

Town of Ridgway
Economic Implications of Land Use
Summary Memorandum

September 19, 2024

Key Findings

The following key findings are contained within this draft report.

- Growth forecasts for Ouray County, produced by the Colorado Department of Local Affairs (DOLA) imply a slower rate of population and employment growth than the County has experienced in recent decades.
- If the forecasted growth rates for Ouray County held for the Town of Ridgway, the Town would add fewer than 200 new residents and about 230 new jobs through 2050.
- If this forecasted growth occurred at similar residential and commercial densities as currently exist in Ridgway, then Ridgway would have more than enough vacant land to accommodate the forecast.
- Real estate professionals interviewed for this project, and with direct knowledge of the Ouray County and Western Slope real estate markets, are skeptical of the forecasts. They generally believe that Ridgway will grow faster than the DOLA forecasts indicate.
- Scenario planning shows that very rapid growth (20% higher population and employment totals, relative to the DOLA forecast, through 2050) could strain the supply of vacant land zoned for Future Development. If market or policy changes led to increased density of residential and commercial development, the available vacant land may be sufficient.
- There is likely to be continued demand for both residential and commercial (including industrial) land, though most scenarios examined in this report show higher demand for residential land than for commercial. Interviewees specifically noted demand for townhomes, multifamily, tourism-related commercial services, hotel and hospitality, and industry and manufacturing.
- As an additional consideration, commercial uses in Ridgway -- and particularly those that generate sales tax -- contribute significantly to Ridgway's municipal revenues.

The report summarizes work completed to date, including work previously presented to the Planning Commission, related to the economic implications of Ridgway's land use mix.

Forecasted Future Growth

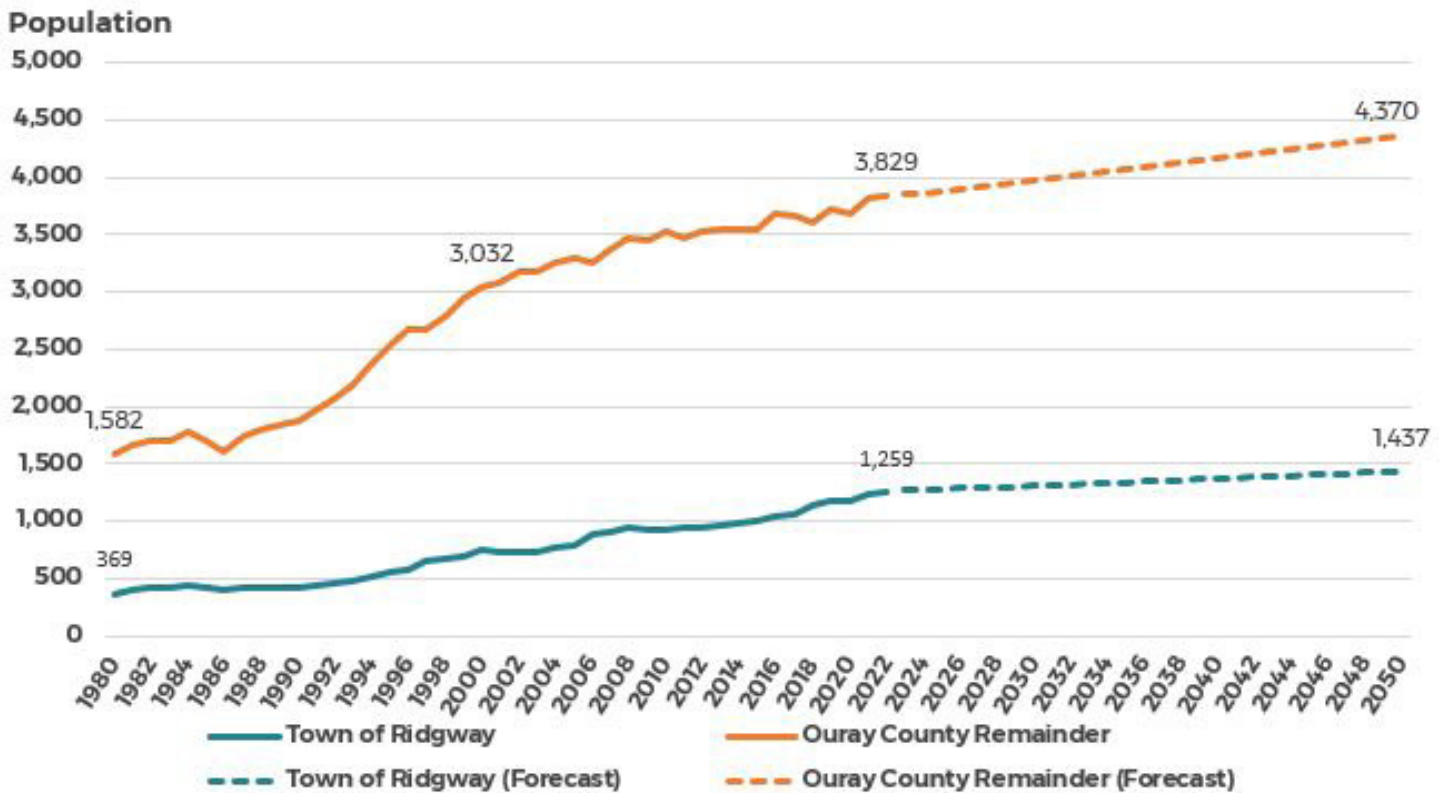
The Colorado Department of Local Affairs (DOLA) provides population and employment forecasts for cities and counties in Colorado. These forecasts provide a basis for projecting demand for residential and commercial land. The following section analyzes the available forecast data to help contextualize this potential demand in Ridgway.

Population Growth

Historical data from DOLA indicate that the Town of Ridgway population was about 370 in 1980, which accounted for approximately 19% of the population in Ouray County at that time (**Figure 1**). By 2022, Ridgway had grown at a higher average annual rate than the County as a whole — 3.0% compared to 2.3% — reaching almost 1,300 residents in 2022. By 2022, Ridgway accounted for 25% of the total population in Ouray County.

DOLA produces publicly available population forecasts at the county level. As of this submittal, EOP has submitted a data request to DOLA for a custom forecast specific to the Town of Ridgway. Nonetheless, the DOLA forecast for Ouray County indicates that growth countywide is expected to slow relative to observed growth over recent decades. Specifically, the forecast suggests that Ouray County will grow at an average annual rate of 0.5% through 2050, from about 3,800 residents to about 4,400 residents.

Figure 1. Observed and Forecasted Population Growth, Town of Ridgway and Ouray County, 1980 - 2050



Source: Colorado Department of Local Affairs, 2023; Economies of Place, 2024

If Ridgway grew at the same rate as is forecast for Ouray County, it would add about 180 residents through 2050, taking the Town’s total population to more than 1,400.

In 2022, DOLA data indicated that Ridgway had 699 housing units, which would imply that, on average, there were 1.80 people per household within the Town. This was higher than across Ouray County as a whole (1.45 people per household), but lower than the statewide average (2.20 people per household). If the average household size in Ridgway held for future growth, through 2050, the 180 new residents indicated by the population forecast would require 100 housing units.

HOUSING SUPPLY

The U.S. Census Bureau tracks housing occupancy through the American Community Survey (ACS). In 2022, the ACS estimated that about 12% of all housing units in Ridgway were vacant, with a higher vacancy rate for rental units than for ownership units. Please note that because the ACS data is based on surveys, all estimates are subject to a margin for error, and ACS data on total households do not align perfectly with data from DOLA.

If the ACS estimate for housing vacancy rate is reasonable, then approximately 12% of the 699 total housing units given by DOLA are currently vacant. That would imply that there are about 86 vacant housing units in Ridgway. Some of these vacant units may be temporarily vacant due to regular turnover; as of 4/24/24, listings on Zillow and Redfin indicate that between 5 and 7 housing units within Town boundaries are currently for sale, with additional homes under construction, and some lots available to build. **Assuming existing homes would be occupied before new homes are built, the 2050 population forecast implies that Ridgway needs 14 new housing units (100 in demand minus 86 currently vacant) to meet forecasted housing needs.** There are several scenarios in which the Town may need more than 14 new housing units, such as if some of the vacant housing stock is in deteriorating condition and unfit for occupancy, or if the vacant housing stock is misaligned with consumer needs or preferences.

LAND SUPPLY

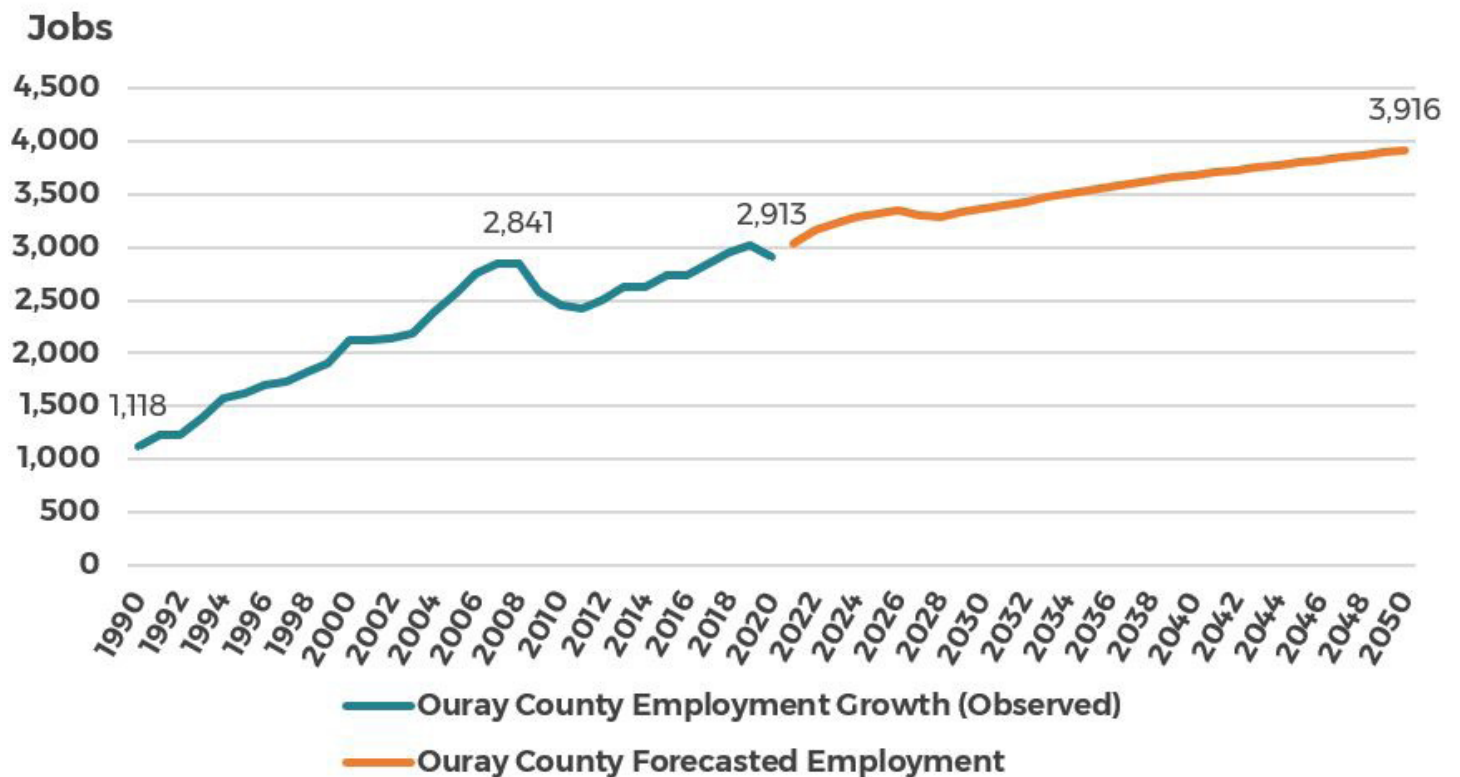
The typical residential lot in Ridgway is generally less than 0.25 acres in size. **At this size, Ridgway would need about 3.5 acres of undeveloped residential land to accommodate the 14 new housing units through 2050.** At the time of this writing, it is unclear how much undeveloped residential land Ridgway currently has, but it is possible that the Town already has sufficient undeveloped land to meet this need. Without subtracting currently vacant units, it would take about 25 acres of undeveloped land to accommodate the 100 housing units. Other factors, such as the development of multifamily or townhouse units, could also affect land demand.

Should future growth greatly exceed the DOLA forecast, there will be more demand for housing than indicated herein. Engagement with commercial real estate professionals familiar with the Ouray County residential market would help to refine this understanding of housing demand and current supply.

Employment Growth

DOLA produces publicly available employment forecasts at the county level. **According to the forecast, total employment in Ouray County is projected to grow from about 2,900 to about 3,900 between 2020 and 2050 (Figure 2).** This would be a slower average annual rate of growth than the County has experienced since 1990 (1.0% forecasted versus 3.2% experienced).

Figure 2. Observed and Forecasted Employment Growth, Ouray County, 1980 - 2050



Source: Colorado Department of Local Affairs, 2022; Economies of Place, 2024

JOBS BY SECTOR

DOLA produces an economic base analysis at the county level. This base analysis breaks out employment by sector. Sectors included are:

- Basic Industries
 - Traditional: Agriculture, Mining, Manufacturing, Government
 - Regional Center / National Services: Construction, Communications, Trade and Transportation, Professional and Business, Finance and Insurance, Education and Health
 - Tourism: Resort, Second Homes, Service Employment, Transportation Employment
- Indirect Basic: employment resulting from base industry firms' purchases of goods or services necessary for the operations of their business
- Local Resident Services: earnings, rents, interest and profits from base industries spent locally on purchases of food, clothing, etc. (such as retailers, lawyers, public school teachers)

Current employment in Ouray County is given by sector in **Figure 3**. Countywide, the largest sector is Local Resident Services (37%), followed by Tourism (30%). For reasons discussed below, the distribution of jobs by sector within the Town of Ridgway is unlikely to perfectly match the distribution of jobs by sector countywide.

Figure 3. Ouray County Base Analysis Jobs by Sector, 2023

Sector	Jobs	Percent of Total
Agriculture	164	5%
Mining	39	1%
Manufacturing	75	2%
Government	104	3%
Regional Center / National Services	168	5%
Tourism	948	30%
Indirect Basic	503	16%
Local Resident Services	1,179	37%
Total	3,180	100%

Source: Colorado Department of Local Affairs, 2023; Economies of Place, 2024

JOBS BY LOCATION

Some job sectors may be more or less likely to locate in certain places. For instance, jobs in Agriculture may be less likely to locate in cities and towns than jobs in local resident services. Anecdotal evidence suggests that most of the jobs in Ouray County are located in the City of Ouray and the Town of Ridgway, with more jobs located in Ouray than in Ridgway. On this basis, it seems reasonable to assume that a majority of 1,000 new jobs forecasted through 2050 would also locate within these two municipalities, but that jobs in certain sectors may not. If we assume that the distribution of forecasted jobs by sector will mirror the current distribution, and that jobs in Agriculture and Mining will generally locate outside of incorporated towns, then about 6% of the 1,000 new jobs will not locate in Ouray or Ridgway.

Other factors affect where jobs locate. In this case, most Government jobs may be more likely to locate in Ouray because Ouray is the county seat and location of several government facilities, such as the Ouray County Assessor’s office and the Ouray County Sheriff’s office. The Tourism sector is present throughout the region, but the Town of Ouray’s tourism economy is well-established, so Ouray may be in position to compete for an outsized share of jobs in this sector.

Ultimately, how Ridgway wants to grow, and to compete for job growth in appropriate sectors, will help to determine where this economic activity locates.

Stakeholder Perspectives on Growth

To vet the accuracy of the DOLA forecasts, EOP interviewed three commercial real estate brokers with direct knowledge of the Ouray County market. The following are key findings related to the prospects for growth in Ridgway and the appropriateness of Ridgway's land use mix.

- Interviewees indicated that the population and employment **forecasts prepared by DOLA appear to underestimate growth for Ridgway** given their understanding of market demand and development underway. One interviewee indicated that the population forecast “seems awfully low” given that there are 38 residential units coming on line along the river, and 24 more in process “on the other side of the pond.” This individual acknowledged that some of the growth will occur in Divide Ranch and Log Hill, which are not within Ridgway's boundary, but which do affect demand for services and infrastructure in Ridgway.
- One interviewee speculated that the forecast may not fully account for post-pandemic changes; this individual indicated that growth in Ridgway “reached a critical mass right before COVID, and during COVID it became exponential.”
- Demand is high for all types of residential, though one interviewee noted in particular a **desire for townhomes and more multifamily**.
- Employment land is also in demand. Both interviewees expect continued demand for land that can accommodate retail and services, largely based on **anticipated growth in tourism**.
- One interviewee also identified two other needs for employment land; first, this individual indicated that Ridgway, and Ouray County more broadly, is **severely lacking industrial land**. The interviewee indicated that there are companies that are already located in the area that are “always looking for industrial land” and that “some manufacturing designations would be wise.” This individual also indicated that **“there's not enough zoning for hotel/motel” uses** and that “there's a real cry for it.” Based on an analysis of parcel data, there are only 12.3 acres of industrial land in Ridgway (**Figure 1**).
- However, **there are challenges for commercial uses that do not exist for residential uses**. Interviewees specifically cited higher taxes on commercial space, a lack of a well-qualified workforce to staff commercial businesses, and the City Market “disaster” that one interviewee indicated was emblematic of Ridgway's response to opportunities for commercial growth. This individual indicated that “there needs to be some sort of incentive for commercial in the town; I could see Ridgway for the most part just becoming a bedroom community for Telluride.”

For reference, the existing balance of land by zone district is given in **Figure 4**, below.

Figure 4. Land Area by Zoning Designation, Town of Ridgway, 2024

Zoning	Acres	Percent of Total
Residential	458.5	49%
Future Development	194.3	21%
General Commercial	136.6	15%
Historic Residential	105.3	11%
Mixed Residential	19.1	2%
Historic Business	13.7	1%
General Industrial	10.0	1%
Light Industrial	2.3	0%
Total	939.8	100%

Source: Community Planning Strategies, 2024; Economies of Place, 2024

Scenarios for Future Growth

Based on a synthesis of data analyzed and feedback from stakeholders, the following section presents scenarios for population and employment growth in Ridgway that vary from the baseline forecast provided by DOLA. These scenarios are intended as context for policymakers as they evaluate land use decisions, such that those decisions can align with both the Town’s aspirations and market realities.

Each of these scenarios rely on several assumptions that may or may not hold in reality. It is vital to examine these assumptions critically, and to adjust decision-making frameworks based on the plausibility of these assumptions holding. For each scenario, this section details the most important assumptions.

Figure 5. Growth Scenario 1: Baseline

Scenario 1 (Baseline)			
Current Population	1,259	Current Employment	728
Forecasted Population	1,437	Forecasted Employment	962
Net Growth	178	Net Growth	234
Assumed Persons per Household	1.80	Assumed Square Feet per Employee	968
Net New Households	99	Net New Square Feet	226,512
Minus Vacant Housing Units	86		
Net New Housing Units	13		
Land Area per Household (Acres)	0.43	Commercial Square Feet per Acre	8,076
Land Area Needed to Accommodate Forecast (Acres)	5.6	Land Area Needed to Accommodate Forecast (Acres)	28.0
Current Vacant Land (Future Development)	111		
Surplus / Deficit (Residential and Commercial)	78		

Source: Economies of Place, 2024

Scenario 1 is based on the baseline forecast from DOLA. It indicates that, should the assumptions below hold, Ridgway would have a surplus of vacant land relative to forecasted growth (78 more acres of available land than would be needed to accommodate the forecast). The key assumptions include:

- Forecasted population for Ridgway is based on the Ouray County forecast from DOLA.

- The average number of people per household in the future will match the estimated number of people per household in Ridgway currently (1.80 persons per household).
- Vacant housing units in Ridgway will be occupied before new housing units are built.
- New housing units that will be built in the future will be built at the same density (housing units per acre) as the average density for current housing units in Ridgway (0.43 acres per housing unit).
- Current employment in Ridgway is estimated as 25% of all jobs countywide, as employment data are not available for Ridgway specifically.
- Job density (the number of built square feet needed to accommodate one worker) for future employment growth will match the current estimated commercial (including industrial) square footage per local job (968 square feet per job).
- The density of future commercial (including industrial) development will match the density of current commercial space in Ridgway (8,076 square feet of built space per acre).
- Future growth (both residential and commercial) will be located on vacant land zoned Future Development.

Figure 6. Growth Scenario 2: Conservative Forecast

Scenario 2 (Conservative Forecast)			
Current Population	1,259	Current Employment	728
Forecasted Population	1,365	Forecasted Employment	914
Net Growth	106	Net Growth	186
Assumed Persons per Household	1.80	Assumed Square Feet per Employee	968
Net New Households	59	Net New Square Feet	179,951
Minus Vacant Housing Units	86		
Net New Housing Units	-27		
Land Area per Household (Acres)	0.43	Commercial Square Feet per Acre	8,076
Land Area Needed to Accommodate Forecast (Acres)	-11.7	Land Area Needed to Accommodate Forecast	22.3
Current Vacant Land (Future Development)	111	Current Vacant Land	
Surplus / Deficit (Residential and Commercial)	101		

Source: *Economies of Place, 2024*

Scenario 2 assumes a 5% decrease from the baseline forecast from DOLA, indicating a scenario in which Ridgway grows more slowly through 2050 than the forecast implies. It indicates that, should the assumptions above and below hold, Ridgway would have a surplus of vacant land relative to forecasted growth (101 more acres of available land than would be needed to accommodate the forecast). The key assumptions include:

- All assumptions given for Scenario 1, except:
- A 5% decrease in total population and employment growth, relative to the DOLA 2050 forecast.

Figure 7. Growth Scenario 3: Aggressive Forecast

Scenario 3 (Aggressive Forecast)			
Current Population	1,259	Current Employment	728
Forecasted Population	1,724	Forecasted Employment	1,154
Net Growth	465	Net Growth	426
Assumed Persons per Household	1.80	Assumed Square Feet per Employee	968
Net New Households	259	Net New Square Feet	412,755
Minus Vacant Housing Units	86		
Net New Housing Units	173		
Land Area per Household (Acres)	0.43	Commercial Square Feet per Acre	8,076
Land Area Needed to Accommodate Forecast (Acres)	75.0	Land Area Needed to Accommodate Forecast	51.1
Current Vacant Land (Future Development)	111	Current Vacant Land	
Surplus / Deficit (Residential and Commercial)	(15)		

Source: *Economies of Place, 2024*

Scenario 3 assumes a 20% increase from the baseline forecast from DOLA, indicating a scenario in which Ridgway grows more quickly through 2050 than the forecast implies. It indicates that, should the assumptions above and below hold, Ridgway would have a deficit of vacant land relative to forecasted growth (15 fewer acres of available land than would be needed to accommodate the forecast). Notably, demand for residential land in this scenario accounts for nearly 60% of land needed to accommodate future growth. The key assumptions include:

- All assumptions given for Scenario 1, except:
- A 20% increase in total population and employment growth, relative to the DOLA 2050 forecast.

Figure 8. Growth Scenario 4: Aggressive Forecast, Increased Density

Scenario 4 (Aggressive Forecast, Increased Density)			
Current Population	1,259	Current Employment	728
Forecasted Population	1,724	Forecasted Employment	1,154
Net Growth	465	Net Growth	426
Assumed Persons per Household	1.80	Assumed Square Feet per Employee	600
Net New Households	259	Net New Square Feet	255,840
Minus Vacant Housing Units	86		
Net New Housing Units	173		
Land Area per Household (Acres)	0.25	Commercial Square Feet per Acre	12,000
Land Area Needed to Accommodate Forecast (Acres)	43.1	Land Area Needed to Accommodate Forecast	21.3
Current Vacant Land (Future Development)	111	Current Vacant Land	
Surplus / Deficit (Residential and Commercial)	47		

Source: *Economies of Place, 2024*

Scenario 4 assumes a 20% increase from the baseline forecast from DOLA, indicating a scenario in which Ridgway grows more quickly through 2050 than the forecast implies. Scenario 4 also modifies the assumptions used to estimate the density of future development. The Scenario indicates that, should the assumptions above and below hold, Ridgway would have a surplus of vacant land relative to forecasted growth (47 more acres of available land than would be needed to accommodate the forecast). Notably, demand for residential land in this scenario accounts for nearly 60% of land needed to accommodate future growth. The key assumptions include:

- All assumptions given for Scenario 1, except:

- A 20% increase in total population and employment growth, relative to the DOLA 2050 forecast.
- Increased housing unit density from an average of 0.43 acres per housing unit (2.3 dwelling units per acre) to 0.25 acres per housing unit (4 housing units per acre).
- Increased job density (600 square feet per employee, compared to 968 square feet).
- Increased commercial (including industrial) built density (from about 8,100 commercial square feet per acre to 12,000 square feet per acre, or a change from a floor-area-ratio of 0.19 to 0.28).

These types of changes could result from a mix of market and policy factors. Examples include:

- A shifting balance between multifamily and single family development, or increased interest in housing types like townhouses.
- An increase in the share of total employment in the commercial services sectors, which typically have higher job densities when compared to light and heavy industrial uses.
- Changes to development regulations that allow for increased density, such as decreased setbacks, increased lot coverage allowances, increased building heights, etc.

Figure 9. Growth Scenario 5: Historic Average

Scenario 5 (Historic Average)			
Current Population	1,259	Current Employment	728
Forecasted Population	2,881	Forecasted Employment	1,759
Net Growth	1,622	Net Growth	1,031
Assumed Persons per Household	1.80	Assumed Square Feet per Employee	968
Net New Households	901	Net New Square Feet	998,189
Minus Vacant Housing Units	86		
Net New Housing Units	815		
Land Area per Household (Acres)	0.43	Commercial Square Feet per Acre	8,076
Land Area Needed to Accommodate Forecast (Acres)	354.2	Land Area Needed to Accommodate Forecast	123.6
Current Vacant Land (Future Development)	111	Current Vacant Land	
Surplus / Deficit (Residential and Commercial)	(367)		

Source: *Economies of Place, 2024*

Scenario 5 assumes that Ridgway will grow at the same rate as it has historically, according to data from DOLA. This is the highest total growth in any of the five scenarios included in this report. In Scenario 5, Ridgway would add more than 1,600 new residents and 1,000 new jobs through 2050. The Scenario indicates that, should the assumptions above and below hold, Ridgway would have a shortage of vacant land relative to forecasted growth (367 fewer acres of available land than would be needed to accommodate the forecast). Notably, demand for residential land in this scenario accounts for about 74% of land needed to accommodate future growth. The key assumptions include:

- All assumptions given for Scenario 1, except:
- Future population growth of 3.0% annually, through 2050.
- Future employment growth of 3.2% annually, through 2050.
- Housing unit, job, and commercial building densities consistent with Scenarios 1-3.

Growth Scenario Findings

In three of the five scenarios, Ridgway has sufficient vacant land zoned for Future Development to accommodate future growth. In Scenario 3 (Aggressive Growth), which indicates a deficit of vacant land zoned for Future Development, policy interventions and shifts in the market (similar to Scenario 4) could allow Ridgway to accommodate the forecast nonetheless. In all scenarios, there may be vacant land in other zoning districts that could supplement the land available to accommodate new development. While Scenario 5 shows a significant deficit of vacant land, this Scenario may be unlikely given that such rapid growth is often unsustainable, which is reflected in the baseline forecasts.

When considering the allocation of land zoned Future Development in the context of growth trends, land for both residential and commercial uses will be necessary. However, in most scenarios, the majority for land needed for future development is for residential uses.

Other Considerations

Another important consideration for land use balance is the fiscal contributions of each land use type. Generally -- though all communities are different -- commercial uses contribute more revenue to local government through sources like retail sales tax or lodging tax. Though residential uses contribute strong property tax revenues, service calls (e.g., fire and emergency) are often more frequent with residential uses, though the Town does not provide all of these services. Moreover, in Colorado, TABOR limits local governments' ability to increase property taxes as infrastructure and service costs change.

In Ridgway's adopted 2024 budget, the Town expects to generate approximately \$530,000 in property tax revenue, compared to \$1,325,000 in sales tax revenue, and another \$200,000 in lodging tax revenue. Businesses and residents alike are obligated to pay property tax in Colorado, unless a business is specifically exempted by State statute, so despite the fact that there are 304 occupied acres of residential land in the Town, compared to 87 acres of occupied commercial (including industrial) land, the revenue generated by commercial uses is significantly higher. However, as the budget notes, sales tax revenues are sensitive to changes in broader economic conditions, and the Town should not rely too heavily on any single source of revenue.

Understanding the revenue contributions for various land uses is one additional consideration in future land use planning and rezoning applications.

Recommendations

The following are recommendations for the Town of Ridgway to consider:

- **Continue to accommodate all forms of growth that are consistent with the Town's vision.** The Town has ample developable land for most, if not all, uses. Case by case decisions on land use applications do not need to be driven by concerns over a lack of land for future growth.
- **Maintain an awareness of which sites are better-suited to specific uses.** Consider protections for commercial land that are uniquely well-trafficked, visible, or otherwise viable for commercial uses.
- **Cultivate relationships with commercial real estate brokers familiar with broader Western Slope market trends,** so that the Town can anticipate and plan proactively for land demand and market shifts in the future.

- **Generally speaking, maintain a balance of uses in new development projects.** This balance is critical to ensuring the Town's economic and fiscal resiliency. Retail and hospitality uses contribute more to the Town's revenues on a per square foot basis, but are also susceptible to macroeconomic shifts; residential uses contribute less in revenue, but help to create demand for everyday goods and services. Pursuing mixed-use development may be an appropriate strategy for maintaining land use balance.
- **Consider zoning for additional industrial land.** There appears to be unmet demand for industrial land that the Town could capitalize on if it wanted to capture that economic opportunity.
- **Periodically update this study.** This could be once every several years, whenever major economic shifts occur, or after unusually rapid periods of development in Town.