

# The Missing Middle: Eagle County's housing market freezes out mid-income residents

It's not just low-income residents who can't find housing in Eagle County

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Rick and Colleen Gregory have worked in the Vail Valley for nearly two decades, yet still can't find a home they can afford on their budget.

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## Home Economics

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*Editor's note: This story is the first of a five-day series focused on housing issues in the Vail Valley. To view the entire series as it unfolds, visit [vaildaily.com/news/home-economics](http://vaildaily.com/news/home-economics).*

EAGLE COUNTY — It shouldn't be so hard for Rick and Colleen Gregory to find a house.

It probably wouldn't be, if they weren't looking in Eagle County. The couple has a combined annual income of around \$110,000 — which puts them slightly above the Eagle County average median income of \$105,000. Rick has worked for the town of Vail for 19 years and while Colleen has only been in her current job for a couple of years, she has lived and worked in the valley for almost 17 years.

The Gregorys have homeownership history, having previously purchased residences in Avon and Gypsum. They won't have to cobble together a down payment or convince a lender that their credit is up to snuff.

But their housing search isn't going well and it isn't the first time the Gregorys have faced this problem.

## Commuting nightmare

"We had to move to Leadville for affordable living four years ago," Colleen said. "It was just so much less expensive."

Back in 2014, the couple purchased a single-family home located just off Tennessee Pass, 1,200 feet from the Eagle County line. It's a lovely residence, located in an idyllic alpine setting. But living there has extracted a high price.

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"I spend two hours a day, on a good day, driving," Colleen said.

It's not just the time and distance of their work commutes that creates problems for the Gregorys. It's the nature of the drive along the steep, two-lane mountain road that connects Lake and Eagle counties. Colleen noted that Rick's job with Vail Public Works means he gets called out during stormy winter mornings.

"When he goes off at night, I know if he goes off the road no one will know," Colleen said. "It's very stressful, and is the risk worth the money?"

Over the past year, the Gregorys have decided that the answer is 'no.' So they listed their Tennessee Pass home for sale and started looking for a new Eagle County residence in earnest.

Their maximum budget is \$450,000. Because Rick works in Vail and Colleen works in Edwards, they would like to live in the mid-valley area of Eagle County. Colleen said she found a couple of condos in their price range, but by the time they added in homeowners association fees, the monthly payments were higher than they could handle.

So the Gregorys expanded their search downvalley and they are still looking. Along the way, they discovered a hard truth – the Gregorys make too much money to qualify for low-income housing options and they can't afford the higher-priced, single-family homes in the valley.

"We are lost in-between," Colleen said.

The Gregorys aren't alone. They are a prime example of what housing professionals call the "Missing Middle." It's a group that's expanding in the local housing market.

**Rick and Colleen Gregory spend upwards of two hours a day commuting back and forth from their home on Tennessee Pass to their jobs in the Vail Valley. And it's not just the time and distance of their work commutes that creates problems for the Gregorys. "When he goes off at night, I know if he goes off the road no one will know," Colleen said. "It's very stressful, and is the risk worth the money?"**

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## The Missing Middle

In simplest terms, the Missing Middle is comprised of people who make too much money to qualify for housing assistance programs and too little money to purchase homes on the free market. In an area such as Eagle County, that's a big group.

Community Builders Executive Director Clark Anderson is very familiar with this dilemma. The goal of the [Glenwood Springs nonprofit](#) he oversees is to help leaders make communities more livable. Making sure that people aren't priced out of housing is one of the biggest local issues Community Builders faces.

"It's very difficult in a market like the Eagle Valley to provide housing that is affordable," Anderson said. "In our markets, a lot of people are left behind and the people who are getting left behind aren't just low-income residents. It's the middle and higher-income people as well. It's a real conundrum."

Anderson noted there are multiple layers that contribute to the dearth of Missing Middle housing in Eagle County. But the biggest factor is demand.

"You have different segments of the market competing for the same product," Anderson said. "One segment is the high-end, luxury market and it's really hard for everyone else to compete. A lot the housing stock goes to the high-end buyer."

It isn't just a case of new housing projects in the valley, Anderson said. An increasing number of middle-income units are changing over to luxury pricing. He offered the following hypothetical example:

In 1993, Harry brought a family home in Singletree. He and his wife are now empty nesters and they want to downsize. They put their home on the market and, naturally, they want to make as much money as possible in the deal to aid with their retirement.

Lisa is interested in moving to the Vail Valley part-time and can afford a second home, but not something in Vail or Beaver Creek area. But Harry's home is right in her price range.

"Now that home is purchased by someone who is going to take it into the luxury market," Anderson said. "That's how you have the working people market competing with the luxury market every day. And as long as we allow these two parts of the community to compete against one another, the luxury market is always going to win."

## Losing community

"It is patently obvious that there are tremendous impacts when you have a community, or an entire region, that cannot provide housing for the people who work there," Anderson continued.

From employee shortages to parking troubles, the lack of affordable housing cascades into other parts of the community.

"People don't like the impact of traffic on I-70 in the Vail Valley," Anderson said. "That's an affordable housing problem, not a traffic problem because of people having to commute to their jobs. I would argue the No. 1 driver of climate change impacting the valley is the lack of affordable housing. The reason why people in the valley drive so much is they live so far from their jobs."

But Anderson believes that loss of community character is the biggest pitfall of driving middle-income residents out of the local housing market. The residents of a community are what makes it special — the volunteer work they do, the relationships they build and the businesses they support. When those people leave, an empty shell remains.

"There is a real loss of authenticity in places like that," Anderson said.

## 'No silver bullet'

"The real bummer is there is no silver bullet to solve the housing issue," Anderson said. "It is going to take uncommon commitment, resources and strategies."

And in looking at the Missing Middle dilemma, he believes it's going to take diversification.

"The best thing that could be done would be to make it easier to build a wider variety of housing types," Anderson said.

Instead of single-family detached housing, the people in the Missing Middle could likely break into the market if there were smaller, more attainable options out there, he said. He believes changing regulations to favor this type of development would spur its creation.

Anderson said communities should look at their own regulations to find ways to loosen the rules if a project addresses the housing need.

"I think the character impact of losing people who could live in our communities is more important than did we get the façade of the building exactly right," Anderson said. "And for years, zoning has created minimums. But it has rarely said people can only build so big. We should use maximums more often."

Anderson acknowledged that the first challenge for diversified, affordable housing projects is to find the right places to build. "I really think getting the locations right is really important," Anderson said.

The second challenge is to find someone willing to build those homes

"I like to believe that with the right incentives, the market will come in and help solve this," he said. "It's really about how you can incentivize a developer to keep things affordable in a way that doesn't get eaten up by the luxury market."

Incentives could include reduced fees if a developer commits to deed restrictions — full-time residency for owners, price caps or other mechanisms designed to keep housing prices from escalating.

Partnership is another workable solution with governments or businesses teaming with private developers to make projects happen by providing land or money. Anderson says there's a great example of how that can work right in the middle of the Eagle River Valley — Miller Ranch.

## Working model

Completed back in 2006, Miller Ranch's own website calls it "Eagle County's premier affordable housing community." It features 282 units where deed restriction and housing guidelines maintain workforce housing. Miller Ranch offers single-family homes, duplexes, rowhouses, and condominiums. The neighborhood sits on land the county owns and its housing program is administered through the county's Valley Home Store operation.

According to Tori Franks of the Eagle County Housing Department, the Miller Ranch prices are hitting the Missing Middle sweet spot. For example, for a family of four with an annual income of \$94,000, \$375,00 is an affordable purchase price. For a family of four making \$132,000, \$525,000 is an affordable purchase price.

"That is the Missing Middle marketplace. That is also something we see, very anecdotally, in Miller Ranch," Franks said.

The development qualifies buyers through a point system that rewards longevity in the valley, particular types of employment and other factors. Potential buyers must complete an extensive application process and are then notified when units become available. The prospective buyers with the most points have first shot at units that become available.

Miller Ranch is exactly where the Gregorys wanted to live.

**Completed in 2006, Miller Ranch in Edwards features 282 deed-restricted residences, including single-family homes, duplexes, row houses and condos.**

*Vail Daily file photo*

“We were excited to apply for Miller Ranch,” Colleen said. “With their point system and being deed-restricted, we were sure we would be at the top of the list. With Rick and I working in Eagle County and living there, you would think we would be excellent candidates, especially with my husband being a government worker for 19 years.”

But the Gregorys found out the point system didn’t actually favor their situation. For the past four years, they haven’t lived in Eagle County even though they really could see it from their own backyard.

Then they found out they make about \$5,000 too much annually to get the 25-point bump Miller Ranch awards to candidates who make less than 140% of the AMI.

“We apparently make too much money for deed-restricted housing but not enough to buy a non-deed restricted home,” Colleen said. “After building a life here, we are left with going broke over a \$500,000 tiny condo or having to leave.”

Franks noted that it can be tough to hear you don’t meet the regulations, but Miller Ranch had to institute criteria to make its program work.

“We can’t craft programs or process for everyone,” she said. So, while it may seem arbitrary to ding someone for living 1,200 feet from the county line, Franks noted there has to be a set regulation. Likewise, using the AMI as a criterion is a way to keep Miller Ranch pricing in line with the community.

As hard as it is to turn Missing Middle home hunters way, Franks said it’s equally hard to break the news to qualified applicants that they didn’t get a unit.

“We are seeing an average of 15 offers per unit, which means that one person gets in and 14 others don’t,” Franks said.

According to Franks, that’s the biggest problem with Miller Ranch — it is only one Missing Middle solution in a valley that needs many more answers.

“And we just don’t have that next Miller Ranch out there,” Franks said. “There’s a 100% to 140% of AMI drought.”

As governments and businesses mull the issue and struggle to come up with communitywide solutions, today’s Missing Middle home shoppers must fend for themselves. Franks suggested they seek out a local real estate agent who understands the valley’s deed-restricted market.

“Have a good team around you because it’s a fast, competitive process,” Franks said.

The Gregorys are trying to break their Missing Middle shackles by searching valley-wide and thinking creatively.

“We have toured endlessly for a home for us,” Colleen said. “We realized that anything Edwards and east was never going to happen, especially with Miller Ranch being such a long shot.”

They have found some downvalley options in the \$480,000 to \$610,000 range.

“But that price point is already a major stretch considering we started with \$450,000 as our max,” Colleen said.

A couple of months back the Gregorys tried to get creative with an offer on a Gypsum home. The property included both a house and an adjacent lot, so they offered \$20,000 under asking and stipulated the owner could retain the lot. The offer was rejected. They upped their offer and the seller accepted it.

“The home will be a major stretch and we will probably have to get a roommate, but it made the most sense for the money,” Colleen said. “We are in the infancy of this deal, just finishing the initial inspection, but we are hopeful.”

If the sale falls through, Colleen wonders what the future will hold.

“My husband loves his job. That is what keeps us here. But what if we can’t find housing?” she said. “We just feel like we are getting pushed out of this valley. We love it here and our life is here but we are being forced to abandon it because we have no other options.”

