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# COLORADO'S HOUSING AFFORDABILITY MISMATCH

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## ABOUT THE AUTHOR



**Steven L. Byers, Ph.D.**, is the Senior Economist with Common Sense Institute. Steven's experience as an economist spans twenty-six years, including work at federal regulatory agencies (SEC, CFTC, PCAOB) and quantitative economic analysis supporting international trade litigation cases brought before the U.S. International Trade Commission.

## ABOUT COMMON SENSE INSTITUTE

**Common Sense Institute** is a non-partisan research organization dedicated to the protection and promotion of our economy. As a leading voice for free enterprise, CSI's mission is to examine the fiscal impacts of policies and laws and educate voters on issues that impact their lives.

CSI's founders were a concerned group of business and community leaders who observed that divisive partisanship was overwhelming policy-making and believed that sound economic analysis could help people make fact-based and *common sense* decisions.

CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Colorado economy and individual opportunity.

## TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. CSI's work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit of academic freedom. The CSI team's work is informed by data-driven research and evidence.

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# INTRODUCTION

Colorado's housing affordability concerns are deepening, and in recent years it has become clearer that many Coloradans simply cannot find housing in their income range. Since 2010, the difference in the value of owner-occupied homes and households' income has produced a large mismatch between households' mortgage capacity and the value of owner-occupied housing.

The widening difference between what households can afford and what's available has led many policymakers across the country to try to address the issue. For instance, according to the National Conference of State Legislatures, virtually every state's legislature has had a bill to deal with affordable housing (blue bars in the figure to the right are the count of states with affordable housing legislation in a given year). The number of pieces of legislation dealing with affordable housing has exploded, going from 31 in 2019 to 379 in 2025.

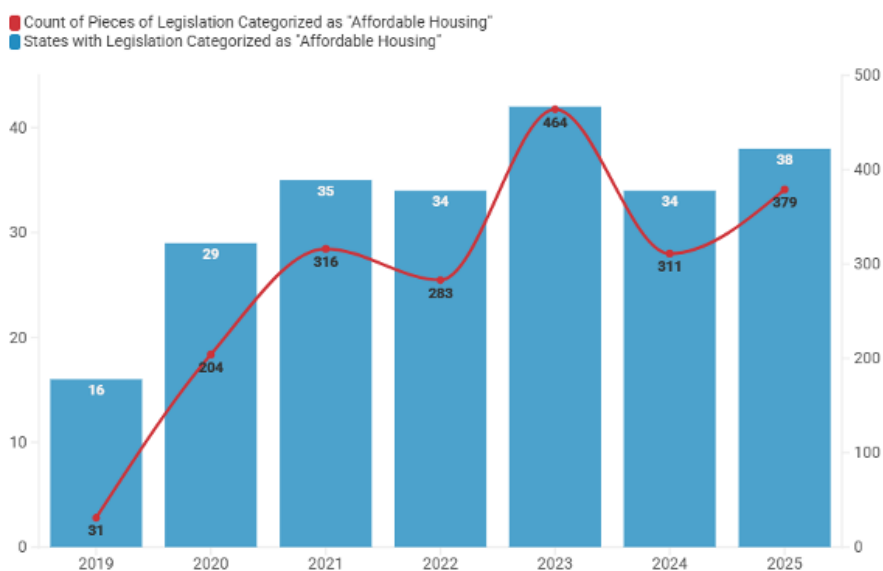
The number of pieces of legislation dealing with the issue suggests that there is no easy answer to the issue.

This study looks at the alignment of housing supply and demand, where demand is based upon what households can afford based upon their income. Each group shows the percentage of houses priced in a given group and the percentage of households with incomes sufficient to pay for a house in that group. Each group has a mismatch rate. A 0% mismatch between mortgage capacity and the housing

**FIGURE 1**

## State Legislation Mentioning "Affordable Housing" Since 2019

*Since 2019, the number of states considering legislation intended to address affordable housing continues to grow, with virtually all states having introduced bills specifically mentioning affordable housing.*



Source: National Conference of State Legislatures

stock means that the distribution of household mortgage capacity exactly matches the distribution of the value of owner-occupied housing. A 100% mismatch means a complete mismatch, where households cannot afford any of the housing stock. Since 2010, the median value of owner-occupied housing in Colorado has increased 132.6% from \$236,600 to \$550,300 in 2023. Over the same period median household income has increased 71.9% from \$54,046 to \$92,911. The mismatch in the value of owner-occupied homes and the mortgage capacity of households was 46.8% in 2010 and increased to 60.2% in 2023.

The result of this analysis is that there are too few owner-occupied homes valued below \$300,000 and too many homes valued at \$300,000 and up. This is partially responsible for the large increase in the supply of rentals, both homes and apartments.

This report details household mortgage capacity and owner-occupied housing values for the state in comparison to all states and the District of Columbia, and the following counties: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo, and Weld.

## KEY FINDINGS

- **More Colorado households are being priced out of homeownership:**
  - In 2023, 60% of Colorado households did not earn enough to afford the average home available in the state—up from 47% in 2010. This means the majority of families can no longer afford to buy a home where they live.
- **Lower-priced homes are scarce:**
  - 40% of Colorado households can afford homes under \$0–300,000, but these make up only 15% of owner-occupied homes.
- **Most homes are priced out of reach:**
  - 85% of homes in Colorado are priced above \$300,000—while 60% of Colorado households can afford to purchase these homes.
- **Colorado's mismatch between home values and affordability is the 9th worst in the country:**
  - Only 8 states have a worse gap between what people earn and home values.
- **The mismatch affects every major county:**
  - In each of Colorado's 12 most populous counties, the share of homes in affordable price ranges is far too low.
- **Larimer County has the greatest mismatch:**
  - Nearly 80% of Larimer households can't afford the homes available—more than any other major county in the state. Below are Colorado's major counties ranked according to mismatch.

- Larimer County – 79.9%
- Adams County – 72.7%
- El Paso County – 72.1%
- Arapahoe County – 71.5%
- Boulder County – 68.9%
- Jefferson County – 68.6%
- Mesa County – 68.1%
- Broomfield County – 65.9%
- Weld County – 65.5%
- Douglas County – 65.2%
- Pueblo County – 62.5%
- Denver County – 60.8%
- **High interest rates and elevated home prices are driving the mismatch:**
  - Home values have more than doubled since 2010 while household incomes haven't kept up. High mortgage rates have exacerbated the issue.

## METHODOLOGY

Using U.S. Census data from the 2023 American Community Survey (ACS) on the distribution of household income and the distribution of the value of owner-occupied housing, the distribution of household mortgage capacity based on twenty-eight percent of their monthly income is compared to the value of the stock of existing owner-occupied homes. Comparing both distributions provides some insight into the shortage or surplus of homes that households could purchase in various price ranges.

It is assumed that households would purchase the maximum amount of house that they could afford based just on their annual income and not purchase lower priced homes. For example, a family with an annual mortgage capacity of \$300,000 home would purchase a home valued at \$300,000 and not a \$200,000 home and so forth. The mismatch between household mortgage capacity and the value of the owner-occupied housing stock is calculated by summing the absolute value of the difference in each distribution. A perfect match is where the household mortgage capacity exactly equals the value of the housing stock. In this instance, the mismatch would have a value of zero percent. Conversely, a perfect mismatch would have a value of one hundred percent.

Mortgage capacity is determined under the following parameters: a 30-year fixed rate mortgage of 6.5%, households spend no more than 28% of their income on mortgage payments, households are buying as much house as they can afford. Taxes and insurance are not considered for this analysis. Including them would lower affordability at all levels. In reality, households often have money for down payments allowing them to purchase homes deemed unaffordable by this analysis, but for purposes of this analysis we do not include down payments.

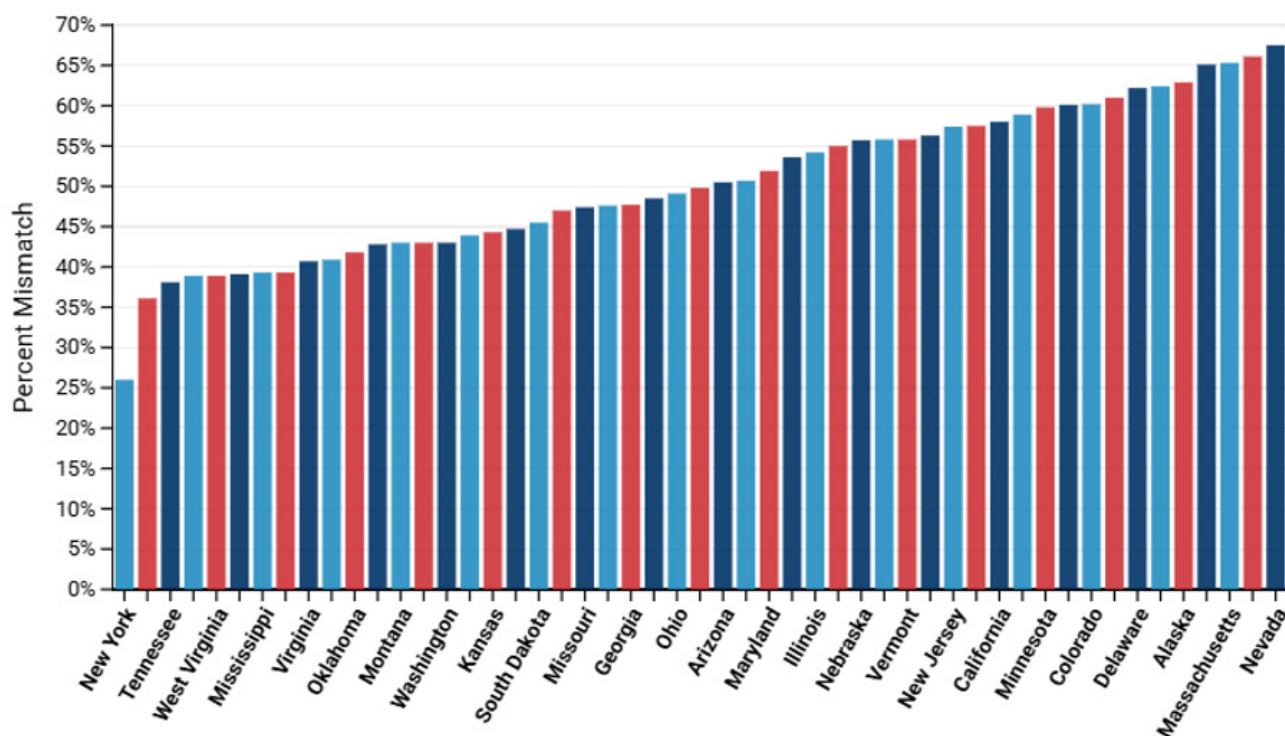


# COLORADO HOUSING MISMATCH VERSUS ALL STATES AND THE DISTRICT OF COLUMBIA

Colorado's mismatch between household mortgage capacity and the value of owner-occupied housing ranks 9th highest in the country (60.2%). Nevada has the largest mismatch (67.5%), and New York has the lowest mismatch (26%)

**FIGURE 2**

## Mismatch Between the Value of the Owner-Occupied Housing Stock and Household Mortgage Capacity 2023



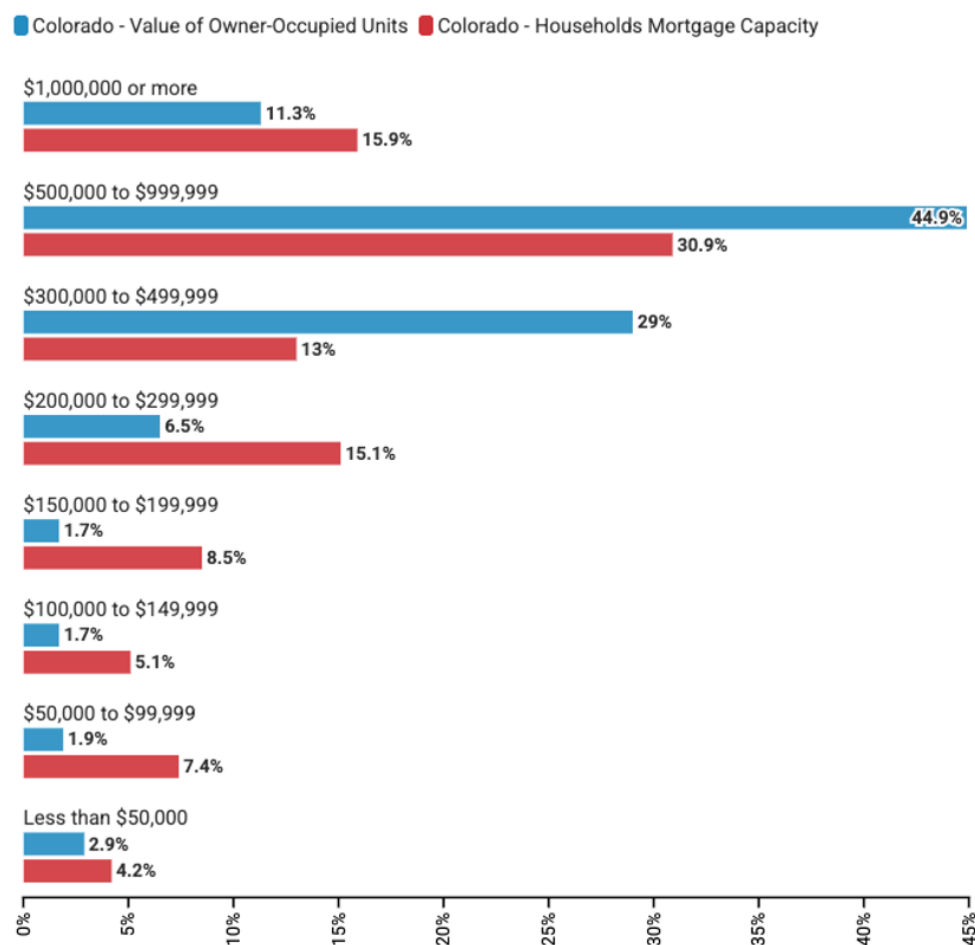
Source: U.S. Census and CSI Calculations

# COLORADO

**Figure 3** shows the comparison for the state as a whole. The mismatch is 60.2%, up from 46.8% in 2010, reflecting the massive increase in the value of housing in the last 13 years and household income not increasing as much. Statewide, there are too few homes valued at \$299,999 or less, and too many valued between \$300,000 and \$999,999, and too few priced at \$1,000,000 or more.

**FIGURE 3**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Colorado



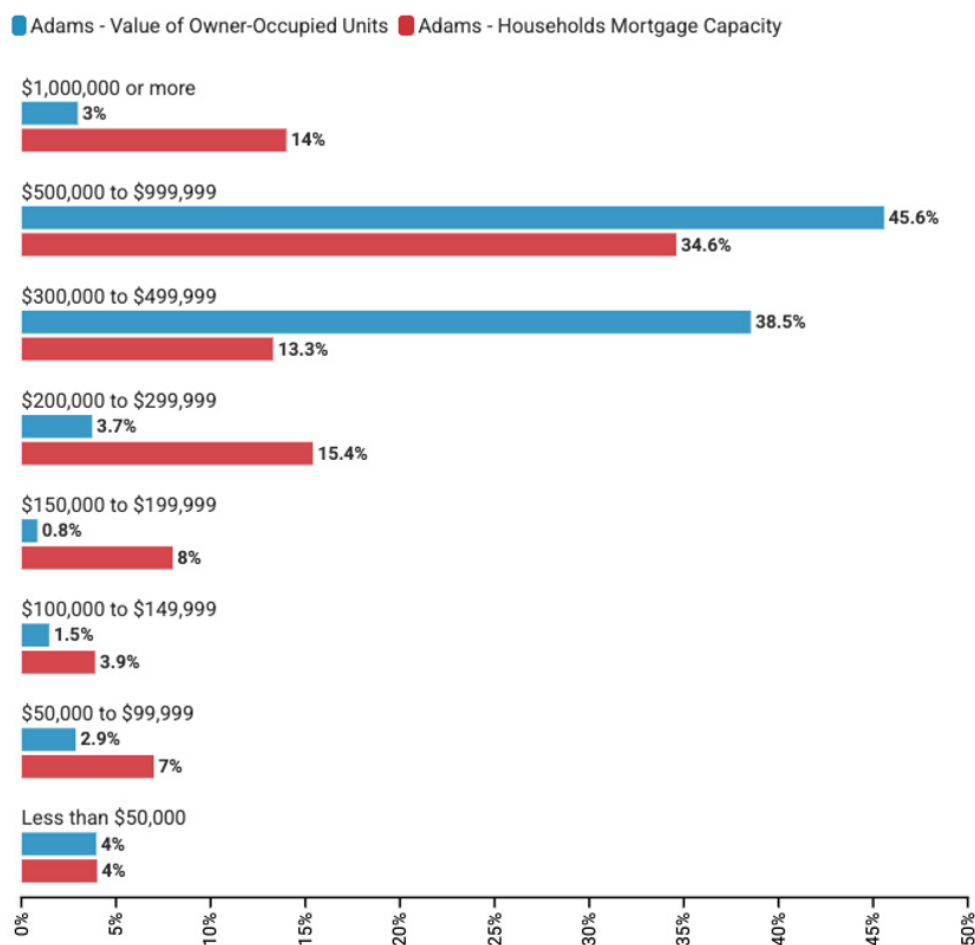
Source: U.S. Census and H.U.D.

# ADAMS COUNTY

**Figure 4** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Adams County. The mismatch is 72.7%. There are insufficient homes valued at \$299,999 or less, and too many homes valued between \$300,000 and \$999,999. The percentage of households (14%) that could afford a home valued at \$1 million or more far outweighs the percentage of available homes (3%).

**FIGURE 4**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Adams County



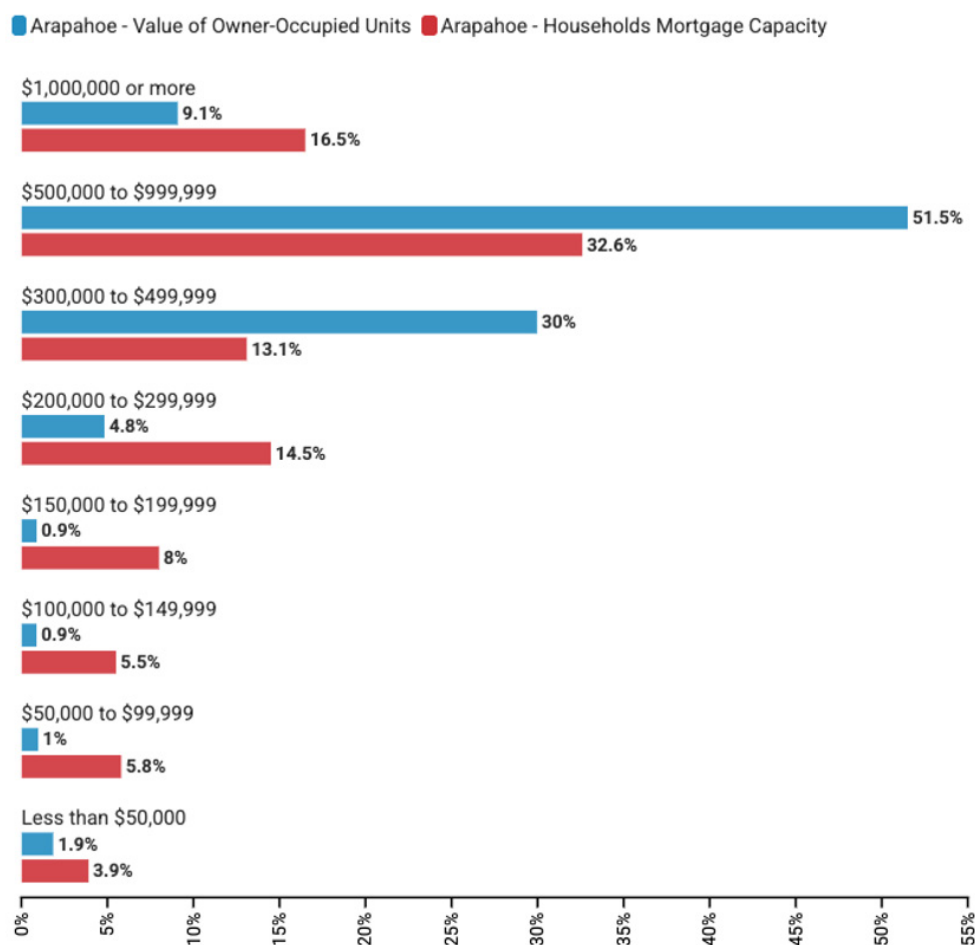
Source: U.S. Census and H.U.D.

# ARAPAHOE COUNTY

**Figure 5** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Arapahoe County. The mismatch is 71.5%. There are insufficient homes valued at \$299,999 or less, and too many homes valued between \$300,000 and \$999,999. The percentage of households (16.5%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (9.1%).

**FIGURE 5**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Arapahoe County



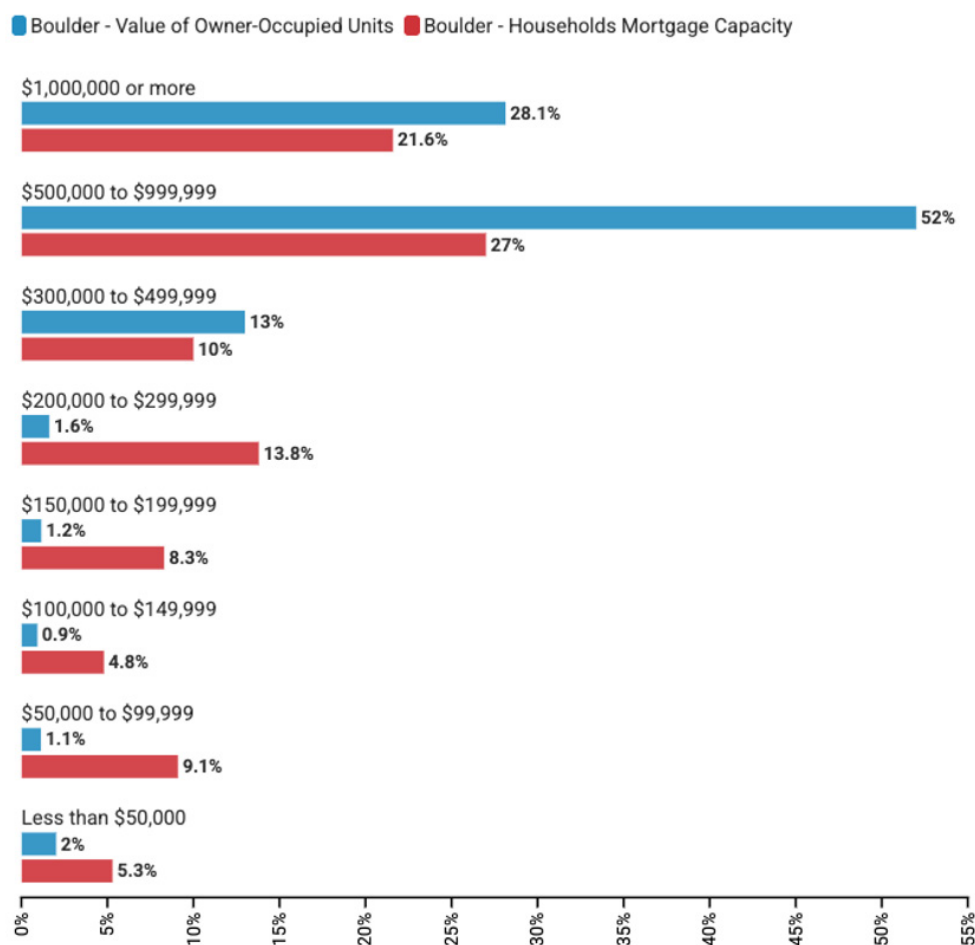
Source: U.S. Census and H.U.D.

# BOULDER COUNTY

**Figure 6** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Boulder County. The mismatch is 68.9%. There are insufficient homes valued at \$299,999 or less, and too many homes valued between \$300,000 and higher.

**FIGURE 6**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Boulder County



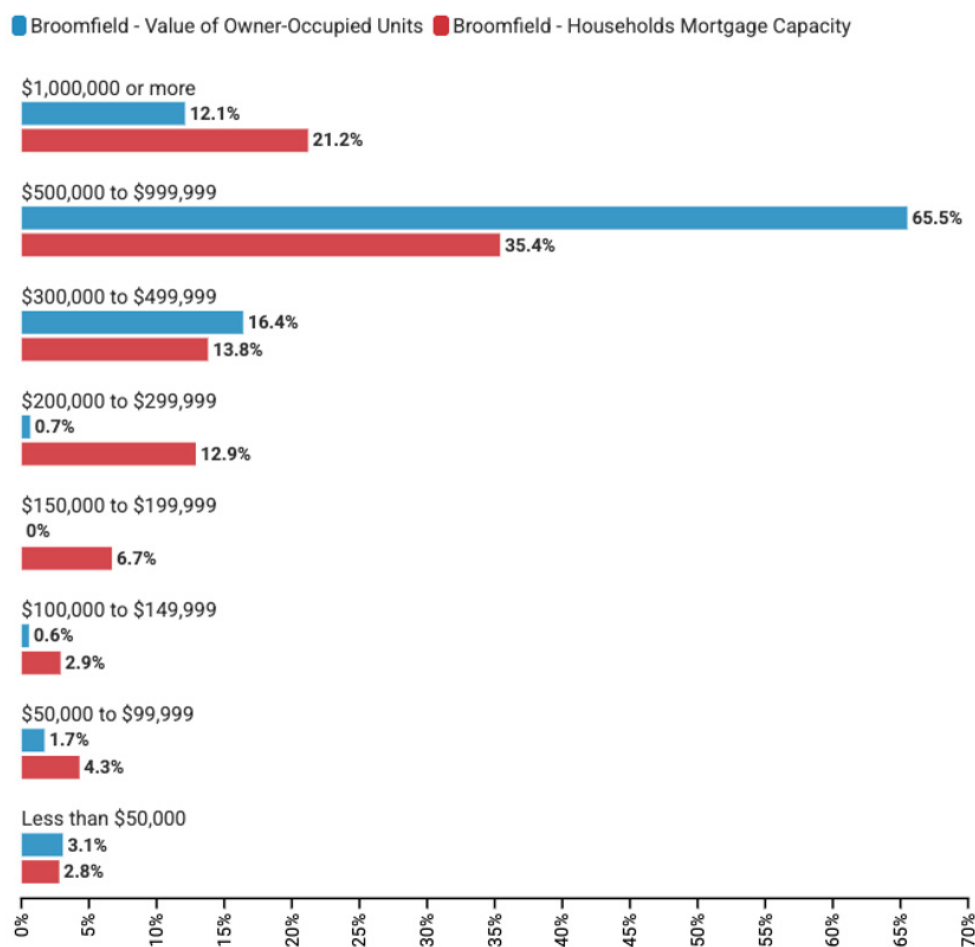
Source: U.S. Census and H.U.D.

## BROOMFIELD COUNTY

**Figure 7** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Broomfield County. The mismatch is 65.9%. There are insufficient homes valued at \$299,999 or less, and too many homes valued between \$300,000 and \$999,999. The percentage of households (21.2%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (12.1%).

**FIGURE 7**

### Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Broomfield County



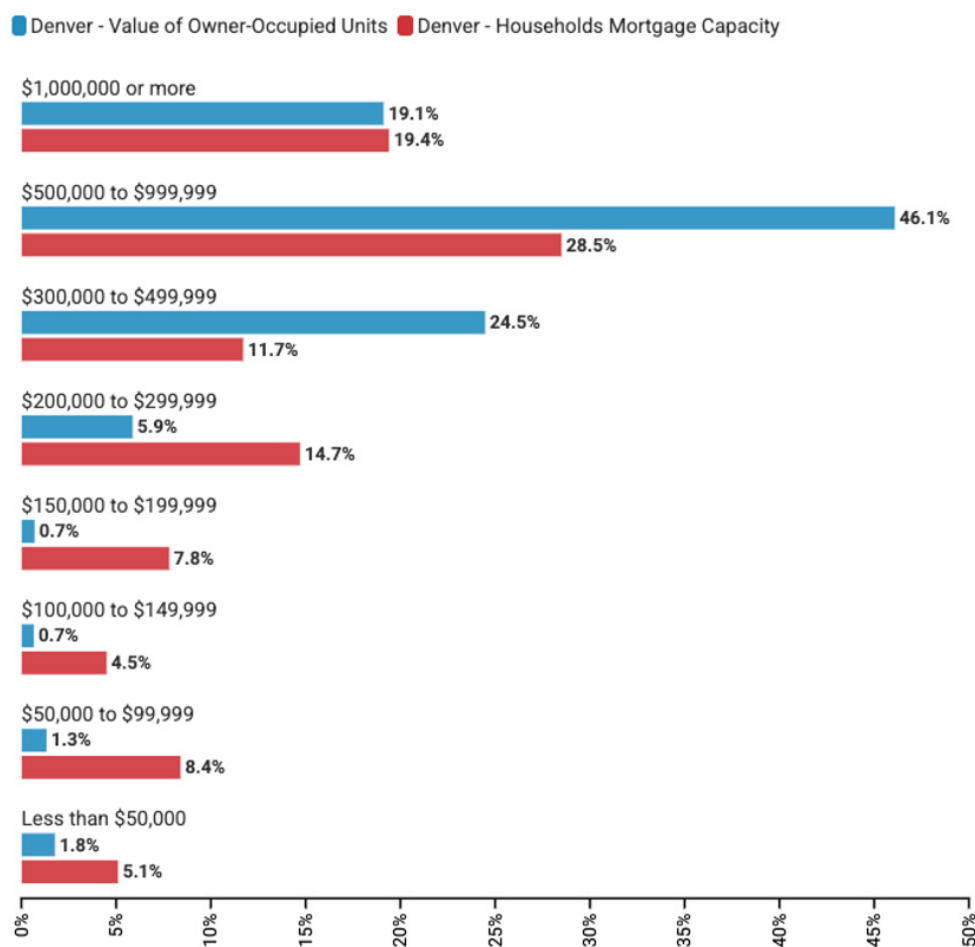
Source: U.S. Census and H.U.D.

# DENVER COUNTY

**Figure 8** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Denver County. The mismatch is 60.8%. There are insufficient homes valued at \$299,999 or less, and too many homes valued between \$300,000 and \$999,999. The percentage of households (19.4%) that can afford homes valued at \$1,000,000 and higher is almost equal to the percentage of available homes in this value range (19.1%).

**FIGURE 8**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Denver County



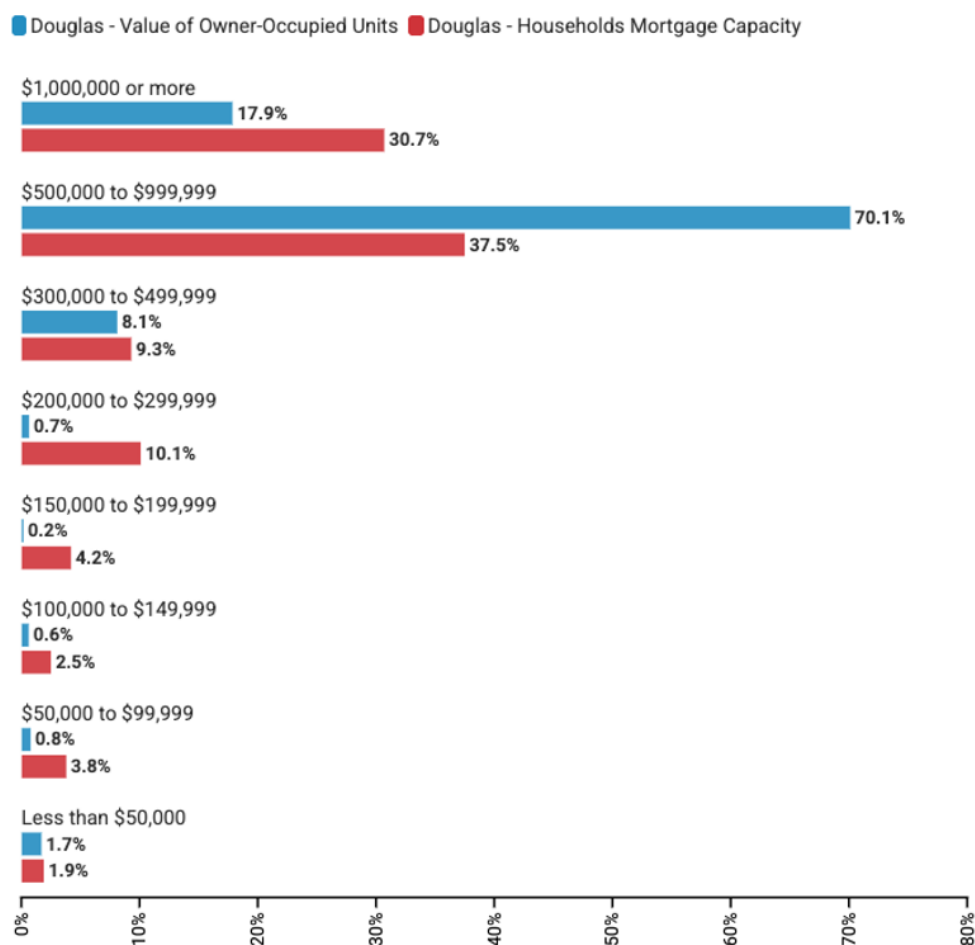
Source: U.S. Census and H.U.D.

## DOUGLAS COUNTY

**Figure 9** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Douglas County. The mismatch is 65.2%. There are insufficient homes valued at \$499,999 or less, and too many homes valued between \$500,000 and \$999,999. Between \$300,000 and \$499,999, the distributions are very close, 8.1% of the value of the housing stock versus 9.3% for household mortgage capacity. The percentage of households (30.7%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (17.9%).

**FIGURE 9**

### Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Douglas County



Source: U.S. Census and H.U.D.

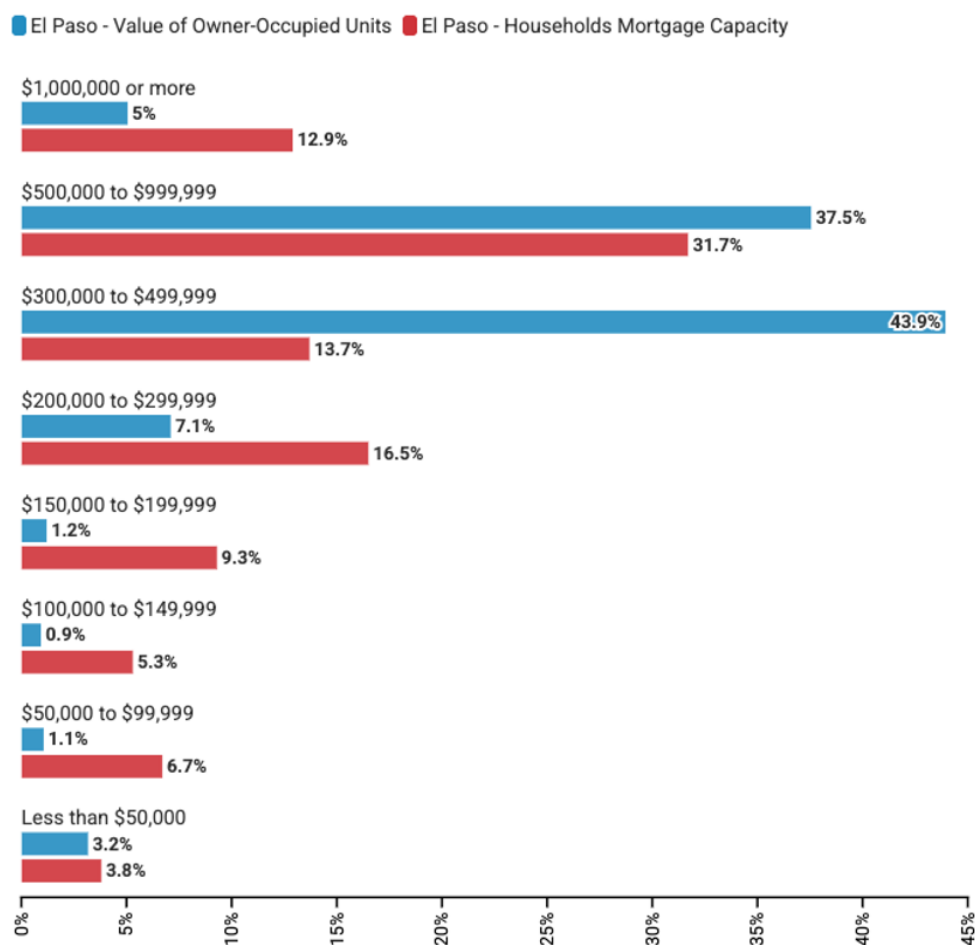


## EL PASO COUNTY

**Figure 10** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for El Paso County. The mismatch is 72.1%. There are insufficient homes valued at \$299,999 or less, and too many homes valued between \$300,000 and \$999,999. The percentage of households (12.9%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (5%).

**FIGURE 10**

### Value of Owner-Occupied Housing vs. Household Mortgage Capacity - El Paso County



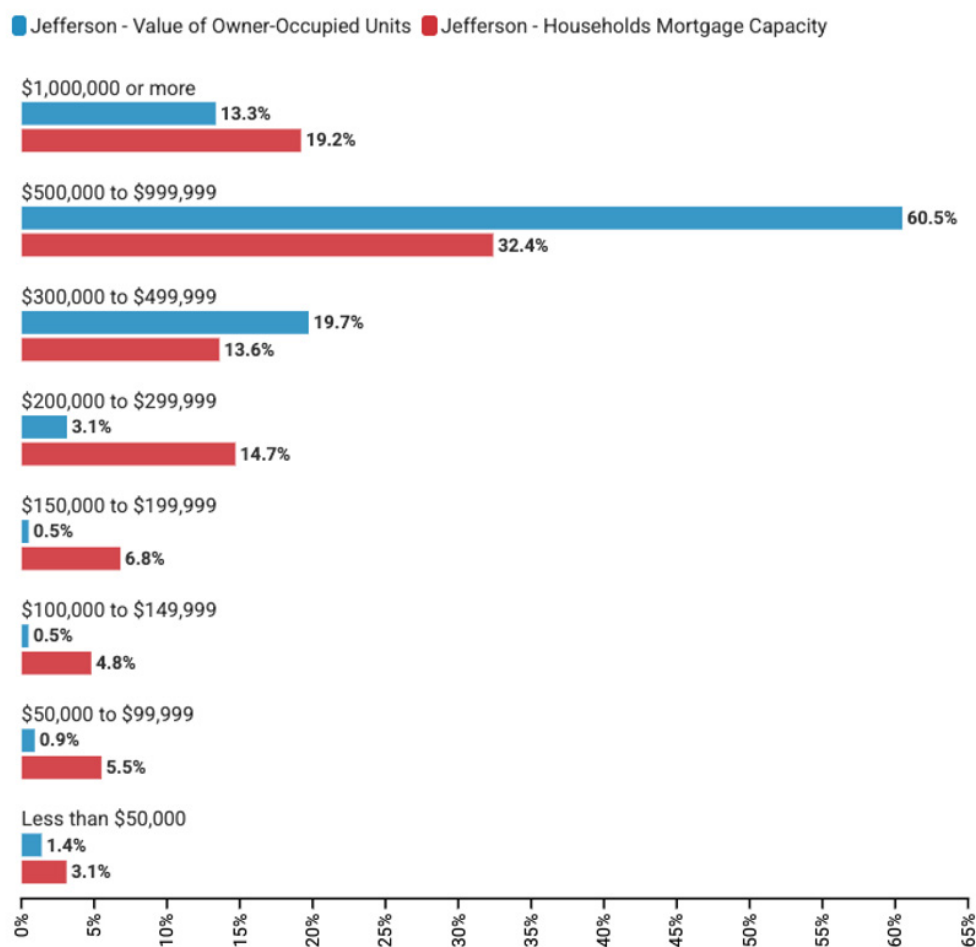
Source: U.S. Census and H.U.D.

# JEFFERSON COUNTY

**Figure 11** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Jefferson County. The mismatch is 68.6%. There are insufficient homes valued at \$299,999 or less, and there are too many homes valued between \$300,000 and \$999,999. The percentage of households (19.2%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (13.3%).

**FIGURE 11**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Jefferson County



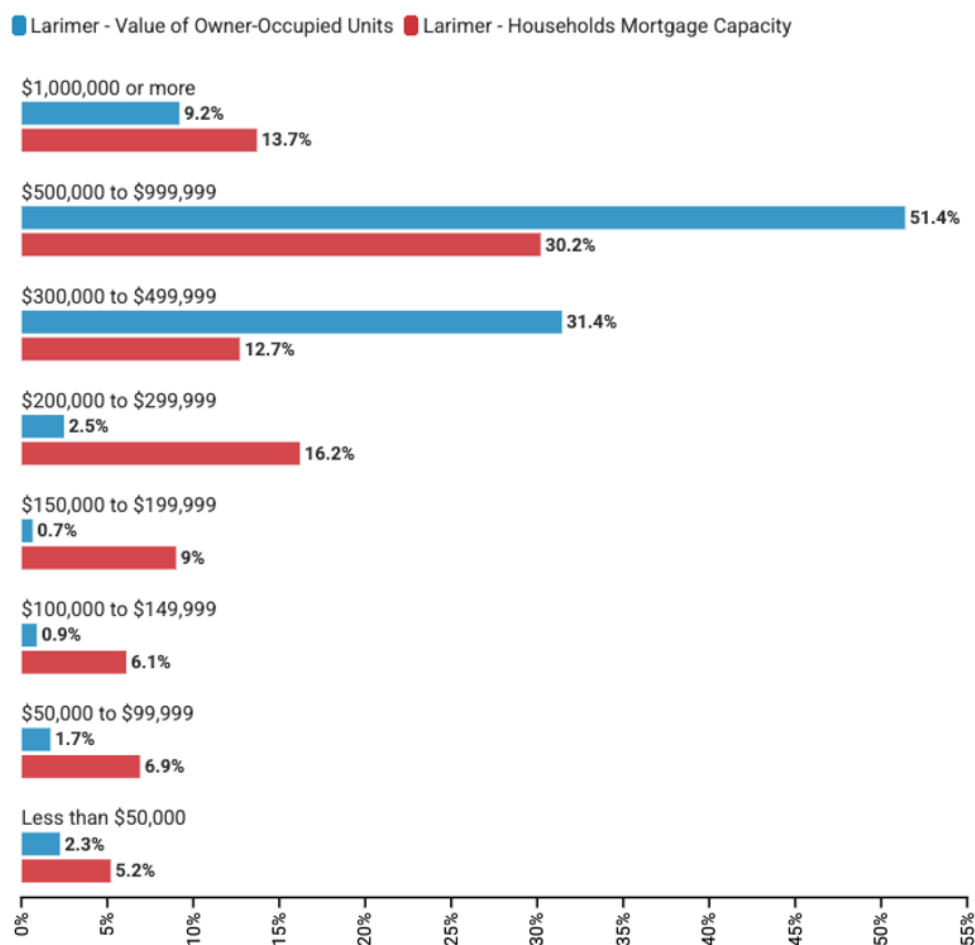
Source: U.S. Census and H.U.D.

# LARIMER COUNTY

**Figure 12** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Larimer County. The mismatch is 79.9%. There are insufficient homes valued at \$299,999 or less, and there are too many homes valued between \$300,000 and \$999,999. The percentage of households (13.7%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (9.2%).

**FIGURE 12**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Larimer County



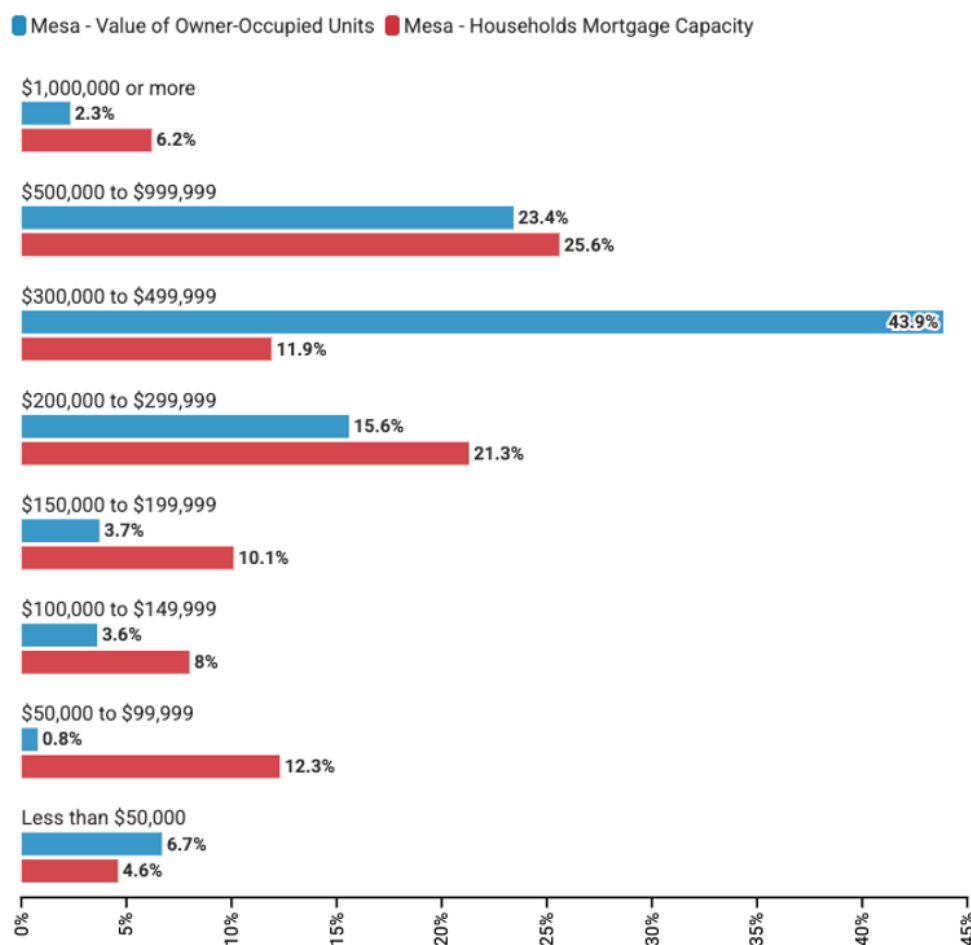
Source: U.S. Census and H.U.D.

# MESA COUNTY

**Figure 13** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Mesa County. The mismatch is 68.1%. There are insufficient homes valued at \$299,999 or less, and there are too many homes valued between \$300,000 and \$499,999. The percentage of homes valued at between \$500,000 and \$999,999 are almost equal (23.4%) to the percentage of households that can afford them (25.6%). The percentage of households (6.2%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (2.3%).

**FIGURE 13**

## Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Mesa County



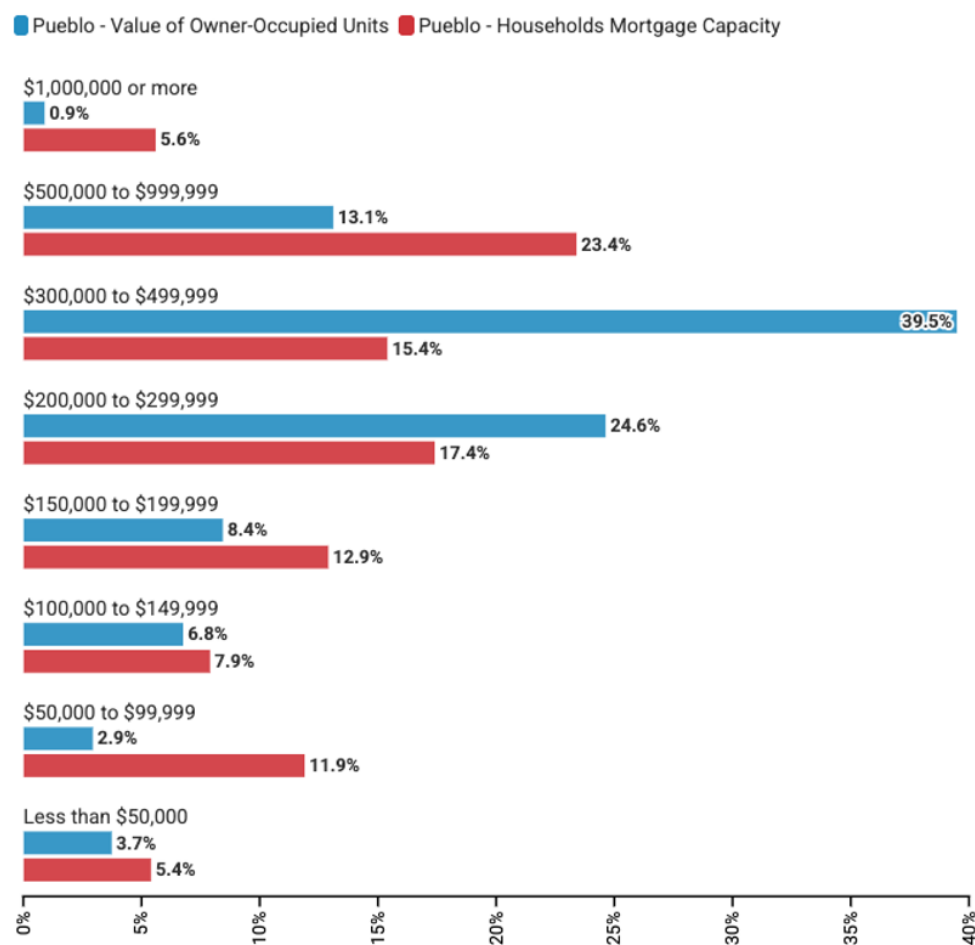
Source: U.S. Census and H.U.D.

## PUEBLO COUNTY

**Figure 14** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Pueblo County. The mismatch is 62.5%. There are insufficient homes valued at \$199,999 or less, and there are too many homes valued between \$200,000 and \$499,999. There are too few homes valued at \$500,000 or higher. The percentage of households (5.6%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (0.9%).

**FIGURE 14**

### Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Pueblo County



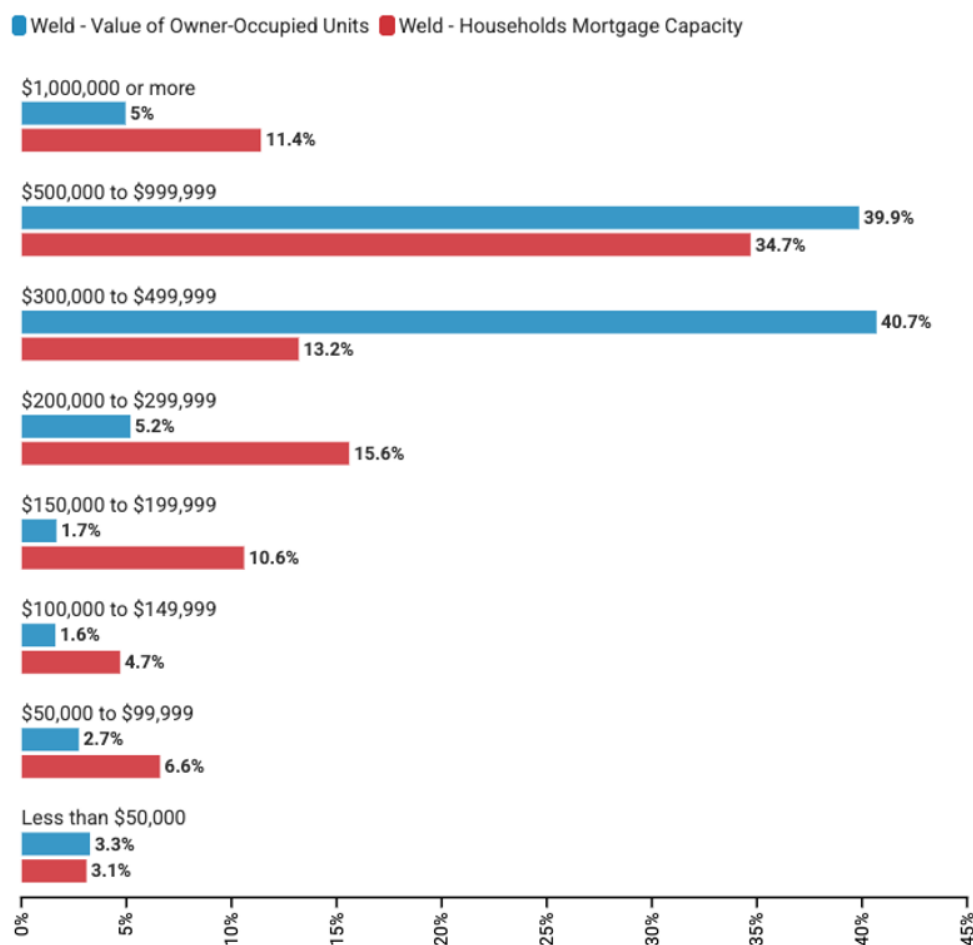
Source: U.S. Census and H.U.D.

## WELD COUNTY

**Figure 15** shows the comparison of the value of owner-occupied housing with annual household mortgage capacity for Weld County. The mismatch is 65.5%. There are insufficient homes valued at \$299,999 or less, and there are too many homes valued between \$300,000 and \$999,999. The percentage of households (11.4%) that could afford a home valued at \$1 million or more outweighs the percentage of available homes (5%).

**FIGURE 15**

### Value of Owner-Occupied Housing vs. Household Mortgage Capacity - Weld County



Source: U.S. Census and H.U.D.

## CONCLUSION

This analysis shows that the distribution of household mortgage capacity, based on income alone, differs substantially from the value of owner-occupied housing. Statewide and among the 12 counties in this analysis, there is a shortage of homes priced at \$299,999 or less and a surplus of homes priced \$300,000 or more. The reason for the shortage and the surplus is the large increase in home prices over the last ten years and high mortgage interest rates that have not been matched by increases in household income.

In comparison to all other states and the District of Columbia, Colorado ranks 9th highest in the difference between the value of owner-occupied housing and household mortgage capacity. This positions Colorado at a competitive disadvantage for attracting new business and workers.