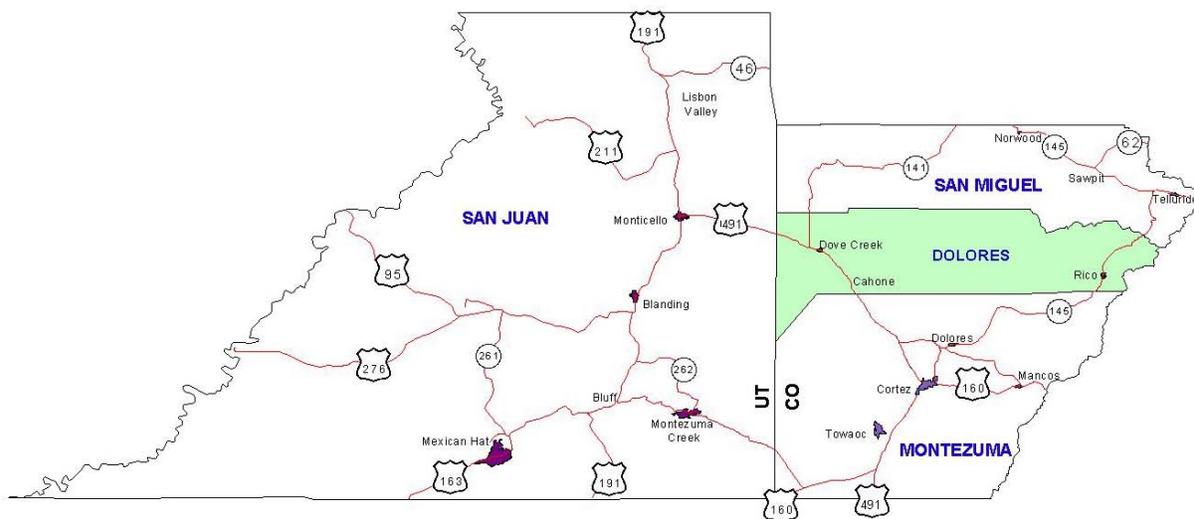


DOLORES COUNTY HOUSING NEEDS ASSESSMENT

Final Report
January 12, 2007



Prepared for
Dolores County Commissioners
and
The Region 9 Economic Development District

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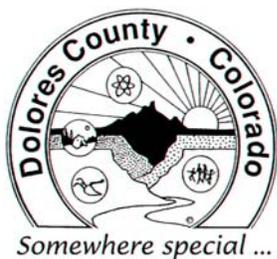


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Map of Dolores County, Colorado

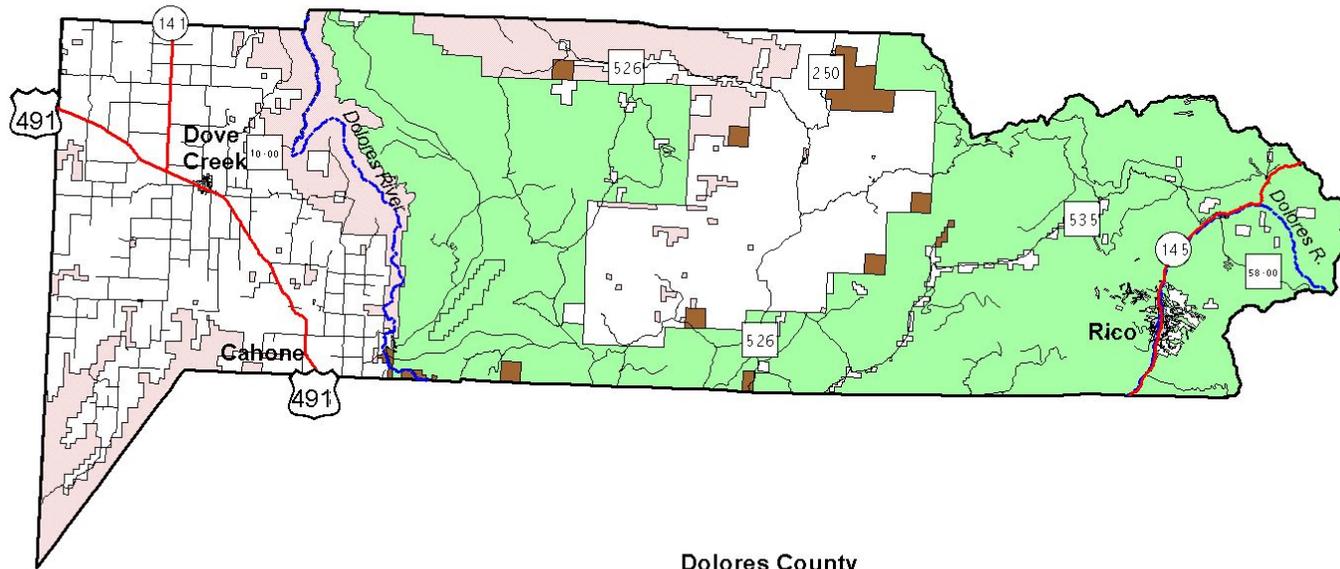


Land Area - 680,865 acres (1064 sq. miles)

- Private Lands- 257,966 acres (38%)
(1% of private lands are in patented mining claims)
- San Juan National Forest- 343,443 acres (50%)
- Bureau of Land Management- 68,456 acres (10%)
- State Lands- 11,000 acres (2%)



REGION 9



Dolores County

Information Services
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EXECUTIVE SUMMARY

At the request of the Dolores County Commissioners, and the Region 9 Economic Development District, **Information Services** was contracted to provide the background for a housing needs assessment for three communities in the county, including Cahone, Dove Creek and Rico. The results from this assessment are drawn from the 2000 Census, information from state and federal agencies including the Colorado Demography Section, the Census Bureau, the Division of Housing, and the Bureau of Economic Analysis.

At the local level the Housing Authority of the County of Montezuma, Dolores and Montezuma County Assessors, town officials, social services agencies, real estate professionals, and local citizens were also consulted. In addition, a household survey of these communities was conducted in the fall of 2006. The goal of the needs assessment is to provide information that will be used to develop public policies and housing programs, identify resources for housing, and help plan for future housing impacts and growth.

Results

Those that traditionally need housing assistance include low income families/individuals, the elderly, and people with disabilities. Low income households are present in the county, 10% of families were identified by the census as being below poverty level. The household survey found that 42% of respondents in Cahone, 62% of respondents in Dove Creek, and 28% of respondents in Rico reported income below the 2006 Area Median Income (AMI) of \$43,900 as determined by HUD. According to HUD, families/individuals with less than 80% of the AMI are termed *low income*; those with less than 60% are *very low income*, and those with 30% or less of AMI are at *poverty levels*.

The 2000 Census documented 17% of the county's population as aged 65+; nationally this number is only 12%. In addition, another 12% of the county was in the age group 55 to 64 and are rapidly approaching senior status. Seniors responding to the household survey included 34% in Cahone, 16% in Dove Creek, and 3% in Rico.

The Census also identified 22% of the county population as having disability status; nationally this number is 19%. The household survey identified 16% of household members in Cahone as disabled, 8% in Dove Creek, and 2% in Rico.

Other groups that might benefit from housing assistance are the homeless and migrant workers. The last survey conducted by the state documented nine homeless individuals/families in Dolores County. As for migrant workers, the nature of the local agricultural complex does not really require this type of labor force, thus they appear to be absent.

Based on these statistics, and on interviews with the local agencies that serve these populations, there seems to be a clear need for some level of assisted housing in the Dove Creek area; recommendations ranged from 10 to 15 units to fill immediate needs.

In regards to home ownership, the household survey found that the majority of those who did not already own a home cited high housing costs as a barrier. Are these costs a result of a high priced housing market due to a lack of available housing stock, or do they reflect low wages and few economic opportunities within the communities? In Dolores County both situations seem to be the case, particularly in Rico. It may be that some current or potential rental units or available housing stock are simply in need of rehabilitation to bring them up to standard. This is especially true in the Cahone and Dove Creek areas, in which the poor condition of vacant units was noted by local residents and real estate professionals.

Cahone is a rural area with no real commercial center. Many people in the area are farmers but supplement their incomes with outside jobs in other areas, or through self employment. Home prices seem reasonable at a median price of \$110,500, and an estimated 71% of families in the area could qualify for a home loan based on the Area Median Income of \$43,900. All surveyed households already own homes, and most respondents (80%) feel that they are in good to excellent condition. There were a relatively high proportion (34%) of seniors aged 65+, and another 25% percent in the age range 55 to 64, identified in the household survey. There does not seem to be any pressing need to provide workforce housing in the form of rentals or affordable housing as there is currently little economic development in the area. However, senior assisted housing could be located in nearby Dove Creek to serve the Cahone seniors.

Dove Creek is a small town with a small commercial center that provides most essential goods and services. Many people in the area farm but supplement their incomes with jobs in the local community, or through self employment. Home prices seem very reasonable at a median price of \$46,000, and an estimated 87% of families in the area could qualify for a home loan based on the Area Median Income of \$43,900. However, the AMI determined by HUD may be high based on incomes reported in the household survey. About 94% of surveyed households already own homes, but 76% of respondents feel that their homes need some level of repairs. In addition, about 14% of housing stock has been identified as vacant, and it may be that these units are in need of repairs in order to sell or rent them. Housing rehabilitation strategies could be developed to upgrade current housing stock for rental or purchase.

In Dove Creek there are a relatively high proportion (16%) of seniors aged 65+, and another 28% percent in the age range 55 to 64, based on the household survey. According to local social service agencies there is a real and immediate need for some level of housing assistance for seniors in the area, especially if we combine the numbers with special needs individuals in nearby Cahone. Currently, there are no assisted housing facilities in Dolores County; the closest facilities are in Cortez – about 40 miles away, which means that individuals must leave the local community when they are no longer able to live independently.

Rico is a small community in a rural mountainous area with a very small commercial center that does not provide most necessary goods or services. Many people in the area commute elsewhere for employment, primarily to Telluride. Home prices are inflated (median price is \$287,500) and rising fast. This is probably due to the lack of available building sites and pressure for available and affordable housing from Telluride and Mountain Village (in San Miguel County), as well as competition from affluent baby boomers that are seeking 2nd homes. An estimated 78% of families in the area could not qualify for a home loan based on the median home price and the Area Median Income of \$43,900, although the median income reported by the household survey is \$52,500. About 85% of surveyed households already own homes, but 51% of respondents feel that their homes need some level of repairs. In addition, 48% of housing stock has been identified as vacant, though most of these units are seasonally occupied. Rentals are expensive, and are in high demand. In Rico there is definitely an interest in affordable/attainable housing although there is also some local resentment that it may be provided for those that work and shop for goods and services elsewhere. For others in the community there is a “build it and they will come” mentality. They believe that even if people are commuting elsewhere for jobs the presence of more people in the town will create expanded economic opportunities.

Currently, economic development county-wide has been stymied by the low population, which does not provide enough critical mass to sustain goods and services in small communities. In addition, the wide geographic separation of the incorporated Towns of Dove Creek and Rico makes it difficult to provide services or economic development that could benefit both communities. It may be advisable to consider the problem from the perspective of a “regional economy”, even if it means providing housing for people whose jobs are outside of the county.

Options

According to survey respondents, a combination of options should be considered for the provision of funds to build affordable housing in the county. Although responses varied by area the least popular of these was increasing taxes. Other options included requiring developers to set aside a portion of units at affordable prices, or developers to pay a fee to an affordable housing fund. Most favored is a combination of the other options, with a Housing Authority to administer funding.

After the commissioners have considered the results of this housing needs assessment, they can move on to develop an **action plan** to provide solutions. Nationally, and region-wide, many communities are seeking ways to assure that safe, decent, and affordable housing is available to all members of the community. An example of assisted housing solutions is drawn from Santa Fe, New Mexico. The example represents a compilation of ideas, and is not to be considered as recommendations at this time. However, it can be used to help formulate housing policies in Dolores County.

INTRODUCTION

At the request of the Dolores County Commissioners and the Region 9 Economic Development District, **Information Services** was contracted to provide the background for a housing needs assessment for three communities in the county, including Cahone, Dove Creek and Rico. The goal of the needs assessment is to provide information that will be used to develop public policies and housing programs, identify resources for housing, and help plan for future housing impacts and growth.

The funds for this preliminary study are drawn from a Rural Housing and Economic Development Grant awarded by the Department of Housing and Urban Development (HUD) to Region 9 Economic Development District (Region 9), who is administering the funds for Dolores County. About \$5,000 was set aside for this initial research, and an application for additional funds has been made to the Colorado Division of Housing to provide for an implementation strategy.

In this report **Information Services**, following recommendations made by the Colorado Blue Ribbon Panel on Housing, provides an economic and demographic framework, and looks at housing inventory and housing market conditions in each of the three communities. This study incorporates information from state and federal agencies including the Colorado Demography Section, the Census Bureau, the Division of Housing, and the Bureau of Economic Analysis. At the local level the Housing Authority of the County of Montezuma, Dolores and Montezuma County Assessors, town officials, social service agencies, real estate professionals, and local citizens were also consulted.

A household survey was also conducted in the fall of 2006 for each community, and survey results for each are detailed in this report. A copy of the survey instrument is provided in **Appendix 1**. Surveys were mailed to local residents (those whose mailing addresses are within each respective community). In Dove Creek and Rico these addresses were obtained by looking at utility billing addresses so that renters, as well as homeowners, could be surveyed. Cahone homeowners were contacted using the Dolores County Assessor's database, so families receiving their mail at the Cahone Post Office were selected. In the following section, survey information is compared to census data to provide a level of confidence regarding the survey sample. Census information about Cahone is drawn from its postal zip code (81320), as it is in an unincorporated area of the county. The extent of that area however, as determined by the census, is not well defined. Return rates shown in the table below demonstrate an adequate household sample size from the survey.

Community	2005 Population	# Surveys Mailed	# Surveys Completed	Return Rate	# Individuals Represented	% of Population
*Cahone	318	72	20	28%	44	14%
Dove Creek	684	563	103	18%	219	32%
Rico	238	94	48	51%	120	50%

*Cahone population from Census 2000, zip code area 81320

DOLORES COUNTY

Demographic Framework

This section provides a comparative overview of shared aspects of the communities in Dolores County. However, each community is unique and is considered separately in following sections.

Population Trends – From 1990 to 2000, the population of Dolores County grew by 2.3% annually. The population is dispersed within two topographically distinct areas. Dove Creek, the county seat, is primarily within an agricultural area located on the west-side of the county. From 1990 to 2000, Dove Creek averaged 0.85% annual growth.

The Town of Rico is located in the eastern portion of the county. Rico (elevation 8,827 feet) experienced the booms and busts of hard rock mining until the last mines closed in the 1970s. Rico is beginning to grow again based largely on people who commute to Telluride for employment. Telluride is experiencing rapid expansion as a resort area. From 1990 to 2000 Rico averaged 12% annual growth. Population growth in Rico could accelerate with the planned development of a new wastewater treatment plant.

Since 2000, the county has seen slight growth, with the exception of Rico, which grew by about 3.2% annually.

	Census 2000	Estimates					Avg Annual % Change 2000-2005
		2001	2002	2003	2004	2005	
Dolores	1,844	1,844	1,876	1,848	1,836	1,846	0.02%
Dove Creek	698	695	704	690	683	684	-0.4%
Rico	205	211	222	227	231	238	3.2%
Unincorporated	941	938	950	931	922	924	-0.4%

Source: Colorado Demography Section estimates 8-06

Forecasts						
Dolores	2005	2010	2015	2020	2025	2030
Population	1,846	2,061	2,217	2,382	2,552	2,722
Avg. Annual % Change		1.8%	1.5%	1.4%	1.4%	1.3%

Source: Colorado Demography Section estimates 8-06

County-wide, slow growth is forecast for the next several decades.

Length of Residency in Community - Survey			
	Cahone	Dove Creek	Rico
less than one year	0%	4%	6%
1 to 5 years	25%	11%	27%
6 to 10 years	20%	12%	21%
more than 10 years	55%	74%	46%

Most survey respondents have lived in their communities for more than 10 years.

Household Composition – Census and survey data indicate that most people in the county/communities are in the 25 to 54 year old age range, followed by those aged 55 to 64. County-wide, the 2000 Census documents about 17% of the population as 65+, nationally this percentage is about 12%. In Cahone there were a larger number of seniors (65+) responding to the survey than in the other communities. Average household size (2.5) from surveys in Rico was slightly higher than might be expected given census data (1.97).

Household Composition 2000 Census	Dolores County	% of Total	81320 Cahone	% of Total	Dove Creek	% of Total	Rico	% of Total
Total Population	1,844	100%	318	100%	698	100%	205	100%
Under 5 years	92	5%	11	3%	48	7%	11	5%
5 - 19	356	19%	58	18%	154	22%	26	13%
20 - 24	82	4%	9	3%	39	6%	12	6%
25 - 54	779	42%	126	40%	259	37%	138	67%
55 - 64	219	12%	49	15%	67	10%	11	5%
65 and over	316	17%	65	20%	131	19%	7	3%
Disability Status (5 years or older)	387	22%	86	27%	130	21%	34	16%
Median Age (years)	42.4	X	46.2	X	39	X	35.4	X
Average Household Size	2.35	X	2.39	X	2.45	X	1.97	X
Average Family Size	2.82	X	2.78	X	2.93	X	2.62	X

Household Composition Survey Responses	Cahone	% of Total	Dove Creek	% of Total	Rico	% of Total
under 5	0	0%	9	4%	17	14%
5 – 12	1	2%	16	7%	7	6%
13 – 18	2	5%	14	6%	4	3%
19 – 24	1	2%	12	5%	2	2%
25 – 54	14	32%	87	40%	76	63%
55 – 64	11	25%	45	21%	10	8%
65+	15	34%	36	16%	4	3%
Total in all households	44	100%	219	100%	120	100%
Disability Status-all reported	7	16%	17	8%	2	2%
Average Household Size	2.2	X	2.2	X	2.5	X

County-wide the 2000 Census documented about 22% of the total population over the age of five (about 387 individuals) as having disabilities (physical, mental or emotional) – 250 of these were identified as living in Cahone,

Dove Creek and Rico. The national percentage for this population is 19%. The household survey identified only 26 individuals with disabilities within these communities, which is 2.1% of the area population. It may be that people with more severe disabilities are institutionalized rather than living at home.

The number of youth (0 to 17) in the county is expected to grow slightly in the coming decades, while other age groups will remain steady or see some declines.

Age Projections - Dolores County							
Year	Total	0-17	% of Total	18 to 64	% of Total	65+	% of Total
2000	1,844	404	22%	1,124	61%	316	17%
2005	1,884	410	22%	1,179	63%	295	16%
2010	2,060	461	22%	1,306	63%	293	14%
2015	2,221	518	23%	1,393	63%	310	14%
2020	2,381	574	24%	1,462	61%	345	14%
2025	2,553	622	24%	1,557	61%	374	15%
2030	2,724	671	25%	1,671	61%	382	14%
2035	2,884	717	25%	1,769	61%	398	14%

Source: Colorado Demography Section

Housing Tenure – The number of renter occupied housing units is much higher in census data than was reflected in survey responses or interviews with local residents. There are also a large number of vacant housing units, though many of these see seasonal or occasional use. Patterns regarding seasonal use by 2nd homeowners have been documented in a recent study by Region 9. That report can be seen at www.scan.org. Local informants believe that many vacant units are unoccupied because of their poor condition.

	Dolores County	% of Total	81320 Cahone	% of Total	Dove Creek	% of Total	Rico	% of Total
Total Housing Units	1,193	100%	148	100%	326	100%	197	100%
Occupied Housing Units	785	66%	133	90%	285	87%	104	53%
Owner Occupied Housing Units	603	77%	116	87%	214	75%	59	57%
Renter Occupied Housing Units	182	23%	17	13%	71	25%	45	43%
Vacant Housing Units	408	34%	15	10%	41	13%	93	47%
Seasonal or Occasional Use	288	24%	3	2%	6	2%	72	37%
Homeowner Vacancy Rate	X	5%	X	3%	X	5%	X	3%
Rental Vacancy Rate	X	12%	X	19%	X	16%	X	4%

Source: US Census 2000

Rent or Own - Survey			
	Cahone	Dove Creek	Rico
rent	0%	6%	15%
own	100%	94%	85%

Most survey respondents already own a home. The majority of those that would like to buy a home cited high costs as a barrier to home ownership.

Length of Time in Residence - Survey			
	Cahone	Dove Creek	Rico
less than one year	0%	6%	6%
1 to 5 years	25%	19%	31%
6 to 10 years	25%	18%	27%
more than 10 years	50%	56%	35%

Most survey respondents have lived in their current homes for more than 10 years.

Condition of Current Residence - Survey			
	Cahone	Dove Creek	Rico
poor	0%	1%	2%
fair	20%	22%	13%
good	25%	53%	36%
excellent	55%	23%	49%

In Cahone and Rico most people are satisfied with their current homes, and think they are in excellent condition. In Dove Creek the majority of those surveyed rated their homes as in good condition, needing repairs of \$5000 or less.

In Cahone and Rico most respondents that were not satisfied thought their homes were too small. In Dove Creek the most common responses were that their homes were too old, and in poor condition. Respondents in all communities thought that three bedroom/ two bath, stick built homes were the most desirable housing type.

Economic Conditions

Employment – The current economy supports a relatively low unemployment rate, although seasonal fluctuations are seen in the winter months, when unemployment rises.

The unemployment rate has been declining since 2002, but is still higher than state and national levels.

Unemployment Rates Compared 2000-2005						
	2000	2001	2002	2003	2004	2005
Dolores	9.3%	6.8%	11.0%	10.3%	7.7%	6.9%
State Unemployment. Rate	2.8%	3.7%	5.7%	5.7%	5.2%	5.0%
National Unemployment Rate	4.0%	5.3%	5.8%	6.0%	5.5%	5.1%

Source: Colorado Dept of Labor

The agricultural sector provides the greatest number of jobs in Dolores County (27%), but only about 5% of job income, though this is difficult to quantify. Employment and earnings in non-agricultural sectors are derived from unemployment compensation reports of average wages and employment, which is supplemented by the sampling of tax returns to estimate proprietor employment and income. Family operated farms and ranches are not required to file unemployment compensation reports, and it is very

Dolores County 2005 Total Employment	# of Jobs	% of Jobs	Income (\$000)	% of Inc.	avg. annual wage
Agriculture	228	27%	\$ 945	5%	\$ 4,145
Mining & Utilities	29	3%	\$ 985	5%	\$ 42,276
Construction	82	10%	\$ 2,126	11%	\$ 25,927
Manufacturing	5	1%	\$ 341	2%	\$ 68,200
Transportation & Warehousing	9	1%	\$ 763	4%	\$ 84,778
Trade	106	12%	\$ 1,960	10%	\$ 18,491
Finance, Insurance & Real Estate	29	3%	\$ 1,450	8%	\$ 50,000
Services	168	20%	\$ 4,466	24%	\$ 26,583
Government	202	24%	\$ 5,845	31%	\$ 28,936
Total	858	100%	\$18,881	100%	

D= data not available due to non-disclosure

Total number of jobs and job income from BEA & ES 202-includes proprietor income

difficult to accurately estimate earnings from limited sampling of income tax returns. Services and government sectors are also strong, though the highest wages are seen in transportation and manufacturing sectors.

Due to the rural nature of the county, people often have to commute long distances to find jobs in larger communities. This may be the reason for the high number of proprietors, those that are self employed.

# of Wage and Salary Jobs as Compared to # of Proprietors					
Dolores County Job Sectors	Wage/Salary Jobs		Proprietors		# of Total Jobs
	#	%	#	%	
Agriculture	70	31%	158	69%	228
Mining & Utilities	29	100%	0	0%	29
Construction	23	33%	47	67%	70
Manufacturing	5	100%	0	0%	5
Transportation & Warehousing	9	100%	0	0%	9
Retail Trade	66	83%	14	18%	80
Wholesale Trade	9	47%	10	53%	19
Finance, Insurance & Real Estate	12	48%	13	52%	25
Services	75	51%	73	49%	148
Government	202	100%	0	0%	202
Total Employment	500	61%	315	39%	815

Income – The Area Median Income (AMI) established by HUD is \$43,900 for 2006. This is a projection based on Census 2000 median family income.

Survey Responses Household Income 2005	Cahone	% of Total	Dove Creek	% of Total	Rico	% of Total
less than \$10,000	2	12%	7	8%	1	2%
\$10,000 - \$15,000	0	0%	11	13%	0	0%
\$15,000 - \$20,000	3	18%	8	10%	0	0%
\$20,000 - \$25,000	1	6%	6	7%	1	2%
\$25,000 - \$30,000	1	6%	6	7%	5	12%
\$30,000 - \$35,000	0	0%	5	6%	3	7%
\$35,000 - \$40,000	0	0%	9	11%	3	7%
2006 Area Median Income (AMI) = \$43,900						
\$40,000 - \$45,000	0	0%	7	8%	2	5%
\$45,000 - \$50,000	1	6%	8	10%	4	9%
\$50,000 - \$55,000	1	6%	5	6%	3	7%
\$55,000 - \$60,000	2	12%	0	0%	2	5%
\$60,000 - \$80,000	3	18%	8	10%	5	12%
\$80,000 - \$100,000	3	18%	1	1%	8	19%
\$100,000 +	0	0%	2	2%	6	14%
# of Households	17	100%	83	100%	43	100%
Median Household Income	\$ 55,000		\$ 32,500		\$ 52,500	
Median Price Single Family Home	\$110,500		\$ 46,000		\$ 287,500	

From the household survey we see that in Cahone 42% of respondents reported household income below the AMI; in Dove Creek 62% were below; and in Rico 28% were below the AMI.

We obtained 2005 median sales prices for single family residential homes in each community from the Dolores County Assessor, determined the necessary qualifying income (using a 30% housing debt to income ration) to purchase a home at that price, and then used the 2006 AMI to estimate what percentage of families in each area would not be able to purchase a home in their community.

% of Families Unable to Purchase a Median Price Home				
	*Purchase Price 6.50% Interest 20% Down 30 Yr Loan Term	**Qualifying Annual Income	2006 Area Median Income	% of Families with less than Qualifying Income
Cahone	\$ 110,500	\$ 25,150	\$ 43,900	29%
Dove Creek	\$ 46,000	\$ 11,304	\$ 43,900	13%
Rico	\$ 287,500	\$ 62,950	\$ 43,900	72%

*Purchase price based on median sales price of a single family residential home in 2005

**Qualifying Annual Income courtesy of Brad Kreikemeier - Bank of Colorado

For a discussion of the number of households at specific income levels see each community's results in the following sections.

Monthly Housing Costs - Survey			
	Cahone	Dove Creek	Rico
Average Rent	NA	\$ 325	\$ 1,000
Average Mortgage	\$ 759	\$ 454	\$ 1,214
Average Utilities	\$ 215	\$ 223	\$ 208

Monthly housing costs are much higher in Rico than in the other communities.

2007 Fair Market Rents					
	0 BDR	1 BDR	2 BDR	3 BDR	4 BDR
Dolores County	\$ 506	\$ 593	\$ 686	\$ 908	\$ 1,172
Annual Income Needed to Afford FMR	\$ 20,240	\$ 23,720	\$ 27,440	\$ 36,320	\$ 46,880

Average rents reported by the survey are lower than those determined by HUD.

Data Source: National Low Income Housing Coalition (www.nlihc.org)
Fair Market Rents determined by HUD

The Housing Authority for the County of Montezuma (HACM) provides assisted rental housing in the form of rent subsidies and 191 rental units in the Towns of Mancos, Cortez, and Dolores in Montezuma County. They currently have a waiting list of 225 applicants that would like some form of housing assistance; two of these are in Dolores County. In Dolores County there are no assisted housing rental units, but seven families do receive rent subsidies.

A comparison of three attributes, based on a direct examination of single family residential housing in each community, shows that Cahone and Dove Creek are very similar except that Dove Creek's homes are older and slightly larger. The low appraised value of homes in Cahone and Rico is expected to change in the next valuation period due to higher actual sale prices, according to the Dolores County Assessor.

2005 Housing Attributes - Median Values			
	Cahone	Dove Creek	Rico
Actual Year Built	1960	1952	1974
Effective Living Area	1,264	1,352	1,296
Assessor Appraised Value	\$ 43,929	\$ 40,723	\$ 132,928

Dolores County Assessors Data

CAHONE

Background

Cahone is in an unincorporated part of Dolores County. It is situated about 15 miles southeast of Dove Creek, and about 25 miles northwest of Cortez (in Montezuma County) on State Highway 491. Like Dove Creek, it is in the midst of farm country. Most farming is high altitude dry land, with a strong emphasis on pinto beans and winter wheat.

According to a long-time local resident Cahone was settled in the early 1930s by homesteaders seeking land. By the 1940s, the community had grown to include a motel, three grocery stores, three service stations, and a Studebaker dealership, among other businesses. In the 1960s the Montezuma Water Company began providing water to the area (pumped from the Dolores River) and an influx of retirees, primarily from California, moved into the area. Most of these newcomers purchased 35 acre lots and built modest homes. Commerce in the town has been declining for some time, and currently the town is composed of a post office, an old schoolhouse that currently serves as a Senior Citizens Center, a church, an antique store and a Midland Bean storage silo. Residents of the area commute to Dove Creek or Cortez for shopping and services.

A direct examination of Dolores County Assessors data from August of 2005 identified 34 improved residences in the Cahone area, using parcel numbers starting with 5071. Of these, 26 (76%) were identified as locally owned, and 8 (24%) were identified as non-local (with mailing addresses outside of Dolores County).

Housing Market Conditions

Three characteristics of these 34 improved residences are pertinent to this study; actual year built, effective living area (heated space), and appraised value (land and improvements).

1. **Actual year built:** median value = 1960; average year built = 1962
2. **Effective living area:** median value = 1,264; average living area = 1,384
3. **Assessor Appraised Value:** median value = \$43,929; average value = \$49,051

In an examination of sales over a five year period, we see that prices are definitely on the rise in the Cahone area, with actual sales prices far exceeding the Assessor's appraisal values. Most of these properties come with acreage; median acreage was 2.5, average acreage was 3.9.

	Cahone Area - Single Family Residential Sales					% change 2004-2005
	2001	2002	2003	2004	2005	
# of Sales	0	1	3	8	7	-13%
Median Sales Price		\$ 89,000	\$ 85,000	\$ 66,000	\$ 110,500	67%
Average Sales Price		\$ 89,000	\$ 107,667	\$ 63,375	\$ 114,071	80%

Source: Dolores County Assessor 12-06

Includes wider area beyond parcels starting with 5071

There are currently 4 residential listings in the Cahone area including one modular, and three stick built homes. These homes range in price from \$120,000 to \$300,000; with square footage ranging from 686 to 2,400; varying in price per square foot of \$107 to \$197. Obviously these ranges reflect the homes amenities and condition, and some come with acreage.

There are also 20 current listings for vacant land. The average price per acre is \$2,418, and the median price per acre is \$1,208. According to local realtors the most desired real estate near Cahone are three acre parcels with a double wide mobile home.

Cahone Area - Vacant Land Price per Acre				% change 2005-2006
1 acre or more	2004	2005	2006	
# of Sales	2	13	6	-54%
Median Sales Price	\$ 875	\$ 1,500	\$ 2,365	58%
Average Sales Price	\$ 875	\$ 2,094	\$ 3,506	67%

The number and prices of vacant land sales fluctuates. Sales are down but prices are rising.

Source: Multiple Listing Service 12-06

Courtesy of Bonnie Greggs-Realty Executives

Includes wider area beyond parcels starting with 5071

Anecdotal evidence is that as land prices rise in neighboring Montezuma County more people are seeking land and housing opportunities in the Cahone area. A look at land prices in NW Montezuma County seems to support this conjecture, although median home prices are lower. However, there are other variables that must be considered when comparing sales price, i.e. amount of acreage and water availability.

NW Montezuma County- Vacant Land Sales Price per Acre							% change 2005-2006
	2001	2002	2003	2004	2005	2006	
# of Sales	2	2	0	0	2	3	50%
Median Sales Price	\$ 7,872	\$ 6,224			\$ 21,754	\$ 5,057	-77%
Average Sales Price	\$ 7,872	\$ 6,224			\$ 21,754	\$ 7,654	-65%

Source: Montezuma County Assessor

NW Montezuma County- Single Family Residential Sales*							% change 2005-2006
	2001	2002	2003	2004	2005	2006	
# of Sales	5	3	4	5	6	6	0%
Median Sales Price	\$ 77,000	\$ 20,000	\$ 101,250	\$ 67,000	\$ 131,850	\$ 90,000	-32%
Average Sales Price	\$ 91,400	\$ 44,000	\$ 104,175	\$ 88,300	\$ 141,433	\$ 125,460	-11%

Source: Montezuma County Assessor

*includes mobiles

Although the 2000 Census reported that 23% of occupied housing were rentals, there is no current information regarding rentals in the area as none were reported in the household survey. According to local residents most vacant units in the area are in very poor condition, and would not be suitable as rentals.

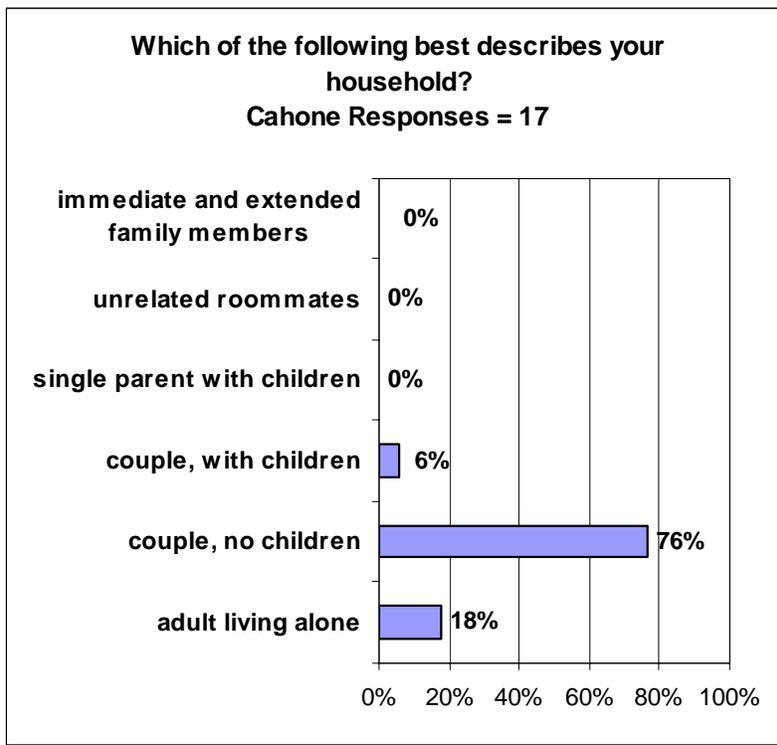
Currently there are no deed restricted, newly-deed restricted, or preserved affordable units in Cahone.

Cahone Household Survey

Methodology – Locally owned property information in the Cahone area was derived from the Dolores County Assessor’s office. A total of 70 surveys were mailed, and 20 completed surveys were received and tabulated.

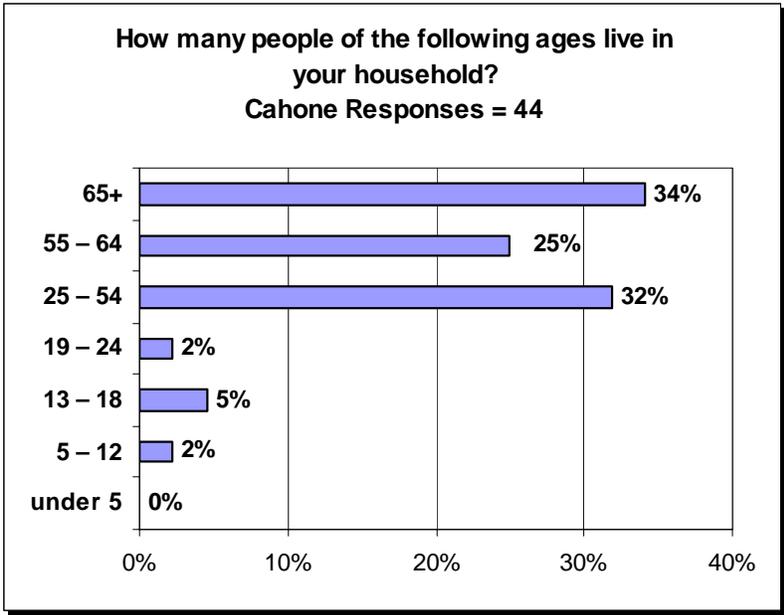
Demographics

Census information about Cahone is drawn from within the 81320 postal zip code area, which is not well defined. According to these statistics the population in 2000 was 318, the median age was 46.9, and the household size was 2.32. About 49% of the population is married with no children; 29% single with no children; and 16% married with children. Household income was estimated at \$35,993, and per capita income was \$22,132. The median home age was 22 years old, and the median home cost was \$130,600. About 85% of homes in the area were owned, 11% were rented, and 4% were vacant.



Survey findings covered 44 individuals in 20 households (average household size was 2.2). This represents a 14% sample of the estimated 2000 population (318).

Survey responses indicate that most (76%) households are comprised of couples with no children, followed by adults living alone (18%).



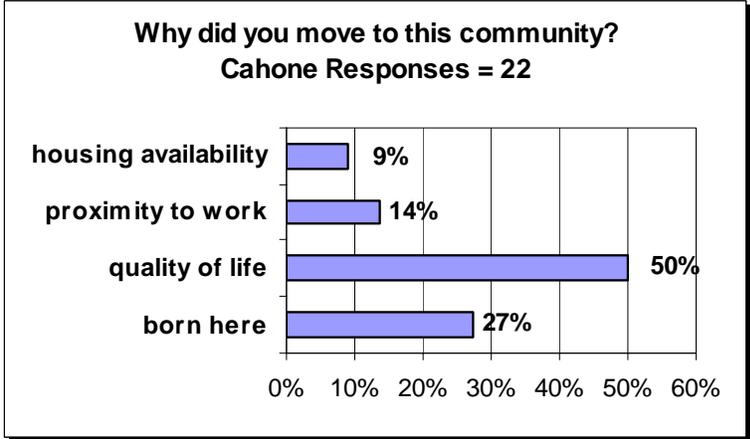
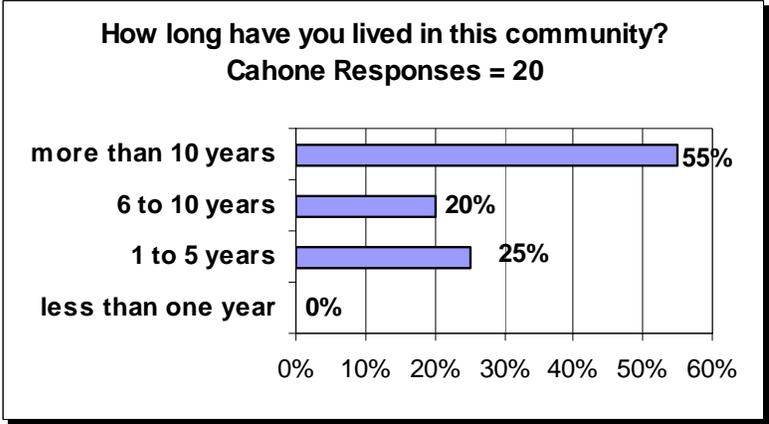
Most householders (65%) are aged 65 or older. 25% of respondents were 55 to 64, and 32% were 25 to 54.

There were 7 individuals identified in the survey as having physical or mental disabilities.

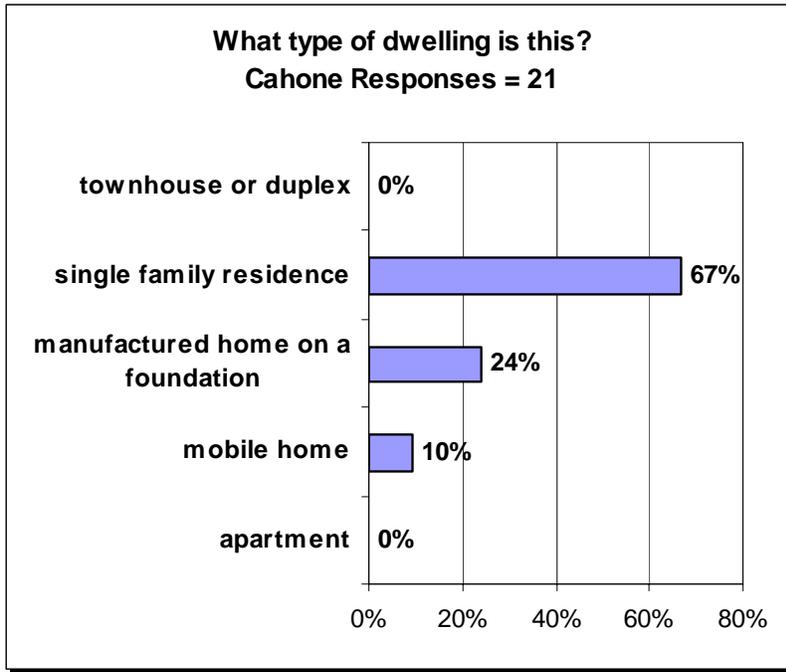
Only 10% of respondents expected to increase their family size within the next three years. School aged children attend school in Dove Creek.

Most (55%) respondents are long-term residents, having lived in the area for more than ten years.

100% of respondents consider themselves full-time residents.



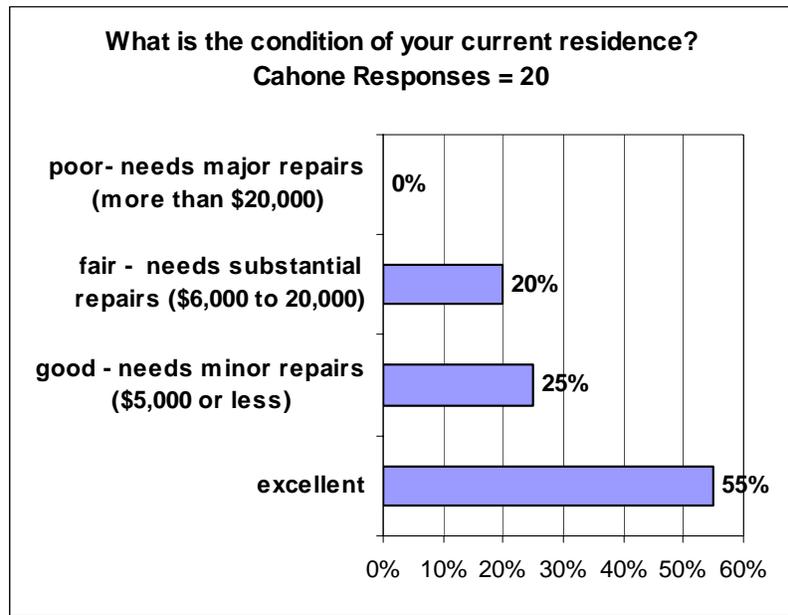
Most respondents (50%) moved there for the quality of life, while 27% were born there.



Single family residences are the most common housing type in the Cahone area, followed by manufactured homes. 100% of respondent's homes are owned by themselves or a family member.

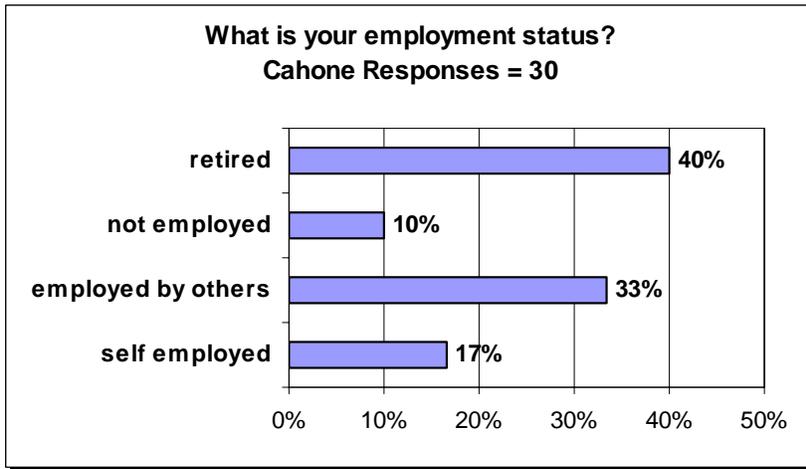
95% of respondents were satisfied with their current housing, but 50% of those that were not said the home was too small. 25% said homes were too expensive, or too costly to maintain. 75% of responses indicated the need for home repairs.

Most people expressed a desire for 3 bedroom, 2 bath, stick built homes.



Mortgage payments averaged about \$759 per month, and utilities averaged \$215 per month. There are no natural gas utilities in the area, homes are heated with propane or wood and some water is drawn from wells, though most residents receive water from the Montezuma Water Company. Price (28%) and large lot size (31%) were selected as the most important factors in choosing a home.

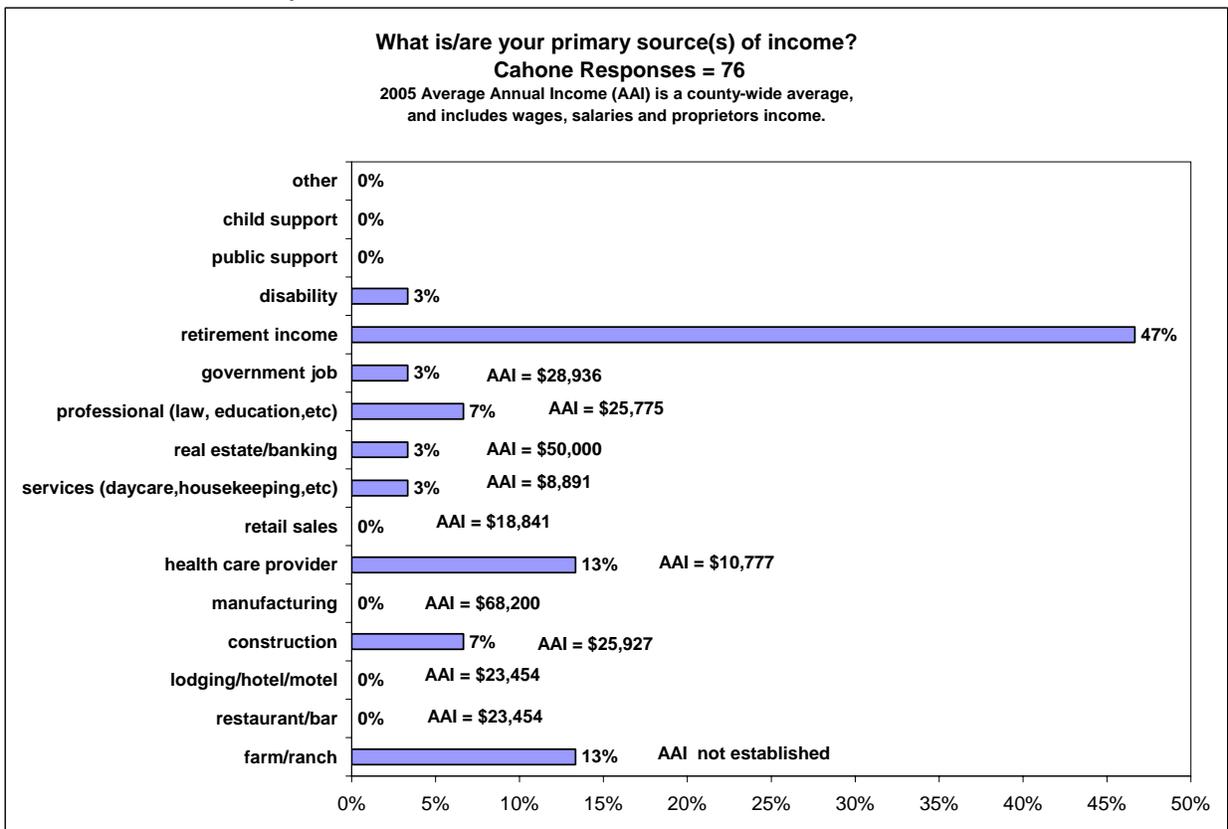
Employment and Income

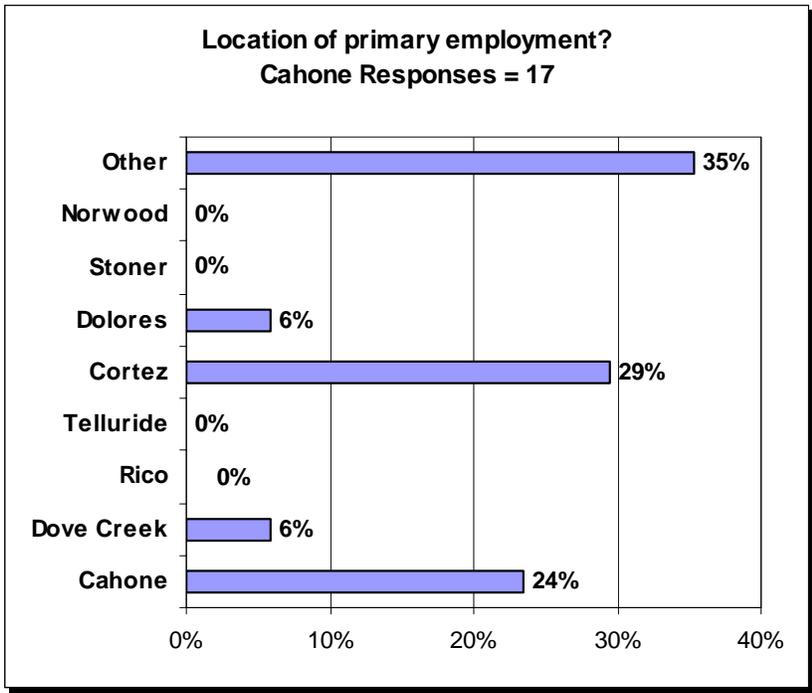


Many (33%) respondents are employed by others, though the locals are also creating their own opportunities through self employment (23%), this probably reflects the agricultural nature of the community. There were also quite a few retirees (40%).

87% of respondents hold one job and 13% hold two jobs.

When we aggregate the employment categories below we see that about 23% of respondents work in the service sector; 7% in construction; 6% in real estate and banking; 8% in government; 0% in manufacturing; 0% in retail; and 13% in agriculture. 55% receive disability or retirement income.

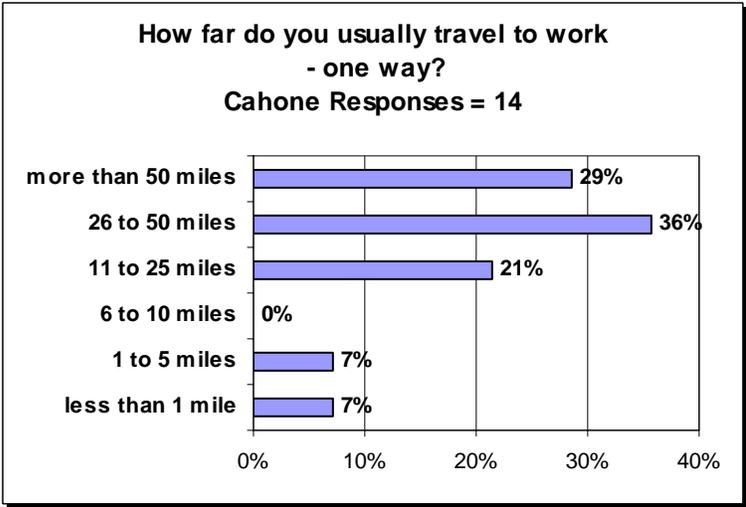




24% of respondents work in the Cahone area, probably in agriculture on family farms. The closest wage jobs are in Cortez and Dove Creek. Some travel as far as Monticello, Utah and Tuba City, Arizona for work.

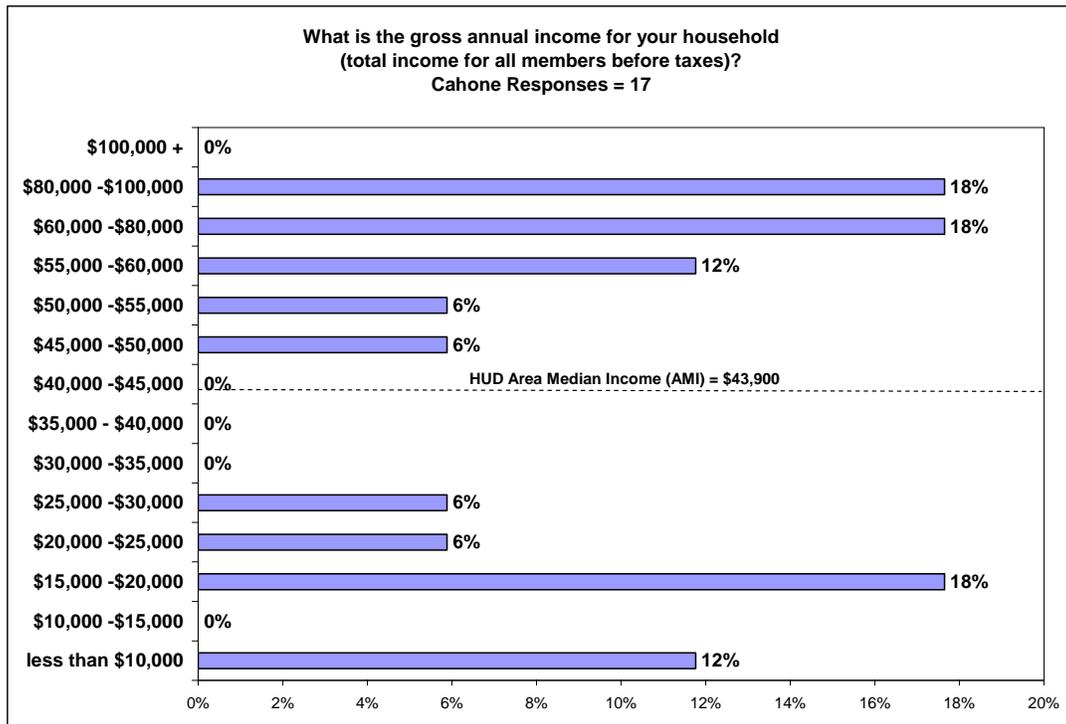
67% of respondents commute more than 10 miles each way to work.

82% of respondents drive their own car to work, and 12% carpool with others.



County-wide, the Area Median Income (AMI) was \$43,900 in 2006 (Source: HUD). When we look at the number of Cahone area households that responded, 60% reported annual household incomes of \$40,000 or above.

The average household income reported for the Cahone area was \$50,278; the median household income was \$55,000. This was derived by taking the midpoints of the ranges shown in the chart below, and included income information provided by retirees.



The following table summarizes the median household incomes for each family size from the household survey, the 80% median income based on the survey, and the 80% median income level established by HUD.

Family Size inc. Children	Survey (Actual Medians)	Survey (80% of Median)	80% AMI (Set by HUD)
Family of One	\$ 70,000	\$ 56,000	\$ 30,200
Family of Two	\$ 55,000	\$ 44,000	\$ 34,500
Family of Three	\$ 51,520	\$ 41,416	\$ 38,800
Family of Four	\$ -	\$ -	\$ 43,100
Family of Five	\$ 52,500	\$ 42,000	\$ 46,550

The median income for all family sizes is above the 80% AMI low income status set by HUD.

According to survey respondents, a combination of options should be considered for the provision of funds to build affordable housing in the Cahone area. The least popular of these was increasing taxes (0%). Other options included requiring developers to set aside a portion of units at affordable prices (14%), or developers to pay a fee to an affordable housing fund (7%). Most favored (79%) is a combination of the other options, with a Housing Authority to administer funding.

DOVE CREEK

Background

Members of the Escalante - Dominguez Expedition, seeking a route to the Spanish Missions of California, rested on the banks of Dove Creek in western Dolores County on August 15, 1776. By the mid - 1800s Dove Creek had become a way station for caravans of traders using the Old Spanish Trail. Dolores County was created from part of Ouray County in 1881. Western Dolores County was originally lush native grass that attracted livestock settlers beginning in the 1870s. By 1910 open range overgrazing had caused sagebrush to overtake native grasses in most of the area. In 1914 the Federal Government opened the area to homesteaders and dry land farming began in earnest. Most farming is high altitude dry land, with a strong emphasis on pinto beans and winter wheat. Dove Creek is known as the "Pinto Bean Capital of the World" for its long - standing production of high quality pinto beans noted for their nutritional content and extended shelf life.

New opportunities are being developed in the Dolores County agricultural sector including the introduction of irrigated farming with water from the Dolores Project and the development of new crops and value added businesses. Recent developments include a pilot project for a biodiesel production plant. The average farm is about 700 acres, with most area farms still owned and operated by descendants of the original homesteaders. The land surrounding Dove Creek is rich in scenic attractions and prehistoric cultural resources. These resources, as well as hunting and fishing opportunities, are being developed to attract visitors to the area. Mining has also played an important role in the history of the town. In the 1950s and 60s uranium mines in the area were booming and evidence suggests there is a renewed interest in uranium resources in the area.

Population has been slowly declining in the town since the 1960s, when the 1960 census recorded 966 people. Currently Dove Creek is home to about 684 people. As the county seat, Dove Creek provides a base for government offices, and can be considered a "full service" town, with a limited range of retail shops and services that supply local residents as well as farmers and ranchers in surrounding areas.

Housing Market Conditions

Although housing data from the Colorado Division of Housing showed 326 housing units (with 48 vacant units) in 2005, a direct examination of Dolores County Assessors data from August of 2005 identified 296 improved residences in the immediate Dove Creek area. Of these, 248 (83%) were identified as locally owned, and 48 (17%) were identified as non-local (with mailing addresses outside of Dolores County). Most (54%) of the non-local owners in the town live in other areas of Colorado, primarily western slope cities. It could be that locals are moving to other parts of the state for economic or other reasons, but are reluctant to part with long held property, especially at low prices.

Three characteristics of these 296 improved residences are pertinent to this study; actual year built, effective living area (heated space), and actual value (land and improvements).

1. **Actual year built:** median value = 1952; average year built = 1957
2. **Effective living area:** median value = 1,352; average living area = 1,400
3. **Assessor Appraised Value:** median value = \$40,723; average value = \$42,634

According to local realtors there were about 21 transactions in the Dove Creek area in 2005, including vacant land and improved residential properties. From the table below we see that residential sales fluctuate, but are still well below values seen in neighboring areas.

	Dove Creek - Single Family Residential Sales					% change 2004-2005
	2001	2002	2003	2004	2005	
# of Sales	9	5	5	8	11	38%
Median Sales Price	\$ 45,925	\$ 52,110	\$ 45,500	\$ 62,800	\$ 46,000	-27%
Average Sales Price	\$ 41,285	\$ 46,870	\$ 41,067	\$ 52,934	\$ 54,415	3%

Source: Dolores County Assessor 12-06

There are currently 9 residential listings in the Dove Creek area including one mobile, two modular homes, and six stick built homes. These homes range in price from \$55,000 to \$394,000; with square footage ranging from 968 to 3,092; varying in price per square foot of \$30.97 to \$206. Obviously these ranges reflect the homes amenities and condition, and some come with acreage. Realtors say that many of the older homes in the area can languish on the market for years, primarily due to poor condition rather than price. It is important to note that the town does not require building permits, so production rates are unknown. There are no deed restricted, newly-deed restricted, or preserved affordable units. The current market is driven, to some extent, by an influx of retirees from Arizona, Texas and California. They generally want less than 2,000 sq. ft., and are willing to pay \$125,000 to \$200,000 for a home.

	Dove Creek - Vacant Land Price per Acre			% change 2005-2006
	1 acre or more	2004	2005	
# of Sales	1	10	21	110%
Median Sales Price	\$ 500	\$ 800	\$ 800	0%
Average Sales Price	\$ 500	\$ 1,132	\$ 2,873	154%

Source: Multiple Listing Service 12-06

Courtesy of Bonnie Greggs-Realty Executives

The number of vacant land sales is on the rise as farmers in the area sell off pieces of the farm.

	Dolores			
	1992	1997	2002	% Change 92-02
# of Farms	132	171	216	64%
Land in Farms (acres)	167,106	155,741	199,491	19%
Cropland Acres Harvested	45,762	44,549	21,187	-54%
Average Size of Farms (acres)	1,266	934	734	-42%
Average Age of Farmer	54.7	54.1	55.4	1%

Source: Census of Agriculture. Dept of Agriculture web site www.nass.usda.gov.gov/co

This trend is reflected in farm statistics presented in the Census of Agriculture, which is compiled every five years.

Rentals – The 2000 Census reported that 13% of occupied housing were rentals. According to local realtors there is a small pool of rentals available in the Dove Creek area, probably 10 to 15 units, and they have a low vacancy rate. A small (1-2BR, 1-2BA) home would rent for between \$350 to \$450/month depending on the kind of condition it is in and whether it is in the town or outside of the town. A 3BR, 2BA would rent anywhere from \$450 to \$800/month depending again on condition, location and whether or not it's horse property and the renters can keep horses or cows. Rental rates are below the Fair Market Rents determined by HUD.

The housing market in Dove Creek and west Dolores County could see changes in the foreseeable future as there have been “strong rumors” regarding mining activities in the Lisbon Valley over in Southwestern Utah, about 35 miles from Dove Creek. Uranium prospecting is on the upswing, and Constellation Copper is reportedly planning on hiring up to 800 new workers. This number may be exaggerated; however Lisbon Valley operators expect an annual yield of 27,000 tons. Though small, it will fetch a premium price because U.S. customers won't have to pay extra to import it. The copper to be extracted during the mine's expected 10-year life will equal the amount dug up in a single year at the world's largest mine near Salt Lake City. An influx of these workers has already been reported seeking spaces in RV Parks in Cortez, Moab, and Dove Creek. There is also speculation that renewed uranium mining will bring more people into the area too.

There is also a proposal on the table by a local developer to build a subdivision west of Dove Creek on a 40 acre parcel. The parcel would be subdivided into 1-3 acre plots and conventional homes costing around \$180,000 to \$220,000 would be built.

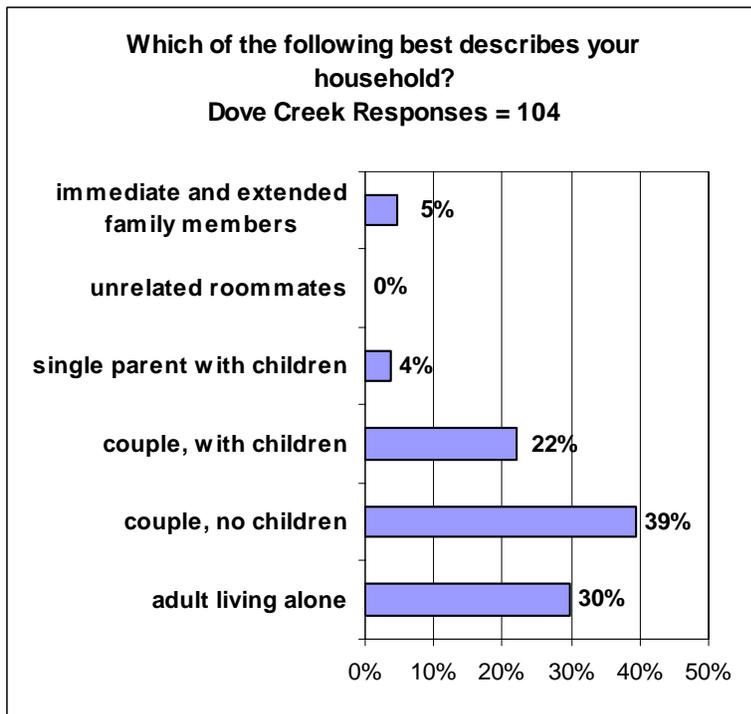
There is potential for Dove Creek to capitalize on this need for workforce housing by providing economic incentives to private developers. The most logical choice seems to be the development of mobile home or RV parks, since the mine is only expected to produce for about 10 years. This type of development leaves a smaller footprint on the environment, and would benefit the community by bringing more people to the town for shopping and services. However, other communities that serve transient workers should be closely scrutinized to assess the negative as well as positive impacts; and mine officials should be consulted to determine the actual number of workers that they expect to employ.

Dove Creek Household Survey

Methodology – Due to the large number of non-local property owners (primary mailing address is outside of the Dove Creek area), a local mailing list was derived from utility billing addresses provided by the Dove Creek Town Clerk. A total of 563 surveys were mailed, and 103 completed surveys were received and tabulated.

Demographics

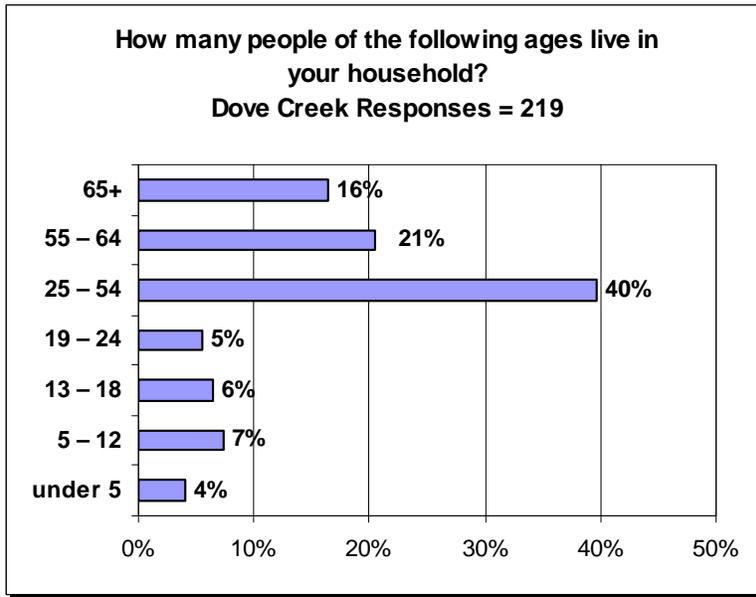
As of the 2000 census, there were 698 people, 285 households, and 202 families residing in Dove Creek. Of the 285 households, 31.2% had children under the age of 18 living with them, 54.4% were married couples living together, 13.0% had a female householder with no husband present, and 28.8% were non-families. 26.0% of all households were made up of individuals and 14.4% had someone living alone who was 65 years of age or older. The average household size was 2.45 and the average family size was 2.93. In the town the population was spread out with 26.6% under the age of 18, 7.9% from 18 to 24, 24.4% from 25 to 44, 22.3% from 45 to 64, and 18.8% who were 65 years of age or older. The median age was 39 years. The median income for a household in the town was \$27,500, and the median income for a family was \$32,813. The per capita income for the town was \$13,015. About 8.9% of families and 12.3% of the population were below the poverty line, including 9.9% of those under age 18 and 16% of those aged 65 or over.



An estimate by the Colorado Demography Section (CDS) puts the population of Dove Creek at 684 in 2005. This estimate does not include seasonal residents, 17% of which are non-local property owners.

Survey findings covered 219 individuals in 103 households (average household size was 2.1). This represents a 32% sample of the estimated population (684). Survey responses indicate that most (39%) households are comprised of couples with no children, followed by adults living alone (30%).

Most householders (40%) are aged 25 to 54. 16% of respondents were of retirement age (65+). These findings are consistent with 2000 census data.



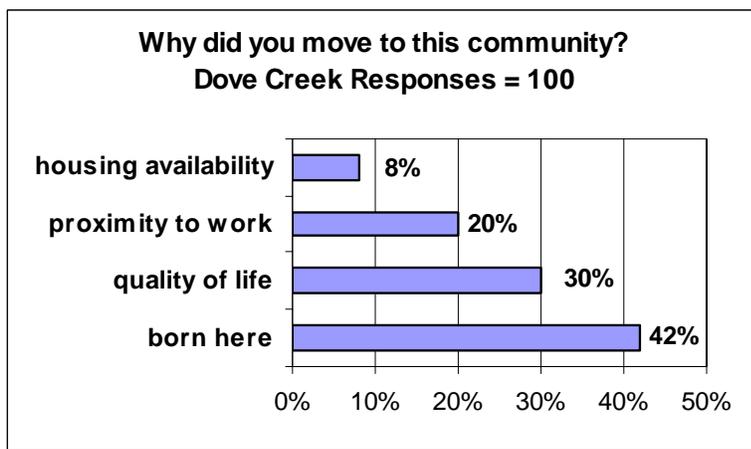
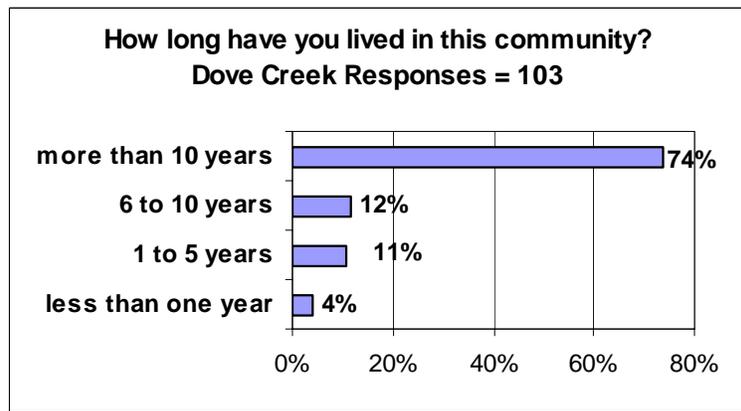
There were 17 individuals identified in the survey as having physical or mental disabilities.

Only 7% of respondents expected to increase their family size within the next three years.

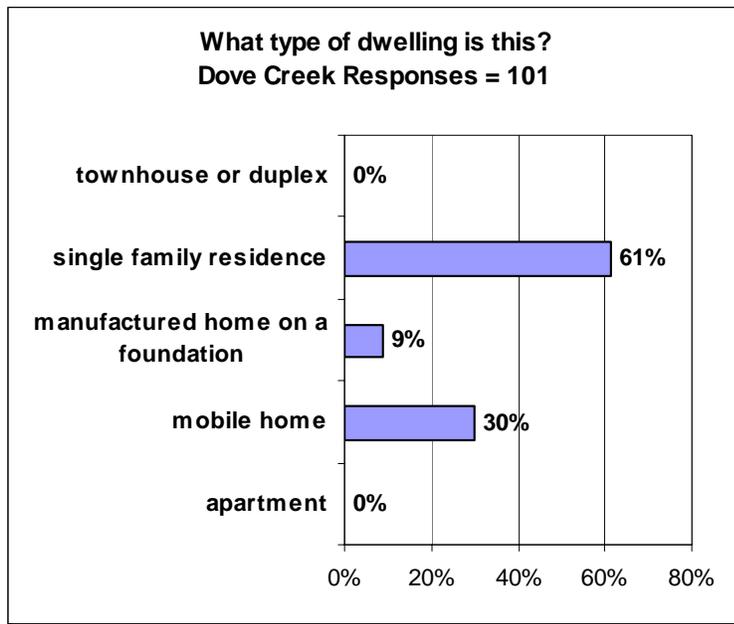
Current enrollment in Dolores School District RE-2 (K-12) is about 262 pupils.

Most (74%) respondents are long-term residents, having lived in Dove Creek for more than ten years.

100% of respondents consider themselves full-time residents.



Most respondents (42%) were born in Dove Creek, while 30% moved there for the quality of life.

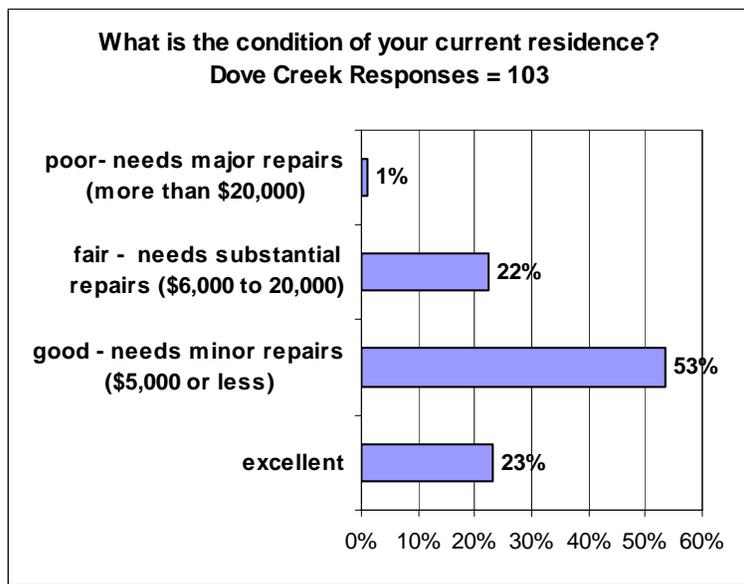


Single family residences are the most common housing type in Dove Creek, followed by mobile homes. 94% of respondents homes are owned by themselves or a family member, 6% are rented.

10% of those that do not already own homes would like to purchase a home in the area in the next 3 years

Those who do not already own a home specified price (41%), lack of a down payment (20%), and the inability to purchase the type of home they would like (23%) as the biggest drawbacks to ownership. 11% found the loan process intimidating.

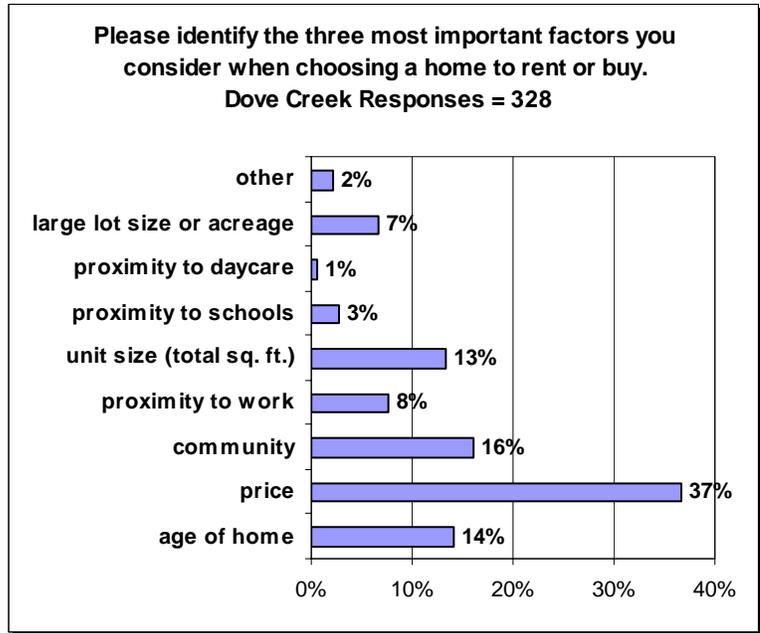
95% of respondents were satisfied with their current housing, but those that were not listed age of home and poor condition as their primary reasons. 75% of responses indicated the need for home repairs.



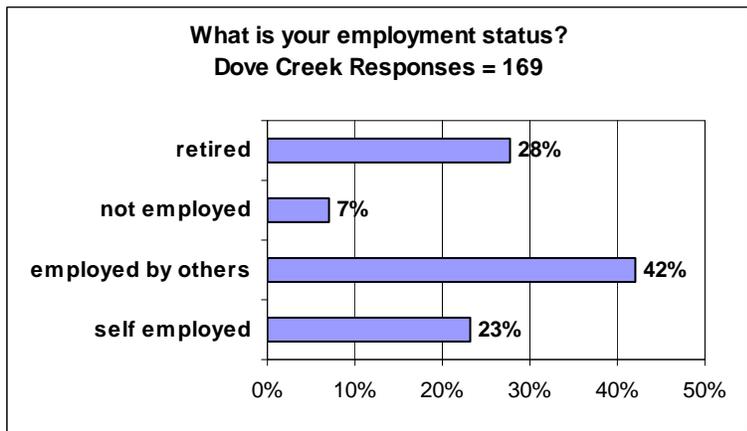
Most people expressed a desire for 3 bedroom, 2 bath, stick built homes.

Mortgage payments averaged about \$454 per month, and utilities averaged \$223 per month.

Price (37%) and the community (16%) were selected as the most important factors in choosing a home.

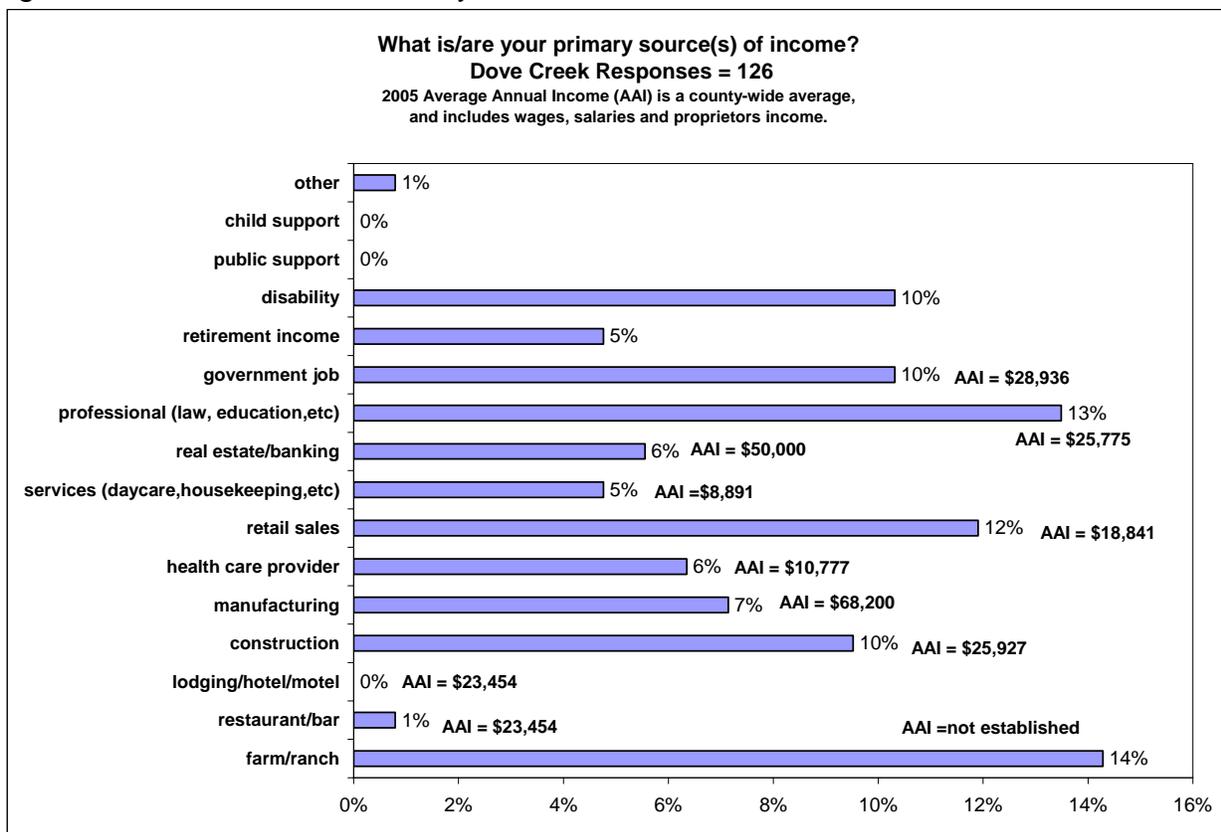


Employment and Income



Many (42%) respondents are employed by others, though apparently the locals are also creating their own opportunities through self employment (23%), this probably reflects the agricultural nature of the community. There were also quite a few retirees (28%). 78% of respondents hold one job, 19% hold two jobs, and 4% hold three or more jobs.

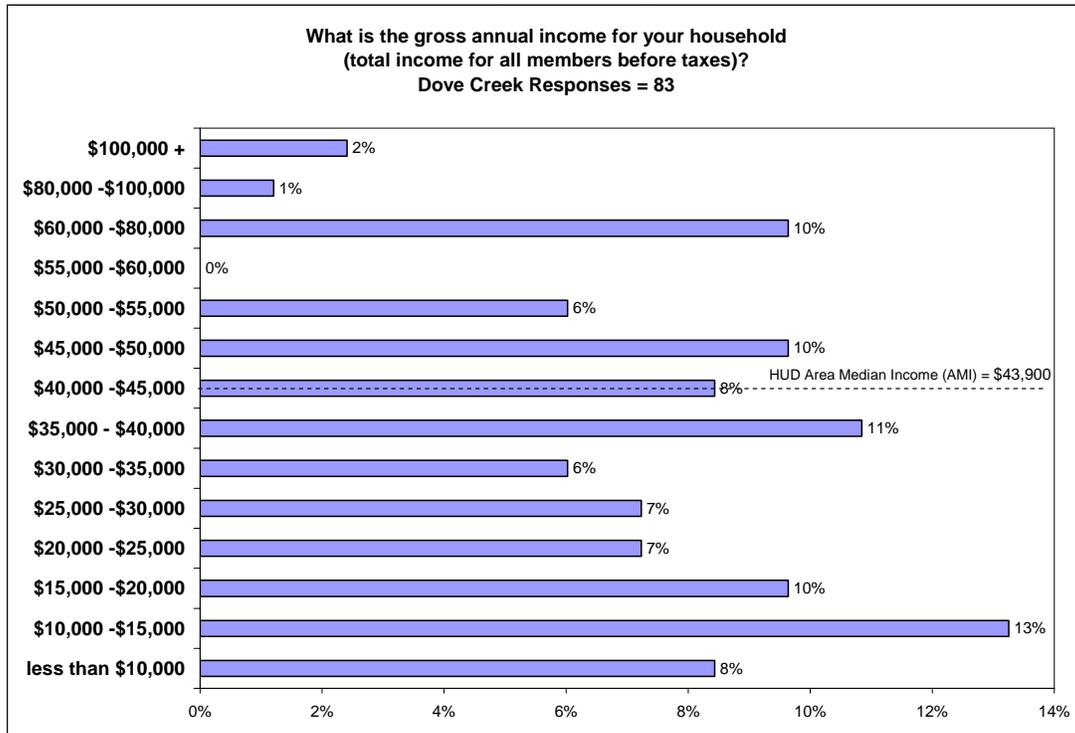
When we aggregate the employment categories below we see that about 25% of respondents work in the service sector; 10% in construction; 6% in real estate and banking; 10% in government; 7% in manufacturing; 12% in retail; and 14% in agriculture. 15% receive disability or retirement income.



91% of respondents work in Dove Creek. 34% of respondents commute more than 10 miles each way to work, though most (42%) commute less than one mile. 76% of respondents drive their own car to work.

County-wide, the Area Median Income (AMI) was \$43,900 in 2006 (Source: HUD). When we look at the number of Dove Creek households that responded, 37% reported annual household incomes of \$40,000 or above. It is estimated that about 87% of families in the area could qualify for a home loan based median home prices and the Area Median Income.

The average household income reported for the Dove Creek area was \$35,000; the median household income was \$32,500, well below the AMI of \$43,900 for the county as a whole. This was derived by taking the midpoints of the ranges shown in the chart below, and included income information provided by retirees.



The following table summarizes the median incomes from the survey, the 80% median income based on the survey, and the 80% median income level established by HUD.

Family Size inc. Children	Survey (Actual Medians)	Survey (80% of Median)	80% AMI (Set by HUD)
Family of One	\$ 15,000	\$ 12,000	\$ 30,200
Family of Two	\$ 30,000	\$ 24,000	\$ 34,500
Family of Three	\$ 42,500	\$ 34,000	\$ 38,800
Family of Four	\$ 42,500	\$ 34,000	\$ 43,100
Family of Five	\$ 51,250	\$ 41,000	\$ 46,550

The median income for family size of one, two, and four is below the 80% AMI low income status set by HUD.

According to survey respondents, a combination of options should be considered for the provision of funds to build affordable housing in the Dove Creek area. The least popular of these was increasing taxes (2%). Other options included requiring developers to set aside a portion of units at affordable prices (20%), or developers to pay a fee to an affordable housing fund (4%). Most favored (74%) a combination of the other options, with a Housing Authority to administer funding.

RICO

Background

The Town of Rico is a very rural community that lies at an elevation of 8,827'. Historically, the mountainous (eastern) part of Dolores County supplied a number of small saw mills with timber, and was the site of gold, silver, copper, lead, zinc and molybdenum mining in the Rico area, beginning around 1869. In 1876 the Pioneer Mining District was formed and mining became the main industry for the upper Dolores Valley and the Rico area. In 1879 the discovery of rich, oxidized silver ore was discovered on Blackhawk Mountain, and the west slope of Telescope Hill. This led to the incorporation of the Town of Rico and a 320 - acre town site was platted out into streets and alleys. In 1880 the first wagon road was completed up Scotch Creek and Hermosa Park where it eventually led to Animas City and Durango. In 1891 the Rio Grand Southern Railroad (the Galloping Goose) pulled into Rico, and eventually connected the communities of Durango, Dolores, Rico, Ophir, Telluride and Ridgeway. The railroad ran for 63 years until it was abandoned in 1954.

In 1892 Rico had a population of 5,000 people, 23 saloons, 3 blocks of red light district, 2 churches, 2 newspapers, a theater, the Rico State Bank and many other stores and hotels. That same year the Dolores County Courthouse was built and Rico became the county seat, remaining so until 1946, when it was moved to the Town of Dove Creek. In 1893 Rico suffered a Silver Panic and many businesses were closed. By the turn of the century the population had declined to 811 people. The mining district had its ups and downs until 1926 when the Rico Company started to rebuild the mining industry. In 1937 the Rico Argentine Mining Company constructed a mill and eventually became the only surviving mining company of size. A sulfuric acid plant was constructed in 1953 and operated until 1965. At this time there were only about 300 people left in the town. From 1965 to 1971 the industry concentrated on lead and zinc mining and the population dropped to approximately 45.

At present the mining industry is non-existent and Rico is in the process of redefining its economy and future development plans. Access to scenic public land in the county provides recreational opportunities, however the tourist base is served primarily by businesses outside of the county. Anecdotal evidence is that Rico, with a current population of about 238 people, is beginning to grow again based largely on people who commute to Telluride, which is undergoing rapid expansion as a destination resort area with skiing, event festivals, live music venues and high dollar shopping and real estate.

Rico has a water treatment system and contracts a part-time marshal, but does not have sewer, paved streets, a grocery store, medical facility, incarceration facility or other infrastructure typical of many other Southwestern mountain communities. The commercial center of town is virtually non-existent, evidenced by very few retail establishments such as stores or restaurants. Most shopping for services and provisions is done in other larger communities that lie outside of the county, such as Cortez (Montezuma County) and Montrose (Montrose County).

The Town of Rico has an estimated 94 households that boast year round residency within the town limits. These “locals” are the primary participants in local government, and are the primary local retail business owners. The Rico Town Board of Trustees, and the Rico Planning Commission, has expressed strong concerns about the development of policies and funding mechanisms that will support affordable housing to sustain and grow both infrastructure and community. One of the main concerns for the community is to ensure that housing is attainable for a workforce that would someday include police, teachers, doctors, etc., as the town grows. As one local put it,

“we are not talking about building a community that has attainable housing for folks to just live and commute to work to Telluride, we really are talking about wanting to establish a community that makes it possible for those contributing members to live, work and assist in sustaining and strengthening the infrastructure of the Town of Rico itself. “

The local families of Rico have also been struggling to increase attendance to the school and sustain the elementary school as a functioning benefit to the community.

An additional 140 homes within this community are owned by non-local residents, those whose permanent mailing addresses are outside of the county (estimate based on Dolores County Assessors records in 2005). This seasonal 2nd home population is mostly comprised of retirees. Most 2nd homes are considered an investment and treated as a private get away due to the nature of the town’s pristine surroundings and isolation. These homes are occupied anywhere between 3 days and 6 months per year. A number of the seasonal residents work in and around the Rico area during the summer and fall, but for various reasons (primarily economic) leave when the snow flies. Some of these are very active in community affairs, as follows.

“The summer residents, who mostly live in modest and sometimes ancient homes that have been in their families for many years, supported the Rico community for years when Telluride was small or non-existent. Today, they are upgrading their old homes and cabins and use local labor to do it. They are not year round and cannot sit on the local government boards but they are very, active in the local Women's Group that raises money for the children of Rico and any other group or individual that may need assistance. They also spend time on the local fire department and have the time to attend and support all of the local community activities. I have also noticed that they are the ones that attend the local town board meetings and also the planning and zoning meetings. Besides that, they are the participants in the local book clubs, support the library and help out with the school when it is needed. On the other hand many of the year round locals are rarely visible, because they commute, have social lives else where and have young families. The year round people who seem to be an active part of the community are those who have lived in Rico the longest.”

Another local perception, which is probably true but has not yet been quantified, is that 2nd home ownership within the Rico community also contributes to the increase in property prices. While many current 2nd homeowners have had their property for a number of years, a new “baby boomer” population has taken an increased interest in the town. The disposable income of this generation to purchase houses – relatively un-financed and at elevated real estate values, versus the purchasing power of a young family, is becoming a staggering and wide spread difference. Another growing phenomena are the “Telluride Wannabees”. These are the local residents that are thrilled with the increase in land and home prices, hoping to sell out when the time is right and move to the Telluride area.

In addition, pressure for available and affordable housing from Telluride and Mountain Village (in San Miguel County) has steadily increased the competition for existing housing and building lots within Rico.

There are other complications in the housing market as well. Rico Renaissance is a property owner working to develop properties for sale in and near Rico. It holds about 90% of the developable land left that is both in town and can be annexed for suitable building in the Rico area. Rico Renaissance initiated a property exchange with the US Forest Service (USFS) to trade some higher altitude mining tracts unsuitable for building for USFS parcels in town. The exchange benefits three entities: the USFS because it helps them get rid of in town parcels and other parcels that are unmanageable due to location and proximity to other private properties; it benefits the town as it reduces the amount of private property that is owned and can be developed up slopes, protecting the adjacent wilderness areas and thus increasing the protection of access for all who live in town to USFS open space; and it benefits Rico Renaissance in giving them property that is higher in value in terms of developable, marketable land.

In addition, the town's current water system can only service about 30 more already platted lots. This means any new annexation (as would occur at the conclusion of the USFS exchange – a proposed availability of over 300 building sites) would need water, so the town has got to meet that infrastructure need by switching from a surface water source to an underground aquifer. Annexation and development of new lots will demand the construction of a sewer system.

Water quality around Rico has been an eminent environmental and economic development concern watched closely by the State of Colorado and the federal Environmental Protection Agency. Water pollution from old mines, and the lack of adequate sewer capacity, has impaired water quality in the Dolores River and new development. The community was mandated to fix their emerging and growing sewer problems by the Colorado Department of Public Health and Environment. A public vote was passed in September 2005 enabling the Town to move forward with a \$4.2 million dollar sewer plant including site selection and eventual construction. In addition to fees, grants have been secured through a number of sources such as the State’s Department of Local Affairs, the Environmental Protection Agency, USDA Rural Development, and others.

Housing Market Conditions

Although housing data from the Colorado Division of Housing showed 238 housing units in 2005, a direct examination of Dolores County Assessors data from August of 2005 identified 211 improved residences in the Rico area. Of these, 34% were identified as locally owned, and 66% were identified as non-local (with mailing addresses outside of Dolores County). Three characteristics of these 211 improved residences are pertinent to this study; actual year built, effective living area (heated space), and actual value (land and improvements).

4. **Actual year built:** median value = 1974; average year built = 1948
5. **Effective living area:** median value = 1,296; average living area = 1,356
6. **Assessor Appraised Value:** median value = \$132,928; average value = \$147,056

	Rico - Single Family Residential Sales					% change 2004-2005
	2001	2002	2003	2004	2005	
# of Sales	3	8	11	6	14	133%
Median Sales Price	\$ 165,000	\$ 133,750	\$ 185,000	\$ 255,000	\$ 287,500	13%
Average Sales Price	\$ 159,833	\$ 143,063	\$ 205,855	\$ 219,500	\$ 271,750	24%

Source: Dolores County Assessor 12-06

The low appraised value of homes in Rico is expected to change in the next valuation period due to higher actual sale prices, according to the Dolores County Assessor.

According to local realtors, in 2004 and 2005 there were over 40 transactions in the Rico area, including vacant land and improved properties. This is the period in which prices escalated significantly, with vacant land prices going up 100-200%. Single family homes sales were also strong, for Rico, and prices rose, though not quite as much as vacant land. In 2006, there has been a significant reduction in the number of transactions - less than 20. Vacant residential land sales were stagnant despite a decent inventory of nice building sites. For example, there were six 3-lot parcels that were priced from \$170K - \$206K. None of these parcels sold in the summer of 2006. There was one 2 lot site for sale for \$140K that also did not have much activity. This is attributed to the significant increase in asking prices. Home sales have also been stagnant in 2006. In the winter of 2006 there were five single family homes for sale, ranging in price from \$395,000 to 720,000, and averaging around 2,200 square feet. There does not appear to be much price differential between new and older homes. Homes for sale stay on the market from 6 to 12 months.

Despite the slow sales, there have been many lookers. Without question, the profile of those lookers has changed. There are many baby boomers looking for mountain properties. These seem to be mostly professionals, mostly from the desert southwest urban centers. So, why haven't they purchased? The perception is that Rico is still a little scary looking to most outsiders. Those that have purchased have done so after a lot of due diligence, and have studied the development progress of the town. They believe that the sewer system is going to be built soon, and that a large development proposal will develop 300 lots near town in the future. However, delay after delay in the

sewer, the Forest Service land trade, and closing on the development proposal seems to have postponed some purchaser's decision to buy.

Even with the run-up in prices, local realtors don't hear too many objections based upon price. Rico has some good deals compared to the neighboring communities of Mountain Village and Telluride, and most sellers are willing to negotiate. Homes in the Telluride area (where many Rico people commute to work) are selling for a median price of about \$1.3 million. Even deed restricted units there are selling for \$425,000 – 450,000.

Local realtors agree that the future buyers in Rico are going to be coming from out of the region until there are more affordable options for "locals". They believe that the region needs \$50K-\$75K home sites for workforce housing, and that there would be many regional locals interested in this price range. Constructed workforce housing, in the form of small (1,500 – 1,800 square feet) single family homes need to be priced below \$300K. Town homes or condominiums, of similar size, need to be priced below \$250K for there to be strong interest from locals. These prices assume that the workforce housing properties will be deed restricted to some extent.

According to the Town Manager, about five building permits per year are issued. In 2006 this included one pre-fab modular home, with the others being stick built single family homes. All of these were 2,500 square feet or smaller. Production rates are difficult to determine due to the large variance in time frames, normally 6 – 8 months per home. A lot of owners build their own homes over time. One local builder put current construction costs at about \$150-200 a square foot, which (at the low end) makes building a 1,500 sq. ft. home cost around \$225,000, not including the price of land. Currently there are no deed restricted, newly-deed restricted, or preserved affordable units in Rico.

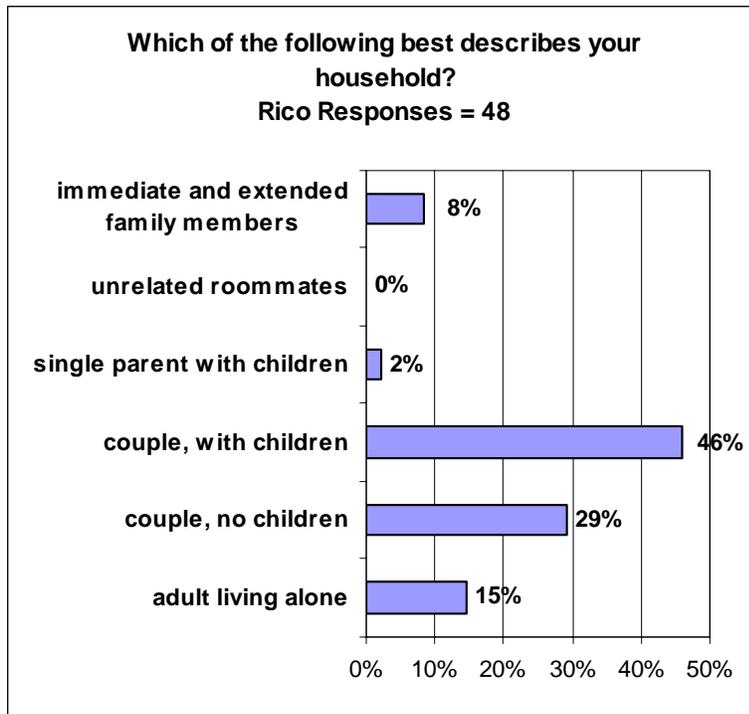
Although the 2000 Census reported that 43% of occupied housing were rentals, local informants could only think of about 16 units being rented – some of which could be considered as "illegal" rentals. Generally speaking these rent for about \$1,000 per month. This background sets the stage for the Rico household survey conducted in the fall of 2006.

Rico Household Survey

Methodology – Due to the large number of non-local property owners (primary mailing address is outside of the Rico area), a local mailing list was derived from utility billing addresses. A total of 94 surveys were mailed, and 48 completed surveys were received and tab

Demographics

An estimate by the Colorado Demography Section (CDS) puts the population of Rico at 238 in 2005. This estimate does not include seasonal residents, many of which are non-local property owners.



Survey findings covered 120 individuals in 48 households (average household size was 2.5). This represents a 50% sample of the estimated population (238).

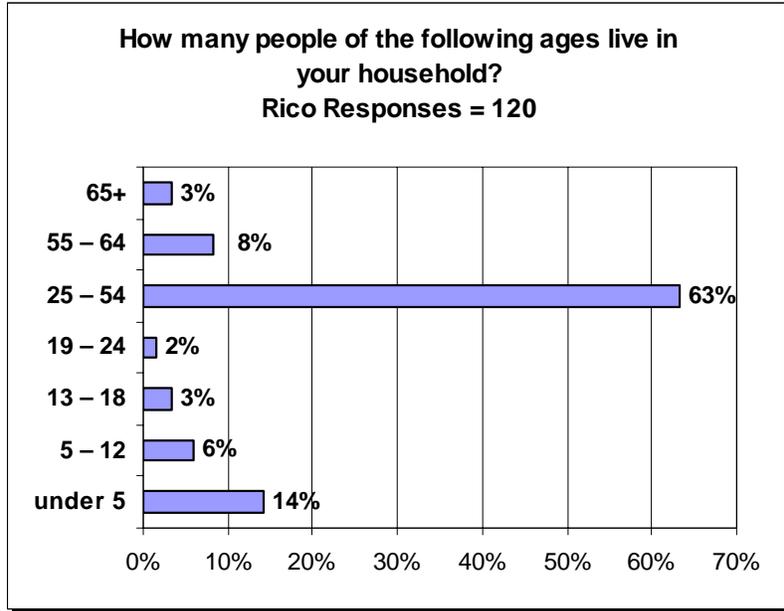
Survey responses indicate that most (46%) households are comprised of couples with children, followed by couples with no children (29%).

Surprisingly, no responses indicated that adults were sharing homes with unrelated roommates, as is often the case in similar communities.

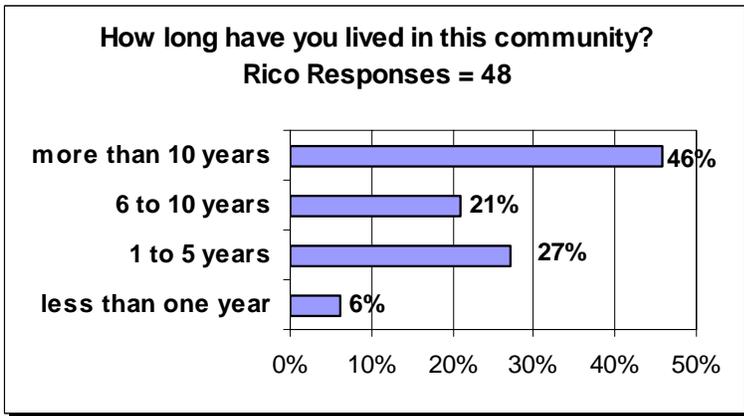
Most householders are aged 25 to 54, and 23% of the household were age 18 or younger. Very few (3%) respondents were of retirement age (65+). These findings are consistent with 2000 census data.

There were only two individuals identified in the survey as having physical or mental disabilities.

Only 24% of respondents expected to increase their family size within the next three years.



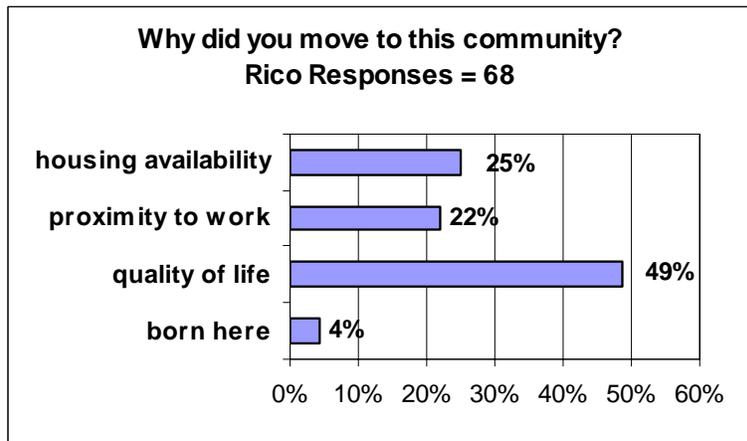
Current enrollment of the Rico Elementary School is 18 students, up from six students enrolled in 2005, with the introduction of a preschool in the 2006-2007 academic year. Many students attend school in Telluride (San Miguel County), riding with parents who work there. Other students are bussed to the Town of Dolores, in Montezuma County, through a cooperative agreement between school districts.

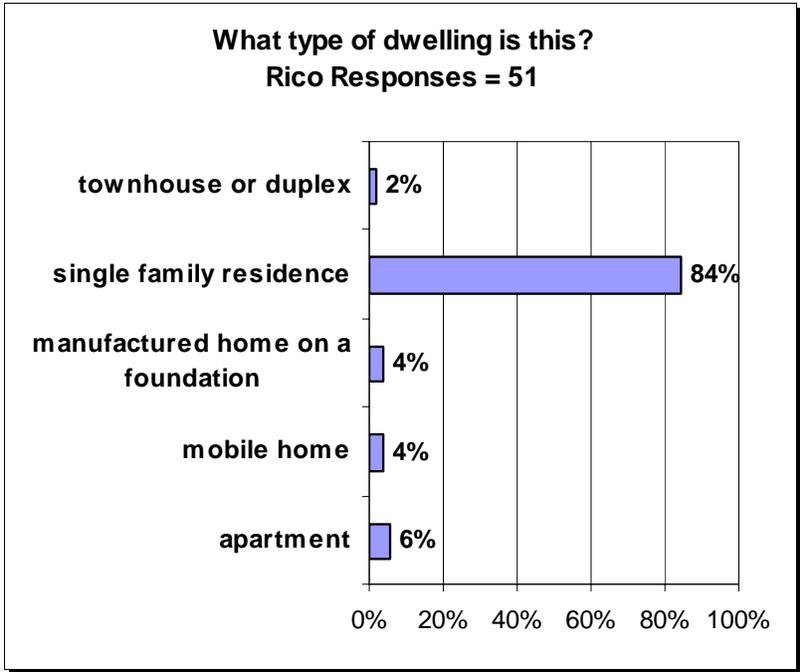


Most (67%) of respondents have lived in Rico for more than five years. Most respondents are long-term residents, having lived in Rico for more than ten years.

96% of respondents consider themselves full-time residents.

Most respondents (49%) moved to Rico for the quality of life found there.



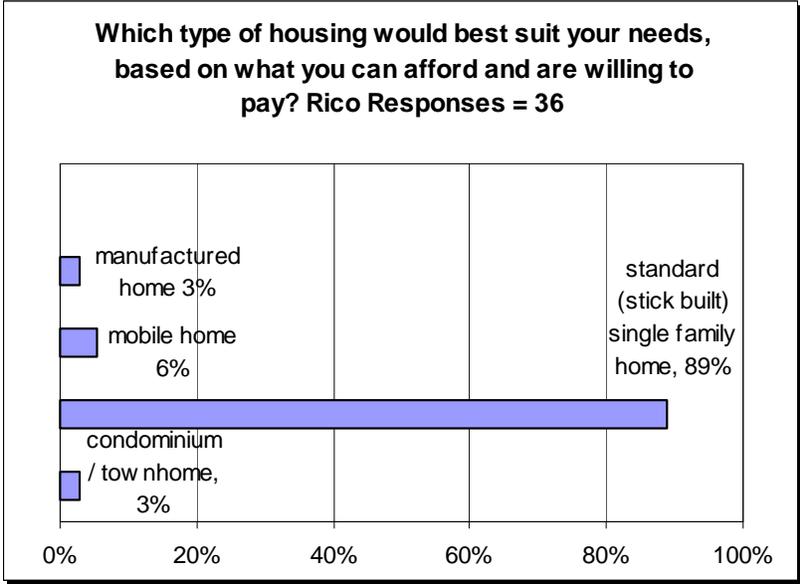


Single family residences are the most common housing type in Rico. Three properties included a house and a mobile home.

85% of respondents homes are owned by themselves or a family member, 15% are rented.

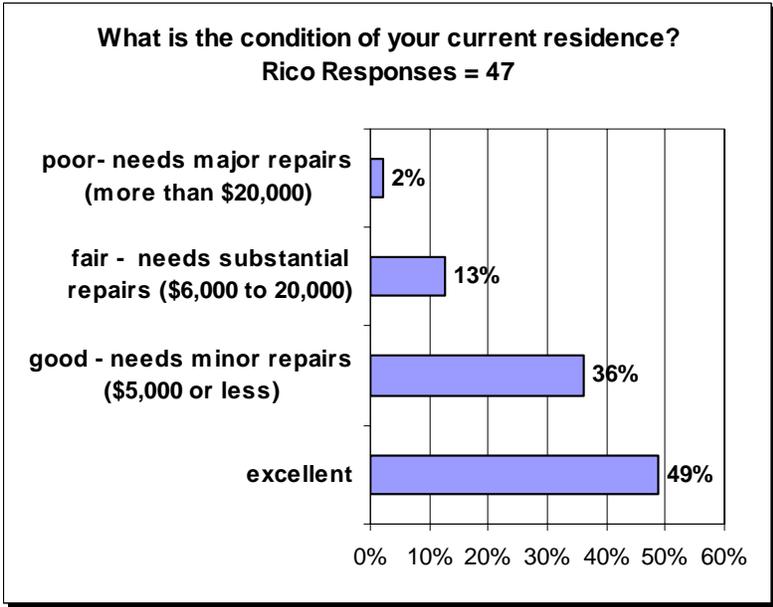
Mortgage payments averaged about \$1,117 per month, and utilities averaged \$208 per month.

Of those that do not already own homes, 19% would like to purchase a home in the area in the next 3 years. Those who do not already own a home specified price (39%), lack of a down payment (25%), and the inability to purchase the type of home they would like (25%) as the biggest drawbacks to ownership.



In response to housing preference questions, most people apparently want to stick with what they already have, although no one wanted to rent.

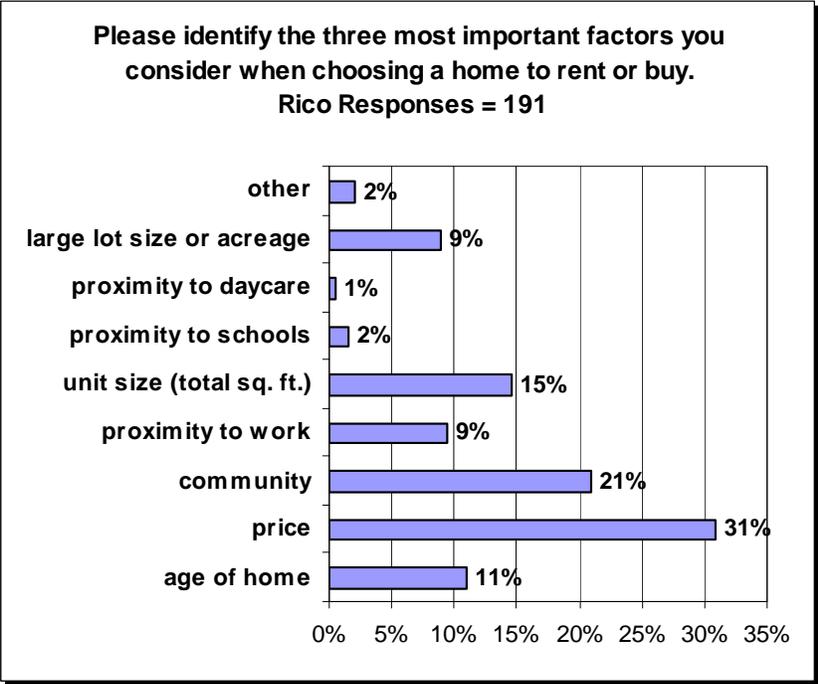
Three bedrooms and two baths were the preferred choices for home sizes.



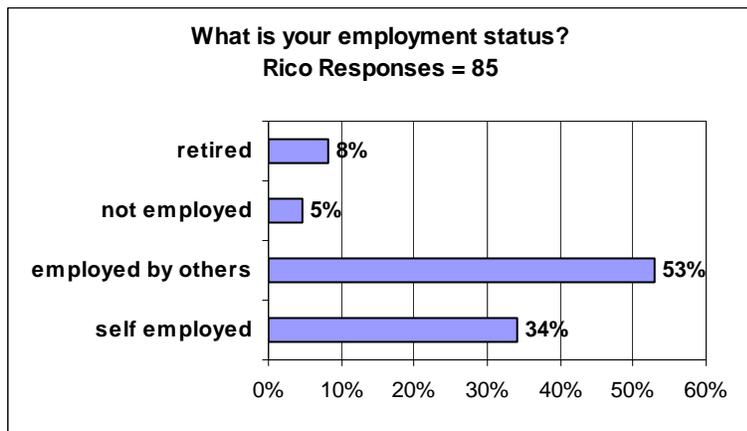
Most respondents rated the condition of their current residence as excellent (49%), or good (36%).

94% of respondents are satisfied with their homes. Those that are not satisfied (three responses) found their homes too small, would like a different type of home, or did not like their neighbors.

Price (31%) and the community (21%) were selected as the most important factors in choosing a home.



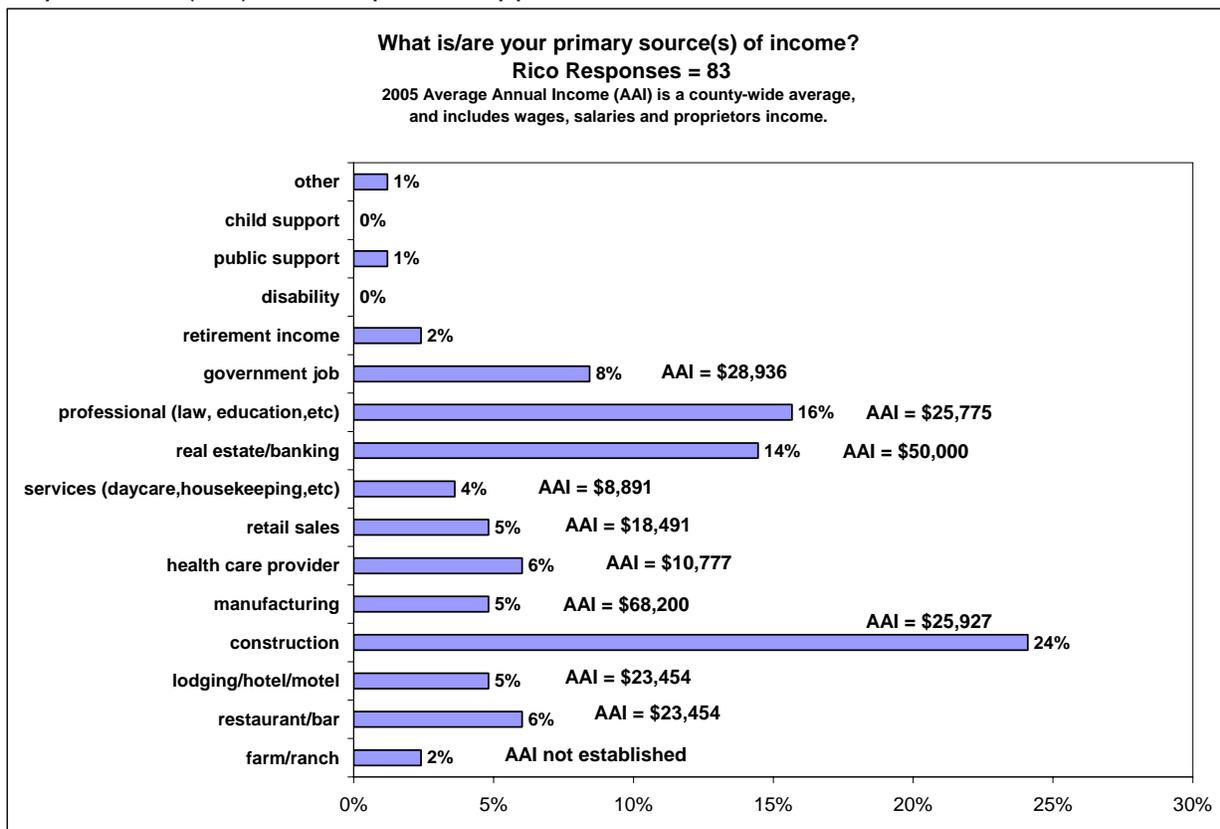
Employment and Income

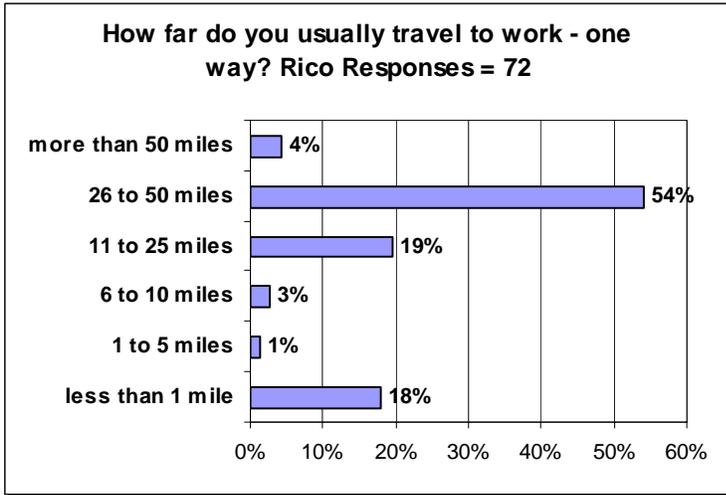


Most (53%) respondents are employed by others. Apparently the locals are also creating their own opportunities through self employment (34%). This is not surprising considering the relatively few employment opportunities available within the local economy.

80% of respondents hold one job, 11% hold two jobs, and 9% hold three jobs.

When we aggregate the employment categories below we see that about 42% of respondents work in the service sector; 24% in construction; 14% in real estate and banking; 8% in government; 5% in manufacturing; and 2% in agriculture. Very few respondents (3%) receive public support or retirement income.

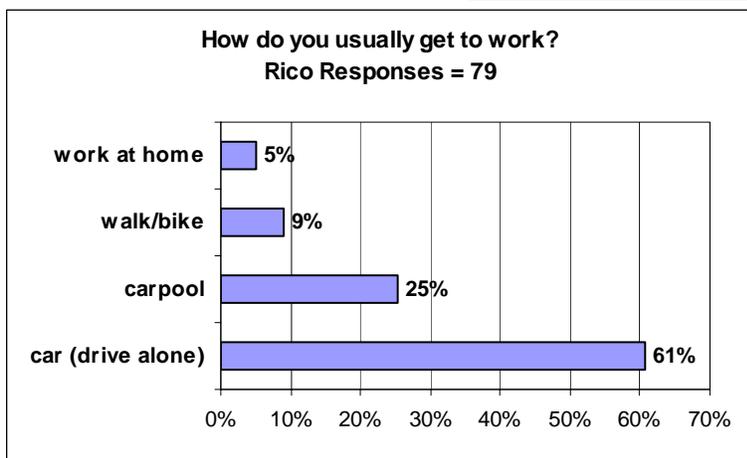
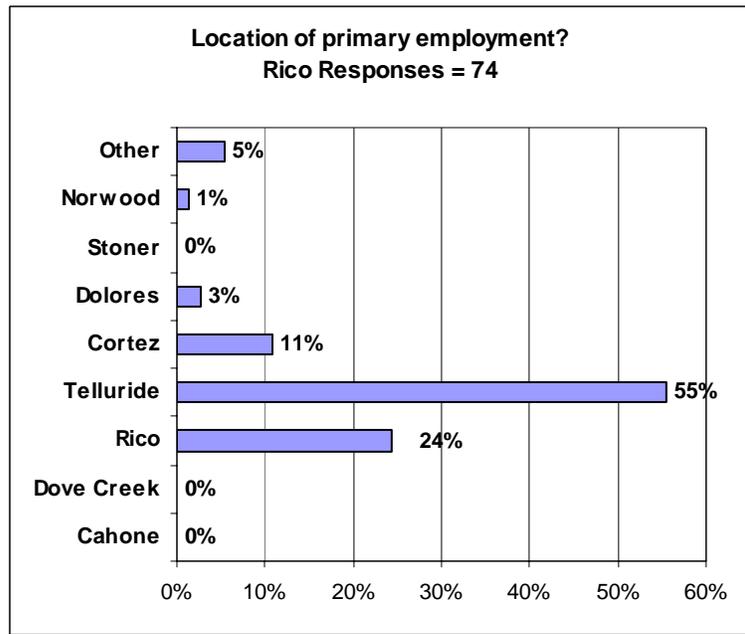




Long commutes for employment are the rule rather than the exception in the Rico area, where about 78% of respondents travel more than 10 miles one way for their jobs.

Time spent commuting is exacerbated by the narrow winding roads and mountain passes that isolate Rico from neighboring communities.

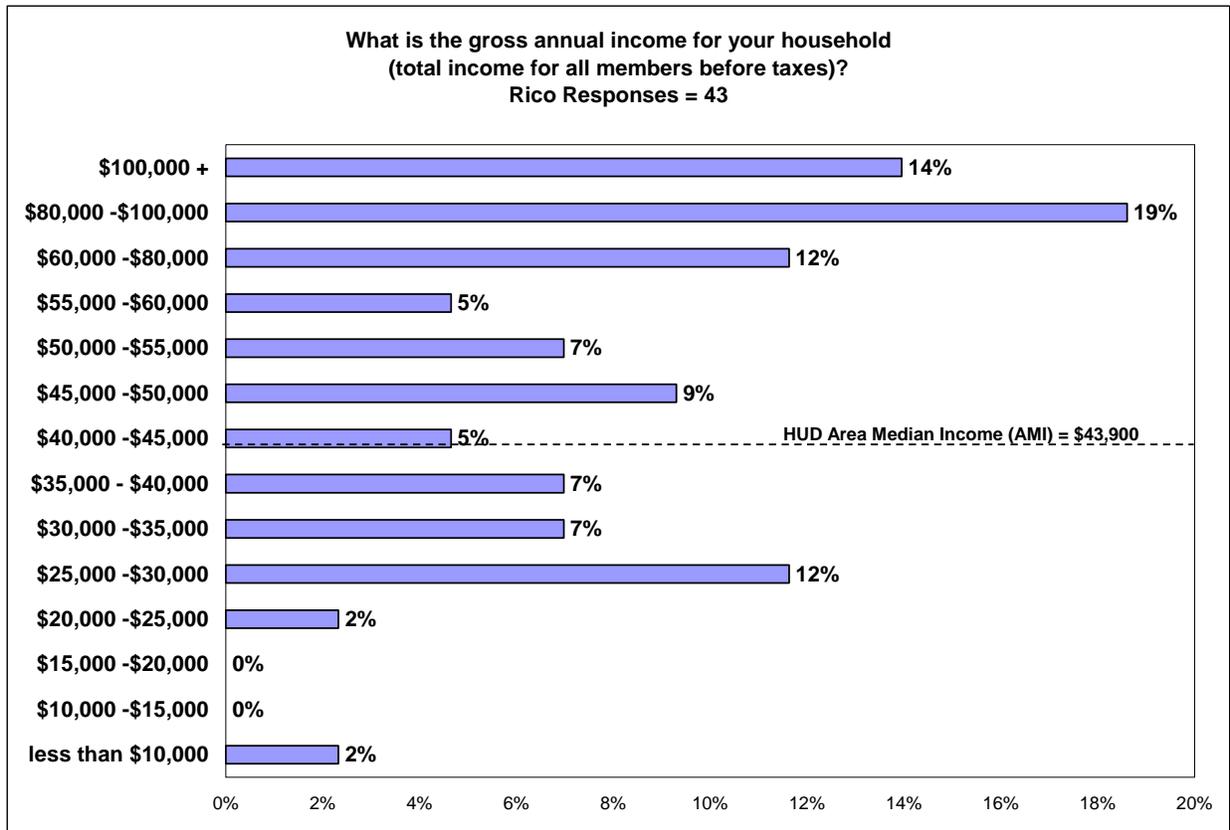
About 76% of respondents are commuting elsewhere for work, primarily to Telluride (a resort area), in San Miguel County. The commute to Telluride is a minimum of 30 minutes over one of the highest mountain passes in the state. Inclement weather is frequent, extending commutes up to two hours.



There is no public transportation available in Rico, so most people drive their own cars or share rides in a carpool.

County-wide, the Area Median Income (AMI) was \$43,900 in 2006 (Source: HUD). When we look at the number of Rico households that responded, 71% reported annual household incomes of \$40,000 or above.

The average household income reported for the Rico area was \$60,000; the median household income was \$52,500. This was derived by taking the midpoints of the ranges shown in the chart below, and included the income of two senior citizens (in one household).



The following table summarizes the median incomes from the study, the 80% median income level established by HUD, and the 80% median income based on the survey.

Family Size inc. Children	Survey (Actual Medians)	Survey (80% of Median)	80% AMI (Set by HUD)
Family of One	\$ 27,500	\$ 22,000	\$ 30,200
Family of Two	\$ 80,000	\$ 64,000	\$ 34,500
Family of Three	\$ 52,500	\$ 42,000	\$ 38,800
Family of Four	\$ 52,500	\$ 42,000	\$ 43,100

The median income for families with one member is below the 80% AMI low income status set by HUD.

According to survey respondents, a combination of options should be considered for the provision of funds to build affordable housing in the Rico area. The least popular of these was increasing taxes (2%). Other options included requiring developers to set aside a portion of units at affordable prices (16%), or developers to pay a fee to an affordable housing fund (7%). Most favored (74%) is a combination of the other options, with a Housing Authority to administer funding.

CONCLUSIONS

Special needs population - Those that traditionally need housing assistance include low income families/individuals, as well as the elderly and people with disabilities. County-wide the 2000 Census documented about 22% of the total population over the age of five (about 387 individuals) as having disabilities (physical, mental or emotional) – 250 of these were identified as living in Cahone, Dove Creek and Rico. The national percentage for this population is 19%. The household survey conducted during the needs assessment identified only 26 individuals with disabilities within these communities, which is 2% of those areas combined population. Where are all of the rest of these people? Do they reside in institutions or group homes that did not receive or did not return the survey forms? There are no group homes or institutions in Dolores County. It may be possible that the census results are in error or that this population is falling under the radar of local service organizations. In that case it may be that their needs are already being met through other forms of public assistance. However, a conversation with a caseworker at the Dolores County Social Services in Dove Creek indicated that there is a need for housing assistance for the disabled and especially the elderly. Her office serves 10 -12 families with disabled people (under 65) in the household; many of these individuals are currently living in rental units or homes that she deemed sub-standard. In her opinion there is a need for a minimum of 15 units; with a combination of 1,2 and 3 bedroom units, that could be used for those with disabilities, or for senior housing.

Exactly how many of the applicants on the housing assistance waiting list (which currently totals about 225 families/individuals) compiled by the Housing Authority of Montezuma County (HAMC) – which also serves La Plata and Dolores Counties through the provision of section 8 vouchers – are requesting housing assistance in Dolores County? An examination conducted by the HAMC found two applicants (one of these is disabled) on the wait list for assisted rent vouchers. The HAMC is currently serving seven families in Dolores County with assisted rent vouchers.

Others in the community voiced a real need for senior housing as well. The Director of the Dolores County Senior Services said that her office serves about 150 individuals in the Cahone and Dove Creek areas; among other services they provide meals on wheels, transportation, and maintain a Senior Citizens Center located in an old schoolhouse in Cahone. Their clients face isolation and loneliness in the rural landscape. Many individuals are housebound due to age and infirmities and are unable to shop, prepare meals, or travel to medical appointments without assistance. Many of these people have expressed a desire to live in independent, subsidized housing. In

fact, her office collected 23 letters of intent from seniors back in March of 2004. At that time Housing Solutions for the Southwest purchased approximately 3 acres of land in Dove Creek, earmarked for senior housing, which is still being held for that purpose. In her opinion, at least 10 housing units are needed, and should be built in conjunction with a community center that would serve not only seniors but the community at large.

Other groups that might benefit from housing assistance are the homeless and migrant workers. The last survey conducted by the state documented nine homeless individuals/families in Dolores County. As for migrant workers, the nature of the local agricultural complex does not really require this type of labor force, thus they appear to be absent.

It may be that some current or potential rental units or available housing stock are simply in need of rehabilitation to bring them up to standards. This is especially true in the Cahone and Dove Creek areas in which the poor condition of vacant units was noted by local residents and real estate professionals.

In regards to home ownership, the household survey found that the majority of those who did not already own a home cited high housing costs as a barrier. Are these costs a result of a high priced housing market due to a lack of available housing stock, or do they reflect low wages and few economic opportunities within the communities? In Dolores County both situations seem to be the case, particularly in Rico. A telephone survey of several mortgage lenders found that relatively few home loan applications are being made in the county. In Dove Creek, the Community Bank reported 24 loans being made in the past two years (loans averaged about \$26,000). The Citizens State Bank in Cortez has only had 17 applications since 2004. Of these, seven were financed (loans averaged about \$110,000), six were withdrawn, and seven were denied. A call to the American National Bank in Telluride found that an average of 3 to 5 loans per year are made on properties in the Rico area (loans averaged about \$250,000). While not exhaustive, this informal survey generally backs up the low number of sales reported by the Dolores County Assessor.

Community Results

Cahone is a rural area with no real commercial center. Many people in the area farm but supplement their incomes with outside jobs in other areas, or through self employment. Home prices seem reasonable at a median price of \$110,500, and an estimated 71% of families in the area could qualify for a home loan based on the Area Median Income of \$43,900. All surveyed households already own homes, and most respondents (80%) feel that they are in good to excellent condition. There does not seem to be any pressing need to provide workforce housing in the form of rentals or affordable housing as there is currently little economic development in the area. However, there is potential for growth based on increasing land prices in northwest Montezuma County, which could drive wage earners from Cortez northward seeking cheaper land and housing opportunities.

There are a relatively high proportion (34%) of seniors aged 65+, and another 25% percent in the age range 55 to 64, according to the household survey. There has already been a vocalized need within the community for some sort of senior assisted housing, especially if the senior population in nearby Dove Creek is considered in the regional picture. Currently, there are no assisted living facilities or long term care for seniors available in Dolores County; the closest facilities are in Cortez. This means that many seniors have to leave their communities when they are no longer able to live independently.

Dove Creek is a small town with a small commercial center that provides most essential goods and services. Many people in the area farm but supplement their incomes with jobs in the local community, or through self employment. Home prices seem very reasonable at a median price of \$46,000, and an estimated 87% of families in the area could qualify for a home loan based on the Area Median Income of \$43,900. However, the AMI determined by HUD may be high based on incomes reported in the household survey. 94% of surveyed households already own homes, but 76% of respondents feel that their homes need some level of repairs. In addition, about 14% of housing stock has been identified as vacant, and it may be that these units are in need of repairs in order to sell or rent them. Housing rehabilitation strategies could be developed to upgrade current housing stock for rental or purchase.

Economic development in the town has been slow, although a new industrial park and a proposed biodiesel production plant could provide opportunities for an expanded workforce. It is expected however, that this workforce would be locally recruited, and would alleviate local unemployment rates, thus there seems to be no real need for new workforce housing for these developments. On the other hand, there have been “strong rumors” regarding mining activities in the Lisbon Valley over in Southwestern Utah, about 35 miles from Dove Creek. Uranium prospecting is on the upswing, and Constellation Copper is reportedly planning on hiring up to 800 new workers. This number may be exaggerated; however Lisbon Valley operators expect an annual yield of 27,000 tons. Though small, it will fetch a premium price because U.S. customers won't have to pay extra to import it. The copper to be extracted during the mine's expected 10-year life will equal the amount dug up in a single year at the world's largest mine near Salt Lake City.

An influx of these workers has already been reported seeking spaces in RV Parks in Cortez, Moab, and Dove Creek. There is also speculation that renewed uranium mining will bring more people into the area too, though as yet this is unsubstantiated.

There is potential for Dove Creek to capitalize on this need for workforce housing by providing economic incentives to private developers. The most logical choice seems to be the development of mobile home or RV parks, since the mine is only expected to produce for about 10 years. This type of development leaves a smaller footprint on the environment, and would benefit the community by bringing more people to the town for shopping and services. However, other communities that serve transient workers should be closely scrutinized to assess the negative as well as positive impacts; and

mine officials should be consulted to determine the actual number of workers that they expect to employ.

In Dove Creek there are a relatively high proportion (16%) of seniors aged 65+, and another 28% percent in the age range 55 to 64, according to the household survey. There has already been a vocalized need within the community for some sort of senior assisted housing, especially if the senior population in nearby Cahone is considered in the regional picture. Currently, there are no assisted living facilities or long term care for seniors available in Dolores County; the closest facilities are in Cortez. This means that many seniors are forced to leave their communities when they are no longer able to live independently.

Rico is a small community in a rural mountainous area with a very small commercial center that does not provide most necessary goods or services. Many people in the area commute elsewhere for employment, primarily to Telluride. Home prices are inflated (median price is \$287,500) and rising fast. This is probably due to the lack of available building sites and pressure for available and affordable housing from Telluride and Mountain Village (in San Miguel County), as well as competition from affluent baby boomers that are seeking 2nd homes. An estimated 78% of families in the area could not qualify for a home loan based on the median home price and the Area Median Income of \$43,900, although the median income reported by the household survey is \$52,500. 85% of surveyed households already own homes, but 51% of respondents feel that their homes need some level of repairs. In addition, about 48% of housing stock has been identified as vacant, though most of these units are seasonally occupied. Rentals are expensive, and are in high demand. In Rico there is definitely an interest in affordable/attainable housing although there is also some resentment that it may be provided for those that work and shop for goods and services elsewhere. For others in the community there is a “build it and they will come” mentality. They believe that even if people are commuting elsewhere for jobs the presence of more people in the town will create expanded economic opportunities.

In fact, this may be the case. Currently, economic development county-wide has been stymied by the low population, which does not provide enough critical mass to sustain goods and services in small communities. It may be advisable to consider the problem from the perspective of a “regional economy”. A report prepared for the San Juan Forum (*Four Corners Regional Study – Economics and Issues 2003*), suggests that in rural communities, survival can depend on neighboring communities collaborating to define an area large enough to provide jobs and cost-effective goods and services. This report can be seen at www.scan.org under publications.

FINDING SOLUTIONS

After the commissioners have considered the results of this housing needs assessment, they can move on to develop an **action plan** to provide solutions. Dolores County has already identified projects and partnerships in the newly updated (2006) *Comprehensive Economic Development Strategy* prepared by the Region 9 Economic Development District. These include:

- Provide safe and fair housing for county residents by improving publicity of resources available to low and moderate income residents, and by providing housing rehabilitation and replacement;
- Advocate for affordable housing by increasing affordable housing opportunities in which a greater number of first time buyers can purchase homes;
- Address the availability of housing by increasing the supply of housing that is available and affordable (both owner occupied and rental housing).
- Conduct a housing needs assessment.

According to survey respondents, a combination of options should be considered for the provision of funds to build affordable housing in the county. Although responses varied by area the least popular of these was increasing taxes. Other options included requiring developers to set aside a portion of units at affordable prices, or developers to pay a fee to an affordable housing fund. Most favored is a combination of the other options, with a Housing Authority to administer funding. It seems clear that a Housing Authority should be developed in Dolores County, composed of representatives from local governments, social service agencies, and other members of the local population.

The Action Plan Toolbox

Nationally, and region-wide, many communities are seeking ways to assure that safe, decent, and affordable housing is available to all members of the community. In July, 2006, a group of Durango citizens (in neighboring La Plata County), committed to providing long-term, sustainable solutions for affordable/attainable housing in Durango, traveled to Santa Fe, New Mexico to learn about affordable/attainable housing strategies that work and don't work in that community. Following is a summary of ideas/tools garnered from lessons learned in Santa Fe (courtesy of Keith Walzak). The summary represents a compilation of their ideas, and is not to be considered as recommendations at this time. However, it can be used to help formulate housing policies in Dolores County.

Santa Fe, New Mexico Lessons Learned Affordable and Attainable (A/A) Housing

Various tools have been used or suggested from actual experience to address affordable housing in Santa Fe. Each tool is applicable depending on the specific situations and customized to the circumstance and needs as necessary.

- **Bond Financing:** Provides financial assistance for land purchase and/or to supplement affordable housing projects.
- **City/Countywide (Impact) Fee:** Used to offset infrastructure costs...a small monthly fee assessed to homeowners to assist with land purchase, subsidizing utilities or some aspect of A/A assistance.
- **Tax credits:** (for investors/developers) of qualified affordable rental units
- **Developer Assistance Programs:** Banks typically require a certain profit margin across the board for any given project before providing financial assistance. The addition of an A/A requirement on top of the market rate housing will often impact the profit margins making it impossible to reach a certain minimum margin. A designated funding authority, such as RHA, could provide developer assistance and programming and help guarantee the top 20% of a project, thereby making it easier to go to the bank and qualifying for financial assistance.
- **Unit Counts vs. Square Footage:** A local builder/developer doing live/work affordable units in Santa Fe suggested a mind shift frame of reference from looking at A/A as unit counts to looking at square footage density instead. For example, in a Live/Work complex, rather than having 40 units that must meet certain unit count percentages, instead look at the issue from a per 1000 SF of area. This would enable the developer to build units based on the demand, such that you could have people creating larger space units if they need the extra space or reducing the space, thereby opening the market to what can really serve the marketplace. This is creating flexible commercial and residential space.
- **Mix affordable with market homes** The Santa Fe program appears to do a good job to geographically integrate market rate and affordable housing units in a seamless way. This was recognized by many as a good overall strategy.
- **Building volume and profit margins:** If a Developer is expected to forego profit on A/A units, he/she must be guaranteed enough building volume to make it up on the rest of the project.
- **Create a mechanism for tax donations:** Developers who partner with a non-profit (housing, land trust or otherwise) should be able to realize tax donation for lost profit on the A/A homes where he/she must sell at a huge discount.
- **Energy efficient mortgages:** If an individual qualifies for a certain loan amount and specific energy efficient improvements (say \$4,000) can be incorporated to help off-set long term energy costs, with an energy efficient mortgage - that person would not need to qualify for the additional \$4,000 on the mortgage.

Shared Equity

The shared equity may be between the Homeowner and any organization providing funding depending on the program.

- **Shared Equity example:** If the Fair Market Value (FMV) of new home is \$200,000 and a 95% loan is 190,000 and the A/A sales price is \$158,000, the resulting windfall profit at the time of resale on the subsidized A/A home is \$32,000. This \$32,000 stays in the A/A pool in 1 of 2 ways:
 1. Upon resale, the agency and homeowner split the windfall in some percentage and the house is sold to the new buyer at FMV.
 2. Upon resale, the home price remains A/A.
- **Shared equity** may not be an appropriate tool in all instances
- One tool to determine the equity share percentage is to compute the difference between income growth in a given year, say 8%, and house price growth, say 12.5% per year, so that differential of 4 ½ percent is taken into account in determining the share arrangement.

Down Payment and Mortgage Assistance

- DPMA consists of interest-free 2nd mortgages as an initial purchase assistance tool to help lower the mortgage for qualifying families.
- DPMA works well if the development has a pool of \$ to help initiate the down payment or mortgage assistance.

Housing / Land Trust

- Housing and Land Trust dynamics vary. Housing Trusts are established to create a revolving fund that offers subsidy to low income families for home ownership. The fund is re-infused by an equity sharing instrument upon sale of the units. Housing Trusts can also be funded through other activities that the Trust engages in such as development.
- **Land Trust in Santa Fe:** The "Farm" (north of Santa Fe) offers a lease free land parcels with homeownership. Example: the land value is 36% of the value of the property with a completed house on it. The homeowner gets a free lease on the land, thereby enabling the price he/she pays to be discounted by 36%. Because of an equity-share arrangement (either down payment or mortgage assistance), the homeowner's percentage is 65% of the house. When the house sells, the homeowner receives 42% of the gain (65% of 100-36 or 64%).
- Land developers can sell to the Land Trust at the improved "cost" of their land.
- Utilize the land trust to sell the appreciated A/A house. The savings on real estate commissions is equity that can be shared with the A/A homeowner.

A/A Homeowner

- **Empower the target market (qualifying families of A/A housing):** Policy discussion involving A/A housing should include qualifying member to validate if they agree or disagree with development proposals and whether they would want to live under the conditions well-meaning providers would want to impose upon them. If you expect someone to be bound by a decision, include them in framing the decision.
- **Concern:** A/A homeowners may often put their homes up for rent rather than living in them even though they have an “assisted” mortgage. Mechanisms to prevent this should be considered.
- **Resale of A/A units:** Don’t put the burden on the A/A buyer to have to find the next A/A buyer when he/she resells. Either work through the RHA to manage this process or require developer to address the situation.
- **Assurances:** Provide a fail-safe mechanism for the 1st A/A buyer to prevent or minimize the loss of money in the process.
- **Subsidies:** Place subsidies on the home as opposed to the homeowner.

Developer/Builder

- **Integrate Market and A/A Housing:** There typically was not a lot of distinction in the external appearance of market vs. Affordable/Attainable (A/A) homes in a neighborhood other than square footage area.
- A general perception is that when an A/A home with a value of \$200,000 is located next to a \$450,000 home, the market rate buyer may feel they paid a premium for a house that someone else bought for half price. This is generally contradictory to the integration strategy mentioned above and may be a perception rather than a reality.
- In Santa Fe, developers seem to acknowledge foregoing profit on an A/A house, but preferred not to take a loss on those units.
- Developers agree to view profit margins for the whole project, rather than profit per unit.
- It was agreed that builders need to take the lead in discussions on A/A because they understand the cost implications and may be able to explain the business component to others.
- Developers and builders should consult with a tax advisor early in the project development on input on how to structure for maximum tax advantages with A/A housing.
- Builders need to make a profit to subsidize A/A Housing.
- **Observation:** The Santa Fe Habitat for Humanity Program Director explained that ‘blitz building’ of a house in 6 days is frequently used to demonstrate production building and volunteerism. If this is attainable at the volunteer and non-profit level then we need to change the paradigm on how for-profit builders may be able to deliver an A/A house. For example, if the current 100% AMI standard is an approximately \$240,000 house with a \$228,000 mortgage, this equates to building a 1200 SF house and delivering it at \$200/SF including land. This should be attainable even in the Durango market.

Government & Non-Profit Agencies

- In Santa Fe the focus seemed to primarily address affordable housing programming. Very little discussion addressed attainable housing applications.
- Santa Fe generally does not use “Deed” restrictions as deed restrictions can lower values in an area for market homes as appraisers use the deed restricted values in their comps.
- Government agencies and non-profit providers can qualify for grant money for project infrastructure.
- Use outside volunteers for labor to cut labor costs wherever possible.
- For-profit developers (who have higher cost structures for construction) may consider partnering with non-profits (who can utilize some combination of subsidized/donated land, inexpensive sources of material, donated labor, financial grants, etc.) to provide the A/A Housing components of a project. Key issues may be timeline coordination and labor pool resources.

Maintaining Affordability long-term

- The A/A model works best with lower land cost and lower construction costs in order to offer lower cost/sf to buyer.
- Imposing a citywide/countywide fee for infrastructure costs at a small monthly fee as an impact fee to assist with either land purchase or subsidize utilities or some aspect of A/A.
- Utilize mechanisms that keep the home affordable for the next buyer.

Broader Sustainability

Community-wide issues and strategies that address a comprehensive approach to providing for the needs of an A/A candidate.

- In looking at the A/A challenge, it's important to go beyond simply housing costs and look at “life cycle” costs. For example, by building Built Green, you may have a higher component cost up front, but it will save the A/A buyer energy costs and be good for the environment, as well. Taking a comprehensive view can blend what would otherwise look like contrary goals.
- Create a ‘sinking’ fund for future capital costs such as street rehabilitation, maintenance and upkeep and other expenses related to depreciation whereby the homeowners or association dues collect as you go rather than creating a situation requiring a special assessment – especially if it affects A/A buyers.
- A developer/builder in Santa Fe focusing on live/work units was able to charge \$10,000/market rate unit on the buyer’s settlement statement, earmarked as for specific energy efficient aspects of the new home that the buyer chose as options. This money was put into a special savings account that was used to help fund A/A house buyers for things such as prepaying HOA dues into an account, down payment assistance, mortgage assistance.
- Encourage keeping consumer spending dollars local by feed local dollars back into the local economy.

APPENDIX 1 – SURVEY INSTRUMENT

Dolores County Housing Needs Assessment

Dolores County, with the assistance of Region 9 Economic Development District, is in the process of evaluating housing needs in the communities of Cahone, Dove Creek and Rico. Please take a few minutes to complete this survey and return it in the enclosed envelope by **October 15th, 2006**. When we receive your response you will be entered to **win \$50** in a randomly selected drawing. The winner will be contacted by October 30th. *Contact information will be used for the cash drawing only. All survey responses will remain confidential, and will be merged with other responses.* Please contact Donna Graves at 970-385-4897 if you have any questions.

Help us to help your community and everyone wins!!

Name _____ Address _____

City _____ State _____ Zip _____

Or Phone # if preferred _____

Circle the letter of your response

1. Do you live in or nearest to:
a. Cahone b. Dove Creek c. Rico
2. Why did you move to this community?
a. born here
b. quality of life
c. proximity to work
d. housing availability
3. How long have you lived in this community?
a. less than one year c. 6 to 10 years
b. 1 to 5 years d. more than 10 years
4. Are you a seasonal, or fulltime resident?
a. seasonal b. full time
5. If seasonal, which season (mark all that apply)
a. summer c. fall
b. winter d. spring

6. Is your current residence:
- a. owned by you or a family member
 - b. rented from a landlord
7. How long have you lived in your current residence?
- a. less than one year
 - b. 1 to 5 years
 - c. 6 to 10 years
 - d. more than 10 years
8. What type of dwelling is this?
- a. apartment
 - b. mobile home
 - c. manufactured home on a foundation
 - d. single family residence
 - e. townhouse or duplex
9. What is your monthly rent or mortgage payment?
- a. amount _____
 - b. don't pay rent or mortgage
 - c. mortgage paid off
10. What is the approximate average monthly cost of utilities (including gas, electricity, water, refuse, but **not phone or cable TV**)?
- a. amount _____
 - b. included in rent
11. Which of the following best describes your household?
- a. adult living alone
 - b. couple, no children
 - c. couple, with children
 - d. single parent with children
 - e. unrelated roommates
 - f. immediate and extended family members
12. How many people of the following **ages** live in your household (fill in all that apply)
- a. under 5 _____
 - b. 5 – 12 _____
 - c. 13 – 18 _____
 - d. 19 – 24 _____
 - e. 25 – 54 _____
 - f. 55 – 64 _____
 - g. 65+ _____
13. Total number in household? # _____
14. Do you expect your family size to increase within the next three years?
- a. no
 - b. yes
15. Are there any members of your household with special needs, i.e. physical or mental disabilities?
- a. no
 - b. yes, how many _____

16. What is the condition of your current residence?
- a. excellent
 - b. good - needs minor repairs (\$5,000 or less)
 - c. fair - needs substantial repairs (\$6,000 to 20,000)
 - d. poor- needs major repairs (more than \$20,000)
17. How satisfied are you with your current residence?
- a. very satisfied
 - b. satisfied
 - c. not satisfied
 - d. very dissatisfied
18. If not satisfied or very dissatisfied, why?
(Circle all that apply.)
- a. too small
 - b. home in poor condition
 - c. high maintenance
 - d. too expensive
 - e. want a different type of home
 - f. too old
 - g. too far from work
 - h. overcrowded
19. Do you want to buy a home in this area in the next 3 years?
- a. no
 - b. yes
 - c. already own
20. Which type of housing would best suit your needs, based on what you can afford and are willing to pay?
- a. condominium/townhome
 - b. standard (stick built) single family home
 - c. mobile home
 - d. manufactured home on a permanent foundation
 - e. apartment (rental)
21. How many bedrooms would fit your household size?

22. How many bathrooms would fit your household size?

23. Please identify the three most important factors you consider when choosing a home to rent or buy.
- | Adult #1 | Adult #2 |
|------------------------------|------------------------------|
| a. age of home | a. age of home |
| b. price | b. price |
| c. community | c. community |
| d. proximity to work | d. proximity to work |
| e. unit size (total sq. ft.) | e. unit size (total sq. ft.) |
| f. proximity to schools | f. proximity to schools |
| g. proximity to daycare | g. proximity to daycare |
| h. large lot size or acreage | h. large lot size or acreage |
| i. Other _____ | i. Other _____ |

24. If you have wanted to buy a home, but have not done so, why not? (Circle all that apply.)

Adult #1

- a. total cost too high
- b. lack down payment
- c. have poor credit
- d. cheaper to rent
- e. intimidating loan process
- f. can't afford what I would like to buy

Adult #2

- a. total cost too high
- b. lack down payment
- c. have poor credit
- d. cheaper to rent
- e. intimidating loan process
- f. can't afford what I would like to buy

25. What is your employment status?

Adult #1

- a. self employed
- b. employed by others
- c. not employed
- d. retired

Adult #2

- a. self employed
- b. employed by others
- c. not employed
- d. retired

26. How many jobs do you hold?

Adult #1

- a. one job
- b. two jobs
- c. three or more jobs

Adult #2

- a. one job
- b. two jobs
- c. three or more jobs

27. How far do you usually travel to work, ONE WAY?

Adult #1

- a. less than 1 mile
- b. 1 to 5 miles
- c. 6 to 10 miles
- d. 11 to 25 miles
- e. 26 to 50 miles
- f. more than 50 miles

Adult #2

- a. less than 1 mile
- b. 1 to 5 miles
- c. 6 to 10 miles
- d. 11 to 25 miles
- e. 26 to 50 miles
- f. more than 50 miles

28. How do you usually get to work?

Adult #1

- a. car (drive alone)
- b. carpool
- c. walk/bike
- d. work at home

Adult #2

- a. car (drive alone)
- b. carpool
- c. walk/bike
- d. work at home

29. Location of primary employment?

Adult #1

- a. Cahone
- b. Dove Creek
- c. Rico
- d. Telluride
- e. Cortez
- f. Dolores
- g. Stoner
- h. Norwood
- i. Other _____

Adult #2

- a. Cahone
- b. Dove Creek
- c. Rico
- d. Telluride
- e. Cortez
- f. Dolores
- g. Stoner
- h. Norwood
- i. Other _____

30. What is (are) your primary source(s) of income?

Adult #1

- a. farm/ranch
- b. restaurant/bar
- c. lodging/hotel/motel
- d. construction
- e. manufacturing
- f. health care provider
- g. retail sales
- h. service (daycare, housekeeping, etc)
- i. real estate/banking
- j. professional (law, education, etc.)
- k. government job
- l. retirement income
- m. disability
- n. public support
- o. child support

Adult #2

- a. farm/ranch
- b. restaurant/bar
- c. lodging/hotel/motel
- d. construction
- e. manufacturing
- f. health care provider
- g. retail sales
- h. service (daycare, housekeeping, etc)
- i. real estate/banking
- j. professional (law, education, etc)
- k. government job
- l. retirement income
- m. disability
- n. public support
- o. child support

31. What is the gross annual income for your household (total income for all members before taxes)?

- a. less than \$10,000
- b. \$10,000 -\$15,000
- c. \$15,000 -\$20,000
- d. \$20,000 -\$25,000
- e. \$25,000 -\$30,000
- f. \$30,000 -\$35,000
- g. \$35,000 -\$40,000

- h. \$40,000 -\$45,000
- i. \$45,000 -\$50,000
- j. \$50,000 -\$55,000
- k. \$55,000 -\$60,000
- l. \$60,000 -\$80,000
- m. \$80,000 -\$100,000
- n. \$100,000 +

32. Who should build or provide funds to build affordable housing?
- a. commercial developers (pay a fee to an affordable housing fund)
 - b. residential developers (set aside a portion of units at affordable prices)
 - c. local government (taxes)
 - d. A combination of the above (administered by a Housing Authority)

Thank you for your participation! Please mail in the survey by Oct 15th to be eligible to win the \$50 prize.