

# It's about economic development



## Colorado's wealth depends on its housing health

An efficiently functioning economy depends on a critical component of its infrastructure: housing. A full 10% of Colorado's gross state product consists of the production of housing and the value of housing services. Not accounted for in this 10% are other closely related industries driven by home construction, renovation, and sales.<sup>1</sup> The production of housing creates jobs, generates taxes and wages, and is vital for the economic well-being of our local economies. Affordable housing plays a crucial role in this valuable sector of our state's economy.

The economic benefits of developing affordable housing are substantial, immediate and continuous as it expands financial opportunities for people at all wage levels:

- Actual construction activity generates jobs and income;
- Incomes are spent and local economies are stimulated and strengthened;
- Local governments and economies continuously benefit through new home building, levied taxes, resident spending; and
- Families increase economic activity as they furnish, decorate, and improve their homes.

Investment in affordable housing helps businesses stay and grow while expanding jobs in Colorado. Attainable and well located housing is one of the top ten criteria used to evaluate a city's desirability in which to locate a business. A lack of affordable housing hinders business expansion and a company's ability to attract workers, a key consideration in business location decisions.<sup>2</sup> Tom Clark, Executive Vice President of the Denver Metro Chamber of Commerce, agrees that a diverse housing stock is essential in creating an economic environment friendly to business, "The high cost of housing is the main reason we do not get the 'yes' regarding attracting businesses here."

According to Denver's September 2004 Business Retention Study, businesses have had an increasingly difficult time attracting workers at lower wage levels because home prices have escalated in recent decades.<sup>3</sup> This results in lost productivity, reduced business growth, and diminished economic opportunities. Overall, the Business Retention Study urges local governments to continue their work to ensure that workers in a wide range of occupations have wage-appropriate places to live.

*"Maintaining an adequate supply of affordable workforce housing is critical to be competitive with other metro regions for jobs. Every positive action taken to resolve workforce housing shortages where they exist makes the state stronger in the on-going competition to capture and sustain new economic growth."* – Randy Pye, Director of Investor Relations for the Metro Denver Economic Development Corporation and Mayor of the City of Centennial



Colorado Housing  
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## Footnote Sources

<sup>1</sup> Colorado and National Home Builders Association.

<sup>2</sup> National Governors Association, “Integrating Affordable Housing with State Development Policy” 2004.

<sup>3</sup> [http://www.downtowndenver.com/pdfs/Denver\\_Retention\\_Survey\\_Report\\_Final\\_\(9-23\).pdf](http://www.downtowndenver.com/pdfs/Denver_Retention_Survey_Report_Final_(9-23).pdf).



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