

CHAPTER 1

INTRODUCTION

A. Purpose of the Housing Master Plan

The 2007 City of Thornton Comprehensive Plan provides an overall framework for future decision-making within the City. The Comprehensive Plan recommends the preparation of a series of master plans, including a Housing Master Plan, outlining specific actions and projects to be included in the City's five-year and long-range Capital Improvement Programs. Master plans are also intended to address service, staffing and funding requirements in greater detail. Master plans are considered supplements to the Comprehensive Plan, thus each of the plans has consistent goals and recommendations.

The City of Thornton initiated this Housing Master Plan to update and replace the original Housing Master Plan adopted by City Council in October 2000, and to align the City's housing and neighborhood goals with the current Comprehensive Plan. This updated Housing Master Plan is intended to educate, establish consensus, and provide direction and vision to implement a key goal of the 2007 Comprehensive Plan, which is to make Thornton a city of quality and diverse neighborhoods. This goal involves two components: 1) continuing Thornton's practice of introducing quality subdivision development, and 2) proactively protecting and enhancing the stability of existing neighborhoods. The Housing Master Plan builds on four major strategies identified in the Comprehensive Plan to accomplish the components of this goal, identified as follows:

- Build community capacity through partnerships for undertaking neighborhood revitalization;
- Use a systematic approach to assess neighborhood conditions and set action priorities for revitalization;
- Take a proactive leadership role in neighborhood stabilization and revitalization;
- Develop quality neighborhoods with a diversity of housing choices.

B. Accomplishments Since the 2000 Housing Master Plan

Thornton has pursued many of the original recommended actions for achieving the housing goals identified in the 2000 Housing Master Plan. Some of these actions are on-going projects, while others have been completed. Of note, the City has accomplished the following:

- Adopted residential and subdivision design standards
- Held regular meetings with the Home Builders Association to improve the efficiency of the development review process
- Adopted a Mixed Use Zone District ordinance

- Created a new job position, Real Estate Manager, to monitor new home sales activity in Thornton and surrounding jurisdictions to evaluate the types and price ranges of housing being built in the area
- Approved a number of Metropolitan Districts to facilitate the development of higher-end housing
- Assisted renters through the allocation of Private Activity Bonds to the Colorado Housing and Finance Authority for home ownership program and utilization of Community Development Block Grant funding
- Became an Entitlement Community to administer Community Development Block Grant funding
- Enhanced code compliance efforts to maintain existing housing stock and neighborhood appearance, particularly through the addition of a free graffiti removal program
- Monitored the Homeowner Housing Rehabilitation Program and worked with the Adams County Office of Community Outreach to refine the program to assure that the maximum number of houses are rehabilitated in the most cost-effective manner; created the Help for Homes program
- Created a Neighborhood Services Division and new job positions dedicated to housing and neighborhood issues
- Created a Thornton Revitalization Advisory Board

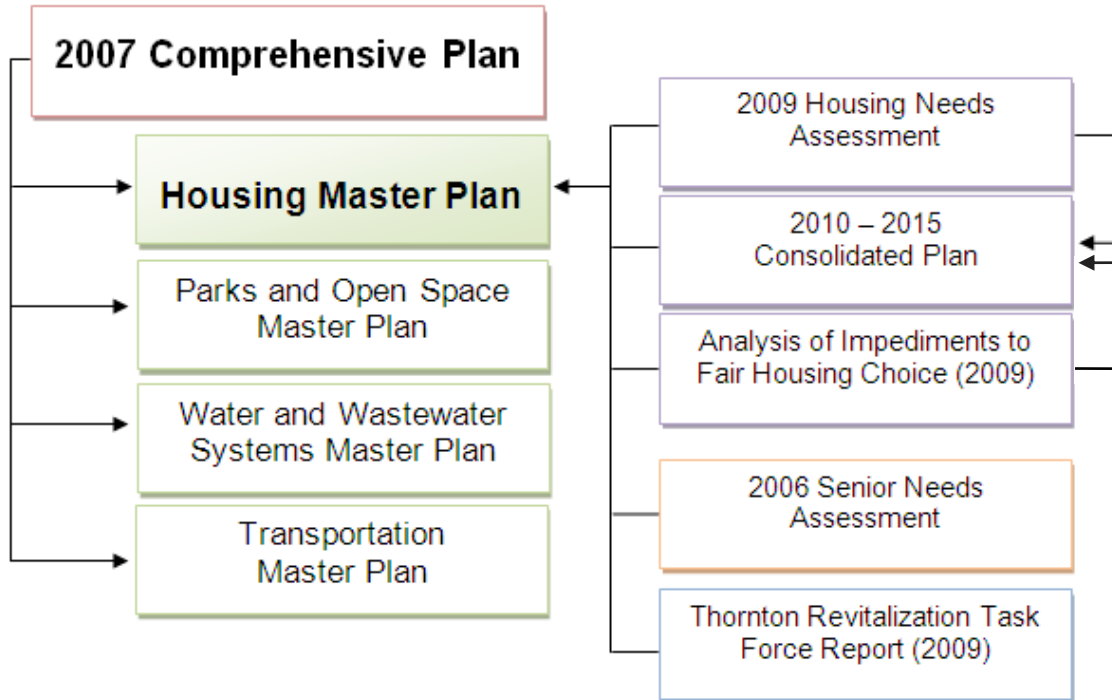
C. Organization of the Housing Master Plan

The Housing Master Plan is divided into six major topic areas as follows:

- Housing Diversity (**Chapter 2**)
- Revitalization and Preservation of Housing Stock (**Chapter 3**)
- Affordable Housing (**Chapter 4**)
- Housing and Neighborhood Design (**Chapter 5**)
- Quality of Life (**Chapter 6**)
- Implementation and Priority Housing Strategies (**Chapter 7**)

D. Relation to other Plans

The Housing Master Plan is based on data from a variety of sources. National and state housing and economic data sources were reviewed for broader policy context and are cited in each chapter as applicable. Thornton-specific supportive information was collected from existing City documents. The relationship between these documents and the Housing Master Plan is indicated in the following flowchart.



Specifically, the Housing Master Plan draws data from the following documents, listed in chronological order starting with the most recently approved:

City of Thornton 2010 – 2015 Five-Year Consolidated Plan

The Consolidated Plan was prepared by a consultant, BBC Research & Consulting, to satisfy one of Housing and Urban Development's (HUD) requirements for Thornton to become an entitlement community to directly receive Community Development Block Grant (CDBG) funds. City Council approved the submittal of the Consolidated Plan to HUD on December 1, 2009, and HUD subsequently approved Thornton's status as an entitlement community to receive CDBG funds directly starting March 1, 2010. The Consolidated Plan identifies housing, neighborhood, and economic development needs, priorities, goals and strategies; and indicates how CDBG funds will be allocated. The plan includes community input received about housing and community development, a housing market analysis and housing needs assessment for special populations (homeless, persons at risk of becoming homeless, elderly, persons with disabilities, at-risk youth).

2009 Housing Needs Assessment

The Housing Needs Assessment was prepared by a consultant, BBC Research & Consulting, and presented to City Council in June 2009. This research document provides an analysis of Thornton's housing stock and the gaps and deficiencies in the housing market.

2009 Analysis of Impediments to Fair Housing Choice

The Analysis of Impediments to Fair Housing Choice (AI) was prepared by a consultant, BBC Research & Consulting, in 2009 as part of the HUD CDBG entitlement process. The AI includes a review of the City's laws, regulations, and administrative policies, procedures and practices; an assessment of how those laws, policies and practices affect the location, availability and accessibility of housing; and an assessment of public and private sector conditions affecting fair housing choice.

2009 Thornton Revitalization Task Force Report

The Thornton Revitalization Task Force presented a report to the City Council in June 2009 which: identified characteristics that impact the ability of a neighborhood area to be healthy; established criteria for when the community should engage in revitalization efforts for an area; and developed strategies to both revitalize areas where deterioration is present and preserve healthy areas.

2007 Comprehensive Plan

The 2007 Comprehensive Plan was prepared by a consultant, The HNTB Team, and approved by City Council on September 11, 2007. It identified "Quality and Diverse Neighborhoods" as one of the four Core Goals in the plan. It also identified an update to the original Housing Master Plan as a major catalyst action step.

2006 Senior Needs Assessment

This report includes recommendations from the Senior Citizen Advisory Board for affordable, diverse senior housing.

E. Economic Recession and National Housing Market Conditions

Recession

The 2010 Housing Master Plan was produced during a period of economic recession and uncertainty. While this makes predictions of attainable housing goals difficult, the current state of the housing market creates an opportunity for Thornton to step back and evaluate the implications of recent growth.

The U.S. economy officially fell into a recession in December 2007 which has persisted to date.¹ The recession has been compared in magnitude to the Great Depression owing to its duration; high unemployment rate and scope of job losses; decline in gross domestic product; and overall evaporation of wealth due, in part, from stock market losses and the instability of financial institutions.

Housing Market Conditions

Housing markets, both nationally and locally, currently face many challenges associated with the ongoing consequences of the recession. These challenges include tightened credit and tougher underwriting standards; an increasingly

difficult transition to home ownership for many renters; and a drop in sales volume for new and existing homes. New home sales, however, have declined substantially more than resales.

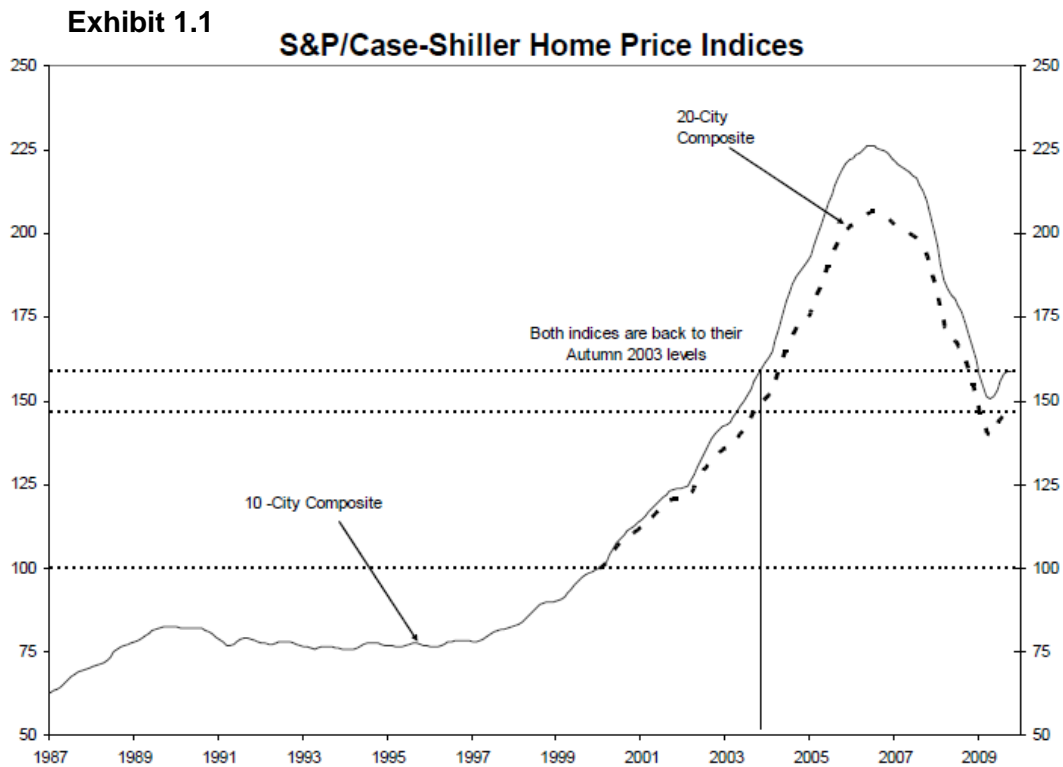
On average, in 2009, builders nationwide realized the lowest number of housing starts since 1945 and the number of homes completed fell 29 percent from 2008.² In Thornton, the decline was even more severe with 2009 Certificates of Occupancy being 36.5 percent lower than in 2008. The City experienced this decline across all new housing types.

In July 2008, the United States Congress passed legislation to aid homeowners, lenders and buyers which focused on home foreclosures and predatory lending practices. In the fall of 2008, Congress approved a \$700 billion aid package to restore bank solvency and loosen the availability of credit. The results of this effort remain uncertain and credit issues are still impeding both first-time and move-up home buyers.

In 2009, Congress also passed legislation which included an additional \$2 billion for the Neighborhood Stabilization Program (NSP) to be used for acquisition, renovation and resale of foreclosed or abandoned single- or multifamily housing. Through the State of Colorado, Adams County Housing Authority has targeted \$1.2 million for acquisition, renovation and resale of private residences within the City of Thornton. Private investors simultaneously bidding on properties, constrictive time-frames for fund obligation, and other regulations have created programmatic challenges. However, Adams County Housing Authority is demonstrating a positive impact and the City is confident that the \$1.2 million will be obligated by September 2010.

National Trends in Home Prices

Nationally, trends in annual average home prices can be derived from the S&P/Case-Shiller 10-City and 20-City Composite Home Price Indices. According to these indices, and as indicated in **Exhibit 1.1**, average home prices peaked for both composites in the second quarter of 2006 and reached a low around April 2009. Through spring and summer 2009, the housing market rebounded somewhat until flattening in fall 2009. As of October 2009, average home prices across the U.S. were down from the 2006 peak by about 29 percent, equivalent to 2003 price levels.³ The fade in price gains may be portentous of a second dip. Sales of existing homes included in the S&P/Case-Shiller Home Price Indices have been strong in recent months; however, housing starts remain weak. Additionally, analysts are now predicting a new wave of foreclosures and the expiration of government housing market programs in the first half of 2010.



Source: Standard & Poor's and Fiserv

Denver Metropolitan Area Home Prices

In comparison to the national composites, the Denver area housing market is faring better. This is because area real estate peaked earlier than the national trend, in 2005 as opposed to 2006, and did not appreciate as much as in many other metropolitan areas. Price declines have been less severe than in other metropolitan areas which experienced more substantial housing bubbles. The average Denver metropolitan home price in October 2009 was down a mere 0.1 percent from October 2008.⁴ **Exhibit 1.2** shows a metropolitan area annual comparison. Data on Thornton-specific home price trends is presented in detail in *Chapter 2: Housing Diversity*.

Housing Master Plan Constraints and Priorities

Overall, the downturn in the economy and housing market will limit Thornton's ability to create and implement funding-intensive housing initiatives in the near future. In light of financial constraints, the Housing Master Plan identifies various housing options throughout the body of the document, but focuses recommendations for priority strategies that are realistic and achievable in *Chapter 7: Implementation and Priority Housing Strategies*. Specifically **Exhibit 7.1**, starting on page 7.2, sets forth the strategies and action steps that the City will focus on over the next five years.

Exhibit 1.2: Metropolitan Home Price Annual Comparison

Metropolitan Area	October 2009 Level	October/September Change (%)	September/August Change (%)	1-Year Change (%)
Atlanta	110.12	-1.0%	0.0%	-8.1%
Boston	154.70	-0.6%	-0.2%	-2.8%
Charlotte	119.05	-0.7%	-0.7%	-7.0%
Chicago	130.78	-1.0%	1.2%	-10.1%
Cleveland	104.97	-0.7%	-1.6%	-3.5%
Dallas	119.90	-0.6%	-0.7%	-0.6%
Denver	128.91	-0.4%	-0.5%	-0.1%
Detroit	73.07	0.2%	1.8%	-15.1%
Las Vegas	104.70	-0.1%	-0.9%	-26.6%
Los Angeles	168.43	0.3%	0.8%	-6.3%
Miami	149.09	-0.4%	0.5%	-14.0%
Minneapolis	124.51	-0.5%	1.9%	-8.4%
New York	175.01	0.0%	-0.1%	-7.7%
Phoenix	110.71	1.3%	0.8%	-18.1%
Portland	149.88	0.1%	-0.5%	-9.9%
San Diego	155.37	0.4%	0.9%	-2.4%
San Francisco	135.81	1.2%	1.3%	-2.6%
Seattle	149.26	0.2%	-0.4%	-12.4%
Tampa	140.27	-1.6%	-0.6%	-15.2%
Washington	179.71	-0.4%	0.5%	-2.8%
Composite-10	158.82	0.0%	0.5%	-6.4%
Composite-20	146.58	0.0%	0.4%	-7.3%

Source: Standard & Poor's and Fiserv
Data through October 2009

Chapter References

1. Business Cycle Dating Committee of the National Bureau of Economic Research. (2008, December 11). *Determination of the December 2007 Peak in Economic Activity*. Retrieved December 2009, from The National Bureau of Economic Research: <http://www.nber.org/cycles/dec2008.html>
2. The Associated Press. (2010, January 20). *Home Construction Dips, Wholesale Inflation Eases*. Retrieved January 20, 2010, from National Public Radio Website: <http://www.npr.org/templates/story/story.php?storyId=122760339>
3. *Ibid.*
4. Standard & Poor's. (2010). *Press Release: Home Prices Still Improving but at a Moderating Pace Entering the Fourth Quarter of 2009 According to the S&P/Case-Shiller Home Price Indices*. The McGraw Hill Companies.