Fort Carson Regional Growth Plan Housing Forum
December 4, 2009; 10:00 am – 12:00 pm
Pikes Peak Area Council of Governments (PPACG)
15 South 7th Street, Colorado Springs, CO 80905

Attendees:

Heidi Aggeler, BBC Research & Consulting (BBC)
Sonya Anyanwu, ERA Shields
Carmen Azzopardi, Griffis/Blessing Real Estate
Ralph Braden,
Mark Bussone, Capital Pacific/HBA
Robert Carr, Weidner Properties
Kelley Crance-Agnew, Village at West Meadow
Lauriza Dishion, Griffis Blessing
Michelle Grove-Reiland, HBA
Kate Hatten, PPACG
Bill Howard, PlanWest
Bill Hurt, ERA Shields
John Kisiel, HBA
Rebecca Knight-Slovic, Weidner Properties
Bob Koenig, Rocky Mountain Community Land Trust
Megan Lane, GBSM
Mark Long, Vanguard Homes
Bruce Martin, Aspen View Homes
Darlene Molnar, Riverstone Residential
Amy Moore, Holland Residential/AASC
Andy Mountain, GBSM
Bob Newborn, Broker Global Realty USA
Marla Novak, HBA
Joslin Palmer
Dean Quaranta, Fort Carson Housing
Tim Reida, Pinnacle
Michele Reiland, HBA
Laura Russmann, Apartment Association of Southern Colorado
Carl Schuler, City of Colorado Springs
Dave Smedsrud, City of Fountain
Frank Stampf, Partners in Housing
Rachel Thompson, BBC
Sarah White, PPACG
Matti Yazzie, Village at West Meadow
Renee Zentz, HBA

Presentation of the Fort Carson Regional Growth Plan Housing Model

Heidi Aggeler gave an overview of the material provided to the attendees (attached), including Soldier Equivalent Income and Affordability index according to pay grade, Soldier/family population numbers from 4Q 2007 through 3Q 2013 and a hard copy of the PowerPoint presentation. A PDF version of the presentation can be found on PPACG's website at http://www.ppacg.org/military-impact/fort-carson-regional-growth-plan-intro/meetings/578-housing.

Ms. Aggeler provided an overview of the Fort Carson Regional Growth Model, which includes much greater detail regarding Soldier and family demographics, as well as the housing model, assumptions, and findings. The growth model and housing component are based on a variety of Fort Carson-specific, regional, state and national data, as well as 4ID Soldier and family surveys. Some of the key assumptions and findings include the following:

- Approximately 80% of Soldiers' families will stay in the region during deployments.

- Barracks construction at Fort Carson will absorb all E1-E5 unaccompanied Soldiers, who are required to live on-post.
- The median credit score of households living in central Colorado Springs and Fountain Valley (areas most populated by Fort Carson Soldiers and their families) is 672, which is on lower end of the nationwide median score according to FICO.
- The average consumer debt among Soldiers is $600 to $1,000, which is fairly high.
- About 50% of the spouses are expected to work full-time or part-time. This may be because there is too much uncertainty in the employment market and more competition in the area than compared to other areas families are moving from.
- Approximately 50% of accompanied Soldiers (spouse/dependents) and 65% of unaccompanied Soldiers are expected to rent single family homes. This is in part because many unaccompanied Soldiers have roommates.
- BBC assumes that mortgage terms will be based on a 30 year fixed conventional loan, 5% down payment with a 5.5% interest rate.
- There is a strong preference for single family detached houses. If preferences stay the same, the market could get tight.
- Overall, the inventory for new and resale homes is OK, but there may be a bit of a shortage for new homes in the early quarters in 2010.

Break-Out Sessions

The groups divided into two smaller groups, one for the rental market and the other for the home buyers market. The groups then discussed their reactions to the on/off-post housing projections, location preferences, projections of rental vacancy rates, interest rates and other assumptions.

The groups' comments are stated below:

<u>BUYERS MARKET</u>

- The assumption that all E1-E5 live on post is too aggressive. About 10% of these Soldiers maintain a second residence off-post as the primary residence.
- The rental/buyer assumptions seem accurate.
- The model should be adjusted to assume Soldiers put nothing down on their purchases, not 5%. Most Soldiers are using a VA loan that requires no money down.
- Real affordability should be defined as the Soldier's BAH. Soldiers generally do not want to use their income on top of their BAH to cover housing expenses.
- Actual affordability seems low. Soldiers can qualify for higher mortgages, but most prefer to stay within their BAH.
- Deployments do not influence purchase trends as much as rental markets, but Soldiers do tend to want to complete purchases either just before deployments or during stints home in order to have somewhere safe and comfortable for their family to live.

- A bigger factor than deployments that influences home buying is uncertainty about Army decisions regarding unit relocations. Soldiers worry more that their unit will be relocated and they won't be able to sell their home.
- As higher quality housing is available on-post, fewer Soldiers want to live off-post.
- Breaking down results by Soldier rank would be very helpful to the real-estate community.
- The home buyer tax credit that expires in April is likely to provide a short-term jump in sales, but have no long-term impact.
- The assumptions about home sales in Q2 and Q3 of this year seem high.
- It seems Soldiers either have very good credit (about 60% and mostly higher ranks) or very bad credit (about 40% and mostly lower ranks).

RENTERS MARKET

Projections:

- Most on- and off-post projections on renters seem about right.
- Some of the projections seemed high and should be re-evaluated:
  - 65% of renters in single-family rental units: It seems like more Soldiers are living in multi-family units.
  - 80% of spouses stay behind after Soldiers deploy: It seems that spouses often relocate after a deployment, unless their children are already enrolled in school; therefore, the ages of children may affect propensity to leave/remain in region during deployments.
  - 86% of rental increase attributed to Fort Carson: A number of other factors are contributing to the increase, including several corporate relocations to the region.
- Overall trend of vacancy rates seems right: There are vacancy peaks with deployments, but overall vacancy rates seem to be going down over time.

Location Preferences:

- Proximity to the post is a big priority. There is a high preference for units on the south end of town near the installation. (Example: The apartments immediately outside Gate 3 are at 100% capacity and all attributed to Fort Carson.)
- As the areas near the installation fill up, people will move farther north - toward central and northern Colorado Springs.
- The preference for the southern end of Colorado Springs may have made lease rates more expensive, so some are opting to live farther away from the post to save money.
- It appears that higher-ranking officers prefer to live farther away from the installation.

Affordability:

- Affordability does not seem to be an issue. BAH seems to cover monthly rent for most, oftentimes with money left over.
- Soldiers are not likely to rent units with a rent that's beyond their BAH.

Other:

- The rental market is seeing a lot of roommate situations for single Soldiers.
- Soldiers will oftentimes break their lease agreement, either for deployment or a number of other reasons.

Next Steps

Housing Partnership Group meeting is scheduled for February 2, 2010 at 3:00 pm. BBC will have draft products to share with the attendees.

PPACG will provide information from the forum on its website.