Regional Housing Needs Assessment

Ouray and San Miguel Counties

September 2011

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Introduction

Purpose of the Study

The San Miguel Regional Housing Authority sponsored this comprehensive analysis of housing needs in both San Miguel and Ouray counties with funding from a grant awarded to San Miguel County. The primary objectives of this study are:

- To update the gap between current affordable housing options and the number and type needed by households in both counties;
- To provide a means to test absorption scenarios for the purpose of planning and constructing the right type and quantity of affordable housing;
- To define the impacts of the commuter population into both counties from adjacent communities; and
- To recommend strategies to guide decision making regarding the removal of regulatory barriers, resource allocation and development, and local policy/program changes.

Area Covered

This report covers all of Ouray and San Miguel counties. The term "San Miguel Balance" refers to the unincorporated areas of the county plus the small municipalities of Ophir and Sawpit.

Organization of the Report

This study is being funded by a grant from the Colorado Division of Housing and conforms to the Division's template for content and format. It is organized into nine sections as follows:

1. Economic and Demographic Framework, which provides population and household estimates, examines growth and describes the demographics of households in Ouray and San Miguel Counties, and includes data on number of jobs, growth in jobs, wages paid and commuting.

2. Housing Inventory, which provides information on the number, type, occupancy/use, tenure, size, growth rate and ownership of housing units in Ouray and San Miguel Counties.

3A. Homeownership Market Analysis, which considers the number of sales, historic and current home prices and the availability of homes by price and area.

3B. Rental Market Analysis, which covers the inventory of rental units, rents and vacancy rates.

4. Housing Problems, which examines perceptions, satisfaction levels, affordability, physical conditions, employment-related housing problems and foreclosures.

5. Special Needs, which provides information on seniors, Spanish-speaking residents and very low income households.

6. Housing Gaps and Estimated Need, which examines the price gaps in both rental and ownership housing and forecasts housing demand by 2015 based on three scenarios for job growth. Information is also provided on the housing-related preferences of residents.

7. Conclusions

8. Community Resources and Financial Tools, which considers down payment assistance, mortgage availability, homebuyer education, and local housing programs including sources of revenue and land availability.

9. Action Plan Input and Analyst's Recommendations, which provides public comments about housing, analyst's recommendations and an Excel-based model used to estimate the number of units that will likely be produced to meet identified needs.

The appendices contain survey samples, comments received from the employer and household surveys, calculation of affordable prices for all income levels, and detailed data by community on homes listed for sale.

Acknowledgments

This study was directed by a task force with representatives from participating jurisdictions. Members of this task force include:

Lynn Black, San Miguel County
Jennifer Coates, Town of Ridgway
Shirley Diaz, San Miguel Regional Housing Authority
Mike Fedel, Ouray County
John Ferguson, City of Ouray
Lance McDonald, Town of Telluride
Lynn Padgett, Ouray County
Greg Sparks, Town of Mountain Village
Kerry Welch, Town of Norwood

Interviews were conducted of town and county staff, mortgage lenders, realtors, property managers, transit operators, major employers and non-profit organizations to obtain information relevant to this study.

Persons interviewed include:

- Mike Bard
- Lynn Beck
- John Bennett
- Lynn Black
- Yvette Booth
- Patty Brenneis
- Nick Bullen
- Mark Castrodale
- Jennifer Coates
- Jean Casolari
- Mike Davenport
- Teddy Errico
- Mike Fedel
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- Diane Kipfer
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- Sue Rovito
- Mike Rozycki
- Kiera Skinner
- Luke Skinner
- Colleen Trout
- Jason White
- DeLanie Young
- Daniel Zemke

Abbreviations

Abbreviations used in this report include:

- ACS – American Community Survey
- AMI -- Area Median Income
- CDOH -- Colorado Division of Housing
- CHFA – Colorado Housing and Finance Authority
- DOLA – Colorado Department of Local Affairs
- HUD – US Department of Housing and Urban Development
- QCEW -- Quarterly Census of Employment and Wages
- SMRHA – San Miguel Regional Housing Authority

Sources and Methodology

Four distinct surveys were conducted to generate information for this needs assessment:

1. Household Survey, which was either mailed to all households in the two counties for which addresses could be obtained or hung on the doors of apartment units in all major complexes. A total of 1,190 responses were received. The 323 responses from Ouray County represented 16% of the households in the county. The 767 responses from San Miguel County represented 22% of the county's households.

Household Survey Responses

	# Responses	% Responses
Ouray	69	6.0
Ridgway	147	12.9
Ouray County - unincorporated	107	9.4
Ouray County Total	323	28.3
Ilium, Ophir, Placerville, Sawpit	97	8.5
Lawson Hill	53	4.6
Mountain Village	131	11.5
Norwood	124	10.8
Telluride	267	23.4
San Miguel County - unincorporated	95	8.3
San Miguel County Total	767	67.1
Other	53	4.6
Total	1,143	100%
Missing	47	
Total	1,190	

2. Employer Survey, a web-based survey which employers of all types are requested to complete through email notifications by chambers of commerce and the SMRHA. A total of 88 responses were received, representing 3,014 peak season employees.

Employer Survey Responses

Employer Survey	Ouray County	San Miguel Co.	Total
# Employer Responses	19	67	88
# Full Time Employees	328	1,388	1,716
# Peak Season Employees	63	1,235	1,298
# Total Employees	391	2623	3,014

3. Commuter Survey distributed on commuter vans and buses, at employee parking lots and at construction sites to gain crucial information on employees who commute for work and the impact they have on housing demand. A total of 123 responses were received through this survey. These responses were merged with responses from commuters who completed the household survey to analyze commuting.

Commuter Survey Responses

Place of Residence	% Responses
Montrose	39.0
Norwood	22.8
Other	12.2
Ophir/Rico/Dolores/Cortez	8.9
Ridgway	6.5
Ouray	5.7
Telluride/Mountain Village/Lawson Hill	4.1
Nucla/Naturita	0.8
	100%
n =	123

4. Key Participant Survey in which elected officials and members of the community who have an interest in housing provided input through an on-line survey key to the development of viable solutions to housing needs.

1. Economic and Demographic Framework

This section of the report is divided into three main parts:

A. Population Estimates and Characteristics;
B. Economic Indicators; and
C. Commuting.

A. Population Estimates and Characteristics

2010 Census Estimates

According to the 2010 Census, 11,795 residents live in the two-county region. San Miguel County has 62% of the population while Ouray County has 38%. Many of the region's residents reside in rural unincorporated areas. Nearly 57% of Ouray County's residents live in the unincorporated area. In San Miguel County, relatively fewer residents reside in unincorporated areas but, at 41%, the population in rural areas is larger than in any of the five municipalities.

2010 Population Estimates by County and Municipality

	Population	% of County	% of Regional Total
OURAY COUNTY	4,436	100%	37.6%
Ouray	1,000	22.5%	8.5%
Ridgway	924	20.8%	7.8%
Unincorp. Area	2,512	56.6%	21.3%
SAN MIGUEL COUNTY	7,359	100%	62.4%
Mountain Village	1,320	17.9%	11.2%
Norwood	518	7.0%	4.4%
Ophir	159	2.2%	1.3%
Sawpit	40	0.5%	0.3%
Telluride	2,325	31.6%	19.7%
Unincorp. Area	2,997	40.7%	25.4%
Total 2 County Region	11,795		100.0%

Source: 2010 Census

Telluride is the largest community, Mountain Village is second, and Ouray ranks third followed closely by Ridgway. Norwood is about half the size of Ouray and Ridgway. The populations of Ophir and Sawpit are so small that survey responses from these communities have been combined with responses from Illium and Placerville in this report.

5- and 10-Year Trends in Population

Population growth in Ouray County is outpacing San Miguel County – nearly 18% compared to 11% between 2000 and 2010. The following table compares estimates published by the Colorado Department of Local Affairs (DOLA) and the US Census. DOLA's population estimates for 2007 through 2010 are higher than reported by the Census for 2010. DOLA estimates through 2009 indicated that the population continued to grow each year. With job losses and out migration of the labor force, which is covered later in this section of the report, population losses likely occurred.

Population Growth 2000 – 2010

Year	San Miguel County	Ouray County
2000 Census	6,612	3,769
2006 DOLA	7,326	4,348
2007 DOLA	7,601	4,526
2008 DOLA	7,683	4,710
2009 DOLA	7,688	4,712
2010 DOLA	7,897	4,837
Change 2006 - 2010	7.8%	11.2%
Census 2010	7,359	4,436
Change 2000 - 2010	11.3%	17.7%

Source: DOLA and 2010 Census

Population Forecasts

DOLA projects the same rates of population growth for Ouray and San Miguel counties through 2015. The forecasted rate of 17% growth over the next five years seems high in comparison to the growth that occurred during the last 10 years. Adjustments in these projections are likely now that 2010 Census data has been released.

5-Year Population Forecasts

	San Miguel County	Ouray County
2010	7,897	4,837
2011	8,117	4,972
2012	8,366	5,137
2013	8,669	5,307
2014	8,953	5,485
2015	9,231	5,651
Change 2010 - 2015	16.9%	16.8%

Source: DOLA

Number and Size of Households

As of 2010, a total of 5,476 households resided in the two-county region, 37% or 2,022 households in Ouray County and 63% or 3,454 households in San Miguel County. Households include families, non-related individuals living together and single persons living alone. The average household size was slightly larger in Ouray County (2.18 persons per unit) than in San Miguel County (2.13 persons per unit). Notable variations within the region:

- Households in Mountain Village are generally much smaller than elsewhere in the region (an average of 1.76 persons per unit) due to a disproportionately high percentage of studio and one-bedroom rental units, which is examined in the Housing Inventory section of this report;

- The two smallest municipalities, Norwood and Ophir, have larger households than average for the region – 2.41 and 2.69 respectively.

Households and Average Number of Persons per Household

	Total Population	Group Qtr. Population	Household Population	Occupied Housing Units	Persons per Household
OURAY COUNTY	4436	18	4418	2022	2.18
Ouray	1000	10	990	457	2.17
Ridgway	924	0	924	404	2.29
Unincorp. Area	2512	8	2504	1161	2.16
SAN MIGUEL COUNTY	7359	17	7342	3454	2.13
Mountain Village	1320	0	1320	751	1.76
Norwood	518	0	518	215	2.41
Ophir	159	0	159	59	2.69
Sawpit	40	0	40	18	2.22
Telluride	2325	0	2325	1086	2.14
Unincorp. Area	2997	17	2980	1325	2.25

Sources: 2010 Census for population and occupied housing units; DOLA for population in group quarters; RRC/Rees calculations for persons per household.

Household Composition

Household composition varies between the two counties. In Ouray County, couples without children comprise over half of all households. In San Miguel County, relatively more households consist of one person living alone and couples with children. Renters in San Miguel County are far more likely to live with unrelated roommates than renters in Ouray County.

Household Composition by County and Own/Rent

	Ouray County			San Miguel County		
	Own	Rent	Overall	Own	Rent	Overall
Adult living alone	16.4	40.4	22.9	21.9	37.9	29.9
Single parent with child(ren)	2.5	6.7	3.6	4.1	5.6	4.8
Couple, no child(ren)	64.6	19.2	52.3	38.5	24.1	31.3
Couple with child(ren)	12.1	24.0	15.4	29.7	12.4	21.1
Unrelated roommates	1.4	1.0	1.3	3.5	15.3	9.4
Family members & roommates	0.7	6.7	2.3	0.3	2.4	1.3
Immediate & extended family	2.1	1.9	2.1	2.0	2.4	2.2
	100%	100%	100%	100%	100%	100%

Source: Household survey

Income Levels

According to HUD, incomes are approximately 20% higher in San Miguel County than Ouray County, and the difference between the two is increasing based on a five-year trend. According to HUD, incomes in the region increased in the last five years by 5% in Ouray County and 7.7% in San Miguel County. Incomes reported by HUD for 2010 were the same as for 2009. While it is changing this year, in the past it has been HUD's policy not to report decreases in the area median income since doing so would disqualify residents living in units with income restrictions and force apartment properties to lower rents under programs like the Low Income housing Tax Credit (LIHTC) program and Section 8 rent subsidy program. Because of this practice, income data from the household survey is a more accurate source of information, especially during recessionary periods.

Median Family Income by County, 2006 – 2010

100% AMI for 4-person households

Year	Ouray County	San Miguel County
2006	$60,300	$71,300
2007	$60,300	$71,700
2008	$61,400	$74,000
2009	$63,300	$76,800
2010	$63,300	$76,800
Change 2006 - 2010	5.0%	7.7%

Source: HUD

According to the household survey, incomes in Ouray County and San Miguel are more closely aligned than the HUD estimates indicate. Separately, renters and owners have higher median and average incomes in San Miguel County than in Ouray County but, because there are proportionately more owners in Ouray County (73% in Ouray County compared to 50% in San Miguel County), the overall median and average figures are higher in Ouray County. The relationship between the income levels of owners and renters in San Miguel County is typical with renters making about half as much as owners but in Ouray County, the owners have incomes that are nearly 2.5 times as high as renters.

Household Incomes -- Average and Median

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Average	$90,878	$36,943	$74,951	$96,915	$48,672	$71,773
Median	$75,000	$33,860	$60,000	$80,000	$40,000	$54,137

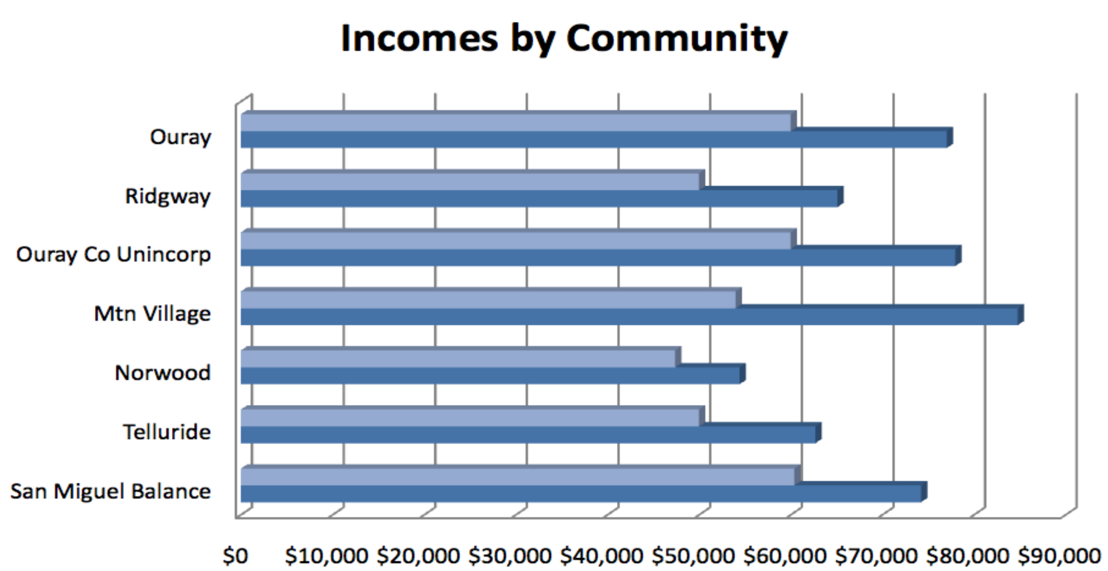
Source: Household survey

Household Income Distribution

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Less than $10,000		7.9	2.8		5.8	2.9
$10,000 - $14,999	3.2		2.6	1.8	4.7	3.2
$15,000 - $24,999	3.8	30.3	11.1	5.9	15.0	10.9
$25,000 - $34,999	5.0	11.9	7.0	4.2	12.2	8.7
$35,000 - $49,999	10.4	31.4	15.7	9.4	24.0	17.0
$50,000 - $74,999	25.7	10.8	21.7	21.4	20.3	20.3
$75,000 - $99,999	16.9	1.0	12.5	20.2	10.1	14.7
$100,000 - $149,999	20.2	5.9	15.8	21.1	5.5	13.5
$150,000 or more	14.9	1.0	10.8	16.0	2.4	8.8
TOTAL	100%	100%	100%	100%	100%	100%

Source: Household survey

Household incomes vary by community. Averages are higher than the medians in every area since they are influenced by some homeowners with very high incomes. Mountain Village has the highest average due to some high-income residents but its median income is in line with the rest of San Miguel County. Incomes are lowest in Norwood. The median figures are typically the best to use when considering housing affordability since they are less influenced by high outliers than averages.



	San Miguel Balance	Telluride	Norwood	Mtn Village	Ouray Co Unincorp	Ridgway	Ouray
Median Income	$60,410	$50,000	$47,385	$54,000	$60,000	$50,000	$60,000
Average Income	$74,224	$62,695	$54,440	$84,790	$77,959	$65,113	$77,038

Source: Household survey

2010 AMI's by Household Size and County

	Persons in household					
Ouray County	1	2	3	4	5	6
201% - 250%	$111,000	$126,750	$142,500	$158,250	$171,000	$183,750
151% - 200%	$88,800	$101,400	$114,000	$126,600	$136,800	$147,000
121% - 150%	$66,600	$76,050	$85,500	$94,950	$102,600	$110,250
101% - 120%	$53,280	$60,840	$68,400	$75,960	$82,080	$88,200
81% - 100%	$44,400	$50,700	$57,000	**$63,300**	$68,400	$73,500
51% - 80%	$35,500	$40,550	$45,600	$50,650	$54,700	$58,800
31% - 50%	$22,200	$25,350	$28,500	$31,650	$34,200	$35,750
≤30%	$13,300	$15,200	$17,100	$19,000	$20,550	$22,050
San Miguel County						
201% - 250%	$134,500	$153,750	$173,000	$192,000	$207,500	$222,750
151% - 200%	$107,600	$123,000	$138,400	$153,600	$166,000	$178,200
121% - 150%	$80,700	$92,250	$103,800	$115,200	$124,500	$133,650
101% - 120%	$64,560	$73,800	$83,040	$92,160	$99,600	$106,920
81% - 100%	$53,800	$61,500	$69,200	**$76,800**	$83,000	$89,100
51% - 80%	$43,050	$49,200	$55,350	$61,450	$66,400	$71,300
31% - 50%	$26,900	$30,750	$34,600	$38,400	$41,500	$44,550
≤30%	$16,150	$18,450	$20,750	$23,050	$24,900	$26,750

Source: HUD/CHFA

HUD's AMI figures for 2010 were applied to household survey data to generate estimates of the percentage of households in both counties that fall into standard AMI categories. The results are similar in both counties. Renters are far more likely to have incomes in the lower ranges than are owners.

Households by AMI

	Ouray County			San Miguel County		
AMI Categories	Own	Rent	OVERALL	Own	Rent	OVERALL
30% or less	3.2	13.9	6.7	4.2	13.7	9.0
30.1% - 50%	4.7	24.6	10.9	6.2	15.1	11.4
50.1% - 80%	11.4	37.7	18.1	9.8	33.9	22.1
80.1% - 100%	11.7	14.9	12.2	16.5	9.7	12.7
100.1 to 120%	7.6	1.0	5.6	10.8	9.2	9.7
120.1 to 150%	15.1	1.0	11.6	15.5	10.7	12.8
150.1% - 200%	16.4	5.0	13.3	20.0	3.2	11.7
200.1% - 250%	11.7	1.0	8.5	5.9	3.0	4.5
More than 250%	18.2	1.0	13.1	11.0	1.6	6.1
	100%	100%	100%	100%	100%	100%

Source: Household survey

Note that the distribution is not evenly divided at 100% AMI. This is primarily due to the application of HUD AMI's, which are based on median family incomes, to all households, family and non family. Roughly half of the households in both counties report that their income has stayed about the same since the economic boom of 2007/08. Nearly 42% in San Miguel County and 39% in Ouray County report that their income has decreased.

Changes in Household Income since 2007/08

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Stayed the same	61.3	29.6	52.4	46.9	49.2	47.9
Increased	8.1	8.4	8.3	8.9	11.5	10.2
Decreased	30.5	62.0	39.3	44.2	39.3	41.8
	100%	100%	100%	100%	100%	100%

Source: Household survey

The decreases in income were sizeable. The average amount of the drop was approximately $33,000 in Ouray County and $43,000 in San Miguel County.

Decreases in Household Income, Averages and by Range

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $1,000	11.4	2.6	7.3		2.2	1.1
$1,000 - $4,999	8.3		4.5	3.6	1.4	2.9
$5,000 - $9,999	9.1	17.6	13.1	5.1	20.7	12.6
$10,000 - $49,999	50.5	64.7	56.8	55.6	57.5	56.9
$50,000 or more	20.6	15.1	18.3	35.7	18.3	26.6
	100%	100%	100%	100%	100%	100%
Average Decrease	$37,013	$28,262	$33,086	$56,844	$29,956	$43,012

Source: Household survey

B. Economic Indicators

When reviewing the following estimates for jobs and employment, please note that the estimates are not the same type of measurement and are not interchangeable. Employment and related measures including labor force and unemployment are based on where employees live. Job estimates, however, are based on the location of employment. The two measurements generally track but are not the same due to commuting in both directions. Both estimates are only available at the county level.

Job Estimates

The average job count in 2010 was approximately 8,590 in the two-county region. Of these, 27% were in Ouray County and 73% were in San Miguel County. The number of jobs has declined nearly 17% since peaking in 2007. Ouray County was hardest hit in relative terms by the recession's impact on jobs with a loss of 573 jobs, which equated to a drop of 20%. San Miguel County lost 1,155 jobs, a decrease of 15.5%.

Total Estimated Jobs by County, 2006 – 2010

	Ouray Co.	San Miguel Co.	Total
2006	2,769	7,019	9,788
2007	2,865	7,454	10,319
2008	2,846	7,197	10,043
2009	2,549	6,527	9,076
2010	2,292	6,299	8,590
Change 2007-2010	-573	-1,155	-1,729
	20.0%	15.5%	16.8%

Source: DOLA for 2006 – 2009; Rees calculation for 2010 based on percentage change in employment from Colorado Dept of Labor & Employment.

Of employers surveyed, 32% in Ouray County reported that the number of persons they employed decreased since the 2007/08 peak. In San Miguel County, 43% reported fewer employees. On average, the number of employees decreased by 18% in Ouray County and 31% in San Miguel County. A few of the employers surveyed reported increases in the number of persons they employed during the past three years.

Employer Reports on Changes in Jobs

	Ouray Co.	San Miguel Co.
Stayed about the same	53%	45%
Decreased by approximately __ %	32%	43%
Increased by approximately __ %	16%	12%
	100%	100%
Amount Decreased		
Less than 10%	50%	24%
11% to 25%	17%	24%
26% to 50%	33%	41%
51% to 75%		7%
More than 25%		3%
Average	18%	31%

Source: Employer survey

Jobs/Housing Relationship

The ratio of total jobs to occupied housing units is used to examine the balance or lack thereof between housing and jobs. High numbers indicate there are too many jobs relative to the number of housing units and typically represent the need to import workers. Low numbers indicate what is often termed "bedroom communities" where more residents live than work and residents commute out for jobs. The relationship between jobs and housing varies between the two counties.

The ratios show that San Miguel County is an employee importing area where there are more jobs for employees than housing. Ouray County has a ratio that indicates the number of housing units should probably be sufficient for its employees not taking into account that employees who work in other counties reside in Ouray County. Montrose and Pitkin counties are used for comparison. Montrose represents a typical relationship between housing and jobs where commuting in relative terms is limited. Pitkin County represents an imbalance where there are too few occupied housing units relative to jobs.

Jobs to Housing Ratio

	Total Jobs	Occupied Housing Units	Jobs to Housing Ratio
Ouray County	2,292	2,022	1.13 jobs:unit
San Miguel County	6,299	3,454	1.82 jobs:unit
2-County Region	8,590	5,476	1.57 jobs:unit
Comparisons			
Montrose County	19,802	16,484	1.20 jobs:unit
Pitkin County	16,822	8,152	2.06 jobs:unit

Sources: DOLA for jobs, 2010 Census for occupied housing units.

Employment

From 2000 through 2007 the size of the labor force and the number of residents employed increased in both counties. The peak year in both counties for employment and the labor force was also 2007. Since then, employment has decreased as has the size of the labor force, an indication of out migration when residents were unable to find work. Compared to peak levels, in 2010:

- In San Miguel County, an average of 839 fewer residents were employed, the labor force shrunk by 662 and the unemployment rate more than doubled to 7.2%.

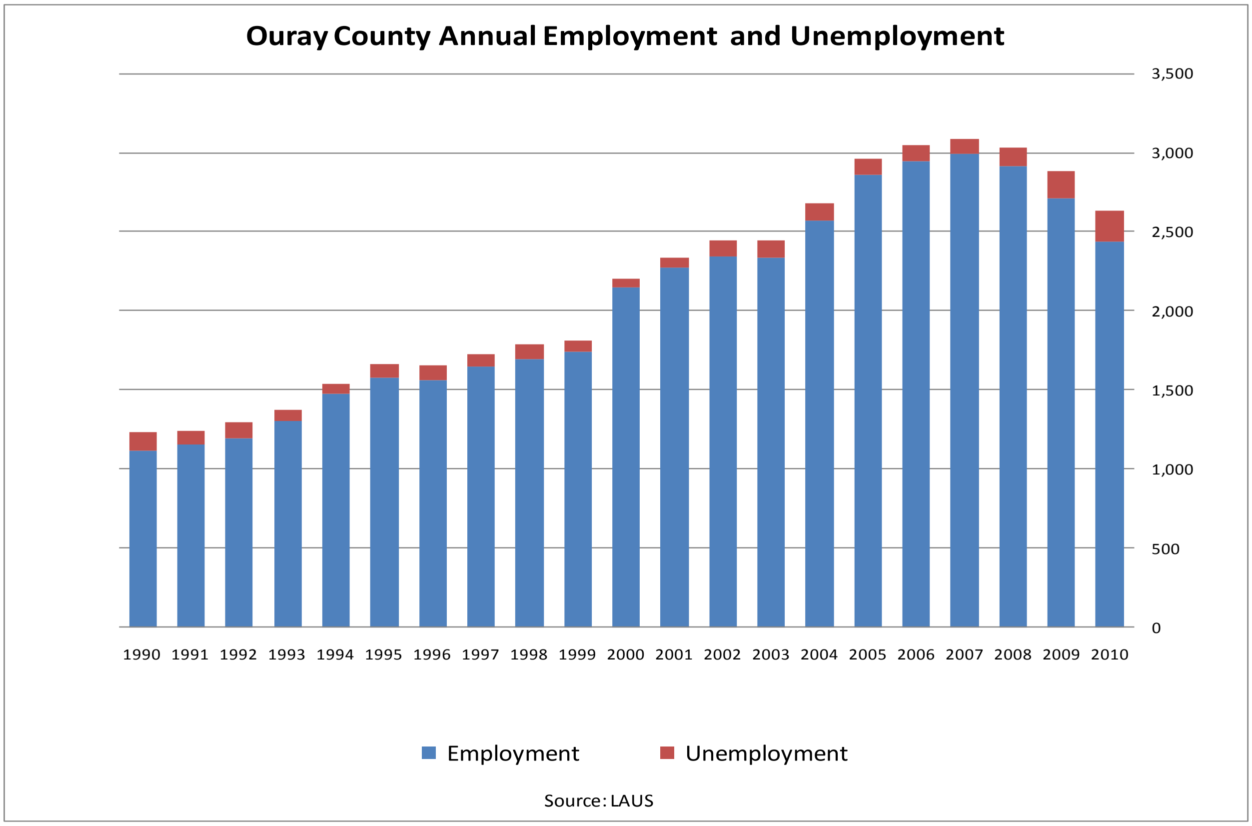
- The trends were the same in Ouray County with 553 fewer residents employed, a drop in the labor force of 450 and a rise in unemployment to 7.6%.

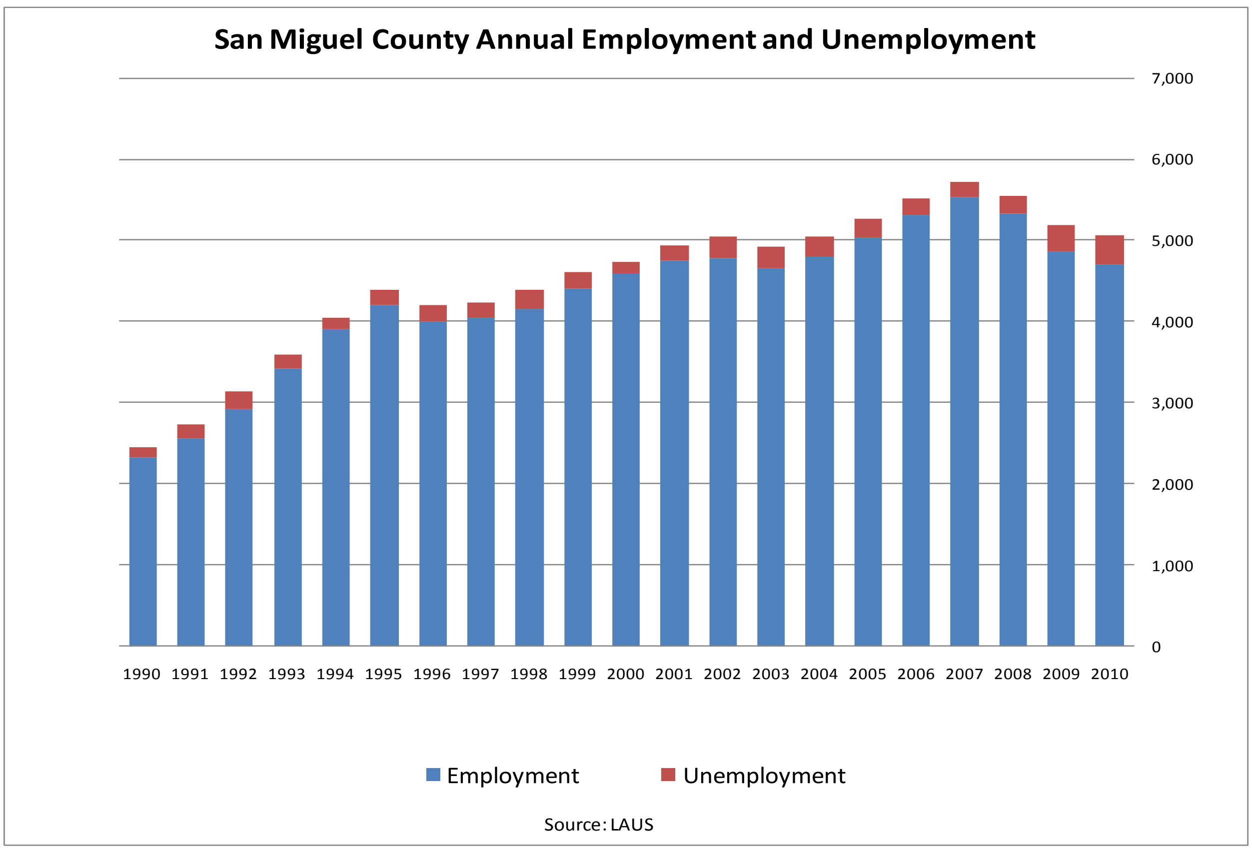
Labor Force, Employment and Unemployment Estimates, 2000 – 2010

Ouray County	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2000	2,203	2,145	58	2.6
2001	2,338	2,269	69	3.0
2002	2,443	2,343	100	4.1
2003	2,446	2,336	110	4.5
2004	2,679	2,570	109	4.1
2005	2,961	2,857	104	3.5
2006	3,044	2,947	97	3.2
2007	3,086	2,992	94	3.0
2008	3,030	2,917	113	3.7
2009	2,884	2,713	171	5.9
2010	2,636	2,439	197	7.6
Change: 2007 - 2010	450	553	-103	-5
San Miguel County	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2000	4,734	4,592	142	3.0
2001	4,930	4,742	188	3.8
2002	5,041	4,787	254	5.0
2003	4,928	4,650	278	5.6
2004	5,041	4,799	242	4.8
2005	5,260	5,032	228	4.3
2006	5,510	5,319	191	3.5
2007	5,717	5,533	184	3.2
2008	5,542	5,326	216	3.9
2009	5,192	4,864	328	6.3
2010	5,055	4,694	361	7.2
Change: 2007-2010	662	839	-177	-4

Source: Colorado Dept of Labor and Employment

The recession in 2008 impacted both counties in ways not felt in the past two decades. While there were periods of flat growth during the past 20 years, 2008 was the first time since the 1980's that employment declined in Ouray County. Employment exhibited the same general pattern in San Miguel County but was more volatile with small drops in employment in 1996 and 2003.


Ouray County Annual Employment and Unemployment
3,500
3,000
2,500
2,000
1,500
1,000
500
0
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Employment
Unemployment
Source: LAUS


San Miguel County Annual Employment and Unemployment
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Employment
Unemployment
Source: LAUS

Employment by Industry

The recession did not impact all sectors of the economy the same. Job losses were greatest in construction, finance, real estate, accommodations/food service and wholesale trade. Sectors that experienced gains included education, the arts and health services. Data also showed gains in government jobs in Ouray County through 2009 and in San Miguel County through 2008 but a decrease in 2009. The decline in government jobs continued into 2010 with cuts in municipal, county and school district employment.

In Ouray County, the largest employment sector in 2009 was Accommodations and Food Service. The number of jobs in this sector decreased nearly 29% between 2005 and 2009. Construction had led with the most jobs in 2007 and 2008 but the number of construction-related jobs dropped 25% in one year between 2008 and 2009.

Ouray County Estimated Jobs by Industry

	2005	2006	2007	2008	2009	Change 2005 - 2009
Estimated Total Jobs	2,584	2,769	2,865	2,846	2,549	-1.35%
Accommodations & Food Service	579	537	521	484	413	-28.67%
Agriculture	*	127	118	118	114	N/A
Arts	68	89	73	101	103	51.47%
Construction	*	484	531	537	404	N/A
Finance activities	52	74	82	75	69	32.69%
Government	329	359	375	384	388	17.93%
Health Services	82	92	96	100	104	26.83%
Information	32	35	30	34	17	-46.88%
Manufacturing	47	55	50	46	55	17.02%
Mining	6	4	3	13	11	83.33%
Other services	157	174	172	168	159	1.27%
Professional and business services	173	*	281	218	224	29.48%
Real estate	158	*	136	161	139	-12.03%
Retail Trade	219	258	262	266	237	8.22%
Transportation and warehousing	8	15	12	24	11	37.50%
Wholesale trade	21	*	28	21	18	-14.29%

Source: DOLA

In San Miguel County, estimates indicate a loss of 376 construction jobs since the peak, which equates to a 29% drop (from 1,303 jobs in 2007 to 927 in 2009). The total construction job estimate and the number of jobs lost were likely understated since some of the workers employed by out-of-town contractors were probably reported as employed in the company's home county. The percentage decline was in line with statewide trends as reported in the March 15, 2011 Denver Business Journal. The article cited the Associated General Contractors of America for figures showing that employment in the construction industry in Colorado dropped 33% between January 2007 and 2011.

San Miguel County Estimated Jobs by Industry

	2005	2006	2007	2008	2009	Change 2005 - 2009
Estimated Total Jobs	6,819	7,019	7,454	7,197	6,527	-4.28%
Accommodation and food	1,142	1,112	1,059	1,059	1,040	-8.93%
Arts	*	*	643	531	537	N/A
Construction	1,089	1,211	1,303	1,248	927	-14.88%
Education	96	92	103	130	124	29.17%
Finance activities	152	132	131	129	107	-29.61%
Government	789	814	839	851	836	5.96%
Health Services	217	212	225	244	240	10.60%
Information	*	125	151	139	117	N/A
Manufacturing	132	134	179	147	123	-6.82%
Mining	121	129	175	133	67	-44.63%
Other services	471	494	485	525	523	11.04%
Professional and business services	411	436	484	426	395	-3.89%
Real estate	627	675	695	619	569	-9.25%
Retail Trade	486	522	527	529	462	-4.94%
Transportation and warehousing	55	53	55	64	55	0.00%
Wholesale trade	42	39	34	37	31	-26.19%

*Estimates not disclosed. Estimates by sector do not equal total estimated jobs since some sectors are not disclosed.

Employment Patterns

The household survey asked a series of questions about employment, retirement, number of jobs held and employment characteristics.

The vast majority of households in San Miguel County include at least one person who is employed. Overall, less than 7% of households do not include an employee. In Ouray County, nearly 17% of households do not have employees. Owner households are more likely than renters to have no employees.

Persons Employed in Household

	Ouray County			San Miguel County		
# of Employees	Own	Rent	Overall	Own	Rent	Overall
0	24.0	1.2	16.9	11.6	1.7	6.6
1	35.9	69.8	46.4	34.6	49.3	42.0
2	38.0	29.1	35.3	50.8	41.1	45.9
3	2.1	0.0	1.4	3.0	7.9	5.5
	100%	100%	100%	100%	100%	100%

Source: Household survey

Ouray County has proportionately more retirees than San Miguel County – 27% of households include at least one retired member compared with 10% in San Miguel County.

Persons Retired in Household

	Ouray County			San Miguel County		
# of Retirees	Own	Rent	Overall	Own	Rent	Overall
0	62.3	97.7	73.3	83.7	95.7	89.7
1	21.5	1.2	15.2	10.6	4.3	7.5
2	16.2	1.2	11.6	5.6	0.0	2.8
	100%	100%	100%	100%	100%	100%

Source: Household survey

Multiple job holding is common in both counties. Of persons who work, approximately 28% in Ouray County and 25% in San Miguel County hold two or more jobs. On average, persons who work hold 1.26 jobs in Ouray County and 1.31 jobs in San Miguel County. These figures are important because they are used to calculate housing demand generated by jobs. They include full- and part-time jobs; they do not represent full-time equivalents (FTE's). Dividing total annual average jobs by the average number of jobs held per employee results in an estimate of 1,819 employees working in Ouray County and 4,808 employees working in San Miguel County.

The number of jobs held is in line with other mountain resort communities where the average usually falls between 1.2 and 1.3. The averages are higher than reported for the Telluride region in 2000 when the average for the ski season was 1.23 jobs per employee.

Jobs Held, Total and Average

	Ouray County			San Miguel County		
Total Jobs	Own	Rent	OVERALL	Own	Rent	OVERALL
1	78.7	72.5	77.7	77.2	71.1	74.8
2	18.8	21.7	19.1	19.2	23.9	20.8
3	2.5	2.9	2.5	2.4	3.9	3.1
4		2.9	0.7	1.2	0.6	1.1
5					0.6	0.2
	100%	100%	100%	100%	100%	100%
Average	1.24	1.36	1.26	1.27	1.36	1.31

Source: Household survey

The household survey asked participants to indicate which, if any, of the following described their employment. As has been known but not well documented, 31% of Ouray County's employees and 28% of San Miguel County's employees are primarily self employed.

Employment Characteristics

	Ouray County			San Miguel County		
	Own	Rent	Overall	Own	Rent	Overall
I am primarily self-employed	28.4	38.3	30.5	27.4	28.6	27.8
I work primarily/ exclusively out of my home	17.4	15.7	17.0	12.7	14.0	13.2
I work as much as I want to work	26.4	40.6	29.3	18.4	55.1	31.0
I am under-employed & need additional work	8.4	73.0	21.6	6.2	26.0	13.0
None of the above/Missing	52.4	32.6	48.3	16.6	20.9	18.1
Total	133.0	200.2	146.7	81.3	144.6	103.1

Source: Household survey. Multiple response question; total exceeds 100%.

Nearly 22% of employees surveyed in Ouray County indicated they are under employed and need additional work. This percentage was significantly smaller in San Miguel County (13%). Renters were far more likely than owners to be in need of additional work.

Employees per Household

In Ouray County there are 1.2 employees on average per household when all households are considered and 1.5 when only households with employees are included. In San Miguel County, where there are relatively fewer retirees, the averages are 1.5 for all households and 1.6 for employee households.

Employees per Household

Employees per	Ouray County			San Miguel County		
***All* Households**	Own	Rent	OVERALL	Own	Rent	OVERALL
None/Missing	23.9	1.7	17.8	11.6	1.6	6.4
1	35.9	69.4	45.8	34.4	49.4	41.8
2	38.0	28.9	35.0	50.9	41.2	46.5
3	2.1		1.4	3.1	7.8	5.3
	100%	100%	100%	100%	100%	100%
Average #	1.2	1.3	1.2	1.5	1.6	1.5
***Employee* Households**	Own	Rent	OVERALL	Own	Rent	OVERALL
1	47.2	70.6	55.7	38.9	50.2	44.7
2	50.0	29.4	42.6	57.5	41.9	49.6
3	2.8		1.7	3.6	7.9	5.7
	100%	100%	100%	100%	100%	100%
Average #	1.6	1.3	1.5	1.6	1.6	1.6

Source: Household survey

Wages

Wages are nearly 20% higher in San Miguel County than in Ouray County based on 2010 averages -- $682 compared to $574. The average wage decreased $58 between 2008 and 2009 in San Miguel County, a drop of 4.2%. The average weekly wage rose very slightly in Ouray County through 2009, however, before dropping $18 in 2010. The data show both counties lost employers – 25 in Ouray County and 58 in San Miguel County.

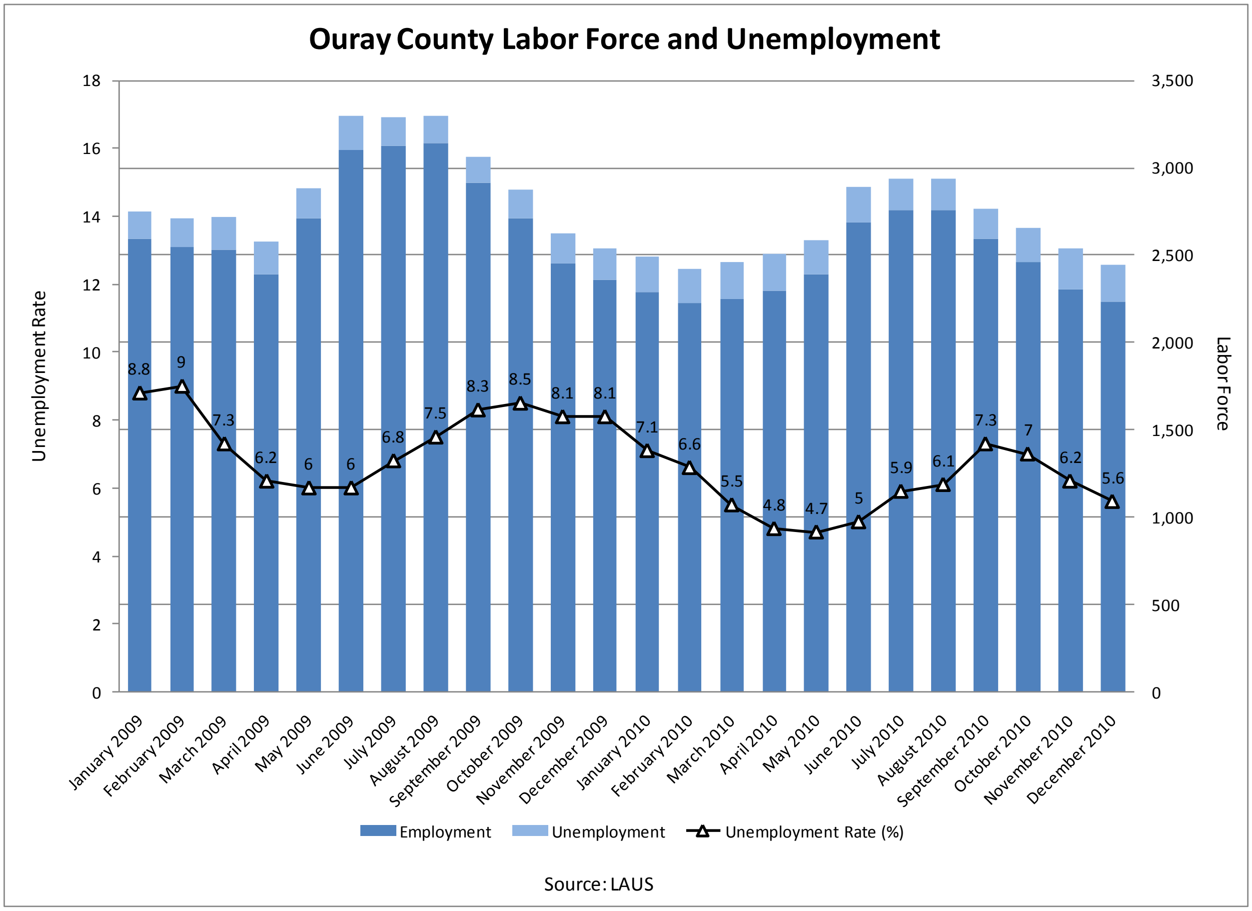
Average Wages, 2000 – 2010

	Ouray County		San Miguel County	
Year	# Employers	Avg. Wage	# Employers	Avg. Wage
2010	322	$574	649	$682
2009	339	$592	674	$709
2008	347	$586	707	$740
2007	345	$563	707	$717
2006	321	$546	682	$645
2005	305	$515	663	$604
2004	283	$543	636	$574
2003	281	$572	610	$537
2002	262	$494	589	$560
2001	245	$451	573	$539
2000	240	$416	557	$510

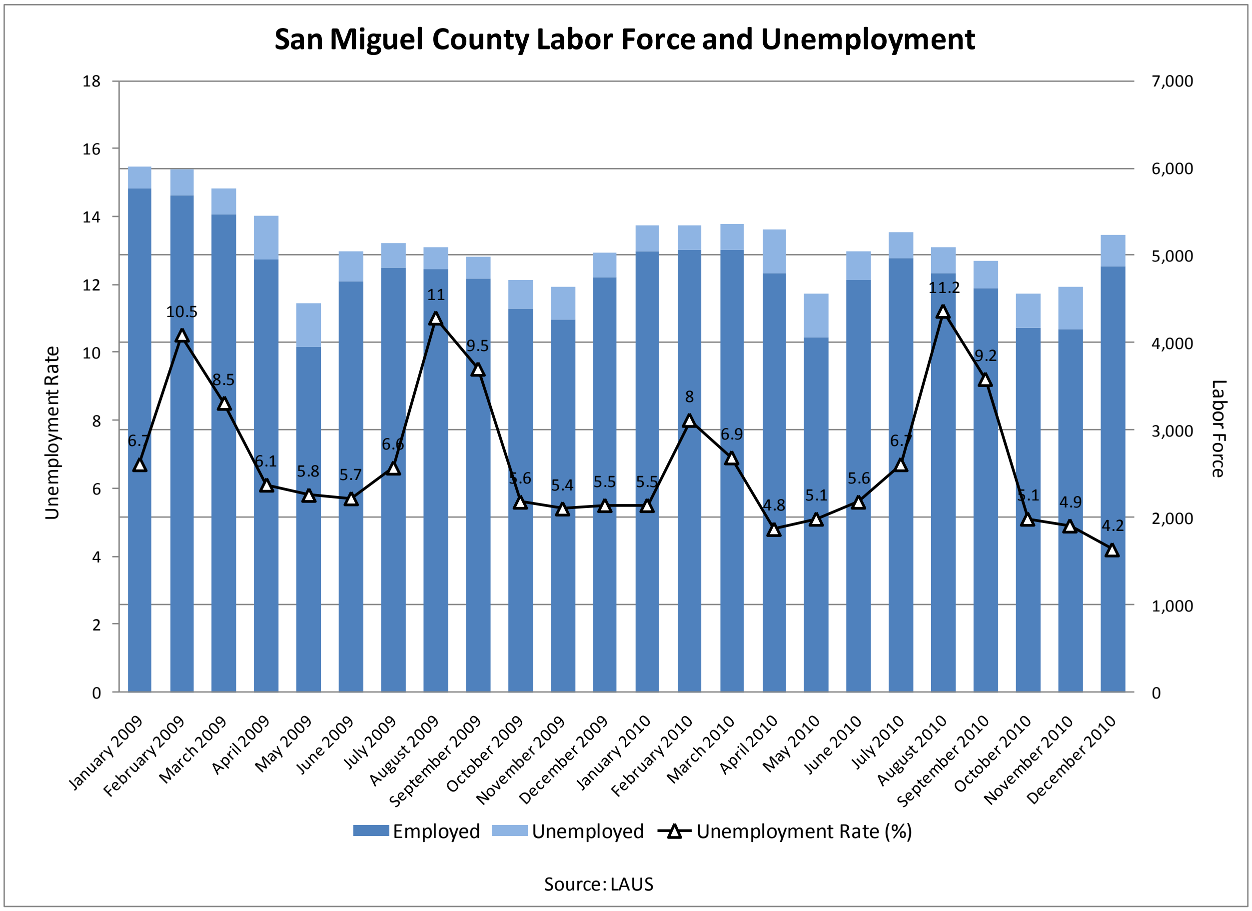
Source: QCEW Annual Averages, Colorado Department of Labor and Employment

Seasonality in Employment

Both counties have seasonality in employment but the pattern differs. In Ouray County, employment is highest in the summer month and lowest in the winter. In 2009 approximately 790 more persons were employed in July than in December.



San Miguel County has two peak periods – the ski season and summer with short, sharp drops during the spring and fall months. In 2010, about 100 more residents worked during the peak winter season than in July, when summer employment is at its highest. In 2009, however, winter peak employment surpassed summer peak employment by over 900 employees.



Employment Projections

DOLA projects a 26% increase in jobs in both counties between 2010 and 2015, which seems to be unrealistically high given that most economists are forecasting a slow economic recovery.

Job Projections

	2000	2005	2010	2015	2020
Ouray County					
Total Jobs	2,106	2,570	2,744	3,470	4,156
Change		22.0%	6.8%	26.5%	19.8%
San Miguel County					
Total Jobs	6,398	6,836	7,379	9,317	11,125
Change		6.8%	7.9%	26.3%	19.4%

Source: DOLA

Employers were surveyed about the number of persons they plan to employ in the future. The majority in both counties reported that they expect employment to stay about the same for the next year. In Ouray County, proportionately more reported they expect to reduce the number of employees. Employers in San Miguel County are also more optimistic about plans for employment in the next five years. Approximately 57% plan to increase the number of persons they employ compared with only 35% in Ouray County.

Future Employment Plans

In 1 Year	Ouray County	San Miguel County
Increase # of employees	16%	11%
Reduce # of employees	21%	9%
Stay about the same	63%	80%
	100%	100%
In 5 Years		
Increase # of employees	35%	57%
Reduce # of employees	6%	2%
Stay about the same	59%	41%
	100%	100%

Source: Employer survey

Telluride Ski and Golf, the largest employer in the region, plans a slow, steady increase in employment of about 1.5% per year. No strategic operational changes are planned that would impact their employment patterns. No major development plans are in the pipeline that would create additional jobs.

C. Commuting

Employers provided information on where 1,721 or approximately 57% of their employees reside. Employers were knowledgeable about where their year-round employees live but, in some cases, seasonal employees maintain a permanent residence elsewhere and their employers are unsure about where they stay while working on a seasonal basis. This information is used to show where employees live and where residents work.

Where Employees Live

- Of persons employed in the Telluride region (Telluride, Mountain Village and Lawson Hill), 70% reside in the region while 30% commute in, 8% from Norwood, 7% from Montrose, 4% from Ridgway and 1% from Ouray.
- Norwood houses the highest percentage of its employees – 81% of the persons who work in Norwood also live in Norwood.
- The community of Ouray, like the Telluride region, houses 70% of its employees.
- 58% of the employees working in Ridgway also live there, whereas one-third commute in from Montrose.

Where Employees Live by Where They Work

	Place of Work					
Place of Residence	Telluride, Mtn Village, Lawson Hill	Ophir, Ilium, Placerville, Sawpit	Norwood	Ouray	Ridgway	TOTAL employees both counties
Telluride, Mtn Village, Lawson Hill	70%	4%	2%	0%	1%	50%
Norwood	8%	21%	81%	0%	0%	11%
Ouray	1%	0%	0%	70%	7%	7%
Ophir, Ilium, Placerville, Sawpit	6%	0%	0%	1%	1%	4%
Rico, Dolores, Cortez	2%	5%	0%	0%	0%	2%
Nucla, Naturita, Redvale, etc	1%	19%	12%	0%	0%	2%
Ridgway	4%	9%	1%	17%	58%	10%
Montrose	7%	4%	0%	13%	33%	11%
Other	1%	38%	4%	0%	1%	1%
TOTAL - ALL EMPLOYEES	100%	100%	100%	100%	100%	100%

Source: Employer survey

While there is extensive commuting within each county, like from Norwood to the Telluride region, an examination of commuting into each county from elsewhere is useful for estimating housing demand. In Ouray County, nearly 25% of employees commute in, mostly from Montrose. In San Miguel County, proportionately fewer employees commute in from outside of the county (15.5%) since down-valley communities within the county provide employees for up-valley jobs.

By applying the percentage of employees who commute in to each county to total employee estimates (total jobs divided by the average number of jobs held per employee), it follows that approximately 450 employees commute into Ouray County from homes outside of the county and 745 employees commute into San Miguel County, on average.

Inter-County Commuting

	Ouray County	San Miguel County
Work in County	331	1,375
Live in County	249	1,163
Commute In	82	212
Percent Commute In	24.8%	15.5%
Total Jobs	2,292	6,299
Jobs per Employee	1.26	1.31
Total Employees	1,819	4,808
Number Commute In	450	745

Source: Employer survey

Where Residents Work

The following table provides information on where residents work. The numbers should be read horizontally.

- 99% of the employees who live in the Telluride region also work there. There is very little out commuting from Telluride, Mountain Village and Lawson Hill to jobs elsewhere.

- 46% of the employees who live in Norwood also work in Norwood but 46% commute out to jobs in the Telluride region.

- 84% of Ouray's residents who work do so in Ouray while 9% hold jobs in Ridgway and 7% commute to Telluride for work.

Where Residents Work

	Place of Work						
Place of Residence	Telluride, Mtn Village, Lawson Hill	Ophir, Ilium, Placerville, Sawpit	Norwood	Ouray	Ridgway	Other	TOTAL
Telluride, Mtn Village, Lawson Hill	99%	0%	0%	0%	0%	0%	100%
Norwood	46%	6%	46%	0%	0%	2%	100%
Ouray	7%	0%	0%	84%	9%	0%	100%
Ophir, Ilium, Placerville, Sawpit	94%	3%	0%	1%	1%	0%	100%
Ridgway	27%	1%	0%	15%	57%	0%	100%
Other	68%	0%	19%	0%	4%	9%	100%
TOTAL - ALL EMPLOYEES	70%	3%	7%	9%	10%	1%	100%

Source: Employer survey

Where Employees Want to Live

The household survey was used to compare where employees work to where they most want to live. Of the employees who work in Ouray County, approximately 40% want to live in Ridgway, 26% want to live in unincorporated areas of the county and 17% want to live in Ouray. The remaining 18% would rather live in a neighboring county and commute in for work. Many employees want to live in Ouray County but not in the same town where they work. Survey data suggest intra-county commuting will remain common.

Ouray County Employees – Where Want to Live

	Place of Work			
Preferred Place to Live	OURAY	OURAY COUNTY-Unincorporated	RIDGWAY	OVERALL Ouray Co.
Ouray	42.1	8.9	3.1	17.2
Ouray Co.- unincorporated	22.4	48.2	13.7	25.6
Ridgway	19.7	19.6	61.1	39.5
San Miguel County	14.5	17.9	19.1	14.0
Other	1.3	5.4	3.1	3.7
	100%	100%	100%	100%

Source: Household survey

Approximately 89% of the employees who work in San Miguel County want to live in the county. Like in Ouray County, many employees would like to live nearby but not in the same community as where they work. Telluride has the highest percentage of employees who want to live in the town – 60%.

San Miguel County Employees – Where Want to Live

	Place of Work						
Preferred Place to Live	LAWSON HILL	MOUNTAIN VILLAGE	NORWOOD	SAN MIGUEL CO. - Unincorporated	TELLURIDE	ILLIUM, OPHIR, PLACERVILLE, SAWPIT	OVERALL San Miguel Co.
Lawson Hill	14.3	3.9	5.0	7.6	4.2	6.1	4.0
Mountain Village	7.9	17.0	1.0	5.4	5.9	4.5	8.0
Norwood	9.5	5.5	68.0	13.0	4.5	19.7	10.4
San Miguel County - unincorporated	17.5	10.3	8.0	25.0	9.7	12.1	9.9
Telluride	36.5	45.7	4.0	23.9	60.0	25.8	49.8
Ilium, Ophir, Placerville, Sawpit	9.5	4.8	5.0	10.9	6.4	24.2	6.8
Ouray County	1.6	4.8	5.0	9.8	4.9	4.5	5.3
Other	3.2	8.0	4.0	4.3	4.3	3.0	5.7
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

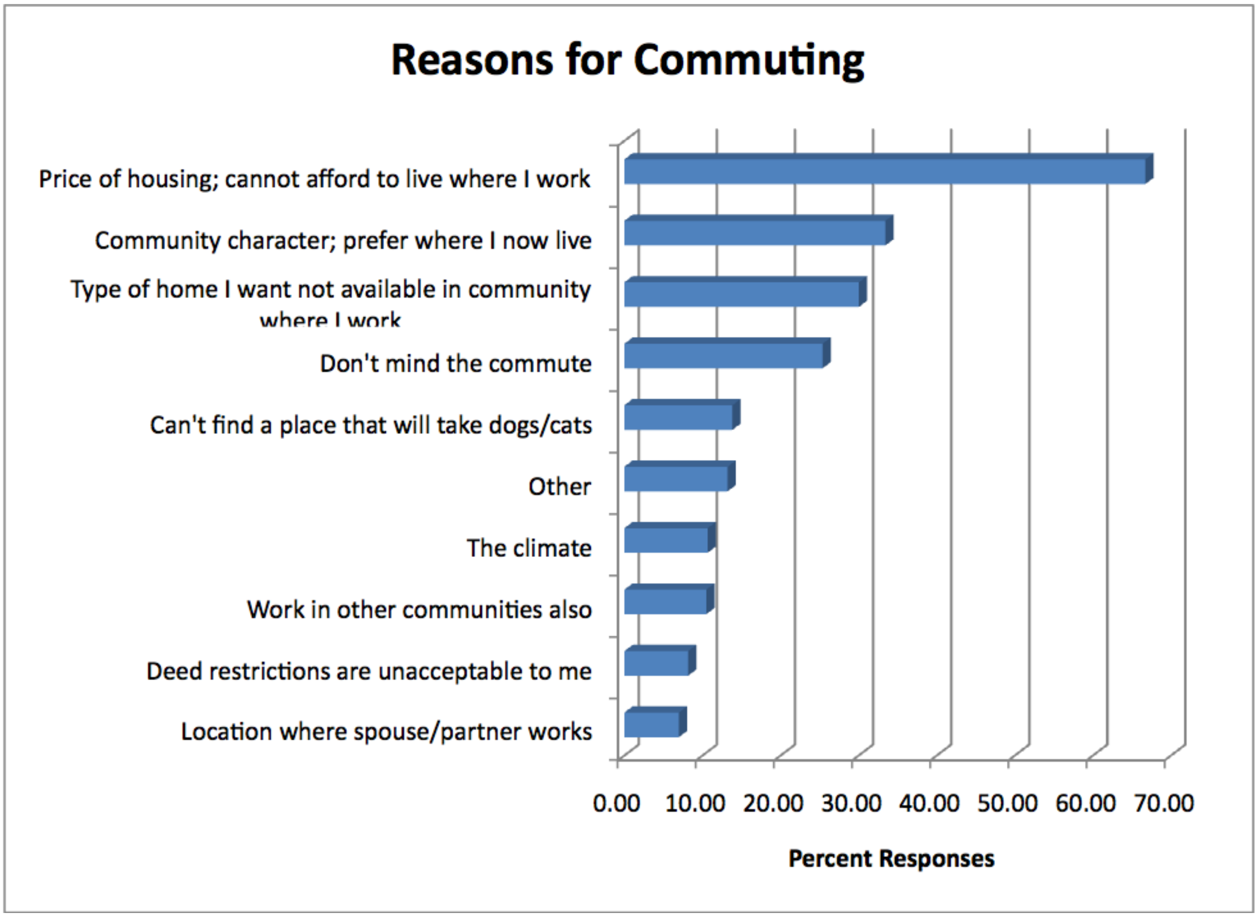
Commuter Characteristics

A large sample of nearly 400 employees who commute was also obtained through survey responses from 1,190 households and a survey distributed primarily to employees commuting on buses and vans, from which 123 responses were received. Commuting was defined as employees who live and work in different communities. These employees provide insight as to why they now commute and what would entice them to move to the community where they now work.

Among commuters:

- 56% own their homes;
- 75% live in single-family homes;
- 64% are couples with or without children; and
- The median household income is $45,000.

The primary reason why employees commute rather than live in the community where they work is the price of housing. Community character is a distant second. The unacceptability of deed restrictions is a very minor consideration mentioned by only 8% of the commuters surveyed. The location where spouses/partners work also matters to very few.



Source: Household and commuter survey

Many employees are not interested in moving to the community where they work. Interest levels vary widely according to where employees now live. Employees living in rural, unincorporated areas are more likely to be interested in moving than employees who live in a town. Employees living in Montrose are the least likely to want to move. According to interviews and commuter surveys in Spanish, this is due in part to the Hispanic community in Montrose and the services there, including public education, available to Spanish-speaking persons.

Interest in Moving to Community Where Work

	Where Employees Live							
What housing option would entice you to move to your community of work?	Rico/ Dolores/ Cortez	Ridgway	Montrose	Norwood	Ouray	Ouray Co Unincorp	San Miguel Balance	Illium, Ophir, Placerville, Sawpit
A single family home	27.3	30.8	23.9	41.4	30.0	48.5	64.5	86.5
A condo, TH, duplex	0.0	15.4	2.2			12.1	3.2	1.9
A place to rent	18.2	23.1	15.2	13.8	40.0	30.3	12.9	11.5
Other	0.0			6.9			16.1	
I am not interested in moving to the community where I work	54.5	30.8	58.7	37.9	30.0	9.1	3.2	
	100%	100%	100%	100%	100%	100%	100%	100%

Source: Household and commuter surveys

While a single-family home would entice many employees to move, others are looking for places to rent. Few are interested in moving to live in a condo, townhome or duplex. For commuters who would be enticed to move by a single-family home, the median price would need to be $250,000. The median rent would need to be $600 per month to attract renters.

The following table also suggests that the distance traveled is not a key variable in the desire of commuters to move to the community where they work. Employees who are not interested travel the farthest, on average.

Interest in Moving to Community Where Work by Miles Traveled

	Average Miles
A single family home	26
A condo, townhome, or duplex	21
A place to rent	41
Other	27
I am not interested in moving to the community where I work	53

Source: Household and commuter surveys

Mode of Travel

The most frequently used mode of travel between work and home is driving alone. Of commuters surveyed, 61% drive alone at least one day per week. This compares with 13.7% who take a bus, the mode of travel used least by commuters.

Mode Used to Get to Work – Commuters

Days per Week	Drive Alone	Carpool 2-4 people	Carpool 5+ people	Bus
0	39.0	70.0	84.1	86.3
1	13.8	7.6	1.8	2.0
2	5.0	4.6	0.8	1.1
3	7.3	3.3	1.6	1.7
4	5.4	7.6	8.4	2.7
5	24.5	5.3	3.1	6.2
6	3.7	1.2	0.3	
7	1.3	0.5	0.0	
	100%	100%	100%	100%
% Use at Least Once per Week	61.0%	30.0%	15.9%	13.7%

Source: Household and commuter surveys

Responses to the household survey on the mode used to travel to work revealed that driving alone is the most frequently used form of transportation in all areas except Mountain Village and Telluride where walking or biking far outweigh traveling by car.

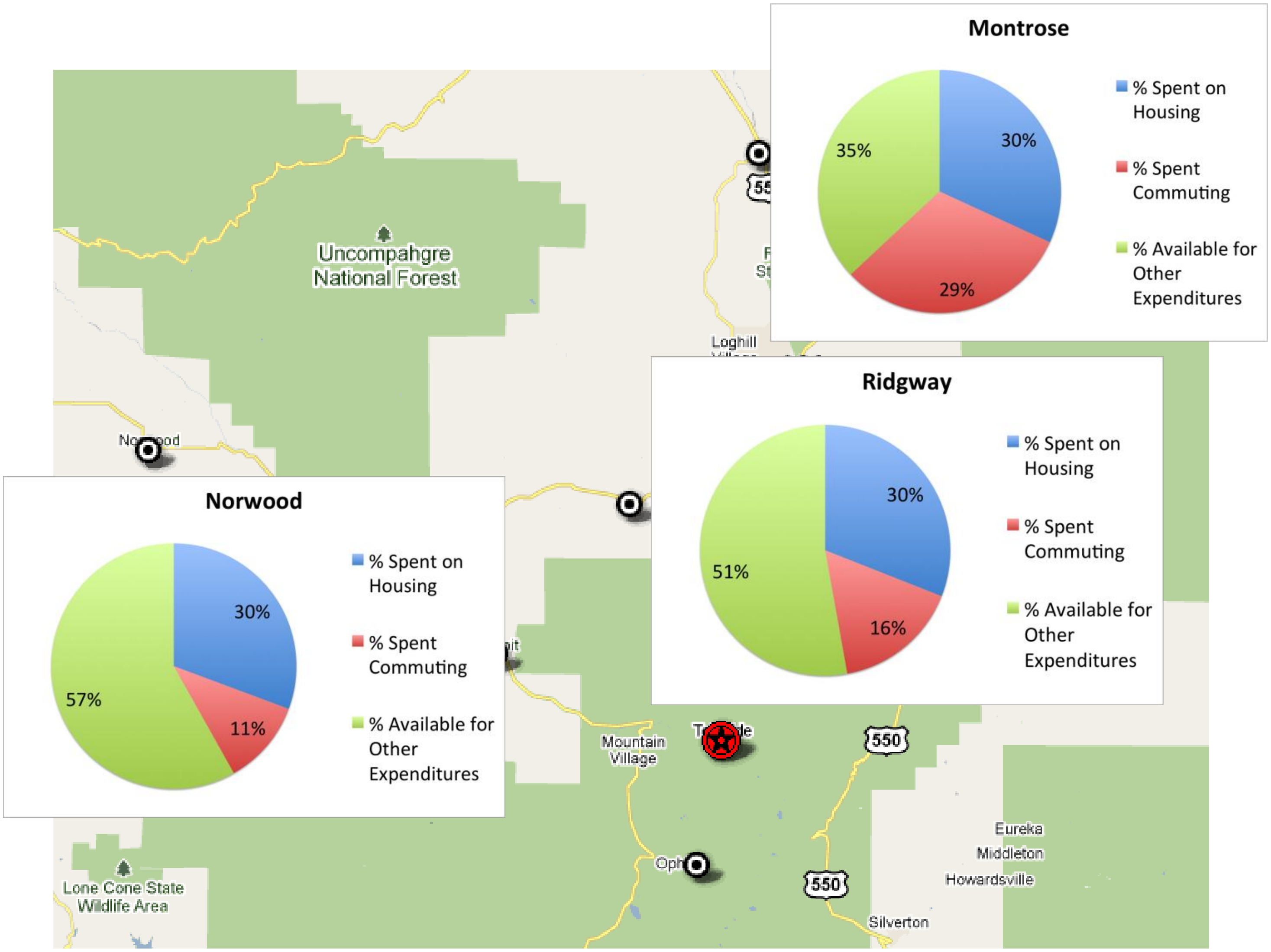
Mode Used to Get to Work – All Residents; Average Days per Week

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Walk or bike	2.0	1.4	0.3	2.5	0.7	3.8	0.4
Drive Alone	2.0	2.7	2.9	1.7	3.0	0.9	3.1
Carpool 2-4 people	0.2	0.4	0.7	0.3	0.8	0.1	0.9
Car/van pool 5+ people	0.0	0.1	0.2	0.0	0.0	0.0	0.0
Bus	0.0	0.1	0.0	0.1	0.3	0.6	0.2
Other	0.4	0.2	0.5	0.6	0.1	0.3	0.2

Source: Household survey

The following map illustrates the cost of commuting to and from Telluride based on one person driving alone. While housing is less expensive in neighboring communities, the combined cost of housing and transportation costs often makes commuting an unaffordable alternative to living near work. If an employee working in Telluride spends 30% of their income for housing in Montrose, they must spend about an equal amount commuting.

Commuting Costs



2. Housing Inventory

This chapter of the report provides information on the housing inventory in Ouray and San Miguel counties including:

- Number of total residential units and number of units occupied by residents;
- Primary/vacation home relationship;
- Rate of growth in housing;
- Tenure, which is the mix between owner and renter occupied units;
- Age of housing;
- Type of housing units;
- Deed restricted housing inventory by jurisdiction, tenure and bedrooms; and
- Availability of Section 8 rent subsidy vouchers.

Number of Housing Units – Total and Occupied

The two-county region has a total of 9,721 residential units. Just over two thirds are in San Miguel County. Mountain Village and Telluride are almost tied as the largest communities in terms of total units, but Telluride has 1.4 times as many occupied units as Mountain Village. In both Ouray and San Miguel counties, there are more total and occupied units in unincorporated areas than in any of the communities.

Housing Units by Area and Occupancy

	Total Housing Units	Occupied Housing Units	Other/Vacant Housing Units	Vacancy Rate
OURAY COUNTY	3,083	2,022	1,061	34.4%
Ouray	800	457	343	42.9%
Ridgway	511	404	107	20.9%
Unincorp. Area	1,772	1,161	611	34.5%
SAN MIGUEL COUNTY	6,638	3,454	3,184	48.0%
Mountain Village	2,066	751	1,315	63.6%
Norwood	249	215	34	13.7%
Ophir	64	59	5	7.8%
Sawpit	23	18	5	21.7%
Telluride	2,070	1,086	984	47.5%
Unincorp. Area	2,166	1,325	841	38.8%
Total – 2 County region	9,721	5,476	4,245	43.7%

Source: 2010 Census

Primary/Vacation Home Relationship

The Census Bureau classifies units that are vacation accommodations or second homes to be vacant. Even if owners or short-term renters were in the units at the time that the Census was conducted, the units were not classified as occupied unless they were occupied by local residents. Vacancy rates are high in both counties due to vacation homes. The overall vacancy rate for housing units in the region is nearly 44%. Of the vacant units, 81% in Ouray County and 75% in San Miguel County were reported by the American Community Survey as being for seasonal, recreational or occasional use.

The vacancy rate is highest in Mountain Village, followed by Telluride then Ouray. A comparison of the vacancy rates from 2000 and 2010 shows that the percentage of units occupied by local residents is decreasing in all of Ouray County and in much of San Miguel County although the relationship between occupied homes and vacant/vacation homes in Telluride has remained steady. The 2010 Census confirms the trend toward proportionately more vacation homes as reported in the 2008 interim report for the *Alternative Futures for the Telluride Region Project* by the Graduate School of Design at Harvard University and the Massachusetts Institute of Technology. Given that buyers of vacation homes drive prices upward beyond the level affordable to local wage earners, this trend is significant particularly for Ouray County where homes prices have been lower in the past.

Vacation/Vacant Units by Area, 2000 and 2010 Compared

	2000	2010
OURAY COUNTY	26.56	34.4%
Ouray	35.85	42.9%
Ridgway	10.38	20.9%
Unincorporated	26.35	34.5%
SAN MIGUEL COUNTY	41.99	48.0%
Mountain Village	49.12	63.6%
Norwood	24.42	13.7%
Ophir	9.09	7.8%
Sawpit	33.33	21.7%
Telluride	47.73	47.5%
Unincorporated	35.73	38.8%

Sources: 2000 and 2010 Census

Rate of Growth in Housing Units

Most of the communities in the two-county region experienced strong rates of residential growth between 2000 and 2010. The total number of units more than doubled in Mountain Village. Ridgway had the second highest rate of growth at nearly 61%. Telluride had the lowest rate of growth in total residential units – 6.8%. Norwood was an exception to the growth trend with a loss of nine units according to the Census.

Total Housing Units by Area, 2000 – 2010

	2000	2006	2007	2008	2009	2010	Change 2000 - 2010
OURAY COUNTY	2,146	2,810	2,909	2,978	3,017	3,083	43.7%
Ouray	583	691	712	719	722	800	37.2%
Ridgway	318	503	532	549	556	511	60.7%
Unincorp. Area	1,245	1,616	1,665	1,710	1,739	1,772	42.3%
SAN MIGUEL CO.	5,197	6,117	6,272	6,420	6,541	6,638	27.7%
Mountain Village	1,022	1,414	1,510	1,587	1,639	2,066	102.2%
Norwood	258	282	284	286	287	249	-3.5%
Ophir	55	69	72	72	72	64	16.4%
Sawpit	18	19	19	19	20	23	27.8%
Telluride	1,938	2,138	2,157	2,197	2,241	2,070	6.8%
Unincorp. Area	1,906	2,195	2,230	2,259	2,282	2,166	13.6%

Sources: DOLA 2006 – 2009, Census 2000 and 2010

Total housing unit estimates published by DOLA were provided for 2006 through 2009. The estimates where higher for 2009 than the Census found in 2010 in Ouray County as a whole, in unincorporated San Miguel County and in the communities of Ridgway, Norwood, Ophir and Telluride. The comparison is provided in case the DOLA estimates have been used for planning or other purposes and need to be adjusted to reflect the latest, more accurate Census figures.

Tenure

The mix between owner-occupied and renter-occupied units varies and is difficult to estimate given available information. The American Community Survey provides estimates on tenure but the margins of error are too high for use at this time. Over time, the sample size will improve, and the ACS should become a reliable source for information on the mix between owners and renters.

To estimate tenure, three sources were compared: the 2000 Census, 2009 ACS and 2010 estimates published by ESRI, a private firm that provides demographic estimates primarily to support business location decisions. The estimates were similar for many of the jurisdictions but varied widely for the towns of Mountain Village and Telluride. In consultation with task force members, ESRI was chosen as the source for all areas except the two towns. In Mountain Village, where the majority of occupied units are deed restricted, data on those units was used to estimate owner/renter mix. The result was the same as the ESRI estimate. In Telluride, a census conducted by Town staff in 2000 was revisited in light of housing development that has occurred in the past 10 years and determined to be the best source for owner/renter mix.

The following table contains the results of this exercise. The percentage and number of units is provided for both counties and communities. In Ouray County, approximately 73% of occupied units are owner occupied. In San Miguel County, the split is about even due to a high percentage of renters in both Mountain Village and Telluride.

Tenure by Area, Percent and Number of Units

	Occupied Housing Units	Own %	Own #	Rent %	Rent #
OURAY COUNTY	2,022	73%	1,482	27%	540
Ouray	457	70%	322	30%	135
Ridgway	404	69%	280	31%	124
Unincorp. Area	1,161	76%	880	24%	281
SAN MIGUEL COUNTY	3,454	50%	1,743	50%	1,711
Mountain Village	751	48%	359	52%	392
Norwood	215	68%	147	32%	68
Telluride	1,086	42%	456	58%	630
San Miguel Balance	1,402	56%	781	44%	621

Sources: 2010 Census for occupied units; ESRI and Town of Telluride data for tenure percentages; RRC/Rees calculations

Unit Type

Approximately 83% of the households in Ouray County and 53% of the households in San Miguel County reside in single-family homes. San Miguel County has proportionately more households living in apartments, townhomes and condominiums while Ouray County has more mobile home occupants. “Other” includes rooms without kitchens.

Occupied Unit Type by County and Own/Rent

	Ouray County			San Miguel County		
	Own	Rent	Overall	Own	Rent	Overall
Single family house	93.7	53.9	83.2	72.0	33.0	52.8
Apartment	0.4	25.5	7.0	0.3	43.2	21.5
Townhouse/duplex	1.4	7.8	3.1	6.8	5.5	6.2
Condo	0.7	2.0	1.0	18.1	9.3	13.7
Alley structure/shed	0.0	1.0	0.3	0.3	2.3	1.3
Mobile home	2.8	9.8	4.7	1.4	0.3	0.9
Other	1.1	0.0	0.8	1.1	6.4	3.7
Total	100%	100%	100%	100%	100%	100%

Source: Household survey

Bedrooms

Occupied residential units in Ouray County are more likely to have three or more bedrooms than are homes in San Miguel County (67% compared with 42% in San Miguel County). In relative terms, more residents of San Miguel County live in studios or one-bedroom units (27% compared with 7% in Ouray County).

Number of Bedrooms by County and Own/Rent

	Ouray County			San Miguel County		
Bedrooms	Own	Rent	Overall	Own	Rent	Overall
0	0.0	1.1	0.3	0.3	2.4	1.3
1	2.8	18.5	6.6	9.2	42.4	25.5
2	22.6	35.9	25.9	28.7	34.6	31.6
3	54.0	38.0	50.1	40.5	14.0	27.5
4	18.1	4.3	14.8	17.5	4.8	11.3
5+	2.4	2.2	2.4	3.7	1.8	2.8
Total	100%	100%	100%	100%	100%	100%

Source: Household survey

Age of Housing

Information is provided on the age of housing in the two-county region since age is often an indication of the condition and energy efficiency of housing, and the need for rehabilitation. The age of residential units is similar in both counties with approximately 21% being built prior to 1970. These units, if not already renovated, are likely in need of it. Housing construction was booming in the past two decades in both counties with more than twice as many units built as during the 20-year period between 1970 and 1990.

Residential Units -- Date of Construction

Year Built	Ouray County		San Miguel County	
	#	%	#	%
pre-1970	656	21.0%	820	21.5%
1971-1980	397	12.7%	403	10.6%
1981-1990	398	12.7%	509	13.4%
1991-2000	749	24.0%	1096	28.8%
2001-2009	869	27.8%	982	25.8%
Unknown	55	1.8%	0	0.0%
Total:	3124	100.0%	3810	100.0%

Source: County Assessor data compiled by the Town of Ridgway

Deed/Occupancy-Restricted Housing Inventory

Occupancy of affordable housing and price in many cases are controlled over time by either deed restrictions and/or requirements associated with project financing. There are also units that were built to be affordable through incentives and/or size restrictions that may not have specific limitations on occupancy but due to their location and design primarily house lower income residents. For simplicity, all units with occupancy, employment, residency and/or income restrictions and units for which incentives were provided are referred to as deed restricted in this report.

Ouray County

The inventory of deed-restricted housing in Ouray County includes the following units and lots:

- 10 single-family homes in the River Park subdivision in Ridgway. The initial sales price was determine by the developer's cost for land and improvements, as approved by the Town Manager. The deed restriction imposes a 3.2% annual appreciation for the first five years that steps up through year 10 to 10%. The price caps expire after 10 years provided that the home is owned by one owner during that period. If owners fail to own their homes for 10 consecutive years, the price caps start over again at the date of purchase. One member of the household must earn the majority of their income in Ouray County or from an Ouray County employer. There are no income limits. Plan check fees, building permits and excise taxes were waived.

- 2 lots in the Parkside subdivision in Ridgway which are planned for development with tri-plexes for a total of six units.

- A four-plex parcel in the Preserve subdivision in Ridgway which has received preliminary plat approval, but not final approval. The parcel cannot yet be sold or developed.

- Approximately 16 accessory dwellings in Ridgway with a maximum size of 800 square feet for which no tap fees were required and water/sewer service is discounted.

- One duplex and six accessory dwelling units in Ouray.

San Miguel County

As of April, the deed-restricted inventory in San Miguel County included a total of 1,124 units. This total does not include the 30 units at Telluride Apartments since they cannot be occupied. Redevelopment of the site to increase the number of units is planned.

Deed-Restricted Inventory by Jurisdiction

Area	Owner	Renter	Total DR	% of Occupied Units
Mountain Village	93	416	509	67.5%
Norwood		30	30	14.0%
San Miguel County	202	73	275	20.8%
Telluride	106	204	310	28.5%
Total	401	723	1,124	32.4%
Percent of Total	35.7%	64.3%	100%	

Source: SMRHA

Two-thirds of the occupied housing units in Mountain Village are deed restricted. In Telluride, 29% of the units that are occupied by local residents are deed restricted. In unincorporated San Miguel County, 21% of occupied units are restricted under the County's regulations. This percentage is based on deed-restricted units in the Telluride region compared to all occupied units throughout unincorporated San Miguel County. County-wide, nearly one-third of all occupied units are deed restricted.

The split between owner and renter occupancy of deed-restricted units may change over time due to several factors:

- Employee condominiums developed under Mountain Village's Employee Housing Restrictions can be owner or renter occupied. Units for which the SMRHA has current leases have been included under the renter column.

- Some units that are now vacant and are listed for sale or in foreclosure; these units have been included in the owner category.

- A few units in Telluride intended for owner occupancy are now rentals due to financing and other issues but will likely be sold to owner occupants in the future; they are now listed under the renter column.
- A few of the units under the renter column are also vacant, primarily due to turnover. More information on rental vacancies is provided in section 3B Rental Market Conditions.

San Miguel County – Unincorporated

Through a combination of inclusionary zoning requirements, densities granted through the PUD process, Land Use Code provisions that allowed accessory dwellings and, since 2007, an Affordable Housing Impact fee, a total of 275 deed restricted units have been built in San Miguel County. Of these, nearly three-fourths are owner occupied. Of total units, half are in the Lawson Hill PUD. Occupancy of the 46 accessory dwelling has not been monitored and is uncertain. With the adoption of the Affordable Housing Impact Fee, the County will now allow accessory units without requiring a deed restriction.

Deed-Restricted Units in Unincorporated San Miguel County

County R-1 Deed Restriction	Owner	Renter
Aldasoro PUD	16	
Accessory Dwelling Units (ADU) – various locations		46
San Bernardo PUD	23	
San Bernardo PUD Employee Apartments		1
Q lots	1	
Ridgeview (commercial/residential)		1
Sunshine Valley	4	2
Two Rivers	28	
Lawson Hill PUD	120	19
Live/Work		4
Affordable Housing Covenant Guidelines		
Rio Vistas II	10	
Sub-Total	**202**	**73**
Total	**275**	

Source: SMRHA

Mountain Village

To date, 537 deed-restricted units have been developed in Mountain Village through a combination of zoning regulations, incentives, funds and land: Specifically:

- Zoning that calls for employee housing to be provided for 15% of the person equivalent density in the town.

- Density bonuses that have resulted in the development of 133 condominiums or apartments and 19 dorm units.
- Incentives in the form of reduced building permit and tap fees.
- An allocation of sales tax receipts for housing.

More detail on these programs and the recently adopted Comprehensive Plan is provided in the Community Resources and Financing Tools section of this report.

Mountain Village Deed Restricted Inventory

	Owner	Renter
LOT 20-Castellina	1	
Cassidy Ridge	3	
Lot 600A - Elkstone	1	
Coyote Court	10	
Big Billies		149
Village Court Apartments		221
Bear Creek Lodge		2
Boulders	9	5
Capella		10
La Chamonix	1	
Fairway Four	17	7
Franz Klammer	3	3
Mountain Village Firehouse		3
Northstar	2	1
Parker Ridge [2 units sold in foreclosure in '09 & '10]	17	2
Pennington		1
Prospect Creek	9	5
Prospect Plaza	6	1
See Forever (one unit taken by bank)	1	2
Spring Creek	8	2
Timberview	2	
La Tramontana	1	1
Tristant	1	
Lot 17 Emp. Apt		1
Lot 28 Lumiere	1	
Sub-Totals	**93**	**416**
Total-Mountain Village	**509**	

Since they cannot be occupied due to mold, the 30 units at Telluride Apartments have been excluded from this inventory.

Norwood

One 30-unit rental project in Norwood is income restricted under Low Income Housing Tax Credit (LIHTC) guidelines to households with incomes no greater than 50% AMI. The restrictions will expire in roughly 20 to 30 years.

Telluride

Telluride has an inventory of 310 deed-restricted units that fall into four categories:

1. Affordable housing units required by mitigation;
2. Employee housing units produced with incentives;
3. Town-constructed units developed with its Affordable Housing Fund; and
4. Low-income apartments developed by the Telluride Housing Authority using tax exempt bond financing.

Telluride Deed Restricted Inventory

	Owner	Renter
Affordable Housing Units - Mitigation		
AHU (various locations)*	20	22
Creekside (under private management)		26
Telluride Medical Center	1	
Deed Restricted/Price-capped – Other		
Fino	2	
Cribs (Popcorn Alley)	3	
Town Constructed (w/ School District and County partnerships)		
Telluride Family Housing (TFH)/Block 24	7	
Wilkin Court	13	
Mendota	16	
Entrada	17	
Gold Run	18	
Employee Dwelling Units (EDU) – various locations	9	22
Shandoka Apartments(25 Units are under EDU DR)		134
Sub-Total	**106**	**204**
Total	**310**	

*Based on current occupancy, not long-range intended use.

Roughly two thirds of total units, or an estimated 204 units, are renter occupied. This percentage will shift slightly over time as units that were intended for owner occupancy were initially rented when, for various reasons, they could not be sold. The count under each category is as follows:

1. Affordable Housing Units (AHU's) -- Mitigation requirements imposed on all new residential and commercial development in Telluride has resulted in the construction of 70 AHU's. Of the total, 22 are owner occupied and 48 are rented. The mix between owner and renter occupancy changes because either use is allowed for some units and units intended for homeownership may be rented when financing and other obstacles preclude their sale. AHU's built prior to 2007 have income limits of 200% AMI, although the maximum rents allowed are based on the guidelines that applied at the date of construction, with most allowing a 2.5% annual increase. Units built in 2007 and since have income caps of 120% AMI or 150% AMI. Rents for these units are typically higher than charged for the older units with 200% AMI limits.

2. Employee Dwelling Units (EDU's) are primarily accessory dwellings built usually with some type of incentive from the Town of Telluride – tap fee waivers, building permit reductions, density bonuses or some other type of variance. The 31 EDU's are not price/rent capped and have flexible occupancy restrictions so that they can be rented by seasonal employees. Most are rentals (22 units), but nine are owner occupied. A few are provided to employees as a housing allowance by their employers with no or very low rents.

3. Town Constructed Units - The Town has constructed 68 homes in five projects, all of which are intended for owner occupancy. The subsidies to make these homes affordable have come from the Town's Affordable Housing Fund (see Community Resources and Financing Tools), the school district which partnered on three projects, and San Miguel County which participated in the most recent project to be completed, Gold Run.

4. Low Income Apartments –The 134 apartments at Shandoka were developed in four phases. Tax exempt bonds were the primary source of financing, with income restrictions imposed on the units at 80% AMI.

Bedroom Mix – Deed Restricted Units

The following information on bedroom mix is based on a large sample of the deed-restricted units in San Miguel. The number of bedrooms is not known on many of the scattered accessory dwelling units and employee apartments. Overall, the deed restricted inventory is very diverse, with units ranging from small studios to single-family homes with five bedrooms. Bedroom mix varies by jurisdiction. The distinct approaches to affordable housing have resulted in distinct inventories.

- Mountain Village has a high proportion of small units – 46% are studios and 21% have one bedroom. This is primarily due to Big Billies, which houses seasonal employees.

- Units in the unincorporated San Miguel County generally tend to be larger than elsewhere – 52% have three or more bedrooms.

- Telluride has a range of sizes, with two bedrooms comprising the highest percentage (41%) of units.

Bedroom Mix by Location

Location/Project Name	# of Units	Studios	1 BR	2 BR	3 BR	4 BR*
Mtn Village						
Big Billies	149	149				
Village Court	221	78	78	53	12	
Employee condos/apts	139	1	35	52	39	12
Total	509	228	113	105	51	12
Percent of Total	100%	44.8%	22.2%	20.6%	10.0%	2.4%
San Miguel Co**						
Owner Occupied	199	0	12	73	89	25
Renter Occupied	24		9	13	2	
Total	223	0	21	86	91	25
Percent of Total	100%		9.4%	38.6%	40.8%	11.2%
Norwood						
Cottonwood Creek	30					30
Total	30					30
Percent of Total	100%					100%
Telluride						
Shandoka	134		43	61	26	4
Creekside	26		20	6		
Other Units	124	4	35	49	31	5
Total	284	4	98	116	57	9
Percent of Total	100%	1.4%	34.5%	40.8%	20.1%	3.2%
County Total	1,046	232	232	307	199	76
Percent of Total	100%	22.2%	22.2%	29.3%	19.0%	7.3%

*Includes three units with five bedrooms. Note: number of bedrooms is only known for 1,046 of the 1,124 total deed-restricted units.

Deed-Restricted Units – Approved but Not Built

A total of 208 deed-restricted units have been approved but not yet constructed. Of them, 99% will be in Mountain Village and unincorporated San Miguel County with 103 units approved in each jurisdiction. The count could change. Some parcels are in foreclosure and/or listed for sale. New owners could propose changes to existing development plans.

Approved Units by Location and Project

	Approved, Not Built
Mountain Village	
Lots 109R/110 Mtn Village Hotel	1
Lots 122/123R	2
Boulders	8
Spring Creek	4
Timber View	6
Lot 60 – RAB La Chamonix	1
LOT 126R/152R	17 dorms + 5 apts
LOT 165(Unit 23)-Cortina	2
Lot 71R	1
Lot 30	2 dorms
Lot 644	54
Sub-Total	**103**
San Miguel County	
Aldasoro PUD	8
Accessory Dwelling Units (ADU)	1
San Bernardo PUD Employee Apartments	7
Q lots	33
Lawson Hill PUD	7
Live/Work-Lot L (29), C (12) & E (6)	47
Sub-Total	**103**
Town of Telluride	
AHU Owner-occupied – mitigation units to be built	**2**
Ridgway	
Parkside Subdivision	**6**
2-County Regional Total	**208**

In addition to these approved units, two projects have received preliminary approvals: Sunshine Valley in San Miguel County for 13 units and a four-plex lot in the Preserve subdivision in Ridgway.

Employer-Assisted Housing

Of the households surveyed in San Miguel County, 10.7% of renters and 0.9% of owners indicated that their employers provide or subsidize their housing. These households could be living in deed-restricted or free-market units.

Section 8 Vouchers

The SMRHA administers the Section 8 rent subsidy voucher program for San Miguel County. As of the end of 2010, the agency administered 55 vouchers with a wait list of 32 applications. The wait list is now closed. Applications are not being accepted until such time as the list nears the length estimated to take two years to exhaust. Just over half of the vouchers are utilized in Norwood and 41% are utilized in the Telluride/Mountain Village area. Approximately 94% are held by households with extremely low incomes (≤ 30% AMI). Nearly 54% of Section 8 clients are working, 13% are disabled and 12% are living on social security.

For Ouray County, Section 8 vouchers are administered by the Montrose Housing Authority, which is located in Olathe nearly one hour north of Ouray. The number of vouchers is very small and varies depending upon holders moving into and out of the county. The Ouray County social services office would like for the vouchers to be administered locally so that households in need could apply and be recertified without the burden of traveling to Olathe.

3A . Homeownership Market Conditions

This section of the report consists of two major parts which examine:

- Historical Sales including 5-year trends in number of units sold, median and average prices, sales by price range, price by number of bedrooms in the unit and prices per square foot; and
- Availability of Homes including number of listings, both free market and deed restricted, by price.

All information is provided by location with county totals or averages. Information for both sales and listings is provided separately for market units and deed-restricted units.

Historical sales prices and the prices of homes listed for sale are expressed in terms of AMI, which is defined in the Demographic and Economic Framework section of this report. The maximum amounts that households in each AMI category can afford were calculated based on a series of assumptions. Homes sold or listed for sale were then placed into the price ranges corresponding to each AMI category. The following table shows the calculation of the maximum purchase prices in both counties.

Calculation of Maximum Affordable Purchase Prices by AMI for 2-Person Households

AMI Ranges	51% - 80%	81% - 100%	101% - 120%	121% - 150%	151% - 200%	201% - 250%
Ouray County						
Monthly income	$3,379	$4,225	$5,070	$6,338	$8,450	$10,563
Affordable housing pmt	$1,014	$1,268	$1,521	$1,901	$2,535	$3,169
taxes/ins/HOA	$203	$254	$304	$380	$507	$634
Principle/ interest	$811	$1,014	$1,217	$1,521	$2,028	$2,535
Amt can borrow	$151,074	$188,890	$226,667	$283,334	$377,779	$472,205
10% down	$16,786	$20,988	$25,185	$31,482	$41,975	$52,467
Max. Purchase Price	$167,860	$209,877	$251,853	$314,816	$419,754	$524,672
San Miguel County						
Monthly income	$4,100	$5,125	$6,150	$7,688	$10,250	$12,813
Affordable housing pmt	$1,230	$1,538	$1,845	$2,306	$3,075	$3,844
taxes/ins/HOA	$246	$308	$369	$461	$615	$769
Principle/ interest	$984	$1,230	$1,476	$1,845	$2,460	$3,075
Amt can borrow	$183,301	$229,127	$274,952	$343,690	$458,253	$572,797
10% down	$20,367	$25,459	$30,550	$38,188	$50,917	$63,644
Max. Purchase Price	$203,668	$254,585	$305,502	$381,878	$509,170	$636,441

Sources: HUD for AMI figures; Rees calculations.

AMI's vary by household size. The affordable purchase price calculations used in this report are based on the AMI for two-person households. This was done for a combination of reasons, the primary one being the average size of households in the region – 2.18 in Ouray County and 2.13 in San Miguel County. (See the Economic and Demographic Framework section of this report for the average number of persons per household in each community.) Given today's tough mortgage underwriting standards, it is appropriate to be conservative rather than aggressive in estimating affordable price levels. Therefore, the following other assumptions used in these calculations:

- Affordable housing payments equal 30% of gross household income.
- Taxes, property insurance and HOA fees total 20% of the affordable monthly payment.
- The interest rate is 5% on a 30-year fixed rate mortgage.
- The down payment is 10%.

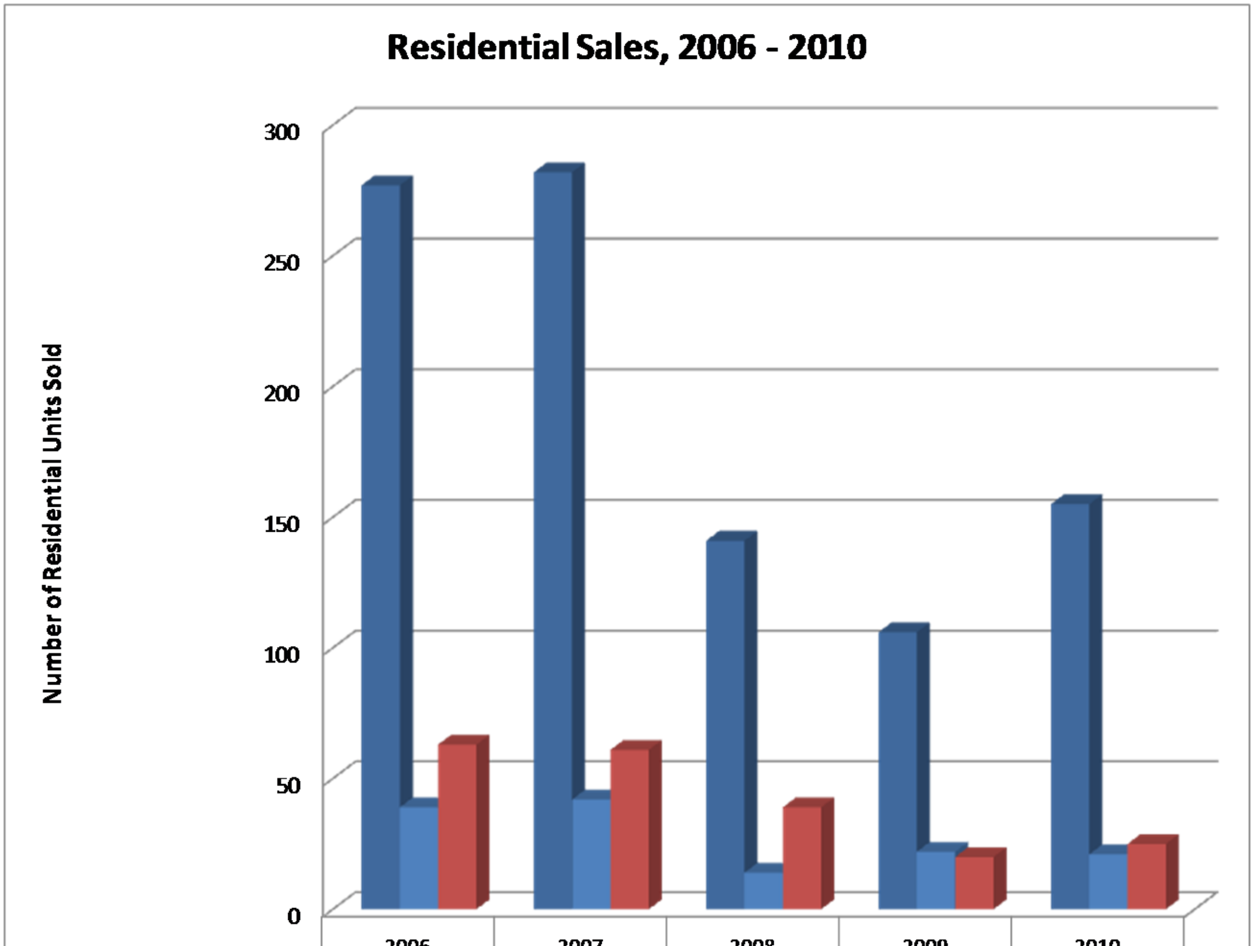
The resulting purchase prices are maximums. To provide housing affordable for all of the households in any of the AMI categories would require that they be priced at the maximum amount for the next lowest AMI category. Using the previous table, households in Ouray County with incomes at 100% AMI would generally be able to afford a home priced up to $209,877; however, households with incomes at the low end of the AMI range (80% AMI) could only afford around $167,860.

The maximum affordable purchase prices for households ranging in size from one to five persons and with incomes ranging from 30% to 250% AMI have been provided in the appendix to this report.

Historical Residential Sales

Number of Units Sold

During the past five years the homeownership market has gone from being very active with a high volume of sales to being very slow with the number of sales dropping 62%. The number of homes sold in Ouray County peaked in 2007 at 63 units. The following year, the number of sales reached their peak in San Miguel County at 324 total units. In both counties, 2009 was the slowest year. The market showed improvement in 2010 with a 36% increase in total sales in the two-county region. The rebound was strongest among market units in San Miguel County, with a 46% gain in the number of homes sold. Sales of market units in both counties and of deed-restricted units in Mountain Village, Telluride and San Miguel County exhibited the same general trend. In this five-year period, the number of units sold in Ouray County equaled about 15% to 20% of the sales volume in San Miguel County.



	2006	2007	2008	2009	2010
San Miguel Free Market	277	282	141	106	155
San Miguel Deed Restricted	39	42	14	22	21
Ouray Co Free Market	63	61	39	20	25

Source: Source: Telluride Association of Realtors Flex MLS and County Assessor records

Market Prices

Prices peaked in both counties in 2007 with an overall median of $547,115 in Ouray County and $1,237,500 in San Miguel County. The median price hit its lowest point in 2009 in San Miguel County at $992,500, a drop of nearly 20% from the peak. While the prices on many individual units continued to fall into 2010, the overall median price in San Miguel County rose back above the $1 million mark. In Ouray County, prices continued to drop in 2010 with a 26% decrease in the median price from the 2007 peak.

Median Market Prices by Location, 2006 – Feb. 2011

Ouray County	2006	2007	2008	2009	2010	2011 Jan/Feb
Ouray	$197,000	$347,500	$256,350	$345,000	$23,000*	
Ridgway	$335,000	$385,000	$295,000	$314,000	$279,250	
Unincorporated	$418,000	$460,000	$525,000	$415,000	$387,500	$435,000
Total	$375,109	$547,115	$470,651	$435,375	$406,910	$435,000
San Miguel County						
Mountain Village	$1,311,000	$1,775,000	$1,716,000	$1,624,000	$1,395,103	$975,000
Norwood	$181,300	$215,000	$198,500	$119,500	$230,500	
SM Balance	$591,500	$610,000	$590,000	$570,500	$643,500	$373,913
Telluride	$910,000	$1,104,762	$795,000	$837,500	$845,000	$2,140,000
Total San Miguel	$918,269	$1,237,500	$1,018,590	$992,500	$1,035,000	$982,500

Source: Telluride Association of Realtors Flex MLS

*Only 2 mobile home sales in Ouray in 2010, one for $13,000 and one for $33,000.

Prices in most of the region's communities mirrored the overall county trends with peak prices in 2007 or 2008, followed by decreasing prices through 2009 or 2010. There has been extensive variation in prices in the two-county region, however:

- Norwood has been by far the least expensive place to buy a home in either county with a median price of $230,000 in 2010.

- Mountain Village has had the most expensive homes in the region with a median that peaked at $1,775,000 in 2007 before declining to just under $1.4 million in 2010.

- The median price in Telluride topped $1 million in 2007 but dropped to $795,000 in 2008, a decrease of 28% in one year.

- Prices have been slightly higher in Ridgway than Ouray, but with few sales, the relationship in price between the neighboring towns is difficult to quantify.

An examination of sales prices by AMI shows that there is a clear imbalance between incomes and home prices in both counties. Expressed in terms of AMI, prices in Ouray County are very similar to those in San Miguel County with very few sales at prices affordable for households at 100% AMI.

- In Ouray County, less than 7.1% of homes sold were affordable to households with incomes equal to or less than 100% AMI. Opportunities for homeownership improved above 120% AMI but nearly 34% of units sold in the past five years required incomes in excess of 200% AMI.

- In San Miguel County, over 70% of the homes sold required incomes of 200% AMI or more. Only 7% of the total sales were at prices affordable for households with incomes at or under 100% AMI, most of which were in Norwood.

Free Market Sales by AMI, 2006 – Feb. 2011

Ouray County	2006	2007	2008	2009	2010	2011 Jan/Feb	Total	percent of total
<=30%	2	0	0	0	2	0	4	1.9%
31% - 50%	1	0	0	1	0	0	2	1.0%
51% - 80%	2	0	0	0	0	0	2	1.0%
81% - 100%	2	1	2	2	0	0	7	3.3%
101% - 120%	4	4	5	1	2	0	16	7.6%
121% - 150%	11	10	11	4	10	0	46	21.9%
151% - 200%	25	21	6	5	2	1	62	29.5%
201% - 250%	9	10	5	1	4	0	27	12.9%
Over 250%	7	15	10	6	5	1	44	21.0%
Total	63	61	39	20	25	2	210	100.0%
San Miguel Co	**2006**	**2007**	**2008**	**2009**	**2010**	**2011 Jan/Feb**	**Total**	**percent of total**
<=30%	0	0	0	2	0	0	2	0.2%
31% - 50%	3	1	0	1	1	0	6	0.6%
51% - 80%	10	12	4	4	5	2	37	3.8%
81% - 100%	5	10	5	1	2	1	24	2.4%
101% - 120%	12	12	4	3	12	0	43	4.4%
121% - 150%	17	9	12	10	6	4	58	5.9%
151% - 200%	33	27	12	14	11	0	97	9.9%
201% - 250%	26	17	12	6	11	0	72	7.3%
Over 250%	171	194	92	65	107	13	642	65.4%
Total	277	282	141	106	155	20	981	100.0%

Source: Telluride Association of Realtors Flex MLS

Deed-Restricted Sales

The SMRHA provided information on the sale of 138 deed-restricted homes in San Miguel County over the past five years (2006 through 2010). This equated to an average of nearly 28 units per year. These figures include sales of new units and re-sales of existing homes. It does not include sales of unimproved lots and two quit claim deeds.

Of the total, 61 units (44% of sales) were in Telluride, 38 (28%) were in Mountain Village and 39 (28%) were in the unincorporated county. Of the 138 sales, 62 (45%) were for units with price-capped deed restrictions.

Deed Restricted Sales by Location, 2006 – 2010

	2006	2007	2008	2009	2010	Total	% of Total
Mountain Village	10	15	6	5	2	38	28%
SMC Price Capped	1	1				2	1%
SMC R-1	10	17	3	4	3	37	27%
Telluride	18	9	4	13	16	60	44%
Telluride EDU			1			1	.7%
Grand Total	**39**	**42**	**14**	**22**	**21**	**138**	**100%**

Source: SMRHA using County Assessor records

The 5-year trend in number of sales mirrors the same general pattern as the free market, although the volatility has not been as extreme. Sales peaked in 2007 at 42 units, dropped to only 14 units in 2008 then rebounded to 21 units in 2010, a decrease of 50% in number of units sold.

On average, prices of deed-restricted units without price caps have been much higher than homes with price caps. Mountain Village had the highest average over the past five years of $415,842.
Homes without price caps or subsidies in unincorporated San Miguel County had the second highest average at $387,972.

The average among price-capped units in Telluride was $236,997 or about 57% of the average for sales in the past five years in Mountain Village. The price of the one unit that sold in Telluride without a price cap was much higher -- $440,000. The figures for priced-capped units included the initial sales of units that the Town built and subsidized with its Affordable Housing Fund.

Average Prices of Deed Restricted Sales, 2006 – 2010

	2006	2007	2008	2009	2010	5-Yr Average
Mountain Village	$383,600	$398,613	$581,783	$301,220	$495,000	$415,842
SMC Price Capped	$177,268	$316,697				$246,983
SMC R-1	$409,440	$380,008	$451,167	$380,484	$308,333	$387,972
Telluride	$224,526	$197,331	$192,851	$275,247	$253,299	$236,997
Telluride EDU			$440,000			$440,000
Overall Average	**$311,516**	**$346,000**	**$432,543**	**$300,284**	**$284,180**	**$328,339**

Source: SMRHA using County Assessor records

Even though the sample of sales in 2008 through 2010 is small, the overall averages for those years show a general trend in the prices of deed-restricted units. Prices escalated into 2008, reaching an average high of $432,543, then declined over 34% in 2009 and 2010 to an overall average of $284,180. The pattern varied somewhat by area:

- In Mountain Village, the average price in 2009 dropped 48% from the 2008 peak before increasing in 2010 due to one sale for $765,000.

- In unincorporated San Miguel County, the average price in 2010 was 32% less than the 2008 peak price.

- Average prices in Telluride did not follow this pattern. The four units that sold in Telluride in 2008 when other units were at their peak had an average price of less than $193,000. The average price in 2010 was 31% higher.

In terms of affordability, a wide range of pricing has provided homes that are affordable for all AMI categories. Approximately 28% of the deed-restriction units sold have been affordable for households with incomes equal to or less than 100% AMI, and nearly half have been affordable for households in the 100% to 150% AMI range. The remaining 23% have had prices affordable for households with incomes greater than 150% AMI.

Deed-Restricted Sales in San Miguel County by AMI

	2006	2007	2008	2009	2010	Total	% of Total
31% - 50%		1			2	3	2.2%
51% - 80%	7	4	2	5	2	20	14.5%
81% - 100%	6	4	2	1	3	16	11.6%
101% - 120%	11	5	1	3	5	25	18.1%
121% - 150%	7	15	1	11	8	42	30.4%
151% - 200%	6	10	4	2		22	15.9%
201% - 250%	1	2	1			4	2.9%
Over 250%	1	1	3		1	6	4.3%
Total	**39**	**42**	**14**	**22**	**21**	**138**	100.0%

Source: SMRHA using County Assessor records

The following table provides information on the 10 deed-restricted units in the River Park subdivision in Ridgway. They all sold in two years for roughly half the price of other homes in the subdivision. When four of the units resold approximately two years later, prices had escalated approximately 13%. The average price for free-market sales in River Park peaked in 2007 then dropped 18% by 2010.

Deed-Restricted Sales in Ouray County

River Park	2005	2006	2007	2008	2010
Deed Restricted					
# Sales/Resales	5	5	2	2	
Avg. Price	$182,000	$197,500	$205,700	$221,450	
Market					
# Sales/Resales	2	5	4		3
Avg. Price	$334,450	$330,480	$460,725		$378,067

Source: Ouray County Assessor

Availability of Homes

The inventory of residential units listed for sale through the MLS in both counties is very large. A total of 741 units were listed for sale in Ouray County and San Miguel County as of February 26, 2010. The exact number of listings varies daily but with few sales since 2007, the inventory has been large for three years. While listings for sale by owner are not included in these figures, the sample is large and adequately represents the vast majority of homes on the market.

Based on the number of market sales in 2010 (180 units or 15 sales per month), current listings equal a 50-month or 4+ year inventory. When the estimated time it will take to sell homes listed is greater than one year, it is generally considered to be a buyer’s market. An inventory of less than six months is a seller’s market. Based on the current inventory, it will be a long time before conditions return to a seller’s market. Tables with all listings by price range and unit type are provided in the appendix to this report.

Residential Listings as of February 26, 2010

	Market	Deed Restricted	Total
Ouray County			
Ouray	6		6
Ridgway	35		35
Unincorporated County	70		70
Ouray County Total	111		111
San Miguel County			
Mountain Village	240	15	255
Telluride	180	1	181
Norwood	17		17
San Miguel Balance	156	21	177
San Miguel Total	593	37	630
2-County Total	704	37	741

Source: Telluride Association of Realtors Flex MLS and SMRHA

The average prices of units listed for sale do not appear to reflect a saturated market with competitive pricing. They generally exceed the prices of units sold in the past two years.

Average List Prices for Free-Market Units by Unit Type

	Single Family	Multi Family
Ouray County		
Ouray	$395,800	$799,000*
Ridgway	$464,677	$180,125
Unincorporated	$1,132,316	$265,000
San Miguel County		
Mtn Village	$5,413,962	$1,939,061
Norwood	$198,747	N/A
Telluride	$2,399,971	$1,048,902
SM Balance	$2,182,663	$273,200

Source: Telluride Association of Realtors Flex MLS. *Figure represents the price for one unit.

A comparison of 2010 sale prices to 2011 list prices on a per-square-foot basis provides the most direct evaluation because variation by unit type and size is eliminated. In 2010, homes sold in Ouray County averaged $221 per square foot. The average price for units listed is 28% higher at $283. In San Miguel County, the average price of $735 per square foot for homes listed for sale is 37% higher than the average of $536 per square foot for homes sold in 2010.

Market Price per Square Foot, 2010 Sales and 2011 Listings Compared

	2010 Sales	2011 Listings
Ouray County		
Ouray	$187	$230
Ridgway	$198	$216
Unincorp	$249	$321
Total Ouray County	$221	$283
San Miguel County		
Mountain Village	$544	$839
Norwood	$138	$139
SM Balance	$347	$528
Telluride	$582	$832
Total San Miguel	$536	$735

Source: Telluride Association of Realtors Flex MLS.

The average list price for a three-bedroom home in Ouray County is just over $600,000. In San Miguel County, it is nearly $1.5 million.

Average Market List Price by Number of Bedrooms

	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	6-bdrm
Ouray County						
Ouray		$317,500	$649,000	$422,500		
Ridgway	$146,848	$236,728	$332,333	$744,500	$585,000	$489,000
Unincorporated	$689,000	$620,000	$690,766	$1,070,933	$3,456,667	$4,447,500
Total	$237,207	$435,095	$601,282	$929,391	$2,738,750	$3,128,000
San Miguel County						
Mountain Village	$1,067,253	$1,071,019	$2,091,269	$3,038,682	$4,725,962	$6,242,357
Norwood		$193,250	$163,829	$213,950	$257,750	
SM Balance	$361,600	$608,505	$833,349	$2,271,258	$4,482,913	$4,703,750
Telluride	$441,033	$845,968	$1,445,261	$2,565,607	$3,662,667	$4,259,286
Total San Miguel	$650,428	$850,863	$1,459,529	$2,664,642	$4,168,692	$5,386,315

Source: Telluride Association of Realtors Flex MLS.

While the recession has greatly improved availability for persons seeking to buy a home, affordability has not greatly improved. Of the 110 free-market homes listed for sale in Ouray County:

- Only ten units or 9.1% of the total are affordable for households with incomes at or below 100% AMI. All of these units are in Ridgway.

- In unincorporated Ouray County, incomes in excess of 250% AMI are needed to afford 61% of the 70 units listed for sale. Only nine units were listed for sale at prices affordable to households with incomes between 100% and 150% AMI.

- In the City of Ouray, only six units were listed for sale, half of which were priced to require an income of over 200% AMI. Only one unit was listed that was affordable for households with incomes of less than 150% AMI.

Ouray County Market Listings by AMI

AMI Category	Ouray	Ridgway	Unincorp	Total
<=30%	0	0	0	0
31% - 50%	0	0	0	0
51% - 80%	0	6	0	6
81% - 100%	0	3	1	4
101% - 120%	1	3	3	7
121% - 150%	0	5	6	11
151% - 200%	2	12	6	20
201% - 250%	2	2	11	15
Over 250%	1	3	43	47
Total	6	34	70	110
<=30%	0.0%	0.0%	0.0%	0.0%
31% - 50%	0.0%	0.0%	0.0%	0.0%
51% - 80%	0.0%	17.6%	0.0%	5.5%
81% - 100%	0.0%	8.8%	1.4%	3.6%
101% - 120%	16.7%	8.8%	4.3%	6.4%
121% - 150%	0.0%	14.7%	8.6%	10.0%
151% - 200%	33.3%	35.3%	8.6%	18.2%
201% - 250%	33.3%	5.9%	15.7%	13.6%
Over 250%	16.7%	8.8%	61.4%	42.7%
Total	100.0%	100.0%	100.0%	100.0%

Source: Telluride Association of Realtors Flex MLS.

In San Miguel County, only 6% of the 593 homes listed for sale (37 units) were priced at levels affordable for households with incomes equal to or less than 100% AMI. Over 73% of residential listings were at prices that need incomes in excess of 250% AMI in order to be affordable.

- Norwood has by far the most affordable housing in the two-county region in both relative and absolute terms. Of the 17 units listed for sale, all are affordable for households with incomes below 120% AMI.

- Mountain Village has the most expensive housing listed for sale in the two-county region with 88% requiring incomes over 250% AMI to be considered affordable.

- While 12% of the homes listed for sale in Telluride were affordable for households in the 151% to 200% AMI range, incomes greater than 250% AMI were needed to afford 69% of the 180 units listed.

- In unincorporated San Miguel County, seven units were listed at prices affordable for households making 80% AMI or less, making it the most affordable option after Norwood. Nearly 63% of the 156 units listed for sale, however, were at prices affordable that required an income greater than 250% AMI.

San Miguel County Market Listings by AMI

AMI	Mtn Village	Telluride	Norwood	San Miguel Balance	Total
31% - 50%	0	0	2	1	3
51% - 80%	3	2	8	6	19
81% - 100%	0	5	6	4	15
101% - 120%	6	8	1	4	19
121% - 150%	3	11	0	9	23
151% - 200%	6	22	0	20	48
201% - 250%	10	8	0	14	32
Over 250%	212	124	0	98	434
	240	180	17	156	593
AMI	Mtn Village	Telluride	Norwood	San Miguel Balance	Total
31% - 50%	0.0%	0.0%	11.8%	0.6%	0.5%
51% - 80%	1.3%	1.1%	47.1%	3.8%	3.2%
81% - 100%	0.0%	2.8%	35.3%	2.6%	2.5%
101% - 120%	2.5%	4.4%	5.9%	2.6%	3.2%
121% - 150%	1.3%	6.1%	0.0%	5.8%	3.9%
151% - 200%	2.5%	12.2%	0.0%	12.8%	8.1%
201% - 250%	4.2%	4.4%	0.0%	9.0%	5.4%
Over 250%	88.3%	68.9%	0.0%	62.8%	73.2%
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Telluride Association of Realtors Flex MLS.

Deed-Restricted Listings

Of the 37 deed-restricted units listed for sale in San Miguel County, the average price was $379,508. The least expensive unit listed for $139,999 while the most expensive was listed at $750,000. Based on the rate of sales in 2010 of 1.75 units per month, listings as of February equaled a 21-month inventory. Telluride is the only area where there are fewer units listed for sale than have historically sold in one year. In 2010, 16 deed-restricted units were sold in Telluride, which equated to 1.3 sales per month. Only two deed-restricted units were listed for sale as of February, which equaled a 1.5-month inventory.

Average and Median Prices for Deed-Restricted Listings

	Mean	Median	Minimum	Maximum	N
Mountain Village	$445,300	$409,000	$170,000	$750,000	15
San Miguel County	$337,257	$305,000	$139,999	$725,000	21
Telluride	$265,434	$265,434	$250,968	$279,900	2
Total San Miguel Co.	$379,508	$355,000	$139,999	$750,000	37

Source: Telluride Association of Realtors Flex MLS and SMRHA

As with deed-restricted units sold in the last five years, the AMI category with the most listings is 121% to 150% AMI followed by 101% to 120% AMI.

Deed Restricted Listings by AMI, February 2011

	Mountain Village	SM Balance	Telluride	Total	Percent of Total
51% - 80%	1	5	0	6	15.8%
81% - 100%	1	0	0	1	2.6%
101% - 120%	1	6	1	8	21.1%
121% - 150%	4	5	1	10	26.3%
151% - 200%	4	3	0	7	18.4%
201% - 250%	1	1	0	2	5.3%
Over 250%	3	1	0	4	10.5%
Total	15	21	2	38	100.0%

Source: Telluride Association of Realtors Flex MLS and SMRHA

3 B. Rental Market Conditions

This chapter of the report provides information on rental market conditions in the region. It includes:

- Renter-occupied units by type;
- Rental units by type;
- Rents by AMI and average rates and area;
- Deed/occupancy-restricted rentals;
- Apartment complexes; and
- Rental vacancy rates.

In this section of the report, information is provided on the affordability of both market and deed-restricted rents. The following table provides maximum affordable rent rates by AMI for both counties. The rates are based on the 30% rule – that the maximum contract rent equals no more than 30% of gross household income. The amounts listed are the maximums for each AMI category. For example, households in Ouray County with incomes in the 51% to 80% category could afford rents ranging from $634 to $1,014 per month. The AMI's for two-person households were used in these calculations in accordance with the average size of households in the region – 2.18 persons per household in Ouray County and 2.13 in San Miguel County.

Maximum Affordable Rents by AMI for 2-Person Households

Ouray County	Household Incomes	Max. Affordable Rents
151% - 200%	$101,400	$2,535
121% - 150%	$76,050	$1,901
101% - 120%	$60,840	$1,521
81% - 100%	$50,700	$1,268
51% - 80%	$40,550	$1,014
31% - 50%	$25,350	$634
≤30%	$15,200	$380
San Miguel County		
151% - 200%	$123,000	$3,075
121% - 150%	$92,250	$2,306
101% - 120%	$73,800	$1,845
81% - 100%	$61,500	$1,538
51% - 80%	$49,200	$1,230
31% - 50%	$30,750	$769
≤30%	$18,450	$461

Source: CHFA and RRC/Rees calculations

Number of Rental Units

There are approximately 2,250 renter-occupied units in the two-county region. The number fluctuates and is increasing as units listed for sale are purchased as rental investments or are rented when owners are unable to sell them.

San Miguel County has a much higher percentage of renter-occupied units (50%) than Ouray County (27%). Telluride has the highest percentage (58%), while the unincorporated area of Ouray County has the lowest (24%).

Renter-Occupied Units

	Occupied Housing Units	Rent %	Rent #
OURAY COUNTY	2,022	27%	540
Ouray	457	30%	135
Ridgway	404	31%	124
Unincorp. Area	1,161	24%	281
SAN MIGUEL COUNTY	3,454	50%	1,711
Mountain Village	751	52%	392
Norwood	215	32%	68
Telluride	1,086	58%	630
San Miguel Balance	1,402	44%	621

Sources: 2010 Census for occupied units; ESRI and Town of Telluride data for tenure percentages; RRC/Rees calculations

Rental Units by Type

The majority of renters in Ouray County live in single-family homes. With only one apartment complex, only 26% live in apartment units. In San Miguel County, the relationship is reversed with about 43% of renters residing in apartment units and 33% living in single-family homes.

Renter-Occupied Units by Type

	Ouray County	San Miguel County
Single family house	53.9%	33.0%
Apartment	25.5%	43.2%
Townhouse/duplex	7.8%	5.5%
Condo	2.0%	9.3%
Alley structure/shed	1.0%	2.3%
Room without kitchen	0.0%	3.5%
Mobile home	9.8%	0.3%
Other	0.0%	2.9%
Total	100.0%	100.0%

Source: 2011 Household survey

Rents

In both counties, the majority of rental units are affordable for low-income households (≤ 80% AMI). In Ouray County, 77% of all rental units rent for rates that are affordable for households with incomes no greater than 80% AMI; 10% are affordable for extremely low income households (≤ 30% AMI). In San Miguel County, nearly 90% of deed-restricted rentals have rents that make them affordable for households with incomes equal to or less than 80% AMI. Nearly 45% are affordable for the 31% to 50% AMI range. Free market rents are higher in San Miguel County, but 55% are still affordable for low-income households. One-third rent for rates that are affordable for the 81% to 120% AMI ranges.

Rents by AMI

AMI	Ouray County	San Miguel Market	San Miguel Restricted
≤30%	10.1	2.9	8.0
31% - 50%	26.2	12.4	45.1
51% - 80%	40.6	40.0	36.3
81% - 100%	13.1	20.0	8.8
101% - 120%	8.6	12.9	1.8
121% - 150%	0.7	7.1	
151% - 200%	0.7	3.5	
>250%		1.2	
	100%	100%	100%

Source: Household survey

An examination of average rents overall and by number of bedrooms illustrates the difference in rates between the two counties, and between free market and restricted rentals in San Miguel County. The difference between market rents in the two counties is large – the overall average in Ouray County equals about 64% of the average in San Miguel County. Rents for deed/occupancy restricted units in San Miguel County are much lower (about 35%) than market rents.

Average Rents Overall and by Number of Bedrooms

Bedrooms	Ouray County	San Miguel Market	San Miguel Restricted
Studios*	$700	$1,063	$637
One	$494	$1,023	$697
Two	$717	$1,311	$966
Three	$986	$1,568	$1,324
Four*	$1,250	$1,926	$1,022
Overall Average	$810	$1,261	$817

Source: Household survey

*Note: Small sample size.

In all areas, rents for deed/occupancy restricted units are lower than free market rents. The difference is most pronounced in Mountain Village where market rents are highest in the region and the average for market rental units is 2.3 times the average for restricted units.

Average Rents by Community

	Free Market	Restricted	Overall
Ouray	$718	N/A	$718
Ridgway	$951	N/A	$951
Ouray Co Unincorp	$738	N/A	$738
Mtn Village	$1,735	$739	$872
Norwood	$730	$709	$726
Telluride	$1,435	$940	$1,243
San Miguel Balance	$1,142	$760	$1,099

Source: Household survey

Deed/Occupancy-Restricted Rentals

A total of 725 renter-occupied units in San Miguel County, or 42% of the total, have some type of occupancy restriction. Of these, 80% have restrictions with income limits that were either imposed as a condition of financing and/or by local deed restrictions. The remaining 20% have some type of occupancy restriction associated with employment, but no income limits. Approximately 52% of units are restricted for households with incomes no greater than 80% AMI. There are no units with restrictions in the 101% to 120% AMI, but 42 in Telluride with Tier 3 deed restrictions allow occupancy by households with incomes up to 200% AMI.

Deed-Restricted Rentals by AMI

Ranges represent the maximum income allowed;
Households with incomes lower than specified are income eligible.

Project Name	# of Units	Up to 50%	51%-80%	81% - 100%	101% - 120%	121% - 150%	151% - 200%	No Limits
Mtn Village								
Big Billies	149	46	103					
Village Court	221		66	155				
Mtn V. Firehouse	3							3
Scattered EHR units	43							43
Telluride								
Shandoka	134		134					
Creekside	26						26	
AHU - Mitigation	22				6		16	
EDU	24							24
Norwood								
Cottonwood Creek	30	30						
San Miguel County								
ADUs	46							46
Lawson Hill PUD	19							19
Other Locations	8							8
Total	725	76	303	155	6	0	42	143
% of Total		10.5%	41.8%	21.4%	0.8%	0.0%	5.8%	19.7%

Sources: SMRHA and property manager interviews.

The income restrictions do not reflect the rents that are charged. In most cases, rents are lower than that which residents earning the maximum allowed income could afford.

Apartment Complexes

All of the apartment complexes in San Miguel County have some type of occupancy restriction. The one complex in Ouray County does not.

Big Billies

This project provides primarily seasonal worker housing with 149 small studio apartments that are all income restricted and an on-site manager's unit with two bedrooms. The income restrictions were imposed through Low Income Housing Tax Credit financing. Of the total, 15 units serve 45% AMI, 31 are restricted at 50% AMI and the remaining 103 units have a 60% AMI cap.

The project is owned and managed by Telluride Ski and Golf. Without kitchens, the units do not appeal to year-round residents. Redesign of the units to increase their size and provide kitchens has been considered, but is not economically feasible. The owners would welcome opportunities to better utilize this housing asset, although the income restrictions significantly limit who can reside in the units. One option under consideration is conversion of the property to a hotel and construction of replacement units that are more livable.

Cottonwood Creek Estates

All of the homes in this 30-unit project in Norwood are restricted for households with incomes equal to or less than 50% AMI ($38,400 for a family of four). The project was financed in the late 1990's through the Low Income Housing Tax Credit program and built by a developer out of Florida. Local authorities do not have the ability to modify the income restrictions, which have proved to be a major impediment to Cottonwood Creek's success. Many applicants have incomes over the maximum allowed.

All of the units are single-story detached homes with four bedrooms. They are located on small lots along two streets on the south side of Norwood. Each home has a one-car attached garage and washer/dryer hookups. A park with nice playground funded in part by Cottonwood Creek's developer is located between the subdivision and Town Hall. The location and unit quality are both good.

Rents are $749 per month, which is far less than the $1,113 maximum allowed for the project. Given the income limits, most households with two income earners do not qualify to rent at Cottonwood Creek. As such, the property primarily serves single-parent families and persons with disabilities, most with very low incomes. Of the 20 households residing at Cottonwood Creek, 14 hold Section 8 rent subsidy vouchers. Local officials are frustrated that the project does not offer free market units for moderate- and middle-income families, as they believed would be the case.

Opportunities for better utilization of this housing asset are limited, but not eliminated, by the income restrictions. Units could be specifically marketed to seniors. The elderly population is growing in the

County and there is no housing in either San Miguel or Ouray County specifically designed and built for seniors. Though they likely do not need four bedrooms, the single-story designs and handicapped accessibility make them appropriate for seniors. Persons with physical disabilities are also a potential target market for the property.

Creekside

Creekside is a 26-unit apartment project near Shandoka on the southwest side of Telluride. Most of the units (20 of the 26) have one bedroom and the other six have two. The property has two central laundry facilities.

Creekside was built to satisfy mitigation requirements. As such, all of the units are income restricted for households with income at or under 200% AMI; however only one unit is rent capped. Eligibility is determined by SMRHA.

The majority of the apartments are occupied by couples, two of which have one child. Couples even live in most of the one-bedroom units. The rest of the units are mostly occupied by singles living alone. Creekside has very few roommate households. Because the project accepts dogs, it has always been popular.

Northridge

This 24-unit apartment project is located on the northeastern edge of Ridgway. It is the only apartment complex in Ouray County. Half of the units have two bedrooms. The rest have one or three bedrooms. About half of the residents work in the area, while the other half commute to the Telluride area for work.

There are no income restrictions or other eligibility requirements at Northridge. The rents charged are what the market will bear. Lower rents in Montrose limit the rates that can be commanded in Ridgway. Current rents are $150 per month lower than the rates charged before the recession. Despite high vacancies and the need to lower rents, the project's no dog policy has been maintained.

Shandoka Apartments

This 134-unit project is located on the southwestern side of Telluride. It was developed in four phases over approximately 15 years and is now managed by the Town of Telluride. All of the units are income restricted, most at 80% AMI. Rents vary based upon unit size. Apartments with lofts are roughly $50 more per month.

The one-bedroom units have been the easiest to rent. Two-bedroom units are the second most popular unit type. The larger units have been more difficult to lease since the number of families looking to rent apartments is limited, and households consisting of three or more roommates tend to have incomes above the maximum allowed. Shandoka has a no-dogs policy.

Village Court

This 221-unit project is located in Mountain Village. It was developed in phases, with the initial units built over 20 years ago, making it the oldest apartment complex in the area. The property is now managed and maintained by the Town of Mountain Village. It serves both year-round and seasonal employees with both six-month and one-year leases. The majority of the units are under one-year leases.

The property offers a mix of unit types ranging from studios to three-bedroom apartments. The property has central laundry facilities, a playground and on-site day care. One building with 18 units was vacated during the 2010/11 season due to water damage. Most tenants in that building were relocated to other apartments in the project. A grant for $880,000 has been awarded by the Colorado Division of Housing to rehabilitate the property.

In practice, all of the units at Village Court are income restricted. In accordance with HUD financing, 66 of the 221 units can only be occupied by households with incomes no greater than 80% AMI based on household size. The Town of Mountain Village applies a maximum income restriction of 100% AMI to the other units though exceptions are allowed, such as when an employer leases an apartment for their employees. If the leasing entity has an income over 100% AMI, a higher rent is charged. For employees with incomes under 100% AMI, rents are generally set at the 50% to 60% AMI range.

Rents by Project

	Studios	1 BR	2 BR	3 BR	4 BR
Big Billies	$600; $700				
Cottonwood Crk					$749
Creekside		$645 - $985	$1,200 - $1,284		
Shandoka		$719 - $780	$971 - $1,027	$1,289 - $1,319	$1,573
Northridge		$650	$750	$850	
Village Court*	$665 - $718	$824 - $906	$1,019 – 1,097	$1,187 - $1,267	

Source: Interviews

*The rates for studios and two-bedroom units include full utilities, but residents in one- and three-bedroom apartments must pay for their electricity.

Rental Vacancies

The overall vacancy rate among apartment complexes is about 5%. However, vacancies among apartment complexes in the two-county region vary. In the Telluride region, projects were at or near full occupancy levels during the ski season, with an extremely low vacancy rate of 1.1%. All of them, with the exception of Big Billies, have maintained high occupancy rates year round during the past two recessionary years. Big Billies, which was not designed for year-round living, continues to exhibit its seasonal fluctuations with high vacancies at all times other than during the ski season.

The two projects located outside of the Telluride region have struggled to maintain sustaining occupancy levels. Northridge in Ridgway has had high vacancies since the economic downturn, while Cottonwood Creek has never performed well primarily due to its 50% income limits in combination with large units appropriate for multiple income earners.

Vacancies by Project

Project Name	# of Units	# Vacant	% Vacant
Big Billies	149	0	0
Village Court	221	4	1.8%
Shandoka	134	2	1.5%
Creekside	26	0	0
Cottonwood Creek	30	10	33%
Northridge	24	13	54%
Total	584	29	5.0%

Greater detail is provided on occupancy levels by project:

- Village Court – This property has maintained high occupancy levels even during the recession of the past two years. Four units were vacant as of the end of January, which equates to a vacancy rate of less than 2%. Two applications for units that allow dogs were on file, but dogs are not allowed in the units that were vacant.

- Big Billies - All units were occupied in January, as is usually the case during the ski season, but for much of the rest of the year the units sit empty.

- Cottonwood Creek Estates -- Of the 30 homes, 10 were available for lease as of January.

- Creekside -- This property is performing well with 100% of the units occupied and a wait list that was 1.5 pages long in January.

- Northridge -- According to the property owner, occupancy levels at Northridge have fluctuated from about 50% in the winter to 75% in the summer months during the past year. As of March, only 11 of the 24 unit were occupied for a vacancy rate of 54%. Vacancies are lowest among the two-bedroom units, which has typically been the case.

- Shandoka - As of the end of January, two units were available for rent. Occupancy levels have been running at about 97% in 2010/11, but historically the project has maintained full occupancy. The project's wait list typically has 10 to 20 applicants, many of which are requesting in-house transfers. Many of the residents who want to move from one apartment to another have been living with roommates and prefer to live alone, or have been living alone and instead want to live with roommates to reduce housing expenses.

4. Housing Problems

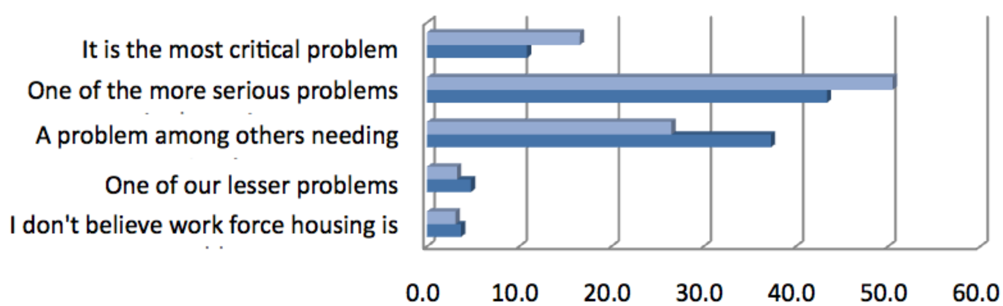
This section of the report examines and quantifies multiple indicators or housing problems including:

- Opinions about the extent to which workforce housing is a problem;
- Satisfaction with housing;
- Current housing conditions;
- Affordability;
- Have moved or plan to move;
- Housing-related employment problems; and
- Foreclosures.

Opinions about Workforce Housing

Based on 1,190 responses to the household survey, the majority of residents in both counties feel that the problem of finding affordable housing for persons who work in the region is either the most critical or one of the more serious problems. Residents of San Miguel County are more likely to feel workforce housing is a critical or serious problem (67%) than residents of Ouray County (54%). The proportion of residents who do not believe that workforce housing is a problem is about equal in the two counties at between 3% and 4%.

Severity of Workforce Housing Problem



	I don't believe work force housing is a problem	One of our lesser problems	A problem among others needing attention	One of the more serious problems in the region	It is the most critical problem
San Miguel County	3.1	3.3	26.5	50.5	16.6
Ouray County	3.7	4.8	37.3	43.4	10.8

Source: Household survey

Renters in both counties are more likely than homeowners to feel that workforce housing is a problem.

Severity of Workforce Housing Problem by Own/Rent

Ouray County	Own	Rent
It is the most critical problem	8.3	17.6
One of the more serious problems in the region	44.2	41.2
A problem among others needing attention	35.9	41.2
One of our lesser problems	6.5	
I don't believe work force housing is a problem	5.1	
	100%	100%
San Miguel County		
It is the most critical problem	8.8	24.6
One of the more serious problems in the region	45.2	56.0
A problem among others needing attention	37.5	15.3
One of our lesser problems	4.7	1.8
I don't believe work force housing is a problem	3.8	2.4
	100%	100%

Source: Household survey

Residents of Telluride are more likely than residents living elsewhere in the two-county region to feel that workforce housing is a critical or serious problem. Residents of Norwood are the least likely to feel workforce housing is a problem.

Severity of Workforce Housing Problem by Area

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Most critical problem	11.8	13.6	10.3	15.8	5.3	20.3	16.2
More serious problem	43.4	43.2	44.6	55.3	36.8	50.0	50.0
A problem among others	38.2	34.1	36.6	22.4	44.7	23.1	28.6
A lesser problems	5.3	5.7	4.0	3.3	7.9	4.2	2.1
Not a problem	1.3	3.4	4.5	3.3	5.3	2.4	3.1
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

Satisfaction with Housing

Residents of Ouray County are more likely than residents of San Miguel County to be very satisfied with their current residence (70% compared to 55%). Satisfaction levels are much higher among homeowners in both counties than among renters. In both counties, 2.3% of the households responding are very dissatisfied, which equates to 47 households in Ouray County and 79 households in San Miguel County.

Satisfaction with Current Residence by County and Own/Rent

Ouray County	Own	Rent	Overall
Very satisfied	84.3	30.4	70.1
Somewhat satisfied	9.8	47.1	19.6
Somewhat dissatisfied	5.2	15.7	8.0
Very dissatisfied	0.7	6.9	2.3
	100%	100%	100%
San Miguel County			
Very satisfied	71.3	38.1	55.0
Somewhat satisfied	22.1	49.7	35.7
Somewhat dissatisfied	5.2	8.9	7.0
Very dissatisfied	1.4	3.3	2.3
	100%	100%	100%

Source: Household survey

Satisfaction levels are highest in Norwood and lowest in Mountain Village, although the percentages are very similar throughout the two-county region.

Satisfaction with Current Residence by Area

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Very satisfied	64.6	71.4	71.5	45.1	65.9	51.4	59.8
Somewhat satisfied	28.0	19.8	15.8	41.8	31.7	38.8	31.1
Somewhat dissatisfied	4.9	6.6	10.1	9.8	2.4	7.0	6.8
Very dissatisfied	2.4	2.2	2.6	3.3		2.8	2.4
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

There is a correlation between satisfaction with current residence and incomes. The average household income for residents who are very satisfied is approximately $85,000, while the average is slightly less than $40,000 for residents who are very dissatisfied.

Satisfaction with Current Residence by Income

	Avg. Household Income
Very satisfied	$85,014
Somewhat satisfied	$57,781
Somewhat dissatisfied	$61,945
Very dissatisfied	$39,738

Source: Household survey

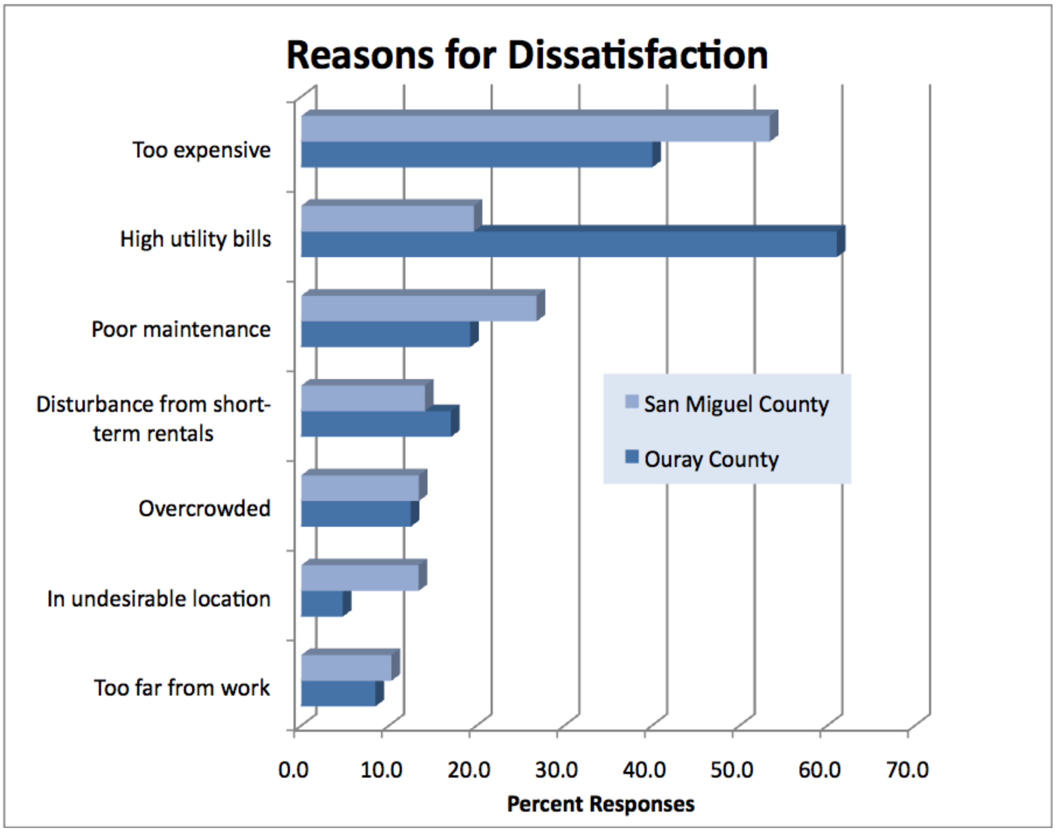
There is also a correlation between satisfaction levels and length of residency. Newcomers who have lived in the region for one year or less tend to be more dissatisfied than others. It appears that the first year of residency is the most difficult in terms of finding housing that meets needs and desires. After the first year, residents tend to have similar satisfaction levels.

Satisfaction with Current Residence by Length of Residency

	Less than 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	10 to 20 years	More than 20 years
Very satisfied	16.7	48.4	54.5	52.7	61.4	67.8
Somewhat satisfied	42.9	19.4	36.8	38.8	30.0	22.9
Somewhat dissatisfied	31.0	22.6	4.8	6.7	7.2	7.5
Very dissatisfied	9.5	9.7	3.8	1.8	1.4	1.7
	100%	100%	100%	100%	100%	100%

Source: Household survey

Responses concerning reasons for dissatisfaction were similar in the two counties in terms of general ranking; however, in San Miguel County “too expensive” was the most frequently cited reason, whereas “high utility bills” was the top reason in Ouray County.



Source: Household survey

Renters are more likely to be dissatisfied due to poor maintenance and overcrowding than are homeowners.

Reasons for Dissatisfaction by Own/Rent

	Ouray County		San Miguel County	
	Own	Rent	Own	Rent
Too expensive	50.4	33.5	34.8	64.5
High utility bills	73.4	51.7	24.3	15.4
Other	26.7		53.0	26.8
Poor maintenance	9.8	24.3	14.9	34.9
Disturbance from nearby short-term rentals	10.2	24.2	16.8	12.3
Overcrowded	6.7	18.2	7.4	16.5
In undesirable location	6.4		12.3	9.7
Too far from work	3.4	9.0	8.6	12.5
	186.9%	160.8%	172.0%	192.6%

Source: Household survey. Multiple response question; totals exceed 100%.

In both counties, approximately 58% of residents report that their satisfaction with their residence has stayed about the same in the last three years. Renters in Ouray County were the most likely to indicate that their level of satisfaction has decreased.

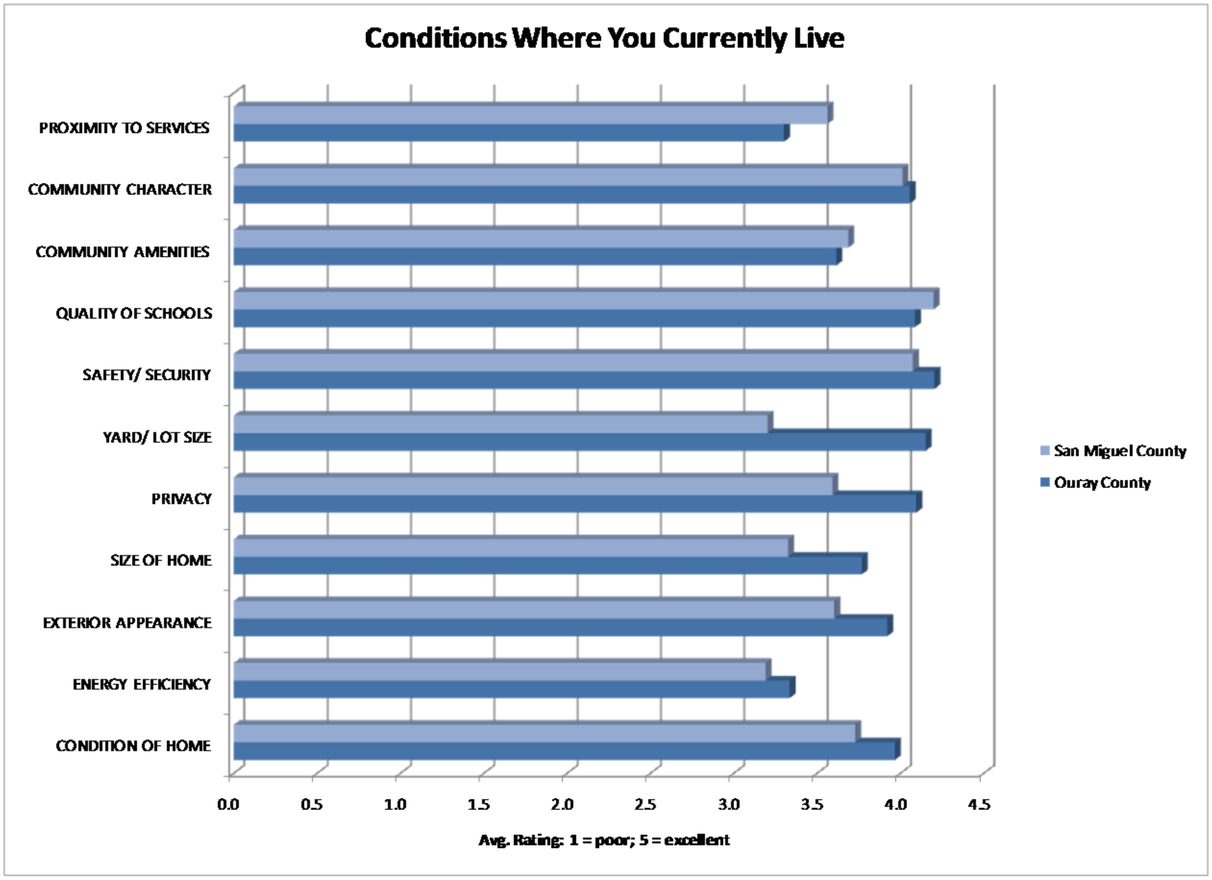
Changes in Satisfaction in Past Three Years

Ouray County	Own	Rent	Overall
Increased - I am more satisfied	27.4	28.2	27.7
Decreased - I am less satisfied	7.0	32.0	14.0
Stayed about the same	65.6	39.8	58.4
	100%	100%	100%
San Miguel County	Own	Rent	Overall
Increased - I am more satisfied	24.0	20.4	22.3
Decreased - I am less satisfied	13.4	23.3	18.8
Stayed about the same	62.6	56.3	58.9
	100%	100%	100%

Source: Household survey

Current Housing Conditions

Survey participants were asked to rate 11 aspects of where they currently reside on a scale of 1 to 5, where 1 equals poor and 5 equals excellent. A comparison of the average ratings in the two counties shows little variation. Quality of schools and safety/security both rated very high. Residents of Ouray County gave higher ratings to yard size, privacy, size of home and exterior appearance, while San Miguel County residents gave higher scores to community amenities and proximity to services.



Source: Household survey

Renters generally rated all aspects of where they currently live lower than homeowners. The exceptions were "community character" and "proximity to services."

Conditions Where Currently Live by Own/Rent

	Ouray County		San Miguel County	
	Own	Rent	Own	Rent
CONDITION OF HOME	4.2	3.2	4.0	3.5
ENERGY EFFICIENCY	3.7	2.4	3.4	2.9
EXTERIOR APPEARANCE	4.1	3.3	3.8	3.4
SIZE OF HOME	4.0	3.1	3.6	3.0
PRIVACY	4.3	3.4	3.8	3.4
YARD/ LOT SIZE	4.4	3.5	3.6	2.8
SAFETY/ SECURITY	4.4	3.8	4.3	3.8
QUALITY OF SCHOOLS	4.1	3.9	4.3	4.1
COMMUNITY AMENITIES	3.7	3.3	3.8	3.6
COMMUNITY CHARACTER	4.2	3.8	4.0	4.0
PROXIMITY TO SERVICES	3.3	3.2	3.6	3.6

Source: Household survey

While residents in both counties gave above average ratings overall to the 11 conditions tested, the following table provides the percentages for ratings of 1, which equals "poor," or 2. Energy efficiency was rated "poor" by a relatively high percentage of residents in all communities. Yard size, privacy and size of home received a higher percentage of "poor" ratings in Mountain Village and Telluride than in the other communities.

Poor (1 or 2) Ratings by Community

	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
CONDITION OF HOME	8.3	10.2	9.0	5.5	5.3	9.8	7.3
ENERGY EFFICIENCY	23.2	21.1	23.7	17.8	24.4	31.8	23.6
EXTERIOR APPEARANCE	7.3	14.1	10.0	14.9	7.3	16.2	9.6
SIZE OF HOME	13.3	7.6	7.1	25.7	10.0	26.3	20.8
PRIVACY	14.8	10.0	5.9	22.4	10.0	29.2	10.0
YARD/ LOT SIZE	19.5	13.3	6.3	53.1	7.3	47.3	20.6
SAFETY/ SECURITY	1.3	4.5	3.6	3.4	2.6	7.0	4.6
QUALITY OF SCHOOLS	2.6	4.8	4.2	2.7	12.8	2.2	3.6
COMMUNITY AMENITIES	11.0	6.8	20.5	14.1	22.5	2.9	22.8
COMMUNITY CHARACTER	4.8	3.3	12.6	9.7	10.3	4.2	10.2
PROXIMITY TO SERVICES	16.5	17.2	24.3	10.0	26.8	3.8	34.4

Source: Household survey

Affordability

The affordability of housing is typically assessed based on the percentage of household income that it takes to cover the monthly rent or mortgage payment. As a general rule, housing is considered to be affordable when the cost is no more than 30% of income. In Ouray County, 30% of households, or approximately 610 households, spend more than 30% of their income on housing and are considered to be cost burdened. The percentage is higher in San Miguel County (44% or 1,513 households) where housing costs are higher.

Affordability of Housing by County

Housing Payment as a Percentage of Income	Ouray County	San Miguel County	Overall
Under 20%	33.3	29.6	30.7
20-30%	36.5	26.6	29.6
30-35%	6.8	9.2	8.4
35-40%	9.4	8.7	8.9
40-50%	6.3	9.6	8.6
Over 50%	7.8	16.3	13.7
	100%	100%	100%
Total Cost Burdened	30.2	43.8	39.6

Source: Household survey

In relative terms, Telluride has more cost burdened households than other communities in the region, followed by the balance of San Miguel County, then Mountain Village.

Affordability of Housing by Area

Housing Payment as a Percentage of Income	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Under 20%	38.5	30.2	33.0	34.4	45.5	21.5	31.2
20-30%	35.9	34.9	36.6	25.8	18.2	31.1	24.7
30-35%	5.1	7.0	7.1	4.3	13.6	5.9	14.0
35-40%	12.8	9.3	8.9	8.6	4.5	11.9	7.0
40-50%	2.6	7.0	7.1	9.7		8.9	10.8
Over 50%	5.1	11.6	7.1	17.2	18.2	20.7	12.4
	100%	100%	100%	100%	100%	100%	100%
Total Cost Burdened	25.6%	34.9%	30.4%	39.8%	36.4%	47.4%	44.1%

Source: Household survey

There is a direct relationship between income levels and the percentage of income spent on housing. Lower income households tend to spend proportionately more of their income on their monthly housing payment than do residents with higher incomes.

Housing Affordability by Income

Housing Payment as a Percentage of Income	Average Household Income
Under 20%	$105,785
20-30%	$69,362
30-35%	$55,969
35-40%	$52,040
40-50%	$36,917
Over 50%	$27,375

Source: Household survey

Utilities add to the cost of housing. The average monthly cost of utilities ranges from $200 for renters in San Miguel County to $315 for renters in Ouray County, where nearly 19% indicated that their utilities cost $500 or more per month.

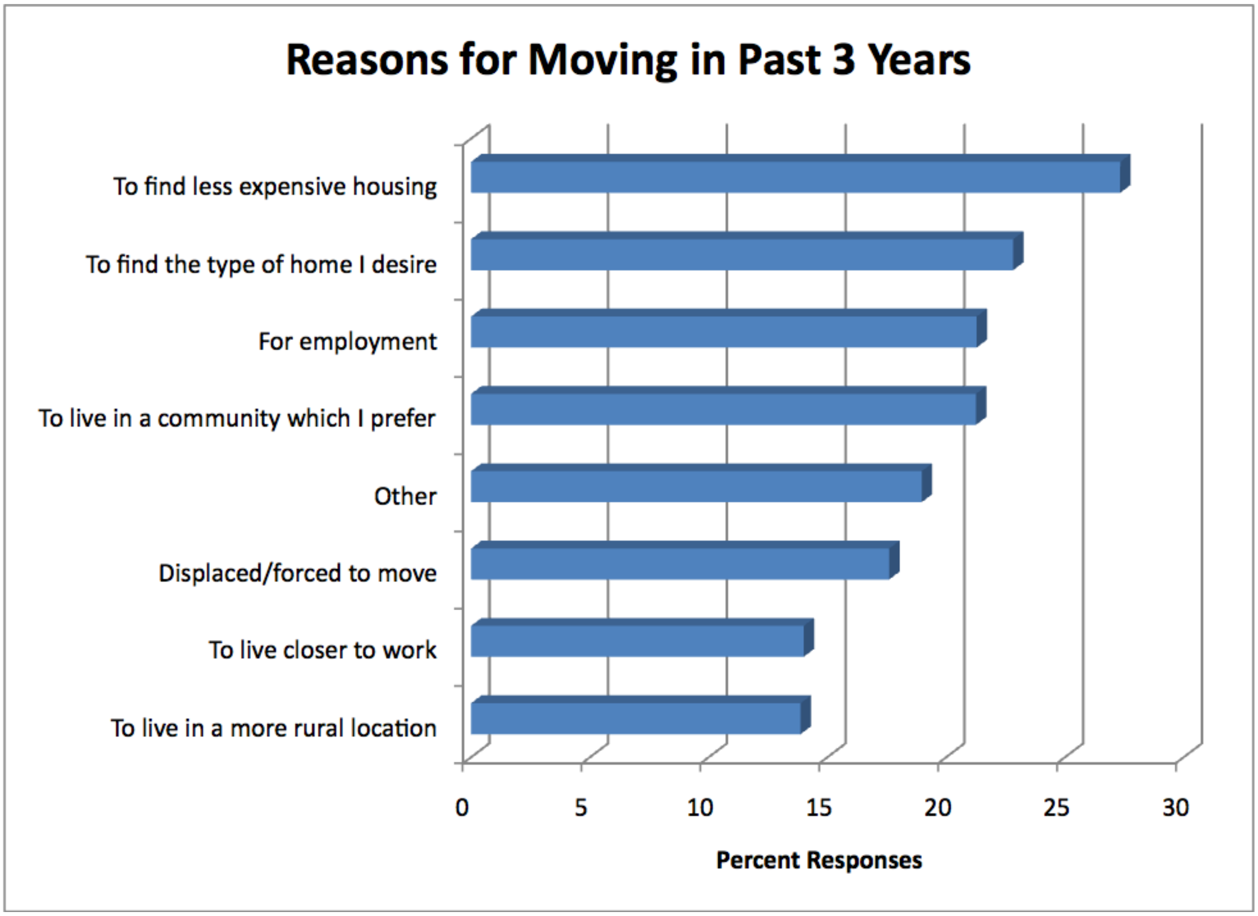
Monthly Cost of Utilities

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $50	1.2	3.5	1.6	1.9	5.3	3.3
$50 - $99	2.5	8.2	3.9	2.6	20.1	10.0
$100 - $149	9.4	7.1	9.0	11.8	11.4	11.8
$150 - $199	12.9	18.5	13.9	13.9	16.7	15.0
$200 - $249	19.8	21.1	19.5	21.5	14.8	18.3
$250 - $299	12.8	4.6	11.5	9.9	5.2	8.0
$300 - $349	13.1	3.4	11.4	13.6	9.4	12.2
$350 - $399	5.1	2.4	4.4	5.8	6.0	5.8
$400 - $449	11.6	8.0	11.2	8.2	3.8	6.2
$450 - $499	0.7	4.8	1.5	2.0	2.6	2.2
$500 or more	11.1	18.5	12.2	9.0	4.7	7.2
TOTAL	100	100	100	100	100	100
Average	$286	$315	$290	$274	$200	$244

Source: Household survey

Have Moved or Plan to Move

One indication that housing is not affordable or satisfactory is when residents move. When residents cannot find places to live that meet their needs and incomes, they often have to find an alternative place to live. Of the households surveyed, 29% had moved within the past three years. The most frequently cited reason for moving was "to find less expensive housing," followed by "to find the type of home I desire." Also, nearly 18% indicated they had been displaced or forced to move.



Source: Household survey

There is some variation within the region. Residents in Ouray and Ridgway were significantly more likely than those in other communities to move in order to live in a community that they preferred; a high percentage of residents in Mountain Village and Norwood indicated they moved for employment; and residents in Norwood, Telluride, other San Miguel and unincorporated Ouray County were likely to have moved to find less expensive housing.

Reasons for Moving by Area

	Mtn Village	Norwood	Telluride	San Miguel Balance	Ouray	Ridgway	Ouray Co Unincorp
To find less expensive housing	16.2	34.4	32.2	31.9	9.8	19.9	32.2
To find the type of home I desire	12.8	13.9	23.3	24.5	29.5	22.9	27.8
For employment	36.3	31.1	17.2	21.2	9.8	13.8	18.9
To live in a community I prefer	10.2	7.9	28.1	14.2	43.7	38.7	23.9
Other	18.5	23.6	20.2	17.1	17.0	33.6	12.1
Displaced/forced to move	16.2	17.5	16.1	16.4	19.6	19.3	18.9
To live in a more rural location	4.0	9.1	5.4	15.2		17.9	34.5
To live closer to work	18.1		16.0	13.5	26.8	11.2	9.3
	132%	137%	158%	153%	156%	177%	177%

Source: Household survey

The majority of residents in both counties plan to continue to live in the area for a long time; at least 10 years.

Plans to Move

	Ouray County	San Miguel County	Overall
Less than 6 months	0.3	2.7	1.8
6 months to 1 year	1.9	6.4	4.7
1 to 5 years	15.6	17.3	16.7
5 to 10 years	16.9	16.9	16.9
10 to 20 years	19.1	24.2	22.3
More than 20 years	46.2	32.6	37.6
	100%	100%	100%

Source: Household survey

Housing-Related Employment Problems

Because workforce housing is a key component of economic sustainability and employers are valuable sources of information when estimating both current and future housing demand, this part of the report provides an in-depth examination of results from the employer survey.

Perceptions

Most employers in both counties feel that affordable/employee housing for local residents is a problem, although employers in San Miguel perceive it to be a more critical problem. In Ouray County, 84% of employers indicated housing is a problem among others that need attention or one of the more serious problems in the area. In San Miguel County, 90% of employers indicated affordable/employee housing is a problem.

Employer Perceptions about Housing Problems

	Ouray County	San Miguel County
The most critical problem in this region	0	15%
One of the more serious problems	42%	42%
A problem among others which also need attention	42%	33%
One of our lesser problems	11%	6%
I don't believe it is a problem	5%	4%

Source: Employer survey

Based on interviews, there appears to be a general sense that seasonal employees who live in the area only part of the year can find housing that is acceptable to them. They have few possessions, are usually young and single, will live without a kitchen and have Big Billies as an option. Plus, the number of employees who move into the area to work seasonal jobs has decreased since 2008. With the loss of construction and other jobs, seasonal jobs have been largely filled by year-round residents.
Housing suitable for year-round residents is more difficult to find. Low-income rentals are available, but rentals for mid-level management are harder to find. Demand for housing within Telluride can never be satisfied given limited land availability, so sites nearby should be considered. Commuting to more distant communities like Ridgway is too far and negatively impacts employee performance. Employers feel that short-range commuting is much more desirable with far fewer negative impacts on employee performance.

Impacts of Recession

Employers were asked about measures they have taken in the past two recessionary years that could have impacted the ability of their employees to afford housing. The results suggest that the recession has hard hit many employers and their employees. Overall 65% have reduced the hours their employers work, 59% have frozen wages/salaries and 20% have reduced wage rates.

Impacts of Recession

	Overall	Ouray County	San Miguel County
Reduction in hours employees work	65%	61%	66%
Wage/salary freezes	59%	56%	59%
Lay offs/elimination of jobs	40%	17%	46%
Cut backs in benefits - insurance, vacations, etc	23%	17%	25%
Reduction in wage rates paid	20%	6%	25%
Other	14%	11%	15%
Reduction/elimination of housing assistance	5%	6%	5%
Reduction/elimination of transportation subsidies	2%		3%
Total	228%	172%	243%

Source: Employer survey. Multiple response question; totals exceed 100%.

Results are similar in both counties concerning cut backs in hours and wage freezes, the two most frequent impacts, but proportionately more employers in San Miguel County indicate they had to eliminate jobs and reduce wage rates.

Eliminating ski passes was the most frequently mentioned of the "other" measures employers took due to the recession.

Work Performance

When asked about how the cost or lack of housing has affected the performance of their employees, 37% overall and 41% of the employers surveyed in San Miguel County cited displeasure with wage rates. Tardiness from long commutes was also cited by 23% overall. Employers in San Miguel County were much more likely to indicate problems with employee work performance related to housing than were employers in Ouray County. Overall, 36% indicated housing has not affected performance, but that varies widely – 63% in Ouray County compared to 29% in San Miguel County. Among the "other" performance problems mentioned, turnover, on-the-job fatigue and forced commuting were the most often cited.

How Housing Has Affected Work Performance

	Overall	Ouray County	San Miguel County
Displeasure with wage rates due to high housing costs	37%	16%	41%
Tardiness from long commutes	23%	5%	29%
High turnover	20%	11%	20%
Other	17%	16%	18%
High absentee rate	9%	5%	9%
I don't believe housing has affected employee performance	36%	63%	29%
	141%	116%	145%

Source: Employer survey. Multiple response question; totals exceed 100%.

Unfilled Jobs

One measure of unmet housing demand is unfilled jobs. If employers cannot recruit employees to fill positions, housing is often the primary reason when housing costs are high relative to income. If housing availability is limited, it follows that additional units are needed for jobs to be filled.

Estimate of Unfilled Jobs

	Ouray County	San Miguel County
Employers unable to fill jobs	16%	17%
# Unfilled jobs	6	50
# Persons employed by employers that were surveyed	391	2,961
% of employees	1.5%	2.0%
Total jobs in county	2,292	6,299
Estimated unfilled jobs	34	126

Source: Employer survey; DOLA

The percentage of employers who responded that they were unable to fill jobs is much lower than in previous years when the economy was in better condition. While 17% of the employers surveyed in San

Miguel County noted inability to fill jobs in 2010, approximately 60% in 2000 and 23% in 1996 were unable to fill jobs (note figures for 1996 and 2000 covered only the Telluride region).

Employers were also asked how many employees left or could not accept a job because of housing. Overall, 27% indicated they had one or more employees who left or declined a job. The average number was 1.7 employees.

Foreclosures

Foreclosures are up sharply in both counties. In Ouray County:

- The number of filings increased from 10 in 2008 to 59 in 2010, an increase of nearly 500%. The peak year however was 2009, with 68 filings.

- The rate of completed foreclosures was the fourth highest among Colorado counties in 2010 – one for every 165 households or 0.61%. This is in contrast to 2008 when Ouray County's rate of one per 947 households was one of the lowest completed foreclosure rates in the state.

- The number of completed foreclosures grew to almost equal the number of filings in 2010 as the cases filed in 2009 moved through the system to auction. With the decline in filings in 2010, the number of completed foreclosures should decline in 2011 or 2012.

In San Miguel County:

- The number of filings rose from 35 in 2008 to 108 in 2010, an increase of just over 200%.

- The completed foreclosure rate increased from one per 881 households in 2008 to one per 505 households in 2010.

Foreclosures Filed and Completed

	Foreclosures Filings	Foreclosures Completed/Sales	Deed Restricted Filings	Foreclosure Rate*
Ouray County				
2008	10	2		947
2009	68	38		N/A
2010	59	55		165
San Miguel County				
2008	35	3	2	881
2009	97	37	8	N/A
2010	108	46	12	505

Source: San Miguel County Treasurer; DOLA. *Number of households per completed foreclosure.

The total in 2010 for Colorado was one completed foreclosure per 415 households. The rate in San Miguel County is better than for the state as a whole, but the rate for Ouray County is worse.

Foreclosures were filed on a total of 33 residential deed-restricted properties from 2008 through the first two months of 2011. This figure includes seven lots. Of the 26 units, four were accessory dwellings where the foreclosure was on the entire property.

The number of foreclosure filings has increased each year from only two in 2008 to 14 in 2010. Six were filed in the first two month of 2011. If this rate continues, filings will total 36 in 2011, which is more than in the past three years combined. This trend is in line with the predictions of mortgage lenders who expect significant increases in foreclosures in the next year.

Of the total:

- Nearly one-third (10) were withdrawn;
- Seven are currently owned by banks;
- Four were sold to employees; and
- Eight are still in process.

Deed-Restricted Foreclosures

	2008	2009	2010	2011 - Jan/Feb	Total
Total Filings	2	11	14	6	33
# lots	0	3	2	2	7
# units	2	8	12	4	26
Deed Restriction					
Mtn. Village	2	7	6	1	16
SMC		4	6	4	14
Telluride			2	1	3
Action/Status					
Withdrawn	1	3	6		10
Owned by Bank		3	4		7
Sold to employee	1	2	0	1	4
Sold to SMC		2	1		3
Sold to Other		1			1
In Process			3	5	8

Source: San Miguel County Assessor records researched by SMRHA.

San Miguel County purchased two units and one lot to preserve their deed restrictions. Both of the homes are now listed for sale.

The vast majority of the deed restricted filings (30 out of 33, or 91%) have been on units which do *not* have initial or resale price caps or limits on the amount that owners can borrow.

- About half (16 of the 33 filings) were on units or lots in Mountain Village;
- 14 foreclosures filed were on properties in unincorporated San Miguel County;

Three were on units under Telluride's price-capped deed restrictions but only one was for a unit actually located in town, and it was withdrawn. Foreclosures were filed on two units at Brown Homestead, which were built off site to satisfy the Town's mitigation requirements. One is now bank owned and the other is scheduled for sale in May.

Based on two recent sales, banks are heavily discounting deed-restricted units they own in order to sell them. A unit in Mountain Village that was bank purchased for $287,724 sold for $163,900, or 57% of what they paid for it. Another Mountain Village unit was purchased by a bank for $292,716 then sold for $142,800, which equates to 49% of the cost.

Foreclosures have been rising and, as predicted by multiple mortgage lenders, are likely to rise. One lender used the term “explode” while another said foreclosures are “ready to blossom”. They see that many residents have managed to make their housing payments for the past two years but are exhausting their ability to do so and, with no way to sell their homes for what they are not worth, will be forced to walk away.

According to the household survey, 10% of the homeowners in San Miguel County are in default or at risk of default on their mortgage and 15% of renters are behind on their rent. In Ouray County, fewer owners indicated they were in default, but over 20% of renters were behind on rent.

In or At Risk of Default

	Ouray County		San Miguel County	
	Own	Rent	Own	Rent
In default on my mortgage or behind on rent	1.1	1.0	2.3	2.9
At risk of default on mortgage/behind on rent	3.2	20.4	7.5	12.1
Not at risk	95.7	78.6	90.2	85.0
	100%	100%	100%	100%

Source: Household survey

5. Special Needs

This section of the report examines seniors, the Spanish-speaking population and very low income residents in both counties. Due to the severity of the climate in the region, homelessness is not an issue. While some employees camp during the summer on nearby public lands, camping is usually a choice. The disabled population is very small also due primarily to the climate. The impediments to mobility present such challenges that persons with physical disabilities do not move into the area and persons who become disabled typically are forced to move away.

Seniors

Both counties have a relatively small population of persons who are age 65 or older. The senior population is larger in Ouray County – 527 persons or 11.7% of the population. In San Miguel County, only 303 persons or 4.1% of the population are seniors.

Senior Population by Gender

	Ouray County			San Miguel County		
	Male	Female	Total	Male	Female	Total
65 and 66 years	66	56	122	28	30	58
67 to 69 years	77	65	142	28	39	67
70 to 74 years	54	87	141	72	50	122
75 to 79 years	45	36	81	13	4	17
80 to 84 years	4	5	9	22	4	26
85 years and over	13	19	32	4	9	13
Total	259	268	527	167	136	303
Percent of Total	12.4%	11.0%	11.7%	4.3%	3.9%	4.1%

Source: ACS

The Director of the Department of Social Services that covers both counties indicated that seniors generally fall into two categories:

- Old timers who have lived in the area for all or most of their lives, the majority of whom want to move to warmer climates where medical services are available; and

- Retirees who have move to the area and are active and generally affluent.

As employees age and retire, a third category of seniors could emerge who could benefit from specialized housing. Given the cold, snow, lack of oxygen and distance to a hospital, however, older seniors will likely consider options for living elsewhere, at least during the winter months.

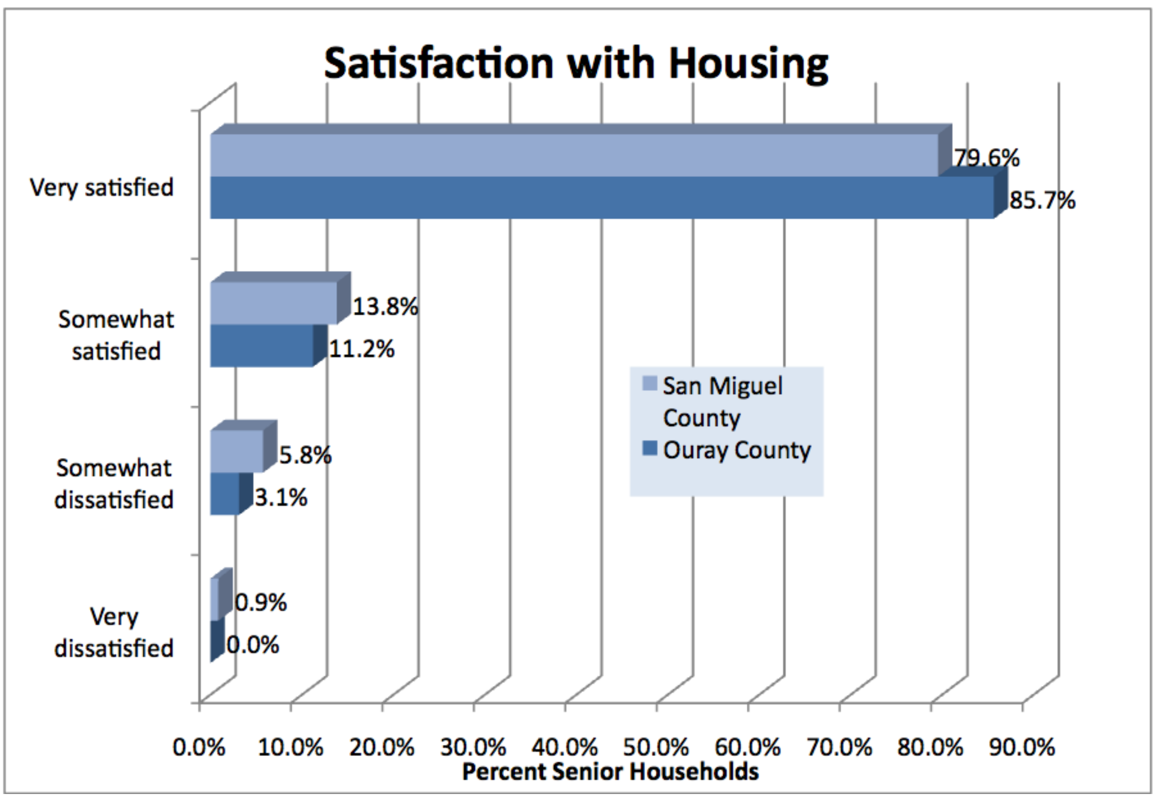
The majority of seniors now living in both counties live with family members – approximately 82% in Ouray County and 77% in San Miguel County. Seniors who live alone are typically the most likely candidates for housing specially designed and managed for seniors. In Ouray County, 96 seniors live alone. In San Miguel County, 70 persons age 65 or older live alone. In both counties, the majority of seniors who live alone are women.

Household Status of Senior Population

	Ouray County		San Miguel County	
	Number	Percent	Number	Percent
Total	527	100%	303	100%
In family households	431	81.8%	232	76.6%
Live Alone	96	18.2%	70	23.1%
Male	43	8.2%	32	10.6%
Female	53	10.1%	38	12.5%

Source: ACS

Most seniors are satisfied with their housing, more so in Ouray County than in San Miguel County. In both counties, satisfaction levels are higher among seniors than non-senior households. The high cost of utilities was the most frequently cited reason for dissatisfaction.



Source: Household survey

The majority of seniors live in housing that is affordable given their incomes. Approximately 69% spend 30% or less of their income on housing. Nearly 20%, however, are severely cost burdened by housing payments that equal or exceed 50% of their incomes.

Affordability of Housing

Percent of Income Spent on Housing	Senior	Non Senior
Under 20%	37.8	29.7
20-30%	31.4	29.4
30-35%	2.5	9.1
35-40%	5.8	9.2
40-50%	3.1	9.3
Over 50%	19.4	13.3
	100%	100%

Source: Household survey

Seniors are less likely than the rest of the population to want to move. Approximately 83% in Ouray County and 79% in San Miguel County indicated they want to stay in their current home for at least the next five years.

Desire to Move in Next Five Years

	Ouray County		San Miguel County	
	Senior	Not Senior	Senior	Not Senior
Stay in current home	82.6	66.0	78.5	46.6
Move into different home	17.4	34.0	21.5	53.4
	100%	100%	100%	100%

Source: Household survey

Seniors in Ouray County have a higher median income than non-senior households, which is usually not the case. The data suggest that Ouray County has a relatively high number of affluent retirees. In San Miguel County, the difference in income is more typical. The median household income for persons age 65 or older is about 9% lower than non-senior households.

Household Incomes Compared – Senior and Non-Senior Households

	Ouray County		San Miguel County	
Household Income	Senior	Not Senior	Senior	Not Senior
Under $25,000	9.0	19.3	24.2	16.2
$25,000 - $49,999	18.3	24.4	22.3	26.1
$50,000 - $74,999	32.4	17.7	19.0	20.5
$75,000 - $99,999	18.1	10.4	3.7	15.9
$100,000 - $124,999	7.6	12.2	13.4	9.3
$125,000 - $149,999	4.6	4.9	1.9	4.1
$150,000 - $174,999	4.6	4.9	2.8	2.7
$175,000 - $199,999	0.8	1.1	4.7	0.7
$200,000 - $224,999		3.4	5.4	1.3
$225,000 - $249,999		0.8	1.4	0.6
$250,000 - $499,999	3.1	0.9	1.3	2.1
$500,000 - $999,999	1.4			0.5
	100%	100%	100%	100%
Median Income	$63,500	$53,591	$50,000	$54,743

Source: Household survey

San Miguel County has proportionately more low-income seniors than Ouray County, probably due to the "old timers" living in the west end of the county.

AMI of Senior Households

	Ouray County	San Miguel County
30% or less AMI	4.6	12.2
30.1% - 50% AMI	4.5	15.6
50.1% - 80% AMI	14.0	18.7
80.1% - 100% AMI	18.8	9.2
100.1% - 120% AMI	6.7	9.8
120.1% - 150% AMI	15.9	1.8
150.1% - 200% AMI	12.0	15.2
200.1% - 250% AMI	9.2	4.2
More than 250% AMI	14.4	13.3
	100%	100%
% Low Income (≤80% AMI)	23.1%	46.5%

Source: Household survey

There is no senior housing in either county. San Miguel County attempted the construction of a senior apartment project in Norwood approximately 15 years ago, but found that most of the seniors in the area wanted to move to a warmer climate. The site for the project was later donated to Habitat for Humanity. An attempt to convert a hotel in Norwood into senior residences also failed. The units were ultimately occupied by oil/gas industry employees working temporarily in the area.

A concerned citizen is now exploring the feasibility of an elder co-housing project, preferably somewhere around Norwood where residents could garden and grow some of their own food. The demand for this type of housing has not been documented.

Spanish-Speaking Population

According to the 2010 Census, the Hispanic/Latino population in the two counties is relatively small, but is much larger in San Miguel County than in Ouray County.

Hispanic/Latino Population Estimates

	Ouray County	San Miguel County
Total Population	4,436	7,359
Hispanic/Latino Population	196	630
Percent Hispanic/Latino	4.4%	8.6%

Source: 2010 Census

One Telluride provides a variety of programs and services to facilitate immigrant integration in the Telluride area, including a walk-in resource center, English as a second language courses, interpretation/translation services, a Parents as Teachers program, an after school activity-based Spanish program and others. They report:

- Their clients typically learn about housing opportunities through word of mouth. They generally know what is available and where they can live.
- The passage of federal and state legislation requiring residency documentation for subsidized housing has forced some Spanish-speaking employees to move to Norwood, Ridgway or Montrose where free-market rentals are more affordable.
- Transportation limits housing choice. Many Spanish-speaking residents do not have cars and work jobs with odd hours, making it impossible for them to utilize public transit.
- Translation and interpretation services are used for housing-related tasks, including talking with landlords and reviewing lease documents.

- The general population has decreased as solo men who worked construction have left the area in search of employment. Most families appear to have remained intact. School enrollment has held steady at 12% to 15%.

- Conflicts between Latinos and others living in dense multi-family housing situations are not common.

Very Low Income Residents

The Department of Social Services that serves both Ouray and San Miguel counties has reported a sharp increase in programs that serve very low income residents. The increase has been largely attributed to job losses among members of the workforce, rather than increases in special needs populations. The number of food stamp recipients more than doubled in both counties.

Food Stamp Recipients

	Ouray County	San Miguel County
2008	56	58
2010	140	120
Percent Increase	150%	107%

Source: Department of Social Services

The number of households receiving help with their utility bills through the Low Income Energy Assistance program also doubled. In March 2009, 76 households in San Miguel County received this assistance. The number had grown to 157 households by March 2011.

Throughout this report, the housing needs of very low income residents are examined. Findings include:

- Nearly 14% of the renters in both counties have incomes no greater than 30% AMI.

- A gap between rents and income exists for households with incomes equal to or less than 30% AMI.

- Other than a few mobile homes, none of the units sold in the past five years and none of the homes listed for sale are affordable for households with incomes at or less than 50% AMI.

- The average income for households that are severely cost burdened by housing payments that exceed 50% of their income is $27,375.

- Section 8 rent subsidy vouchers, which are utilized by very low income households, are fully subscribed and the wait list has been closed.

6. Housing Gaps and Estimated Need

This section of the report consists of four parts:

A. Housing Gaps, which compare rents and sale prices to the incomes of residents, expressed as a percentage of the AMI.

B. Need for Additional Units, which generates estimates of the current short fall in units and the number of units for which demand will be created by the year 2015.

C. Demand from Existing Residents, which examines the demand on ownership and rental housing from existing residents who want to move into homes other than where they now live.

D. Preferences, which provides information from the household survey on unit type, amenities and location, intended to support design and development decisions.

Housing Gaps

This part of the report compares housing costs to incomes to determine where proportionately they align. Rents, sale prices and incomes are all expressed as AMI's. See Section 3 of this report for information on how housing costs are equated to AMI.

Rental Gaps

Rents tend to be affordable for renters at most income levels. The exception in both counties is the category of extremely low income households (incomes ≤ 30% AMI). In San Miguel County, market rents are also too high for households in the 30% to 50% AMI category but there are proportionately more deed/occupancy restricted units serving this income group than in the population.

Gaps in Rental Housing

	AMI Categories							
Ouray Co.	30% or less	30.1% - 50%	50.1% - 80%	80.1% - 100%	100.1 to 120%	120.1 to 150%	150.1% - 200%	>200%
Renter AMI's	13.9	24.6	37.7	14.9	1.0	1.0	5.0	2.0
Rents	10.1	26.2	40.6	13.1	8.6	0.7	0.7	
Gap	-3.8	1.6	2.9	-1.8	7.6	-0.3	-4.3	-2
San Miguel Co.								
Renter AMI's	13.7	15.1	33.9	9.7	9.2	10.7	3.2	4.6
Market Rents	2.9	12.4	40	20	12.9	7.1	3.5	1.2
Gap	-10.8	-2.7	6.1	10.3	3.7	-3.6	0.3	-3.4
DR Rents	8	45.1	36.3	8.8	1.8			
Gap	-5.7	30.0	2.4	-0.9	-7.4			

Source: Household survey

Gaps in Homeownership

Home prices in both counties have been and, based on for-sale listings, will continue to be beyond the price that is affordable for most residents. In Ouray County:

- Units sold in the past five years proportionately matched the incomes of homeowners starting at the 100% to 120% AMI range.

- The prices of current listings are not in line with incomes until the 150% to 200% AMI range.

In San Miguel County:

- The prices of free-market units sold in the past five years did not proportionately align with incomes until the 200% to 250% AMI level.

- The gap in market units listed for sale compared to incomes does not go away until over 250% AMI.

- The prices of deed-restricted units sold more closely matched the income distribution of owners in the county, with the proportionate gap disappearing at the 100% to 120% AMI range.

- The gap exists between the price of deed-restricted units listed for sale and owner incomes disappears at the 100% to 120% AMI category.

Gaps in Homeownership

	AMI Categories								
Ouray Co.	30% or less	30.1% - 50%	50.1% - 80%	80.1% - 100%	100.1 - 120%	120.1 - 150%	150.1% - 200%	200.1% - 250%	> 250%
Owner AMI's	3.2%	4.7%	11.4%	11.7%	7.6%	15.1%	16.4%	11.7%	18.2%
Units Sold 5 Yrs	1.9%	1.0%	1.0%	3.3%	7.6%	21.9%	29.5%	12.9%	21.0%
Gap	-1.3%	-3.7%	-10.4%	-8.4%	0.0%	6.8%	13.1%	1.2%	2.8%
Listings	0.0%	0.00%	5.5%	3.6%	6.4%	10.0%	18.2%	13.6%	42.7%
Gap	-3.2%	-4.7%	-5.9%	-8.1%	-1.2%	-5.1%	1.8%	1.9%	24.5%
San Miguel Co.									
Owner AMI's	4.2%	6.2%	9.8%	16.5%	10.8%	15.5%	20.0%	5.9%	11.0%
Market Units Sold - 5 Yrs	0.2%	0.6%	3.8%	2.4%	4.4%	5.9%	9.9%	7.3%	65.4%
Gap	-4.0%	-5.6%	-6.0%	-14.1%	-6.4%	-9.6%	-10.1%	1.4%	54.4%
DR Units Sold – 5 Yrs	0.0%	2.2%	14.5%	11.6%	18.1%	30.4%	15.9%	2.9%	4.3%
Gap	-4.2%	-4.0%	4.7%	-4.9%	7.3%	14.9%	-4.1%	-3.0%	-6.7%
Market Listings	0.0%	0.5%	3.2%	2.5%	3.2%	3.9%	8.1%	5.4%	73.2%
Gap	-4.2%	-5.7%	-6.6%	-14.0%	-7.6%	-11.6%	-11.9%	-0.5%	62.2%
DR Listings	0.0%	0.0%	15.8%	2.6%	21.1%	26.3%	18.4%	5.3%	10.5%
Gap	-4.2%	-6.2%	6.0%	-13.9%	10.3%	10.8%	-1.6%	-0.6%	-0.5%

Source: County Assessors, MLS, household survey. Note: Prices based on AMI for two-person households.

Need for Additional Units

The need for additional units to house the workforce will primarily be fueled by persons who move into the area to live closer to the jobs they now hold, to fill unfilled positions or to fill new jobs that will be created in the next five years.

Current Shortfall

Housing problems exist in both counties including households that are dissatisfied with their housing and/or are cost burdened by their housing payment relative to their income. Building additional units to address all of the existing problems is not necessary, however. A sufficient number of units should be available to adequately accommodate the workforce and to bring housing supply in line with housing demand so that market forces and competition cause prices to drop and, in theory, problems to correct. The two factors used to determine the number of additional housing units needed to address existing shortfalls are: 1) the number of unfilled jobs; and 2) the number of commuters who want to move to be closer to their jobs.

The resulting estimates are price sensitive. They indicate the demand for additional units that are priced to be affordable and acceptable to job candidates and in-commuters. Development of additional units priced similarly to units that are currently available in each county would not be responsive to this demand. For commuters to be enticed to move, roughly two-thirds would want a single-family home with the median price of $250,000. About one-third would want a rental unit with a median rent of $600 per month. Information is not available on the type and cost of housing that job candidates would need in order to be enticed to fill vacant positions. Lower prices/better values that currently exist would likely be required.

Demand from Unfilled Jobs and In-Commuting

	Ouray County	San Miguel County
Unfilled Jobs	34	126
Jobs per employee	1.26	1.31
Additional employees needed	27	96
Employees per household	1.5	1.6
Additional housing units needed	18	60
In Commuters	450	745
% Want to move	40%	56%
# Want to move	180	417
Employees per household	1.5	1.6
Additional housing units needed	120	260

Source: Household and commuter surveys, RRC/Rees calculations

In Ouray County, employees needed to fill vacant positions create demand for 18 units while in-commuters generate demand for 120 units. High vacancies among existing apartment units, a large inventory of units for sale and a relatively high number of units in foreclosure suggest that market forces may drive down rents and sale prices to the extent that the existing shortfall may be adequately addressed by existing units as they become more affordable.

In San Miguel County, 60 units are needed to attract employees to fill vacant positions and 260 are needed to house in-commuters who want to move into the county. Rental vacancy rates are very low (except at one unique complex in Norwood), only nine deed-restricted units are listed for sale at prices affordable for households with incomes at or below 120% AMI and free-market prices remain far above levels that are affordable for most residents. These indicators suggest a more aggressive and immediate approach for addressing the estimated shortfall would be appropriate.

Additional Demand by 2015

Demand for additional units to house the workforce will be generated in the future primarily by job growth. The rate at which new jobs will be created over the next five years, however, is an unknown and difficult to forecast based on the volatility in jobs and employment during the past five years. As such, three scenarios have been developed for each county based on three different annual rates for job growth -- 0.5%, 1.5% and 3%. Job growth will likely fall within the range bracketed by these scenarios.

Demand estimates are generated for each county as a whole. Demand is then allocated among the communities/areas within each county based on where current employees most want to live. While new residents may have somewhat different location preferences, community character will not change significantly in the foreseeable future and the preferences of existing employees is the best indication of where future employees will want to live.

Between 31 and 193 additional units should be needed by 2015 to house growth in the workforce in Ouray County. Of these units, 40% should be located in Ridgway, 26% in unincorporated Ouray County and 17% in Ouray. Not all of the demand should be addressed within Ouray County, however, based on where employees what to live. Approximately 18% would prefer to live in either San Miguel or Montrose counties.

Ouray County - Employee Housing Demand Forecasts for 2015

	Scenario	1	2	3
Annual Growth in Jobs		0.5%	1.5%	3.0%
Jobs 2010		2,292	2,292	2,292
Jobs 2015		2,350	2,469	2,657
Difference = New Jobs		58	177	365
Jobs per Employee		1.26	1.26	1.26
Additional Employees		46	140	290
Employees per Household		1.5	1.5	1.5
Additional Housing Demand		31	94	193
Avg Units per Year		6.1	18.7	38.6
Distribution by Area	Where Want to LIve			
Ouray	17.2%	5	16	33
Ouray County - unincorporated	25.6%	8	24	49
Ridgway	39.5%	12	37	76
San Miguel, Montrose, Other	17.7%	5	17	34
Total	100%	31	94	193

Source: Household survey and RRC/Rees calculations

In San Miguel County, new job growth should generate demand for 76 to 479 additional housing units by 2015. The majority of this demand (89%) should be addressed in San Miguel County based on existing employee preferences. Since 50% of employees working in San Miguel County want to live in Telluride, about half of the new units for which demand will be generated should be built in Telluride (38 to 239 units). With 8% of employees preferring to live in Mountain Village, six to 38 units should be developed there. The others should be dispersed throughout San Miguel County.

San Miguel County - Employee Housing Demand Forecasts for 2015

	Scenario	1	2	3
Annual Growth in Jobs		0.5%	1.5%	3.0%
Jobs 2010		6,299	6,299	6,299
Jobs 2015		6,458	6,786	7,302
Difference = New Jobs		159	487	1,003
Jobs per Employee		1.31	1.31	1.31
Additional Employees		121	372	766
Employees per Household		1.6	1.6	1.6
Additional Housing Demand		76	232	479
Avg Units per Year		15.2	46.5	95.7
Distribution by Area	**Where Want to Live**	**1**	**2**	**3**
Lawson Hill	4.0%	3	9	19
Mountain Village	8.0%	6	19	38
Norwood	10.4%	8	24	50
San Miguel County – unincorp.	9.9%	8	23	47
Telluride	49.9%	38	116	239
Ilium, Ophir, Placerville, Sawpit	6.8%	5	16	33
Ouray County/Other	11.0%	8	26	53
	100%	76	232	479

Source: Household survey and RRC/Rees calculations

These estimates should be considered conservative since they are based solely on new job creation. Employees recruited to fill existing jobs now held by residents who will retire in the next five years and continue to reside in their homes will also generate demand for additional units. These estimates do not include demand created by persons who move into the area but do not work, nor demand for vacation/second homes.

Project-Specific Housing Demand

Job generation rates developed through surveys of employers in Ouray and San Miguel counties as well as other mountain counties and communities in Colorado, Wyoming and Idaho can be used to estimate the impact on workforce housing demand associated with proposed developments. Use of the merged database with a sample from nearly 1,800 employers of various types and 142 lodging establishments is recommended over the much smaller sample from San Miguel and Ouray counties.

Multiple formulas are possible for using these figures to estimate housing demand. One approach is to multiple the square footage proposed by 4, the overall median, then divide by 1,000 SF to generate the total number of permanent, on-site jobs that the development will generate. This figure is then divided by the 1.3, the average number of jobs per employee and by 1.6, the average number of employees per unit to determine housing demand.

Commercial Job Generation Rates

	Merged Database		San Miguel/Ouray 2011	
Type of Employer	Median Jobs/1000 SF	# Cases	Median Jobs/1000 SF	# Cases
Bar/restaurant	8.13	222	7.00	9
Construction	6.67	170	4.00	5
Education	1.60	46	0.90	1
Finance/banking	2.90	62	1.80	1
Government	2.47	82	3.16	3
Legal profession	4.80	51	2.50	1
Medical profession	2.88	22	2.50	1
Other professional services	3.64	267	3.69	4
Personal services	4.98	14	1.61	2
Retail sales	3.13	437	2.36	16
Service	3.33	112		
Recreation/attractions/amusements	4.35	70	3.00	1
Other	3.75	209	5.00	10
Utilities	1.44	8		
Manufacturing	1.80	15		
Warehouse /storage	1.73	2		
Transportation	4.00	9		
Total	4.00	1,798	3.35	54
	Jobs/Room	# Cases	Jobs/Room	# Cases
Lodging/hotel/housekeeping	0.50	109	0.43	7
Property Management	0.42	33		
Total	0.49	142	0.43	7

Source: Employer surveys

Housing Demand from Existing Residents

The majority of any new units that may be developed in the next five years will likely be purchased or rented by existing residents who want to move into homes other than where they now live. While new jobs will be the primary driver of the need for additional units, most of the new employees who move into the area will likely move into existing homes that are vacated as existing residents move into new units.

Overall 30% of Ouray County's residents and half of the households in San Miguel County would like to move into different homes within the next five years. Of homeowners, 14% living in Ouray County and 26% in San Miguel County want to move into a different home. Nearly three-fourths of the renters in both counties want to move.

Desire to Move within 5 Years

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Stay in current home	86.3	27.6	70.6	74.5	25.5	50.2
Move into different home	13.7	72.4	29.4	25.5	74.5	49.8
	100%	100%	100%	100%	100%	100%

Source: Household survey

Households in the "move into different home category" include:

- Owners who want to buy a larger or sometimes smaller home or move to a different community. About 80% of owners in both counties who indicated they want to move into a different home want to buy.

- Owners who want to rent. Nearly 10% of the owners who want to move want to become renters.

- Renters who want to continue to rent but not the same place – 61% in Ouray County and 39% in San Miguel County.

- Renters who want to move into ownership. While homeownership has been the goal of the majority of renters for at least the past two decades (79% of renters in the Telluride region in 2000 wanted to buy), this is no longer the case. Approximately 32% of renters in Ouray County and only 23% of renters in San Miguel County indicated they want to buy a home in the next five years.

- Households who are undecided. Approximately 9% in Ouray County and 31% in San Miguel County indicated they would consider either option.

Own/Rent Preferences – Households Wanting to Move

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
BUY only	80.2	31.5	45.4	79.5	23.1	36.4
RENT only	9.9	60.9	45.7	9.8	38.6	32.5
Both BUY and RENT	9.9	7.6	9.0	10.8	38.3	31.1
	100%	100%	100%	100%	100%	100%

Source: Household survey

The median price that residents of both counties who want to buy within the next five years would like to pay is $250,000. Owners who want to buy a different home are willing to pay more than renters – a median of $300,000 in Ouray County and nearly $343,000 is San Miguel County. Most renters (72% in Ouray County and 79% in San Miguel County), however, indicated they would pay in excess of $200,000 to move into ownership.

Want to Buy by Price

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $100,000				12.0	3.4	6.0
$100,000 - $199,999	8.6	27.8	19.4	6.9	17.6	14.5
$200,000 - $299,999	28.2	55.4	42.1	15.2	48.0	37.5
$300,000 - $399,999	26.4	11.2	18.1	29.5	19.1	22.6
$400,000 - $499,999	13.0		6.3	13.3	5.9	8.2
$500,000 or more	23.8	5.5	14.1	23.0	5.9	11.2
	100%	100%	100%	100%	100%	100%
Average	$441,195	$217,351	$323,641	$376,558	$254,952	$292,853
Median	$300,000	$200,000	$250,000	$342,938	$250,000	$250,000

Source: Household survey

The median rent that residents who want to rent other than where they are now living would like to pay is $650 in Ouray County and $1,000 in San Miguel County. Owners who want to become renters are willing to pay more than renters who want to continue to rent.

Want to Rent by Rent Rates

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Under $500		25.4	23.1	5.1	2.8	2.9
$500 - $749	9.9	44.5	38.4	9.9	27.4	26.8
$750 - $999	30.1	15.8	18.3	17.4	20.7	19.8
$1,000 - $1,249	29.8	4.9	9.0	26.7	39.5	38.3
$1,250 - $1,499				5.1	0.6	0.9
$1,500 or more	30.1	9.5	11.1	35.8	9.0	11.3
	100%	100%	100%	100%	100%	100%
Average	$1,065.33	$675.67	$722.50	$1,290.46	$963.26	$985.50
Median	$1,086.79	$639.44	$650.00	$1,181.54	$900.00	$1,000.00

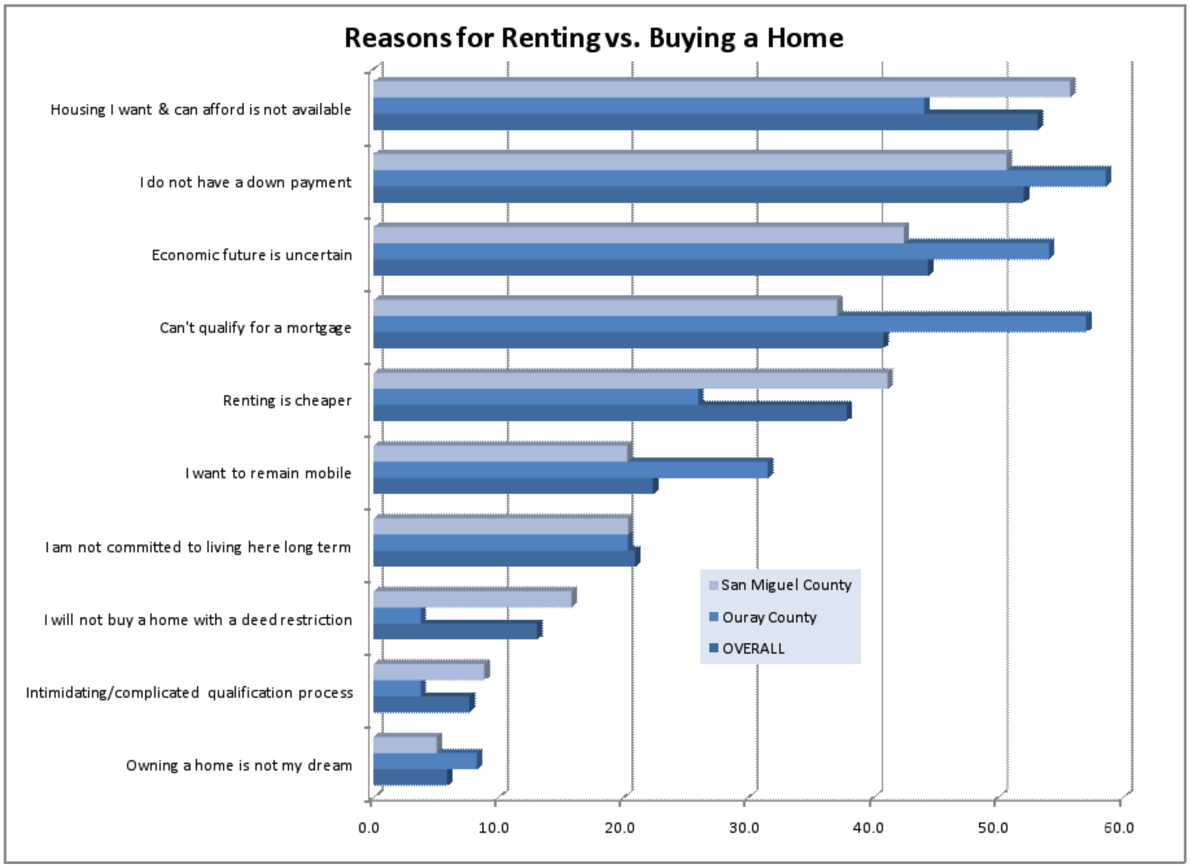
Source: Household survey

Average Prices/Rents Desired by Residents Who Want to Live in Different Home

	Average Price	Average Rent
Ouray	$244,212	$664
Ridgway	$254,008	$731
Ouray Co Unincorp	$370,688	$552
Mtn Village	$340,467	$1,372
Norwood	$200,000	$663
Telluride	$278,238	$960
San Miguel Balance	$270,492	$843

Source: Household survey

In San Miguel County, the most frequently cited reason that residents want to rent is because housing they want and can afford to buy is not available. In Ouray County, however, not having a down payment was the chief reason, followed by the uncertainty of their economic future. Other frequently cited reasons are primarily financial in nature. While lack of commitment to the community was referenced by 20% of the respondents, not wanting to own a home because it is not their dream was cited by fewer than 6% overall. The unacceptability of deed restrictions was mentioned by 16% in San Miguel County, but only 4% in Ouray County.



Source: Household survey

Housing-Related Preferences

Location

Most residents of the two-county region live where they most want to live. The bold figures in the following table represent the residents in each community who indicated they want to live in the community where they now reside. For example, 86% of the respondents from Ouray indicated that Ouray is where they want to live, while 4.3% would like to move to Ridgway, 8% would like to move to an unincorporated area of Ouray County and 1.6% want to live in Telluride.

Telluride has the highest percentage of residents who live where they want to – 97%. San Miguel Balance, which includes Lawson Hill, Ophir, Placerville, Sawpit and Illium, has the lowest – 49%.
It is clear that there is unmet demand for housing in Telluride created by persons who now live nearby and want to move. Of the residents in the San Miguel Balance area, 44% would like to live in Telluride. Of Mountain Village residents, 30% would like to live in Telluride.

Where Live Compared with Where Want to Live

	Where Now Live						
Where Want to Live	Ouray	Ridgway	Ouray Co Unincorp	Mtn Village	Norwood	Telluride	San Miguel Balance
Ouray	**86.1**	2.5	1.5				
Ridgway	4.3	**80.3**	5.7	1.0	0.9		4.0
Ouray Co Unincorp	8.0	8.5	**86.6**	1.0		0.4	
Mtn Village			0.9	**58.7**	1.8	0.4	2.2
Norwood					**81.4**		0.4
Telluride	1.6	8.7	2.9	30.3	6.8	**96.7**	44.1
San Miguel Balance			2.4	9.0	9.1	2.6	**49.4**
	100%	100%	100%	100%	100%	100%	100%

Source: Household survey

Unit Type

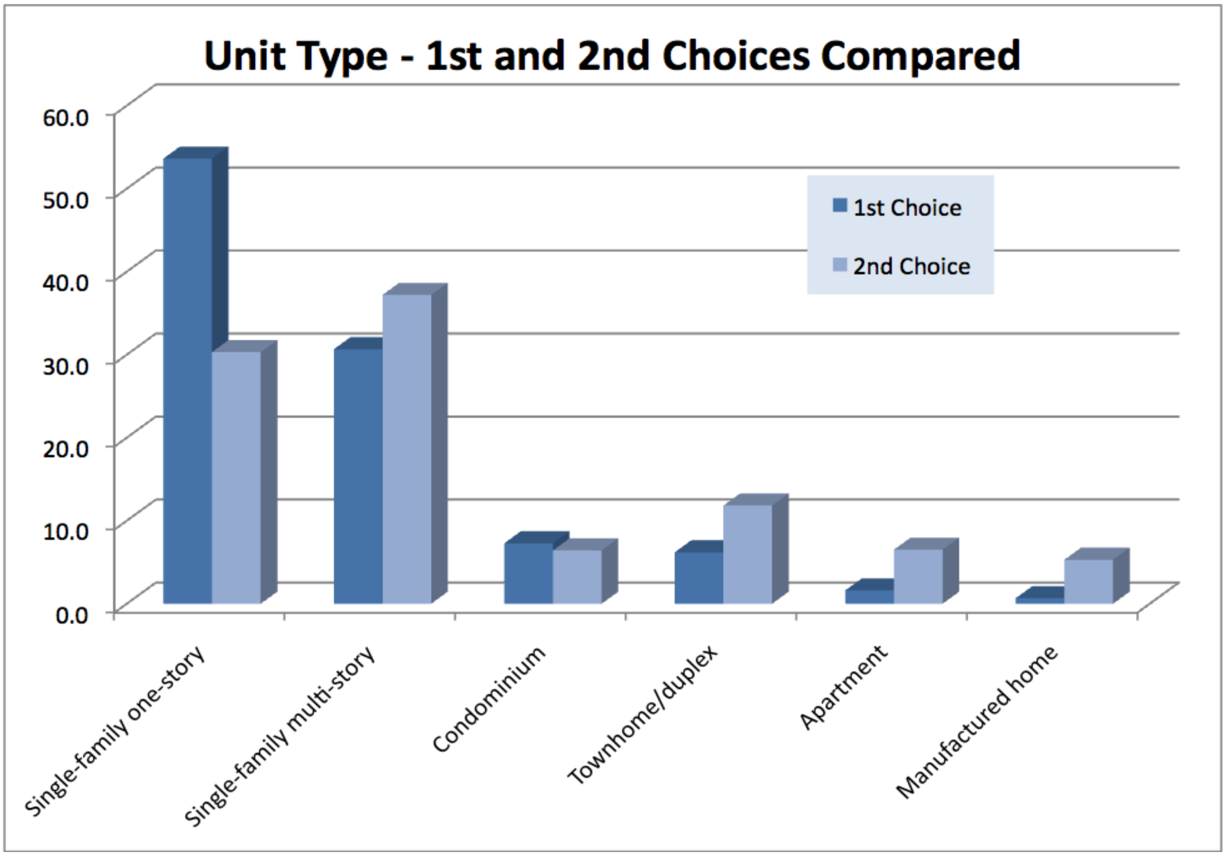
For residents who want to move into a different home within the next five years, about 88% in Ouray County and 83% in San Miguel County would prefer a single-family home. In both counties, there is clear preference among both owners and renters for a one-story over multi-story home.

1st Preference in Unit Type

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
Single-family one-story home	85.5	48.4	59.1	43.7	52.5	51.3
Single-family multi-story home	14.5	34.4	28.4	46.0	27.7	31.9
Condominium		1.2	0.9	2.9	12.2	9.6
Townhome/duplex		14.8	10.7	4.4	4.7	4.5
Apartment		1.2	0.9	1.0	2.3	1.9
Manufactured home				1.9	0.6	0.9
	100%	100%	100%	100%	100%	100%

Source: Household survey

A comparison of first and second choices reveals that townhomes or duplexes would be preferred over other unit types if single-family homes are not available at affordable prices.



Source: Household survey

Bedrooms and Bathrooms

Overall, residents in both counties who would like to move into a different home would like two or three bedrooms and two bathrooms. Owners tend to prefer larger units than renters. Residents of San Miguel County tend to want smaller homes than Ouray County residents.

Number of Bedrooms Desired

	Ouray County			San Miguel County		
Number Bedrooms	Own	Rent	OVERALL	Own	Rent	OVERALL
1	4.7	22.6	16.8	4.8	12.8	10.9
2	35.4	30.9	32.8	30.3	48.8	43.6
3	37.0	24.8	28.5	50.0	34.0	38.5
4	22.9	19.5	20.6	14.9	3.4	6.4
5+		2.1	1.4		0.9	0.6
	100%	100%	100%	100%	100%	100%
Average	2.8	2.5	2.6	2.7	2.3	2.4

Source: Household survey

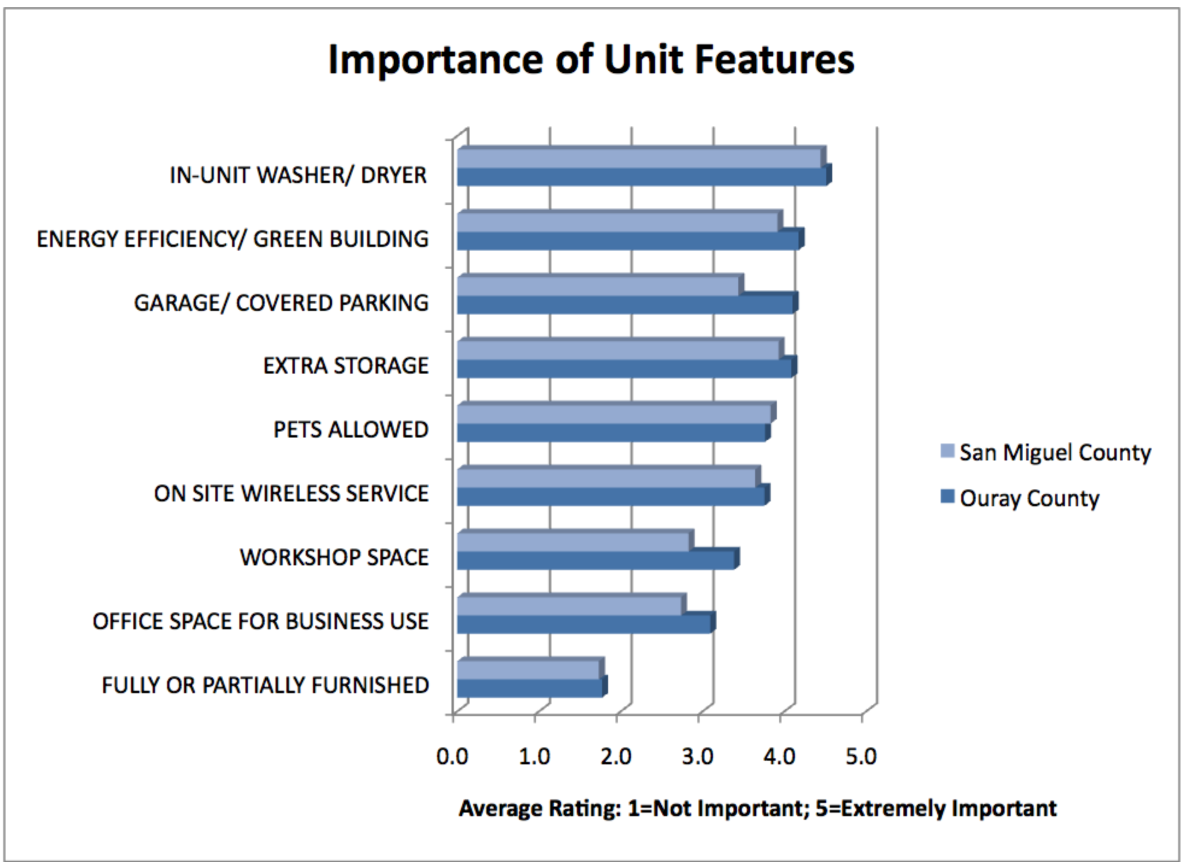
Number of Bathrooms Desired

	Ouray County			San Miguel County		
Number Bathrooms	Own	Rent	OVERALL	Own	Rent	OVERALL
1	9.3	39.3	29.0	8.3	33.9	27.5
2	60.8	32.4	41.7	63.5	56.4	58.2
3	25.2	28.4	27.9	23.8	9.7	13.2
4	4.8		1.5	4.4		1.1
	100%	100%	100%	100%	100%	100%
Average	2.3	1.9	2.0	2.2	1.8	1.9

Source: Household survey

Amenities

Overall, residents in Ouray County placed greater importance on nine potential unit features than did residents of San Miguel County, with the exception of pets being allowed. The relative importance given to the optional amenities were similar in both counties, however, with in-unit washers and dryers rated highest, followed by energy efficiency/green building.



Source: Household survey

Renters in general placed less importance on the optional amenities than did homeowners, which is the usual pattern. There was little difference, however, between owners and renters concerning unit amenities in the relative level of importance they placed on the options.

Unit Amenities by Own/Rent

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
ENERGY EFFICIENCY/ GREEN BUILDING	4.1	4.3	4.2	3.9	3.9	3.9
IN-UNIT WASHER/ DRYER	4.6	4.3	4.5	4.6	4.3	4.4
GARAGE/ COVERED PARKING	4.4	3.4	4.1	3.8	3.1	3.4
EXTRA STORAGE	4.2	3.7	4.1	4.2	3.7	3.9
OFFICE SPACE FOR BUSINESS USE	3.2	2.7	3.1	3.2	2.3	2.7
WORKSHOP SPACE	3.6	2.7	3.4	3.2	2.5	2.8
PETS ALLOWED	3.8	3.7	3.8	3.9	3.8	3.8
FULLY OR PARTIALLY FURNISHED	1.9	1.4	1.8	1.6	1.8	1.7
ON SITE WIRELESS SERVICE	3.8	3.6	3.8	3.6	3.7	3.6

Source: Household survey

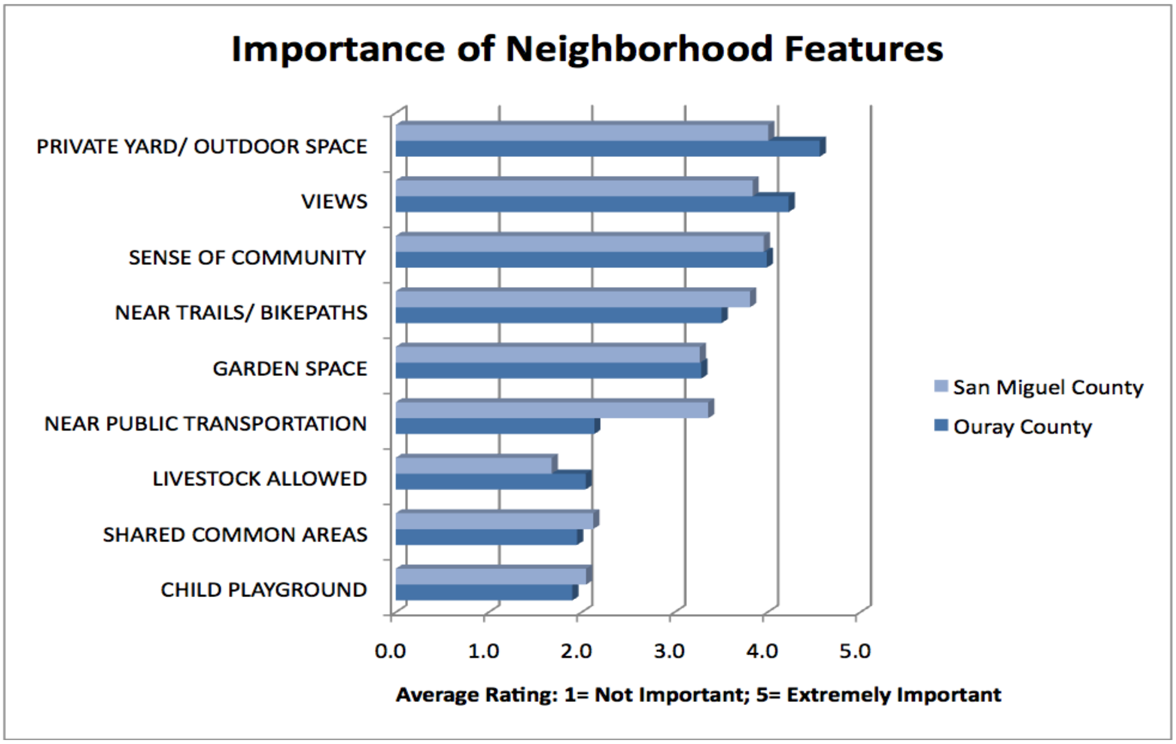
Property managers and realtors frequently mentioned dogs when asked about location preferences. Over half of the residents in both counties rated the ability to have pets where they live as extremely important. Results were similar in both counties. Owners tended to place slightly higher importance on their ability to have pets than did renters. There was very little variation by community; the average rating for "pets allowed" ranged from 3.7 to 3.9. In the San Miguel Balance area, which includes Lawson Hill, 54% of households surveyed rated "pets allowed" as extremely important.

Importance of Pets

	Ouray County			San Miguel County		
Rating	Own	Rent	OVERALL	Own	Rent	OVERALL
1 - Not At All Important	19.3	21.3	20.0	12.0	15.7	14.2
2	3.4	1.4	2.8	6.7	5.8	6.3
3	11.1	12.0	11.0	14.0	13.1	13.6
4	11.6	19.3	13.5	15.7	11.3	13.9
5 - Extremely Important	54.7	45.9	52.7	51.5	53.8	52.0
TOTAL	100%	100%	100%	100%	100%	100%
Average	3.79	3.67	3.76	3.87	3.81	3.83

Source: Household survey

Concerning nine optional neighborhood features that housing survey participants were asked to rate, responses were again generally similar in both counties. Having a private yard or outdoor space was the more important followed closely by views and sense of community. The only option for which there was a significant difference between the two counties was being near public transportation. It ranked slightly above garden space in San Miguel County, with an average of 3.4, compared to a much lower average of 2.1 in Ouray County.



Source: Household survey

The responses between renters and owners were also similar.

Importance of Neighborhood Features

	Ouray County			San Miguel County		
	Own	Rent	OVERALL	Own	Rent	OVERALL
PRIVATE YARD/ OUTDOOR SPACE	4.7	4.1	4.6	4.3	3.8	4.0
CHILD PLAYGROUND	1.8	2.0	1.9	2.2	1.9	2.0
SHARED COMMON AREAS	2.0	1.8	2.0	2.2	2.0	2.1
GARDEN SPACE	3.3	3.4	3.3	3.4	3.1	3.3
LIVESTOCK ALLOWED	2.0	2.1	2.0	1.8	1.6	1.7
VIEWS	4.4	3.8	4.2	4.1	3.6	3.8
NEAR PUBLIC TRANSPORTATION	2.1	2.2	2.1	3.3	3.5	3.4
NEAR TRAILS/ BIKEPATHS	3.5	3.4	3.5	3.8	3.8	3.8
SENSE OF COMMUNITY	4.0	3.9	4.0	4.1	3.9	4.0

Source: Household survey

7. Key Findings and Conclusions

Overview

This needs assessment documented many changes over the past five years, from the peak of the construction boom to the depths of the recession. It quantified job losses, decreases in household income and sharp declines in the housing market. It also found that housing problems and gaps are still widespread, with market prices far above the levels that local income earners can afford. Employers have been forced to take actions as a result of the recession, including reductions in wage rates and hours worked, that have impacted the ability of employees to afford housing. While housing availability is not as limited as in the past, prices are still too high for households with incomes under 200% AMI, and the inventory of units listed for sale remains very large.

There are many other changes affecting the demand for affordable housing and the type of housing that should be developed in the near future. The number of foreclosures has risen dramatically in both counties. Home mortgages are far more difficult to obtain and the majority of renters no longer want to move into ownership. Rental vacancies are very low in the Telluride region, but not so in the rest of the two counties. Rents are generally affordable, but will likely start to rise as the economy slowly recovers.

The performance of deed-restricted housing has varied. The units in Telluride, which are price capped, mostly subsidized and located where the majority of employees want to live, have held their value and are selling. Units in Mountain Village and unincorporated San Miguel County, however, have declined in price, after following the free market upward, leaving many owners with debt that exceeds value, units that they cannot sell and increasing risk of default.

Additional deed-restricted units are still needed for commuting employees who want to move closer to their work and to attract employees to fill vacant positions. These units should only be developed, however, if they can be priced lower than homes currently available. Projections have also been provided for workforce housing demand that will be generated by 2015, with assumptions ranging from conservative to aggressive.

The following pages summarize each of the major sections of this needs assessment. These conclusions are followed by recommendations on actions that could be taken to address identified needs efficiently and in ways that are responsive to market conditions and employee preferences.

Economic and Demographic Framework

Population Estimates and Characteristics

The two counties share many characteristics but have some notable differences. There are indications that Ouray County is catching up with, or becoming more similar to San Miguel County.

- San Miguel County has about 62% of the population in the two-county region but the population has been growing faster in Ouray County (18% compared to 11% in San Miguel County between 2000 and 2010).

- The average size of households is slightly larger in Ouray County (2.19) than in San Miguel County (2.13) and there are notable differences among communities, where Mountain Village has smaller households and Norwood and Ophir have larger than average households.

- Household composition varies, with proportionately more couples without children in Ouray County and more singles living alone, roommate households and couples with children in San Miguel County.

- Ouray County is more likely to have retired residents -- 27% of households include at least one retired member compared with 10% in San Miguel County.

- Incomes as reported by the household survey are more similar in the two counties than estimated by HUD. The median income varies from a low of $54,440 in Norwood to a high of $84,790 in Mountain Village.

- Nearly 42% of the households in San Miguel County (1,450 households) and 39% in Ouray County (789 households) report that their income has decreased since 2007/08. Among households that experienced a decrease in income, the average was $33,000 in Ouray County and $43,000 in San Miguel County.

The Economy

Both counties were hard hit by the recession. Since peak employment in 2007:

- Ouray County lost 573 jobs, which equated to a decrease of 20%. San Miguel County lost 1,155 jobs, a decrease of 15.5%.

- Of employers surveyed, 43% in San Miguel County and 32% in Ouray County reported a decrease in employment since 2007/08.

- The unemployment rate climbed from 3% to 7.6% in Ouray County and from 3.2% to 7.2% in San Miguel County.

- Some sectors were impacted more so than others including accommodations and food service, finance and real estate. Construction jobs, which pay some of the highest wages in the region, dropped by 29% in San Miguel County and 25% in Ouray County according to reports which likely under-estimate the counts.

- Approximately 22% of employees in Ouray County reported that they were under employed and need additional work compared with 13% in San Miguel County.

- Employers in both counties expect a slow recovery, with the majority indicating that the number of persons they employ will stay about the same in the next year, but 35% in Ouray County and 57% in San Miguel County plan to increase employment in the next five years.

Jobs/Housing Relationship and Commuting

There is extensive commuting within and between the two counties and, to a lesser degree, to and from neighboring counties. While some commuters could be enticed to move to the community where they work with lower priced housing, most could not.

- While San Miguel County has 62% of the region's population it has 73% of the region's jobs. In Ouray County, there are approximately 1.13 jobs per occupied housing unit while in San Miguel the ratio is 1.82 jobs per unit.

- Based on annual averages, approximately 450 employees travel into Ouray County from homes outside of the county and 745 employees commute into San Miguel County.

- The Telluride region and Ouray both provide housing for 70% of their employees while 30% in commute. Of employees who work in Norwood, 81% live there. Approximately 58% of Ridgway's employees live in Ridgway.

- Most commuters commute year round, and driving alone is the most frequently used mode of transportation.

- The reasons why employees commute are varied, with the price of housing being the most frequently cited reason, followed by community character. The majority of commuters do not want to move.

Housing Inventory

Following high rates of residential construction throughout most of the past decade, the 2010 Census reported the two-county region has 9,721 housing units. Many of these residential units are not used as housing, however, but rather as vacation accommodations. A large inventory of deed-restricted units in the Telluride region has preserved the relationship between primary and second/vacation homes but locals are losing out to part-time residents in Ouray County.

- 5,476 units, or 56%, were occupied by local residents in 2010. Most of the remaining units were second/vacation homes. A comparison of the rates from 2000 and 2010 shows that the percentage of units occupied by local residents is decreasing in all of Ouray County and in much of San Miguel County. This trend does not bode well for housing affordability in the long term since vacation home buyers drive prices upward.

- Both of the counties overall and most of the communities in the two-county region experienced strong rates of residential growth between 2000 and 2010. The rate of growth was much higher in Ouray County (44%) than in San Miguel County (28%).

- The split between owners and renters varies between the two counties, with an estimated homeownership rate of 73% in Ouray County and 50% in San Miguel County.

- San Miguel County has a large inventory of units that are deed/occupancy-restricted, a total of 1,124 units or approximately 32% of total occupied units in the county. Of these:

    - Approximately 64% are renter occupied and 36% are owned by their occupants. While most of the units developed in recent years have been intended for owner occupancy, some have become rentals when units cannot be sold for various reasons.

  - A wide variety of unit types are provided, ranging from small studios/dorm rooms to single-family homes with five bedrooms. Many are small, however, 44% are studios or one-bedroom apartments.

  - Mountain Village has the largest inventory (45% of the total), followed by Telluride then unincorporated San Miguel County.

- Ouray County has 18 deed-restricted units, including 10 single-family homes in Ridgway with temporary price caps and a duplex and six accessory dwelling units in Ouray. There are no deed/occupancy-restricted units in unincorporated Ouray County.

- A total of 208 deed-restricted units have been approved in the two-county region, but not yet built. Plus 13 units in San Miguel County and four units in Ridgway have received preliminary approvals. Construction of all of these units is the responsibility of the private sector, so the timing for their development is unknown.

Homeownership Market Conditions

After a steep drop in the number of sales and more moderate decreases in prices, the ownership market appears to have reached bottom and started to slowly improve, though less so in Ouray County compared with San Miguel County.

Market Sales and Prices

- Homes sales dropped 62% overall from their peak in 2007/08 to their low in 2009. The market rebounded somewhat in 2010 with the number of sales increasing 36% overall in the two-county region, with growth being the strongest in San Miguel County.

- Home prices peaked in both counties in 2007, with a median of over $1.2 million in San Miguel County and nearly $550,000 in Ouray County. The overall median then decreased about 20% in San Miguel County by 2009 before increasing in 2010 to just over the $1 million mark. The median price continued to decline in 2010 in Ouray County to a level about 26% below the peak.

- Despite the decline in prices, homes remain unaffordable for most of the region's residents. Only 7% of the homes sold in the past five years in both counties were affordable for households with incomes at or below 100% AMI. Incomes in excess of 250% AMI were needed to afford 21% of the sales in Ouray County and 65% in San Miguel County.

Deed-Restricted Sales and Prices

A total of 138 deed-restricted units were sold in the past five years. These sales exhibited the same general pattern as the free market, with some exceptions.

- The number of sales peaked in 2007 at 44, then dropped off sharply in 2008, before returning to about 50% of peak volume in 2009 and 2010.
- Median prices decreased over 34%, from an average high of $432,543 at its peak in 2008, down to an overall average of $284,180 by 2010.
- Prices for units *without* price caps were much higher than prices for deed-restricted units *with* price caps. It should be noted, however, that most of the units sold with price caps were also subsidized.
- Units without caps decreased in value (48% in Mountain Village and 32% in unincorporated San Miguel County), while units with caps generally held their value, although not all resales were at the maximum prices allowed.
- Deed restricted units were affordable for all income levels with 30% priced to be affordable for households with incomes in the 120% to 150% AMI range.

Free Market Availability and Costs

The inventory of homes listed for sale is very large – a total of 741 units in the two-county region, which equals a 50-month inventory based on the rate of sales in 2010. Prices have not been heavily discounted to sell quickly, however.

- In Ouray County, the average price per square foot for units listed is 28% higher than the average for units sold in 2010. In San Miguel County, the average price of $735 per square foot for homes listed for sale is 37% higher than the average of $536 per square foot in 2010.
- The average list price for a three-bedroom home in Ouray County is just over $600,000. In San Miguel County, it is nearly $1.5 million.
- Affordability has improved just slightly in Ouray County where six units or 6.3% of the total are affordable for households with incomes at or below 100% AMI, all of which are in Ridgway.
- Affordability in relative terms has gotten worse in San Miguel County, where only 4% of the 593 homes listed for sale (24 units) were priced at levels affordable for households with incomes equal to or less than 100% AMI.

Deed-Restricted Availability and Costs

A total of 37 deed-restricted units were listed for sale as of February, which equates to a 21-month inventory.

- The average list price was nearly $380,000. An income of approximately 190% AMI based on a two-person household would be needed to afford this price.
- The AMI category with the most listings is 151% to 200% AMI, followed by 121% to 150% AMI.
- Only six units were listed for sale at prices affordable for households with incomes at or below 100% AMI.
- While Mountain Village and unincorporated San Miguel County have a large inventory of units listed for sale (15 in mountain Village, which equates to a two-year inventory, and 21 in unincorporated San Miguel County, which equates to a 2.7 year inventory), only two units were listed for sale in Telluride.

Rental Market Analysis

Approximately 540 units in Ouray County and 1,711 units in San Miguel County are renter occupied, for a total of 2,251 renter households in the two-county region. Rental market conditions vary within the region. Very low vacancies strongly suggest the need to develop additional rental units in the Telluride region, while high vacancies in Ouray County indicate few if any additional rentals are needed at this time.

- About half of the households in San Miguel County are renters compared with 27% in Ouray County.
- Renters in San Miguel most often live in apartments, while the majority in Ouray County rent single-family homes, a factor that impacts utility costs.
- At last count 725 units with deed or other occupancy restrictions are rentals. These units equal over 42% of total rental units in San Miguel County.
- In both counties, the majority of rental units are affordable for low-income households (≤ 80% AMI). The deed/occupancy restricted units in San Miguel County are the most affordable, followed by the rental units in Ouray County, which are all free market. Free-market rentals in

San Miguel County are higher, but, with decreases in rents during the past two years, about 55% of units countywide are affordable for low-income households.

- By community, the difference between free-market and deed-restricted rents is more pronounced, especially in Mountain Village where market rents are 2.3 times higher than rents for units with restrictions.

- Among restricted units, rents are generally set at levels below the maximum affordable rates.

There are six rental complexes in the two counties, five in San Miguel County, all of which are restricted, and one in Ouray County that is free market. Three of the six have remained almost fully occupied even during the depths of the recession. With an extremely low vacancy rate of 1.1% in the Telluride region, immediate development of additional rental units serving a mix of income levels appears to be warranted before market rents escalate due to demand that exceeds the supply.

Two projects – Big Billies in Mountain Village and Cottonwood Creek in Norwood, have never performed well. The under utilization of these resources should be understood so that the similar development mistakes do not occur. Lessons that can be learned from these two projects include:

- Units with low income restrictions (50% AMI for both projects) should be designed primarily for occupancy by one-income households. Income restrictions have not been a problem at Big Billies, where all units are limited to occupancy by one person, but have been a significant impediment to lease up at Cottonwood Creek, where all units have four bedrooms. Units should be small or income limits should be higher.

- In rural communities, the market is too small for projects to target only one market segment, with all units having the same number of bedrooms. The projects that have done well offer a variety of units.

- Dorm rooms without kitchens are neither cost effective nor well suited for housing seasonal workers. Big Billies is mostly vacant for all months except during the ski season. Without kitchens or units that can be shared by couples, year-round residents are unwilling to live there. Seasonal workers, who typically hold some of the lowest wage and most physically demanding jobs in the community, are unable to cook full meals. Building kitchens for individual dorm rooms is cost prohibitive, however. Housing projects in other resorts designed for seasonal workers with multiple small bedrooms sharing a full-size kitchen have been able to attract residents year round and maintain higher occupancy levels.

The one rental complex in Ouray County has had high vacancy rates during the past two years attributed to job losses in the area; competition from units that were built for owner occupancy, but, due to the soft market, are now rented out; and from competition from the Montrose area where vacancies have been moderately high and rents low. As such, development of additional rental units in Ouray County does not appear to be warranted at this time, unless they address a unique market segment, like extremely low income households.

Housing Problems

This section of the report examined various types of housing problems ranging from perceptions about the workforce housing to foreclosures.

Perceptions

The majority of residents in both counties feel that the problem of finding affordable housing for persons who work in the region is either the most critical or one of the more serious problems facing the area. Renters overall and residents of Telluride considered the severity of the housing problem to be greater than other residents of the two-county region.

While most residents are satisfied with the homes in which they now live, 47 households in Ouray County and 79 households in San Miguel County are very dissatisfied with their housing. Satisfaction levels are highest overall in Ouray County and Norwood. Lower-income households and residents who have moved to the area recently tend to be the most dissatisfied.

Physical Conditions

Most residents gave above average ratings to various measurements of the condition of their home, neighborhood and community. Quality of schools and safety/security both rated very high. Residents of Ouray County gave higher ratings to yard size, privacy, size of home and exterior appearance while San Miguel County residents gave higher scores to community amenities and proximity to services. Energy efficiency received a relatively high rating of “poor” in all communities.

Affordability

Households are considered to be cost burdened by housing that is not affordable when the rent or mortgage payment exceeds 30% of household income. In Ouray County, 30% of households, or approximately 610 households, live in housing that is not affordable. The estimates are higher for San Miguel County - 44% or 1,513 households. There is a direct correlation between affordability and income – the lower the income, the higher the percentage of income that has to be spent on housing. Utilities add to the cost of housing, particularly in Ouray County where high utilities are the leading cause for dissatisfaction with housing. Ouray County renters pay, on average, $315 per month for utilities.

Forced to Move

"To find less expensive housing" was the primary reason why approximately 29% of the residents in both counties combined moved within the past three years.

Employment-Related Problems

Employers that completed the on-line survey provided information very valuable to understanding housing needs in the two counties.

- Most employers feel that affordable/employee housing is a problem –84% in Ouray County and 90% in San Miguel County. Housing for seasonal employees is far less of a concern than for year-round residents.

- The recession has hard hit many employers and their employees. Overall 65% have reduced the hours their employees work, 59% have frozen wages/salaries and 20% have reduced wage rates.

- Housing has impacted the work performance of employees in multiple ways – causing displeasure with wage rates, tardiness from long commutes, fatigue on the job and high turnover.

- While the recession has made it much easier to find employees to fill jobs, approximately 34 positions in Ouray County and 134 jobs in San Miguel County went unfilled in 2010.

Foreclosures

Residential foreclosures are up sharply in both counties. From 2008 through 2010, the number of filings increased roughly 500% in Ouray County (from 10 to 59) and 200% in San Miguel County (from 35 to 108). In 2010, Ouray County ranked fourth in the state in completed foreclosures measured as a percentage of households.

Foreclosures were filed on a total of 33 residential deed-restricted properties from 2008 through the first two months of 2011. The number has increased each year from only two in 2008 to 14 in 2010. Six were filed in the first two month of 2011. If this rate continues, filings will total 36 in 2011, which is in line with the sharp upward trend predicted by mortgage lenders. Of the filings on deed-restricted properties, 91% did *not* have price caps.

Special Needs

Both counties have a relatively small population of persons who are age 65 or older -- 11.7% of the population in Ouray County and 4.1% in San Miguel County. Most seniors are satisfied with their housing and do not want to move. While neither county has any housing specifically for seniors, the demand and feasibility for independent living, assisted living and elder co-housing are uncertain.

There are also few people with disabilities in the region due to the climate-related impediments they face.

Homelessness is not a common problem; the severity of the winter makes it impossible to live without housing during much of the year.

It appears that the Spanish-speaking population has declined in size with the loss of solo men who work construction, but most families seem to have remained intact and school enrollment has held steady. Federal and state legislation requiring residency documentation has forced some to move down valley where market rents are lower.

The number of very low income households has jumped sharply in both counties due to job losses and reductions in income. The number of households receiving food stamps and help with their utility bills has more than doubled. This suggests the need for emergency housing support, but little is available.

Gaps and Estimated Needs

This section of the report examined the relationship between incomes and housing costs (both rents and sale prices), the existing shortfall in affordable housing, demand for additional housing that will be generated by job growth between now and 2015, demand from existing residents who want to move into different homes, and the housing-related preferences of residents.

Gaps between Housing Costs and Incomes

Home prices in both counties have been and, based on for-sale listings, will continue to be beyond the price that is affordable for most residents. Gaps were identified by comparing the incomes of residents to units priced at levels they can afford.

Rents tend to be affordable for renters at most income levels. The exception in both counties is the category of extremely low income households (incomes ≤ 30% AMI).

Home prices remain much higher than affordable for local income earners however. In San Miguel County:

- Gaps exist in the free market up to the 200% to 250% AMI range based on sales during the past five years. Based on units listed for sale, a gap exists until the 250% plus AMI category is reached.

- Deed-restricted units sold in the past five years have well matched income levels starting at the 100% to 120% AMI range, with gaps for low-income households. There are similar gaps in current availability when the prices of deed-restricted units listed for sale are compared to incomes.

In Ouray County:

- Units sold in the past five years proportionately matched the incomes of homeowners starting at the 100% to 120% AMI range.

- The prices of current listings are not in line with incomes until the 150% to 200% AMI range.

Need for Units to Address Shortfall

The need to develop additional units to address the existing shortfall was quantified based on the need to provide housing for employees to move into the area to fill vacant jobs and on demand generated by in-commuting employees that want to move closer to work. Based on this methodology, there is unmet demand for 138 units in Ouray County and 320 units in San Miguel County. This demand is price sensitive, however. Available units are generally priced too high. In commuters would require a median price of $250,000 for a single-family home or a median rent of $600 to move closer to their work.

Existing Shortfall in Housing

Source of Demand	Ouray County	San Miguel County
Unfilled Jobs	18	60
In Commuters	120	260
Total	138	320

In Ouray County, market forces may drive down prices to the extent that the existing shortfall may be adequately addressed by existing units as they become more affordable. High vacancies among existing apartment units, a large inventory of units for sale and a relatively high number of foreclosures suggest that the bottom in home prices and rents may not yet have been reached.

In San Miguel County, rental vacancy rates are very low (except at one unique complex in Norwood), only nine deed-restricted units are listed for sale at prices affordable for households with incomes at or below 120% AMI and free-market prices remain far above levels that are affordable for most residents. These indicators suggest a more aggressive and immediate approach for addressing the estimated shortfall would be appropriate.

Additional Demand by 2015

Three scenarios were used to forecast growth in housing demand by 2015 based on variations in job growth with annual rates of 0.5%, 1.5% and 3% assumed.

- In Ouray County, between 31 and 193 additional units should be needed by 2015 to house growth in the workforce in Ouray County. Based on the preferences of existing employees, 40% should be located in Ridgway, 26% in unincorporated Ouray County, 17% in Ouray and 18% outside of the county for employees who prefer to commute.

- In San Miguel County, new job growth should generate demand for 76 to 479 additional housing units by 2015. About half of the new units for which demand will be generated should be built in Telluride (38 to 239 units). The others should be dispersed throughout San Miguel County, except for 11% for employees who would rather commute.

Demand from Existing Residents

The majority of any new units developed in the next five years will likely be purchased or rented by existing residents who want to move into homes other than where they now live. Many of the new employees moving to the area will occupy homes they vacate. Overall 30% of Ouray County's residents and half of the households in San Miguel County would like to move into different homes within the next five years.

- 14% of homeowners in Ouray County and 26% in San Miguel County want to move into a different home. Most of these homeowners want to buy a different home but 10% would like to rent.

- Nearly three-fourths of the renters in both counties want to move. Most want to continue to rent. Of renters who want to move, only 32% in Ouray County and 23% in San Miguel County indicated they want to buy a home in the next five years. The main reasons why renters would rather continue to rent instead of buying are primarily financial in nature – housing they can afford and want is not available, they do not have a down payment or their economic future is uncertain.

In both counties, the median price that residents who want to move would pay is $250,000. The median rent desired is $650 in Ouray County and $1,000 in San Miguel County.

Housing-Related Preferences

The household survey generated information on the preferences of residents regarding location, unit type, bedrooms and bathrooms, amenities and neighborhood features.

- Most residents of both counties live in the community where they most want to live. There is a clear desire, however, by many of the residents who live in Mountain Village, Lawson Hill and down valley communities to move into Telluride.

- In both counties, the vast majority of residents who would like to move prefer a single-family home and there is clear preference among both owners and renters for a one-story over multi-story home.

- More residents prefer two bedrooms and two bathrooms than any other size of unit. Residents of Ouray County generally want larger homes than residents of San Miguel County.

- In-unit washers and dryers rated the highest among optional amenities followed by green building/energy efficiency.

- Among optional neighborhood features, a private yard or outdoor space rated highest in terms of importance, followed closely by views and sense of community. San Miguel County residents rated proximity to public transportation higher, which was the only significant difference between the two counties.

Development Opportunities

Market opportunities for the development of for-sale housing are limited at present. In Ouray County, market prices may not have reached bottom, and the high number of foreclosures may force prices down on a sufficient number of units to meet existing demand.

In San Miguel County, the large inventory of market and deed restricted units listed for sale, tough mortgage lending standards, few renters who want to buy and prices desired that are lower than exists even among subsidized units, most development efforts should focus on rental housing.

Telluride is the exception. The demand for both owner and rental housing in Telluride has not been satisfied. Close consideration should be given to pricing of new for-sale units, however. Most deed-restricted units target a fairly narrow segment of the market. The greatest homeownership market potential appears to be for housing in the 80% to 120% AMI range.

Multiple factors lead to the conclusion that there is additional demand for ownership units in Telluride:

- Gaps between incomes and deed-restricted prices in all categories up to 120% AMI;
- Approximately 30 deed-restricted units listed for sale nearby at prices affordable for households earning about 120% AMI; and
- A median price of $200,000 needed to entice commuters who want to move to live closer to their work.

8. Community Resources and Financial Tools

This section of the report examines the availability of resources in both counties to address housing needs including:

- Local housing programs;
- Mortgages;
- Down payment assistance programs;
- Homeownership counseling programs; and
- Housing rehabilitation programs.

Local Housing Programs

<u>Ouray County</u>

The Town of Ridgway, City of Ouray and Ouray County worked together on the development of a detailed *Affordable Housing Action Plan* in 2008. Shortly after development of the plan, the recession hit Ouray County. As such, none of the three jurisdictions has provided a budget allocation for implementation in 2010 or 2011. The timeline for the Action Plan has been revised to postpone several of the key action items; however, the Housing Authority board has remained active and accomplished some of the tasks called for in the Action Plan, including:

- Initiation of a homebuyer education program with sessions in both the spring and fall of 2010.
- Amendments to the Town of Ridgway's Accessory Dwelling Unit (ADU) regulations, increasing the maximum unit size allowed from 600 to 800 square feet.
- Participation in the Regional Housing Needs Assessment.
- Drafting of language for a Real Estate Transfer Assessment for a Ridgway annexation.

<u>Town of Telluride</u>

The Town of Telluride had regulations, incentives, funds and land that can be used to address affordable housing needs. Specifically:

- Mitigation Requirements placed on all new commercial and residential development that require Affordable Housing Units (AHU's) be developed for 40% or 60% of the employees generated by the development. These requirements were extended to single-family and duplex homes in 2010.

- Incentives for the construction of Employee Dwelling Units (EDU's) provided under current guidelines include tap fee and building permit waivers. Future utilization of these incentives is not expected to be significant now that mitigation requirements apply to single-family homes and duplexes; accessory units will now typically fall under AHU requirements.

- Through a public vote in 1994, the Town established an Affordable Housing Fund with revenues from a .5% sales tax and use tax, and authorized up to $5 million of debt for housing development. The fund also receives fees paid in lieu for mitigation, reimbursements from the sale of homes that the Town builds and a small amount of miscellaneous revenue. The Town receives approximately $520,000 on average each year in tax revenues. The amount received from mitigation varies each year. 2010 was an exceptional year in which a mitigation payment of $300,000 was received. Approximately $270,000 is earmarked for repayment on $3 million in bonded indebtedness. While revenues may be higher in some years, there is a steady stream of roughly $250,000 available each year for new projects after payment of debt and the SMRHA.

- The Town has acquired land to meet a variety of civic needs in the future. One parcel was purchased with Affordable Housing Funds and is specifically dedicated to the development of eight units of affordable housing. Plans for this parcel have not been developed.

<u>Town of Mountain Village</u>

The Town of Mountain Village had regulations, incentives, funds and land that can be used to address affordable housing needs. Specifically:

- The Town has specific zoning requirements to provide employee housing for 15% of the 8,027 person equivalent density limitation in the Town, with specific number of required units listed on a lot-by-lot basis. This equates to an ultimate requirement to provide housing for approximately 1,204 person equivalents, or 350 condominiums/apartments and 149 dorm units (one condominium/apartment unit = three person equivalents; one dorm unit = one person equivalent).

- The Town zoning allows for density increases for employee housing above the 8,027 person equivalent density limitation in the Town. To date, 133 condominiums/apartments and 19 dorm units have been provided as employee housing "bonus density". This added housing has been provided by Town construction of units at Village Court Apartments and Coyote Court, the provision of additional housing or land for housing through a PUD process (with the housing being provided as a public benefit), and by the private sector developers.

- The Town has reduced fees for affordable housing projects, including a reduced building permit fee and water and sewer tap incentives.

- 11.11% of the Town's sales tax (currently 4.5%) is directed into the Town's Affordable Housing Development Fund. This fund is used for a myriad of housing projects. Annual receipts vary. For modeling purposes, revenues have been estimated at $260,000 per year.

- The Town's newly adopted Comprehensive Plan has set forth new goals for employee housing, including:
  - Providing housing for 30% of the 8,027 person equivalent density limitation or 2,408 person equivalents;
  - Land banking for employee housing;
  - Creating enhanced housing regulations;
  - Cooperating on intergovernmental projects; and
  - Encouraging the provision of secondary dwelling units through the creation of new incentives.

San Miguel County

San Miguel County has an inclusionary zoning program, affordable housing impact fee, revenues from a real estate transfer assessment and incentives for accessory dwelling units, all of which are applicable only in the eastern portion of the county (R-1 school district boundaries).

- The County's inclusionary zoning program has been in place since 1990. The program was initially very effective at producing for-sale housing, but the last PUD to which these regulations applied was approved in 1994. The program is still on the books. Its rate has been increased from 15% to 35%.

- In 2007 the County enacted an impact fee applicable to new development to generate funds for affordable housing. Since the 2008 slow down in construction, revenues have not equaled projections, but over $306,000 has been generated to date.

County Affordable Housing Impact Fee Revenues

Time Period	Amount Received
2007 (6 months)	$33,160
2008	$99,757
2009	$58,236
2010	$109,232
2011 (2 months)	$6,078
Total to date	$306,463

Source: San Miguel County

Funds have been used for land acquisition (the Sunnyside parcel) and can be used for other capital expenses/development, but cannot be used to purchase homes in foreclosure.

- A real estate transfer assessment applies to Lawson Hill, San Bernardo and Aldasoro. Funds from this assessment have been used to support SMRHA and to purchase homes in foreclosure with deed restrictions that would otherwise expire. The fund had reached a level of about $900,000, but is now down to approximately $100,000. It will be replenished upon the sale of two homes and a lot that the County now owns.

- Accessory Dwelling Units (ADU's) were allowed prior to 2007 on five- to 35-acre parcels, provided that the units were deed restricted. For several years, deed-restricted ADU's were required if the primary residence was over 5,000 square feet in size, or an $80,000 fee in lieu was paid into the Affordable Housing Fund. In 2007, with the County's adoption of an Affordable Housing Impact Fee, the ADU regulations were changed to allow the units without requiring deed restrictions, which are difficult to enforce.

- The County acquired land for affordable housing using funds from its Impact Fee. The 4-acre Sunnyside parcel is in the Eider Creek area just outside the Town of Telluride. The sloping parcel will be difficult to develop, but may be able to accommodate up to 22 units of affordable housing. Extension of Town water will be required. The County looks to partner with the Town on the project.

<u>Telluride Mountain Village Owners Association (TMVOA)</u>

Revenue from a 3% real estate transfer assessment applicable to properties in Mountain Village is allocated by TMVOA to a variety of civic purposes including operation of the gondola and economic development activities. Employee housing is one purpose for which some funds will likely be allocated in the future. As currently envisioned, a committee of TMVOA board members and representatives from the Town of Mountain Village will be formed in two to three years to work together on development of for-sale homes. TMVOA owns or is acquiring three parcels for housing development:

1. Timberview (Lot 640BR), which is zoned for eight employee condominium units, two of which are built. The units can be detached as are the two homes already on the site.

2. Sunshine Valley, a parcel in lower Lawson Hill that is zoned for 13 condominium units.

3. Lot C in Lawson Hill, which was purchased in 2007, will be land banked until developed for affordable housing.

Mortgage Availability

Multiple lenders provide a full array of mortgage products including conventional Fannie Mae and Freddie Mac, FHA, VA, Rural Development, jumbos and, in limited cases, portfolio loans. Several lenders in San Miguel County specialize in deed-restricted units and homes priced at the low end of the free market. The most active lenders in the two counties include: Alpine Bank, Bank of America, Countrywide and Wells Fargo and the Mortgage Store, a broker with multiple lenders.

Business has been mixed during the past two years. Refinances have been spurred by low interest rates at the same time that sales of free-market units have dramatically declined. Construction of deed-restricted projects by the Town of Telluride has generated business. Tougher lending standards and file documentation requirements have, however, made application processing much more time consuming and kept mortgage lenders busier with fewer loans. In general, it is much harder to obtain home loans now than prior to the 2007 crisis in the mortgage industry.

The specific limitations and complications associated with home mortgage availability include:

- **Declining Home Values/High Loan-to-Value Ratios** -- The value of free-market homes in both counties has declined since the 2007 peak in home prices (see Sec 3A -- Ownership Market Conditions). Values of deed-restricted units without price caps have also declined. Mortgage lenders estimate that many owners of both free-market and deed-restricted homes that are not price capped are now "under water" with mortgages that exceed the value of their property. This is a problem not only for owners who purchased near the peak but also for those who took equity out of their homes through refinances. As a result, loan-to-value ratios are too high for refinancing, making it impossible to take advantage of low interest rates and reduce housing payments. With the increase in defaults and foreclosures reported in Section 4, Housing Problems, values will further decline making it harder to refinance.

- **Appraisals Not Supporting Values --**With declining property values, appraisals may not conclude that purchase prices are justified. With lengthy loan processing, this problem is exacerbated. For example, a San Bernardo condominium appraised for $420,000 in August 2010. Months went by without loan approval so a new appraisal was required in January. This appraisal reported a value of $350,000, which equates to a $70,000 drop in value in less than six months.

- **Telluride Deed Restrictions Rejected --** Four years ago, the Town of Telluride changed its deed restriction so that provisions survive default and foreclosure. This was done to protect the inventory of affordable housing from the wave of foreclosures sweeping the nation and other resort communities. This change enables the Town to allocate its affordable housing funds on new construction rather than on the purchase of homes that are in foreclosure. FHA, VA and USDA, however, have ruled they will not accept deed restrictions that survive foreclosure. Mortgage lenders seem to agree that this is a significant impediment for buyers of deed-restricted units since government insured mortgages are often the best product for borrowers with limited funds for down payments. As a consequence, borrowers of new deed-restricted homes in Telluride must have 20% down or be able to qualify for and afford private mortgage insurance. While FHA, VA and USDA loans have rarely been used in the past in Telluride, the recent ruling eliminated several applicants for Mendota and Gold Run units who could not obtain conventional mortgages.

- **Conventional Mortgage Lenders Limited by Deed Restrictions --** Conventional Mortgages are still possible with Telluride's permanent deed restrictions, yet the number of lenders who can offer them is limited because many banks and mortgage companies have inadequate loan administration systems for tracking of deed restrictions when loans are sold. This limits competition, consumer choice, and mortgage availability.

- **Tough and Time Consuming Underwriting --** The loan packaging and underwriting process is now more complicated and time consuming. While underwriting standards basically adhere to "make sense" criteria and the credit ratings required are high but reasonable, income documentation and file quality standards are making mortgage applications and processing far more time consuming and difficult. In general, borrowers must have three months of cash reserves in addition to closing costs, a good credit score and three open lines of credit that are at least 24 months old.

- **Condominiums Harder to Finance --** It is getting harder to obtain and maintain condominium approvals. Lenders have historically worked with FHA, USDA and Fannie Mae to obtain project approvals required for condominiums. With lenders spending increased time on loan packaging and processing, developers need to assume this responsibility. This task can take months and, if not done early in the development process, can impede loan closings. Lenders often limit exposure and risk by limiting the number or percentage of units on which they will provide mortgages in any given project. Many of the companies that provide private mortgage insurance will not provide it for condominiums, thus requiring borrows to come up with 20% down. The financial stability of condominium homeowner's associations (HOA's) is also becoming a problem due to delinquent dues. When borrowers default on their mortgages they also stop paying their HOA dues, which can result in the condominium project losing its approval. The HOA then raises dues of remaining owners, driving up their monthly costs until they are no longer affordable and, in some cases, causing them to default.

  Commercial Uses in Mixed-Use Development – Lenders have become less willing to provide mortgages for residential units in building with commercial uses. Most lenders now limit commercial uses to 20% of the development yet there have been projects approved where this percentage is exceeded.

Down Payment Assistance

San Miguel County

The San Miguel Regional Housing Authority has a Down Payment and Closing Cost Assistance program administered by Funding Partners, a non-profit agency based on Fort Collins that operates throughout much of the state. The program provides assistance to households with incomes up to 150% AMI, or 115% AMI if the primary mortgage is FHA insured. First-time buyers can borrow up to 5% of the purchase price or $25,000, whichever is less. Borrowers who have owned homes previously can borrow the lesser of 5% of the purchase price or $10,000. Borrowers must still provide a minimum of 3% of the purchase price from funds acceptable to the primary lender. The assistance is structured as an Equity Share Mortgage. Repayment of principal and a pro rata share of appreciation must be done upon sale and is allowed at any time prior to that. Terms have been changed to 15 years. A total of 34 loans were made from 2001 through 2008, 25 of which have been paid off. A total of five applications are in process, four of which are for buyers at Gold Run. For 2011, $163,000 is available for loans in San Miguel County.

Ouray County

Down payment assistance is available to buyers in Ouray County through the Colorado Housing and Finance Authority (CHFA). CHFA provides fixed-rate financing, homebuyer education and technical assistance on affordable housing and economic development. CHFA partners with local businesses, banks and governments, with a goal of creating stronger communities and local economies. They have two programs for down payment assistance:

- CHFA Homeopener Program, which offers fixed interest rate loans to buy a home, and offers second mortgages to use for down payment and/or closing cost assistance. Income qualifications apply, home buyer education classes are required and you must contribute a minimum of $1,000 toward the purchase price.

- CHFA Jumpstart Program, which is a First-Time Homebuyer Tax Credit Program for down payment and/or closing cost assistance.

Homebuyer Education

Shirley Diaz, the executive director of the SMRHA, is certified in homebuyer counseling, including pre-purchase education and foreclosure prevention from Neighborworks, which is recognized by HUD and also CHFA. In 2010 she offered eight classes in San Miguel County which were attended by 34 households. Three Homebuyer Education Classes were offered in Ouray County, but were cancelled due to lack of interest. Monthly eight-hour courses will be offered in San Miguel County and two evening workshops are planned for Ouray County in 2011. One-on-one counseling is also offered, but has not been utilized to date.

Housing Rehabilitation and Weatherization

Grand Junction-based Housing Resources of Western Colorado, with support from the Governor's Energy Office, operates a weatherization program in seven counties, including Ouray and San Miguel. Only low income applicants are eligible. In an effort to improve service delivery, MADA out of Montrose is now accepting applications and coordinating the work. The annual average since 2010 for weatherization through this program has been 3.4 units in Ouray County and 1.9 units in San Miguel County.

The Delta Housing Authority has a self sustaining allocation of CDBG and HOME funds available for housing rehabilitation in Delta, Montrose and San Miguel counties leftover from the now defunct WCHDO (Western Colorado Housing Development Organization). The funds can be used for low income homeowners only (incomes no greater than 80% AMI). In order to access the funds, a jurisdiction in Ouray County must enter into an intergovernmental agreement (IGA) with the Delta Housing Authority but has not done so to date. An IGA is in place in San Miguel County but the program has not been marketed or utilized yet. It would be administered through the Delta Housing Authority and therefore will likely be difficult to access and coordinate given the distance. The maximum loan is $24,999. The Delta Housing Authority currently has a balance of approximately $200,000 in the revolving loan fund.

The New Community Coalition (TNCC), a non-profit based in Telluride, has partnered with San Miguel Power Association and Colorado Solar Industries Association (COSEIA) to offer rebates via the Governor's Energy Office for Insulation, Solar PV and Solar Hot Water systems. The "Insulate Colorado" program provides homeowners with rebates to insulate and air-seal their homes to help reduce energy costs. Rebates are available up to $500 or 50% of total cost of the project, whichever the lesser. The insulation must be installed by an eligible Colorado contractor. There are no income restrictions associated with this program.

The Town of Ridgway offers sales tax rebates for the purchase and installation of solar electric/ hot water systems pursuant to Ridgway Municipal Code §6-1-12. No income restrictions apply.

9. Action Plan – Input and Recommendations

This section of the report provides support for the development or refinement of plans to address the housing problems, gaps and demand identified by this needs assessment. It consists of three parts:

A. Opinions about affordable housing from the key stakeholder, household and employer surveys;

B. Analyst's recommendations; and

C. Affordable housing development model that provides estimates of the deed-restricted units that will be developed by 2015 through various requirements, incentives and other efforts.

A. Opinions about Affordable Housing

Comments from Key Stakeholders

An on-line survey was conducted at the start of this needs assessment to identify concerns and shape the direction of the study. A total of 26 elected and appointed officials, representatives of community organizations with an interest related to housing and concerned citizens completed the survey.

- Many examples were provided of accomplishments including specific projects, the efforts of all of the government jurisdictions that have taken action to produce affordable housing, the housing authorities in both counties and Habitat for Humanity.

- Comments about lessons learned focused on the high prices of affordable housing, the need to partner on development of additional units, deed restrictions, income limits and waivers to existing guidelines.

- About the rate at which affordable housing should be developed in the near future, the majority of responses (54%) indicated that the pace should be increased to take advantage of low construction costs and to stimulate the economy through construction jobs.

- Concerning aspects of existing programs, the majority felt that eligibility criteria, income levels, owner/renter mix, location, unit size and unit type should stay the same. Many specific suggestions for changes were offered, however, by respondents who felt changes are needed.

The report from this survey is an appendix to this report.

Comments from Employers

The last question on the employer survey was "Do you have comments on affordable housing efforts to date or suggestions on how to address housing needs in the future?" A wide variety of comments were received, 24 in all. While one comment indicated affordable housing is not the problem it was prior to the recession, there seemed to be a general consensus that housing for employees remains a significant concern and that additional efforts are needed. For example, one employer wrote, "The affordable housing efforts of the Town of Telluride and San Miguel County have been hugely successful and should continue."

Some specific suggestions for future efforts included:

- Lower prices for deed-restricted units.
- Changes to deed restrictions with preferences given to teachers, fire fighters, police and library staff.
- Continuation of housing efforts with the two towns and San Miguel County working together in providing resources and possible subsidies to encourage and enable our workforce to live in the region.
- More affordable housing choices where pets are allowed.
- Rental units.
- Dorms for seasonal workers.
- Housing for seniors and the disabled in the west end of the county.

All comments received are included as an appendix to this report.

Comments from Households

The household survey concluded with a question asking for additional comments or suggestions. A list 13 pages long with 300 individual comments was generated in response to this question. This suggests that residents of the two counties are very concerned about affordable housing. Comments were varied, covering many subjects and representing diverse opinions. Briefly summarized:

- The most frequently mentioned concern by far was the high price of affordable housing, with complaints that prices for "affordable" units are not and that housing efforts have been elitist. An example: "YOUR (SO CALLED) AFFORDABLE HOUSING IS FAR BEYOND THE AVERAGE WORKER'S INCOME."

- Many suggestions were given for smaller units and lower prices, although others requested larger homes and single-family units.

- Proponents of more affordable housing outweighed opponents who wrote that no more affordable housing should be developed or that housing is not government's responsibility.

- Many suggested building more affordable units now. One comment was simply "Build. Build. Build."

- Multiple suggestions were made to build additional rental housing with various reasons given, including the number of deed restricted units listed for sale.

- Multiple comments were also received about allowing dogs in affordable housing projects, with Shandoka and Lawson Hill specifically named.

- Jobs were mentioned by many – the need for more jobs, better jobs, down valley jobs where people live, and jobs that pay wages sufficient to afford housing.

- Concerns about foreclosures were common. Efforts to stop foreclosures and to change restrictions so that units could be more easily sold or rented were requested.

- Approximately 20 comments expressed gratitude for affordable housing efforts. Several just stated "thanks."

The full list of comments is in the appendix to this report.

B. Analyst's Recommendations

These 12 recommendations have not been prioritized. The individual jurisdictions, either separately or as a region, should develop priorities or determine a plan of action for the next five years.

1. Affordable Housing Database -- A comprehensive database should be developed to monitor and manage the large and increasing inventory of deed/occupancy-restricted units in San Miguel County. Fields should include type of occupancy; AMI restriction, if any; AMI of occupant; date built; sale prices; rents; number of bedrooms; square footage and value of improvements made. This information should be readily available to evaluate the supply as it changes and to determine to what extent it serves the needs of residents.

2. Regional Housing Authority – The San Miguel Regional Housing Authority should be expanded to also serve Ouray County, where the housing authority is not staffed and has no resources. This action would create administrative efficiencies, avoid duplication of efforts and allow for sharing of expertise. A model for this type of cooperative approach exists with the Department of Social Services that serves both counties.

3. Deed Restriction for Ouray County – To avoid the administrative complexities and confusion created in San Miguel County, a single deed restriction should be drafted for use throughout Ouray County. This should be a goal for 2011 since it requires few resources to accomplish and it would be ideal for the restrictions to be agreed upon before additional units are planned.

4. Emergency Housing Assistance – The loss of jobs, reduction in income, doubling of households receiving food stamps and utility assistance, and the sharp increase in foreclosures all suggest the need for emergency housing assistance. Providing funds to help with mortgage payments is less expensive than acquiring foreclosed properties.

5. Housing Rehabilitation – Households throughout the region and especially in Ouray County could benefit from a housing rehabilitation program that results in the reduction of utility costs. It should serve renters as well as owners. Through the assistance, rents could be fixed at affordable rates for a reasonable period of years. Working with Housing Resources and Montrose-based MADA on weatherization should be part of the effort, but additional resources are needed.

6. Rental Development – The Telluride region needs additional rental units. Planning for their development should commence soon given the two to three years it takes between concept and completion. Funding from the Colorado Division of Housing and CHFA should be pursued in order to make rents affordable.

7. Regional Approach to Development – The jurisdictions in the two-county region and especially in the Telluride area should take market conditions throughout the region into account when planning

the development of new units. All efforts should not simultaneously target the same population segments at the same time.

8. Mortgage Availability – The number of lenders willing to provide mortgages for deed-restricted units and the loan products they offer should be monitored to insure that mortgage availability is adequate. Dependency on one or two lenders for conventional loans is not advisable given lack of competition and the potential that they might decide they have enough exposure in the area with little notice. Telluride should continue to access the risk of foreclosures among its deed-restricted inventory and evaluate if that risk outweighs the limits their survivability clause places on mortgage availability.

9. Public Relations and Information Sharing – There are so many "flavors" of deed restrictions in San Miguel County that potential buyers cannot readily assess the options they might have. The various deed restrictions, of which there are approximately 10 models, should be succinctly summarized so that the public can understand the major differences and long-term ramifications.

10. Changes to Guidelines and Deed Restrictions – Mountain Village, San Miguel County and Telluride should revisit their affordable housing guidelines and deed restrictions in light of the information contained in this needs assessment. Revisions and procedural changes should be considered to reduce the number of variances being processed. Limits on debt should be considered for new units if their deed restrictions are not price capped. When income limits are higher than prices (for example, a 200% AMI limit with a price affordable at 120% AMI) priority could be given to households with incomes that closely align with prices, thus increasing opportunities for lower-income households.

11. Ties with Economic Development – Since housing that is affordable for the labor force is a key ingredient of a sustainable economy, housing and economic development organizations should work together. With shared goals, solutions could be developed with funding sources that are specifically for this purpose, such as HUD's new Rural Innovation Fund, which promotes an 'entrepreneurial approach' to affordable housing and economic development in rural areas. By regularly articulating the interconnectedness of the local economy with adequate housing for the workforce, housing efforts will not be sacrificed in the name of economic development.

12. Ouray County Master Plan Update -- Work on the 2008 Ouray County Strategic Housing Plan revealed that policies are not in place for the development of affordable housing in the county. The current master plan is 15 years old. Through the updating process, public opinions and visions could be better understood, and all types of land use, including housing, could be comprehensively examined. Affordable housing should not be viewed in isolation, but in the context of where and how it might fit in Ouray County.

C. Affordable Housing Supply Development Model

As shown on the following table, approximately 208 additional deed-restricted units are likely to be built through the year 2015. These estimates were developed using a combination of factors – historical rates of production, opportunities that appear on the horizon at this point in time and speculation about how fast the economy and construction activity will rebound.

Regional 5-Year Affordable Housing Supply Model						
	2011	2012	2013	2014	2015	Total
New Deed-Restricted Units						
Ridgway						
Parkside				3	3	6
Preserve				4		4
Sub-total	0	0	0	7	3	10
Mountain Village						
Timberview				2	2	4
Adams Ranch Apts			100			100
Cortina		2				2
Peaks conference center dorms			4	4		8
Boulders	0	1	1	2	2	6
Sub-total	0	3	105	6	2	116
San Miguel County						
Sunnyside				22		22
DR on Approved Lots			2	2	2	6
Sub-total	0	0	2	24	2	28
Telluride						
Mitigation Units/ADU's	2	2	2	2	2	10
Incentive Units/EDU's	1	1	1	1	1	5
Town Development	3	9	9	9	9	39
Sub-total	6	12	12	12	12	54
Total New DR Units	6	15	119	49	19	208
Housing Funds						
Mtn Village Sales tax	$260,000	$260,000	$260,000	$260,000	$260,000	$1,300,000
SMC - Impact fee	$90,000	$90,000	$90,000	$90,000	$90,000	$450,000
SMC - RETA	$50,000	$50,000	$75,000	$75,000	$75,000	$325,000
Tride - Affordable Housing Fund	$520,000	$520,000	$520,000	$520,000	$520,000	$2,600,000
Total Housing Funds	$920,000	$920,000	$945,000	$945,000	$945,000	$4,675,000

Mountain Village, San Miguel County and Telluride should receive approximately $4.7 million in revenue for affordable housing. Much of this revenue is already earmarked, however, for debt service and existing projects including all of the sales tax devoted to affordable housing in Mountain Village and approximately half of the revenue in Telluride's Affordable Housing Fund. The amount of funding actually available to support new development should total approximately $2 million.

In addition to the development of additional units, weatherization and rehabilitation efforts that will be undertaken by 2015 include:

- Rehabilitation of 88 units at Village Court Apartments.
- Reroofing and painting at Shandoka.
- Rehabilitation of four owner-occupied single family homes in San Miguel County in 2012.
- Weatherization of four units in Ouray County and 12 units in San Miguel County by mid 2012. Funding is uncertain for future years.