

TAX ANALYSIS & RECOMMENDATIONS

REGIONAL HOUSING ALLIANCE – S.T.E.E.R ADVISORY COMMITTEE

JUNE 12, 2025



REGIONAL
HOUSING
ALLIANCE

S.T.E.E.R. ADVISORY COMMITTEE

Stakeholder Taskforce Evaluation and Endorsement of Revenue-streams (S.T.E.E.R.) Committee role:

Is to help the RHA explore local funding sources for operations and below-market housing for low-to-moderate income residents.

Membership: The committee will consist of relevant community members and stakeholders, meeting over the next 3 months and reporting back to RHA Board by June 12, 2025

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

RHA's role: RHA is best positioned to:

We determined that the RHA is the agency best positioned 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

RHA VALUE & REGIONAL ROLE

1. Convener & HUB for Regional Collaboration
2. Address Funding Needs & Administer Local Funds
3. Capacity for Regional Housing Work
4. Pursuing Opportunities (pursuing grants, technical assistance)
5. Policy Development Assistance & Pipeline Coordination
6. Data & Research HUB for Regional Housing
7. Pre-development Assistance & Pipeline Coordination
8. Foster Public Private Partnerships
9. Community Engagement & Inclusive Outreach
10. Education & Capacity Building
11. Resource Pooling & Risk Management Tools
12. Promote Sustainable, Long-term Affordability
13. Land Acquisition & Land Banking
14. Elevate Awareness & Support for Housing



HOUSING NEEDS ASSESSMENT

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

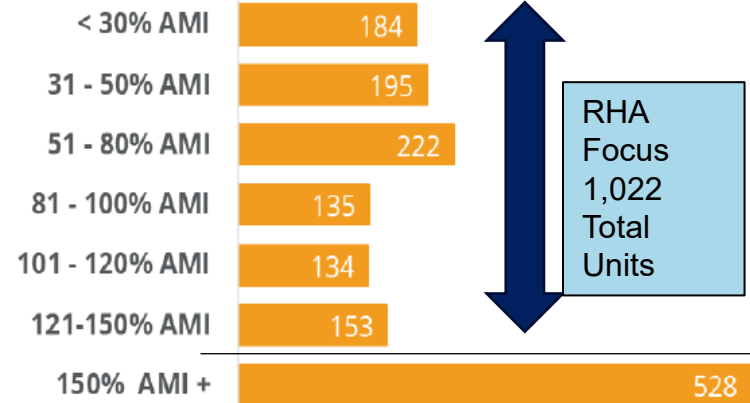
Units Needed over 5 years (through 2029):

1,550 Total Units

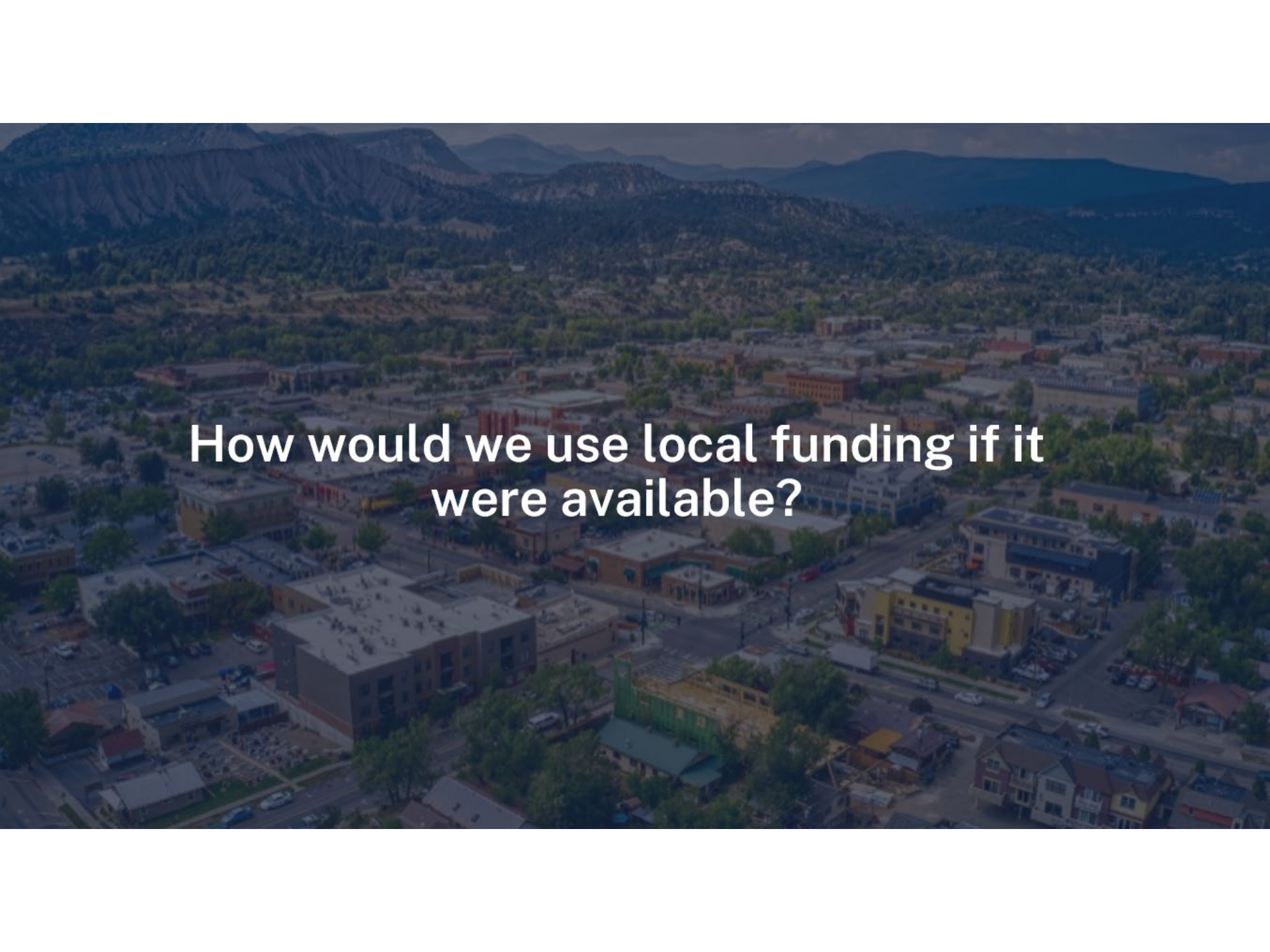
1,100
ownership units

450 rental
units

Units Need by Income/Affordability Level



Source: Colorado State Demographer and Root Policy Research.

An aerial photograph of a town, likely in a mountainous region, with various buildings, streets, and greenery. The town is nestled at the base of large, rugged mountains. The image is slightly dimmed to make the text stand out.

**How would we use local funding if it
were available?**

RHA PRIORITIES

Dedicated Local Funding + Resources

- RHA Operations – Staff (3)
- Catalyst Fund – predevelopment costs
- Catalyst Revolving Loan Fund – low interest loans
- Land Acquisition & Banking Fund
- Other Opportunities – Resources/Program/Support
- State and Federal Grants – local match requirement

What RHA **should NOT** Focus on Right Now:

Being a Developer of direct projects

Other Opportunities

- Policy Research & Development – advocate for policies for below-market housing
- Community Engagement – education, forums, surveys to gather public input
- Technical Assistance and Resources – help navigate funding and regulatory processes
- Foster and facilitate public-private partnerships to leverage private investment for affordable housing
- Multi-jurisdictional Collaboration – work across municipal boundaries to coordinate regional solutions
- 3-year Workforce Investment Strategies



REGIONAL
HOUSING
ALLIANCE

Key Staff Positions: Preliminary Concept

Executive Director

Leadership & Strategic Oversight
Regional Collaboration & Advocacy
Research & Policy Management

Housing Programs & Communications Manager

Program Management & Grant Administration
Community Engagement & Outreach
Financial Tracking & Reporting

Administrative & Finance Coordinator

General Operations & Office Management
Financial Systems & Compliance
Administrative Support

**\$3 million
annually**

Catalyst Revolving Loan Fund: \$900,000

Land Acquisition & Land Banking:
\$800,000

Catalyst Fund: \$500,000

RHA Operations: \$600,000

Other Resources/Programs/Support
\$200,000

PRIMARY REVENUES AVAILABLE TO THE RHA

SALES & USE AND PROPERTY TAXES

- The RHA is restricted in the revenue collection measures it is able to impose, subject to voter approval:
 - **Sales and use tax,**
 - **Property tax,** and
 - **Impact fees.**
- The RHA can also charge fees, rents, security deposits, and charges for functions, services or facilities provided by the RHA without voter approval.

Sales and Use tax Revenues

- The RHA can impose a maximum 1.00% sales and use tax within its boundaries upon every transaction or other incident with respect to which a sales or use tax is levied by the State.
 - A 1% sales tax results in a tax of \$0.01 per \$1.00 in retail sales.
 - Approximately could generate \$16.14 million

Property Tax Revenues

- The RHA can levy a maximum 5.000 mills on taxable property within its boundaries.
 - As of the 2024 certification, 1.000 mill results in approximately \$6.70 in taxes per \$100,000 of actual residential property value and approximately \$29.00 in taxes per \$100,000 of actual commercial property value.

RHA Public Funding & Revenue-stream Sources

Source	Overview	Voter Approval	Pros / Strengths	Cons / Challenges
Reallocation of Lodgers Tax: County	<p>Counties are currently capped at 2%</p> <p>New 2025 legislation to increase from 2% to 6%</p>	Yes, but no RHA Action	<p>Existing Tax with City and County</p> <p>1A passed in November</p> <p>If legislation is successful: 2 ballot questions needed</p> <p>To increase % & For what purposes</p>	<p>Timing needs to be considered</p> <p>Funds will vary/hard to predict</p> <p>Are vacation rentals regulated by the County?</p> <p>What about Bayfield/Ignacio?</p>
Sales Tax	Can create new sales tax, increase an existing sales tax, or reallocate from a sales tax to a new purpose	<p>Yes, RHA can submit a ballot question to voters</p> <p>Is the County seeking a countywide tax question for road and bridge?</p> <p>A bundled question could be an approach for the region</p>	<p>Spreads the burden to up valley residents and others from around the region including tourists</p> <p>Touches visitors as well as locals</p> <p>Raises more money</p> <p>Can be regional</p> <p>Can be time limited</p> <p>Community investment: demonstrates local commitment to addressing housing challenges</p> <p>Community driven impact: the revenue can be used to directly fund housing solutions that make living in the community more affordable</p>	<p>Political sensitivities</p> <p>Ballot timing</p> <p>Optics of going from zero funding to potentially a lot could be challenging</p> <p>Economic fluctuations</p> <p>Equity concerns: sales tax can be considered regressive meaning lower-income residents may feel a disproportionate impact</p> <p>Optics of going from zero funding to potentially a lot could be challenging</p>
Development Impact Fee	Must be combined with sales/use tax, property tax, or both	Yes, RHA can submit a ballot question to voters but must be combined with another tax	<p>One-time charges on new development and can be used to offset affordable housing</p> <p>Has been successful in other mountain towns</p> <p>Can be a unique approach to large sq. ft. homes</p>	<p>May need nexus study</p> <p>Must be attached to a sales tax/use tax, property tax, or both</p>
Property Tax – County Mill Levy	Tax collected by property owners in jurisdiction	<p>Yes, but no RHA Action</p> <p>Yes, County/City/Towns/RHA (May need to have legal explain)</p>	<p>Touches owners, visitors, 2nd homeowners as well as locals</p> <p>Funds have to go to a designated source (RHA could ask it as a special district entity); Mill levies are generally low in CO</p>	<p>Tax increase could be seen as regressive</p> <p>Property taxes influence costs of buying, renting, or investing in homes and apartment buildings</p>

S.T.E.E.R. Timeline Recap

March – Met with Butler Snow & Hilltop Securities to explore support for S.T.E.E.R.

Meeting 1 (March 3): Overview of new La Plata Housing Needs Assessment, reviewed current housing challenges, introduce narrowed list of potential revenue streams, and set expectations for upcoming meetings.

Meeting 2 (March 31): Deeper dive into specifics of potential revenue streams, discussed feasibility, and began evaluating pros and cons. Reviewed early findings from legal and financial assessments.

April 10 – RHA Board approved budget to retain legal and financial advisors to support S.T.E.E.R.

Meeting 3 (May 8): Finalized a narrowed list of viable revenue options, refined pros and cons for each strategy, initiated prioritization process, and reviewed legal and financial analysis of potential mechanisms

Meeting 4 (May 19): Finalized the committee's findings on feasibility of a local funding source and reached consensus on final viable revenue recommendations.



FUNDING OPTION 1: SALES & USE TAX REVENUES

SEEK VOTER AUTHORIZATION FOR SALES & USE TAX INCREASE

- If the RHA wanted to proceed with a ballot measure for a sales and use tax increase, it would need to request at least a rate increase of 0.19% to **generate \$3 million of revenue**.
- The table notes an increase of 0.20% to round up to the next cent.
 - Must be a ballot in November due to TABOR, but can be in odd or even years.
- This results in taxes of \$0.20 due for every \$100 purchase.
- **The S.T.E.E.R. Committee was supportive and found a new sales tax for the RHA as a viable option for sustainable funding, but did want to be considerate of the County's efforts and timing.**

State of Colorado Department of Revenue Sales Tax Returns by County	
2024 Net Taxable Sales	1,614,966,127
RHA Tax Rate	0.20%
Estimated RHA Revenue	3,230,000

FUNDING OPTION 2: COUNTYWIDE SALES TAX

INQUIRE TO COUNTY ABOUT A BUNDLED APPROACH FOR FUNDING

- County exploring countywide sales tax to potentially increase the sales tax rate **by 0.75%**.
 - Polling completed in April.
 - Purpose: The proposed sales tax increase is being considered to address a structural budget deficit in the county, Gallagher and Legislative changes to property tax collections, and potential impacts on service levels.
 - Process: The county is in the process of finalizing revenue projections and drafting ballot language.
 - Timing for November 2025 Ballot.

La Plata County	
Sales Tax Rate	0.75%
Estimated Revenue	\$13.46 Million

La Plata County Sales Tax

The county's current sales tax rate is 2%.
This is in addition to the state of Colorado sales tax rate of 2.9%.
The total sales tax rate in the unincorporated areas of La Plata County is 4.9%
(2% county + 2.9% state).

FUNDING OPTION 3: LODGER'S TAX INCREASE

WORK WITH THE COUNTY TO REQUEST LODGER'S TAX INCREASE

- HB25-1247 was passed during the 2025 legislative session and allows the lodger's tax rate to be increased to 6.00%, pending voter approval, and expands the allowable uses of those revenues.
- If the County wanted to reallocate the use of revenues already approved from the 2.00% lodger's tax to the additional allowable uses, it would need to receive voter approval to do so.
- Based on the County's 2025 budget, if the lodger's tax rate was increased to 6.00%, it is estimated that it would only generate approximately \$2.5 million **in total**, which is short of the RHA's funding target of \$3 million.
- All of these revenues would not be available to the RHA unless the ballot question adjusted the allowable uses for the existing 2.00% tax.
- Subject to annual appropriation and can change or eliminate RHA's funding in any year.

La Plata County FY2025 Budget Allocation of 2% Lodger's Tax

Expense	Amount
Community Child Care	\$335,621
La Plata Homes Fund	118,560
LPC Tourism	255,000
Regional Housing Alliance	140,819
Total	\$850,000

OTHER REVENUES AVAILABLE TO THE RHA

IMPACT FEES & LODGER'S TAX REVENUES

Impact Fees

- Impact fees can be volatile and are subject to future development within the boundaries of the RHA and which properties an impact fee would be assessed on.
 - The RHA is permitted to impose a \$2 per square foot development impact fee for projects other than moderate or affordable housing projects.
 - They must have an “essential nexus” to the government’s land-use interest and have “rough proportionality” to the development’s impact on the land-use interest.
 - A third party would need to conduct an impact fee study to support these measures before imposing the fee.

Lodger's Tax Revenues

- In November 2024, ballot measure 1A passed which allows for the County to reallocate 70% of revenues collected from their 2.00% lodger's tax to childcare and housing.
- HB25-1247** was passed during the 2025 legislative session and allows the lodger's tax rate to be increased to 6.00%, pending voter approval, and expands the allowable uses of the revenues.
 - If this tax was increased to 6.00% and the allocation of revenues remained proportionally the same, this could increase RHA revenues to approximately \$422,000 based on the FY2025 budget.

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LA PLATA COUNTY

Local Exploration Efforts

- Actively monitoring and staying engaged with key stakeholders
 - **La Plata County Government (local government)**
 - **Fire**
 - **Library**
 - Additional stakeholders may be identified as exploration continues
 - Still early in the process

OTHER SALES TAX RATES

City of Durango		Town of Bayfield		Town of Ignacio	
Entity	Tax Rate	Entity	Tax Rate	Entity	Tax Rate
State of Colorado	2.90%	State of Colorado	2.90%	State of Colorado	2.90%
County	2.00%	County	2.00%	County	2.00%
City of Durango	3.50%	Town of Bayfield	3.00%	Town of Ignacio	3.00%
Total	8.40%	Total	7.90%	Total	7.90%
Taxes Due for \$100 Purchase	\$8.40	Taxes Due for \$100 Purchase	\$7.90	Taxes Due for \$100 Purchase	\$7.90

- This is the maximum tax rate applied for purchases. The actual tax rate applied depends on the item being purchased.
 - The RHA sales tax would apply to the same items as the State sales tax except it does not apply to cigarettes.
 - The State does not tax food for home consumption so that rate would not be applied for related purchases.
- Based on the information presented on the State's website, all other areas within the County with the exception of these three areas charge a total sales tax rate of 4.90%.

Source: Colorado Sales Tax Lookup

OTHER PROPERTY TAX RATES

EXAMPLES OF TAX RATES WITHIN THE RHA

Sample Tax Levy - Durango		Sample Tax Levy - Bayfield		Sample Tax Levy - Ignacio	
Entity	Mill Levy	Entity	Mill Levy	Entity	Mill Levy
La Plata County	8.500	La Plata County	8.500	La Plata County	8.500
Durango School District	31.587	Bayfield School District	35.148	Ignacio School District	19.441
City of Durango	5.007	Town of Bayfield	5.950	Town of Ignacio	5.007
Animas Mosquito Control	1.400	Upper Pine River Fire	14.398	Southwestern Water Consv	0.380
Southwestern Water Consv	0.380	Pine River Library	4.000	Ignacio Cemetery	0.244
Animas-La Plata Water	0.371	Southwestern Water Consv	0.380	Los Pinos Fire Protection	9.500
Combined	47.245	Pine River Cemetery	0.150	Ignacio Comm Library Dist	1.500
For a \$675,827* home, this resulted in \$1,965 in property taxes due in 2025.		Combined	68.526	Combined	44.572
		For a \$675,827 home, this resulted in \$2,850 in property taxes due in 2025.		For a \$675,827 home, this resulted in \$1,854 in property taxes due in 2025.	

Other Taxing Entities

- The mill levies shown above are just for one representative tax area within the three communities noted. There are hundreds of tax areas reported by the County.
- Mill levies within La Plata County range from a low of 29.821 to a high of 310.583.
 - Properties within a metropolitan district have a notable higher total mill levy rate. Most are approximately 110 to 115 mills with the exception of the high mill levy noted above which is in the Twin Buttes Metropolitan District.

Source: Mill Levies by District

* Reflects median home value in La Plata County.

ELECTION TIMELINE

2025 ELECTION CALENDAR

July 10	RHA Meeting
July 25 (No later than 100 days before election)	If political subdivision has taken formal action to participate in the Coordinated Election, must notify County Clerk in writing.
August 14	RHA Meeting <i>*Under existing IGA - Approval by 75% of the RHA Board is required to go to ballot.</i>
September 5 (No later than 60 days before the election)	Last day for the designated election official from each political subdivision that intends to conduct an election to certify the ballot content.
September 19 (No later than 44 days before the election)	Last day to file pros/cons comments pertaining to local ballot issues with the designated in order to be included in the ballot issue notice.
October 17 (No later than 18 days before the election)	Deadline for county clerk to send mail ballot packets to each active eligible elector for the Coordinated Election.
November 4	Coordinated Election

Empower a Group To Do the Work

These efforts only succeed when local leaders engage

Requires broad stakeholder support

Effective strategy –go in at the right time, where there is political support, be clear on uses and structure for collecting and spending funds.

Show leverage and need for a local fund.

Educate the community often.

Be well organized.

