



**Root Policy Research**

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# Executive Summary

# La Plata County

# Housing Needs

# Assessment

*PREPARED FOR:*

Regional Housing Alliance of La Plata County

*Report:*

2/28/2025

# Report Organization:

- I. Socioeconomic Framework
- II. Housing Market Trends
- III. Housing Needs Analysis
- IV. Community Engagement Findings

*The La Plata county HNA was drafted prior to the release of guidance from the State on compliance with SB24-174; however the content of this HNA is aligned with its legislative intent.*

## Housing Balance

A balanced housing stock accommodates a full “life cycle community”—where there are affordable housing options for each stage of life from career starters through centenarians—which in turn supports the local economy and contributes to La Plata County’s community culture.

## Introduction

The Housing Needs Assessment (HNA) was commissioned by the Regional Housing Alliance of La Plata County (RHA) to better understand housing needs in La Plata County—including market changes since the 2020 regional assessment.

The results of this HNA will assist the RHA in developing strategies to help address housing needs throughout the county.

## Why Work to Address Housing Needs?

- Research consistently shows that a constrained housing market negatively impacts economic growth while stable and affordable housing are central to the health of individuals, families, and communities.
- Households living in stable housing are more likely to spend their incomes in the local economy through direct spending on goods and services.
- Housing investments that allow workers to live near their place of employment can reduce the impacts of traffic and commuting.
- Affordable housing is key to providing high quality public services as many essential workers (e.g., doctors, nurses, and teachers) often leave communities that do not have an adequate supply of housing in their price range.
- Generational wealth from affordable home ownership is a major contributor to positive outcomes for children. As housing and equity are passed down, young adults have the option to remain in the community and have families of their own.
- Housing investments and stable housing environments also bolster local revenue, increase job readiness, help renters transition to homeownership, lower public costs of eviction and foreclosure, and increase the economic and educational opportunities for children.

# Defining Affordability

Affordability is often linked to the idea that households should not be cost burdened from housing costs. A cost burdened household is one in which housing costs—rent or mortgage payment, taxes, and utilities—consumes more than 30% of monthly gross income. The 30% proportion is derived from mortgage lending requirements and follows flexibility for households to manage other expenses (e.g., childcare, health care, transportation, food costs).

Eligibility for housing programs is determined by where a household's income falls within specific brackets determined by the U.S. Department of Housing and Urban Development (HUD). Brackets are set by Area Median Incomes (AMI). The AMI encompasses all of La Plata County (there is not an AMI for each individual municipality).

**Figure ES-1.**

## La Plata County Regional HUD AMI Thresholds (for 2-person households), 2024

<p><i>Income and affordability levels are shown for a household size of two</i></p> <p><b>"extremely" low income</b> <b>&lt; 30% AMI</b></p>	<p>Income &lt; <b>\$26,550</b> per year Affordable rent: &lt; <b>\$664/mo.</b></p>
<p><b>"very" low income</b> <b>30-50% AMI</b></p>	<p>Income: \$26,550-<b>\$44,200</b> per year Affordable rent: \$664 - <b>\$1,105/mo.</b> Affordable home: &lt; <b>\$75,348</b></p>
<p><b>"low" income</b> <b>50-80% AMI</b></p>	<p>Income: \$44,200 - <b>\$70,750</b> per year Affordable rent: \$1,105 - <b>\$1,769/mo.</b> Affordable home: \$75,348 - <b>\$187,803</b></p>
<p><b>"median" to "moderate" income</b> <b>80-120% AMI</b></p>	<p>Income: \$70,750 - <b>\$106,080</b> per year Affordable rent: \$1,769 - <b>\$2,652/mo.</b> Affordable home: \$187,803 - <b>\$337,638</b></p>

Note: AMIs shown in the figure reflect a 2-person household in La Plata County. Affordable home price shows the Economic Development Alliance Home Ownership Reference Charts, which calculate the affordable homeownership (1) a 30-Year Fixed Mortgage Interest Rate of 7.06%, (2) ability to contribute 33% of income to housing costs, (3) a 3% down payment; and (4) ancillary costs (property taxes, insurance, HOA payments, etc.) are estimated using a HomesFund formula.

Source: HUD Income Limits, Economic Development Alliance Home Ownership Reference Charts and Root Policy Research

# Socioeconomic Trends

*Economic growth outpacing housing supply; residents are aging and incomes are rising, but poverty disproportionately impacts certain groups.*

**Population and households:** La Plata County’s population post Covid has steadily grown following a period of little to no growth between 2018 and 2020. The county’s senior population (over 65) is projected to increase from 20% of the population share in 2020 to 26% in 2050.

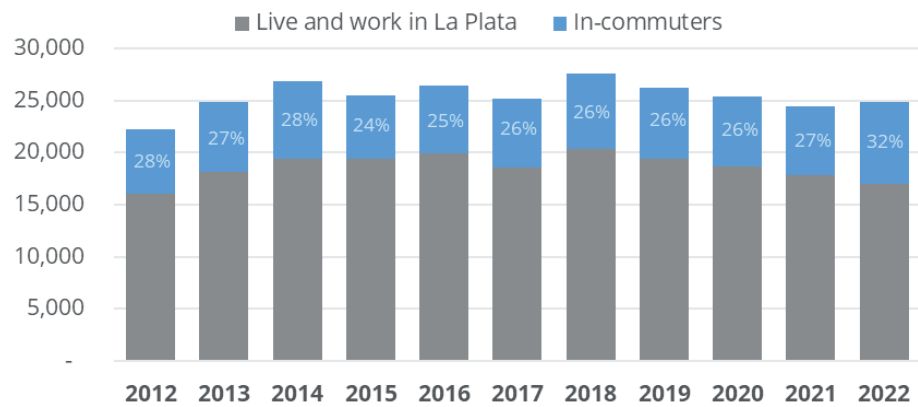
**Income and poverty.** Income shifts over the last decade show an increase in the number (and proportion) of households earning more than \$100,000 per year. This shift reflects income gains for some, coupled with an influx of higher income residents. Poverty in La Plata County is moderate at just over 11%, though some resident groups are disproportionately impacted by poverty.

**Economic profile.** Job growth outpaced housing production over the past decade, leading to an undersupply of housing overall.

In-commuting as a percentage of primary jobs was fairly consistent between 2012 and 2021 (averaging about 27%), but may be on the rise, according to 2022 data, which shows nearly one-third (32%) of workers commuting from elsewhere. The most common counties where workers are commuting from are San Juan County in New Mexico (8%), Montezuma County (4%) and Archuleta County (2%).

**Figure ES-2.**  
**Employment and Commuting Patterns, La Plata County**

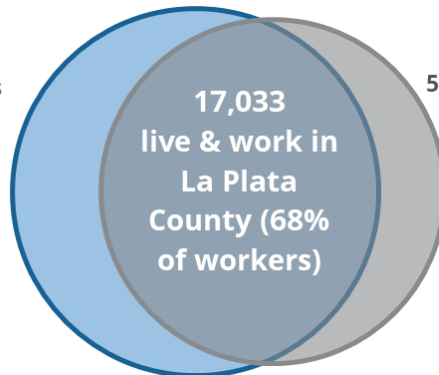
Source:  
U.S. Census Bureau’s Longitudinal Employer-Household Dynamics (LEHD) and Root Policy Research.



**7,836 workers are in-commuters**

**Originations: Where do La Plata County workers live?**

- La Plata County (68%)
- San Juan County, NM (8%)
- Montezuma County (4%)
- Archuleta County (2%)
- El Paso County (1%)
- Montrose County (1%)



**5,841 residents are outcommuters**

**Destinations: Where do La Plata County residents work?**

- La Plata County (75%)
- San Juan County, NM (3%)
- Montezuma County (2%)
- Mesa County (2%)
- Denver County (2%)
- Other Colorado Counties (6%)

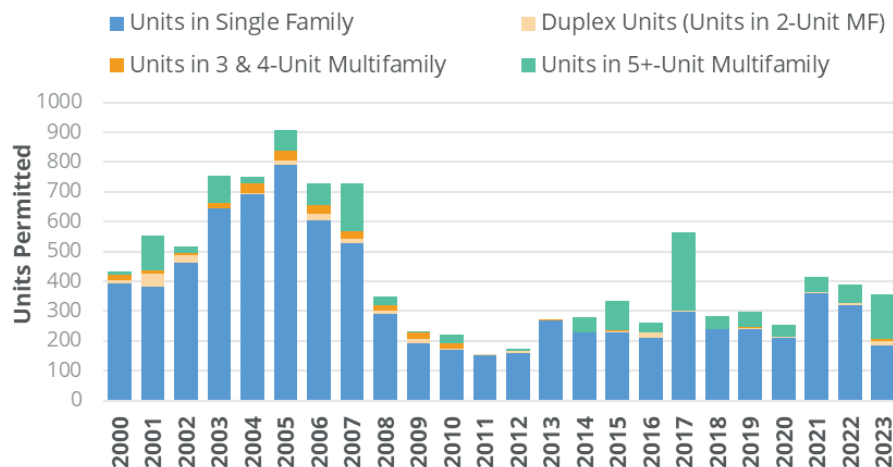
# Housing Stock and Market Trends

Steep price and rent increases outpace inflation. Single family detached is the dominant housing type, though multifamily production is up (concentrated in Durango).

**Housing stock and production.** The majority of La Plata County’s housing stock is single-family detached products—however, recent permitting has shown an increase in multi-family housing types (concentrated in Durango).

The vast majority of La Plata’s housing stock—82%—is occupied by permanent resident households. Of the remaining 18%, about half of units are vacant for “recreational, seasonal, or occasional use”—including short-term rentals.

**Figure ES-3. Units Permitted, La Plata County**



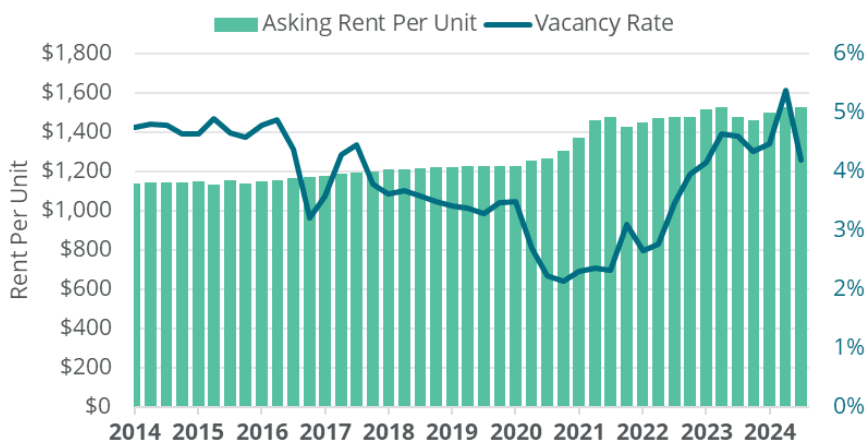
Source: U.S. Census Bureau’s State of the Cities Data Systems (SOCDS) and Root Policy Research.

**Since 2012, job growth has outpaced new housing production**—in other words, housing supply is not keeping up with economic growth, creating additional pressure on the housing market and contributing to higher in-commuting.

**Rental market.** The median rent paid by renters, accounting for the use of regulated affordable units and vouchers is about \$1,350 (as of 2022). The current asking rent of market-rate units is about \$1,500 (median as of 2024). The increase in median rent outpaced income growth, compressing affordability for current renters.

Rental units in the county have increasingly shifted to higher price points over the last decade, resulting in a sharp decline in units affordable to low- and middle-income households. Just since 2017, the number of units priced below \$1,000 per month dropped by 1,300 units. Rental units priced over \$2,000 per month tripled and comprise about one third of the rental stock.

**Figure ES-4. Asking Rent and Rental Vacancy Rate.**

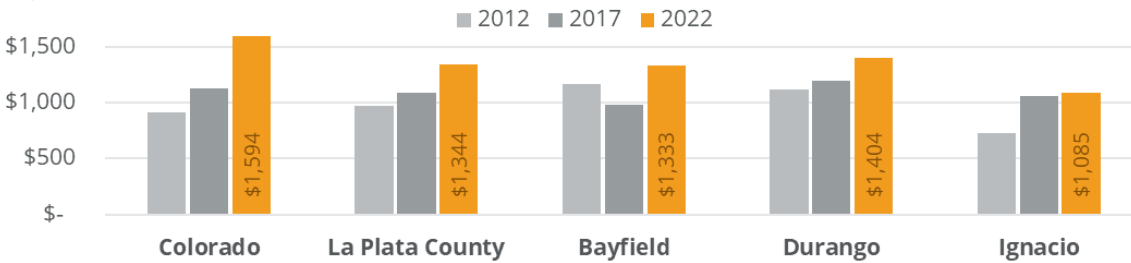


Source: Costar and Root Policy Research.

# Housing Stock and Market Trends (continued)...

Steep price and rent increases outpace inflation. Single family detached is the dominant housing type, though multifamily production is up (concentrated in Durango).

**Figure ES-5. Median Rent Paid (by Community), 2012, 2017, 2022**



Source: 2012, 2017, and 2022 American Community Survey (ACS).

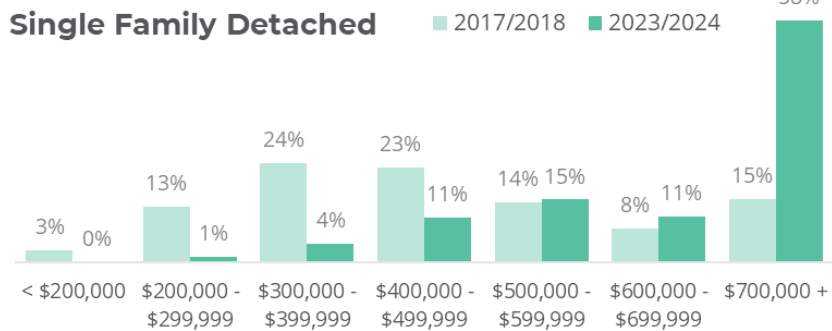
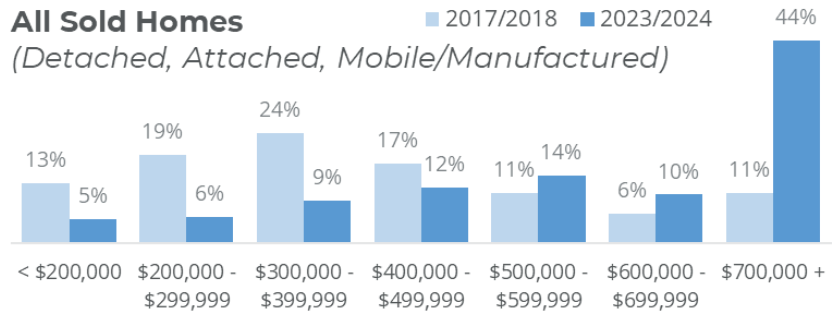
## Homeownership and sale market.

Seventy-one percent (71%) of La Plata County households own their home. Bayfield has the highest homeownership rate at 74% and Durango has the lowest at 55%.

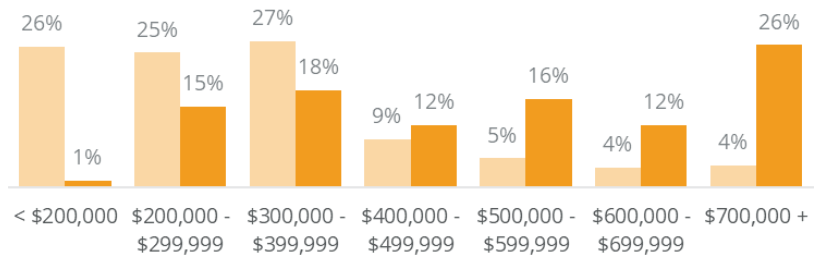
The median home value in the county (including all home types) was about \$666,000<sup>1</sup> in 2024—up 55% in the past five years and more than double the 2010 value.

Figure ES-6 shows the price distribution (by product type) of homes listed or sold in La Plata County in 2017/18 compared to 2023/24. Sales below \$500,000 have dramatically declined in recent years, comprising only 32% of homes sales in the county in 2023/24, down from 73% in 2017/2018.

**Figure ES-6. Distribution of Homes by Sale Price.**



**Attached Housing Types** (Condo, Duplex, Townhome)



Note: Source: MLS and Root Policy Research.

<sup>1</sup> This median value is in line with data from the Durango Association of Realtors which reports the 2024 median sale price as \$675,827 (see <https://durangorealtor.com/market-stats/> for details and for regular updates).

# Housing Affordability & Needs (continued)...

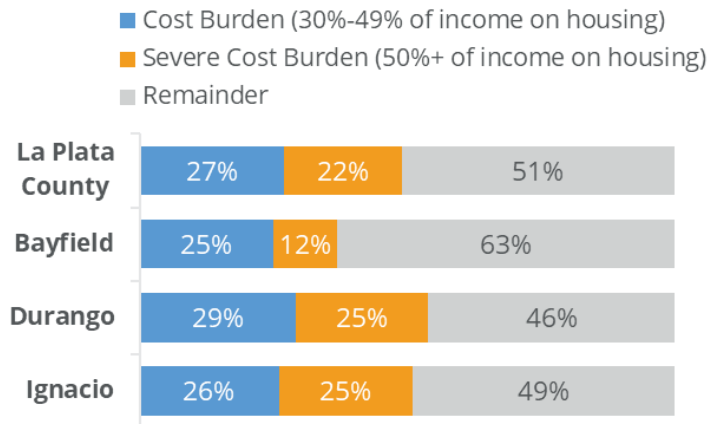
Changes in affordability, mismatches in supply and demand, and cost burden.

**Affordable rental inventory.** Income-restricted housing plays an important role in providing affordable rents to La Plata residents and workers with low to moderate incomes. There are a total of 808 income-restricted rental units across 19 properties in La Plata County.

**Cost Burden.** Thirty percent (30%) of all La Plata County households are cost burdened (even after accounting for income-restricted inventory). Rates of cost burden are more prominent among renters (see Figure ES-7): about half (49%) are either cost burdened (27%) or severely cost burdened (22%).

Over the past 10 years, the impact of cost burden has expanded to higher income renters than in the past. Recent data trends show substantial increases in the proportion of renters who are considered cost burdened in the \$35,000 to \$75,000 income bracket.

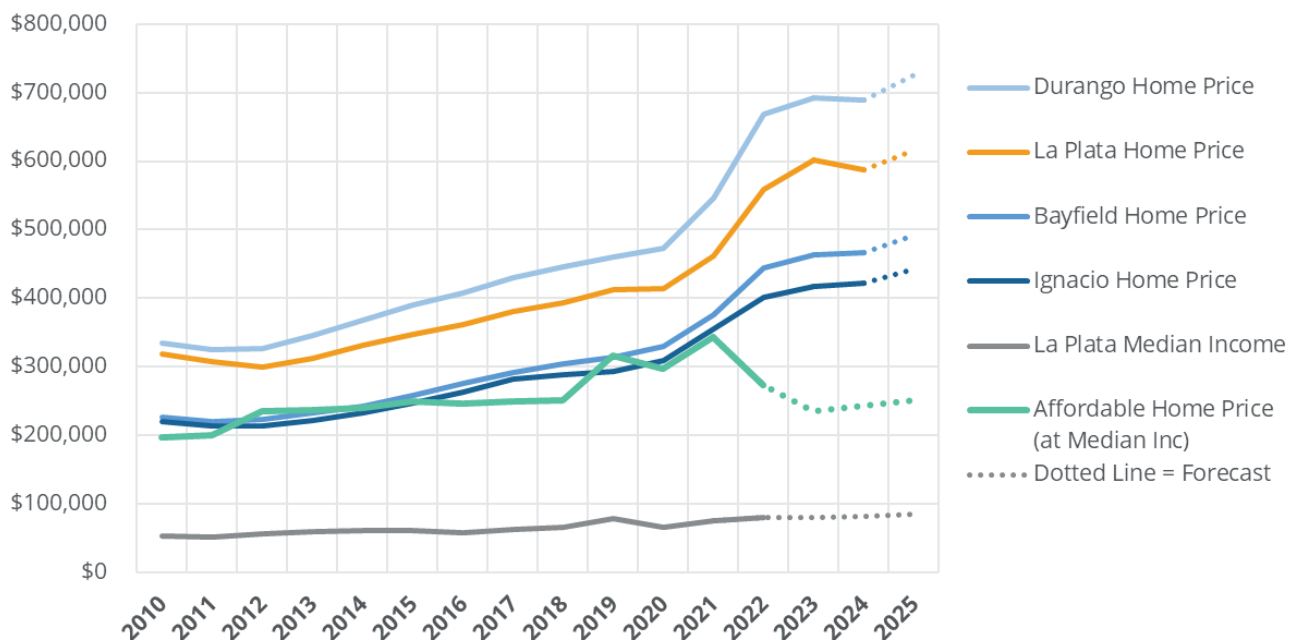
**Figure ES-7. Renter Cost Burden**



Source: 2022 ACS and Root Policy Research.

**Changes in affordability:** Increases in both rent and home prices exceeded the change in median incomes—compressing affordability for renters and buyers. Rising interest rates exacerbated affordability challenges for buyers.

**Figure ES-8. Home Values vs Affordable Prices, 2010-2024**



Notes: Purchasing power assumes that buyers spend 30% of their income on housing and have a 30-year mortgage with a 10% down payment. Ancillary costs (e.g., property taxes, insurance, HOA payments) are assumed to collectively account for 30% of monthly housing costs.

Source: Zillow Analytics, US Census Bureau, and Freddie Mac.

# Housing Affordability & Needs

Changes in affordability, mismatches in supply and demand, and cost burden.

**Current Needs—mismatches in supply and demand by price-point:** The affordability gaps analysis indicates that current affordability needs are concentrated below 50% AMI in the rental market and below 150% AMI in the for-sale market.

There is an affordability shortage of nearly 1,000 units for renters earning < 50% AMI (even after accounting for income-restricted rental inventory). These **“catch up” needs** can be addressed through new production of housing at the needed price-points and/or subsidies of existing units.

**Figure ES-9. Rental Affordability Gaps.**

La Plata renters earning <50% AMI

2,715

La Plata rental units <50%AMI

1,752

**GAP:**  
963 units

Source: 2022 ACS and Root Policy Research.

Under current market conditions a 2-person household needs an income of 246% of AMI to afford the median priced home. The biggest supply shortage of for-sale homes is for households with incomes below 150% AMI (or homes priced below \$450,000).

**Future Housing Needs (“Keep Up” Needs):** In order to keep up with projected growth, the county needs to create an additional 1,550 units over the next five years. Of those units, 71% (1,100 units) would need to be owner occupied in order to maintain current homeownership levels.

Figure ES-10 also shows the affordability distribution needed to align those units with the county’s current income distribution. The market is most likely to deliver rental units above 80% AMI and ownership units above 150% AMI; but public assistance is likely needed to create rental units below 80% AMI and ownership products below 150% AMI. As illustrated by the figure, RHA’s focus area for housing investments will be units below 150% AMI.

**Figure ES-10. Projected Housing Needs through 2029**

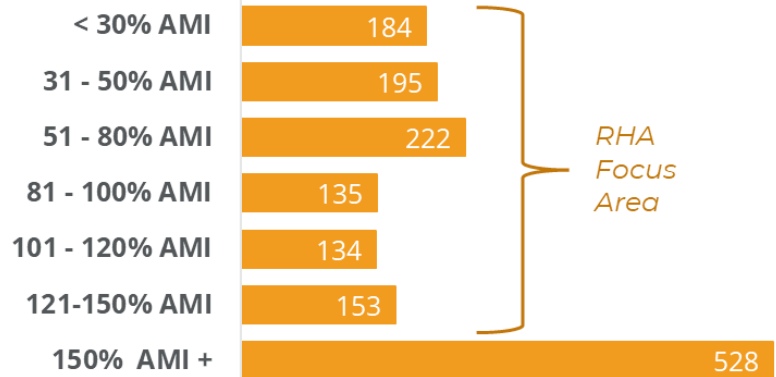
*Units Needed over 5 years (through 2029):*

**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.



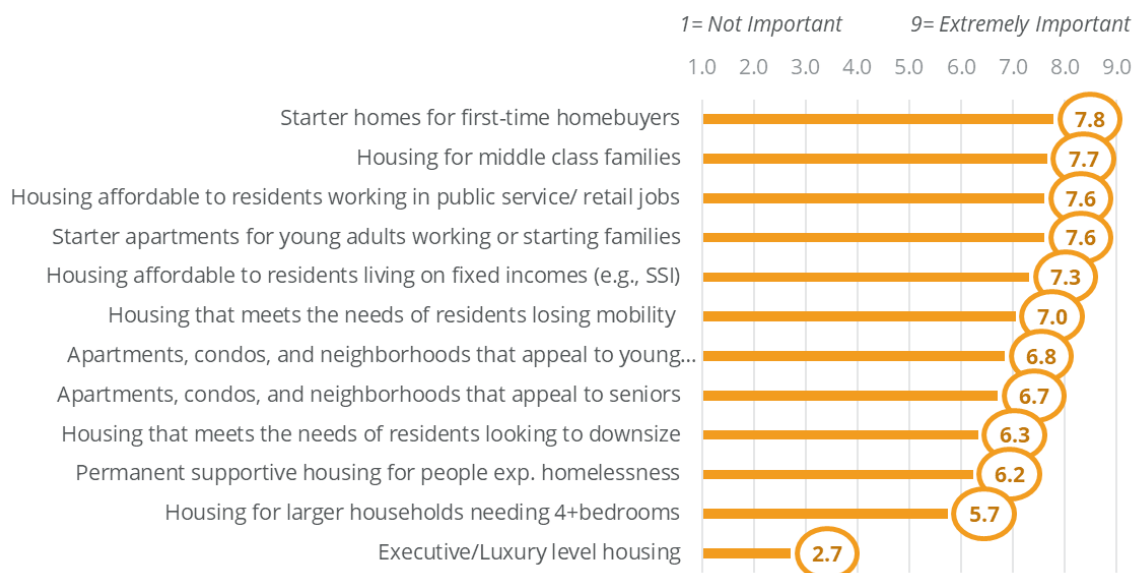
# Community Perspectives

Resident and in-commuter survey, stakeholder interviews and focus groups

**Resident Survey.** Over 400 people responded to a resident / workforce survey on housing choices, challenges, and preferences in the community:

- Housing affordability was a key concern among residents, impacting housing choice (across income levels and tenure), financial security, and housing stability.
- La Plata County resident respondents are open to small-scale density housing products including duplexes, townhomes, tiny homes and apartment buildings with 3 or less stories.
- Residents ranked housing for first time homebuyers, housing for middle class families, and workforce housing as the most important housing types to local housing supply.
- Residents responded favorably to a potential deed restricted model of affordable home ownership.

**Figure ES-11.**  
**Average Importance Rating of Housing Types**



Source:  
Root Policy Research  
from the 2024 La Plata  
County Housing Survey.

## Stakeholder interviews and focus groups:

- **Nonprofit service providers** emphasized the need for more affordable housing opportunities for families and people in the service industry. Other concerns included overcrowding, unique housing challenges for newly arrived immigrants, and conditions of manufactured home parks.
- **Employers** across a variety of industries say the housing shortage is a significant contributor to high employee turnover and labor shortage. Looking forward the business community is very concerned that the lack of housing in La Plata County will increasingly limit economic development and the diversity, quantity, and quality of services available to current residents.
- **Real estate professionals and housing developers** highlighted both market and policy barriers to creating affordable and diverse housing in the region, including infrastructure challenges/costs, construction defect laws (state-level), and local land use and zoning regulations. They would like to deliver more product and price-point diversity and offered a range of solutions to help address housing challenges.