

3 HOUSING

OVERVIEW



The Housing Element of the Plan addresses housing affordability which La Plata County government considers a significant issue to be addressed. It identifies recent housing trends, overviews several aspects of affordability, housing stock inventory, past and ongoing efforts to address affordable housing, distribution of housing throughout the County, and future needs for La Plata County’s growth goals and associated economic benefits. The Element establishes goals, objectives and policies, while presenting recommendations to help ensure a full range of housing options are available to County residents based upon the County’s projected needs now and into the future.

For decades, the cost of housing in La Plata County has increased more rapidly than family incomes, creating a growing demand for modestly priced homes. As documented in the housing demand forecast analysis prepared in June of 2015 by the Regional Housing Alliance of La Plata County (RHA)¹, 46% of renters and 31% of homeowners in La Plata County cannot afford their current housing payment.

It should be noted that the distribution of new housing in the unincorporated County is largely a function of the district land use plans and individual property owner interests to subdivide. Additionally, market demand and developer interests play a role in the locational selection for new housing.

Key Point
For purposes of this Element, “affordable” shall be defined as “Housing for which the occupant is paying no more than 30% of his or her income for gross housing costs, including utilities.”
Source: HUD

BACKGROUND

Since 2001, the median home price increased 63% in La Plata County and 73% in the City of Durango. However, the median family income in La Plata County has only increased 48%. As rising costs force families to spend more on rent or mortgage payments, less money is available to pay for other expenses such as groceries, transportation, medical care, and insurance², as well as other disposable income. The spending of discretionary funds helps support businesses which provide employment, and results in the retention and expansion of local commercial opportunities. This directly correlates to establishing a healthier economy for La Plata County, as both new industry and development require adequate housing stock for its employment base. New industry and development diversifies the revenue streams for a stronger economic base within the County.

Furthermore, to obtain affordable housing many people have little choice but to commute long distances to their workplaces. These longer commutes increase individual transportation costs, add to traffic congestion, facility demands and air pollution within the County; and can diminish time spent at work and with families. This is a simple fact of time efficiency. Assuming that the real cost to commute will incrementally increase over the next twenty years; this will likely drive

¹ La Plata County Housing Demand Forecast – RHA, 2015

² La Plata County Housing Demand Forecast – RHA, 2015

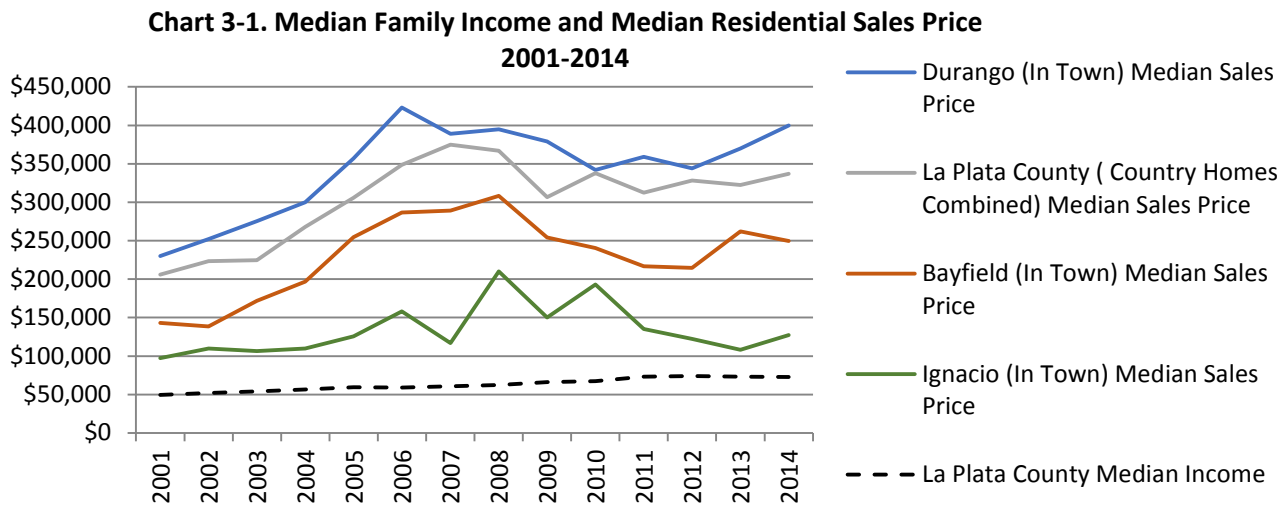
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more demand for housing that is close to employment and services. Also, impacted by such commutes is the cost and demand placed on dispersed infrastructure, which is an inefficiency of expense to the County at-large.

There is a difference between *housing demands* and *housing needs*. *Housing demand* is what households demonstrate they are willing to purchase within the market place. *Housing need* is based on what a household is financially able to pay for housing. Households that cannot find affordable housing are either homeless, living in overcrowded/substandard situations, commuting from further distances to access employment, or are paying more for housing than one can afford. The Federal standard is that a household should not spend more than 30% of its gross income on a housing payment. A household which does spend more than 30% of its gross income on a housing payment, therefore, demonstrates a *housing need*.³

A look at median home prices in the County illustrates the significance of an *affordability* issue. Depicted below in *Chart 3-1*, over the past thirty years, median household income has not kept



pace with the price of housing in La Plata County.

The number of households which cannot afford its housing payment has increased since 2000. Housing is affordable when a household is paying 30% or less of its gross income on a housing payment. The number of La Plata County homeowners falling into the category of not being able to afford a housing payment has increased from 23% in 2000 to 31% in 2013. The number of renter households which cannot afford its housing payment in La Plata County has increased from 42% in 2000 to 46% in 2013.⁴

Renters have also experienced similar conditions relative to the

Key Point

It costs an average of \$440 more per month in travel expenses to work in Durango and live in Forest Lakes vs. Three Springs.

³ La Plata County Housing Demand Forecast – RHA, 2015

⁴ Source: HUD, Durango Area Association of Realtors, 2001 and 2014. La Plata County Housing Demand Forecast –RHA, 2015

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availability of affordable units. Further, more than 50% of the available jobs in the County (year 2010 data) were identified within lower-paying service and retail/wholesale sectors. Average annual wages within these sectors consistently fell well below the threshold for affordability to rent an average two-bedroom or three-bedroom unit.

One result of the higher housing costs in the Durango (county seat with more advanced infrastructure services) area is that it has contributed toward residents moving to outlying, less-developed areas of the unincorporated county, where land costs tend to be lower. Of the “resident” Durango (city) workforce, 60% do not live within the municipality.⁵ Therefore, moving further from employment and general services has been an evident trend for establishing affordable housing. Frequently, housing stock in this scenario tends toward the use of mobile or modular home units, which are also served by individual wells and septic systems. The Colorado legislature has provided encouragement to counties to encourage mobile homes through C.R.S. §38-12-201.3. Although more affordable, this does not improve the general housing stock within the County, nor make the most efficient use of central systems to serve the County’s general population base. The economic impact to the County adversely increases without more efficient development patterns utilizing higher density population established upon existing infrastructure capacities designed to serve higher densities with water, sewer and transportation systems.

Outwardly, this appears to provide for a reasonable, lower-cost solution, but there are secondary costs, some being non-financial, associated with this approach. Ownership and maintenance of one or more automobiles is one such cost, which can be significant;⁶ as is the installation and maintenance of onsite sewer and water systems. Environmental factors impacted by imposing on-site waste systems at a high volume to serve new development, includes the need for additional treatment and landfill areas (deposit areas), when such additional service and areas are not adequately available. This also adds costs to the property owners with such systems. Non-financial costs to consider include increased travel times and, in most cases, slower public safety response times. There are other costs associated with the maintenance of larger rural tracts of land, such as weed control, wildfire mitigation, and maintenance of extensive gravel driveways. Without taking these into account, unforeseen budgetary implications for owners become prevalent, further cutting into potential discretionary income to support commerce and industry within the County.

Table 3-1. Distribution of Dwelling Units by Structure Type, 2015

Single-Family Rural	7,180	29%
Single-Family Urban	7,490	30%
Duplex	540	2%
Townhome	1,440	6%
Multi-Family/Condo	4,460	18%
Manufactured/Modular	4,080	16%
	25,190	

Source: La Plata County Assessor, 2015

The cost of land is a significant factor in housing affordability, as well as a number of other variables. Interest rates and the cost of construction (labor and materials) are aspects of the affordability equation which are difficult to control. A modest rise in long term interest rates can add thousands of dollars per year to the cost of housing. This often can mean the difference between mortgage loan qualification and denial. Construction costs also tend to fluctuate based on changes in the market, sometimes resulting in significant cost increases in a relatively short period of time. According to local development sources, *hard* construction costs in Durango are 15-

⁵ U.S. Census Bureau on the Map, 2011
⁶ La Plata County Housing Demand Forecast –RHA, 2015

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30% higher than in City of Denver.⁷

In addition to land costs and hard construction costs, as mentioned, infrastructure development improvements are another significant expense. When development occurs within rural areas of the county, the developer and ultimately home owner are responsible for funding all necessary infrastructure improvements. If all other factors were equal, higher-density development likely leads directly to minimizing housing costs.

Key Point
By developing at higher-densities, less land is needed per unit, and the cost of roads and other infrastructure development is typically less.

A significant requirement for higher-density development is the location and use of centralized infrastructure (such as water, sewer, road and public safety services). A number of areas in the unincorporated County are already served by, or will likely be served by, central water and/or central sewer in the future. Typically, extension of these services is borne by the developer and is ultimately incorporated into a home's purchase price.

Developing at higher densities in areas, or clustering housing development patterns, along with centralized infrastructure provides a number of benefits, which include, but are not limited to:

- 1) More efficient, economic provision of utilities, public safety, road maintenance, and other services.
- 2) Easier access to schools, businesses, and in some cases, public transit.
- 3) The protection of agricultural uses resulting from the reduction of low-density development spreading into the countryside.

PAST AND ONGOING EFFORTS

There is a wide array of approaches for addressing housing affordability. The primary approaches fall into two broad categories: incentive-based and regulatory-based. Incentive-based strategies provide benefits such as density bonuses and tax benefits, coordinated infrastructure improvements, leveraging state and federal resources, which attempt making affordable housing feasible. Regulatory strategies generally require a recognition and commitment toward affordable housing as a condition of a development approval. Regulatory strategies include revisions to the land use system which provides developers and property owners with the opportunity to create affordable units within projects. An example is the County's recent amendment to the land use code that simplified the requirements and process to construct accessory dwelling units. Other initiatives may include housing or infrastructure improvement development built by the local government, nonprofits or housing authorities, or the subsidization of rents or mortgage down payments via an assortment of different public and/or private non-profit programs.

⁷ La Plata County Housing Demand Forecast –RHA, 2015

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At the local level, multiple efforts are underway to provide housing opportunities through partnerships between local governments and private development. Nonprofit housing organizations also play an important role in providing affordable housing. The following organizations are key to efforts in La Plata County:

Regional Housing Alliance (RHA) of La Plata County, created through a 2004 inter-governmental agreement between the County, Town of Ignacio and City of Durango, builds resources and capacity to create affordable housing opportunities in the community. As a local governmental partnership, the Regional Housing Alliance developed housing policy, identifies priorities, and allocates resources to provide La Plata County workforce and residents with affordable housing opportunities and to ensure the county remains diverse and economically strong. Specifically, the RHA administers inclusionary housing efforts on behalf of the local jurisdictions and provides housing policy advisement.

La Plata Homes Fund (LPHF) builds diverse and resilient communities by developing affordable housing and empowering residents with the financial resources and educational tools to achieve homeownership. LPHF provides a comprehensive Homebuyer Assistance Program what includes homebuyer education, pre-purchase counseling, and mortgage assistance. Additionally, LPHF develops both affordable rental and homeownership housing.

Housing Solutions of the Southwest provides housing and energy assistance services to very low to moderate income families, individuals, elderly residents and special needs populations in five (5) southwest Colorado counties. Specific services include weatherization, homeowner rehabilitation and replacement, home repair loans, rental assistance, housing development, transitional housing and self-sufficiency programs, emergency homeless prevention, housing counseling, down payment assistance, first time homebuyer training, and HUD foreclosure opportunities.

Habitat for Humanity secures land and builds or renovates homes, employing the “sweat equity” labor of the homeowners and using tax-deductible donations of money and materials to lower development costs. The houses are sold at no profit to partner families (who have incomes that are 30-50% of median income), and no-interest mortgages are issued over a fixed period of up to 20 years.

Southwest Center for Independence administers *Section 8* Housing Choice Vouchers for persons with disabilities. The Center generally has about 75 of these vouchers to administer.

Volunteers of America (VOA) owns and manages 55 units of a senior housing development. Part of a national, nonprofit, faith-based organization, the local VOA also manages the Southwest Safe House and the Community Shelter.

Colorado Division of Veterans Affairs provides benefit assistance to military Veterans. This resource offers guidance to help Vets through the home lending process, providing solutions for at-risk and homeless Veterans, in addition to obtaining housing assistance funds for those who

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qualify.

Funding Partners for Housing Solutions is a nonprofit Community Development Financial Institution (CDFI) certified by the U.S. Treasury. As a CDFI, Funding Partners creates access to capital and credit for low income families and individuals in underserved markets throughout Colorado. Currently, Funding Partners manages mortgage programs for the Regional Housing Alliance.

Key Point
The magnitude and range of affordable housing needs are such that no single entity is likely to be able to address them all.

2015 Housing Demand Analysis

A 2015 *Regional Housing Alliance Housing Demand Forecast* report analyzed local affordability issues and concluded, among other things, that there is a growing affordability chasm in La Plata County, and if supported by local land use regulation and policies, demand will likely shift in the direction of more compact and multi-family housing products (Appendix 22). This report identified economic and demographic trends affecting housing type demand. For example, individuals over the age of 80 will be the fastest growing age group, growing 237% (3900 persons) by 2035 and these Baby Boomers have a strong desire to age in place. The report identifies a need to annually create between 560-790 units to keep pace with the economic growth projections. Developing workable solutions to the County’s affordable housing problems will require innovative solutions and cooperation among local and state governments, and private developers.

GOALS

Goal 3.1: Support efforts to provide housing which is accessible, safe, energy efficient, and affordable for all County residents.

Objective 3.1.A: To encourage and enable the private sector to provide an adequate housing supply, at a high quality, which meets the growing number of changing needs of La Plata County residents.

Policy 3.1.A1: Explore opportunities for an expedited development review process and alternative development standards for housing which includes a defined percentage of affordable or workforce units, especially within the joint planning areas surrounding the County’s municipalities.

Policy 3.1.A2: Review existing regulations and development processes to determine how modifications could remove barriers to the

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provision of affordable housing production; while identifying appropriate tools.

Policy 3.1.A3: Maintain a variety of housing unit types to accommodate diverse household incomes and ownership preferences (e.g. accessory dwellings).

Objective 3.1.B: To promote compact housing development near existing central infrastructure/services which can most adequately support affordable housing development.

Policy 3.1.B1: Encourage the development or redevelopment of higher density housing near employment, services, and infrastructure.

Policy 3.1.B2: Encourage the integration of affordable housing within market rate developments.

Policy 3.1.B3: Evaluate each district plan to determine whether an affordable housing density bonus and/or other tools can be incorporated.

Policy 3.1.B4: Coordinate the extension of infrastructure with land use planning to encourage the development of compact and affordable housing along with the efficient and cost-effective delivery of County services.

Policy 3.1.B5: Seek alternative, innovative tools to implement effective housing solutions for the County's overall economic benefit.

Policy 3.1.B6: Support the creation of Urban Renewal Areas, Downtown Development Authorities, and other financial mechanisms focused on reinvesting in areas where development already exists.

Objective 3.1.C: Preserve or provide for the replacement of existing affordable housing units, including mobile home parks.

Policy 3.1.C1: Encourage the preservation of existing housing units whenever feasible, especially structures which provide affordable housing.

Policy 3.1.C2: Explore property tax and/or other relief mechanisms for elderly and low-income households facing rising tax cost burdens.

Policy 3.1.C3: Coordinate with the Regional Housing Alliance (RHA) and other non-profit entities to identify and create appropriate tools and leverage outside resources to provide safe and affordable housing for all residents, especially those with special needs, seniors, and

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persons experiencing homelessness.

Policy 3.1.C4: Conduct an inventory and identify County-owned parcels which could be utilized for the provision of affordable housing, especially those near existing infrastructure.

Policy 3.1.C5: Maximize housing resources in the County by providing assistance with application and administration for state and federal housing funds.

Policy 3.1.C6: Explore enacting recommendations of the General Assembly Declaration 38-12-201.3 relative to mobile homes and mobile home parks.

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