

LA PLATA COUNTY

# 3-YEAR WORKFORCE HOUSING INVESTMENT STRATEGY

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# INVESTMENT STRATEGY ORIENTATION & CONTENTS

This Housing Investment Strategy was originally published in 2022 and is being updated in 2024 because of significant changes to the funding environment. The strategy still prioritizes the key steps necessary to maximize the creation of housing affordable for the local workforce across La Plata County. The overarching strategy addresses rental housing; homeownership; a concerted effort to initiate a large-scale housing development; the preservation of existing affordable housing options; and the creation of a local housing fund. For the plan to be successful, it requires coordinated action across jurisdictions and between the public and private sectors.

This strategy document is a tool to bridge together a network of housing strategies and it is designed for accessibility. It can be read straight through, or; can be accessed by sections particular to the reader's needs:

## I NEED TO...



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# OVERARCHING RECOMMENDATION

La Plata County and its local governments need to be intentional about creating below-market housing wherever possible. We are defining below-market housing as all housing that is created and delivered to the consumer that is below the existing market prices. Increasing housing supply may eventually soften prices; but in a new post-COVID world, markets have shifted and communities cannot assume that more housing necessarily means less expensive housing.

Furthermore, water scarcity and infrastructure capacity issues will eventually require local governments to prioritize what housing projects should have access to infrastructure. In 2022, the voters of Colorado approved Proposition 123 - a ballot measure authorizing the state to retain money from

existing state tax revenue in order to create a permanent State Affordable Housing Fund. Opting into Proposition 123 enables local governments within and including La Plata County, to have access to these affordable housing funding opportunities. In order to access Proposition 123 grant funding opportunities, local governments were required to “opt in” and agree to a commitment of increasing their baseline affordable housing stock by 3% each year for 3 years (a total of 9% increase by the end of the 3rd year).

All four local governments voluntarily opted-in to Proposition 123 and committed to meeting the requirements called a baseline commitment, of increasing their housing stock by 9% by the end of the 3rd year.



## BASELINE COMMITMENTS OVER THE NEXT 3 YEARS:

CITY OF DURANGO	184	TOWN OF IGNACIO	14	TOTAL UNITS:	
TOWN OF BAYFIELD	14	LA PLATA COUNTY	108	320	

The original strategy identified buydown programs as an effective way to create below-market housing; this strategy assumed significant funding would be available to the region because of the American Rescue Plan Act. Instead, the State deployed funds in record time and very few resources came to La Plata County. Since then, the strategy has shifted to preparing housing projects to be more competitive for state and federal resources, especially new funds under Proposition 123 programs which are further described in the plan, and which are extremely competitive.

Since the plan was adopted in 2022, the Economic Development Alliance (EDA) launched the predevelopment fund referenced in the strategy, now called the Catalyst Fund, and it has proven to be a critical strategy for identifying projects seeking state or federal funds, and assisting them with predevelopment activities to prepare them for funding applications.

# PRIORITY HOUSING STRATEGIES

This one-page summary provides an overview of the different components needed for a coordinated housing effort across La Plata County. More detailed descriptions for each component can be found beginning on page 20.

## 1. RENTAL

- a. La Plata County and the City of Durango should coordinate their annual allocation of Private Activity Bonds to local housing projects.
- b. Regional Housing Alliance (RHA) to facilitate coordination of countywide support of housing projects applying for tax credits, and prioritize those with community sponsors and those which attract experienced developers for specific projects.
- c. RHA should advocate for local government policies for below-market housing fee waivers.
- d. Support Fort Lewis College's efforts to develop below-market rental housing for staff and faculty off campus in partnership with MGL partners and the 9R school district.

## 2. HOMEOWNERSHIP

- a. Local governments will continue to identify development partners, find funds to subsidize projects, set below-market pricing, develop resale controls and engage in other activities that will result in the production of more below-market units for-sale across La Plata County.
- b. Support homebuyer and mortgage assistance programs provided by the HomesFund.
- c. Local governments and their development partners will continue exploring modular housing product options to create more affordable housing.

## 3. SUPPORT RESOURCES FOR INFRASTRUCTURE DEVELOPMENT

- a. Since 2022, several local projects have received grant funds for infrastructure. Local governments will continue to assist with grant applications seeking funding for infrastructure costs for new housing projects.

## 4. PRESERVATION

- a. Continue providing local funding for technical assistance, predevelopment and permanent financing for mobile home park preservation.
- b. Advocate for Private Activity Bond allocations to preserve existing local affordable rental housing.

## 5. LOCAL HOUSING TRUST FUND

- a. The City of Durango will continue managing a housing fund to support below market housing development.
- b. RHA is exploring a new public funding source through its STEER Committee in 2024.
- c. Economic Development Alliance (EDA) and its partners should continue to fundraise for the Catalyst Fund to support below market housing units with predevelopment grants.

## 6. ONGOING EDUCATION AND ADVOCACY

- a. Continue and expand efforts for broader community engagement in housing initiatives.
- b. RHA will host its first ever Housing Summit in 2024 and will undertake additional educational activities in partnership with the EDA to support technical assistance for local developers and their government partners.

# CURRENT HOUSING INITIATIVES

Fortunately, housing work throughout La Plata County has been underway for some time and there are many existing policies, programs, and initiatives that have been very successful. The following chart shows existing initiatives and initiatives under consideration by local governments and housing agencies:

	Implementer	Use	Current/Future
<b>Financing Resources</b>			
Dedicated Fund	Bayfield	Utility Relief	Current
	Durango	Mortgage assistance, fee offsets, infrastructure, development subsidy through public/private/partnerships	Current
	HSSW	Emergency assistance fund	Current
	La Plata County	Affordable housing subsidy	Current
Federal, state and privately funded initiatives	HomesFund	Mortgage Assistance	Current
	HomesFund	Mobile Home Unit Financing	Current
	Durango	Infrastructure, development subsidy through public/private/partnerships, and housing rental subsidy voucher program	Current
	Economic Alliance	Security deposit program	Future
	HomesFund	Mobile Home Park Preservation	Current
	Elevation Community Land Trust	Mobile Home Park Preservation	Current
	La Plata County	Housing Revolving Loan Fund	Current
	Housing Solutions for the Southwest	Property rehab	Current
As-needed General Fund	Ignacio	Infrastructure; Acquisition	Current
Public land	LPC	Possible land swaps with other agencies and existing sites	Future
	Ignacio	Town owned sites	Current
	Durango	Site prioritization for city property	Current
	FLC	Site for below-market rental	Future
	Bayfield	Affordable development on city property	Current
Fee waivers or rebates	Bayfield	Land Use application & building permit fees	Current
	Durango	Affordable Housing Fee Offset policy	Current
<b>Housing Education &amp; Advocacy</b>			
Working Groups	In the Weeds	Employer education	Current
Homebuyer Ed & Counseling	9R	Family housing	Current
	HomesFund	Supporting future and at-risk homeowners through homebuyer education & housing counseling.	Current

	Implementer	Use	Current/Future
<b>Policies &amp; Programs</b>			
Fair Share	Durango	Fees-in-lieu support mortgage assistance and other housing programs or public/private partnerships	Current
ADUs for Locals Rebate Program	Durango	\$8,000 rebate for creation of new ADUs with commitment to rent to local worker for 2-years	Current
Leasing for Locals Program	Durango	Rental subsidy voucher 2-year pilot program in conjunction with Housing Solutions for SW at Gauge Apartments	Current
Land Banking/Land Acquisition	Durango	Create pipeline of city owned property that could leverage affordable and workforce development	Future
Improved Development Review Processes	Durango	Updating software and refining procedures to ensure clarity, convenience and transparency around all development applications	Current
Strategic Infrastructure Partnerships for Housing	Durango	Supporting key developments which have a housing component through financial contributions intended to jump start infrastructure design, reduce barriers to development, and create 'shovel-ready' projects. Examples of this are the Three Springs Partnership and the La Posta Area Infrastructure Design	Current
Housing Land Trust	Durango	Pursuing the use of a land trust model to create more permanently affordable, ownership units	Current
Urban Renewal Authority Partnerships	Durango	In partnership with multiple local taxing entities, the URA has captured growth in tax revenue and dedicated it towards supporting housing development and property rehabilitation	Current
Employee Program	La Plata County	Mortgage Assistance	Current
Expedited Review	Bayfield	Fast track affordable developments	Future
Land Use Code Changes	Bayfield	Adding Incentives to develop below market housing	Future
Land Use Code Changes	La Plata County	Evaluate land use code amendments to improve clarity, efficiency, remove ambiguities, and provide certainty. Many will assist in improving housing development processing	Current
Affordability Deed Restriction Administration	Durango, Bayfield, Ignacio, Private Developers	Supporting the development and occupancy of deed restricted affordable housing units.	Current

The recommendations in this report are designed to build on the work that is already being done, aligning existing efforts while looking for ways to increase coordination and leverage. Additionally, the recommendations seek to scale investments to maximize the pipeline of housing that is affordable to the local workforce and residents.

# COORDINATION & FUNDING

## COORDINATION PLAN

The success of this overarching Three-Year Housing Investment Strategy is predicated on the coordination of policies and resources around each sub-strategy.

The Regional Housing Alliance currently facilitates some level of coordination among the regional governments at its regular board meetings and through shared strategies. Emphasis here is on the opportunity for much broader coordination to increase affordable and workforce housing initiatives that lead to more units being built while engaging both public and private employers, nonprofit organizations, private funding and philanthropy. The consulting team believes that the launch of the STEER Committee, regular meetings with the Catalyst Fund Committee, and events like the Annual Housing Summit will provide more consistent opportunities for collaboration and coalition building around local housing efforts.

The team believes that coordination efforts could fit neatly into three different arenas:

1. **Regional Housing Alliance (RHA):** This agency is best positioned to (1) coordinate local government technical assistance, (2) track a countywide project pipeline and requests for activities that require interagency agreements or local government resources to match for competitive federal and state programs, and (3) implement a long-term funding source for housing initiatives in La Plata County. RHA has created additional capacity by hiring contracted staff from the Economic Development Alliance to manage several activities, including grant writing to support member projects, and providing technical assistance through shared contracts with third-party consultants when possible.
2. **Housing Coalition:** The second coordination effort is yet to be developed, but there is the opportunity and a need for a grassroots coalition to help guide this work. This coalition could be composed of community members committed to ongoing education and advocacy work, and who will help push local leaders to implement the Three-Year Workforce Housing Investment Strategy and additional bold actions in response to this dynamic funding environment. Through the 2021 interview process, we did hear about new efforts to establish a housing coalition. Existing nonprofits provide some advocacy but it is not formalized or coordinated. A more formal coalition will likely be developed organically as a result of the recently launched STEER Committee which could become a form of a more permanent coalition for housing activities in the future or help spin off a separate advocacy group.
3. **La Plata County Economic Development Alliance:** The Economic Development Alliance (EDA) is uniquely positioned to coordinate local employers and the private sector for specific initiatives and focus on providing predevelopment funding and technical assistance in support of both private and public sector initiatives.

As of 2024, the RHA and EDA are well coordinated because they share staff. Further, the agencies have delineated their roles clearly with the EDA managing the Catalyst Fund and RHA supporting local government efforts, providing capacity building opportunities and exploring a local funding source for a countywide housing trust fund.

## OVERALL FUNDING STRATEGY

There are three primary funding sources for creating workforce housing in La Plata County:

1. **Local government funds** various options such as local government’s general funds, local infrastructure funding, American Rescue Plan Act (ARPA) funding, Durango’s Fair Share fee-in-lieu payments, Twin Buttes and Three Springs Affordable/Attainable housing fees.
2. **Private funds** developers locally invest significantly in order to develop housing. In the last two years we have seen employer-funded initiatives like Fort Lewis College move forward with mortgage assistance programming and launching feasibility of a rental project, and a recent gift from the Durango Industrial Development Foundation (DIDF) to the RHA is creating a new loan fund for housing. Employers are a significant resource and should be engaged in implementing these strategies. Private funds can help initiate new projects by financing predevelopment, assisting with creating capacity, providing sites for development, funding mortgage assistance programs and providing rental assistance or housing subsidies while units are being developed over the next few years.
3. **State and federal housing funding** such as the Low Income Housing Tax Credit (LIHTC) programs, grants and low interest loans, as well as Proposition 123 are critical resources for implementation of this plan.

These funding sources will each have specific guidelines and requests for applications throughout the year with deadlines; to track these opportunities please visit: <https://cdola.colorado.gov/housing>

In 2024 DOLA has several programs to fund capacity building, technical assistance, infrastructure development and provides a grants tracker for all programs under their agency which should be reviewed often given the growth in programs; these opportunities can be found here: [DOLA Funding Opportunities Page](#)

DOLA also recently created a community funding tracker that provides information on federal and state resources and can be found here: [DOLA Community Funding Guide](#)





# PROPOSITION 123 FUNDING PROGRAMS

Proposition 123 is divided into two main funding branches: the **Affordable Housing Financing Fund** and the **Affordable Housing Support Fund**. Both funding branches each include three programmatic areas explained in the breakdown section below.

Sixty percent (60%) of Proposition 123 funds are allocated to the **Affordable Housing Financing Fund**, which is managed by OEDIT and administered by CHFA. Forty percent (40%) of Proposition 123 funds are allocated to the **Affordable Housing Support Fund**, which is managed by the Department of Local Affairs (DOLA) through its Division of Housing (DOH) and Division of Local Government (DLG).

## BREAKDOWN OF FUNDING PROGRAMS

### **Affordable Housing Financing Fund**

*CHFA - 60% of Prop 123 funding*

The Financing Fund includes three program areas: Land Banking, Equity, and Concessionary Debt.

**Land Banking Program:** Grants and forgivable loans to acquire and preserve land for affordable housing development

**Equity Program:** Equity investment to support the creation or preservation of low- and middle-income multifamily rental development

**Concessionary Debt Program:** Loans to support the creation and preservation of affordable rental housing

These programs are very new and will likely change over the next few years as program administrators learn what works and if or when legislation dictates regulatory changes. For the most up to date information about these new programs, eligibility guidelines and information about funding rounds please visit the Colorado Affordable Housing Financing Fund.

### **Affordable Housing Support Fund**

*DOH - 40% of Prop 123 funding*

The Support Fund includes three program areas Affordable Homeownership, Serving Persons Experiencing Homelessness, and Local Planning Capacity Development.

**Affordable Homeownership Program:** Down payment assistance and grants and loans for homeownership

**Serving Persons Experiencing Homelessness:** Funding for people experiencing or at risk of homelessness

**Local Planning Capacity Development Program:** Grants to local governments to increase capacity of local government planning departments

As of March, 2024 DOH is still developing the rules and methods for how these funds will be awarded. As above, interested projects and developers should consult these agency websites regularly for programmatic updates.

We recommend adhering to the following guidelines for local investments in below market housing opportunities.

While local governments are currently allocating Private Activity Bond (PAB) resources and providing support for LIHTC applications, directly funding infrastructure, providing fee waivers and offsets, funding predevelopment activities through the Catalyst Fund and providing gap funding for projects, we recommend that they continue to formalize their funding strategies so that funding availability is predictable and so that underwriting criteria between different funds can be consistent whenever possible. This document provides a framework for local governments to design their own programs based on funding needs by project type and funding availability at the state level. In 2024, all local governments reported increased activities and investments in affordable housing, including assisting with access to new state resources by offering to provide letters of support, or act as a fiscal sponsor for a state grant. Many of these activities are being tracked by the RHA.

State and federal funding should be prioritized to create housing now. Even though funds can be used for land banking, there are enough opportunities in the existing development pipeline in each community to start alleviating the housing crisis.



Below is a table showing a high-level overview of funding sources available and the eligible uses for each:

		Pre-development	Infrastructure	Development Subsidy	Debt	Equity	Operating	Mortgage Assistance	Rent Assistance	Acquisition
Local Government	Local general funds	LTD	LTD	LTD						
	Local ARPA allocations		X					X	X	X
	PAB				X					X
Private	Local first									X
	Employer initiatives							X	X	
	Philanthropy			X		X	X	X	X	
	EDA Catalyst Fund	X								
State & Federal	Prop 123	X		X	X	X		X		X
	LIHTC					X				
	Grants	LTD	X	X		X		X	X	X
	Loan programs		LTD		X					X
	Other (HCV, Medicaid)						X		X	
Lending Institutions	Market rate/banks				X					X
	HomesFund							X		LTD
	IDF	X			X			X		
	CHFA				X			X		

LTD = some limited funding may be available

**Predevelopment Gap:** The table above illustrates that there is a gap between what is needed to support predevelopment and project feasibility work across the county and current funding availability. One of our primary strategies since 2022 has been the successful launch of the Housing Catalyst Fund, which has successfully funded hundreds of units in process locally. Given its early success; continuing to fundraise and administer this initiative should remain a key priority for the Economic Development Alliance and its partners.

**Infrastructure Funding Gap:** When this report was published in 2022, infrastructure funding was a significant gap. Over the last few years local government's have invested their own funds and successfully applied for state funds to provide infrastructure funding. State funds for infrastructure came primarily through one-time American Rescue Plan Act Funding, and so, like many programs funded through these one-time resources, there may be a need to find creative ways to fund infrastructure in the next few years.

**Development Funding Gap:** The third gap that needs to be filled by local governments is to provide gap funding to cover the costs of developing homes. There should be a consistent program for each government that provides guidelines for how projects can receive funding, what the expectations are when receiving funding and identifying ongoing funding sources to support new developments. Because state programs evolve quickly, its critical that local governments, through the RHA, track new grant programs and help facilitate technical assistance for local housing projects. Local funding should follow state underwriting criteria whenever possible to ensure projects are not under or over subsidized.

Proposition 123 programs will be rolling out in 2024 and should be reviewed carefully for how they can support an existing pipeline of projects throughout the county. With the first initial funding rounds for Proposition 123 programs in 2023, the community learned that readiness to proceed and local matches are critical to creating successful grant applications. Further, the funding gap widened for developments from 2022 with increased interest rates for construction and permanent financing. Therefore, RHA and its partners are exploring a dedicated funding source to provide these resources consistently into the future.

**Preservation Funding Gap:** Funds should be used to preserve existing units as well as develop new housing opportunities; the community should strike a balance between these activities or it will find an increase in displacement for the most vulnerable and lowest income community members which oftentimes are the minimum wage earners in our communities. Since this plan was adopted, there have been significant investments in three mobile home parks. Although local funding has been extremely helpful, these projects need millions more to be preserved and redeveloped. All parks have been actively seeking new funding sources and some new funding sources have been released such as Housing and Urban Development's PRICE program.<sup>1</sup> Congressional appropriations and some state programs are now available to assist with acquisition of mobile home parks and to fund increased modular housing development, which is becoming a common approach for replacing older mobile homes. La Plata County and the City of Durango will have an opportunity to help pilot best practices in partnership with Elevation Community Land Trust and the Animas View Mobile Home Park CO-OP.

To find funding opportunities for a specific development project the CHFA Developer's Guide has an interactive resource to find resources that meet specific needs: <https://developers-guide.chfainfo.com/funding-sources-inventory>

<sup>1</sup> [https://www.hud.gov/press/press\\_releases\\_media\\_advisories/hud\\_no\\_24\\_041](https://www.hud.gov/press/press_releases_media_advisories/hud_no_24_041)

# MEASURING OUTCOMES

In 2007 the Regional Housing Alliance hired a consultant to develop a model for measuring the gap between what a household can afford and what was available then on the market. This tiered income affordability matrix was then used to develop a second mortgage program for the HomesFund. This analysis is still conducted annually to determine gap needs and appropriate second mortgage amounts and is provided here to set the context for current homeownership gaps in the community.

Select this [link](#) to view the Area Median Income chart for 2023 and other Homeownership and Rental reference charts. The consulting team writing this plan used the same income tiers to determine affordability for rental housing which is also displayed in the above link.

To evaluate the success of the Three-Year Workforce Housing Investment Strategy, it is important to understand the baseline numbers of new and preserved affordable housing units expected over the next three years, and estimate how adherence to this plan can increase the number of below-market units in the community. The following section will provide a narrative updating progress on specific strategies and a table is provided below for ease of reference comparing estimates to actuals.

## AFFORDABLE HOUSING PROJECT TRACKER

Projects (between 2022-2026)	Jurisdiction	Below-Market Units	Project Status	AMI
<b>LIHTC RENTAL</b>				
Residences at Durango	Durango	120	Feasibility	Under 80%
Miramont Phase 2	Durango	66	Feasibility	Under 80%
Total New Units <i>Goal of 170 for all jurisdictions</i>		186		
<b>WORKFORCE RENTAL</b>				
Durango Crossings	Durango	45	Feasibility	80-120%
Gauge Apartments	Durango	14	Completed	80-120%
Gauge Apartments -Leasing for Locals	Durango	15	Completed	80-120%
Gauge Apartments -Leasing for Locals	Durango	15	Completed	Under 80%
Rock Creek Housing Project	Ignacio	25	Funded	Under 80%
FLC Staff and Faculty Project	Durango	40	Feasibility	80-120%
Total New Units <i>Goal of 200 for all jurisdictions</i>		154		

## AFFORDABLE HOUSING PROJECT TRACKER cont.

Projects (between 2022-2026)	Jurisdiction	Below-Market Units	Project Status	AMI
<b>HOMEOWNERSHIP</b>				
Cinnamon Heights	Bayfield	30	Funded	80-120%
Pine River Commons	Bayfield	66	Funded	80-120%
Durango Crossings	Durango	30	Feasibility	80-120%
271 Twin Buttes Avenue	Durango	30	Feasibility	80-120%
Animas City Park Overlook Townhomes	Durango	5	Completed	Over 120%
Animas City Park Overlook Townhomes	Durango	3	Completed	N/A
Rock Creek Housing Project	Ignacio	21	Funded	Over 120%
HomesFund Homebuyers via Mortgages	Countywide	78		
Total New Units <i>Goal of 195 for all jurisdictions</i>		263		
<b>MOBILE HOME PARK PRESERVATION via ACQUISITION</b>				
Animas View	Durango	120	Completed	
Westside and Triangle Parks	La Plata County	72	Completed	N/A
Total New Units		192		
<b>MOBILE HOME PARK REHAB</b>				
Animas View	Durango	2	Feasibility	Under 80%
Westside and Triangle Parks	TBD	107	Feasibility	N/A
Total New Units		109		

### 2024 AFFORDABLE HOUSING PROJECT TOTALS

Total New Units/Mortgages  
*Goal of 715 for all jurisdictions* **603**

Total Units Preserved  
*Goal of 120 for all jurisdictions* **192**



## 2024 PROJECT OUTCOMES

**2022 Projection:** Approximately 170 affordable rental unit — LIHTC funded — are in the pipeline. This affordable housing pipeline assumes the creation of units for households below 60% of AMI and the use of tax credits and private activity bonds to finance the development. With these types of projects, the funding gap per project ranges \$35,000-\$75,000 per unit.

**2024 Update:** Residences at Durango was funded and is under construction and will deliver 120 units by April of 2025. A second LIHTC project is being proposed by Volunteers of America for seniors as Miramont Phase 2 and will submit for funding in the next year. The current project is slated to provide 66 affordable rental units.

**2022 Projection:** Workforce rental housing, or 1-2 bedroom units from 80% AMI to 125% AMI, in the 2022 housing market it required around \$72,000 of subsidy per unit based on the gap model on the previous page and current construction prices (see page 38 for a detailed gap analysis).

**2024 Update:** There are a number of workforce rentals in process in 2024. Specifically, Ignacio anticipates 25 rental units as part of the Rock Creek housing project. Durango anticipates rental units at Durango Crossing, which is working on phase 1 financial feasibility, and is providing immediate rental subsidies through a partnership with the Gauge Apartments. Fort Lewis College is working with MGL partners on a 40 unit faculty and staff rental project in partnership with 9R. A critical component to the future success of workforce housing rentals moving forward is access to Proposition 123 funding at CHFA. These programs are more flexible than state funds and allow for a mix of income levels and for a range between 60-140% AMI as long as the average unit income tenure is at 90% AMI per the rules for CHFA equity funding for this rental product.

**2022 Projection:** The HomesFund anticipates 90 affordable homeownership opportunities through their mortgage programs over the next three years. FLC's new initiative (15 mortgages), Bayfield's efforts at Cinnamon Heights (30 units), and the City of Durango's programming (60 deed qualified units) over the next 3 years would create 195 homeownership opportunities in total. The average subsidy required to create affordable homeownership opportunities is nearly \$200k per home. Increasing this existing pipeline by 10% would require approximately \$3.5M of additional subsidy.

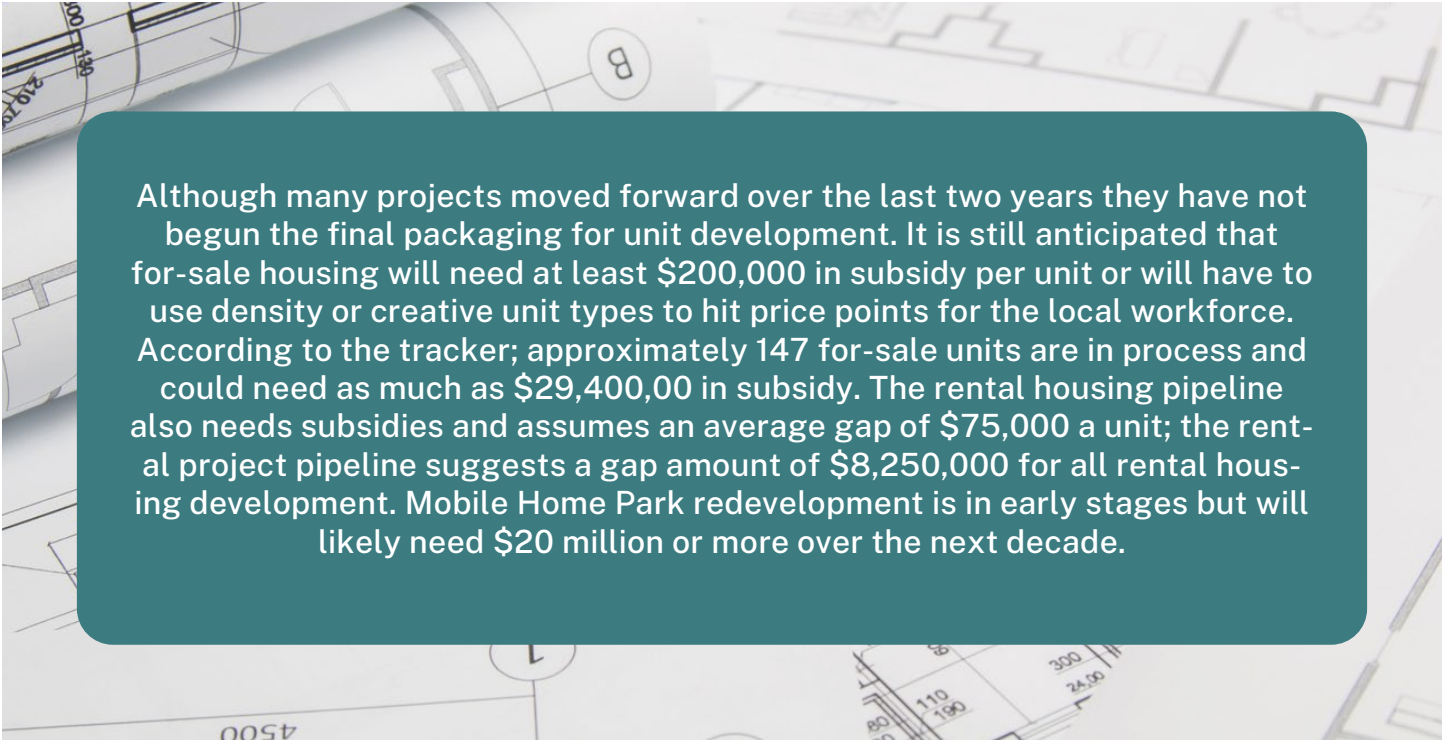
**2024 Update:** The HomesFund deployed 133 mortgages in two years assisting 78 households in La Plata County. The HomesFund Mortgage Assistance programs include those funded by the State of Colorado (AHIF, HDG, CDBG, and HOME funds), the City of Durango, the CDFI Fund, and employer-sponsored programs such as the Fort Lewis College and the Purgatory Employee Programs. Moving forward, the HomesFund anticipates offering up to \$150,000 per homebuyer household, with the average Mortgage Assistance provided per household at approximately \$100,000.

In addition to the Mortgage Assistance Program, HomesFund administers deed restriction programs in partnership with local governments and private developers. The HomesFund anticipates assisting with new deed restrictions for affordable units in the next three years as each community sees their for-sale housing units get built and need to be managed. In 2024 the RHA will also provide technical assistance to its local governments as part of the design of a countywide deed restriction program.

**2022 Projection:** Planning for a coordinated land development initiative that will provide an estimated 300 additional units of rental and for-sale housing is a significant undertaking that will need the combined resources of local and state governments as well as support from the private sector. If the community wanted to provide more than 300 units, we estimate a per-unit subsidy that averages the amounts needed for rental and for-sale units, resulting in a \$134,000 per unit cost.

La Plata County is actively supporting nonprofit mobile home park preservation efforts which are also reflected in unit counts for the next three years on the chart on the next page. Costs for acquisition per unit/lot is \$118,000. What is not included on the chart are costs for park improvements and lot replacements. We do not have cost estimates, but wanted to create a placeholder and highlight that this will be a funding need in the near future.

**2024 Update:** Local governments did not jointly pursue a major land development initiative but pivoted to funding their own housing initiatives as described throughout this document under the for-sale, rental housing and preservation sections. Mobile Home Park redevelopment is moving forward but takes time and is costly with limited funding sources for activities such as infrastructure development or unit replacement. Westside and Triangle Parks are working closely with their CO-OP board, and partners such as the Good Food Collective and Community Investment Alliance, to prepare residents for redevelopment and potential homeownership for residents interested in pursuing this option. Westside and Triangle mobile home parks will undertake annexation this year and Elevation Community Land Trust is actively pursuing a number of funding opportunities to move the redevelopment of these parks forward over the next few years. Animas View Mobile Home CO-OP is working on funding to improve infrastructure in their park. Both efforts received grants from the Catalyst Fund in 2024 for their pre-development efforts.



Although many projects moved forward over the last two years they have not begun the final packaging for unit development. It is still anticipated that for-sale housing will need at least \$200,000 in subsidy per unit or will have to use density or creative unit types to hit price points for the local workforce. According to the tracker; approximately 147 for-sale units are in process and could need as much as \$29,400,00 in subsidy. The rental housing pipeline also needs subsidies and assumes an average gap of \$75,000 a unit; the rental project pipeline suggests a gap amount of \$8,250,000 for all rental housing development. Mobile Home Park redevelopment is in early stages but will likely need \$20 million or more over the next decade.



## DEVELOPMENT & PRESERVATION PIPELINE

The following chart shows the anticipated number of units based on the existing pipeline and approximates the total subsidy needed to increase production by varying amounts:

	Anticipated below-market units	Subsidy needed per unit	Subsidy for existing pipeline	Cost to increase units by:		
				10%	20%	30%
LIHTC Rental	170	\$45,000	\$7,650,000	\$765,000	\$1,530,000	\$3,825,000
Rental	50	\$72,000	\$3,600,000	\$360,000	\$720,000	\$1,800,000
Homeownership	195	\$193,000	\$37,635,000	\$3,763,500	\$7,527,000	\$18,817,500
Land Development Initiative	300	\$132,500	\$39,750,000	\$3,975,000	\$7,950,000	\$19,875,000
Mobile Home Park Preservation via Acquisition	70	\$118,000	\$8,260,000	\$826,000	\$1,652,000	\$4,130,000
Mobile Home Park Rehab	TBD	TBD	TBD	TBD	TBD	TBD
Rental Preservation	50	\$22,000	\$1,100,000	\$110,000	\$220,000	\$550,000
<b>Total New Units</b>	<b>715</b>	-	<b>\$88,635,000</b>	-	-	
<b>Total Units Preserved</b>	<b>120</b>	-	<b>\$9,360,000</b>	-	-	-

**2022 Projection:** Approximately 50% of required subsidy may be available from state and federal resources. Reaching these subsidy amounts will require leveraging local, state, federal, private and philanthropic resources.

**2024 Update:** Local governments and their partners should assume that any one project, rental or for-sale, new construction or preservation, may be able to access 10-20% of its gap funding needs from state and federal sources. This significant decrease from 2022 is a reflection of the spending down of ARPA funds at the state and federal level, increased gaps related to higher interest rates and elevated construction costs, and the increased demand for limited state resources. This will mean that local projects will need additional funding support and most importantly, the role of land use to ease the costs and risk of local development will be key to ensuring a robust below market housing pipeline over the next several years. Specifically, revising land use processes to increase housing unit types, increasing density by right whenever possible and streamlining review processes will be critical to creating an ongoing pipeline of below market housing into the near future. Because state and federal funds will be filling a smaller gap moving forward; local resources, such as a dedicated local housing trust fund countywide, and activating publicly owned sites will be more critical for local strategies in the future.

# HOW WE GOT HERE

## PROJECT BACKGROUND

**2022 Process:** A five-county housing needs assessment conducted by Root Policy and published in the summer of 2021 serves as the most recent comprehensive dataset on housing needs for La Plata County. It provides important context on broader regional trends, too — many of which are relevant to members of the La Plata County workforce residing outside of La Plata County who commute to their places of work. Some key takeaways from the report that are relevant to this strategy are:

- La Plata County will need 570 new permanent units and 45 seasonal surge beds in the next three to five years to accommodate workforce growth and address some of the county’s unmet housing needs.
- Over the last decade, La Plata County has seen a decline in families with children and an increase in senior adults moving to the area.
- A significant amount of the region’s forecasted demand falls in La Plata County.
- There is significant housing need for the “missing middle” — those earning 80-120% of area median income (AMI).

While the data collected in the 2021 assessment is not without flaws, it points to a clear and urgent need for additional units often deemed “workforce housing,” referring to housing for those earning moderate incomes—approximately 80-120% of area median income (AMI) — and who comprise much of the area’s workforce. These earnings are too high for subsidized housing opportunities such as vouchers, and too low to afford current options on the open market.

**2024 Update:** The RHA and EDA Teams have released a request for proposals for a new needs assessment countywide. It is anticipated that this new assessment will be completed in Fall 2024 and will be shared out broadly, and provided as a separate document, to complement this plan.



## METHODOLOGY

**2022 Process:** The Project Moxie and Cappelli Consulting teams kicked off this engagement in early October of 2021 by undertaking an “environmental scan,” which is an in-depth interview and research process to better understand the local context and inform the strategic planning effort. To accomplish this, the team reviewed existing plans and documents, conducted one-on-one interviews with key stakeholders in the local community, and solicited opinions about challenges and opportunities to increase housing for the local workforce.

To support these efforts, the team worked closely with the La Plata County Economic Development Alliance, the organization that commissioned this study, to develop an advisory committee (deemed the “Kitchen Cabinet”) and identify key stakeholders to interview as part of the environmental scan.

Throughout the project, the team has held numerous Kitchen Cabinet advisory meetings; developed and administered a survey on housing with local employers (included in the appendix of this document); facilitated a luncheon discussion on employer-sponsored housing initiatives; reviewed identified parcels for development readiness and feasibility; reviewed data on housing needs; and narrowed in on key stakeholders whose activities relate to housing activity in La Plata County. These targeted stakeholder conversations led to a

more complete understanding of what housing activities are happening now and what’s in the near-term pipeline throughout the county allowing for opportunities for synergy and partnership to emerge.

Finally, in April of 2022, the team hosted two community engagement events (one for key stakeholders and another for the general public) wherein the proposed strategies were presented and time was allotted for feedback and questions. These meetings played a pivotal role in identifying strategy implementers and coming to alignment on the key recommendations contained in this report.

**2024 Update:** This original strategy was created in 2022 and was updated by Project Moxie in the spring of 2024 by soliciting feedback from partner agencies and local governments regarding updates to their strategies and specific housing developments. The team also researched new funding streams at the state level such as Proposition 123 and original gap amounts have likely increased between 25-40% based on national trends regarding interest rates, and building cost increases over the last few years. The team updated actual outcomes to projected outcomes above and deleted strategies that were not successful or implemented. The community has made significant progress but it has been slower going given building costs and interest rates over the last two years.

## INCREASING ACCESS TO HOUSING THROUGH LANGUAGE JUSTICE

As the community moves various housing projects forward there is a need and an opportunity to increase access to resources and information for our local non-English speaking community members. The Community Investment Alliance and Good Food Collective have a dedicated housing fellow that is working to identify the needs and barriers of the Spanish speaking community and further language justice efforts with local housing providers to gain accessibility to organizations and community members needing housing resources. This work will continue as mobile home redevelopment moves forward and as community organizers continue to engage in local conversations to address the growing need for affordable and safe housing in La Plata County for the Hispanic community.

# STRATEGY IMPLEMENTATION



## RENTAL

### Coordinate the allocation of Private Activity Bonds through a regional agreement

**2022 Recommendation:** Private Activity Bonds (PABs) are a public funding resource that is allocated to La Plata County and the City of Durango by the State of Colorado. The Colorado Division of Housing (DOH) also allocates separate PABs in a statewide pool. This resource alone is not adequate to fund projects but combined with the 4% Low Income Housing Tax Credit (LIHTC), it is a powerful tool to support larger affordable rental developments. The PAB allocation process for housing is managed by the Colorado Housing and Finance Authority (CHFA) and the Colorado Division of Housing (DOH). Local governments have the choice to allocate PABs to a local project or assign them back to CHFA to support affordable housing statewide.

The community has a track record of coordinating PAB allocation with the first housing project in 2019; the use of PAB allocations to preserve Tamarin Square Apartments (68 units of low-income senior and disabled housing) was a significant win for the local community. In 2022 the community again coordinated PAB allocation for use by TWG development in its efforts to convert the Best Western into affordable housing through a PAB/4% LIHTC funding model. The team is hopeful that there will be more opportunities to use this limited resource to either preserve or promote rental housing projects, and also expects pressure from out-of-area developers and projects who have the ability to ask local governments to transfer their PAB cap to projects on the Front Range in Colorado. The consulting team recommends as a powerful yet simple action that the City of Durango and La Plata County coordinate their allocations annually by using a shared process for inviting applications from project developers, and jointly evaluating and selecting projects to increase resource leverage for both entities. As part of the appendix to this report the team is providing a draft template for coordinating PABs for future years.

**2024 Update:** Coordination of these critical federal resources is not happening formally but is a role that RHA should consider playing moving forward. As a regional entity, and a multi-jurisdictional housing authority, the RHA could manage tracking of these resources and may also consider using its role as a potential special limited partner in tax credit projects in the future to assist with property tax exemption; which offsets rising operating costs for these critical affordable rental projects throughout the county. This role will be formally presented to the RHA board in 2024 for consideration.

**Coordinate countywide support of housing projects applying for tax credits, prioritize those with community sponsors and those which assist in recruiting developers for specific projects.**

Low Income Housing Tax Credits are the most widely used subsidy for affordable housing rental development in the country. Annually, this tool produces thousands of units of affordable housing in Colorado. Every year, the federal government allocates credits to the state to distribute through a competitive process to projects. These projects are typically between 30 and 150 units and must restrict rents to certain income levels for 30-40 years, depending on their financial model. The 9% LIHTC model provides anywhere from 50% to 75% of the required equity for a project. Development partners are allowed between 10% and 15% of development costs as a fee for providing the units. Communities benefit from well designed, affordable rental communities and investors receive a double-digit federal tax write-off. Because of these enormous benefits, LIHTC is a competitive program and is oversubscribed 4:1 in Colorado. The good news is communities have some control over the allocation process because CHFA, the allocating agency, gives significant weight to support from local communities and local governments for specific projects.

**2022 Recommendation:** In our interviews for this report, we heard interest in using the 9% credit from several key players, which led us to recommend that local communities coordinate a development pipeline for the LIHTC program. Because we are in a rural region, we can expect to receive one 9% allocation every two to three years. There are strict requirements about local market demand, and with the LIHTC program being in high demand, many of the resources are allocated to the large population centers in Colorado. By coordinating a local LIHTC pipeline, the community will help prevent competition among local projects, can clearly support a project (giving it a competitive advantage), and will inevitably end up with higher quality projects and more community benefits for the projects that are funded.

**2024 Update:** LIHTC credits continue to be competitive and projects should be coordinated regionally. In 2024, legislation was introduced to increase state tax credits for housing; if this legislation is passed it may take pressure off the tax credit pool and provide for more opportunities. RHA or EDA could host an annual conversation with the Colorado Housing Finance Authority to hear about the status of low income tax credits in Colorado. There is also an annual credit event in Denver that could be attended by RHA or EDA staff in order to get the most up to date information on this critical housing resource. multi-jurisdictional housing authority, the RHA could manage tracking of these resources and may also consider using its role as a potential special limited partner in tax credit projects in the future to assist with property tax exemption; which offsets rising operating costs for these critical affordable rental projects throughout the county. This role will be formally presented to the RHA board in 2024 for consideration.



## Enact uniform local government policies for workforce housing fee waivers.

**2022 Recommendation:** In our interviews we learned that many local governments were providing some kind of fee waiver or fee offset for below-market or affordable housing. This has very positive impacts, and our recommendation suggests building on the public goodwill generated and improving upon this practice in multiple ways:

1. Formalize the practice at the local level. Which fee offsets are available for which types of units, and what is expected in return for that waiver or fee offset? Bayfield has some very straightforward fee waiver practices in place that could provide a good template for other communities.
2. Budget for fee-offset program costs based on the projected development pipelines or funding available.
3. Fee offsets are critical to projects applying for competitive funding like LIHTC allocations; having a set program for waivers or offsets will make local applications much more competitive and will create a smoother process for the development team.

Fee waivers and/or offsets have been funded in a variety of ways in other communities: (1) by establishing a local funding source versus reliance on local government's general fund; (2) through state grants like CDBG; and (3) through subsidies provided by local governments' infrastructure funds. To simplify paperwork and add capacity for all local governments, the Regional Housing Alliance might consider coordinating funding applications to the Department of Local Affairs for infrastructure and fee waivers.

**2024 Update:** With the wind down of ARPA funding, it will become more challenging for local governments to provide fee waivers. Each local government has a process for selecting projects that they will sponsor; all of these projects require some form of resale control ensuring the public subsidy is captured.

The City of Durango presented a new Affordable Housing Fee Offset Policy to the City Council in May 2023. The new policy aims to set expectations, reduce cost barriers to development, and support the production of a variety of housing types. This policy is just one of several initiatives being developed by the City to create more affordable housing in Durango. Another update to the Affordable Housing Fee Offset Policy will be brought in front of City Council in May of 2024.

## Establish a Catalyst Fund to support non-tax credit rental projects with predevelopment costs.

**2022 Recommendation:** Our experience is that when a local community, agency or local government provides predevelopment resources, they have more influence over the project’s design and most importantly, can help a “stuck” project move forward and determine feasibility. One of the “best practice” models for predevelopment is the Section 4 program, a federal initiative under the Department of Housing and Urban Development. Section 4 funds are awarded competitively across the country to help projects with early feasibility and due diligence work. The challenge with Section 4 is that it is underfunded and only five to seven projects in Colorado receive funding each year. Section 4 was a primary funding source in the early days of developing the Regional Housing Alliance and the subsequent creation of the HomesFund.

The consultant team recommended that the Economic Development Alliance launch a Housing Catalyst Fund (Catalyst Fund). This would adopt the best practices of the Section 4 program while providing more resources to launch several projects throughout the county.

**2024 Update:** In 2023, the Economic Development Alliance launched the Housing Catalyst Fund (Catalyst Fund) to provide resources to projects throughout the county with the intention that the funding will help leverage other significant resources by assisting a project with early feasibility.

The Catalyst Fund is a public-private partnership to support below-market housing development in La Plata County, by issuing funds to help cover predevelopment costs and preservation projects that promote workforce housing. Predevelopment funding programs offer financing to cover a variety of development expenses — sometimes referred to as “soft costs” — incurred while determining the feasibility of a particular project, such as costs of preliminary financial applications, legal fees, architectural and engineering fees, and other exploratory work. Obtaining financing for these costs is difficult in good economic times and impossible in challenging economic times.

The Catalyst Fund has a focus on both multifamily rental and for-sale housing and eligible applicants using state and federal subsidies must commit to providing at least 25% of available units at below-market prices. In addition, eligible applicants, their partners, and/or development team members must demonstrate experience with affordable/below-market housing, prove well-functioning financial management systems, and outline experience in managing real estate development. If the applicant has no prior affordable housing development experience, then the applicant must partner with an experienced co-developer or use a housing consultant with significant experience to meet the threshold for eligibility under the Catalyst Fund.

The first round took place in March 2023 and funded four projects for a total of **\$185K**, representing more than **175 units committed to workforce housing**. For the second round, preservation was added as an eligible activity, and there were a total of seven applications received. Of the seven applications, three projects were funded for **\$195,132** and include the **Animas View Mobile Home Park Co-op, Fort Lewis College’s Workforce Apartments at Three Springs and Westside/Triangle Mobile Home Park**. The Economic Development Alliance is planning to open a third round of the Catalyst Fund in the spring of 2024.

## Support Fort Lewis College's efforts to develop below-market rental housing for staff and faculty in the next 18 to 24 months on campus land.

In 2021 Fort Lewis College (FLC) launched an employer housing initiative with three primary strategies. One of those strategies is to explore a rental housing project on campus for faculty and staff. This project launches in May of 2022 and will require support and local funding. This project will target 80%-120% of area median income to meet a specific gap in rental affordable to this income bracket. The project will have a preference for FLC staff and faculty but will also serve employees from 9R and the broader community. As the first employer sponsored rental project; this will serve as a pilot that can inform the community on how to approach these projects and possibly replicate with additional employers in the near future.

**2024 Update:** FLC, and its partners the 9R school district, Project Moxie, and MGL Partners, have identified a site and are working on feasibility for a small rental housing project using new Proposition 123 equity funding being released in 2024. The team received a Catalyst Fund grant for this early feasibility work. The project feasibility is anticipated to be complete by summer. If feasible, this will be the first Proposition 123 funded rental project in Southwest Colorado.

## HOMEOWNERSHIP

### Provide technical assistance to municipalities for housing development.

**2022 Recommendation:** **Bayfield** has a significant development pipeline on the horizon and is poised to lead the region in affordable for-sale housing opportunities. With this enormous opportunity comes opportunities to support the Town of Bayfield as it continues to cultivate these developments. In our conversations with Town of Bayfield officials, we saw a few opportunities to provide support to them immediately:

1. Assist with a Request for Proposals (RFPs) to identify a development partner or partners for the 30-unit town-sponsored Cinnamon Heights project.
2. Assist with grant writing to access state housing funds to discount new housing products in the Bayfield pipeline.
3. Develop strategies to market housing to the local Bayfield workforce and create a fund to offset costs for local employees to buy in Bayfield.
4. Support the HomesFund as it develops deed restrictions and deliver homebuyer training and counseling services to regional homebuyers. The HomesFund may need additional grant support to deliver the needed services with the pipeline expansion in 2023.
5. Provide assistance to the town to develop a mobile home park strategy.

**2024 Update:** **Bayfield** continues to lead the region with affordable for-sale product development. The town and its development partners have taken advantage of technical assistance, when available, and have submitted numerous grants to support their various below-market housing projects. HomesFund has been engaged in helping with deed restriction creation and will continue to play a key role in preparing homebuyers. There has not been formal technical assistance on mobile home park strategies provided but more state funding is becoming available and RHA and EDA staff will continue monitoring grant and technical assistance opportunities.



**2022 Recommendation: The Town of Ignacio**

has been working on activating existing sites for affordable housing as well as acquiring additional sites. They have expressed an interest in receiving support in the following ways:

1. Confirm a capture rate of for-sale and rental units in the community. This analysis will help to confirm how many units could be bought or rented annually and at what price point.
2. Pilot a modular housing product in the community and assist with a feasibility analysis for this product.
3. Identify a contractor or contractors to build units on their lots in Ignacio.
4. Work with the Southern Ute Indian Tribe on joint housing projects.

**2024 Update: The Town of Ignacio** received a grant from the Catalyst Fund to assist with predevelopment activities and they have continued to receive other state funding to

move Rock Creek forward. Infrastructure is being built and unit financing and development begins in 2024

**2022 Recommendation:** These technical assistance opportunities complement each other and would best be addressed through a coordinated effort. This could be provided as a service of the RHA or through a grant from the Economic Development Alliance (EDA) Catalyst Fund.

**2024 Update:** Since 2023, the Economic Development Alliance has provided technical assistance opportunities as part of the Catalyst Fund application and award process. In March of 2024, RHA received a grant from the Department of Local Affairs that will provide significant technical assistance to all four governments to help prepare them for changes and program infrastructure required to stay in compliance with Proposition 123.

**Durango:** Durango’s Urban Renewal Authority, known as Durango Renewal Partnership, contributed \$550,000 toward five revitalization and housing projects in 2023 and is able to subsidize housing units. The Animas City Park Overlook Townhomes was a 22-unit townhome project that was originally planned to consist of just five single-family homes. But through collaboration between DRP, a local builder, and other city departments, the project shifted to four townhomes having a reduced sale price and perpetual deed restriction to keep them attainable for the local workforce. This project will be completed in 2024. The city has expressed an interest in identifying additional funding sources to “buydown” other market rate units in the near future.

**2022 Recommendations: HomeGrown Durango – Deed Qualification Program**

This program is the Durango community’s approach to ensuring that some portion of Durango’s housing stock will remain accessible and dedicated to meeting the needs of the local workforce. The City of Durango is leading the effort to create the legal mechanisms to accomplish this goal with assistance from a variety of community partners. The program goal is to create 200 deed-qualified units that will serve the local workforce by 2030.

There are a variety of mechanisms that will be used to create long-term deed restricted units. By contributing to the costs of development, the City can require deed restrictions be placed on subsidized units. Opportunities may also exist to purchase existing units and place qualifications on them prior to re-selling. Some units may be rentals with reduced rental rates, some may be reduced price ownership opportunities, some units may simply be reserved for locals with no other restrictions. All the units will serve local residents and will preserve Durango’s quality of life.

**Types of units** - At the present time, the program envisions managing three different types of units including:

- Permanent Workforce Ownership Unit (Heavy)
- Local Resident Occupancy (Light)
- Affordable/Workforce Rental Unit (Rent Restricted)

As each local government is advancing housing strategies, it will be important to keep in mind that the location of new housing will necessitate improved coordination around regional transportation strategies.

**2024 Update:** This program was replaced with two separate initiatives: leasing for locals and an update to the city's inclusionary zoning program called the Fair Share Program. Staff worked closely with its consultants and successfully changed, and had adopted in 2024, a handful of critical elements to the City's current Fair Share Program. The City and its consultant, Root Policy Research, also worked on a community engagement strategy for in-depth working sessions with the development community and the public. The resulting products are proposed revisions for the Fair Share Ordinance, where policies and goals are reviewed through public hearings and approved by City Council, and to the Fair Share Administrative Manual, which contains the operational details of the program.

The City of Durango's Leasing for Locals (below-market) rental subsidy voucher program is intended to increase the supply of affordable rentals available to local workforce by bridging the disparity between income and rental prices. The City has committed resources and is working with Housing Solutions for the Southwest, and Four Points Funding to create a two-year pilot program for the creation of 30 new multi-family apartment units at the Gauge Apartments, located at 1275 Escalante Drive in Durango. The rental subsidy program aims to immediately increase the number of long-term rental units available to local workforce by offering financial assistance, in the form of a city project-based voucher, to subsidize rental rates from market rate to affordable monthly rents. As of March 26th, twenty-nine (29) of the thirty (30) units have been leased up.

The City of Durango in partnership with Elevation Community Land Trust intends to redevelop the Animas High School site. City Council voted in the spring of 2024 to support an agreement to develop 30 for-sale affordable housing units on the former site of Animas High School (AHS) for individuals that earn 70%-120% Area Median Income (AMI). The housing project will be developed in partnership between the City, ECLT, which will fund the project and manage it after completion, and Fading West, a modular housing developer serving as the developer. The City, TBDI, ECLT, and Fading West will begin work on the submittal for this housing project, and while there is no current schedule for commencement of the project, Fading West has a goal of placing units onsite in 2025.

**2022 Recommendation:** La Plata County is fortunate to benefit from the work of HomesFund, a leading Community Development Financial Institution (CDFI) in Colorado with a proven track record of providing a suite of homebuying services – including homebuyer education classes, housing counseling and a variety of mortgage assistance programs – to qualified local home buyers. Annually, HomesFund analyzes the local market, mortgage interest rates and home prices to determine a threshold income for entering the local home-buying market. HomesFund then administers assistance through providing financial products (subordinate mortgage), which enables buyers to buy a home in the current high-cost real estate environment. From our interviews and analysis of the local housing market, costs to develop, and the anticipated future development pipeline, HomesFund will continue to be a critical player in helping to provide hundreds of home-buying opportunities in the near future. It is also clear that providing affordable opportunities will require significant subsidy and layered programming.

As such, HomesFund will need more local support to increase staff capacity and would benefit from additional funding for mortgage assistance in addition to state and federal programs. Employers could play a significant and immediate role in providing additional subsidies for homebuyers.

	Fee-In-Lieu Payment Amounts			
	0-1 BR	2 BR	3 BR	4 BR
Tier 1	\$163,310	\$253,610	\$340,970	\$538,679
Tier 2	\$107,310	\$189,610	\$261,070	\$445,879
Tier 3	\$51,310	\$125,610	\$181,070	\$353,079
Tier 4	\$0	\$61,610	\$101,170	\$260,279
<b>Average</b>	<b>\$80,500</b>	<b>\$157,600</b>	<b>\$221,100</b>	<b>\$399,500</b>

In 2021, Fort Lewis College (FLC) began a partnership with HomesFund, providing capital to seed a program that helps FLC faculty members buy homes. This in turn enables FLC to attract and retain talent. We advise other employers interested in providing mortgage assistance for employees to follow a similar course, and we encourage local governments, including the county and its municipalities, to explore ways to bolster funding for this program.

Finally, employers and local governments should refer those interested in the aforementioned mortgage assistance opportunities to attend home-buyer education classes offered by HomesFund. This education is key to maintaining a robust buyer pipeline, ensuring that local buyers can quickly fill new for-sale units as they become available.

**2024 Updates:** As predicted above; the cost of providing for-sale housing has only increased with rising interest rates, material cost increases and limited real estate sites for development. The HomesFund has launched a mortgage assistance program with FLC and is supporting local jurisdictions with the creation of deed restrictions for their units. Although HomesFund has significant capital for lending; it will continue to struggle to deploy these funds until new for-sale products are available throughout the county.

**2022 Recommendation:** Housing construction costs are one of the major factors expanding the gap between what households can afford and the actual costs of renting or buying. Alternatives to framing and building housing on site can help stabilize these costs by securing development materials well in advance; standardizing building forms for economies of scale; and delivering units faster than on-site developments can be built.

Of course, modular homes are built in factories, and if a factory location is far away or challenging to get to, delivery costs can begin to erode the savings offered by this style of construction. To capture the full benefit of modular development, La Plata County will need a modular factory in or near the county.

There are at least two efforts locally to create panelized product or modular units: Timber Age and Higher Purpose Homes. Both companies are making progress in developing their prototype development units. Local leaders also have reached out to regional modular companies like Indie Dwell and Fading West. The team interviewed staff at a prominent housing agency in metro Denver that is exploring the creation of a modular strategy at scale and received suggestions of some additional companies to be interviewed. Their approach is to develop an incentive package that would include early funding and guaranteed scale, and would remove some of the local land-use roadblocks to modular housing. This incentives approach is a common one and is something for La Plata County stakeholders to consider; a local agency needs to champion this approach and help select one or more modular companies that can increase housing stock in the next 24 months. An entity willing to lead this effort would need to undertake the following next steps for feasibility:

- Ensure local land-use regulations are compatible with the standardized dimensions required to ship units.
- Conduct a market study to show demand and potential local absorption rate for modular units.
- Initiate preliminary discussions with local governments to identify any possible incentives for locating in the county. State incentives prioritize counties with lower AMIs, therefore entrepreneurs interested in starting a modular company may be more interested in locating in neighboring counties. While it would still benefit La Plata County residents to have a modular factory nearby, the county might lose out on the job creation that would accompany the new business.
- Identifying where modular housing could be placed throughout La Plata County, and assisting with the entitlement process will be a key action to confirm feasibility. Looking at lot availability over the next 24 months as well as possible lots available within a five-to-10-year horizon is critical to creating enough scale for modular to become a permanent tool for the community's workforce housing efforts.

**2024 Update:** Modular construction is gaining traction locally; the Gauge Apartments recently used modular components in its construction and at least two efforts: affordable housing at Twin Buttes and Rock Creek, are in process with modular company, Fading West out of Buena Vista, to build local product. Fort Lewis College's rental development is in early stages of exploring modular construction as well. The state has new funding available for modular companies and the first funding cycle resulted in Timber Age Systems receiving funding up to \$680,000 for the construction of 66 housing units in their local factory in Mancos.

## SUPPORT RESOURCES FOR INFRASTRUCTURE DEVELOPMENT

Coalesce around “big idea” local projects that bring together city and county resources as well as private funds to create development at scale.

**2022 Recommendations:** As of May 2022, three primary projects are being discussed that could provide significant opportunities for below-market housing: (1) Three Springs Phase 2a; (2) La Posta Road Annexation; and (3) the Sinton property in the county. All three are in various stages of development and will require that the City of Durango either change existing development agreements to increase units and mitigate costs of development for hundreds of units; consider an annexation that would increase lots for housing in the 300-400 unit range; or look at possible projects next to city limits to develop a below-market subdivision through a public-private partnership. The city, county and other partners would be asked to offset infrastructure costs in at least two of the above scenarios. The challenge in moving any of these major projects forward is a lack of consensus on which projects to pursue, primarily because additional information and technical assistance is needed. The consulting team was asked to provide some guidance on how to coordinate countywide to both select a project or projects to fully implement, define roles and responsibilities, and manage how to share costs for these various initiatives.

Much of the decision-making about which projects to pursue should use a site-prioritization matrix approach, a best practice in the housing field and a transparent way to select projects that may receive significant public investment. The consulting team recommends using the Catalyst Fund committee discussed above to coordinate a process to decide in the next 60 days which regional initiatives to support. This is a short-term solution to moving this process forward while the RHA searches for an executive director. In the long run, it may make more sense for this kind of multi-year coordination to happen through the Regional Housing Alliance.

- Basic site selection criteria should include the following:
- Site has infrastructure, water and sewer. (If the project does not have infrastructure, it must include a cost estimate and strategy for public funding.)
- Site is developable (slopes, soils, access, etc.).
- Project owner is willing to partner and enter into a formal agreement to provide below-market lots or units or both.
- Total costs for a home through this project will result in below-market unit prices. This should be verified through HomesFund’s annual affordability analysis.
- Development sponsor has experience in development directly or through a consulting team.
- Project’s location is near services and traffic impacts have been considered.
- Projects that are receiving or have received public financial support should be prioritized.

Site prioritization table for regional project selection								
Site Description	Willing landowner	Infra.	Zoning	Services	Site is developable	Land/lot costs	Local govt support	Priority
Site A	2	0	1	0	2	2	0	<b>7</b>
Site B	1	3	2	1	2	1	1	<b>11</b>
Site C	0	1	3	1	3	0	0	<b>8</b>
Rank (0 is worst, 3 is best for category)								

## Scoring criteria matrix:

Considerations	Ranking Level			
	0	1	2	3
Willing landowner	Owner not yet contacted or uninterested in selling or complex ownership	Owner interested in market rate sale only	An owner who may be open to below-market housing	City/County owned land or an owner committed to below-market housing
Infrastructure availability	No infrastructure present or planned near site	Plan for infrastructure extension in place	Major infrastructure available near the site	Horizontal infrastructure already present
Appropriate zoning	Incorrect zoning	Incorrect zoning, but smooth process anticipated	Zoning change pending to intended use	Zoned for intended use
Proximity to services	More than two miles from services and no bus stop	Less than two miles to services and public transit available	Less than a mile to services and public transit available	Services in walking distance
Developable topography/access	Not a flat site, floodplain issues, soil issues, access issues	Has some challenges and all issues not yet known	All issues known and solutions are costly but feasible	Has access and all known challenges and still feasible
Land/lot costs	Land not for sale	Land available at market rate	Land available at discounted cost	Land available at no cost to the development
Local Government Support	No active conversations about support	Conversations happening but no formal commitment	Some commitment for Staff time and resource	Major funding commitment via infrastructure or direct funds

The Catalyst Fund Steering committee can add criteria. The committee would invite projects to submit a letter of interest in receiving support from the fund; projects would then be vetted by the committee. The project selected would receive predevelopment grant funding and technical assistance from the committee members. The team recommends considering a large predevelopment grant in 2022 to catalyze a regional project to move forward with public and private support by fall of 2022.

Unlike other projects that may apply for support from this new fund, this one big regional project will require significant funding and consulting support and an unprecedented level of coordination between local governments. The team anticipates that new policies would be developed through a pilot project that could then be applied to other future projects. In the appendix of this report is an example of a model in which local governments have significantly supported infrastructure development that has led to creation of below-market housing (Nonprofit Development Models).

The City of Durango is actively working on these efforts identified below:

- a. City staff engaged with a consultant to explore options for redoing the development agreement with Three Springs to open up more land, provide greater density and explore other tools to create more below market housing in the near future. There are also conversations regarding how the City could help cover costs for roads and infrastructure to move development of this next phase at Three Springs forward and to help offset costs for units.
- b. Secondly, the city is currently considering funding predevelopment and infrastructure to facilitate annexation of land in the La Posta Road redevelopment area. This decision should be made by June of 2022 and will be another indication of commitment for this large scale effort to move forward.
- c. La Plata County has had multiple conversations with a private owner who is interested in providing a below-market housing subdivision east of Durango that is currently not receiving city services. This parcel also shows promise but may need to wait until these two city led initiatives have completed feasibility.

It's important to note that the scale of new development being discussed is unprecedented: There are over 1,600 units in process throughout the three incorporated communities and these major regional efforts identified could yield several hundred additional units. It is critical that the community monitor the housing market on a regular basis and continue to look at absorption rates by project and location before major investments are made.

**2024 Update:** The City of Durango has prioritized City owned land located at 1500 Florida Road and released a Request for Qualifications in the Summer 2022 with a Notice of Award to Durango Crossings LLC, the adjacent land owner, to leverage city owned assets through public/private partnership to develop the vacant land to create a large mixed-income development that includes mixed use and rental and ownership opportunities with a minimum of 50% of the units to be affordable and for local workforce. Use of the URA financial incentives will help support infrastructure construction.

The City has committed \$400,000 towards infrastructure planning and design and the design of a land trust neighborhood in the Three Springs area. This effort will require partnership between the County, School District, City, and the developer. The City has also assessed a number of detailed components impacting successful development in three springs including funding consultant support to update the development agreement.

The City and County are contributing \$575,000 to design necessary infrastructure to allow annexation of The La Posta area. There will be multiple benefits to annexation including environmental preservation, job creation, business expansions, and creation of a diverse mix of housing options. Partnership is needed among South Durango Sanitation District, the Southern Ute Indian Tribe, landowners, City, County, and others. This may be a good area for use of Urban Renewal Authority (URA) to fund construction of mainline infrastructure that would serve the entire planning area. The City anticipates working with landowners on annexation in the next few years.

The City has also been involved in the planning and development of the Sinton property, which is located in the joint planning area; this is slated to be a manufactured home community with individual lot rents. The City Council has approved the Comprehensive Plan Amendment which would allow for utilization of city water on the property.

## PRESERVATION

Provide local funding for technical assistance, predevelopment and permanent financing for mobile home park preservation.

**2022 Recommendations:** Mobile homes represent some of La Plata County’s last remaining, unsubsidized affordable housing units. In recent years, throughout Colorado and the nation, real estate investors have seized the opportunity to purchase mobile home parks in the interest of collecting revenue, primarily by aggressively raising lot rents. This has a devastating effect on many mobile home communities, resulting in significant hardship and displacement of residents already earning modest incomes. A 2020 study from Apartment List found that the average annual household income for those living in mobile homes in the United States was \$34,000 — approximately half of that earned by those living in stick-built homes.

One emerging tactic to preserve mobile home park affordability is Resident Owned Communities or ROCs, wherein mobile home park residents organize to collectively purchase their parks. Animas View, Westside, and Triangle Mobile Home Parks are recent examples of La Plata County mobile home parks that have successfully negotiated resident-driven acquisitions. Recent state legislation (HB22-1287) has enacted provisions to give residents more time, resources, and rights regarding making an offer when their park is put up for sale, but the process remains exceedingly challenging.

The team recommends that La Plata County and the City of Durango keep mobile home park preservation as an active use of local funds for housing projects. What would increase efforts to preserve parks in the future is if both entities created a formal program to provide feasibility grants and funding for resident organizing. Investing \$200,000 a year

could significantly increase the likelihood of more parks being preserved in the near future. The Regional Housing Alliance or La Plata County could also support a mobile home park advisory committee and ask members from the three parks that are going through or have completed a preservation initiative to spearhead ongoing strategy work in this field. Finally, parks that have been actively acquired will need ongoing support for infrastructure improvement, home repair, and home replacement. Although there are funds at the state level to support this work, it is likely that local government funds will be needed for the match to improve and stabilize these communities.

**2024 Update:** Westside and Triangle Mobile Home Parks are moving forward through the leadership of the existing owner, Elevation Community Land Trust (ECLT). ECLT is preparing to start the annexation and redevelopment process in April of 2024. Animas View Mobile Home Park Co-op is pursuing funds to upgrade critical infrastructure in the park. There have been other mobile home parks that have been identified for potential acquisition in Bayfield and Durango, but without significant funding or technical assistance; all efforts should focus on ensuring the three parks under redevelopment and preservation now get the support that they need to be successful. These projects are long-term; require significant subsidy, and the full redevelopment model and process is still being developed. The RHA and EDA team should continue to monitor funding and technical assistance opportunities for parks given the critical role they will continue to play in providing affordable housing.



## Provide Private Activity Bond allocations to preserve existing affordable rental housing.

**2022 Recommendation:** Private Activity Bonds (PABs) are described earlier in this report and are essential when looking at financial resources to preserve existing affordable housing communities. The team anticipates that local projects that were built 20 years ago or later will be coming in and soliciting resources for refinancing and renovation in the next two years. For this reason, it's critical for the PAB coordination to happen and for this limited resource to be committed to either local preservation efforts or new construction projects at scale.

**2024 Update:** The City of Durango coordinates with the County annually on PAB allocations and eligible projects. The Housing Innovation Division has received from DOLA, the City of Durango Private Activity Bond Allocation Letter for 2024 with an amount of \$1,224,222. PABs are based on statewide population and then allocations to designated local issuing authorities, and Durango became eligible for allocation in 2020-current. PABs fund privately developed projects and are primarily used in development of the very competitive Low-Income Housing Tax Credit (4%) projects (e.g. Residences at Durango). The bonds are tax-exempt, and the amount of bonds issued are limited by the IRS. Underwriters use investor money called 'bond proceeds' to make a loan to a project. The project then pays back the loan and the investors are repaid, plus interest. Municipalities or housing authorities issue the bonds, but have no obligation to repay the investors. Investors purchase the bonds. Each year, the city has worked with our outside legal counsel, in advance of the deadline to ensure we bring this before the City Council in a Resolution. Currently, Miremonte with Volunteers of America is in a feasibility stage for a Phase II and have expressed interest to CHFA and the City of Durango for a 4% LIHTC application in August 2024 for 66 unit development.

## LOCAL HOUSING FUND

### Develop and fund a dedicated resource to support local housing.

**2022 Recommendation:** Between the federal and state governments there is an historic amount of funding available to address housing needs, but even with the increased resources, there are still gaps in La Plata County's housing continuum that funding won't address. Many communities are establishing local housing funds to have more local control over how funding can be used and to provide a steady and reliable funding source. A local housing fund can be replenished through a lodging tax, luxury tax, mill levy, sales tax, or some combination thereof. The newly established RHA will form a committee to research which tool or combination of tools makes the most sense for La Plata County.

The Regional Housing Alliance was created as a multi-jurisdictional housing authority in 2005 and one of its primary purposes was to create a local housing fund. The statute passed in 2003 describes how local governments can come together to form this special entity and levy public funds or facilitate bond financing to provide resources and support for housing activities.

In May of 2022 the Regional Housing Alliance, which reconstituted a board of directors over a year ago, confirmed their interest in assessing housing trust fund revenue sources over the next six months and putting forth recommendations to a broader community stakeholder group.

Specifically, the next steps for exploring a public revenue source would include creating a steering committee with various stakeholders represented, requesting consulting support through Healthier Colorado, a state group that is funded to support local communities working on public finance options, and working through various options with this core group to put forth recommendations by the end of 2022.

**2024 Update:** As mentioned above, the RHA received a technical assistance award from DOLA to support capacity building. Part of that work included a fall RHA board retreat in 2023 where the RHA board decided to investigate the feasibility of a local funding stream for housing. In 2024 the RHA launched a STEER Committee to explore possibilities and anticipates making a decision on a local initiative by the fall for implementation in 2025 or 2026.



## ONGOING EDUCATION AND ADVOCACY

Continue and expand housing engagement efforts in the community.

**2022 Recommendation:** Consistent educational programming, messaging, and community engagement opportunities are needed to build the public's will and support for the actions identified in this strategy. The Economic Development Alliance and nonprofit entities such as HomesFund, Habitat for Humanity, and Housing Solutions will continue to provide ongoing opportunities to its members and the Regional Housing Alliance is poised to take on activities for local government members. We have learned that without this ongoing function, programs critical to providing these opportunities can be underfunded and projects can be shut down if they need additional land-use approvals through the public process.

**2024 Update:** In 2023, with the launch of the Catalyst Fund, the EDA team, in partnership with Project Moxie, launched a Workforce Housing 101 series. In 2024, the RHA will host the first ever Coming Home Regional Housing Summit. The purpose of the summit is to highlight work in the area; pull in best practices from other communities and engage local leaders more deeply in solutions for the local housing crisis, while building support for bold solutions like a dedicated funding stream for a countywide housing trust fund.

## EMPLOYER INITIATIVES

**2022 Recommendation:** Throughout this document there are examples of how employers have stepped in and provided support or resources. We wanted to create a separate section in this strategy to emphasize their leverage and resources and continue building out partnerships with this critical stakeholder group. Economic Development Alliance will continue holding forums and discussions with employers to help them find ways to address their unique employee housing needs while also supporting broader community efforts. Some of the primary tools and strategies that will be considered moving forward include:

- Following up on employer owned sites and using the Catalyst Fund to finance early due diligence.
- Sharing best practices on housing stipends or pay adjustment models to address housing costs.
- Providing information on master leasing and motel conversion opportunities.
- Continuing exploring shared housing navigation services.
- Promoting additional employer sponsored mortgage funds.

**2024 Update:** Employers continue to discuss interest but there have not been any new employer assisted programs since the original plan was created.

## STRATEGIES FOR FUTURE CONSIDERATION

In addition to the priority strategies above, there are other tools that can be used to promote housing affordability; these should be considered as implementer capacity increases.

### Coordination

- Apply for joint funding opportunities one or two times a year using local funds matched with state funds.
- Provide funding for Accessory Dwelling Unit development.
- Coordinate underwriting of projects using shared criteria.
- Develop a public land development pipeline. This would require a deeper analysis of sites and coordination among players to achieve alignment.
- Formalize a housing coalition with a focused effort for sources of funds for housing.
- Share definitions and HomesFund AMI price schedule and augment for new categories.
- Coordinate county-wide development subsidy applications.
- Catalog affordable housing opportunities by establishing or joining a database that tracks affordability covenants and unsubsidized affordable housing.
- Connect landlords with tools and resources that enable them to maintain affordability.

- Provide underwriting and support for preservation loans.
- Provide support for Habitat for Humanity home development.
- Provide support for Elevation Community Land Trust home development.
- Consider expanding Housing Solutions housing rehab programming with local funding.

### Land Use

- Allow density bonus-by-right for below-market housing; expand where housing is a use-by-right.
- Fast track development review processes for projects that meet specific community goals and parameters for below-market housing.
- Review and modify land-use regulations to support density and scale.
- Update and implement the Fair Share ordinance.

### Strategic Investment

- Create a plan for infrastructure cost sharing
- Develop a formal regional land bank strategy



## DEFINITIONS

### **ACCESSORY DWELLING UNIT (ADU)**

A small unit that is “accessory” to the main home. This may be a freestanding building, an apartment above a garage, or incorporated in the main structure but with separate entrance, kitchen, and bath.

### **AMERICAN RESCUE PLAN ACT (ARPA)**

Federal funding as part of Covid-19 recovery legislation. Communities have considerable discretion in how funds are invested locally.

### **AREA MEDIAN INCOME (AMI)**

The midpoint of the income distribution for a specified geography. Half of households in the region earn more than the AMI and half earn less. AMIs are used at the county level by the US Department of Housing and Urban Development (HUD) to set income and rent limits for affordable housing programs statutorily linked to HUD income limits.

### **COLORADO HOUSING AND FINANCE AUTHORITY (CHFA)**

Colorado Housing and Finance Authority - administers housing tax credits and provides mortgage funding.

### **PREDEVELOPMENT**

The process of taking land from concept to “building permit ready.” This involves architectural design, engineering, local land use approvals, and securing financial commitments.

### **REQUEST FOR PROPOSAL (RFP)**

A competitive, transparent process for securing services. RFPs can be used to find a suitable development partner for community housing.

### **SHORT TERM RENTAL (STR)**

Lease and occupancy of a residential unit for less than 30 days, typically. Often brokered by sites like VRBO and Airbnb.

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**Andy Hawk**, Co-Founder, Timber Age Systems

# APPENDIX

## RENTAL GAP ANALYSIS

To identify the per unit development cost gaps for rental housing the team created a proforma reflecting current development costs and affordable rental rates based on the 2022 Rent and Income Limits published by CHFA.

### Notes:

- Because this is not site specific there are no land costs reflected in this analysis.
- It would be infeasible to build a 30 unit development of all 3 bedroom or all 4 bedroom units, this analysis is for illustrative purposes only.
- No additional square footage for circulation has been added.

**Preliminary Development Costs for a 30 unit development modeled four times as all 1 bedroom units, all 2 bedroom units, all 3 bedroom units, and all four bedroom units:**

	1bd	2bd	3bd	4bd
Square footage/unit	600	900	1,200	1,400
Total square footage	18,000	27,000	36,000	42,000
Acquisition	--	--	--	--
Site Improvements	--	--	--	--
Hard Costs @ \$250/sf	\$4.5M	\$6.75M	\$9M	\$10.5M
Professional Fees @5% of HC	\$225k	\$338k	\$450k	\$525k
"Construction Finance				
5.75% @ 60% accrual over 1y"	\$148k	\$222k	\$296k	\$345k
Permanent Finance	Varies based on loan size			
Soft Costs @100/sf	\$1.8M	\$2.7M	\$3.6M	\$4.2M
Developer Fee @ 8% HC+SC	\$504k	\$756k	\$1M	\$1.2M
Reserves	\$235k	\$277k	\$317k	\$351k
<b>Total Development Costs</b>	<b>\$7.5M</b>	<b>\$11.1M</b>	<b>\$14.8M</b>	<b>\$17.2M</b>
<b>Development Costs per unit</b>	<b>\$248,670</b>	<b>\$370,123</b>	<b>\$491,508</b>	<b>\$572,818</b>

<sup>2</sup> Development Costs are based on the financing costs and reserve rates for the 80% AMI scenario

## Operating Revenue and Expenses for 80% AMI

	1bd	2bd	3bd	4bd
Monthly Rent per unit	\$1,472	\$1,766	\$2,041	\$2,276
Annual Rental Income	\$530k	\$636k	\$735k	\$819k
Vac Rate 7%	(\$37k)	(\$45k)	(\$51k)	(\$57k)
EGI	\$493k	\$591k	\$683k	\$762k
"Operating Expenses	\$4.5M	\$6.75M	\$9M	\$10.5M
PUPA \$5,100"	\$153k	\$153k	\$153k	\$153k
NOI	\$340k	\$438k	\$530k	\$609k
Conventional Loan @ 5.16%; 1.15 DSCR	\$4.8M	\$6.2M	\$7.5M	\$8.6M
<b>Total Development Gap</b>	<b>\$2.7M</b>	<b>\$5M</b>	<b>\$7.3M</b>	<b>\$8.6M</b>
<b>Per Unit Gap</b>	<b>\$88,670</b>	<b>\$165,123</b>	<b>\$243,175</b>	<b>\$287,750</b>

## Operating Revenue and Expenses for 95% AMI

	1bd	2bd	3bd	4bd
Monthly Rent per unit	\$1,748	\$2,097	\$2,423	\$2,703
Annual Rental Income	\$629k	\$755k	\$872k	\$973k
Vac Rate 7%	(\$44k)	(\$53k)	(\$61k)	(\$68k)
EGI	\$585k	\$702k	\$811k	\$905k
"Operating Expenses	\$4.5M	\$6.75M	\$9M	\$10.5M
PUPA \$5,100"	\$153k	\$153k	\$153k	\$153k
NOI	\$432k	\$549k	\$658k	\$752k
Conventional Loan @ 5.16%; 1.15 DSCR	\$6.1M	\$7.8M	\$9.3M	\$10.6M
<b>Total development gap</b>	<b>\$1.4M</b>	<b>\$3.4M</b>	<b>\$5.6M</b>	<b>\$6.7M</b>
<b>Per Unit Gap</b>	<b>\$47,108</b>	<b>\$113,971</b>	<b>\$185,629</b>	<b>\$222,211</b>

## Operating Revenue and Expenses for 110% AMI

	1bd	2bd	3bd	4bd
Monthly Rent per unit	\$2,024	\$2,428	\$2,806	\$3,130
Annual Rental Income	\$729k	\$874k	\$1M	\$1.1M
Vac Rate 7%	(\$51k)	(\$61k)	(\$71k)	(\$79k)
EGI	\$678k	\$813k	\$939k	\$1M
"Operating Expenses	\$4.5M	\$6.75M	\$9M	\$10.5M
PUPA \$5,100"	\$153k	\$153k	\$153k	\$153k
NOI	\$525k	\$660k	\$786k	\$895k
Conventional Loan @ 5.16%; 1.15 DSCR	\$7.4M	\$9.3M	\$11.1M	\$12.6M
<b>Total development gap</b>	\$190k	\$2M	\$3.8M	\$4.7M
<b>Per Unit Gap</b>	\$6,347	\$66,016	\$126,484	\$158,271

## Operating Revenue and Expenses for 125% AMI

	1bd	2bd	3bd	4bd
Monthly Rent per unit	\$2,300	\$2,759	\$3,189	\$3,556
Annual Rental Income	\$828k	\$993k	\$1.1M	\$1.3M
Vac Rate 7%	(\$58k)	(\$70k)	(\$80k)	(\$90k)
EGI	\$770k	\$924k	\$1.1M	\$1.2M
"Operating Expenses	\$4.5M	\$6.75M	\$9M	\$10.5M
PUPA \$5,100"	\$153k	\$153k	\$153k	\$153k
NOI	\$617k	\$771k	\$915k	\$1M
Conventional Loan @ 5.16%; 1.15 DSCR	\$8.7M	\$10.8M	\$12.9M	\$14.6M
<b>Total development gap (surplus)</b>	(\$1.1M)	\$494k	\$2.1M	\$2.8M
<b>Per Unit Gap (surplus)</b>	-\$36,014	\$16,462	\$68,938	\$94,331



## EMPLOYER SURVEY

To supplement individual stakeholder interviews, we conducted an online survey geared toward employers of all sizes throughout La Plata County. The purpose of the survey was to quantify the impact of the housing shortage on employers' ability to hire and retain employees and thereby maintain and grow their businesses, as well as to identify potential opportunities for employer-sponsored housing solutions and/or public private partnerships.

In total, 58 individuals completed the survey. These individuals represent a range of small to midsize businesses all the way to some of the region's largest employers including the Southern Ute Growth Fund, Animas Surgical Hospital, Fort Lewis College, 9-R, and Peak Food & Beverage.



### Key Takeaways from Employers on Housing Shortage Impacts:

<p><b>90%</b> of employers report that the housing shortage is affecting their business</p>	<p><b>60%</b> of employers report that they have raised wages as a direct result of the housing market</p>
<p><b>63%</b> of employers surveyed report having difficulty hiring due to the housing shortage</p>	<p><b>33% or 1 in 3</b> employers say that housing stress is affecting morale and/or performance</p>
<p><b>63%</b> of employers report that wages cannot keep up with housing cost</p>	<p>On average, employers are reporting <b>6 vacant positions</b>, with some larger employers reporting well over 30 vacancies</p>

In sum, it is clear that few businesses in the area have been spared from the impact of the region's housing woes. The most pronounced impact can be seen in difficulty hiring and retaining talent, even with the majority reporting having raised wages to offset housing costs.

The vast majority (over 90%) of employers completing the survey expressed interest in learning more about a partnership with other employers in the area to invest in housing through a collaborative opportunity, and nearly 70% indicated interest in taking part in a focus group.

These employers will be invited to an online forum in March facilitated by our team in order to provide direct feedback on the strategies proposed in this memo.

When asked what their organization might bring to the table in a partnership with another organization or local government, 40% of respondents said they could contribute financial resources (co-investment in local real estate, mortgage assistance, and commitment to inventory investment), and 8 respondents reported having land that could be considered for housing development.

Finally, the survey provided the opportunity for employers to provide comments about how the housing crisis is affecting their business as well as any ideas for addressing it. Some noteworthy quotes and highlights are included below.

**Q: Tell us about the specific ways the housing crisis has affected your business.**

“We currently have employees looking for their future home. Will we be unable to keep these qualified, good individuals if they can't find affordable housing.”

“Last summer, our staff ballooned to 45 employees as we brought on ~20 seasonal staff to address the growth in recreation on public lands. Many of our staff lived in their cars or camped since they could not find housing.”

“Due to staffing challenges, I have had to shorten my business hours and be closed 2 days a week.”

“0 employees live in Durango and only 3 live within 30 minutes of work. The rest commute from rural LPC, Aztec, Bloomfield, Farmington and even Shiprock. Commuting is a huge commitment of time and money for employees.”

“A new employee moved to Durango and found no availability beginning January 1st and I needed to put him up in a hotel for the month.”

“Easier to tell you how it has not.”

**Q: What ideas do you have for how the community should address the housing crisis?**

“When housing developments are classified during the development process as affordable or attainable, there must be a mechanism in place to guarantee these developments remain affordable or attainable.”

“The City/County planning process is onerous and costly. There is almost zero incentive for planners to work with a developer or builder. The length of time that it takes to muddle through the process, as well as the requirements that are imposed create high costs that must be passed on to homeowners.”

“Work with/support/incentivize contractors looking to build smart, efficient, average-income homes in the area.”

“Public/private partnerships, innovative manufacturing solutions, deed restrictions, workforce subsidizing.”

“Focus on increasing new housing supply, density, and scale where infrastructure supports it. City annex and invest in infrastructure in joint planning areas where jobs, schools, transportation, and services exist or can be expanded (i.e. Grandview, La Posta).”

## RESOURCES TO SUPPORT IMPLEMENTATION

### Coordinated Support for State Funding Applications.

Once a year the Regional Housing Alliance or another entity should issue a letter of interest opportunity for developers and sponsors interested in applying for the local Private Activity Bond (PAB) cap, 4% tax credits or 9% tax credits from CHFA. The letter of interest should be kept brief but ask for enough information for the community to assess potential development opportunities and select projects to support.

CHFA currently has three funding rounds a year for LIHTC; February, April and August. In order to provide support for any applications the local LOI process should happen in the fall of the prior year, ie. October 2022 for 2023 applications. If no one submits an LOI the agency should accept LOIs in the spring as well. This process will be simple, but will yield significant opportunities to coordinate these critical resources.

The entity managing this process would release the LOI process, close it and convene a committee or use the RHA board to review applications.

If there is more than one project requesting support the projects should be ranked using the following factors:

1. Developer experience
2. Readiness to proceed, site control, zoning, market data etc.
3. Development timeline
4. Project type
5. Partnership with local agency (versus private developer only)

Once projects are ranked, only one 9% LIHTC and one 4% LIHTC plus PAB cap project should be selected for support annually to ensure local projects do not compete against each other.

Given the competitive nature of these programs, the community should anticipate the following level of demand for these resources:

PAB plus 4% CAP, a project every other year at the most; the next project will likely be a preservation request for an existing affordable housing portfolio. PAB plus 4% projects require larger scale (usually over 80 units unless there is rental subsidy).

The 9% LIHTC is extremely competitive and the community should expect a possible award every few years. As such, it is critical that only one application from the area go in at a time.

## Sample Template for PAB/LIHTC Letter of Intent

Dear Members of the Board,

I am requesting support for an upcoming development project in [ jurisdiction ]. Project details are described below:

1. Developer
2. Project Site
3. Project type (senior, family, special needs)
4. Scale, unit mix and income targets
5. Select one:  

New construction / preservation
6. Development timeline
7. Funding sources being requested; select one or more as needed:
  - a. PAB cap
  - b. 4% LIHTC application
  - c. 9% LIHTC application
  - d. Local gap support

8. Local agency partner; if yes, please indicate which agency will be partnering:

Yes / No

9. Three references for the developer (community, funder, investor):

Thank you for your consideration.

Sincerely,

[Applicant name]

## Deed restriction samples

[Eagle County Good Deeds Program](#)

[Good Deeds Resolution](#)

[Summit County Housing Helps Program](#)

[Amended Frisco Housing Helps Resolution](#)