Ouray County Housing Advisory Committee
5 Year Strategic Plan

August 23, 2018

CITY OF OURAY COLORADO

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RIDGWAY Colorado THINK OUTSIDE

Ouray County 5-Year Strategic Plan
Ouray County Housing Advisory Committee (OCHAC)
August 23, 2018

"The Ouray County Housing Advisory Committee's MISSION is to provide access to safe, affordable, ownership and rental housing for those who live or are employed in Ouray County and seek the opportunity to build a life as a part of our community."

Don Batchelder, Ouray County Commissioner; Bette Maurer, City of Ouray Council Member; Robb Austin/Tom Heffernan, Town of Ridgway Council Member; Shirley Diaz, Member at Large; Andrea Sokolowski, Member at Large.

Introduction:

On October 24, 2016, the City of Ouray, the Town of Ridgway and Ouray County met to discuss housing issues in Ouray County. As a result of the meeting, the Town, City and County tasked the Ouray County Housing Advisory Committee ("OCHAC"; "the Committee") with creating a Five Year Strategic Plan.

There are numerous components and steps to consider in the creation of affordable housing, both rental and purchase. The simplest way to address this issue is to quantify the gap between what the target populations can afford and the cost of available housing units; the lower the average income is of the target population, the harder it is to close this gap.

Housing costs are determined by two major factors: 1) cost of the land; and, 2) cost of the structure. Land costs include infrastructure to the property (i.e. roads, sewer, water, power, gas, and phone). Structure costs include tap fees, building fees/permits, extension of infrastructure, and cost of the structure. Absent a monetary subsidy, the steps available to close the gap are to decrease land costs and/or decrease structure costs. Wherever there is a public subsidy to help offset the gap, (monetary, increased density, decreased regulation or structure size and quality, decrease fees or other subsidy) the governmental entity should ascribe a value to that subsidy and protect it via deed restriction or other mechanism so that the value will continue to support its original intended purpose.

The following goals and objectives are intended to further the overall effort of closing the gap and preserving any subsidy.

Survey and Public Information Gathering Processes

As a part of the Five Year Strategic Plan process, the Committee, engaged in an information and data collection process. The goal was to gather information, opinions and data from a variety of sources to inform the Strategic Plan.

- On May 26, 2016, a public information forum was held for the purpose of gathering information from builders and developers. Karl Fulmer, Gunnison Valley Regional Housing Authority Director and Kathryn Grosscup, Housing Development Specialist for DOLA were featured as speakers. Fulmer identified planning and zoning regulations as hurdles facing the development of affordable housing and suggested several changes to overcome these challenges. Grosscup encouraged residents to help inform elected officials with usable data in order to encourage approval of affordable housing options. She explained resources available through the DOLA and the Division of Housing. *(05-26-2016 Forum; Exhibit 1)*
- On September 21, 2016, a forum was hosted by the Ridgway Ouray Community Council (ROCC) in which OCHAC was invited to share its plans and information regarding housing issues in Ouray County. Shirley Diaz, San Miguel Regional Housing Authority Director and OCHAC member gave a presentation regarding housing needs in Ouray County *(09-21-2018 Housing Needs in Ouray County, Diaz: Exhibit 2)*.
- In January 2017, a questionnaire was distributed to the City, Town and County for the purpose of gathering information to begin forming the Five Year Strategic Plan. The information collected indicated that the entities favored zoning and regulatory changes to encourage the development of long-term rentals. In addition, fee waivers and impact fees were to be researched and considered for implementation. *(January 2017 Questionnaire to City, Town and County: Exhibit 3)*

- On October 17, 2017, the Committee and ROCC held a public forum for the purpose of discussing “What it Takes to Buy or Rent a Home in Ouray County.” The main goal of the forum was to collect input from home or rental seekers in Ouray County. Shirley Diaz, SMHRA Executive Director and OCHAC Member provided a brief presentation on affordability and lending education. The remainder of the forum was spent discussing what people could afford, and what was available for purchase or rent. Most homebuyers were seeking homes in the $200,000 range. (*10-17-2017 Forum Notes: Exhibit 4)*
- On February 7, 2018, the Committee hosted a “Builders and Developers Forum” for the purpose of gathering information regarding suggestions for land use code, building code, or other regulatory changes or incentives to develop more affordable housing in Ouray County. The information gathered encouraged the allowance of smaller lots, accessory dwelling units (ADUs), and conceptual code changes. *(02-07-2018 Builders and Developers Forum Notes: Exhibit 5)*
- The final piece of information needed to inform the Strategic Plan was input from the Town, City and County elected officials. The questionnaire indicated that a housing authority/director was preliminary, but that the concept should be pursued, with a set list of objectives and requirements. Various funding mechanisms were suggested, including grants, a real estate transfer tax, and private contributions. *(05-2018 City, Town and County Elected Official Questionnaire Responses: Exhibit 6)*

Resources:

- In addition to the various surveys and forums, the Committee consulted a variety of existing studies and reports regarding housing and affordability. They are included in this report as exhibits and cited where applicable.
- Also included in the Exhibit List are the notes, minutes and presentations from the forums and questionnaires/surveys. There are included with the intent to provide the reader a fuller picture of the input offered by residents, industry professionals, elected officials and other interested parties.
- Exhibit List:
    - Exhibit 1 - 05-26-2016 Forum Notes
    - Exhibit 2 - 09-21-2016 Housing Needs in Ouray County, Diaz
    - Exhibit 3 – January 2017 Questionnaire to City, Town, and County
    - Exhibit 4 - 10-17-2017 Home Seekers and Renters Forum Notes
    - Exhibit 5 - 02-07-2018 Builders and Developers Forum Notes
    - Exhibit 6 - 05-2018 City, Town, and County Elected Official Questionnaire Responses
    - Exhibit 7 - 2009 Affordable Housing Action Plan
    - Exhibit 8 - 2011 Regional Housing Needs Assessment – Ouray and San Miguel Counties
    - Exhibit 9 - Boulder Regional Housing Partnership Resources

Methodology:

- Activity/Goal: These are “big picture” outcomes that that the City, Town, County and OCHAC will need to strive for as a united body. In order to achieve these goals, we recognize that they need to be broken down into intermediate steps so we can work toward achieving them in manageable increments.
- Action Steps: These are the most specific components of the Plan, and indicate what needs to be done in order to achieve the Activity/Goal. In some circumstances, this is left blank as the steps are to be determined after the establishment of a housing authority or other housing-related entity or staff.
- Responsible Party: This designates a person or entity specifically responsible for accomplishing the “Objective” within the Activity/Goal. Some are “hypothetical” as they require the existence of a housing authority or other housing entity/director to administer or create.

Note:

This report includes two depictions/versions of the Five-Year Strategic Plan: an Outline Version and by Activity / Goal. Each contains the same information.

Five Year Strategic Plan- Outline

I. Activity / Goal: Framework Documents:

1. **Year 1-** *(Note: this activity/goal must be driven by input from the entities, with OCHAC support and input)*
    a. Simplify guidelines document
        - Responsible Party: OCHAC
        - Action Steps:
            - OCHAC meets with City, Town and County to get specific direction regarding the guidelines. OCHAC and the entities recognize that a "one-size fits all" approach may not work for all three jurisdictions.

    b. Develop executive summary of guidelines
        - Responsible Party: OCHAC
        - Action Steps :
            - The purpose of an executive summary to make the guidelines approachable and usable by public and private entities.

    c. Develop, maintain and track list of possible deed restrictions and their applications
        - Responsible Party: OCHAC
        - Action Steps :
            - City, Town, and County to provide lists of deed restrictions. OCHAC members (or staff) develops and maintains a master list.
2. **Year 2-** *(Year 3 assumes that the Housing Authority has been established)*
    a. Draft provisions for a contract for an entity to administer guidelines
        - Responsible Party: Housing Authority/staff, in conjunction with City, Town and County
        - Action Steps :

    b. Encourage and facilitate contract with the entities for administration of housing
        - Responsible Party: Housing Authority/staff, in conjunction with City, Town and County
        - Action Steps :

    c. Continue to update Resource Materials annually
        - Responsible Party: Housing Authority/staff, in conjunction with City, Town and County
        - Action Steps :
3. **Year 3-**
    a. Continue to update Resource Materials annually
        - Responsible Party: Housing Authority/staff, in conjunction with City, Town and County
        - Action Steps :
4. **Year 4-**
    a. Continue to update Resource Materials annually
        - Responsible Party: Housing Authority/staff, in conjunction with City, Town and County
        - Action Steps :
5. **Year 5-**
    a. Continue to update Resource Materials annually
        - Responsible Party: Housing Authority/staff, in conjunction with City, Town and County
        - Action Steps :

II. Activity / Goal: Develop Revenues:

1. **Year 1-**
    a. Continued collection of City, Town and County Funding
        - Responsible Party: OCHAC
        - Action Steps:
            - OCHAC develops a list of potential revenue sources with pro/con statement for submittal to the entities.

2. **Year 2-**
    a. Develop and Submit to entities an impact fee proposal to be applied to new construction (i.e. building permits)
        - Responsible Party: OCHAC,
        - Action Steps :
            - A professional study will be needed to determine the viability of the funding source
    b. If an impact fee is determined to be a sustainable funding source, City, Town and County adopt impact fees
        - Responsible Party: City, Town and County, in conjunction with OCHAC input
        - Action Steps:
            - City, Town and County, in conjunction with OCHAC adopt impact fees into their fee structure. Public outreach efforts can be coordinated County-wide.
    c. Prepare a ballot initiative (mill levy, sales tax, use tax)
        - Responsible Party: Housing Authority staff; City, Town and County
        - Action Steps:
            - A professional study will be needed to determine the viability of the funding source, and the likelihood of approval.
    d. Evaluate Transfer Tax feasibility
        - Responsible Party: City, Town and County;
        - Action steps:
            - A professional study will be needed to determine the viability of the funding source.
    e. Investigate the use of marijuana tax revenues for the purpose of housing, or explore additional tax on marijuana sales for the purpose of housing
        - Responsible Party: City, Town and County
        - Action steps:
            - A professional study will be needed to determine the viability of the funding source.
3. **Year 3-**
    a. Develop a Land Bank / Land Trust
        - Responsible Party: Housing Authority; if no Housing Authority – City, Town and County
        - Action Steps :
    b. Develop a service contract for the purposes of home inspections, maintenance, etc.
        - Responsible Party: Housing Authority/staff,
        - Action Steps :
    c. If the Transfer Tax initiative is approved, a local ballot initiative would need to be pursued for local approval
        - Responsible Party: Housing Authority/staff, in conjunction with City, Town and County
        - Action Steps :
4. **Year 4-**
    a. Continue collection
5. **Year 5-**
    a. Continue collection

III. <u>Activity / Goal: Creation of a Housing Authority (based upon the existing IGA) or Other Housing-Related Entity</u> *(Contingent upon existence of Housing Authority/housing-related entity staff)*

1. **Year 1-**
    a. Preliminary work to form a Housing Authority or Other Housing-Related Entity
        - Responsible Party: OCHAC
        - Action Steps:

        - Education, feedback, and data gathering efforts on the part of OCHAC from the City, Town and County, as well as public and private organizations.
        - The action to form a Housing Authority will be driven by the progress of the Housing Advisory Committee and be contingent on available funding. The City, Town and County will participate and help inform the process through input, and potentially funding, or grant match.
   b. Explore the development of a Community Housing Development Organization (CHDO).
      - Responsible Party: OCHAC
      - Action Steps:
        - Research and develop a recommendation to entities.

2. Year 2-

   a. Prepare a budget
      - Responsible Party: Housing Authority
      - Action Steps:
        - Develop a secure funding source through grants, grant match from City, Town, County and other local organizations, direct funding from City, Town and County
   b. Form an Authority or Agreement with Entities through Intergovernmental Agreement (IGA)
      - Responsible Party: OCHAC/Housing Authority in conjunction with City, Town and County.
      - Action Steps:
   c. Develop Resource Materials; Secure Insurance; Determine Contract supplies, and other needed support
      - Responsible Party: OCHAC/Housing Authority
   d. Develop partnerships within the community
      - Responsible Party: OCHAC/Housing Authority
      - Action Steps: Develop relationships and strategic partnerships with: OCHA Board Development/ SMRHA Partnership; Space to Create Program; Private Developers - Identify Property Owners for Partnerships; Low Income / Mixed Income Housing Tax Credit Project; Habitat for Humanity; others

3. Years 3- 5

   a. Operation continues: address unaccomplished goals/objectives from Years 1 and 2

IV. <u>Activity / Goal: Develop Resource Materials</u> *(Contingent upon existence of Housing Authority/housing-related entity staff)*

1. Year 1-

   a. Develop "at-a-glance" information sheet for the City, Town and County
      - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
      - Action steps:
        - Contingent upon the existence/development of a Housing Authority/Housing-related entity staff.
        - This goal was a specific request from the City, Town and County to create a "resource center" for home seekers and renters.
   b. Develop financial resource information for local affordable housing applicants
      - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
      - Action Steps:
        - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.
   c. Acquire and obtain approval of various sets of plans for accessory dwelling units and tiny homes.

2. Year 2 –

a. Develop “How to Take Care of Your Property” Brochure
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:
        - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.

b. Develop “Expectations” Brochure for builders and developers.
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:
        - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.
        - Work with the builders and developers community, along with the Land Use/Planning Departments of the City, Town and County.

c. Develop website
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:
        - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.

3. Year 3-5-

a. Continue updating and developing needed resource materials

V. <u>Activity / Goal: Support Entities / Use Applications</u> *(Contingent upon existence of Housing Authority/hosing-related entity staff)*

1. Year 1 –

a. Monitor Land Sales for Land Bank
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:
        - Develop and track public lands that may be utilized for the provision of affordable housing, subject to local jurisdiction zoning and land use regulations

b. Provide guidance resource materials (crude market sales)
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:
        - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.

2. Year 2 –

a. Continue to monitor land sales for land bank
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:
        - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.

b. Develop regional rental rate matrix by home size
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:

            - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.
  - **c.** Provide home sales matrix
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, it would become the responsibility of staff.
    - Action Steps:
      - Contingent upon the existence/development of a Housing Authority/housing-related entity staff.

3. Year 3-

  - **a.** Continue to monitor land sales for land bank
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, or through contracted services.
    - Action Steps:
      - Contingent upon the existence/development of a Housing Authority/housing-related entity staff

4. Year 4-

  - **a.** Continue to monitor land sales for land bank
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, or through contracted services.
    - Action Steps:
      - Contingent upon the existence/development of a Housing Authority/housing-related entity staff

5. Year 5-

  - **a.** Continue to monitor land sales for land bank
    - Responsible Party: Preliminarily, OCHAC will be responsible; however, dependent upon the creation of a Housing Authority, or through contracted services.
    - Action Steps:
      - Contingent upon the existence/development of a Housing Authority/housing-related entity staff

VI. Activity / Goal: Zoning and Regulatory Changes

1. Year 1 –

  - **a.** Decrease the minimum lot size
    - Responsible Party: City and Town
    - Action Steps:
      - City and Town processes
  - **b.** Examine different configurations of dwelling units (i.e. cohousing, duplexes)
    - Responsible Party: City and Town
    - Action Steps:
      - City and Town processes
  - **c.** Continue to encourage accessory dwelling unit (ADU) development / regulatory processes for the provision of long term rentals
    - Responsible Party: City, Town and County; OCHAC
    - Action Steps:
      - City, Town and County processes, with OCHAC support and input
  - **d.** Increase allowable building density per municipal lot
    - Responsible Party: City and Town
    - Action Steps:
      - City and Town processes
  - **e.** Recommend adoption of inclusionary requirement for a percentage of affordable housing in all future subdivisions. Such requirement could be met by designating lots/units or money in lieu thereof.
    - Responsible Party: City, Town, and County

- Action Steps:
    - City, Town, and County processes

f. Allow modular housing: tiny homes, mobile homes
- Responsible Party: City, Town, and County
- Action Steps:
    - City, Town, and County processes

g. Reduce onsite parking requirements
- Responsible Party: City, Town, and County
- Action Steps:
    - City, Town, and County processes

h. Determine feasibility of financing tap fees for the purpose of funding affordable housing
- Responsible Party: City and Town
- Action Steps:
    - City and Town processes

i. Review revisions to model energy code specific to smaller homes
- Responsible Party: City and Town
- Action Steps:
    - City and Town processes

j. Review fire suppression regulations for duplexes to ensure cost effectiveness
- Responsible Party: City, Town, and County
- Action Steps:
    - City, Town, and County processes

k. Examine use of smaller lot sizes and allowance of mobile homes in Colona
- Responsible Party: County
- Action Steps:
    - County processes

l. Consider alignment of building and energy codes, where possible
- Responsible Party: City, Town, and County
- Action Steps:
    - City, Town, and County processes

2. Year 2 –

a. Examine lands adjacent to boundaries of municipalities for the propose of developing affordable housing units
- Responsible Party: City, Town, and County
- Action Steps:
    - City, Town, and County processes

b. Review building regulations from cost/benefit analysis; if and when there are contemplated changes, the City, Town and County should seek input from the builders and developers community
- Responsible Party: City, Town, and County
- Action Steps:
    - City, Town, and County processes

3. Year 3 –

a. Review building regulations from cost/benefit analysis; if and when there are contemplated changes, the City, Town and County should seek input from the builders and developers community
- Responsible Party: City, Town, and County
- Action Steps:
    - City, Town, and County processes

4. Year 4-

5. Year 5-

VII. Activity / Goal: Educational Forums

1. Year 1 –

a. Host two educational forums per year. Topics to be decided dependent upon cultural environment/needs.

- Responsible Party: OCHAC
- Action Steps:

2. **Year 2 –**
   a. Host two educational forums per year. Topics to be decided dependent upon cultural environment/needs.
      - Responsible Party: OCHAC
      - Action Steps:
3. **Year 3 –**
   a. Host two educational forums per year. Topics to be decided dependent upon cultural environment/needs.
      - Responsible Party: OCHAC
      - Action Steps:
4. **Year 4 –**
   a. Host two educational forums per year. Topics to be decided dependent upon cultural environment/needs.
      - Responsible Party: OCHAC
      - Action Steps:
5. **Year 5 –**
   a. Host two educational forums per year. Topics to be decided dependent upon cultural environment/needs.
      - Responsible Party: OCHAC
      - Action Steps:

Five Year Strategic Plan by Activity / Goal

Pages 10-13

Note: *this depiction of the 5 Year Strategic Plan is intended to be read across the rows. The first row includes numbered goals/objectives. The numbers associated with the goals/objectives correlate with the numbered Action Steps and Responsible Party rows. Each color indicates a separate goal/objective.*

Five Year Strategic Plan: By Activity / Goal

Activity / Goal	Objective: Year 1	Objective: Year 2	Objective: Year 3	Objective: Year 4	Objective: Year 5
• Framework Documents	1. Simplify guidelines document, at direction of entities 2. Develop executive summary of guidelines 3. List of possible deed restricts and their applications	4. Prepare for transition to Housing Authority 5. Update Resource Materials annually	6. Draft provisions for a contract for entity to administer guidelines 7. Encourage and facilitate contract with the entities for administration of housing (housing authority) 8. Update Resource Materials annually (housing authority)	9. Update Resource Materials annually	10. Update Resource Materials annually.
• Action Steps	1. Meet w/ entities and get specific direction regarding guidelines 2. Meet w/ entities and get specific direction regarding guidelines 3. Meet w/ entities and get specific direction regarding guidelines *-NOTE: These activities must be driven by entities, with OCHAC support and input*	4. In conjunction with City, Town and County 5. In conjunction with City, Town and County	6. Advisory committee, or staff 7. Advisory committee, or staff 8. Housing Authority, or other housing related entity.	9.	10.
• Responsible Party	1. OCHAC 2. OCHAC 3. OCHAC	4. Initiated by OCHAC, but in conjunction with City, Town and County 5. OCHAC	6. Housing Authority, or other housing related entity. 7. Housing Authority, or other housing related entity. 8. Housing Authority, or other housing related entity.	9. Housing Authority, or other housing related entity.	10. Housing Authority, or other housing related entity.

• Develop Revenues	1. Continued collection of City, Town, and County funding	2. Develop and submit to entities an impact fee applied to new construction (i.e. building permits) 3. Anticipated adoption of impact fees by City, County and Town 4. Prepare Ballot Initiative for funding (mill levy, sales tax, use tax.) 5. Evaluate transfer tax feasibility 6. Consider utilizing some MJ tax revenues for housing, or an additional tax on MJ sales for the purpose of housing	7. Develop a Land Bank / Land Trust 8. Develop service contract (offer home inspection, maintenance, etc.) 9. If transfer tax passes, local ballot measure to approve locally.	10. Continue collection	11. Continue collection
• Action Steps	1. Develop list of potential revenue sources with pro/con statement for submittal to entities	**All will require professional studies**			
• Responsible Party	1. OCHAC	2. Housing Authority, or other housing related entity. 3. City, Town and County 4. Housing Authority, or other housing related entity; City, Town and County 5. City, Town and County 6. City, Town and County	7. City, Town and County (ideally would function better under housing authority.) 8. Housing Authority, or other housing related entity. 9. City, Town and County		

Pertinent to Housing Authority and contingent upon staff • **Create a Housing Authority / or some housing-related entity**	**1. Preliminary work to form a Housing Authority or some housing-related entity.** **2. Explore the development of a Community Housing Development Organization (CHDO).**	**2. Prepare Budget** **3. Form an Authority or agreement via IGA** **4. Insurance, resource materials, contract supplies, support**	**5. Operation continues, address unaccomplished goals/objectives from Years 1 & 2**	**6. Continue**	**7. Continue**
• **Action Steps**	**1. Education, feedback data gathering, etc. from 3 entities** **2. Research and develop recommendation to entities.**		**5.Continue**	**6. Continue**	**7. Continue**
• **Responsible Party**	**1. OCHAC** **2. OCHAC**	**2. Housing Authority, or other housing related entity.** **3. Housing Authority, or other housing related entity.** **4. Housing Authority, or other housing related entity.**			

***Contingent upon Housing Authority/housing-related entity staff. *** • **Develop Resource Materials** *(specific request from entities for "resource center")*	**1. At-A-Glance information sheet by entity** **2. Financial resources for local applicants**	**3. "How to Take Care of Your Property" Brochure** **4. Expectations Brochure for builders**	**5. Develop website**	**6. Continue updating and developing needed resource materials**	**7. Continue updating and developing needed resource materials**
• **Action Steps**	***Contingent upon Housing Authority/housing-related entity staff. ***	***Contingent upon Housing Authority/housing-related entity staff. ***	***Contingent upon Housing Authority/housing-related entity staff. ***	***Contingent upon Housing Authority/housing-related entity staff. ***	***Contingent upon Housing Authority/housing-related entity staff. ***
• **Responsible Party**	**1. OCHAC – preliminarily, but if maintained, should be responsibility of Housing Authority, or other housing related entity.** **2. OCHAC – preliminarily, but if maintained, should be responsibility of Housing Authority, or other housing related entity.**	**3. OCHAC – preliminarily, but if maintained, should be responsibility of Housing Authority, or other housing related entity.**	**4. Housing Authority, or other housing related entity.**	**6. Housing Authority, or other housing related entity**	**7. Housing Authority, or other housing related entity**

***Contingent upon HA/housing-related entity staff. *** • **Support Entities / Use Applications**	**1. Monitor land sales for land bank** **2. Provide guidance resource materials (crude market studies)**	**3. Continue to monitor land sales for land bank** **4. Develop regional rental rate matrix by home size** **5. Provide homes sales matrix**	**6. Continue to monitor land sales for land bank**	**7. Continue to monitor land sales for land bank**	**8. Continue to monitor land sales for land bank**
• **Action Steps**	**1. Develop and track public lands that may be utilized for affordable housing; subject to local juris zoning and regulations (ongoing)** ***Pertinent to Housing Authority/or contracted services***	***Pertinent to Housing Authority/or contracted services***	***Pertinent to Housing Authority/or contracted services***	***Pertinent to Housing Authority/or contracted services***	***Pertinent to Housing Authority/or contracted services***
• **Responsible Party**	***Contingent upon Housing Authority/housing-related entity staff. ***	***Contingent upon Housing Authority/housing-related entity staff. ***	***Contingent upon Housing Authority/housing-related entity staff. ***	***Contingent upon Housing Authority/housing-related entity staff. **	***Contingent upon Housing Authority/housing-related entity staff. ***

• Zoning and Regulatory Changes (i.e. density)	1. Decrease the minimum lot size 2. Look at different configurations of dwelling units (including duplexes, cohousing, etc.) 3. Continue to encourage ADU development / regulatory process for long term rentals 4. Increase allowable building density per municipal lot 5. Recommend adoption of inclusionary requirement for a percentage of affordable housing in all future subdivisions. Such requirement could be met by designating lots/units or money in lieu thereof. 6. Allow modular housing; tiny homes, mobile homes 7. Reduce onsite parking requirements 8. Look at financing tap fees for AH 9. Look at Revisions to model energy code for smaller homes; 10. Review fire suppression regulations for duplexes to ensure cost effectiveness 11. Smaller lot sizes and allowance of mobile homes in Colona 12. Building and energy code regulations should be the same for all three entities, where possible	13. Look at lands adjacent to boundaries of municipalities for the purpose of affordable housing. 14. Look at building regulations from cost/benefit analysis; when there are contemplated changes, municipalities and county seek input from builders	15. Look at building regulations from cost/benefit analysis; when there are contemplated changes, municipalities and county seek input from builders	16.	17.
• Action Steps	City, Town and County Processes				
• Responsible Party	1. City and Town 2. City and Town 3. City, Town and County, OCHAC 4. City and Town 5. City, Town and County 6. City, Town and County 7. City, Town and County 8. City and Town 9. City and Town 10. City, Town and County 11. City and Town 12. County	13. City, Town and County 14. City, Town and County	15. City Town and County		

• Educational Forums (one-to-two per year)	1. Educational Forums (topics pertinent to cultural environment/needs)	2. Educational Forums (topics pertinent to cultural environment/needs))	3. Educational Forums (topics pertinent to cultural environment/needs)	4. Educational Forums (topics pertinent to cultural environment/needs)	5. Educational Forums (topics pertinent to cultural environment/needs)
• Action Steps					
• Responsible Party	1. OCHAC	2. OCHAC	3. OCHAC	4. OCHAC	5. OCHAC

Exhibits

OURAY COUNTY

Jumping the affordable housing barriers

BY TORI SHEETS
tori@ouraynews.com

The Ouray County Housing Authority had an open house on Thursday night to inform contractors and developers of the ways they can promote affordable housing in the county. Don Batchelder, county commissioner, presented the background on OCHA and introduced the two speakers, Karl Fulmer and Kathryn Grosscup. *Plaindealer photo by Tori Sheets*

Builders and developers in Ouray County gained some insight into the process of bringing affordable housing to the county on Thursday, May 26. Ouray County Housing Authority hosted two speakers, Karl Fulmer, director of Gunnison Valley Regional Housing Authority, and Kathryn Grosscup, housing development specialist for Colorado Department of Local Affairs. Ridgway Town Hall was packed with local builders and developers as well as representatives from Ridgway Town Council, Ouray City Council and the Board of County Commissioners.

Fulmer said challenges facing development of affordable housing in Gunnison County are similar to those in Ouray County, as well as every resort town he has worked in.

He identified several challenges developers in Ouray County must overcome and a few ways to tackle them.

The first challenge is the cost of land.

"You struggle with high land cost and from a developer's perspective it fundamentally affects the basis of any project you build," he said.

High construction cost, cost of permitting fees, and strict planning and zoning regulations are other challenges facing affordable housing in Ouray County.

To overcome these challenges, Fulmer said, the public and private sectors need to establish a partnership. In Crested Butte, Fulmer was able to work out a deal with the town to reduce the hook-up fees for water and sewage by two-thirds for work force housing units.

"We're paying $6,000 a unit in hook-up fees a unit where it would have been $18,000 a unit," he said.

Planning and zoning regulations are also a barrier to affordable housing when developers are limited to the number of units they can build on an acre. Fulmer said regulations can be changed to increase the density of units allowed per acre.

Time is money, so the approval and permitting process for developments can also be expedited as an incentive to developers.

Fulmer said knowing the m[illegible] building in is the key component before any project can begin.

"It's important to pay attention to what data tells you, because you can build projects that fail, even if they are affordable," he said.

Private sector developers must show elected officials and planning staff exactly what a housing need is and where it is located.

"You can't just tell them you think it's really needed," he said. "Give them information so they can talk to the community intelligently and distribute the data so that projects can be approved and the community won't be dead set against it."

Grosscup spoke about funding available to counties through DOLA to develop affordable housing. The Division of Housing was created under DOLA in 1970.

"For most programs that work on rental affordable housing there is a gap, so the Division of Housing usually plays a fairly large role in those projects," she said.

DOH provides grants and operates as the state housing authority. They are able to offer property tax abatement and housing choice vouchers for subcontractors working in communities.

Exhibit 2

Housing Needs In Ouray County

Shirley L. Diaz
Ouray County Housing Authority
And Executive Director SMRHA

“We’re Building the Ability for the Community to be Informed.” Wayan Vota

- The 2011 Needs Assessment
  - The methodology used
  - Projections
- State Demographer Data from 2015
- Rental and Ownership Needs
- Whistler Housing Authority Needs Assessment

Methodology

- The Study looked at:
  1) Unfilled jobs
  2) Number of commuters who want to move here

Projections for 2015

- 3 scenarios are in the study
  1) .5% growth
  2) 1.5% growth
  3) 3% growth

Jobs in 2010 in Ouray County =2,292

1. With .5% growth in 2015 we'd have 2,350
2. With 1.5% growth we'd have 2,469
3. With 3% growth we'd have 2,657

State Demographer Published Jobs

- State demographer data has our jobs in 2010 at 2,423
- RRC calculated our jobs at 2,292 in 2010
- State demographer data for 2014 has 2,589 jobs in the County
- The 1.5% job growth projection was 2,469 for 2015 in the study

Job Growth 2010 -2014

(Study #s and projections)

1
- 177 new jobs

2
- Equals approximately 140 employees

3
- Additional units needed? 94 or more

Job Growth With State Demographer Data 2010 -2015

1
- 166 new jobs

2
- Equals approximately 132 employees

3
- Additional units needed? 88 or more

<<Exhibits - Page >>9

Rental Needs

1. How do we get new rental units built?
2. How do we determine where they can be built and funded
3. Public and Private Partnerships-OCHA

Ownership Needs

1. What is our need and what is the price point for our workforce
2. Does it get built at the expense of rental or along with rental
3. Who builds the units and how does it get dispersed throughout the County

Everyone Should Be Able to Live & Work Here-Fact or Myth?

1. Can everyone get a mortgage?
2. Who wants to live & work here now?
3. Will the community support taxes to make it happen?

<<Exhibits - Page >>12

How To Determine Our Need Now

There is no ONE WAY to determine need

- The calculations in the last Needs Assessment can be duplicated
- Other calculations can be used
- New avenues can be pursued

<<Exhibits - Page >>13

Whistler: An Employer Focused Model

18 years of research

<<Exhibits - Page >>14

Business Survey Model

- Assesses employment characteristics; and
- Housing Needs for Whistler's workforce

<<Exhibits - Page >>15

Whistler Survey

- All Employers Are Contacted
  - In 2015 they had a 36% response rate
  - They survey the winter and summer workforce
  - The 2015 report has a comparison chart from 02/03 season thru 14/15 season reports on page 24
  - The Report Can Be Found At: https://www.whistlerhousing.ca/pages/learn-more

Summary:

Our Region has changed since 2010

Things we need to know

- Current Rental gap- who wants to live here and rent
- Current Ownership Gap- who wants to buy & can't
- Number of unfilled jobs
- Percent of in-commuters & where they want to live
- What is the seasonal need
- What is the year round need

Summary Continued:

Things we need to know

- How do we get housing built
- Does zoning accommodate development
- Is taxing an option
- Is there Private Development interest

What are our next steps?

Regional Housing Needs Assessment

http://smrha.org/wp-content/uploads/2016/08/NeedsAssessment2011.pdf

Whistler

https://www.whistlerhousing.ca/pages/learn-more

City of Ouray Responses

Council member Boyd moved and Council member Maurer seconded the motion to approve the Consent Agenda, as follows:

- Designation of Official Posting Location – Bulletin Board Outside of City Hall Administrative Office
- Annual Re-appointments of Parks and Recreation Committee
- Re-appointment of City/County Joint Planning Commission – Dee Williams
- Huckstering Permit – Mouse's Chocolates, Ouray Ice Festival, January 19 - 22
- Re-appointment of City/County Joint Planning Commission Alternate – Brad Clark

The motion was unanimously approved.

ACTION ITEMS

DISCUSSION ITEMS

Questionnaire - Ouray County Housing Authority – 5 Year Plan

Mayor Larson noted that the Ouray County Housing Authority has asked the Council for a consensus on the following questions.

1. What are your goals for Affordable/Attainable Housing?
   In 2017 Council will determining the needs of the community and defining goals.

2. What do you believe is needed to achieve your goals?

   __ a) rental housing

   __ b) ownership

   _x_ c) both

3. What are you willing to do to attract affordable housing development?
   Explore incentive programs and other possibilities.

4. What is not acceptable, i.e. modular, mobile homes, tiny homes, etc.?
   The City would consider the possibility of Code changes.

5. To meet your goals for affordable housing, would you consider:
   a) an "impact fee" on building permits? Yes _x_ No __

   b) a "use tax" on building supplies? Yes _x_ No __

6. Are you willing to reduce or forego building and/or tap fees to encourage affordable housing? Yes _x_ No __
   Would consider building permit fees and a deferment plan for tap fees.

7. Would you consider changing your density regulations? Yes _x_ No __

   If "yes", in what manner?
   Density bonus program.

8. How long do you anticipate changes for adequate zoning, building, etc. regulations to be finalized and in place?

__ 0-6 month's _**x**_ 7-12 month's __ 13+ month's

9. Are you willing to expedite the process so we are not waiting on monthly meetings? Yes _**x**_ No __

10. Please prioritize what your community values (highest =1, next highest=2 and lowest=3):

    _**1**__ Housing

    _**3**__ Small open space/parks

    _**1**__ Regional transportation

11. What do you believe your community values more?

    __ a) current mix of existing housing under current zoning regulations, or

    _**x**_ b) modify current zoning regulations to facilitate affordable housing

12. Would you be willing to accept a rental subsidy development, i.e. Section 8? Yes _**x**_ No __

13. Would you be willing to utilize public land you own to achieve affordable housing? Yes __ No _**x**_
    No land is available.

14. Would you be willing to purchase land to achieve affordable housing? Yes _**x**_ No __
    What would be the funding source?

15. Would you prefer to see affordable housing:

    __ a) in one area, or

    _**x**_ b) dispersed throughout your entire community

16. Would you favor:

    __ a) private sector solutions for affordable housing, or

    _**x**_ b) government subsidies, or

    __ c) both

17. Would you utilize the proposed Guidelines as criteria moving forward? Yes _**x**_ No __

18. Other comments are welcome:
    Facilitate meeting to assist with the process.

ADJOURNMENT

At 7:14 p.m., Council member Boyd moved and Council member Maurer seconded the motion to adjourn. The motion was unanimously approved.

Ouray County Housing Advisory Committee (OCHAC)

Questionnaire for the Town of Ridgway, City of Ouray & Ouray County elected officials, each as an entity, to answer.
Our intent is to gather direction and definition for OCHAC's 5 Year Strategic Plan

1. What are your goals for Affordable/Attainable Housing?
   Create affordable housing in municipalities and Colona. Housing should be available to County workforce and County residents. The goal is to make it sustainable for people to work and live within Ouray County communities. To encourage creation and use of accessible dwelling units.

2. What do you believe is needed to achieve your goals?
   __ a) rental housing
   __ b) ownership
   X c) both
   A coordinator is needed to help achieve the goals.

3. What are you willing to do to attract affordable housing development?
   Create a Colona Affordable Housing Zone. Receive and administer grants. Revisit County ADU regulations.
   Revisit County ADU regulations.
   Participate in a Regional Multi-County Housing Development Group.

4. What is not acceptable, i.e. modular, mobile homes, tiny homes, etc.?
   Type does not matter as long as it is well-funded with a long-term solution.

   Remote High-density development in areas away from infrastructure or services are unacceptable.

5. To meet your goals for affordable housing, would you consider:

   a) an "impact fee" on building permits? Yes X No __

   b) a "use tax" on building supplies? Yes __ No X

6. Are you willing to reduce or forego building and/or tap fees to encourage affordable housing? Yes X No __
   With correct controls.

7. Would you consider changing your density regulations? Yes X No __
   If "yes", in what manner?
   On a very specific and narrow basis near Colona.

8. How long do you anticipate changes for adequate zoning, building, etc. regulations to be finalized and in place?:
   __ 0-6 months   X 7-12 months For ADU   X 13+ months For zoning

9. Are you willing to expedite the process so we are not waiting on monthly meetings? Yes X No __
   Depending on proposal.

10. Please prioritize what your community values (highest =1, next highest=2 and lowest=3):
   - 1 housing
   - 3 small open space/parks
   - 2 regional transportation

11. What do you believe your community values more?
   - X a) current mix of existing housing under current zoning regulations, or
   - __ b) modify current zoning regulations to facilitate affordable housing

   But is willing to look at zoning modifications in Colona.

12. Would you be willing to accept a rental subsidy development, i.e. Section 8? Yes X No __
   In places as outlined in question number one above.

13. Would you be willing to utilize public land you own to achieve affordable housing? Yes X No __
   Subject to site specific review.

14. Would you be willing to purchase land to achieve affordable housing? Yes __ No X
   No, under current budget.

15. Would you prefer to see affordable housing:
   - __ a) in one area, or
   - X b) dispersed throughout your entire community

16. Would you favor:
   - __ a) private sector solutions for affordable housing, or
   - __ b) government subsidies, or
   - X c) both

17. Would you utilize the proposed Guidelines as criteria moving forward? Yes X No __
   Yes, subject to additional review.

18. Other comments are welcome:
   The County recognizes that most opportunities for housing are within the municipalities and supports municipal efforts to further its housing opportunities. Businesses that require service workers should be encouraged to provide or contribute to employee housing solutions.

Our expectation is to receive a response that is the consensus of the elected official body. If requested, OCHAC is willing to meet with you to discuss this survey.

Thank you very much!

Please return your completed survey to: ouraycountyhousingauthority@gmail.com **by February 28, 2017**.

Submitted by: [signature] Date: 2-14-2017

Ouray County Housing Advisory Committee (OCHAC)

Town of Ridgway Responses

Town of Ridgway compiled response: February 15, 2017

Questionnaire for the Town of Ridgway, City of Ouray & Ouray County elected officials, each as an entity, to answer.
Our intent is to gather direction and definition for OCHAC's 5 Year Strategic Plan

1. What are your goals for Affordable/Attainable Housing?

   What we hope OCHAC can provide:

   - Keep open communication between jurisdictions
   - Facilitate guidelines/ framework for affordable housing
   - Serve as a technical resource; Space 2 Create participant
   - Facilitate ADU best practices with county, town and city
   - SMRA partnership

2. What do you believe is needed to achieve your goals?
   __ a) rental housing
   __ b) ownership
   _X_ c) both

3. What are you willing to do to attract affordable housing development?
   - Code revisions to remove barriers and provide incentives (including ADU regulations)
   - Fee waivers
   - Partnerships

4. What is not acceptable, i.e. modular, mobile homes, tiny homes, etc.?
   - Discourage "cheap" looking housing
   - Concentrating too much affordable housing in one location

5. To meet your goals for affordable housing, would you consider:

   a) an "impact fee" on building permits? Yes _X_ No ___ Would consider with more information

   b) a "use tax" on building supplies? Yes _ X _ No ____ Would consider with more information

6. Are you willing to reduce or forego building and/or tap fees to encourage affordable housing? Yes _X_ No __

7. Would you consider changing your density regulations? Yes _X_ No __
   If "yes", in what manner?

8. How long do you anticipate changes for adequate zoning, building, etc. regulations to be finalized and in place?:
   __ 0-6 months __ 7-12 months _X_ 13+ months easily one year

9. Are you willing to expedite the [building/development] process so we are not waiting on monthly meetings? Yes _X_ No __
   Generally, yes – but probably challenging to fix some structural disconnects; not interested in meeting more than once/month

10. Please prioritize what your community values (highest =1, next highest=2 and lowest=3):
    _1__ housing
    _2_ small open space/parks
    _3_ regional transportation

11. What do you believe your community values more?
    __ a) current mix of existing housing under current zoning regulations, or
    _X_ b) modify current zoning regulations to facilitate affordable housing

12. Would you be willing to accept a rental subsidy development, i.e. Section 8? Yes _X_ No __

13. Would you be willing to utilize public land you own to achieve affordable housing? Yes __ No _X_
    If the Town had land they would consider this.

14. Would you be willing to purchase land to achieve affordable housing? Yes _X_ No __

15. Would you prefer to see affordable housing:
    __ a) in one area, or
    _X_ b) dispersed throughout your entire community

16. Would you favor:
    __ a) private sector solutions for affordable housing, or
    __ b) government subsidies, or
    _X_ c) both

17. Would you utilize the proposed Guidelines as criteria moving forward? Yes _X_ No __

18. Other comments are welcome:

Our expectation is to receive a response that is the consensus of the elected official body. If requested, OCHAC is willing to meet with you to discuss this survey.

Thank you very much!

Please return your completed survey to: ouraycountyhousingauthority@gmail.com **by February 28, 2017.**

Submitted by: _Shay Coburn___________________________________ Date: __2/22/17__________________________

Exhibit 4

Ouray County Housing Advisory Committee
Public Forum: What It Takes To Buy or Rent in Ouray County

October 17, 2017

- **What are you looking for in housing: size, location, amenities, etc.**
  1. Ridgway, or sunny-side of Ouray; ideally with a yard, on an acre. 2 bedroom, 1 bathroom. Likes the houses / lot sizes in Ridgway (by secondary school)
  2. Ridgway, smaller home with yard, ideally looking for 1,000-1,500 square feet. Smaller lot would be great (historic core in Ridgway lot size-5,000-7,000 square feet).
     a. Estimated $80,000 for land; $200,000 to build = $280,000 – affordable? No.
  3. Ridgway or bike-able to town without being on highway, 1,000 square foot home with small yard, like to have garden. Ideally 2 bedroom 1 bathroom.
     a. Estimated $280,000-$300,000 – budget under $200,000.
  4. Looking for home for family of 3, but used to small spaces. Would like to have yard. Price per square foot puts them into $280,000-$300,000 range; not much in pool for purchase under that range. Ridgway is lovely and wants to live there, but seems like we're paying a premium to live in a mountain town. Rental prices have increased from $800 to $1,200 in 3 years
     a. Budget is less than $200,000.
- **Standpoint from employers: difficult to find people to work?**
  1. Finding and retaining qualified people is difficult
  2. Very difficult, particularly during "off-season" (late October – December). Difficulties are compounded by lack of long-term rental stock.
  3. Currently in a rental, but if I lost it, I have not seen a rental that I could afford.
- **What's affordable and what is that based on?**
  1. Rentals are driven by the market. What we're trying to do is determine what is affordable for those seeking and make recommendations to municipalities and county on ways to address the gap.
     a. Not willing to pay as much in rent as a mortgage.
     b. Ridgway is suffering from a supply and demand issue. People are indicating that they want smaller units/homes – only way it's going to work is to build really small units.
        i. Discussion of Ridgway Project – 25 individual units on small lots. Will be very affordable, but running into some issues with the Town.
        ii. Fees associated with 500 square foot home are the same as with a 5,000 square foot home
- **Tap Fees / Incentives**
  1. Town of Cedaredge uses tap fees to build up reserves – possibility of Town / City deferring fee to incentivize affordable housing projects.
     a. Important to have the municipality identify the mechanism for affordable housing – needs to be captured and maintained.
- **Employer Prospective**
  1. Ouray Silver Mines (OSM) intends to hire 130 new employees. Ideally, OSM would like them housed in the City, Town or County. Looking into multifamily options that wouldn't drain the current community. OSM is concerned about increasing the already high rental rates and pushing out current residents. Need to increase supply of rentals. Wants to be involved with 5-Year Strategic Plan to help map out needs.
  2. Twin Peaks Lodge in Ouray has purchased home in for employee housing.
  3. Concern that families are being driven out that are tied to the community. Rentals in Montrose are becoming unattainable now due to the lack of housing in Ouray and San Miguel Counties.
- **Building / Land Use Code / Zoning Regulation Changes**
  1. Corvallis, OR changed zoning to allow more multifamily units on smaller lots – municipality encouraged builders to construct rental units to help solve affordable housing crisis.
     a. Ridgway is looking into that – encouraging ADUs on historical lots. Council is discussing requiring one unit to be owner-occupied, and the other unit pays 72% of the fee.
     b. Ouray is looking into encouraging ADUs, but waiting until new administrator and planner have been hired.
     c. Colona – encourage County to revisit and reconsider the 25 foot lot.

Exhibit 5

Ouray County Housing Advisory Committee & Ridgway Ouray Community Council
Builders & Developers Forum
February 7, 2018

Zoning

- Town of Ridgway / City of Ouray – parking requirements are deterrent to density… reduce parking requirements and decrease setbacks or revaluate to increase density.
  - Not realistic for City, but helpful
- City – smaller sqft for single folks. City regulations (i.e. tap fees) becomes huge deterrent as you reduce sqft.
  - Smaller lots for smaller houses
  - Scale tap fees to size
  - Smaller lots as use-by-right
- Town Code – density, smaller lots
  - Get rid of minimum footprint for houses (anti trailer "doublewide")
    - Propose code changes for minimum sqft of housing, and smaller lots
- ADU – smoother paths for all municipalities
  - County – TriCounty water tap fees issue
  - Ridgway – in progress
  - Ouray – starting to look at
  - All three – goal to ease/incentivize ADU (purchase vs. rental)
  - Financing tap fees (could happen for both Town and City)
  - Information on use would be helpful
    - Lack of knowledge that it's an option… increase publication (Town)
    - Town, ADUs cannot be short-term rental
- County: leverage value thru density
  - Town/City work together to identify property locations to best serve community.
  - Density bonuses tied to affordable housing
  - What do partnerships look like – working to determine potential County sites for affordable housing sites.
    - Reasonable for County to work with Ridgway (Ouray landlocked) to ID areas for annexation and served by Town services to create more lots
- Clustered workforce/ AH decreases price, but public perception is not good.
- County – look at allowing ADUs on lots smaller than 3 acres
- May have to look at mobile home parks in Colona Zone (rental)

Building Codes:

- City and Town: Tradeoffs: size of unit and codes (for example: energy codes); have to be able to weigh benefits/costs
  - Energy code in number of places increases costs; fire suppression (sprinkler systems)
  - Is it achieving purpose intended?
    - Drives up cost, but good cost. Long term value (deed restricted or subsidized homes)
    - Scalability is important… less of a benefit for smaller homes.
    - Mechanical requirements – well intentioned, but increased costs for O &M.
      - Opportunities for tradeoffs… cost for satisfying regulation.
    - Other areas to address costs (i.e. tap fees, zoning); maybe savings, but not worth costs of entities pursing.
    - Concerns of future energy codes.
  - Process for adoption new Codes – public hearing – however, is it effective?
    - Suggest: directly contact contractors/developers/those with experience for recommendation on Code changes.
    - Concern that Code is simply adopted and not made specific for community.
      - Flexibility makes more sense.

        - Foundation conditions (ties to site) – having blanket footing depth is redundant (saves in cost)
            - Other redundancies?
- Enforcement – retention of building inspectors
        - Issue w/ state inspections.
        - Generally, no real issue w/ scheduling BI; if there are issues, alternatives are outlined (engineer sign off – not a cost savings).

Process:

- Policies and systems are only as good as those administrating it
    - Ouray specific: when hiring ensure recognition of compliance and being business friendly.
    - Retention of staff (hard to address) – once staff comfortable w/ governing body, the can operate in more effective way.
        - Consistency in enforcement/timeliness of response/ increase access to resources.
        - Question of gray areas and application/interpretation to code
            - For example: street setbacks in City.
    - Suggestion: where Code cleanup can happen, staff keeps running list (i.e. strengthen definitions, clarification of conflicts)
    - Increased access to legal opinions

Gap:

- Vacant lots – 100k-120k;
    - Create more lots
- Multiple family houses – condo-ize
- Land, materials, labor costs are variable; dedicated source of housing, can't leave variables unaddressed.
    - Developer buys land, or public entities own annexed land.
        - Series of small lots w/ deed restrictions to reduce variability.

Lacking employees due to lack of housing?

- Lack of skilled employees…not necessarily related to AH.

Other:

- Cimarron Creek Housing (MoCo) (reasonable regulations governing mobile homes)
- Issue of financing w/ mobile homes (higher down payments)
- Life cycle of manufactured homes is much more limited.
- Lease land for the provision of mobile homes/manufactured homes/tiny homes – long leases
    - Reasonable recommendation for all three entities.
- Town – square lots vs. railroad, two houses, etc.
- Undeveloped parcels/lots, approach owners for possible provision of land
    - Tax incentive for long term land owners w/ undeveloped lots
    - USFS interested in parcel exchanges (could affect Ouray)
    - Creation of land trusts
- Subsidy – feasible for renting, not for owning (limits salary, etc.)
- Important for jurisdictions to reach out for input.

Taxes

- Short term rental taxing

Incentives

- Solar-ready incentives (beyond waiving sales tax)—roughing in infrastructure

From: chipetajack@gmail.com [mailto:chipetajack@gmail.com] **On Behalf Of** Jack Young
Sent: Monday, January 22, 2018 7:26 PM
To: Hannah Hollenbeck; dbatchelder@ouraycountyco.gov
Subject: Re: Ouray County Builders and Developers Forum - Feb. 7 530PM

Hi Hannah and Don
I really don't have specific advice, it's a tough issue !

I do want your committee to know that we The Chipeta solar Springs Resort, have offered the town a trade for the Town owned,Green Space directly north of the Chipeta (.375 ac).
The trade property we have offered, is what would become a .375 ac piece directly east of Pannys Pizza in Ridgway USA.(splitting out of a piece owned by the fire department currently) and I would sell of the other remnant piece, as the fire department won't do the lot split.
I would simply ask your committee members to encourage the town to "Go out of it's way a bit and work with us to accomplish the trade ,thus gaining a affordable housing site, owned by the town in Ridgway. Note: the lot has tremendous views as a side note !

Don, please consider encouraging the town to trade an undevelopable open space , they have to mow, maintain and insure it forever , verses owning a lot they could develop in 2018, should they have the funding. They have been saying they would like it in the historic core, but the land costs twice as much and is simply a deal breaker for Chipeta to have to buy land in the historic core to do a trade. Best Jack

February 2, 2018

Ouray County Advisory Committee & Ridgway Ouray Community Council,

Unfortunately I will be out of the state most of next week and will be unable to attend your Builders and Developers Forum regarding ideas to support affordable housing. I regret not being able to attend primarily due to the fact that I will not able to hear the comments and thoughts of other forum participants.

None the less, I would like to submit some thoughts on the subject.

I believe that affordable housing is a critical issue for Ouray County and its residents. Young people and young families simply cannot afford to live in the area and that fact has many ramifications for businesses in the area.

While encouraging the construction of ADU units has some merit, in my opinion, without significant financial incentives for current property owners, free market capitalism dictates that after an owner has paid $200 to $250 per square foot to build a new ADU they will want full market rents in order to realize a normal profit on the project.

As you know, not only are current market rents very high in the area, there is also almost no housing stock available for long term rental. Most property owners that have an ADU will seek short term rentals and its higher cash flow.

In my opinion the best way forward would be for the County and the State to work together to encourage the development of a large apartment complex similar to the "Pondos". A fifty to sixty unit complex which is deed restricted to prevent the project from being converted to condos, would go a long way towards providing affordable housing in the area.

In order to provide incentives to a developer, the County should be prepared to offer a special lower real property tax rate for the project, a special lower building permit cost and to simplify the permit process for a project of this scope.

The County should seek funding and support from the State in the form of direct project subsidies to offset lower rents. Similar in concept to the "rent control" system in New York, renters would need to qualify for participation in the program and there would need to be income limits to participate.

Subsidized multi-family apartments will not help people hoping to "buy up in the market" but at least it will allow people with lower incomes to live and work in the community and would be a first good step.

Thank you for the opportunity to participate in this forum.

Brad L. Wallis

BTB Construction and Consulting LLC

Andrea Sokolowski Comments

Ouray County's zoning

- The law that requires all subdivisions to be 35 acres or more is not inclusionary. It supports segregation and displacement. When the only affordable parcels are found on the slopes of the valley, building costs such as excavation and foundation increase. Pushing "affordable" to the slopes surrounding town (Loghill, Vista Terrace, etc.) puts the people that work and would bike to work too far away from their workplace. This would ~~reduce~~ increase transportation costs thus the cost of living.

Those that could afford a smaller parcel such as 5 or 10 acres can't find those size parcels to buy so they are forced to buy into PUDs and deal with HOAs and HOA fees. – cost ~~increase~~

The land immediately around Ridgway should be sub dividable and not in a PUD. This would reduce transportation costs thus the cost of living. This can be done in an aesthetic manner as in houses placed around a small open space and parking on the edges (~~See~~ Ex. Netherlands).

Does the county support developers and wealthy individuals over those of more modest means?

ADUs and VRBOs

- Allow ADUs and give incentive for ADUs as long term rentals to increase the supply. Ex. town water/trash fee is high - the cost is out on the renters. This could be reduced for long term rental properties.
- Allow VRBOs if you are a full time resident, live on the property, and need help offsetting the cost of living/low salary

Taxes and Subsidies

- Maximize subsidies for developers and renters so that the developer does not lose money on the project and renters do not have to pay high rents.
- Potentially a tax or impact fee on second home owners/part time residents who make it harder for full time residents of modest incomes to live and own property here. This would be used to subsidize the renters.

Developer

- Explicit policies that require the savings that developers gain by doing high density housing to be passed onto renters/owners
- Allow developer to sell more units than permitted.
- Mixed income housing where market rate units provide for the affordable housing in the housing area

**The big picture is affordable life, not just housing. We need to be able to bike to work, have a reasonably priced grocery store, afford a couple of acres, supplement our income by renting a bedroom to tourists (not be penalized by the town for having short or long term rentals), etc.

Exhibit 6

Questionnaire to City, Town and

County March 15, 2018

May 7, 2018 City of Ouray Response

1. Does your entity feel it is necessary to have a housing authority/director? **Yes**
   If yes, what time frame for implementation? **Not Now**
2. What services would be helpful for your entity from a housing authority/housing director?
   a. Information resource for housing development (tax credits, grants, funding opportunities, etc.)
      - For developers, or governmental entities, or both. **Both**
   b. Qualification and compliance of units and home seekers (assuming there are units with necessary restrictions) **To be determined**
   c. Developing / building housing units **5-10 years down the road**
3. Do you have suggestions for potential revenue streams to support a housing authority/director? **Telluride has a real estate transfer fee. New initiatives for real estate transfer fees after 1992 are not allowed under TABOR (Tax Amendment Bill of Rights). City Council discussed other tax options, however they were concerned about additional tax burden.**

   The other option is CRS 29-1-204.5 Impact Fees for the Establishment of multi-jurisdictional housing authorities.

Questionnaire to City, Town and County
March 15, 2018
Town responses 4/11/18

1. Does your entity feel it is necessary to have a housing authority/director? If yes, what timeframe for implementation?

TC: Maybe – need more info on what we are doing with housing. Not likely for 3-5 years.

2. What services would be helpful for your entity from a housing authority/housing director?
a. Information resource for housing development (tax credits, grants, funding opportunities, etc.)

- For developers, or governmental entities, or both

TC: Yes.

b. Qualification and compliance of units and home seekers (assuming there are units with necessary restrictions)

TC: Yes.

c. Developing / building housing units

TC: No.

3. Do you have suggestions for potential revenue streams to support a housing authority/director?

TC: referred measure to State of CO Legislature to allow RETT but only for new housing; The options identified at the Community Builder Housing Institute include a recreational marijuana tax, lodging and occupancy tax, linkage fees, and/or a use tax. However, the discussion was more about creating a revenue stream to support affordable housing, not just an authority or director. These revenue streams need to be researched so the three agencies can make a more informed decision. It would be good to know what these taxes may produce in terms of revenue, how they are collected, what resources it would take to administer, if there are any restrictions on how the revenue can be spent, if the community would support the added tax, etc.

Questionnaire to City, Town and County

March 15, 2018

Ouray County BOCC Answers

1. Does your entity feel it is necessary to have a housing authority/director? If yes, what timeframe for implementation?

Yes, with a given set of objectives and tasks and limited to an agreed upon budget.

2. What services would be helpful for your entity from a housing authority/housing director?

A qualified person with background in housing.

   a. Information resources for housing development (tax credits, grants, funding opportunities, etc.)
      - For developers, or governmental entities, or both

Yes; an individual with these skills would be helpful.

   b. Qualifications and compliance of units and home seekers (assuming there are units with necessary restrictions)

Yes; assuming that there is a rental/purchase stock.

   c. Developing / building housing units

Yes; having a person support and encourage the development of units would be helpful.

3. Do you have suggestions for potential revenue streams to support a housing authority/director?

- Have a person funded by and through first year seed money from the City, Town and County. The first year funding would be used for that person to pursue grants for future funding.
- Senate or House Bill- pursue and utilize enhanced State funds for housing pursuits.
- Business contributions – encourage local businesses that may be affected by the lack of affordable housing for their employees to contribute to the housing authority/director.

Introduction

Purpose

This Affordable Housing Action Plan is intended to guide the multi-Jurisdictional work of the newly-formed Ouray County Housing Authority and the cooperative, coordinated efforts of the City of Ouray, Town of Ridgway and Ouray County. It calls for the responsibility for affordable housing to be broadly shared through a comprehensive combination of strategies scheduled for implementation by 2015.

This Plan represents the next step in a process that started with the inclusion of objectives in the Master Plans of all three jurisdictions calling for efforts to provide affordable housing. In 2002, both municipalities signed intergovernmental agreements with Ouray County specifying that these homes and other residential development should be located in established urban areas. In 2008, the three jurisdictions collaboratively formed a county-wide housing authority to address housing needs, and obtained grant funding for a comprehensive assessment of those needs, which was published later that year. A more detailed chronology of the path leading to this Action Plan is included in the appendix.

Organization of the Plan

This document consists of five sections:

I. Update of Housing Needs
II. Policies and Guiding Principles
III. Goals and Objectives
IV. Priority Strategies
V. Implementation and Administration

The appendix includes various materials that supported the development of this Action Plan, such as a review of the legal authority for Colorado municipalities and counties to enact housing programs, and key figures from the Housing Needs Assessment.

Acknowledgements

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Don Batchelder, Ouray County, OCHA Board
Mark Castrodale, County Planner
Rani Guram, Ridgway Planning Commission
Betty Wolfe, City of Ouray, OCHA Board
Mike Fedel, Ouray Planner, OCHA Board
Will Clapsadl, Ouray Planning Commission
Lynn Padgett, Ouray County
Paul Hebert, Ridgway Town Council, OCHA Board

I. Housing Needs Updated

The November 2008 Ouray County Housing Needs Assessment concluded that 149 additional units were needed to address existing or "catch-up" demand for affordable housing. This conclusion was based on surveys conducted the previous year. Of the 149 units needed, 39 were the result of unfilled jobs and 110 were generated by in commuters who want to move into Ouray County where their jobs are located.

Since the publication of the study, economic conditions have dramatically changed. Construction activity has largely come to a halt. The unemployment rate has risen a full percentage point and no longer signals that Ouray County is a labor shortage area. Help wanted notices in the newspaper have sharply declined. Homes that have not sold are being offered for rent, greatly increasing rental availability. Residents are having difficulty obtaining enough work locally and are finding it increasingly necessary to commute to Telluride for jobs. Most construction workers are unemployed, or underemployed. Though hard data are not available, the decline in jobs has also led to a decline in in-commuting. Casual observations suggest that jobs are no longer unfilled. Because of these recent factors influencing housing demand, fewer units are now needed to address existing demand, i.e.: "catch up". Housing needs should be revisited upon publication of 2010 Census data to adjust estimates of existing demand.

The Housing Needs Assessment projected that job growth by the year 2015 would generate demand for 881 additional housing units. It estimated that the private market would affordably address all but 20% to 30% of this workforce-related housing demand leaving between 174 and 264 units that would need to be developed through public efforts to keep-up with demand.

Ouray County along with the rest of the country and much of the world is currently in a recessionary period, making these job projections high. Trending has shown, however, that Ouray County's economy has historically rebounded from recessions faster than the rest of the nation and the state as a whole. While job growth will likely be flat for a year or two, by 2015, new jobs should generate demand for approximately 470 units, which equates to about 53% of the Needs Assessment estimate of 881.

Housing prices have not significantly declined despite the steep drop in the number of sales. The median price of single-family homes sold in 2008 was about 6% lower than the median in 2007. The number sold dropped from 131 to 57. Sales of lower-priced units increased, however. The number of condominiums and townhomes sold grew from 15 in 2007 to 26 in 2008, and the number of mobile homes sold increased from two to seven in the same time period.

Home prices remain beyond the reach of many local residents. As of mid January, the median price for the 195 homes listed for sale (single family, condos/townhomes and mobile homes) was $495,000, with an average of over $690,000. Of these listings, only 11 or 5.6% were at prices affordable for households with incomes at or above 120% AMI. Prices may drop further but it appears that the private market will address only about 40% of the demand, not 70% to 80% as projected by the Housing Needs Assessment. It now appears that the Housing Authority and cooperating jurisdictions will face a “keep-up” demand not served by the private market for approximately 270 units by 2015.

II. Policies and Guiding Principles

Sustainability

Sustainability is a critical premise of this Action Plan. Sustainability in housing is to be achieved by:

- “Green” designs with energy-efficient appliances, alternative energy sources, non-toxic building materials, solar orientation, and high R-value insulation and windows, which improve long-term affordability and provide a healthier living environment.

- Compact developments, which reduce the amount of land converted into residential use, minimize resources consumed in infrastructure construction and maintenance, lower water consumption, enhance sense of neighborhood and preserve land for agriculture – Ouray is a right-to-farm county.

- Location of housing in population centers in proximity to jobs where infrastructure and services are available.

Primary/Second Home Relationship

The use of residential units in Ouray County has been shifting with an increase in the percentage of homes used as second/vacation properties. Continuation of this shift is not desirable as it would drive housing prices even further above levels affordable for local wage earners and lead to undesirable conditions including loss of the sense of community and neighborhood vitality with homes that sit empty much of the year. An interim report funded by the Telluride Foundation on a collaborative research effort of the Harvard Graduate School of Design and MIT projected second home growth in Ouray County will average 7.2% per year over the next 20 years. This would be more than double the rate of growth anticipated for primary homes, and would outpace second home development in San Miguel County (4.4% per year). The economic benefits of residential construction and part-time residents are recognized yet further shift in the relationship between primary and second homes should be minimized.

Jobs/Housing Relationship

The growth in housing for employees should at least match the rate of growth in employment-generating uses, including residential construction, commercial establishments and public facilities. While the absolute number of in-commuters may increase under this policy, the percentage of the workforce housed in Ouray County should remain constant at about 80%, with 20% of the workforce commuting from outside the County. With the anticipated increase in seniors as "baby boomers" reach retirement age and exit the workforce, it will take proportionately more affordable housing units to maintain this relationship. The overall rate of growth in housing will need to exceed the rate of growth in job-generating uses for the relationship between workforce housing and jobs to be maintained. The current rate of 1 occupied home per 1.4 employees will shift, approaching closer to a 1:1 relationship. In other words, the transition to fewer employees per household will require an increased number of workforce housing units to keep up with an increased demand for employment.

Priorities and Targeting

- *Workforce Housing* -- Affordable housing efforts should focus initially on providing units designed for the workforce but with recognition that the retiree population will grow at a disproportionately high rate for at least the next 15 years, and that housing specifically designed for seniors could be a key component of a comprehensive approach. The top priority is the development of homes designed and priced for essential employees including teachers, health care providers and emergency responders.

- *Family Housing* -- Ouray County and its communities are family oriented. This characteristic should be maintained into the future as growth occurs. To preserve this demographic trait, about 70% of new units intended for occupancy as primary residences should accommodate families and about 30% should be designed for singles, with the recognition that it is more affordable and desirable for units developed for single homeowners to have two bedrooms.

- *Income Mix* - The diversity of the county's population should be preserved with an income distribution that reflects the desire for growth in housing opportunities for moderate- and middle-income households, which includes most essential employees, relative to other income groups. The desired mix is roughly one-third for low-income households (≤ 80% AMI), one-third moderate/middle income (81% to 120% AMI) and one-third upper income (121% AMI and greater). The Housing Authority's efforts will focus on households with incomes equal to or less than 120% AMI, based on current housing prices and the assumption that the private market will address the housing needs of households with higher incomes. It is likely that households with incomes between 120% and 150% AMI will need housing assistance in the not too distant future as market prices resume their upward movement. Income targets and goals should be revisited as prices change, and will likely need to be increased over time.

- *Owner/Renter Mix* – Both homeownership and rental opportunities are needed. To maintain the existing relationship into the future, about 75% of homes built for occupancy by residents should be for sale and about 25% should be for rent.

Location

In accordance with a long-standing policy for residential development embodied in intergovernmental agreements in 2002, and reiterated in the 2009 county-wide RPI/Theobald Study Group recommendations, higher density growth is to be directed toward the incorporated communities and their Urban Growth Boundaries where urban services and infrastructure are available. Production of affordable housing should occur primarily in the towns where it is sustainable, preserving the rural character of the county. Income segregation with only the rich being able to enjoy the county's rural lifestyle and the poor concentrated in town is not desired, however.

Despite policies, development is occurring in the unincorporated area of the county at a faster rate than in the towns -- 59% of residential building permits issued from 2000 through 2007 were for homes in unincorporated Ouray County. This development activity generates demand for workforce housing both in the initial construction and in the ongoing operation and maintenance of the homes. Opportunities to include sustainable workforce housing in ways that would not negatively impact the county's rural character, should be considered.

Given Colona's distance to Ouray and proximity to Montrose, its lack of water and wastewater systems, and the lack of a public transit system connecting Colona with employment centers, it is not a desirable location for the development of housing to serve Ouray County's workforce at this time. If the necessary infrastructure is provided in the future, the development it enables should include affordable housing so that the resulting housing demand does not impact housing needs in the rest of Ouray County. If high-density development on private lands in Colona or elsewhere in unincorporated Ouray County is proposed, a substantial affordable housing component should be included.

Unit Types and Density

Single-family homes and duplexes are the most compatible with the existing character of development within the county and towns. Greater diversity in unit types and sizes is needed, however, to achieve affordable price levels. Relatively high density is also needed to make housing affordable. New subdivisions within the towns should allow for mixed density including opportunities for development of multi-family units at densities of 12 - 18 units per acre. Increased density will enable clustering of homes within new development, a recommendation called for in 2009 by the RPI/ Theobald Study Group.

Mixed-use developments with multi-family units located above or behind retail and office space are desirable as a way to provide high-density housing without significantly impacting the amount of land available and suitable for commercial uses. Accessory dwelling units that can be developed on existing lots and in new subdivisions are also desired.

High density is not available in the unincorporated areas of Ouray County where development is mostly limited to one unit per six acres or one per 35 acres, nor is it desired. Accessory or similar dwellings that provide housing in proportion to the demand generated in the nearby vicinity are desirable. Appropriate standards and guidelines should be established for these accessory units to insure affordability and maximize rental opportunities in the county. Opportunities to produce single-family homes affordable for middle-income residents through minor up zoning in new rural subdivisions may also be desired in the appropriate application.

Responsibility

Responsibility for housing should be broadly shared in the community with a mechanism for the general public to provide financial support. New residential development should pay its own way and should be held responsible for providing affordable housing to sustain the county's communities and its economy. Because of the high property taxes paid by commercial properties, and because commercial uses are so vital to the towns and county, commercial developers will be required to provide or fund housing for only a small portion of the housing demand generated by development. Neither of the towns nor the county is in a position to significantly subsidize housing efforts through general fund revenues in the immediate future but will continue to provide administrative support and sponsor grants as available. Development of public/institutional uses which generate employment and the resulting need for affordable housing, like schools, churches and government agencies, should also address a portion of the housing demand generated.

III. Goals and Objectives

This Plan herein establishes distinct goals for affordable housing units to address both existing needs (catch-up) and needs that will arise in the future as growth occurs (keep-up).

- By 2015, up to 50 affordable housing units should be developed or preserved to address catch-up needs. It is recognized that this goal is less than the actual catch-up need, but it takes into account the uncertainty of current demand given the change in the economy since the 2008 Needs Assessment and resource availability. It is approximate and should be revisited mid way through the period, or in 2011 after release of 2010 Census data.

- Also by 2015, strategies focused on new development should provide 160 affordable housing units that would keep up with approximately 60% of the new demand that is unlikely to be addressed by the free market. Real estate prices and job growth for this period are uncertain, so this goal is less than 100% of the currently identified need to keep-up with the future workforce housing demand and, as such, this goal should also be revisited as conditions change.

Applying the policies in the previous section of this document on income targeting and location translates into a total goal for the development or preservation of 210 affordable housing units by 2015 as shown on the following table.

Goals by Type, Income and Area

Income	**Low**	**Moderate/Middle**	**Upper**
AMI	0 – 80% AMI	81% - 120% AMI	121%+AMI
Desired Mix	1/3	1/3	1/3
Catch-Up Goal			
50 units by 2012	25	25	Market
Keep-Up Goal			
160 units by 2015	80	80	Market
Total	105	105	Market
Ridgway – 55%	58	58	
Ouray – 28%	29	29	
Ouray County – 17%	18	18	

Based on a combination of factors including opportunity and demand, approximately 55% of affordable housing should be developed in Ridgway, 28% in Ouray and 17% in Ouray County. These percentages do not represent a share of the burden to create affordable housing as the responsibility is proposed here to be reasonably distributed. Rather, these percentages represent factors such as the availability of land, opportunity for new development and mutually desired locations for growth. Given the level of residential development that has been occurring with unincorporated areas, the County should be able to generate funds from this development to provide support for construction of affordable housing within the towns. In other words, while the goal is for only 17% of the affordable housing units to be located within unincorporated areas, the County should be responsible for subsidizing a larger share to support development within the incorporated areas.

IV. Priority Strategies

To address existing and future housing needs throughout Ouray County, a comprehensive plan has been developed that calls for the implementation of 12 different types of strategies by 2015. These strategies are aimed at simultaneously addressing both catch-up and keep-up needs while broadly sharing the responsibility for affordable housing.

Given the uncertain economic times and the changes that have occurred since the 2008 Housing Needs Assessment as stated previously, quantitative objectives for the development of additional units to meet existing or catch-up needs have not been set. This Action Plan does not ignore existing housing needs but rather outlines a pragmatic approach that focuses immediately on improvements to the existing housing inventory and postpones plans for unit development until market indicators suggest that new construction would be prudent and feasible.

The current lull in development activity provides the time for staff and stakeholders to develop, and elected officials to consider and adopt, regulations aimed at keeping up with housing needs as growth occurs. In accordance with the policy that development pay its own way, this Action Plan calls for the adoption of measures now that will insure that affordable housing demand generated by new development is at least partially provided by that development. Since no new units would be built through these methods until such time as growth occurs, waiting for market conditions to stabilize before enacting the requirements is not necessary or appropriate.

The following pages contain a summary of each strategy recommended for implementation by 2015. The appendix includes a print out of an excel-based model used to estimate the number of affordable units that would be produced/ preserved if the recommendations contained herein are enacted. The assumptions used to develop the model on the amount of commercial and residential development likely to occur by 2015 were generated by the planners from each jurisdiction using historic levels adjusted downward due to the recession. These assumptions can be changed as the future unfolds, with the model instantly adjusting the number of affordable housing units likely to be produced.

<u>Rehabilitation and Weatherization - 2009</u>

Providing assistance for weatherization and rehabilitation of units is an immediate priority to address high utility costs, unsafe surroundings, the potential for overcrowding and dissatisfaction due to disrepair and substandard or less than desirable living conditions. Assistance for this work in the form of energy audits, grants and low-interest loans is now available through five different agencies stretching from Durango to Grand Junction. None of the agencies have offices in Ouray County, however, making it potentially confusing and complicated for residents to take advantage of the assistance available. To remedy this situation and make weatherization and rehabilitation funding more accessible to the County's residents, the following steps are recommended:

- Provide staff support for coordination and administration of program services;
- Identify, confirm and develop a relationship with all existing support services, providers and key stakeholders currently involved in providing these services for Ouray County
- Develop a specific operations plan outlining the scope, initiation, implementation and monitoring of weatherization and rehabilitation programs;
- Identify financial partners for grant and loan administration, including local lending institutions, the Governor's Energy Office, local utility providers and others;
- Identify or develop specific standards for home inspection, insulation, construction/rehabilitation and other services necessary for successful program implementation and solicit qualified providers for these services;
- Initially target efforts to households qualified for assistance from the State of Colorado given funding limitations but expand to serve households earning up to 120/150% AMI as opportunities are identified;
- Rehab and/or weatherize at least 21 units in total by 2015 with roughly seven in each jurisdiction.

Annexation Policy -- 2009

Through policies and practices that the municipalities of Ouray and Ridgway can apply to the annexation of land, new development can be required to address not only the impacts that it directly generates but can be used to improve conditions that currently exist in the communities, including a shortage in the availability of affordably priced housing. Communities often hold development proposed on property that must be annexed to higher standards than projects proposed for land already within municipal limits. Drafting and adoption of a policy for future annexations should be pursued immediately while neither town has an application before them for consideration. To do so, the following actions are recommended:

- The desire to halt the shift from primary to second homes should be taken into consideration when setting the policy with potentially a Resident Occupied (RO – no income or price caps) deed restriction for a portion of the units.
- The ability to use annexations as a means for addressing existing or catch-up needs should be considered and the number of affordable units required should be higher than if imposed under IZ and linkage requirements for in-town parcels, including provisions for housing low income households that require the most significant subsidy.

Homeownership Counseling and Mortgage Assistance – 2009/2010

As units are built or become available for sale to moderate- and middle-income employee households, potential buyers will need assistance in order to qualify to purchase the homes. Homebuyer education classes along will not be sufficient. Personalized credit counseling and down payment or other forms of financial assistance like a shared equity injection are needed.

- In 2009 the OCHA should hold an educational session on housing resources and contact information for Ouray County. This session may include information from lenders, opportunities with the Colorado Housing and Finance Authority and the OCHA on resources available to homeowners and renters in Ouray County. This will primarily be a community outreach effort by the OCHA with the support and cooperation of the three jurisdictions to check in with the community on services available and desired.

- OCHA should hire or contract with someone experienced at moving moderate income households into homeownership. The San Miguel Regional Housing Authority may be a good resource to initiate homebuyer education services in Ouray County. As the demand increases, the OCHA may wish to retain a certified HUD educator and/or counselor to provide these services.

- A system for Ouray County residents to access down payment assistance through the Delta Housing Authority should be established.

- A grant application should be submitted to the Colorado Housing Division for a down payment assistance allocation.

- A pipeline should be established for accessing CHFA down payment assistance.

- Local mortgage lenders should be involved in the OCHA-initiated effort.

Inclusionary Zoning (IZ) – 2010

Inclusionary zoning is the imposition of a requirement on new subdivisions or PUD's that a portion of all new units be affordable for a targeted group, typically moderate- and middle-income households in the communities in Colorado that have adopted IZ. Research on IZ programs in urban areas across the country has shown that the higher the income level served, the more units produced. The most effective IZ programs have been complemented by development incentives. Recommendations for adoption of IZ requirements are as follows:

- All three jurisdictions should impose the same requirement of 20% though terms and applicability could vary. A coordinated policy development effort facilitated by the

Housing Authority will streamline this process for multi-jurisdictional cohesion and can provide for divergent applications as appropriate.

- Methods for satisfying the requirements should be flexible although building units on site is generally preferred, and could vary by jurisdiction.

- Placement of a permanent voluntary transfer assessment (RETA) on subsequent sales of free market units should be allowed in exchange for a partial reduction in the percentage of affordable units required (in Eagle County, their 35% IZ requirement is reduced to 30% in exchange for a 1% RETA).

- IZ should be used to primarily provide homeownership opportunities for moderate and middle income households (81% - 120% AMI).

- IZ should be enacted in 2010 before additional subdivision applications are received.

Through these steps, IZ applied to new subdivisions between now and 2015 would result in the eventual construction of about 105 affordable homes. Applying a resident-occupied (RO) deed restriction to some percentage of units in new subdivisions, above the 20% requirement for moderate/middle income households, should be considered as a means for slowing the shift in Ouray County from primary to second homes.

<u>Development Incentives – 2010</u>

Incentives are an important strategy for use with IZ and linkage requirements. They are the “carrots” that can make development of affordable housing a win/win experience. Given variations in code requirements, lot sizes, densities and development opportunities, incentives should vary among the jurisdictions in Ouray County. For all three:

- Incentives should be put into place simultaneously with IZ and linkage requirements;
- Stakeholders including developers and property owners should be involved in their structure; and
- Increased density with high utilization should be allowed for affordable housing, as a means to reduce development costs and promote sustainable land use.

In Ridgway, incentives should include:

- Deferral, reduction or waiver of building permit and plan review fees;

- Deferral, reduction or waiver of excise taxes (Excise tax calls for payment of $1500 per new residential units created, enacted at subdivision - n/a to new building permits but due at subdivision);

- Density bonuses;
- Expedited development and building permit review;
- Flexible Development and Design Standards (lot size and coverage, street frontage, etc.)

In Ouray, requirements are likely to be similar to Ridgway based on incentives previously offered.

In Ouray County, a minor density bonus should be considered for single-family subdivisions on small acreage, providing rural homeownership opportunities for moderate/middle income families. For example, where one unit per 6 acres is allowed, the ratio could be dropped to 1 per 5 acres if the additional unit(s) is deed restricted. To make this palatable and feasible, open space requirements shall be maintained at levels consistent with the land use code. This effort should be pursued after other affordable housing efforts have established a track record, possibly 2012, although IZ policy development coincident with Town and City efforts is recommended to insure propagation of mutually shared goals.

Residential Linkage - 2010

Residential linkage is a requirement that the construction of new homes contributes to the provision of affordable housing based on the demand that new residential development and the resulting permanent on-site jobs generate for housing. Since most jobs involved in home maintenance and operations are low wage, these requirements are typically designed to provide housing for low-income employees. The requirement can be formula driven where affordable units are required (typically a fraction for single-family homes but more for condominium projects) with a fee in lieu, or as an impact fee as was done and upheld in Gunnison County. Recommendations for residential linkage are as follows:

- A survey of homeowners should be conducted in the summer of 2009 or 2010 to provide the necessary job generation rates for the housing impact formulas that are the basis for a linkage requirement (i.e.: linkage fee study);
- All three jurisdictions in Ouray County should adopt an identical residential linkage requirement, in 2010 while construction activity is minimal;
- The mitigation rate should start out low for small units (5% or about $ .05 per square foot) and escalate with unit size (45% or $4.00 per square foot), stepping up significantly for the large homes being built in unincorporated areas;
- Options should be offered for ways to meet the requirement including payment of a fee, construction of units on or off site, and placement of a permanent voluntary transfer assessment (RETA) on subsequent sales of the free market units;

- The program should address the housing needs of low-income households (≤ 80% AMI) to partially keep-up with housing demand generated by future residential growth;

- The program should primarily be used to produce affordable rental housing. Possible uses for the funds include subsidizing the development of tax credit apartments to achieve the quality and design desired, and the cost of ADU incentives;

- A housing support study should be prepared that includes a sample of homeowner surveys to establish residential job generation rates and a reasonable link between residential development and the requirements.

Based upon a series of assumptions about future residential development, a linkage program as proposed would generate total revenue of approximately $1 million by 2015 providing subsidy for the development of seven units. While subject to refinement, examples of the approximate fee for specific free-market units are provided in the following table.

Residential Linkage Examples

Size	**800**	**1200**	**1700**	**2000**	**2500**	**5000**	**7500**
Jobs per unit	0.1	0.14	0.14	0.19	0.19	0.46	0.85
Housing demand	0.059	0.082	0.082	0.112	0.112	0.271	0.500
Mitigation rate	**5%**	**10%**	**13%**	**15%**	**20%**	**35%**	**45%**
Units required	0.003	0.008	0.011	0.017	0.022	0.095	0.225
Fee required	$399	$1,118	$1,453	$2,275	$3,034	$12,853	$30,536
Fee per Sq Ft	$0.50	$0.93	$0.85	$1.14	$1.21	$2.57	$4.07

Commercial Linkage – 2010

Commercial linkage is a requirement similar to residential linkage for addressing keep-up needs – it is based on the jobs created by new development and the resulting demand generated for affordable housing. It requires developers of new commercial space (does not apply to existing businesses or existing space) to provide or fund a portion of the affordable housing for which need is generated, usually by building it on site in mixed-use projects. Structuring the requirement as an impact fee also appears to be allowable based on the Gunnison County decision. Recommendations for commercial linkage are as follows:

- Ridgway and Ouray should adopt similar commercial linkage requirements; commercial development in the unincorporated county should be re-evaluated at a later date such that the requirements for commercial development in the unincorporated county may need to be more stringent to encourage job growth within the municipalities;

- The requirement should be based on only 5% of the estimated housing demand or impact generated by development in recognition of the importance of commercial uses to sustainability and the existing tax burden on commercial property under the Gallagher Amendment;

- The program should encourage on-site development of units but allow fees in lieu and off site development of affordable housing as options for compliance, based on community benefits, opportunities to utilize and leverage revenue, location and site attributes;

- Affordable housing provided on site should primarily be for moderate/middle income households (average of 100% AMI) such that the subsidy required is less than it would otherwise be to target households earning less than 80% of the AMI;

- A housing support study should establish the link between commercial development and the requirements imposed.

A commercial linkage program as proposed would generate 3.4 units, preferably on site above or behind commercial space. If fees in lieu are allowed, they would equate to $340,000 in total by 2015, or roughly $7.00 per square foot on the construction of new commercial/industrial space. While it is recognized that this fee for commercial development falls far short of the housing demand created by the development, the desire is to broadly share the workforce housing among all sectors while supporting development activity.

Commercial Linkage Examples

Size - square feet	**500**	**2000**
Jobs per 1,000 sq ft	4	4
Total jobs	2	8
Housing demand	0.98	3.92
Mitigation rate	**5%**	**5%**
Units Required	0.049	0.196
Fee Required (at 100% AMI)	$3,474	$13,896
Fee per Sq Ft	$6.95	$6.95

Updating Needs/Revisiting Goals – 2011

Next year, the economy and housing market conditions may be sufficiently stabilized to determine the housing needs that still exist and to set quantitative objectives for addressing these catch-up needs. Information should be obtained from multiple sources and compared to the 2008 Needs Assessment to calculate changes and gaps. The specific information that should be obtained and considered includes:

- Unemployment rates and job numbers from the Colorado Department of Labor and Employment;
- Regional study with San Miguel County;
- Data from the Census Bureau on housing and commuting;
- MLS listings for home prices and availability;
- County Assessor data for sales in the prior year to determine if prices are stable or declining.

Depending upon conditions, some other goals or objectives of this plan may have shifted as well. This should be considered when revisiting the housing needs.

ADU Incentives – 2010/11

Offering incentives for the development of accessory dwelling units (ADU's) could address both catch-up needs and keep-up needs. In Ouray and Ridgway, possible incentives include:

- Deferral of waivers of tap fees; evaluation of programs in Ridgway and Ouray with possible modification and replication in the County;
- Using linkage fees and IZ fees in lieu to subsidize construction costs with permanent covenants on long-term rental occupancy.

The County does not have tap fees to waive/defer but could allow the construction of accessory units as a means for meeting IZ requirements to offer. Other opportunities for the County include:

- Increase maximum size of ADUs to 1000 sf;
- Eliminate requirement for proximity to primary residential unit;
- Close the employee housing loop hole in the land use code;

- Waive building permit fee for ADU if permitted simultaneously with primary residence.

Low Income Housing Tax Credit Apartments - 2012

Tax credits are available on a competitive basis from the Colorado Housing and Finance Authority (CHFA) for apartment projects that target households with incomes no greater than 60% AMI. Housing authorities, non-profit organizations (like Mercy Housing and the Denver Archdiocese) and private developers can all utilize the credits. Credits are often used to finance development of rental units by public/private partnerships. While development of an apartment complex would not be appropriate in rural Ouray County, opportunities exist in both Ouray and Ridgway. Recommendations include:

- The City of Ouray should set aside town-owned land suitable for the development of at least 10 apartment units and partner with a developer for design and eventual construction.

- Ouray County should consider the feasibility of using some or all of a County-owned parcel in within the City of Ouray for future apartment development.

- The Town of Ridgway should explore opportunities for partnering with a private or non-profit developer for construction of a small apartment project (up to 20 units) perhaps through dedication of future linkage fees to subsidize the development.

- Partnerships should be preferred over strictly private tax credit developments because the additional public subsidies could improve the quality of construction, reduce the number of units needed to be feasible, and influence their location and density. Opportunities may also exist to “package” a site in Ridgway and Ouray so that a single developer could construct both and enjoy some economy of scale. Early on in the process, a Request for Qualifications should be issued to evaluate a number of firms and identify an appropriate partner for the development that will maximize the funds available for this community asset and consider the character, lifestyle, desires, etc. of the community.

- It is recommended that the OCHA work with all jurisdictions to identify grant, low-interest loan and tax-exempt bond opportunities that will subsidize the LIHTC development. The OCHA should also create a specific public education and evaluation process for the development.

- Green building or energy-efficiency objectives should be incorporated into the LIHTC development (as well as all affordable housing units); OCHA should research resources whereby energy efficiency improvements are incorporated into the design and construction of buildings and financed over time.

- Construction should not be pursued immediately, however, since numerous rentals are now available. While most of these units are homes listed for sale with rents above levels that are affordable for low-income employees, the glut might result in a lowering of rents if allowed to prolong. Also, given economic conditions, new apartments might not be marketable at this time. Partnerships should be formed by 2011 when the timeline for construction dependent upon economic conditions at that time.

Use Tax - 2015

A tax on construction materials purchased outside of Ouray County (usually Montrose) could be used for affordable housing, if approved by voters. The tax could be levied by either or all of the jurisdictions, or by the OCHA. If the housing authority also assesses a sales tax along with the use tax, it could then charge an impact fee of $2.00 per square foot on all new construction. Summit County is the only jurisdiction to approve this tax/fee combination allowed by CRS 29-1-204.5. Reasons to consider a use tax for affordable housing include:

- A tax could provide an income stream for the housing authority that could be used for a variety of purposes including construction, land acquisition/banking, acquisition and buy down of existing units and administration.

- A use tax could pave the way for an impact fee, if a sales tax is also levied.

- Without a use tax, local businesses that sell construction materials are at a disadvantage since Montrose stores are not required to charge a sales tax on materials shipped into Ouray County; it is assumed that a use tax will eventually be passed to address this disparity and housing would be an appropriate beneficiary of the proceeds.

Board Development – 2009 – 2015

Board members need education in and exposure to affordable housing efforts elsewhere. In order to help guide the policies and operations of the housing authority, especially in light of limited resources to devote to staff, they must be knowledgeable about the powers of housing authorities, residential design and development, market conditions, housing needs and financing. Ways to develop the Board's expertise include:

- Memberships in the Colorado Housing and the National Association of Housing and Rehabilitation Officials (NAHRO);

- Attendance at the annual Housing Colorado NOW conference;

- Presentations to the Board by representatives of the Colorado Division of Housing and the Colorado Housing and Finance Authority (CHFA).

- Participation in bi-annual Regional Housing Authority Meetings currently facilitated by the San Miguel Regional Housing Authority

Priority Strategies Summarized

With the implementation of the recommendations made by this Action Plan, at least 163 affordable housing units should be produced or preserved by 2015. This estimate does not include a figure for ADU's or for units produced only through the provision of development incentives. It is also conservative in that it estimates only 7 units will result from residential linkage. In practice, fees in lieu of just over $1 million will be paid which, if leveraged by the OCHA, could potentially produce a higher number.

Strategy	Income Target	Total Units	Ridgway	Ouray	Ouray Co.
Rehab/Weatherization	Low-Mid	21	7	7	7
Residential Linkage	Low	7	3	1	3
Commercial Linkage	Mod/Mid	3	3	1	0
Inclusionary Zoning	Mod/Mid	104	72	8	24
Tax Credit Apartments	Low	27	18	9	0
Total		163	103	26	34

The assumptions used in these projections should be reconsidered when housing needs are updated in 2011.

V. Administration

Multi-disciplined expertise and extensive time will be needed to implement the strategies called for in this Action Plan. The most efficient and cost effective method for providing this expertise is through the centralization and coordination of housing programs county wide by the housing authority. Through the Authority, an incremental approach to development of administrative capacity is recommended to:

- Minimize start-up costs with increases in administrative expenditures as funds become available through fees and program income associated with inclusionary zoning, rehab and weatherization grants and loans;

- Reach a goal of financial independence from the municipalities and county through revenue generation and cost containment while continuing to offer fee-for-service program administration;

- Leverage local funds to pursue state and federal funding opportunities;

- Develop in-county capacity to administer programs; extensive reliance on regional agencies for program funding and service delivery is not desired long term.

This Plan recommends that all three jurisdictions allocate $26,375 in 2010 to the OCHA to put administrative systems into place and launch revenue-producing strategies. Furthermore, each jurisdiction should provide 51 hours of staff assistance to the effort in 2009 and 2010 on code drafting, supporting the establishment of a coordinated housing rehab and weatherization program, grant writing and general organizational development. A detailed budget is included in the appendix.

A three-phase incremental approach to administration is recommended with a 2-year start-up period followed by a 5-year growth period reaching sustaining levels by 2015. Each task associated with these phases has been identified. In most cases, tasks will carry forward – they are not one-time jobs. As planned, the Housing Authority will be accountable for the entire list of tasks by 2015, and will be responsible for them on an ongoing basis thereafter.

Start-Up Phase (2009 – 2010)

<u>Organizational Development Tasks</u>

- Obtain insurance, possibly in the short-term through the Town of Ridgway's CIRSA policy with the objective of carrying an insurance policy specific to the Authority by 2010
- Amend Multi-jurisdictional IGA to provide for an independent Authority not subject solely to fee-for-service parameters as is currently defined but rather to create a sustaining, stand-alone entity; obtain Bond Attorney review for TABOR constraints, amending as applicable
- Develop and execute IGA's/agency agreements with regional organizations through which financial assistance and services are to be obtained
- Put a financial management/accounting system into place with separate accounts for each fee-generating program
- Establish fee collection system
- Support Board meetings – packets, public notices, minutes
- Create and take lead on public relations
- Set up and maintain a web site
- Develop 2010 budget requests for each jurisdiction

Program Implementation

- Coordinate with the three jurisdictions on final design and drafting of code language for IZ, linkage requirements and incentives
- Draft deed restrictions and restrictive covenants including mechanism for keeping rents affordable and for controlling occupancy of accessory dwellings.
- Write and administer grant applications
- Write guidelines for developers and administrative procedures for the sale and rental of affordable units.
- Establish unit tracking system – address, date approved, CO date, # bdrms, sq ft, initial sales price, resale prices, AMI target, # occupants
- Support rehab/weatherization with coordination among funding agencies, public outreach and home inspections
- Provide counseling to residents in need of housing assistance; serve as a clearinghouse for all housing services
- Annually update incomes, prices and fee in lieu amounts

Growth Phase -- Additional Responsibilities (2011 – 2015)

- Review development applications to determine compliance with IZ and linkage requirements
- Negotiate compliance alternatives – on site, off site, fees in lieu, land in lieu
- Qualify applicants
- Conduct lotteries if needed
- Administer deed restrictions; calculate resale prices
- Manage revenues, report to funding agencies
- Form partnerships for tax credit apartment projects on public land
- Periodically update Action Plan; prioritize allocation of funds

Sustainable Operations – Long Term

- Develop senior housing
- Monitor IZ/linkage/incentive effectiveness; make modifications as needed
- Comply with quarterly and annual reporting requirements from various funding agencies – HUD, Colorado Div. of Housing, CHFA
- Monitor key community/housing metrics on regular basis; update housing needs assessment as appropriate
- Manage/maintain properties
- Negotiate for the purchase of land as opportunities become available

Timeline Summarized

	Strategy Implementation	Administrative Tasks
2009	Rehabilitation & Weatherization Annexation Policies Homeownership Counseling and Mortgage Assistance	IGA's; Insurance Grant applications Financial management system Fee collection system Public relations; web site Set up rehab program
2010	Inclusionary Zoning Development Incentives Commercial Linkage Residential Linkage	Code drafting – IZ & linkage Deed restrictions Development of guidelines Unit tracking system Update incomes, prices, fees in lieu
2010/11	ADU Incentives Needs Updating	Clearinghouse for housing assistance Development review/negotiation Applicant qualification/selection
2012	Tax Credit Apartments	Partnership development
2015+	Use Tax	Senior housing development Program monitoring Compliance reporting Negotiate land acquisition

Appendix

A. Path to Housing
B. Update to Key Housing Needs Assessment Figures
C. Strategic Plan Model
D. Authority of Local Governments to Impose Requirements on Development to Address the Needs for Affordable Housing
E. Intergovernmental Agreement between OCHA and Ouray County
F. 2009 Income Median Incomes and Affordable Purchase Prices
G. Proposed 2010 OCHA Budget

Appendix A

PATH LEADING TO AFFORDABLE HOUSING IN OURAY COUNTY

Ouray County Master Plan

- Acknowledges attainable housing is more scarce with growth and recognizes the need for a "diverse and varied population" to achieve social and economic balance in the County
- Stated goal "to assure the continuing availability of diverse housing to meet the needs of the County's growing population" and considers land use code changes to address housing needs

2000 Town of Ridgway Master Plan Update

- Arising from survey data and public input Goal IX of the Master Plan states "Encourage the availability of attainable housing within the town"
- In the Master Plan the Town states the objective to work with Ouray County toward establishing attainable housing

City of Ouray Master Plan

- Preserve the existing housing stock to ensure quality residential areas
- Develop regulations to create affordable housing opportunities

2002 Ridgway/ Ouray County and Ouray/ Ouray County IGAs

- Focus growth within established municipal areas to preserve character of the County

2006 Blue Ribbon Panel on Housing

- Statewide study on housing affordability establishes format and criteria for housing assessments and funding for assessment becomes available through DOLA

2007 Ouray County Multi-Jurisdictional Housing Authority Established

- Ouray County, City of Ouray and Town of Ridgway enter into an intergovernmental agreement to actively address county-wide housing needs

2008 Housing Needs Assessment Completed

- 33% of Employees in Ouray commute from outside Ouray
- 75% Ridgway Employees commute from outside Ridgway
- The median sale price for ownership housing has increased 11.6 percent annually since 2003 from $255,000 to $395,000
- In Ouray County Real Wages up only 2.1% (2000–2006)
- New Residents Pay ~$1600 - 1800/ mo for housing
- No/ Little permanent affordability in Ouray County
- "Catch Up" (149 units); "Keep Up" (176 - 264 units by 2015)
- 73% survey respondents indicate housing options as insufficient
- 85% survey respondents say lack of affordable housing is a problem

2008 Town of Ridgway Housing Task Force Established

2008 Ouray County LIHTC Feasibility Assessment

Social and Environmental Costs

- As a result of households commuting across counties to get to work the region surrounding and including Ouray County has completed a Transit Survey and is now looking at Regional Transportation Objectives
- Emergency Service providers are responding from their homes outside of Ouray County, increasing the response time for emergencies
- Etc., etc., etc.

Appendix B

OURAY COUNTY UPDATE TO KEY HOUSING NEEDS ASSESSMENT FIGURES

Population, Household and Housing Unit Estimates

Year	Area	Total Population	Average HH Size	Total Housing Units	Occupied Housing Units	Vacant Housing Units	Vacancy Rate
2009	**Ouray County**	**4,738**	**2.37**	**3,196**	**1,987**	**1,209**	**38%**
	Ouray	891	2.14	755	412	343	45%
	Ridgway	1,147	2.50	613	459	154	25%
	Unincorporated	2,701	2.41	1,829	1,117	711	39%
2015	**Ouray County**	**5,648**	**2.38**	**4,701**	**2,362**	**2,339**	**50%**
	Ouray	960	2.14	951	444	507	53%
	Ridgway	1,581	2.50	1,157	633	524	45%
	Unincorporated	3,106	2.41	2,594	1,286	1,308	50%
2015	**EPS – Ouray County**	**5,846**			**2,703**		

Job/Employment Estimates and Projections

Job Type	2000	2009 est.	2015 est.	EPS 2015 Estimate
Proprietors*	648	1,089	1,539	2,617
Wage and Salary Jobs**	1,338	1,909	2,419	1,168
Total Jobs	1,986	**2,998**	3,959	3,785

Projections based on rate of growth as between 2000 and 2006/07.
Difference w/ EPS – rate of growth in proprietors 2005 and 2006.

***EPS estimated 3,785 jobs by 2015. One main difference in our higher number is the jump in proprietors between 2005 and 2006, with a total of 127 new in one year (averaged an increase of 28 per year between 2000 and 2005).

Employment by Industry

	2006	2007	% Change 2006 to 2007
Accommodation and Food Services	29.6%	28.7%	-0.9%
Construction	16.5%	17.8%	1.3%
Retail Trade	11.1%	11.4%	0.3%
Public Administration	9.0%	9.4%	0.4%
Educational Services	8.1%	8.4%	0.3%
Professional and Technical Services	2.7%	3.9%	1.2%
Finance and Insurance	2.9%	3.1%	0.2%
Agriculture, Forestry, Fishing & Hunting	2.8%	3.0%	0.2%
Health Care and Social Assistance	2.7%	2.6%	-0.1%
Information	2.3%	2.0%	-0.3%
Utilities	1.7%	1.7%	0.0%
Manufacturing	2.2%	1.7%	-0.5%
Administrative and Waste Services	1.6%	1.7%	0.1%
Real Estate and Rental and Leasing	1.8%	1.6%	-0.2%
Other Services, Ex. Public Admin	1.4%	1.6%	0.2%
Arts, Entertainment, and Recreation	1.8%	1.4%	-0.4%
Transportation and Warehousing	0.9%	0.9%	0.0%
Wholesale Trade	0.7%	0.7%	0.0%
Mining	0.2%	0.1%	-0.1%
Management of Companies and Enterprises	0.1%	0.1%	0.0%
	100.0%	100.0%	

Source: QCEW

2008 Ouray County Employment & Unemployment

Period	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
January	2,925	2,824	101	3.5
February	2,833	2,724	109	3.8
March	2,866	2,759	107	3.7
April	2,847	2,739	108	3.8
May	3,105	2,987	118	3.8
June	3,575	3,454	121	3.4
July	3,611	3,495	116	3.2
August	3,555	3,442	113	3.2
September	3,320	3,210	110	3.3
October	3,201	3,074	127	4.0
November	3,098	2,958	140	4.5

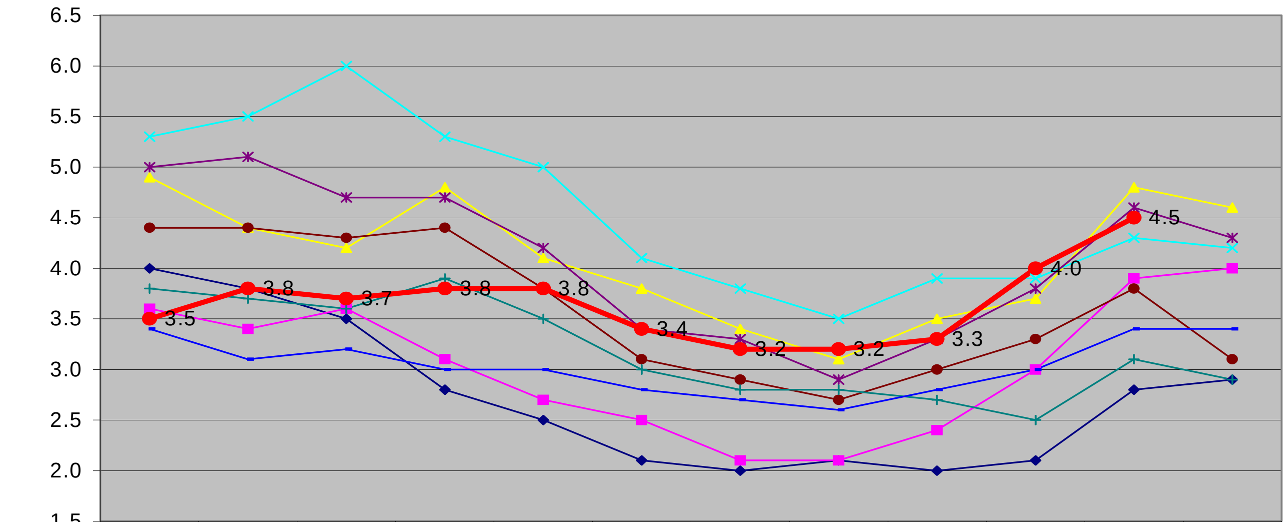
Source: LAUS

Workers Commuting into Ouray County

1990 – 2000 Trend Projected to 2009	# commute	% commute
1990	221	22.2%
2000	325	20.2%
2008	442	18.7%
2009	460	18.6%
EPS Employer Survey - 2006	310	17.9%
LEHD* - 2006	517	Not specified

*Longitudinal Employer Household Dynamics, Census Bureau

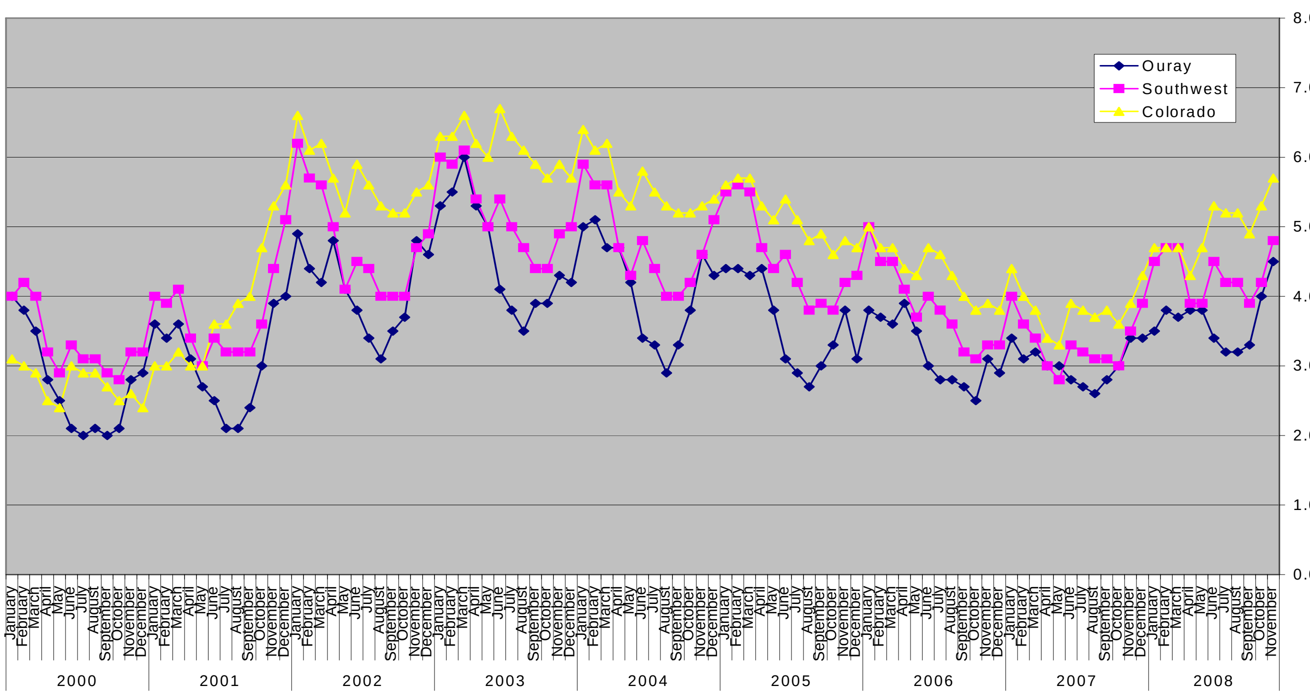
Unemployment



	January	February	March	April	May	June	July	August	September	October	November	December
2000	4.0	3.8	3.5	2.8	2.5	2.1	2.0	2.1	2.0	2.1	2.8	2.9
2001	3.6	3.4	3.6	3.1	2.7	2.5	2.1	2.1	2.4	3.0	3.9	4.0
2002	4.9	4.4	4.2	4.8	4.1	3.8	3.4	3.1	3.5	3.7	4.8	4.6
2003	5.3	5.5	6.0	5.3	5.0	4.1	3.8	3.5	3.9	3.9	4.3	4.2
2004	5.0	5.1	4.7	4.7	4.2	3.4	3.3	2.9	3.3	3.8	4.6	4.3
2005	4.4	4.4	4.3	4.4	3.8	3.1	2.9	2.7	3.0	3.3	3.8	3.1
2006	3.8	3.7	3.6	3.9	3.5	3.0	2.8	2.8	2.7	2.5	3.1	2.9
2007	3.4	3.1	3.2	3.0	3.0	2.8	2.7	2.6	2.8	3.0	3.4	3.4
2008	3.5	3.8	3.7	3.8	3.8	3.4	3.2	3.2	3.3	4.0	4.5	

Source: LAUS

Unemployment



Ouray County Sales

	2007	2008
Single-Family		
Average	$569,375	$500,724
Median	$397,000	$374,000
N	131	57
Condo/Townhome		
Average	$329,767	$312,040
Median	$330,000	$295,000
N	15	26
Mobile*		
Average	$50,000	$50,457
Median	$50,000	$50,000
N	2	7
Overall		
Average	$538,072	$411,195
Median	$379,450	$310,000
N	148	90

Source: County Assessor website

Current Listings – Ouray County 1.16.09

Average	$690,326
Median	$495,000
High	$7,200,000
Low	$139,000
N	195

Source: MLS

Current Listings by Price Range– Ouray County 1.16.09

Current Listings	#	%
$100,000-$199,999	11	5.6%
$200,000-$299,999	28	14.4%
$300,000-$399,999	36	18.5%
$400,000-$499,999	35	17.9%
$500,000-$599,999	17	8.7%
$600,000-$699,999	17	8.7%
$700,000-$799,999	11	5.6%
$800,000-$899,999	7	3.6%
$900,000-$999,999	8	4.1%
$1,000,000-$1,499,999	10	5.1%
$1,500,000-$1,999,999	8	4.1%
$2,000,000 or more	7	3.6%
	195	100.0%

Adjustments to Need Estimates

Catch Up Need	**EPS Estimate - 2006**	**Adjustments**
From unfilled jobs	55 FTE = 39 units	1 pt increase in unemployment = ? change in unfilled jobs
Commuting	310 commuters = 220 households X 50%** = 110 units	460 commuters = 225 households* X 50%** = 113 units
Total Catch Up Need	149 units	
Keep Up Need		
From new jobs	1,233 more jobs = 881 units	961 more jobs = 471 units*
Not served by market	20% – 30% =176 – 264 units	58% = 273 units
From Retirement	N/A	?

*Based on 1.2 jobs per employee and 1.7 employees per unit – general rule in mountain towns. ** No basis for assumption

APPENDIX C

STRATEGIC PLAN MODEL SUMMARY

Model Summary	Income	Total Units	Ridgway	Ouray	Ouray County
Catch-Up Goal		50	28	14	9
Rehab/Weatherization	Low/Mid	21	7	7	7
Tax Credit Apts	Low	27	18	9	0
Catch Up		48	25	16	7

Keep-Up Goal		160	88	45	27
Residential Linkage	Low	7	3	1	3
Commercial Linkage	either/both	3	60	7	20
Inclusionary Zoning	Mod/Mid	104	72	8	24
Total		115	135	16	47

Appendix D

AUTHORITY OF LOCAL GOVERNMENTS TO IMPOSE REQUIREMENTS ON DEVELOPMENT TO ADDRESS THE NEED FOR AFFORDABLE HOUSING

Prepared for: Ouray County Multi-Jurisdictional Housing Authority

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AUTHORITY OF LOCAL GOVERNMENTS TO IMPOSE REQUIREMENTS ON DEVELOPMENT FOR AFFORDABLE HOUSING

I. **Introduction.**

Several communities in Colorado have developed affordable housing programs that include inclusionary zoning and fee requirements. Inclusionary zoning is a requirement imposed on new residential development that mandates that a certain portion of the units constructed be "affordable" to some segment of the local population. Some communities give the developer the option to satisfy this obligation by dedicating land to the local government for the construction of affordable housing or by paying fees in lieu of constructing new units. Fees often consist of a charge that is levied per square foot of new construction and are referred to as linkage fees. Under Colorado law, there is no express statutory authority to implement a program which imposes requirements that are designed to address the need for affordable housing caused by new construction. Nor are there any Colorado cases that directly address the authority of local governments to implement such programs. Such authority, however, arguably falls within the scope of local government land use and zoning powers. In addition, some linkage fees may be authorized under the Impact Fee Statute. Each member of the Ouray County Multi-Jurisdictional Housing Authority should consult with its attorney prior to enacting any affordable housing requirements.

II. **Authority Derived from General Land Use Authority**

A. **Inclusionary Zoning**.

No Colorado statute directly confers express authority on local governments to impose requirements on new development to address the need for affordable housing. Arguably, however, that authority is implied by the General Assembly's grant of authority to regulate the use and development of land. Under this point of view, inclusionary zoning, and fees assessed in lieu of inclusionary zoning, are efforts to reverse the impact of exclusionary land use policies that have diminished the supply of affordable housing and created an imbalance between jobs and housing availability. (These policies have come to be called "exclusionary zoning" because they have effectively excluded affordable housing, exacerbating patterns of racial and economic segregation.) Inclusionary zoning and the fees assessed in lieu of such zoning thus are an exercise of zoning and land use power in furtherance of the general welfare.

Although Colorado courts have never considered whether local government authority extends to programs designed to mitigate the impact of new development on the need for affordable housing, such programs have been upheld in other jurisdictions as a proper exercise of land use authority. For example, a court found that a requirement that developers pay into an affordable housing fund was authorized by the same land use authority that allows local governments to enact “inclusionary” zoning ordinances.[1] The United States Supreme Court has takes an expansive view of zoning and land use power so long as it serves the general welfare.[2] And housing needs are related to the general welfare under zoning laws.[3]

B. **Local Government Planning and Zoning Powers**

The General Assembly has delegated broad land use and zoning authority to local governments. The County Planning and Building Codes empower counties to plan and zone all or any part of the unincorporated territory within its jurisdiction to provide for its physical development.[4] Similarly, the governing body of each municipality is empowered to regulate and restrict the use of land.[5] Local governments also have broad authority to address growth-related impacts. For example, the General Assembly enacted the Land Use Enabling Act in recognition that "rapid growth and uncontrolled development may destroy Colorado's great resource of natural scenic and recreational wealth." [6] Further, “the policy of this state is to clarify and provide broad authority to local governments to plan for and regulate the use of land within their respective jurisdictions." [7] Colorado's Land Use Act contains a finding and declaration that "the rapid growth and development of the state and the resulting demands on its land resources make new and innovative measures necessary to encourage planned and orderly land use development" and "to provide for the needs of . . . residential communities.[8] Finally, the legislature also promotes the policy of having development help pay its own way. [9]

The provision of affordable housing is clearly among the areas of concern delegated to local governments. For example, counties may plan for the “general character, location, and extent of community centers, townsites, housing developments, whether public or private, the existing, proposed, or projected location of residential neighborhoods and sufficient land for future housing development for the existing and projected economic and other needs of all current and anticipated residents of the county or region. . .”[10] Statutes also require that a municipality's land use plan address the "harmonious development of the municipality and its environs which will, in accordance with present and future needs, best promote health, safety, order, convenience, prosperity, and general welfare, as well as efficiency and economy in the process of development, including . . . affordable housing."[11] Given the broad scope of land use authority granted to local governments, it is reasonable to assume that local governments have

[1] See *Holmdel Builders 11 Association v. Township of Holmdel*, 121 N.J. 550 (N.J. 1990) (development fees for housing are the “functional equivalent of mandatory set-asides” for affordable housing under zoning authority).
[2] See *Village of Belle Terre v. Boraas*, 416 U.S. 1, 39 L.Ed. 2d 797 (1974).
[3] Berman v. Parker, 348 U.S. 26, 33, 75 S.Ct. 98,102, 99 L.Ed. 27, 28 (1954).
[4] C.R.S. § 30--28--101 to ---209
[5] C.R.S. § 31--23--301 et seq.
[6] *Theobald v. Bd. of County Comm'rs,* 644 P.2d 942, 947 (Colo.1982).
[7] C.R.S. § 29--20—102.
[8] C.R.S. § 24-65-102.
[9] *See Board of County Comm'rs v. Bainbridge, Inc.,* 929 P.2d 691, 698 (Colo.1996); *Bennett Bear Creek Farm Water & Sanitation Dist. v. City & County of Denver,* 928 P.2d 1254, 1268 (Colo.1996).
[10] C.R.S. § 30-28-106(3)(a)(VII)..
[11] C.R.S. § 31-23-207.

the power to use their zoning authority to enact inclusionary zoning requirements and linkage fees to provide affordable housing necessitated by development.[12]

C. Methodology

1. Reasonable relationship to a legitimate governmental purpose.

Assuming that an affordable housing requirement is legislatively-adopted as an exercise of local government zoning and land use authority, the requirement should be upheld if it is reasonably related to a legitimate governmental purpose. Even where the reasonableness of a land use ordinance is fairly debatable, it will be upheld by the court.[13] The general purpose of a valid housing requirement would be to protect the general welfare by providing for affordable housing.

2. Methodology

a. <u>The Rough Proportionality Test does not apply to a legislatively adopted housing fee.</u> The so-called "rough proportionality test" is a reference to a test first established by the United States Supreme Court in *Nollan v. California Coastal Commission*[14] and *Dolan v. City of Tigard*[15] to address development exactions. Exactions are conditions of approval on land use permits that require the dedication of land to the public. Such "development exactions will be deemed takings requiring just compensation unless they satisfy a two part test: there must be an `essential nexus' between the legitimate government interest and the exaction demanded; and there must be `rough proportionality' between the governmental interest and the required dedication." [16]

In 1999, the General Assembly enacted the Takings Act which addresses regulatory takings associated with exactions as described in *Nollan* and *Dolan.* The Act requires a local government when imposing "conditions upon the granting of land-use approvals" that require the dedication of real property or payment of money "in an amount that is determined on an individual and discretionary basis" to demonstrate that "there is an essential nexus between the dedication or payment and a legitimate local government interest, and the dedication or payment is roughly proportional both in nature and extent to the impact of the proposed use or development of such property."[17] The Act does not apply " to any legislatively formulated assessment, fee, or

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[12] See e.g. *Droste v. Board of County Commissioners,* 159 P.3d 601 (Colo. 2007)(General Assembly's grant of land use authority necessarily implies authority to impose moratorium).
[13] See *Nopro Co. v. Town of Cherry Hills Village,* 180 Colo. 217, 504 P.2d 344 (1972).
[14] 483 U.S. 825 (1987).
[15] 512 U.S. 374 (1994).
[16] See *Krupp v. Breckenridge Sanitation Dist.,* 19 P.3d 687, 695 (Colo. 2001); *Wolf Ranch, LLC v. City of Colorado Springs*, ___ P.3d___ (Case No. 07CA2184).
[17] § 29-20-203(1), C.R.S. 2008.

charge that is imposed on a broad class of property owners by a local government."[18] Colorado courts are clear that legislatively-adopted fee is not the kind of land use decision that would obligate the local government to perform the type of individualized impact assessment imposed by the rough proportionality test.[19]

b. The Housing Fee should be reasonable. There are no cases in Colorado that dictate how the amount of inclusionary requirements or linkage fees should be determined. For charges that are intended to defray the cost of providing services, the court has held that "the amount of the fee must be reasonably related to the overall cost of the service."[20] and "[m]athematical exactitude is not required, however, and the particular mode adopted by the governmental entity in assessing the fee is generally a matter of legislative discretion.[21] This type of test probably would apply to any affordable housing requirement.

II. The Impact Fee Statute

In addition to being authorized by general land use and zoning authority, certain linkage fees may be authorized under the Colorado Impact Fee Statute.[22] (Currently, Gunnison County's workforce housing fee is being challenged under this statute. The issues in that case is whether Gunnison County's fee was properly calculated and whether the fee is an unlawful tax.) The Impact Fee Statute authorizes local governments to adopt impact fees to defray impacts on capital facilities. A capital facility is defined as any improvement or facility that (a) is directly related to any service that a local government is authorized to provide; (b) has an estimated useful life of five years or longer; and (c) is required by the charter or general policy of a local government pursuant to a resolution or ordinance.[23]

A. Summary of the Impact Fee Statute

The Impact Fee Statute sets forth the requirements for a valid fee:

(1) The impact fees must be "[l]egislatively adopted" C.R.S. § 29-20-104.5(1)(a);
(2) They must be "[g]enerally applicable to a broad class of property" C.R.S. § 29-20-104.5(1)(b);
(3) They must be " [i]ntended to defray the projected impacts on capital facilities caused by proposed development" C.R.S. § 29-20-104.5(1)(c);

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18 Id.
19 See *Krupp* and *Wolf Ranches*, supra, at note 16.
20 *Krupp* at 693-694.
21 Id.
22 C.R.S. 29-20-104.5
23 C.R.S. § 29-20-104.5(4)

(4)) The "reasonable impacts of the proposed development on existing capital facilities" must be quantified and established "at a level no greater than necessary to defray such impacts directly related to proposed development" and not imposed fee "to remedy any deficiency in capital facilities that exists without regard to the proposed development." C.R.S. § 29-20-104.5(2) and

(5) The impact fees must "include provisions to ensure that no individual landowner is required to provide any site specific dedication or improvement to meet the same need for capital facilities for which the impact fee or other similar development charge is imposed." C.R.S. § 29-20-104.5(3).

B. Supporting Rationale for a Housing Fee under the Impact Fee Statute

Where a local government relies on the Impact Fee Statute to authorize a linkage fee, the amount of the legislatively-adopted fee should be supported by a study that quantifies the projected impacts of development on the need for affordable housing. The study must ensure that the local government sets the fee "at a level no greater than necessary to defray such impacts [on the availability of affordable housing] directly related to proposed development."[24]

1. No individualized determination required.

The Impact Fee Statute does not require the local government to perform an individualized determination of the impacts of any particular development proposal, it simply requires quantification of the impacts of development in general. An individualized determination would be required only when the amount of the fee is "determined on an individual and discretionary basis. . ." [25] In other words, the local government would not be required to analyze the impacts of a particular development on the availability of affordable housing unless the fee were being imposed on an *ad hoc* basis to a particular development rather than through a legislatively formulated assessment that is imposed on a broad class of property owners by a local government.[26] The reasonableness of the costs to be recovered through the housing fee should be evaluated in relation to the impacts of all development on the availability of affordable housing.[27]

2. Methodology.

The Impact Fee Statute does not dictate a particular methodology which the local government must apply in support of any impact fee. However, in the case of a linkage fee, a reasonable approach would be to determine the number of workers that would be generated by new development, calculate the demand for affordable housing units associated with those

[24] Id at -104.5(2)
[25] C.R.S. § 29-20-203 (1)
[26] *See Wolf Ranch, LLC v. City of Colorado Springs,* __ P.3d __,(Colo. App. 2008) (imposition of legislatively-adopted fees not the type of land use decision that would trigger an individualized impact assessment).
[27] Carolynne White, *A Municipal Perspective on Senate Bill 15: Impact Fees,* 31 Colo. Law. 93 (May 2002).

workers, and then set the fee on the basis of the cost to provide those units. The local government must be careful that the fee is not used to address the need for affordable housing that already may exist in the community without regard to proposed development. Thus, the local government should set the amount of the fee to meet some portion of the need for housing generated by new development so that there is no argument that it is using the fee to make up for existing deficiencies in the supply of affordable housing.

III. **Conclusion**

Although there is no express statutory authority for a local government to impose requirements on new development that are designed to address the need for affordable housing, such authority arguably can be found within the zoning and land use powers that have been granted to local governments. Under this analysis, the inclusionary requirement would be a simple exercise of zoning power and the linkage fee would be characterized as a few in lieu of inclusionary zoning. This approach has been upheld in other jurisdictions. The Impact Fee Statute may also provide authority to impose a linkage fee. As an exercise of zoning authority, a housing requirement should be reasonable and bear a reasonable relationship to the cost of providing affordable housing caused by new development. Under the Impact Fee Statute, the local government must quantify the reasonable impacts of proposed development and the linkage fee can be no greater than the amount necessary to defray the impacts of proposed development on the availability of affordable housing.

The County and each municipality enacting an affordable housing requirement should be sure to cite to all of the various authorities in state statute when it adopts the resolution or ordinance enacting the housing program. In addition, a study that draws the link between new development and the need for affordable housing should be conducted. At a minimum, the study should satisfy the requirements of the Impact Fee Statute if there will be a linkage fee. To be conservative, the study should be designed to satisfy the “rough proportionality” test even though that test applies only to exactions and the payment of money demanded on an *ad hoc* basis. By satisfying this more stringent test, the housing requirements should withstand judicial scrutiny. We will be preparing this type of study for the Ouray County Multi-Jurisdictional Housing Authority.

Appendix E

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF OURAY, COLORADO
THE TOWN OF RIDGWAY, COLORADO, AND
THE BOARD OF COUNTY COMMISSIONERS OF OURAY COUNTY
ESTABLISHING A MULTIJURISDICTIONAL HOUSING AUTHORITY

THIS INTERGOVERNMENTAL AGREEMENT is made and entered into this_____ day of _____________, 2007, by and between the **CITY OF OURAY, COLORADO** (hereinafter "Ouray"), a Colorado municipal corporation, the **TOWN OF RIDGWAY, COLORADO** (hereinafter "Ridgway"), a Colorado home rule municipality, and **THE BOARD OF COUNTY COMMISSIONERS OF OURAY COUNTY, COLORADO** (hereinafter "Ouray County"), a Colorado county, collectively referred to in this Intergovernmental Agreement ("IGA") as the "Parties."

RECITALS

WHEREAS, the Parties wish to encourage and support a coordinated effort to provide housing that is affordable to residents of their respective jurisdictions in a manner that will preserve the regional community; and

WHEREAS, the Parties have determined that formation of a multijurisdictional housing authority is an appropriate and effective method for pursuing the affordable housing objectives stated above; and

WHEREAS, the Parties are each authorized by Article XIV, Section 18 of the Colorado Constitution and the Multijurisdictional Housing Authority Act, Section 29-1-204.5, C.R.S. (hereinafter the "Act') to contract with each other to establish a separate governmental entity known as a multijurisdictional housing authority; and

WHEREAS, the Parties desire to establish a multijurisdictional housing authority by and subject to the provisions of this IGA.

NOW THEREFORE, in consideration of their mutual covenants and the benefits to be received by each of them, the Parties hereby agree as follows:

TERMS

1. CREATION, NAME, BOUNDARIES, PURPOSE, STATUS

1.1 Creation; Name. The Parties hereby establish a multijurisdictional housing authority named the "Ouray County Housing Authority" (the "Authority").

1.2 Boundaries. The boundaries of the Authority shall be coterminous with the boundaries of Ouray County, Colorado.

1.3 Purposes. The Authority is established for the purposes of effecting the planning, financing, acquisition, construction, reconstruction, repair, maintenance, management and operation of existing and new affordable housing together with any other purposes deemed appropriate by the Authority as are now or subsequently permitted or authorized for multijurisdictional housing authorities by applicable law.

1.4 Type of Entity. The Authority shall be a political subdivision and public corporation of the State of Colorado and separate from the City of Ouray, the Town of Ridgway, and Ouray County and shall be a validly created and existing political subdivision and public corporation of the State of Colorado. It shall have the duties, privileges, immunities, rights, liabilities, and disabilities of a public body, political and corporate. The Authority may deposit and invest its moneys in the manner provided in Section 43-4-616, C.R.S. The provisions of Articles 10.5 and 47 of Title 11, Colorado Revised Statutes, shall apply to moneys of the Authority. The Authority shall be an Enterprise as that term is defined in the Taxpayer's Bill of Rights, Article 10, Section 20 of the Constitution of Colorado. In order to retain its Enterprise status under Colorado law, the Authority shall not receive more than 10% of its annual revenues in grants from all Colorado state and local governments combined.

1.5 Functions-General. The Authority shall have any and all powers, duties, rights and obligations as such are set forth in the Act except as specifically provided herein. The Authority shall also have those duties and powers stated below, and any others delegated to the Authority by the Parties to this IGA. The power of the Authority to levy, within the boundaries of the Authority, a sales tax, a use tax, and/or ad valorem tax and/or development impact fee for affordable housing is subject to specific provisions to be negotiated between the Parties in the form of a future Intergovernmental Agreement and any applicable statutory requirements. No action by the Authority to establish or increase any tax or development impact fee shall take effect unless first submitted to a vote of the registered electors of the Authority in which the tax or development impact fee is proposed to be collected.

1.6 No Waiver of Governmental Powers. Nothing contained in this Agreement shall constitute a waiver by the City of Ouray, the Town of Ridgway or Ouray County of any of their respective or joint planning, zoning, land use or other governmental authority or powers. All projects of the Authority shall be subject to the planning, zoning, sanitary, and building laws, ordinances, and regulations applicable to the locality in which a project is situated.

2. DUTIES OF THE AUTHORITY

The Authority shall undertake any and all duties and or responsibilities as may from time to time be assigned to it and funded by one, two or all of the Parties.

3. POWERS OF THE AUTHORITY

In addition to any other powers provided by applicable law, the Authority shall have the following powers:

3.1 To plan, finance, acquire, construct, reconstruct or repair, maintain, manage and operate housing projects and programs pursuant to a multi-jurisdictional plan within the means of families of low or moderate income.

3.2 To plan, finance, acquire, construct, reconstruct or repair, maintain, manage, and operate affordable housing project or programs for employees of employers located within the jurisdiction of the Authority.

3.3. To identify the need for affordable housing for the population segments identified by the Authority residing, or needing to reside in Ouray County.

3.4 The power, but not the duty or obligation, to develop creative financing and construction methods, as well as incentives, in order to encourage the public or private sector to provide affordable housing for families and individuals in Ouray County.

3.5 To plan, finance, acquire, construct, reconstruct or repair, maintain, manage, own, operate, rent and/or sell housing projects to provide affordable residential facilities and dwelling accommodations intended for use as the sole place of residence by the owners or intended occupants, subject to the applicable governmental requirements (such as zoning, review and approval processes) of the jurisdiction in which the particular property is located.

3.6 To make and enter into agreements, including, without limitation, contracts with local, state or federal agencies, private enterprises, and nonprofit organizations, also involved in providing such housing or the financing for such housing.

3.7 To employ agents and employees.

3.8 To cooperate with state and federal governments in all respects concerning the financing of such housing projects.

3.9 To purchase, acquire, obtain options for, hold, lease (as lessor or lessee), sell or otherwise dispose of any real or personal property, commodity, or service from firms, corporations, the City of Ouray, the Town of Ridgway, Ouray County and other governmental entities or any other person or entities.

3.10 To condemn property for public use, provided such property is not owned by any governmental entity or any public utility and devoted to public use pursuant to state authority; and provided, further, both that the vote of the Board of Directors of the

Authority to condemn is unanimous and the Authority has received the prior written consent to the condemnation from the governing body or bodies of the local government or governments having jurisdiction over the property to be condemned.

3.11 To incur debts, liabilities, or obligations; to issue bonds or notes (as provided below); to borrow money, secure mortgages, obtain grants, gifts or otherwise obtain funds, all for the purpose of implementing, completing and operating housing projects. This does not constitute general authority to encumber or pledge any revenues or assets of any participating government without that entity's written consent.

3.12 To sue and be sued in its own name.

3.13 To have and use a corporate seal.

3.14 To fix, maintain, and revise fees, rents, prices, security deposits, and charges for functions, services, or facilities provided by the Authority.

3.15 To adopt, by resolution, regulations respecting the exercise of the Authority's powers and the carrying out of its purposes.

3.16 To exercise any other powers essential to the provision of functions, services or facilities by the Authority.

3.17 To do and perform any acts and things authorized by this IGA under, through, or by means of any agent, or by contracts with any person, firm or corporation.

3.18 To establish enterprises for the ownership, planning, financing, acquisition, construction, reconstruction or repair, maintenance, management, or operation, or any combination of the foregoing, of housing projects or programs subject to the terms specified in the Act.

3.19 To exercise any additional general powers granted to multijurisdictional housing authorities by applicable law, except as specifically provided herein.

3.20 Subject to the specific provisions under Sections 29-1-204.5 (3) (f.1), (f.2) and (f.5), C.R.S., and to specific provisions to be negotiated among the Parties in the form of a future Intergovernmental Agreement, the power to levy a sales tax, a use tax and/or ad valorem tax and/or development impact fee for affordable housing; provided, however, that no action of the Authority to establish or increase any tax or development impact fee shall take effect unless first submitted to a vote of the registered electors of the Authority in which the tax or development impact fee is proposed to be collected.

4. <u>BOARD OF DIRECTORS</u>

4.1 Number of Directors and Their Appointment

(a) Board of Directors. The governing body of the Authority shall be its Board of Directors (the "Board") consisting of five members. One member shall be appointed by Ouray; one member shall be appointed by Ridgway; one member shall be appointed by Ouray County; and two members ("Joint Members") shall be appointed by the members appointed by Ouray, Ridgway and Ouray County. The appointment of Joint Members shall be limited exclusively to persons nominated by Ouray, Ridgway or Ouray County after a request by the Authority to all three governments for nominations.

(b) Qualifications. Each Director shall be a resident of Ouray County.

(c) Term. With respect to the initial Board of Directors, two Directors shall be appointed for a one year term, and three for two year terms. Thereafter the terms for all Directors appointed shall be two years from the date of appointment or until the appointment of a successor. There shall be no terms limits for Directors.

(d) Quorum; Voting. A majority of Directors shall constitute a quorum, and a majority of the quorum shall be necessary for any action taken by the Board of Directors.

(e) Duties. The general power and authority of the Authority shall be vested in the Board. The Board shall elect the officers of the corporation as specified below. The Board shall approve a budget for the continued operation of the Authority. As provided in Sections 29-1-204.5(2)(b)(IV), C.R.S., the Board shall comply with the provisions of parts 1, 5, and 6 of Article I, Title 29 of the Colorado Revised Statutes which, respectively, are known as the Local Government Budget Law of Colorado, the Colorado Local Government Uniform Accounting Law, and the Colorado Local Government Audit Law.

(f) Vacancies. Any vacancy on the Board shall be filled by the governmental entity that appointed the departing Director, or, in the case of a Joint Member, by vote of the remaining Board of Directors subject to selection procedures described in Section 4.1 (a). If the vacancy being filled is an unexpired term, the appointee shall serve the remainder of that term.

(g) Removal. Members of the Board shall serve at the pleasure of their appointing governments, or, in the case of Joint Members, at the pleasure of the Board.

(h) Compensation. Board members shall not be compensated for their services as Directors or officers; however, they may be reimbursed for their expenses and may receive a per diem travel allowance as determined by the Board.

4.2 Officers. The officers of the Authority shall consist of a President, a Vice President, and a Secretary/Treasurer. No person shall hold more than one office.

(a) Appointment. The officers shall be appointed by the Board and shall hold office for one year or until their successors are elected and qualified.

(b) President. The President shall preside at all meetings of the Authority. Except as otherwise authorized by resolution of the Authority, the President shall sign all contracts, deeds and other instruments made by the Authority. At each meeting the President shall submit such recommendations and information as he/she may consider proper concerning the business, affairs and policies of the Authority.

(c) Vice President. The Vice President shall perform the duties of the President in the absence of incapacity of the President; and, in case of vacancy in the office of the President, the Vice President shall perform such duties as are imposed on the President until such time as the Board selects a new President.

(d) Secretary/Treasurer. The Secretary/Treasurer shall keep the records of the Authority; shall act as secretary to meetings of the Authority; shall have the custody of all funds of the Authority; shall keep regular books of accounts for the same; and shall otherwise perform all duties incident to the office. Any and all duties of the Secretary/Treasurer may be assigned to an Executive Director, if one.

4.3 Duties. The officers of the Authority shall perform the duties and functions of their respective offices, as prescribed in this Agreement; comply with the Local Government Budget Law of Colorado, the Colorado Local Government Uniform Accounting Law, and the Colorado Local Government Audit Law; and perform such other duties and functions as may from time to time be required by the provisions of this IGA, resolutions of the Directors, or by other rules and regulations as may be adopted by the Authority.

4.4 Appointment of an Executive Director. The Board may hire an Executive Director and shall establish the compensation, duties and responsibilities of such position, if created.

4.5 Conflicts of Interest. No member of the Board nor any immediate member of the family of any such member shall acquire or have any interest, direct or indirect, in: (a) any property or project acquired, held, leased or sold by the Authority; or (b) any entity with whom the Authority has contracted to plan, finance, construct, reconstruct, repair, maintain, manage or operate any property, project or program related to the Authority. If any Board member has such an interest, whether direct or indirect, he or she shall immediately disclose the same in writing to the Board of Directors, and such disclosure shall be entered upon the minutes of the Board. Upon such disclosure, such Board member shall not participate in any discussion of or action by the Board affecting the project, property, or contract.

5. BONDS, NOTES AND OTHER OBLIGATIONS

5.1 Not Obligations of Parties. The bonds, notes and other obligations of the Authority shall not be the debts, liabilities, or obligations of Ouray, Ridgway, or Ouray County or any other governmental entities that may become members of the Authority in the future.

5.2 Authority to Issue Bonds. To carry out the purposes for which the Authority was established, the Authority is authorized to issue bonds, notes, or other obligations payable solely from the revenues derived or to be derived from the functions, services, or facilities of the Authority or from any other available funds of the Authority. The bonds, notes, or other obligations issued by the Authority shall, as nearly as may be practicable, be substantially the same as those provided by law for any of the contracting parties to this IGA; provided, however, that bonds, notes or other obligations so issued shall not constitute an indebtedness of Ouray, Ridgway, or Ouray County within the meaning of any constitution, home rule charter or statutory limitation or any other provision. Each bond, note or other obligation issued under this subsection shall recite in substance that the bond, note or other obligation, including the interest on it, is payable solely from the revenues or other available funds of the Authority pledged for its payment, and that the bond, note or other obligation does not constitute a debt of Ouray, Ridgway, or Ouray County within the meaning of any constitution, home rule charter, statutory limitations or provisions. Notwithstanding anything in this Section 5 to the contrary, such bonds, notes, and other obligations may be issued to mature at such times not beyond forty (40) years from their respective issue dates, shall bear interest at such rates and shall be sold at such prices, at, above, or below their principal amount, as shall be determined by the Board.

5.3 Indenture. The resolution, trust indenture, or other security agreement under which any bonds, notes or other obligations are issued shall constitute a contract with the holders thereof, and it may contain such provisions as shall be determined by the Board to be appropriate and necessary in connection with their issuance and to provide security for their payment, including, without limitation, any mortgage or other security interest in any revenues, funds, rights or properties of the Authority. The bonds, notes and other obligations of the Authority and the income there from shall be exempt from taxation (except inheritance, estate, and transfer taxes) pursuant to Section 29-1-204.5 (7.3), C.R.S.

6. REVENUES

Subject to the limitations herein contained, the Parties may make payments to the Authority from their funds for services rendered or facilities provided by the Authority, or as contributions to defray the cost of any purposes set forth herein.

7. BUDGET.

The Authority shall annually prepare a budget pursuant to the terms and provisions of the Local Government Budget Law of Colorado. In expending the budget, the Board (or Executive Director, as the case may be) shall, insofar as practical, devote the time and moneys among the Ouray, Ridgway and Ouray County functions as shown on said budget. All work allocation among Authority personnel shall be the responsibility of the Board, or Executive Director, as the case may be. The Authority shall be required to annually obtain the approval of the budget (as well as any substantial amendments thereto) by the City Council of the City of Ouray, Town Council of the Town of Ridgway, and the Board of County Commissioners of Ouray County.

8. ACCOUNTING.

With respect to accounting, reporting, auditing and operational procedures, the Authority shall follow the provisions and guidelines of the Colorado Local Government Uniform Accounting Law and the Colorado Local Government Audit law.

9. LEGAL ASSISTANCE.

Legal assistance shall be provided for Ouray programs, Ridgway programs and Ouray County programs by the City Attorney of Ouray, the Town Attorney of Ridgway, and the Ouray County Attorney, respectively. In addition, the Authority may retain counsel for the provision of necessary legal services for the operation of the Authority.

10. INSURANCE.

The Authority shall purchase and maintain at all times an adequate policy of public entity liability insurance, which insurance shall at a minimum provide the amount of coverage described in Section 24-10-115(1), C.R.S., including errors and omissions coverage. The Authority may purchase such additional insurance as the Board shall determine. The Authority's employees acting within the scope of their employment shall be indemnified pursuant to Section 24-10-110, C.R.S.

11. MODIFICATION OF THIS IGA.

This Intergovernmental Agreement may be modified by written amendment approved by the governing bodies of all the contracting parties, acting separately.

12. TERM AND TERMINATION

12.1 Term. The term of this IGA shall be from the date first written above through December 31, 2007, and shall automatically renew for successive one-year periods thereafter upon the annual appropriation of funds by Ouray, Ridgway and Ouray County. However, any of the contracting Parties may withdraw from this IGA and membership on the Board of Directors, for any reason, upon thirty (30) days written notice.

12.2 Termination. The withdrawal of any two (2) contracting Parties shall terminate this IGA. Subject to the limitations in Section 12.3, this Agreement may be terminated at any time by written agreement of all of the contracting Parties.

12.3 Limitations. This Agreement may not be terminated or rescinded: (a) as long as the Authority has bonds, notes, or other obligations outstanding unless provisions for full payment of such obligations, by escrow or otherwise, has been made pursuant to the terms of such obligations; and (b) until the completion of the disposition of assets of the Authority as provided for in Section 13.

13. DISPOSITION OF AUTHORITY ASSETS UPON TERMINATION.

In the event of termination of this IGA, which termination may only occur in accordance with the requirements and limitations of Paragraph 12 above, and the resulting dissolution of the Authority, the assets of the Authority shall be distributed as follows:

(a) All assets which can be identified which were acquired by contributions from Ouray, Ridgway or Ouray County shall be returned to the contributing Party if said assets are still in existence.

(b) If identifiable assets contributed to the Authority are not in existence, the contributing party shall have the option of receiving the fair market value of each asset at the time of disposal by the Authority in either cash or assets of the Authority.

(c) All assets acquired by the Authority after the date of this IGA from funds provided by the Parties shall be distributed to the Parties on the basis of the appraised value of said assets at the time of termination and in the same proportion as the respective contributions of funds by the Parties for acquisition of each asset.

(d) The Parties may agree in writing to dispose of any assets of the Authority in any other acceptable manner.

(e) If the Parties cannot agree on the disposition of any assets of the Authority within sixty (60) days, said assets shall be subject to an independent appraisal and shall be sold at public auction with the deed restriction (if any) intact as soon as practicable with the proceeds allocated to Ouray, Ridgway and Ouray County in the same proportion as the total contribution of funds by the respective Parties for acquisition of the asset.

(f) In the event that a municipality or county shall have been a member of the Authority and contributed assets or funds during that membership but is not a member at the time of termination of the Authority, such municipality or county shall enjoy the same rights to distribution of assets afforded by this Section 13 to those governments participating at the time of termination.

14. **ADDITIONAL PARTIES**.

The Authority may be increased to include one or more additional municipalities and/or counties, if each additional municipality and/or county and Ouray, Ridgway and Ouray County agree to an amendment of this IGA authorizing the addition of the municipalities and/or counties and making required amendments to this IGA to provide for their inclusion, including, if agreed to, representation on the Board of Directors.

15. NOTICES.

Any formal notices, demand or request given under this IGA shall be in writing and shall be deemed properly given if deposited in the United States Mail, postage prepaid, and addressed as described below:

To the City of Ouray:

City Administrator
City of Ouray
Post Office Box 468
Ouray, CO 81427

To the Town of Ridgway:

Town Manager
Town of Ridgway

Post Office Box 10
Ridgway, CO 81432

To Ouray County — County Administrator
Ouray County
Post Office Box C
Ouray, CO 81427

16. INTERPRETATION

Subject to the express limitations contained herein, this Agreement shall be liberally construed to permit the Authority, the Parties hereto, and the Board to exercise all powers that may be exercised by a multijurisdictional housing authority pursuant to the Act, and other applicable law. In the event of any conflict between the Act or any other applicable law with respect to the exercise of any such power, the provision that permits the broadest exercise of the power consistent with the limitations set forth in this Agreement shall control.

17. GOVERNING LAW.

The laws of the State of Colorado shall govern the construction and enforcement of this Agreement.

18. SEVERABILITY.

If any term or provisions of this Agreement shall be adjudicated to be invalid, illegal or unenforceable, this Agreement shall be deemed amended to delete there from the term or provision thus adjudicated to be invalid, illegal or unenforceable and the validity of the other terms and provisions of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement on the day and year above first noted.

THE CITY OF OURAY, COLORADO A Colorado Municipal Corporation	THE TOWN OF RIDGWAY,COLORADO A Colorado Home Rule Municipality
By ______________________________	By __________________________________
ATTEST:	ATTEST:
________________________________	____________________________________
Approved as to form:	Approved as to form:

___________________________________ _______________________________________

City Attorney Town Attorney

THE BOARD OF COUNTY COMMISSIONERS ATTEST:
OF OURAY COUNTY, COLORADO

By_________________________________ __________________________

Approved as to form:

____

County Attorney

Appendix F
2009 AREA MEDIAN INCOMES FOR OURAY COUNTY

2009 HUD 1-person Household			
Target	**Low**	**High**	**Average**
50% AMI		**$22,155**	
60-80% AMI	$26,586	$35,448	$31,017
81-100% AMI	$35,891	$44,310	$40,101
101-120% AMI	$44,753	$53,172	$48,963
121-150% AMI	$53,615	$66,465	$60,040

2009 HUD 2-person Household			
Target	**Low**	**High**	**Average**
50% AMI		**$25,320**	
60-80% AMI	$30,384	$40,512	$35,448
81-100% AMI	$41,018	$50,640	$45,829
101-120% AMI	$51,146	$60,768	$55,957
121-150% AMI	$61,274	$75,960	$68,617

2009 HUD 2.5-person Household			
Target	**Low**	**High**	**Average**
50% AMI		**$26,903**	
60-80% AMI	$32,283	$43,044	$37,664
81-100% AMI	$43,582	$53,805	$48,694
101-120% AMI	$54,343	$64,566	$59,455
121-150% AMI	$65,104	$80,708	$72,906

2009 HUD 3-person Household			
Target	**Low**	**High**	**Average**
50% AMI		**$28,485**	
60-80% AMI	$34,182	$45,576	$39,879
81-100% AMI	$46,146	$56,970	$51,558
101-120% AMI	$57,540	$68,364	$62,952
121-150% AMI	$68,934	$85,455	$77,194

2009 HUD 4-person Household			
Target	**Low**	**High**	**Average**
50% AMI		**$31,650**	
60-80% AMI	$37,980	$50,640	$44,310
81-100% AMI	$51,273	$63,300	$57,287
101-120% AMI	$63,933	$75,960	$69,947
121-150% AMI	$76,593	$94,950	$85,772

2009 HUD 5-person Household			
Target	**Low**	**High**	**Average**
50% AMI		**$34,182**	
60-80% AMI	$41,018	$54,691	$47,855
81-100% AMI	$55,375	$68,364	$61,869
101-120% AMI	$69,048	$82,037	$75,542
121-150% AMI	$82,720	$102,546	$92,633

2009 HUD 6-person Household			
Target	**Low**	**High**	**Average**
50% AMI		**$36,714**	
60-80% AMI	$44,057	$58,742	$51,400
81-100% AMI	$59,477	$73,428	$66,452
101-120% AMI	$74,162	$88,114	$81,138
121-150% AMI	$88,848	$110,142	$99,495

Appendix G

PROPOSED 2009-2010 OCHA BUDGET
AND JURISDICTIONAL STAFF CONTRIBUTIONS

Total Estimated Budget (OCHA Staff, Start Up, 2010 operations)		**1/3 distributions by jurisdictions**		
Payroll	**Estimated Total**	**Ouray**	**Ridgway**	**Ouray County**
Worker's Compensation	$500	$167	$167	$167
Medicare	$800	$266	$266	$266
Retirement Benefit				
Health Insurance (medical, dental, vision)				
State Unemployment Tax (SUTA)	$300	$100	$100	$100
Total Payroll (less services)	**$1,600**	**$533**	**$533**	**$533**

1st year Capital Investments (2010)	**Estimated Total**	**Ouray**	**Ridgway**	**Ouray County**
Office Space and Supplies				
Desk and Chair	$500	$167	$167	$167
Phone, Long Distance Services, Fax, Copier	$1,000	$333	$333	$333
Postage	$300	$100	$100	$100
Misc Office Supplies & Expenses	$1,000	$333	$333	$333
Purchase Checks	$100	$33	$33	$33
Computer Related Investments				
Computer Hard & Software, Installation & Setup	$1,250	$416	$416	$416
Internet Setup and Service (DSL) incl email	$200	$67	$67	$67
Website Development Services	$1,000	$333	$333	$333
Web Domain Name Purchase	$40	$13	$13	$13
Purchase Financial Mgmt System (Q-books)	$350	$117	$117	$117
Misc Expenditures				
IGA Amendments (change request, record fees)	$480	$160	$160	$160
Total Capital Investments	**$6,220**	**$2,071**	**$2,071**	**$2,071**

Annual Operating Expenses	**Estimated Total**	**Ouray**	**Ridgway**	**Ouray County**
Insurance *(D&O, General Liability)*	$3,000	$999	$999	$999
Equipment Maintenance & Repair	$500	$167	$167	$167
Software Support Services	$1,000	$333	$333	$333
Web Domain Annual Rental Fees	$15	$5	$5	$5
Website Hosting ($300/yr) and Maintenance	$1,500	$500	$500	$500
Email Annual Rental Fees	$60	$20	$20	$20
Annual Internet Service Provider Fees	$600	$200	$200	$200
Financial Audit (annual)	$6,000	$1,998	$1,998	$1,998
Board Education & Training	$1,000	$333	$333	$333
Staff Education & Training	$1,000	$333	$333	$333

Office Space, Storage, Cleaning	$6,000	$1,998	$1,998	$1,998
PO Box Rental Fees	$78	$26	$26	$26
Legal Services	$5,000	$1,665	$1,665	$1,665
Dues and Memberships	$500	$167	$167	$167
Total Operating Expenses	**$26,253**	**$8,742**	**$8,742**	**$8,742**

Service Fees/ Program Development	Estimated Total	Ouray	Ridgway	Ouray County
Rehabilitation and Weatherization	$5,700	$1,898	$1,898	$1,898
Rehabilitation and Weatherization Grant Match	$25,000	$8,325	$8,325	$8,325
IZ, Linkage Fees and Incentives	$10,620	$3,536	$3,536	$3,536
Linkage Fee Study Grant Match	$2,000	$666	$666	$666
Homebuyer & Renter Education and Outreach	$1,560	$519	$519	$519
Promotional Materials and Handouts for Outreach	$250	$83	$83	$83
Total Program Services	**$45,130**	**$15,028**	**$15,028**	**$15,028**

Estimated Budget Total (2010):	**$79,203**	**$26,375**	**$26,375**	**$26,375**

Estimated Hours and Expenditures for OCHA Staff Services (2009 - 2010)	Hours/Year	Estimated Cost
Grants		
Complete & Submit Grant/Loan Applications: Rehab	10	$300
Administer Rehab Revolving Loan or Grant Fund	45	$1,350
Complete & Submit Grant Applications: Linkage Study	10	$300
Administer Linkage Fee Grant Funds	30	$900
Financial Management		
Setup Financial Management System	8	$480
Maintain Financial Management System	208	$6,240
Establish Bank Acct & Fee Collection System	10	$300
Marketing and Outreach		
Public Relations	36	$1,080
Assist with Web Site development and updates	24	$720
Annual Reporting	16	$480
Amendments to IGA	16	$480
Board Meeting Support Services	36	$1,080
Program Development: Rehab & Weatherization		
Set Up Program	80	$2,400
Marketing, Outreach, Public Education	104	$3,120
Develop Unit Tracking System	6	$180
Program Development: IZ, Linkage Fees, Incentives		
Draft Code: Inclusionary Zoning	96	$2,880
Facilitate Linkage Fees study w/contractor	16	$960
Draft Code: Linkage Fees	32	$960
Draft Code: Development Incentives	32	$960
Develop Deed Restrictions/Administrative Guidelines	80	$2,400
Develop Unit Tracking System	6	$180
Annual Update of Income, Home Prices, Fees In Lieu	8	$240
Development Review / Negotiation	48	$1,440
Applicant Prequalification/ Qualification/ Selection	20	$600
Program Development: Homebuyer and Renter Education & Outreach		
Establish Resources for Housing Assistance	4	$120
Update Resources for Housing Assistance	2	$60
Identify Speakers, Set Agenda, Manage Event	40	$1,200
Event Promotion (fliers, PR, etc.)	6	$180

Estimated Staff Totals 2009/ 2010:	**1029**	**$31,590**

Assumed hourly wage staff person:	$30
Assumed hourly wage for Contract Services:	$60

Estimated Jurisdictional Staff Administration Hours	Total Est. Hours	Ouray	Ridgway	Ouray County
IZ Code Drafting (2009)	24	8	8	8
Linkage Fee Code Drafting (2010)	24	8	8	8
Housing Rehab & Weatherization Program Assistance	60	20	20	20
Grant Writing / Grant Assistance	15	5	5	5
General Organizational Development	30	10	10	10
Total Staff Administration Hours (2009 - 2010)	**153**	**51**	**51**	**51**

Regional Housing Needs Assessment

Ouray and San Miguel Counties

September 2011

Prepared by:

RRC Associates and Rees Consulting, Inc.

Table of Contents

Introduction

Purpose of the Study

The San Miguel Regional Housing Authority sponsored this comprehensive analysis of housing needs in both San Miguel and Ouray counties with funding from a grant awarded to San Miguel County. The primary objectives of this study are:

- To update the gap between current affordable housing options and the number and type needed by households in both counties;
- To provide a means to test absorption scenarios for the purpose of planning and constructing the right type and quantity of affordable housing;
- To define the impacts of the commuter population into both counties from adjacent communities; and
- To recommend strategies to guide decision making regarding the removal of regulatory barriers, resource allocation and development, and local policy/program changes.

Area Covered

This report covers all of Ouray and San Miguel counties. The term "San Miguel Balance" refers to the unincorporated areas of the county plus the small municipalities of Ophir and Sawpit.

Organization of the Report

This study is being funded by a grant from the Colorado Division of Housing and conforms to the Division's template for content and format. It is organized into nine sections as follows:

1. Economic and Demographic Framework, which provides population and household estimates, examines growth and describes the demographics of households in Ouray and San Miguel Counties, and includes data on number of jobs, growth in jobs, wages paid and commuting.

2. Housing Inventory, which provides information on the number, type, occupancy/use, tenure, size, growth rate and ownership of housing units in Ouray and San Miguel Counties.

3A. Homeownership Market Analysis, which considers the number of sales, historic and current home prices and the availability of homes by price and area.

3B. Rental Market Analysis, which covers the inventory of rental units, rents and vacancy rates.

4. Housing Problems, which examines perceptions, satisfaction levels, affordability, physical conditions, employment-related housing problems and foreclosures.

5. Special Needs, which provides information on seniors, Spanish-speaking residents and very low income households.

6. Housing Gaps and Estimated Need, which examines the price gaps in both rental and ownership housing and forecasts housing demand by 2015 based on three scenarios for job growth. Information is also provided on the housing-related preferences of residents.

7. Conclusions

8. Community Resources and Financial Tools, which considers down payment assistance, mortgage availability, homebuyer education, and local housing programs including sources of revenue and land availability.

9. Action Plan Input and Analyst's Recommendations, which provides public comments about housing, analyst's recommendations and an Excel-based model used to estimate the number of units that will likely be produced to meet identified needs.

The appendices contain survey samples, comments received from the employer and household surveys, calculation of affordable prices for all income levels, and detailed data by community on homes listed for sale.

Acknowledgments

This study was directed by a task force with representatives from participating jurisdictions. Members of this task force include:

Lynn Black, San Miguel County
Jennifer Coates, Town of Ridgway
Shirley Diaz, San Miguel Regional Housing Authority
Mike Fedel, Ouray County
John Ferguson, City of Ouray
Lance McDonald, Town of Telluride
Lynn Padgett, Ouray County
Greg Sparks, Town of Mountain Village
Kerry Welch, Town of Norwood

Interviews were conducted of town and county staff, mortgage lenders, realtors, property managers, transit operators, major employers and non-profit organizations to obtain information relevant to this study.

Persons interviewed include:

Mike Bard
Lynn Beck
John Bennett
Lynn Black
Yvette Booth
Patty Brenneis
Nick Bullen
Mark Castrodale
Jennifer Coates
Jean Casolari
Mike Davenport
Teddy Errico
Mike Fedel
Allen Gerstle
Roxanne Grammer
Chris Hawkins
Ryan Hein
Diane Kipfer
Nina Kothe
Lance McDonald
Sheryl Miller
Don Mitchell
Ginger Perkins
Dave Riley
Jim Riley
Dave Ramirez
Jo Rosenquist
Sue Rovito
Mike Rozycki
Kiera Skinner
Luke Skinner
Colleen Trout
Jason White
DeLanie Young
Daniel Zemke

Abbreviations

Abbreviations used in this report include:

ACS – American Community Survey
AMI -- Area Median Income
CDOH -- Colorado Division of Housing
CHFA – Colorado Housing and Finance Authority
DOLA – Colorado Department of Local Affairs
HUD – US Department of Housing and Urban Development
QCEW -- Quarterly Census of Employment and Wages
SMRHA – San Miguel Regional Housing Authority

Sources and Methodology

Four distinct surveys were conducted to generate information for this needs assessment:

1. Household Survey, which was either mailed to all households in the two counties for which addresses could be obtained or hung on the doors of apartment units in all major complexes. A total of 1,190 responses were received. The 323 responses from Ouray County represented 16% of the households in the county. The 767 responses from San Miguel County represented 22% of the county's households.

Household Survey Responses

	# Responses	% Responses
Ouray	69	6.0
Ridgway	147	12.9
Ouray County - unincorporated	107	9.4
Ouray County Total	323	28.3
Ilium, Ophir, Placerville, Sawpit	97	8.5
Lawson Hill	53	4.6
Mountain Village	131	11.5
Norwood	124	10.8
Telluride	267	23.4
San Miguel County - unincorporated	95	8.3
San Miguel County Total	767	67.1
Other	53	4.6
Total	1,143	100%
Missing	47	
Total	1,190	

2. Employer Survey, a web-based survey which employers of all types are requested to complete through email notifications by chambers of commerce and the SMRHA. A total of 88 responses were received, representing 3,014 peak season employees.

Employer Survey Responses

Employer Survey	Ouray County	San Miguel Co.	Total
# Employer Responses	19	67	88
# Full Time Employees	328	1,388	1,716
# Peak Season Employees	63	1,235	1,298
# Total Employees	391	2623	3,014

3. Commuter Survey distributed on commuter vans and buses, at employee parking lots and at construction sites to gain crucial information on employees who commute for work and the impact they have on housing demand. A total of 123 responses were received through this survey. These responses were merged with responses from commuters who completed the household survey to analyze commuting.

Commuter Survey Responses

Place of Residence	% Responses
Montrose	39.0
Norwood	22.8
Other	12.2
Ophir/Rico/Dolores/Cortez	8.9
Ridgway	6.5
Ouray	5.7
Telluride/Mountain Village/Lawson Hill	4.1
Nucla/Naturita	0.8
	100%
n =	123

4. Key Participant Survey in which elected officials and members of the community who have an interest in housing provided input through an on-line survey key to the development of viable solutions to housing needs.

1. Economic and Demographic Framework

This section of the report is divided into three main parts:

A. Population Estimates and Characteristics;
B. Economic Indicators; and
C. Commuting.

A. Population Estimates and Characteristics

2010 Census Estimates

According to the 2010 Census, 11,795 residents live in the two-county region. San Miguel County has 62% of the population while Ouray County has 38%. Many of the region's residents reside in rural unincorporated areas. Nearly 57% of Ouray County's residents live in the unincorporated area. In San Miguel County, relatively fewer residents reside in unincorporated areas but, at 41%, the population in rural areas is larger than in any of the five municipalities.

2010 Population Estimates by County and Municipality

	Population	% of County	% of Regional Total
OURAY COUNTY	4,436	100%	37.6%
Ouray	1,000	22.5%	8.5%
Ridgway	924	20.8%	7.8%
Unincorp. Area	2,512	56.6%	21.3%
SAN MIGUEL COUNTY	7,359	100%	62.4%
Mountain Village	1,320	17.9%	11.2%
Norwood	518	7.0%	4.4%
Ophir	159	2.2%	1.3%
Sawpit	40	0.5%	0.3%
Telluride	2,325	31.6%	19.7%
Unincorp. Area	2,997	40.7%	25.4%
Total 2 County Region	11,795		100.0%

Source: 2010 Census

Telluride is the largest community, Mountain Village is second, and Ouray ranks third followed closely by Ridgway. Norwood is about half the size of Ouray and Ridgway. The populations of Ophir and Sawpit are so small that survey responses from these communities have been combined with responses from Illium and Placerville in this report.

5- and 10-Year Trends in Population

Population growth in Ouray County is outpacing San Miguel County – nearly 18% compared to 11% between 2000 and 2010. The following table compares estimates published by the Colorado Department of Local Affairs (DOLA) and the US Census. DOLA's population estimates for 2007 through 2010 are higher than reported by the Census for 2010. DOLA estimates through 2009 indicated that the population continued to grow each year. With job losses and out migration of the labor force, which is covered later in this section of the report, population losses likely occurred.

Population Growth 2000 – 2010

Year	San Miguel County	Ouray County
2000 Census	6,612	3,769
2006 DOLA	7,326	4,348
2007 DOLA	7,601	4,526
2008 DOLA	7,683	4,710
2009 DOLA	7,688	4,712
2010 DOLA	7,897	4,837
Change 2006 - 2010	7.8%	11.2%
Census 2010	7,359	4,436
Change 2000 - 2010	11.3%	17.7%

Source: DOLA and 2010 Census

Population Forecasts

DOLA projects the same rates of population growth for Ouray and San Miguel counties through 2015. The forecasted rate of 17% growth over the next five years seems high in comparison to the growth that occurred during the last 10 years. Adjustments in these projections are likely now that 2010 Census data has been released.

5-Year Population Forecasts

	San Miguel County	Ouray County
2010	7,897	4,837
2011	8,117	4,972
2012	8,366	5,137
2013	8,669	5,307
2014	8,953	5,485
2015	9,231	5,651
Change 2010 - 2015	16.9%	16.8%

Source: DOLA

Number and Size of Households

As of 2010, a total of 5,476 households resided in the two-county region, 37% or 2,022 households in Ouray County and 63% or 3,454 households in San Miguel County. Households include families, non-related individuals living together and single persons living alone. The average household size was slightly larger in Ouray County (2.18 persons per unit) than in San Miguel County (2.13 persons per unit). Notable variations within the region:

- Households in Mountain Village are generally much smaller than elsewhere in the region (an average of 1.76 persons per unit) due to a disproportionately high percentage of studio and one-bedroom rental units, which is examined in the Housing Inventory section of this report;

- The two smallest municipalities, Norwood and Ophir, have larger households than average for the region – 2.41 and 2.69 respectively.

Households and Average Number of Persons per Household

	Total Population	Group Qtr. Population	Household Population	Occupied Housing Units	Persons per Household
OURAY COUNTY	4436	18	4418	2022	2.18
Ouray	1000	10	990	457	2.17
Ridgway	924	0	924	404	2.29
Unincorp. Area	2512	8	2504	1161	2.16
SAN MIGUEL COUNTY	7359	17	7342	3454	2.13
Mountain Village	1320	0	1320	751	1.76
Norwood	518	0	518	215	2.41
Ophir	159	0	159	59	2.69
Sawpit	40	0	40	18	2.22
Telluride	2325	0	2325	1086	2.14
Unincorp. Area	2997	17	2980	1325	2.25

Sources: 2010 Census for population and occupied housing units; DOLA for population in group quarters; RRC/Rees calculations for persons per household.

Household Composition

Household composition varies between the two counties. In Ouray County, couples without children comprise over half of all households. In San Miguel County, relatively more households consist of one person living alone and couples with children. Renters in San Miguel County are far more likely to live with unrelated roommates than renters in Ouray County.

Household Composition by County and Own/Rent

	Ouray County			San Miguel County		
	Own	Rent	Overall	Own	Rent	Overall
Adult living alone	16.4	40.4	22.9	21.9	37.9	29.9
Single parent with child(ren)	2.5	6.7	3.6	4.1	5.6	4.8
Couple, no child(ren)	64.6	19.2	52.3	38.5	24.1	31.3
Couple with child(ren)	12.1	24.0	15.4	29.7	12.4	21.1
Unrelated roommates	1.4	1.0	1.3	3.5	15.3	9.4
Family members & roommates	0.7	6.7	2.3	0.3	2.4	1.3
Immediate & extended family	2.1	1.9	2.1	2.0	2.4	2.2
	100%	100%	100%	100%	100%	100%

Source: Household survey

Income Levels

According to HUD, incomes are approximately 20% higher in San Miguel County than Ouray County, and the difference between the two is increasing based on a five-year trend. According to HUD, incomes in the region increased in the last five years by 5% in Ouray County and 7.7% in San Miguel County. Incomes reported by HUD for 2010 were the same as for 2009. While it is changing this year, in the past it has been HUD's policy not to report decreases in the area median income since doing so would disqualify residents living in units with income restrictions and force apartment properties to lower rents under programs like the Low Income housing Tax Credit (LIHTC) program and Section 8 rent subsidy program. Because of this practice, income data from the household survey is a more accurate source of information, especially during recessionary periods.

Median Family Income by County, 2006 – 2010

100% AMI for 4-person households

Year	Ouray County	San Miguel County
2006	$60,300	$71,300
2007	$60,300	$71,700
2008	$61,400	$74,000
2009	$63,300	$76,800
2010	$63,300	$76,800
Change 2006 - 2010	5.0%	7.7%

Source: HUD

According to the household survey, incomes in Ouray County and San Miguel are more closely aligned than the HUD estimates indicate. Separately, renters and owners have higher median and average incomes in San Miguel County than in Ouray County but, because there are proportionately more owners in Ouray County (73% in Ouray County compared to 50% in San Miguel County), the overall median and average figures are higher in Ouray County. The relationship between the income levels of owners and renters in San Miguel County is typical with renters making about half as much as owners but in Ouray County, the owners have incomes that are nearly 2.5 times as high as renters.

Household Incomes -- Average and Median

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Average	$90,878	$36,943	$74,951	$96,915	$48,672	$71,773
Median	$75,000	$33,860	$60,000	$80,000	$40,000	$54,137

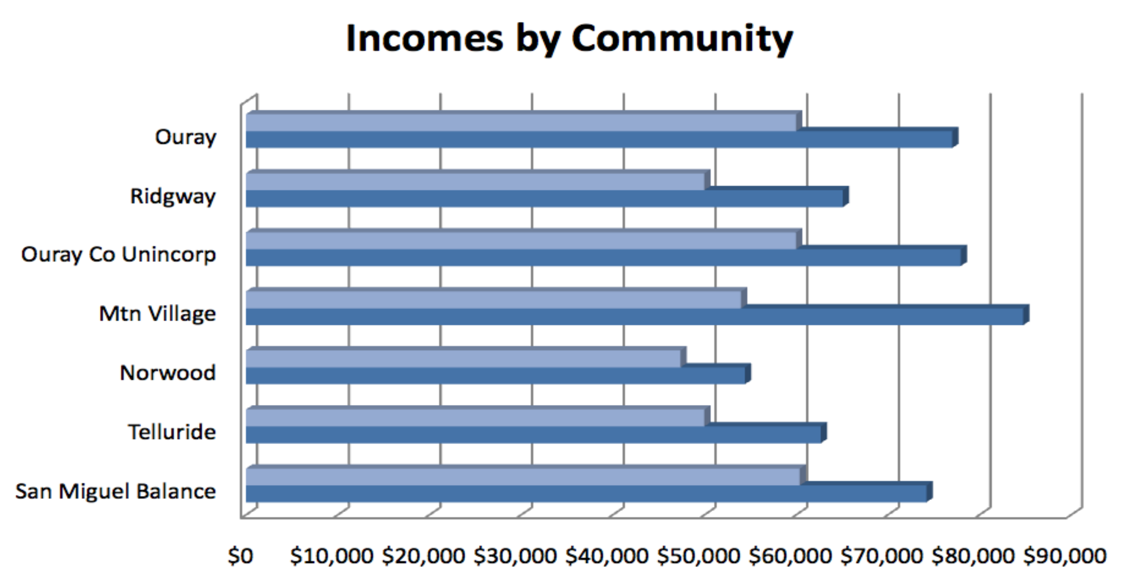
Source: Household survey

Household Income Distribution

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Less than $10,000		7.9	2.8		5.8	2.9
$10,000 - $14,999	3.2		2.6	1.8	4.7	3.2
$15,000 - $24,999	3.8	30.3	11.1	5.9	15.0	10.9
$25,000 - $34,999	5.0	11.9	7.0	4.2	12.2	8.7
$35,000 - $49,999	10.4	31.4	15.7	9.4	24.0	17.0
$50,000 - $74,999	25.7	10.8	21.7	21.4	20.3	20.3
$75,000 - $99,999	16.9	1.0	12.5	20.2	10.1	14.7
$100,000 - $149,999	20.2	5.9	15.8	21.1	5.5	13.5
$150,000 or more	14.9	1.0	10.8	16.0	2.4	8.8
TOTAL	100%	100%	100%	100%	100%	100%

Source: Household survey

Household incomes vary by community. Averages are higher than the medians in every area since they are influenced by some homeowners with very high incomes. Mountain Village has the highest average due to some high-income residents but its median income is in line with the rest of San Miguel County. Incomes are lowest in Norwood. The median figures are typically the best to use when considering housing affordability since they are less influenced by high outliers than averages.



	San Miguel Balance	Telluride	Norwood	Mtn Village	Ouray Co Unincorp	Ridgway	Ouray
Median Income	$60,410	$50,000	$47,385	$54,000	$60,000	$50,000	$60,000
Average Income	$74,224	$62,695	$54,440	$84,790	$77,959	$65,113	$77,038

Source: Household survey

2010 AMI's by Household Size and County

	Persons in household					
Ouray County	1	2	3	4	5	6
201% - 250%	$111,000	$126,750	$142,500	$158,250	$171,000	$183,750
151% - 200%	$88,800	$101,400	$114,000	$126,600	$136,800	$147,000
121% - 150%	$66,600	$76,050	$85,500	$94,950	$102,600	$110,250
101% - 120%	$53,280	$60,840	$68,400	$75,960	$82,080	$88,200
81% - 100%	$44,400	$50,700	$57,000	**$63,300**	$68,400	$73,500
51% - 80%	$35,500	$40,550	$45,600	$50,650	$54,700	$58,800
31% - 50%	$22,200	$25,350	$28,500	$31,650	$34,200	$35,750
≤30%	$13,300	$15,200	$17,100	$19,000	$20,550	$22,050
San Miguel County						
201% - 250%	$134,500	$153,750	$173,000	$192,000	$207,500	$222,750
151% - 200%	$107,600	$123,000	$138,400	$153,600	$166,000	$178,200
121% - 150%	$80,700	$92,250	$103,800	$115,200	$124,500	$133,650
101% - 120%	$64,560	$73,800	$83,040	$92,160	$99,600	$106,920
81% - 100%	$53,800	$61,500	$69,200	**$76,800**	$83,000	$89,100
51% - 80%	$43,050	$49,200	$55,350	$61,450	$66,400	$71,300
31% - 50%	$26,900	$30,750	$34,600	$38,400	$41,500	$44,550
≤30%	$16,150	$18,450	$20,750	$23,050	$24,900	$26,750

Source: HUD/CHFA

HUD's AMI figures for 2010 were applied to household survey data to generate estimates of the percentage of households in both counties that fall into standard AMI categories. The results are similar in both counties. Renters are far more likely to have incomes in the lower ranges than are owners.

Households by AMI

	Ouray County			San Miguel County		
AMI Categories	Own	Rent	OVERALL	Own	Rent	OVERALL
30% or less	3.2	13.9	6.7	4.2	13.7	9.0
30.1% - 50%	4.7	24.6	10.9	6.2	15.1	11.4
50.1% - 80%	11.4	37.7	18.1	9.8	33.9	22.1
80.1% - 100%	11.7	14.9	12.2	16.5	9.7	12.7
100.1 to 120%	7.6	1.0	5.6	10.8	9.2	9.7
120.1 to 150%	15.1	1.0	11.6	15.5	10.7	12.8
150.1% - 200%	16.4	5.0	13.3	20.0	3.2	11.7
200.1% - 250%	11.7	1.0	8.5	5.9	3.0	4.5
More than 250%	18.2	1.0	13.1	11.0	1.6	6.1
	100%	100%	100%	100%	100%	100%

Source: Household survey

Note that the distribution is not evenly divided at 100% AMI. This is primarily due to the application of HUD AMI's, which are based on median family incomes, to all households, family and non family. Roughly half of the households in both counties report that their income has stayed about the same since the economic boom of 2007/08. Nearly 42% in San Miguel County and 39% in Ouray County report that their income has decreased.

Changes in Household Income since 2007/08

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Stayed the same	61.3	29.6	52.4	46.9	49.2	47.9
Increased	8.1	8.4	8.3	8.9	11.5	10.2
Decreased	30.5	62.0	39.3	44.2	39.3	41.8
	100%	100%	100%	100%	100%	100%

Source: Household survey

The decreases in income were sizeable. The average amount of the drop was approximately $33,000 in Ouray County and $43,000 in San Miguel County.

Decreases in Household Income, Averages and by Range

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $1,000	11.4	2.6	7.3		2.2	1.1
$1,000 - $4,999	8.3		4.5	3.6	1.4	2.9
$5,000 - $9,999	9.1	17.6	13.1	5.1	20.7	12.6
$10,000 - $49,999	50.5	64.7	56.8	55.6	57.5	56.9
$50,000 or more	20.6	15.1	18.3	35.7	18.3	26.6
	100%	100%	100%	100%	100%	100%
Average Decrease	$37,013	$28,262	$33,086	$56,844	$29,956	$43,012

Source: Household survey

B. Economic Indicators

When reviewing the following estimates for jobs and employment, please note that the estimates are not the same type of measurement and are not interchangeable. Employment and related measures including labor force and unemployment are based on where employees live. Job estimates, however, are based on the location of employment. The two measurements generally track but are not the same due to commuting in both directions. Both estimates are only available at the county level.

Job Estimates

The average job count in 2010 was approximately 8,590 in the two-county region. Of these, 27% were in Ouray County and 73% were in San Miguel County. The number of jobs has declined nearly 17% since peaking in 2007. Ouray County was hardest hit in relative terms by the recession's impact on jobs with a loss of 573 jobs, which equated to a drop of 20%. San Miguel County lost 1,155 jobs, a decrease of 15.5%.

Total Estimated Jobs by County, 2006 – 2010

	Ouray Co.	San Miguel Co.	Total
2006	2,769	7,019	9,788
2007	2,865	7,454	10,319
2008	2,846	7,197	10,043
2009	2,549	6,527	9,076
2010	2,292	6,299	8,590
Change 2007-2010	-573	-1,155	-1,729
	20.0%	15.5%	16.8%

Source: DOLA for 2006 – 2009; Rees calculation for 2010 based on percentage change in employment from Colorado Dept of Labor & Employment.

Of employers surveyed, 32% in Ouray County reported that the number of persons they employed decreased since the 2007/08 peak. In San Miguel County, 43% reported fewer employees. On average, the number of employees decreased by 18% in Ouray County and 31% in San Miguel County. A few of the employers surveyed reported increases in the number of persons they employed during the past three years.

Employer Reports on Changes in Jobs

	Ouray Co.	San Miguel Co.
Stayed about the same	53%	45%
Decreased by approximately __ %	32%	43%
Increased by approximately __ %	16%	12%
	100%	100%
Amount Decreased		
Less than 10%	50%	24%
11% to 25%	17%	24%
26% to 50%	33%	41%
51% to 75%		7%
More than 25%		3%
Average	18%	31%

Source: Employer survey

Jobs/Housing Relationship

The ratio of total jobs to occupied housing units is used to examine the balance or lack thereof between housing and jobs. High numbers indicate there are too many jobs relative to the number of housing units and typically represent the need to import workers. Low numbers indicate what is often termed "bedroom communities" where more residents live than work and residents commute out for jobs. The relationship between jobs and housing varies between the two counties.

The ratios show that San Miguel County is an employee importing area where there are more jobs for employees than housing. Ouray County has a ratio that indicates the number of housing units should probably be sufficient for its employees not taking into account that employees who work in other counties reside in Ouray County. Montrose and Pitkin counties are used for comparison. Montrose represents a typical relationship between housing and jobs where commuting in relative terms is limited. Pitkin County represents an imbalance where there are too few occupied housing units relative to jobs.

Jobs to Housing Ratio

	Total Jobs	Occupied Housing Units	Jobs to Housing Ratio
Ouray County	2,292	2,022	1.13 jobs:unit
San Miguel County	6,299	3,454	1.82 jobs:unit
2-County Region	8,590	5,476	1.57 jobs:unit
Comparisons			
Montrose County	19,802	16,484	1.20 jobs:unit
Pitkin County	16,822	8,152	2.06 jobs:unit

Sources: DOLA for jobs, 2010 Census for occupied housing units.

Employment

From 2000 through 2007 the size of the labor force and the number of residents employed increased in both counties. The peak year in both counties for employment and the labor force was also 2007. Since then, employment has decreased as has the size of the labor force, an indication of out migration when residents were unable to find work. Compared to peak levels, in 2010:

- In San Miguel County, an average of 839 fewer residents were employed, the labor force shrunk by 662 and the unemployment rate more than doubled to 7.2%.

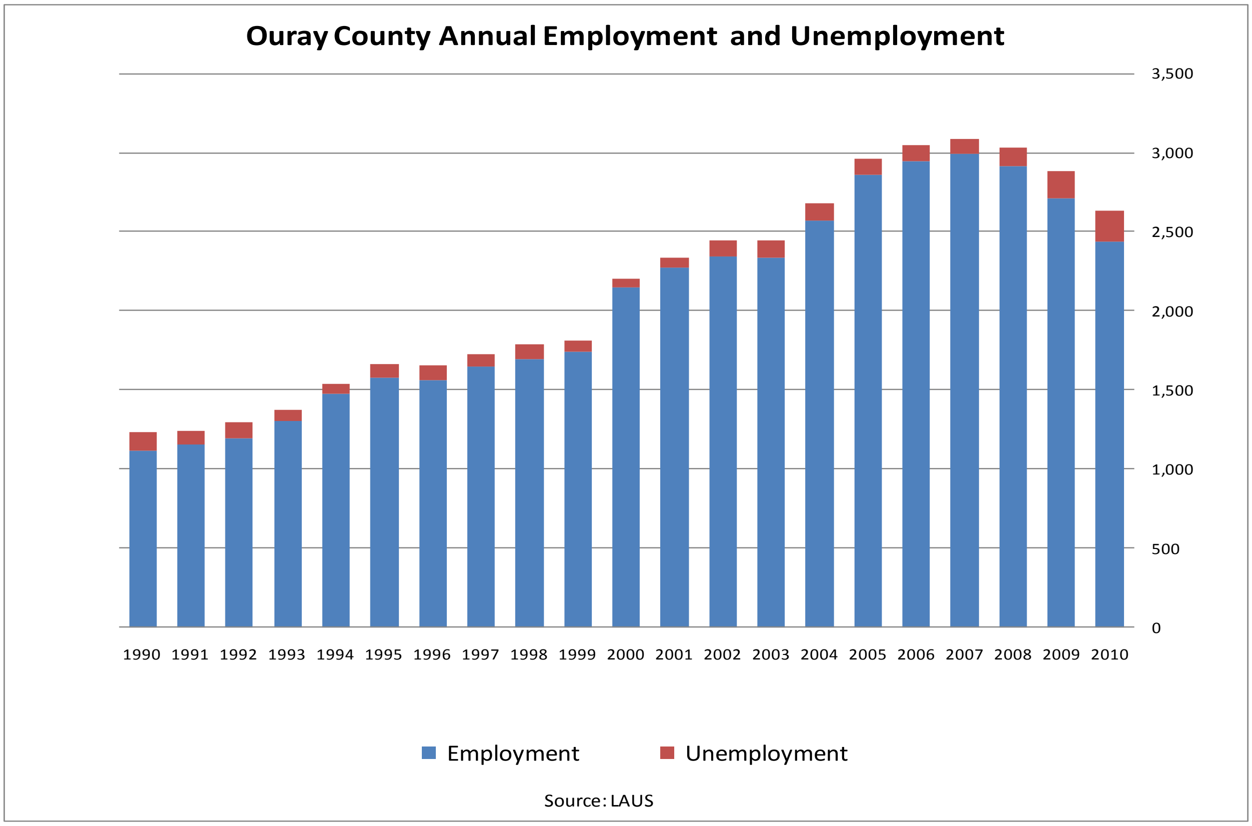
- The trends were the same in Ouray County with 553 fewer residents employed, a drop in the labor force of 450 and a rise in unemployment to 7.6%.

Labor Force, Employment and Unemployment Estimates, 2000 – 2010

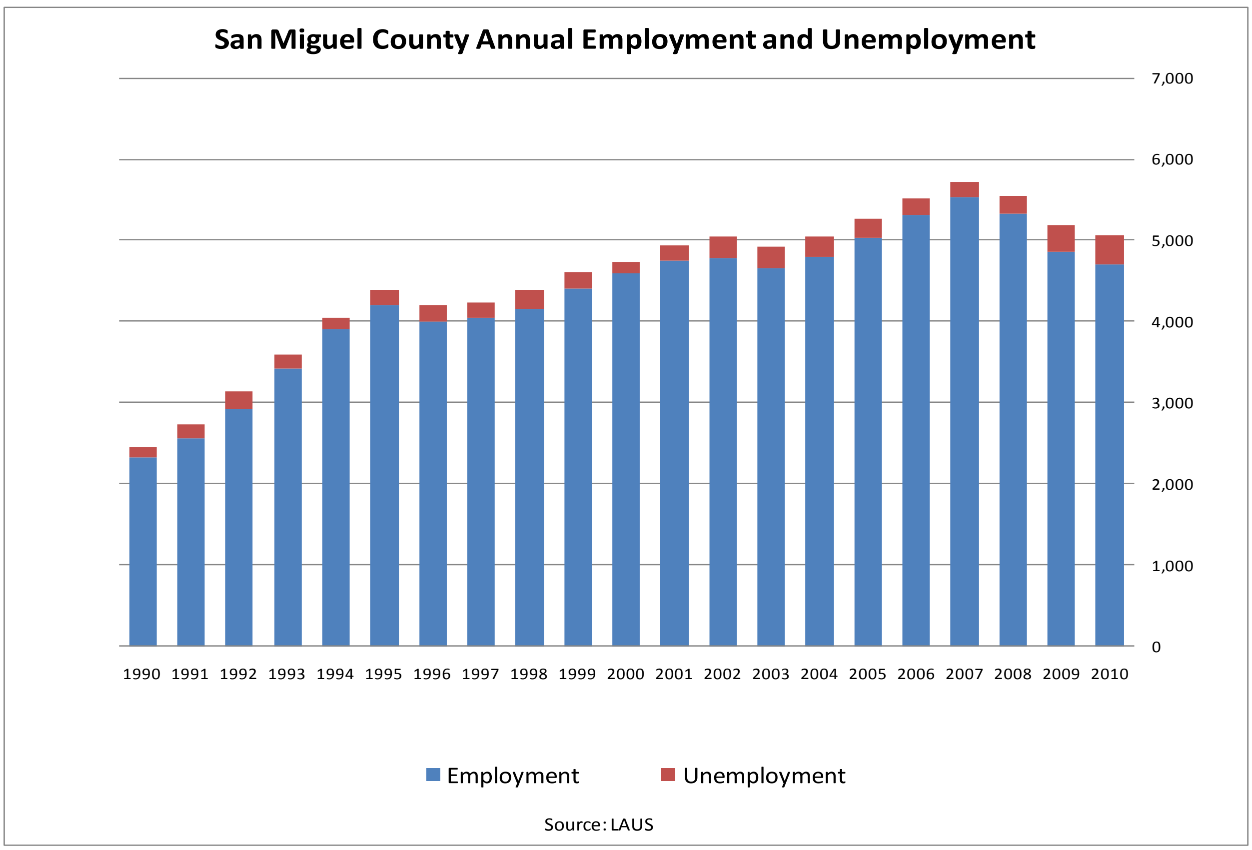
Ouray County	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2000	2,203	2,145	58	2.6
2001	2,338	2,269	69	3.0
2002	2,443	2,343	100	4.1
2003	2,446	2,336	110	4.5
2004	2,679	2,570	109	4.1
2005	2,961	2,857	104	3.5
2006	3,044	2,947	97	3.2
2007	3,086	2,992	94	3.0
2008	3,030	2,917	113	3.7
2009	2,884	2,713	171	5.9
2010	2,636	2,439	197	7.6
Change: 2007 - 2010	450	553	-103	-5
San Miguel County	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2000	4,734	4,592	142	3.0
2001	4,930	4,742	188	3.8
2002	5,041	4,787	254	5.0
2003	4,928	4,650	278	5.6
2004	5,041	4,799	242	4.8
2005	5,260	5,032	228	4.3
2006	5,510	5,319	191	3.5
2007	5,717	5,533	184	3.2
2008	5,542	5,326	216	3.9
2009	5,192	4,864	328	6.3
2010	5,055	4,694	361	7.2
Change: 2007-2010	662	839	-177	-4

Source: Colorado Dept of Labor and Employment

The recession in 2008 impacted both counties in ways not felt in the past two decades. While there were periods of flat growth during the past 20 years, 2008 was the first time since the 1980's that employment declined in Ouray County. Employment exhibited the same general pattern in San Miguel County but was more volatile with small drops in employment in 1996 and 2003.



Ouray County Annual Employment and Unemployment
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Employment
Unemployment
Source: LAUS



San Miguel County Annual Employment and Unemployment
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Employment
Unemployment
Source: LAUS

Employment by Industry

The recession did not impact all sectors of the economy the same. Job losses were greatest in construction, finance, real estate, accommodations/food service and wholesale trade. Sectors that experienced gains included education, the arts and health services. Data also showed gains in government jobs in Ouray County through 2009 and in San Miguel County through 2008 but a decrease in 2009. The decline in government jobs continued into 2010 with cuts in municipal, county and school district employment.

In Ouray County, the largest employment sector in 2009 was Accommodations and Food Service. The number of jobs in this sector decreased nearly 29% between 2005 and 2009. Construction had led with the most jobs in 2007 and 2008 but the number of construction-related jobs dropped 25% in one year between 2008 and 2009.

Ouray County Estimated Jobs by Industry

	2005	2006	2007	2008	2009	Change 2005 - 2009
Estimated Total Jobs	2,584	2,769	2,865	2,846	2,549	-1.35%
Accommodations & Food Service	579	537	521	484	413	-28.67%
Agriculture	*	127	118	118	114	N/A
Arts	68	89	73	101	103	51.47%
Construction	*	484	531	537	404	N/A
Finance activities	52	74	82	75	69	32.69%
Government	329	359	375	384	388	17.93%
Health Services	82	92	96	100	104	26.83%
Information	32	35	30	34	17	-46.88%
Manufacturing	47	55	50	46	55	17.02%
Mining	6	4	3	13	11	83.33%
Other services	157	174	172	168	159	1.27%
Professional and business services	173	*	281	218	224	29.48%
Real estate	158	*	136	161	139	-12.03%
Retail Trade	219	258	262	266	237	8.22%
Transportation and warehousing	8	15	12	24	11	37.50%
Wholesale trade	21	*	28	21	18	-14.29%

Source: DOLA

In San Miguel County, estimates indicate a loss of 376 construction jobs since the peak, which equates to a 29% drop (from 1,303 jobs in 2007 to 927 in 2009). The total construction job estimate and the number of jobs lost were likely understated since some of the workers employed by out-of-town contractors were probably reported as employed in the company's home county. The percentage decline was in line with statewide trends as reported in the March 15, 2011 Denver Business Journal. The article cited the Associated General Contractors of America for figures showing that employment in the construction industry in Colorado dropped 33% between January 2007 and 2011.

San Miguel County Estimated Jobs by Industry

	2005	2006	2007	2008	2009	Change 2005 - 2009
Estimated Total Jobs	6,819	7,019	7,454	7,197	6,527	-4.28%
Accommodation and food	1,142	1,112	1,059	1,059	1,040	-8.93%
Arts	*	*	643	531	537	N/A
Construction	1,089	1,211	1,303	1,248	927	-14.88%
Education	96	92	103	130	124	29.17%
Finance activities	152	132	131	129	107	-29.61%
Government	789	814	839	851	836	5.96%
Health Services	217	212	225	244	240	10.60%
Information	*	125	151	139	117	N/A
Manufacturing	132	134	179	147	123	-6.82%
Mining	121	129	175	133	67	-44.63%
Other services	471	494	485	525	523	11.04%
Professional and business services	411	436	484	426	395	-3.89%
Real estate	627	675	695	619	569	-9.25%
Retail Trade	486	522	527	529	462	-4.94%
Transportation and warehousing	55	53	55	64	55	0.00%
Wholesale trade	42	39	34	37	31	-26.19%

*Estimates not disclosed. Estimates by sector do not equal total estimated jobs since some sectors are not disclosed.

Employment Patterns

The household survey asked a series of questions about employment, retirement, number of jobs held and employment characteristics.

The vast majority of households in San Miguel County include at least one person who is employed. Overall, less than 7% of households do not include an employee. In Ouray County, nearly 17% of households do not have employees. Owner households are more likely than renters to have no employees.

Persons Employed in Household

# of Employees	Ouray County Own	Ouray County Rent	Ouray County Overall	San Miguel County Own	San Miguel County Rent	San Miguel County Overall
0	24.0	1.2	16.9	11.6	1.7	6.6
1	35.9	69.8	46.4	34.6	49.3	42.0
2	38.0	29.1	35.3	50.8	41.1	45.9
3	2.1	0.0	1.4	3.0	7.9	5.5
	100%	100%	100%	100%	100%	100%

Source: Household survey

Ouray County has proportionately more retirees than San Miguel County – 27% of households include at least one retired member compared with 10% in San Miguel County.

Persons Retired in Household

# of Retirees	Ouray County Own	Ouray County Rent	Ouray County Overall	San Miguel County Own	San Miguel County Rent	San Miguel County Overall
0	62.3	97.7	73.3	83.7	95.7	89.7
1	21.5	1.2	15.2	10.6	4.3	7.5
2	16.2	1.2	11.6	5.6	0.0	2.8
	100%	100%	100%	100%	100%	100%

Source: Household survey

Multiple job holding is common in both counties. Of persons who work, approximately 28% in Ouray County and 25% in San Miguel County hold two or more jobs. On average, persons who work hold 1.26 jobs in Ouray County and 1.31 jobs in San Miguel County. These figures are important because they are used to calculate housing demand generated by jobs. They include full- and part-time jobs; they do not represent full-time equivalents (FTE's). Dividing total annual average jobs by the average number of jobs held per employee results in an estimate of 1,819 employees working in Ouray County and 4,808 employees working in San Miguel County.

The number of jobs held is in line with other mountain resort communities where the average usually falls between 1.2 and 1.3. The averages are higher than reported for the Telluride region in 2000 when the average for the ski season was 1.23 jobs per employee.

Jobs Held, Total and Average

	Ouray County			San Miguel County		
Total Jobs	Own	Rent	OVERALL	Own	Rent	OVERALL
1	78.7	72.5	77.7	77.2	71.1	74.8
2	18.8	21.7	19.1	19.2	23.9	20.8
3	2.5	2.9	2.5	2.4	3.9	3.1
4		2.9	0.7	1.2	0.6	1.1
5					0.6	0.2
	100%	100%	100%	100%	100%	100%
Average	1.24	1.36	1.26	1.27	1.36	1.31

Source: Household survey

The household survey asked participants to indicate which, if any, of the following described their employment. As has been known but not well documented, 31% of Ouray County's employees and 28% of San Miguel County's employees are primarily self employed.

Employment Characteristics

	Ouray County			San Miguel County		
	Own	Rent	Overall	Own	Rent	Overall
I am primarily self-employed	28.4	38.3	30.5	27.4	28.6	27.8
I work primarily/ exclusively out of my home	17.4	15.7	17.0	12.7	14.0	13.2
I work as much as I want to work	26.4	40.6	29.3	18.4	55.1	31.0
I am under-employed & need additional work	8.4	73.0	21.6	6.2	26.0	13.0
None of the above/Missing	52.4	32.6	48.3	16.6	20.9	18.1
Total	133.0	200.2	146.7	81.3	144.6	103.1

Source: Household survey. Multiple response question; total exceeds 100%.

Nearly 22% of employees surveyed in Ouray County indicated they are under employed and need additional work. This percentage was significantly smaller in San Miguel County (13%). Renters were far more likely than owners to be in need of additional work.

Employees per Household

In Ouray County there are 1.2 employees on average per household when all households are considered and 1.5 when only households with employees are included. In San Miguel County, where there are relatively fewer retirees, the averages are 1.5 for all households and 1.6 for employee households.

Employees per Household

Employees per	Ouray County			San Miguel County		
***All* Households**	Own	Rent	OVERALL	Own	Rent	OVERALL
None/Missing	23.9	1.7	17.8	11.6	1.6	6.4
1	35.9	69.4	45.8	34.4	49.4	41.8
2	38.0	28.9	35.0	50.9	41.2	46.5
3	2.1		1.4	3.1	7.8	5.3
	100%	100%	100%	100%	100%	100%
Average #	1.2	1.3	1.2	1.5	1.6	1.5
***Employee* Households**	Own	Rent	OVERALL	Own	Rent	OVERALL
1	47.2	70.6	55.7	38.9	50.2	44.7
2	50.0	29.4	42.6	57.5	41.9	49.6
3	2.8		1.7	3.6	7.9	5.7
	100%	100%	100%	100%	100%	100%
Average #	1.6	1.3	1.5	1.6	1.6	1.6

Source: Household survey

Wages

Wages are nearly 20% higher in San Miguel County than in Ouray County based on 2010 averages -- $682 compared to $574. The average wage decreased $58 between 2008 and 2009 in San Miguel County, a drop of 4.2%. The average weekly wage rose very slightly in Ouray County through 2009, however, before dropping $18 in 2010. The data show both counties lost employers – 25 in Ouray County and 58 in San Miguel County.

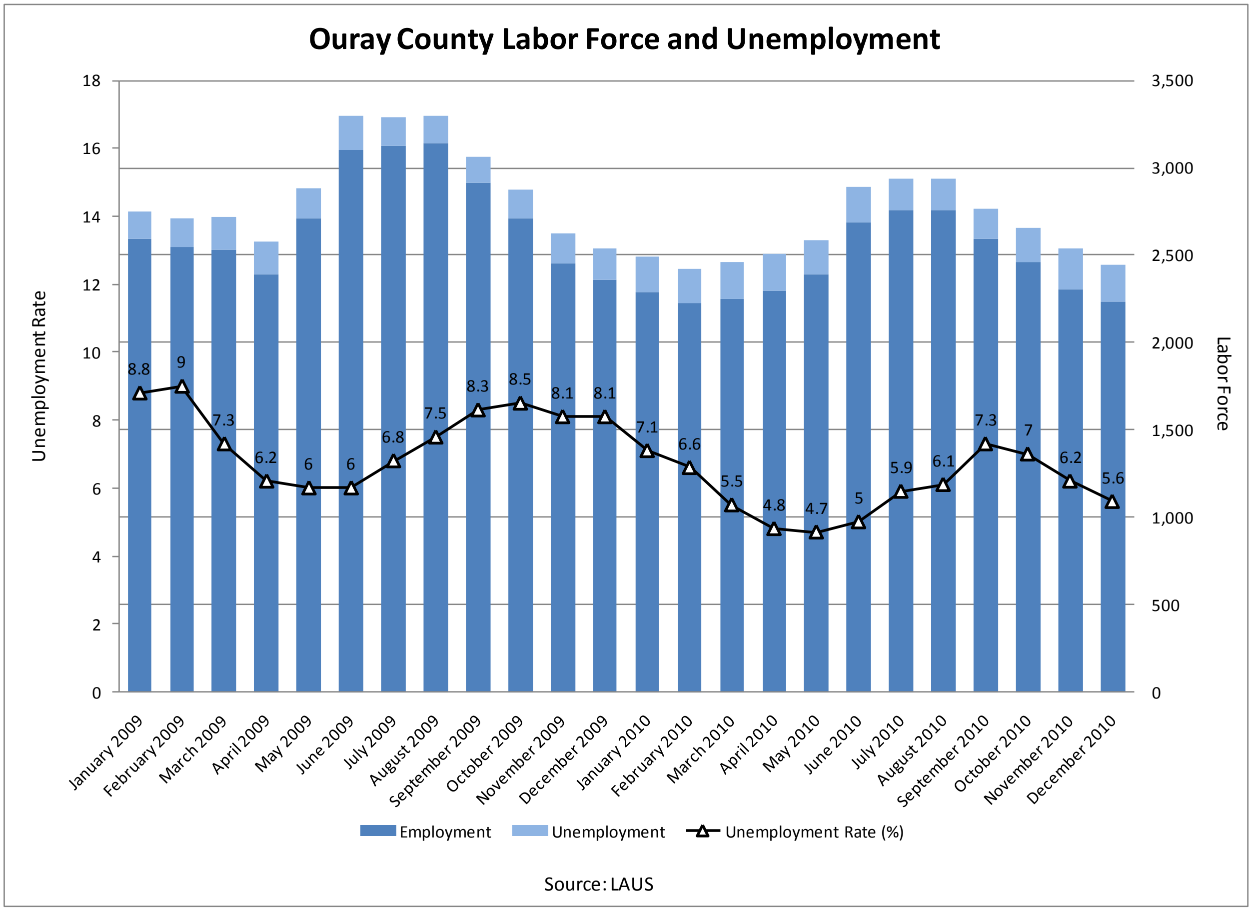
Average Wages, 2000 – 2010

	Ouray County		San Miguel County	
Year	# Employers	Avg. Wage	# Employers	Avg. Wage
2010	322	$574	649	$682
2009	339	$592	674	$709
2008	347	$586	707	$740
2007	345	$563	707	$717
2006	321	$546	682	$645
2005	305	$515	663	$604
2004	283	$543	636	$574
2003	281	$572	610	$537
2002	262	$494	589	$560
2001	245	$451	573	$539
2000	240	$416	557	$510

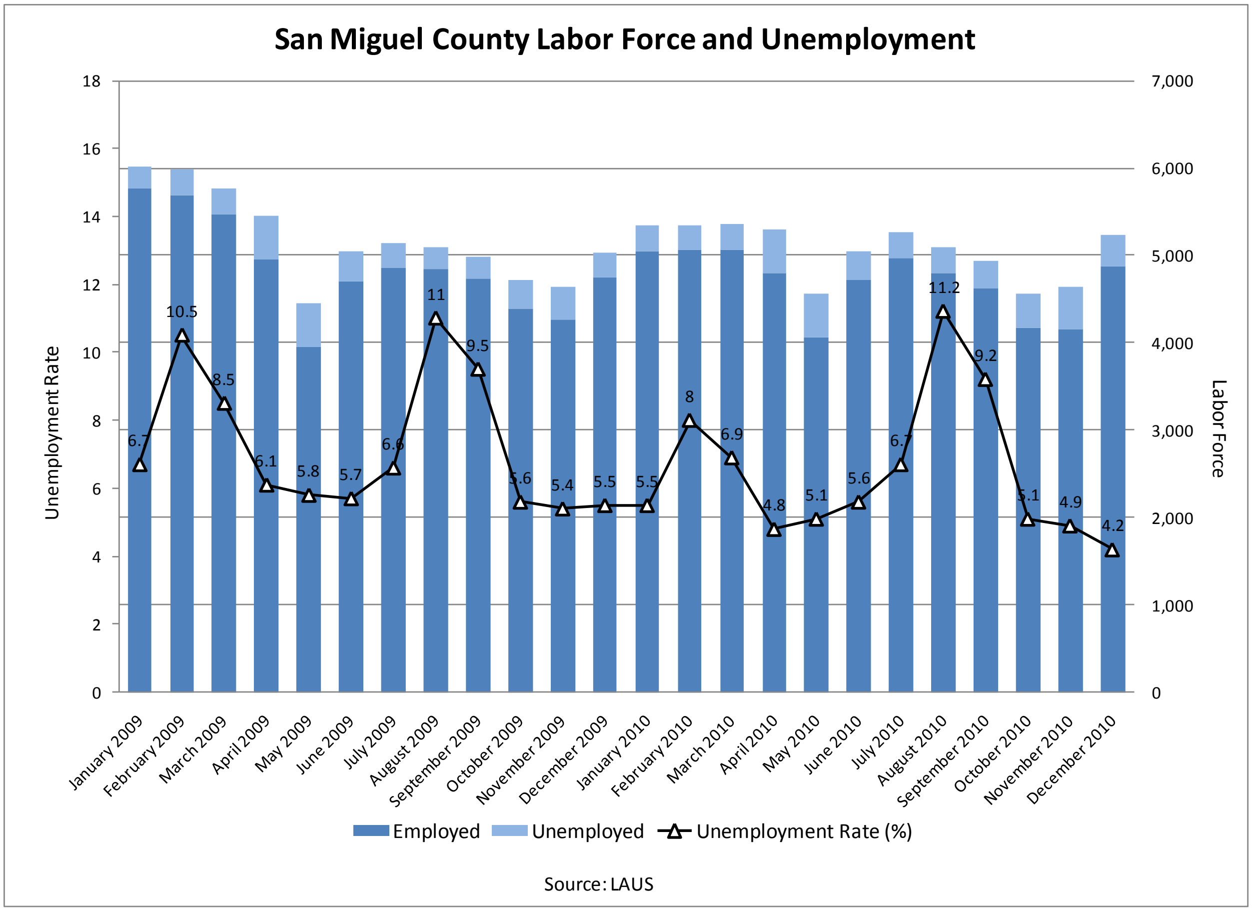
Source: QCEW Annual Averages, Colorado Department of Labor and Employment

Seasonality in Employment

Both counties have seasonality in employment but the pattern differs. In Ouray County, employment is highest in the summer month and lowest in the winter. In 2009 approximately 790 more persons were employed in July than in December.



San Miguel County has two peak periods – the ski season and summer with short, sharp drops during the spring and fall months. In 2010, about 100 more residents worked during the peak winter season than in July, when summer employment is at its highest. In 2009, however, winter peak employment surpassed summer peak employment by over 900 employees.



Employment Projections

DOLA projects a 26% increase in jobs in both counties between 2010 and 2015, which seems to be unrealistically high given that most economists are forecasting a slow economic recovery.

Job Projections

	2000	2005	2010	2015	2020
Ouray County					
Total Jobs	2,106	2,570	2,744	3,470	4,156
Change		22.0%	6.8%	26.5%	19.8%
San Miguel County					
Total Jobs	6,398	6,836	7,379	9,317	11,125
Change		6.8%	7.9%	26.3%	19.4%

Source: DOLA

Employers were surveyed about the number of persons they plan to employ in the future. The majority in both counties reported that they expect employment to stay about the same for the next year. In Ouray County, proportionately more reported they expect to reduce the number of employees. Employers in San Miguel County are also more optimistic about plans for employment in the next five years. Approximately 57% plan to increase the number of persons they employ compared with only 35% in Ouray County.

Future Employment Plans

In 1 Year	Ouray County	San Miguel County
Increase # of employees	16%	11%
Reduce # of employees	21%	9%
Stay about the same	63%	80%
	100%	100%
In 5 Years		
Increase # of employees	35%	57%
Reduce # of employees	6%	2%
Stay about the same	59%	41%
	100%	100%

Source: Employer survey

Telluride Ski and Golf, the largest employer in the region, plans a slow, steady increase in employment of about 1.5% per year. No strategic operational changes are planned that would impact their employment patterns. No major development plans are in the pipeline that would create additional jobs.

C. Commuting

Employers provided information on where 1,721 or approximately 57% of their employees reside. Employers were knowledgeable about where their year-round employees live but, in some cases, seasonal employees maintain a permanent residence elsewhere and their employers are unsure about where they stay while working on a seasonal basis. This information is used to show where employees live and where residents work.

Where Employees Live

- Of persons employed in the Telluride region (Telluride, Mountain Village and Lawson Hill), 70% reside in the region while 30% commute in, 8% from Norwood, 7% from Montrose, 4% from Ridgway and 1% from Ouray.
- Norwood houses the highest percentage of its employees – 81% of the persons who work in Norwood also live in Norwood.
- The community of Ouray, like the Telluride region, houses 70% of its employees.
- 58% of the employees working in Ridgway also live there, whereas one-third commute in from Montrose.

Where Employees Live by Where They Work

	Place of Work					
Place of Residence	Telluride, Mtn Village, Lawson Hill	Ophir, Ilium, Placerville, Sawpit	Norwood	Ouray	Ridgway	TOTAL employees both counties
Telluride, Mtn Village, Lawson Hill	70%	4%	2%	0%	1%	50%
Norwood	8%	21%	81%	0%	0%	11%
Ouray	1%	0%	0%	70%	7%	7%
Ophir, Ilium, Placerville, Sawpit	6%	0%	0%	1%	1%	4%
Rico, Dolores, Cortez	2%	5%	0%	0%	0%	2%
Nucla, Naturita, Redvale, etc	1%	19%	12%	0%	0%	2%
Ridgway	4%	9%	1%	17%	58%	10%
Montrose	7%	4%	0%	13%	33%	11%
Other	1%	38%	4%	0%	1%	1%
TOTAL - ALL EMPLOYEES	100%	100%	100%	100%	100%	100%

Source: Employer survey

While there is extensive commuting within each county, like from Norwood to the Telluride region, an examination of commuting into each county from elsewhere is useful for estimating housing demand. In Ouray County, nearly 25% of employees commute in, mostly from Montrose. In San Miguel County, proportionately fewer employees commute in from outside of the county (15.5%) since down-valley communities within the county provide employees for up-valley jobs.

By applying the percentage of employees who commute in to each county to total employee estimates (total jobs divided by the average number of jobs held per employee), it follows that approximately 450 employees commute into Ouray County from homes outside of the county and 745 employees commute into San Miguel County, on average.

Inter-County Commuting

	Ouray County	San Miguel County
Work in County	331	1,375
Live in County	249	1,163
Commute In	82	212
Percent Commute In	24.8%	15.5%
Total Jobs	2,292	6,299
Jobs per Employee	1.26	1.31
Total Employees	1,819	4,808
Number Commute In	450	745

Source: Employer survey

Where Residents Work

The following table provides information on where residents work. The numbers should be read horizontally.

- 99% of the employees who live in the Telluride region also work there. There is very little out commuting from Telluride, Mountain Village and Lawson Hill to jobs elsewhere.
- 46% of the employees who live in Norwood also work in Norwood but 46% commute out to jobs in the Telluride region.
- 84% of Ouray's residents who work do so in Ouray while 9% hold jobs in Ridgway and 7% commute to Telluride for work.

Where Residents Work

	Place of Work						
Place of Residence	Telluride, Mtn Village, Lawson Hill	Ophir, Ilium, Placerville, Sawpit	Norwood	Ouray	Ridgway	Other	TOTAL
Telluride, Mtn Village, Lawson Hill	99%	0%	0%	0%	0%	0%	100%
Norwood	46%	6%	46%	0%	0%	2%	100%
Ouray	7%	0%	0%	84%	9%	0%	100%
Ophir, Ilium, Placerville, Sawpit	94%	3%	0%	1%	1%	0%	100%
Ridgway	27%	1%	0%	15%	57%	0%	100%
Other	68%	0%	19%	0%	4%	9%	100%
TOTAL - ALL EMPLOYEES	70%	3%	7%	9%	10%	1%	100%

Source: Employer survey

Where Employees Want to Live

The household survey was used to compare where employees work to where they most want to live. Of the employees who work in Ouray County, approximately 40% want to live in Ridgway, 26% want to live in unincorporated areas of the county and 17% want to live in Ouray. The remaining 18% would rather live in a neighboring county and commute in for work. Many employees want to live in Ouray County but not in the same town where they work. Survey data suggest intra-county commuting will remain common.

Ouray County Employees – Where Want to Live

	Place of Work			
Preferred Place to Live	OURAY	OURAY COUNTY-Unincorporated	RIDGWAY	OVERALL Ouray Co.
Ouray	42.1	8.9	3.1	17.2
Ouray Co.- unincorporated	22.4	48.2	13.7	25.6
Ridgway	19.7	19.6	61.1	39.5
San Miguel County	14.5	17.9	19.1	14.0
Other	1.3	5.4	3.1	3.7
	100%	100%	100%	100%

Source: Household survey

Approximately 89% of the employees who work in San Miguel County want to live in the county. Like in Ouray County, many employees would like to live nearby but not in the same community as where they work. Telluride has the highest percentage of employees who want to live in the town – 60%.

San Miguel County Employees – Where Want to Live

	Place of Work						
Preferred Place to Live	LAWSON HILL	MOUNTAIN VILLAGE	NORWOOD	SAN MIGUEL CO. - Unincorporated	TELLURIDE	ILLIUM, OPHIR, PLACERVILLE, SAWPIT	OVERALL San Miguel Co.
Lawson Hill	14.3	3.9	5.0	7.6	4.2	6.1	4.0
Mountain Village	7.9	17.0	1.0	5.4	5.9	4.5	8.0
Norwood	9.5	5.5	68.0	13.0	4.5	19.7	10.4
San Miguel County - unincorporated	17.5	10.3	8.0	25.0	9.7	12.1	9.9
Telluride	36.5	45.7	4.0	23.9	60.0	25.8	49.8
Ilium, Ophir, Placerville, Sawpit	9.5	4.8	5.0	10.9	6.4	24.2	6.8
Ouray County	1.6	4.8	5.0	9.8	4.9	4.5	5.3
Other	3.2	8.0	4.0	4.3	4.3	3.0	5.7
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

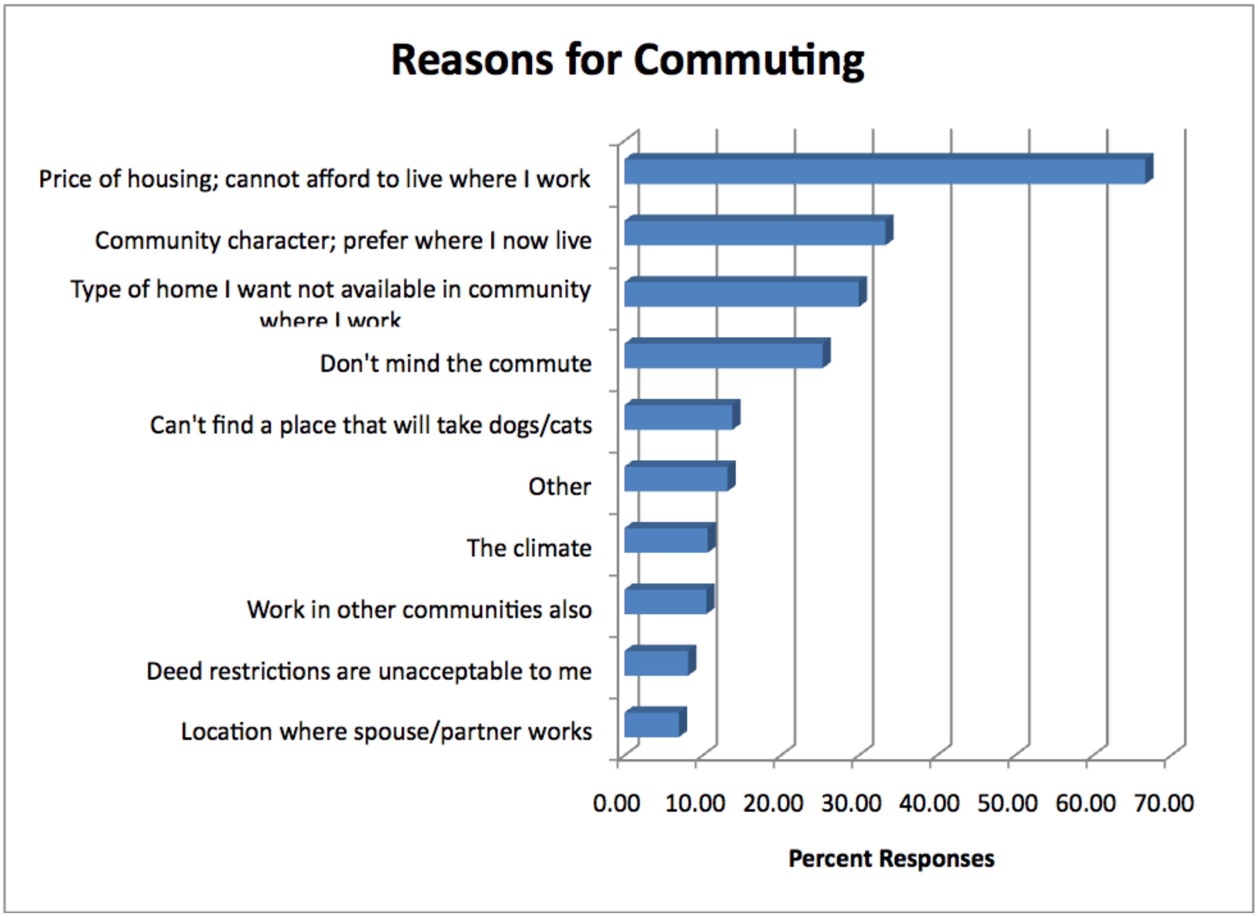
Commuter Characteristics

A large sample of nearly 400 employees who commute was also obtained through survey responses from 1,190 households and a survey distributed primarily to employees commuting on buses and vans, from which 123 responses were received. Commuting was defined as employees who live and work in different communities. These employees provide insight as to why they now commute and what would entice them to move to the community where they now work.

Among commuters:

- 56% own their homes;
- 75% live in single-family homes;
- 64% are couples with or without children; and
- The median household income is $45,000.

The primary reason why employees commute rather than live in the community where they work is the price of housing. Community character is a distant second. The unacceptability of deed restrictions is a very minor consideration mentioned by only 8% of the commuters surveyed. The location where spouses/partners work also matters to very few.



Source: Household and commuter survey

Many employees are not interested in moving to the community where they work. Interest levels vary widely according to where employees now live. Employees living in rural, unincorporated areas are more likely to be interested in moving than employees who live in a town. Employees living in Montrose are the least likely to want to move. According to interviews and commuter surveys in Spanish, this is due in part to the Hispanic community in Montrose and the services there, including public education, available to Spanish-speaking persons.

Interest in Moving to Community Where Work

	Where Employees Live							
What housing option would entice you to move to your community of work?	Rico/ Dolores/ Cortez	Ridgway	Montrose	Norwood	Ouray	Ouray Co Unincorp	San Miguel Balance	Illium, Ophir, Placerville, Sawpit
A single family home	27.3	30.8	23.9	41.4	30.0	48.5	64.5	86.5
A condo, TH, duplex	0.0	15.4	2.2			12.1	3.2	1.9
A place to rent	18.2	23.1	15.2	13.8	40.0	30.3	12.9	11.5
Other	0.0			6.9			16.1	
I am not interested in moving to the community where I work	54.5	30.8	58.7	37.9	30.0	9.1	3.2	
	100%	100%	100%	100%	100%	100%	100%	100%

Source: Household and commuter surveys

While a single-family home would entice many employees to move, others are looking for places to rent. Few are interested in moving to live in a condo, townhome or duplex. For commuters who would be enticed to move by a single-family home, the median price would need to be $250,000. The median rent would need to be $600 per month to attract renters.

The following table also suggests that the distance traveled is not a key variable in the desire of commuters to move to the community where they work. Employees who are not interested travel the farthest, on average.

Interest in Moving to Community Where Work by Miles Traveled

	Average Miles
A single family home	26
A condo, townhome, or duplex	21
A place to rent	41
Other	27
I am not interested in moving to the community where I work	53

Source: Household and commuter surveys

Mode of Travel

The most frequently used mode of travel between work and home is driving alone. Of commuters surveyed, 61% drive alone at least one day per week. This compares with 13.7% who take a bus, the mode of travel used least by commuters.

Mode Used to Get to Work – Commuters

Days per Week	Drive Alone	Carpool 2-4 people	Carpool 5+ people	Bus
0	39.0	70.0	84.1	86.3
1	13.8	7.6	1.8	2.0
2	5.0	4.6	0.8	1.1
3	7.3	3.3	1.6	1.7
4	5.4	7.6	8.4	2.7
5	24.5	5.3	3.1	6.2
6	3.7	1.2	0.3	
7	1.3	0.5	0.0	
	100%	100%	100%	100%
% Use at Least Once per Week	61.0%	30.0%	15.9%	13.7%

Source: Household and commuter surveys

Responses to the household survey on the mode used to travel to work revealed that driving alone is the most frequently used form of transportation in all areas except Mountain Village and Telluride where walking or biking far outweigh traveling by car.

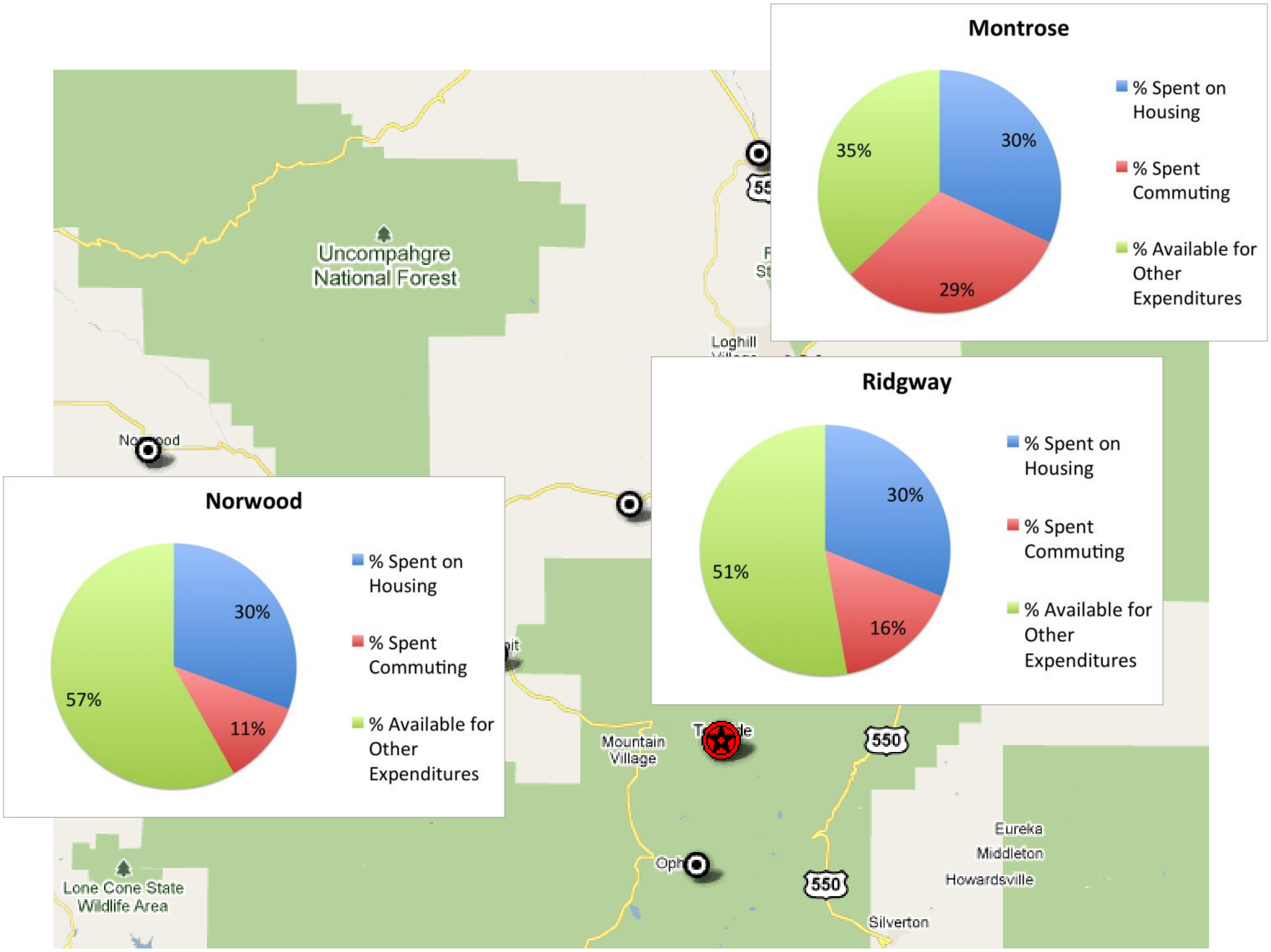
Mode Used to Get to Work – All Residents; Average Days per Week

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Walk or bike	2.0	1.4	0.3	2.5	0.7	3.8	0.4
Drive Alone	2.0	2.7	2.9	1.7	3.0	0.9	3.1
Carpool 2-4 people	0.2	0.4	0.7	0.3	0.8	0.1	0.9
Car/van pool 5+ people	0.0	0.1	0.2	0.0	0.0	0.0	0.0
Bus	0.0	0.1	0.0	0.1	0.3	0.6	0.2
Other	0.4	0.2	0.5	0.6	0.1	0.3	0.2

Source: Household survey

The following map illustrates the cost of commuting to and from Telluride based on one person driving alone. While housing is less expensive in neighboring communities, the combined cost of housing and transportation costs often makes commuting an unaffordable alternative to living near work. If an employee working in Telluride spends 30% of their income for housing in Montrose, they must spend about an equal amount commuting.

Commuting Costs



2. Housing Inventory

This chapter of the report provides information on the housing inventory in Ouray and San Miguel counties including:

- Number of total residential units and number of units occupied by residents;
- Primary/vacation home relationship;
- Rate of growth in housing;
- Tenure, which is the mix between owner and renter occupied units;
- Age of housing;
- Type of housing units;
- Deed restricted housing inventory by jurisdiction, tenure and bedrooms; and
- Availability of Section 8 rent subsidy vouchers.

Number of Housing Units – Total and Occupied

The two-county region has a total of 9,721 residential units. Just over two thirds are in San Miguel County. Mountain Village and Telluride are almost tied as the largest communities in terms of total units, but Telluride has 1.4 times as many occupied units as Mountain Village. In both Ouray and San Miguel counties, there are more total and occupied units in unincorporated areas than in any of the communities.

Housing Units by Area and Occupancy

	Total Housing Units	Occupied Housing Units	Other/Vacant Housing Units	Vacancy Rate
OURAY COUNTY	3,083	2,022	1,061	34.4%
Ouray	800	457	343	42.9%
Ridgway	511	404	107	20.9%
Unincorp. Area	1,772	1,161	611	34.5%
SAN MIGUEL COUNTY	6,638	3,454	3,184	48.0%
Mountain Village	2,066	751	1,315	63.6%
Norwood	249	215	34	13.7%
Ophir	64	59	5	7.8%
Sawpit	23	18	5	21.7%
Telluride	2,070	1,086	984	47.5%
Unincorp. Area	2,166	1,325	841	38.8%
Total – 2 County region	9,721	5,476	4,245	43.7%

Source: 2010 Census

Primary/Vacation Home Relationship

The Census Bureau classifies units that are vacation accommodations or second homes to be vacant. Even if owners or short-term renters were in the units at the time that the Census was conducted, the units were not classified as occupied unless they were occupied by local residents. Vacancy rates are high in both counties due to vacation homes. The overall vacancy rate for housing units in the region is nearly 44%. Of the vacant units, 81% in Ouray County and 75% in San Miguel County were reported by the American Community Survey as being for seasonal, recreational or occasional use.

The vacancy rate is highest in Mountain Village, followed by Telluride then Ouray. A comparison of the vacancy rates from 2000 and 2010 shows that the percentage of units occupied by local residents is decreasing in all of Ouray County and in much of San Miguel County although the relationship between occupied homes and vacant/vacation homes in Telluride has remained steady. The 2010 Census confirms the trend toward proportionately more vacation homes as reported in the 2008 interim report for the *Alternative Futures for the Telluride Region Project* by the Graduate School of Design at Harvard University and the Massachusetts Institute of Technology. Given that buyers of vacation homes drive prices upward beyond the level affordable to local wage earners, this trend is significant particularly for Ouray County where homes prices have been lower in the past.

Vacation/Vacant Units by Area, 2000 and 2010 Compared

	2000	2010
OURAY COUNTY	26.56	34.4%
Ouray	35.85	42.9%
Ridgway	10.38	20.9%
Unincorporated	26.35	34.5%
SAN MIGUEL COUNTY	41.99	48.0%
Mountain Village	49.12	63.6%
Norwood	24.42	13.7%
Ophir	9.09	7.8%
Sawpit	33.33	21.7%
Telluride	47.73	47.5%
Unincorporated	35.73	38.8%

Sources: 2000 and 2010 Census

Rate of Growth in Housing Units

Most of the communities in the two-county region experienced strong rates of residential growth between 2000 and 2010. The total number of units more than doubled in Mountain Village. Ridgway had the second highest rate of growth at nearly 61%. Telluride had the lowest rate of growth in total residential units – 6.8%. Norwood was an exception to the growth trend with a loss of nine units according to the Census.

Total Housing Units by Area, 2000 – 2010

	2000	2006	2007	2008	2009	2010	Change 2000 - 2010
OURAY COUNTY	2,146	2,810	2,909	2,978	3,017	3,083	43.7%
Ouray	583	691	712	719	722	800	37.2%
Ridgway	318	503	532	549	556	511	60.7%
Unincorp. Area	1,245	1,616	1,665	1,710	1,739	1,772	42.3%
SAN MIGUEL CO.	5,197	6,117	6,272	6,420	6,541	6,638	27.7%
Mountain Village	1,022	1,414	1,510	1,587	1,639	2,066	102.2%
Norwood	258	282	284	286	287	249	-3.5%
Ophir	55	69	72	72	72	64	16.4%
Sawpit	18	19	19	19	20	23	27.8%
Telluride	1,938	2,138	2,157	2,197	2,241	2,070	6.8%
Unincorp. Area	1,906	2,195	2,230	2,259	2,282	2,166	13.6%

Sources: DOLA 2006 – 2009, Census 2000 and 2010

Total housing unit estimates published by DOLA were provided for 2006 through 2009. The estimates where higher for 2009 than the Census found in 2010 in Ouray County as a whole, in unincorporated San Miguel County and in the communities of Ridgway, Norwood, Ophir and Telluride. The comparison is provided in case the DOLA estimates have been used for planning or other purposes and need to be adjusted to reflect the latest, more accurate Census figures.

Tenure

The mix between owner-occupied and renter-occupied units varies and is difficult to estimate given available information. The American Community Survey provides estimates on tenure but the margins of error are too high for use at this time. Over time, the sample size will improve, and the ACS should become a reliable source for information on the mix between owners and renters.

To estimate tenure, three sources were compared: the 2000 Census, 2009 ACS and 2010 estimates published by ESRI, a private firm that provides demographic estimates primarily to support business location decisions. The estimates were similar for many of the jurisdictions but varied widely for the towns of Mountain Village and Telluride. In consultation with task force members, ESRI was chosen as the source for all areas except the two towns. In Mountain Village, where the majority of occupied units are deed restricted, data on those units was used to estimate owner/renter mix. The result was the same as the ESRI estimate. In Telluride, a census conducted by Town staff in 2000 was revisited in light of housing development that has occurred in the past 10 years and determined to be the best source for owner/renter mix.

The following table contains the results of this exercise. The percentage and number of units is provided for both counties and communities. In Ouray County, approximately 73% of occupied units are owner occupied. In San Miguel County, the split is about even due to a high percentage of renters in both Mountain Village and Telluride.

Tenure by Area, Percent and Number of Units

	Occupied Housing Units	Own %	Own #	Rent %	Rent #
OURAY COUNTY	2,022	73%	1,482	27%	540
Ouray	457	70%	322	30%	135
Ridgway	404	69%	280	31%	124
Unincorp. Area	1,161	76%	880	24%	281
SAN MIGUEL COUNTY	3,454	50%	1,743	50%	1,711
Mountain Village	751	48%	359	52%	392
Norwood	215	68%	147	32%	68
Telluride	1,086	42%	456	58%	630
San Miguel Balance	1,402	56%	781	44%	621

Sources: 2010 Census for occupied units; ESRI and Town of Telluride data for tenure percentages; RRC/Rees calculations

Unit Type

Approximately 83% of the households in Ouray County and 53% of the households in San Miguel County reside in single-family homes. San Miguel County has proportionately more households living in apartments, townhomes and condominiums while Ouray County has more mobile home occupants. “Other” includes rooms without kitchens.

Occupied Unit Type by County and Own/Rent

	Ouray County			San Miguel County		
	Own	Rent	Overall	Own	Rent	Overall
Single family house	93.7	53.9	83.2	72.0	33.0	52.8
Apartment	0.4	25.5	7.0	0.3	43.2	21.5
Townhouse/duplex	1.4	7.8	3.1	6.8	5.5	6.2
Condo	0.7	2.0	1.0	18.1	9.3	13.7
Alley structure/shed	0.0	1.0	0.3	0.3	2.3	1.3
Mobile home	2.8	9.8	4.7	1.4	0.3	0.9
Other	1.1	0.0	0.8	1.1	6.4	3.7
Total	100%	100%	100%	100%	100%	100%

Source: Household survey

Bedrooms

Occupied residential units in Ouray County are more likely to have three or more bedrooms than are homes in San Miguel County (67% compared with 42% in San Miguel County). In relative terms, more residents of San Miguel County live in studios or one-bedroom units (27% compared with 7% in Ouray County).

Number of Bedrooms by County and Own/Rent

	Ouray County			San Miguel County		
Bedrooms	Own	Rent	Overall	Own	Rent	Overall
0	0.0	1.1	0.3	0.3	2.4	1.3
1	2.8	18.5	6.6	9.2	42.4	25.5
2	22.6	35.9	25.9	28.7	34.6	31.6
3	54.0	38.0	50.1	40.5	14.0	27.5
4	18.1	4.3	14.8	17.5	4.8	11.3
5+	2.4	2.2	2.4	3.7	1.8	2.8
Total	100%	100%	100%	100%	100%	100%

Source: Household survey

Age of Housing

Information is provided on the age of housing in the two-county region since age is often an indication of the condition and energy efficiency of housing, and the need for rehabilitation. The age of residential units is similar in both counties with approximately 21% being built prior to 1970. These units, if not already renovated, are likely in need of it. Housing construction was booming in the past two decades in both counties with more than twice as many units built as during the 20-year period between 1970 and 1990.

Residential Units -- Date of Construction

Year Built	Ouray County		San Miguel County	
	#	%	#	%
pre-1970	656	21.0%	820	21.5%
1971-1980	397	12.7%	403	10.6%
1981-1990	398	12.7%	509	13.4%
1991-2000	749	24.0%	1096	28.8%
2001-2009	869	27.8%	982	25.8%
Unknown	55	1.8%	0	0.0%
Total:	3124	100.0%	3810	100.0%

Source: County Assessor data compiled by the Town of Ridgway

Deed/Occupancy-Restricted Housing Inventory

Occupancy of affordable housing and price in many cases are controlled over time by either deed restrictions and/or requirements associated with project financing. There are also units that were built to be affordable through incentives and/or size restrictions that may not have specific limitations on occupancy but due to their location and design primarily house lower income residents. For simplicity, all units with occupancy, employment, residency and/or income restrictions and units for which incentives were provided are referred to as deed restricted in this report.

Ouray County

The inventory of deed-restricted housing in Ouray County includes the following units and lots:

- 10 single-family homes in the River Park subdivision in Ridgway. The initial sales price was determine by the developer's cost for land and improvements, as approved by the Town Manager. The deed restriction imposes a 3.2% annual appreciation for the first five years that steps up through year 10 to 10%. The price caps expire after 10 years provided that the home is owned by one owner during that period. If owners fail to own their homes for 10 consecutive years, the price caps start over again at the date of purchase. One member of the household must earn the majority of their income in Ouray County or from an Ouray County employer. There are no income limits. Plan check fees, building permits and excise taxes were waived.

- 2 lots in the Parkside subdivision in Ridgway which are planned for development with tri-plexes for a total of six units.

- A four-plex parcel in the Preserve subdivision in Ridgway which has received preliminary plat approval, but not final approval. The parcel cannot yet be sold or developed.
- Approximately 16 accessory dwellings in Ridgway with a maximum size of 800 square feet for which no tap fees were required and water/sewer service is discounted.
- One duplex and six accessory dwelling units in Ouray.

San Miguel County

As of April, the deed-restricted inventory in San Miguel County included a total of 1,124 units. This total does not include the 30 units at Telluride Apartments since they cannot be occupied. Redevelopment of the site to increase the number of units is planned.

Deed-Restricted Inventory by Jurisdiction

Area	Owner	Renter	Total DR	% of Occupied Units
Mountain Village	93	416	509	67.5%
Norwood		30	30	14.0%
San Miguel County	202	73	275	20.8%
Telluride	106	204	310	28.5%
Total	401	723	1,124	32.4%
Percent of Total	35.7%	64.3%	100%	

Source: SMRHA

Two-thirds of the occupied housing units in Mountain Village are deed restricted. In Telluride, 29% of the units that are occupied by local residents are deed restricted. In unincorporated San Miguel County, 21% of occupied units are restricted under the County's regulations. This percentage is based on deed-restricted units in the Telluride region compared to all occupied units throughout unincorporated San Miguel County. County-wide, nearly one-third of all occupied units are deed restricted.

The split between owner and renter occupancy of deed-restricted units may change over time due to several factors:

- Employee condominiums developed under Mountain Village's Employee Housing Restrictions can be owner or renter occupied. Units for which the SMRHA has current leases have been included under the renter column.
- Some units that are now vacant and are listed for sale or in foreclosure; these units have been included in the owner category.

- A few units in Telluride intended for owner occupancy are now rentals due to financing and other issues but will likely be sold to owner occupants in the future; they are now listed under the renter column.

- A few of the units under the renter column are also vacant, primarily due to turnover. More information on rental vacancies is provided in section 3B Rental Market Conditions.

San Miguel County – Unincorporated

Through a combination of inclusionary zoning requirements, densities granted through the PUD process, Land Use Code provisions that allowed accessory dwellings and, since 2007, an Affordable Housing Impact fee, a total of 275 deed restricted units have been built in San Miguel County. Of these, nearly three-fourths are owner occupied. Of total units, half are in the Lawson Hill PUD. Occupancy of the 46 accessory dwelling has not been monitored and is uncertain. With the adoption of the Affordable Housing Impact Fee, the County will now allow accessory units without requiring a deed restriction.

Deed-Restricted Units in Unincorporated San Miguel County

County R-1 Deed Restriction	Owner	Renter
Aldasoro PUD	16	
Accessory Dwelling Units (ADU) – various locations		46
San Bernardo PUD	23	
San Bernardo PUD Employee Apartments		1
Q lots	1	
Ridgeview (commercial/residential)		1
Sunshine Valley	4	2
Two Rivers	28	
Lawson Hill PUD	120	19
Live/Work		4
Affordable Housing Covenant Guidelines		
Rio Vistas II	10	
Sub-Total	**202**	**73**
Total	**275**	

Source: SMRHA

Mountain Village

To date, 537 deed-restricted units have been developed in Mountain Village through a combination of zoning regulations, incentives, funds and land: Specifically:

- Zoning that calls for employee housing to be provided for 15% of the person equivalent density in the town.

- Density bonuses that have resulted in the development of 133 condominiums or apartments and 19 dorm units.
- Incentives in the form of reduced building permit and tap fees.
- An allocation of sales tax receipts for housing.

More detail on these programs and the recently adopted Comprehensive Plan is provided in the Community Resources and Financing Tools section of this report.

Mountain Village Deed Restricted Inventory

	Owner	Renter
LOT 20-Castellina	1	
Cassidy Ridge	3	
Lot 600A - Elkstone	1	
Coyote Court	10	
Big Billies		149
Village Court Apartments		221
Bear Creek Lodge		2
Boulders	9	5
Capella		10
La Chamonix	1	
Fairway Four	17	7
Franz Klammer	3	3
Mountain Village Firehouse		3
Northstar	2	1
Parker Ridge [2 units sold in foreclosure in '09 & '10]	17	2
Pennington		1
Prospect Creek	9	5
Prospect Plaza	6	1
See Forever (one unit taken by bank)	1	2
Spring Creek	8	2
Timberview	2	
La Tramontana	1	1
Tristant	1	
Lot 17 Emp. Apt		1
Lot 28 Lumiere	1	
Sub-Totals	**93**	**416**
Total-Mountain Village	**509**	

Since they cannot be occupied due to mold, the 30 units at Telluride Apartments have been excluded from this inventory.

Norwood

One 30-unit rental project in Norwood is income restricted under Low Income Housing Tax Credit (LIHTC) guidelines to households with incomes no greater than 50% AMI. The restrictions will expire in roughly 20 to 30 years.

Telluride

Telluride has an inventory of 310 deed-restricted units that fall into four categories:

1. Affordable housing units required by mitigation;
2. Employee housing units produced with incentives;
3. Town-constructed units developed with its Affordable Housing Fund; and
4. Low-income apartments developed by the Telluride Housing Authority using tax exempt bond financing.

Telluride Deed Restricted Inventory

	Owner	Renter
Affordable Housing Units - Mitigation		
AHU (various locations)*	20	22
Creekside (under private management)		26
Telluride Medical Center	1	
Deed Restricted/Price-capped – Other		
Fino	2	
Cribs (Popcorn Alley)	3	
Town Constructed (w/ School District and County partnerships)		
Telluride Family Housing (TFH)/Block 24	7	
Wilkin Court	13	
Mendota	16	
Entrada	17	
Gold Run	18	
Employee Dwelling Units (EDU) – various locations	9	22
Shandoka Apartments(25 Units are under EDU DR)		134
Sub-Total	**106**	**204**
Total	**310**	

*Based on current occupancy, not long-range intended use.

Roughly two thirds of total units, or an estimated 204 units, are renter occupied. This percentage will shift slightly over time as units that were intended for owner occupancy were initially rented when, for various reasons, they could not be sold. The count under each category is as follows:

1. Affordable Housing Units (AHU's) -- Mitigation requirements imposed on all new residential and commercial development in Telluride has resulted in the construction of 70 AHU's. Of the total, 22 are owner occupied and 48 are rented. The mix between owner and renter occupancy changes because either use is allowed for some units and units intended for homeownership may be rented when financing and other obstacles preclude their sale. AHU's built prior to 2007 have income limits of 200% AMI, although the maximum rents allowed are based on the guidelines that applied at the date of construction, with most allowing a 2.5% annual increase. Units built in 2007 and since have income caps of 120% AMI or 150% AMI. Rents for these units are typically higher than charged for the older units with 200% AMI limits.

2. Employee Dwelling Units (EDU's) are primarily accessory dwellings built usually with some type of incentive from the Town of Telluride – tap fee waivers, building permit reductions, density bonuses or some other type of variance. The 31 EDU's are not price/rent capped and have flexible occupancy restrictions so that they can be rented by seasonal employees. Most are rentals (22 units), but nine are owner occupied. A few are provided to employees as a housing allowance by their employers with no or very low rents.

3. Town Constructed Units - The Town has constructed 68 homes in five projects, all of which are intended for owner occupancy. The subsidies to make these homes affordable have come from the Town's Affordable Housing Fund (see Community Resources and Financing Tools), the school district which partnered on three projects, and San Miguel County which participated in the most recent project to be completed, Gold Run.

4. Low Income Apartments –The 134 apartments at Shandoka were developed in four phases. Tax exempt bonds were the primary source of financing, with income restrictions imposed on the units at 80% AMI.

Bedroom Mix – Deed Restricted Units

The following information on bedroom mix is based on a large sample of the deed-restricted units in San Miguel. The number of bedrooms is not known on many of the scattered accessory dwelling units and employee apartments. Overall, the deed restricted inventory is very diverse, with units ranging from small studios to single-family homes with five bedrooms. Bedroom mix varies by jurisdiction. The distinct approaches to affordable housing have resulted in distinct inventories.

- Mountain Village has a high proportion of small units – 46% are studios and 21% have one bedroom. This is primarily due to Big Billies, which houses seasonal employees.

- Units in the unincorporated San Miguel County generally tend to be larger than elsewhere – 52% have three or more bedrooms.

- Telluride has a range of sizes, with two bedrooms comprising the highest percentage (41%) of units.

Bedroom Mix by Location

Location/Project Name	# of Units	Studios	1 BR	2 BR	3 BR	4 BR*
Mtn Village						
Big Billies	149	149				
Village Court	221	78	78	53	12	
Employee condos/apts	139	1	35	52	39	12
Total	509	228	113	105	51	12
Percent of Total	100%	44.8%	22.2%	20.6%	10.0%	2.4%
San Miguel Co**						
Owner Occupied	199	0	12	73	89	25
Renter Occupied	24		9	13	2	
Total	223	0	21	86	91	25
Percent of Total	100%		9.4%	38.6%	40.8%	11.2%
Norwood						
Cottonwood Creek	30					30
Total	30					30
Percent of Total	100%					100%
Telluride						
Shandoka	134		43	61	26	4
Creekside	26		20	6		
Other Units	124	4	35	49	31	5
Total	284	4	98	116	57	9
Percent of Total	100%	1.4%	34.5%	40.8%	20.1%	3.2%
County Total	1,046	232	232	307	199	76
Percent of Total	100%	22.2%	22.2%	29.3%	19.0%	7.3%

*Includes three units with five bedrooms. Note: number of bedrooms is only known for 1,046 of the 1,124 total deed-restricted units.

Deed-Restricted Units – Approved but Not Built

A total of 208 deed-restricted units have been approved but not yet constructed. Of them, 99% will be in Mountain Village and unincorporated San Miguel County with 103 units approved in each jurisdiction. The count could change. Some parcels are in foreclosure and/or listed for sale. New owners could propose changes to existing development plans.

Approved Units by Location and Project

	Approved, Not Built
Mountain Village	
Lots 109R/110 Mtn Village Hotel	1
Lots 122/123R	2
Boulders	8
Spring Creek	4
Timber View	6
Lot 60 – RAB La Chamonix	1
LOT 126R/152R	17 dorms + 5 apts
LOT 165(Unit 23)-Cortina	2
Lot 71R	1
Lot 30	2 dorms
Lot 644	54
Sub-Total	**103**
San Miguel County	
Aldasoro PUD	8
Accessory Dwelling Units (ADU)	1
San Bernardo PUD Employee Apartments	7
Q lots	33
Lawson Hill PUD	7
Live/Work-Lot L (29), C (12) & E (6)	47
Sub-Total	**103**
Town of Telluride	
AHU Owner-occupied – mitigation units to be built	**2**
Ridgway	
Parkside Subdivision	**6**
2-County Regional Total	**208**

In addition to these approved units, two projects have received preliminary approvals: Sunshine Valley in San Miguel County for 13 units and a four-plex lot in the Preserve subdivision in Ridgway.

Employer-Assisted Housing

Of the households surveyed in San Miguel County, 10.7% of renters and 0.9% of owners indicated that their employers provide or subsidize their housing. These households could be living in deed-restricted or free-market units.

Section 8 Vouchers

The SMRHA administers the Section 8 rent subsidy voucher program for San Miguel County. As of the end of 2010, the agency administered 55 vouchers with a wait list of 32 applications. The wait list is now closed. Applications are not being accepted until such time as the list nears the length estimated to take two years to exhaust. Just over half of the vouchers are utilized in Norwood and 41% are utilized in the Telluride/Mountain Village area. Approximately 94% are held by households with extremely low incomes (≤ 30% AMI). Nearly 54% of Section 8 clients are working, 13% are disabled and 12% are living on social security.

For Ouray County, Section 8 vouchers are administered by the Montrose Housing Authority, which is located in Olathe nearly one hour north of Ouray. The number of vouchers is very small and varies depending upon holders moving into and out of the county. The Ouray County social services office would like for the vouchers to be administered locally so that households in need could apply and be recertified without the burden of traveling to Olathe.

3A . Homeownership Market Conditions

This section of the report consists of two major parts which examine:

- Historical Sales including 5-year trends in number of units sold, median and average prices, sales by price range, price by number of bedrooms in the unit and prices per square foot; and

- Availability of Homes including number of listings, both free market and deed restricted, by price.

All information is provided by location with county totals or averages. Information for both sales and listings is provided separately for market units and deed-restricted units.

Historical sales prices and the prices of homes listed for sale are expressed in terms of AMI, which is defined in the Demographic and Economic Framework section of this report. The maximum amounts that households in each AMI category can afford were calculated based on a series of assumptions. Homes sold or listed for sale were then placed into the price ranges corresponding to each AMI category. The following table shows the calculation of the maximum purchase prices in both counties.

Calculation of Maximum Affordable Purchase Prices by AMI for 2-Person Households

AMI Ranges	51% - 80%	81% - 100%	101% - 120%	121% - 150%	151% - 200%	201% - 250%
Ouray County						
Monthly income	$3,379	$4,225	$5,070	$6,338	$8,450	$10,563
Affordable housing pmt	$1,014	$1,268	$1,521	$1,901	$2,535	$3,169
taxes/ins/HOA	$203	$254	$304	$380	$507	$634
Principle/ interest	$811	$1,014	$1,217	$1,521	$2,028	$2,535
Amt can borrow	$151,074	$188,890	$226,667	$283,334	$377,779	$472,205
10% down	$16,786	$20,988	$25,185	$31,482	$41,975	$52,467
Max. Purchase Price	$167,860	$209,877	$251,853	$314,816	$419,754	$524,672
San Miguel County						
Monthly income	$4,100	$5,125	$6,150	$7,688	$10,250	$12,813
Affordable housing pmt	$1,230	$1,538	$1,845	$2,306	$3,075	$3,844
taxes/ins/HOA	$246	$308	$369	$461	$615	$769
Principle/ interest	$984	$1,230	$1,476	$1,845	$2,460	$3,075
Amt can borrow	$183,301	$229,127	$274,952	$343,690	$458,253	$572,797
10% down	$20,367	$25,459	$30,550	$38,188	$50,917	$63,644
Max. Purchase Price	$203,668	$254,585	$305,502	$381,878	$509,170	$636,441

Sources: HUD for AMI figures; Rees calculations.

AMI's vary by household size. The affordable purchase price calculations used in this report are based on the AMI for two-person households. This was done for a combination of reasons, the primary one being the average size of households in the region – 2.18 in Ouray County and 2.13 in San Miguel County. (See the Economic and Demographic Framework section of this report for the average number of persons per household in each community.) Given today's tough mortgage underwriting standards, it is appropriate to be conservative rather than aggressive in estimating affordable price levels. Therefore, the following other assumptions used in these calculations:

- Affordable housing payments equal 30% of gross household income.
- Taxes, property insurance and HOA fees total 20% of the affordable monthly payment.
- The interest rate is 5% on a 30-year fixed rate mortgage.
- The down payment is 10%.

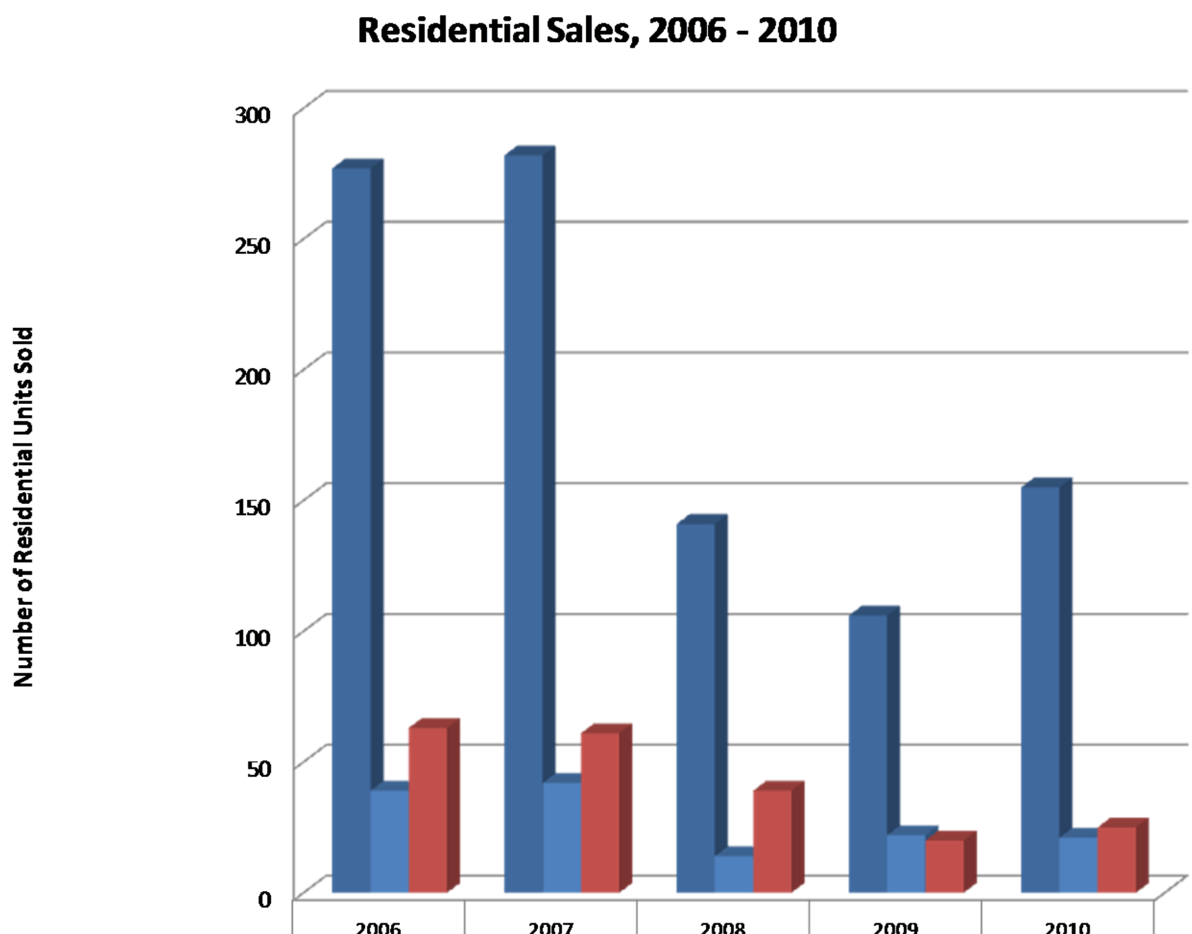
The resulting purchase prices are maximums. To provide housing affordable for all of the households in any of the AMI categories would require that they be priced at the maximum amount for the next lowest AMI category. Using the previous table, households in Ouray County with incomes at 100% AMI would generally be able to afford a home priced up to $209,877; however, households with incomes at the low end of the AMI range (80% AMI) could only afford around $167,860.

The maximum affordable purchase prices for households ranging in size from one to five persons and with incomes ranging from 30% to 250% AMI have been provided in the appendix to this report.

Historical Residential Sales

Number of Units Sold

During the past five years the homeownership market has gone from being very active with a high volume of sales to being very slow with the number of sales dropping 62%. The number of homes sold in Ouray County peaked in 2007 at 63 units. The following year, the number of sales reached their peak in San Miguel County at 324 total units. In both counties, 2009 was the slowest year. The market showed improvement in 2010 with a 36% increase in total sales in the two-county region. The rebound was strongest among market units in San Miguel County, with a 46% gain in the number of homes sold. Sales of market units in both counties and of deed-restricted units in Mountain Village, Telluride and San Miguel County exhibited the same general trend. In this five-year period, the number of units sold in Ouray County equaled about 15% to 20% of the sales volume in San Miguel County.



	2006	2007	2008	2009	2010
San Miguel Free Market	277	282	141	106	155
San Miguel Deed Restricted	39	42	14	22	21
Ouray Co Free Market	63	61	39	20	25

Source: Source: Telluride Association of Realtors Flex MLS and County Assessor records

Market Prices

Prices peaked in both counties in 2007 with an overall median of $547,115 in Ouray County and $1,237,500 in San Miguel County. The median price hit its lowest point in 2009 in San Miguel County at $992,500, a drop of nearly 20% from the peak. While the prices on many individual units continued to fall into 2010, the overall median price in San Miguel County rose back above the $1 million mark. In Ouray County, prices continued to drop in 2010 with a 26% decrease in the median price from the 2007 peak.

Median Market Prices by Location, 2006 – Feb. 2011

Ouray County	2006	2007	2008	2009	2010	2011 Jan/Feb
Ouray	$197,000	$347,500	$256,350	$345,000	$23,000*	
Ridgway	$335,000	$385,000	$295,000	$314,000	$279,250	
Unincorporated	$418,000	$460,000	$525,000	$415,000	$387,500	$435,000
Total	$375,109	$547,115	$470,651	$435,375	$406,910	$435,000
San Miguel County						
Mountain Village	$1,311,000	$1,775,000	$1,716,000	$1,624,000	$1,395,103	$975,000
Norwood	$181,300	$215,000	$198,500	$119,500	$230,500	
SM Balance	$591,500	$610,000	$590,000	$570,500	$643,500	$373,913
Telluride	$910,000	$1,104,762	$795,000	$837,500	$845,000	$2,140,000
Total San Miguel	$918,269	$1,237,500	$1,018,590	$992,500	$1,035,000	$982,500

Source: Telluride Association of Realtors Flex MLS
*Only 2 mobile home sales in Ouray in 2010, one for $13,000 and one for $33,000.

Prices in most of the region's communities mirrored the overall county trends with peak prices in 2007 or 2008, followed by decreasing prices through 2009 or 2010. There has been extensive variation in prices in the two-county region, however:

- Norwood has been by far the least expensive place to buy a home in either county with a median price of $230,000 in 2010.

- Mountain Village has had the most expensive homes in the region with a median that peaked at $1,775,000 in 2007 before declining to just under $1.4 million in 2010.

- The median price in Telluride topped $1 million in 2007 but dropped to $795,000 in 2008, a decrease of 28% in one year.

- Prices have been slightly higher in Ridgway than Ouray, but with few sales, the relationship in price between the neighboring towns is difficult to quantify.

An examination of sales prices by AMI shows that there is a clear imbalance between incomes and home prices in both counties. Expressed in terms of AMI, prices in Ouray County are very similar to those in San Miguel County with very few sales at prices affordable for households at 100% AMI.

- In Ouray County, less than 7.1% of homes sold were affordable to households with incomes equal to or less than 100% AMI. Opportunities for homeownership improved above 120% AMI but nearly 34% of units sold in the past five years required incomes in excess of 200% AMI.

- In San Miguel County, over 70% of the homes sold required incomes of 200% AMI or more. Only 7% of the total sales were at prices affordable for households with incomes at or under 100% AMI, most of which were in Norwood.

Free Market Sales by AMI, 2006 – Feb. 2011

Ouray County	2006	2007	2008	2009	2010	2011 Jan/Feb	Total	percent of total
<=30%	2	0	0	0	2	0	4	1.9%
31% - 50%	1	0	0	1	0	0	2	1.0%
51% - 80%	2	0	0	0	0	0	2	1.0%
81% - 100%	2	1	2	2	0	0	7	3.3%
101% - 120%	4	4	5	1	2	0	16	7.6%
121% - 150%	11	10	11	4	10	0	46	21.9%
151% - 200%	25	21	6	5	2	1	62	29.5%
201% - 250%	9	10	5	1	4	0	27	12.9%
Over 250%	7	15	10	6	5	1	44	21.0%
Total	63	61	39	20	25	2	210	100.0%
San Miguel Co	**2006**	**2007**	**2008**	**2009**	**2010**	**2011 Jan/Feb**	**Total**	**percent of total**
<=30%	0	0	0	2	0	0	2	0.2%
31% - 50%	3	1	0	1	1	0	6	0.6%
51% - 80%	10	12	4	4	5	2	37	3.8%
81% - 100%	5	10	5	1	2	1	24	2.4%
101% - 120%	12	12	4	3	12	0	43	4.4%
121% - 150%	17	9	12	10	6	4	58	5.9%
151% - 200%	33	27	12	14	11	0	97	9.9%
201% - 250%	26	17	12	6	11	0	72	7.3%
Over 250%	171	194	92	65	107	13	642	65.4%
Total	277	282	141	106	155	20	981	100.0%

Source: Telluride Association of Realtors Flex MLS

Deed-Restricted Sales

The SMRHA provided information on the sale of 138 deed-restricted homes in San Miguel County over the past five years (2006 through 2010). This equated to an average of nearly 28 units per year. These figures include sales of new units and re-sales of existing homes. It does not include sales of unimproved lots and two quit claim deeds.

Of the total, 61 units (44% of sales) were in Telluride, 38 (28%) were in Mountain Village and 39 (28%) were in the unincorporated county. Of the 138 sales, 62 (45%) were for units with price-capped deed restrictions.

Deed Restricted Sales by Location, 2006 – 2010

	2006	2007	2008	2009	2010	Total	% of Total
Mountain Village	10	15	6	5	2	38	28%
SMC Price Capped	1	1				2	1%
SMC R-1	10	17	3	4	3	37	27%
Telluride	18	9	4	13	16	60	44%
Telluride EDU			1			1	.7%
Grand Total	**39**	**42**	**14**	**22**	**21**	**138**	**100%**

Source: SMRHA using County Assessor records

The 5-year trend in number of sales mirrors the same general pattern as the free market, although the volatility has not been as extreme. Sales peaked in 2007 at 42 units, dropped to only 14 units in 2008 then rebounded to 21 units in 2010, a decrease of 50% in number of units sold.

On average, prices of deed-restricted units without price caps have been much higher than homes with price caps. Mountain Village had the highest average over the past five years of $415,842.
Homes without price caps or subsidies in unincorporated San Miguel County had the second highest average at $387,972.

The average among price-capped units in Telluride was $236,997 or about 57% of the average for sales in the past five years in Mountain Village. The price of the one unit that sold in Telluride without a price cap was much higher -- $440,000. The figures for priced-capped units included the initial sales of units that the Town built and subsidized with its Affordable Housing Fund.

Average Prices of Deed Restricted Sales, 2006 – 2010

	2006	2007	2008	2009	2010	5-Yr Average
Mountain Village	$383,600	$398,613	$581,783	$301,220	$495,000	$415,842
SMC Price Capped	$177,268	$316,697				$246,983
SMC R-1	$409,440	$380,008	$451,167	$380,484	$308,333	$387,972
Telluride	$224,526	$197,331	$192,851	$275,247	$253,299	$236,997
Telluride EDU			$440,000			$440,000
Overall Average	**$311,516**	**$346,000**	**$432,543**	**$300,284**	**$284,180**	**$328,339**

Source: SMRHA using County Assessor records

Even though the sample of sales in 2008 through 2010 is small, the overall averages for those years show a general trend in the prices of deed-restricted units. Prices escalated into 2008, reaching an average high of $432,543, then declined over 34% in 2009 and 2010 to an overall average of $284,180. The pattern varied somewhat by area:

- In Mountain Village, the average price in 2009 dropped 48% from the 2008 peak before increasing in 2010 due to one sale for $765,000.
- In unincorporated San Miguel County, the average price in 2010 was 32% less than the 2008 peak price.
- Average prices in Telluride did not follow this pattern. The four units that sold in Telluride in 2008 when other units were at their peak had an average price of less than $193,000. The average price in 2010 was 31% higher.

In terms of affordability, a wide range of pricing has provided homes that are affordable for all AMI categories. Approximately 28% of the deed-restriction units sold have been affordable for households with incomes equal to or less than 100% AMI, and nearly half have been affordable for households in the 100% to 150% AMI range. The remaining 23% have had prices affordable for households with incomes greater than 150% AMI.

Deed-Restricted Sales in San Miguel County by AMI

	2006	2007	2008	2009	2010	Total	% of Total
31% - 50%		1			2	3	2.2%
51% - 80%	7	4	2	5	2	20	14.5%
81% - 100%	6	4	2	1	3	16	11.6%
101% - 120%	11	5	1	3	5	25	18.1%
121% - 150%	7	15	1	11	8	42	30.4%
151% - 200%	6	10	4	2		22	15.9%
201% - 250%	1	2	1			4	2.9%
Over 250%	1	1	3		1	6	4.3%
Total	**39**	**42**	**14**	**22**	**21**	**138**	100.0%

Source: SMRHA using County Assessor records

The following table provides information on the 10 deed-restricted units in the River Park subdivision in Ridgway. They all sold in two years for roughly half the price of other homes in the subdivision. When four of the units resold approximately two years later, prices had escalated approximately 13%. The average price for free-market sales in River Park peaked in 2007 then dropped 18% by 2010.

Deed-Restricted Sales in Ouray County

River Park	2005	2006	2007	2008	2010
Deed Restricted					
# Sales/Resales	5	5	2	2	
Avg. Price	$182,000	$197,500	$205,700	$221,450	
Market					
# Sales/Resales	2	5	4		3
Avg. Price	$334,450	$330,480	$460,725		$378,067

Source: Ouray County Assessor

Availability of Homes

The inventory of residential units listed for sale through the MLS in both counties is very large. A total of 741 units were listed for sale in Ouray County and San Miguel County as of February 26, 2010. The exact number of listings varies daily but with few sales since 2007, the inventory has been large for three years. While listings for sale by owner are not included in these figures, the sample is large and adequately represents the vast majority of homes on the market.

Based on the number of market sales in 2010 (180 units or 15 sales per month), current listings equal a 50-month or 4+ year inventory. When the estimated time it will take to sell homes listed is greater than one year, it is generally considered to be a buyer's market. An inventory of less than six months is a seller's market. Based on the current inventory, it will be a long time before conditions return to a seller's market. Tables with all listings by price range and unit type are provided in the appendix to this report.

Residential Listings as of February 26, 2010

	Market	Deed Restricted	Total
Ouray County			
Ouray	6		6
Ridgway	35		35
Unincorporated County	70		70
Ouray County Total	111		111
San Miguel County			
Mountain Village	240	15	255
Telluride	180	1	181
Norwood	17		17
San Miguel Balance	156	21	177
San Miguel Total	593	37	630
2-County Total	704	37	741

Source: Telluride Association of Realtors Flex MLS and SMRHA

The average prices of units listed for sale do not appear to reflect a saturated market with competitive pricing. They generally exceed the prices of units sold in the past two years.

Average List Prices for Free-Market Units by Unit Type

	Single Family	Multi Family
Ouray County		
Ouray	$395,800	$799,000*
Ridgway	$464,677	$180,125
Unincorporated	$1,132,316	$265,000
San Miguel County		
Mtn Village	$5,413,962	$1,939,061
Norwood	$198,747	N/A
Telluride	$2,399,971	$1,048,902
SM Balance	$2,182,663	$273,200

Source: Telluride Association of Realtors Flex MLS. *Figure represents the price for one unit.

A comparison of 2010 sale prices to 2011 list prices on a per-square-foot basis provides the most direct evaluation because variation by unit type and size is eliminated. In 2010, homes sold in Ouray County averaged $221 per square foot. The average price for units listed is 28% higher at $283. In San Miguel County, the average price of $735 per square foot for homes listed for sale is 37% higher than the average of $536 per square foot for homes sold in 2010.

Market Price per Square Foot, 2010 Sales and 2011 Listings Compared

	2010 Sales	2011 Listings
Ouray County		
Ouray	$187	$230
Ridgway	$198	$216
Unincorp	$249	$321
Total Ouray County	$221	$283
San Miguel County		
Mountain Village	$544	$839
Norwood	$138	$139
SM Balance	$347	$528
Telluride	$582	$832
Total San Miguel	$536	$735

Source: Telluride Association of Realtors Flex MLS.

The average list price for a three-bedroom home in Ouray County is just over $600,000. In San Miguel County, it is nearly $1.5 million.

Average Market List Price by Number of Bedrooms

	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	6-bdrm
Ouray County						
Ouray		$317,500	$649,000	$422,500		
Ridgway	$146,848	$236,728	$332,333	$744,500	$585,000	$489,000
Unincorporated	$689,000	$620,000	$690,766	$1,070,933	$3,456,667	$4,447,500
Total	$237,207	$435,095	$601,282	$929,391	$2,738,750	$3,128,000
San Miguel County						
Mountain Village	$1,067,253	$1,071,019	$2,091,269	$3,038,682	$4,725,962	$6,242,357
Norwood		$193,250	$163,829	$213,950	$257,750	
SM Balance	$361,600	$608,505	$833,349	$2,271,258	$4,482,913	$4,703,750
Telluride	$441,033	$845,968	$1,445,261	$2,565,607	$3,662,667	$4,259,286
Total San Miguel	$650,428	$850,863	$1,459,529	$2,664,642	$4,168,692	$5,386,315

Source: Telluride Association of Realtors Flex MLS.

While the recession has greatly improved availability for persons seeking to buy a home, affordability has not greatly improved. Of the 110 free-market homes listed for sale in Ouray County:

- Only ten units or 9.1% of the total are affordable for households with incomes at or below 100% AMI. All of these units are in Ridgway.

- In unincorporated Ouray County, incomes in excess of 250% AMI are needed to afford 61% of the 70 units listed for sale. Only nine units were listed for sale at prices affordable to households with incomes between 100% and 150% AMI.

- In the City of Ouray, only six units were listed for sale, half of which were priced to require an income of over 200% AMI. Only one unit was listed that was affordable for households with incomes of less than 150% AMI.

Ouray County Market Listings by AMI

AMI Category	Ouray	Ridgway	Unincorp	Total
<=30%	0	0	0	0
31% - 50%	0	0	0	0
51% - 80%	0	6	0	6
81% - 100%	0	3	1	4
101% - 120%	1	3	3	7
121% - 150%	0	5	6	11
151% - 200%	2	12	6	20
201% - 250%	2	2	11	15
Over 250%	1	3	43	47
Total	6	34	70	110
<=30%	0.0%	0.0%	0.0%	0.0%
31% - 50%	0.0%	0.0%	0.0%	0.0%
51% - 80%	0.0%	17.6%	0.0%	5.5%
81% - 100%	0.0%	8.8%	1.4%	3.6%
101% - 120%	16.7%	8.8%	4.3%	6.4%
121% - 150%	0.0%	14.7%	8.6%	10.0%
151% - 200%	33.3%	35.3%	8.6%	18.2%
201% - 250%	33.3%	5.9%	15.7%	13.6%
Over 250%	16.7%	8.8%	61.4%	42.7%
Total	100.0%	100.0%	100.0%	100.0%

Source: Telluride Association of Realtors Flex MLS.

In San Miguel County, only 6% of the 593 homes listed for sale (37 units) were priced at levels affordable for households with incomes equal to or less than 100% AMI. Over 73% of residential listings were at prices that need incomes in excess of 250% AMI in order to be affordable.

- Norwood has by far the most affordable housing in the two-county region in both relative and absolute terms. Of the 17 units listed for sale, all are affordable for households with incomes below 120% AMI.

- Mountain Village has the most expensive housing listed for sale in the two-county region with 88% requiring incomes over 250% AMI to be considered affordable.

- While 12% of the homes listed for sale in Telluride were affordable for households in the 151% to 200% AMI range, incomes greater than 250% AMI were needed to afford 69% of the 180 units listed.

- In unincorporated San Miguel County, seven units were listed at prices affordable for households making 80% AMI or less, making it the most affordable option after Norwood. Nearly 63% of the 156 units listed for sale, however, were at prices affordable that required an income greater than 250% AMI.

San Miguel County Market Listings by AMI

AMI	Mtn Village	Telluride	Norwood	San Miguel Balance	Total
31% - 50%	0	0	2	1	3
51% - 80%	3	2	8	6	19
81% - 100%	0	5	6	4	15
101% - 120%	6	8	1	4	19
121% - 150%	3	11	0	9	23
151% - 200%	6	22	0	20	48
201% - 250%	10	8	0	14	32
Over 250%	212	124	0	98	434
	240	180	17	156	593
AMI	Mtn Village	Telluride	Norwood	San Miguel Balance	Total
31% - 50%	0.0%	0.0%	11.8%	0.6%	0.5%
51% - 80%	1.3%	1.1%	47.1%	3.8%	3.2%
81% - 100%	0.0%	2.8%	35.3%	2.6%	2.5%
101% - 120%	2.5%	4.4%	5.9%	2.6%	3.2%
121% - 150%	1.3%	6.1%	0.0%	5.8%	3.9%
151% - 200%	2.5%	12.2%	0.0%	12.8%	8.1%
201% - 250%	4.2%	4.4%	0.0%	9.0%	5.4%
Over 250%	88.3%	68.9%	0.0%	62.8%	73.2%
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Telluride Association of Realtors Flex MLS.

Deed-Restricted Listings

Of the 37 deed-restricted units listed for sale in San Miguel County, the average price was $379,508. The least expensive unit listed for $139,999 while the most expensive was listed at $750,000. Based on the rate of sales in 2010 of 1.75 units per month, listings as of February equaled a 21-month inventory. Telluride is the only area where there are fewer units listed for sale than have historically sold in one year. In 2010, 16 deed-restricted units were sold in Telluride, which equated to 1.3 sales per month. Only two deed-restricted units were listed for sale as of February, which equaled a 1.5-month inventory.

Average and Median Prices for Deed-Restricted Listings

	Mean	Median	Minimum	Maximum	N
Mountain Village	$445,300	$409,000	$170,000	$750,000	15
San Miguel County	$337,257	$305,000	$139,999	$725,000	21
Telluride	$265,434	$265,434	$250,968	$279,900	2
Total San Miguel Co.	$379,508	$355,000	$139,999	$750,000	37

Source: Telluride Association of Realtors Flex MLS and SMRHA

As with deed-restricted units sold in the last five years, the AMI category with the most listings is 121% to 150% AMI followed by 101% to 120% AMI.

Deed Restricted Listings by AMI, February 2011

	Mountain Village	SM Balance	Telluride	Total	Percent of Total
51% - 80%	1	5	0	6	15.8%
81% - 100%	1	0	0	1	2.6%
101% - 120%	1	6	1	8	21.1%
121% - 150%	4	5	1	10	26.3%
151% - 200%	4	3	0	7	18.4%
201% - 250%	1	1	0	2	5.3%
Over 250%	3	1	0	4	10.5%
Total	15	21	2	38	100.0%

Source: Telluride Association of Realtors Flex MLS and SMRHA

3 B. Rental Market Conditions

This chapter of the report provides information on rental market conditions in the region. It includes:

- Renter-occupied units by type;
- Rental units by type;
- Rents by AMI and average rates and area;
- Deed/occupancy-restricted rentals;
- Apartment complexes; and
- Rental vacancy rates.

In this section of the report, information is provided on the affordability of both market and deed-restricted rents. The following table provides maximum affordable rent rates by AMI for both counties. The rates are based on the 30% rule – that the maximum contract rent equals no more than 30% of gross household income. The amounts listed are the maximums for each AMI category. For example, households in Ouray County with incomes in the 51% to 80% category could afford rents ranging from $634 to $1,014 per month. The AMI's for two-person households were used in these calculations in accordance with the average size of households in the region – 2.18 persons per household in Ouray County and 2.13 in San Miguel County.

Maximum Affordable Rents by AMI for 2-Person Households

Ouray County	Household Incomes	Max. Affordable Rents
151% - 200%	$101,400	$2,535
121% - 150%	$76,050	$1,901
101% - 120%	$60,840	$1,521
81% - 100%	$50,700	$1,268
51% - 80%	$40,550	$1,014
31% - 50%	$25,350	$634
≤30%	$15,200	$380
San Miguel County		
151% - 200%	$123,000	$3,075
121% - 150%	$92,250	$2,306
101% - 120%	$73,800	$1,845
81% - 100%	$61,500	$1,538
51% - 80%	$49,200	$1,230
31% - 50%	$30,750	$769
≤30%	$18,450	$461

Source: CHFA and RRC/Rees calculations

Number of Rental Units

There are approximately 2,250 renter-occupied units in the two-county region. The number fluctuates and is increasing as units listed for sale are purchased as rental investments or are rented when owners are unable to sell them.

San Miguel County has a much higher percentage of renter-occupied units (50%) than Ouray County (27%). Telluride has the highest percentage (58%), while the unincorporated area of Ouray County has the lowest (24%).

Renter-Occupied Units

	Occupied Housing Units	Rent %	Rent #
OURAY COUNTY	2,022	27%	540
Ouray	457	30%	135
Ridgway	404	31%	124
Unincorp. Area	1,161	24%	281
SAN MIGUEL COUNTY	3,454	50%	1,711
Mountain Village	751	52%	392
Norwood	215	32%	68
Telluride	1,086	58%	630
San Miguel Balance	1,402	44%	621

Sources: 2010 Census for occupied units; ESRI and Town of Telluride data for tenure percentages; RRC/Rees calculations

Rental Units by Type

The majority of renters in Ouray County live in single-family homes. With only one apartment complex, only 26% live in apartment units. In San Miguel County, the relationship is reversed with about 43% of renters residing in apartment units and 33% living in single-family homes.

Renter-Occupied Units by Type

	Ouray County	San Miguel County
Single family house	53.9%	33.0%
Apartment	25.5%	43.2%
Townhouse/duplex	7.8%	5.5%
Condo	2.0%	9.3%
Alley structure/shed	1.0%	2.3%
Room without kitchen	0.0%	3.5%
Mobile home	9.8%	0.3%
Other	0.0%	2.9%
Total	100.0%	100.0%

Source: 2011 Household survey

Rents

In both counties, the majority of rental units are affordable for low-income households (≤ 80% AMI). In Ouray County, 77% of all rental units rent for rates that are affordable for households with incomes no greater than 80% AMI; 10% are affordable for extremely low income households (≤ 30% AMI). In San Miguel County, nearly 90% of deed-restricted rentals have rents that make them affordable for households with incomes equal to or less than 80% AMI. Nearly 45% are affordable for the 31% to 50% AMI range. Free market rents are higher in San Miguel County, but 55% are still affordable for low-income households. One-third rent for rates that are affordable for the 81% to 120% AMI ranges.

Rents by AMI

AMI	Ouray County	San Miguel Market	San Miguel Restricted
≤30%	10.1	2.9	8.0
31% - 50%	26.2	12.4	45.1
51% - 80%	40.6	40.0	36.3
81% - 100%	13.1	20.0	8.8
101% - 120%	8.6	12.9	1.8
121% - 150%	0.7	7.1	
151% - 200%	0.7	3.5	
>250%		1.2	
	100%	100%	100%

Source: Household survey

An examination of average rents overall and by number of bedrooms illustrates the difference in rates between the two counties, and between free market and restricted rentals in San Miguel County. The difference between market rents in the two counties is large – the overall average in Ouray County equals about 64% of the average in San Miguel County. Rents for deed/occupancy restricted units in San Miguel County are much lower (about 35%) than market rents.

Average Rents Overall and by Number of Bedrooms

Bedrooms	Ouray County	San Miguel Market	San Miguel Restricted
Studios*	$700	$1,063	$637
One	$494	$1,023	$697
Two	$717	$1,311	$966
Three	$986	$1,568	$1,324
Four*	$1,250	$1,926	$1,022
Overall Average	$810	$1,261	$817

Source: Household survey

*Note: Small sample size.

In all areas, rents for deed/occupancy restricted units are lower than free market rents. The difference is most pronounced in Mountain Village where market rents are highest in the region and the average for market rental units is 2.3 times the average for restricted units.

Average Rents by Community

	Free Market	Restricted	Overall
Ouray	$718	N/A	$718
Ridgway	$951	N/A	$951
Ouray Co Unincorp	$738	N/A	$738
Mtn Village	$1,735	$739	$872
Norwood	$730	$709	$726
Telluride	$1,435	$940	$1,243
San Miguel Balance	$1,142	$760	$1,099

Source: Household survey

Deed/Occupancy-Restricted Rentals

A total of 725 renter-occupied units in San Miguel County, or 42% of the total, have some type of occupancy restriction. Of these, 80% have restrictions with income limits that were either imposed as a condition of financing and/or by local deed restrictions. The remaining 20% have some type of occupancy restriction associated with employment, but no income limits. Approximately 52% of units are restricted for households with incomes no greater than 80% AMI. There are no units with restrictions in the 101% to 120% AMI, but 42 in Telluride with Tier 3 deed restrictions allow occupancy by households with incomes up to 200% AMI.

Deed-Restricted Rentals by AMI

Ranges represent the maximum income allowed;
Households with incomes lower than specified are income eligible.

Project Name	# of Units	Up to 50%	51%-80%	81% - 100%	101% - 120%	121% - 150%	151% - 200%	No Limits
Mtn Village								
Big Billies	149	46	103					
Village Court	221		66	155				
Mtn V. Firehouse	3							3
Scattered EHR units	43							43
Telluride								
Shandoka	134		134					
Creekside	26						26	
AHU - Mitigation	22				6		16	
EDU	24							24
Norwood								
Cottonwood Creek	30	30						
San Miguel County								
ADUs	46							46
Lawson Hill PUD	19							19
Other Locations	8							8
Total	725	76	303	155	6	0	42	143
% of Total		10.5%	41.8%	21.4%	0.8%	0.0%	5.8%	19.7%

Sources: SMRHA and property manager interviews.

The income restrictions do not reflect the rents that are charged. In most cases, rents are lower than that which residents earning the maximum allowed income could afford.

Apartment Complexes

All of the apartment complexes in San Miguel County have some type of occupancy restriction. The one complex in Ouray County does not.

Big Billies

This project provides primarily seasonal worker housing with 149 small studio apartments that are all income restricted and an on-site manager's unit with two bedrooms. The income restrictions were imposed through Low Income Housing Tax Credit financing. Of the total, 15 units serve 45% AMI, 31 are restricted at 50% AMI and the remaining 103 units have a 60% AMI cap.

The project is owned and managed by Telluride Ski and Golf. Without kitchens, the units do not appeal to year-round residents. Redesign of the units to increase their size and provide kitchens has been considered, but is not economically feasible. The owners would welcome opportunities to better utilize this housing asset, although the income restrictions significantly limit who can reside in the units. One option under consideration is conversion of the property to a hotel and construction of replacement units that are more livable.

Cottonwood Creek Estates

All of the homes in this 30-unit project in Norwood are restricted for households with incomes equal to or less than 50% AMI ($38,400 for a family of four). The project was financed in the late 1990's through the Low Income Housing Tax Credit program and built by a developer out of Florida. Local authorities do not have the ability to modify the income restrictions, which have proved to be a major impediment to Cottonwood Creek's success. Many applicants have incomes over the maximum allowed.

All of the units are single-story detached homes with four bedrooms. They are located on small lots along two streets on the south side of Norwood. Each home has a one-car attached garage and washer/dryer hookups. A park with nice playground funded in part by Cottonwood Creek's developer is located between the subdivision and Town Hall. The location and unit quality are both good.

Rents are $749 per month, which is far less than the $1,113 maximum allowed for the project. Given the income limits, most households with two income earners do not qualify to rent at Cottonwood Creek. As such, the property primarily serves single-parent families and persons with disabilities, most with very low incomes. Of the 20 households residing at Cottonwood Creek, 14 hold Section 8 rent subsidy vouchers. Local officials are frustrated that the project does not offer free market units for moderate- and middle-income families, as they believed would be the case.

Opportunities for better utilization of this housing asset are limited, but not eliminated, by the income restrictions. Units could be specifically marketed to seniors. The elderly population is growing in the

County and there is no housing in either San Miguel or Ouray County specifically designed and built for seniors. Though they likely do not need four bedrooms, the single-story designs and handicapped accessibility make them appropriate for seniors. Persons with physical disabilities are also a potential target market for the property.

Creekside

Creekside is a 26-unit apartment project near Shandoka on the southwest side of Telluride. Most of the units (20 of the 26) have one bedroom and the other six have two. The property has two central laundry facilities.

Creekside was built to satisfy mitigation requirements. As such, all of the units are income restricted for households with income at or under 200% AMI; however only one unit is rent capped. Eligibility is determined by SMRHA.

The majority of the apartments are occupied by couples, two of which have one child. Couples even live in most of the one-bedroom units. The rest of the units are mostly occupied by singles living alone. Creekside has very few roommate households. Because the project accepts dogs, it has always been popular.

Northridge

This 24-unit apartment project is located on the northeastern edge of Ridgway. It is the only apartment complex in Ouray County. Half of the units have two bedrooms. The rest have one or three bedrooms. About half of the residents work in the area, while the other half commute to the Telluride area for work.

There are no income restrictions or other eligibility requirements at Northridge. The rents charged are what the market will bear. Lower rents in Montrose limit the rates that can be commanded in Ridgway. Current rents are $150 per month lower than the rates charged before the recession. Despite high vacancies and the need to lower rents, the project's no dog policy has been maintained.

Shandoka Apartments

This 134-unit project is located on the southwestern side of Telluride. It was developed in four phases over approximately 15 years and is now managed by the Town of Telluride. All of the units are income restricted, most at 80% AMI. Rents vary based upon unit size. Apartments with lofts are roughly $50 more per month.

The one-bedroom units have been the easiest to rent. Two-bedroom units are the second most popular unit type. The larger units have been more difficult to lease since the number of families looking to rent apartments is limited, and households consisting of three or more roommates tend to have incomes above the maximum allowed. Shandoka has a no-dogs policy.

Village Court

This 221-unit project is located in Mountain Village. It was developed in phases, with the initial units built over 20 years ago, making it the oldest apartment complex in the area. The property is now managed and maintained by the Town of Mountain Village. It serves both year-round and seasonal employees with both six-month and one-year leases. The majority of the units are under one-year leases.

The property offers a mix of unit types ranging from studios to three-bedroom apartments. The property has central laundry facilities, a playground and on-site day care. One building with 18 units was vacated during the 2010/11 season due to water damage. Most tenants in that building were relocated to other apartments in the project. A grant for $880,000 has been awarded by the Colorado Division of Housing to rehabilitate the property.

In practice, all of the units at Village Court are income restricted. In accordance with HUD financing, 66 of the 221 units can only be occupied by households with incomes no greater than 80% AMI based on household size. The Town of Mountain Village applies a maximum income restriction of 100% AMI to the other units though exceptions are allowed, such as when an employer leases an apartment for their employees. If the leasing entity has an income over 100% AMI, a higher rent is charged. For employees with incomes under 100% AMI, rents are generally set at the 50% to 60% AMI range.

Rents by Project

	Studios	1 BR	2 BR	3 BR	4 BR
Big Billies	$600; $700				
Cottonwood Crk					$749
Creekside		$645 - $985	$1,200 - $1,284		
Shandoka		$719 - $780	$971 - $1,027	$1,289 - $1,319	$1,573
Northridge		$650	$750	$850	
Village Court*	$665 - $718	$824 - $906	$1,019 – 1,097	$1,187 - $1,267	

Source: Interviews

*The rates for studios and two-bedroom units include full utilities, but residents in one- and three-bedroom apartments must pay for their electricity.

Rental Vacancies

The overall vacancy rate among apartment complexes is about 5%. However, vacancies among apartment complexes in the two-county region vary. In the Telluride region, projects were at or near full occupancy levels during the ski season, with an extremely low vacancy rate of 1.1%. All of them, with the exception of Big Billies, have maintained high occupancy rates year round during the past two recessionary years. Big Billies, which was not designed for year-round living, continues to exhibit its seasonal fluctuations with high vacancies at all times other than during the ski season.

The two projects located outside of the Telluride region have struggled to maintain sustaining occupancy levels. Northridge in Ridgway has had high vacancies since the economic downturn, while Cottonwood Creek has never performed well primarily due to its 50% income limits in combination with large units appropriate for multiple income earners.

Vacancies by Project

Project Name	# of Units	# Vacant	% Vacant
Big Billies	149	0	0
Village Court	221	4	1.8%
Shandoka	134	2	1.5%
Creekside	26	0	0
Cottonwood Creek	30	10	33%
Northridge	24	13	54%
Total	584	29	5.0%

Greater detail is provided on occupancy levels by project:

- Village Court – This property has maintained high occupancy levels even during the recession of the past two years. Four units were vacant as of the end of January, which equates to a vacancy rate of less than 2%. Two applications for units that allow dogs were on file, but dogs are not allowed in the units that were vacant.

- Big Billies - All units were occupied in January, as is usually the case during the ski season, but for much of the rest of the year the units sit empty.

- Cottonwood Creek Estates -- Of the 30 homes, 10 were available for lease as of January.

- Creekside -- This property is performing well with 100% of the units occupied and a wait list that was 1.5 pages long in January.

- Northridge -- According to the property owner, occupancy levels at Northridge have fluctuated from about 50% in the winter to 75% in the summer months during the past year. As of March, only 11 of the 24 unit were occupied for a vacancy rate of 54%. Vacancies are lowest among the two-bedroom units, which has typically been the case.

- Shandoka - As of the end of January, two units were available for rent. Occupancy levels have been running at about 97% in 2010/11, but historically the project has maintained full occupancy. The project's wait list typically has 10 to 20 applicants, many of which are requesting in-house transfers. Many of the residents who want to move from one apartment to another have been living with roommates and prefer to live alone, or have been living alone and instead want to live with roommates to reduce housing expenses.

4. Housing Problems

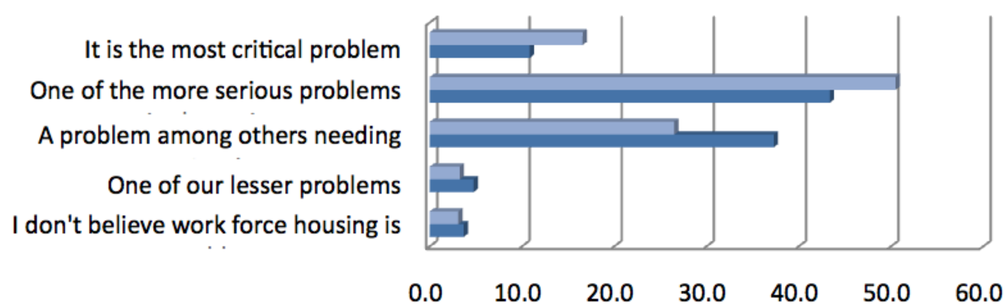
This section of the report examines and quantifies multiple indicators or housing problems including:

- Opinions about the extent to which workforce housing is a problem;
- Satisfaction with housing;
- Current housing conditions;
- Affordability;
- Have moved or plan to move;
- Housing-related employment problems; and
- Foreclosures.

Opinions about Workforce Housing

Based on 1,190 responses to the household survey, the majority of residents in both counties feel that the problem of finding affordable housing for persons who work in the region is either the most critical or one of the more serious problems. Residents of San Miguel County are more likely to feel workforce housing is a critical or serious problem (67%) than residents of Ouray County (54%). The proportion of residents who do not believe that workforce housing is a problem is about equal in the two counties at between 3% and 4%.

Severity of Workforce Housing Problem



	I don't believe work force housing is a problem	One of our lesser problems	A problem among others needing attention	One of the more serious problems in the region	It is the most critical problem
San Miguel County	3.1	3.3	26.5	50.5	16.6
Ouray County	3.7	4.8	37.3	43.4	10.8

Source: Household survey

Renters in both counties are more likely than homeowners to feel that workforce housing is a problem.

Severity of Workforce Housing Problem by Own/Rent

Ouray County	Own	Rent
It is the most critical problem	8.3	17.6
One of the more serious problems in the region	44.2	41.2
A problem among others needing attention	35.9	41.2
One of our lesser problems	6.5	
I don't believe work force housing is a problem	5.1	
	100%	100%
San Miguel County		
It is the most critical problem	8.8	24.6
One of the more serious problems in the region	45.2	56.0
A problem among others needing attention	37.5	15.3
One of our lesser problems	4.7	1.8
I don't believe work force housing is a problem	3.8	2.4
	100%	100%

Source: Household survey

Residents of Telluride are more likely than residents living elsewhere in the two-county region to feel that workforce housing is a critical or serious problem. Residents of Norwood are the least likely to feel workforce housing is a problem.

Severity of Workforce Housing Problem by Area

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Most critical problem	11.8	13.6	10.3	15.8	5.3	20.3	16.2
More serious problem	43.4	43.2	44.6	55.3	36.8	50.0	50.0
A problem among others	38.2	34.1	36.6	22.4	44.7	23.1	28.6
A lesser problems	5.3	5.7	4.0	3.3	7.9	4.2	2.1
Not a problem	1.3	3.4	4.5	3.3	5.3	2.4	3.1
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

Satisfaction with Housing

Residents of Ouray County are more likely than residents of San Miguel County to be very satisfied with their current residence (70% compared to 55%). Satisfaction levels are much higher among homeowners in both counties than among renters. In both counties, 2.3% of the households responding are very dissatisfied, which equates to 47 households in Ouray County and 79 households in San Miguel County.

Satisfaction with Current Residence by County and Own/Rent

Ouray County	Own	Rent	Overall
Very satisfied	84.3	30.4	70.1
Somewhat satisfied	9.8	47.1	19.6
Somewhat dissatisfied	5.2	15.7	8.0
Very dissatisfied	0.7	6.9	2.3
	100%	100%	100%
San Miguel County			
Very satisfied	71.3	38.1	55.0
Somewhat satisfied	22.1	49.7	35.7
Somewhat dissatisfied	5.2	8.9	7.0
Very dissatisfied	1.4	3.3	2.3
	100%	100%	100%

Source: Household survey

Satisfaction levels are highest in Norwood and lowest in Mountain Village, although the percentages are very similar throughout the two-county region.

Satisfaction with Current Residence by Area

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Very satisfied	64.6	71.4	71.5	45.1	65.9	51.4	59.8
Somewhat satisfied	28.0	19.8	15.8	41.8	31.7	38.8	31.1
Somewhat dissatisfied	4.9	6.6	10.1	9.8	2.4	7.0	6.8
Very dissatisfied	2.4	2.2	2.6	3.3		2.8	2.4
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

There is a correlation between satisfaction with current residence and incomes. The average household income for residents who are very satisfied is approximately $85,000, while the average is slightly less than $40,000 for residents who are very dissatisfied.

Satisfaction with Current Residence by Income

	Avg. Household Income
Very satisfied	$85,014
Somewhat satisfied	$57,781
Somewhat dissatisfied	$61,945
Very dissatisfied	$39,738

Source: Household survey

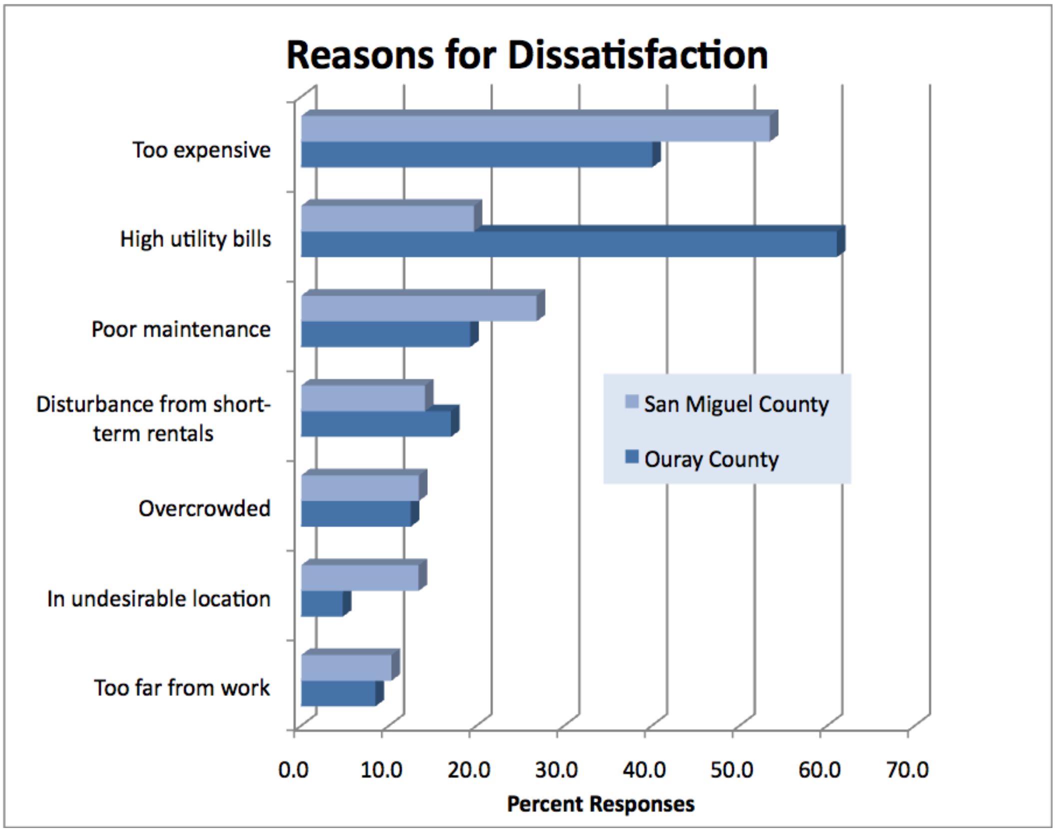
There is also a correlation between satisfaction levels and length of residency. Newcomers who have lived in the region for one year or less tend to be more dissatisfied than others. It appears that the first year of residency is the most difficult in terms of finding housing that meets needs and desires. After the first year, residents tend to have similar satisfaction levels.

Satisfaction with Current Residence by Length of Residency

	Less than 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	10 to 20 years	More than 20 years
Very satisfied	16.7	48.4	54.5	52.7	61.4	67.8
Somewhat satisfied	42.9	19.4	36.8	38.8	30.0	22.9
Somewhat dissatisfied	31.0	22.6	4.8	6.7	7.2	7.5
Very dissatisfied	9.5	9.7	3.8	1.8	1.4	1.7
	100%	100%	100%	100%	100%	100%

Source: Household survey

Responses concerning reasons for dissatisfaction were similar in the two counties in terms of general ranking; however, in San Miguel County "too expensive" was the most frequently cited reason, whereas "high utility bills" was the top reason in Ouray County.



Source: Household survey

Renters are more likely to be dissatisfied due to poor maintenance and overcrowding than are homeowners.

Reasons for Dissatisfaction by Own/Rent

	Ouray County		San Miguel County	
	Own	Rent	Own	Rent
Too expensive	50.4	33.5	34.8	64.5
High utility bills	73.4	51.7	24.3	15.4
Other	26.7		53.0	26.8
Poor maintenance	9.8	24.3	14.9	34.9
Disturbance from nearby short-term rentals	10.2	24.2	16.8	12.3
Overcrowded	6.7	18.2	7.4	16.5
In undesirable location	6.4		12.3	9.7
Too far from work	3.4	9.0	8.6	12.5
	186.9%	160.8%	172.0%	192.6%

Source: Household survey. Multiple response question; totals exceed 100%.

In both counties, approximately 58% of residents report that their satisfaction with their residence has stayed about the same in the last three years. Renters in Ouray County were the most likely to indicate that their level of satisfaction has decreased.

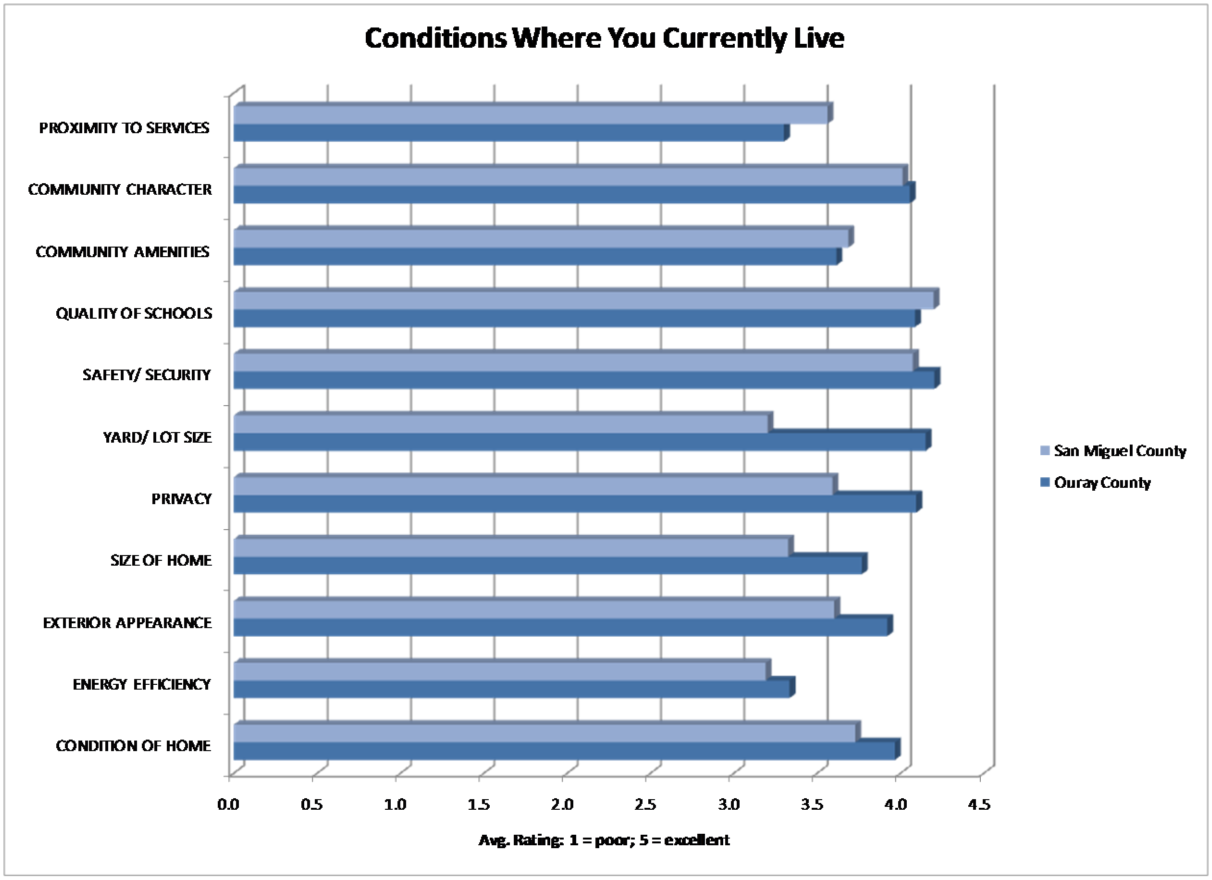
Changes in Satisfaction in Past Three Years

Ouray County	Own	Rent	Overall
Increased - I am more satisfied	27.4	28.2	27.7
Decreased - I am less satisfied	7.0	32.0	14.0
Stayed about the same	65.6	39.8	58.4
	100%	100%	100%
San Miguel County	Own	Rent	Overall
Increased - I am more satisfied	24.0	20.4	22.3
Decreased - I am less satisfied	13.4	23.3	18.8
Stayed about the same	62.6	56.3	58.9
	100%	100%	100%

Source: Household survey

Current Housing Conditions

Survey participants were asked to rate 11 aspects of where they currently reside on a scale of 1 to 5, where 1 equals poor and 5 equals excellent. A comparison of the average ratings in the two counties shows little variation. Quality of schools and safety/security both rated very high. Residents of Ouray County gave higher ratings to yard size, privacy, size of home and exterior appearance, while San Miguel County residents gave higher scores to community amenities and proximity to services.



Source: Household survey

Renters generally rated all aspects of where they currently live lower than homeowners. The exceptions were "community character" and "proximity to services."

Conditions Where Currently Live by Own/Rent

	Ouray County		San Miguel County	
	Own	Rent	Own	Rent
CONDITION OF HOME	4.2	3.2	4.0	3.5
ENERGY EFFICIENCY	3.7	2.4	3.4	2.9
EXTERIOR APPEARANCE	4.1	3.3	3.8	3.4
SIZE OF HOME	4.0	3.1	3.6	3.0
PRIVACY	4.3	3.4	3.8	3.4
YARD/ LOT SIZE	4.4	3.5	3.6	2.8
SAFETY/ SECURITY	4.4	3.8	4.3	3.8
QUALITY OF SCHOOLS	4.1	3.9	4.3	4.1
COMMUNITY AMENITIES	3.7	3.3	3.8	3.6
COMMUNITY CHARACTER	4.2	3.8	4.0	4.0
PROXIMITY TO SERVICES	3.3	3.2	3.6	3.6

Source: Household survey

While residents in both counties gave above average ratings overall to the 11 conditions tested, the following table provides the percentages for ratings of 1, which equals "poor," or 2. Energy efficiency was rated "poor" by a relatively high percentage of residents in all communities. Yard size, privacy and size of home received a higher percentage of "poor" ratings in Mountain Village and Telluride than in the other communities.

Poor (1 or 2) Ratings by Community

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
CONDITION OF HOME	8.3	10.2	9.0	5.5	5.3	9.8	7.3
ENERGY EFFICIENCY	23.2	21.1	23.7	17.8	24.4	31.8	23.6
EXTERIOR APPEARANCE	7.3	14.1	10.0	14.9	7.3	16.2	9.6
SIZE OF HOME	13.3	7.6	7.1	25.7	10.0	26.3	20.8
PRIVACY	14.8	10.0	5.9	22.4	10.0	29.2	10.0
YARD/ LOT SIZE	19.5	13.3	6.3	53.1	7.3	47.3	20.6
SAFETY/ SECURITY	1.3	4.5	3.6	3.4	2.6	7.0	4.6
QUALITY OF SCHOOLS	2.6	4.8	4.2	2.7	12.8	2.2	3.6
COMMUNITY AMENITIES	11.0	6.8	20.5	14.1	22.5	2.9	22.8
COMMUNITY CHARACTER	4.8	3.3	12.6	9.7	10.3	4.2	10.2
PROXIMITY TO SERVICES	16.5	17.2	24.3	10.0	26.8	3.8	34.4

Source: Household survey

Affordability

The affordability of housing is typically assessed based on the percentage of household income that it takes to cover the monthly rent or mortgage payment. As a general rule, housing is considered to be affordable when the cost is no more than 30% of income. In Ouray County, 30% of households, or approximately 610 households, spend more than 30% of their income on housing and are considered to be cost burdened. The percentage is higher in San Miguel County (44% or 1,513 households) where housing costs are higher.

Affordability of Housing by County

Housing Payment as a Percentage of Income	Ouray County	San Miguel County	Overall
Under 20%	33.3	29.6	30.7
20-30%	36.5	26.6	29.6
30-35%	6.8	9.2	8.4
35-40%	9.4	8.7	8.9
40-50%	6.3	9.6	8.6
Over 50%	7.8	16.3	13.7
	100%	100%	100%
Total Cost Burdened	30.2	43.8	39.6

Source: Household survey

In relative terms, Telluride has more cost burdened households than other communities in the region, followed by the balance of San Miguel County, then Mountain Village.

Affordability of Housing by Area

Housing Payment as a Percentage of Income	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Under 20%	38.5	30.2	33.0	34.4	45.5	21.5	31.2
20-30%	35.9	34.9	36.6	25.8	18.2	31.1	24.7
30-35%	5.1	7.0	7.1	4.3	13.6	5.9	14.0
35-40%	12.8	9.3	8.9	8.6	4.5	11.9	7.0
40-50%	2.6	7.0	7.1	9.7		8.9	10.8
Over 50%	5.1	11.6	7.1	17.2	18.2	20.7	12.4
	100%	100%	100%	100%	100%	100%	100%
Total Cost Burdened	25.6%	34.9%	30.4%	39.8%	36.4%	47.4%	44.1%

Source: Household survey

There is a direct relationship between income levels and the percentage of income spent on housing. Lower income households tend to spend proportionately more of their income on their monthly housing payment than do residents with higher incomes.

Housing Affordability by Income

Housing Payment as a Percentage of Income	Average Household Income
Under 20%	$105,785
20-30%	$69,362
30-35%	$55,969
35-40%	$52,040
40-50%	$36,917
Over 50%	$27,375

Source: Household survey

Utilities add to the cost of housing. The average monthly cost of utilities ranges from $200 for renters in San Miguel County to $315 for renters in Ouray County, where nearly 19% indicated that their utilities cost $500 or more per month.

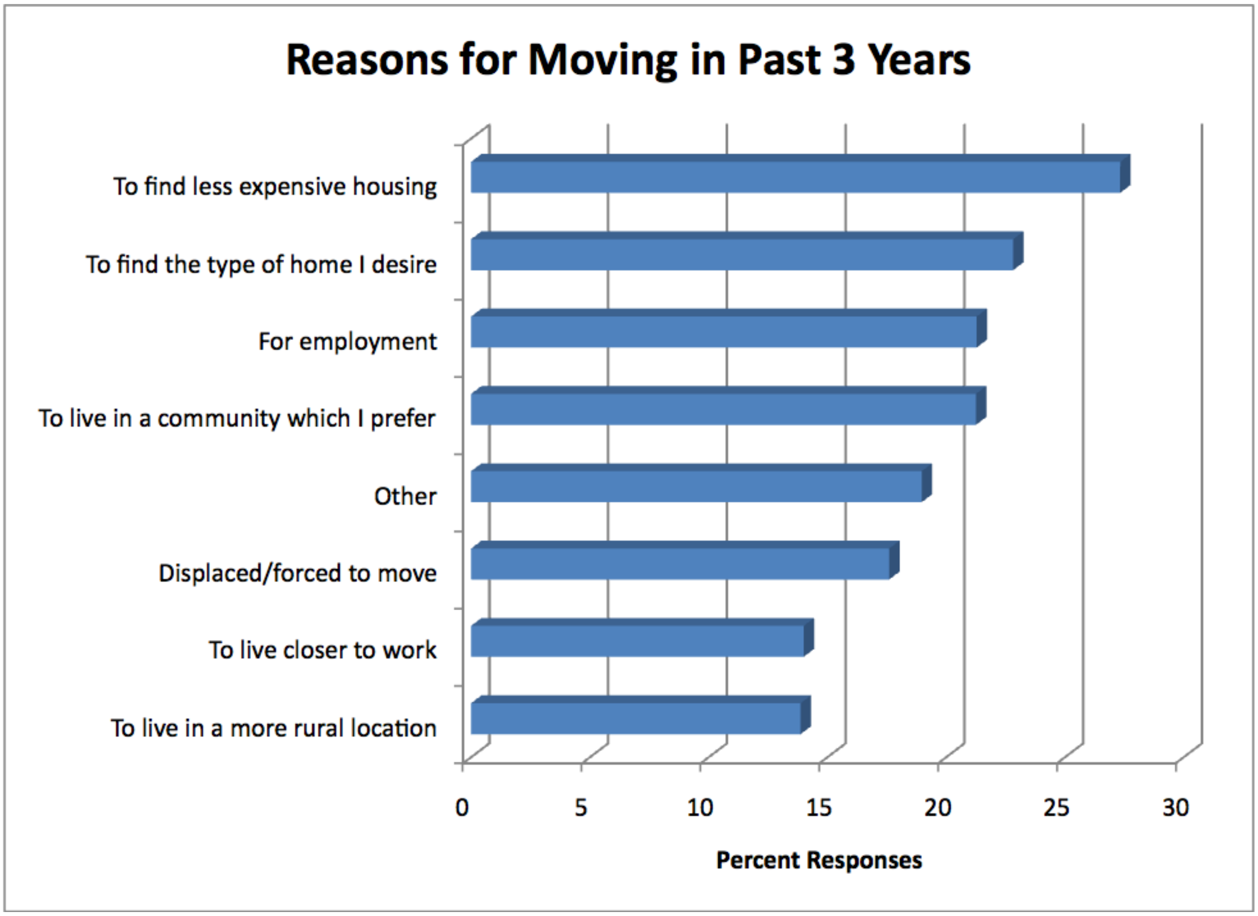
Monthly Cost of Utilities

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $50	1.2	3.5	1.6	1.9	5.3	3.3
$50 - $99	2.5	8.2	3.9	2.6	20.1	10.0
$100 - $149	9.4	7.1	9.0	11.8	11.4	11.8
$150 - $199	12.9	18.5	13.9	13.9	16.7	15.0
$200 - $249	19.8	21.1	19.5	21.5	14.8	18.3
$250 - $299	12.8	4.6	11.5	9.9	5.2	8.0
$300 - $349	13.1	3.4	11.4	13.6	9.4	12.2
$350 - $399	5.1	2.4	4.4	5.8	6.0	5.8
$400 - $449	11.6	8.0	11.2	8.2	3.8	6.2
$450 - $499	0.7	4.8	1.5	2.0	2.6	2.2
$500 or more	11.1	18.5	12.2	9.0	4.7	7.2
TOTAL	100	100	100	100	100	100
Average	$286	$315	$290	$274	$200	$244

Source: Household survey

Have Moved or Plan to Move

One indication that housing is not affordable or satisfactory is when residents move. When residents cannot find places to live that meet their needs and incomes, they often have to find an alternative place to live. Of the households surveyed, 29% had moved within the past three years. The most frequently cited reason for moving was "to find less expensive housing," followed by "to find the type of home I desire." Also, nearly 18% indicated they had been displaced or forced to move.



Source: Household survey

There is some variation within the region. Residents in Ouray and Ridgway were significantly more likely than those in other communities to move in order to live in a community that they preferred; a high percentage of residents in Mountain Village and Norwood indicated they moved for employment; and residents in Norwood, Telluride, other San Miguel and unincorporated Ouray County were likely to have moved to find less expensive housing.

Reasons for Moving by Area

	Mtn Village	Norwood	Telluride	San Miguel Balance	Ouray	Ridgway	Ouray Co Unincorp
To find less expensive housing	16.2	34.4	32.2	31.9	9.8	19.9	32.2
To find the type of home I desire	12.8	13.9	23.3	24.5	29.5	22.9	27.8
For employment	36.3	31.1	17.2	21.2	9.8	13.8	18.9
To live in a community I prefer	10.2	7.9	28.1	14.2	43.7	38.7	23.9
Other	18.5	23.6	20.2	17.1	17.0	33.6	12.1
Displaced/forced to move	16.2	17.5	16.1	16.4	19.6	19.3	18.9
To live in a more rural location	4.0	9.1	5.4	15.2		17.9	34.5
To live closer to work	18.1		16.0	13.5	26.8	11.2	9.3
	132%	137%	158%	153%	156%	177%	177%

Source: Household survey

The majority of residents in both counties plan to continue to live in the area for a long time; at least 10 years.

Plans to Move

	Ouray County	San Miguel County	Overall
Less than 6 months	0.3	2.7	1.8
6 months to 1 year	1.9	6.4	4.7
1 to 5 years	15.6	17.3	16.7
5 to 10 years	16.9	16.9	16.9
10 to 20 years	19.1	24.2	22.3
More than 20 years	46.2	32.6	37.6
	100%	100%	100%

Source: Household survey

Housing-Related Employment Problems

Because workforce housing is a key component of economic sustainability and employers are valuable sources of information when estimating both current and future housing demand, this part of the report provides an in-depth examination of results from the employer survey.

Perceptions

Most employers in both counties feel that affordable/employee housing for local residents is a problem, although employers in San Miguel perceive it to be a more critical problem. In Ouray County, 84% of employers indicated housing is a problem among others that need attention or one of the more serious problems in the area. In San Miguel County, 90% of employers indicated affordable/employee housing is a problem.

Employer Perceptions about Housing Problems

	Ouray County	San Miguel County
The most critical problem in this region	0	15%
One of the more serious problems	42%	42%
A problem among others which also need attention	42%	33%
One of our lesser problems	11%	6%
I don't believe it is a problem	5%	4%

Source: Employer survey

Based on interviews, there appears to be a general sense that seasonal employees who live in the area only part of the year can find housing that is acceptable to them. They have few possessions, are usually young and single, will live without a kitchen and have Big Billies as an option. Plus, the number of employees who move into the area to work seasonal jobs has decreased since 2008. With the loss of construction and other jobs, seasonal jobs have been largely filled by year-round residents.
Housing suitable for year-round residents is more difficult to find. Low-income rentals are available, but rentals for mid-level management are harder to find. Demand for housing within Telluride can never be satisfied given limited land availability, so sites nearby should be considered. Commuting to more distant communities like Ridgway is too far and negatively impacts employee performance. Employers feel that short-range commuting is much more desirable with far fewer negative impacts on employee performance.

Impacts of Recession

Employers were asked about measures they have taken in the past two recessionary years that could have impacted the ability of their employees to afford housing. The results suggest that the recession has hard hit many employers and their employees. Overall 65% have reduced the hours their employers work, 59% have frozen wages/salaries and 20% have reduced wage rates.

Impacts of Recession

	Overall	Ouray County	San Miguel County
Reduction in hours employees work	65%	61%	66%
Wage/salary freezes	59%	56%	59%
Lay offs/elimination of jobs	40%	17%	46%
Cut backs in benefits - insurance, vacations, etc	23%	17%	25%
Reduction in wage rates paid	20%	6%	25%
Other	14%	11%	15%
Reduction/elimination of housing assistance	5%	6%	5%
Reduction/elimination of transportation subsidies	2%		3%
Total	228%	172%	243%

Source: Employer survey. Multiple response question; totals exceed 100%.

Results are similar in both counties concerning cut backs in hours and wage freezes, the two most frequent impacts, but proportionately more employers in San Miguel County indicate they had to eliminate jobs and reduce wage rates.

Eliminating ski passes was the most frequently mentioned of the “other” measures employers took due to the recession.

Work Performance

When asked about how the cost or lack of housing has affected the performance of their employees, 37% overall and 41% of the employers surveyed in San Miguel County cited displeasure with wage rates. Tardiness from long commutes was also cited by 23% overall. Employers in San Miguel County were much more likely to indicate problems with employee work performance related to housing than were employers in Ouray County. Overall, 36% indicated housing has not affected performance, but that varies widely – 63% in Ouray County compared to 29% in San Miguel County. Among the “other” performance problems mentioned, turnover, on-the-job fatigue and forced commuting were the most often cited.

How Housing Has Affected Work Performance

	Overall	Ouray County	San Miguel County
Displeasure with wage rates due to high housing costs	37%	16%	41%
Tardiness from long commutes	23%	5%	29%
High turnover	20%	11%	20%
Other	17%	16%	18%
High absentee rate	9%	5%	9%
I don't believe housing has affected employee performance	36%	63%	29%
	141%	116%	145%

Source: Employer survey. Multiple response question; totals exceed 100%.

Unfilled Jobs

One measure of unmet housing demand is unfilled jobs. If employers cannot recruit employees to fill positions, housing is often the primary reason when housing costs are high relative to income. If housing availability is limited, it follows that additional units are needed for jobs to be filled.

Estimate of Unfilled Jobs

	Ouray County	San Miguel County
Employers unable to fill jobs	16%	17%
# Unfilled jobs	6	50
# Persons employed by employers that were surveyed	391	2,961
% of employees	1.5%	2.0%
Total jobs in county	2,292	6,299
Estimated unfilled jobs	34	126

Source: Employer survey; DOLA

The percentage of employers who responded that they were unable to fill jobs is much lower than in previous years when the economy was in better condition. While 17% of the employers surveyed in San

Miguel County noted inability to fill jobs in 2010, approximately 60% in 2000 and 23% in 1996 were unable to fill jobs (note figures for 1996 and 2000 covered only the Telluride region).

Employers were also asked how many employees left or could not accept a job because of housing. Overall, 27% indicated they had one or more employees who left or declined a job. The average number was 1.7 employees.

Foreclosures

Foreclosures are up sharply in both counties. In Ouray County:

- The number of filings increased from 10 in 2008 to 59 in 2010, an increase of nearly 500%. The peak year however was 2009, with 68 filings.

- The rate of completed foreclosures was the fourth highest among Colorado counties in 2010 – one for every 165 households or 0.61%. This is in contrast to 2008 when Ouray County's rate of one per 947 households was one of the lowest completed foreclosure rates in the state.

- The number of completed foreclosures grew to almost equal the number of filings in 2010 as the cases filed in 2009 moved through the system to auction. With the decline in filings in 2010, the number of completed foreclosures should decline in 2011 or 2012.

In San Miguel County:

- The number of filings rose from 35 in 2008 to 108 in 2010, an increase of just over 200%.

- The completed foreclosure rate increased from one per 881 households in 2008 to one per 505 households in 2010.

Foreclosures Filed and Completed

	Foreclosures Filings	Foreclosures Completed/Sales	Deed Restricted Filings	Foreclosure Rate*
Ouray County				
2008	10	2		947
2009	68	38		N/A
2010	59	55		165
San Miguel County				
2008	35	3	2	881
2009	97	37	8	N/A
2010	108	46	12	505

Source: San Miguel County Treasurer; DOLA. *Number of households per completed foreclosure.

The total in 2010 for Colorado was one completed foreclosure per 415 households. The rate in San Miguel County is better than for the state as a whole, but the rate for Ouray County is worse.

Foreclosures were filed on a total of 33 residential deed-restricted properties from 2008 through the first two months of 2011. This figure includes seven lots. Of the 26 units, four were accessory dwellings where the foreclosure was on the entire property.

The number of foreclosure filings has increased each year from only two in 2008 to 14 in 2010. Six were filed in the first two month of 2011. If this rate continues, filings will total 36 in 2011, which is more than in the past three years combined. This trend is in line with the predictions of mortgage lenders who expect significant increases in foreclosures in the next year.

Of the total:

- Nearly one-third (10) were withdrawn;
- Seven are currently owned by banks;
- Four were sold to employees; and
- Eight are still in process.

Deed-Restricted Foreclosures

	2008	2009	2010	2011 - Jan/Feb	Total
Total Filings	2	11	14	6	33
# lots	0	3	2	2	7
# units	2	8	12	4	26
Deed Restriction					
Mtn. Village	2	7	6	1	16
SMC		4	6	4	14
Telluride			2	1	3
Action/Status					
Withdrawn	1	3	6		10
Owned by Bank		3	4		7
Sold to employee	1	2	0	1	4
Sold to SMC		2	1		3
Sold to Other		1			1
In Process			3	5	8

Source: San Miguel County Assessor records researched by SMRHA.

San Miguel County purchased two units and one lot to preserve their deed restrictions. Both of the homes are now listed for sale.

The vast majority of the deed restricted filings (30 out of 33, or 91%) have been on units which do *not* have initial or resale price caps or limits on the amount that owners can borrow.

- About half (16 of the 33 filings) were on units or lots in Mountain Village;
- 14 foreclosures filed were on properties in unincorporated San Miguel County;

Three were on units under Telluride's price-capped deed restrictions but only one was for a unit actually located in town, and it was withdrawn. Foreclosures were filed on two units at Brown Homestead, which were built off site to satisfy the Town's mitigation requirements. One is now bank owned and the other is scheduled for sale in May.

Based on two recent sales, banks are heavily discounting deed-restricted units they own in order to sell them. A unit in Mountain Village that was bank purchased for $287,724 sold for $163,900, or 57% of what they paid for it. Another Mountain Village unit was purchased by a bank for $292,716 then sold for $142,800, which equates to 49% of the cost.

Foreclosures have been rising and, as predicted by multiple mortgage lenders, are likely to rise. One lender used the term "explode" while another said foreclosures are "ready to blossom". They see that many residents have managed to make their housing payments for the past two years but are exhausting their ability to do so and, with no way to sell their homes for what they are not worth, will be forced to walk away.

According to the household survey, 10% of the homeowners in San Miguel County are in default or at risk of default on their mortgage and 15% of renters are behind on their rent. In Ouray County, fewer owners indicated they were in default, but over 20% of renters were behind on rent.

In or At Risk of Default

	Ouray County		San Miguel County	
	Own	Rent	Own	Rent
In default on my mortgage or behind on rent	1.1	1.0	2.3	2.9
At risk of default on mortgage/behind on rent	3.2	20.4	7.5	12.1
Not at risk	95.7	78.6	90.2	85.0
	100%	100%	100%	100%

Source: Household survey

5. Special Needs

This section of the report examines seniors, the Spanish-speaking population and very low income residents in both counties. Due to the severity of the climate in the region, homelessness is not an issue. While some employees camp during the summer on nearby public lands, camping is usually a choice. The disabled population is very small also due primarily to the climate. The impediments to mobility present such challenges that persons with physical disabilities do not move into the area and persons who become disabled typically are forced to move away.

Seniors

Both counties have a relatively small population of persons who are age 65 or older. The senior population is larger in Ouray County – 527 persons or 11.7% of the population. In San Miguel County, only 303 persons or 4.1% of the population are seniors.

Senior Population by Gender

	Ouray County			San Miguel County		
	Male	Female	Total	Male	Female	Total
65 and 66 years	66	56	122	28	30	58
67 to 69 years	77	65	142	28	39	67
70 to 74 years	54	87	141	72	50	122
75 to 79 years	45	36	81	13	4	17
80 to 84 years	4	5	9	22	4	26
85 years and over	13	19	32	4	9	13
Total	259	268	527	167	136	303
Percent of Total	12.4%	11.0%	11.7%	4.3%	3.9%	4.1%

Source: ACS

The Director of the Department of Social Services that covers both counties indicated that seniors generally fall into two categories:

- Old timers who have lived in the area for all or most of their lives, the majority of whom want to move to warmer climates where medical services are available; and

- Retirees who have move to the area and are active and generally affluent.

As employees age and retire, a third category of seniors could emerge who could benefit from specialized housing. Given the cold, snow, lack of oxygen and distance to a hospital, however, older seniors will likely consider options for living elsewhere, at least during the winter months.

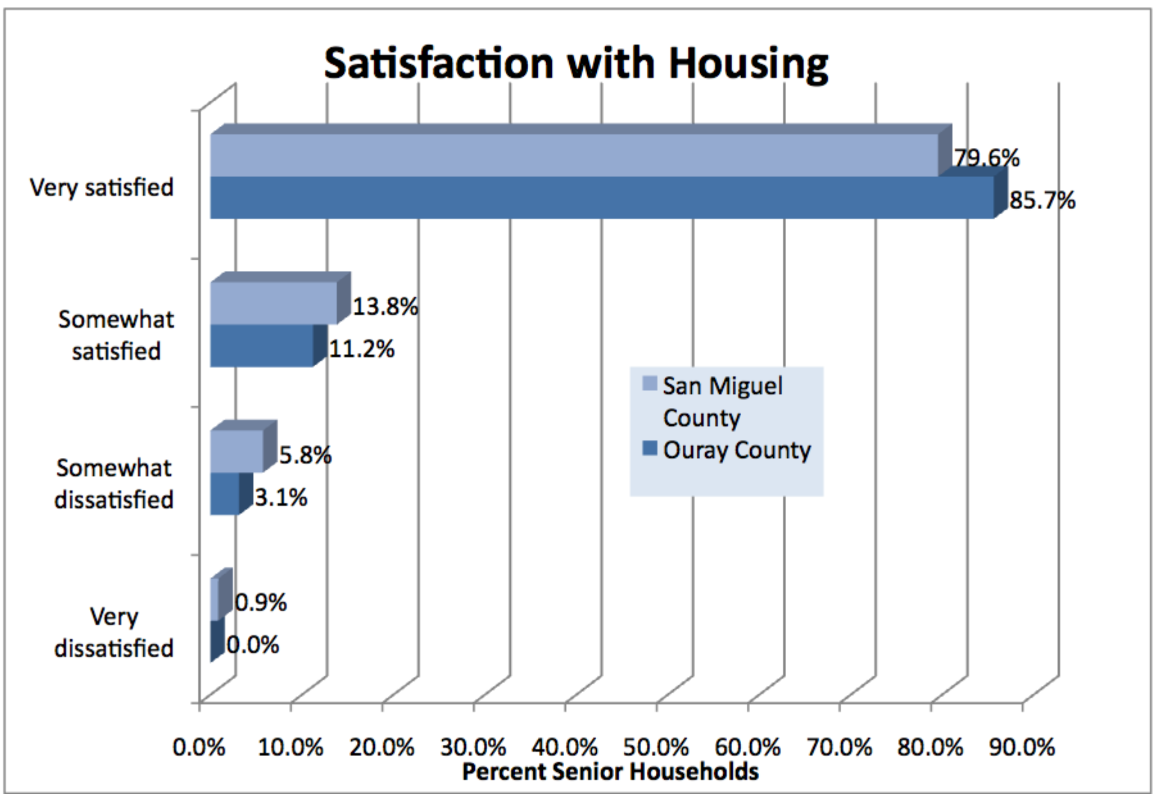
The majority of seniors now living in both counties live with family members – approximately 82% in Ouray County and 77% in San Miguel County. Seniors who live alone are typically the most likely candidates for housing specially designed and managed for seniors. In Ouray County, 96 seniors live alone. In San Miguel County, 70 persons age 65 or older live alone. In both counties, the majority of seniors who live alone are women.

Household Status of Senior Population

	Ouray County		San Miguel County	
	Number	Percent	Number	Percent
Total	527	100%	303	100%
In family households	431	81.8%	232	76.6%
Live Alone	96	18.2%	70	23.1%
Male	43	8.2%	32	10.6%
Female	53	10.1%	38	12.5%

Source: ACS

Most seniors are satisfied with their housing, more so in Ouray County than in San Miguel County. In both counties, satisfaction levels are higher among seniors than non-senior households. The high cost of utilities was the most frequently cited reason for dissatisfaction.



Source: Household survey

The majority of seniors live in housing that is affordable given their incomes. Approximately 69% spend 30% or less of their income on housing. Nearly 20%, however, are severely cost burdened by housing payments that equal or exceed 50% of their incomes.

Affordability of Housing

Percent of Income Spent on Housing	Senior	Non Senior
Under 20%	37.8	29.7
20-30%	31.4	29.4
30-35%	2.5	9.1
35-40%	5.8	9.2
40-50%	3.1	9.3
Over 50%	19.4	13.3
	100%	100%

Source: Household survey

Seniors are less likely than the rest of the population to want to move. Approximately 83% in Ouray County and 79% in San Miguel County indicated they want to stay in their current home for at least the next five years.

Desire to Move in Next Five Years

	Ouray County		San Miguel County	
	Senior	Not Senior	Senior	Not Senior
Stay in current home	82.6	66.0	78.5	46.6
Move into different home	17.4	34.0	21.5	53.4
	100%	100%	100%	100%

Source: Household survey

Seniors in Ouray County have a higher median income than non-senior households, which is usually not the case. The data suggest that Ouray County has a relatively high number of affluent retirees. In San Miguel County, the difference in income is more typical. The median household income for persons age 65 or older is about 9% lower than non-senior households.

Household Incomes Compared – Senior and Non-Senior Households

	Ouray County		San Miguel County	
Household Income	Senior	Not Senior	Senior	Not Senior
Under $25,000	9.0	19.3	24.2	16.2
$25,000 - $49,999	18.3	24.4	22.3	26.1
$50,000 - $74,999	32.4	17.7	19.0	20.5
$75,000 - $99,999	18.1	10.4	3.7	15.9
$100,000 - $124,999	7.6	12.2	13.4	9.3
$125,000 - $149,999	4.6	4.9	1.9	4.1
$150,000 - $174,999	4.6	4.9	2.8	2.7
$175,000 - $199,999	0.8	1.1	4.7	0.7
$200,000 - $224,999		3.4	5.4	1.3
$225,000 - $249,999		0.8	1.4	0.6
$250,000 - $499,999	3.1	0.9	1.3	2.1
$500,000 - $999,999	1.4			0.5
	100%	100%	100%	100%
Median Income	$63,500	$53,591	$50,000	$54,743

Source: Household survey

San Miguel County has proportionately more low-income seniors than Ouray County, probably due to the "old timers" living in the west end of the county.

AMI of Senior Households

	Ouray County	San Miguel County
30% or less AMI	4.6	12.2
30.1% - 50% AMI	4.5	15.6
50.1% - 80% AMI	14.0	18.7
80.1% - 100% AMI	18.8	9.2
100.1% - 120% AMI	6.7	9.8
120.1% - 150% AMI	15.9	1.8
150.1% - 200% AMI	12.0	15.2
200.1% - 250% AMI	9.2	4.2
More than 250% AMI	14.4	13.3
	100%	100%
% Low Income (≤80% AMI)	23.1%	46.5%

Source: Household survey

There is no senior housing in either county. San Miguel County attempted the construction of a senior apartment project in Norwood approximately 15 years ago, but found that most of the seniors in the area wanted to move to a warmer climate. The site for the project was later donated to Habitat for Humanity. An attempt to convert a hotel in Norwood into senior residences also failed. The units were ultimately occupied by oil/gas industry employees working temporarily in the area.

A concerned citizen is now exploring the feasibility of an elder co-housing project, preferably somewhere around Norwood where residents could garden and grow some of their own food. The demand for this type of housing has not been documented.

Spanish-Speaking Population

According to the 2010 Census, the Hispanic/Latino population in the two counties is relatively small, but is much larger in San Miguel County than in Ouray County.

Hispanic/Latino Population Estimates

	Ouray County	San Miguel County
Total Population	4,436	7,359
Hispanic/Latino Population	196	630
Percent Hispanic/Latino	4.4%	8.6%

Source: 2010 Census

One Telluride provides a variety of programs and services to facilitate immigrant integration in the Telluride area, including a walk-in resource center, English as a second language courses, interpretation/translation services, a Parents as Teachers program, an after school activity-based Spanish program and others. They report:

- Their clients typically learn about housing opportunities through word of mouth. They generally know what is available and where they can live.
- The passage of federal and state legislation requiring residency documentation for subsidized housing has forced some Spanish-speaking employees to move to Norwood, Ridgway or Montrose where free-market rentals are more affordable.
- Transportation limits housing choice. Many Spanish-speaking residents do not have cars and work jobs with odd hours, making it impossible for them to utilize public transit.
- Translation and interpretation services are used for housing-related tasks, including talking with landlords and reviewing lease documents.

- The general population has decreased as solo men who worked construction have left the area in search of employment. Most families appear to have remained intact. School enrollment has held steady at 12% to 15%.

- Conflicts between Latinos and others living in dense multi-family housing situations are not common.

Very Low Income Residents

The Department of Social Services that serves both Ouray and San Miguel counties has reported a sharp increase in programs that serve very low income residents. The increase has been largely attributed to job losses among members of the workforce, rather than increases in special needs populations. The number of food stamp recipients more than doubled in both counties.

Food Stamp Recipients

	Ouray County	San Miguel County
2008	56	58
2010	140	120
Percent Increase	150%	107%

Source: Department of Social Services

The number of households receiving help with their utility bills through the Low Income Energy Assistance program also doubled. In March 2009, 76 households in San Miguel County received this assistance. The number had grown to 157 households by March 2011.

Throughout this report, the housing needs of very low income residents are examined. Findings include:

- Nearly 14% of the renters in both counties have incomes no greater than 30% AMI.

- A gap between rents and income exists for households with incomes equal to or less than 30% AMI.

- Other than a few mobile homes, none of the units sold in the past five years and none of the homes listed for sale are affordable for households with incomes at or less than 50% AMI.

- The average income for households that are severely cost burdened by housing payments that exceed 50% of their income is $27,375.

- Section 8 rent subsidy vouchers, which are utilized by very low income households, are fully subscribed and the wait list has been closed.

6. Housing Gaps and Estimated Need

This section of the report consists of four parts:

A. Housing Gaps, which compare rents and sale prices to the incomes of residents, expressed as a percentage of the AMI.

B. Need for Additional Units, which generates estimates of the current short fall in units and the number of units for which demand will be created by the year 2015.

C. Demand from Existing Residents, which examines the demand on ownership and rental housing from existing residents who want to move into homes other than where they now live.

D. Preferences, which provides information from the household survey on unit type, amenities and location, intended to support design and development decisions.

Housing Gaps

This part of the report compares housing costs to incomes to determine where proportionately they align. Rents, sale prices and incomes are all expressed as AMI's. See Section 3 of this report for information on how housing costs are equated to AMI.

Rental Gaps

Rents tend to be affordable for renters at most income levels. The exception in both counties is the category of extremely low income households (incomes ≤ 30% AMI). In San Miguel County, market rents are also too high for households in the 30% to 50% AMI category but there are proportionately more deed/occupancy restricted units serving this income group than in the population.

Gaps in Rental Housing

	AMI Categories							
Ouray Co.	30% or less	30.1% - 50%	50.1% - 80%	80.1% - 100%	100.1 to 120%	120.1 to 150%	150.1% - 200%	>200%
Renter AMI's	13.9	24.6	37.7	14.9	1.0	1.0	5.0	2.0
Rents	10.1	26.2	40.6	13.1	8.6	0.7	0.7	
Gap	-3.8	1.6	2.9	-1.8	7.6	-0.3	-4.3	-2
San Miguel Co.								
Renter AMI's	13.7	15.1	33.9	9.7	9.2	10.7	3.2	4.6
Market Rents	2.9	12.4	40	20	12.9	7.1	3.5	1.2
Gap	-10.8	-2.7	6.1	10.3	3.7	-3.6	0.3	-3.4
DR Rents	8	45.1	36.3	8.8	1.8			
Gap	-5.7	30.0	2.4	-0.9	-7.4			

Source: Household survey

Gaps in Homeownership

Home prices in both counties have been and, based on for-sale listings, will continue to be beyond the price that is affordable for most residents. In Ouray County:

- Units sold in the past five years proportionately matched the incomes of homeowners starting at the 100% to 120% AMI range.

- The prices of current listings are not in line with incomes until the 150% to 200% AMI range.

In San Miguel County:

- The prices of free-market units sold in the past five years did not proportionately align with incomes until the 200% to 250% AMI level.

- The gap in market units listed for sale compared to incomes does not go away until over 250% AMI.

- The prices of deed-restricted units sold more closely matched the income distribution of owners in the county, with the proportionate gap disappearing at the 100% to 120% AMI range.

- The gap exists between the price of deed-restricted units listed for sale and owner incomes disappears at the 100% to 120% AMI category.

Gaps in Homeownership

	AMI Categories								
Ouray Co.	30% or less	30.1% - 50%	50.1% - 80%	80.1% - 100%	100.1 - 120%	120.1 - 150%	150.1% - 200%	200.1% - 250%	> 250%
Owner AMI's	3.2%	4.7%	11.4%	11.7%	7.6%	15.1%	16.4%	11.7%	18.2%
Units Sold 5 Yrs	1.9%	1.0%	1.0%	3.3%	7.6%	21.9%	29.5%	12.9%	21.0%
Gap	-1.3%	-3.7%	-10.4%	-8.4%	0.0%	6.8%	13.1%	1.2%	2.8%
Listings	0.0%	0.00%	5.5%	3.6%	6.4%	10.0%	18.2%	13.6%	42.7%
Gap	-3.2%	-4.7%	-5.9%	-8.1%	-1.2%	-5.1%	1.8%	1.9%	24.5%
San Miguel Co.									
Owner AMI's	4.2%	6.2%	9.8%	16.5%	10.8%	15.5%	20.0%	5.9%	11.0%
Market Units Sold - 5 Yrs	0.2%	0.6%	3.8%	2.4%	4.4%	5.9%	9.9%	7.3%	65.4%
Gap	-4.0%	-5.6%	-6.0%	-14.1%	-6.4%	-9.6%	-10.1%	1.4%	54.4%
DR Units Sold – 5 Yrs	0.0%	2.2%	14.5%	11.6%	18.1%	30.4%	15.9%	2.9%	4.3%
Gap	-4.2%	-4.0%	4.7%	-4.9%	7.3%	14.9%	-4.1%	-3.0%	-6.7%
Market Listings	0.0%	0.5%	3.2%	2.5%	3.2%	3.9%	8.1%	5.4%	73.2%
Gap	-4.2%	-5.7%	-6.6%	-14.0%	-7.6%	-11.6%	-11.9%	-0.5%	62.2%
DR Listings	0.0%	0.0%	15.8%	2.6%	21.1%	26.3%	18.4%	5.3%	10.5%
Gap	-4.2%	-6.2%	6.0%	-13.9%	10.3%	10.8%	-1.6%	-0.6%	-0.5%

Source: County Assessors, MLS, household survey. Note: Prices based on AMI for two-person households.

Need for Additional Units

The need for additional units to house the workforce will primarily be fueled by persons who move into the area to live closer to the jobs they now hold, to fill unfilled positions or to fill new jobs that will be created in the next five years.

Current Shortfall

Housing problems exist in both counties including households that are dissatisfied with their housing and/or are cost burdened by their housing payment relative to their income. Building additional units to address all of the existing problems is not necessary, however. A sufficient number of units should be available to adequately accommodate the workforce and to bring housing supply in line with housing demand so that market forces and competition cause prices to drop and, in theory, problems to correct. The two factors used to determine the number of additional housing units needed to address existing shortfalls are: 1) the number of unfilled jobs; and 2) the number of commuters who want to move to be closer to their jobs.

The resulting estimates are price sensitive. They indicate the demand for additional units that are priced to be affordable and acceptable to job candidates and in-commuters. Development of additional units priced similarly to units that are currently available in each county would not be responsive to this demand. For commuters to be enticed to move, roughly two-thirds would want a single-family home with the median price of $250,000. About one-third would want a rental unit with a median rent of $600 per month. Information is not available on the type and cost of housing that job candidates would need in order to be enticed to fill vacant positions. Lower prices/better values that currently exist would likely be required.

Demand from Unfilled Jobs and In-Commuting

	Ouray County	San Miguel County
Unfilled Jobs	34	126
Jobs per employee	1.26	1.31
Additional employees needed	27	96
Employees per household	1.5	1.6
Additional housing units needed	18	60
In Commuters	450	745
% Want to move	40%	56%
# Want to move	180	417
Employees per household	1.5	1.6
Additional housing units needed	120	260

Source: Household and commuter surveys, RRC/Rees calculations

In Ouray County, employees needed to fill vacant positions create demand for 18 units while in-commuters generate demand for 120 units. High vacancies among existing apartment units, a large inventory of units for sale and a relatively high number of units in foreclosure suggest that market forces may drive down rents and sale prices to the extent that the existing shortfall may be adequately addressed by existing units as they become more affordable.

In San Miguel County, 60 units are needed to attract employees to fill vacant positions and 260 are needed to house in-commuters who want to move into the county. Rental vacancy rates are very low (except at one unique complex in Norwood), only nine deed-restricted units are listed for sale at prices affordable for households with incomes at or below 120% AMI and free-market prices remain far above levels that are affordable for most residents. These indicators suggest a more aggressive and immediate approach for addressing the estimated shortfall would be appropriate.

Additional Demand by 2015

Demand for additional units to house the workforce will be generated in the future primarily by job growth. The rate at which new jobs will be created over the next five years, however, is an unknown and difficult to forecast based on the volatility in jobs and employment during the past five years. As such, three scenarios have been developed for each county based on three different annual rates for job growth -- 0.5%, 1.5% and 3%. Job growth will likely fall within the range bracketed by these scenarios.

Demand estimates are generated for each county as a whole. Demand is then allocated among the communities/areas within each county based on where current employees most want to live. While new residents may have somewhat different location preferences, community character will not change significantly in the foreseeable future and the preferences of existing employees is the best indication of where future employees will want to live.

Between 31 and 193 additional units should be needed by 2015 to house growth in the workforce in Ouray County. Of these units, 40% should be located in Ridgway, 26% in unincorporated Ouray County and 17% in Ouray. Not all of the demand should be addressed within Ouray County, however, based on where employees what to live. Approximately 18% would prefer to live in either San Miguel or Montrose counties.

Ouray County - Employee Housing Demand Forecasts for 2015

	Scenario	1	2	3
Annual Growth in Jobs		0.5%	1.5%	3.0%
Jobs 2010		2,292	2,292	2,292
Jobs 2015		2,350	2,469	2,657
Difference = New Jobs		58	177	365
Jobs per Employee		1.26	1.26	1.26
Additional Employees		46	140	290
Employees per Household		1.5	1.5	1.5
Additional Housing Demand		31	94	193
Avg Units per Year		6.1	18.7	38.6
Distribution by Area	Where Want to LIve			
Ouray	17.2%	5	16	33
Ouray County - unincorporated	25.6%	8	24	49
Ridgway	39.5%	12	37	76
San Miguel, Montrose, Other	17.7%	5	17	34
Total	100%	31	94	193

Source: Household survey and RRC/Rees calculations

In San Miguel County, new job growth should generate demand for 76 to 479 additional housing units by 2015. The majority of this demand (89%) should be addressed in San Miguel County based on existing employee preferences. Since 50% of employees working in San Miguel County want to live in Telluride, about half of the new units for which demand will be generated should be built in Telluride (38 to 239 units). With 8% of employees preferring to live in Mountain Village, six to 38 units should be developed there. The others should be dispersed throughout San Miguel County.

San Miguel County - Employee Housing Demand Forecasts for 2015

	Scenario	1	2	3
Annual Growth in Jobs		0.5%	1.5%	3.0%
Jobs 2010		6,299	6,299	6,299
Jobs 2015		6,458	6,786	7,302
Difference = New Jobs		159	487	1,003
Jobs per Employee		1.31	1.31	1.31
Additional Employees		121	372	766
Employees per Household		1.6	1.6	1.6
Additional Housing Demand		76	232	479
Avg Units per Year		15.2	46.5	95.7
Distribution by Area	**Where Want to Live**	**1**	**2**	**3**
Lawson Hill	4.0%	3	9	19
Mountain Village	8.0%	6	19	38
Norwood	10.4%	8	24	50
San Miguel County – unincorp.	9.9%	8	23	47
Telluride	49.9%	38	116	239
Ilium, Ophir, Placerville, Sawpit	6.8%	5	16	33
Ouray County/Other	11.0%	8	26	53
	100%	76	232	479

Source: Household survey and RRC/Rees calculations

These estimates should be considered conservative since they are based solely on new job creation. Employees recruited to fill existing jobs now held by residents who will retire in the next five years and continue to reside in their homes will also generate demand for additional units. These estimates do not include demand created by persons who move into the area but do not work, nor demand for vacation/second homes.

Project-Specific Housing Demand

Job generation rates developed through surveys of employers in Ouray and San Miguel counties as well as other mountain counties and communities in Colorado, Wyoming and Idaho can be used to estimate the impact on workforce housing demand associated with proposed developments. Use of the merged database with a sample from nearly 1,800 employers of various types and 142 lodging establishments is recommended over the much smaller sample from San Miguel and Ouray counties.

Multiple formulas are possible for using these figures to estimate housing demand. One approach is to multiple the square footage proposed by 4, the overall median, then divide by 1,000 SF to generate the total number of permanent, on-site jobs that the development will generate. This figure is then divided by the 1.3, the average number of jobs per employee and by 1.6, the average number of employees per unit to determine housing demand.

Commercial Job Generation Rates

	Merged Database		San Miguel/Ouray 2011	
Type of Employer	Median Jobs/1000 SF	# Cases	Median Jobs/1000 SF	# Cases
Bar/restaurant	8.13	222	7.00	9
Construction	6.67	170	4.00	5
Education	1.60	46	0.90	1
Finance/banking	2.90	62	1.80	1
Government	2.47	82	3.16	3
Legal profession	4.80	51	2.50	1
Medical profession	2.88	22	2.50	1
Other professional services	3.64	267	3.69	4
Personal services	4.98	14	1.61	2
Retail sales	3.13	437	2.36	16
Service	3.33	112		
Recreation/attractions/amusements	4.35	70	3.00	1
Other	3.75	209	5.00	10
Utilities	1.44	8		
Manufacturing	1.80	15		
Warehouse /storage	1.73	2		
Transportation	4.00	9		
Total	4.00	1,798	3.35	54
	Jobs/Room	# Cases	Jobs/Room	# Cases
Lodging/hotel/housekeeping	0.50	109	0.43	7
Property Management	0.42	33		
Total	0.49	142	0.43	7

Source: Employer surveys

Housing Demand from Existing Residents

The majority of any new units that may be developed in the next five years will likely be purchased or rented by existing residents who want to move into homes other than where they now live. While new jobs will be the primary driver of the need for additional units, most of the new employees who move into the area will likely move into existing homes that are vacated as existing residents move into new units.

Overall 30% of Ouray County's residents and half of the households in San Miguel County would like to move into different homes within the next five years. Of homeowners, 14% living in Ouray County and 26% in San Miguel County want to move into a different home. Nearly three-fourths of the renters in both counties want to move.

Desire to Move within 5 Years

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Stay in current home	86.3	27.6	70.6	74.5	25.5	50.2
Move into different home	13.7	72.4	29.4	25.5	74.5	49.8
	100%	100%	100%	100%	100%	100%

Source: Household survey

Households in the "move into different home category" include:

- Owners who want to buy a larger or sometimes smaller home or move to a different community. About 80% of owners in both counties who indicated they want to move into a different home want to buy.

- Owners who want to rent. Nearly 10% of the owners who want to move want to become renters.

- Renters who want to continue to rent but not the same place – 61% in Ouray County and 39% in San Miguel County.

- Renters who want to move into ownership. While homeownership has been the goal of the majority of renters for at least the past two decades (79% of renters in the Telluride region in 2000 wanted to buy), this is no longer the case. Approximately 32% of renters in Ouray County and only 23% of renters in San Miguel County indicated they want to buy a home in the next five years.

- Households who are undecided. Approximately 9% in Ouray County and 31% in San Miguel County indicated they would consider either option.

Own/Rent Preferences – Households Wanting to Move

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
BUY only	80.2	31.5	45.4	79.5	23.1	36.4
RENT only	9.9	60.9	45.7	9.8	38.6	32.5
Both BUY and RENT	9.9	7.6	9.0	10.8	38.3	31.1
	100%	100%	100%	100%	100%	100%

Source: Household survey

The median price that residents of both counties who want to buy within the next five years would like to pay is $250,000. Owners who want to buy a different home are willing to pay more than renters – a median of $300,000 in Ouray County and nearly $343,000 is San Miguel County. Most renters (72% in Ouray County and 79% in San Miguel County), however, indicated they would pay in excess of $200,000 to move into ownership.

Want to Buy by Price

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $100,000				12.0	3.4	6.0
$100,000 - $199,999	8.6	27.8	19.4	6.9	17.6	14.5
$200,000 - $299,999	28.2	55.4	42.1	15.2	48.0	37.5
$300,000 - $399,999	26.4	11.2	18.1	29.5	19.1	22.6
$400,000 - $499,999	13.0		6.3	13.3	5.9	8.2
$500,000 or more	23.8	5.5	14.1	23.0	5.9	11.2
	100%	100%	100%	100%	100%	100%
Average	$441,195	$217,351	$323,641	$376,558	$254,952	$292,853
Median	$300,000	$200,000	$250,000	$342,938	$250,000	$250,000

Source: Household survey

The median rent that residents who want to rent other than where they are now living would like to pay is $650 in Ouray County and $1,000 in San Miguel County. Owners who want to become renters are willing to pay more than renters who want to continue to rent.

Want to Rent by Rent Rates

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $500		25.4	23.1	5.1	2.8	2.9
$500 - $749	9.9	44.5	38.4	9.9	27.4	26.8
$750 - $999	30.1	15.8	18.3	17.4	20.7	19.8
$1,000 - $1,249	29.8	4.9	9.0	26.7	39.5	38.3
$1,250 - $1,499				5.1	0.6	0.9
$1,500 or more	30.1	9.5	11.1	35.8	9.0	11.3
	100%	100%	100%	100%	100%	100%
Average	$1,065.33	$675.67	$722.50	$1,290.46	$963.26	$985.50
Median	$1,086.79	$639.44	$650.00	$1,181.54	$900.00	$1,000.00

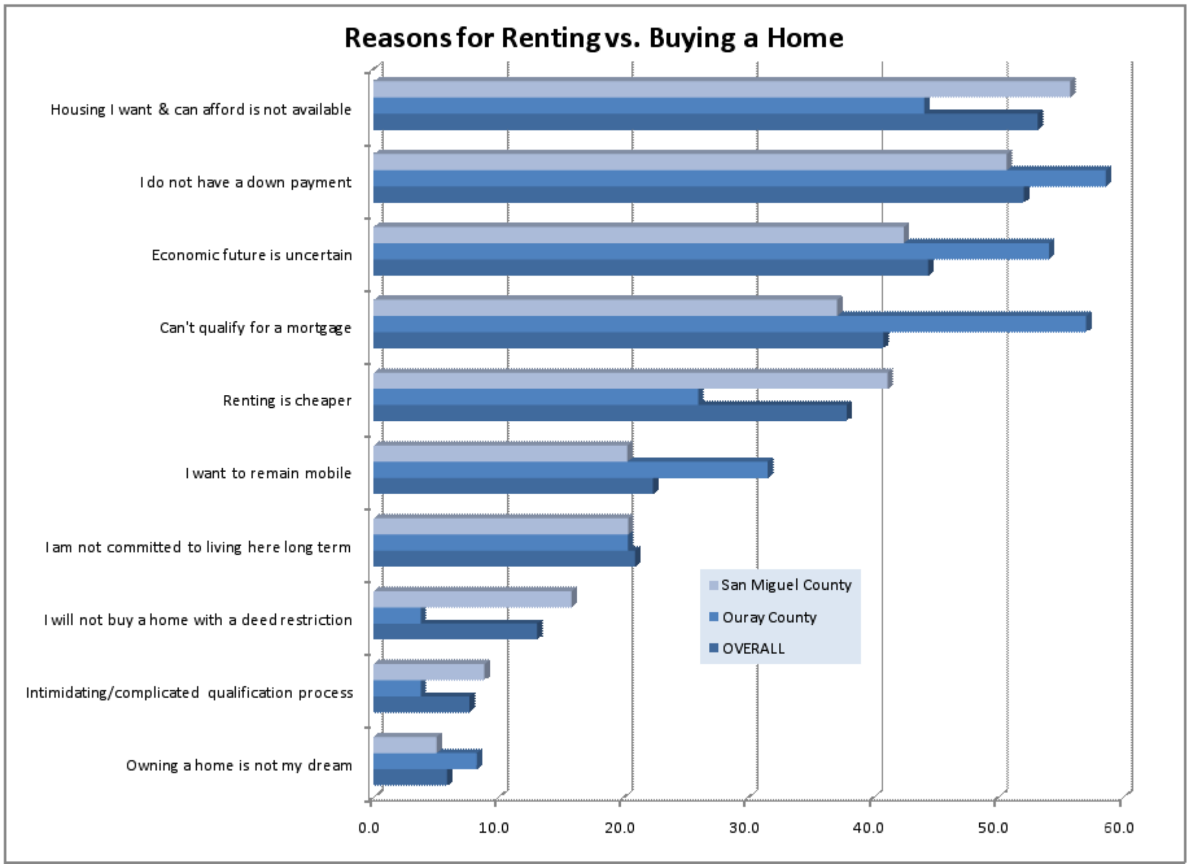
Source: Household survey

Average Prices/Rents Desired by Residents Who Want to Live in Different Home

	Average Price	Average Rent
Ouray	$244,212	$664
Ridgway	$254,008	$731
Ouray Co Unincorp	$370,688	$552
Mtn Village	$340,467	$1,372
Norwood	$200,000	$663
Telluride	$278,238	$960
San Miguel Balance	$270,492	$843

Source: Household survey

In San Miguel County, the most frequently cited reason that residents want to rent is because housing they want and can afford to buy is not available. In Ouray County, however, not having a down payment was the chief reason, followed by the uncertainty of their economic future. Other frequently cited reasons are primarily financial in nature. While lack of commitment to the community was referenced by 20% of the respondents, not wanting to own a home because it is not their dream was cited by fewer than 6% overall. The unacceptability of deed restrictions was mentioned by 16% in San Miguel County, but only 4% in Ouray County.



Source: Household survey

Housing-Related Preferences

Location

Most residents of the two-county region live where they most want to live. The bold figures in the following table represent the residents in each community who indicated they want to live in the community where they now reside. For example, 86% of the respondents from Ouray indicated that Ouray is where they want to live, while 4.3% would like to move to Ridgway, 8% would like to move to an unincorporated area of Ouray County and 1.6% want to live in Telluride.

Telluride has the highest percentage of residents who live where they want to – 97%. San Miguel Balance, which includes Lawson Hill, Ophir, Placerville, Sawpit and Illium, has the lowest – 49%.
It is clear that there is unmet demand for housing in Telluride created by persons who now live nearby and want to move. Of the residents in the San Miguel Balance area, 44% would like to live in Telluride. Of Mountain Village residents, 30% would like to live in Telluride.

Where Live Compared with Where Want to Live

	Where Now Live						
Where Want to Live	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Ouray	**86.1**	2.5	1.5				
Ridgway	4.3	**80.3**	5.7	1.0	0.9		4.0
Ouray Co Unincorp	8.0	8.5	**86.6**	1.0		0.4	
Mtn Village			0.9	**58.7**	1.8	0.4	2.2
Norwood					**81.4**		0.4
Telluride	1.6	8.7	2.9	30.3	6.8	**96.7**	44.1
San Miguel Balance			2.4	9.0	9.1	2.6	**49.4**
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

Unit Type

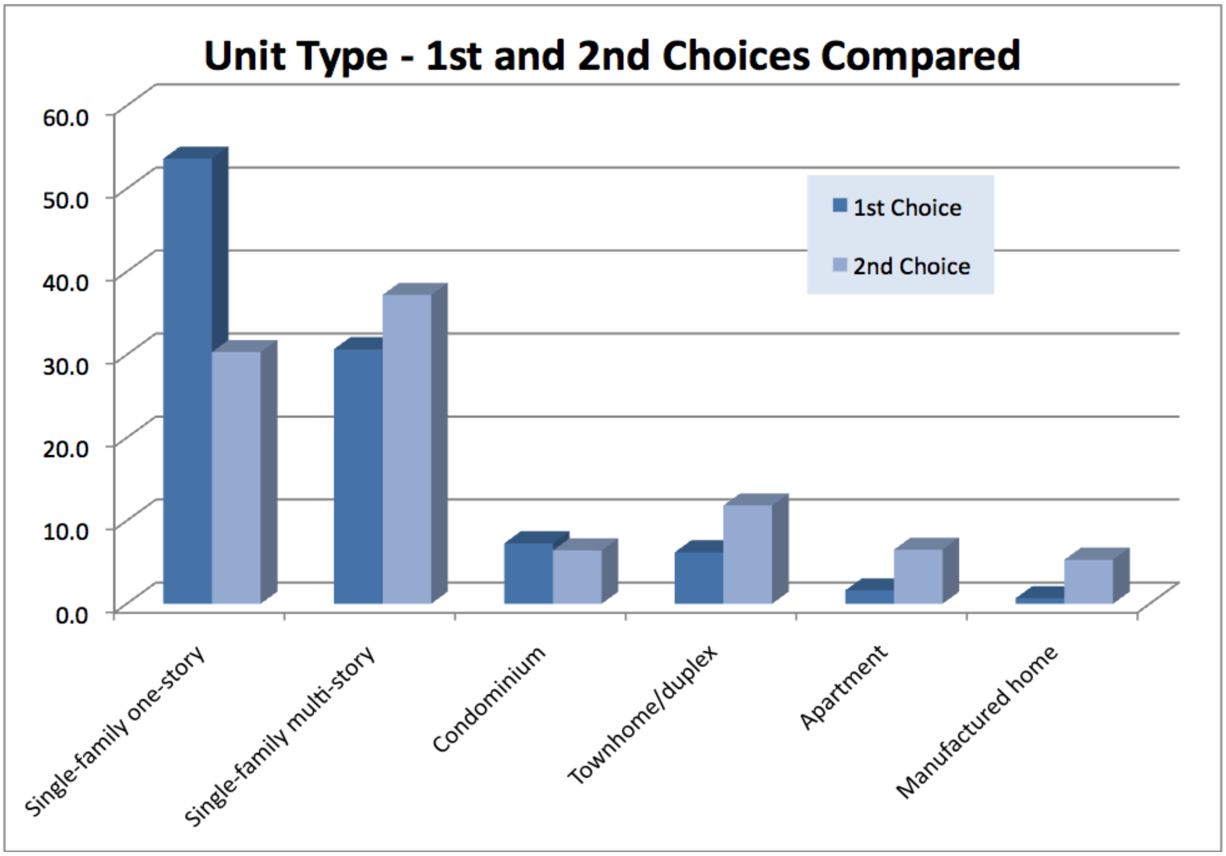
For residents who want to move into a different home within the next five years, about 88% in Ouray County and 83% in San Miguel County would prefer a single-family home. In both counties, there is clear preference among both owners and renters for a one-story over multi-story home.

1st Preference in Unit Type

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Single-family one-story home	85.5	48.4	59.1	43.7	52.5	51.3
Single-family multi-story home	14.5	34.4	28.4	46.0	27.7	31.9
Condominium		1.2	0.9	2.9	12.2	9.6
Townhome/duplex		14.8	10.7	4.4	4.7	4.5
Apartment		1.2	0.9	1.0	2.3	1.9
Manufactured home				1.9	0.6	0.9
	100%	100%	100%	100%	100%	100%

Source: Household survey

A comparison of first and second choices reveals that townhomes or duplexes would be preferred over other unit types if single-family homes are not available at affordable prices.



Source: Household survey

Bedrooms and Bathrooms

Overall, residents in both counties who would like to move into a different home would like two or three bedrooms and two bathrooms. Owners tend to prefer larger units than renters. Residents of San Miguel County tend to want smaller homes than Ouray County residents.

Number of Bedrooms Desired

	Ouray County			San Miguel County		
Number Bedrooms	Own	Rent	OVERALL	Own	Rent	OVERALL
1	4.7	22.6	16.8	4.8	12.8	10.9
2	35.4	30.9	32.8	30.3	48.8	43.6
3	37.0	24.8	28.5	50.0	34.0	38.5
4	22.9	19.5	20.6	14.9	3.4	6.4
5+		2.1	1.4		0.9	0.6
	100%	100%	100%	100%	100%	100%
Average	2.8	2.5	2.6	2.7	2.3	2.4

Source: Household survey

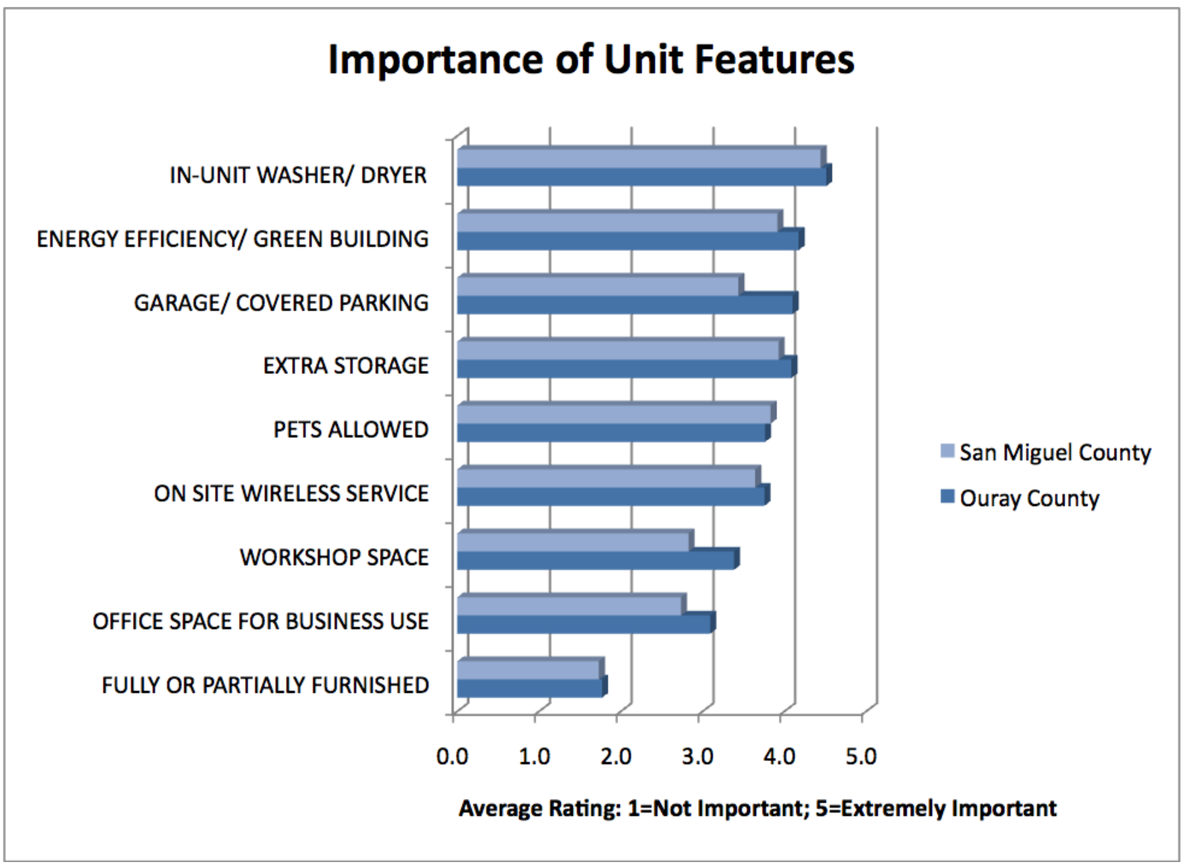
Number of Bathrooms Desired

	Ouray County			San Miguel County		
Number Bathrooms	Own	Rent	OVERALL	Own	Rent	OVERALL
1	9.3	39.3	29.0	8.3	33.9	27.5
2	60.8	32.4	41.7	63.5	56.4	58.2
3	25.2	28.4	27.9	23.8	9.7	13.2
4	4.8		1.5	4.4		1.1
	100%	100%	100%	100%	100%	100%
Average	2.3	1.9	2.0	2.2	1.8	1.9

Source: Household survey

Amenities

Overall, residents in Ouray County placed greater importance on nine potential unit features than did residents of San Miguel County, with the exception of pets being allowed. The relative importance given to the optional amenities were similar in both counties, however, with in-unit washers and dryers rated highest, followed by energy efficiency/green building.



Source: Household survey

Renters in general placed less importance on the optional amenities than did homeowners, which is the usual pattern. There was little difference, however, between owners and renters concerning unit amenities in the relative level of importance they placed on the options.

Unit Amenities by Own/Rent

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
ENERGY EFFICIENCY/ GREEN BUILDING	4.1	4.3	4.2	3.9	3.9	3.9
IN-UNIT WASHER/ DRYER	4.6	4.3	4.5	4.6	4.3	4.4
GARAGE/ COVERED PARKING	4.4	3.4	4.1	3.8	3.1	3.4
EXTRA STORAGE	4.2	3.7	4.1	4.2	3.7	3.9
OFFICE SPACE FOR BUSINESS USE	3.2	2.7	3.1	3.2	2.3	2.7
WORKSHOP SPACE	3.6	2.7	3.4	3.2	2.5	2.8
PETS ALLOWED	3.8	3.7	3.8	3.9	3.8	3.8
FULLY OR PARTIALLY FURNISHED	1.9	1.4	1.8	1.6	1.8	1.7
ON SITE WIRELESS SERVICE	3.8	3.6	3.8	3.6	3.7	3.6

Source: Household survey

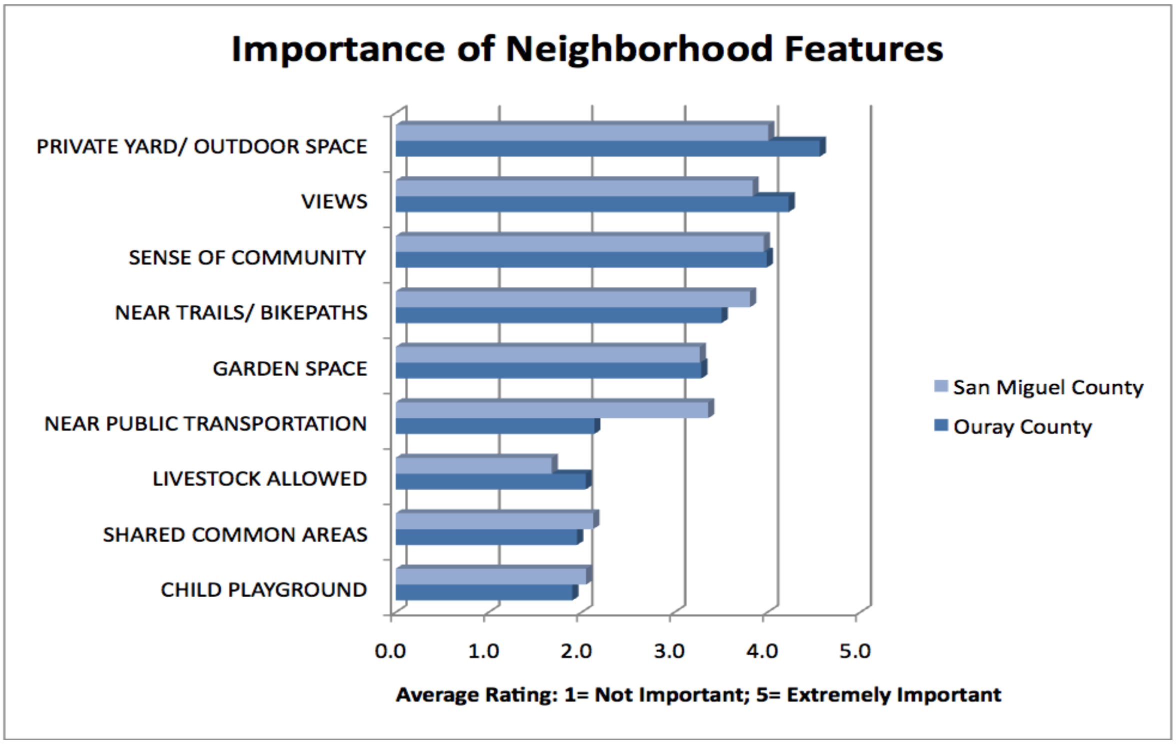
Property managers and realtors frequently mentioned dogs when asked about location preferences. Over half of the residents in both counties rated the ability to have pets where they live as extremely important. Results were similar in both counties. Owners tended to place slightly higher importance on their ability to have pets than did renters. There was very little variation by community; the average rating for “pets allowed” ranged from 3.7 to 3.9. In the San Miguel Balance area, which includes Lawson Hill, 54% of households surveyed rated “pets allowed” as extremely important.

Importance of Pets

	Ouray County			San Miguel County		
Rating	Own	Rent	OVERALL	Own	Rent	OVERALL
1 - Not At All Important	19.3	21.3	20.0	12.0	15.7	14.2
2	3.4	1.4	2.8	6.7	5.8	6.3
3	11.1	12.0	11.0	14.0	13.1	13.6
4	11.6	19.3	13.5	15.7	11.3	13.9
5 - Extremely Important	54.7	45.9	52.7	51.5	53.8	52.0
TOTAL	100%	100%	100%	100%	100%	100%
Average	3.79	3.67	3.76	3.87	3.81	3.83

Source: Household survey

Concerning nine optional neighborhood features that housing survey participants were asked to rate, responses were again generally similar in both counties. Having a private yard or outdoor space was the more important followed closely by views and sense of community. The only option for which there was a significant difference between the two counties was being near public transportation. It ranked slightly above garden space in San Miguel County, with an average of 3.4, compared to a much lower average of 2.1 in Ouray County.



Source: Household survey

The responses between renters and owners were also similar.

Importance of Neighborhood Features

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
PRIVATE YARD/ OUTDOOR SPACE	4.7	4.1	4.6	4.3	3.8	4.0
CHILD PLAYGROUND	1.8	2.0	1.9	2.2	1.9	2.0
SHARED COMMON AREAS	2.0	1.8	2.0	2.2	2.0	2.1
GARDEN SPACE	3.3	3.4	3.3	3.4	3.1	3.3
LIVESTOCK ALLOWED	2.0	2.1	2.0	1.8	1.6	1.7
VIEWS	4.4	3.8	4.2	4.1	3.6	3.8
NEAR PUBLIC TRANSPORTATION	2.1	2.2	2.1	3.3	3.5	3.4
NEAR TRAILS/ BIKEPATHS	3.5	3.4	3.5	3.8	3.8	3.8
SENSE OF COMMUNITY	4.0	3.9	4.0	4.1	3.9	4.0

Source: Household survey

7. Key Findings and Conclusions

Overview

This needs assessment documented many changes over the past five years, from the peak of the construction boom to the depths of the recession. It quantified job losses, decreases in household income and sharp declines in the housing market. It also found that housing problems and gaps are still widespread, with market prices far above the levels that local income earners can afford. Employers have been forced to take actions as a result of the recession, including reductions in wage rates and hours worked, that have impacted the ability of employees to afford housing. While housing availability is not as limited as in the past, prices are still too high for households with incomes under 200% AMI, and the inventory of units listed for sale remains very large.

There are many other changes affecting the demand for affordable housing and the type of housing that should be developed in the near future. The number of foreclosures has risen dramatically in both counties. Home mortgages are far more difficult to obtain and the majority of renters no longer want to move into ownership. Rental vacancies are very low in the Telluride region, but not so in the rest of the two counties. Rents are generally affordable, but will likely start to rise as the economy slowly recovers.

The performance of deed-restricted housing has varied. The units in Telluride, which are price capped, mostly subsidized and located where the majority of employees want to live, have held their value and are selling. Units in Mountain Village and unincorporated San Miguel County, however, have declined in price, after following the free market upward, leaving many owners with debt that exceeds value, units that they cannot sell and increasing risk of default.

Additional deed-restricted units are still needed for commuting employees who want to move closer to their work and to attract employees to fill vacant positions. These units should only be developed, however, if they can be priced lower than homes currently available. Projections have also been provided for workforce housing demand that will be generated by 2015, with assumptions ranging from conservative to aggressive.

The following pages summarize each of the major sections of this needs assessment. These conclusions are followed by recommendations on actions that could be taken to address identified needs efficiently and in ways that are responsive to market conditions and employee preferences.

Economic and Demographic Framework

Population Estimates and Characteristics

The two counties share many characteristics but have some notable differences. There are indications that Ouray County is catching up with, or becoming more similar to San Miguel County.

- San Miguel County has about 62% of the population in the two-county region but the population has been growing faster in Ouray County (18% compared to 11% in San Miguel County between 2000 and 2010).

- The average size of households is slightly larger in Ouray County (2.19) than in San Miguel County (2.13) and there are notable differences among communities, where Mountain Village has smaller households and Norwood and Ophir have larger than average households.

- Household composition varies, with proportionately more couples without children in Ouray County and more singles living alone, roommate households and couples with children in San Miguel County.

- Ouray County is more likely to have retired residents -- 27% of households include at least one retired member compared with 10% in San Miguel County.

- Incomes as reported by the household survey are more similar in the two counties than estimated by HUD. The median income varies from a low of $54,440 in Norwood to a high of $84,790 in Mountain Village.

- Nearly 42% of the households in San Miguel County (1,450 households) and 39% in Ouray County (789 households) report that their income has decreased since 2007/08. Among households that experienced a decrease in income, the average was $33,000 in Ouray County and $43,000 in San Miguel County.

The Economy

Both counties were hard hit by the recession. Since peak employment in 2007:

- Ouray County lost 573 jobs, which equated to a decrease of 20%. San Miguel County lost 1,155 jobs, a decrease of 15.5%.

- Of employers surveyed, 43% in San Miguel County and 32% in Ouray County reported a decrease in employment since 2007/08.

- The unemployment rate climbed from 3% to 7.6% in Ouray County and from 3.2% to 7.2% in San Miguel County.

- Some sectors were impacted more so than others including accommodations and food service, finance and real estate. Construction jobs, which pay some of the highest wages in the region, dropped by 29% in San Miguel County and 25% in Ouray County according to reports which likely under-estimate the counts.

- Approximately 22% of employees in Ouray County reported that they were under employed and need additional work compared with 13% in San Miguel County.

- Employers in both counties expect a slow recovery, with the majority indicating that the number of persons they employ will stay about the same in the next year, but 35% in Ouray County and 57% in San Miguel County plan to increase employment in the next five years.

Jobs/Housing Relationship and Commuting

There is extensive commuting within and between the two counties and, to a lesser degree, to and from neighboring counties. While some commuters could be enticed to move to the community where they work with lower priced housing, most could not.

- While San Miguel County has 62% of the region's population it has 73% of the region's jobs. In Ouray County, there are approximately 1.13 jobs per occupied housing unit while in San Miguel the ratio is 1.82 jobs per unit.

- Based on annual averages, approximately 450 employees travel into Ouray County from homes outside of the county and 745 employees commute into San Miguel County.

- The Telluride region and Ouray both provide housing for 70% of their employees while 30% in commute. Of employees who work in Norwood, 81% live there. Approximately 58% of Ridgway's employees live in Ridgway.

- Most commuters commute year round, and driving alone is the most frequently used mode of transportation.

- The reasons why employees commute are varied, with the price of housing being the most frequently cited reason, followed by community character. The majority of commuters do not want to move.

Housing Inventory

Following high rates of residential construction throughout most of the past decade, the 2010 Census reported the two-county region has 9,721 housing units. Many of these residential units are not used as housing, however, but rather as vacation accommodations. A large inventory of deed-restricted units in the Telluride region has preserved the relationship between primary and second/vacation homes but locals are losing out to part-time residents in Ouray County.

- 5,476 units, or 56%, were occupied by local residents in 2010. Most of the remaining units were second/vacation homes. A comparison of the rates from 2000 and 2010 shows that the percentage of units occupied by local residents is decreasing in all of Ouray County and in much of San Miguel County. This trend does not bode well for housing affordability in the long term since vacation home buyers drive prices upward.

- Both of the counties overall and most of the communities in the two-county region experienced strong rates of residential growth between 2000 and 2010. The rate of growth was much higher in Ouray County (44%) than in San Miguel County (28%).

- The split between owners and renters varies between the two counties, with an estimated homeownership rate of 73% in Ouray County and 50% in San Miguel County.

- San Miguel County has a large inventory of units that are deed/occupancy-restricted, a total of 1,124 units or approximately 32% of total occupied units in the county. Of these:
    - Approximately 64% are renter occupied and 36% are owned by their occupants. While most of the units developed in recent years have been intended for owner occupancy, some have become rentals when units cannot be sold for various reasons.

  - A wide variety of unit types are provided, ranging from small studios/dorm rooms to single-family homes with five bedrooms. Many are small, however, 44% are studios or one-bedroom apartments.

  - Mountain Village has the largest inventory (45% of the total), followed by Telluride then unincorporated San Miguel County.

- Ouray County has 18 deed-restricted units, including 10 single-family homes in Ridgway with temporary price caps and a duplex and six accessory dwelling units in Ouray. There are no deed/occupancy-restricted units in unincorporated Ouray County.

- A total of 208 deed-restricted units have been approved in the two-county region, but not yet built. Plus 13 units in San Miguel County and four units in Ridgway have received preliminary approvals. Construction of all of these units is the responsibility of the private sector, so the timing for their development is unknown.

Homeownership Market Conditions

After a steep drop in the number of sales and more moderate decreases in prices, the ownership market appears to have reached bottom and started to slowly improve, though less so in Ouray County compared with San Miguel County.

Market Sales and Prices

- Homes sales dropped 62% overall from their peak in 2007/08 to their low in 2009. The market rebounded somewhat in 2010 with the number of sales increasing 36% overall in the two-county region, with growth being the strongest in San Miguel County.

- Home prices peaked in both counties in 2007, with a median of over $1.2 million in San Miguel County and nearly $550,000 in Ouray County. The overall median then decreased about 20% in San Miguel County by 2009 before increasing in 2010 to just over the $1 million mark. The median price continued to decline in 2010 in Ouray County to a level about 26% below the peak.

- Despite the decline in prices, homes remain unaffordable for most of the region's residents. Only 7% of the homes sold in the past five years in both counties were affordable for households with incomes at or below 100% AMI. Incomes in excess of 250% AMI were needed to afford 21% of the sales in Ouray County and 65% in San Miguel County.

Deed-Restricted Sales and Prices

A total of 138 deed-restricted units were sold in the past five years. These sales exhibited the same general pattern as the free market, with some exceptions.

- The number of sales peaked in 2007 at 44, then dropped off sharply in 2008, before returning to about 50% of peak volume in 2009 and 2010.
- Median prices decreased over 34%, from an average high of $432,543 at its peak in 2008, down to an overall average of $284,180 by 2010.
- Prices for units *without* price caps were much higher than prices for deed-restricted units *with* price caps. It should be noted, however, that most of the units sold with price caps were also subsidized.
- Units without caps decreased in value (48% in Mountain Village and 32% in unincorporated San Miguel County), while units with caps generally held their value, although not all resales were at the maximum prices allowed.
- Deed restricted units were affordable for all income levels with 30% priced to be affordable for households with incomes in the 120% to 150% AMI range.

Free Market Availability and Costs

The inventory of homes listed for sale is very large – a total of 741 units in the two-county region, which equals a 50-month inventory based on the rate of sales in 2010. Prices have not been heavily discounted to sell quickly, however.

- In Ouray County, the average price per square foot for units listed is 28% higher than the average for units sold in 2010. In San Miguel County, the average price of $735 per square foot for homes listed for sale is 37% higher than the average of $536 per square foot in 2010.
- The average list price for a three-bedroom home in Ouray County is just over $600,000. In San Miguel County, it is nearly $1.5 million.
- Affordability has improved just slightly in Ouray County where six units or 6.3% of the total are affordable for households with incomes at or below 100% AMI, all of which are in Ridgway.
- Affordability in relative terms has gotten worse in San Miguel County, where only 4% of the 593 homes listed for sale (24 units) were priced at levels affordable for households with incomes equal to or less than 100% AMI.

Deed-Restricted Availability and Costs

A total of 37 deed-restricted units were listed for sale as of February, which equates to a 21-month inventory.

- The average list price was nearly $380,000. An income of approximately 190% AMI based on a two-person household would be needed to afford this price.
- The AMI category with the most listings is 151% to 200% AMI, followed by 121% to 150% AMI.
- Only six units were listed for sale at prices affordable for households with incomes at or below 100% AMI.
- While Mountain Village and unincorporated San Miguel County have a large inventory of units listed for sale (15 in mountain Village, which equates to a two-year inventory, and 21 in unincorporated San Miguel County, which equates to a 2.7 year inventory), only two units were listed for sale in Telluride.

Rental Market Analysis

Approximately 540 units in Ouray County and 1,711 units in San Miguel County are renter occupied, for a total of 2,251 renter households in the two-county region. Rental market conditions vary within the region. Very low vacancies strongly suggest the need to develop additional rental units in the Telluride region, while high vacancies in Ouray County indicate few if any additional rentals are needed at this time.

- About half of the households in San Miguel County are renters compared with 27% in Ouray County.
- Renters in San Miguel most often live in apartments, while the majority in Ouray County rent single-family homes, a factor that impacts utility costs.
- At last count 725 units with deed or other occupancy restrictions are rentals. These units equal over 42% of total rental units in San Miguel County.
- In both counties, the majority of rental units are affordable for low-income households (≤ 80% AMI). The deed/occupancy restricted units in San Miguel County are the most affordable, followed by the rental units in Ouray County, which are all free market. Free-market rentals in

San Miguel County are higher, but, with decreases in rents during the past two years, about 55% of units countywide are affordable for low-income households.

- By community, the difference between free-market and deed-restricted rents is more pronounced, especially in Mountain Village where market rents are 2.3 times higher than rents for units with restrictions.

- Among restricted units, rents are generally set at levels below the maximum affordable rates.

There are six rental complexes in the two counties, five in San Miguel County, all of which are restricted, and one in Ouray County that is free market. Three of the six have remained almost fully occupied even during the depths of the recession. With an extremely low vacancy rate of 1.1% in the Telluride region, immediate development of additional rental units serving a mix of income levels appears to be warranted before market rents escalate due to demand that exceeds the supply.

Two projects – Big Billies in Mountain Village and Cottonwood Creek in Norwood, have never performed well. The under utilization of these resources should be understood so that the similar development mistakes do not occur. Lessons that can be learned from these two projects include:

- Units with low income restrictions (50% AMI for both projects) should be designed primarily for occupancy by one-income households. Income restrictions have not been a problem at Big Billies, where all units are limited to occupancy by one person, but have been a significant impediment to lease up at Cottonwood Creek, where all units have four bedrooms. Units should be small or income limits should be higher.

- In rural communities, the market is too small for projects to target only one market segment, with all units having the same number of bedrooms. The projects that have done well offer a variety of units.

- Dorm rooms without kitchens are neither cost effective nor well suited for housing seasonal workers. Big Billies is mostly vacant for all months except during the ski season. Without kitchens or units that can be shared by couples, year-round residents are unwilling to live there. Seasonal workers, who typically hold some of the lowest wage and most physically demanding jobs in the community, are unable to cook full meals. Building kitchens for individual dorm rooms is cost prohibitive, however. Housing projects in other resorts designed for seasonal workers with multiple small bedrooms sharing a full-size kitchen have been able to attract residents year round and maintain higher occupancy levels.

The one rental complex in Ouray County has had high vacancy rates during the past two years attributed to job losses in the area; competition from units that were built for owner occupancy, but, due to the soft market, are now rented out; and from competition from the Montrose area where vacancies have been moderately high and rents low. As such, development of additional rental units in Ouray County does not appear to be warranted at this time, unless they address a unique market segment, like extremely low income households.

Housing Problems

This section of the report examined various types of housing problems ranging from perceptions about the workforce housing to foreclosures.

Perceptions

The majority of residents in both counties feel that the problem of finding affordable housing for persons who work in the region is either the most critical or one of the more serious problems facing the area. Renters overall and residents of Telluride considered the severity of the housing problem to be greater than other residents of the two-county region.

While most residents are satisfied with the homes in which they now live, 47 households in Ouray County and 79 households in San Miguel County are very dissatisfied with their housing. Satisfaction levels are highest overall in Ouray County and Norwood. Lower-income households and residents who have moved to the area recently tend to be the most dissatisfied.

Physical Conditions

Most residents gave above average ratings to various measurements of the condition of their home, neighborhood and community. Quality of schools and safety/security both rated very high. Residents of Ouray County gave higher ratings to yard size, privacy, size of home and exterior appearance while San Miguel County residents gave higher scores to community amenities and proximity to services. Energy efficiency received a relatively high rating of "poor" in all communities.

Affordability

Households are considered to be cost burdened by housing that is not affordable when the rent or mortgage payment exceeds 30% of household income. In Ouray County, 30% of households, or approximately 610 households, live in housing that is not affordable. The estimates are higher for San Miguel County - 44% or 1,513 households. There is a direct correlation between affordability and income – the lower the income, the higher the percentage of income that has to be spent on housing. Utilities add to the cost of housing, particularly in Ouray County where high utilities are the leading cause for dissatisfaction with housing. Ouray County renters pay, on average, $315 per month for utilities.

Forced to Move

"To find less expensive housing" was the primary reason why approximately 29% of the residents in both counties combined moved within the past three years.

Employment-Related Problems

Employers that completed the on-line survey provided information very valuable to understanding housing needs in the two counties.

- Most employers feel that affordable/employee housing is a problem –84% in Ouray County and 90% in San Miguel County. Housing for seasonal employees is far less of a concern than for year-round residents.

- The recession has hard hit many employers and their employees. Overall 65% have reduced the hours their employees work, 59% have frozen wages/salaries and 20% have reduced wage rates.

- Housing has impacted the work performance of employees in multiple ways – causing displeasure with wage rates, tardiness from long commutes, fatigue on the job and high turnover.

- While the recession has made it much easier to find employees to fill jobs, approximately 34 positions in Ouray County and 134 jobs in San Miguel County went unfilled in 2010.

Foreclosures

Residential foreclosures are up sharply in both counties. From 2008 through 2010, the number of filings increased roughly 500% in Ouray County (from 10 to 59) and 200% in San Miguel County (from 35 to 108). In 2010, Ouray County ranked fourth in the state in completed foreclosures measured as a percentage of households.

Foreclosures were filed on a total of 33 residential deed-restricted properties from 2008 through the first two months of 2011. The number has increased each year from only two in 2008 to 14 in 2010. Six were filed in the first two month of 2011. If this rate continues, filings will total 36 in 2011, which is in line with the sharp upward trend predicted by mortgage lenders. Of the filings on deed-restricted properties, 91% did *not* have price caps.

Special Needs

Both counties have a relatively small population of persons who are age 65 or older -- 11.7% of the population in Ouray County and 4.1% in San Miguel County. Most seniors are satisfied with their housing and do not want to move. While neither county has any housing specifically for seniors, the demand and feasibility for independent living, assisted living and elder co-housing are uncertain.

There are also few people with disabilities in the region due to the climate-related impediments they face.

Homelessness is not a common problem; the severity of the winter makes it impossible to live without housing during much of the year.

It appears that the Spanish-speaking population has declined in size with the loss of solo men who work construction, but most families seem to have remained intact and school enrollment has held steady. Federal and state legislation requiring residency documentation has forced some to move down valley where market rents are lower.

The number of very low income households has jumped sharply in both counties due to job losses and reductions in income. The number of households receiving food stamps and help with their utility bills has more than doubled. This suggests the need for emergency housing support, but little is available.

Gaps and Estimated Needs

This section of the report examined the relationship between incomes and housing costs (both rents and sale prices), the existing shortfall in affordable housing, demand for additional housing that will be generated by job growth between now and 2015, demand from existing residents who want to move into different homes, and the housing-related preferences of residents.

Gaps between Housing Costs and Incomes

Home prices in both counties have been and, based on for-sale listings, will continue to be beyond the price that is affordable for most residents. Gaps were identified by comparing the incomes of residents to units priced at levels they can afford.

Rents tend to be affordable for renters at most income levels. The exception in both counties is the category of extremely low income households (incomes ≤ 30% AMI).

Home prices remain much higher than affordable for local income earners however. In San Miguel County:

- Gaps exist in the free market up to the 200% to 250% AMI range based on sales during the past five years. Based on units listed for sale, a gap exists until the 250% plus AMI category is reached.

- Deed-restricted units sold in the past five years have well matched income levels starting at the 100% to 120% AMI range, with gaps for low-income households. There are similar gaps in current availability when the prices of deed-restricted units listed for sale are compared to incomes.

In Ouray County:

- Units sold in the past five years proportionately matched the incomes of homeowners starting at the 100% to 120% AMI range.
- The prices of current listings are not in line with incomes until the 150% to 200% AMI range.

Need for Units to Address Shortfall

The need to develop additional units to address the existing shortfall was quantified based on the need to provide housing for employees to move into the area to fill vacant jobs and on demand generated by in-commuting employees that want to move closer to work. Based on this methodology, there is unmet demand for 138 units in Ouray County and 320 units in San Miguel County. This demand is price sensitive, however. Available units are generally priced too high. In commuters would require a median price of $250,000 for a single-family home or a median rent of $600 to move closer to their work.

Existing Shortfall in Housing

Source of Demand	Ouray County	San Miguel County
Unfilled Jobs	18	60
In Commuters	120	260
Total	138	320

In Ouray County, market forces may drive down prices to the extent that the existing shortfall may be adequately addressed by existing units as they become more affordable. High vacancies among existing apartment units, a large inventory of units for sale and a relatively high number of foreclosures suggest that the bottom in home prices and rents may not yet have been reached.

In San Miguel County, rental vacancy rates are very low (except at one unique complex in Norwood), only nine deed-restricted units are listed for sale at prices affordable for households with incomes at or below 120% AMI and free-market prices remain far above levels that are affordable for most residents. These indicators suggest a more aggressive and immediate approach for addressing the estimated shortfall would be appropriate.

Additional Demand by 2015

Three scenarios were used to forecast growth in housing demand by 2015 based on variations in job growth with annual rates of 0.5%, 1.5% and 3% assumed.

- In Ouray County, between 31 and 193 additional units should be needed by 2015 to house growth in the workforce in Ouray County. Based on the preferences of existing employees, 40% should be located in Ridgway, 26% in unincorporated Ouray County, 17% in Ouray and 18% outside of the county for employees who prefer to commute.

- In San Miguel County, new job growth should generate demand for 76 to 479 additional housing units by 2015. About half of the new units for which demand will be generated should be built in Telluride (38 to 239 units). The others should be dispersed throughout San Miguel County, except for 11% for employees who would rather commute.

Demand from Existing Residents

The majority of any new units developed in the next five years will likely be purchased or rented by existing residents who want to move into homes other than where they now live. Many of the new employees moving to the area will occupy homes they vacate. Overall 30% of Ouray County's residents and half of the households in San Miguel County would like to move into different homes within the next five years.

- 14% of homeowners in Ouray County and 26% in San Miguel County want to move into a different home. Most of these homeowners want to buy a different home but 10% would like to rent.

- Nearly three-fourths of the renters in both counties want to move. Most want to continue to rent. Of renters who want to move, only 32% in Ouray County and 23% in San Miguel County indicated they want to buy a home in the next five years. The main reasons why renters would rather continue to rent instead of buying are primarily financial in nature – housing they can afford and want is not available, they do not have a down payment or their economic future is uncertain.

In both counties, the median price that residents who want to move would pay is $250,000. The median rent desired is $650 in Ouray County and $1,000 in San Miguel County.

Housing-Related Preferences

The household survey generated information on the preferences of residents regarding location, unit type, bedrooms and bathrooms, amenities and neighborhood features.

- Most residents of both counties live in the community where they most want to live. There is a clear desire, however, by many of the residents who live in Mountain Village, Lawson Hill and down valley communities to move into Telluride.

- In both counties, the vast majority of residents who would like to move prefer a single-family home and there is clear preference among both owners and renters for a one-story over multi-story home.

- More residents prefer two bedrooms and two bathrooms than any other size of unit. Residents of Ouray County generally want larger homes than residents of San Miguel County.

- In-unit washers and dryers rated the highest among optional amenities followed by green building/energy efficiency.

- Among optional neighborhood features, a private yard or outdoor space rated highest in terms of importance, followed closely by views and sense of community. San Miguel County residents rated proximity to public transportation higher, which was the only significant difference between the two counties.

Development Opportunities

Market opportunities for the development of for-sale housing are limited at present. In Ouray County, market prices may not have reached bottom, and the high number of foreclosures may force prices down on a sufficient number of units to meet existing demand.

In San Miguel County, the large inventory of market and deed restricted units listed for sale, tough mortgage lending standards, few renters who want to buy and prices desired that are lower than exists even among subsidized units, most development efforts should focus on rental housing.

Telluride is the exception. The demand for both owner and rental housing in Telluride has not been satisfied. Close consideration should be given to pricing of new for-sale units, however. Most deed-restricted units target a fairly narrow segment of the market. The greatest homeownership market potential appears to be for housing in the 80% to 120% AMI range.

Multiple factors lead to the conclusion that there is additional demand for ownership units in Telluride:

- Gaps between incomes and deed-restricted prices in all categories up to 120% AMI;
- Approximately 30 deed-restricted units listed for sale nearby at prices affordable for households earning about 120% AMI; and
- A median price of $200,000 needed to entice commuters who want to move to live closer to their work.

8. Community Resources and Financial Tools

This section of the report examines the availability of resources in both counties to address housing needs including:

- Local housing programs;
- Mortgages;
- Down payment assistance programs;
- Homeownership counseling programs; and
- Housing rehabilitation programs.

Local Housing Programs

Ouray County

The Town of Ridgway, City of Ouray and Ouray County worked together on the development of a detailed *Affordable Housing Action Plan* in 2008. Shortly after development of the plan, the recession hit Ouray County. As such, none of the three jurisdictions has provided a budget allocation for implementation in 2010 or 2011. The timeline for the Action Plan has been revised to postpone several of the key action items; however, the Housing Authority board has remained active and accomplished some of the tasks called for in the Action Plan, including:

- Initiation of a homebuyer education program with sessions in both the spring and fall of 2010.

- Amendments to the Town of Ridgway's Accessory Dwelling Unit (ADU) regulations, increasing the maximum unit size allowed from 600 to 800 square feet.

- Participation in the Regional Housing Needs Assessment.

- Drafting of language for a Real Estate Transfer Assessment for a Ridgway annexation.

Town of Telluride

The Town of Telluride had regulations, incentives, funds and land that can be used to address affordable housing needs. Specifically:

- Mitigation Requirements placed on all new commercial and residential development that require Affordable Housing Units (AHU's) be developed for 40% or 60% of the employees generated by the development. These requirements were extended to single-family and duplex homes in 2010.

- Incentives for the construction of Employee Dwelling Units (EDU's) provided under current guidelines include tap fee and building permit waivers. Future utilization of these incentives is not expected to be significant now that mitigation requirements apply to single-family homes and duplexes; accessory units will now typically fall under AHU requirements.

- Through a public vote in 1994, the Town established an Affordable Housing Fund with revenues from a .5% sales tax and use tax, and authorized up to $5 million of debt for housing development. The fund also receives fees paid in lieu for mitigation, reimbursements from the sale of homes that the Town builds and a small amount of miscellaneous revenue. The Town receives approximately $520,000 on average each year in tax revenues. The amount received from mitigation varies each year. 2010 was an exceptional year in which a mitigation payment of $300,000 was received. Approximately $270,000 is earmarked for repayment on $3 million in bonded indebtedness. While revenues may be higher in some years, there is a steady stream of roughly $250,000 available each year for new projects after payment of debt and the SMRHA.

- The Town has acquired land to meet a variety of civic needs in the future. One parcel was purchased with Affordable Housing Funds and is specifically dedicated to the development of eight units of affordable housing. Plans for this parcel have not been developed.

Town of Mountain Village

The Town of Mountain Village had regulations, incentives, funds and land that can be used to address affordable housing needs. Specifically:

- The Town has specific zoning requirements to provide employee housing for 15% of the 8,027 person equivalent density limitation in the Town, with specific number of required units listed on a lot-by-lot basis. This equates to an ultimate requirement to provide housing for approximately 1,204 person equivalents, or 350 condominiums/apartments and 149 dorm units (one condominium/apartment unit = three person equivalents; one dorm unit = one person equivalent).

- The Town zoning allows for density increases for employee housing above the 8,027 person equivalent density limitation in the Town. To date, 133 condominiums/apartments and 19 dorm units have been provided as employee housing "bonus density". This added housing has been provided by Town construction of units at Village Court Apartments and Coyote Court, the provision of additional housing or land for housing through a PUD process (with the housing being provided as a public benefit), and by the private sector developers.

- The Town has reduced fees for affordable housing projects, including a reduced building permit fee and water and sewer tap incentives.

- 11.11% of the Town's sales tax (currently 4.5%) is directed into the Town's Affordable Housing Development Fund. This fund is used for a myriad of housing projects. Annual receipts vary. For modeling purposes, revenues have been estimated at $260,000 per year.

- The Town's newly adopted Comprehensive Plan has set forth new goals for employee housing, including:
  - Providing housing for 30% of the 8,027 person equivalent density limitation or 2,408 person equivalents;
  - Land banking for employee housing;
  - Creating enhanced housing regulations;
  - Cooperating on intergovernmental projects; and
  - Encouraging the provision of secondary dwelling units through the creation of new incentives.

San Miguel County

San Miguel County has an inclusionary zoning program, affordable housing impact fee, revenues from a real estate transfer assessment and incentives for accessory dwelling units, all of which are applicable only in the eastern portion of the county (R-1 school district boundaries).

- The County's inclusionary zoning program has been in place since 1990. The program was initially very effective at producing for-sale housing, but the last PUD to which these regulations applied was approved in 1994. The program is still on the books. Its rate has been increased from 15% to 35%.

- In 2007 the County enacted an impact fee applicable to new development to generate funds for affordable housing. Since the 2008 slow down in construction, revenues have not equaled projections, but over $306,000 has been generated to date.

County Affordable Housing Impact Fee Revenues

Time Period	Amount Received
2007 (6 months)	$33,160
2008	$99,757
2009	$58,236
2010	$109,232
2011 (2 months)	$6,078
Total to date	$306,463

Source: San Miguel County

Funds have been used for land acquisition (the Sunnyside parcel) and can be used for other capital expenses/development, but cannot be used to purchase homes in foreclosure.

- A real estate transfer assessment applies to Lawson Hill, San Bernardo and Aldasoro. Funds from this assessment have been used to support SMRHA and to purchase homes in foreclosure with deed restrictions that would otherwise expire. The fund had reached a level of about $900,000, but is now down to approximately $100,000. It will be replenished upon the sale of two homes and a lot that the County now owns.

- Accessory Dwelling Units (ADU's) were allowed prior to 2007 on five- to 35-acre parcels, provided that the units were deed restricted. For several years, deed-restricted ADU's were required if the primary residence was over 5,000 square feet in size, or an $80,000 fee in lieu was paid into the Affordable Housing Fund. In 2007, with the County's adoption of an Affordable Housing Impact Fee, the ADU regulations were changed to allow the units without requiring deed restrictions, which are difficult to enforce.

- The County acquired land for affordable housing using funds from its Impact Fee. The 4-acre Sunnyside parcel is in the Eider Creek area just outside the Town of Telluride. The sloping parcel will be difficult to develop, but may be able to accommodate up to 22 units of affordable housing. Extension of Town water will be required. The County looks to partner with the Town on the project.

Telluride Mountain Village Owners Association (TMVOA)

Revenue from a 3% real estate transfer assessment applicable to properties in Mountain Village is allocated by TMVOA to a variety of civic purposes including operation of the gondola and economic development activities. Employee housing is one purpose for which some funds will likely be allocated in the future. As currently envisioned, a committee of TMVOA board members and representatives from the Town of Mountain Village will be formed in two to three years to work together on development of for-sale homes. TMVOA owns or is acquiring three parcels for housing development:

1. Timberview (Lot 640BR), which is zoned for eight employee condominium units, two of which are built. The units can be detached as are the two homes already on the site.

2. Sunshine Valley, a parcel in lower Lawson Hill that is zoned for 13 condominium units.

3. Lot C in Lawson Hill, which was purchased in 2007, will be land banked until developed for affordable housing.

Mortgage Availability

Multiple lenders provide a full array of mortgage products including conventional Fannie Mae and Freddie Mac, FHA, VA, Rural Development, jumbos and, in limited cases, portfolio loans. Several lenders in San Miguel County specialize in deed-restricted units and homes priced at the low end of the free market. The most active lenders in the two counties include: Alpine Bank, Bank of America, Countrywide and Wells Fargo and the Mortgage Store, a broker with multiple lenders.

Business has been mixed during the past two years. Refinances have been spurred by low interest rates at the same time that sales of free-market units have dramatically declined. Construction of deed-restricted projects by the Town of Telluride has generated business. Tougher lending standards and file documentation requirements have, however, made application processing much more time consuming and kept mortgage lenders busier with fewer loans. In general, it is much harder to obtain home loans now than prior to the 2007 crisis in the mortgage industry.

The specific limitations and complications associated with home mortgage availability include:

- **Declining Home Values/High Loan-to-Value Ratios** -- The value of free-market homes in both counties has declined since the 2007 peak in home prices (see Sec 3A -- Ownership Market Conditions). Values of deed-restricted units without price caps have also declined. Mortgage lenders estimate that many owners of both free-market and deed-restricted homes that are not price capped are now "under water" with mortgages that exceed the value of their property. This is a problem not only for owners who purchased near the peak but also for those who took equity out of their homes through refinances. As a result, loan-to-value ratios are too high for refinancing, making it impossible to take advantage of low interest rates and reduce housing payments. With the increase in defaults and foreclosures reported in Section 4, Housing Problems, values will further decline making it harder to refinance.

- **Appraisals Not Supporting Values --**With declining property values, appraisals may not conclude that purchase prices are justified. With lengthy loan processing, this problem is exacerbated. For example, a San Bernardo condominium appraised for $420,000 in August 2010. Months went by without loan approval so a new appraisal was required in January. This appraisal reported a value of $350,000, which equates to a $70,000 drop in value in less than six months.

- **Telluride Deed Restrictions Rejected --** Four years ago, the Town of Telluride changed its deed restriction so that provisions survive default and foreclosure. This was done to protect the inventory of affordable housing from the wave of foreclosures sweeping the nation and other resort communities. This change enables the Town to allocate its affordable housing funds on new construction rather than on the purchase of homes that are in foreclosure. FHA, VA and USDA, however, have ruled they will not accept deed restrictions that survive foreclosure. Mortgage lenders seem to agree that this is a significant impediment for buyers of deed-restricted units since government insured mortgages are often the best product for borrowers with limited funds for down payments. As a consequence, borrowers of new deed-restricted homes in Telluride must have 20% down or be able to qualify for and afford private mortgage insurance. While FHA, VA and USDA loans have rarely been used in the past in Telluride, the recent ruling eliminated several applicants for Mendota and Gold Run units who could not obtain conventional mortgages.

- **Conventional Mortgage Lenders Limited by Deed Restrictions --** Conventional Mortgages are still possible with Telluride's permanent deed restrictions, yet the number of lenders who can offer them is limited because many banks and mortgage companies have inadequate loan administration systems for tracking of deed restrictions when loans are sold. This limits competition, consumer choice, and mortgage availability.

- **Tough and Time Consuming Underwriting --** The loan packaging and underwriting process is now more complicated and time consuming. While underwriting standards basically adhere to "make sense" criteria and the credit ratings required are high but reasonable, income documentation and file quality standards are making mortgage applications and processing far more time consuming and difficult. In general, borrowers must have three months of cash reserves in addition to closing costs, a good credit score and three open lines of credit that are at least 24 months old.

- **Condominiums Harder to Finance --** It is getting harder to obtain and maintain condominium approvals. Lenders have historically worked with FHA, USDA and Fannie Mae to obtain project approvals required for condominiums. With lenders spending increased time on loan packaging and processing, developers need to assume this responsibility. This task can take months and, if not done early in the development process, can impede loan closings. Lenders often limit exposure and risk by limiting the number or percentage of units on which they will provide mortgages in any given project. Many of the companies that provide private mortgage insurance will not provide it for condominiums, thus requiring borrows to come up with 20% down. The financial stability of condominium homeowner's associations (HOA's) is also becoming a problem due to delinquent dues. When borrowers default on their mortgages they also stop paying their HOA dues, which can result in the condominium project losing its approval. The HOA then raises dues of remaining owners, driving up their monthly costs until they are no longer affordable and, in some cases, causing them to default.

  Commercial Uses in Mixed-Use Development – Lenders have become less willing to provide mortgages for residential units in building with commercial uses. Most lenders now limit commercial uses to 20% of the development yet there have been projects approved where this percentage is exceeded.

Down Payment Assistance

San Miguel County

The San Miguel Regional Housing Authority has a Down Payment and Closing Cost Assistance program administered by Funding Partners, a non-profit agency based on Fort Collins that operates throughout much of the state. The program provides assistance to households with incomes up to 150% AMI, or 115% AMI if the primary mortgage is FHA insured. First-time buyers can borrow up to 5% of the purchase price or $25,000, whichever is less. Borrowers who have owned homes previously can borrow the lesser of 5% of the purchase price or $10,000. Borrowers must still provide a minimum of 3% of the purchase price from funds acceptable to the primary lender. The assistance is structured as an Equity Share Mortgage. Repayment of principal and a pro rata share of appreciation must be done upon sale and is allowed at any time prior to that. Terms have been changed to 15 years. A total of 34 loans were made from 2001 through 2008, 25 of which have been paid off. A total of five applications are in process, four of which are for buyers at Gold Run. For 2011, $163,000 is available for loans in San Miguel County.

Ouray County

Down payment assistance is available to buyers in Ouray County through the Colorado Housing and Finance Authority (CHFA). CHFA provides fixed-rate financing, homebuyer education and technical assistance on affordable housing and economic development. CHFA partners with local businesses, banks and governments, with a goal of creating stronger communities and local economies. They have two programs for down payment assistance:

- CHFA Homeopener Program, which offers fixed interest rate loans to buy a home, and offers second mortgages to use for down payment and/or closing cost assistance. Income qualifications apply, home buyer education classes are required and you must contribute a minimum of $1,000 toward the purchase price.

- CHFA Jumpstart Program, which is a First-Time Homebuyer Tax Credit Program for down payment and/or closing cost assistance.

Homebuyer Education

Shirley Diaz, the executive director of the SMRHA, is certified in homebuyer counseling, including pre-purchase education and foreclosure prevention from Neighborworks, which is recognized by HUD and also CHFA. In 2010 she offered eight classes in San Miguel County which were attended by 34 households. Three Homebuyer Education Classes were offered in Ouray County, but were cancelled due to lack of interest. Monthly eight-hour courses will be offered in San Miguel County and two evening workshops are planned for Ouray County in 2011. One-on-one counseling is also offered, but has not been utilized to date.

Housing Rehabilitation and Weatherization

Grand Junction-based Housing Resources of Western Colorado, with support from the Governor's Energy Office, operates a weatherization program in seven counties, including Ouray and San Miguel. Only low income applicants are eligible. In an effort to improve service delivery, MADA out of Montrose is now accepting applications and coordinating the work. The annual average since 2010 for weatherization through this program has been 3.4 units in Ouray County and 1.9 units in San Miguel County.

The Delta Housing Authority has a self sustaining allocation of CDBG and HOME funds available for housing rehabilitation in Delta, Montrose and San Miguel counties leftover from the now defunct WCHDO (Western Colorado Housing Development Organization). The funds can be used for low income homeowners only (incomes no greater than 80% AMI). In order to access the funds, a jurisdiction in Ouray County must enter into an intergovernmental agreement (IGA) with the Delta Housing Authority but has not done so to date. An IGA is in place in San Miguel County but the program has not been marketed or utilized yet. It would be administered through the Delta Housing Authority and therefore will likely be difficult to access and coordinate given the distance. The maximum loan is $24,999. The Delta Housing Authority currently has a balance of approximately $200,000 in the revolving loan fund.

The New Community Coalition (TNCC), a non-profit based in Telluride, has partnered with San Miguel Power Association and Colorado Solar Industries Association (COSEIA) to offer rebates via the Governor's Energy Office for Insulation, Solar PV and Solar Hot Water systems. The "Insulate Colorado" program provides homeowners with rebates to insulate and air-seal their homes to help reduce energy costs. Rebates are available up to $500 or 50% of total cost of the project, whichever the lesser. The insulation must be installed by an eligible Colorado contractor. There are no income restrictions associated with this program.

The Town of Ridgway offers sales tax rebates for the purchase and installation of solar electric/ hot water systems pursuant to Ridgway Municipal Code §6-1-12. No income restrictions apply.

9. Action Plan – Input and Recommendations

This section of the report provides support for the development or refinement of plans to address the housing problems, gaps and demand identified by this needs assessment. It consists of three parts:

A. Opinions about affordable housing from the key stakeholder, household and employer surveys;

B. Analyst's recommendations; and

C. Affordable housing development model that provides estimates of the deed-restricted units that will be developed by 2015 through various requirements, incentives and other efforts.

A. Opinions about Affordable Housing

Comments from Key Stakeholders

An on-line survey was conducted at the start of this needs assessment to identify concerns and shape the direction of the study. A total of 26 elected and appointed officials, representatives of community organizations with an interest related to housing and concerned citizens completed the survey.

- Many examples were provided of accomplishments including specific projects, the efforts of all of the government jurisdictions that have taken action to produce affordable housing, the housing authorities in both counties and Habitat for Humanity.

- Comments about lessons learned focused on the high prices of affordable housing, the need to partner on development of additional units, deed restrictions, income limits and waivers to existing guidelines.

- About the rate at which affordable housing should be developed in the near future, the majority of responses (54%) indicated that the pace should be increased to take advantage of low construction costs and to stimulate the economy through construction jobs.

- Concerning aspects of existing programs, the majority felt that eligibility criteria, income levels, owner/renter mix, location, unit size and unit type should stay the same. Many specific suggestions for changes were offered, however, by respondents who felt changes are needed.

The report from this survey is an appendix to this report.

Comments from Employers

The last question on the employer survey was "Do you have comments on affordable housing efforts to date or suggestions on how to address housing needs in the future?" A wide variety of comments were received, 24 in all. While one comment indicated affordable housing is not the problem it was prior to the recession, there seemed to be a general consensus that housing for employees remains a significant concern and that additional efforts are needed. For example, one employer wrote, "The affordable housing efforts of the Town of Telluride and San Miguel County have been hugely successful and should continue."

Some specific suggestions for future efforts included:

- Lower prices for deed-restricted units.
- Changes to deed restrictions with preferences given to teachers, fire fighters, police and library staff.
- Continuation of housing efforts with the two towns and San Miguel County working together in providing resources and possible subsidies to encourage and enable our workforce to live in the region.
- More affordable housing choices where pets are allowed.
- Rental units.
- Dorms for seasonal workers.
- Housing for seniors and the disabled in the west end of the county.

All comments received are included as an appendix to this report.

Comments from Households

The household survey concluded with a question asking for additional comments or suggestions. A list 13 pages long with 300 individual comments was generated in response to this question. This suggests that residents of the two counties are very concerned about affordable housing. Comments were varied, covering many subjects and representing diverse opinions. Briefly summarized:

- The most frequently mentioned concern by far was the high price of affordable housing, with complaints that prices for "affordable" units are not and that housing efforts have been elitist. An example: "YOUR (SO CALLED) AFFORDABLE HOUSING IS FAR BEYOND THE AVERAGE WORKER'S INCOME."

- Many suggestions were given for smaller units and lower prices, although others requested larger homes and single-family units.

- Proponents of more affordable housing outweighed opponents who wrote that no more affordable housing should be developed or that housing is not government's responsibility.

- Many suggested building more affordable units now. One comment was simply "Build. Build. Build."

- Multiple suggestions were made to build additional rental housing with various reasons given, including the number of deed restricted units listed for sale.

- Multiple comments were also received about allowing dogs in affordable housing projects, with Shandoka and Lawson Hill specifically named.

- Jobs were mentioned by many – the need for more jobs, better jobs, down valley jobs where people live, and jobs that pay wages sufficient to afford housing.

- Concerns about foreclosures were common. Efforts to stop foreclosures and to change restrictions so that units could be more easily sold or rented were requested.

- Approximately 20 comments expressed gratitude for affordable housing efforts. Several just stated "thanks."

The full list of comments is in the appendix to this report.

B. Analyst's Recommendations

These 12 recommendations have not been prioritized. The individual jurisdictions, either separately or as a region, should develop priorities or determine a plan of action for the next five years.

1. Affordable Housing Database -- A comprehensive database should be developed to monitor and manage the large and increasing inventory of deed/occupancy-restricted units in San Miguel County. Fields should include type of occupancy; AMI restriction, if any; AMI of occupant; date built; sale prices; rents; number of bedrooms; square footage and value of improvements made. This information should be readily available to evaluate the supply as it changes and to determine to what extent it serves the needs of residents.

2. Regional Housing Authority – The San Miguel Regional Housing Authority should be expanded to also serve Ouray County, where the housing authority is not staffed and has no resources. This action would create administrative efficiencies, avoid duplication of efforts and allow for sharing of expertise. A model for this type of cooperative approach exists with the Department of Social Services that serves both counties.

3. Deed Restriction for Ouray County – To avoid the administrative complexities and confusion created in San Miguel County, a single deed restriction should be drafted for use throughout Ouray County. This should be a goal for 2011 since it requires few resources to accomplish and it would be ideal for the restrictions to be agreed upon before additional units are planned.

4. Emergency Housing Assistance – The loss of jobs, reduction in income, doubling of households receiving food stamps and utility assistance, and the sharp increase in foreclosures all suggest the need for emergency housing assistance. Providing funds to help with mortgage payments is less expensive than acquiring foreclosed properties.

5. Housing Rehabilitation – Households throughout the region and especially in Ouray County could benefit from a housing rehabilitation program that results in the reduction of utility costs. It should serve renters as well as owners. Through the assistance, rents could be fixed at affordable rates for a reasonable period of years. Working with Housing Resources and Montrose-based MADA on weatherization should be part of the effort, but additional resources are needed.

6. Rental Development – The Telluride region needs additional rental units. Planning for their development should commence soon given the two to three years it takes between concept and completion. Funding from the Colorado Division of Housing and CHFA should be pursued in order to make rents affordable.

7. Regional Approach to Development – The jurisdictions in the two-county region and especially in the Telluride area should take market conditions throughout the region into account when planning

the development of new units. All efforts should not simultaneously target the same population segments at the same time.

8. Mortgage Availability – The number of lenders willing to provide mortgages for deed-restricted units and the loan products they offer should be monitored to insure that mortgage availability is adequate. Dependency on one or two lenders for conventional loans is not advisable given lack of competition and the potential that they might decide they have enough exposure in the area with little notice. Telluride should continue to access the risk of foreclosures among its deed-restricted inventory and evaluate if that risk outweighs the limits their survivability clause places on mortgage availability.

9. Public Relations and Information Sharing – There are so many "flavors" of deed restrictions in San Miguel County that potential buyers cannot readily assess the options they might have. The various deed restrictions, of which there are approximately 10 models, should be succinctly summarized so that the public can understand the major differences and long-term ramifications.

10. Changes to Guidelines and Deed Restrictions – Mountain Village, San Miguel County and Telluride should revisit their affordable housing guidelines and deed restrictions in light of the information contained in this needs assessment. Revisions and procedural changes should be considered to reduce the number of variances being processed. Limits on debt should be considered for new units if their deed restrictions are not price capped. When income limits are higher than prices (for example, a 200% AMI limit with a price affordable at 120% AMI) priority could be given to households with incomes that closely align with prices, thus increasing opportunities for lower-income households.

11. Ties with Economic Development – Since housing that is affordable for the labor force is a key ingredient of a sustainable economy, housing and economic development organizations should work together. With shared goals, solutions could be developed with funding sources that are specifically for this purpose, such as HUD's new Rural Innovation Fund, which promotes an 'entrepreneurial approach' to affordable housing and economic development in rural areas. By regularly articulating the interconnectedness of the local economy with adequate housing for the workforce, housing efforts will not be sacrificed in the name of economic development.

12. Ouray County Master Plan Update -- Work on the 2008 Ouray County Strategic Housing Plan revealed that policies are not in place for the development of affordable housing in the county. The current master plan is 15 years old. Through the updating process, public opinions and visions could be better understood, and all types of land use, including housing, could be comprehensively examined. Affordable housing should not be viewed in isolation, but in the context of where and how it might fit in Ouray County.

C. Affordable Housing Supply Development Model

As shown on the following table, approximately 208 additional deed-restricted units are likely to be built through the year 2015. These estimates were developed using a combination of factors – historical rates of production, opportunities that appear on the horizon at this point in time and speculation about how fast the economy and construction activity will rebound.

Regional 5-Year Affordable Housing Supply Model						
	2011	2012	2013	2014	2015	Total
New Deed-Restricted Units						
Ridgway						
Parkside				3	3	6
Preserve				4		4
Sub-total	0	0	0	7	3	10
Mountain Village						
Timberview				2	2	4
Adams Ranch Apts			100			100
Cortina		2				2
Peaks conference center dorms			4	4		8
Boulders	0	1	1	2	2	6
Sub-total	0	3	105	6	2	116
San Miguel County						
Sunnyside				22		22
DR on Approved Lots			2	2	2	6
Sub-total	0	0	2	24	2	28
Telluride						
Mitigation Units/ADU's	2	2	2	2	2	10
Incentive Units/EDU's	1	1	1	1	1	5
Town Development	3	9	9	9	9	39
Sub-total	6	12	12	12	12	54
Total New DR Units	6	15	119	49	19	208
Housing Funds						
Mtn Village Sales tax	$260,000	$260,000	$260,000	$260,000	$260,000	$1,300,000
SMC - Impact fee	$90,000	$90,000	$90,000	$90,000	$90,000	$450,000
SMC - RETA	$50,000	$50,000	$75,000	$75,000	$75,000	$325,000
Tride - Affordable Housing Fund	$520,000	$520,000	$520,000	$520,000	$520,000	$2,600,000
Total Housing Funds	$920,000	$920,000	$945,000	$945,000	$945,000	$4,675,000

Mountain Village, San Miguel County and Telluride should receive approximately $4.7 million in revenue for affordable housing. Much of this revenue is already earmarked, however, for debt service and existing projects including all of the sales tax devoted to affordable housing in Mountain Village and approximately half of the revenue in Telluride's Affordable Housing Fund. The amount of funding actually available to support new development should total approximately $2 million.

In addition to the development of additional units, weatherization and rehabilitation efforts that will be undertaken by 2015 include:

- Rehabilitation of 88 units at Village Court Apartments.
- Reroofing and painting at Shandoka.
- Rehabilitation of four owner-occupied single family homes in San Miguel County in 2012.
- Weatherization of four units in Ouray County and 12 units in San Miguel County by mid 2012. Funding is uncertain for future years.

Exhibit 9

Boulder Regional Housing Partnership: Housing Our Community-
https://www.housingourcommunity.org/