, overcrowding, and housing tenure. Broadly, the data underscore the need for Wellington to be attentive to the housing needs of low-income households, seniors, and other underserved groups as it continues to grow.

Population

Wellington's population has increased exponentially in recent decades (see Figure 1). Indeed, although growth was modest through the mid-1990s, the town's population rose by 227%, from 1,809 to 5,924, between 1997 and 2007. Growth would slow through 2013, before escalating again in subsequent years. From 2013 to 2023, Wellington added over 5,000 residents as its population reached nearly 12,000. Wellington is expected to continue growing at a healthy rate over the next decade. On average, the town's population is projected to grow by two percent annually from 2024 to 2030. ***The town's forecasted 2030 population is 13,510***. Over the course of the 2030s, it is slated to add over 3,000 new residents. The town's continued expected growth will translate into increased demand for housing.

Figure 1. Actual and Projected Population Growth in Wellington, 1980-2040



Source: Colorado Department of Local Affairs, State Demography Office; Esri; Matrix Design Group, Inc.

Population Age

Data on the age composition of Wellington's population are displayed in Table 1. As of 2022, more than half of Wellington's population was under the age of 35. Residents aged 19 and younger represented just shy of one-third of the population, nearly the same share observed five years earlier, while the 20-to-24 cohort more than doubled in relative size over the same period, reaching five percent of the population. In contrast, although the absolute size of the 25-to-34 cohort grew slightly from 2017 to 2022, its share of the population fell from 20% to 15%. The 35-to-64 range increased in proportion with the rest of the population, accounting for nearly 40% of residents in 2022. ***The senior population increased markedly in size.*** The most current data indicate that over 1,000 residents are aged 65 and over, equal to about 10% of the population. As the size of this demographic increases, so will the need for accessible housing to promote "aging in place," memory care, and assisted and independent living facilities.

Despite Wellington's shifting age demographics, its median population age remained constant at 32.4 years (see Figure 2). In comparison to the state, Larimer County, and Weld County, Wellington has consistently had a younger population. ***In fact, the median Wellington resident was nearly five years younger than his or her statewide counterpart as of 2022.*** This highlights the vital role of entry-level housing in the town.

Table 1. Age Composition of Wellington's Population, 2017 and 2022

Age Group	2017		2022	
	Number	Percent	Number	Percent
19 years and under	2,583	33%	3,617	32%
20 to 24 years	166	2%	586	5%
25 to 34 years	1,553	20%	1,653	15%
35 to 44 years	1,535	19%	2,173	20%
45 to 64 years	1,509	19%	2,073	19%
65 years and over	595	7%	1,061	10%

Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Figure 2. Median Population Age by Region, 2017 and 2022

Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Race and Ethnicity

Data on the racial and ethnic makeup of Wellington's population appear in Table 2. About 85% of the town's residents identified as white. The black or African American, American Indian and Alaskan Native, and Asian populations accounted for a combined three percent of residents. The remaining 13% of the population belonged to either some other race or two or more races. Over 1,900 residents—equal to 17% of the population—identified as Hispanic or Latino.

Table 2. Racial and Ethnic Composition of Wellington's Population, 2022

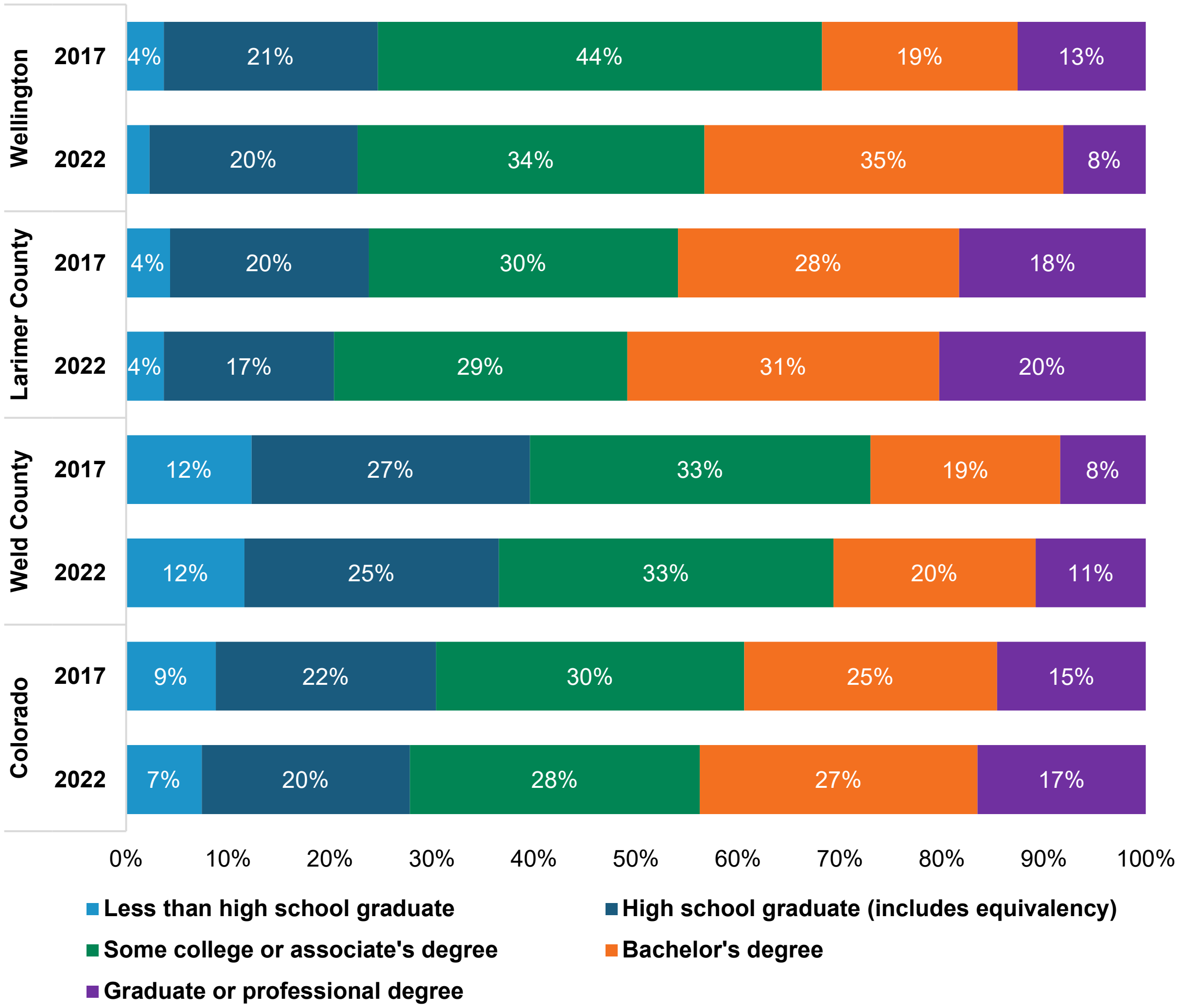
	Number	Percent
Race		
White	9,440	85%
Black or African American	66	1%
American Indian and Alaska Native	100	1%
Asian	71	1%
Native Hawaiian and other Pacific Islander	0	0%
Other	502	4%
Two or more races	984	9%
Ethnicity		
Hispanic or Latino	1,908	17%
Not Hispanic or Latino	9,255	83%

Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Educational Attainment

As educational attainment is strongly associated with income and housing stability, it is significant that the share of Wellington residents with college degrees has increased dramatically in recent years (see Figure 3). ***Forty-three percent of the population had earned at least a bachelor's degree in 2022, up from 32% in 2017.*** Still, even in 2022, Wellington had proportionally fewer college graduates than Larimer County, primarily because only eight percent of the town's population reported having earned a graduate or professional degree, compared to 20% for the county. While Wellington's share of residents with a bachelor's degree or higher mirrored Colorado's, it exceeded that of Weld County.

Figure 3. Population Educational Attainment by Region, 2017 and 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Disability

People with disabilities often require homes that are wheelchair accessible or equipped with universal design features, such as adjustable countertops, grab bars, and lever-style door handles*. **In Wellington, 872 residents (equal to 8% of the population) reported experiencing a disability in 2022 (see Table 3).*** As expected, disability rates were highest among seniors. Home modification and other accommodations tend to be required by those facing ambulatory, self-care, and independent living difficulties. Nearly 250 seniors were impaired by an ambulatory disability, equal to 23% of the 65-years-and-over population. The population of seniors impacted by a self-care or independent living difficulty was smaller, at 143. These residents typically require assistance from caregivers to stay in their homes or accommodations in assisted living facilities or nursing homes.

Table 3. Wellington Disability Profile, 2022

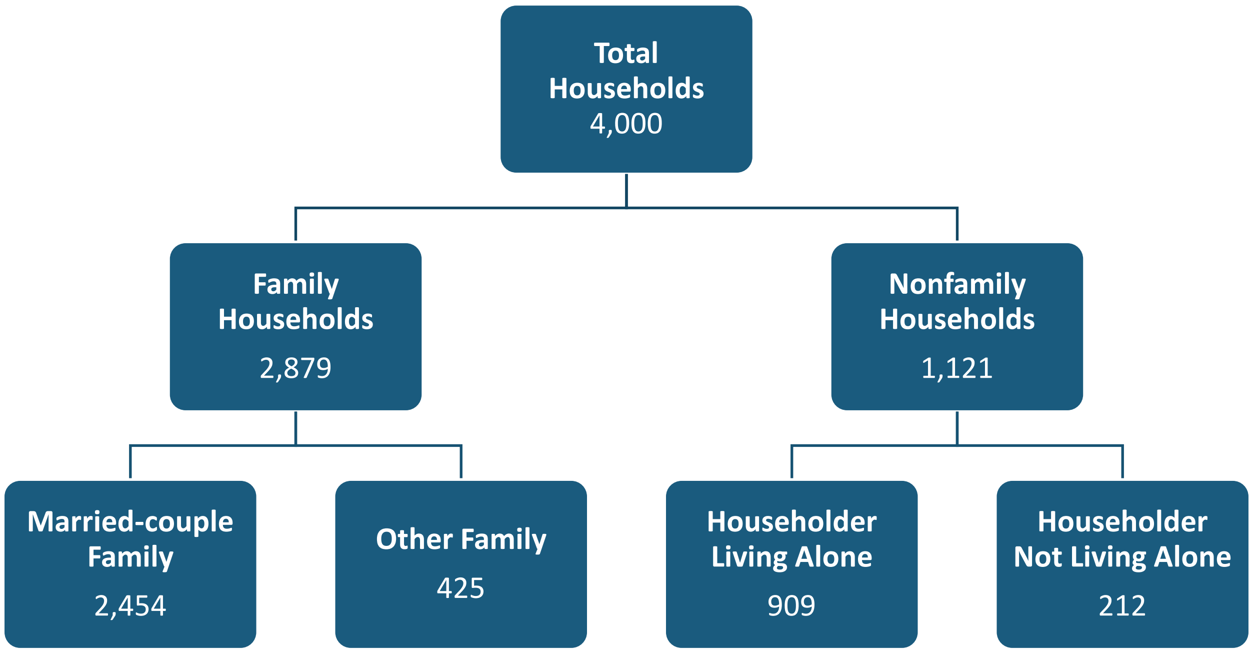
	Number of residents	Percent of civilian noninstitutionalized population
Total residents with a disability	872	8%
Residents under 18 years	121	4%
Residents 18 to 64 years	462	7%
Hearing or vision	181	3%
Cognitive	78	1%
Ambulatory	222	3%
Self-care or independent living	121	2%
Residents 65 years and over	289	27%
Hearing or vision	61	6%
Cognitive	56	5%
Ambulatory	245	23%
Self-care or independent living	143	13%

Source: Five-Year American Community Survey; Matrix Design Group, Inc.
Note: The ACS defines a self-care disability as one that causes the person to have "difficulty bathing or dressing," while an independent living disability causes a person to have "difficulty doing errands alone such as visiting a doctor's office or shopping." A cognitive disability causes a person to have "difficulty remembering, concentrating, or making decisions due to a physical, mental, or emotional problem." Because residents can have multiple disabilities, values do not sum to totals.

Household Type and Size

Figure 4 offers insight into the composition of Wellington's estimated 4,000 households. About 72% of the town's households were family households, defined as those with at least one person who was related by birth, marriage, or adoption to the householder. This subset of households can be further divided into married-couple family and other family households. In Wellington, 85% of family households and 61% of all households featured a married couple. Wellington's 1,121 nonfamily households overwhelmingly consisted of one person. Roommate households were among the 212 nonfamily households in which the householder did not live alone.

Figure 4. Breakdown of Wellington's Households, 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Table 4 presents the size composition of Wellington's households. In total, Wellington was home to 909 one-person households, for whom studio or one-bedroom units are likely to be suitable in most cases. Surprisingly, Wellington's one-person households disproportionately consisted of homeowners, as opposed to renters. Two-person households represented a plurality (29%) of households, numbering over 1,100. ***Overall, a majority of Wellington households featured one or two people.*** Nearly equal numbers of three-, four-, and five-person households existed. These moderate-to-large households represented 43% of all households. Notably, almost one-in-three renter households had five people, indicating that many large families had opted to rent in Wellington. With 3.3 people, the average renter household in Wellington was slightly larger than its owner counterpart.

Table 4. Wellington Households by Size, 2022

Household size	All households		Owner households		Renter households	
	Number	**Percent**	**Number**	**Percent**	**Number**	**Percent**
One person	909	23%	813	24%	96	15%
Two persons	1,153	29%	967	29%	186	28%
Three persons	582	15%	582	17%	0	0%
Four persons	548	14%	435	13%	113	17%
Five persons	590	15%	383	11%	207	32%
Six or more persons	218	5%	165	5%	53	8%
Average household size	**2.8 persons**		**2.7 persons**		**3.3 persons**	

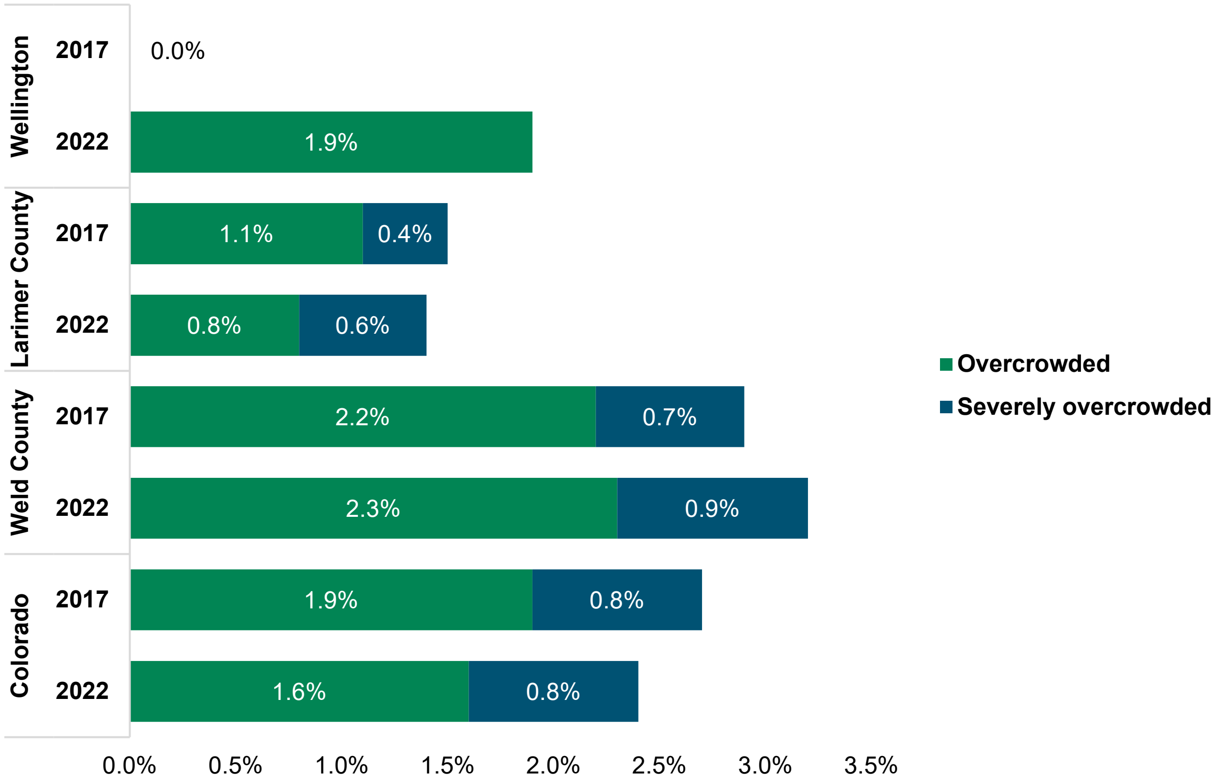
Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Overcrowding

A community's rate of overcrowding is strongly associated with the extent of its housing affordability challenges. Overcrowding typically results when families opt for a smaller home than they require or choose to "double up" on housing to save money on rent, utilities, and other costs. In Figure 5, "overcrowded" households are defined as those with between 1.01 and 1.50 occupants per room, while households with 1.51 or more occupants per room are considered "severely overcrowded." No overcrowded households appeared in the 2017 ACS sample for Wellington, which distinguished the town from the broader region. According to the 2022 ACS, however, nearly two percent of Wellington's households were overcrowded—slightly exceeding the rate of 1.4% for Larimer County. Despite witnessing an uptick in overcrowded households, Wellington continued to be in a strong position relative to Weld County and Colorado as a whole.

Overcrowding can have negative impacts on mental and emotional health, interpersonal relationships, and children's development.

Figure 5. Rate of Overcrowding by Region, 2017 and 2022



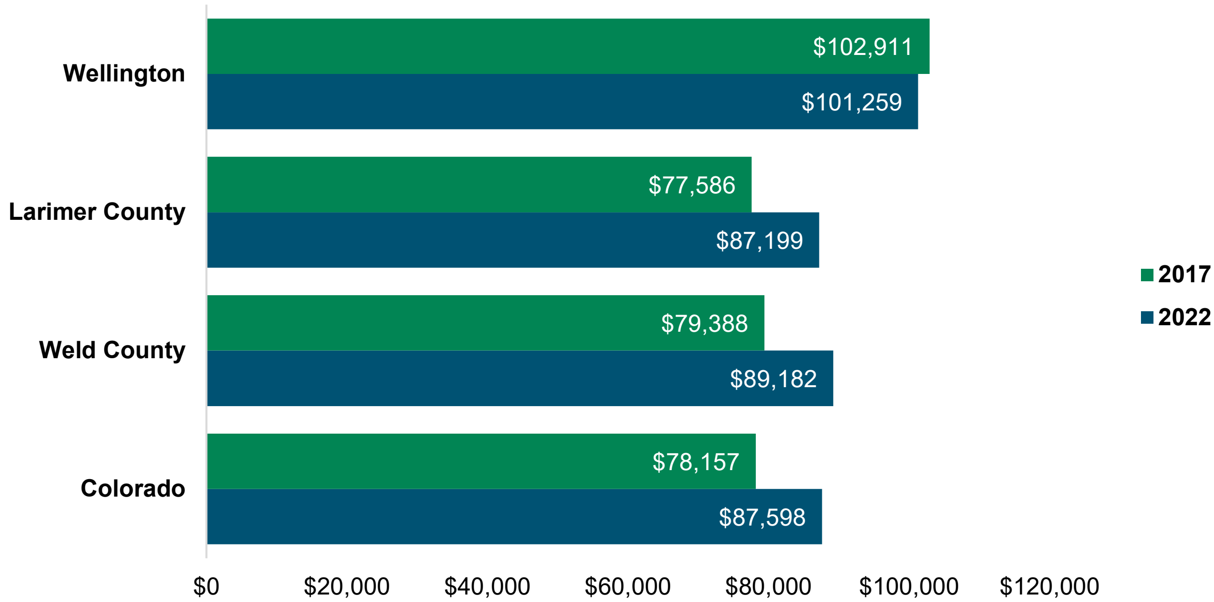
Source: Five-Year American Community Survey; Matrix Design Group, Inc.
Note: "Overcrowded" households have between 1.01 and 1.50 occupants per room. "Severely overcrowded" households have 1.51 or more occupants per room.

Income, Poverty, and Wages

Wellington's population is relatively affluent. ***In 2022, the typical Wellington household earned $101,259 (see Figure 6).*** This sum was about 16% higher than Larimer County's median household income ($87,199), which closely resembled those of Weld County and the state as a whole. Unlike the broader region, however, Wellington did not experience an increase in real median household income from 2017 to 2022.[1] ***Given that housing is considered affordable when costs represent less than 30% of household income, the typical Wellington household's total monthly housing expenses should ideally not have exceeded $2,531.***

[1] Nominally, 2017 median household income was $86,190 in Wellington.

Figure 6. Median Household Income by Region, 2017 and 2022



Source: Five-Year American Community Survey; Bureau of Labor Statistics; Matrix Design Group, Inc.
Note: Values adjusted for inflation to constant 2022 dollars.

A more detailed analysis of household incomes in Wellington appears in Table 5. Just over 300 households earned less than $15,000, while an additional 277 households earned from $15,000 to $34,999. These low-income households, which represented 23% of all households, likely found it challenging to meet their monthly housing costs. A sizeable number of households (347) fell into the $35,000-to-$49,999 range. Middle-income households, defined in this case as those earning between $50,000 and $99,999, accounted for a quarter of all households. Household incomes between $100,000 and $149,999 were similarly common. This income bracket included over 1,200 households, or about 30% of Wellington's estimated 4,000 households. A comparable number of households (862) earned $150,000 or more. ***Contrary to expectations, the median renter household reported over $22,000 in earnings than the equivalent owner household.*** This income gap, which sets Wellington apart from most other communities, could be explained, in part, by the larger average size of its renter households.

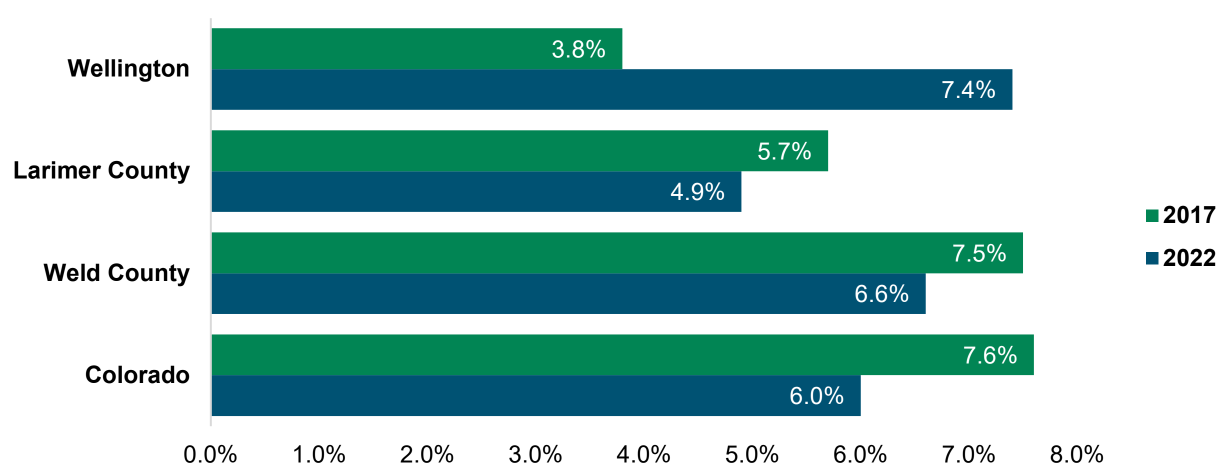
Table 5. Household Income Distribution for Wellington, 2022

Income range	All households		Owner households		Renter households	
	Number	Percent	Number	Percent	Number	Percent
Less than $15,000	305	8%	267	8%	38	6%
$15,000 to $24,999	210	5%	191	6%	19	3%
$25,000 to $34,999	67	2%	18	1%	49	7%
$35,000 to $49,999	347	9%	347	10%	0	0%
$50,000 to $74,999	509	13%	364	11%	145	22%
$75,000 to $99,999	495	12%	466	14%	29	4%
$100,000 to $149,999	1,205	30%	1,041	31%	164	25%
$150,000 or more	862	22%	651	19%	211	32%
Median household income	**$101,259**		**$100,393**		**$122,688**	

Source: Five-Year American Community Survey; Matrix Design Group, Inc.

How prevalent is family poverty in Wellington compared to the broader region? ***According to Figure 7, Wellington's poverty rate was 7.4% as of the most recent ACS.*** This means that 213 of Wellington's 2,879 families lived below the poverty line, which equaled $29,678 for a family of four. While the data suggest Wellington's poverty rate has increased dramatically in recent years, the 2017 rate of 3.8% was likely an underestimate that stemmed from a limited sample size. ***In 2022, poverty was more prevalent in Wellington than in Larimer County, which had a poverty rate of 4.9%, as well as Weld County and Colorado.*** The combination of Wellington's relatively high median household income and elevated family poverty rate indicates the existence of significant income inequality.

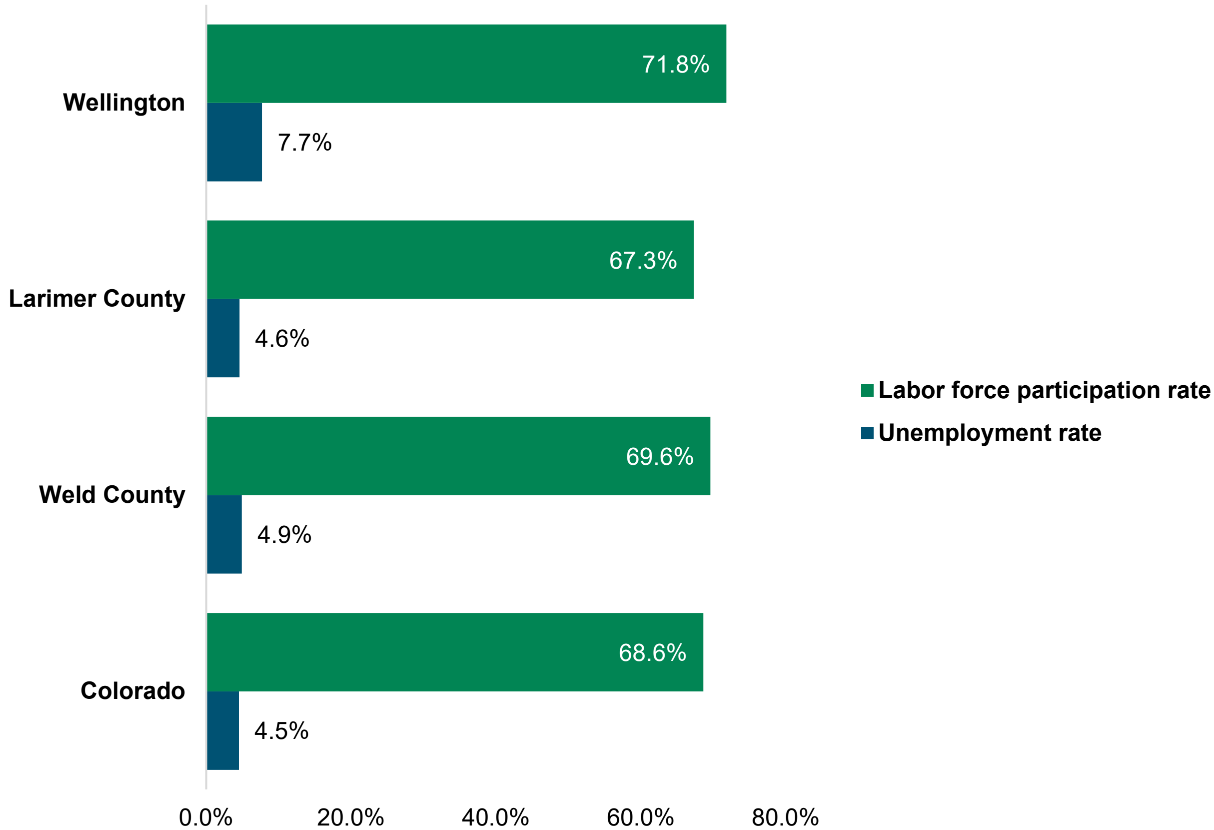
Figure 7. Family Poverty Rate by Region, 2017 and 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Figure 8 compares Wellington's labor market to those of surrounding communities. At nearly 72%, Wellington's labor force participation rate was relatively high. This finding is consistent with the fact that the town's population is young in comparison to other nearby communities. ***However, Wellington's unemployment rate of 7.7% exceeded those of Colorado, Larimer County, and Weld County by approximately three percentage points.***

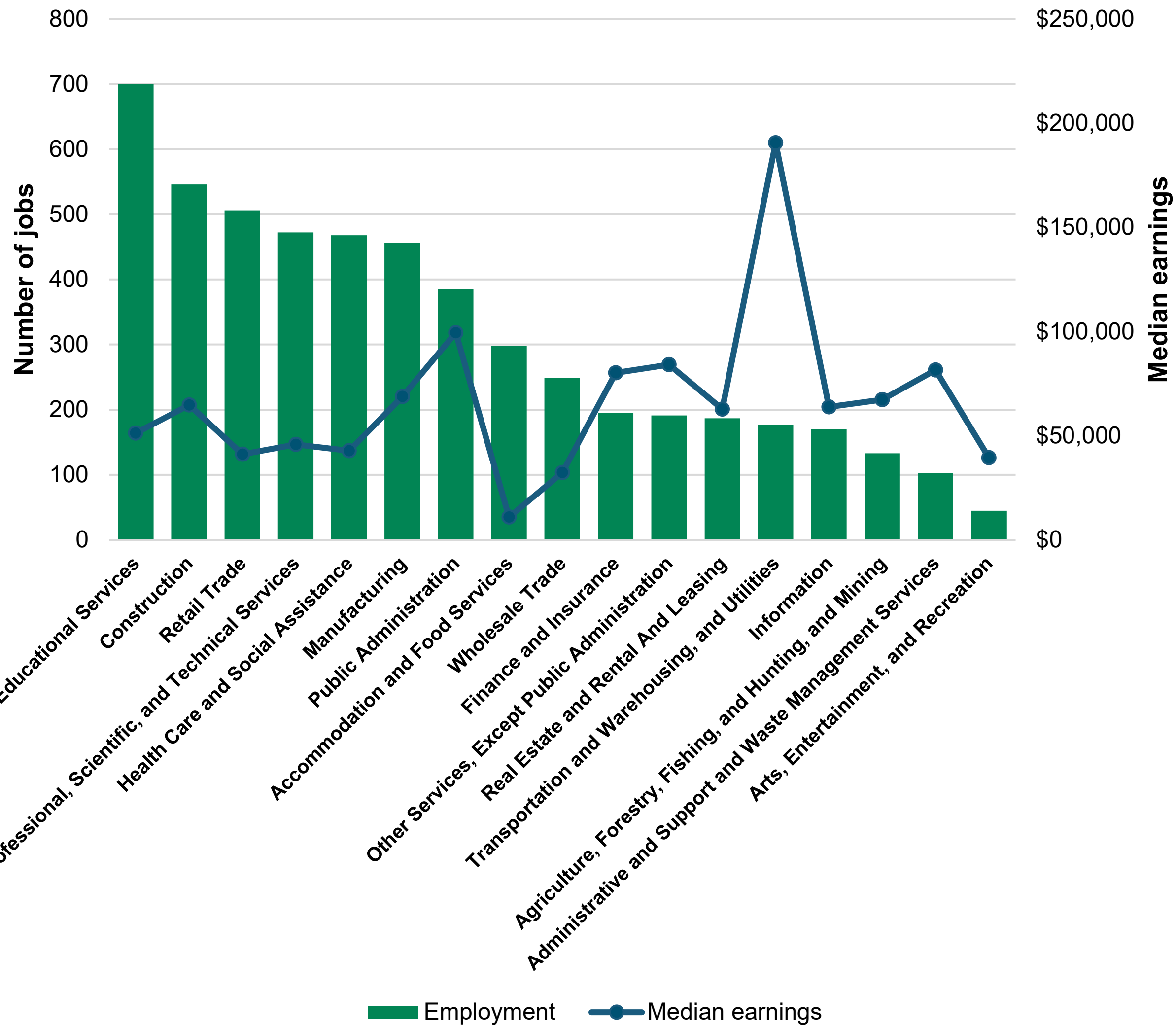
Figure 8. Labor Force Participation and Unemployment Rates by Region, 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Figure 9 illustrates how total employment varied in relation to median earnings by sector in Wellington. Sector employment is arranged in descending order from left to right and represented by the vertical bars, while the line plots median earnings. Wellington's largest sector is *Educational Services*, which employed 700 people, followed by *Construction*; *Retail Trade*; and *Professional, Scientific, and Technical Services*. Median earnings in these sectors, however, were modest, ranging from $41,121 for *Retail Trade* to $64,694 for *Construction*. Wellington's highest-paying sectors were responsible for a relatively small share of total employment. For example, median earnings in *Public Administration* were $99,408, but the sector employed only 385 residents. Similarly, Wellington's most lucrative sector (*Transportation and Warehousing, and Utilities*) was also its fifth smallest by total employment.

Figure 9. Total Employment and Median Earnings by Sector in Wellington, 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: Includes full- and part-time workers. Estimates are specific to Wellington residents.

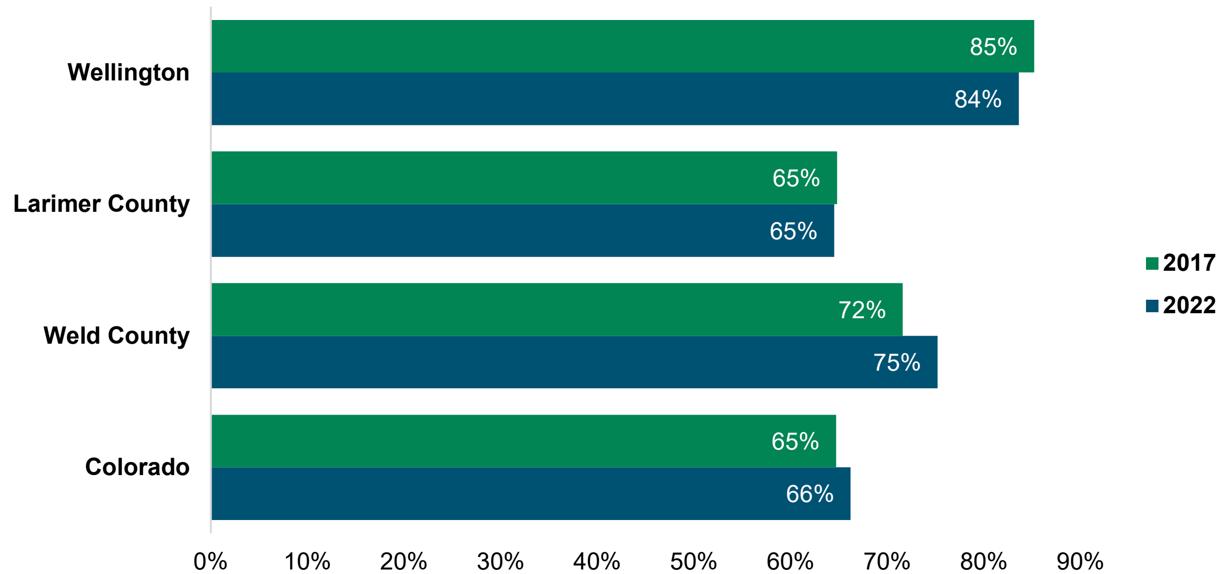
Tenure

Despite escalating home prices and interest rates, the homeownership rate has largely held steady in Wellington and the surrounding region.[2] Indeed, Wellington's 2022 ownership rate of 84% was statistically indistinguishable from the rate observed five years earlier (see Figure 10). Reflecting its limited rental inventory, Wellington has consistently had a higher ownership rate than Larimer County, Weld County,

[2] Future releases of the ACS may tell a different story, especially considering that home prices and interest rates did not begin to increase significantly until the end of the five-year period covered by the 2022 ACS.

and Colorado. ***Although homeownership is vital to building intergenerational wealth, increased rental availability could help promote Wellington's continued growth given current market conditions.***

Figure 10. Homeownership Rate by Region, 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

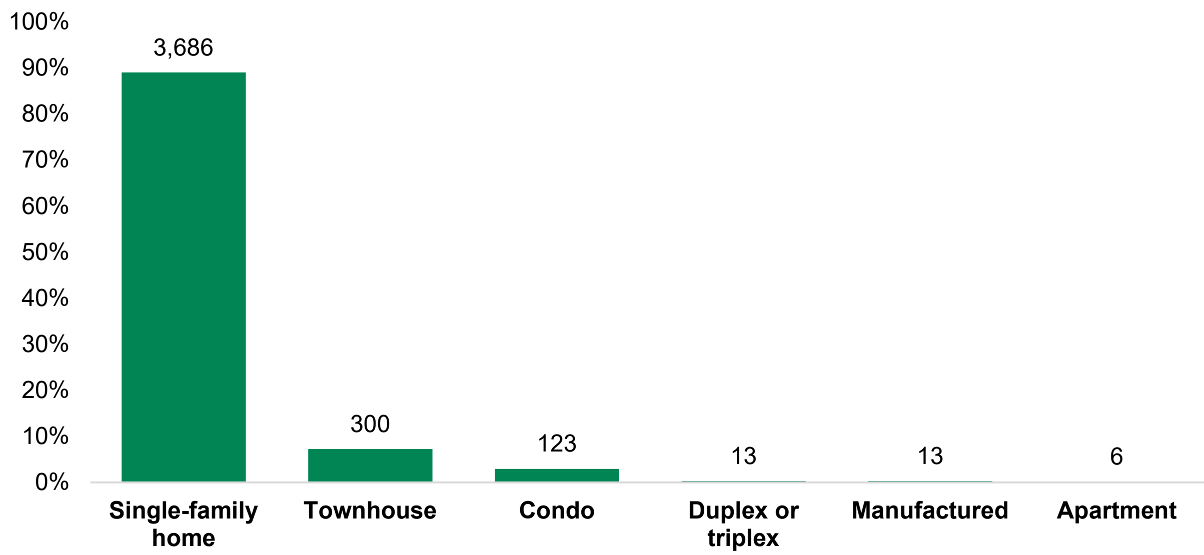
Housing Stock

This section focuses on Wellington's housing stock. Along with presenting vacancy data, it decomposes the stock's physical characteristics, age, and condition. The data reveal that the town has limited housing diversity, with single-family detached homes accounting for about nine-in-ten homes. Wellington's housing stock is also characterized by its youth and favorable condition. Another distinguishing characteristic of Wellington's housing stock is its low vacancy rate, which affords sellers and landlords substantial leeway to set higher prices.

Physical Characteristics

Figure 11 provides a breakdown of Wellington's 4,141 residential properties using the Larimer County Assessor's 2024 parcel data. By a wide margin, traditional single-family homes are the most common property type in Wellington. ***Nearly 90% of the town's residential parcels featured a single-family home.*** Townhomes are the second most common property type, currently numbering 300. In addition, Wellington is home to 123 condominiums. The other housing types—duplexes or triplexes, manufactured homes, and apartments—account for the remaining 1% of residential properties.

Figure 11. Wellington Residential Properties by Type, 2024

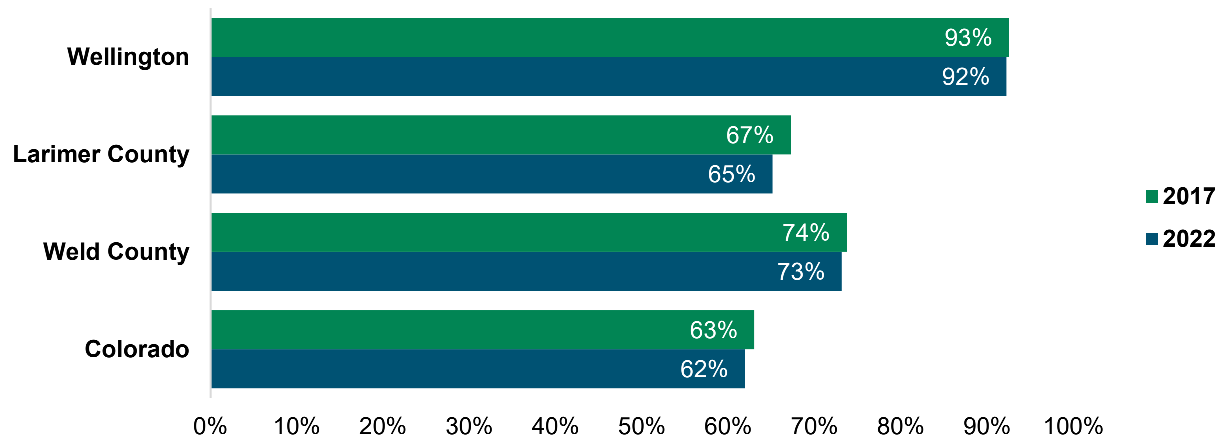


Source: Larimer County Assessor's 2024 parcel data; Matrix Design Group, Inc.

Note: The unit of analysis is the land parcel.

Figure 12 underscores the lack of diversity in Wellington's housing stock. In this visual, the unit of analysis is the housing unit, rather than the property or land parcel. Ninety-two percent of the town's 4,041 estimated housing units were single-family detached homes in 2022. By contrast, these percentages were 65% for Larimer County, 73% for Weld County, and 62% for Colorado. Across the region, single-family detached homes have declined marginally as a share of the housing stock in recent years as communities have sought to address affordability challenges by emphasizing alternative housing types, including the “missing middle.”

Figure 12. Percentage of Single-Family Detached Homes by Region, 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: The unit of analysis is the housing unit. Estimates pertain to occupied and unoccupied units.

As Table 6 demonstrates, Wellington’s housing stock has undergone substantial growth in recent years. From 2017 to 2022, the total number of units increased by 48%. Three- and four-bedroom units accounted for most of the new development, representing 60% and 27% of the total stock by 2022, respectively. Units with two or fewer bedrooms were rare by comparison. Only 178 such units existed in the town, equal to 4% of all units. Five-or-more bedroom units grew in proportion with the overall stock, making up 8% of all units in both 2017 and 2022. Wellington’s increased emphasis on three- and four-bedroom units has likely helped it attract young families with children. But at the same time, the housing stock has become less favorable to smaller households in search of affordable options. ***Considering that younger households are having children at a lower rate than previous generations, a mismatch may exist between Wellington housing stock, which disproportionately consists of larger homes, and the needs of residents.***

Table 6. Wellington's Housing Stock by Number of Bedrooms, 2017 and 2022

Number of bedrooms	2017		2022	
	Number	Percent	Number	Percent
Two or fewer	293	11%	178	4%
Three	1,760	65%	2,438	60%
Four	454	17%	1,092	27%
Five or more	216	8%	333	8%
Total	**2,723**	**100%**	**4,041**	**100%**

Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: The unit of analysis is the housing unit. Estimates pertain to occupied and unoccupied units.

Age and Condition

Wellington features a young housing stock (see Table 7). ***This is exemplified by the fact that the median home was constructed in 2007.*** Just 152 homes—equal to 4% of the stock—date back to 1959 or earlier. From 1960 to 1989, 274 homes were added. It was not until the 1990s, when 400 homes were built, that residential development accelerated. Development would increase exponentially through 2009, with the town adding 1,323 homes in the first decade of the twenty-first century. In the 2010s, Wellington saw slightly more development. Since 2020, 513 homes have been constructed, suggesting development has not slowed despite the supply chain disruptions and labor shortages that occurred due to the COVID-19 pandemic. ***That the bulk of Wellington's housing units were built only recently suggests that town likely has a dearth of "naturally occurring affordable housing" (NOAH).***[3]

Table 7. Age of Wellington's Housing Stock, 2024

Year built	Number	Percent
1959 or earlier	152	4%
1960s	15	0%
1970s	186	4%
1980s	73	2%
1990s	400	10%
2000s	1,323	32%
2010s	1,479	36%
2020s	513	12%
Median year built	**2007**	

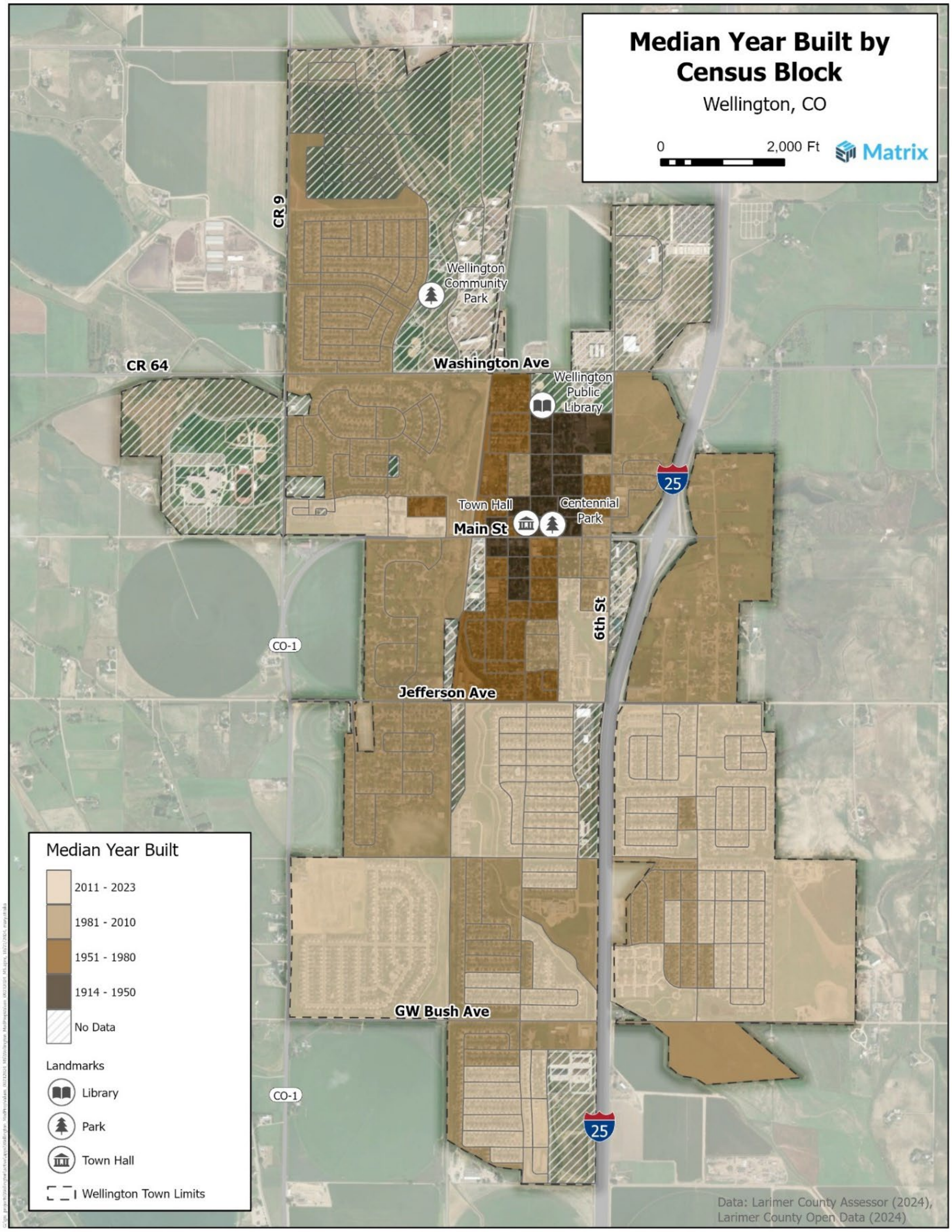
Source: Larimer County Assessor's 2024 parcel data; Matrix Design Group, Inc.
Note: The unit of analysis is the land parcel.

Figure 13 classifies neighborhoods based on the age of the housing stock. The neighborhoods are technically census blocks, the smallest available geographic unit. On average, census blocks contain about 40 people. Wellington's older homes (i.e., those built before 1980) tend to exist in the town's north central neighborhoods, south of the Wellington Public Library. In general, Wellington's outskirts have moderately aged housing stock, with the median year of construction ranging from 1981 to 2010. The

[3] NOAH refers to residential properties that are affordable to low- and moderate-income households in the absence of government subsidy. Building age, condition, and location are the key drivers of their lower costs.

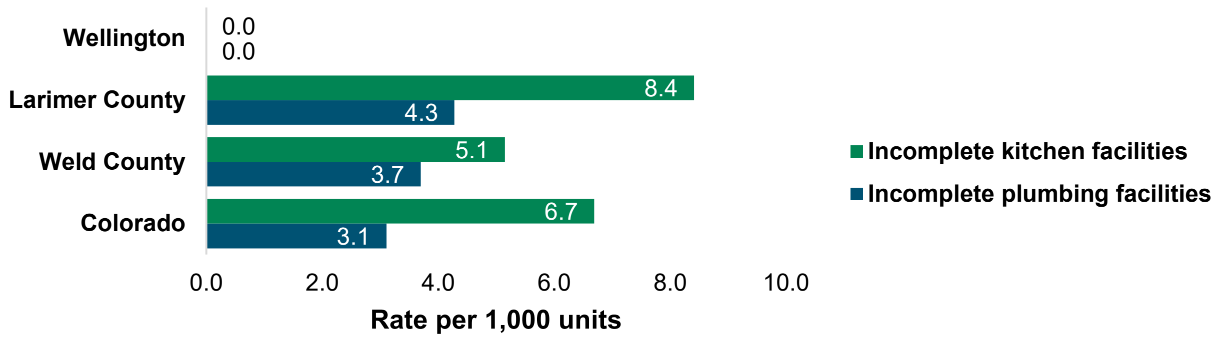
town's newer homes (i.e., those built between 2011 and 2023) tend to be found in its southern neighborhoods.

Figure 13. Median Property Age by Census Block, 2024



Reflecting its youth, Wellington's housing stock was in exceptional condition as of 2022 (see Figure 14). Housing condition is commonly measured as the prevalence of units with incomplete kitchen or plumbing facilities. No substandard units appeared in the most recent ACS sample of Wellington. This sets Wellington apart from the surrounding region. In Larimer County, 8.4 units per 1,000 lacked complete kitchen facilities, while incomplete plumbing facilities were present in 4.3 per 1,000 units. These rates were higher than those observed in both Weld County and Colorado as a whole. The absence of substandard units in Wellington represents a boon for property values and residents' quality of life.

Figure 14. Substandard Occupied Housing Units by Region, 2022

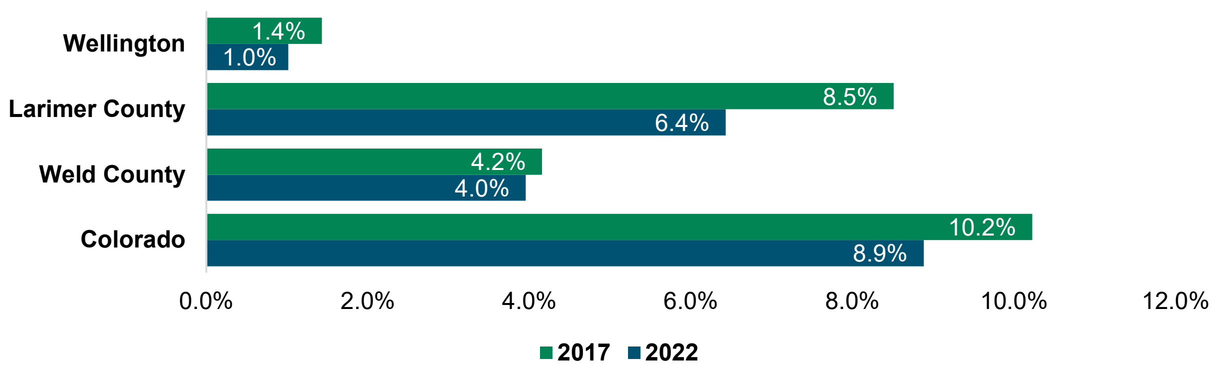


Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Vacancies

Compared to the broader region, Wellington has consistently had a low vacancy rate (see Figure 15). ***As of the 2022 ACS, 41 housing units were vacant, for a rate of 1%.*** This does not represent a meaningful decline from the 2017 vacancy rate of 1.4%. In 2022, vacancy rates were notably higher in Larimer and Weld Counties, despite falling to 6.4% and 4.0%, respectively. But as a share of the total housing stock, unoccupied units were less common in these two northern counties than in the rest of the state, as indicated by the statewide vacancy rate of 8.9%. ***For context, a vacancy rate of five to eight percent indicates a healthy balance between supply and demand.*** The inadequate availability of housing in Wellington has fostered favorable market conditions for sellers and landlords. At the same time, the town's low vacancy rate also suggests it had few dilapidated or otherwise unsuitable homes.

Figure 15. Vacancy Rate by Region, 2017 and 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Rental Housing Market

Wellington's rental market is the subject of this section. The analyses shed light on inventory, rent levels, and affordability. Due to the combined impact of inadequate supply and limited housing diversity, rents are high in Wellington compared to the rest of the region. While the town's rate of cost-burdened renters was relatively low as of 2022, those renters tended to far exceed the recommended 30% income-to-rent threshold.

Availability

A breakdown of Wellington's available rental inventory as of August 2024 appears in Table 8. ***In total, just 19 units were listed for rent, thus reinforcing the earlier finding that Wellington's housing supply is likely inadequate to meet demand.*** Twelve of those units were single-family detached homes. The market also featured three townhomes and four apartments. The single-family detached homes and townhomes ready for immediate occupancy exclusively had three or more bedrooms; Wellington's only two-bedroom rental options were apartments.

Table 8. Available Rental Units in Wellington, August 2024

Unit type	Fewer than two bedrooms	Two bedrooms	Three bedrooms	Four or more bedrooms	Total
Single-family detached home	0	0	6	6	**12**
Townhouse	0	0	2	1	**3**
Apartment	0	3	1	0	**4**
Total	**0**	**3**	**9**	**7**	**19**

Source: Zillow; Apartments.com; Matrix Design Group, Inc.

Rent Levels and Affordability

Table 9 displays the distribution of asking rents for Wellington's available units. Eight units (42% of the available inventory) were available for between $1,750 and $2,000. Given that gross rent (including utilities) is considered affordable when it constitutes no more than 30% of household income, and assuming $262 in average monthly utility costs, a household would need to earn at least $90,480 to afford every unit in this price range. This sum is equal to 76% of the FY 2024 area median income (AMI) of $118,800 for the Fort Collins, CO Metropolitan Statistical Area (MSA). An additional eight units were priced between $2,001 and $2,800, meaning that only households earning above AMI could afford all of them. Rents for the final three units ranged from $2,801 to $3,200. A family would need to earn at least $138,480 (or 117% of AMI) to afford a unit at the high end of this range. ***The lack of units available for less than $1,750 implies it is exceedingly difficult for families earning significantly below AMI to secure rental housing in Wellington.***

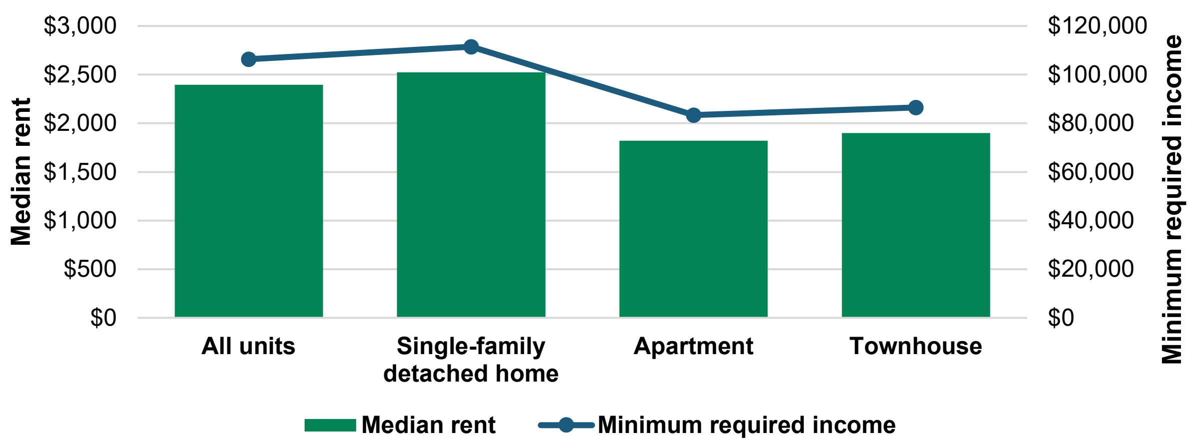
Table 9. Asking Rent Distribution for Wellington's Available Units, August 2024

Rent	Available units		Minimum income required to afford maximum rent	
	Number	Percent	Value	Percent AMI
$1,750-$2,000	8	42%	$90,480	76%
$2,001-$2,395	2	11%	$106,280	89%
$2,396-$2,550	4	21%	$112,480	95%
$2,551-$2,800	2	11%	$122,480	103%
$2,801-$3,200	3	16%	$138,480	117%

Source: Zillow; Apartments.com; Department of Housing and Urban Development; Matrix Design Group, Inc.
Note: FY 2024 area median income (AMI) for the Fort Collins, CO Metropolitan Statistical Area is $118,800. Asking rent does not include utilities, but an estimated $262 of monthly utility costs were factored into income calculations. Groups were determined using Jens natural breaks optimization.

Figure 16 displays median rent by unit type for Wellington. In addition, it plots the minimum household income required to afford median rent. Income calculations were based on the general guidance that gross rent (including utilities) should not exceed 30% of monthly income. ***Across all units, median rent was $2,395. Assuming an average monthly utility payment of $262, a household had to earn at least $106,280 annually to afford the typical rental in Wellington.*** A large share of Wellington households earn below this threshold, which represents 89% of FY 2024 AMI. As the typical single-family detached home was listed for $2,525, a household needed to earn at least $111,480 to comfortably cover rent and utilities. Apartments and townhomes were typically available for just under $2,000. In most cases, a household income of at least $83,360 was required to afford an apartment, compared to $86,480 for a townhouse.

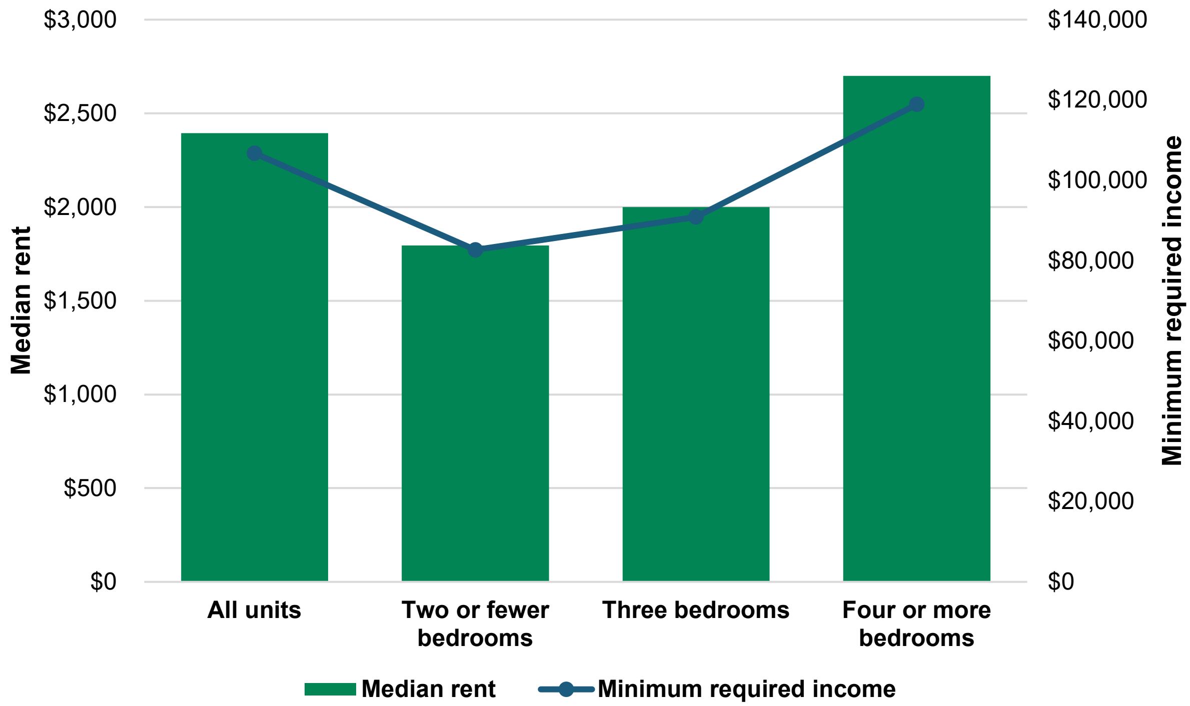
Figure 16. Median Asking Rent and Affordability by Unit Type in Wellington, August 2024



Source: Zillow; Apartments.com; Matrix Design Group, Inc.
Note: Asking rent does not include utilities, but an estimated $262 of monthly utility costs were factored into income calculations.

Figure 17 presents data on median asking rent by unit size for Wellington. The typical unit with two or fewer bedrooms was listed for $1,795, meaning that a minimum income of $82,680 was required to limit rent and utilities to less than 30% of household income. To afford the typical three-bedroom unit, which had an asking rent of $2,000, a household needed to earn at least $90,880. Rent for the typical four-or-more bedroom unit was $2,700. To avoid being burdened by these costs, a household's income needed to at least equal AMI ($118,800).

Figure 17. Median Asking Rent and Affordability by Bedroom Count in Wellington, August 2024



Source: Zillow; Apartments.com; Matrix Design Group, Inc.

Note: Asking rent does not include utilities, but an estimated $262 of monthly utility costs were factored into income calculations.

Table 10 measures the affordability of rental housing in Wellington for families in the Fort Collins, CO MSA. The values represent the difference between median family income, which varies by household size, and the minimum income required to afford median rent. Put simply, negative values indicate that the associated unit type is generally unaffordable to families in the region, while positive values denote the opposite. For the median one-person household, 2024 household income in the MSA is estimated to be $83,200. To limit housing costs to less than 30% of monthly income, the typical one-person household can afford to spend no more than $2,080 on rent and utilities. Across all unit sizes, median rent alone ($2,395) exceeds this sum. After accounting for utilities, the median one-person household's income falls $23,480 short of the amount needed to afford the typical unit. Likewise, the median two-person household's income ($95,100) is $11,580 below the threshold needed to afford median gross rent across the town. While smaller units are generally affordable to one- and two-person households, inventory is limited. Conversely, three-, four-, and-five person households in the MSA typically earn enough to afford median rent in Wellington.

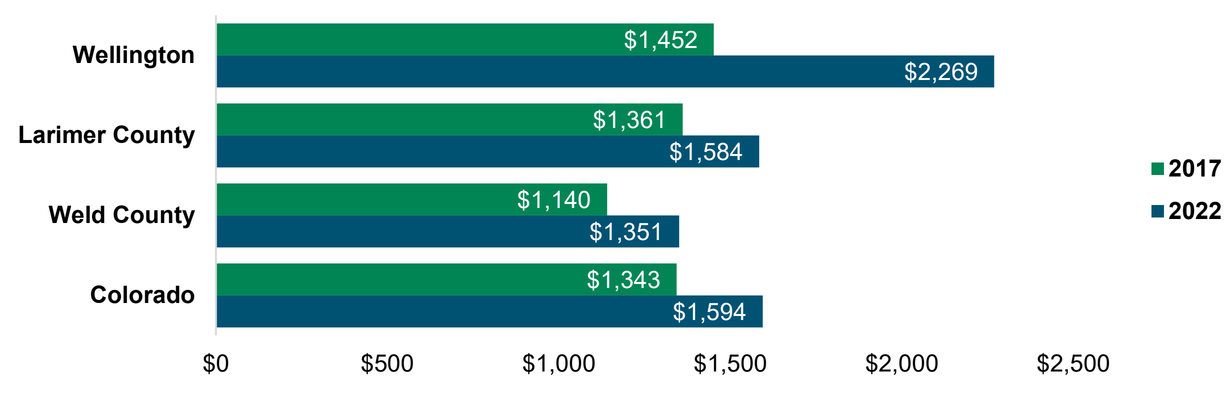
Table 10. Gap between Median Family Income by Household Size and Minimum Income Required to Afford Median Rent

	One-person household	Two-person household	Three-person household	Four-person household	Five-person household
All units	-$23,480	-$11,580	$320	$12,120	$21,720
Two or fewer bedrooms	$520	$12,420	$24,320	$36,120	$45,720
Three bedrooms	-$7,680	$4,220	$16,120	$27,920	$37,520
Four or more bedrooms	-$35,680	-$23,780	-$11,880	-$80	$9,520

Source: Zillow; Apartments.com; Department of Housing and Urban Development; Matrix Design Group, Inc.
Note: 2024 median income (AMI) for the Fort Collins, CO Metropolitan Statistical Area is $83,200 for one-person households, $95,100 for two-person households, $107,000 for three-person households, $118,800 for four-person households, and $128,400 for five-person households. August 2024 median rent was $2,395 for all units, $1,795 for units with two or fewer bedrooms, $2,000 for three-bedroom units, and $2,700 for four-or-more bedroom units.

Estimates of real median gross rent by region for 2017 and 2022 appear in Figure 18. The data pertain to renter-occupied units generally, rather than only those units available for rent, and are thus unmatched in their comprehensiveness. ***As of 2022, the median renter household's gross monthly costs amounted to $2,269—a 56% increase over the inflation-adjusted 2017 total.*** Compared to their counterparts in the broader region, Wellington renters generally faced high costs. This was especially true in 2022, when median rent in Wellington exceeded the equivalent sums for Larimer County, Weld County, and Colorado by $685, $918, and $675, respectively. Furthermore, rental growth has been far less drastic in the latter three regions over time. The findings suggest that market conditions in Wellington have been particularly unfavorable to renters. ***The primary culprits have likely been the rental inventory's heavy orientation toward single-family detached homes and an undersupply of units more generally.***

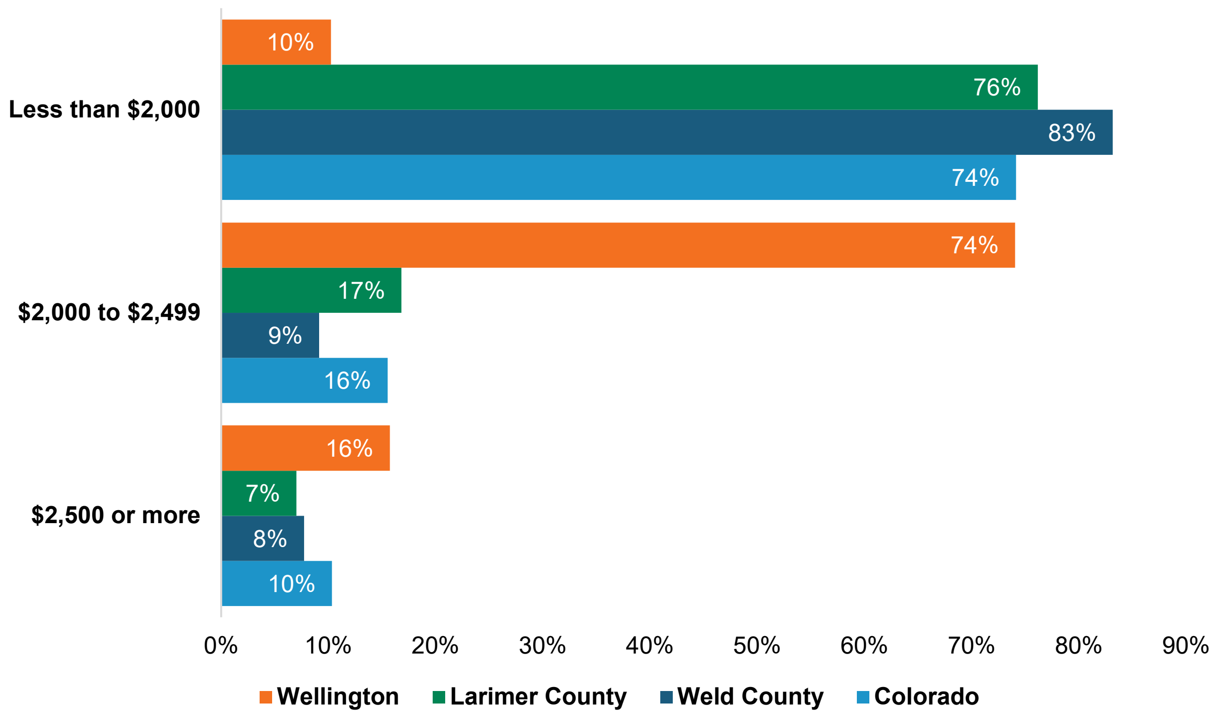
Figure 18. Real Median Gross Rent by Region, 2017 and 2022



Source: Five-Year American Community Survey; Bureau of Labor Statistics; Matrix Design Group, Inc.
Note: Values adjusted for inflation to constant 2022 dollars and include contract rent, utilities and fuel costs, and other fees.

Wellington's elevated rent levels are further illustrated in Figure 19. In 2022, ten percent of the town's renter households paid less than $2,000 in rent. This compared to 76% for Larimer County, 83% for Weld County, and 74% statewide. ***For a significant majority of Wellington renter households (74%), gross rent fell between $2,000 and $2,499.*** Gross rent totaled $2,500 or more for 16% of renters in Wellington—over twice the countywide rate of 7%. That rent equaled $2,000 or more for 90% of Wellington renters implies that they overwhelmingly resided in single-family homes.

Figure 19. Gross Rent Distribution by Region, 2022



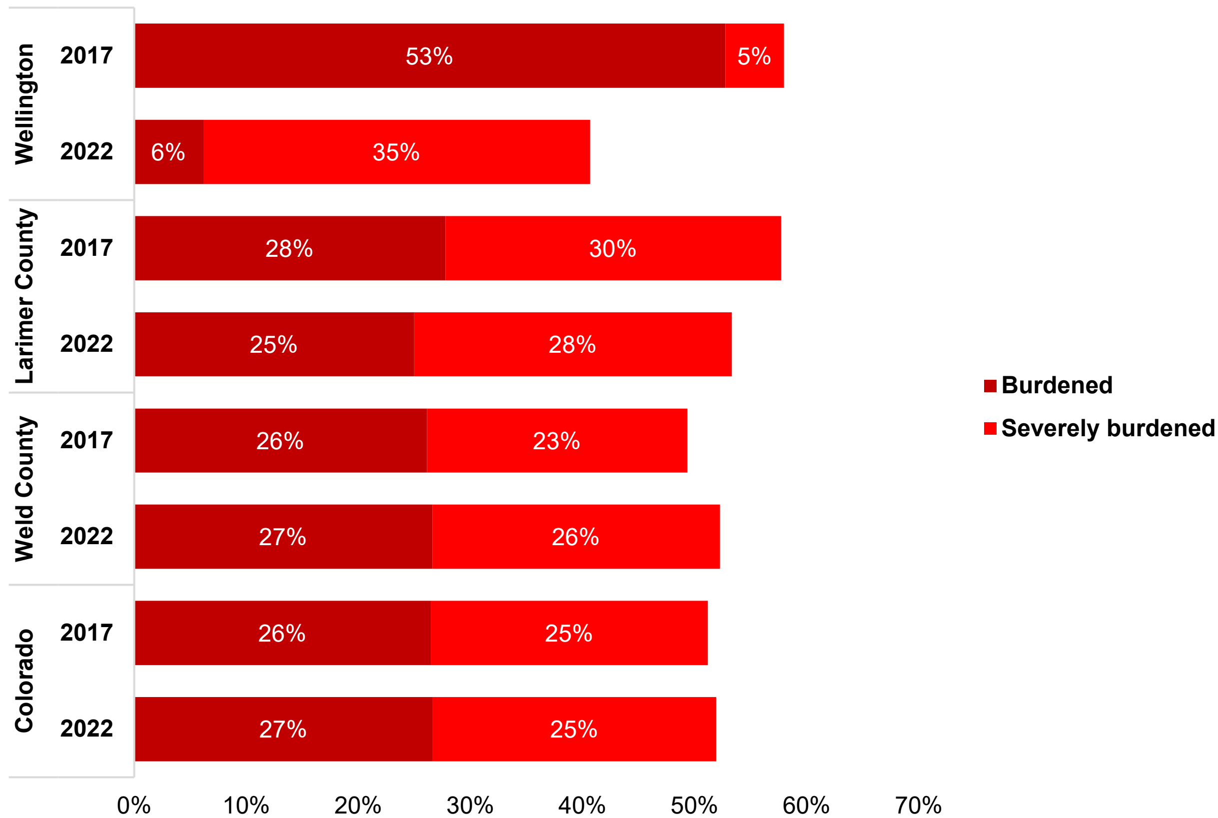
Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: Values adjusted for inflation to constant 2022 dollars and include contract rent, utilities and fuel costs, and other fees.

Cost-Burdened Renters

Despite the high cost of renting in Wellington, the town had proportionally fewer cost-burdened renter households than Larimer County, Weld County, and Colorado as a whole in 2022. ***Indeed, 41% of renters devoted 30% or more of household income to gross rent (see Figure 20).*** The overall renter cost-burdened rates for Larimer County, Weld County, and Colorado were nearly identical to each other, ranging from 52% to 53%. Furthermore, Wellington's overall cost-burdened rate fell by 17 percentage points from 2017 to 2022 despite the rent hikes that impacted the town. Wellington's relatively low overall cost-burdened rate reflects the affluence of its renter households, who reported a median income of $122,688. ***Of concern, though, is the fact that an inordinate share of Wellington's cost-burdened renters spent 50% or more of household income on gross rent, thus qualifying as "severely burdened."***

Figure 20. Renter Household Cost-Burdened Rate by Region, 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.
Note: "Burdened" households spent from 30% to 49.9% of household income on total monthly housing costs, compared to 50% or more for "severely burdened" households.

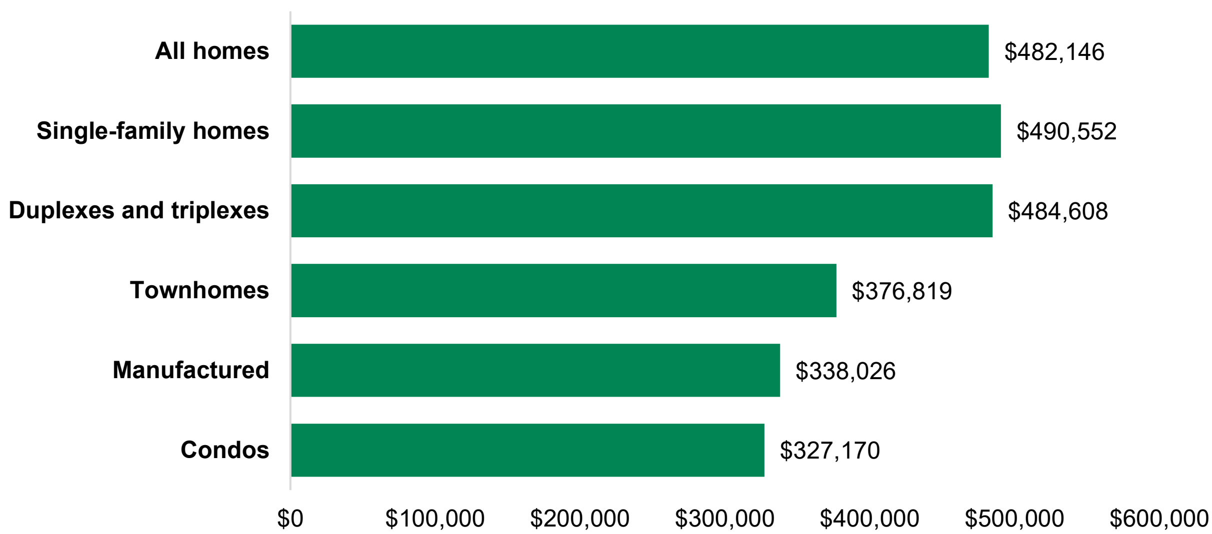
Owner Housing Market

This section presents a detailed assessment of Wellington's owner housing market. It features a thorough analysis of home values, sale prices, supply, and affordability. Currently, the town's median home sale price is approaching $500,000, which is unaffordable for a family earning less than approximately $160,000. In addition to being significantly higher than AMI, the latter sum marks a dramatic increase over the minimum income required to purchase a home in Wellington prior to the pandemic. Home price surges are indicative of a housing shortage—a challenge that is by no means exclusive to Wellington. Nonetheless, according to the most recent data, more than three-in-four homeowners in Wellington do not struggle to meet their total monthly housing costs.

Home Values

Figure 21 presents 2024 median property values for various housing types in Wellington. ***Among all homes across the town, the median value is $482,146.*** Single-family homes, as well as duplexes and triplexes, are generally worth more. The opposite is true for other housing types. The median townhome is valued at $376,819, compared to $338,026 for the median manufactured home and $327,170 for the median condo.

Figure 21. Median Home Values in Wellington, 2024

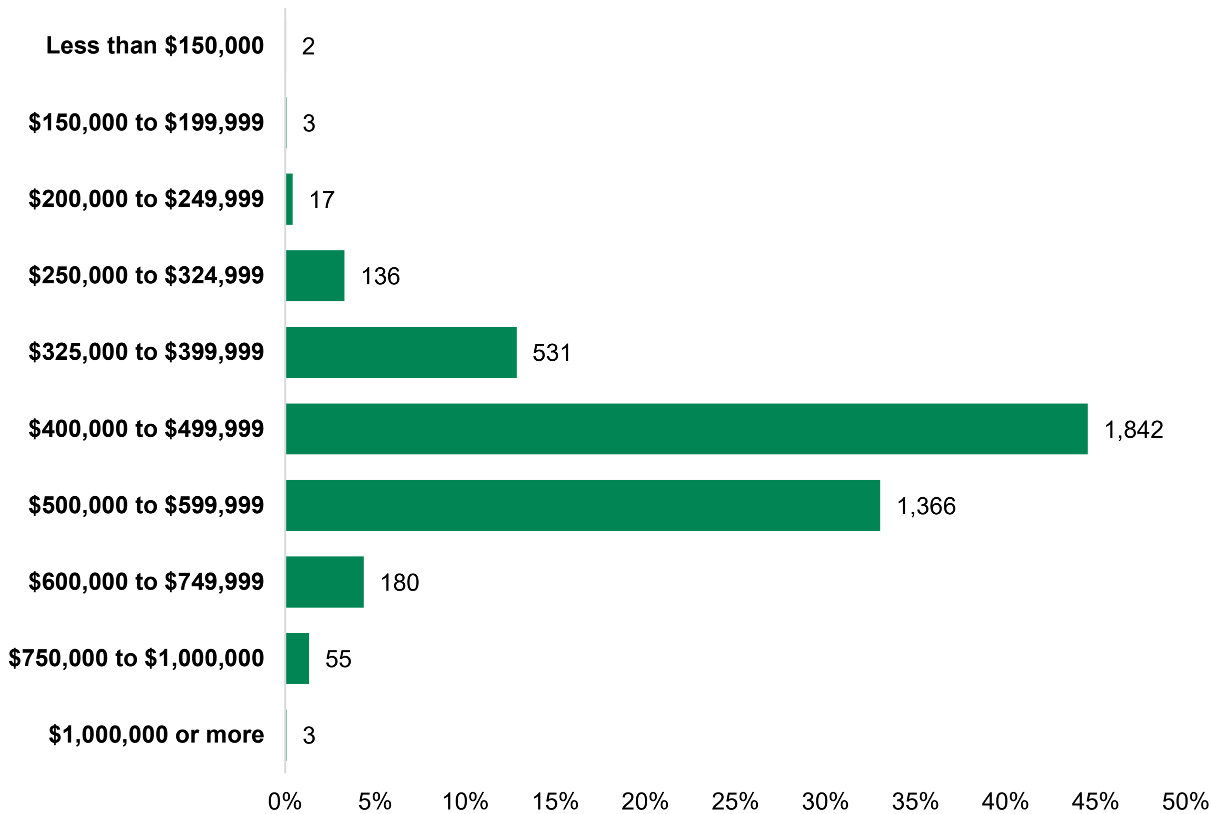


Source: Larimer County Assessor's 2024 parcel data; Matrix Design Group, Inc.

Note: The unit of analysis is the land parcel.

Figure 22 presents the distribution of Wellington's home values. The distribution is skewed to the right, with just three percent of homes valued at less than $324,999. Thirteen percent of homes are worth between $325,000 and $399,999. Nearly half of Wellington's homes are valued from $400,000 to $499,999, while $33% fell within the $500,000-to-$599,999 range. Homes valued at $600,000 or more are rare, accounting for six percent of the stock. This figure includes the three homes valued at $1,000,000 or more.

Figure 22. Home Value Distribution in Wellington, 2024



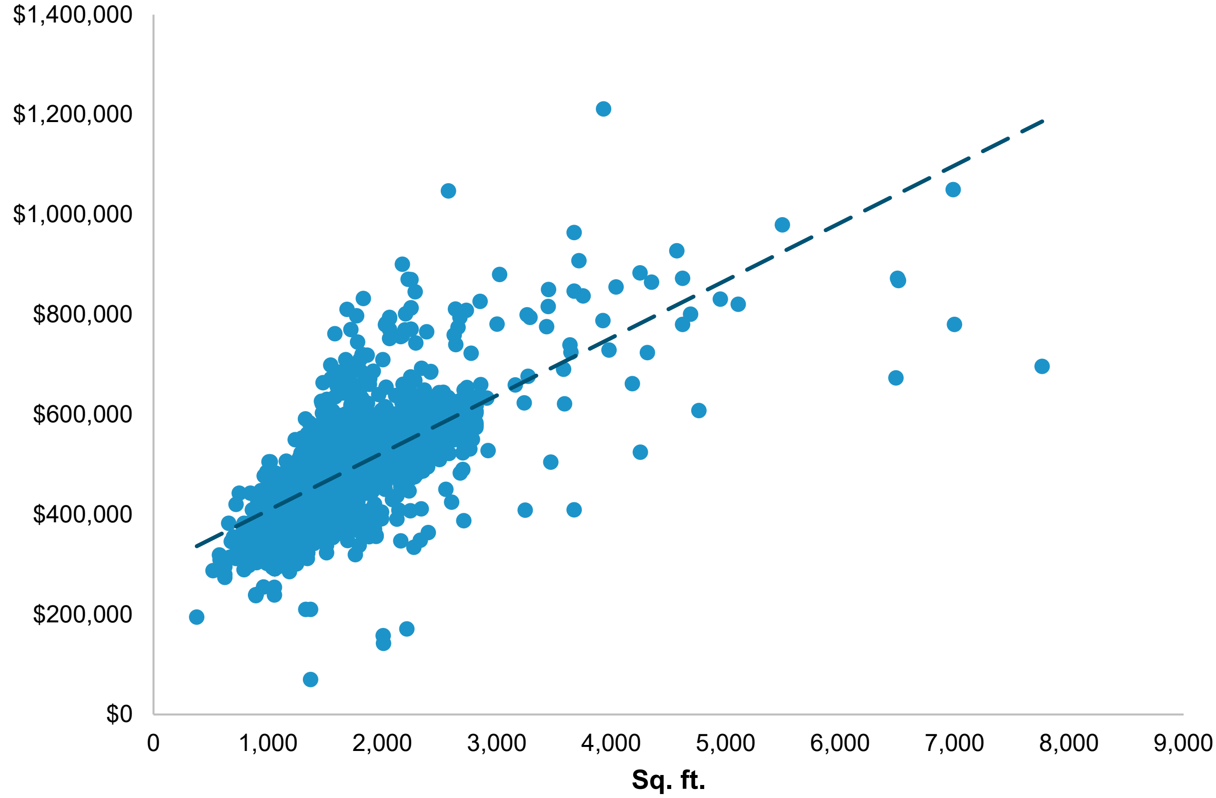
Source: Larimer County Assessor's 2024 parcel data; Matrix Design Group, Inc.

Note: The unit of analysis is the land parcel.

Figure 23 depicts the relationship between home size and value. The two variables share a strong, positive relationship, confirming the expectation that larger homes are generally worth more.[4] The relationship, however, is not perfectly linear, since a home's location, age, and other characteristics also influence its value. The best-fit line estimates a home's expected value based on square footage. A 1,500-square-foot home is estimated to be worth $465,742, compared to $580,792 for a 2,500 square-foot home and $695,842 for a 3,500 square-foot home. ***On average, each additional square foot increases a home's value by $115.05.***

[4] The correlation coefficient, also known as the *r*-value, is .68. Correlation coefficients close to one or negative one suggest that two variables share a strong association, whereas values near zero indicate a weak association.

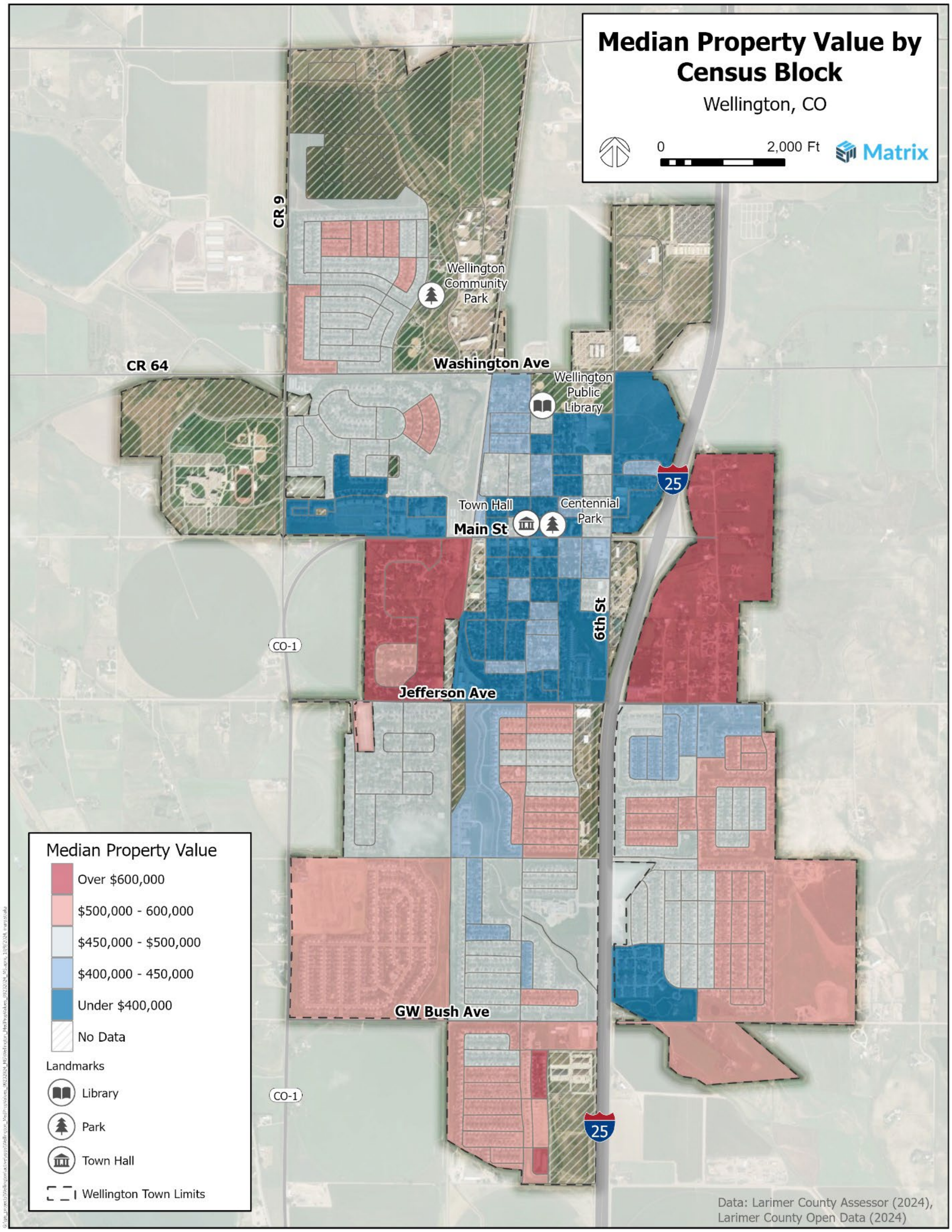
Figure 23. Relationship Between Home Size and Value



Source: Larimer County Assessor's 2024 parcel data; Matrix Design Group, Inc.
Note: The unit of analysis is the land parcel.

How do home values vary throughout the town? In Figure 24, census blocks shaded red have higher median home values, while those shaded blue have lower median home values; the darker the shade, the more extreme the value. According to the map, home values tend to be higher in the outskirts, especially those located north of Jefferson Avenue. Conversely, lower valued homes are heavily concentrated in the neighborhoods near Wellington Public Library and Centennial Park. The town's southern neighborhoods tend to have a light shade, denoting moderate median values (i.e., from $400,000 to $600,000). But even this part of the town contains a mix of affluent and more affordable neighborhoods.

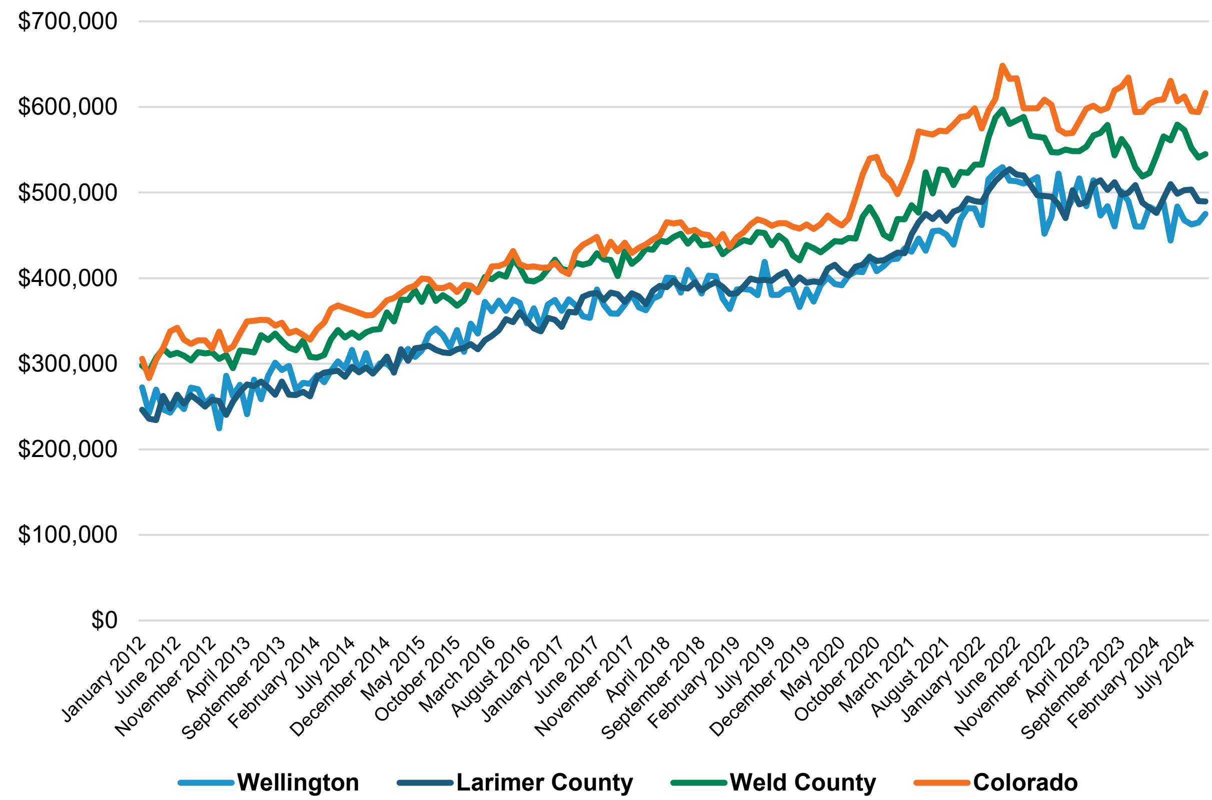
Figure 24. Median Property Value by Census Block, 2024



Sales, Inventory, and Affordability

A historical comparison of median home sale prices across the region appears in Figure 25. To more accurately capture how purchasing power has changed, the values have been adjusted for inflation to September 2024 dollars. In January 2012, when the housing market was still in the early stages of recovery from the Great Recession, the median home in Wellington sold for $272,408. Real home prices rose steadily over the course of the decade, reaching $372,589 in January 2020. Prices would then start climbing dramatically due to a myriad of factors, including low interest rates, increased demand for space, rising construction costs, and low inventory and supply chain issues. Wellington's median home sale price peaked at $522,284 in December 2022, nearly doubling the January 2012 inflation-adjusted sum. ***The most current estimate of Wellington's median sale price (from September 2024) is $475,000.*** Wellington's housing market nearly mirrors that of Larimer County, but compared to Weld County and Colorado as a whole, Wellington remains considerably more affordable.

Figure 25. Real Monthly Median Home Sale Price by Region, January 2012-September 2024

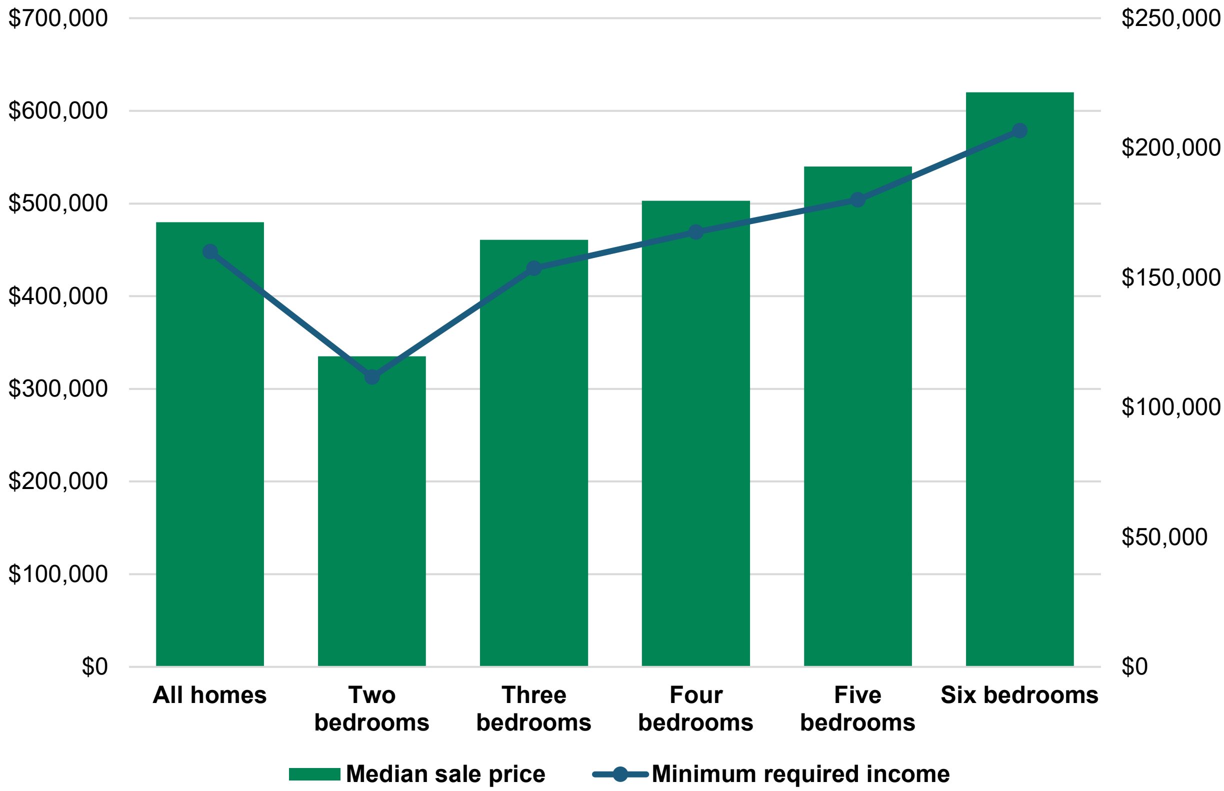


Source: Redfin; Bureau of Labor Statistics; Matrix Design Group, Inc.

Note: Values adjusted for inflation to constant September 2024 dollars.

A home's number of bedrooms is strongly related to its sale price. Among all homes, Wellington's median sale price fell just short of $480,000 from January 2023 to August 2024 (see Figure 26). ***Assuming a 7% interest rate, 30-year repayment period, and 20% down payment, the median mortgage payment was $2,555.*** Affordability guidelines suggest that a home's sale price should represent no more than three times household income. Under this rule, a family would need to earn at least $159,982 (or 135% of the AMI of $118,800) to afford the typical Wellington home. The 15 two-bedroom homes had a median sale price of $335,000, meaning they were typically affordable to households that earned $111,666 or more. To purchase a three-bedroom home at the median price of $461,000, a family's income needed to equal at least $153,665—about $35,000 higher than AMI. Not surprisingly, the gaps were substantially wider for four-, five-, and six-bedroom homes. ***In sum, AMI was sufficient to afford only the median two-bedroom home in Wellington.***

Figure 26. Median Home Sale Price and Affordability by Bedroom Count in Wellington, January 2023-August 2024



Source: Redfin; Matrix Design Group, Inc.

Note: Estimated median mortgage is $2,528 for all homes, $1,756 for two-bedroom homes, $2,454 for three-bedroom homes, $2,680 for four-bedroom homes, $2,874 for five-bedroom homes, and $3,300 for six-bedroom homes. Mortgage calculations assume a 20% down payment, 30-year loan term, and 7% interest rate and do not account for HOA fees, property taxes, utilities, and insurance. Minimum income requirements are calculated to limit the sale price to three times household income.

MLS data indicate that Wellington's housing market is now relatively upper-income oriented. A plurality of homes (43%) sold for between $400,000 and $499,999 in 2023 and 2024 (see Figure 27). For context, a home at the upper end of this price range requires an income of at least $166,665 (or 140% of AMI) to be affordable. A substantial share of homes (25%) sold for between $500,000 and $599,999. Sale prices below $250,000 or above $599,999 were less common. Notably, only one home sold for less than $250,000.

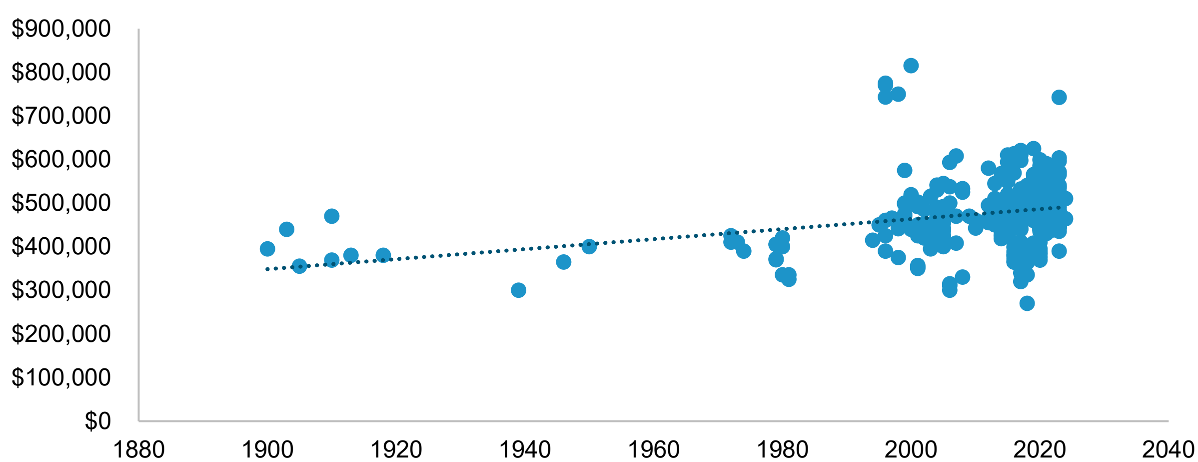
Figure 27. Sale Price Distribution for Homes Purchased in Wellington, January 2023-August 2024

Sale price	Homes sold		Minimum income required to afford maximum price	
	Number	Percent	Value	Percent AMI
Less than $250,000	1	0%	$83,332	70%
$250,000-$399,999	49	16%	$133,332	112%
$400,000-$499,999	129	43%	$166,665	140%
$500,000-$599,999	74	25%	$199,998	168%
$600,000-$749,999	21	7%	$249,997	210%
$750,000-$999,999	15	5%	$333,330	281%
$1,000,000-$1,816,000	9	3%	$605,327	510%

Source: Redfin; Matrix Design Group, Inc.
Note: Minimum income requirements are calculated to limit the sale price to three times household income. 2024 data are through August.

The relationship between home age and sale price is displayed in Figure 28. There is a modest relationship between the two variables, with older homes generally selling for less than newer homes. On average, each one-year increase in a home's age reduces its sale price by $1,148. The best-fit line predicts that a home built in 1960 would sell for $417,000, compared to $486,000 for one built in 2020. Although there are exceptions, a disproportionate percentage of homes that sell for less than $400,000, and, by extension, are affordable to families earning less than AMI, were built before 1980. ***This finding is notable because Wellington's older homes commonly require energy efficiency, insulation, electrical, and plumbing upgrades, as well as repairs.***

Figure 28. Relationship between Home Age and Sale Price, January 2023-August 2024



Source: Larimer County Assessor's Office; Matrix Design Group, Inc.

Table 11 presents the gap between actual median family income and the minimum income required to limit the median sale price to three times household income. ***The results indicate that households of all sizes have limited options in Wellington, with median income falling well below the threshold needed to afford the typical home in each case.*** The median one-person household in the MSA earns $83,200, about $77,000 less than the sum needed to afford Wellington's median sale price of $479,950. For the typical two- and three-person households in the MSA, even homes with two or fewer bedrooms are generally out of reach. Moreover, four- and five-person households can usually only afford homes that are too small to meet their needs. These findings confirm the widely held belief that homeownership has become increasingly unattainable in Wellington.

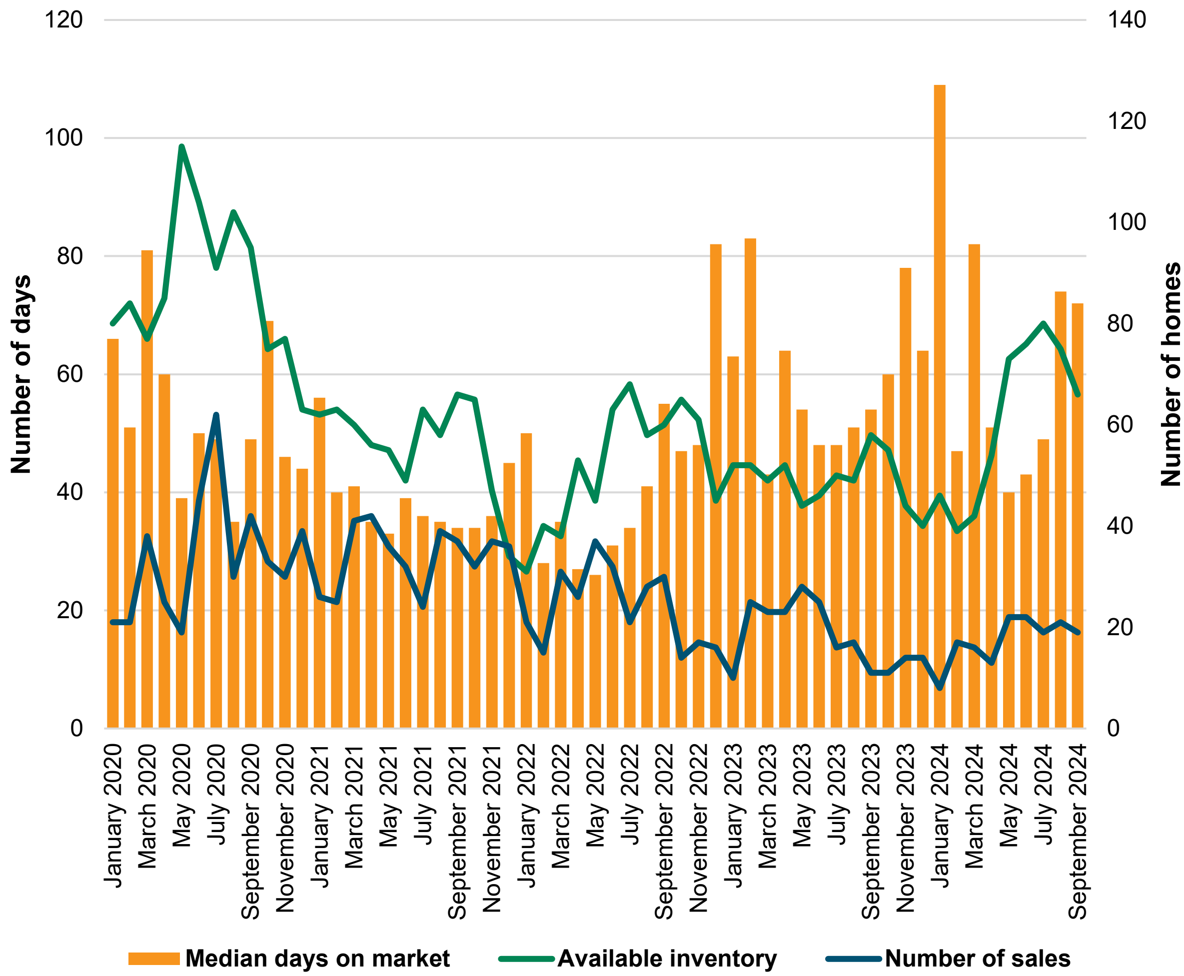
Table 11. Gap between Median Family Income by Household Size and Minimum Income Required to Afford Median Sale Price

	One-person household	Two-person household	Three-person household	Four-person household	Five-person household
All homes	-$76,782	-$64,882	-$52,982	-$41,182	-$31,582
Two bedrooms	-$28,466	-$16,566	-$4,666	$7,134	$16,734
Three bedrooms	-$70,465	-$58,565	-$46,665	-$34,865	-$25,265
Four bedrooms	-$84,402	-$72,502	-$60,602	-$48,802	-$39,202
Five bedrooms	-$96,798	-$84,898	-$72,998	-$61,198	-$51,598
Six bedrooms	-$123,465	-$111,565	-$99,665	-$87,865	-$78,265

Source: Zillow; Apartments.com; Department of Housing and Urban Development; Matrix Design Group, Inc.
Note: 2024 median income (AMI) for the Fort Collins, CO Metropolitan Statistical Area is $83,200 for one-person households, $95,100 for two-person households, $107,000 for three-person households, $118,800 for four-person households, and $128,400 for five-person households. Median sale price was $479,950 for all homes, $335,000 for two-bedroom homes, $461,000 for three-bedroom homes, $502,813 for four-bedroom homes, $540,000 for five-bedroom homes, and $620,000 for six-bedroom homes. Minimum income requirements are calculated to limit the sale price to three times household income.

Figure 29 provides more detailed insight into Wellington's housing market, examining how key indicators of supply and demand have varied since January 2020. As the orange bars show, the number of days that the median home spent on the market declined dramatically through May 2022. That month, the median home sold just 26 days after being listed. A shorter window from listing to sale indicates that the market is more favorable to sellers. Since then, homes have generally taken longer to sell, although an uptick in buyer demand regularly occurs in the spring and summer months. By September 2024, 72 days typically elapsed from listing to sale. Consistent with the tendency of homes to sell more slowly during times of higher inventory, and vice versa, this increase coincided with a rise in the number of available homes. From May 2022 to September 2024, Wellington's inventory grew from 45 to 66 homes, the equivalent of a 42% increase. The decline in home sales since 2022 is another indication that the market has become less seller oriented. From January 2024 to September 2024, Wellington averaged just 17 home sales per month, a 39% decline over 2022 levels. A key contributor to this trend has been the sharp rise in interest rates that occurred in 2022 and 2023.

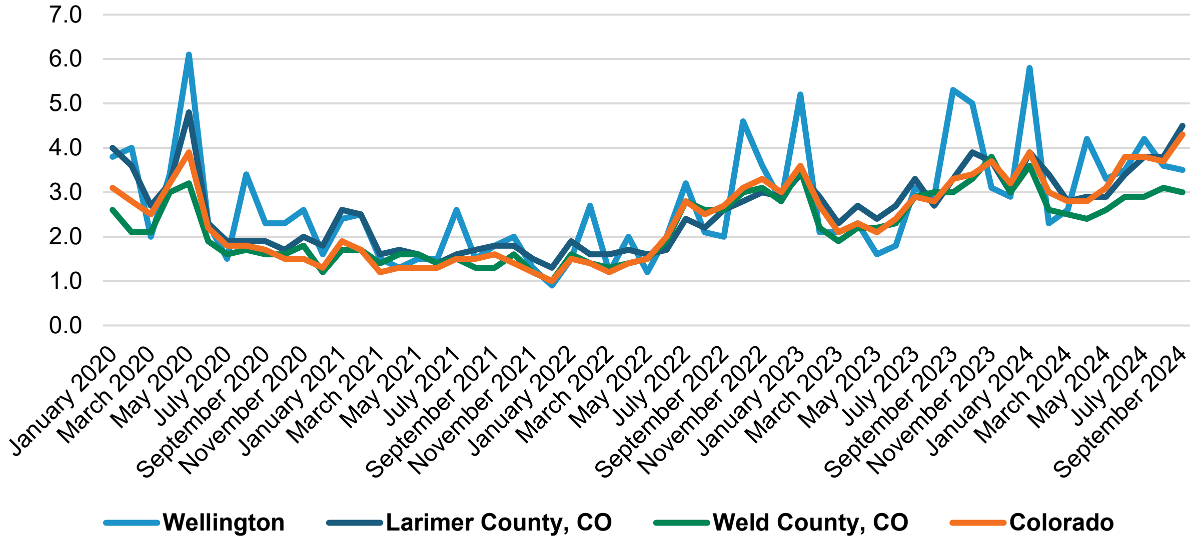
Figure 29. Housing Market Dynamics in Wellington, January 2020-September 2024



Source: Redfin; Matrix Design Group, Inc.

Despite the recent increases in inventory, Wellington's housing market continues to favor sellers. As Figure 30 shows, from January to September 2024, the town averaged 3.6 months of supply. ***This means that assuming sales continued at their previous pace, Wellington's entire inventory was projected to sell out in just over three-and-a-half months, on average, through the first nine months of 2024.*** By comparison, Wellington averaged 2.4 months of supply in 2022 and 3.1 months of supply in 2023. For context, a balanced market is thought to have been five and six months of supply; lower values are indicative of a seller's market, whereas higher values are associated with favorable conditions for buyers. The statewide and Weld County markets have typically been more imbalanced than those of Wellington and Larimer County.

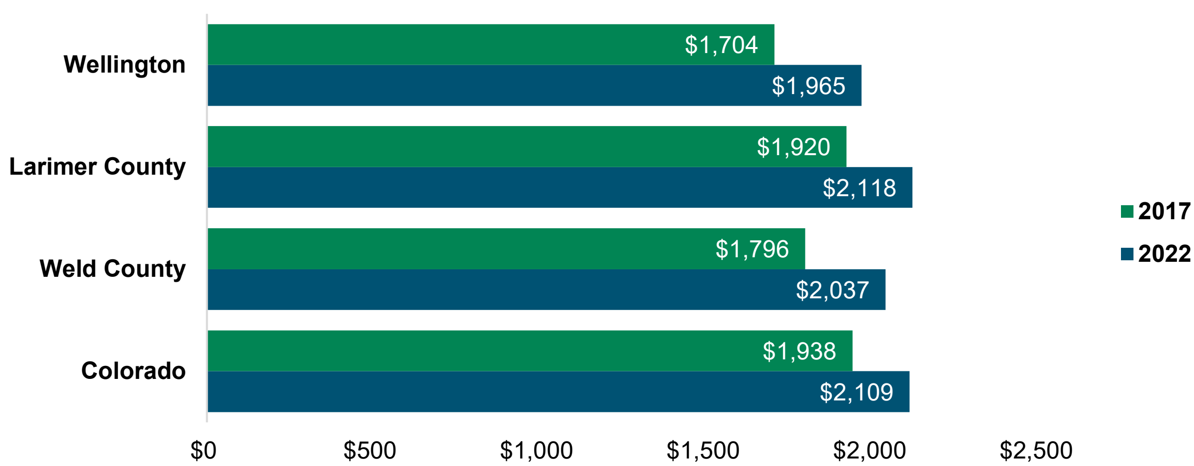
Figure 30. For-Sale Inventory Months of Supply by Region, January 2020-September 2024



Source: Redfin; Matrix Design Group, Inc.

Figure 31 presents estimates of median total monthly owner costs for households with mortgages. Note that the population from which the sample was drawn includes all mortgagor households regardless of purchase date. As such, the values do not reflect what the typical new homeowner in Wellington pays. In 2017, the median mortgagor household's real monthly costs in Wellington totaled $1,704. In addition to the mortgage payment, this sum includes property taxes, utilities and fuels, HOA fees, and other required payments. ***Consistent with the appreciation in home prices that occurred during the intervening period, median total costs reached $1,965 five years later.*** Wellington homeowners have consistently paid less for housing than their counterparts in the broader region. For example, the median homeowner in Larimer County paid $2,118 in total monthly costs in 2022.

Figure 31. Median Monthly Owner Costs for Mortgagor Households, 2017 and 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: The mortgage payment, property taxes, homeowner's insurance, utilities and fuels, HOA fees, and other required payments are factored into monthly owner cost totals.

Figure 32 shows that Wellington homeowners' monthly costs were moderate compared to the broader region. As of 2022, about 72% of homeowners with mortgages paid between $1,500 and $2,499 in total monthly costs. This compared to 49% for Larimer County, 50% for Weld County, and 44% for Colorado. Relatively few Wellington homeowners paid less than $1,500 or more than $3,000 in total costs. Note that the estimates are heavily influenced by the period covered (2018 to 2022); future releases of the ACS will almost certainly show that the share of residents paying $3,000 or more has increased substantially.

Figure 32. Distribution of Monthly Costs for Mortgagor Households by Region, 2022

Monthly costs	Wellington	Larimer County	Weld County	Colorado
Less than $1,500	16.2%	19.7%	22.7%	22.4%
$1,500 to $1,999	37.0%	24.5%	25.6%	23.1%
$2,000 to $2,499	34.5%	24.5%	24.3%	20.8%
$2,500 to $2,999	10.5%	14.7%	14.6%	14.4%
$3,000 to $4,000	0.1%	11.7%	9.6%	13.0%
$4,000 or more	1.7%	4.9%	3.4%	6.4%

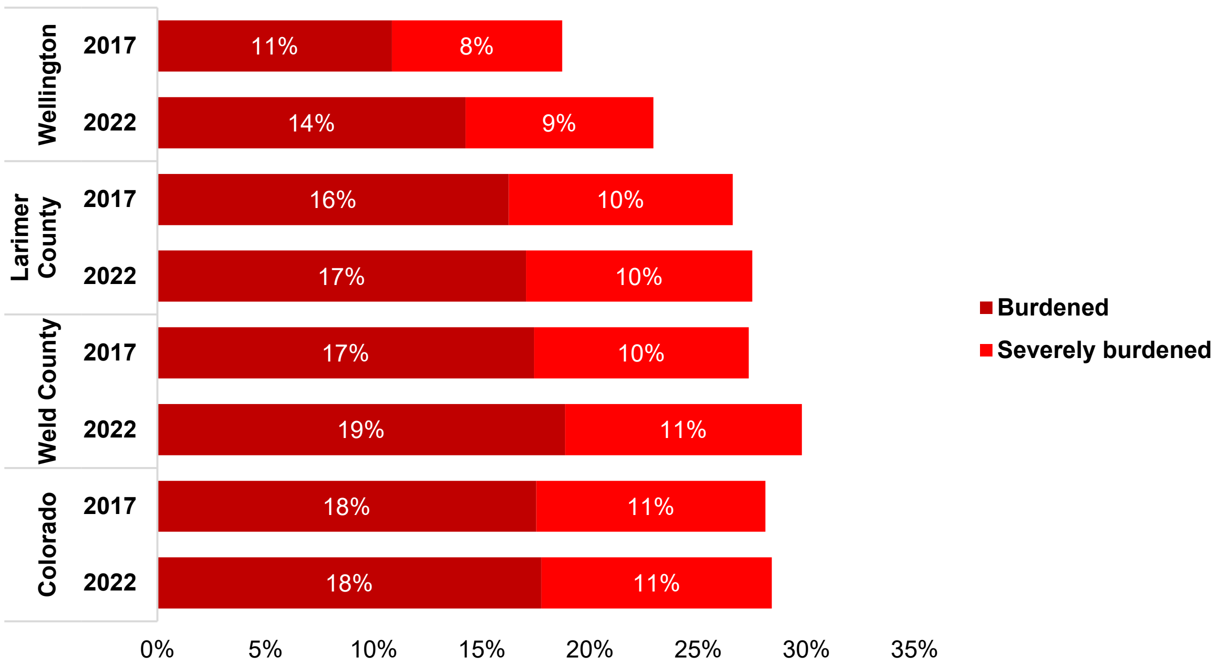
Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: The mortgage payment, property taxes, homeowner's insurance, utilities and fuels, HOA fees, and other required payments are factored into monthly owner cost totals.

Cost-Burdened Homeowners

Reflecting Wellington's rising home prices, the share of mortgagor households who spend at least 30% of gross income on housing—and thus qualify as "burdened" or "severely burdened"—has increased (see Figure 33). ***From 2017 to 2022, the overall cost-burdened rate rose from 19% to 23%.*** The percentage of "severely burdened" homeowners shifted marginally, growing from 8% to 9% of all mortgagor households. As of 2022, Wellington had proportionally fewer cost-burdened homeowners than Larimer County, Weld County, and Colorado. Although these findings appear encouraging when compared to the renter cost-burdened rates, it is important to consider that homeowners are not representative of the general population; rather, homeownership is more attainable for more affluent households. Further, as mentioned above, the fact that the sample includes households who purchased their homes long before the pandemic-related surge in home prices heavily contributes to the relatively low homeowner cost-burdened rate. Accordingly, the findings should not be interpreted to mean that Wellington is widely affordable for prospective homeowners.

Figure 33. Mortgagor Household Cost-Burdened Rate by Region, 2017 and 2022



Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: "Burdened" households spent from 30% to 49.9% of household income on total monthly housing costs, compared to 50% or more for "severely burdened" households.

Housing Needs

Collectively, the analyses featured in this section illustrate current and future gaps in Wellington's housing supply. As of 2022, Wellington's rental market predominantly served households earning from 50% to 120% of that year's AMI (or $55,650 to $133,650), resulting in shortages at the low and high ends of the market. Wellington's owner housing stock was similarly mismatched. Significantly, the overwhelming majority of Wellington's nearly 1,500 owner households with incomes below 50% of AMI would be unable to afford their homes at today's market values. The findings also reveal that a sizeable share of demand for housing is unrealized, or latent, as individuals and families have resorted to shared living arrangements to save on housing costs.

Rental Housing Needs

A housing gap analysis can provide insight into a community's supply-demand dynamics. The customary approach involves, first, sorting households into AMI-based affordability tiers and, second, using the standard 30% housing cost-to-income ratio to determine the number of units in each tier.[5] The difference between these two values represents the housing gap. A negative value denotes a housing shortage, which arises when the number of households exceeds the number of housing units. On the other hand, a positive value denotes a housing surplus, which occurs when a tier has an excess of housing units compared to households. This methodology, developed by Florida Metropolitan University's Jorge M. Pérez Metropolitan Center and refined by Matrix, minimizes assumptions by measuring only the gaps facing existing households.

Housing gaps of zero are unrealistic, in part because price is not the sole determinant of consumer preferences. Nonetheless, communities should strive to minimize them. Housing shortages, in particular, have direct and indirect adverse impacts on residents. At the lower tiers, they increase the likelihood that low-income households will be cost burdened; at the higher tiers, they intensify the level of competition for more moderately priced homes, thus raising prices and straining middle-income households.

The results of the rental housing gap analysis are presented in Table 12. An estimated 98 renter households earned below 30% of AMI (equal to $33,390) in 2022. At this income level, a household could pay, at most, $835 in gross rent without exceeding the 30% affordability threshold. ***Since no units rented out for less than $835 at the time of data collection, the town's estimated Affordable I deficit amounted to 98 units.*** The dynamics were similar at the *Affordable II* tier, which encompasses the 30%-to-50% of AMI range. Forty-one renter households fell into this range, earning from $33,390 to $55,650, but there were no units in the corresponding rent range ($835 to $1,391). ***Instead, Wellington's rental***

[5] The AMI-based income ranges were as follows: $0-$33,390 (Affordable I), $33,390-$55,650 (Affordable II), $55,650-$89,040 (Affordable III), $89,040-$133,560 (Workforce), $133,560-$222,600 (Market Rate), and $222,600+ (Luxury)

market primarily served households earning from 50% to 120% of AMI (or $55,650 to $133,560), as indicated by the combined 404-unit surplus that existed at the Affordable III and Workforce tiers.

Wellington was also home to an estimated 265 renter households who earned 120% of AMI or more. *Market Rate* or *Luxury* housing was suitable for these households, which earned at least $133,560 and could therefore afford rents of $3,339 or higher. As of 2022, Wellington's rental stock did not contain any *Market Rate* or *Luxury* units, resulting in a major shortfall.[6] When there exists a shortage of higher-income units, more affluent households compete intensely with workforce and middle-income households for housing. ***This market pressure causes more moderately priced rentals to become more expensive.***

Table 12. Rental Housing Gaps in Wellington, 2022

Affordability tier	Households	Housing units	Gap
Affordable I (0-30% AMI)	98	0	-98
Affordable II (30-50% AMI)	41	0	-41
Affordable III (50-80% AMI)	129	287	158
Workforce (80-120% AMI)	123	368	246
Market Rate (120-200% AMI)	72	0	-72
Luxury (200%+ AMI)	193	0	-193

Source: Five-Year American Community Survey; Matrix Design Group, Inc.
Note: Affordability tiers based on the 2022 AMI of $111,300 for the Fort Collins, CO MSA. Values in parentheses indicate affordable monthly housing costs for associated tier. Units were deemed affordable if they did not cause households to spend 30% or more of income on gross rent. Due to rounding, *Gap* may not equal difference between *Housing Units* and *Unit Supply*. The *Affordable I*, *II*, and *III* tiers align with HUD's "Extremely Low," "Very Low," and "Low Income" designations.

How is demand for rental housing likely to change in Wellington over the short and long term? According to Table 13, the number of rental households is expected to reach 793 in 2030. By 2035, 884 renter households are anticipated to reside in Wellington. ***The growth will be dispersed across the income spectrum, but given the existing 139-unit shortage at the Affordable I and II levels, it is particularly notable that 29 households with incomes below 50% of AMI are projected to emerge through 2030.*** To meet the total 2030 projected demand for *Affordable I* and *II* rental housing, Wellington requires 168 new units. If, as projected, Wellington adds 19 households at the 0%-to-50% of AMI range in the following five-year period, the total 2035 *Affordable I* and *II* need would be 187 units. Assuming the number of units in each tier remains constant over time, *Market Rate* and *Luxury* shortages are also set to exacerbate.

[6] Future releases of the ACS are likely to show that Wellington's rental stock has become upper-income oriented. As such, it is possible that market forces have since reduced Wellington's *Market Rate* and *Luxury Rate* deficits.

Wellington is projected to be home to 320 households at the 120% of AMI or higher level in 2030. This figure is projected to rise to 357 households by 2035.

Table 13. Projected Rental Housing Demand in Wellington, 2030 and 2035

Affordability tier	2030		2035	
	Households	Change from 2022	Households	Change from 2022
Affordable I (0-30% AMI)	118	20	132	34
Affordable II (30-50% AMI)	50	9	55	14
Affordable III (50-80% AMI)	156	27	174	45
Workforce (80-120% AMI)	149	26	166	43
Market Rate (120-200% AMI)	87	15	97	25
Luxury (200%+ AMI)	233	40	260	67
Total	**793**	**137**	**884**	**228**

Source: Esri; Matrix Design Group, Inc.

Note: Housing demand forecasts were inferred from population projections. Due to rounding, values may not sum to totals.

Owner Housing Needs

Table 14 presents the owner housing gap analysis results. As in the rental housing gap analysis, households were categorized into AMI-based affordability tiers ranging from *Affordable I* to *Luxury*. Housing units were sorted into corresponding categories based on the rule that total monthly owner costs (inclusive of the mortgage, property taxes, HOA fees, utilities, and insurance) should not exceed 30% of household income. Existing homeowners' actual costs were used as the basis of the analysis. Put simply, the gap represents the difference between the number of households and the number of units affordable to them.

Since existing homeowners are commonly locked into fixed-rate mortgages, their housing costs are less responsive to market conditions than renters'. In Wellington, an estimated 96% of homeowners purchased their homes before 2021, when prices and interest rates were lower than current levels. ***Accordingly, Wellington homeowners' monthly costs were overwhelmingly affordable to families with incomes below 120% of AMI ($133,560) as of 2022.*** The monthly costs of 1,594 owned homes (equal to nearly half of the owner housing stock) ranged from $1,391 to $2,226, making them suitable for families earning from 50% to 80% of AMI (or $55,650 to $89,040). However, this tier included just 543 households, leaving a surplus of 1,050 units. Surprisingly, a surplus also existed at the *Affordable I tier*, with the number of households earning less than 30% of AMI exceeding the corresponding number of units by 141. By contrast, shortages existed at the *Affordable II*, *Workforce*, *Market Rate*, and *Luxury* tiers.

Table 14. Existing Homeowner Housing Gaps in Wellington, 2022

Affordability tier	Households	Housing units	Gap
Affordable I (0-30% AMI)	473	614	141
Affordable II (30-50% AMI)	432	256	-176
Affordable III (50-80% AMI)	543	1,594	1,050
Workforce (80-120% AMI)	903	841	-62
Market Rate (120-200% AMI)	398	37	-361
Luxury (200%+ AMI)	595	44	-551

Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: Affordability tiers based on the 2022 AMI of $111,300 for the Fort Collins, CO MSA. Values in parentheses indicate affordable monthly housing costs for associated tier. Units were deemed affordable if they did not cause households to spend 30% or more of income on total ownership costs. Due to rounding, *Gap* may not equal difference between *Housing Units* and *Unit Supply*. The *Affordable I*, *II*, and *III* tiers align with HUD's "Extremely Low," "Very Low," and "Low Income" designations.

Table 15 builds on the previous analysis by modeling a hypothetical scenario in which Wellington homeowners are assumed to have purchased their homes at today's market values. Under this methodology, a home was deemed affordable if its market value represented less than three times a household's gross income. The findings, therefore, illustrate how well Wellington's current market would serve existing homeowners. Compared to the prior table, fewer housing units are categorized into lower tiers; however, the income composition of households is unchanged. ***The results demonstrate that Wellington would have a severe shortage of homes at the below 80% of AMI level if existing homeowners purchased their homes in today's market.*** Specifically, as of 2022, Wellington had 1,448 owner households in this income range, but only 233 homes would have been affordable to them. The combined shortfall would have equaled 1,215 homes. *Workforce* and *Market Rate* units, which are suitable for households earning from $89,040 to $222,600, constitute the bulk of Wellington's stock when homes are categorized according to their market value. At these two tiers, Wellington had 1,679 more units than households. Finally, even under current market conditions, households at the 200% of AMI or higher level would outnumber *Luxury* homes, thus intensifying the level of competition for *Market Rate* units. ***In sum, a significant share of existing homeowners would be priced out of the current market, and unless home prices fall markedly, the income composition of Wellington's households is set to shift dramatically in the coming years.***

Provided home prices continue to rise, Wellington's socioeconomic makeup is likely to continue evolving.

Table 15. Market Value-Based Owner Housing Gaps in Wellington, 2022

Affordability tier	Households	Housing units	Gap
Affordable I (0-30% AMI)	473	121	-352
Affordable II (30-50% AMI)	432	65	-367
Affordable III (50-80% AMI)	543	47	-496
Workforce (80-120% AMI)	903	1,304	401
Market Rate (120-200% AMI)	398	1,676	1,278
Luxury (200%+ AMI)	595	172	-423

Source: Five-Year American Community Survey; Matrix Design Group, Inc.
Note: Affordability tiers based on the 2022 AMI of $111,300 for the Fort Collins, CO MSA. Values in parentheses indicate affordable monthly housing costs for associated tier. Units whose values did not exceed three times household income were deemed affordable. Due to rounding, *Gap* may not equal difference between *Housing Units* and *Unit Supply*. The *Affordable I*, *II*, and *III* tiers align with HUD's "Extremely Low," "Very Low," and "Low Income" designations.

Naturally, as Wellington grows, so will demand for owner housing. By 2030, 4,049 owner households are projected to reside in Wellington, an over 700-household increase from 2022. A plurality of these new households are projected to earn from 80% to 120% of AMI, but consistent with recent trends, Wellington is expected to continue attracting families from across the income spectrum. Notably, over 120 new homeowners are projected to earn 200% of AMI or more. Many of these homeowners will be forced to opt for *Market Rate* housing given Wellington's shortage of *Luxury* homes. Wellington is projected to continue growing through at least 2035, when it will have an estimated 4,517 owner households. ***To accommodate this anticipated growth, over 1,100 additional units would be required.***

Table 16. Projected Owner Housing Demand in Wellington, 2030 and 2035

Affordability tier	2030		2035	
	Households	Change from 2022	Households	Change from 2022
Affordable I (0-30% AMI)	573	100	639	166
Affordable II (30-50% AMI)	523	91	584	152
Affordable III (50-80% AMI)	658	115	733	190
Workforce (80-120% AMI)	1,093	190	1,220	317
Market Rate (120-200% AMI)	482	84	538	140
Luxury (200%+ AMI)	721	126	804	209
Total	**4,049**	**705**	**4,517**	**1,173**

Source: Esri; Matrix Design Group, Inc.

Note: Housing demand forecasts inferred from population projections. Due to rounding, values may not sum to totals. The *Affordable I*, *II*, and *III* tiers align with HUD's "Extremely Low," "Very Low," and "Low Income" designations.

Latent Demand

According to the 2022 ACS, there were 41 fewer total households than housing units in Wellington, seemingly suggesting that supply outstripped demand. However, a portion of the demand for housing is unrealized, or latent. ***Indeed, rising housing costs tend to suppress household formation and encourage shared living arrangements.*** Common examples include adult children staying with parents, families "doubling up" on housing, and roommates cohabiting. These arrangements artificially reduce the number of independent households. To estimate a community's number of latent households, one can calculate the additional households that would form if the market operated at its natural vacancy rate (NVR), defined as the point at which supply and demand at are equilibrium. Under balanced market conditions, upward price pressures are less likely to significantly discourage household formation, although affordability challenges may still exist for certain demographics.

Assuming that Wellington's NVR lies somewhere between five and eight percent, it likely had between 170 and 307 latent households as of 2022. This means that as much as seven percent of total housing demand in Wellington could be unrealized. Considering that the town had 4,041 housing units, it required between 129 and 266 additional units to meet the needs of actual and latent households. To fulfill this need, the bulk of the additional units would have had to be targeted at the below 80% of AMI level, since latent households are disproportionately low income. Recall that the housing gap analyses presented in Tables 12, 14, and 15 accounted for only realized demand; as such, the observed shortages, especially at the lower tiers, should be interpreted as conservative estimates.

Table 17. Latent Housing Demand in Wellington, 2022

Variable	Value
Latent households	
Low	170
Medium	237
High	307
Actual households	4,000
Total housing units	4,041
Gap	
Low	-129
Medium	-196
High	-266

Source: Five-Year American Community Survey; Matrix Design Group, Inc.

Note: “Low,” “medium,” and high values reflect conditions under a 5%, 6.5%, and 8% natural vacancy rate.

Matrix