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Regional Housing Needs Assessment & Strategy

[Housing Solutions for the Southwest](#)
[Southwest Colorado Council of Governments](#)

DRAFT REPORT
August 2021

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SECTION I.

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

BACKGROUND

In spring of 2021, the Southwest Colorado Council of Governments (SWCCOG) and Housing Solutions of the Southwest (Housing Solutions) received a grant to complete a regional meta-analysis of existing housing data, housing plans, and identified housing needs across the five-county SWCCOG region. Although some cities and counties in the region have completed independent housing needs assessments, no studies have examined the cross-dependency of housing supply and demand among jurisdictions in the region. Similarly, no studies have taken a regional approach to housing strategies to address needs.

This study is the product of that effort.

STUDY OBJECTIVES

This Regional Housing Needs Assessment & Strategy brings together past and current efforts to identify and address housing needs into one document. The strategy covers the counties of Archuleta, Dolores, La Plata, Montezuma, and San Juan.

The components of the strategy include:

1. An easy-to-digest report to be actively utilized by the counties and cities in housing and land use planning;
2. A searchable and updatable data dashboard that contains key housing supply, demand, employment, and

affordability metrics. This report and dashboard provide current data on housing needs that can help the region be competitive with funding grant applications.

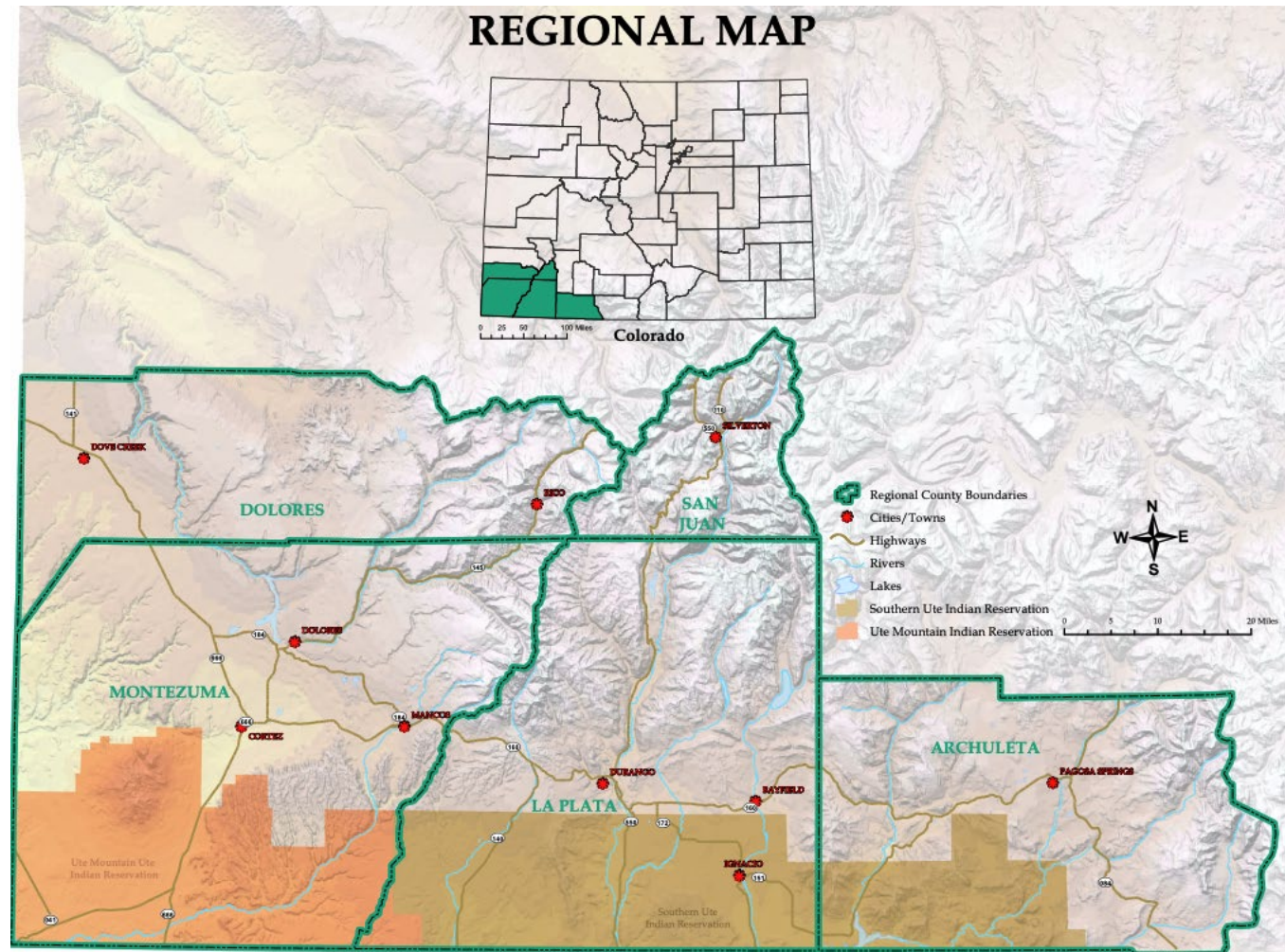
That dashboard can be found [at this link](#).

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

SOUTHWEST REGION

Source:

Southwest Colorado Council of Governments.



PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

RESOURCES AND CAPACITY

The five-county region has historically addressed housing needs through programs and development provided by nonprofit housing organizations, including public housing authorities (PHAs). The primary organizations involved in regional housing policy include the following.

Housing Solutions

Housing Solutions was founded in 1981 and has been serving the region for 40 years, providing affordable housing expertise and services to all the communities in Southwest Colorado. Housing Solutions is a certified HUD housing counseling agency and a state-certified Community Housing Development Organization (CHDO). Housing Solutions is the administrator for the Coordinated Entry System for the region that provides a single point of entry for persons experiencing homelessness to access needed services and housing support.

As a developer, Housing Solutions has developed, built and managed affordable housing for many decades. Housing Solutions has built workforce housing, including a 60 unit single family home workforce housing development in La Plata County and is currently building Espero, a 40 unit supportive housing project. The organization has also built affordable housing for seniors.

The organization also operates a revolving loan fund to repair health and safety problems for homeowners to keep people housed, with 350 homes rehabilitated, and provides low

income households assistance with energy bills. The organization has 20+ staff with decades of combined experience and expertise in the field.

Through this work, Housing Solutions serves thousands of households each year, reducing service costs for the public sector. The organization also brings millions of dollars of outside funding to the community each year for providing affordable housing and building affordable housing.

Southwest Colorado Council of Government (SWCCOG)

The SWCCOG provides regional leadership on behalf of local governments through the five-county region. This includes advocating for mutual goals and administering programs that benefit local governments. The SWCCOG is relatively new, officially formed in 2009, through an agreement among 14 local governments in southwest Colorado. The SWCCOG provides local public officials with the means of more effectively responding to local and regional challenges.

Although not directly involved in providing housing, the SWCCOG is well-positioned to advocate for state- and federal-solutions to address the region's affordability challenges and to further a collective, regional approach to addressing housing needs.

Regional Housing Alliance. The Regional Housing Alliance (RHA) covering La Plata County recently reconvened to confirm its mission and establish an organizational Action Plan.

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The RHA board members share a vision of more workforce and affordable housing being developed across La Plata County.

The RHA agreed to take a collaborative leadership role in addressing the urgent need of workforce and affordable housing in the county. This will occur through facilitating coordinated funding efforts and supporting current organizations and local governments in their efforts to develop units across the housing continuum.

Several elements of the RHA action plan will benefit regional housing efforts:

- The RHA new executive director, support staff, and/or consultant will help align the regional housing efforts of the governmental agencies, nonprofits, and key stakeholders. Since La Plata County is the largest county in the southwest region, the RHA has a unique ability to convene community leaders and build political will to collectively address housing needs.
- RHA intends to track and organize funding opportunities to ensure no funding is missed (emergency—ARPA, state, and other federal dollars).
- If the fall of 2021, the RHA intends to identify and list of potential immediate development opportunities and joint ARPA projects in the county.

Nonprofit Developers and Housing Assistance Providers

The region has many successful and active organizations specializing in affordable housing development, housing programs, and housing advocacy. The primary organizations in the region include:

- The [Homes Fund](#) focuses on homeownership. The organization formed in 2008, and is a certified Community Development Financial Institution (CDFI) and HUD-approved counseling agency. Homes Fund provides downpayment assistance, homebuyer education, and mortgage lending programs to help low and moderate income households purchase homes through shared appreciation loans, including purchase of mobile and manufactured homes. The organization serves households earning between 60 and 125 percent of the Area Median Income (AMI)—or approximately \$52,620 to \$109,600 per year in income for a family of four.
- Habitat for Humanity has two chapters in [Archuleta](#) and [La Plata](#) Counties. Those organizations build affordable homes for ownership using a model of “sweat equity,” contributed by potential buyers and community volunteers. Homes are affordable to households earning 30 to 60 percent AMI—or approximately \$26,500 to \$52,620. Habitat also maintains a “ReStore” which sells new and gently used building materials, household items, furniture, and fixtures that are donated from contractors, individuals, and retail stores.

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- [Mercy Housing](#) is a national housing developer with three affordable housing developments in Durango, providing affordable homes to families and residents with special needs. Two of the developments were made possible through partnerships with health care organizations who donated land. Mercy manages an additional attainable housing development that was built by the development arm of the Southern Ute Tribe. Mercy also provides resident services at no cost to tenants. Altogether, Mercy manages 170 units in the region.
- [Volunteers of America](#) is a national organization that provides affordable housing to seniors in Durango. The organization has developed three properties, providing 107 units of senior housing.
- [Archuleta Housing](#) is a nonprofit housing provider in Pagosa Springs. The organization was funded in 1965 by local residents committed to providing low income apartments in the town. The organization now has 52 affordable units, all centrally located in downtown Pagosa Springs. Archuleta Housing for the Elderly provides 12 affordable units for seniors.
- Durango Housing Corporation provides 100 units of deeply subsidized housing.

The region also benefits from private low income tax credit developers, as well as local supportive service and advocacy organizations. [Pagosa Housing Partners](#) is a local nonprofit that advocates for expanding housing choices and opportunities. [Pinon Project](#) provides services to support low and moderate income residents residing in and needing affordable housing in

the region. The [Southwest Center for Independence](#) advocates for persons with disabilities and is the Independent Living service provider in the region. The organization also runs the accessible transportation service Southwest Rides; assists long-term care residents relocate into communities of choice with community-based service provision; provides an employment training and job access program; supports youth with disabilities as they transition into adult life; and helps persons with disabilities find housing.

Housing Authorities

Two housing authorities exist in the region. [The Archuleta County Housing Authority](#) (ACHA) serves as a development partner and operator of affordable housing. ACHA owns and operates two properties in the county with 50 total units. One serves low income seniors and the other provides a mix of bedroom sizes to households and families.

The Housing Authority of the County of Montezuma is a more traditional housing authority providing rental assistance and public housing. The authority serves Montezuma, La Plata, and Dolores Counties. Affordable housing properties are located in Mancos, Cortez, and Dolores, and serve seniors and persons with disabilities and families.

State Funders

State resources for affordable housing are typically provided by the Colorado Department of Local Affairs (DOLA), Division of

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Housing (DOH), and the Colorado Housing and Finance Authority (CHFA).

- DOH provides funding to nonprofit developers, nonprofit housing providers, and directly to households. Eligible activities include acquisition of properties to preserve or repurpose into affordable housing; gap financing for affordable housing development; hotel/motel and mobile home park acquisition, rehabilitation, and preservation; infrastructure to support affordable housing development; rehabilitation of owner-occupied homes; housing to help persons experiencing homelessness; rental assistance; and supportive services.
- DOLA will implement the state's new [Innovative Affordable Housing Strategies and Development Incentives Grant](#) program. During fall of 2021, grant money will be available to local governments to promote innovative solutions to the development of affordable housing. The program has three components: 1) Funding for housing needs plans; 2) Funding for land use code updates; and 3) Flexible funding to support a variety of strategies that spur housing creation.
- CHFA is a financing entity, providing favorable mortgage loans and downpayment assistance to Colorado households, and financing for developers of Low Income Housing Tax Credit (LIHTC) housing. LIHTC developments typically serve households earning 40 to 60 percent of the AMI, or below \$52,620 in the region. CHFA's has a variety of homebuyer programs with most serving households earning less than 100 percent AMI. CHFA also sets a limit on

the price of the purchased home; in the southwest region, that limit ranges between \$311,000 and \$392,000.

In sum, the region has a relatively traditional yet comprehensive network of housing and supportive service providers. Gaps in organizational capacity were not identified by stakeholders as a primary factor contributing to affordable housing challenges—capacity was considered a moderate factor. Instead, as discussed below, gaps in resources, lack of commitment, and market factors are the primary contributing factors limiting housing options in the region.

COMMUNITY PERCEPTIONS OF NEED

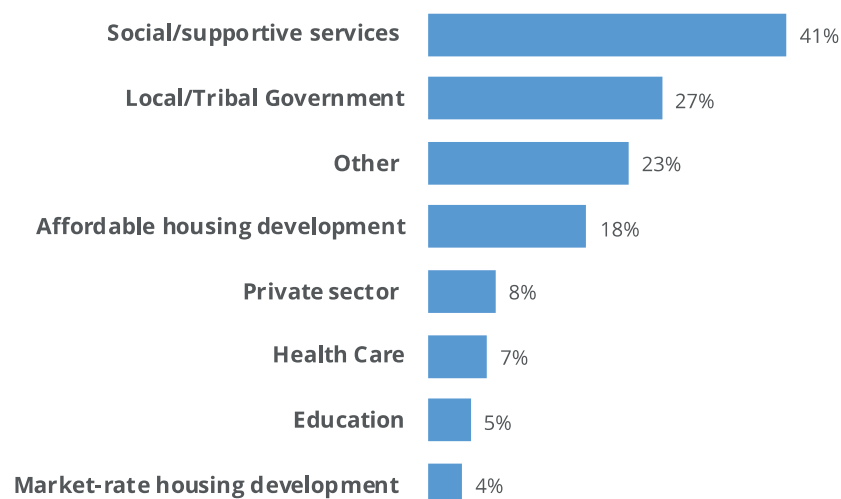
Regional stakeholders working in the fields of housing, community development, provision of services to low- and moderate-income (LMI) households, local government, and economic development contributed their perspectives on housing needs—and how housing shortages affect the economic health of the region.

Twenty-four stakeholders participated in virtual meetings to discuss their concerns about housing availability and affordability and explore local and regional solutions. These interviews were conducted in May and June 2021. Stakeholders interviewed worked in the fields of city/town/county leadership, community development, housing, economic development, planning, and service provision.

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A total of 105 stakeholders in the region completed an online survey, available in May 2021. As shown in the following figure, most respondents work in the field of social and supportive services, followed by local/tribal government.

Figure I-1.
In which industries do you work or volunteer?



Note: n=105, percentages do not add to 100 due to multiple responses allowed.

Source: Southwest Colorado Housing Survey 2021 and Root Policy Research.

Survey respondents represented all areas of the region, as shown in the following table. Fifty-eight percent represented Montezuma County and cities/towns within that county; 51 percent, La Plata County and its cities/towns; 30 percent,

Archuleta County; another 30 percent, Dolores County; and 21 percent, San Juan County.

Top findings from stakeholder survey.

Affordable housing challenges that concern stakeholders the most include :

- Limited rental housing;
- Lack of starter homes and difficulties in attaining ownership; and
- Distance between areas of employment and affordable housing.

Secondary concerns focused on the negative economic impacts of limited affordable housing from residents cutting back on local spending, and businesses not being able to attract or retain workforce.

Stakeholders are moderately concerned about housing for seniors to age in place and public transportation connecting workplaces and affordable housing. They are least concerned about the effect of affordable housing challenges on attracting or retaining families.

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS











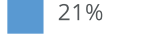
Figure I-2.
In which towns, cities, and counties do you provide services?

Place	Distribution	
	Responses	Percent
Archuleta County	31	30%
Pagosa Springs	25	24%
Dolores County	31	30%
Dove Creek	25	24%
Rico	17	16%
La Plata County	53	51%
Bayfield	31	30%
Durango	44	42%
Ignacio	32	31%
Montezuma County	60	58%
Cortez	42	40%
Dolores	32	31%
Mancos	36	35%
San Juan County	22	21%
Silverton	20	19%

Note: n=104, percentages do not add to 100 due to multiple responses allowed.

Source: Southwest Colorado Housing Survey 2021 and Root Policy Research.

Figure I-3.
When you think about affordable housing challenges in your community, what concerns you the most?

Housing Challenges	# and % of Responses
Limited rental housing	83  83%
Lack of starter homes/difficult to attain homeownership	77  77%
No affordable housing near areas of employment	66  66%
Lack of housing requires residents to cut back on other household necessities	54  54%
Limited housing for seniors to downsize and age in place	50  50%
Lack of reliable public transportation to move workers between housing and employment	49  49%
Lack of accessible housing stock for frail elderly/people with disabilities	48  48%
Limits economic growth	44  44%
Cannot attract or retain workforce	43  43%
Cannot attract or retain families	36  36%
Other	21  21%

Note: n=100, numbers do not add to 100 due to multiple responses allowed.

Source: Southwest Colorado Housing Survey 2021 and Root Policy Research.

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

“Other” challenges offered by respondents include:

Regulatory challenges.

- Durango’s fee-in-lieu affordable housing program incentivizes payment over unit production.
- Lack of Short Term Rental (STR) regulations in many parts of the region to limit conversions of permanent rentals to vacation rentals.
- Overly complicated funding sources.

Community bias.

- Bias against low income families and individuals, those with criminal histories, those with substance abuse challenges.
- Lack of interest in providing subsidized rentals and starter homes (30-80% AMI) and transitional housing.

Economic changes.

- Gap between wages and housing prices; lack of high-wage jobs (2 mentions).
- Gentrification spurred by the prices investors and out-of-state buyers are willing to pay.
- Limited resources to commit to affordable housing solutions.

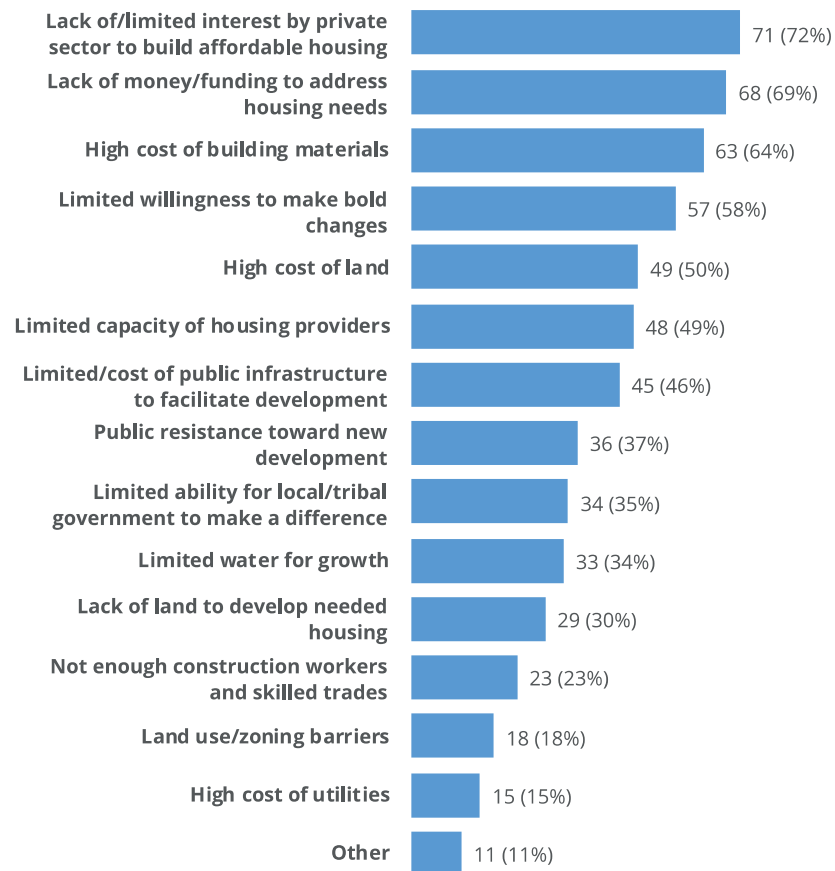
Stakeholders identified the **greatest barriers** to addressing housing needs as:

- Lack of/limited interest by the private sector to build affordable housing;
- Lack of money/funding to address housing needs;
- High cost of building materials; and
- Limited willingness [of leaders] to make bold changes.

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

Figure I-4.

In your opinion, what are the greatest barriers to addressing housing needs in your community?



Note: n=98, percentages do not add to 100 due to multiple responses allowed.

Source: Southwest Colorado Housing Survey 2021 and Root Policy Research.

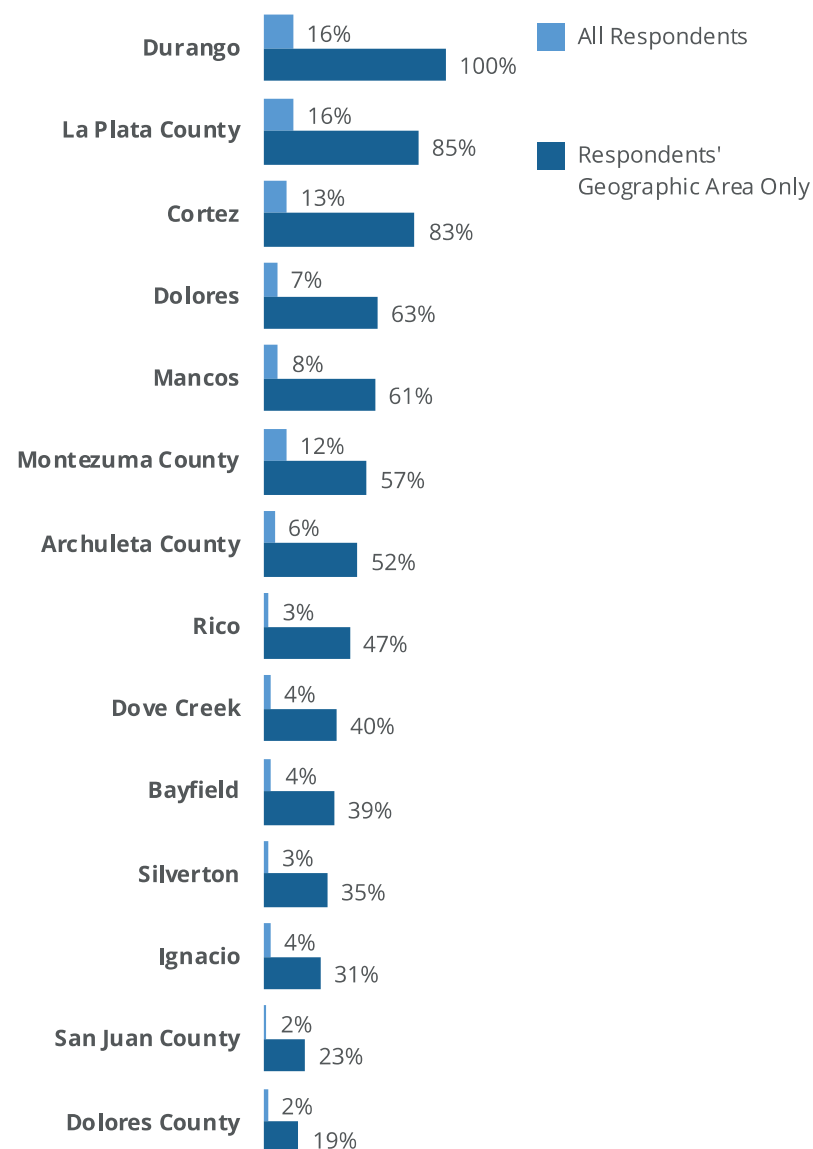
PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

When asked about the **geographic areas** where challenges are most severe, most respondents identified the La Plata County-Montezuma County commute shed. This was true for respondents overall and when adjusted by respondents' geographic area. For example, 100 percent of respondents serving Durango said that area has the most severe housing needs. This compares to 23 percent of San Juan County respondents and 19 percent of Dolores County respondents who identified their respective service areas as having the most severe needs.

The next figure shows the proportion of respondents from each geographic area who selected their region as having the most severe housing needs.

Figure I-5.
In which geographic areas do you feel the above challenges are most severe?

Source:
Southwest Colorado Housing
Survey 2021 and Root Policy
Research



PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

Solutions. Stakeholders were asked what information they wished they had to help their community better respond to housing challenges. The top answers were:

- Strategies to address needs (68 responses);
- Best practices to address needs (60 responses);
- Number of residents with housing needs (56 responses);
- How much of current housing stock is affordable (53 responses); and
- Types of housing and price points lacking (53 responses.)

Stakeholder survey respondents were also invited to record their thoughts about solutions. This open-ended portion of the survey generated many responses.

Most solutions focused on **making better use of land** through zoning reform and repurposing under-utilized properties (motels, mobile home parks) into cooperatives and affordable housing, as well as enacting inclusionary zoning regulations. One stakeholder suggested imposing first right of refusals on homes for sale to limit opportunities for investor purchases.

On **zoning**, stakeholders attributed high housing costs to land use restrictions and community resistance against affordable housing. Embracing density, allowing innovative housing types (tiny homes, container homes), and loosening regulatory restrictions for affordable housing was recommended.

Many stakeholders acknowledged that cost of extending **public infrastructure** to accommodate housing development is a significant challenge. Stakeholders offered many ideas to address this challenge, most of which called for regional, public-private collaboration:

- *“Bring all players to the table rather than address in a piecemeal fashion. Local governments need to work together to obtain funding to address this challenge. This will take a unified effort.”*
- *“Cities and counties should share in land development costs associated with public infrastructure, water and utilities... business owners should share in those costs as a solution for filling jobs.”*
- *“Areas might be able to be developed if we could provide infrastructure to designated areas which in turn affects our ability for economic growth.”*
- *“State and federal grant assistance for infrastructure improvements are needed to accommodate long term deed restricted work force housing.”*
- *“Utility companies—e.g., La Plata County water—need to extend infrastructure to areas of the region where it makes sense to develop housing. Cities should extend their water pipelines to beyond city limits to reach available rural properties that could be re-zoned for minimum of 10-to-20 housing units per acre.”*
- *“Consolidation, oversight and support to special district for service extensions to potential development locations.”*

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

Top findings from stakeholder interviews.

Twenty-five stakeholders participated in virtual meetings to discuss their concerns about housing availability and affordability and explore local and regional solutions. Main themes from conversations with stakeholders included:

- There is widespread concern about responding quickly to address needs. While stakeholders recognize that updated data on needs is important for obtaining grants, they feel the data need to be quickly turned into action. For many, the magnitude of need feels overwhelming compared to available resources.
- Investor activity spurred by short term rentals (STR) market is a huge challenge to maintaining long term rental stock.
- Needs are most acute on the rental side, one and 2 bedroom, and deeply affordable rentals. The region is in need of apartments and townhomes and “missing middle” housing. Both market rate and income-restricted units would help address supply needs. The region must actively recruit and reward developers who specialize in workforce housing.
- Residents with disabilities have very few housing options. Tenant-based rental assistance (Housing Choice Vouchers funded by the state) no longer work in the region. There are almost no units with rents low enough for voucher holders (**“\$900 per month is not affordable”**).
- Public infrastructure and availability of water resources present challenges to affordable development in many communities. A collaborative approach is vital, and infrastructure problems must be addressed as part of a comprehensive housing approach.
- Other barriers to affordable development—particularly in rural and mountain communities—in a short construction season, limited supply of labor and materials, and restrictive local land use codes. As such, solutions should leverage existing stock and innovative development including preservation of existing affordable units, conversion of underutilized hotels/motels into housing, encouraging modular housing options, and promoting resident ownership and condition improvements in manufactured housing communities.
- Land is available to address needs—some publicly owned. Yet land is highly valued in the region, and converting open land into housing is not yet a top priority.
- Residents will complain about *any and all* development. The region should set workforce housing goals and stick to those—recognizing that they will be controversial.
- Housing solutions are dependent on increased resources, and the region needs to be much more aggressive in generating funding. For example, communities should charge fees for development above 200 percent median price, and lower fees or waive fees for developments around 120 percent of the median price.
- Local government capacity is very limited. A plan that lays out a regional effort with tailored goals for addressing needs would be helpful to get everyone on the same page, reduce duplication.

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

Bayfield, Durango, Ignacio, and La Plata County.

Housing costs have not been reasonable for years, but the current situation is untenable. Old motels that served as a de facto reserve for affordable housing used have been purchased by investors, and those that remain now rent for \$850 to \$900 per room per month.

The impact of housing shortages on businesses is seen in reduced operating hours. The only employees who can live in the area are those who found a place awhile back.

Bayfield's purchase of land entitled for townhomes is encouraging, and will be a much-needed housing solution. The region should also consider facilitating factory-built housing solutions—and make sure those units are allowed in planned unit developments (by HOA covenants).

Difficulty finding builders and building costs are much more of a barrier than getting entitlements/developments approved.

Durango's Fair Share Housing ordinance has not produced units and needs to be revised; the fee-in-lieu is much too low to incentivize unit creation. Durango has been a regional in STR regulation; their approach is a model for other towns.

To facilitate housing development, the county needs to address infrastructure challenges very aggressively. Ignacio is on the Southern Ute water and wastewater system and the costs are very high.

Real estate transfer taxes should be allowed to help generate revenue to support affordable housing development. Investors and wealthy owners are contributing to the problem and should be part of the solution: *"TABOR is killing us."*

Cortez and Montezuma County. Rising prices in the city and county are due to an increase in in-commuters from La Plata County and the "zoom town" phenomenon.

The housing authority in Montezuma county has an average of 45 people added to the waitlist each month, around half of them indicate being homeless.

Fair Market Rents (FMRs) in the county have not kept up with the increases in the rental market, making finding a rental unit even harder in the tight market.

Dolores County. There are very few housing options for workforce in the county—no apartment complexes, limited attached housing. Housing supply is largely comprised of single family homes and mobile homes.

Second homeowners have crowded out workers, and there are no alternative housing types for workforce. This includes local government workers.

Housing has become a top need for low income residents; calls from residents seeking services are almost always related to housing insecurity. Housing choice vouchers/Section 8 is less effective due to the lack of housing supply.

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

A couple of small apartment complexes targeting families, workforce, in addition to expansion of home health care for seniors, would go a long way to addressing critical needs. The county needs both publicly-subsidized housing and market rate housing.

The county is in a “Catch 22” situation, with economic growth dependent on workforce, workforce dependent on adequate housing, and adequate housing dependent on economic growth.

Pagosa Springs and Archuleta County. Movement of Baby Boomers into the area for retirement has dramatically changed the housing market. This trend, coupled with a “wave of investors” purchasing and converting units into STRs, has led to a very challenging market for workforce. These trends make sense from the investors’ perspective. Unaccounted for is the negative effects on the community—loss of teachers, challenges recruiting workforce, impact on the environment.

Median home prices rose \$150,000 in one year, with fewer than 10 percent of typical inventory for sale currently.

Many stakeholders expressed regret that the town and county did not move faster to implement housing solutions before costs were this high and the gap so wide.

“Even doctors can’t afford to live in the area. Our economy cannot function without health workers, local government staff, grocery store workers.”

“When I hire I ask—Do you have a plan for where to live?”

The town and county have been reluctant to cap the number of STRs, which has discouraged some hotels from opening in the area. The town requires a license for STRs, requires a two-year ownership before converting to STR use, regulates occupancy, and taxes STRs like commercial lodging. The county recently increased fees for STRs.

The area has a significant lack of supply of workforce housing including attached homes and condominiums. Eighty-percent of housing units are in HOAs. Pagosa Springs is a very small part of the county, and is limited in its ability to accommodate growth.

To adapt, workers are living in campgrounds, doubling up, living in their cars.

Core needs are for 50-120 percent AMI/workforce housing, both rental and for sale. The most acute need is for long term rentals, studio and 1 bedroom for workers. Nonprofit housing partners are a central part of the solution, as is continued education about needs.

Some stakeholders feel that a focus on missing middle products is misguided due to low wages of service and tourism workers; missing middle products are not affordable to the lowest wage workers who have the most critical needs.

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

On the other hand, state program AML caps are too low for ownership and have not kept up with rising housing costs.

Pagosa Springs is exploring land use solutions to facilitate affordability—offering density bonuses for new construction with a share of affordable units, embracing innovative building types (e.g., carbon containers), and examining barriers in the building and land use code.

For the county, solutions to explore include carving off land for workforce housing (including land owned by the school district and hospital), working with builders and landowners, and figuring out how to extend infrastructure in exchange for affordable housing. Employers are also doing more to address needs and providing modest amounts of workforce housing. These solutions are dependent on the county hiring a housing coordinator to manage solutions.

Some stakeholders feel that developer incentives are not a successful tool; it is hard to convince developers to build anything but luxury units given the high return those command. Instead, the region should require developer contributions—e.g., given some proportion of units, 10 to 20 percent, to housing workforce. Catching up to needs remains a huge challenge.

“Fee waivers, fast track, density bonus, loosening regulations...they haven’t seemed to work. They won’t [contribute to affordable housing] unless it is a requirement.”

“It shouldn’t be the priority of government to give people a second home.”

Silverton and San Juan County. The “housing crunch” in Silverton is unlike anything the town has seen in more than a decade. Conversion of housing into vacation rentals and sales of rental units has definitely displaced workforce. The town has done a good job of restricting STRs.

Workforce who rent must move constantly, with some staying in their cars or camping during the summer and many “couch surfing.” Some live in temporary conditions for nearly a full year; many cycle in and out of homelessness.

Condition of rentals is also a concern among stakeholders, primarily related to weatherization and heating during winter months. Not only does this impact health/safety but also affordability: one stakeholder noted that there are units available to rent for \$600 per month but the cost of heating in winter can run up to \$1,200 per month.

If workers are lucky, they have connections in town and can figure out who is moving and how to secure housing. Those moving into the town for new jobs—typically higher-level jobs—are having the hardest time.

“Lack of workforce housing is preventing economic growth 100%. Businesses can’t open, businesses can’t grow.”

PROJECT BACKGROUND & COMMUNITY PERCEPTIONS

One business estimates that one-fifth of their workforce turns over each year due to lack of housing.

It is difficult for workers to remain in the town as they become older and want to start families; there is no housing to accommodate them.

The town needs a variety of housing solutions:

- A housing cooperative or tiny home community for single workers and roommates—more transient workforce—accessible to local businesses to house workers;
- A program to entice owners of vacation rentals to convert those to long-term rentals. For smaller landlords (v. wealthy investors), this should be a monthly subsidy v. a tax break, as not all landlords are wealthy;
- A new workforce housing community, with units for rent and for sale, and with both market rate and income-restricted units. We have no “down valley” housing relief in Silverton. The survey a few years ago that concluded that the town needed 12 or so units for housing was off—we could have easily absorbed 20 units.
- Better coordination between the public sector, employers, and developers including employer-assisted housing models and expanded infrastructure to support housing.

SECTION II.

HOUSING NEEDS

HOUSING NEEDS

INTRODUCTION & METHODOLOGY

This core section of the regional housing needs assessment describes how the region's demographics, employment, and housing landscape have changed since 2010, and the interplay of needs among the counties and cities/towns in the region. It concludes with an estimate of the housing units that are needed, with target rents and sales prices.

Data Sources

This report utilized the most current data from the sources listed below. This analysis also draws on a variety of local and regional economic development and housing studies.

- Bureau of Labor Statistics (BLS)
- Census' American Community Survey (ACS)
- Colorado Housing and Finance Authority
- Colorado State Demographer
- Home Mortgage Disclosure Act
- Local planning departments data
- Local Real Estate agents
- Longitudinal Employer–Household Dynamics (LEHD)
- Multiple Listing Service (MLS) data

SOCIOECONOMIC TRENDS

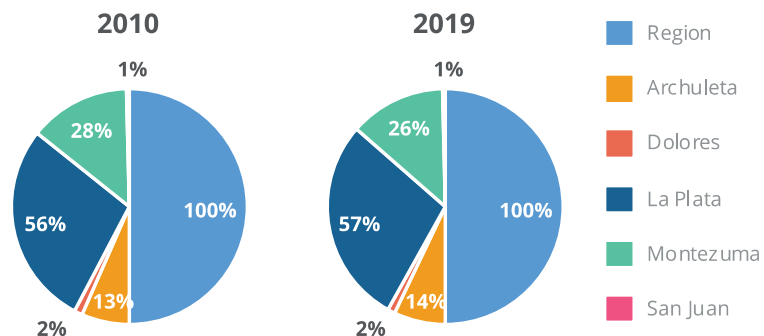
Demographics

Demographics drive the types of housing needed—and housing prices respond to demographic changes. Shifts in demographics can also indicate displacement of low income households and workforce housing challenges. This section discusses how the region has changed demographically since 2010, setting the context for the housing needs analysis that follows.

Permanent resident population. As of 2019, the Colorado State Demographer estimated a population of 99,197 for the region. La Plata County is the largest county in the region and where 57 percent of the region's residents live. The distribution of residents by county changed little between 2010 and 2019, even with shifts in migration and commute patterns, as shown below.

HOUSING NEEDS

Figure II-1.
Distribution of Permanent Residents by County,
2010 and 2019



Source: Colorado State Demographer.

Figure II-2 shows the change in permanent residents between 2010 and 2019. Overall, the region gained about 7,400 people—an increase of 8 percent. La Plata County alone accounted for 65 percent of that growth and, Archuleta County, 26 percent. This was driven by strong growth in the counties' most populated communities including Pagosa Springs (20% population increase), Bayfield (15%), and Durango (13%).

The reason for growth varied by community. The declines in the permanent resident populations in the small communities of Dove Creek and Rico indicate outmigration of permanent resident households and an increase in housing occupied by seasonal or vacation owners.

Figure II-2.
Permanent Resident Population by City/Town,
County and Region, 2010 and 2019

	2010	2019	# Change	% Change
Region	91,802	99,197	7,395	8%
Archuleta	12,060	14,002	1,942	16%
Pagosa Springs	1,722	2,072	350	20%
Dolores	2,060	2,037	-23	-1%
Dove Creek	734	632	-102	-14%
Rico	264	231	-33	-13%
La Plata	51,441	56,272	4,831	9%
Bayfield	2,357	2,708	351	15%
Durango	16,889	19,117	2,228	13%
Ignacio	699	718	19	3%
Montezuma	25,532	26,160	628	2%
Cortez	8,484	8,723	239	3%
Dolores	936	966	30	3%
Mancos	1,337	1,419	82	6%
San Juan	709	726	17	2%
Silverton	646	660	14	2%

Source: Colorado State Demographer.

Archuleta County, by contrast, saw a significant increase in permanent residents that outpaced housing unit growth. In this case, seasonal homeowners moved into the county permanently.

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Figure II-3.
Change in Permanent Resident Population v. Housing Units, 2010 to 2019

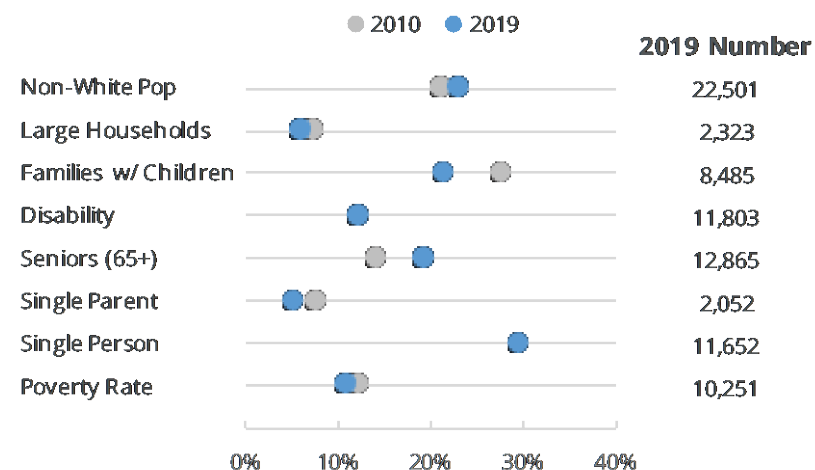
	Permanent Residents		Housing Units		What Changes Signal
	# Change	% Change	# Change	% Change	
Region	7,395	8%	2921	6%	
Archuleta	1,942	16%	611	7%	Seasonal owners became permanent residents
Dolores	-23	-1%	113	8%	Increase in housing owned for seasonal/vacation purposes
La Plata	4,831	9%	1965	8%	Growth in housing units accommodated permanent residents, as well as seasonal/vacation demand
Montezuma	628	2%	237	2%	Growth in housing units accommodated permanent residents, as well as seasonal/vacation demand
San Juan	17	2%	-5	-1%	Seasonal owners became permanent residents

Source: Colorado State Demographer.

La Plata and Montezuma Counties experienced relatively uniform growth between permanent residents (both workforce and retirees) and housing units. Although workers may have left La Plata County for more affordable communities within Montezuma County, that outmigration was tempered by housing development that served permanent residents, as well as seasonal and vacation owners.

As shown by Figure II-4, the region now has fewer families with children, including single parent households, and more seniors (65+ years) than in 2010. This single demographic shift—strong growth in seniors offset by a decline in families with children—is consistent across all counties in the region.

Figure II-4.
Demographic Shifts, Region, 2010-2019



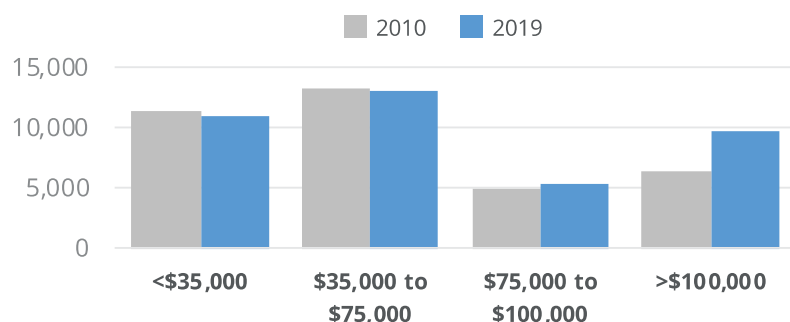
Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

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Income. Between 2010 and 2019, median household income in the region rose by 13 percent. The overall median, for all household sizes, was \$62,061 as of 2019—up from \$55,110 in 2010.

The median increased due to an influx of high-income households, as shown in Figure II-5.

Figure II-5.
Shifts in Household Income Distribution, 2010-2019

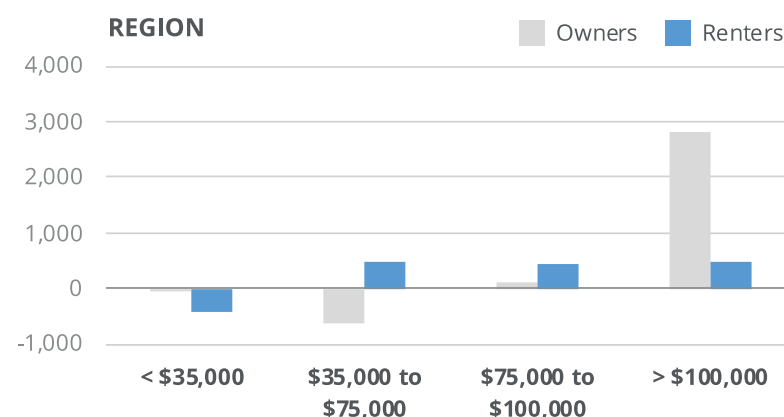


Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

Figure II-5a shows income distribution trends separated by rentership and ownership (housing “tenure”). The decline in households with incomes of \$35,000 and less was driven by a decline in renter households who either left the region or remained in the region and moved into a higher income bracket. Conversely, the decline in \$35,000 to \$75,000 income households was driven by a decline in owners in the region, and offset by an increase in renters. While the increase in \$75,000

to \$100,000 income households was mostly comprised of renters, the increase in \$100,000+ income households was largely comprised of owners.

Figure II-5a.
Shifts in Household Income Distribution by Tenure, 2010-2019

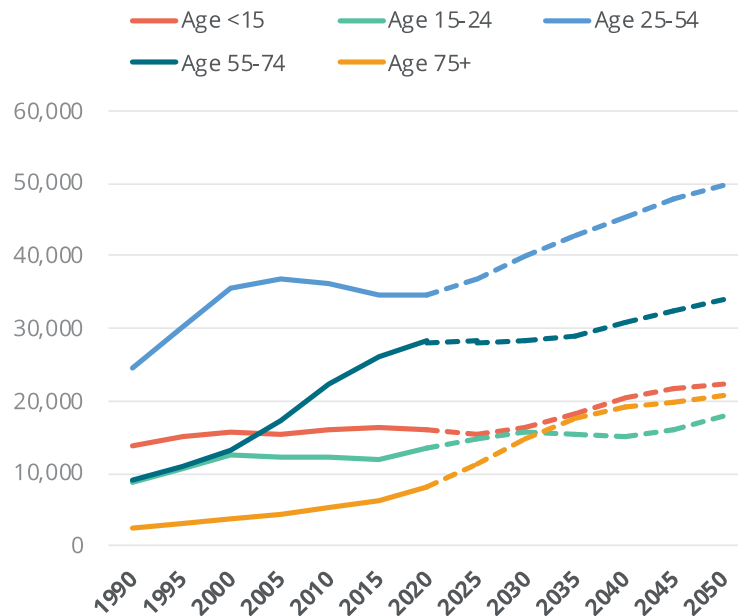


Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

Forecasted growth. The Colorado State Demographer predicts that future population growth in the region will be concentrated in the age cohorts of working age adults (25-54) and 75+ residents, as shown in Figure II-6. A critical aspect of this growth will be the region’s continued employment growth, and the ability of the region to accommodate workers’ housing needs.

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Figure II-6.
Population by Age, 1990-2050



Source: Colorado State Demographer.

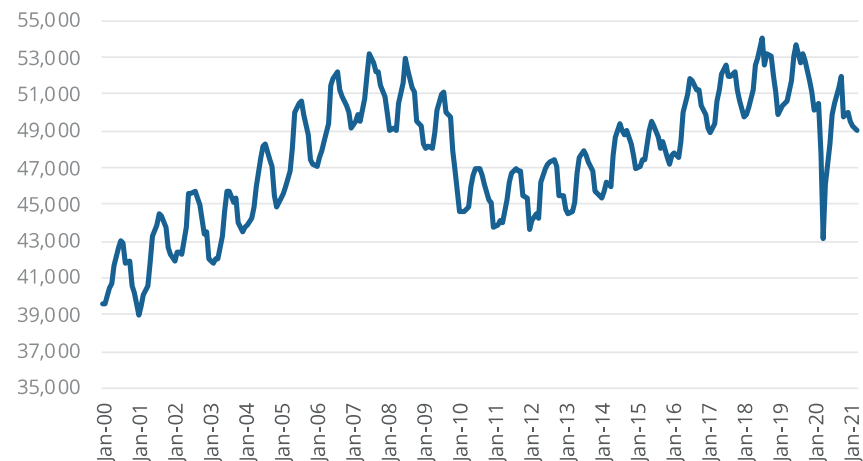
Employment

The Region 9 Economic Development District of Southwest Colorado tracks employment and economic development in the region. Regional employment is expected to exceed 60,000 jobs by 2022, including sole proprietors, according to estimates provided by Region 9 in their latest economic outlook.

Employment trends tracked by the Bureau of Labor Statistics (BLS) are shown in Figure II-7. The region has experienced a steady increase in employment since 2009, rising from approximately 40,000 jobs in January 2020 to 49,000 in March 2021. The highest level of employment occurred in July 2018 at 54,000 jobs.

As of the spring 2021, employment remained slightly below near pre-pandemic levels, with the region averaging around 3,500 fewer summer jobs in 2020 compared to summer 2019. Although data are not yet available, economic activity in the region suggests that jobs rebounded during 2021.

Figure II-7.
Total Regional Employment, January 2000-March 2021



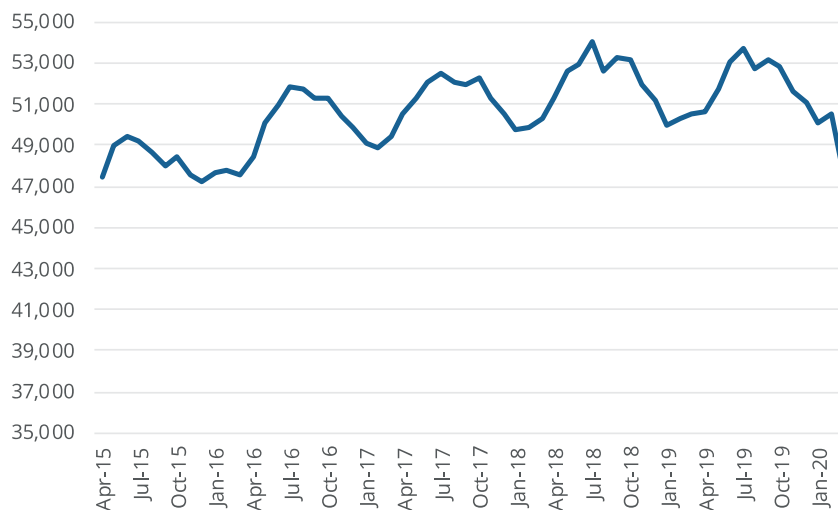
Source: BLS and Root Policy Research.

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Seasonality. The figure below shows a five-year trend demonstrating the seasonal nature of employment in the region prior to the pandemic. Employment typically peaks in July between 52,000 and 54,000 jobs. The lowest levels occur in December and January, between 49,000 and 50,000 jobs.

The seasonal swing in jobs between peak and low periods is 3,000 to 4,000. At 2 jobs per household, this means that the region needs 2,000 additional housing units during peak employment to accommodate the seasonal surge in workforce.

Figure II-8.
Seasonality of Regional Employment, April 2015-March 2020

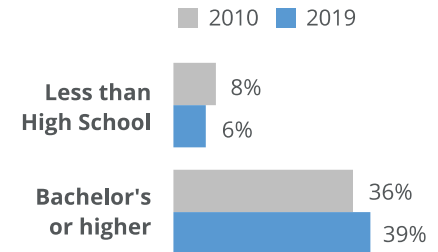


Source: BLS and Root Policy Research.

Education. The region's workforce is relatively well educated, as shown below, and educational attainment has shifted upwards since 2010.

Figure II-9.
Shifts in Educational Attainment, 2010-2019

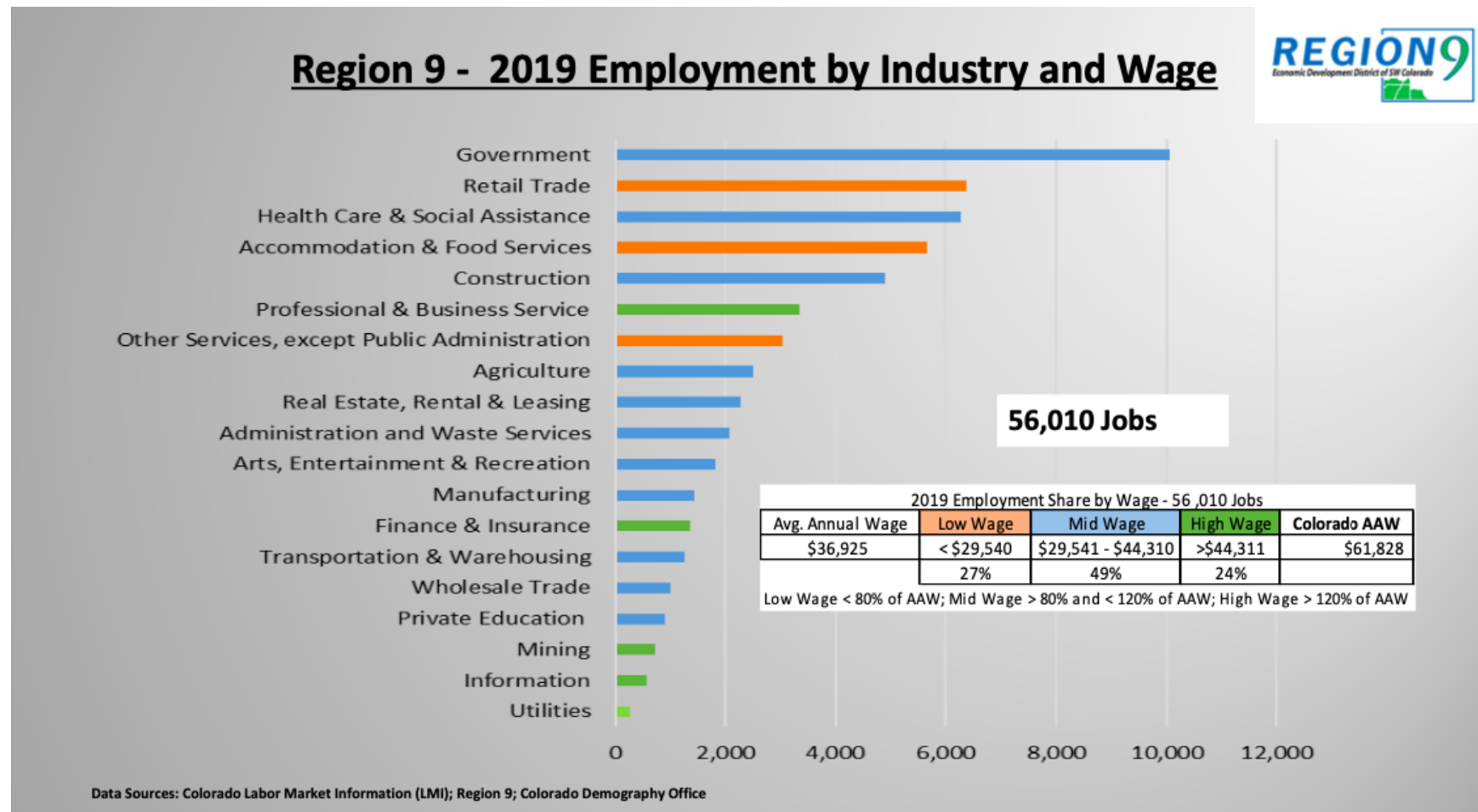
Source:
2010 and 2019 5-year ACS estimates
and Root Policy Research.



Dominant industries. The Region 9 Economic Development District tracks employment by industry and average wages by industry. As shown in Figure II-10, the region's largest employment industries include government, retail trade, health care and social assistance, accommodation and food services, and construction—all of which pay low to moderate wages.

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Figure II-10.
Employment by Industry and Wage, 2019



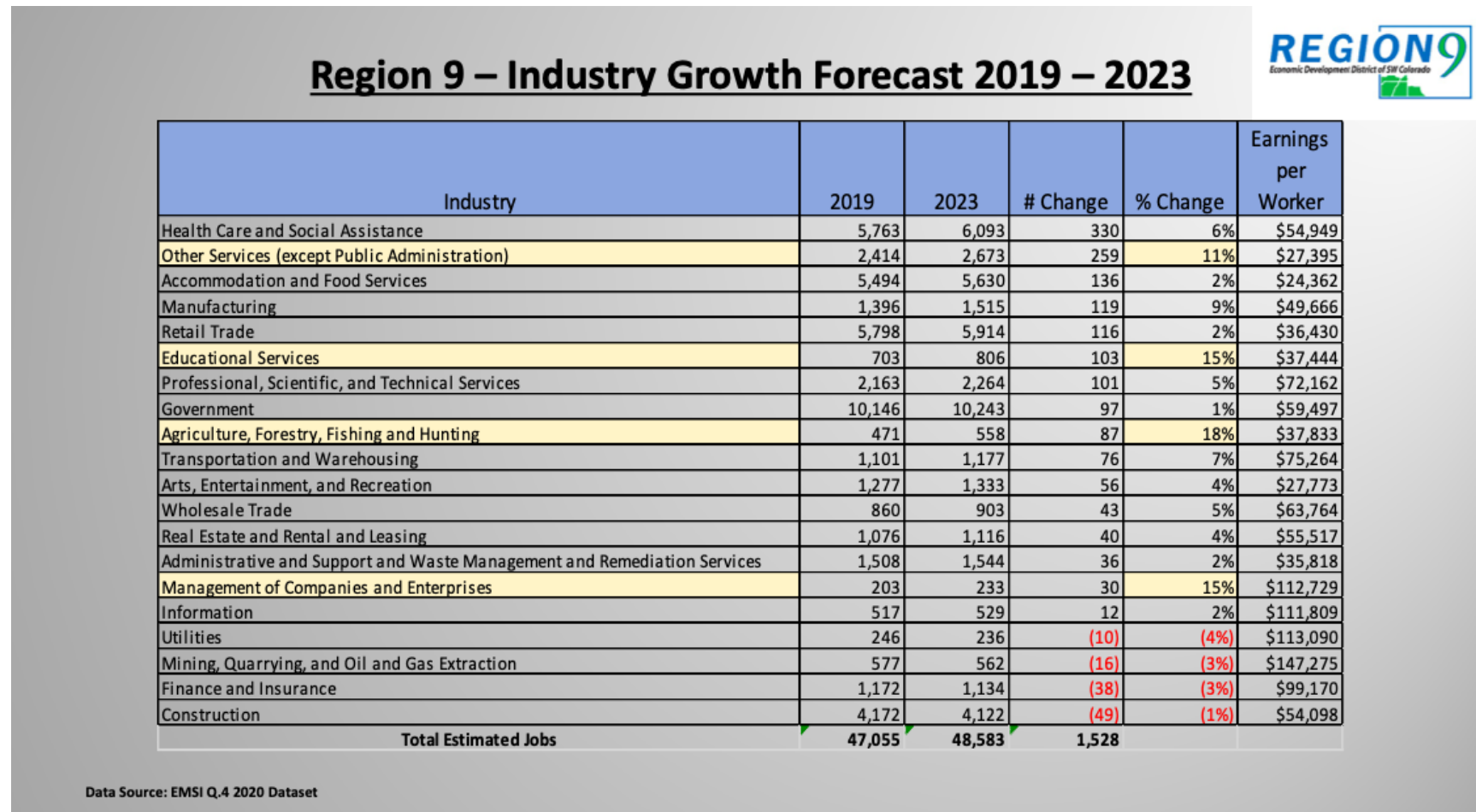
Source: Region 9 Economic Development District, SW Forum 2021.

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Employment growth through 2023 is expected to be concentrated in low to moderate wage industries, and,

secondarily, the higher-wage management industry, as shown by Figure II-11.

Figure II-11.
Industry Growth Forecast, 2019-2023



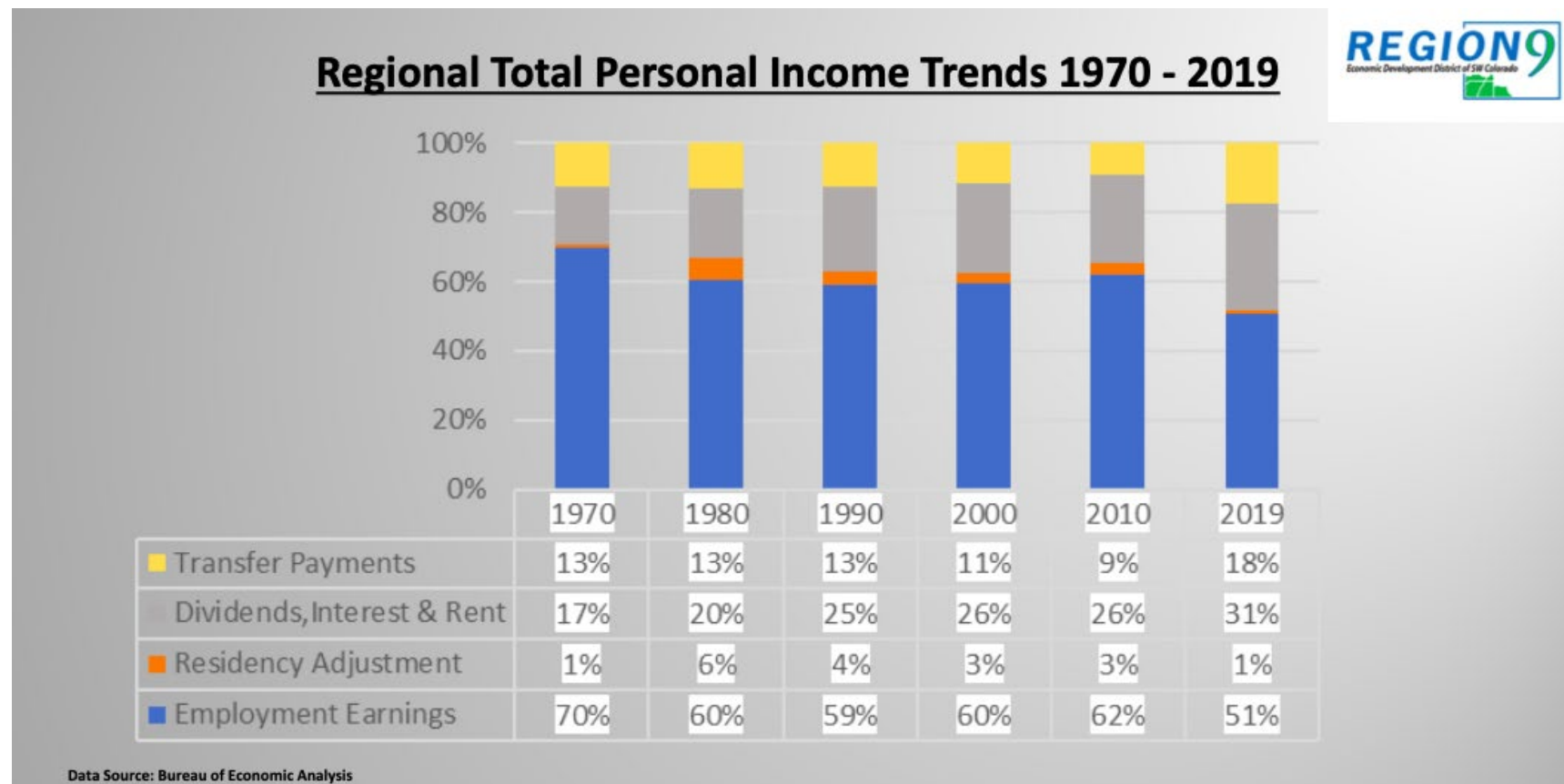
Source: Region 9 Economic Development District, SW Forum 2021.

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Earned income makes up a much lower share of resident incomes than in the past, as shown in Figure II-12, and dividends, interest and rents, and secondarily, government transfers, making up a much higher share.

Reliance on earned income. Overall, 31 percent of the aggregate income of permanent residents in the region is from dividends, interest and rents. This has been steadily increasing since 1970, when it was 17 percent. In contrast, the shift away

Figure II-12.
Sources of Income, 1970-2023



Source: Region 9 Economic Development District, SW Forum 2021.

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from employment earnings has been more recent and abrupt: between 1980 and 2010, employment earnings made up around 60 percent of aggregate income and is now 51 percent.

Commute flows. As the region's housing market has struggled to keep up with workforce needs, in-commuting increased.

As shown in the following figure, in-commuting increased in every county in the region—although those increases varied considerably. Smaller counties and towns, with fewer housing options for workers and sustained employment growth, saw the largest in-commuting increases. For example, the proportion of workforce in-commuting into Dove Creek rose from 50 percent to 85 percent, and Silverton's in-commuting rose from 24 percent to 49 percent.

In contrast, in-commuting rose very modestly in the larger counties of La Plata and Montezuma, and larger cities of Pagosa Springs and Bayfield, and declined slightly in Durango and Cortez.

Changes in out-commuting were smaller, with all but Montezuma County reporting declines.

The decline in out-commuting indicates that the new jobs in the region have partially benefitted residents employed in the city in which they live. However, shifts in housing units toward seasonal, vacation, and retiree occupancy have reduced the number of housing units available for workforce, simultaneously increasing in-commuting.

Figure II-13.
Commuting Patterns, 2010 and 2018

Place	Share of Jobs filled by In-commuters			Share of Workers Commuting Out		
	2010	2018	% Point Change	2010	2018	% Point Change
Archuleta County	24%	29%	6%	37%	32%	-4%
Pagosa Springs	89%	91%	1%	68%	54%	-14%
Dolores County	27%	55%	29%	61%	59%	-2%
Dove Creek	50%	85%	35%	97%	75%	-22%
Rico	81%	100%	19%	95%	100%	5%
La Plata County	27%	28%	1%	24%	23%	-1%
Bayfield	88%	89%	1%	93%	90%	-3%
Durango	69%	68%	-1%	45%	37%	-8%
Ignacio	95%	95%	0%	92%	91%	-2%
Montezuma County	28%	29%	1%	33%	36%	3%
Cortez	65%	63%	-2%	49%	49%	0%
Dolores	93%	90%	-3%	91%	89%	-3%
Mancos	84%	82%	-2%	93%	87%	-7%
San Juan County	31%	44%	13%	52%	46%	-5%
Silverton	24%	49%	24%	73%	55%	-17%

Source: LEHD and Root Policy Research.

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HOUSING MARKET TRENDS

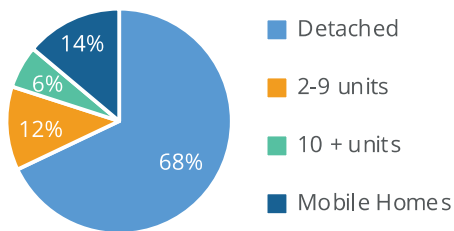
This section begins with a discussion of the region's housing supply, how the housing market has changed, and how well supply accommodates workforce, retiree, and seasonal and vacation demand. It then provides trends in housing costs, discusses housing needs, and concludes with projected housing gaps, and the supply needed to accommodate employment, resident, and second and vacation home growth.

Housing Supply

Single family detached homes make up the vast majority of housing units in the region, as shown in Figure II-14. Attached homes with 2 to 9 units—townhomes, rowhomes, and some condominium products—make up 12 percent. This is less than the 14 percent that mobile homes comprise. Multifamily developments—those with 10+ units—make up the smallest amount of housing in the region at 6 percent.

Figure II-14.
Housing Type,
2019

Source:
2019 5-year ACS estimates and
Root Policy Research.



Mobile homes provide housing to about 7,000 households throughout the region with most located in La Plata (3,600), Montezuma (2,300), and Archuleta (1,000) Counties. Census data show a stable inventory of homes between 2010 and 2019;

however, it is likely that many parks are currently at-risk of sales and redevelopment due to the high cost of land and increasing demand for housing in the region.

With single family detached units as the most common type of housing, it is not surprising that most units in the county have 2- and 3-bedrooms, as shown in Figure II-15.

Figure II-15.
Number of
Bedrooms, 2019

Source:
2019 5-year ACS estimates and
Root Policy Research.

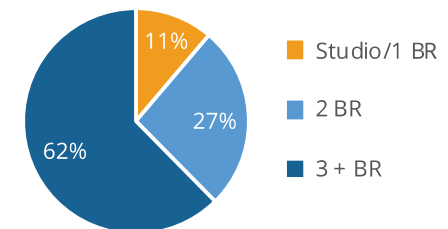
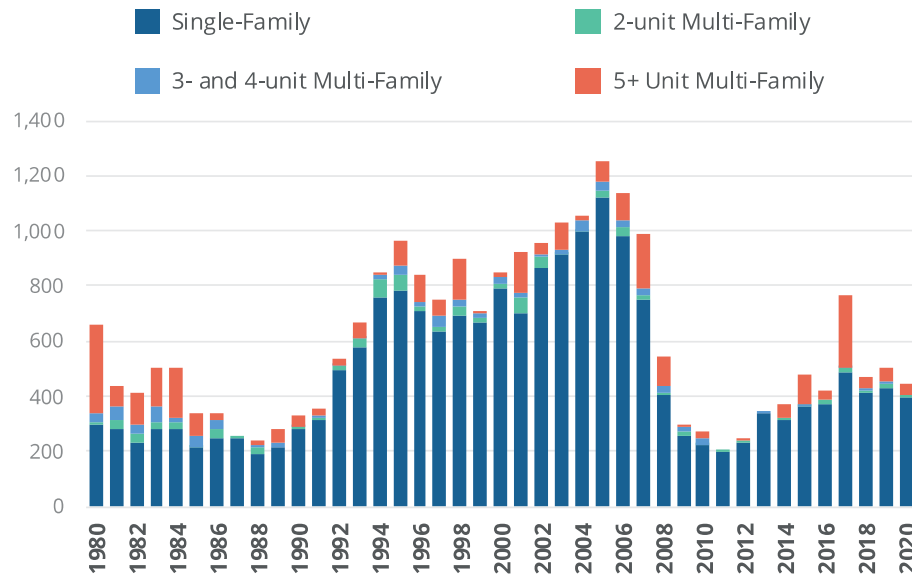


Figure II-16 shows trends in residential building permits. With a few exceptions (during the years of 2007 and 2017, and the early 1980s), single family detached homes have been the dominant type of units permitted in the region in the past 40 years.

The figure also reveals the considerable drop in residential building permits beginning in 2008, after the Great Recession. Although residential permitting has been on an upward trend since 2010, the level of annual permits remains at one-third to half the volume between the high growth years of the mid- to late-1990s and early-2000s.

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Figure II-16.
Building Permits, 1980-2020



Source: HUD State of the Cities Data Systems (SOCDS), and Root Policy Research.

Given the above building permit trends, it is not surprising that most of the region's units were built between 1990 and 2009, followed by between 1970 and 1989, as shown in Figure II-17.

Units built since 2010 make up a very small share of the region's total housing supply.

Figure II-17.
Age of Housing Units

Source:
2019 5-year ACS
estimates and Root
Policy Research.

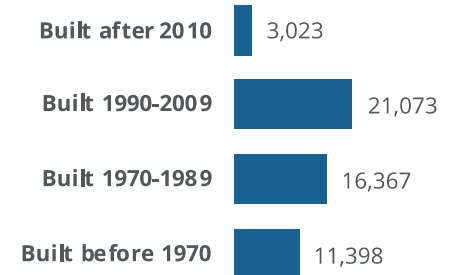


Figure II-18 shows changes in housing units between 2010 and 2019, for the region overall and by county. Unit growth was highest in Archuleta, Dolores, and La Plata County. Housing unit growth in Montezuma County was very modest, and San Juan County experienced a small decline in total units according to housing unit estimates.

The region did not uniformly create housing opportunities for workers and permanent residents during the past decade: many areas saw the largest growth in units that are occupied for seasonal and vacation use. For example, Dolores County saw a shift away from units occupied by permanent residents to units used for seasonal or vacation use. Growth in units for seasonal and vacation use was also strong in La Plata County.

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Figure II-18.
Change in Total Housing Units and Occupied Housing Units, 2010-2019

	All Units		Occupied Units		Unoccupied Seasonal Units	
	# Change	% Change	# Change	% Change	# Change	% Change
Region	2,921	6%	1,204	3%	518	8%
Archuleta County	611	7%	591	11%	113	5%
Dolores County	113	8%	-140	-16%	92	21%
La Plata County	1,965	8%	694	3%	369	13%
Montezuma County	237	2%	114	1%	-56	-8%
San Juan County	-5	-1%	-55	-16%	0	0%

Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

In contrast, in Archuleta County, units occupied by permanent residents increased faster than unit growth overall and growth of seasonally occupied units, meaning that units shifted from seasonal to permanent use.

Montezuma County's trends also differed from other counties', demonstrating a decrease in units for seasonal and vacation use. This could be related to an increased demand for housing by workers from other counties facing affordability challenges.

San Juan County demonstrates a curious trend of a loss of permanently occupied units without an offset in seasonal or vacation occupancy, which is likely due to margin of error in data. There is anecdotal evidence that units have converted to seasonal and vacation use in the county, especially in the past year.

Housing units for workers. The influx of higher-income permanent resident households who rely on non-earned income (Figure II-12) means that housing units are

increasingly occupied by non-workers. In tight housing markets, this constrains the supply of housing available for core workforce.

Regionwide, during the past decade, household growth has been driven by non-working households. These households are retirees and/or wealthy households not reliant on earned income.

Of the new households in the region since 2010, an estimated 80 percent contained no workers.

In La Plata County, growth in non-working households exceeded total household growth, meaning that some workers were likely displaced. Similarly, households with workers declined in Dolores, Montezuma, and San Juan Counties, related to the conversion of housing units occupied by permanent residents and workers into seasonal and vacation use.

Archuleta County saw even growth among worker and non-worker households.

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In sum, these trends indicate that workforce moved to more affordable and outlying communities as housing in higher-cost areas shifted occupancy to seasonal, retiree, and higher-income residents.

Housing vacancies. Vacant units represent units vacant for rent, units vacant and for sale, units in transition of being occupied (i.e., tenants and owners have not yet moved in), and units vacant for seasonal or vacation use.

Figure II-19 shows vacant units by type for the region.

As of 2019, 24 percent of the region's housing units were vacant. When seasonal units are removed, this drops to 5 percent and reflective of a functioning market.

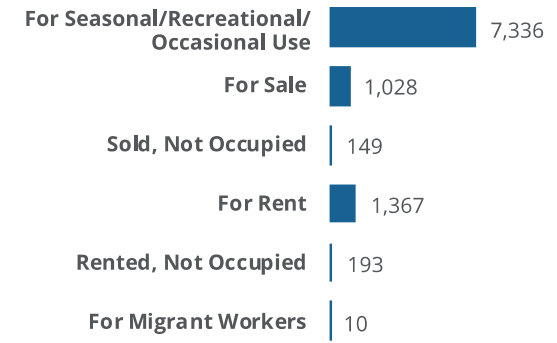
The proportion of housing units that are vacant varies considerably across counties due to the presence of seasonal and vacation properties. Cortez and Ignacio had the lowest overall vacancies (9% and 6%, respectively), and Rico, Silverton, and San Juan County had the highest (65%, 49%, 62%, respectively).

Since these vacancy data were collected, the housing market in the region has tightened considerably due to a sharp increase in demand and slowdown in construction related to the pandemic (business closures, supply chain disruptions).

Figure II-19.
Vacancy by
Type, 2019

Source:

2019 5-year ACS estimates
and Root Policy Research.



Vacation homes and short term rentals. A 2021 Vacation Home Counties report by the National Association of Realtors (NAR) documents the recent surge in vacation home purchases, and the effect on housing prices. Nationwide, vacation home sales grew by more than 16 percent in 2020—well beyond existing home sales which grew by 5.6 percent. In the mountain region, the median price of homes in counties with high proportions of vacation homes rose by 20 percent, versus 10 percent in non-vacation home counties. Homes also sold faster when in vacation-home counties.

The report confirms that vacation home buyers are wealthy, with 53 percent buying with cash sales (compared to 22% for existing homes).

The surge in vacation rental demand associated with the pandemic encouraged seasonal owners and investors to convert units to STRs. According to data from airdna.com (a market analytics website for STR), during the first quarter of 2021 there were 2,939 homes listed as short-term rentals in the

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region. This represents an 18 percent increase from the first quarter of 2020 and a 28 percent increase from the first quarter of 2019. Some of these may be permanently occupied and rented occasionally, others may be rented consistently and otherwise vacant or used seasonally.

Almost half (44%) of all the STRs listed in the region are located around Pagosa Springs (1,290 active rentals), another 38 percent are in and around Durango (1,113 active rentals).

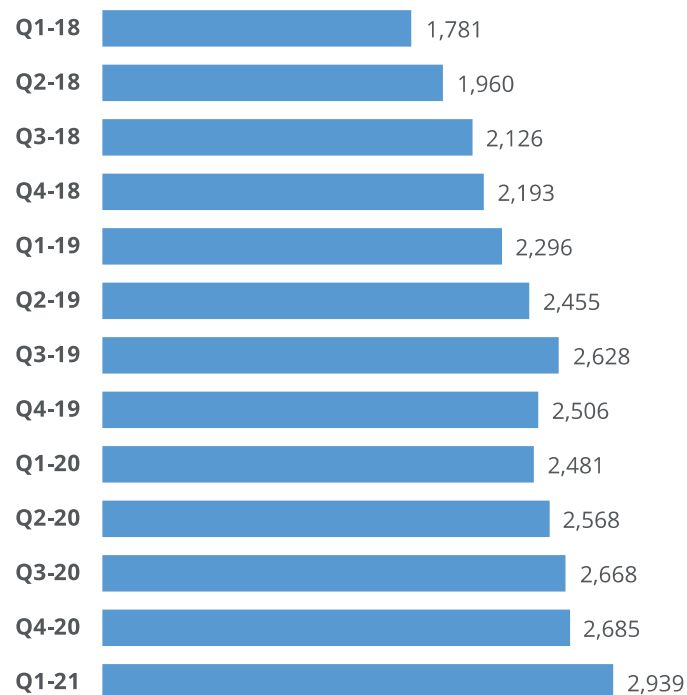
Figure II-20 shows the increase in STRs in the region between first quarter 2018 and first quarter 2021.

The STR data from airdna.com typically exceeds the number of units tracked locally. This is likely due to margin of error in the data (e.g., airdna.com counting multiple listings rather than units) and localities undercounting STRs.

If the region's STRs are similar to those owned in Archuleta County, the vast majority of STRs—about 90 percent—are owned by non-residents, mostly from other states.

As of 2019, if the region's STRs were instead available to permanent residents, this would increase the number of rentals available to workforce by 10 percent.

Figure II-20.
Short-Term Active Rentals, 2018Q1-2021Q1



Note: AirDNA data does not align perfectly with City/Town boundaries.

Source: AirDNA, and Root Policy Research.

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Housing Cost

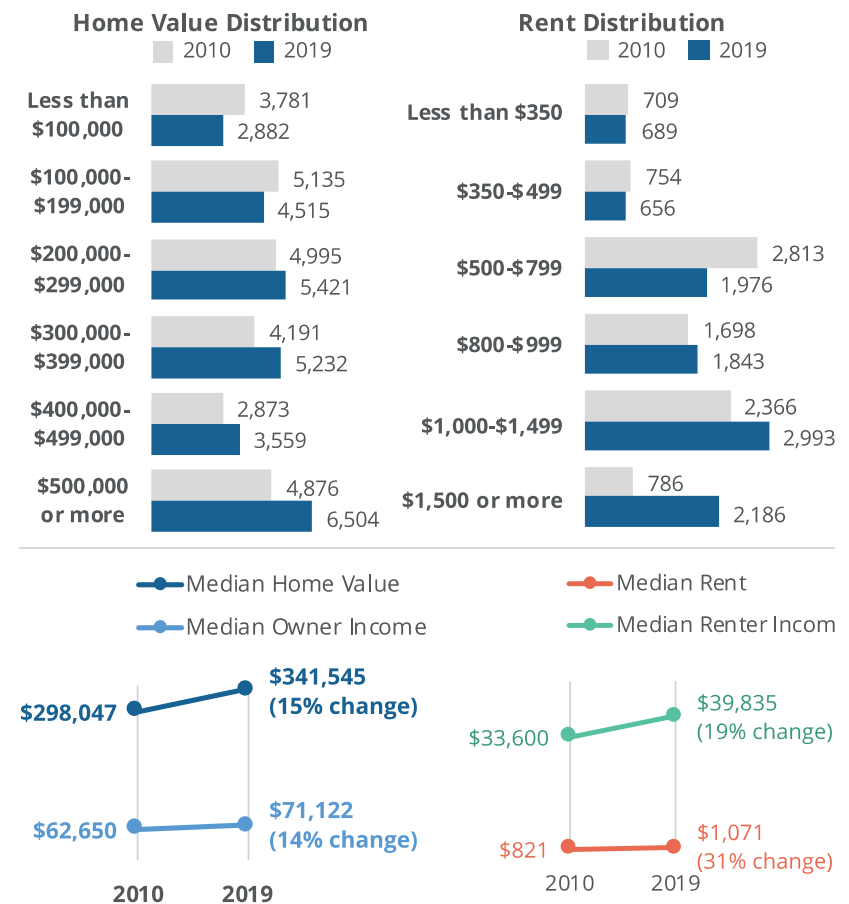
Between 2010 and 2019 housing costs shifted upwards for both owned homes and rentals—but mostly for rentals. Rental costs increased by 31 percent while renter incomes rose by 19 percent.

In 2010, the vast majority of rentals fell into the \$500 to \$799 per month rental category, the range affordable to low wage workers in key industries (restaurant and food service, housekeeping, tourism support). By 2019, most rentals fell in the \$1,000 to \$1,499 per month range, followed by rentals costing \$1,500 per month and more.

Although home values shifted upwards as well, the changes were not as dramatic, and owner incomes increased at about the same rate.

Figure II-21 captures home values and rents of permanent residents; it does not include prices of seasonal and vacation homes or rentals.

Figure II-21.
Housing Price and Income Trends



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

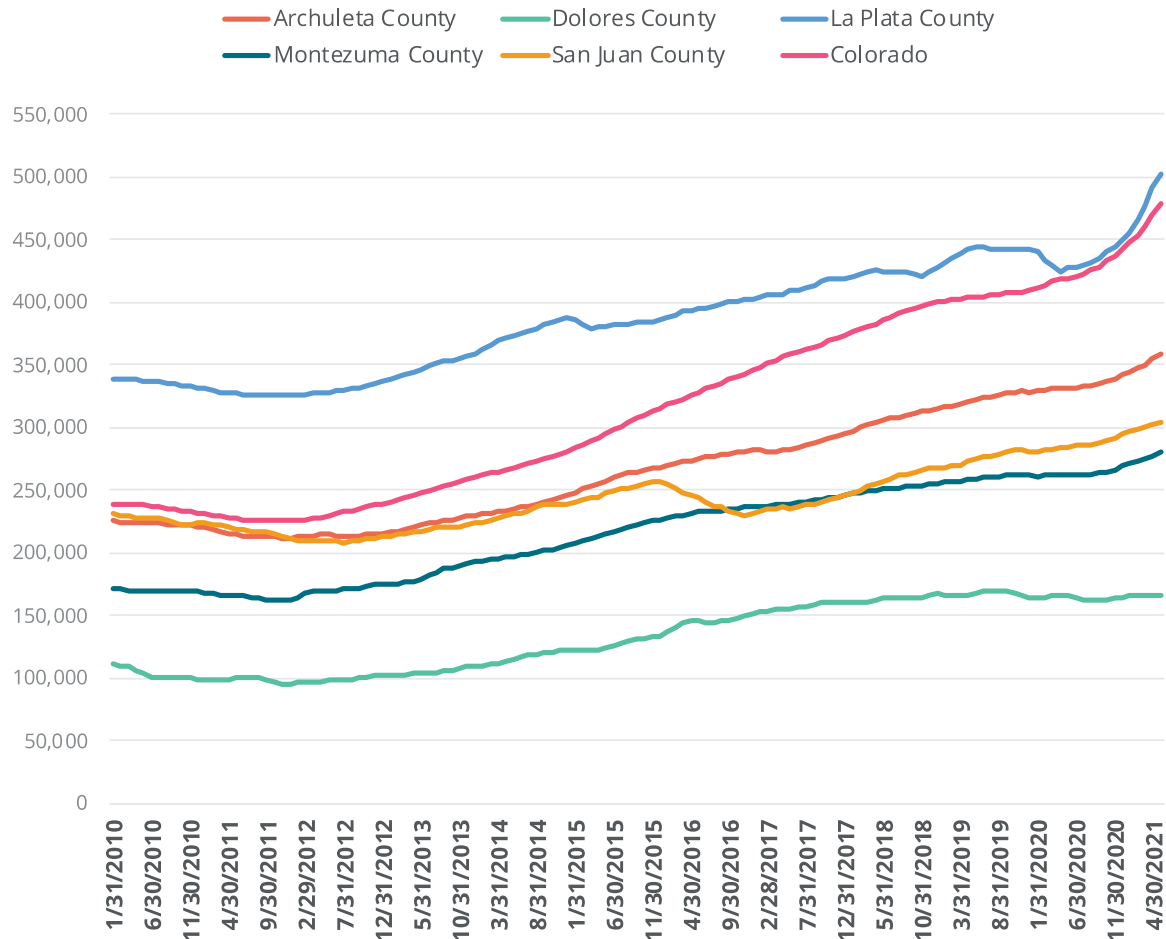
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Figure II-22, which relies on the price-tracking service Zillow, shows the rise in all home values, including homes occupied by permanent residents and seasonal and vacation homes, between 2010 and May 2021.

Home values in all counties except for La Plata have been lower than in the state as a whole, with this divergence becoming more pronounced after 2016. The relative affordability of the region compared to other Colorado communities inevitably increases demand in the region.

Except for Dolores County, where home values trends have been more even, the steepest increase in values occurred very recently—beginning in summer 2020.

Figure II-22.
Zillow Home Value Index



Source: Zillow.com.

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Home sales and affordability. Multiple Listing Service (MLS) data and Home Mortgage Disclosure Act (HMDA) were used to assess trends in home sales prices. MLS data were available for La Plata and San Juan Counties and contain records through July 2021; HMDA data used for all other counties and contain through December 2020.

Since 2018, the values of sold homes have increased in all counties, with the most significant increases in San Juan (59%), Dolores County (46%) and La Plata (36% increase).

Figure II-23.
Increase in Median Value of Sold Homes, by County, 2018-2020 and 2018-2021

	Median Value of Sold Homes				Percent Increase, 2018-2020	Percent Increase, 2018-2021
	2018	2019	2020	2021		
Archuleta	\$315,000	\$355,000	\$375,000		19%	
Dolores	\$230,000	\$210,000	\$335,000		46%	
La Plata	\$385,200	\$385,000	\$444,000	\$525,000	15%	36%
Montezuma	\$215,000	\$250,000	\$255,000		19%	
San Juan	\$242,500	\$272,000	\$300,000	\$385,000	24%	59%

Note: 2021 data were only available for La Plata and San Juan Counties.

Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

Figures II-24 and II-25 show changes in sales by price range. Home priced at \$250,000 and less are roughly affordable to households earning 60 percent to 80 percent AMI depending on household size. Homes priced between \$250,000 and \$525,000 are affordable to a wide range of

workforce households, including single-earner moderate wage households (most affordable homes) to double-income mixed wage households at the high end (more expensive homes).

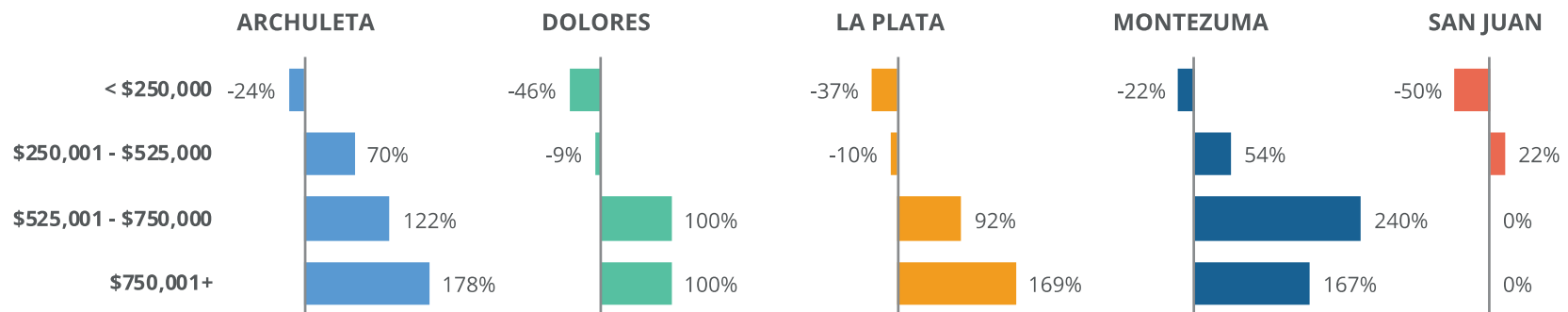
Between 2018 and 2020 (2021 for La Plata and San Juan Counties), the number of homes for sale under \$250,000 dropped by double-digit proportions. Home prices shifted upwards into higher sales price bands, with the largest shifts in homes priced at \$525,000 and more.

If the 2021 trends exhibited by La Plata and San Juan Counties hold for other counties, affordable home sale inventory in 2021 could be at half to three-fourths of 2020 levels.

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Figure II-24a and b.
Change in Sold Homes by Price Band, by County, 2018-2020 and 2018-2021

	# of Sales < \$250,000					# of Sales \$250,001 - \$525,000					# of Sales \$525,001 - \$750,000					# of Sales \$750,001+				
	2018	2019	2020	2021	% Change	2018	2019	2020	2021	% Change	2018	2019	2020	2021	% Change	2018	2019	2020	2021	% Change
Archuleta	109	77	83	N/A	-24%	162	219	276	N/A	70%	32	40	71	N/A	122%	18	30	50	N/A	178%
Dolores	13	10	7	N/A	-46%	11	6	10	N/A	-9%	0	1	0	N/A	100%	0	1	1	N/A	100%
La Plata	242	224	210	153	-37%	611	639	704	549	-10%	193	196	323	370	92%	111	107	230	298	169%
Montezuma	200	159	157	N/A	-22%	104	148	160	N/A	54%	5	8	17	N/A	240%	3	8	8	N/A	167%
San Juan	14	15	18	7	-50%	9	13	23	11	22%	1	4	6	1	0%	0	0	0	0	0%



Note: 2021 data were only available for La Plata and San Juan Counties.

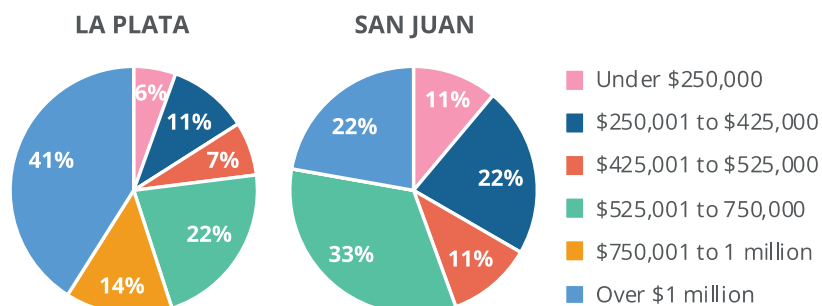
Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

As of July 2021, there were 200 active homes for sale in La Plata County and 11 in San Juan County. In La Plata County, **65 percent of those listings were priced at \$750,000 and more,**

with 41 percent at \$1 million and more. This **compares to 22 percent of sold homes** priced at more than \$750,000 in 2020.

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Figure II-24c.
Price Distribution of Active Listings, La Plata and San Juan Counties, July 2021



Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

Figure II-25 shows, for La Plata County only, median sales prices by home type. Since 2015, appreciation has been strongest for condominiums and single family detached homes. The prices of townhomes, modular, and mobile/manufactured homes have also risen, but not as fast as single family detached homes or condominiums.

As home prices have increased and the inventory of more affordable homes has declined, government-backed mortgages that help low and moderate income and first time homebuyers have declined. As shown in the figure below, the decrease was largest in Dolores and San Juan Counties. Compared to other counties in the region.

Figure II-25.
Sold Price by Home Type and Percent Change, 2018-2021, La Plata County

	2018	2019	2020	2021	% Change
Single family detached	\$448,400	\$455,000	\$515,000	\$605,000	35%
Townhome	\$362,000	\$364,000	\$423,500	\$460,000	27%
Condominium	\$195,000	\$224,000	\$240,000	\$302,500	55%
Manufactured/ Mobile home	\$215,500	\$199,950	\$235,500	\$239,000	11%
Modular home	\$300,000	\$297,400	\$312,000	\$385,000	28%

Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

La Plata County has a much smaller share of loans that are government-backed (an average of just 7 percent, compared to Montezuma County's much share of 37 percent).

The reason for the shift in loan products in San Juan County is related to cash sales (33% of loans were cash sales in 2021). This is not true of La Plata County; cash sales in La Plata County were unchanged between 2018 and 2021 at 28 percent of all loans.

Rents and affordability. Public investments in affordable rentals and tenant based rental assistance have helped stabilize the rental market for the region's extremely low income households. Since 2010, close to 300 affordable rentals

HOUSING NEEDS

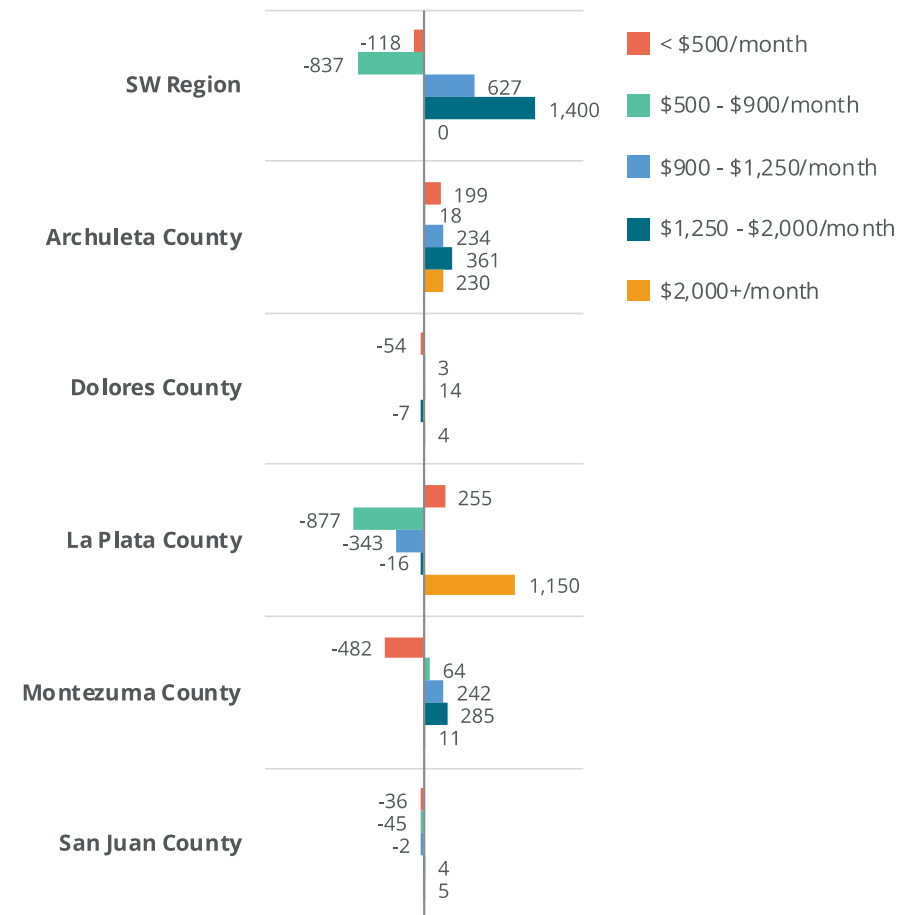
have been or are close to being developed, with the majority of those in La Plata County (Lumien Apartments, Senior Residences at Three Springs, and Espero), Montezuma County (Valley Sun Village, Calkins Common), and Archuleta County (Hot Springs Townhomes). Altogether, these represent 9 percent of all new housing units built since 2010.

Because of these investments, the inventory of deeply affordable housing has seen less fluctuation in reaction to market shifts than rentals priced for moderate income households in La Plata County. These units have not moved up in price as much as privately-provided units without affordability restrictions (also known as Naturally Occurring Affordable Housing, or NOAH).

Figure II-26 shows changes in rental units by rent range. In the regional overall, there was a net loss of units priced under \$900 per month—roughly the rent that a household making \$35,000 and less per year can afford—as those units shifted high rent brackets. This reduction was driven by a net loss of units in Montezuma County (units with rents of less than \$500/month) and La Plata County (units with rents between \$500 and \$900/month).

Overall the region has nearly 1,000 fewer units renting for less than \$900/month and 2,000 more renting at more than \$900/month than in 2010. As discussed in the next section, some of these increases were absorbed by renters with higher incomes—yet the median-income renter saw rents rise much faster their incomes increased.

Figure II-26.
Change in Rental Housing by Price Range, 2010-2019



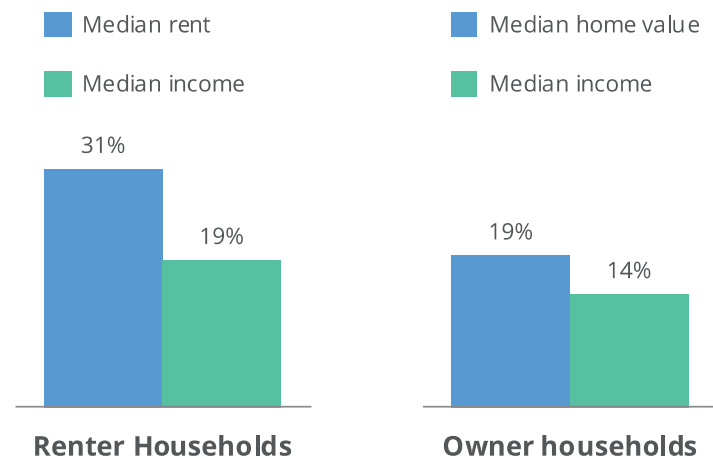
Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

HOUSING NEEDS

Except for Archuleta and La Plata Counties, all counties experienced a decline in deeply affordable rental units, with Montezuma County's inventory of affordable rentals dropping by nearly 20 percent.

Incomes lag price increases. As demand for housing by high-income households and investors has grown, the market has behaved as would be expected—with price increases. Although some permanent resident households have seen their incomes increase, overall incomes have significantly lagged overall price increases as demonstrated in the figure below.

Figure II-27.
Change in Permanent Resident Renter and Owner Income v. Housing Costs, 2010-2019



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

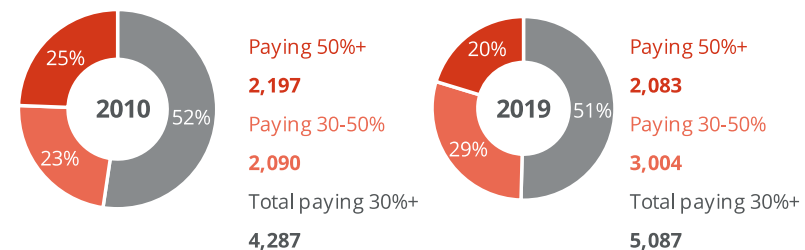
Cost burden. The result rental cost increases has been an increase in housing cost burden. Cost burdened households pay 30 percent or more of their gross household income in housing costs, which is above the industry standard for renting or homebuying. Those who pay more than 50 percent are “severely” cost burdened. The higher the cost burden, the greater the risk of eviction or foreclosure.

As of 2019, approximately 5,000 renters and 6,400 owners in the region were cost burdened.

The number of renters in the region who are cost burdened increased by 800 between 2010 and 2019 (4,287 in 2010 v. 5,087 in 2019).

The numbers and share of severely cost burdened renters decreased—a positive trend overall. However, at least some of the decrease is related to displacement of renters from the region.

Figure II-28.
Renter Cost Burden

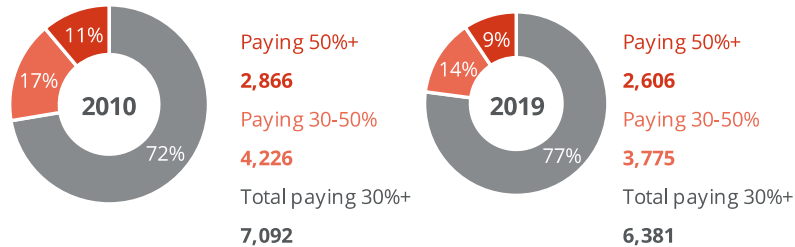


Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

HOUSING NEEDS

As shown in the following figure, the overall number of cost burdened owners declined by 700 owners. This is likely related to an influx of higher income households who were better equipped than 2010 owners to manage the costs of ownership more so than an increase in owner income (see Figure II-27).

Figure II-29.
Owner Cost Burden



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

Housing Gaps

To determine the housing needed to accommodate future growth, a demand model was built for the region and each of the five counties included in this study.

In the SWCCOG region, housing demand is created primarily through:

- 1) New jobs that are filled by workers from outside of the region;
- 2) Non-worker households who do not own moving into the region; and
- 3) Seasonal and vacation owners.

The movement of current owners of units into the region permanently does not create new housing demand unless they are renting to workers who are displaced by their move.

Historical growth and needs. Since 2010, the region has added slightly more than 6,000 jobs and nearly 3,000 housing units. Ordinarily, this volume of development would meet workforce demand if each household averages two workers. However, the region's housing unit growth was inadequate to meet employment needs because many of those units were not occupied by workforce. Newly developed housing was instead purchased by seasonal and vacation owners.

Short term growth and needs. In order to meet the employment growth projected by Region 9 Economic Development, the region will need to add 775 new housing unit for workforce and 126 beds to accommodate seasonal employment surges.

The region should also address current unmet needs. The short term demand model assumes:

- 1) A 25 percent reduction in cost burdened households, and
- 2) Creation of units that enable 10 percent of moderate income renters to buy (thereby freeing up the rental units they currently occupy).

HOUSING NEEDS

Housing targets. Recommended housing targets for the next 3-5 years are based on:

- Units needed to address renter cost burden. These affordable rentals should ideally be priced at \$625/month and less, the price point at which rental gaps are the most severe. This target accounts for affordable in the development pipeline;
- Seasonal surge beds to house peak period workforce;
- Rental units for low wage workforce. This assumes a 2-earner household with both low-wage earners (earning \$35,000 per year and less);
- Rental units for new moderate wage workforce could be partially accommodated if a segment of moderate wage workers can find affordable homes to buy; and
- New ownership units for moderate wage workforce.

Meeting these targets would require an average annual development of about 310 units, with all of these units for permanent residents. Additional units for seasonal and vacation ownership would be in addition to these units.

These targets are twice as high than the average annual development in the past decade and do not account for seasonal and vacation unit development. As discussed in this section, historically, new housing has favored occupancy by seasonal and vacation owners.

Future growth. Based on forecasts by the Colorado State Demographer, by 2040, the region could reach 130,650 residents—31,457 more residents in the region than today. At 2.43 people per household (currently the regional average), approximately 18,142 housing units are needed to accommodate this growth. This is equivalent to an annual average of 907 units per year. This is much higher than historical volume because it accounts for seasonal and vacation demand and fully accommodates workforce.

As discussed above, growth will be largest in two age cohorts: 25 to 54 year olds, and 75+ year olds. These groups will have very different housing preferences and needs. Expansions in home health care, first floor units, and assisted living facilities will be needed to accommodate older seniors who choose to remain in the county. Working age adults with children typically prefer moderately sized, affordable homes with outdoor space—which both attached and detached products can accommodate.

The region will need to develop differently to manage this growth and meet other objectives—such as preservation of open space and protection of the environment. Land use modifications to allow denser, attached products coupled with programs (worker preference, first right of refusal) will be critical to ensure that the region maintains quality of life and needed services for permanent residents.

HOUSING NEEDS

Current and Future Housing Needs and Targets

	Region	Archuleta	Dolores	La Plata	Montezuma	San Juan /Silverton
Historical growth and needs: 2010-2019						
Change in jobs since 2010	6,108	1,563	297	3,587	560	101
Housing units needed to accommodate new jobs	3,054	782	149	1,794	280	51
Change in housing units	2,921	611	113	1,965	237	(5)
Change in occupied housing units	1,204	591	(140)	694	114	(55)
Short term needs: 2021-2023						
Housing needed to accommodate employment demand	775	201	38	453	70	13
Rentals (low wage jobs)	397	103	20	232	36	7
Rentals (moderate wage jobs)	189	49	9	111	17	3
Ownership (moderate wage jobs)	189	49	9	111	17	3
Seasonal surge beds	126	44	11	45	12	14
Housing targets for permanent resident units, 2021-2024						
Total new units for new employment + address 25% of existing needs	933	229	41	570	220	22
Net new units for 25% of renter households with unmet needs, < \$625/month	152	28	3	118	-	3
New rentals for workforce, < \$1,750 /month	398	103	20	232	36	7
New units for ownership, \$380,000-\$525,000	830	145	16	473	184	13
Average annual new units (3 years)	311	76	14	190	73	7
v. Average annual change in occupied units 2010-2019	134	66	(16)	77	13	(6)
Seasonal surge beds	126	44	11	45	12	14
Long term housing needs, employment+seasonal demand, 2020-2040						
Projected new permanent residents, 2040, State Demographer	31,457					
Total new units	18,142					
Worker and retiree demand	14,812					
Seasonal and vacation demand	3,330					
Average annual need	907					
v. Average annual change in occupied units 2010-2019	134					

SECTION III.

HOUSING STRATEGIES

HOUSING STRATEGIES

INTRODUCTION

This section of the Southwest Colorado Council of Governments (SWCCOG) and Housing Solutions for the Southwest's Regional Housing Needs Assessment & Strategy contains the consultant recommendations for addressing needs.

Most of the counties and major towns and cities in the region have conducted housing needs assessments—and some have developed strategic plans or roadmaps for addressing needs. These recommendations are intended to complement those plans and to facilitate a regional, coordinated approach, to addressing the region's housing challenges.

SHORT TERM NEEDS

The recent surge in demand for housing in the region is consistent across counties. Between 2010 and 2019, **no county was able to keep up** with demand for housing to accommodate employment growth and demand for seasonal and vacation housing.

Going forward, the region will need to develop differently:

- 1) Development planning will **need to more intentionally consider the competing interests** of workforce housing and seasonal and vacation homes.
- 2) Development planning will need **to embrace land use alternatives** as a solution to manage housing demand

and meet other objectives of open space preservation and protection of the environment.

As discussed in Section II, in the next three to five years—between now and 2024—the region should, at a minimum, achieve the following housing targets:

- **Develop 152 deeply affordable rental units** to assist renters who are cost burdened and vulnerable to displacement and homelessness. These affordable rentals should ideally average \$625/month, the price point at which rental gaps are the most severe, regardless of location within the region. This target number accounts for affordable in the development pipeline. This can be achieved by creating units that have housing subsidy attached or that are rented to households who were issued a Housing Choice Voucher, heavily subsidizing rent.
- **Preserve the 100 affordable rentals** whose affordability restrictions will expire in the 3-5 years. An estimated 100 affordable rental units currently have rent restrictions associated with their public subsidies that are set to expire between now and 2027. Plans for preserving these units should be developed now to ensure that funding is available to keep these units affordable.
- **Approach seasonal surge housing** through tiny home developments and repurposing of aging motels and hotels or similar structures. An estimated **126 beds** are needed regionwide to accommodate seasonal surges, with most—about 45 each—needed in Archuleta County and La

HOUSING STRATEGIES

Plata County. These units differ from the deeply affordable rental units needed (prior bullet) in that they are not permanently income-restricted units. Instead, they are affordable due to their housing type (dormitory- or tiny home style housing) and restricted to workforce (via public or employer funding).

- **Create new moderate-priced multifamily rental developments** for low to moderate wage workforce. Nearly **400 units** are needed for a 2-earner household with both low-wage earners (earning \$35,000 per year and less);
- **Focus on moderate wage ownership.** This could be accomplished by master-planned workforce communities, such as those developed other rural resort communities. Increasing ownership opportunities for workforce would help mitigate the acute need for affordable rental units. This study estimates that the region could absorb 830 ownership units priced between \$380,000 and \$525,000 for current moderate-wage renters who desire to become owners and new workforce. In addition, an opportunity exists to help transition mobile home parks to cooperative ownership by residents who own homes within the park.

Meeting these targets would require an average annual development of 310 units during the next 3 years, with all of these units for permanent residents. Units for seasonal and vacation ownership would be in addition to these units.

These targets are a little more than twice as high than the average annual development in the past decade; accounting for seasonal and vacation unit development adds to the target number of units. As discussed in this section, **historically, new housing has favored occupancy by seasonal and vacation owners**. A shift towards accommodating workforce is needed to improve the balance between jobs growth and housing.

LONG TERM NEEDS

Long term housing needs, based on forecasts by the Colorado State Demographer, are significant, and would require **increasing annual residential development to about 900 units per year on average** (compared to 130 per year between 2010 and 2019) to accommodate both workforce and seasonal/vacation demand.

A long term strategy should focus on utilizing land use reform and infrastructure expansions to catalyze more efficient and environmentally-friendly growth.

CONSULTANT RECOMMENDATIONS

This section contains recommendations for priority strategies employed by the five counties and cities in Colorado's the southwest region to address housing needs. These recommendations anticipate new funding sources from the state's Department of Local Affairs and Division of Housing (both federal flow-through and state-generated funds).

HOUSING STRATEGIES

Although this study did not include an evaluation of organization capacity, it did review the organizations the region that develop and manage affordable housing and which provide housing and supportive services. The region has a relatively traditional yet comprehensive network of housing and supportive service providers. The region's providers are also cohesive, there is little duplication of services, and all communities have invested in studies to understand needs. Many have been proactive in acquiring, repurposing, and/or preserving land for affordable housing. Stakeholders surveyed for this study rated organizational capacity as a moderate factor contributing to housing challenges. The region's housing challenges would be much worse without the organizational commitment and investments in housing.

That said, it is important to acknowledge that current housing challenges—and the state's housing market—is unlike anything experienced historically. **Additional staff capacity and funding resources**—within jurisdictions, within regional organizations, and for regional housing providers—**must be prioritized** to narrow the gaps between housing needs and housing supply.

Recommendation 1. Formalize a regional approach to addressing housing needs.

Southwest Colorado is home to a unique collection of communities that provide a wide spectrum of housing and community choices for residents, second homeowners, and

visitors. Each community is facing growing challenges in the delivery of housing.

The increasingly cross-dependent nature of the region's housing market necessitates a stronger, more intentional approach to addressing housing needs.

Until recently, policymakers and stakeholders have not regularly convened to discuss regional housing needs and strategies. Instead, the counties and towns have developed strong independent plans and strategies to address housing needs. These plans all assess market conditions and estimate housing needs, but vary in their approaches to housing solutions. Implementation of the most ambitious and potentially most effective solutions require additional capacity and resources—which a coordinated approach could help achieve.

Formalizing a regional approach would consist of the following:

- a. **Set regional housing goals.** Beginning with the estimates of housing need, by county, in the Housing Needs section of this report, establish annual and five-year goals for development of intentional workforce housing and seasonal surge beds. The goal could be stated as a proportion of new housing developed and all housing units overall. Then, set county and town/city goals and orient the regionwide action plan around those collective efforts.

HOUSING STRATEGIES

CASE STUDY: The [Boulder Valley Regional Partnership](#) was developed through a strategic planning effort involving jurisdictional housing departments, human service departments, and housing authorities. Some of the communities in the Valley had set individual goals and housing plans, and the regional plan enabled them to align those goals and strategies to achieve a more coordinated approach.

b. Develop a regionwide housing action plan.

Development of a regional action plan would begin by compiling the independent, local housing strategies and roadmaps for alignment and potential conflict. Counties and towns/cities would tailor their approach to meeting individual goals (and meeting the regional goal) to available resources, capacity, and political will.

c. Formalize regional leadership. The SWCCOG Board recently established a subcommittee to expand regional leadership for addressing housing needs. This subcommittee would be a natural body to facilitate and coordinate, and then manage implementation, of a regionwide housing action plan.

d. Meet regularly. Regional leadership should meet monthly to discuss progress toward achieving jurisdictional, county, and regional goals, share progress on local initiatives, coordinate on funding applications, collectively troubleshoot roadblocks, and

coordinate on state and federal initiatives and policymaker communication.

For example, Durango's housing plan focuses on land use changes to accelerate production of units by the private market to serve workforce. Durango is also in the process of revising its inclusionary housing ordinance. As the largest city in the region, Durango has the ability to be a leader in land use changes to support affordable housing and its successes and challenges can serve as a framework for others.

Recommendation 2. Repurpose, acquire, and bank land.

The public sector has very limited control over prices set by the private market. One way to achieve price reductions is to require that affordable housing be part of private development when it is built on publicly owned land. Another method is to set aside public land specifically for affordable and mixed-income housing.

Many of the communities in the region have land banking in their housing plans, and these actions should be more concerted as regional (trust fund) or state funds become available.

Towns and cities should also consider requiring affordable units as part of developments built from annexations. In the Town of Breckenridge, annexed properties are required to

HOUSING STRATEGIES

provide 80 percent of their project units in deed restricted housing in exchange for access to utilities.

Recommendation 3. Apply for state funds to make needed land use and zoning regulatory changes, identify public land, and qualify for additional funding to create affordable housing.

A new state funding source available from DOLA beginning in fall 2021 will help communities make investments, including updating land use regulations and zoning codes and identifying available public land, to facilitate affordable housing creation. Once such commitments are demonstrated, cities and counties are eligible to apply for additional and larger grants (“housing development incentives grant”).

Land use and zoning changes to facilitate affordable housing are new in many high-cost communities. These changes can include density bonuses for certain housing types and/or in exchange for a share of affordable units; by-right Accessory Dwelling Units (ADUs); and by right attached housing products (townhomes, duplexes/triplexes, mixed-use development). To ensure that these changes produce workforce housing, they must be coupled with affordability requirements, as well as public subsidies to lower construction costs, first rights of refusal for workforce, and downpayment assistance for homeowners. Otherwise, such products will be unaffordable and/or built for seasonal and vacation use.

One of the biggest challenges in the southwest region is attracting developers to build a relatively small number of units and to navigate various regulatory codes and approval processes. If the region is able to come together and ensure developers volume, predictability, and efficiency, the region will be more competitive.

To that end, the region should apply for a state grant to identify, study, and entitle land for affordable and mixed-income development—a regionwide plan to transform that land into affordable housing communities.

Grant funds would be used to:

- Identify and assess the developability of land owned by the public sector or which could be relatively easily acquired by the public sector;
- Study the economic feasibility of building affordable and mixed income housing on the identified sites, including the programs that would need to be in place to ensure affordability; and
- Update city and county codes to ensure that development on the sites would occur in a streamlined fashion (e.g., administrative approval, by right zoning, through an affordable housing overlay).

A future incentive grant could then be used to:

HOUSING STRATEGIES

- Master plan the communities, including extending and financing infrastructure;
- Create a design book of allowed housing prototypes, especially for attached housing products and ADUs;
- Design programs to ensure a balance of wealth-building and preservation of affordable housing; and
- Establish partnerships with developers.

CASE STUDY: The City of Austin’s [Affordability Unlocked](#) program provides density bonuses and by-right development approval for development of low to moderate income housing. Since implementation, the program has generated permits for more than 2,000 affordable housing units.

Recommendation 4. Develop a regional trust fund, raise revenue, and leverage to get units on the ground quickly.

Both the City of Durango and Archuleta County’s housing plans acknowledge the need for additional resources to support affordable housing and contain comprehensive assessments of potential funding sources. Archuleta County’s plan examines the annual potential revenue from various sources; that analysis demonstrates that meaningful revenue levels are only possible through a large employer head tax (\$725,000 annual revenue), a voter-approved large sales tax increase (\$1 million annual revenue), or a voter-approved property tax increase (\$1.6 million annual revenue).

Stakeholders engaged for this study agreed that new funding for affordable and workforce housing production is needed to have any significant impact on housing needs and create a more balanced housing stock. Ideally, this would be a regional dedicated source of flexible funding.

A regional funding source would have several advantages: It would generate a volume of funding that could provide meaningful support for affordable housing projects (v. generate smaller amounts of funding locally that are inadequate for gap financing); a voter-approved tax may be easier to pass at a regional level because it does not put any one community at an economic disadvantage; and regional resources will help secure state funding by providing funds to meet local “match” requirements.

For example, Bayfield is well positioned to increase its workforce housing stock—it has access to water, utilities, and some land. Development of workforce housing in Bayfield is constrained by funds to subsidize construction.

REVENUE CASE STUDIES: Summit County has voter-approved local sales tax. In 2017, \$9.4 million was collected and distributed proportionally to each municipality in the county based on revenue generation.

Another revenue source for consideration would be a tax that targets high-value properties, many of which are kept for seasonal or vacation use. The Town of Snowmass imposes an excise tax on residential units that exceed 500 square feet

HOUSING STRATEGIES

(some communities refer to such taxes as a “mansion tax”) That fund generates between \$250,000 and \$1 million of revenue annually that is dedicated to workforce housing.

Recommendation 5. Develop workforce housing communities.

While not all policymakers embrace deed-restricted housing, in markets where costs are accelerating and development cannot keep up with demand, deed-restricted communities are a sure mechanism to provide workforce housing. Several could be supported in the region.

A [study of the impact of workforce housing in Breckenridge](#) found that the town’s workforce housing accounted for 60 percent of growth in families with children; increased permanent resident occupancy; decreased in-commuting by 100,000 vehicle-miles each week; increased local expenditures; and provided locals with housing options that were more price-stable during recessionary periods.

The housing needs model built to support this study provides guidance on the types and price points of units that would be a target for workforce housing.

CASE STUDY: The Wellington and Lincoln deed-restricted communities in Breckenridge provides 226 deed-restricted and

56 market rate owner- and renter-occupied units. The land was originally dredge rock, annexed by the town; the town also provided \$2.75 million in plant investment fees to support the development.

Recommendation 6. Incentivize property owners to rent long-term.

According to a 2021 survey of property owners in Colorado mountain communities,¹ the vast majority of property owners leave their units vacant when they are not occupying them. Only 1 percent of owners who occupy their units on a part-time basis rent their units long term (defined as more than 6 months at a time); another 4 percent rent between 1 and 6 months. Nearly one-quarter of part time residents rent short term (less than 1 month at a time).

When part-time residents were asked if they intend to change the use of their home in the next 3 years, the vast majority said they do not: 8 percent said they would change to rent short-term and only 2 percent said they would change to rent long-term.

The survey results suggest that some part-time owners may be incentivized to keep or convert their units into long term rentals—but the number of units that will produce is likely to be small. As such, the best strategy may be convincing property

¹ This survey represents residents in Eagle, Grand, Pitkin, Routt, San Miguel, and Summit Counties. SWCCOG counties were not included in the survey; however,

the survey concludes that the data can provide “widespread insights for other high amenity places in the Mountain West.”

HOUSING STRATEGIES

owners of long term rentals to keep those units in long term rental status.

The region needs an incentive program that would make it easier for landlords with long term rentals to run their businesses including supplemental security deposits to insure against property damage; assisting tenants with first and last month rent deposits; supporting property management functions; and offering rehabilitation loans and direct payments to smaller (non-investor) landlords.

These should be coupled with disincentives for owners to keep their properties vacant or in STR status—e.g., license and annual fees and continued STR regulations that set caps, require applications, and set property quality standards.

The Colorado Division of Housing's (DOH) Strategic Housing Working Group recommended in July 2021 that DOH consider developing a program to provide funding for landlords to keep units in long-term rental status. Assistance from DOH would be provided in the form of assurance to a landlord for payment of last month's rent and security deposits. Participating landlords would be required to accept rental assistance, offer reasonable rents, carry a one-year lease, keep their property in good condition, and offer a transparent and friendly rental application. Local housing agencies with matching financial support would develop, implement, and administer a localized master lease program.

The region should apply for such funding when it becomes available. Alternatively, the region could establish a program and seek DOH funding once available.





APPENDIX.

COUNTY DATA

APPENDIX: COUNTY DATA

2021 Income Thresholds & Typical Housing Options

Income levels assume a 2-person household.

Income Threshold		Affordable Rents	Housing Options	
"extremely" low income				
\$17,650	Archuleta, Dolores, Montezuma, San Juan counties	\$441/mo.		Rental tax credit developments, mobile homes, nonprofit housing providers.
\$21,050	La Plata County	\$526/mo.		
"very" low income				
\$29,400	Archuleta, Dolores, Montezuma, San Juan counties	\$735/mo.		Rental tax credit developments, mobile homes, nonprofit housing providers, employer assisted housing. Shared equity and land trust for homeownership.
\$35,100	La Plata County	\$878/mo.		
"low" income				
\$47,050	Archuleta, Dolores, Montezuma, San Juan counties	\$1,176/mo.		Privately provided rental housing if available. Ownership with shared equity, land trust, other deed-restricted products, attached homes, homes in outlying affordable areas.
\$56,150	La Plata County	\$1,404/mo.		
"moderate" income				
\$47,051+	Archuleta, Dolores, Montezuma, San Juan counties	>\$1,176/mo.		Privately provided rental housing if available. General target for homeownership programs; can buy without assistance in outlying affordable areas.
\$56,151+	La Plata County	>\$1,404/mo.		

APPENDIX: COUNTY DATA

CONTENT & PURPOSE

This appendix to the Housing Needs Assessment provides additional information on trends and needs for the five counties included in the SWCCOG region.

This appendix is complemented by a searchable and updatable data dashboard that contains key housing supply, demand, employment, and affordability metrics for:

- Archuleta County and Pagosa Springs;
- Dolores County and the Towns of Dove Creek and Rico;
- La Plata County and the Towns of Bayfield, Ignacio, and Durango;
- Montezuma County, the City of Cortez, and the Towns of Dolores and Mancos; and
- San Juan County and the Town of Silverton.

That dashboard can be found [at this link](#) and allows comparisons among counties, cities and towns, and to the region overall.

Data elements include:

- **Changes in Housing Units by Type**—compares growth in non-seasonal occupied units and seasonal unoccupied units and affordable rentals. The data in this tab provide inferences about how well the housing stock is accommodating the needs of workers relative to seasonal and vacation owners;
- **Short Term Rental (STR) Activity**—shows trends in units listed for second and investment properties;
- **Housing Costs and Household Income**—compares changes in income to changes in housing costs and shows how well renters and owners have been able to keep up with housing cost increases. Also reports the number and change in “cost burdened” renters and owners who are paying more than 30 percent of their incomes in housing costs;
- **Job Growth and Where Workers Live**—compares job growth to household growth and the resulting need for in-commuters to fill jobs.

The remainder of this report contains the primary takeaways from the housing needs assessment by county and primary city/town.

APPENDIX: COUNTY DATA

ARCHULETA COUNTY

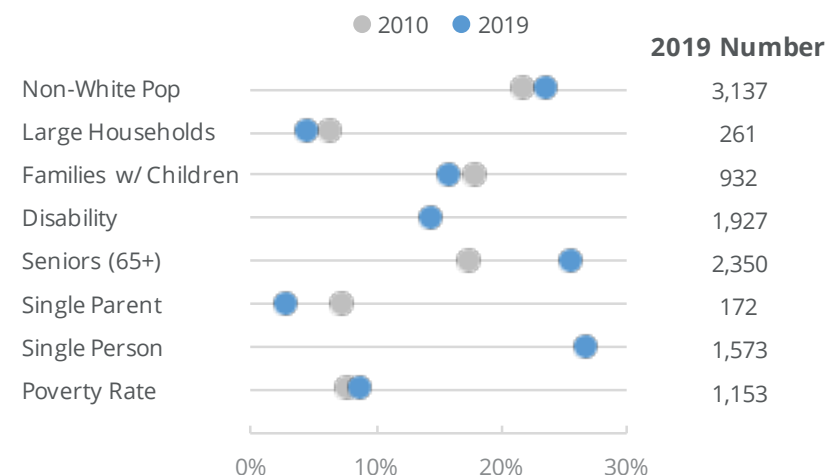
Compared to other counties in the SWCCOG region, Archuleta County demonstrated unique trends in demographics, household income distribution, and units occupied by permanent residents between 2010 and 2019.

Except for significant growth in the county's senior population and a slight proportional decline in single parent households, the county's socioeconomic make-up changed little between 2010 and 2019.

The county's income trends differ from other counties in the region in many ways:

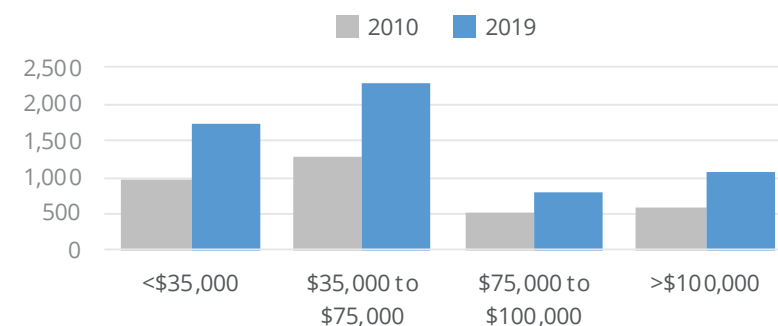
- The county's overall median income dropped between 2010 and 2019, from \$61,969 to \$52,221—a 16 percent decline. This was due to a **drop in the median income of owners**, which fell by 5 percent. The median income of renters increased significantly, by 29 percent.
- Archuleta County is the only county in the region that did not show a decline in households with incomes of less than \$35,000 between 2010 and 2019. The most significant increase in households by income ranges was for the \$35,000 to \$75,000 cohort. In all other counties, the largest increases occurred in the \$100,000+ income cohort.

Figure A-1.
Socioeconomic Make-up



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

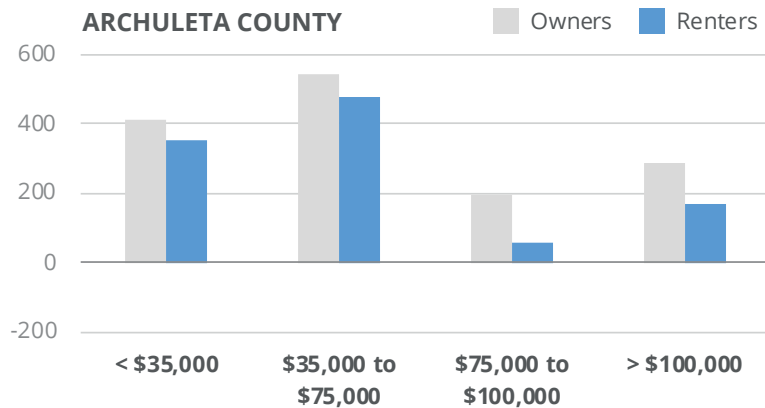
Figure A-2.
Household Income Distribution



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

APPENDIX: COUNTY DATA

Figure A-3.
Shifts in Household Income Distribution by Tenure, 2010-2019

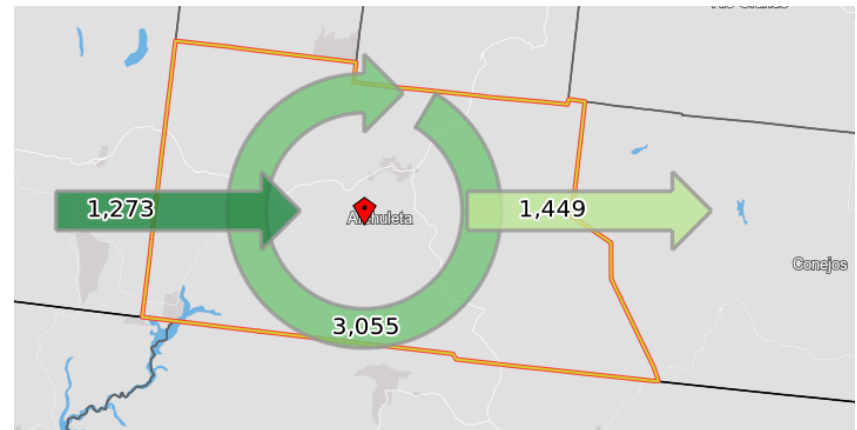


Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

As of 2018, the latest date for which in- and out-flow data are available, 4,328 workers were employed in Archuleta County. An estimated 1,273 lived outside of the county and commuted into jobs in the county. An estimated 1,449 county residents commuted to jobs outside of the county. And 3,055 were able to both live and work in the county, equal to 71 percent of workforce.

Compared to 2010, 624 more workers commute in and 251 more commute out, and 978 more workers are able to both live and work in the county. Overall, however, the share of workers who live and work in the county declined from 2010 (76% in 2010).

Figure A-4.
Worker In- and Out-Flows, 2018



Source: Longitudinal Employer-Household Dynamics, U.S. Census, 2018.

Archuleta County has 611 more housing units than in 2010 according to Census estimates, and the number of permanently occupied units grew by 591. The county's growth in permanent residents was higher than any other county in the region at 2 percent. Part of this change was due to second homeowner retirees moving into the county permanently.

Yet the **county still struggled to add enough units for workforce**. An estimated 800 additional units for permanent residents was needed to fully accommodate job growth and minimize in-commuting.

In sum, the county did a good job of increasing the share of units for workforce between 2010 and 2019—but more were needed to accommodate employment demand, including jobs related to growth of retirees and tourism.

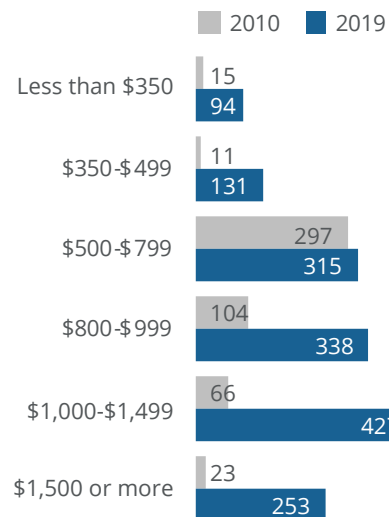
APPENDIX: COUNTY DATA

Median rent increased by 28 percent between 2010 and 2019, from \$753/month to \$961/month. The median income of renters kept pace with this increase.

Yet renter **cost burden rose significantly**, as the lowest income renters had a hard time keeping up with shifting rents—even as the market added a significant number of affordable and market rate rentals, as shown below. There were 530 more cost burdened renters—those paying more than 30 percent of their incomes in housing costs—in 2019 than in 2010.

Figure A-5.
Rent Distribution

Source:
2010 and 2019 5-year ACS
estimates and Root Policy
Research.



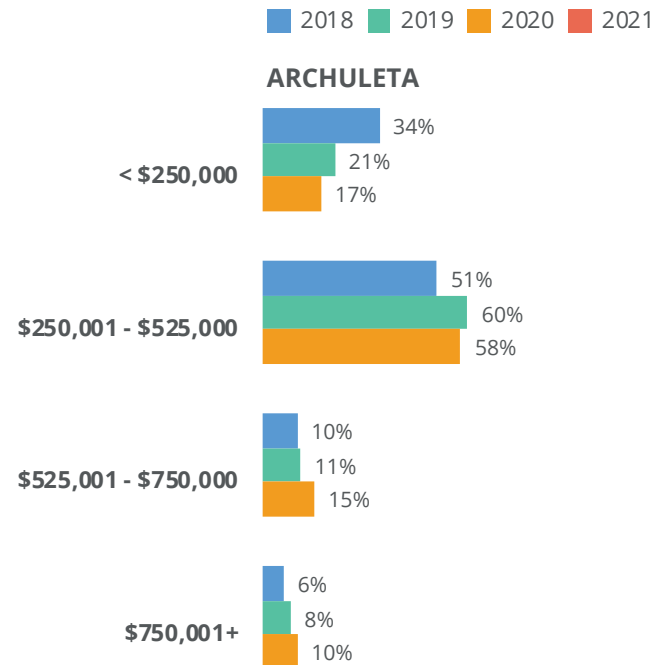
Owner cost burden also rose between 2010 and 2019, by 435 households.

Between 2018 and 2020, the median value of sold homes in the county rose by 19 percent—about average for the region. The number of homes sold and priced between \$250,000 and \$500,000 rose by 70 percent, far higher than any other county (Montezuma County's inventory rose by 54%).

As shown in the figure on the next page, for sale home prices are shifting upwards overall, and, if current trends continue, 2021 will end with dramatic price increases and loss of affordable homeownership opportunities in the county. Compared to 2018, there are far fewer homes priced at less than \$250,000 and far greater high cost homes.

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Figure A-6.
Change in Sold Homes by Price Band, 2018-2020
and 2018-2021



Note: 2021 data were only available for La Plata and San Juan Counties.

Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

A **housing needs forecast** developed for this study projects that the county will need 229 new permanent units and 44 seasonal surge beds in the next 3-5 years to accommodate workforce growth and address some of the county's unmet housing needs. This is a little higher than the pace of housing growth the county has maintained since 2010. However, past

growth has accommodated both workforce, seasonal/vacation homes, and retiree demand. Going forward, a stronger focus on accommodating workforce housing needs will be critical to sustain the county's level of service to permanent residents and tourists.

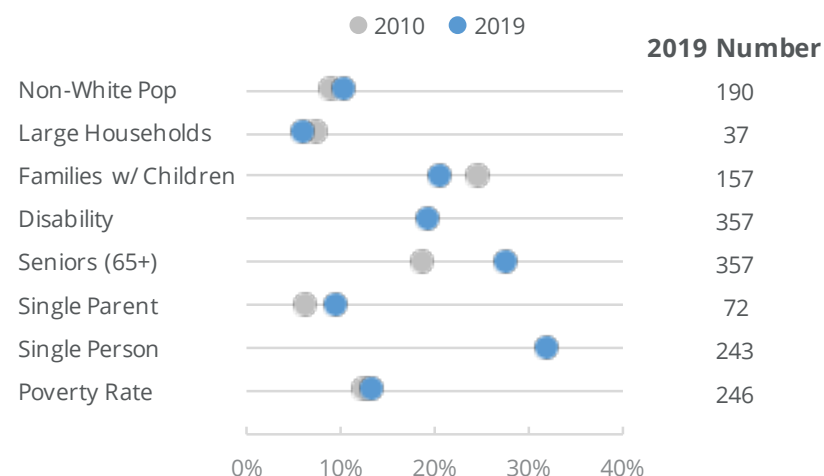
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DOLORES COUNTY

The most significant changes in Dolores County between 2010 and 2019 were the growth of seniors and high income households and conversion of homes occupied by permanent residents into units for seasonal and recreational use. The county's housing unit growth was strong relative to other counties in the region, yet strong demand for seasonal and vacation use limited the benefit of unit growth for workforce.

Demographically, the county experienced **a large increase in its senior population**, a modest increase in single parent households, and a modest decline in the proportion of households who are families with children.

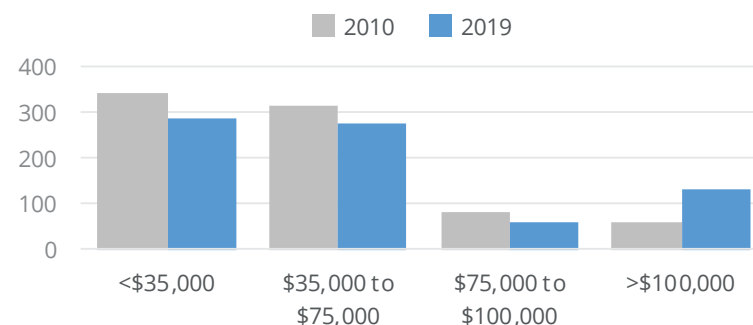
Figure A-7.
Socioeconomic Make-up



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

Household incomes shifted upwards as higher income households moved into the county. Although the decline in the number of households with incomes of less than \$100,000 could be due to permanent residents experiencing income increases and moving into upper income brackets, the drop across income cohorts suggests that some of this decrease was due to **low income households leaving the county**.

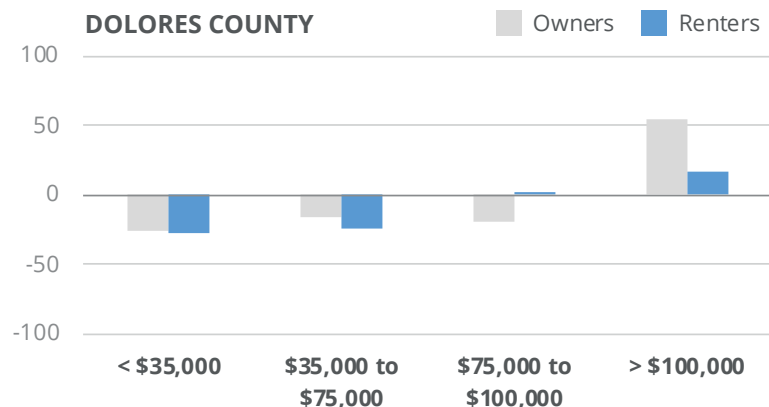
Figure A-8.
Household Income Distribution



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

APPENDIX: COUNTY DATA

Figure A-9.
Shifts in Household Income Distribution by Tenure, 2010-2019

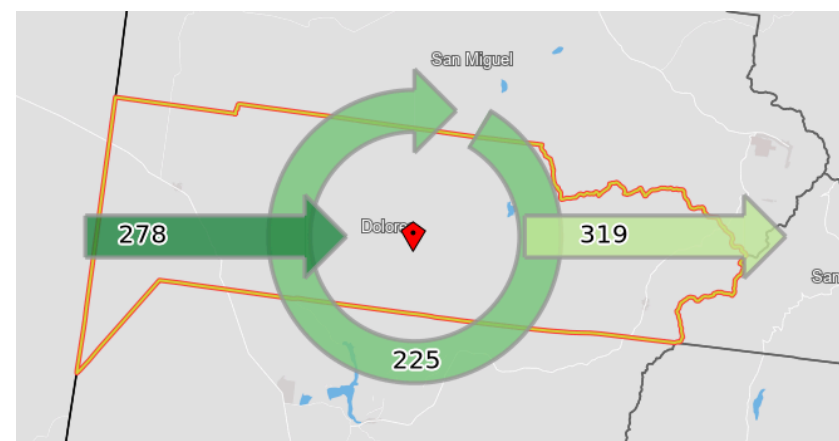


Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

As of 2018, the latest date for which in- and out-flow data are available, 503 workers were employed in Dolores County. An estimated 278 lived outside of the county and commuted into jobs located in the county. About 319 county residents commuted to jobs outside of the county. And 225 were able to both live and work in the county, equal to 45 percent of workforce. This is a much smaller “live and work” percentage than in other counties and is due to a combination of the county’s relatively small employment base and the shortage of workforce housing in adjacent counties, including San Miguel County.

Compared to 2010, nearly 200 more workers commute in, fewer workers commute out, and about 20 more workers are able to both live and work in the county.

Figure A-10.
Worker In- and Out-Flows, 2018



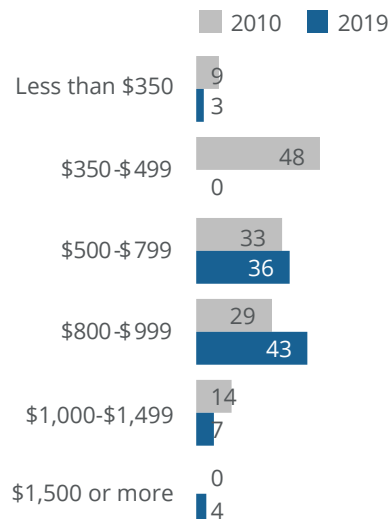
Source: Longitudinal Employer-Household Dynamics, U.S. Census, 2018.

The county has not been immune to affordable housing challenges despite the county’s remote location and small size. Median rent increased by 48 percent between 2010 and 2019, and rentals priced less than \$500/month diminished almost entirely.

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**Figure A-11.
Rent Distribution**

Source:
2010 and 2019 5-year ACS
estimates and Root Policy
Research.

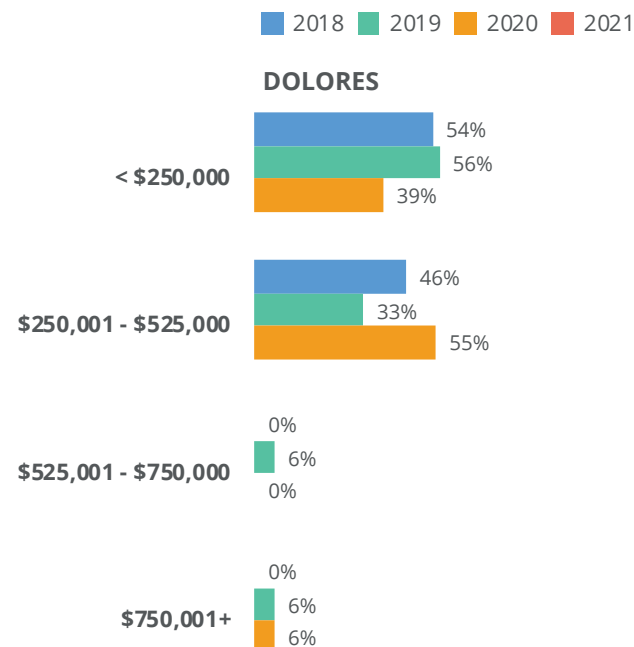


Renter income failed to keep pace with rent increases: median renter income rose by just 12 percent. Ordinarily this would result in an increase in cost burdened renters. Instead, renter cost burden declined, meaning that renters who could not afford the rent increases left the county.

Household growth between 2010 and 2019 was driven by non-working households. Households with workers declined in Dolores County (as well as in Montezuma and San Juan Counties), related to the conversion of housing units occupied by permanent residents and workers into seasonal and vacation use. An estimated 47 additional units were needed between 2010 and 2019 to fully accommodate the county's employment growth and meet seasonal and vacation home demand.

The values of sold homes increased by 46 percent between 2018 and 2020, and the share of homes purchased through government-sponsored mortgages (e.g., FHA, VA) declined.

**Figure A-12.
Change in Sold Homes by Price Band, 2018-2020
and 2018-2021**



Note: 2021 data were only available for La Plata and San Juan Counties.

Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

Still, with a median sold home value of \$335,000 as of 2020, and median rent of \$871 as of 2019, the county remains relatively affordable compared to surrounding areas.

APPENDIX: COUNTY DATA

A **housing needs forecast** developed for this study projects that the county will need 41 new permanent units and 11 seasonal surge beds in the next 3-5 years to accommodate workforce growth and address some of the county's unmet housing needs. This is the same rate of growth the county maintained between 2010 and 2019. The difference is that these new units should be available for workforce (v. seasonal, vacation, or retiree use) in order to address housing challenges and fully accommodate the county's projected job growth.

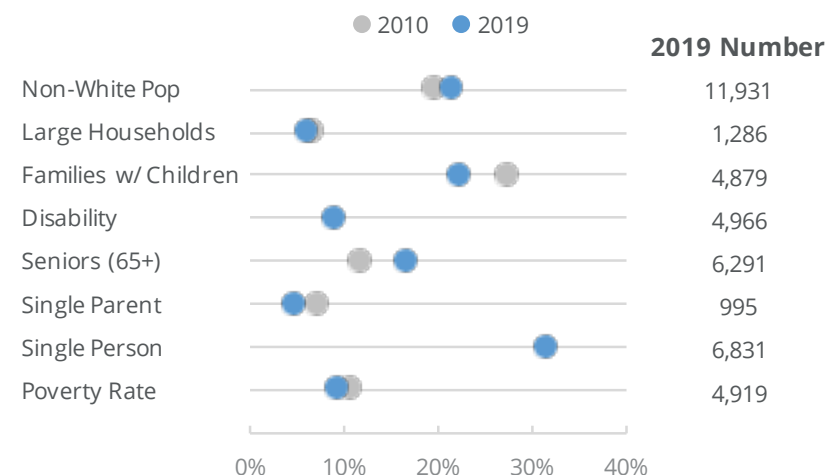
APPENDIX: COUNTY DATA

LA PLATA COUNTY

Compared to 2010, La Plata County has:

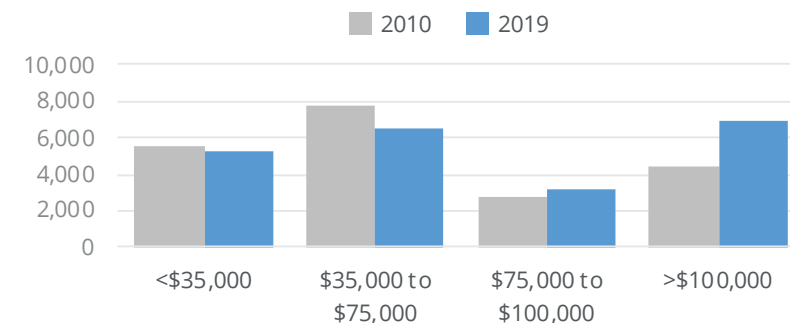
- **Fewer families with children** (a decline of 914 families) and fewer single parent households (a decline of 500) despite overall population growth. The county proportion of families with children dropped by 5 percentage points.
- **More seniors**—an increase in the county's senior population almost entirely offset the drop in families with children.
- **Many more higher income households.** Median household income in the county rose 15 percent from 2010, to \$68,685. Conversely, the percentage of residents living in poverty dropped by 2 percentage points, from 11 percent to 9 percent.
 - The number of households earning less than \$35,000 per year dropped by 326, either because they left the county or are earning more.
 - Households earning between \$35,001 and \$75,000 declined by 1,260.
 - Households earning \$75,001 and more rose by 2,888, with the majority of those earning \$100,000 and more.

Figure A-13.
Socioeconomic Make-up



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research..

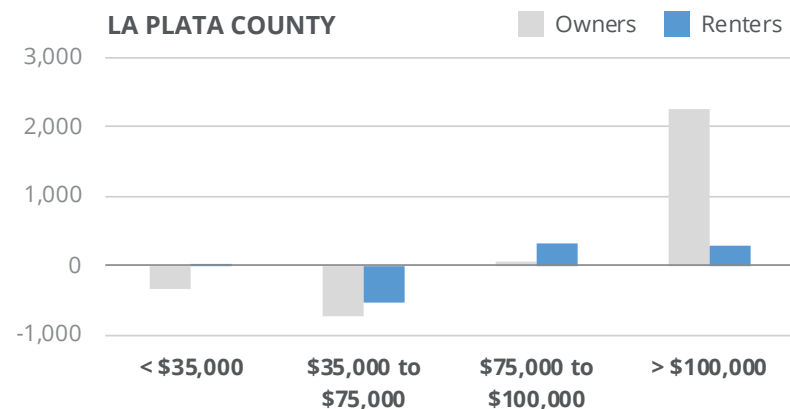
Figure A-14.
Household Income Distribution



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

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Figure A-15.
Shifts in Household Income Distribution by Tenure, 2010-2019



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

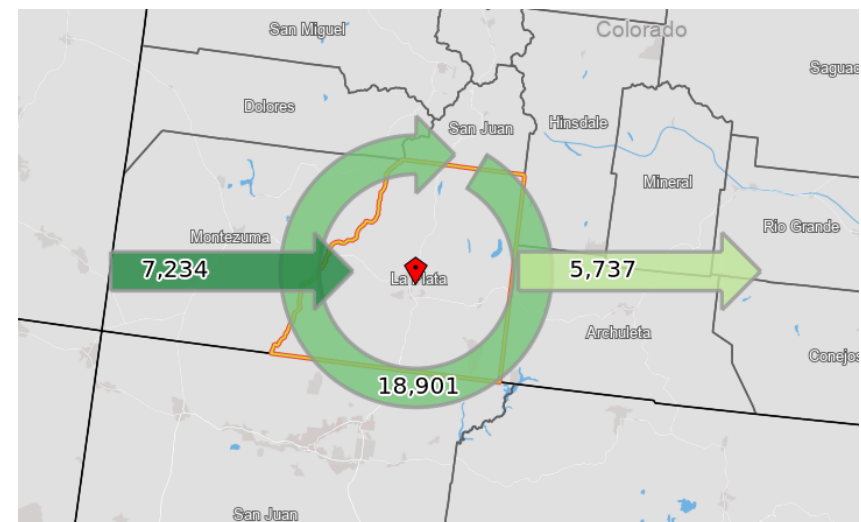
The county's robust employment growth has resulted in many jobs for locals and increased wages. Yet even though wages rose across the county's primary industries, what workers are paid remains well below what is needed to afford market rents, except for the professional services and education industry.

- **Wages have failed to keep up with price increases.** Renters saw their incomes rise by 5 percent between 2010 and 2019. But their rents increased by 22 percent—more than four times wage increases.
- **More renters struggle to make rent.** 1,700 renters pay more than 30 percent of their incomes in rent, an increase of 524, or 20 percent, from 2010.

As a result of the mismatch between earnings and housing costs, many more jobs are filled by in-commuters. Nearly 1,900 more workers commute into the county for work than in 2010.

As of 2018, the latest date for which in- and out-flow data are available, 26,135 workers were employed in La Plata County. An estimated 7,234 lived outside of the county and commuted into jobs in La Plata County. Another 5,737 county residents commuted to jobs outside of the county. And 18,901 were able to both live and work in the county, equal to 72 percent of workforce.

Figure A-16.
Worker In- and Out-Flows, 2018



Source: Longitudinal Employer-Household Dynamics, U.S. Census, 2018

APPENDIX: COUNTY DATA

Housing unit growth lagged employment growth—due to seasonal use. La Plata County has 1,965 more housing units in 2019 than in 2010. Of these, 19 percent are seasonal or vacation use, about the same share in the county overall. Although the county was able to develop enough housing to maintain its share of workers can live in the county, far more units were needed to house new workers who instead in-commute.

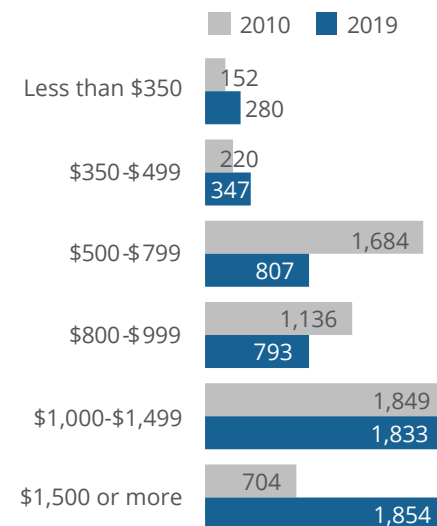
Since 2010, rents have increased by 22 percent, and the county's **stock of affordable rentals provided by the private sector has diminished.**

- In 2010, just 13 percent of non-seasonal rentals charged \$1,500 and more. Today, 40 percent of non-seasonal rentals charge \$1,500 and more.
- An estimated 600 rental units have converted from non-seasonal rentals to vacation rentals.

Housing needs would be more acute without the public investments in affordable rentals and tenant based rental assistance that have helped stabilize the rental market for the region's extremely low income households. La Plata County remains a regional leader in developing income-restricted rentals, with 60 percent of the region's income-restricted units located in the county—slightly more than the county's share of the region's population.

**Figure A-17.
Rent Distribution**

Source:
2010 and 2019 5-year ACS
estimates and Root Policy
Research.



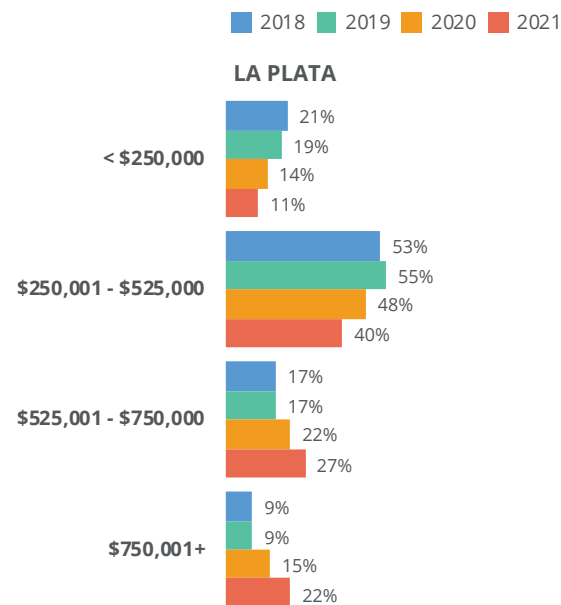
Fewer can afford to buy. The county's for sale market grew considerably more expensive between 2020 and 2021: the median value of sold homes jumped 20 percent in one year.

The number of homes sold for \$750,000 and more increased 169 percent between 2018 and 2021 and the number of homes for sale priced less than \$250,000 dropped by 37 percent.

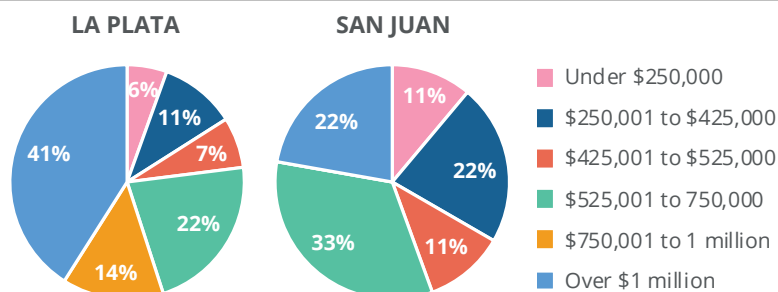
The number of owners struggling to afford housing costs has declined as higher income buyers, who can afford the county's rising housing costs, have moved to the county.

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Figure A-18.
Change in Sold Homes by Price Band, 2018-2020
and 2018-2021



Active Listings by Price Band, 2021



Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

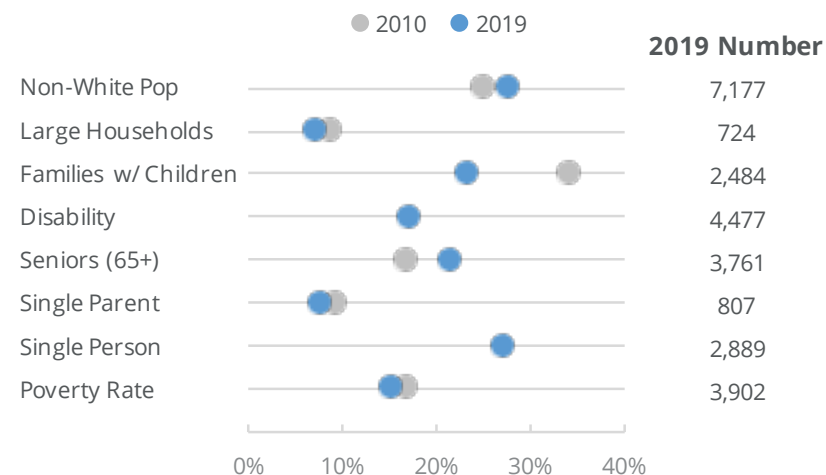
A **housing needs forecast** developed for this study projects that the county will need 570 new permanent units and 45 seasonal surge beds in the next 3-5 years to accommodate workforce growth and address some of the county's unmet housing needs. This is more than twice the housing unit growth the county maintained between 2010 and 2019 and five times the growth in units occupied by permanent residents—emphasizing the need for a concerted effort to develop workforce-targeted housing.

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MONTEZUMA COUNTY

The most significant change in the county's demographics between 2010 and 2019 was the **decline in the share of households with children**. This was partially due to growth in the county's senior population, as well as an influx of non-family workforce households from surrounding areas.

Figure A-19.
Socioeconomic Make-up

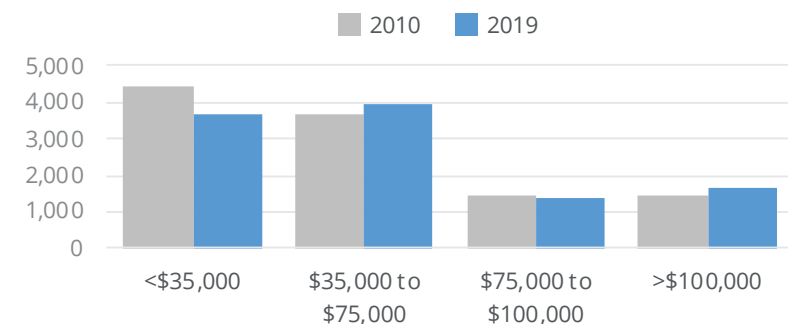


Source: 2010 and 2019 5-year ACS estimates and Root Policy Research..

Unlike other counties in the region, the household income distribution in Montezuma County changed only slightly. The most prominent change was a drop in low income households, offset by slight increases in moderate to high income households.

These changes were likely driven by **gains in household incomes** related to improved economic conditions in the county, an influx of workers employed in moderate-wage jobs in other counties, and some **displacement of low income households** because of rising housing costs.

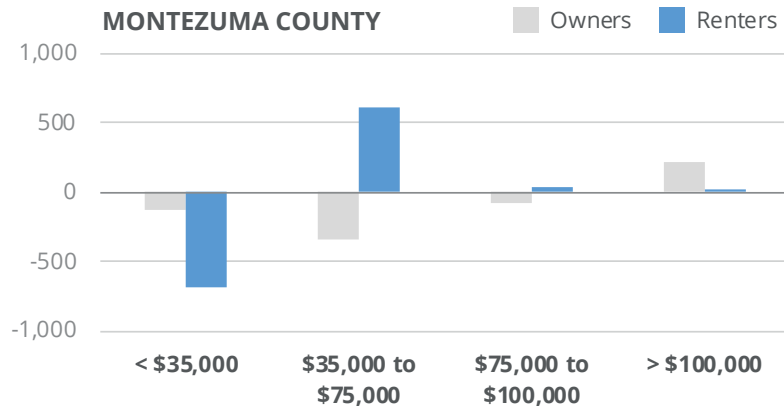
Figure A-20.
Household Income Distribution



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

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Figure A-21.
Shifts in Household Income Distribution by Tenure, 2010-2019

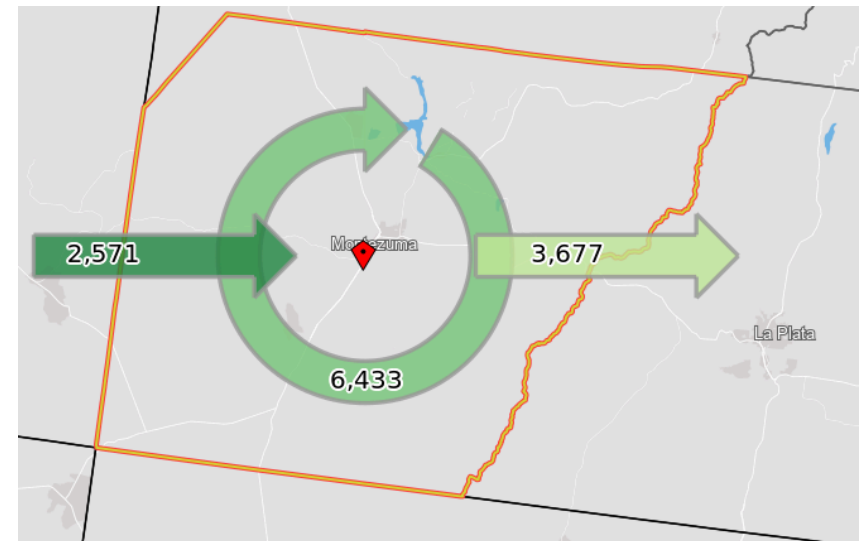


Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

As of 2018, the latest date for which in- and out-flow data are available, 9,000 workers were employed in Montezuma County. About 2,571 lived outside of the county and commuted into jobs located in the county. An estimated 3,677 county residents commuted to jobs outside of the county. And 6,433 were able to both live and work in the county, equal to 72 percent of workforce.

The largest change in commute patterns was in out-commuting: Compared to 2010, nearly 130 more workers commute in, 529 more workers commute out, and about 100 more workers are able to both live and work in the county.

Figure A-22.
Worker In- and Out-Flows, 2018



Source: Longitudinal Employer-Household Dynamics, U.S. Census, 2018

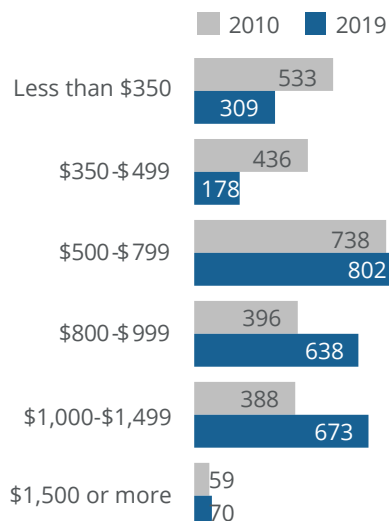
Median rent in the county increased by 37 percent between 2010 and 2019, from \$593/month to \$815/month. The median renter income rose by 55 percent—suggesting that **most renter households could manage rent increases.**

However, not all renters experienced income gains, and those reliant on low priced rentals saw the inventory decline significantly, as the market responded to higher income renter demand. As shown below, rental units priced under \$500/month dropped by nearly 500.

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**Figure A-23.
Rent Distribution**

Source:
2010 and 2019 5-year ACS
estimates and Root Policy
Research..

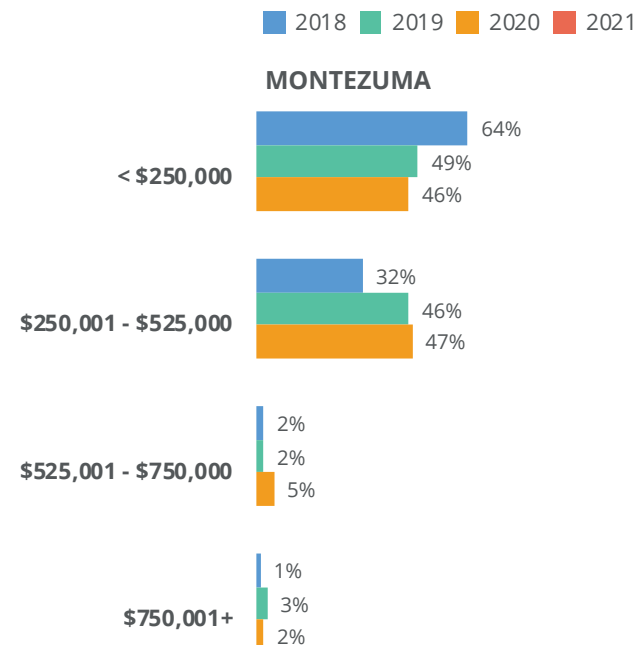


Normally this shift would create an increase in cost burden. Instead, cost burdened declined as the **lowest income renters left the county for more affordable housing.**

The county saw less fluctuation in the homeownership market. Of all counties in the SWCCOG region, Montezuma County had the smallest decline between 2018 and 2020 in for sale homes priced at less than \$250,000 (22% decline; Archuleta County was close at 24%)

Even with price increases, the median for sale home price in Montezuma County—\$225,000 in 2020—remains well below the median in other counties.

**Figure A-24.
Change in Sold Homes by Price Band, 2018-2020
and 2018-2021**



Note: 2021 data were only available for La Plata and San Juan Counties.

Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

One reason for the county's relative affordability is due to the **conversion of unoccupied housing units into housing for permanent residents.** Montezuma County was the only county in the region where units for seasonal and vacation use declined between 2010 and 2019.

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A **housing needs forecast** developed for this study projects a need for 220 new housing units over the next three to five years. Much of the new demand for housing created by workforce can be met if the county creates affordable ownership units for just 10 percent of its moderate income renters; this would free up units to meet moderate-wage workforce rental demand associated with projected employment growth.

If the county desires to continue to build its residential and permanent resident base by housing regional workforce, it should continue its development pace and seek opportunities to add to the housing stock of deeply affordable units as well as market rate rentals.

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SAN JUAN COUNTY

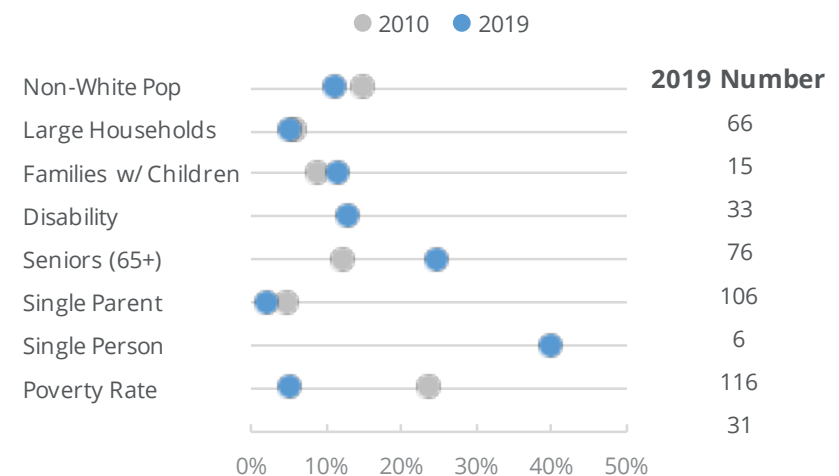
Similar to peer counties in the region, the proportion of seniors in San Juan County increased between 2010 and 2019. Unlike other counties, there were few changes in the share of families with children and single parents, meaning that the county was able to sustain its household composition despite increased housing costs.

The most notable change in San Juan County between 2010 and 2019 was the **considerable drop in poverty**. People living below the poverty line declined from 24 percent to 5 percent.

San Juan County's **median household income increased significantly** between 2010 and 2019, from \$36,378 to \$53,750. Median *family* income declined slightly. The county's income distribution shifted away from low and moderate income households to those with incomes of \$100,000 and more.

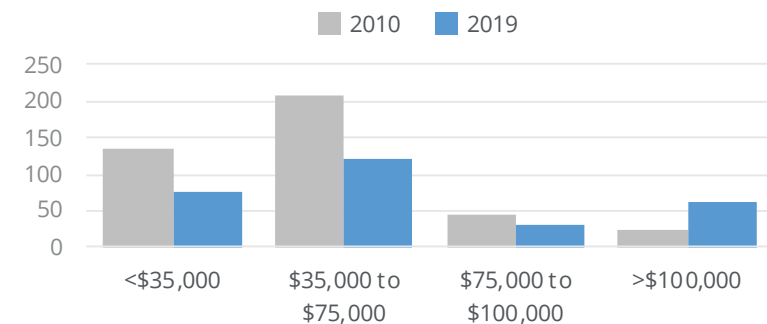
- The number of households earning less than \$35,000 per year dropped by 59. This occurred because low wage households began earning more or because they left the county.
- Households earning between \$35,001 and \$75,000 declined by 86.
- Households earning \$75,001 and more rose by 38.

Figure A-25.
Socioeconomic Make-up



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

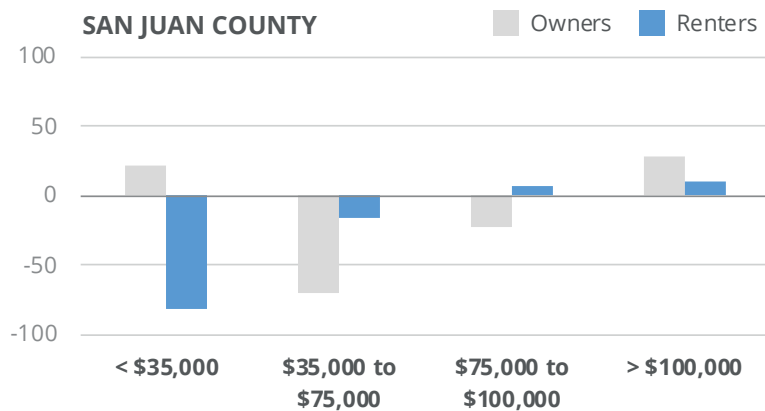
Figure A-26.
Household Income Distribution



Source: 2010 and 2019 5-year ACS estimates and Root Policy Research..

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Figure A-27.
Shifts in Household Income Distribution by Tenure, 2010-2019



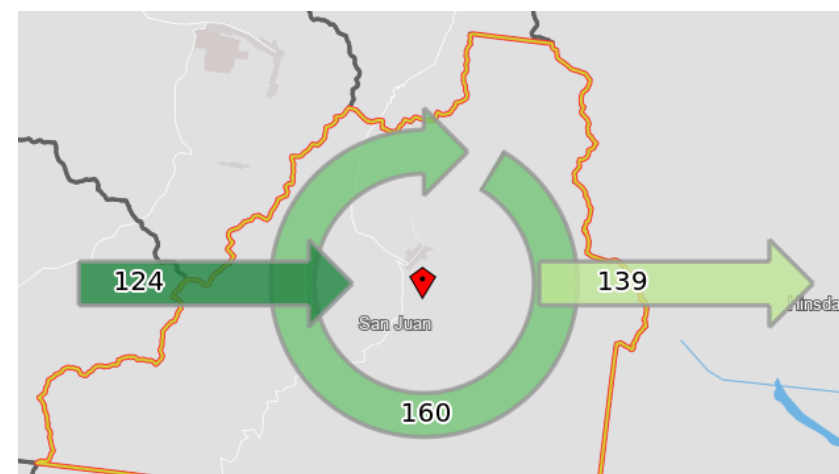
Source: 2010 and 2019 5-year ACS estimates and Root Policy Research.

Jobs grew by approximately 100 between 2010 and 2019. The lack of housing to workforce led to a **significant rise in in-commuting in the county.**

As of 2018, the latest date for which in- and out-flow data are available, 284 workers were employed in San Juan County. About 124 lived outside of the county and commuted into jobs located in the county. An estimated 139 county residents commuted to jobs outside of the county. And 160 were able to both live and work in the county, equal to 56 percent of workforce.

Compared to 2010, nearly 77 more workers commute in, 28 more workers commute out, and about 56 more workers are able to both live and work in the county.

Figure A-28.
Worker In- and Out-Flows, 2018



Source: Longitudinal Employer-Household Dynamics, U.S. Census, 2018

Renters residing in San Juan County in 2010 reported a median rent of \$750/month. By 2019, this had risen by 36 percent—to \$1,019/month.

The income of the median renter rose more quickly than rents—a 54 percent increase between 2010 and 2019—meaning that **most renters could keep up with the cost increases.** This is a very different trend than all other counties in the region except for Montezuma County, in which increases in renter incomes also kept pace with rising rental

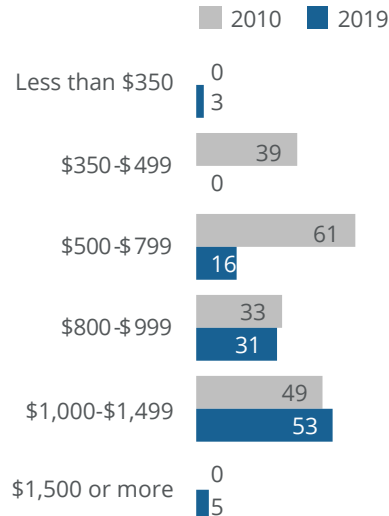
APPENDIX: COUNTY DATA

costs. In La Plata County, for example, rent increases were four times as high as renter income increases. In contrast, the median incomes of owners in San Juan County declined slightly, while home values increased.

The increase in rental cost all but eliminated deeply affordable rentals in the county. The 2019 Census estimates only 19 units rent for less than \$800 per month, compared to 130 in 2010.

Figure A-29.
Rent Distribution

Source:
2010 and 2019 5-year ACS
estimates and Root Policy
Research.

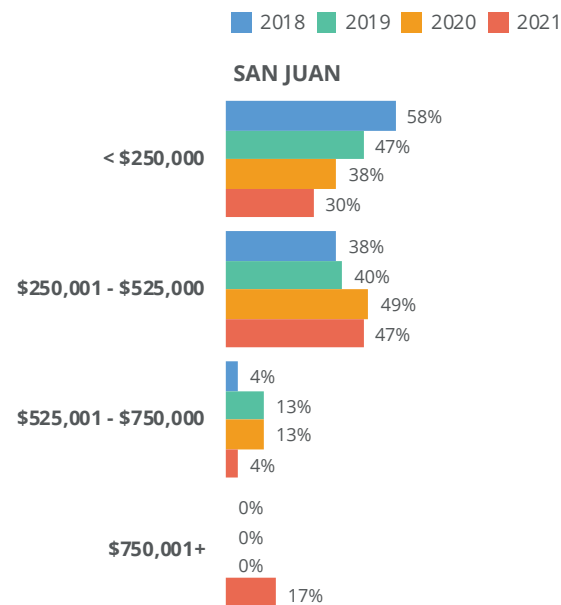


As a result of these shifts in incomes relative to housing costs, the number of renters paying more than 30 percent of their incomes in housing costs declined significantly, from 113 in 2010 to just 35 in 2019. The number of cost burdened owners also fell, but by much less (47 cost burdened owners in 2010 to 39 in 2019).

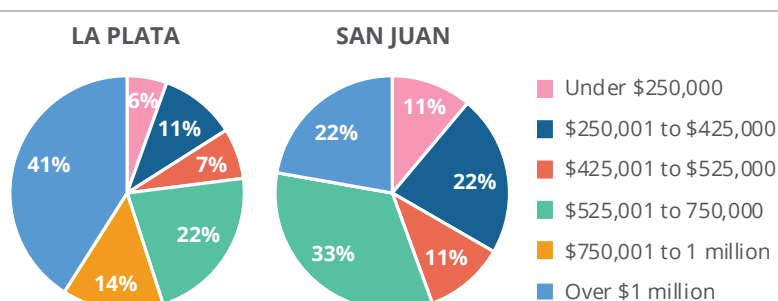
For sale home prices in San Juan County rose faster than in any other county between 2018 and 2020 at 59 percent. The median price of sold homes in the county was \$385,000 in 2021 compared to \$242,500 in 2018. The inventory of homes priced at less than \$250,000 declined by half, and were offset by a jump in homes priced at more than \$750,000.

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Figure A-30.
Change in Sold Homes by Price Band, 2018-2020
and 2018-2021



Active Listings by Price Band, 2021



Source: Home Mortgage Disclosure Act, CREN MLS, and Root Policy Research.

The Census estimates a **net loss in permanent resident households** between 2010 and 2019 and slight decline in total housing units. The county issued 25 building permits during the decade, but, due to the short construction season and limited labor, **new unit development significantly lagged demand**. The county needed to develop an estimated 82 units to adequately house workers and account for seasonal and vacation demand.

A **housing needs forecast** developed for this study projects a need for 22 new units for permanent residents and a seasonal surge capacity of 14 beds, based on job growth projected by Region 9 Economic Development. If the majority of these units could be affordable ownership units, this would free up rentals for new workforce. Ideally, about 13 units are affordable for sale, 9 are split between affordable and market rate rentals, and 14 are temporary units/beds for seasonal workforce. Reductions in in-commuting would require development of additional units.

It is important to note that town of Silverton employers surveyed for this study could provide a much larger number of jobs if housing were available: They project a need for 80 full time and 10 part time employees, which would require 45 more units for permanent residents.