



Meeting Date: August 19, 2025

AGENDA MEMORANDUM

To: Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Tara Vargish, PE, Director, Development Services
Brad Boland, AICP Long Range Project Manager

Title: Regional Housing Needs Assessment

Executive Summary

The Denver Regional Council of Governments (DRCOG) embarked on regional housing work in recent years in response to member governments' request for assistance in tackling housing on a regional level. The Denver Area Regional Housing Needs Assessment is its leadoff housing planning effort and will be followed by a housing strategy in the future. The Regional Housing Needs Assessment, which is included as Attachment A, was reviewed and accepted by the DRCOG Board of Directors in October 2024 as a guide for future housing planning, strategy and action. The Town of Castle Rock is included in the DRCOG Planning Area (Exhibit 1), and therefore the housing needs for Castle Rock are looked at in this assessment.

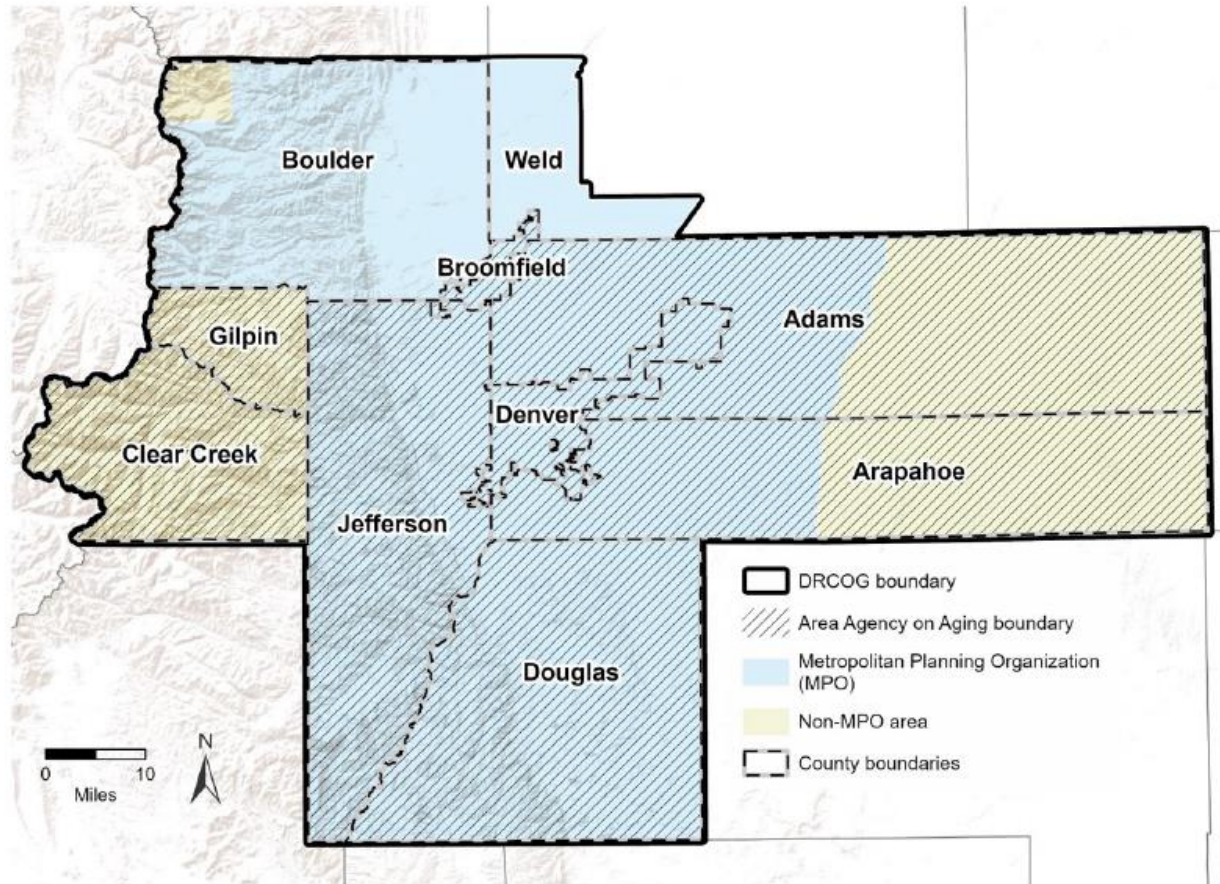
The Sustainable Affordable Housing Act, also known as SB24-174, was passed by the state legislature last year. While the law includes a number of provisions related to housing, one component is a requirement for local jurisdictions to conduct a housing needs assessment that conforms to methodologies developed by the Colorado Department of Local Affairs (DOLA) by December 31, 2026. Local governments may meet the housing assessment requirement of SB24-174 if they participate in a regional housing needs assessment that complies with DOLA's methodology. Reviewing this DRCOG Regional Housing Needs Assessment (Attachment A) at a public meeting and submitting comments to DRCOG within a designated 60-day review period fulfills the state law's participation requirements for the Town of Castle Rock. Conducting or participating in a housing needs assessment does not obligate the jurisdiction to make any changes to their local land use regulations.

While participation in the DRCOG Regional Housing Needs Assessment is optional, doing so allows a jurisdiction to be in compliance with the housing needs assessment component of SB24-174 without conducting their own separate housing needs assessment. Participation in the DRCOG Regional Housing Needs Assessment does not preclude local jurisdictions from later pursuing their own state compliant local housing needs assessment if they see value in doing so.

After the review and comment period, DRCOG will submit the Regional Housing Needs

Assessment along with the comments of each local government to DOLA, the state agency designated to review and accept housing needs assessments. Exhibit 1 below shows the DRCOG Planning Area, which was used in the Regional Housing Needs Assessment.

Exhibit 1: DRCOG Planning Area



Source: DRCOG

Background

The Denver region has experienced a 17 percent increase in population over the last decade, without a proportionate increase in housing production. Vacancy rates have hit historic lows and home prices have soared, with the median sale prices increasing 180% in the decade, far surpassing the 55% increase in incomes over the same period. Home prices and rents are out of reach for median income earners, with over half of renters contributing a disproportionate amount of income towards housing costs.

Both residents and local governments in the Denver area face a variety of issues as a result of this housing environment. In response to these pressing housing challenges, DRCOG's Board of Directors initiated a housing needs assessment for its member governments in 2023. A housing needs assessment identifies the amount of housing needed in a community to meet the demands of current and future residents across all

income levels. It uses data on demographic factors, housing stock characteristics, market trends, and forecasted population growth to understand the number of housing units an area will need to produce to meet current and future housing demand over a specified planning period. For the Denver Area Regional Housing Needs Assessment, the specified period is between 2023 and 2050.

The primary purpose of pursuing the housing needs assessment is to provide a data driven foundation to inform housing strategy. Housing needs assessments offer a broad understanding of housing needs for people across the income spectrum and with different household characteristics, which allows for a more targeted and effective approach to meeting needs. Understanding how much housing the region needs, where it is needed, and at which price points, for both current and future populations, is necessary for policymakers to address overall housing supply and affordability challenges

Sustainable Affordable Housing Assistance Act (SB-174)

In May 2024, the State of Colorado passed Senate Bill 24-174 (SB24-174), known as the “Sustainable Affordable Housing Assistance” law;

SB24-174 requires local governments to conduct a housing needs assessment, compliant with methodology and baseline components specified by DOLA, by December 31, 2026. However, local governments may meet the requirement to conduct a local housing needs assessment if they participate in a state-compliant regional housing needs assessment.

While the Denver Area Regional Housing Needs Assessment effort began before the May 2024 passage of SB24-174, the legislation allows a path for compliance for already-existing housing needs assessments. DRCOG followed the process outlined in the legislation and submitted the assessment to DOLA by the legislation’s December 31, 2024, deadline. DOLA reviewed the assessment for compliance and issued notice in February 2025 that the assessment was conditionally approved for substantial compliance. The notice included specific guidance on modifications that would bring the assessment into full conformance, and DRCOG has completed those modifications. This allows local governments in the DRCOG region to use the Regional Housing Needs Assessment for compliance with SB24-174 if their jurisdiction is included in the study and they choose to participate.

Denver Area’s Regional Housing Needs Assessment

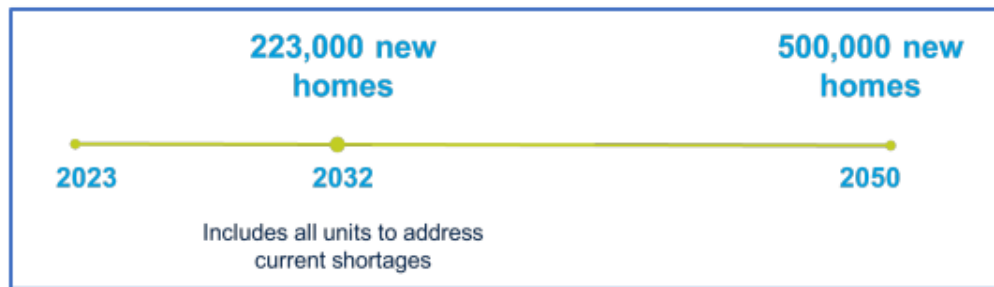
The development of the Denver Area Regional Housing Needs Assessment included two distinct endeavors. The first was an analysis of regional data to identify gaps in housing supply and affordability across income levels and household types. The second consisted of extensive engagement with stakeholders across various housing sectors to identify systemic barriers to developing housing. Throughout development of the Regional Housing Needs Assessment, DRCOG collaborated closely with local government officials, housing developers, community organizations, advocates, finance professionals, and economists.

The analysis revealed the following:

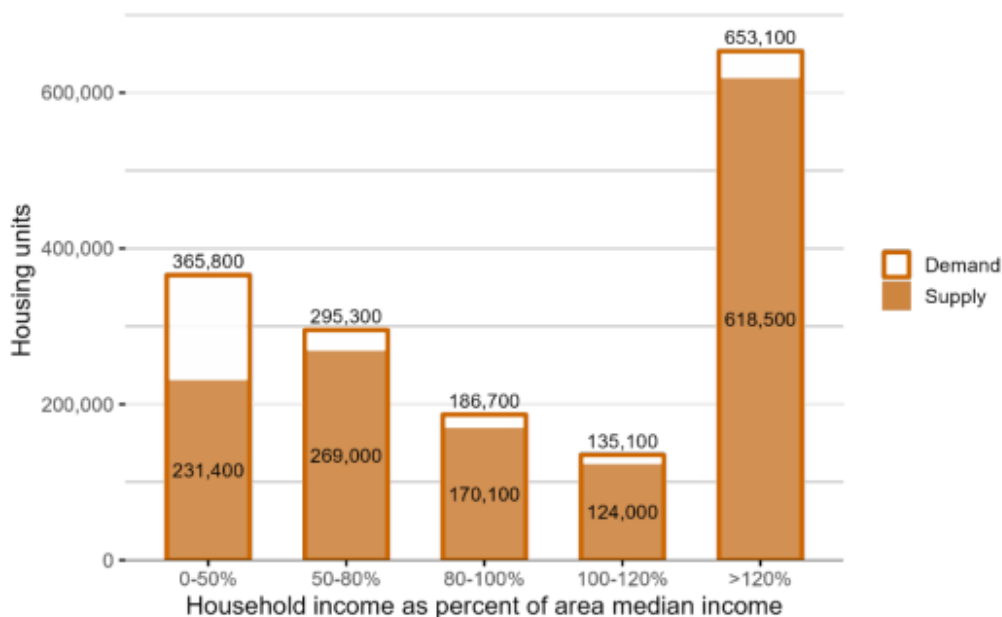
- Despite periodic building booms, the region has not produced enough housing to

keep pace with population and job growth.

- Housing supply is less than demand in every household income category. Low-income households (below 50% of Area Median Income) represent the greatest need for additional housing. See the “Regional Housing Need by Income” chart below.
- An aging population and smaller household trends will require more diverse housing types.
- Housing types and affordability are unevenly distributed across the region.
- In the Denver region, 500,000 housing units are needed to address current and future needs across the income spectrum by 2050.
- Of the 500,000 housing units, 223,000 units are needed over the 10-year period between 2023 and 2032. See the “Total Regional Housing Need” graph below for the Denver Area Region:



Total Regional Housing Need



Regional Housing Need by Income

The orange outline of these bars represents the 10-year demand for housing by income level, while the shaded area presents the region's current supply of housing affordable to each income level. The gap in each bar represents the region's housing need.

The engagement efforts with local government staff, lending and investment institutions, developers, professional associations, state and regional agencies, consultants, infrastructure/utility providers, and advocacy organizations included discussions on increasing housing supply. The assessment identified the main barriers to addressing housing need fall into five categories:

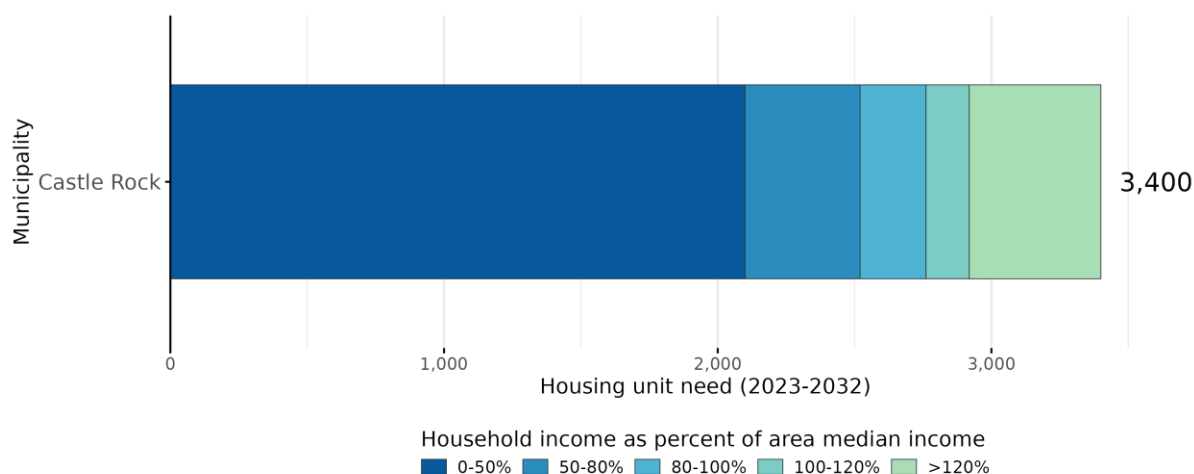
- Land use and zoning.
- Infrastructure.
- Development costs and market factors.
- Funding and finance.
- Community consensus and collective action.

A detailed description of the barriers can be found in the attached Denver Area Regional Housing Needs Assessment (Attachment A). The Denver Area Regional Housing Needs Assessment does not propose or obligate changes to local land use regulations.

Town of Castle Rock Housing Needs

The Regional Housing Needs Assessment calculated the housing need for the Denver region and then distributed the need to individual municipalities based on population, employment, transportation, and housing data. Housing markets are regional, and methodology and data analysis reflect this. Understanding each municipality's housing needs is essential because housing policy is often developed and implemented at the local level of government. These numbers provide decision-makers with a better understanding of the scale and scope of the region's housing needs so they can make informed decisions about housing strategy in their community.

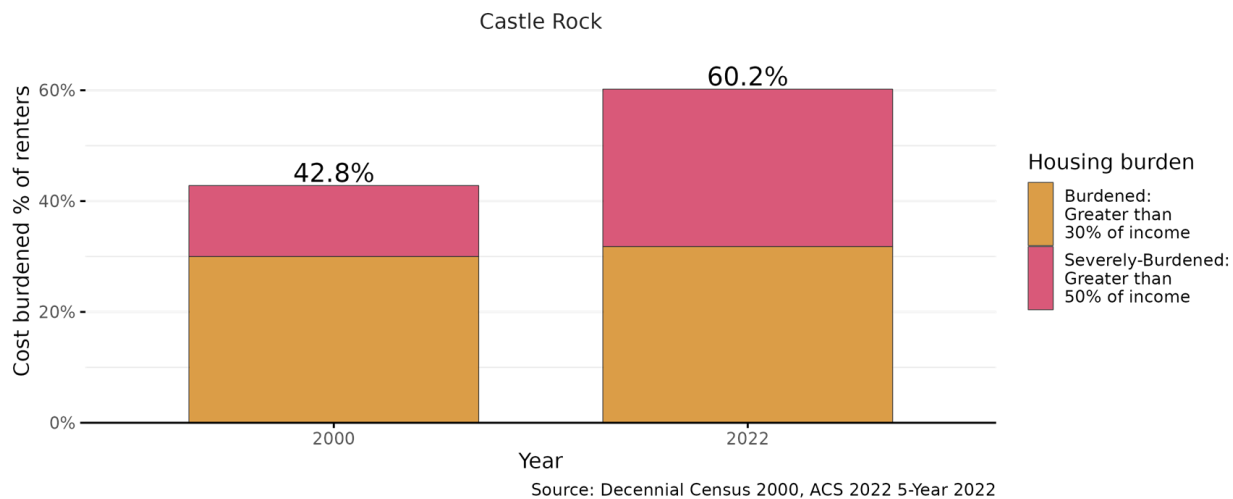
Town of Castle Rock 10-Year Housing Need



Source: DRCOG, ACS PUMS 1-Year 2022, ECONW calculations

The chart above shows how many housing units are projected to be needed in the Town of Castle Rock over the 10-year period from 2023 to 2032, and at what income levels those units are needed. The precise number is not as important as understanding the scale and scope of the need and developing a strategy proportionate to the need.

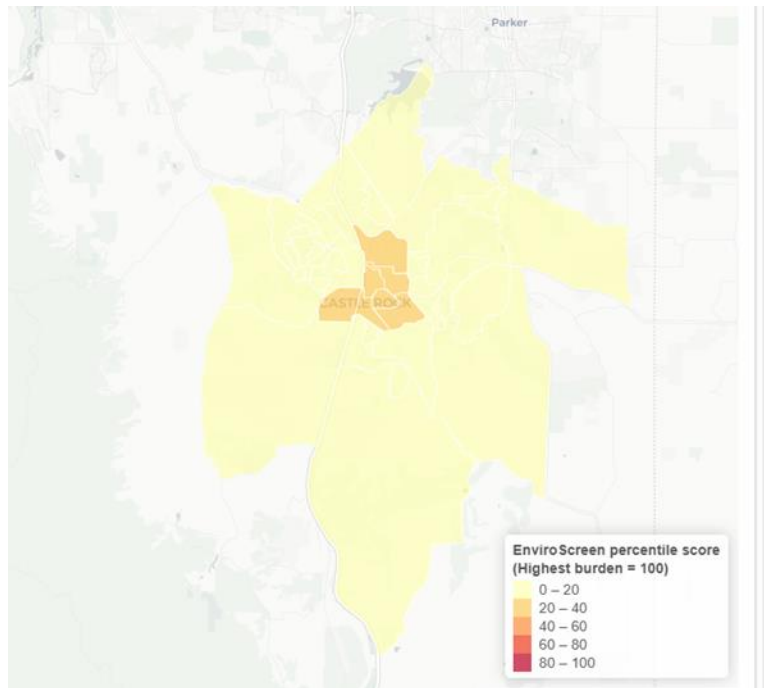
Cost Burdened Rental Households in Castle Rock



This chart shows the proportion of rented homes in the Town of Castle Rock where households are spending 30%+ and 50%+ of their income on housing costs. It also shows how this proportion has changed between 2000 and 2022. Implementing a housing strategy that is proportionate to the housing need would provide relief to these households in our community.

Displacement Risk

A requirement of the SB24-174 is that the housing needs assessment includes a displacement risk assessment. SB24-174 defines displacement as (a) the involuntary relocation of residents, particularly low-income residents, or locally owned community serving businesses and institutions due to:(I) increased real estate prices or rents, property rehabilitation, redevelopment, demolition, or other economic factors; (II) physical conditions resulting from neglect and underinvestment that render a residence uninhabitable; or(III) physical displacement wherein existing housing units and commercial spaces are lost due to property rehabilitation, redevelopment, or demolition; or (b) indirect displacement resulting from changes in neighborhood population, if, when low-income households move out of housing units, those same housing units do not remain affordable to other low-income households in the neighborhood, or demographic changes that reflect the relocation of existing residents following widespread relocation of their community and community serving entities.



The map above, available on DRCOG’s website, displays displacement scores for the census blocks containing the Town of Castle Rock. Higher percentiles indicate a greater risk of displacement for current residents. Overall, Castle Rock’s displacement risk is considered low to moderately low.

DCHP Member Jurisdictions Participation

Each member of DCHP (Castle Pines, Douglas County, Lone Tree, and Parker) are participating in the Denver Area Regional Housing Needs Assessment. Lone Tree held a public meeting on August 5, 2025 and Parker held their public meeting on August 12, 2025. Castle Pines and Douglas County are currently scheduled to have their public meetings on August 19, 2025.

Conclusion

Participation in the Denver Area Regional Housing Needs Assessment is not compulsory. However, there are notable advantages to a local jurisdiction’s choosing to participate:

- It allows the local jurisdiction to avoid conducting its own compliant local housing needs assessment by the deadline of December 31, 2026, which would require significant staff time and likely the services of a consultant with expertise in the subject matter.
- It maintains flexibility for the local jurisdiction to still develop its own state compliant housing needs assessment later. Future planning efforts at the local level can then utilize data from the local housing needs assessment, or other data sources, for their housing action plan.

Further, housing markets are regional. Choices about where to live are based on access to jobs, affordability, schools, amenities, childcare and other factors that often transcend jurisdictional boundaries. A regional housing needs assessment offers a shared analysis for an interjurisdictional issue. A regional approach fosters shared collaboration to address the scale and scope of housing needs and develop strategies that match the nature of housing demand. A regional approach also aligns with the historic approach that the Town of Castle Rock has taken through its partnership in the Douglas County

Housing Partnership (DCHP). Participation in the Denver Area Regional Housing Needs Assessment does not obligate the Town to make any changes to its land use regulations.

Next Steps

The next requirement of Sustainable Affordable Housing Act (SB24-174) related directly to housing is the adoption of a housing action plan by January 1, 2028. The purpose of a housing action plan is to take the information from the housing needs assessment and create a document that identifies measurable goals related to housing affordability, identifies strategies to meet those goals, and creates methods to track progress towards those goals.

As with the housing needs assessment, a regional approach may be taken for the housing action plan. DCHP intends to conduct a housing action plan that would incorporate each of its member jurisdictions. Town Council would have a future action if they choose to adopt the DCHP housing action plan, once it is developed, for the purposes of SB24-174.

Recommendation

Town staff recommends participation in the DRCOG Denver Area Regional Housing Needs Assessment. Staff has no proposed comments on the assessment.

Proposed Motion

Option 1: Approval

“I move to direct staff to submit the Town of Castle Rock’s participation in the Denver Area Regional Housing Needs Assessment to DRCOG with no comments.”

Option 2: Approval with Comments

“I move to direct staff to submit the Town of Castle Rock’s participation in the Denver Area Regional Housing Needs Assessment to DRCOG with the following comments”. (list comments)

Option 3: Continue item to next hearing (need more information to make decision)

“I move to continue this item to the Town Council meeting on [date], at [time].”

Attachments

Attachment A: Regional Housing Needs Assessment