



Photo: Homesfund



Housing in Southwest Colorado 2019 Update



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HOUSING UPDATE 2019

Housing issues, namely availability and affordability, are hot topics across the region as communities struggle to provide stable, affordable housing opportunities for their workers, families, and seniors. Housing stability has been defined as having a choice over when and under what circumstances a household wants to move.¹ Families and individuals have “housing stability” when they continuously live in housing that is affordable and adequately meets their needs for safety. Stable housing provides a platform where households can attend to the needs of children, pursue educational and career goals, take care of their sick and elderly, become members of a neighborhood, and conduct other personal and social activities. Stable housing can be met through various avenues, such as affordable rental housing or attainable homeownership. Consistent, stable, affordable housing is a key part of financial security.

Housing instability—as manifested in moving often, having to share housing, and/or experiencing homelessness—is not only traumatic, it is also expensive to taxpayers and depresses regional economic growth. Unstable housing has also been linked to negative health outcomes, especially with those suffering from chronic disease that requires consistent medical treatments.

In this report we briefly touch on the number of **homeless** individuals and families in our region, and look at the cost of **rental units**, as well as for sale **home prices** in each of the communities in southwest Colorado.

Homelessness

Each year the Colorado Balance of State Continuum of Care (CoC) conducts a point-in-time (PIT) study of the homeless population in Colorado’s non-metro and rural counties. Annual PIT counts are required (since 1983) by the United States Department of Housing and Urban Development (HUD) as a condition of applying for HUD homeless assistance funds. Point-in-time counts are important because they provide annual data to quantify the scope of homelessness and help national, state, and local policymakers track progress towards the goal of ending homelessness. The PIT count has two major goals:

- Conducting an unduplicated count of individuals and families meeting the HUD definition of homelessness.
- Capturing information about demographic characteristics and risk factors related to homelessness.

During odd numbered years, the CoC conducts both a sheltered and unsheltered PIT count. Sheltered PIT count includes people who are staying in emergency shelters, temporary or transitional housing programs. Unsheltered PIT count includes people whose primary nighttime residence is a public or private place not designated for or ordinarily used as a regular sleeping

¹ Atkinson, Alicia and Greer, Jeremie. “Increasing Financial Well-Being Through Integration – Gaining and Sustaining Housing Stability.” May 2015.
<https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-atkinson-greer.pdf>

accommodation for people (for example, the streets, vehicles, or parks). In 2017 there were 91 individuals (56 sheltered and 35 unsheltered) counted in La Plata County; in Montezuma County there were 61 individuals (49 sheltered and 12 unsheltered).

During even numbered years, the CoC conducts a sheltered PIT count. This year the point-in-time count was held the night of January 23, 2018. As of January 2018, Colorado had an estimated 10,857 experiencing homelessness on any given day, as reported by Continuums of Care to the U.S. Department of Housing and Urban Development (HUD). Of that total, 990 were family households, 1,073 were Veterans, 593 were unaccompanied young adults (aged 18-24), and 2,738 were individuals experiencing chronic homelessness.²

In southwest Colorado the 2018 PIT survey identified 40 people in sheltered housing in La Plata County and 34 people in Montezuma County (other counties in the region were not included in the report). These counts should be considered an underrepresentation of homelessness according to the report. Although there is no single response to solving homelessness, state and federal agencies, counties, towns, and faith based organizations are working together to identify possible solutions.

A healthy community is one in which families and individuals of all income levels live in safe and affordable housing. Housing experts agree that ideally a family should not spend more than one-third of their income on housing costs. In order to obtain affordable housing many people are forced to commute long distances to their workplaces, which increases transportation costs, adds to traffic congestion and air pollution, and takes more time away from their families. The commuters are also contributing less to the tax base of the communities in which they work.

Rent and Required Income

Rental housing provides housing for those who cannot afford to own or who choose not to own. Workers in essential jobs such as services and tourism need rental housing due to the expense of owning. Each household with access to affordable housing means an additional household has more income to spend in the local economy, as lower housing costs equal more opportunity for purchasing goods and services.

Across Colorado, there is a shortage of rental homes affordable and available to extremely low income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI).³ Many of these households

Area	Median Income 2018	30% of AMI
Archuleta	\$ 63,100	\$ 18,930
Dolores	\$ 41,000	\$ 12,300
La Plata	\$ 78,500	\$ 23,550
Montezuma	\$ 54,800	\$ 16,440
San Juan	\$ 57,000	\$ 17,100

are severely cost burdened, spending more than half of their income on housing. Low income households are more likely than other renters to sacrifice other necessities like healthcare to pay the rent, and to experience unstable housing situations like evictions.

² United States Interagency Council on Homelessness. <https://www.usich.gov/homelessness-statistics/co/>

³ http://nlihc.org/sites/default/files/oor/2014-OOR-CO_0.pdf

What are the monthly rents in various communities around the region, and what is the minimum annual income that a person must generate to afford this monthly rent? To answer these questions, we looked at the cost of rental units in 2018. Housing information was collected by calling property managers, looking at online listings, and following ads in local newspapers over a period of several months to obtain a **median** housing cost for 1, 2 and 3 bedroom rental units in each county / community. This information is not readily available in some very small communities, such as Rico (Dolores County).

The calculation used to figure the required income is fairly simple. A generally used guideline is that a person can spend 30% of their monthly income on rent, so $(\text{Rent}/.30) \times 12 = \text{Required Income}$.

Archuleta County			San Juan County	
Units	Pagosa Springs		Silverton	
	Rent	Income	Rent	Income
1 Bedroom	\$ 850	\$ 34,000	\$ 687	\$ 27,480
2 Bedroom	\$ 1,250	\$ 50,000	\$ 900	\$ 36,000
3 Bedroom	\$ 1,375	\$ 55,000	\$ 1,000	\$ 40,000

La Plata County						
Units	Durango		Bayfield		Ignacio	
	Rent	Income	Rent	Income	Rent	Income
1 Bedroom	\$ 950	\$ 38,000	\$ 737	\$ 29,480	\$ 650	\$ 26,000
2 Bedroom	\$ 1,400	\$ 56,000	\$ 1,190	\$ 47,600	\$ 750	\$ 30,000
3 Bedroom	\$ 1,750	\$ 70,000	\$ 1,575	\$ 63,000	\$ 1,025	\$ 41,000

Montezuma County						
Units	Cortez		Dolores		Mancos	
	Rent	Income	Rent	Income	Rent	Income
1 Bedroom	\$ 690	\$ 27,600	\$ 650	\$ 26,000	\$ 850	\$ 34,000
2 Bedroom	\$ 900	\$ 36,000	\$ 750	\$ 30,000	\$ 972	\$ 38,880
3 Bedroom	\$ 1,225	\$ 49,000	\$ 1,000	\$ 40,000	\$ 1,200	\$ 48,000

Estimates of Fair Market Rent (FMR) are drawn from surveys conducted by the Department of Housing and Urban Development (HUD). Those rental costs include utilities. However, most of those surveys are conducted in metropolitan areas, and often do not reflect the reality of rental costs in small, rural areas. In many of our regional communities landlords pay for public services such as water, sewer and trash collection, but not utilities such as gas and electric.

We found that in almost every local community actual rental costs were substantially higher than FMR estimates. In some towns, such as Rico, rental rates are not readily available so we did use FMR estimates, though actual rates may be higher.

2018 Comparison of Median Rental Costs to Fair Market Rent Estimates	Actual Rental Cost			Fair Market Rent		
	1 BDR	2 BDR	3 BDR	1 BDR	2 BDR	3 BDR
Colorado				\$ 987	\$ 1,245	\$ 1,778
Archuleta County - Pagosa Springs	\$ 850	\$ 1,250	\$ 1,375	\$ 708	\$ 913	\$ 1,242
Dolores County - Dove Creek	\$ 610	\$ 625	\$ 812	\$ 607	\$ 697	\$ 1,014
Dolores County - Rico	NA	NA	NA	\$ 607	\$ 697	\$ 1,014
La Plata County	\$ 900	\$ 1,325	\$ 1,692	\$ 775	\$ 982	\$ 1,354
La Plata County - Bayfield	\$ 737	\$ 1,190	\$ 1,575	\$ 775	\$ 982	\$ 1,354
La Plata County - Durango	\$ 950	\$ 1,400	\$ 1,750	\$ 775	\$ 982	\$ 1,354
La Plata County - Ignacio	\$ 650	\$ 750	\$ 1,025	\$ 775	\$ 982	\$ 1,354
Montezuma County	\$ 695	\$ 872	\$ 1,200	\$ 610	\$ 726	\$ 1,056
Montezuma County - Cortez	\$ 690	\$ 900	\$ 1,225	\$ 610	\$ 726	\$ 1,056
Montezuma County - Dolores	\$ 650	\$ 750	\$ 1,000	\$ 610	\$ 726	\$ 1,056
Montezuma County - Mancos	\$ 850	\$ 972	\$ 1,200	\$ 610	\$ 726	\$ 1,056
San Juan County - Silverton	\$ 687	\$ 900	\$ 1,000	\$ 960	\$ 1,238	\$ 1,552

NA = Actual rents not available for this community.

(1) Source: compilation of online listings, newspapers and property managers.

(2) Fair Market Rent from National Low Income Housing Coalition, <http://nlihc.org/oor>.

When we link these rent expenses to livable wages we see that most families need to earn above the basic wage per hour, or get a second job, to attain the income needed for affordable rental housing. Colorado minimum wage **was** \$10.20 per hour⁴, **currently** it is \$11.10.

Region 9 - 2019 Livable Hourly Wage by Area	Adult	Adult + Preschooler	2 Adults + Preschooler + School-age
Archuleta County - Pagosa Springs	\$ 12.11	\$ 24.17	\$ 29.29
Dolores County - Rico	\$ 11.69	\$ 18.54	\$ 24.47
Dolores County - Dove Creek	\$ 11.64	\$ 18.07	\$ 23.99
La Plata County - Bayfield	\$ 12.32	\$ 25.50	\$ 31.49
La Plata County - Durango	\$ 13.47	\$ 26.53	\$ 31.74
La Plata County - Ignacio	\$ 11.77	\$ 22.84	\$ 28.05
Montezuma County - Cortez	\$ 10.90	\$ 20.63	\$ 25.71
Montezuma County - Dolores	\$ 10.68	\$ 19.77	\$ 24.85
Montezuma County - Mancos	\$ 11.81	\$ 21.03	\$ 26.11
San Juan County - Silverton	\$ 13.40	\$ 23.83	\$ 29.47

Using housing costs specific to each community we found that Durango is the most expensive community in the region for a family of four (\$31.74 per hour) due to the high cost of housing.

Dove Creek is the least expensive community for a family (\$23.99 per hour), while the Town of Dolores is least expensive for a single person (\$10.68). An in depth report on Livable Wages can be found at scan.org.⁵

⁴ Table displays livable wages based on a minimum wage of \$10.20

⁵ https://scan.org/uploads/Livable_Wages_in_Southwest_Colorado_2019-2.pdf

Median Home Prices

Next, we looked at the median price of homes sold in each of the counties in 2018, based on information provided through the Colorado Association of Realtors. The **median** is the midway point between all sales, it is not an average. We took the median prices to Bank of the San Juans and asked them to calculate what the annual income of a family would need to be to qualify for a home loan using the median price as an assumed sale price. The interest rate selected for use was based on an assumption of a good credit rating and commonly selected financing options.

The 43 percent debt-to-income ratio is important because, in most cases, that is the highest ratio a borrower can have and still get a loan. Evidence from studies of mortgage loans suggest that borrowers with a higher debt-to-income ratio are more likely to struggle making monthly payments.

% of Families Unable to Purchase a Median Price Home - 2018

Jurisdiction	¹ Purchase Price 4.5% Interest 10% Down 30 Yr Loan Term	² Qualifying Annual Income 43% DTI	³ % of Families with less than Qualifying Income
Archuleta County - Pagosa Springs all	\$ 308,000	\$ 60,168	54%
Dolores County - all	\$ 114,500	\$ 22,377	14%
Dove Creek	\$ 75,000	\$ 14,657	9%
Rico	\$ 312,500	\$ 61,070	56%
La Plata County - all	\$ 387,500	\$ 75,730	47%
Bayfield	\$ 315,000	\$ 61,543	41%
Durango	\$ 399,000	\$ 77,957	52%
Ignacio	\$ 273,000	\$ 53,357	50%
Montezuma County - all	\$ 217,500	\$ 42,514	37%
Cortez	\$ 155,000	\$ 30,300	28%
Dolores	\$ 210,000	\$ 41,057	23%
Mancos	\$ 222,225	\$ 43,414	54%
San Juan County - Silverton	\$ 235,000	\$ 45,857	28%

¹ Purchase Price based on median home prices in 2018 - Courtesy of the Wells Group, Durango, C

² Qualifying Annual Income courtesy of David Waller - Bank of the San Juans, Durango, CO.

³ Based on estimates from the 2013 - 2017 American Community Survey (Census Table S1901)

The **debt-to-income ratio** is the percentage of your gross monthly income that goes to paying your monthly debt payments. The DTI ratio is one of the metrics that lenders, including mortgage lenders, use to measure an individual's ability to manage monthly payments and repay debts. Those debts could include student loans, car payments or medical insurance. There are many obstacles to providing affordable housing in Southwest Colorado, including lack of developable land, infrastructure or funds to provide infrastructure; and economic issues such as the rapidly escalating cost of land and construction.

Housing Assistance Programs

At the regional level, multiple efforts are underway to provide housing opportunities through partnerships between local governments and private development. Below is a list of organizations that provide housing assistance across the region.

The **Bridge Emergency Shelter** provides emergency shelter and food to homeless and stranded people in Cortez (Montezuma County). 970-565-9808 or <https://thebridgeshelter.org>.

Volunteers of America guide individuals and families by providing safe, affordable housing, and the vital support services they need to thrive. They are one of the nation's largest nonprofit providers of quality, affordable housing for low and moderate-income households. They create and manage housing for the homeless, families with children, the elderly, and people with disabilities, including physical and mental disabilities. In Durango, the Cedar View Apartments has 53 one bedroom units for seniors aged 62 or over. They can be reached at 970-259-7600 or voacedarview@voacolorado.org.

The **Durango Community Shelter** (a Volunteers of America program) serves families and individuals experiencing homelessness. 970-259-1255 or www.voacolorado.org/.

Habitat for Humanity has organizations that build homes in Archuleta, La Plata, and Montezuma Counties.

Archuleta County: 970-264-6960 or <http://www.habitatarchuleta.org/>.

La Plata County: 970-382-2215 or www.habitatlaplata.org.

Montezuma County: 970-565-8312 or <http://habitatmontezuma.org/>.

Housing Authority of the County of Montezuma (HACM) provides rental assistance and public housing within Cortez, Dolores and Mancos. 970-565-3831 or www.mc-ha.org.

Housing Solutions for the Southwest is the agency that manages Community Services Block Grant (C.S.B.G.) funding for the region, which supports nine non-profit agencies regionwide to provide services to low-income people with basic services. In Archuleta County the Socorro facility provides 19 senior living units. 970-259-1086 or www.swhousingsolutions.com.

HomesFund provides a Homebuyer Assistance Program that empowers residents with the financial resources and educational tools to achieve homeownership. 970-259-1418 or <https://homesfund.org/>.

Southwest Center for Independence (SWCI) provides a wide array of services to assist and empower people with disabilities to live independently in their communities with the supports that they need. (970-259-1672) or www.swilc.org.

The **Southwest Safehouse** (a Volunteers of America program) serves women and children survivors of domestic violence and other violent crimes. 970-295-5443 or <http://www.voacolorado.org/gethelp-southernco-southwestsafehouse>.

Mercy Housing is one of only a few national organizations that provide affordable housing for all low- and moderate-income populations. They serve families, seniors, and people with special needs with the full spectrum of affordable housing, including supportive housing for the formerly homeless, transitional housing, permanent rental, and affordable homeownership opportunities www.mercyhousing.org. They have a number of projects in La Plata County, providing 210 affordable units.

There is limited program-based affordable housing inventory in Archuleta County. Existing housing includes one Low Income Housing Tax Credit (LIHTC) project, two affordable senior living facilities, and project-based Section 8 units administered by the **Archuleta Housing Corporation**. 970-398-1860 or https://www.publichousing.com/details/archuleta_housing.