

[https://gazette.com/opinion/editorials/editorial-an-out-of-the-box-housing-option-for-colorado/article\\_244fe9e2-dc20-11ee-80e1-f7e8255cda1a.html](https://gazette.com/opinion/editorials/editorial-an-out-of-the-box-housing-option-for-colorado/article_244fe9e2-dc20-11ee-80e1-f7e8255cda1a.html)

## EDITORIAL: An out-of-the-box housing option for Colorado

The Gazette editorial board  
Mar 7, 2024



Modular homes from Oakwood Homes.  
Courtesy of Oakwood Homes

As the Legislature ponders proposals to kickstart long-idled — and much-needed — condo construction in our state, a recent initiative by the governor reminds us there’s more than one path toward affordable housing.

Gov. Jared Polis' economic development office and the state housing financing authority have announced loans to eight developers to build nearly 5,000 modular homes a year statewide in Colorado. The nearly \$38 million in loans come with below-market interest rates, incentivizing the developers to get in the game.

Due to their economies of scale, factory-assembled modular homes are less expensive than homes of comparable size built on site. Yet, they can be as solid, stylish, energy efficient and rich in amenities.

The challenge to Colorado, as reported in The Gazette, is that even this more affordable option loses a lot of its competitive advantage because not enough modulars are manufactured here; 88% come from out of state. That drives up their cost given the extra transportation.

As The Gazette reported, Coloradans pay hundreds of millions of dollars to cover those extra delivery costs. The price of a modular home from outside of Colorado is 8% higher than if it were made in the state.

Colorado lost many of its modular home assembly operations in the 2000s housing crisis. As a result, Colorado modular homes made up only 1.5% of the total housing market in 2022, according to state data. The national average was 4%.

That's where the state loans come in. They will seed Colorado-based manufactured-housing plants. That not only should bring the cost of the homes back down to levels available in some other locales but also will create in-state jobs and generate more tax revenue.

For example, \$6 million of the loans are going to modular-home builder Vederra to assemble 316 homes a year in Aurora. In Aurora's case, local government is laudably helping out. The City Council passed a resolution designating modular homes a separate category of housing, making it easier to build more of them by reducing municipal fees.

Vederra's 110,000-square-foot factory in Aurora will prioritize building for affordable-housing organizations and is expected to generate \$138 million a year for the area's economy.

Other companies granted loans include Littleton-based Huron Components and California's 3D home printer Azure Printed Homes, which will manufacture for the Denver area. There's also Adoba Design, Fading West, Timber Age Systems, VillaLife and Guerdon, which will set up assembly operations in Pueblo, Buena Vista, Durango and Florence. Azure, by the way, is one of the first companies to 3D-print homes with recyclable materials.

That should spread modular manufacturing across a broad swath of the state, closer to the homesites where the housing is needed — and optimizing cost savings.

It's a boon to Colorado's starved housing supply and a potential restraint on spiraling homes costs. It comes at a time when most homes sold for over \$500,000 statewide in January and nearly \$600,000 in the Denver metro area during the same month.

In a statement released by his office, Polis called the development, "an important part of our work to increase Colorado's housing supply and make sure our state has nice housing for every budget."

Although the goal of "nice housing for every budget" is likely to remain elusive for the foreseeable future, Polis and his administration deserve credit for restoring another option for Colorado's hard-pressed home buyers. They need all the help they can get.