

CHAPTER 5: HOUSING

Overview

The ***Housing Element*** of the La Plata County Comprehensive Plan focuses on housing affordability issues that La Plata County government can play a role in. It documents recent housing trends, overviews several elements of affordability, looks at past and ongoing County efforts to assist with the creation of affordable housing, establishes goals, and presents plan recommendations that may help to ensure that a full range of housing is accessible to all County residents.

It should be recognized that the preferred location of housing in the unincorporated County is a function of the district land use plans and is not addressed here. And although important to the provision of affordable housing, the comprehensive plan does not attempt to overview or evaluate the assortment of public and private non-profit housing organizations working in La Plata County.

Background

The County's housing market experienced significant change during the 1990s. The growth rate exceeded three percent annually for most of the decade. Spurred by the intense interest of those moving here, land and home prices increased dramatically. At the same time, most wages remained relatively low, a function of the tourist-based economy which relies heavily on traditionally low-paying service jobs. This situation compromised the ability of many long-time residents and young adults to obtain reasonably affordable housing.

Key Point: *“Affordable” housing is defined by the U.S. Department of Housing and Urban Development (HUD) as a household that pays no more than 30 percent of its gross income for rent or mortgage, and utilities.*

A look at median home prices in the County illustrates the significance of the affordability issue. Table 5-1 shows the median priced houses and percentage of families unable able to qualify to purchase a median-priced house in 1995 and 1998. As shown, In 1998, 54 percent of families in Durango had incomes that did not qualify, while 51 percent of families in unincorporated parts of the County did not qualify. A comparison with 1995 indicates housing has become slightly more attainable over that three-year period in unincorporated areas yet relatively unchanged in Durango.

Key Point: *Over half of the families living in unincorporated parts of the County in 1998 were unable to afford the purchase of a median-priced home.*

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Table 5-1

Percentage of Population Unable to Qualify For Median Priced Home Purchase

	Median Priced House		Qualifying Income		Percent of Families with Less than Qualifying Income	
	1995	1998	1995	1998	1995	1998
Bayfield	115,740	127,000	33,250	36,336	54%	39%
Durango	145,500	180,000	41,457	50,628	53%	54%
Ignacio	70,000	109,000	20,836	31,073	56%	33%
Unincorporated	150,000	167,175	46,621	47,293	57%	51%

Source: Pathways To Healthier Communities, Operation Healthy Communities, 1997 & 2000

Renters were also faced with similar difficulties in finding affordable units. Nearly 60 percent of jobs in the County in 1998 were in the lower-paying service and retail/wholesale sectors. Average annual wages in these sectors consistently fall well below the threshold for affordability to rent an average two-bedroom or three-bedroom unit.

One result of the high housing costs in the Durango area has been the tendency for people to move to the outlying, less-developed areas of the County where land tends to cost less. Moving to the outskirts of the County has allowed many lower-income families to buy or lease a parcel, and occupy it with a mobile or modular home served by an individual well and septic system. Outwardly, this would appear to provide for reasonable, lower-cost solution. But there are secondary costs, some non-financial, associated with this approach. Ownership and maintenance of one or more automobiles is one cost. As is the installation and maintenance of onsite sewer and water systems. Both add thousands to annual cost of living. Non-financial costs to consider include increased travel times and, in most cases, slower service response times.

The cost of land is often the least significant factor in housing affordability. There are a number of other variables affecting the cost of housing. Interest rates and the cost of construction--both labor and materials, are two aspects of the affordability equation that are difficult to control. Only 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. Installation of infrastructure is another factor. Infrastructure costs typically exceed land costs. If all other factors were equal, higher-density development probably provides the best method for minimizing housing costs.

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

A major requirement for high-density development is centralized infrastructure such as water and

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sewer. A number of areas in the unincorporated County are already served by, or can likely be served by, central water and/or central sewer in the future.

Developing at higher densities in areas with centralized infrastructure provides a number of benefits including:

- 1) More economical provision of utilities, police, fire, 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

Housing Goals

Goal 5.1: To support efforts to provide housing that is decent, safe, and affordable for all County residents.

Goal 5.2: To Support Efforts to create a county-wide housing authority.

Past And Ongoing Efforts

There is an wide array of approaches for addressing affordable housing. The primarily approaches fall into two categories: *incentive-based and regulatory*. Incentive-based strategies provide benefits such as density bonuses and tax benefits, making affordable housing more appealing to developers. Regulatory solutions generally require some sort of recognition or commitment to affordable housing as a condition of development approval. Other initiatives may include housing developments built by the local government, non profits or housing authorities, or the subsidization of rents or mortgage down payments via an assortment of different public and/or private non-profit programs.

La Plata County has historically used the incentive-based approaches to affordable housing. By offering density bonuses, development fees waivers or low-interest loans, the County has made efforts in the past to support individual affordable housing projects.

Key Point: The County has made efforts in the past to support individual affordable housing projects.

Fee Waivers

In the past, the County has agreed to reimburse the cost of land use permit and application fees as well as building permit fees for housing units considered affordable. While not a significant cost savings, the fee waiver/reimbursement process has provided some relief for the development of affordable units in the County.

Key Point: While not a significant cost savings, the fee waiver/reimbursement process

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has provided some relief for the development of affordable units in the County.

1996 Housing Needs Analysis

A 1996 City of Durango/La Plata County affordable housing report analyzed local affordability issues and concluded, among other things, that the magnitude and range of affordable housing needs are such that no single entity is likely to be able to address them all. The report recommended, among other things, that there needed to be stronger public/private partnerships. The report stated, “developing workable solutions to the County’s affordable housing problems will require imaginative solutions and cooperation among local and state governments, and private developers.”

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.

Housing Revolving Loan Fund

The County has a segregated housing fund that can only be used for affordable housing-related projects. The fund was capitalized in 1992 with La Plata County’s share of the \$237,000 balance in the trustee’s reserve account that resulted from the refunding of approximately \$7.5 million in the six county Southwestern Colorado Single Family Mortgage Revenue Bonds issue from 1979. A July 2001 restructuring of the outstanding 1992 bonds elicited another \$93,000 that was deposited to the Fund. The Fund has been used to provide a \$125,000 loan in 1996 for 12 income-restricted apartments in a 48 apartment complex in Durango. Also, a \$62,000 loan was made to an assisted living facility which reserves six beds for low to moderate income occupants. As the loans are repaid, the returned funds recapitalize the loan fund for use on other Board of County Commissioner approved projects. As of August 2001, the loan fund had a balance of approximately \$325,000.00. Future uses of the fund could include the payment of capital improvement fees, permit fees, or other fees that are typically paid to the County as part of the development review and approval process.

Key Point: Future uses of the revolving loan fund could include the payment of capital improvement fees, permit fees, or other fees that are typically paid to the County as part of the development review and approval process.

2001 Housing Needs Analysis

The City of Durango, La Plata County and the Towns of Bayfield and Ignacio entered into a partnership in 2001 to establish a system to annually collect and update county-wide housing data. The analysis includes annual sale prices, availability, and other pertinent information. The baseline for the analysis the 1996 affordable housing study prepared for the City of Durango.

Key Point: The County’s housing problems will require imaginative solutions and cooperation among local and state governments, and private developers.

Summary of Goals, Key Points and Plan Recommendations

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Goals

Goal 5.1: To support efforts that help to provide housing that is decent, safe, and affordable for all County residents.

Goal 5.2: To Support Efforts to create a county-wide housing authority.

Key Points

The ***Key Points*** presented in this chapter are summarized below.

- U “Affordable” housing is defined by the U.S. Department of Housing and Urban Development (HUD) as a household that pays no more than 30 percent of its gross income for rent or mortgage, and utilities.
- U Over half of the families living in unincorporated parts of the County in 1998 were unable to afford the purchase of a median-priced home.
- U By developing at higher-densities, less land is needed per unit, and the cost of roads and other infrastructure is less.
- U The magnitude and range of affordable housing needs are such that no single entity is likely to be able to address them all.
- U Future uses of the revolving loan fund could include the payment of capital improvement fees, permit fees, or other fees that are typically paid to the County as part of the development review and approval process.
- U While not a significant cost savings, the fee waiver/reimbursement process has provided some relief for the development of affordable units in the County.
- U The County has made efforts in the past to support individual affordable housing projects.
- U The County’s housing problems will require imaginative solutions and cooperation among local and state governments, and private developers.

Plan Recommendations

Plan recommendations should be implemented through the prioritization and initiation of action items. The ***Action Items (AI)*** identified below are incorporated into an ***Action Item Prioritization***

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Table included in Chapter 12: Implementation.

- AI5.1:** Evaluate each district plan to determine whether an affordable housing density bonus and/or other incentives can be incorporated into the public benefit criteria process.
- AI5.2:** Evaluate whether the expansion of central services in the County has created new opportunities for higher-density residential neighborhoods.
- AI5.3:** Participate in a County-wide housing authority. Discussions relative to the establishment and funding of a housing authority should continue.
- AI5.4:** Form an expert panel to review County subdivision and building regulations to determine whether there are changes that could be made that would lower the cost of development while not undermining the safety, integrity or aesthetics of new development.
- AI5.5:** Find funding sources to recapitalize the County's affordable housing loan fund and other affordable housing efforts.
- AI5.6:** Encourage the private sector to take a stronger role in the provision of affordable housing.
- AI5.7:** Implement affordable housing requirements within the land use code reflective of those envisioned within the district land use plan.

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