Colorado's Housing Affordability Crisis 2025

Mile High United Way

A Mile High United Way Report in Partnership with BuildStrong Foundation and McKinsey & Company

Colorado's affordable housing crisis is real — but progress is possible

This report was co-authored by the BuildStrong Foundation. It is based on analyses conducted by McKinsey & Company with the support of Gary Community Ventures and Housing Colorado, as well as input from multiple community stakeholders across Colorado's housing continuum.

Multiple recent reports have highlighted the growing challenge of housing affordability in Colorado — a state-wide issue impacting individuals of all incomes. In 2023, Colorado was ranked 41st out of all 50 states in affordability by US News & World Report[1], lower than neighboring states Wyoming (19th), Utah (27th), and Arizona (36th). In October 2024, Pew Research's 'A look at the state of affordable housing in the U.S.' indicated that Colorado was one of only 12 states where more than 50% of renters were considered "cost burdened" (i.e., the household spends more than 30% of its income on rent)[2], and according to Zillow's Home Values Index, as of February 2025, Colorado had the 6th highest median single-family home price ($558,600) of all 50 states[3].

In recent years, Colorado has introduced several pieces of legislation and voter initiatives in an effort to address these housing challenges. Just a few examples include the following:

- Proposition 22-123, which allocates a portion of income tax revenue to fund local affordable housing efforts
- House Bill 24-1152, which aims to make it easier for Coloradans to build accessory dwelling units (ADUs)
- Senate Bill 25-006, which allows the State Treasurer to invest $50 million in state-backed low-interest bonds to support affordable homeownership
- Senate Bill 25-002, which directs the State Housing Board to coordinate regional codes for modular and factory-built housing by July 2026
- House Bill 25-1272, which offers condo developers liability protections in an effort to increase middle-income housing in metro areas.

While this legislation represents progress, factors such as the rising cost of construction continues to complicate efforts to expand affordable housing across the state.

This report is divided into three sections. It first analyzes the current state of housing in Colorado, exploring housing cost burden across the state, the availability and affordability of

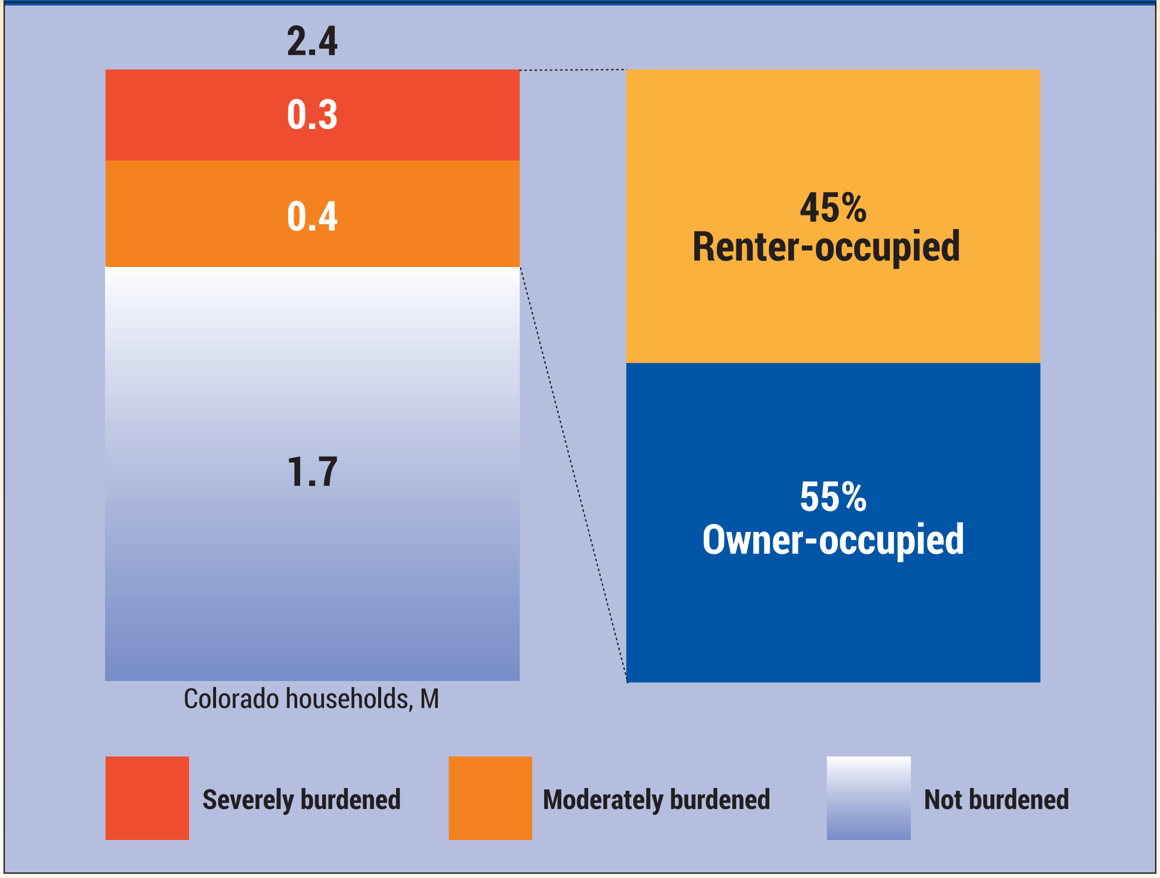
1 Source: US News (https://www.usnews.com/news/best-states/colorado)
2 Source: Pew Research (https://www.pewresearch.org/short-reads/2024/10/25/a-look-at-the-state-of-affordable-housing-in-the-us/)
3 Source: Zillow (https://www.zillow.com/home-values/102001/united-states/)

housing units for different income levels, and the projected housing supply and demand at current development rates. Second, we detail the key issues that restrict the state's ability to build housing more efficiently, especially units for households that earn less than 50% of the area median income. Finally, we discuss a subset of potential solutions that could expedite and/or lower the cost of building affordable housing across the state, and how public-private collaboration could coordinate efforts and drive change.

Colorado's housing affordability challenge

Housing cost burden driven by rental and mortgage payments affects over 760,000 households in Colorado, accounting for nearly 33% of all households in the state (see Exhibit 1). Notably, 51% of renters in Colorado are cost burdened. Furthermore, despite the perceived security of homeownership, 21% of all homeowners statewide are cost burdened, a figure that rises to 31% if we consider only homeowners with current mortgage payments. This financial strain is experienced among all demographic groups but disproportionately affects historically disadvantaged communities as 40–50% of American Indian or Alaskan Native and Black/African American households are cost burdened.

Exhibit 1: Cost burdened[4] households in Colorado, broken down by ownership type[5,6]



4 A household is moderately cost burdened if they spend more than 30% of their income on housing, and severely cost burdened if they spend more than 50% of their income on housing

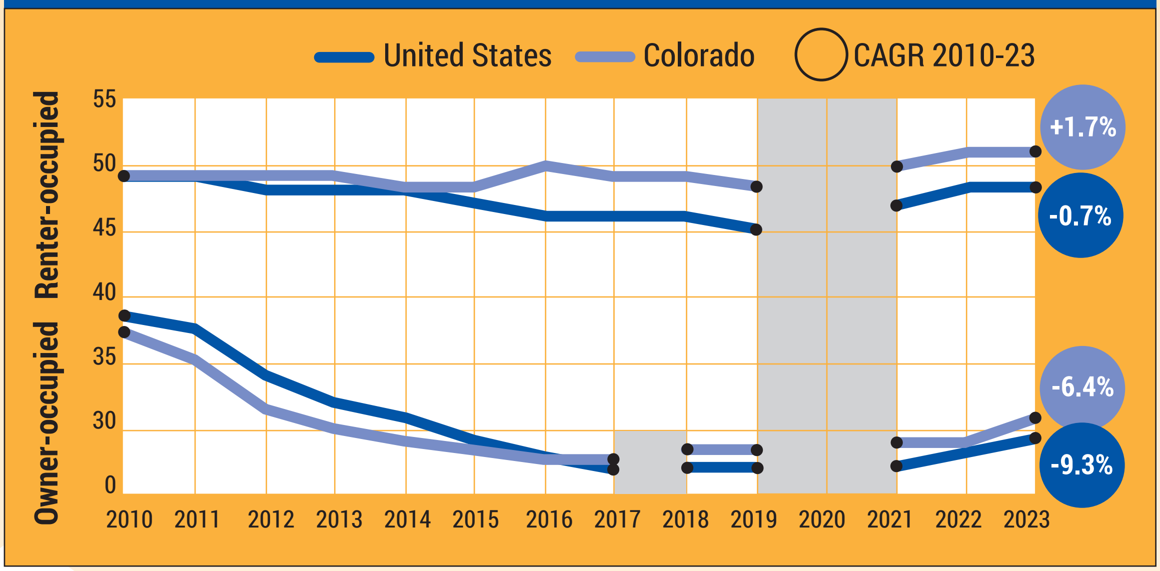
5 Ownership cost-burden estimates includes units with a mortgage only; for purposes of this analysis, owner-occupied units without a mortgage are considered to be not cost burdened

6 Source: US Census Bureau American Community Survey 2023 1-year estimates. Custom data extract and analysis created using IPUMS USA, University of Minnesota, www.IPUMS.org

The challenge of housing affordability in Colorado is not a new phenomenon. Since 2010, the percentage of cost burdened renter households has remained somewhat consistent each year at roughly 50%. In terms of homeownership, the state has seen some improvement with the percentage of cost burdened owner-occupied households falling from 37% in 2010 to 28% by 2019, coinciding with a prolonged period of low interest rates before the onset of higher interest rates following the COVID-19 pandemic.

To further analyze housing cost burden, Colorado's statewide housing shortage can be broken down into two segments: the burden experienced by renters, and the burden experienced by homeowners.

Exhibit 2: Percent of cost burdened households by ownership type, US vs. Colorado 2010–23[7,8,9,10,11]



An issue of supply — available rental units do not match household purchasing power

The current distribution of rental options in Colorado does not provide enough affordable housing opportunities to households that are below 50% Area Median Income (AMI). Most extremely low- and very low-income renter households occupy units that are not affordable to them, with 75% and 68%, respectively, living in housing priced at levels more suitable for higher income brackets (see Exhibit 3). This situation can be attributed to the lack of rental units that are affordable and available[12] at their income bands, leading them to rent more expensive options. For example, nearly 130,000 extremely low-income households pay rental costs that exceed 30% of their income (see Exhibit 4). These households would require monthly payments of less than $670 to not be considered cost burdened.

7 No data available for owner-occupied in 2018 and 2020; no data available for renter-occupied in 2020

8 Costs considered include: the contract rent plus the estimated average monthly cost of utilities and fuels, if these are paid by the renter

9 Ownership cost-burden estimates includes units with a mortgage only; for purposes of this analysis, owner-occupied units without a mortgage are excluded; costs considered include: the sum of payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property; real estate taxes; fire, hazard, and flood insurance; utilities (electric, gas, water, and sewer); and fuels (such as oil, coal, kerosene, or wood), and monthly condominium fees or mobile home costs

10 CAGR = Compounded Annual Growth Rate

11 Source: US Census Bureau ACS 2010-2023 1-Year Estimates

12 "Affordable and available" refers to units costing <30% of a household's income and either vacant or not occupied by households of a higher income band, as defined by the National Low Income Housing Coalition

Exhibit 3: Occupation of rental categories by income group, % of households in 2022[13,14]

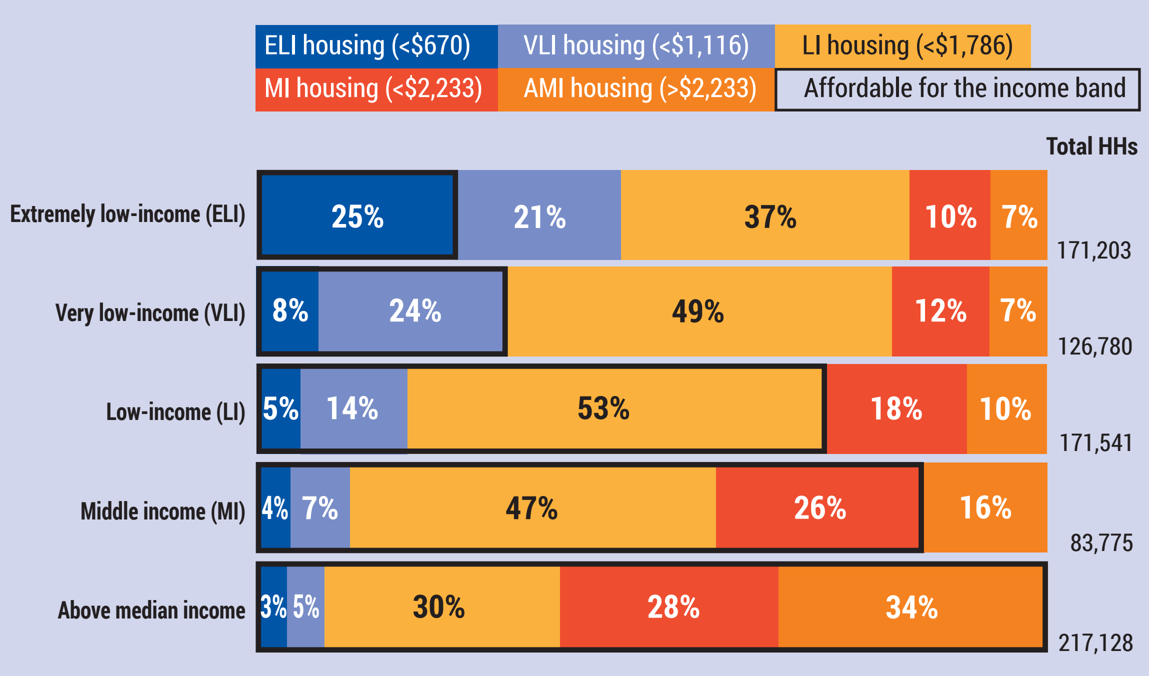
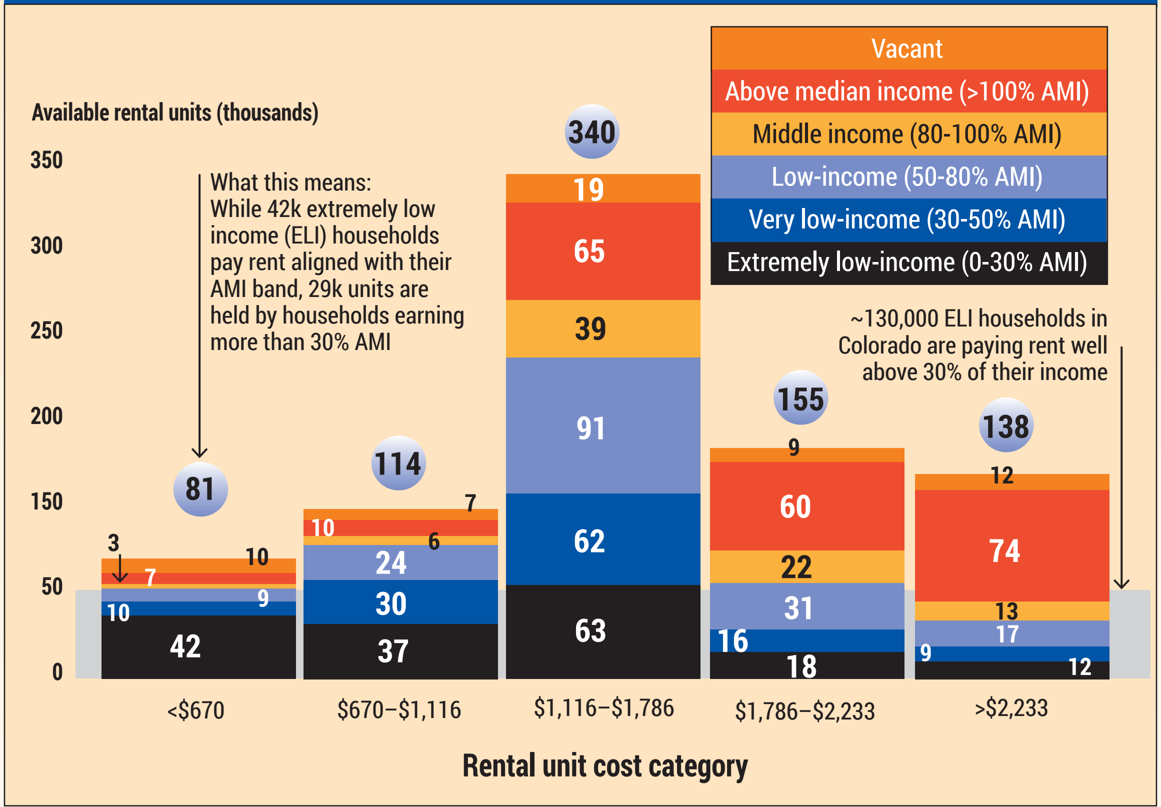


Exhibit 4: Distribution of Colorado households by income bands and rental unit cost category, as of 2022[15]



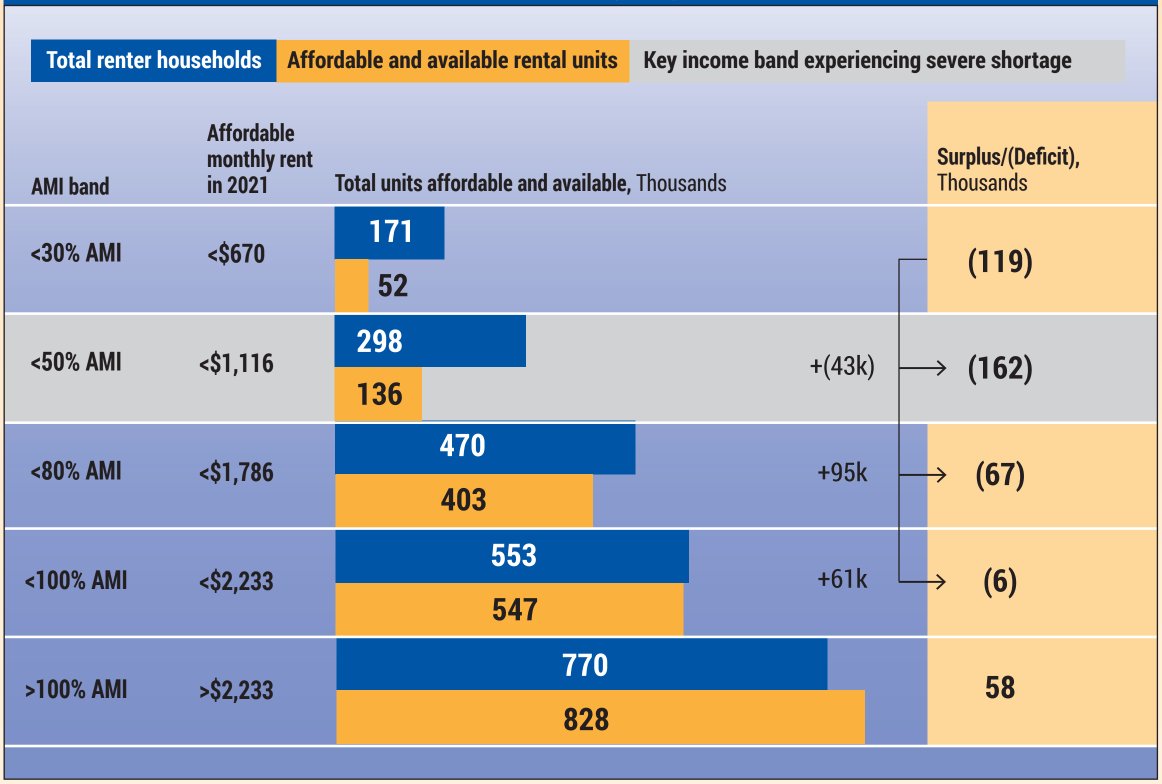
13 Per benchmarks by the US Department of Housing and Urban Development, "affordable" indicates that housing costs are 30% or less of gross household income

14 Source: US Census Bureau American Community Survey 2022 5-year estimates

15 Source: US Census Bureau American Community Survey 2022 5-year estimates

Overall, the state is facing a housing shortfall of 162,000 rental units priced below $1,100 per month (see Exhibit 5). Although the shortfall is not as severe when considering all households earning up to the area median income, supply remains insufficient to meet demand. This can be attributed to the extremely low- and very low-income households who, priced out of units affordable to their income band, must occupy units that would have been affordable and available to income bands earning closer to median income if not for the existing shortfall. For households earning above the area median income, the supply of rental units exceeds demand, as evidenced by a surplus of 58,000 units.

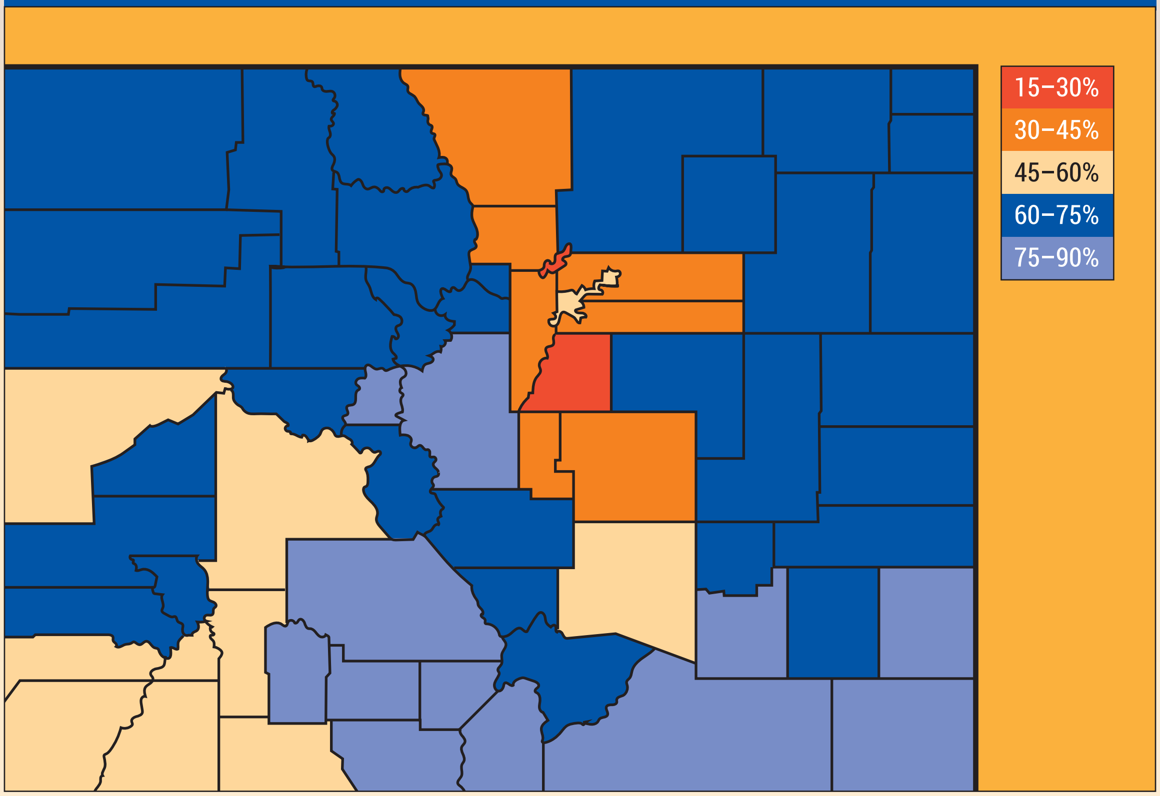
Exhibit 5: Affordable and available rental units by area median income (AMI), 2022[16,17,18]



When examining individual counties across Colorado, the shortage of housing options that are affordable and available to households earning less than 50% AMI is particularly severe in the state's metropolitan areas (see Exhibit 6). Douglas and Broomfield Counties are the most affected, with only 26% and 29% of households earning 0–50% AMI residing in affordable and available housing, respectively. Southwest urban counties known for their natural beauty and economic stability, such as La Plata and Montezuma Counties, also face significant challenges, with 43% of households earning 0–50% AMI not residing in affordable and available housing. In contrast, Park County and several rural communities in southern Colorado, such as Mineral, Alamosa, and Saguache, have more than 75% of their extremely low- and very low-income households residing in housing that is affordable to their income bands.

16 Household area median income thresholds determined by reported income for households from US Census Bureau ACS 2022 5-Yr Estimates
17 Per month rent where "affordable" payment is calculated as 30% of the monthly median household income for each income segment in Colorado
18 Source: National Low Income Housing Coalition GAP Report 2023, US Census Bureau American Community Survey 2022 5-year estimates

Exhibit 6: Percentage of households in the 0–50% AMI band that live in affordable and available units, % [19]



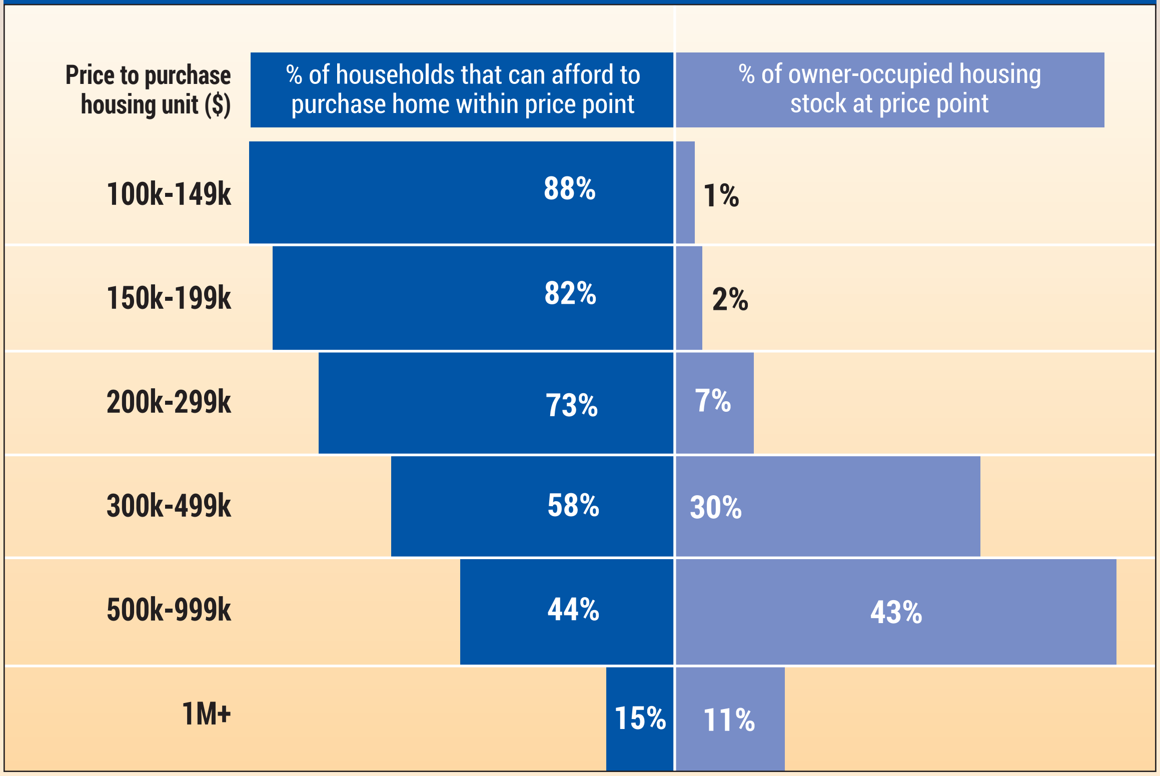
An issue of supply — barriers to homeownership

Regarding homeownership, Colorado faces a shortfall of 80,000 owner-occupied properties priced between $150,000 and $500,000[20]. While 56% of households are unable to afford a house priced above $500,000, only 40% of the housing stock is priced below $500,000 (see Exhibit 7). As a result, many households within this mortgage capacity are compelled to either seek homeownership assistance or rent. This situation exacerbates the burden on low-income renters, as aspiring homeowners unable to find properties within their mortgage capacity increase competition for the same rental properties, thereby worsening the rental unit shortfall.

19 Source: US Census Bureau American Community Survey 2022 5-year estimates

20 There are 714,068 households that own or aspire to own a house, and 633,600 houses occupied by owners priced between $150,000-$500,000. It is assumed that the total housing stock should match the current number of homeowners among all households (66%) plus the number of aspiring homeowners among all households (13%)

Exhibit 7: % of Households that can afford a home by unit price point[21] vs. housing stock available at the same unit price point[22]



Notably, the impact on key workers — defined as individuals in professions who provide essential societal services across healthcare, education, public welfare, or safety — is significant. This group includes PK–12 teachers, registered nurses, social workers, firefighters, and paramedics. Despite their vital contributions, these professions typically earn wages below the median for their area, yet high enough to make them ineligible for many units dedicated to lower-income individuals (see Exhibit 8).

Due to the shortfall in affordable properties, many of these households earning 50–80% AMI are forced to allocate a larger portion of their income to housing or incur higher commuting costs — in terms of both time and money — by living farther from their workplaces. This situation often forces difficult tradeoffs between essential expenditures such as housing, food, healthcare, childcare, education, and savings.

The repercussions extend beyond individual workers to society at large. For instance, Eagle County School District was struggling to hire a sufficient number of teachers due to high housing costs, so it began building housing units specifically for educators, like Miller Flats Apartments. As Eagle County School District (ECSD) Superintendent Phil Qualman stated, "We realized there is no way to recruit and retain enough teachers in our school district if we don't solve affordable housing."

21 Mortgage capacity is determined under the following parameters: a 30-year, 6.9% fixed-rate mortgage, households spend no more than 30% of their house hold income on payments, and households are buying as much house as they can afford under that 30% threshold. Capacity does not include down payments, home insurance and property taxes

22 Source: Common Sense Institute Colorado Report (Housing Mismatch: Mortgage Capacity vs Home Prices)

Exhibit 8: Colorado key worker employment and median wages[23,24,25,26,27]

Key workers: education, healthcare, and first responders

	Selected occupations	Employment supply 000 FTE	Annual median wage, $k
Top ten occupations in Colorado	Retail Salespersons and Cashiers	130	35
	Fast Food and Counter Workers, Waiters and Waitresses	122	34
	Stockers and Order Fillers	55	39
	Registered Nurses	53	87
	Customer Service Representatives	47	44
	Business Operations Specialists, All Other	47	83
	Software Developers	45	135
	General and Operations Managers	45	126
	Health and Personal Care Aides	41	36
Essential worker groups	Elementary and Middle School Teachers, Except Special Education	38	62
	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	37	36
	Police and Sheriff's Patrol Officers	10	88
	Child, Family, School, and Healthcare Social Workers	11	63
	Firefighters	6	73
	Paramedics	2	62

50–80% AMI Median

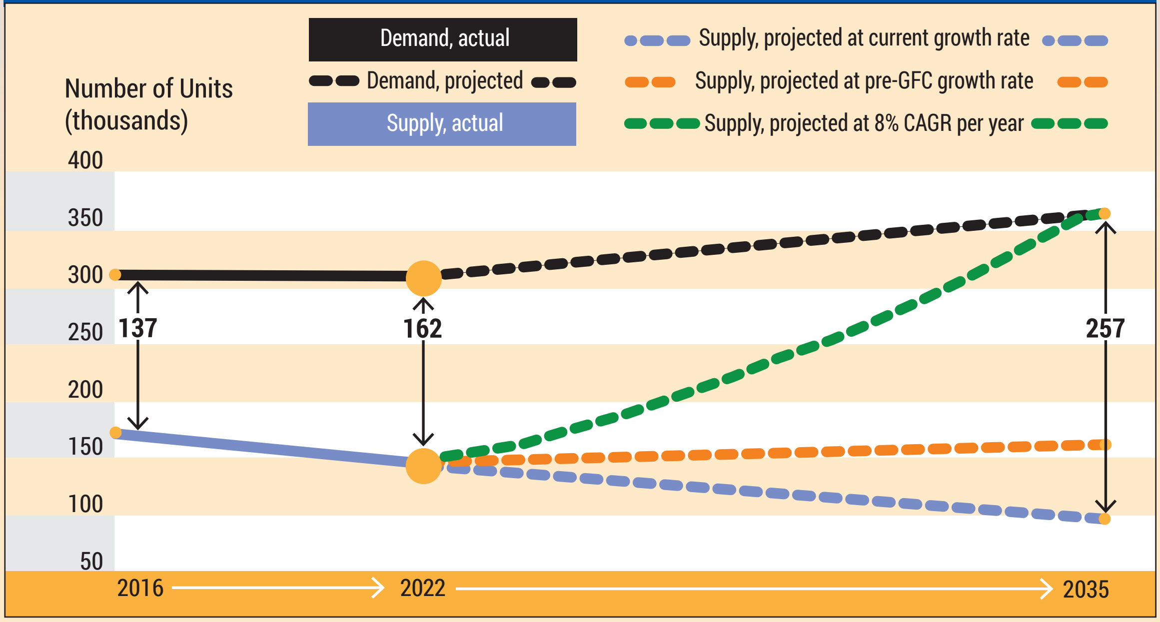
What is needed to bridge the gap in Colorado's housing supply and projected demand

At the current rate of building, the gap between housing supply and demand will continue to grow as population growth — and consequently housing demand — is expected to increasingly outpace the rate of new affordable housing construction. This means the shortage of rental units priced below $1,100 per month could rise from the current 162,000-unit shortfall to a 257,000-unit shortfall by 2035 (see Exhibit 9). Similarly, homeownership is not expected to become more attainable at the current rate of development.

Currently, Colorado builders are constructing fewer rental units for households earning less than 50% AMI, with the annual supply of affordable rental housing for this income band decreasing by nearly 3% each year. This decline is likely driven by several factors, including rising costs of construction materials, labor, land, and insurance. To bridge the entire housing gap by 2035, Colorado would need to increase the construction of affordable rental units at a compounded annual growth rate of 8% — a pace that would require the interventions of multiple interested parties to become attainable.

23 Includes top-10 occupations in Colorado and other occupations providing services such as education, healthcare, or first responders
24 Preschool teachers have a lower annual median wage (~$45k) than the rest of the teacher occupations ($60-65K)
25 Except Maids and Housekeeping Cleaners
26 Selected by Mile High United Way based on occupations that provide an essential services to the community
27 Source: U.S. Bureau of Labor Statistics

Exhibit 9: Projected supply and demand for rental housing that is affordable to 0–50% AMI band through 2035, '000s housing units[28,29,30]



Challenges to building affordable housing

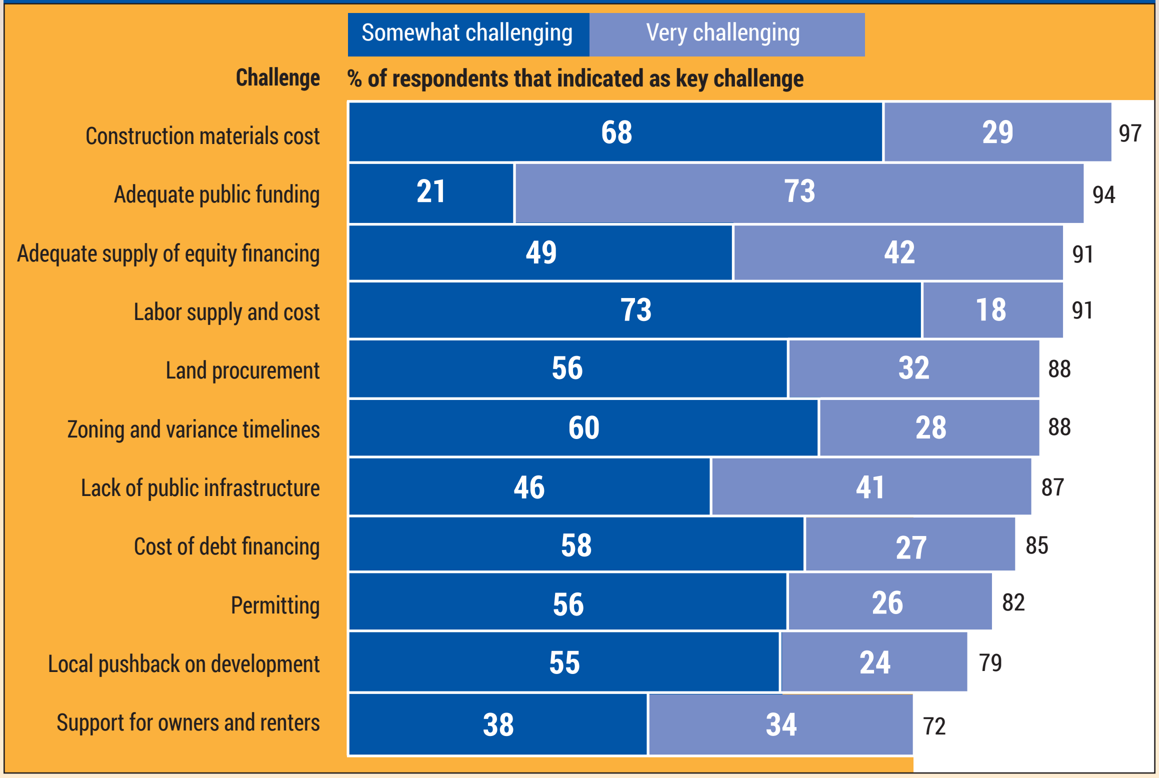
Given the significant and increasing shortage of affordable housing, why isn't the market addressing the challenges more rapidly? In collaboration with Housing Colorado, over 200 stakeholders across the public, private and social sectors who work in different parts of the Colorado affordable housing value chain were surveyed to understand the biggest barriers in the development of affordable housing. Respondents identified a multitude of challenges, with construction materials cost, adequate public funding and equity financing, and labor supply noted as the largest obstacles to being able to increase the supply of affordable housing across the state.

28 Demand is based on population growth projections from DOLA State Demography Office

29 GFC = Global Financial Crisis of 2007-2008. Pre-GFC growth rate assumed as the average annual housing starts growth rate in the five years (2002-2007) preceding the Global Financial Crisis

30 Source: Federal Reserve Bank of St. Louis, DOLA State Demography Office, National Low Income Housing Coalition, National Association of Home Builders, US Census Bureau American Community Survey 2016 & 2022 5-year estimates

Exhibit 10: Key challenges preventing improved supply of affordable housing, December 2024 survey results, N=212[31,32]



These results highlight the multi-faceted nature of the problem, with challenges that require action from multiple stakeholders to address. This suggests a clear need for coordination within the sector to ensure that issues are tackled in unison.

Identifying priority solutions and their potential impact

Increasing housing supply presents numerous challenges; however, identifying interventions that reduce construction costs and timelines could facilitate more efficient production of residential units statewide. Although additional public funding is frequently proposed as a solution to the housing shortage, these resources are often finite or limited and continued increases in cost will limit their long-term effectiveness. Sustainable solutions must therefore focus on reducing construction costs and identifying new and innovative ways to finance housing development.

We analyzed over 40 potential affordable housing solutions, ultimately narrowing our focus to six solution categories that stood out across sectors. These included improved loan terms, increased labor supply, subsidies to support middle income housing and homeownership, regulatory and legislation reform, and more. While many other solutions can and should be considered, we prioritized areas where cross-sector collaboration could drive meaningful impact in closing the housing gap.

31 Percentage of survey respondents ranking each challenge in terms of difficulty 1st or 2nd ("Very challenging") or 3rd through 6th ("Somewhat challenging")

32 Source: MHUW & Housing Colorado, Colorado housing affordability survey (Dec 2024, N=212)

Each solution was analyzed by engaging domain experts and collecting public data to better understand the problem it addresses, measure its impact on the housing landscape, determine potential initiatives, and outline the key next steps. The rest of this section outlines each of the solutions and their potential impact on Colorado.

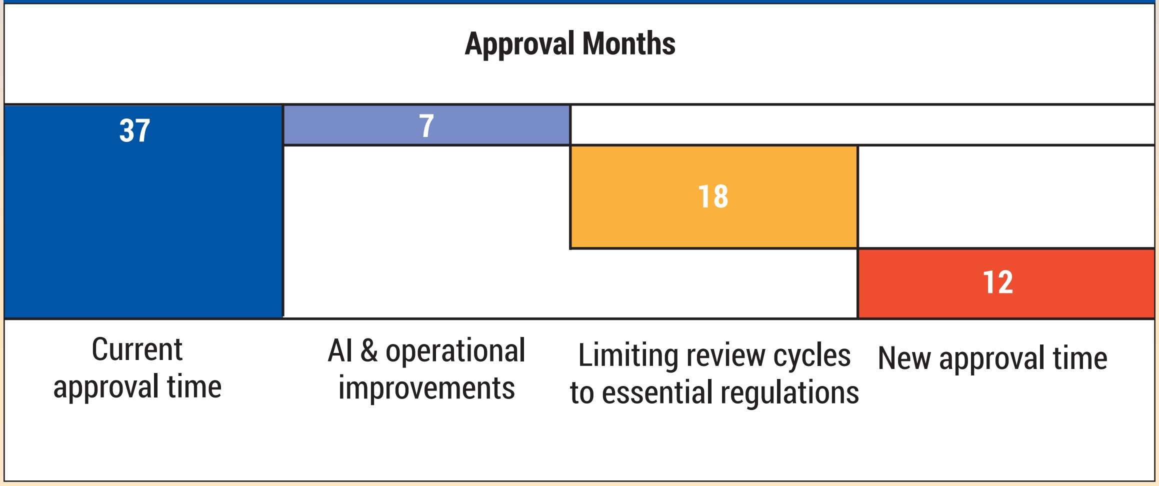
Solution 1: Improving plan review and permitting speeds

Delays in construction plan approvals and permitting contribute to higher land holding costs, which ultimately increase overall project expenses. Streamlining these processes can significantly reduce pre-construction costs, making development more efficient and housing units more affordable. AI-driven automation and operational improvements in the plan review and permitting process as well as limiting the number of feedback rounds necessary for entitlement and permit approvals can help to improve overall speeds.

An analysis of Denver County's publicly available 2024 concept review, site development plan (SDP), and building permit data revealed significant delays in the review process — 180 days for concept review, 846 days for formal SDP, and 73 days for permit application. Discussions with AI and digital experts identified automation opportunities, particularly in the initial review phases, where AI-powered tools like application assistance could cut processing times by up to 80%. Additionally, limiting feedback rounds by reducing the number of non-regulatory comments — reducing concept review cycles to 2 (from 2.3) and formal SDP cycles to 4 (from 6.5) — could further streamline approvals. These initiatives together could reduce the total review and permitting timeline in Denver from 37 months to 12 months. In turn, this would save 5–6% in total project costs on average and 37% in pre-construction land holding costs for multi-family residential projects in Denver County [33].

33 Estimated holding costs for a half-acre, $11M multi-family residence (MFR) project in Denver County—with land costs of ~$1.7M—driven by 7.5% debt interest (50% financing), 18% equity cost, 27 Mill levy property taxes, and maintenance—total ~$25K/month. A 25-month reduction yields ~$625K savings (5.7% of project cost)

Exhibit 11: Operational and AI improvements could reduce the approval process in Denver County by 25 months



The first step to drive this solution ahead is to identify local governments willing to pilot the use of AI tools and a limited number of feedback rounds in their permitting process. For example, the City and County of Denver recently committed to issuing construction permits within 180 days. The state government could facilitate the process by identifying and contracting software solutions that respond to the needs of the state and encouraging their adoptions with local municipalities.

Austin prioritizes permitting transformation, zoning reform to decrease rent by over 20% in less than 3 years

According to a report by Bloomberg, Austin, Texas saw a 25% increase in rents in 2021 — one of the biggest in the nation. Mayor Kirk Preston Watson sprang into action, focusing on permitting process speeds and zoning restrictions that prohibited the development of apartments throughout the city. This included scaling back height restrictions and ending parking mandates.

In early 2023, the City of Austin commissioned an independent assessment of its site plan review process, to understand where delays in the process of ensuring development standards are met and approving a project to move forward and begin building. The assessment resulted in 45 initiatives to improve customer experience and efficiency — 28 of which have been completed to date. These initiatives include things like aligning reviewers on their primary mission for the customer, identify and streamline overlapping codes and regulations, rationalizing the fee schedule, and improving processing speeds.

The results were staggering. In 2023 and 2024, developers added nearly 50,000 rental units to the city, a 14% increase in supply. This led to a 22% reduction in median rent in less than three years. Austin's streamlined approval process has made it easier to develop much-needed housing units and create more naturally occurring affordable units, demonstrating how targeted regulatory reforms can help address affordability challenges, remove unnecessary delays, and increase housing supply in high-need areas.

Solution 2: Enabling innovative construction approaches

High construction costs, lengthy timelines, and regulatory barriers continue to be significant obstacles for affordable housing development. Streamlining the approval process, including the use of pre-approved accessory dwelling units (ADUs) and modular home models, has the potential to substantially expedite development and reduce costs.

Modular homes offer cost savings due to economies of scale and standardized assembly processes. Preliminary analysis indicates that the cost of constructing a single-family modular home could be reduced by 20–25%[34] compared to traditional stick-built homes. Additionally, easing regulatory requirements for ADUs through pre-approved models could enable the creation of 16,000 to 20,000[35] additional ADUs in Colorado over the next five years.

To advance these initiatives, potential next steps include the following:

1) Collaboration between the State, municipalities, developers, and modular factories to implement SB25-006 by developing regional models for modular homes
2) Coordination with municipalities to adjust local zoning and impact fee requirements that could enable further development of offsite construction and ADUs
3) Development of partnerships to aggregate offsite construction demand, ensuring Colorado's factories are able to recognize the potential marginal cost decreases
4) Expansion and upskilling of the construction workforce to assemble and inspect offsite construction projects
5) Promotion and education of offsite construction benefits and quality to encourage adoption among homeowners in Colorado.

Solution 3: Optimizing funding and expanding financing

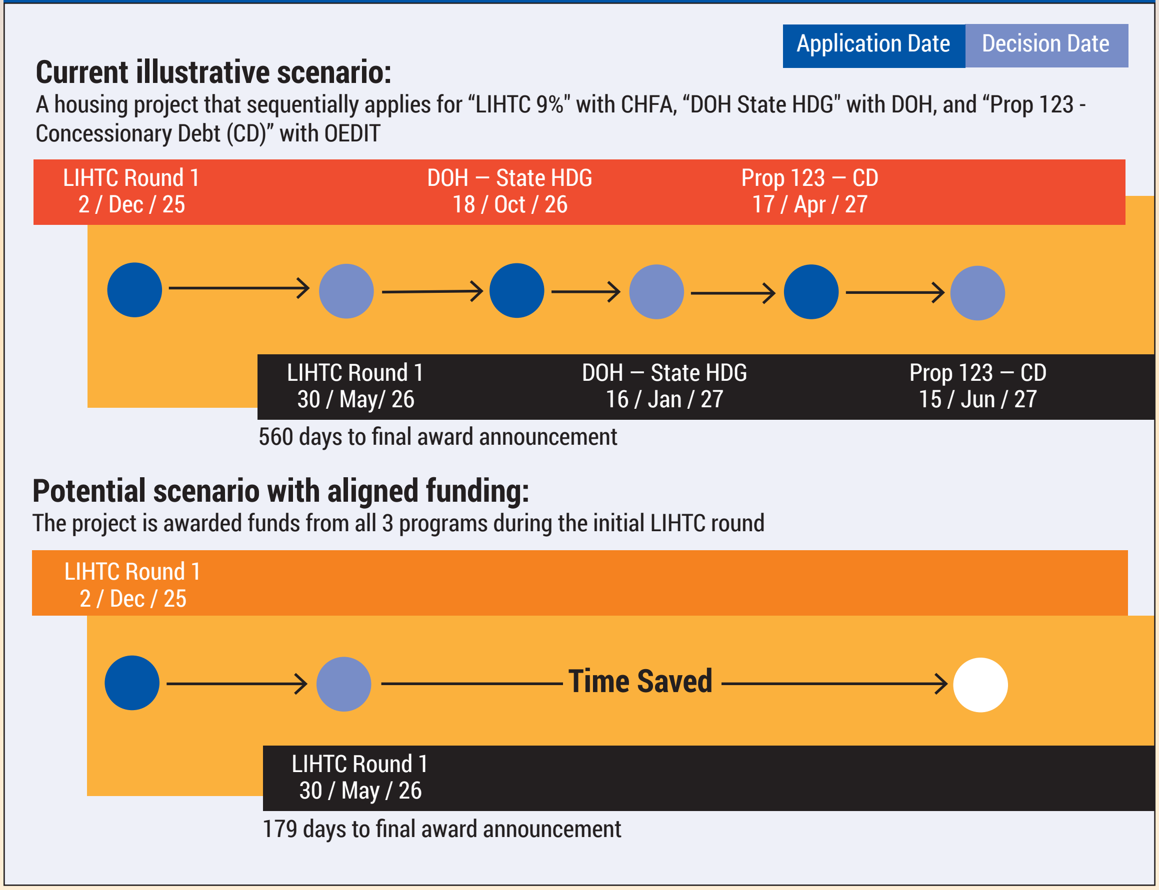
Affordable housing developers can encounter delays due to misaligned public funding cycles, requiring them to navigate multiple application rounds across agencies like Colorado Housing and Finance Authority (CHFA), the Division of Housing (DOH), the Office of Economic Development and International Trade (OEDIT), and local housing agencies. This fragmented process not only prolongs project timelines but also adds administrative complexity and costs, slowing down much-needed housing development.

Coordinating funding schedules and aligning award criteria across programs could streamline approvals, accelerate disbursement, and reduce project delays. A key initiative to drive this solution is synchronizing CHFA and DOH funding cycles within the Low-Income Housing Tax Credit (LIHTC) application process. By evaluating and selecting projects jointly, these agencies could provide developers with a consolidated funding decision in a single cycle rather than across multiple rounds. This change could cut project timelines by 350 – 400 days, enabling construction to begin significantly earlier.

34 Based on the national average cost of a single-family home ($578K total, with $392K in construction costs), a 20% reduction in construction costs from mass production and standardized assembly, plus a 10% savings from faster turnaround, could result in overall cost reduction of around 23%

35 At California's ADU adoption rate (3 per 1,000 existing SFHs annually), Colorado's 1.7M SFHs could add 3,500-5,000 ADUs per year, totaling ~20,000 ADUs in five years

Exhibit 12: Illustrative current vs. accelerated funding timeline of an affordable housing project with coordinated funding schedules [36]



However, aligning public funding processes alone will not be sufficient to close the gap in affordable housing development. Given the limited availability of public funds, developing innovative financing solutions – such as new capital structures, public-private partnerships, and alternative funding mechanisms – will be critical to expanding resources for housing projects.

To implement this solution, the next steps include engaging key funding entities to align their cycles, redesigning the application and approval process, and developing an execution roadmap that addresses potential legislative and regulatory barriers. Establishing a structured framework for collaboration between funding agencies will be essential to ensuring smoother and faster access to capital for affordable housing projects.

Solution 4: Reforming land use regulations

At the local level, zoning regulations, including height limits and other density restrictions, often constrain the number of units that can be developed within a housing project. These constraints limit the efficiency of land use, restricting the supply of affordable housing despite high demand. Easing these regulations for affordable housing projects presents a significant opportunity to expand housing availability without requiring additional land acquisition.
One such initiative is the relaxation of maximum height restrictions, which would allow for

[36] Illustrative 2025-27 timeline based on application milestones from the 2024-25 funding cycle

greater housing density in areas where demand for affordable units is high. Initial estimates suggest that adjusting height regulations alone could result in a 9–10% increase in units per affordable housing project, translating to 800–850 additional units through CHFA-funded projects in the Front Range over the next five years[37].

Driving this solution or others forward requires a targeted approach, starting with identifying municipalities where demand for affordable housing is high, and developers are willing to engage in projects under revised zoning rules. Recognizing specific pieces of code that could be adjusted such as height restrictions, parking mandates, minimum lot sizes, and more will be key to tailoring regulatory changes to maximize impact. Additionally, building a compelling case for reform by showcasing successful implementations from other regions can help secure support from policymakers and local interested parties.

Solution 5: Strengthening the construction workforce

Colorado's construction labor shortage remains a significant constraint on housing development, with an estimated 45,000-worker deficit projected by 2027[38]. This shortage extends project timelines and increases development costs, making it more difficult to meet the state's growing housing demand. While pre-apprenticeship training programs exist, a major gap persists in transitioning graduates into the workforce — for example, while 50% of BuildStrong Academy graduates secure employment within three months, the demand of the industry indicates that the outcomes of these types of high-quality training programs should be even higher.

37 An estimated 170 additional units could be added to CHFA-approved affordable housing in 2024, based on ~300 CHFA-funded family housing projects in the Front Range. The estimate models height increases of one story (zones <8 stories) or two stories (others), applied only to projects already at max height. Analysis based on data from the CHFA and DOH database

38 Source: Colorado Construction Education Foundation and BuildStrong Academy

Expanding apprenticeship programs can be a viable solution to this challenge by establishing a structured pipeline between training and employment. Strengthening job placement efforts would help increase labor supply, reduce unit build time, and ultimately improve housing affordability. Initial estimates suggest that increasing apprenticeship opportunities could add 3,000–4,000 additional residential construction workers annually, facilitating the construction of 10,000–13,000 additional new homes over the next five years.

Implementing this solution requires a coordinated effort among government agencies, trade organizations, and educational institutions to promote and invest in apprenticeship expansion. Aligning workforce training with industry needs will involve identifying key construction roles that can be effectively filled through apprenticeships. Establishing a structured placement process will help streamline the transition from training to employment, reducing inefficiencies in labor utilization. Additionally, creating a formalized link between pre-apprenticeship programs and on-the-job apprenticeship opportunities will enhance workforce retention, ensuring a consistent pipeline of skilled labor to support Colorado's housing development efforts.

Solution 6: Expanding financing tools to increase homeownership

For many low-income households, homeownership remains unattainable due to financial barriers, with saving for a down payment frequently cited as one of the most significant obstacles. Despite the existence of financial assistance programs designed to support prospective homebuyers, a large portion of eligible individuals remain unaware of these resources. By the end of Q4 2024, 95% of financial assistance programs in Colorado had unused funding[39], underscoring a disconnect between available support and consumer awareness. Expanding the accessibility and utilization of these programs could enable more households to transition from renting to homeownership.

Enhancing financing tools both on the front end for construction of affordable homeownership opportunities and to provide low-interest mortgages and down payment assistance presents a key opportunity to improve homeownership rates among low-income populations. Expanding these efforts could lead to an 8–9% increase in the owner-renter ratio over five years for households earning 0–50% of the AMI[40], reducing long-term dependence on rental housing and fostering greater financial stability.

39 Source: Bankrate, Down Payment Resource, Home Mortgage Disclosure Act, Housing Wire, Urban Institute, US Census Bureau

40 Calculated based on increased mortgage approvals with availability of Down Payment Assistance (DPA and increased homebuyer consideration from greater DPA awareness

Driving this solution forward will require integrating mortgage rate supports and down payment assistance eligibility into mortgage application processes, ensuring that qualifying applicants are automatically considered for support. Strengthening advocacy efforts within public organizations will be critical in securing the necessary funding and ensuring it is effectively allocated. Additionally, partnerships with community organizations will be essential to expanding outreach efforts, launching homebuyer education workshops, and providing financial counseling services to connect eligible households with available assistance.

Conclusion: From solutions to action

Addressing Colorado's affordable housing challenges requires more than identifying high-impact solutions — it demands coordinated execution across public agencies, the private sector, and community organizations. The initiatives outlined in this report demonstrate that targeted interventions can significantly reduce construction costs, expand housing supply, and increase homeownership opportunities. However, realizing these benefits at scale will require sustained collaboration and alignment across key interested parties.

Moving forward, effective coordination between state and local governments, industry leaders, and nonprofit partners will be essential to driving meaningful progress. In our engagement with housing leaders across sectors — it was clear that all were willing and excited to work together to continue to improve how Colorado tackles the housing shortage. As a result, the Department of Local Affairs and the BuildStrong Foundation have begun to co-chair a Public-Private Affordable Housing Consortium, bringing together experts and key implementation partners across sectors. These organizations are well-positioned to lead the charge, leveraging existing resources and partnerships to scale these efforts and drive tangible outcomes. By working together, aligning priorities, and mobilizing resources effectively, Colorado can take a decisive step toward making affordable housing more accessible and sustainable for its residents.

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Addendum

Individuals and organizations interviewed for or contributing to this article include: BDP Impact, BuildStrong Foundation, Civic Canopy, Colorado Department of Early Childhood Education, Colorado Department of Local Affairs, Colorado Division of Housing, Colorado Housing and Finance Authority, Colorado State Demography Office, Common Sense Institute, Community Economic Defense Project, Cornerstone Apartments, Denver Health, Eagle County School District, Elevation Community Land Trust, Gary Community Ventures, Housing Colorado, Office of the Colorado Governor – Housing, Maiker Housing Partners, Revesco Properties, Rural Homes Colorado, United Way of Salt Lake City, and more.