

**RHA S.T.E.E.R. Advisory Committee
Notes**

Date: March 3, 2025

Time: 1-2:30 p.m.

Location: Center for Innovation, 835 Main Ave., 2nd Floor Ste. 225, Durango

First Meeting of 2025 - Tax Strategy Research & Revenue Stream Evaluation

Attendees:

Pat Vaughn, RHA Chairman
Sarah Tober, Economic Development Alliance
Brad Blake, Pine River Commons Developer
Brian Crawford, Resident
Chris Coleman, Durango School District
Eric Guttormson, First Southwest Bank
Heather Hawk, Executive Director of ECC of LPC
Dan Hunt, Animas View Mobile Home Park Co-Op & MHP Non-profit
Liza Tregillus, Southwest Homeshare Program
Pam Moore, HomesFund
Briggen Wrinkle, Community Foundation
Stella Zhu, Basic Needs Coordinator, Fort Lewis College
Eva Henson, Contract Director for Regional Housing Alliance
Deedee Schadt, Contractor with RHA

1. Welcome and Introductions

The meeting began with round table introductions and an overview of reconvening the Stakeholder Taskforce Evaluation and Endorsement Revenue-streams advisory committee that is established to help the Regional Housing Alliance of La Plata (RHA) explore local funding sources for below-market housing for low-to-moderate income residents. Eva also provided background on the RHA's history.

2. S.T.E.E.R. Advisory Committee

The committee will consist of relevant community members and stakeholders, meeting over the next 3 months and reporting back to RHA Board before their June meeting.

Outcome: Recommend a strategy to establish a sustainable countywide housing fund – or explain why it's not feasible for 2025 and whether it could be in future years.

RHA's role: RHA is best position to:

- Coordinate local government technical assistance
- Track countywide project pipelines and requests for interagency resources
- Implement a long-term funding source for housing initiatives in La Plata County
- Funds from a potential tax would be administered by the RHA Board (representing La Plata County which is governed by Board of Directors representing four local governments)

2. Recap of Previous Meetings

Review:

- The need for additional housing funding in La Plata County (LPC) remains unchanged since 2024.
- RHA formed a taskforce to explore more funding options.
- Affordable housing should not exceed 30%–33% of household income. When it does, households are considered cost-burdened.
- The Area Median Income (AMI) report from HUD will be available in April/May 2025.
- The Catalyst Fund has enabled the development of housing units such as Pine River Commons and Rock Creek.
- The Catalyst Fund initially had a \$1M budget, but there is hope to increase this to have a more significant impact.
- The median home value in La Plata County is now \$675,827, a 70% increase over the past 5 years.
- Housing production has significantly slowed in the last 15 years.

3. Overview of New La Plata Housing Needs Assessment Report

- Since 2012, job growth has outpaced housing production.
- Median home prices are unaffordable for the local workforce. Essential workers are particularly impacted by high housing costs.
- There is a lack of affordable and entry-level housing products in Durango, and no local funding source to help with this issue.
- State funding options are limited and often ineffective for this purpose.

Takeaway: Current needs – **mismatching in supply** and demand by price point. Projected housing needs over the next 5 years with a range of <30% AMI – 150% AMI)+

Figure ES-10. Projected Housing Needs through 2029

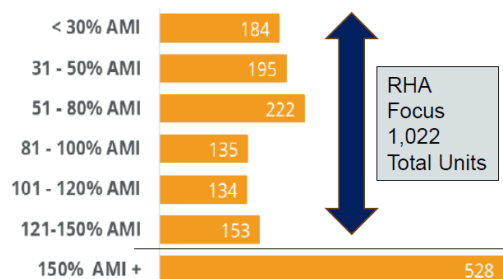
Units Needed over 5 years (through 2029):

1,550 Total Units

1,100 ownership units

450 rental units

Units Need by Income/Affordability Level



Source: Colorado State Demographer and Root Policy Research.

Discussion: Municipal governments have explored housing options, but many projects lack a viable profit margin. RHA plays a critical role in addressing these challenges, and while various housing projects are in the pipeline, financial sustainability remains a concern. To continue making progress, RHA requires a stable, non-political funding source. The RHA's funding mechanisms have proven effective, but for long-term success, it must be able to operate independently. Additionally, external funding sources often expect local investment to demonstrate commitment.

Takeaway: Essential workers **cannot afford** median home sales prices in City of Durango; and many are cost burdened if paying rent

Figure III-8. Worker Affordability, La Plata County, 2022

Industry	Median Annual Earnings	Median Rent \$1,344 in 2022		Median Home Price \$630,667 in 2022		
		Max Affordable Rent	Can Afford Median Rent?	Max Affordable Home Price	Can Afford Median Home	Can Afford Median Home Price with 1.5 Earners per Household?
Goods Producing						
Agriculture, Forestry, Fishing	\$42,202	\$1,055	no	\$137,709	no	no
Mining, Quarrying, and Oil and Gas	\$95,741	\$2,394	yes	\$312,412	no	no
Construction	\$47,486	\$1,187	no	\$154,951	no	no
Manufacturing	\$45,436	\$1,136	no	\$148,262	no	no
Service Producing						
Wholesale Trade	\$60,833	\$1,521	yes	\$198,504	no	no
Retail Trade	\$29,929	\$748	no	\$97,661	no	no
Transportation and Warehousing	\$71,071	\$1,777	yes	\$231,912	no	no
Utilities	\$67,069	\$1,677	yes	\$218,853	no	no
Information	\$54,350	\$1,359	yes	\$177,349	no	no
Finance and Insurance	\$63,018	\$1,575	yes	\$205,634	no	no
Real Estate and Rental and Leasing	\$60,772	\$1,519	yes	\$198,305	no	no
Professional, Scientific, Technical Services	\$82,750	\$2,069	yes	\$270,021	no	no
Admin and Support and Waste Management	\$34,440	\$861	no	\$112,381	no	no
Educational Services	\$44,327	\$1,108	no	\$144,643	no	no
Health Care and Social Assistance	\$51,880	\$1,297	no	\$169,290	no	no
Arts, Entertainment, and Recreation	\$16,698	\$417	no	\$54,487	no	no
Accommodation and Food Services	\$26,196	\$655	no	\$85,480	no	no
Other Services	\$37,642	\$941	no	\$122,830	no	no
Public Administration	\$63,348	\$1,584	yes	\$206,711	no	no
Total Employment	\$44,757	\$1,119	no	\$146,046	no	no

Note: Median rent was \$1,344 in 2022 and the median home sales price was \$630,667 in 2022. Mortgage assumptions include a 6.50% interest rate, 25% of monthly mortgage payment for ancillary ownership costs (insurance, taxes, HOA, etc), and a 10% downpayment.
Source: 2022 5-year ACS, Zillow and Root Policy Research.

4. Presentation of Narrowed List of Funding Strategies

Other Funding:

- **State Funding:** While it could be useful, state funding involves excessive red tape and inefficiency, making it difficult to leverage for local projects.
- **AHIF Money:** First Southwest Bank administers AHIF funding, which can be used for grants or loans with fewer restrictions.
- **CDFI Banks:** First Southwest Bank, a Community Development Financial Institution, can attract local deposits and offer below-market interest rates with fewer conditions. can support rehabs, land purchases, and infrastructure development.
- **Proposition 123:** This is an excellent funding source, but it is oversubscribed and will not meet the high demand statewide. RHA needs immediate solutions.

The RHA must operate independently to remain effective and less vulnerable to political fluctuations. The County lacks universal water and sewer infrastructure, which is a challenge. Three Springs Village II represents the next opportunity for large-scale development.

Common Uses of Local Funding: Acquisition, preservation, rehabilitation, capital investment, match/leverage funding, gap finance, programs, capacity to do the work

RHA Funding Needs: \$2 Million Annually

<ul style="list-style-type: none"> • RHA Operations (e.g. Staff – 3) <ul style="list-style-type: none"> - Executive Director - Housing Programs & Communications Manager - Administrative & Finance Coordinator - General Operating/Financial Systems 	\$500,000
<ul style="list-style-type: none"> • Catalyst Fund 	\$400,000
<ul style="list-style-type: none"> • Catalyst Revolving Loan Fund 	\$500,000
<ul style="list-style-type: none"> • Land Acquisition & Land Banking 	\$500,000
<ul style="list-style-type: none"> • Other Opportunities • Resources/Programs/Support (e.g. consultants and legal) 	\$100,000

5. Legal and Financial Assessment Update

RHA will leverage the DOLA Local Planning Capacity Grant to contract with a legal firm and financial analyst firm to assist with the S.T.E.E.R. initiative.

- **Clarify Housing Needs:** Use the La Plata Housing Needs Assessment to prioritize and quantify housing gaps across income levels.
- **Connect Needs to Revenue Streams:** Evaluate the narrowed list of funding strategies to ensure they align with housing needs and long-term sustainability.
- **Evaluate Feasibility and Impact:** Assess the financial, legal, and administrative feasibility of each revenue option. Consider potential barriers to implementation.
- **Weigh Long-Term Viability:** Compare the short- and long-term potential of each revenue stream.
- **Build Toward Endorsement:** Develop a clear set of recommendations for future action based on feasibility assessments.

A discussion on potential funding sources will continue at the next meeting.

6. Discussion and Next Steps

Open Discussion:

- There was discussion on the income generated from 1A.
- 1A Proposition that was passed in November 2024 reallocated 70% the County's lodgers' tax for housing with childcare support: 2025 \$595,000
 - \$335,621 Childcare (has not launched deployment of funding yet)
 - \$118,560 HomesFund
 - \$140,819 RHA
- La Plata County sees the RHA as a priority and is invested in its success.
- State regulations are driving up housing costs.
- Condominiums are seen as an opportunity for entry-level product, but regulatory challenges and potential lawsuits have stalled development.
- Housing costs are contributing to Fort Lewis College students not staying in the area
- Monitoring several legislative bills at the state level, including:
 - **Condominium Construction Defects:** Legislation addressing issues related to defects in condominium construction.
 - **Lodgers Tax:** Counties are currently capped at a 2% lodgers tax collection rate, but there is ongoing effort to increase it to 6%, with proposed amendments outlining expanded uses for the increased funds.

Meeting Timeline

Meeting 1 (early March): Overview of new La Plata Housing Needs Assessment, review current housing challenges, introduce narrowed list of potential revenue streams, and set expectations for upcoming meetings.

Meeting 2 (late March): Dive deeper into specifics of potential revenue streams, discuss feasibility, and begin evaluating pros and cons. Review early findings from legal and financial assessments.
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Meeting 3 (late April): Finalize revenue stream options, refine pros and cons, and prepare recommendations. Review final legal review and financial analysis on potential revenue streams and funding mechanisms.
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Meeting 4 (May): Convene to finalize the committee's findings on whether a local funding source is feasible and make final recommendation.

Meeting adjourned at 2:30 p.m.