

FINAL REPORT

ARCHULETA COUNTY HOUSING NEEDS ASSESSMENT

Prepared for:

Town of Pagosa Springs
Archuleta County

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TABLE OF CONTENTS

	<u>PAGE</u>
I. EXECUTIVE SUMMARY AND ACTION PLAN.....	1
Purpose	1
Summary of Findings.....	1
Action Plan	12
II. ECONOMIC AND DEMOGRAPHIC FRAMEWORK	27
Employment Trends.....	27
Wages and Income	32
Population, Household, and Housing Trends	36
Housing and Population Projections.....	41
Peer Communities	48
III. EMPLOYER SURVEY	50
IV. MARKET CONDITIONS	55
Rental Market.....	55
For-Sale Market.....	57
New Development	61
V. AFFORDABILITY ANALYSIS	65
Income Distribution	65
Rental Affordability	67
Ownership Affordability	69
Workforce Housing Targets.....	74
APPENDICES:.....	76
Archuleta County MLS Areas Map	
Employer Survey Comments	

LIST OF TABLES

	<u>PAGE</u>
Table ES-1	High Growth Industries and Wages, Archuleta County 2
Table ES-2	Household Examples and Home Prices 7
Table ES-3	Income Needed to Afford the Average Home Price 8
Table ES-4	Archuleta County Housing Providers..... 11
Table ES-5	Hypothetical RETA Calculation 18
Table ES-6	Hypothetical RETA Calculation 18
Table ES-7	Energy Efficient and Green Building Techniques..... 21
Table ES-8	Action Plan Summary 26
Table 1	Archuleta County Employment, 2000-2005 27
Table 2	Archuleta County Employment by Industry, 2005..... 28
Table 3	Highest Growth Sectors, 2001-2005..... 30
Table 4	Census Nonemployer Statistics, 2001-2005..... 31
Table 5	Employment Type by Year, 2001-2005 32
Table 6	Archuleta County Average Wage by Industry, 2006..... 33
Table 7	Archuleta County Wages, 2000–2006..... 34
Table 8	Archuleta County Personal Income Sources, 2001-2005 35
Table 9	Household Income, 1990-2006 35
Table 10	Population and Households, 1990-2006 36
Table 11	Housing Units, 1990-2006..... 37
Table 12	New Residential Building Permits, 1997-2006 37
Table 13	Housing Units vs. Households, 1990-2006..... 38
Table 14	Estimated Second Homes, 1990-2006..... 39
Table 15	Tenure: Archuleta County, 1990-2006 40
Table 16	DOLA Economic Forecast: Archuleta County, 2006-2025 42
Table 17	Adjusted Housing Projection: Archuleta County, 2006-2025..... 44
Table 18	Net New Housing Construction by Type, 2006-2025..... 45
Table 19	Population and Household Forecast, Archuleta County, 2006-2025 . 47
Table 20	Peer Communities 49

LIST OF TABLES (continued)

	<u>PAGE</u>
Table 21	Survey Responses by Industry 50
Table 22	Location of Employer..... 51
Table 23	Establishment Size..... 51
Table 24	Employee Turnover by Sector 52
Table 25	Employee Housing Need 54
Table 26	Employee Commuting Distance 54
Table 27	Market Rate Rental Statistics – Independent Complexes 55
Table 28	Market Rate Rental Statistics – Management Companies 56
Table 29	Average and Median Home Prices, 2004-2007YTD..... 57
Table 30	Average Home Prices by Area, 2004–2007YTD 58
Table 31	Sales Volume by Location 59
Table 32	Number of Sales by Product Type, 2004-2007 59
Table 33	New Construction Price by Year Built, 2004-2007YTD 60
Table 34	New Planned Communities..... 61
Table 35	Major Planned and Potential Developments..... 63
Table 36	Potential Program for Major Planned Developments..... 63
Table 37	HUD Income Limits, 2006 65
Table 38	Archuleta County Income Distribution, 2006..... 66
Table 39	Rent as a Percentage of Household Income..... 67
Table 40	Market Rate Rental Affordability 68
Table 41	Cost Burdened Ownership Households with Mortgages 69
Table 42	Income Needed to Afford Average Home Price..... 70
Table 43	Market Rate Ownership Affordability 71
Table 44	Market Rate Ownership Supply 72
Table 45	Market Rate Ownership Gap Analysis..... 73
Table 46	Workforce Housing Production Goals 75

LIST OF FIGURES

	<u>PAGE</u>
Figure 1 Employment, 2005	29
Figure 2 Employer Housing Need Perception.....	53
Figure 3 Archuleta County Households by AMI, 2006	66
Figure A1 Archuleta County MLS Areas.....	77

I. EXECUTIVE SUMMARY AND ACTION PLAN

PURPOSE

This report presents the Housing Needs Assessment for Archuleta County including the Town of Pagosa Springs. The *Archuleta County Strategic Plan*, adopted in August 2007, identified a workforce housing needs assessment as part of a long-term strategy for planning for growth, along with the Town and County Comprehensive Plans. The purpose of this study is to provide information on housing market conditions and the regions' economic base as it relates to housing. This information can be used by policy makers and planners to address the workforce housing needs of the community; to maintain the health, safety, and welfare of the County's residents; and to promote long-term economic and social sustainability by ensuring that adequate housing is available for workers in all sectors of the economy. The study includes the following tasks:

- Interview stakeholders and community leaders involved in housing;
- Document the economic base including employment and wage levels, business conditions, and housing issues;
- Evaluate and summarize housing market conditions and affordability;
- Provide an Action Plan of policy and implementation recommendations to address the region's workforce housing needs.

SUMMARY OF FINDINGS

Pagosa Springs and Archuleta County are transitioning from a natural resource driven economy to a service and tourism economy. Over the past five years, there has been increased interest in real estate investment and development in the area by outside and local investors, and an increase in second home buyers and part-time residents. This is affecting the real estate market through price increases, and a shift in new development from lower cost single family detached homes to large lot custom homes and townhome products, which appeal more to second homeowners and retirees than to local residents and families. Economic growth has been largely in tourism and trade sectors, as well as construction and real estate. These trends are occurring in many mountain communities as they transition from traditional rural economies to more resort, tourism, and second home based economies.

ECONOMIC CONDITIONS

Archuleta County had strong employment growth from 2000 to 2005. Employment grew by 1,400 jobs from 2000 to 2005 at a rate of 5.2 percent per year, and continued through 2006 at 3.5 percent per year. The largest growth sectors were Retail Trade; Arts, Entertainment, and Recreation; Construction; Other Services (personal services); Real Estate; and Health Care. These sectors accounted for 7 out of 10 new jobs during this time period (70 percent of the job growth), as shown in **Table ES-1**. Retail Trade accounted for 15 percent of new jobs and pays an average of \$11.50 per hour. Arts, Entertainment, and Recreation comprised 12 percent of new jobs at an average wage of \$9.40 per hour. Construction has higher wages, at an average of \$14.50 per hour and accounted for 11 percent of new jobs. Real Estate jobs pay an average of \$18.66 per hour (not including commissions). Health Care accounted for 10 percent of new jobs and has a broad spectrum of wages from low to high (figures for Archuleta County are not reported due to confidentiality requirements). The average annual wage in Archuleta County is just under \$27,000 per year, or approximately \$12.90 per hour. The majority of jobs pay between \$10 and \$15 per hour.

Table ES-1
High Growth Industries and Wages, Archuleta County
Archuleta County Housing Needs Assessment

Economic Sector	Change 2001-2005	Industry Share of Change	Avg. Ann. Wage	Hourly Wage
Retail Trade	130	15%	\$23,992	\$11.53
Arts, Entertainment, and Recreation	110	12%	\$19,528	\$9.39
Construction	100	11%	\$30,083	\$14.46
Other Services	100	11%	\$23,390	\$11.25
Real Estate, Rental, Leasing	90	10%	\$38,818	\$18.66
Health Care and Social Assistance	<u>90</u>	<u>10%</u>	---	
High Growth Sectors	610	70%		
Total Increase	870	100%		

Source: BLS; DOLA; Economic & Planning Systems

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Sole proprietors (self employed business owners) accounted for 60 percent of the new jobs in Archuleta County over the past five years. The remaining 40 percent of the new jobs came from a combination of the expansion of existing businesses and new business creation.

This study included a survey of businesses in Archuleta County. Nine hundred surveys were distributed and 272 were returned for a response rate of 30 percent. Combined with the economic data presented above, the survey indicates stable economic growth. Approximately half of business owners reported having the same number of employees they had 5 years ago, while 28 percent reported having more employees. Another 15 percent said they were not in business 5 years ago, showing that approximately 43 percent of businesses are expanding.

Business owners reported a moderate to high level of concern about affordable housing, with 44 percent suggesting it is a “problem among others that needs attention.” Another 34 percent chose the response affordable housing is “one of the more serious problems” in the County. Six percent chose “one of the more serious problems.” When asked to prioritize the types of housing needed most, there was no one category that stood out. Respondents indicated a need for a broad spectrum of housing types, from rental to entry-level ownership as well as senior housing.

The employer survey identified several industries with high employee turnover. There were eight responses from government agencies in Archuleta County, and the average annual employee turnover for these groups was reported at 19 percent. Health Care also had a high annual turnover of 18 percent. Construction reported 23 percent annual turnover.

The experience of high priced mountain communities has shown that local housing affordability is often a factor that contributes to employee turnover, along with a small labor force and transient population. This limited survey did not specifically ask respondents to identify the reasons for employee turnover. Archuleta County Economic Development is currently conducting a more detailed employer survey which will identify the challenges that business owners are facing. However, a review of the open ended survey comments from this survey provided in the Appendix indicates several key themes such as:

- Difficulty finding and keeping quality employees;
- A need for more housing for entry-level service workers;
- Wages do not meet the cost of living and housing;
- Finding and recruiting seasonal staff; and
- Employees working multiple jobs which results in ‘burn out.’

WORKFORCE HOUSING DEFINITION

The Town and County have not adopted a definition of affordable or workforce housing. As identified in the Action Plan, this analysis suggests that the Town and County adopt an umbrella definition of **workforce housing** that includes households from 30 to 120 percent of AMI. This covers the full spectrum of housing needs from entry-level service workers to entry-level professionals and essential



A self-help/sweat equity home in Pagosa Lakes developed by Colorado Housing, Inc.

community workers (e.g., teachers, bank tellers, and emergency service and health care workers). The HUD income definitions for Archuleta County are provided in Chapter 5.

However, this is such a broad category that two distinctions within it are needed. **Affordable workforce housing** should be defined as housing affordable to households earning **30 to 60 percent of AMI**. This covers many low income households and entry level service workers. Housing needs in the 30 to 60 percent of AMI range is typically met through additional subsidized rental housing. The federal Low Income Housing Tax Credit (LIHTC) program is one of the most effective tools for this market segment, and can be used by private developers, non-profits, and public sector developers.

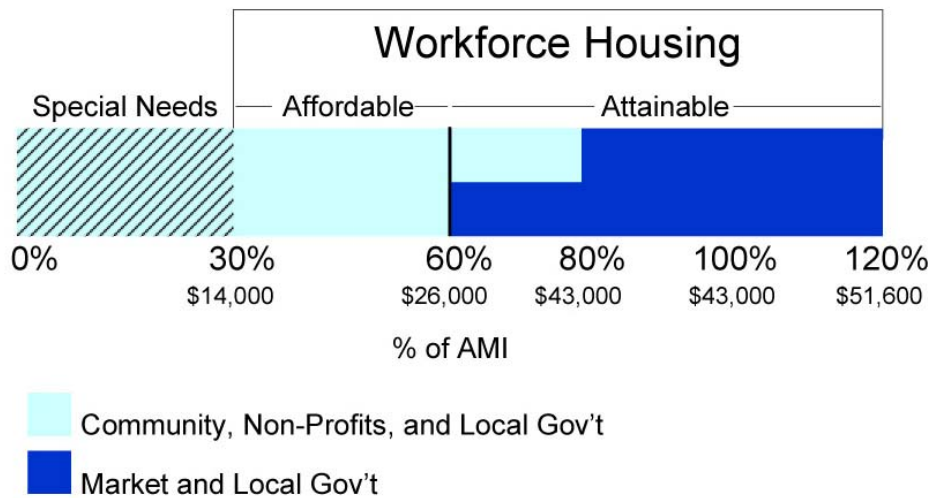
Attainable workforce housing is housing affordable to those earning from **60 to 120 percent of AMI**, or approximately \$26,000 to \$52,000 per year. This category generally includes more experienced service and retail workers, entry level professionals, and



The Wellington Neighborhood in Breckenridge, CO is a statewide model for ownership workforce housing.

essential community workers. Free market rental housing can house some households earning more than approximately 50 to 60 percent of AMI (\$23,000 to \$26,000 per year for the average household size). Entry-level ownership housing can be appealing to those generally above 80 percent of AMI, although some programs such as the USDA Rural Development Self Help program (self help) can move people into ownership housing who earn up to 80 percent of AMI.

There is a lot of potential in Archuleta County for local government to encourage and partner with the private market to expand workforce housing above 60 percent of AMI. These housing needs can be addressed by a combination of local government land use and development policy (incentives, public/ private partnerships, and developer agreements), non-profit housing providers, and private sector real estate developers (entry-level for sale housing and quality rental housing). Similarly, senior housing needs can be met by the private sector, local government, and non-profit developers. In short, a variety of measures and partnerships with the private market are needed to address housing needs in Archuleta County.



The housing needs for households earning less than 30 percent of AMI are generally not met through land use and development policy. This income group often has social and health service needs. Housing for these households and individuals is best combined or located in close proximity to social and health services. Expanding the roles of existing social service providers, including the Town and County Housing Authorities, and charities is needed to meet the needs of these groups. There is currently very little HUD funding available to expand rental programs at these income levels.



Mercy Housing's Merced de Las Animas is a LIHTC rental property in Durango, CO

To help put job types, household types, and income ranges into perspective, several hypothetical working households are shown in **Table ES-2**. On the lower end of the income spectrum is a single parent working an entry-level retail job. At the average wage for this occupation of \$7.73 per hour, he/she earns \$16,000 per year. With one child, this income places him/her in the 30 to 60 percent of area median income (AMI) category. (Chapter V provides the complete HUD income definitions for Archuleta County.) The upper end of this range straddles being able to afford market rent or qualifying for subsidized rental housing. (However, there are no subsidized rental properties in Archuleta County open to households earning more than 30 percent of AMI.) The next example is an entry-level retail worker and a housekeeper with a combined income of \$31,400. This couple can afford some market rate rental housing, assuming there is an adequate supply.

A single teacher earning the average teacher salary of \$34,000 per year may be interested in buying his/her first home, or may find rental housing suitable for their personal situation. A teacher living alone and earning the average salary could afford a condo or townhome at approximately \$120,000 assuming they are able to save enough for a down payment. The teacher and the next couple (the experienced retail worker and chef) fall into the income range that is typically defined as workforce housing. This is the income range at which entry-level ownership becomes practical, typically between approximately 80 and 120 percent of AMI. Above this, incomes and assets are often high enough that households have more housing options open to them. It is important to note that these calculations assume that households have good credit and are not excessively burdened by consumer debt or other obligations. The Action Plan recommends a working definition for workforce housing in Archuleta County based on prevailing wages and home prices.

Table ES-2
Household Examples and Home Prices
Archuleta County Housing Needs Assessment

Occupation 1	Entry Level Retail Worker	Entry Level Retail Worker	Average Teacher Salary	Experienced Retail Worker	Experienced Fire Fighter	Police/Sheriff Patrol Officer
Hourly Wage	\$7.73	\$7.73	\$16.35	\$13.68	\$21.66	\$20.18
Annual Wage	\$16,078	\$16,078	\$34,000	\$28,454	\$45,053	\$41,974
Occupation 2	---	Level Housekeeper	---	Entry Level Chef	Graphic Designer	Registered Nurse
Hourly Wage	---	\$7.38	---	\$10.23	\$14.57	\$25.61
Annual Wage	---	\$15,350	---	\$21,278	\$30,306	\$53,269
Total Household Income	\$16,078	\$31,429	\$34,000	\$49,733	\$75,358	\$95,243
Children	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>
Total in Household	2	3	1	3	4	4
AMI Category	30-60%	60-80%	80-100%	100-120%	150%	>150%
Housing Market Segment	Subsidized Rental	Rental	Rental / Entry Level Ownership	Entry Level Ownership	Ownership	Ownership
Affordable Rent	\$402/mo.	\$786/mo.	\$850/mo.	\$1,243/mo.	N/A	N/A
Affordable Price	N/A	N/A	\$117,100	\$172,900	\$263,300	\$334,000

Source: Economic & Planning Systems

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MARKET CONDITIONS

Housing Costs

The average home price in Archuleta County is \$305,000 as of September 2007. To afford this, a household needs to earn approximately \$88,000 per year (greater than 150 percent of AMI for a four-person household). This annual income is equivalent to one earner making \$42 per hour, or two earners at \$21 per hour, as shown in **Table ES-3**. This disparity between wages and home prices indicates that housing prices are influenced more by factors outside the local economy rather than by local wage and income levels. An increase in outside buyers (such as higher income second homeowners and retirees) and investors is contributing to these trends. Based on recent population and housing unit estimates, it is estimated that almost half of the new housing being built is being purchased by second homeowners.

Table ES-3
Income Needed to Afford the Average Home Price
Archuleta County Housing Needs Assessment

Description	Factors	
Average Home Price		\$305,000
Mortgage Amount	95%	\$289,750
Monthly Payment (30 years, 7.0%)		\$1,930
Insurance		\$30
Taxes	1%	<u>\$250</u>
Monthly Housing Payment		\$2,210
Income Required	30%	\$88,000
Equivalent Wage		
One Earner	2,080	\$42.00
Two Earners		\$21.00

Source: Economic & Planning Systems

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Appreciation countywide has been stable at 5.0 percent per year from 2004 through 2007 year to date. The more central locations around Pagosa Springs have seen the strongest price increases. The average price in downtown Pagosa Springs has risen to \$325,000 from \$137,000 in 2004, which is an annual rate of 26 percent. The Central Area (between downtown and Pagosa Lakes) has appreciated at 9.4 percent per year to reach an average price of \$394,000. The average price in Pagosa Lakes is approximately \$287,000, where approximately one-third of the sales activity is in attached townhome units. The average single family price in Pagosa Lakes is approximately \$330,000. Prices in Pagosa Lakes have increased by 8 percent per year.

New Development Market Trends

Construction trends in Archuleta County also suggest that the housing market is changing. From 1997 to 2001, mobile homes comprised 20 percent of new housing units on average each year. From 2001 to 2006, new mobile home placements dropped to less than 10 percent of new construction. Attached and multifamily construction has increased from an average of 6 percent of construction during the 1997 to 2001 time period to 17 percent of construction on average from 2001 to 2006.

Local real estate brokers indicate that the primary market for recent townhome projects consists of retirees and second homeowners looking for low-maintenance vacation or second homes. Local residents are reportedly more interested in single family detached homes. There are a number of new townhome developments that are testing the market for higher priced units. Aspen Village and Riverwalk offer townhomes from the upper \$300,000s into the low \$400,000s. River's Edge on San Juan Street in Pagosa Springs is currently the highest priced project at over \$700,000. Some projects are experiencing slow sales at this time; however the success of these projects should be monitored as an indication of the direction of the housing market.

Single family detached homes continue to have the largest market share, with 75 percent of the construction activity. The single family market is more diverse, ranging from entry-level homes to high-end custom homes. There is a large supply of platted undeveloped lots in the Pagosa Lakes area, and building lots can be found from \$50,000 and up. A \$50,000 lot would translate to a home price in the mid to upper \$200,000s, based on the builder rule of thumb ratio that land is approximately 20 percent of the finished home price. New builders have entered the Archuleta County market and are delivering moderately priced one-story homes in the low \$200,000s, which are affordable to households earning 120 percent of AMI, assuming they can secure a down payment and financing.

There is a large amount of development that could take place immediately around incorporated Pagosa Springs as well as in Archuleta County. An inventory of major parcels with the potential for annexation totals over 1,000 acres of potential development. If developed, these projects could more than double the amount of housing in Pagosa Springs. Most of these projects are only in the conceptual stages. Based on anticipated densities, some projects are expected to have a higher-end market orientation. Creative site planning, however, could help deliver a variety of housing types and price points.

EXISTING HOUSING RESOURCES

Since the Action Plan identifies potential organizational strategies, it is necessary to understand the current housing services available in Archuleta County. There are several organizations currently providing housing services in Archuleta County, as shown in **Table ES-4**. The Archuleta Housing Corporation owns and manages 44 low-income family rental units and 8 senior and disabled rental units in Pagosa Springs. The Archuleta County Housing Authority (ACHA) is funded by HUD and manages the 26-unit Casa de Los Arcos property for seniors and the disabled. ACHA is planning a new 22-unit property for low income seniors and the disabled, and is currently preparing funding applications. ACHA has a board of directors, but no staff other than an onsite property manager. ACHA contracts with Housing Solutions in Durango for management of Casa de Los Arcos and administration of Section 8 rental housing vouchers.

Colorado Housing, Inc. (CHI) is based in Pagosa Springs and develops self help (sweat equity) housing in Archuleta, Montezuma, and La Plata Counties. CHI applies for USDA §523 technical assistance grants to fund staff time needed to coordinate self help housing construction (construction supervisors and loan package coordinators). Households earning up to 80 percent of AMI are eligible for subsidized loans with below market interest rates through USDA Rural Development to fund up to 85 percent of hard construction costs. CHI coordinates groups of five to six families who work together to construct their homes in phases for economies of scale. Most CHI self help homes are built to the model energy code and have received E-Star ratings for energy efficiency. CHI has built over 100 homes in Archuleta County since 1995; several in the Pagosa Lakes area.

Pagosa Outreach Connection is a collection of local charities and faith based groups who work with Archuleta County Human Services to provide emergency housing services through donations, and state and federal funding. Emergency housing is sometimes needed by people who were injured at work or became ill and have not been able to keep up with their housing payments.

Habitat for Humanity is also a non-profit group that builds housing for low income households. Habitat uses volunteer labor, donated materials, and charitable donations to fund housing construction. It also receives some income through the repayment of loans it makes to its clients. Habitat has recently restructured its finances and has set a goal of building four to five new homes per year.

Housing Solutions is based in La Plata County and serves La Plata and Archuleta Counties. It provides low-interest repair and weatherization loans. It also helps families and individuals with emergency housing needs find transitional housing in privately owned rental units and in the Homeward Bound shelter in Durango. In Archuleta County, Housing Solutions administers Section 8 vouchers for the Archuleta County Housing Authority and manages Casa de Los Arcos. Other than the Casa de Los Arcos property manager, Housing Solutions does not have a staff presence in Archuleta County.

**Table ES-4
Archuleta County Housing Providers
Archuleta County Housing Needs Assessment**

Organization	Archuleta Housing Corporation	Archuleta County Housing Authority	Colorado Housing, Inc.	Pagosa Outreach Connection & County Human Services	Habitat for Humanity	Housing Solutions
Currently Serves:	Pagosa Springs	Archuleta County	Archuleta, Montezuma, & La Plata Counties	Archuleta County	Archuleta County	Archuleta, Montezuma, & La Plata Counties
Programs and Services	<ul style="list-style-type: none"> ▪ Primary Focus: low-income rental housing ▪ 44 low-income rental units ▪ 8 low-income senior/disabled units 	<ul style="list-style-type: none"> ▪ Primary Focus: Senior housing and Section 8 ▪ Section 8 Vouchers (60 total in La Plata and Archuleta County, 1-2 yr waiting list) ▪ Casa de Los Arcos senior & disabled housing (26 units, <50% AMI) ▪ Planning new 22 unit senior & disabled project 	<ul style="list-style-type: none"> ▪ Primary Focus: Self help/sweat equity housing for 1st time owners ▪ Facilitates USDA Rural Development (\$502) loans for owners ▪ Over 200 homes since 1995 	<ul style="list-style-type: none"> ▪ Primary Focus: Short term emergency housing vouchers ▪ Partnership between Human Services, local charities and faith groups ▪ Parents and families ▪ Life skills training 	<ul style="list-style-type: none"> ▪ Primary Focus: Homes and low interest loans for first time buyers ▪ Homes built with volunteer and owner labor and donated materials ▪ 16 homes built ▪ Recently restructured finances ▪ Goal of 4-5 per year 	<ul style="list-style-type: none"> ▪ No interest loans for repair and weatherization ▪ Section 8 vouchers ▪ Transitional housing in La Plata County ▪ Landlord/Tenant mediation ▪ Homebuyer education ▪ No staff presence in Archuleta County
Funding	<ul style="list-style-type: none"> ▪ HUD §202 funding for operations 	<ul style="list-style-type: none"> ▪ HUD §202 funding for operations 	<ul style="list-style-type: none"> ▪ HUD SHOP grants (competitive) for land acquisition ▪ USDA §523 technical assistance grants (competitive) for operations 	<ul style="list-style-type: none"> ▪ Volunteers and charitable donations ▪ Human Services 85% federal and 15% state funded 	<ul style="list-style-type: none"> ▪ Volunteers and charitable donations (labor, \$, materials) ▪ Mortgage repayment income 	<ul style="list-style-type: none"> ▪ CHDO is eligible for HOME funds through State DOH ▪ Management of Casa de Los Arcos for Archuleta County
Income Range (AMI)	<30%	<30%	40-80%	N/A	30-50%	30-120%

ACTION PLAN

The Action Plan presents a number of strategies and policies that can be used to increase workforce housing production. While the Action Plan identifies those that are judged to be the most appropriate and most effective in Archuleta County, it is up to the community to decide which strategies to implement based on available resources. A sustained commitment to these goals with proactive implementation will prevent a range of consequences, such as unfilled jobs, workforce and social displacement, long energy intensive commutes, a loss of community character and diversity, and a loss of community values when the local population does not have the sense of ownership in its community.

OVERVIEW

The following are some general recommendations to add context to the more specific action items that follow them. A one page summary of the Action Plan is provided at the end of this section.

1. Adopt a definition of “workforce housing” for the Town and County.

A consistent definition of workforce housing is needed to clarify the housing discussion in Archuleta County. The following working definition is proposed and is open to further refinement by the public and elected officials.

- **Workforce Housing** – Decent safe housing that is affordable to the local workforce when it pays no more than 30 percent of gross income to rental or mortgage payments (principal and interest). Two categories of workforce housing are proposed:
 - **Affordable Workforce Housing** – Below market rate or subsidized rental housing for households earning less than 60 percent of AMI (\$26,000 for the average household size). This includes very low income service workers as well as elderly, disabled, and other individuals with health or social service needs.
 - **Attainable Workforce Housing** – This category includes market rate rental and entry level ownership housing for local working individuals, households and families earning between 60 and 120 percent of AMI (\$26,000 to \$52,000 per year for the average household size). Attracting and retaining these skilled employees is essential to long-term economic sustainability.

2. *Regional cooperation and consistent policies are essential to meeting workforce housing goals.*

Consistent land use and development policies in the Town and the County will set an expectation that land use decision makers in each jurisdiction will look more favorably on projects that address workforce housing. Consistent policies create a level playing field that makes it ineffective for real estate development interests to attempt to obtain more favorable development terms from the Town or County. With a level playing field, the market can be used to increase the supply of workforce housing in ways that benefits the public and private sectors without overly restrictive development requirements. Consistent housing policies are needed in each jurisdiction.

3. *Create an Archuleta County Housing Forum.*

The purpose of the Housing Forum is to raise the profile of the issue, communicate achievements, and identify and communicate needs. The Housing Forum should consist of a collection of representatives from local non-profits and faith based groups, the Town, and the County. Members should review the Action Plan and identify a few short term goals that are easily achievable within the next year. The Forum should also identify any potential areas of services overlap and competition for funding. Local stakeholders are best suited to examine organizational changes that could result in a more efficient use of personnel and public funds.

The role of local government, as discussed in more detail in this Plan, should also be an important part of the discussion. A balance between grass roots initiatives, non-profit capacity building, and support from local government (financial and land use policy) should be discussed.

After these objectives are reached, consider expanding them or tackling more complex institutional, funding, or development objectives. An important part of the goals setting process should include identifying the target populations and income levels for housing policies, and the types of housing to be targeted in the initial stages (e.g., rental or for-sale). The Housing Forum should meet annually or biannually to review progress, goals, obstacles, and opportunities.

4. *Multiple housing programs and policies will reach the broadest spectrum of the community and achieve the greatest success.*

Housing efforts will be more effective if they include a variety of housing mitigation policies (set asides or fees-in-lieu), housing assistance programs (e.g., down payment assistance), ownership housing production, multifamily rental housing, and senior housing. A diverse housing program will serve the diverse housing needs of the community.

5. *The most appropriate locations for workforce housing are within or near the existing developed areas of the Town and County.*

Workforce housing will serve residents and businesses most effectively and efficiently if it is located close to jobs, services, transit, and existing neighborhoods. Workforce housing located in outlying areas of the county does not promote an efficient and fiscally prudent land use pattern, and its long term affordability will be affected by the cost of commuting.

HOUSING PRODUCTION

6. *The initial role for the Town and County is to support existing housing providers and non-profit developers through land use policy and funding.*

Develop a consistent set of housing guidelines in the Town and County against which applications for new development are compared, such as annexation applications, PUDs, zoning changes, and other opportunities where developer agreements can be used to provide public benefits. Form a set aside policy that identifies a certain percentage of housing units, buildable lots, developable sites, or monetary contributions (including Real Estate Transfer Assessments discussed later in this section).

Under this approach, the Town and/or County would hold developer contributions in a dedicated housing fund and provide annual competitive allocations to non-profit developers and charities, and for-profit developers to fund the construction of workforce and senior housing. Partnerships with private sector developers can leverage the private sector's development expertise.

These tools should also be coupled with development incentives, such as density bonuses, parking reductions, fee deferrals, and flexible development standards to offset the cost to the developer of participating in workforce housing. An open dialogue is needed between project applicants and Town and County staff to determine which approaches can work, on a project by project basis. Developers need a predictable development process in order to be willing to participate in workforce housing and other public/private partnerships.

The existing housing providers and non-profit developers are increasing their capacity and effectiveness. However, they still depend on competitive grant-based funding for land acquisition, development, and administration. Local government development policy can help to support their efforts through the process described above by increasing access to workforce housing development sites and funding.

7. Take an inventory of Town, County, and other public or special district owned property that may be suitable for workforce housing development. Acquire other sites as opportunities arise.

As the Pagosa area continues to develop, the opportunities to develop workforce housing close to jobs and services will diminish. Be proactive in preserving sites for future workforce housing. This can be accomplished through acquiring land and by using developer agreements and incentives to set aside land in new projects for workforce housing.

8. Look for opportunities to partner with builders and developers and non-profits to build workforce housing on publicly owned sites.

As land is identified for workforce housing, the Town and County should market the sites to private and non-profit developers. A competitive RFP process could be used to select development partners to construct ownership or rental workforce housing, or senior housing.

9. Promote the development of additional multifamily rental housing near jobs and services.

There are fewer than 100 units of multifamily rental housing in the Pagosa Springs area. All properties are fully occupied, and some are in poor condition. Multifamily rental property can be less costly for renters than homes or condominiums, and can provide a flexible short term housing option for new employees moving to the area. Take an inventory of developable multifamily development sites and zoning to determine if adequate land is available for multifamily development. Look favorably on any applications for zone changes to allow multifamily development.

Both free market multifamily rentals and low-income rentals are needed. The Low Income Housing Tax Credit (LIHTC) program is an effective tool that can be used by the private sector and non-profit developers to construct low-income rental housing. The Colorado Housing and Finance Authority (CHFA) recently authorized tax credit financing for the new 40-unit Hickory Ridge apartment development that will be available to households earning up to 60 percent of AMI. This program can also be used to finance housing for low income seniors.

10. Closely monitor the need for the full spectrum of senior housing.

There is one private senior housing and nursing home development in Archuleta County: Pine Ridge. The nursing home has 68 beds and is 75 percent occupied. The assisted living portion has 10 beds and is full with a waiting list. The Archuleta Housing Corporation low income senior housing site is also fully occupied, as is Casa de Los Arcos, which is operated by the Archuleta County Housing Authority and also has a waiting list. The Archuleta County Housing Authority is planning another low income senior project with 22 units. If this project fills up quickly, it could indicate a larger need for low income senior housing. Given the waiting list at Pine Ridge, there appears to be a need for additional assisted living housing. However, given the small size of the Pagosa Springs area market, additional private market senior housing may be more likely in the Durango area. As opportunities arise, encourage the development of more local senior housing.

11. Continue to support self help housing construction.

USDA Rural Development's self help program is effective in areas where land costs are low enough to allow for reasonably priced housing construction. CHI has built over 100 homes in Archuleta County since 1995, and several are in the Pagosa Lakes area. The price of building lots is a limiting factor for self help housing since land is 20 to 25 percent of the cost of a home. Furthermore, HUD Self Help Opportunity Program (SHOP) grants can only be used for land and site development costs of up to \$15,000 per home and building lots in the Pagosa area are generally priced from approximately \$50,000 and up. CHI currently has only three building lots left in Archuleta County and finding additional sites for development will be challenging. As an Enterprise Zone organization, donations to CHI are eligible for tax credits.

Support self help housing through land acquisition by the Town and County. Develop workforce housing on publicly owned sites, and through land and funding secured through developer agreements.

LAND USE AND DEVELOPMENT POLICY

12. Create a consistent set of workforce housing guidelines in the Town and County.

Despite the current market downturn, Pagosa Springs and Archuleta County will continue to be attractive for second home and tourism oriented real estate development. This creates an opportunity to work with the private sector to expand the supply of workforce housing through developer agreements and partnerships.

- **Menu of Options** – A heavy-handed regulatory approach, such as inclusionary zoning, is not recommended at this time. However, it should be considered as part of the tool kit if housing prices and second home development pressures create a level of impact on local households that justifies a more proactive approach. Develop guidelines jointly in the Town and County that identify a variety of ways to contribute to workforce housing efforts through developer agreements and incentives as discussed in this Action Plan.
- **Set Aside Policy** – Create a set aside policy for new development. At a minimum, this standard should be applied at annexation, or zoning changes. As the housing needs and gaps increase, and community support grows, a formal policy should be adopted that would apply to subdivisions and PUDs. A 10 to 15 percent workforce housing goal is suggested as a starting point.
- **Monetary Contributions** – In conjunction with the set aside policy, develop guidelines for monetary contributions to be applied in lieu of a set aside if building lot or housing unit set asides are not practical or financially feasible given the specific nature of the project. Further study will be needed to establish the appropriate guidelines for contributions.
- **Real Estate Transfer Assessments (RETA)** – A RETA is a voluntary covenant on property that places a transaction fee on all property within a specific area, such as a new development project. Large developments with a significant high end home, resort condominium, or second home component are the most effective projects for RETAs. RETAs are not taxes; they are fees implemented through developer agreements and covenants. A RETA was implemented recently in La Plata County within the Three Springs Development, and another is under review within the redevelopment of the Iron Horse condominiums in Durango. Pursue RETAs on projects that are large enough to generate enough revenue to justify the effort.

A RETA operates as follows. Through a covenant, a transfer fee is charged on the transfer of property within a specified project. It is not applied town or countywide. The fee is assessed upon the initial sales of homes or building lots, and upon resales. Through this, revenues are generated in perpetuity or until the RETA expires which can be an implementation option. Most RETAs are less than 1 percent of the sale

price; half percent and quarter percent RETAs are common. A hypothetical 150 lot housing development could generate up to \$600,000 from the initial sales at buildout, plus \$22,000 to \$44,000 in annual revenue from resales of completed homes as shown in **Tables ES-5 and ES-6**.

**Table ES-5
 Hypothetical RETA Calculation
 Archuleta County Housing Needs Assessment**

Description		Year 1	2	3	4	5	Total
Dwelling Units		30	30	30	30	30	150
Initial Sales (\$000s)	\$400,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$60,000
RETA 0.5% Option	0.5%	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$300,000
RETA 1.0% Option	1.0%	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$600,000

Source: Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-RETA.xls\RETA1

**Table ES-6
 Hypothetical RETA Calculation
 Archuleta County Housing Needs Assessment**

Description	Value
Dwelling Units at Buildout	150
Annual Turnover Sales (Estimated)	7%
Annual Sales	11
Average Price	\$400,000
Annual Sales Volume	\$4,400,000
Annual Revenue From:	
RETA 0.5% Option	\$22,000
RETA 1.0% Option	\$44,000

Source: Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-RETA.xls\RETA2

- **Developer Incentives** – Workforce housing is a community partnership. Offer development incentives to promote workforce housing. Common developer incentives for workforce housing include density bonuses, reductions in open space requirements, parking standard reductions, flexible development standards to lower development costs, fee deferrals, and infrastructure participation or assistance or deferrals (e.g. off-site improvement deferrals). The available incentives should be clearly identified up front to add transparency to the development process.

13. Guide development to existing developed areas around the Town and Pagosa Lakes areas through the Town and County Comprehensive Plans and the Town's Three Mile Plan.

Continued scattered piecemeal development of unincorporated Archuleta County will impact the long term affordability and quality of life in the County. Due to rising energy costs, the cost of commuting long distances will continue to increase. Rising housing costs in the Pagosa Springs area will put additional pressure on the local workforce to look for housing further from jobs. Water and sewer services are not available in most areas of unincorporated Archuleta County, and extending these services to outlying areas will be costly. Scattered development will also affect the scenic and environmental quality of the County that over the long term could impact tourism, which is a large part of the Archuleta County economy.

Direct growth to the most appropriate and efficient areas through the Town and County Comprehensive Plans and Land Use Codes, and by creating an Urban Service Area that identifies the geographic limits of water and sanitation services.

14. Transfers of Development Rights (TDR) programs are tools that can help guide growth to appropriate areas.

TDR programs are used for a variety of purposes including guiding growth to areas where it is more efficient, and preserving farm or rangeland and open space. TDR programs establish sending and receiving zones. In the sending zones, the development rights to a property are separated from the property ownership. The landowner may sell the development rights to a property owner in the receiving zone. The landowner in the sending zone maintains his/her ownership of the property, but not the right to develop it. The receiving sites are often allowed to be developed at a higher density than originally permitted.

TDR programs can help support workforce housing if the receiving zone density by-right is set low. Local government can encourage workforce housing by allowing density increases to promote workforce housing.

A Purchase of Development Rights (PDR) program is a program in which local government buys the development rights from a landowner. The landowner retains ownership of the property, but has sold the development rights and the property remains undeveloped (beyond any existing improvements). PDR programs are most commonly used to preserve open space, agricultural, or ranch lands.

15. Promote mixed use development in and contiguous to existing developed areas and use incentives to gain workforce housing within new projects.

Mixed use development can provide a portion of the multifamily rental and ownership workforce housing need. The Town can offer incentives such as density bonuses, parking standard reductions, and other incentives to promote workforce housing. Since much of the townhome and condominium market is oriented to second homeowners, where appropriate, deed restrictions could be considered that limit occupancy to local resident wage earners or local seniors. The Town is currently revising its land use code to facilitate mixed use development.

16. Re-evaluate the existing mobile home park zoning and mobile home regulations in the Town and in Archuleta County.

Mobile homes are a viable housing option in Archuleta County. However, mobile homes have proliferated in areas without adequate municipal services, which degrade health and environmental quality. There may be a need to expand existing mobile home park zoning to allow for new higher quality mobile home parks. The requirements for individual mobile homes may need to be changed to ensure that they are sited in areas with adequate services and capacity.

17. Promote energy efficient and 'green building' techniques to reduce household energy consumption, utility bills, and help maintain long-term affordability in new housing.

Research with builders active in green building in Colorado has found that an additional cost of \$5,000 to \$6,000 in construction can yield up to 60 percent savings in energy costs, or \$500 to \$600 per year in utility savings, as shown in **Table ES-7**. While the construction cost does increase, the utility savings typically cancel out the increase in the mortgage payment from higher construction costs. Energy efficient homes can receive a certification by a rating service such as RESNET that is recognized by mortgage lenders. With this certification, some lenders offer energy efficient mortgages that capitalize the utility savings into increased purchasing power. The Town recently adopted the 2006 International Building Code (IBC) which is more energy efficient than the previous code. In addition, the Town and County can add additional energy efficiency standards such as those promoted by the U.S. Green Building Council. The Green Building Council standards are designed to be integrated directly with the IBC.

Table ES-7
Energy Efficient and Green Building Techniques
Archuleta County Housing Needs Assessment

Description	Cost Premium	Annual Utility Savings
1 Advanced Insulation System	\$975	\$89
2 92.1% Direct Furnace Vent	\$900	\$88
3 Advanced Air Sealing	\$410	\$81
4 Fireplace with Electronic Ignition	\$0	\$72
5 Engineered Duct System	\$380	\$60
6 Window with Low Emissivity	\$210	\$55
7 Downsize Furnace A/C	-\$750	\$43
8 Advanced Framing	\$545	\$36
9 Sealed Combust. Water Heater	\$400	\$22
10 Conditioned Crawl Space	\$110	\$19
11 3rd Party Verification	\$580	\$0
12 Mechanical Ventilation	\$300	-\$10
13 Low VOC Paint and Finishes	\$332	
14 Ductwork Cleaning	\$300	
15 High Performance Bath Fans	\$225	
16 Sealed Combustion Fireplaces	\$200	
17 Recycled PET Carpet	\$175	
18 Exterior Drainage Plane	\$166	
19 Engineered Lumber Products	\$136	
20 Sealed Sump Pit Cover	\$60	
21 Recycled Content Decking	\$10	
22 Finger Joint Studs	\$0	
23 Cementitious Siding Material	\$0	
24 Blown Cellulose Insulation	\$0	
Total	\$5,664	\$555

Source: Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Data\17834-Green.xls\Costs

FINANCING AND ORGANIZATIONAL STRUCTURE

18. Use a variety of tools and organization structures to ensure permanent affordability and to expand the supply of and funding for housing for workforce housing.

- **Community Land Trust (CLT)** – A Community Land Trust (CLT) is a non-profit housing organization that maintains ownership of the land in perpetuity. Following home construction, the land is leased to residents who own homes on the leased land. Their ownership is subject to restrictions on use and resale that keep the units permanently affordable. A CLT could be started with lands owned by the County or the Town (and deeded to the CLT) if a suitable site for housing is identified. A landowner who donates land to a non-profit land trust can claim the donation as a charitable contribution for tax purposes.
- **Community Housing Development Organizations (CHDO)** – A CHDO is a 501 (C)(3) non-profit recognized by HUD and is a type of Community Development Corporation (CDC). As such, CHDOs are eligible to receive HUD funding through the Colorado State Division of Housing. Funding is available for operations and administration, as well as for housing development. States and entitlement communities must allocate 15 percent of their annual HOME funding to CHDOs, thus providing a built-in, on-going funding source. CHDOs must own or build housing and must be certified by a state or local government which provides appropriate oversight. Effective CHDOs with a solid history typically receive higher levels of funding.

While funding is competitive, the State is interested in funding rural areas outside of the Front Range. It appears likely that an Archuleta County CHDO could be successful in its request for annual funding for operations.

- **Deed Restrictions** – A deed restriction is a broad term that refers to any restriction on the use of a property in perpetuity. Deed restrictions can limit the future sale price of a property, or to whom the property is sold. Self-help housing depends on the incentive of potential profit and equity on resale. Therefore, deed restrictions limiting sale prices would not be appropriate. However, a deed restriction that limits the sale of self help housing properties to local resident wage earners could be considered. This would prevent the workforce housing stock from being sold to second homeowners. In addition, any housing that is built with public funds should be restricted for permanent affordability. This would include projects that have received full fee waivers, infrastructure participation, or other public monetary contributions.

19. Establish the Joint Town and County Housing Coordinator Position.

The Housing Coordinator position presents an opportunity to consolidate some housing operations occurring in Archuleta County, and therefore create efficiencies. There are a number of other roles that will evolve for this position as housing policies and programs take shape.

Casa de Los Arcos, owned by the Archuleta County Housing Authority, is managed and administered by Housing Solutions in La Plata County. Initially, the Housing Coordinator could work as a contractor to Archuleta County Housing Authority to administer and manage the property. The HUD funding for this property that is paid to Housing Solutions could be kept in Archuleta County and used to defray staff costs or fund additional staff. Over time, if it is deemed appropriate, the Housing Coordinator could also assist with the management of other low-income rental properties and Section 8 vouchers to consolidate similar programs under one umbrella. He/She could also be a liaison between local non-profits and local government.

This Action Plan identifies a number of implementation actions that will require staff time and effort. The Housing Coordinator could also work with the Town and County to develop and implement the policies identified in this Plan. He/She could be a point of contact for developers who are exploring the use of incentives and public/private partnerships to build workforce housing. The Housing Coordinator could also assist with development review for new projects with a workforce housing component. If RETAs are implemented, staff time will also be needed to administer and manage funds. There is an opportunity to create efficiencies with this position that should be leveraged.

20. Establish a dedicated housing fund and a means for holding land dedications in trust for workforce housing.

If the Town and County pursue workforce housing funding through developer agreements, including RETAs, these revenues should go into a fund dedicated to workforce housing. Land dedications can be handled through developer and PUD agreements, dedicated to the Town or County, or other local charities and non-profit groups so long as there is a means to limit the use to workforce housing.

21. Establish a down payment assistance program to assist first time home buyers earning up to 120 percent of AMI.

There are currently no down payment assistance programs in Archuleta County. Down payment assistance programs provide below market interest rate second mortgages to cover the equity needed for a first mortgage. It is common for first time buyers to have difficulty saving for down payments if they are rent burdened or working low-wage jobs.

HOME fund grants available through the Colorado Division of Housing can be used to fund down payment assistance programs serving households up to 95 percent of AMI. Municipalities, Counties, and Community Housing Development Organizations (CHDOs) are eligible for HOME funds. CHDOs can be formed by local governments and non-profit groups and are often formed as a partnership between these types of groups.

Funding for down payment assistance above 95 percent of AMI would need to come from other sources. Other communities have tried to bring together coalitions of realtors, builders, and other local businesses to donate seed money to start a down payment assistance revolving loan fund. As loans are made, the fund grows through loan repayment income.

22. Recognize the Pagosa Area Water and Sanitation District (PAWSD) for its new policy that allows fees on workforce housing to be deferred or amortized.

PAWSD has recently adopted a policy that allows their Board to defer the water and wastewater capital investment fees on a sliding scale for households earning up to 160 percent of AMI. The water capital investment fee is currently \$7,000 for a single family home, and the wastewater investment fee is \$1.55 per square foot (\$2,790 for a 1,800 square foot home). Projects serving 80 percent of AMI and below can have 100 percent of the fees deferred. Projects from 81 to 125 percent of AMI are eligible for 90 percent fee deferral, and 50 percent fee deferral at 126 to 160 percent of AMI.

The deferred fees are held as a lien on the property until it no longer qualifies as workforce or affordable housing or it is no longer owned by a local government entity that provides public benefits to residents of the District.

23. A dedicated funding source will provide reliable annual revenues dedicated to workforce housing production and homebuyer assistance.

The most successful long term workforce housing programs are funded with dedicated annual funding, also known as housing trust funds. All of the existing housing programs in Archuleta County rely either on charitable donations or competitive grant funding. There have been years where local organizations have not received grant funding. As the vision for a comprehensive workforce housing program takes shape, the Town and County should consider creating a housing trust fund based on a dedicated revenue source. Common sources include an excise tax on building permits, delinquent property tax revenues, document recording fees, interest on real estate escrow accounts, and unspent budget surpluses. Local governments have also used mill levy increases to fund general obligation bonds in which workforce housing is packaged with other quality of life investments such as transportation and open space.

ACTION PLAN SUMMARY

The action plan is summarized in **Table ES-8** with specific actions categorized into three tiers. **Tier 1** actions are intended to require minimal staff time, resources, and funding. They are first steps towards implementing larger solutions. **Tier 2** actions may require more staff capacity, funding, and a higher degree of commitment from elected officials and staff. **Tier 3** items are more complex, may require dedicated funding and staff resources, and require a higher degree of political and community commitment. Some Tier 3 items are tools that have been used in other communities that can be considered in the future if there is an identified need for more complex tools.

Table ES-8
Action Plan Summary
Archuleta County Housing Needs Assessment

Description	Tier 1	Tier 2	Tier 3
Housing Production			
Adopt a Workforce Housing Definition -----	X		
Archuleta County Housing Forum -----	X		
Inventory publicly owned sites -----	X		
Land acquisition (land banking) -----		X	
Public/Private Partnerships for development -----		X	
Low Income Housing Tax Credit development (family and senior housing) -----	X		
Continue Self-Help / Sweat Equity Programs -----	X		
Land Use and Development Policy			
Set Aside Policy and Guidelines for New Development -----		X	
Real Estate Transfer Assessments -----	X		
Comprehensive Plan, Land Use Code Updates, Urban Service Area-----		X	
Transfer of Development Rights -----			X
Town Mixed Use Zoning Update (underway) -----	X		
Mobile Home Zoning/Regulations Update -----	X		
Energy Efficient / Green Building Code -----		X	
Funding & Organization			
Establish an account for housing funds -----	X		
Establish a CHDO in Archuleta County -----	X		
Apply for HOME funds for down payment assistance -----	X		
Establish Joint Housing Coordinator Position -----	X		
Community Land Trust -----			X
Identify funding for down payment assistance up to 120% of AMI -----		X	
Continue to implement fee waivers and deferrals with PAWSD -----	X		
Establish a dedicated funding source -----			X

Source: Economic & Planning Systems

II. ECONOMIC AND DEMOGRAPHIC FRAMEWORK

This chapter presents an analysis of economic and demographic trends in Archuleta County. The analysis begins with employment and the economic base. The chapter also characterizes population, households, housing unit, and second home trends from 1990 to 2006.

EMPLOYMENT TRENDS

Countywide employment estimates come primarily from the State Demographer's Office within the Colorado Department of Local Affairs (DOLA). DOLA estimates of total employment include wage and salary jobs (jobs covered by unemployment insurance), government, and sole proprietor employment. DOLA's estimates lag two years behind the current year because they are compiled from multiple primary sources with different release dates. Other more current estimates from the U.S. Bureau of Labor Statistics (BLS) are also used. BLS estimates only include wage and salary jobs.

As of 2005 there were approximately 6,100 total jobs in Archuleta County, as shown in **Table 1**. From 2000 to 2005 the County added nearly 1,400 jobs at a strong annual rate of 5.2 percent, based on DOLA estimates. Job growth continued through 2006 with 3.5 percent growth, according to the most recent BLS figures.

Table 1
Archuleta County Employment, 2000-2005
Archuleta County Housing Needs Assessment

Year	Wage & Salary Jobs			Total Employment		
	Empl.	Ann. # Change	Ann. % Change	Empl.	Ann. # Change	Ann. % Change
2000	3,076	---	---	4,768	---	---
2001	3,221	145	4.7%	5,258	490	10.3%
2002	3,268	47	1.5%	5,468	210	4.0%
2003	3,193	-75	-2.3%	5,459	-9	-0.2%
2004	3,244	51	1.6%	5,634	175	3.2%
2005	3,553	309	9.5%	6,140	506	9.0%
2006	3,676	123	3.5%	---	---	---
2000-2005/6	600	100	3.0%	1,372	274	5.2%

Source: Bureau of Labor Statistics; Dept. of Local Affairs; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Emp1.xls\BLS V DOLA

Due to data suppression in the published data sources to comply with confidentiality requirements, independent analysis was needed to estimate employment in each industry sector. There were approximately 6,140 jobs in Archuleta County in 2005, as shown in **Table 2**. The largest sector in the County was Construction with 970 jobs (16 percent of the total), followed by Retail Trade with 900 jobs (15 percent), Accommodation and Food Services with 650 jobs (11 percent), and Real Estate with 470 jobs (8 percent). Together, these four industries make up 49 percent of all jobs in the County. Government is also a major employer with 650 jobs or 11 percent of the total.

Smaller sectors in the County include Mining, Utilities, Wholesale Trade, Transportation and Warehousing, Manufacturing, and Information. These sectors together total 380 jobs, or 6 percent of the County's total employment.

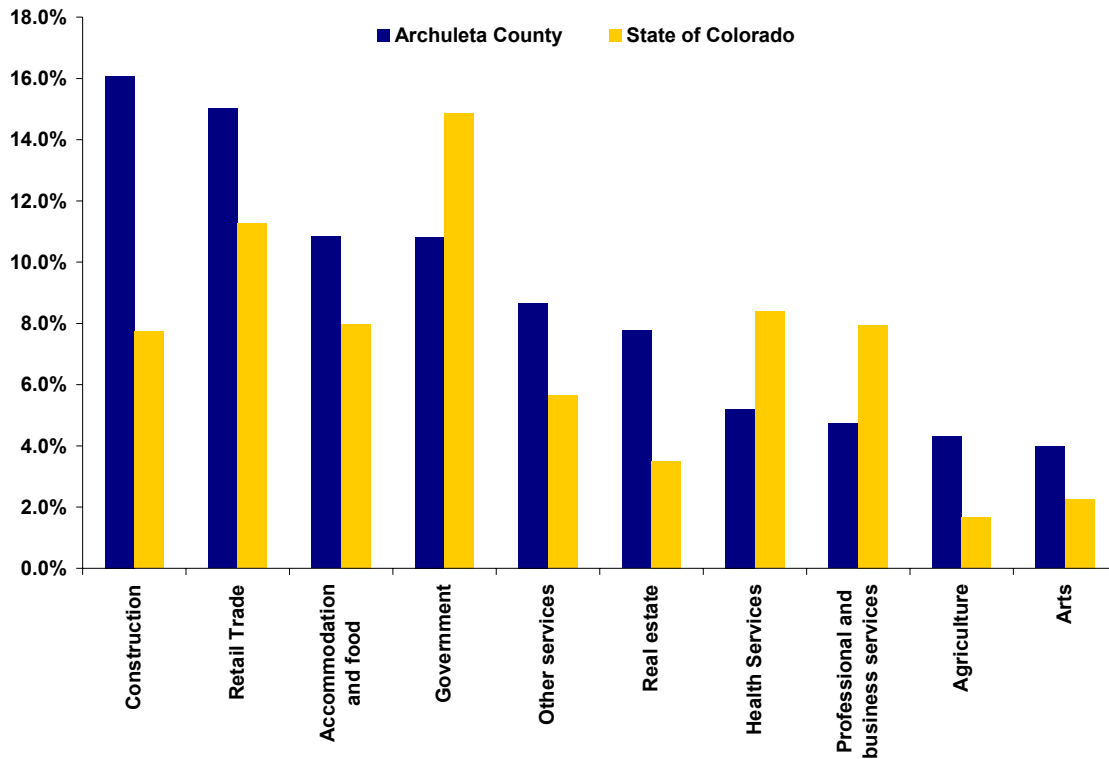
Table 2
Archuleta County Employment by Industry, 2005
Archuleta County Housing Needs Assessment

Economic Sector	2005	% of Total
Agriculture	260	4.2%
Mining	50	0.8%
Utilities	30	0.5%
Construction	970	15.8%
Manufacturing	90	1.5%
Wholesale Trade	60	1.0%
Retail Trade	900	14.7%
Transportation & Warehousing	70	1.1%
Information	80	1.3%
Finance & Insurance	170	2.8%
Real Estate, Rental, Leasing	470	7.7%
Professional and Technical Services	280	4.6%
Management of Companies	---	---
Administrative and Waste Services	200	3.3%
Educational Services	140	2.3%
Health Care and Social Assistance	310	5.0%
Arts, Entertainment, and Recreation	240	3.9%
Accommodation and Food Services	650	10.6%
Other Services	520	8.5%
Government	<u>650</u>	<u>10.6%</u>
Total	6,140	100.0%

Source: US Census; BLS; DOLA; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Emp\17834-Emp Data Summary

Compared to the State of Colorado, Archuleta County has a fairly distinct economic composition, as shown in **Figure 1**. Archuleta County has twice the concentration of construction employees as the State, with 16 percent in the County compared to 8 percent in the State. Retail Trade accounts for approximately 15 percent of County employment, but only 11 percent of the State. Compared to the State, Archuleta County also has a lower concentration of jobs in Health Services and Professional Services. Archuleta County's economic base is characteristic of many rural mountain areas that have transitioned from a natural resource- and agriculture-based economy to an economy based more on tourism, second homes and retirees, and services.

Figure 1
Employment, 2005
Archuleta County Housing Needs Assessment



Of the 870 jobs added in Archuleta County between 2001 and 2005, 70 percent of those new jobs were added in the six sectors shown in **Table 3**. The Retail Trade sector added 130 new jobs in the five-year period for 15 percent of the total increase of County employment. Arts, Entertainment, and Recreation accounted for 12 percent of new jobs, and Construction comprised 11 percent of all new jobs. The Other Services category, which contains many personal services such as auto repair, laundry and dry-cleaning, beauty salons, and other repair and maintenance services, made up an additional 11 percent of new jobs. Real Estate and Health Care also contributed significant job growth, with each sector adding 10 percent of the total increase.

Table 3
Highest Growth Sectors, 2001-2005
Archuleta County Housing Needs Assessment

Economic Sector	Change 2001-2005	Industry Share of Change
Retail Trade	130	15%
Arts, Entertainment, and Recreation	110	12%
Construction	100	11%
Other Services	100	11%
Real Estate, Rental, Leasing	90	10%
Health Care and Social Assistance	90	10%
High Growth Sectors	610	70%
Total Increase	870	100%

Source: BLS; DOLA; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Empl.xls\DOLAShareChng

SOLE PROPRIETORS

The U.S. Census publishes statistics of nonemployer businesses based on business income tax returns exceeding \$1,000 in earnings. These businesses do not have employees and are therefore sole proprietors by definition. Between 2001 and 2005, proprietor jobs grew by approximately 520 jobs, or 7.4 percent annually, as shown in **Table 4**. Of the 870 new jobs added in Archuleta County from 2001 to 2005 (as shown in **Table 3**), nearly 60 percent of those jobs were sole proprietorships. The Construction and Real Estate sectors saw the largest growth in sole proprietorships, with each adding 93 jobs over the five-year period. Other Services saw significant growth as well, with the addition of 76 new sole proprietors, while Professional and Technical Services added 46 sole proprietors. Proprietors and other small businesses will continue to be a large source of economic growth.

Table 4
Census Nonemployer Statistics, 2001-2005
Archuleta County Housing Needs Assessment

Economic Sector	2001	2002	2003	2004	2005	Change 2001-2005	
						Total #	Ann. %
Agriculture	49	55	48	57	58	9	4.3%
Mining	(D)	(D)	(D)	(D)	26	---	---
Utilities	(D)	(D)	(D)	(D)	(D)	---	---
Construction	496	499	529	536	589	93	4.4%
Manufacturing	26	27	26	31	38	12	10.0%
Wholesale Trade	24	19	22	20	24	0	0.0%
Retail Trade	127	150	143	144	151	24	4.4%
Transportation & Warehousing	15	28	24	27	30	15	18.9%
Information	(D)	13	(D)	(D)	17	---	---
Finance & Insurance	32	42	39	38	48	16	10.7%
Real Estate, Rental, Leasing	192	224	221	249	285	93	10.4%
Professional and Technical Services	163	182	187	190	209	46	6.4%
Management of Companies	---	---	---	---	---	---	---
Administrative and Waste Services	77	96	100	105	115	38	10.5%
Educational Services	11	(D)	13	16	21	10	17.5%
Health Care and Social Assistance	82	83	93	104	100	18	5.1%
Arts, Entertainment, and Recreation	56	60	62	80	81	25	9.7%
Accommodation and Food Services	33	32	40	34	32	-1	-0.8%
Other Services	192	223	217	238	268	76	8.7%
Government	---	---	---	---	---	---	---
Total	1,575	1,733	1,764	1,869	2,092	517	7.4%

Source: US Census NonEmployer Statistics; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-EmpI.xls\NonEmpStats

Sole proprietorships accounted for 30 percent of all jobs in Archuleta County in 2001. By 2005, they accounted for 34.2 percent of all jobs. Wage and salary jobs decreased their share of all jobs in the County, as shown in **Table 5**. Wage and salary jobs comprised 70 percent of all jobs in 2001, decreasing to 66 percent by 2005.

Table 5
Employment Type by Year, 2001-2005
Archuleta County Housing Needs Assessment

Employment Type	2001	2002	2003	2004	2005
Proprietors	30.0%	31.7%	32.3%	33.2%	34.2%
Wage & Salary	<u>70.0%</u>	<u>68.3%</u>	<u>67.7%</u>	<u>66.8%</u>	<u>65.8%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: US Census; BLS; DOLA; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Empl.xls\Empl Type

WAGES AND INCOME

The average hourly wage in Archuleta County is \$12.91, which equates to \$26,852 per year, as shown in **Table 6**. Wage figures represent the average wages paid to employees in each industry, including full- and part-time employment and do not include any benefits that may be part of an employee's compensation. Proprietors' income is also not included in these figures. Accommodation and Food Services has the lowest hourly wages at \$6.00 per hour, not including gratuities. Construction employees earn an average of \$14.50 per hour and Retail Trade workers earn an average of \$11.50 per hour. Some of the highest wages are in Finance and Information, at more than \$20 per hour. However, these two sectors make up less than 5 percent of all jobs. Government, on the other hand, pays an average of \$17 per hour and accounts for nearly 11 percent of all jobs.

The highest wage sectors account for minimal employment within the County. For example, the Utilities sector, with an average hourly wage of \$27.85, accounts for only 0.4 percent of all employment in the County. Similarly, Wholesale Trade at \$22.09 per hour and Information at \$21.21 per hour, account for a combined 2.3 percent of employment in the County.

Table 6
Archuleta County Average Wage by Industry, 2006
Archuleta County Housing Needs Assessment

Economic Sector	# Jobs	Ann. Avg. \$	Hourly \$
Agriculture	4.2%	\$31,736	\$15.26
Mining	0.8%	\$29,438	\$14.15
Utilities	0.4%	\$57,919	\$27.85
Construction	15.8%	\$30,083	\$14.46
Manufacturing	1.4%	\$20,637	\$9.92
Wholesale Trade	0.9%	\$45,940	\$22.09
Retail Trade	14.7%	\$23,992	\$11.53
Transportation & Warehousing	1.1%	\$41,648	\$20.02
Information	1.4%	\$44,122	\$21.21
Finance & Insurance	2.8%	\$43,614	\$20.97
Real Estate, Rental, Leasing	7.6%	\$38,818	\$18.66
Professional and Technical Services	4.6%	\$35,765	\$17.19
Management of Companies	---	---	---
Administrative and Waste Services	3.2%	---	---
Educational Services	2.3%	---	---
Health Care and Social Assistance	5.1%	---	---
Arts, Entertainment, and Recreation	3.9%	\$19,528	\$9.39
Accommodation and Food Services	10.6%	\$12,486	\$6.00
Other Services	8.5%	\$23,390	\$11.25
Government	<u>10.6%</u>	<u>\$35,926</u>	<u>\$17.27</u>
Average	100.0%	\$26,852	\$12.91

Source: Bureau of Labor Statistics; DOLA; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Empl.xls]2006 Summary

The average wage in Archuleta increased by 4 percent annually from 2000 to 2006, as shown in **Table 7**. This suggests approximately 1.0 to 1.5 percent annual real wage growth at 2.5 to 3.0 annual inflation.

Table 7
Archuleta County Wages, 2000–2006
Archuleta County Housing Needs Assessment

Year	Ann. Avg. Wage	Ann. % Change
2000	\$21,258	---
2001	\$22,502	5.9%
2002	\$22,720	1.0%
2003	\$23,668	4.2%
2004	\$24,518	3.6%
2005	\$25,613	4.5%
2006	\$26,852	4.8%
Avg. '00-'06		4.0%

Source: Bureau of Labor Statistics; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Empl.xls\BLS Wages

Personal income consists of four major sources: wage and salary income; investment income; transfers receipts (Social Security, disability, and unemployment insurance payments); and proprietors' income. Archuleta County residents received 47 percent of their personal income through non-wage sources in 2005 (transfer receipts and investment income), as shown in **Table 8**. Wage and salary income plus proprietors' income accounted for 48 percent of total personal income. Although their percentage of the total only increased by 1.8 percent, transfer receipts were the fastest growing part of personal income at nearly 10 percent per year. The growth in transfer receipts is likely due to the combination of retirees moving to Archuleta County and an aging local population.

Table 8
Archuleta County Personal Income Sources, 2001-2005
Archuleta County Housing Needs Assessment

Income Source	2001	2002	2003	2004	2005	Ann. % Change
Personal Income						
Wage & Salary	\$76,767	\$79,358	\$81,994	\$86,644	\$95,529	5.6%
Investment Income	\$67,582	\$69,583	\$72,047	\$80,552	\$81,843	4.9%
Transfer Receipts	\$31,131	\$35,914	\$38,816	\$40,750	\$45,431	9.9%
Proprietor's Income	\$22,531	\$24,855	\$24,978	\$30,214	\$32,694	9.8%
Other	<u>\$9,824</u>	<u>\$10,802</u>	<u>\$11,994</u>	<u>\$13,118</u>	<u>\$14,406</u>	<u>10.0%</u>
Total (\$000s)	\$207,835	\$220,512	\$229,829	\$251,278	\$269,903	6.8%
% of Total						
Wage & Salary	36.9%	36.0%	35.7%	34.5%	35.4%	
Investment Income	32.5%	31.6%	31.3%	32.1%	30.3%	
Transfer Receipts	15.0%	16.3%	16.9%	16.2%	16.8%	
Proprietor's Income	10.8%	11.3%	10.9%	12.0%	12.1%	
Other Income	<u>4.7%</u>	<u>4.9%</u>	<u>5.2%</u>	<u>5.2%</u>	<u>5.3%</u>	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: US Bureau of Economic Analysis, Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Models\17834-Empl.xls\Personal Inc.

The average household income in Pagosa Springs is approximately \$44,000 and the median income is \$36,000, as shown in **Table 9**. Average and median household income in Archuleta County as a whole is significantly higher at \$62,000 and \$45,000, respectively. The large disparity between household income in Pagosa Springs and Archuleta County indicates that many higher-income households live outside of Pagosa Springs' town limits.

Table 9
Household Income, 1990-2006
Archuleta County Housing Needs Assessment

Income Type	1990	2000	2006	Change 2000-2006		
				Total #	Ann. #	Ann. %
Average HH Income						
Pagosa Springs	\$21,850	\$37,077	\$44,342	\$7,265	\$1,211	3.0%
Archuleta County	\$28,486	\$53,743	\$61,576	\$7,833	\$1,306	2.3%
Median HH Income						
Pagosa Springs	\$15,441	\$29,348	\$35,868	\$6,520	\$1,087	3.4%
Archuleta County	\$22,997	\$38,482	\$45,371	\$6,889	\$1,148	2.8%

Source: CO Dept. of Local Affairs, Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\PopHH

POPULATION, HOUSEHOLD, AND HOUSING TRENDS

The most recent population estimate for Archuleta County is 12,208. This estimate reflects the full-time resident population and does not account for seasonal residents, tourists or other visitors. As shown in **Table 10**, approximately 14 percent or 1,700 people live in Pagosa Springs, while the remaining 86 percent live in the unincorporated County. Population grew at an annual rate of 1.1 percent in Pagosa Springs and 4 percent in the remainder of the County from 2000 to 2006.

Household growth followed a similar trend over the same time period. A household is defined as a group of people living in one (occupied) housing unit. In 2006, there were 4,900 households in the County compared to 7,960 housing units (shown in **Table 11**), indicating a large number of second homes and vacation rentals.

Table 10
Population and Households, 1990-2006
Archuleta County Housing Needs Assessment

Area	1990	2000	2006	Change 1990-2006		Change 2000-2006	
				Total #	Ann. %	Total #	Ann. %
Population							
Pagosa Springs	1,207	1,591	1,696	489	2.1%	105	1.1%
Remainder of County	<u>4,138</u>	<u>8,307</u>	<u>10,512</u>	<u>6,374</u>	<u>6.0%</u>	<u>2,205</u>	<u>4.0%</u>
Archuleta County	5,345	9,898	12,208	6,863	5.3%	2,310	3.6%
Households							
Pagosa Springs	451	633	676	225	2.6%	43	1.1%
Remainder of County	<u>1,559</u>	<u>3,347</u>	<u>4,240</u>	<u>2,681</u>	<u>6.5%</u>	<u>893</u>	<u>4.0%</u>
Archuleta County	2,010	3,980	4,916	2,906	5.7%	936	3.6%

Source: CO Dept. of Local Affairs, Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\PopHH

Pagosa Springs had 823 housing units in 2006 and the remainder of the County had 7,133 housing units for a total of 7,956, as shown in **Table 11**. During this time period, the Town's housing stock increased by only 280 units compared to 3,700 units in the County. This shows that approximately 90 percent of the development and construction activity is happening in unincorporated Archuleta County.

Table 11
Housing Units, 1990-2006
Archuleta County Housing Needs Assessment

Area	1990	2000	2006	Change 1990 - 2006		
				Total #	Ann. #	Ann. %
Pagosa Springs	543	746	823	280	18	2.6%
Remainder of County	3,408	5,466	7,133	3,725	233	4.7%
Archuleta County	3,951	6,212	7,956	4,005	250	4.5%

Source: CO Dept. of Local Affairs, Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\HU

From 1997 to 2001, there were on average 398 new homes built each year in Archuleta County, as shown in **Table 12**. The strongest year was 2000 with nearly 500 new homes. Since then, construction has slowed by about 20 percent. On average, 317 new homes were built each year from 2002 to 2006. Approximately 90 percent of the new construction activity occurred in unincorporated Archuleta County.

Table 12
New Residential Building Permits, 1997-2006
Archuleta County Housing Needs Assessment

Type	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Ann. Avg.	
											97-'01	02-'06
Pagosa Springs												
Mobile Home	9	4	0	0	2	0	0	1	1	0	3	0.4
Attached and Multi Family	0	1	0	0	0	16	0	0	33	0	0	10
Single Family	4	8	9	11	6	4	5	18	44	33	8	21
Total	13	13	9	11	8	20	5	19	78	33	11	31
Unincorporated												
Mobile Homes	73	84	98	74	49	34	14	25	33	23	76	26
Attached and Multi Family	14	30	22	27	21	52	28	37	40	56	23	43
Single Family	222	243	233	326	274	274	170	203	211	230	260	218
Timeshares	0	48	48	49	0	0	0	0	0	0	29	0
Total	309	405	401	476	344	360	212	265	284	309	387	286
Total Archuleta County												
Mobile Home	82	88	98	74	51	34	14	26	34	23	79	26
Attached, Multi Family	14	31	22	27	21	68	28	37	73	56	23	52
Single Family	226	251	242	337	280	278	175	221	255	263	267	238
Timeshare	0	48	48	49	0	0	0	0	0	0	29	0
Total	322	418	410	487	352	380	217	284	362	342	398	317

Source: Archuleta County; Town of Pagosa Springs; Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\Permits

Between 1990 and 2000, Archuleta County added more new housing units than households, at a rate of 0.87 new full time resident households per housing unit, as shown in **Table 13**, indicating that about 13 percent of the housing construction was either speculative or purchased by second homeowners. From 2000 to 2006, resident household growth slowed compared to housing growth, with only 0.54 new households per new housing unit. This indicates a strong increase in second home construction.

Table 13
Housing Units vs. Households, 1990-2006
Archuleta County Housing Needs Assessment

Description	1990 - 2000		2000 - 2006	
	Change	New HHs / New Homes	Change	New HHs / New Homes
New Homes	2,261		1,744	
New Households	1,970	0.87	936	0.54

Source: Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\HUVsHH

The number of homes occupied by permanent residents and second homeowners in Archuleta County is estimated in **Table 14** for the 1990 to 2006 time period. In 1990, permanent residents occupied approximately 51 percent of all housing units. Second homes, totaling approximately 1,153, accounted for 29 of the housing units in 1990. From 1990 to 2000, the permanent population grew enough to reduce the overall vacancy rate, and while the number of second homes increased, they decreased as a percent of the total (from 29 to 23 percent). From 2000 to 2006, however, it is estimated that the growth in second homes far exceeded the growth of the permanent resident households. By 2006, second homes grew from 23 percent of housing units to 28 percent for a total of 2,244 units, nearly doubling their number in 1990.

Table 14
Estimated Second Homes, 1990-2006
Archuleta County Housing Needs Assessment

Vacancy Status	1990	2000	2006 (Estimate)	Change
Housing Units				
Vacant Housing Units	788	776	796	8
Second Homes	<u>1,153</u>	<u>1,456</u>	<u>2,244</u>	<u>1,091</u>
Total Vacant	1,941	2,232	3,040	1,099
Occupied Units (Households)	<u>2,010</u>	<u>3,980</u>	<u>4,916</u>	
Total Housing Units	3,951	6,212	7,956	
% of Total				
Vacant Housing Units	20%	12%	10%	-9.9%
Occupied Units (Households)	51%	64%	62%	10.9%
Second Homes	<u>29%</u>	<u>23%</u>	<u>28%</u>	-1.0%
Total Housing Units	100%	100%	100%	

Source: US Census, Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\Vacant_EPS

The Region 9 Economic Development District is currently conducting a study of second homes. Its analysis found that 59 percent of all property (vacant land and improved property) in Archuleta County is owned by non-local owners. This includes a large number of vacant lots in Pagosa Lakes. The study also found that 38 percent of all single family homes are owned by non-locals, and that approximately 6 percent are long term rentals. If these homes are rented to locals, they would be considered primary residences and would reduce the percentage of second homes. Comparing these two studies suggests that second homes are between 30 and 35 percent of the housing stock.

Archuleta County has a high homeownership rate, at approximately 80 percent as shown in **Table 15**. The statewide homeownership rate is 67 percent as of the 2000 Census. In 1990, the homeownership rate in Archuleta County was 71 percent, increasing to 77 percent in 2000. It is estimated that ownership increased slightly from 2000 to 2006 due to historically low mortgage interest rates. Pagosa Springs has a higher percentage of renters than the County, at approximately 40 percent.

Table 15
Tenure: Archuleta County, 1990-2006

Occupancy	Archuleta County ¹				Pagosa Springs			
	1990	2000	2006	Change	1990	2000	2006	Change
			(Estimate)			(Estimate)		
Households								
Renter Occupied	589	923	983	394	157	237	270	113
Owner Occupied	<u>1,421</u>	<u>3,057</u>	<u>3,933</u>	<u>2,512</u>	<u>294</u>	<u>396</u>	<u>406</u>	<u>112</u>
Total	2,010	3,980	4,916	2,906	451	633	676	225
% of Total Households								
Renter Occupied	29%	23%	20%	-9.3%	35%	37%	40%	5.2%
Owner Occupied	<u>71%</u>	<u>77%</u>	<u>80%</u>	9.3%	<u>65%</u>	<u>63%</u>	<u>60%</u>	-5.2%
Total	100%	100%	100%		100%	100%	100%	

¹ Countywide including Pagosa Springs.

Source: US Census, Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\Tenure

HOUSING AND POPULATION PROJECTIONS

This section provides an updated housing and population forecast for Archuleta County for planning purposes, and to provide context for workforce housing production targets provided in the Housing Needs chapter of this report. The population and housing projections analysis begins with a review of the Colorado Department of Local Affairs (DOLA) Demography Section forecast for Archuleta County. An adjusted housing and population projection is also presented to account for the impact of second homes on the housing supply and housing production.

DOLA ECONOMIC FORECAST

DOLA prepares statewide, regional, and county level socioeconomic forecasts for use in local and state government planning. DOLA and other economists first forecast employment growth, based on the relationships of the local economy to the region and state. Job growth creates demand for labor (people in the labor force). The population forecast is created through a cohort survival model that adds births, deaths, and migration to the current population. The migration assumptions account for retirees moving to the area. The labor force is estimated from the forecasted population. If the labor force is less than the number of jobs, it is assumed that commuting can fill the gap and visa versa. The model does not account for the cost of housing in determining commuting and place of residency choices.

DOLA estimates that employment will grow by 3.9 percent per year from 2006 to 2015, adding 2,400 jobs to the County's economy. Another 2,600 jobs are forecast to be added from 2016 to 2025 at 2.8 percent per year, as shown in **Table 16**. This is consistent with the last six years' employment growth, which occurred at 3.0 percent per year.

The County's population is forecasted to grow to almost 23,000 by 2025, an increase of 10,670. Over the next 10 years from 2006 to 2015, 1,800 new households would be created, and an additional 2,500 from 2016 to 2025. Based on this growth of labor force demand, the forecast implies that a total of 1,800 new housing units are needed from 2006 to 2015, and another 2,500 from 2016 to 2025 for a total of 4,300 for the 20-year forecast.

Built into the DOLA forecast is an assumption that the housing market will respond to the demand from the local labor force. It does not account for the inventory that will be purchased and occupied by second homeowners, nor does it account for escalating home and land prices that may result in the market not providing the needed workforce housing. The forecasts represent an overall level of demand. Therefore, they may overestimate labor force growth and population growth because of the effects of these other factors (e.g. housing costs).

Table 16
DOLA Economic Forecast: Archuleta County, 2006-2025
Archuleta County Housing Needs Assessment

Description	Factor	2006	2010	2015	2020	2025	2006-2015		2016-2025		Total 2006-2025	
							Change	Ann. %	Change	Ann. %	Change	Ann. %
Economic Forecast												
Jobs		5,800	6,900	8,200	9,500	10,800	2,400	3.9%	2,600	2.8%	5,000	3.3%
Population		12,208	14,131	16,653	19,552	22,878	4,445	3.5%	6,225	3.2%	10,670	3.4%
Households	2.47	4,943	5,721	6,742	7,916	9,262	1,799	3.5%	2,520	3.2%	4,319	3.4%
Housing Demand ¹												
			<u>2006-2010</u>	<u>2011-2015</u>	<u>2016-2020</u>	<u>2021-2025</u>	<u>Total #</u>	<u>Ann. #</u>	<u>Total #</u>	<u>Ann. #</u>	<u>Total #</u>	<u>Ann. #</u>
New Households			778	1,021	1,174	1,346	1,799		2,520		4,319	
New Housing Units ¹	5%		819	1,021	1,174	1,346	1,840	368	2,520	252	4,360	229

¹ Housing needed to support the growth of the labor force. Does not account for second homes.

² Change in Households / (1 - Vacancy Rate)

Source: DOLA, Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\DOLA eeds\Models\17834-Demog.xls\DOLA

ADJUSTED HOUSING AND POPULATION PROJECTION

To account for the effect of homes on the future housing supply, an adjusted housing and population forecast is constructed based on previous work completed for the *Economic Development Strategy* completed in early 2005. The adjusted forecast begins with a housing forecast, which considers historical rates of residential construction and occupancy by local residents and second homeowners.

Construction Projection

From 1997 to 2001, housing construction in Archuleta County occurred at nearly 400 units per year. It slowed to an annual average of just over 300 units from 2002 to 2006, representing a 20 percent drop from the prior five-year period. The recent slowdown in the housing market suggests that there will be another drop in construction activity over the next few years. Construction in Archuleta County (as a whole) is projected to occur at approximately 250 units per year on average from 2006 to 2010, as shown in **Table 17**. This represents an additional 20 percent drop from the last five years for the 2006 to 2010 time period. The pace is expected to recover to 300 units per year from 2011 to 2015 and stabilize at 300 to 325 units per year 2016 to 2025. A total of 2,500 new housing units are projected by 2015 and an additional 3,200 by 2025 for a total of 5,700 new housing units over the 20 year forecast.

Based on recent trends, approximately 10 percent of total construction is expected to occur within the Town, with the remainder in the unincorporated County. The majority of unincorporated construction would be in the area immediately surrounding the Town and in the Pagosa Lakes area. Note that these projections are based on the existing political boundaries; annexations would affect the jurisdiction where construction occurs.

Occupancy

Second home construction is expected to occur at a slightly faster pace than the last five years. As a percentage of new construction, second homes are projected to account for 55 to 60 percent of the total market (net new construction) over the next 20 years countywide, as shown in **Tables 17 and 18**. Proportionally, second homes are expected to comprise a larger share of the market in the Town than in the County at 70 to 80 percent, due to higher land costs and a more limited land supply within the Town. "Local" housing units are by definition equivalent to local resident households (a household is a group of people living within one housing unit) and are converted to population in the next step.

Table 17
Adjusted Housing Projection: Archuleta County, 2006-2025
Archuleta County Housing Needs Assessment

Location	2006	2010	2015	2020	2025	2006-2015		2016-2025		Total 2006-2025	
						Change	Ann. #	Change	Ann. #	Change	Ann. #
Pagosa Springs											
Housing Units	823	923	1,073	1,248	1,498	250	28	425	43	675	36
Vacant ¹	41	28	32	37	45	-9	-1	13	1	4	0
Local	676	757	773	774	854	97	11	81	8	178	9
Second	106	138	268	437	599	162	18	331	33	493	26
Unincorporated County											
Housing Units	7,133	8,033	9,383	10,758	12,133	2,250	250	2,750	275	5,000	263
Vacant ¹	754	689	491	563	637	-264	-29	146	15	-118	-6
Local	4,240	4,796	5,501	5,830	6,643	1,261	140	1,142	114	2,403	126
Second	2,139	2,548	3,391	4,366	4,853	1,253	139	1,462	146	2,715	143
Total Archuleta County											
Housing Units	7,956	8,956	10,456	12,006	13,631	2,500	278	3,175	318	5,675	299
Vacant ¹	796	716	523	600	682	-273	-30	159	16	-114	-6
Local	4,916	5,553	6,274	6,603	7,497	1,358	151	1,223	122	2,581	136
Second	2,244	2,687	3,660	4,802	5,452	1,415	157	1,793	179	3,208	169

¹ Vacant for sale, for rent, under construction.

H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\DU_Fcst.xls\Models\17834-Demog.xls\DU_Fcst

Source: Economic & Planning Systems

**Table 18
Net New Housing Construction by Type, 2006-2025
Archuleta County Housing Needs Assessment**

Location	Net New Construction		
	2006-2015	2015-2025	2006-2025
Pagosa Springs			
Housing Units	100%	100%	100%
Vacant ¹	-4%	3%	1%
Local	39%	19%	26%
Second	65%	78%	73%
Unincorporated County			
Housing Units	100%	100%	100%
Vacant ¹	-12%	5%	-2%
Local	56%	42%	48%
Second	56%	53%	54%
Total Archuleta County			
Housing Units	100%	100%	100%
Vacant ¹	-11%	5%	-2%
Local	54%	39%	45%
Second	57%	56%	57%

¹ Vacant for sale, for rent, under construction.

Source: Economic & Planning Systems

Population Projection

Based on the construction projection, the population of Archuleta County is forecast to increase from 12,200 in 2006 to 18,500 by 2025 as shown in **Table 19**. It is assumed that the average household size will be constant at 2.47, therefore the total of 7,500 households translate to a population of 18,500 by 2025 (households multiplied by average household size).

The Town population is projected to increase from 1,700 to a total of approximately 2,100 by 2025 (based on existing political boundaries) an increase of approximately 400. While there are projected to be nearly 700 new housing units, less than 200 are projected to be occupied by local residents. Countywide, the increase of 5,700 housing units translates to an increase of 2,600 resident households (equivalent to “local” housing units) and an increase of 6,300 full time residents.

This population projection method results in slower growth rates than are forecasted by DOLA. The DOLA economic forecast suggests that the local population will grow at 3.0 to 3.5 percent per year over the next 20 years to reach a total population in 2020 of 23,000. After accounting for lower housing occupancies (i.e. more second homes), this projection suggests that actual population growth rates will be lower, in the 1.8 to 2.7 percent range countywide, and 1.0 to 1.3 percent per year within the Town. While the housing stock is expected to grow in the 3.0 percent per year range, population growth does not follow this because second homes reduce the amount of housing available to the local population. A final interpretation leads one to the conclusion that if DOLA’s employment forecast is met by actual job growth, the local labor supply may not be able to meet the demand for employees. With few options for lower cost commuter communities, a housing shortage will occur that would restrict economic growth because of a lack of labor.

Table 19
Population and Household Forecast, Archuleta County, 2006-2025
Archuleta County Housing Needs Assessment

Location	2006	2010	2015	2020	2025	2006-2015		2015-2025		Total 2006-2025	
						Change	Ann. %	Change	Ann. %	Change	Ann. %
Pagosa Springs											
Population	1,696	1,869	1,908	1,911	2,109	212	1.3%	201	1.0%	413	1.2%
Households	676	757	773	774	854	97	1.5%	81	1.0%	178	1.2%
Unincorporated County											
Population	10,512	11,846	13,588	14,399	16,409	3,076	2.9%	2,821	1.9%	5,897	2.4%
Households	4,240	4,796	5,501	5,830	6,643	1,261	2.9%	1,142	1.9%	2,403	2.4%
Total Archuleta County											
Population	12,208	13,715	15,496	16,310	18,518	3,288	2.7%	3,022	1.8%	6,310	2.2%
Households	4,916	5,553	6,274	6,603	7,497	1,358	2.7%	1,223	1.8%	2,581	2.2%
Persons per Household	2.47	2.47	2.47	2.47	2.47						

Note: Based on a constant household size

Source: Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Demog.xls\PopHH_Fcst

PEER COMMUNITIES

Key demographic and economic indicators for three similar counties: La Plata County, Chaffee County, and Ouray County, and the State of Colorado are shown in **Table 20**. La Plata County is the largest peer county identified, with a population of nearly 49,000. Consequently, it has a larger more diverse economy and the highest wages of the selected Counties, at \$34,000 per year. However, La Plata County wages are still well below the State average of \$43,500. La Plata County also has the highest average home price at \$436,500, followed by Ouray County at \$426,600.

Archuleta County and Chaffee County are fairly similar. While Chaffee County is larger, with almost 17,000 residents, it has very similar wages. Both Counties have average annual wages in the mid-\$26,000's, although Chaffee County has a larger economy with 3,150 more jobs. Home prices are similar, with the average price in the low \$300,000s (estimated for Chaffee County).

Each of the peer counties has a fairly high rate of home ownership, at 67 percent or above as of the 2000 Census. The statewide average is 67 percent.

As of the 2000 Census, Archuleta County had the highest percentage of second homes, estimated at 23 percent. Chaffee County was second, with 16 percent second homes. Approximately 12 percent of the housing stock in La Plata County was in second homes as of 2000. Each of these counties has most likely seen increases in second homes since the 2000 Census driven by an increase in retiring baby boomers.

Table 20
Peer Communities
Archuleta County Housing Needs Assessment

Geography	2006 Pop. [2]	2000 Cost- Burdened Renters [1]	2000 Home Ownership [1]	Percent Second Homes [1]	2006 Average House Price [5]	2000 Median Household Income [1]	2005 Total Jobs [3]	2006 Annual Average Wage [4]
Archuleta County	12,208	37.0%	76.8%	23.4%	\$316,000	\$38,241	3,745	\$26,850
Chaffee County	16,919	38.0%	73.4%	15.9%	\$300,000	\$35,706	6,897	\$26,417
La Plata County	48,752	42.6%	68.4%	11.8%	\$437,000	\$41,490	25,218	\$34,030
Ouray County	4,358	42.5%	73.4%	12.7%	\$427,000	\$43,707	1,740	\$28,384
State of Colorado	4,813,536	38.7%	67.3%	4.0%	---	\$48,240	---	\$43,506

[1] U.S. Census

H:\17834-Pagosa Springs Housing Needs\Data\17834-peers.xls\Summary

[2] Colorado State Demographer

[3] US Bureau of Economic Analysis

[4] US Bureau of Labor Statistics

[5] San Juan MLS; Ouray MLS; Telluride MLS; Archuleta County MLS

III. EMPLOYER SURVEY

The Housing Needs Assessment included an employer survey to give the business community an opportunity to share their concerns related to business conditions and housing issues. A total of 900 surveys were mailed and 272 returned for a margin of error of plus or minus 5 percent at a 90 percent confidence interval. This chapter summarizes key findings from the survey. Open-ended comments and the survey instrument are included in the Appendix.

As shown in **Table 21**, 16 percent of the businesses that responded were in Retail Trade, 12 percent in Other Services, and 9 percent in Professional, Scientific and Technical industries. The survey covered a wide distribution of all business types in the County.

Table 21
Survey Responses by Industry
Archuleta County Housing Needs Assessment

Type of Business	# of Responses	% of Total
Agriculture and Natural Resources	1	0.4%
Construction	22	8.1%
Manufacturing	8	2.9%
Transportation/Warehouse/Utilities	3	1.1%
Wholesale Trade	4	1.5%
Bar/Restaurant	11	4.0%
Retail Trade	43	15.8%
Hotel, Motel, Lodging	18	6.6%
Real Estate & Property Management	15	5.5%
Educational	3	1.1%
Finance/Banking/Insurance	19	7.0%
Health Care	18	6.6%
Professional, Scientific, Technical	24	8.8%
Amusement, Arts, Entertainment, Recreation	17	6.3%
Other Services	33	12.1%
Government	8	2.9%
Other	25	9.2%
Total	272	100.0%

Source: Employer Survey; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Survey.xls\Business Type

Of the businesses that responded to the survey, 29 percent are located in downtown Pagosa Springs while 28 percent are located in unincorporated Archuleta County, as shown in **Table 22**. The remaining 43 percent of respondents are located in uptown and various other areas.

Table 22
Location of Employer
Archuleta County Housing Needs Assessment

Business Location	# of Responses	% of Total
Downtown Pagosa Springs	76	29%
Uptown (Hwy 160 Corridor, west of 14 th St.)	27	10%
Other Area of Town/County	87	33%
Unincorp. Archuleta County	<u>75</u>	<u>28%</u>
Total	265	100%

Source: Employer Survey; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Survey.xls\Business Location

The vast majority of businesses are small, with 71 percent of respondents having between one and five employees, as shown in **Table 23**. Only 6 percent of the respondents came from businesses with more than 20 employees.

Table 23
Establishment Size
Archuleta County Housing Needs Assessment

# Employees	# Respondents	Percent
1 to 5	172	71.1%
6 to 10	42	17.4%
11 to 15	13	5.4%
16 to 20	0	0.0%
21 to 25	9	3.7%
26 to 50	3	1.2%
51 to 100	2	0.8%
100 or more	<u>1</u>	<u>0.4%</u>
Respondents	242	100.0%

Source: Employer Survey; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Survey.xls#\ EstabsSize

Employee turnover rates for Archuleta County were estimated from the survey data and are listed by industry category in **Table 24**. The highest turnover is in the Bar/ Restaurant, Retail and Lodging job category, with an average turnover of 31 percent annually. There were 8 responses from government agencies in Archuleta County, and the average annual employee turnover for these groups was reported at 19 percent. Health Care also had a high annual turnover of 18 percent. Construction reported 23 percent annual turnover. These are fairly high rates of employee turnover. High turnover often occurs in communities where many people work multiple jobs and when wages are low. People tend to switch jobs more often if they can find slightly better pay with another establishment, and if scheduling conflicts and ‘burn out’ lead them to another job.

Table 24
Employee Turnover by Sector
Archuleta County Housing Needs Assessment

Business	Total Employee Turnover	Total Employees in Survey	%
Construction	14	61	23%
Bar/Restaurant/Retail/Lodging	109	356	31%
Real Estate & Property Management	5	56	9%
Educational	1	16	6%
Health Care	9	50	18%
Professional/Technical/Finance/Banking	15	113	13%
Other Services	11	85	13%
Government	30	160	19%
Total/Average	217	1,010	21%

Source: Employer Survey; Economic & Planning Systems

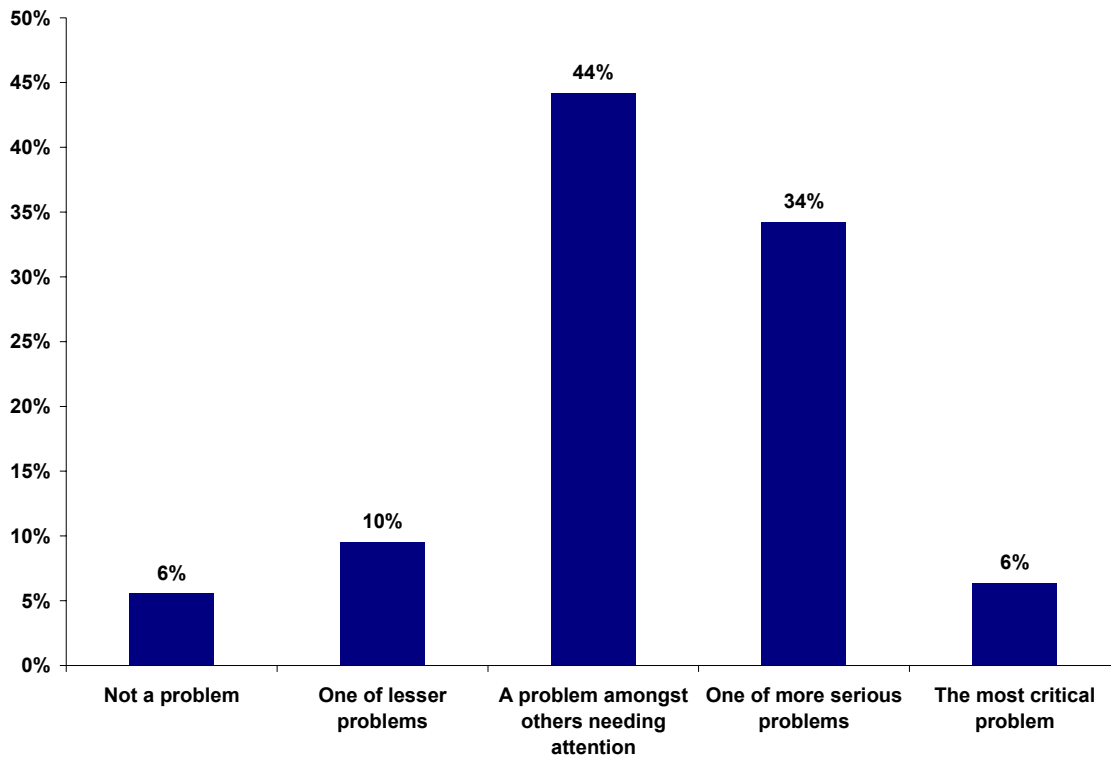
H:\17834-Pagosa Springs Housing Needs\Models\17834-Survey.xls\Turnover

The experience of high priced mountain communities has shown that local housing affordability is often a factor that contributes to employee turnover, along with a small labor force and transient population. This limited survey did not specifically ask respondents to identify the reasons for employee turnover. Archuleta County Economic Development is currently conducting a more detailed employer survey which will identify in more detail the challenges that business owners are facing. However, a review of the open ended survey comments from this survey provided in the Appendix indicates several key themes such as:

- Difficulty finding and keeping quality employees;
- A need for more housing for entry-level service workers;
- Wages do not meet the cost of living and housing;
- Finding and recruiting seasonal staff; and
- Employees working multiple jobs which results in ‘burn out.’

Business owners were asked to give their opinion on how serious the issue of workforce housing is. Approximately 44 percent of employers indicated that the employee housing issue in the County is one problem amongst others that need attention. Thirty-four percent believe that housing is one of the more serious problems in the County, and 6 percent indicated that it is the most critical problem. In total the latter two categories show that 40 percent of businesses are fairly concerned about housing issues. Another 44 percent are neutral or moderately concerned. Only 16 percent do not perceive a housing problem, including 6 percent who indicated that they did not believe employee housing was a problem at all, as shown in **Figure 2**.

Figure 2
Employer Housing Need Perception
Archuleta County Housing Needs Assessment



Employers were asked to rank from 1 to 4 the type of housing they believe is most needed in Archuleta County, with 1 being the lowest priority and 4 the highest. They ranked entry-level ownership housing the highest with an average score of 3.7, as shown in **Table 25**. Essentially tying with entry-level ownership is employers' belief that housing for the elderly is also needed. Move-up housing received the lowest rank of 2.6.

Table 25
Employee Housing Need
Archuleta County Housing Needs Assessment

Housing Type	Rating
Entry Level Ownership	3.7
Elderly	3.6
Other ¹	3.5
Rental Housing	3.3
Move-Up	2.6

¹ Other is outlined in Appendix

Source: Pagosa Springs an Archuleta County Employer Survey

H:\17834-Pagosa Springs Housing Needs\Models\17834-Survey.xls\Housing Type

Employee commuting distances are shown in **Table 26**. Reflecting the population distribution of the County, nearly 48 percent of all employees live within five miles of their work. Another 32.3 percent live within 10 miles of their jobs. Thirteen percent commuted 10 to 20 miles to work. The percentage of employees commuting more than 20 miles is estimated at 6.5 percent. Overall, the Pagosa area has a fairly centralized labor force.

Table 26
Employee Commuting Distance
Archuleta County Housing Needs Assessment

Distance	% of Total
Less than 1 Mile	14.1%
1 to 5 Miles	33.9%
5 to 10 Miles	32.3%
10 to 20 Miles	13.2%
20 to 30 Miles	3.6%
30 to 50 Miles	2.7%
50+ Miles	0.2%
Total	100.0%

Source: Employer Survey; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Survey.xls\Commute

IV. MARKET CONDITIONS

This chapter gives an overview of residential market conditions in Archuleta County, including rental rates and trends in home sale prices. A discussion of planned and anticipated new residential developments and their market orientation is also given. The analysis of market conditions forms the foundation of the affordability analysis.

RENTAL MARKET

There is no publicly available published data on the apartment market in Archuleta County. In order to estimate market rents and vacancies, rental managers were interviewed to obtain unit inventories, vacancies, and rental rates in Archuleta County. The average rent for a one-bedroom unit in the area is \$530 per month, \$650 for a two-bedroom, and \$715 for a three-bedroom, as shown in **Table 27**. Pagosa Heights, with 30 units, has the highest rents. The complex rents one-bedroom units for \$675 per month, and two-bedroom units for \$795 per month. The lowest rents are in the Piedra Square complex, with 22 units and rents ranging from \$390 for a one-bedroom to \$705 for a three-bedroom unit. There is a very small inventory of market rate multifamily rental property totaling 80 units. Furthermore, property managers reported only one vacancy.

Table 27
Market Rate Rental Statistics – Independent Complexes
Archuleta County Housing Needs Assessment

Apartment Complex	Location	Units	Vacant	One Bed One Bath	Two Bed One Bath	Three Bed One Bath
Pagosa Heights	275 N. Pagosa Blvd.	30	0	\$675	\$795	
Piedra Square	Solomon Dr. & Hwy 160	22	0	\$390	\$605	\$705
Trinity Apartments	Trinity (Near Majestic Dr.)	12	0		\$575	
Village Apartments	Village Dr. & Eaton	16	1	\$525	\$625	\$725
Totals/Averages		80	1	\$530	\$650	\$715

Source: Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Data\17831-RentComps.xls\Mkt Rate Rentals

EPS interviewed two of the largest property management companies in Pagosa Springs to obtain additional information on the rental market. The findings are summarized in **Table 28**. The survey included approximately 170 units in the long-term rental pool (6 to 12 month leases). These include rentals to local residents and longer term seasonal rentals. Vacancy rates fluctuate between less than 5 percent and 35 percent, depending on the season and the rental management company. Summer is the busier season in Archuleta County because of the number of events and summer recreation tourists. Typical rents range from \$550 per month for a one-bedroom unit to over \$1,000 for a three-bedroom unit.

Table 28
Market Rate Rental Statistics – Management Companies
Archuleta County Housing Needs Assessment

Management Company	# Units	Vacancy		Avg. Rental Rate			Rent Range
		Summer	Winter	1BR	2BR	3BR	
Pagosa Central Management	75	< 5%	10%	\$550	\$750	\$1,000	\$550-\$1,000
Sunetha Management	95	10-15%	35%	\$575	\$700	\$900	\$575-\$900
Totals/Averages	170	10%	24%	\$564	\$722	\$944	\$564-\$944

Source: Economic & Planning Systems

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FOR-SALE MARKET

Data on residential sales for Archuleta County comes from the Archuleta County MLS system and the Pagosa Springs Area Board of Realtors, and is available for the years 2004 through September 2007. The average price for a single family detached home in September 2007 was \$348,000 countywide, as shown in **Table 29**. The median price for a single family detached home in 2007 was \$291,000, growing at 12.6 percent year over year from the median price of \$187,000 in 2004. Manufactured homes saw the highest annual growth rate, rising in price from an average \$50,000 in 2004 to nearly \$129,000 by 2007 at an annual rate of 28.7 percent. The average price in Archuleta County across all product types was \$254,000 in 2004, and grew by an annual average rate of 5 percent to reach \$305,000 by 2007.

Table 29
Average and Median Home Prices, 2004-2007YTD
Archuleta County Housing Needs Assessment

Type	2004	2005	2006	2007 (Sept.)	Change	
					Total \$	Ann. %
Average \$						
SFD	\$270,236	\$297,593	\$351,355	\$347,846	\$77,610	7.0%
Condo/TH	\$133,270	\$185,301	\$233,875	\$217,148	\$83,878	13.9%
MFG	\$49,950	\$98,313	\$120,110	\$128,788	\$78,838	28.7%
Modular	<u>\$144,167</u>	<u>\$173,917</u>	<u>\$191,429</u>	<u>\$201,000</u>	<u>\$56,833</u>	<u>9.3%</u>
All Types	\$254,323	\$271,345	\$316,123	\$305,167	\$50,843	5.0%
Median \$						
SFD	\$186,750	\$225,000	\$273,000	\$291,025	\$104,275	12.6%
Condo/TH	\$108,000	\$148,000	\$196,000	\$185,000	\$77,000	15.4%
MFG	\$49,950	\$84,000	\$109,900	\$135,950	\$86,000	30.6%
Modular	<u>\$150,500</u>	<u>\$148,000</u>	<u>\$200,000</u>	<u>\$195,000</u>	<u>\$44,500</u>	<u>7.2%</u>
All Types	\$182,250	\$216,750	\$260,000	\$259,000	\$76,750	9.8%

Source: Archuleta County MLS; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Data\17834-MLS.xls\1-Avg \$

Breaking down the countywide sales statistics shows some large variations in prices. The average price in downtown Pagosa Springs is \$325,000 compared to the countrywide average of \$305,000, as shown in **Table 30**. The central area between downtown and uptown has an average price of \$394,000. The average price in Aspen Springs was \$154,000 in 2006 and \$133,000 year-to-date in 2007. While there are other areas with higher prices, they are a small portion of the market. As shown in **Table 31**, two-thirds of the market is in the downtown, central, and Pagosa Lakes area. A map of the MLS areas is included in the Appendix.

Average home prices increased by 25.9 percent in downtown Pagosa Springs between 2004 through 2007. Prices increased in downtown from an average of \$137,000 in 2004 to \$325,000 by 2007. The northern section of Archuleta County followed at 18.5 percent annual price increase, from \$328,000 in 2004 to \$620,000 in 2007. The Highway 160 East, Navajo Lake, and upper Piedra areas saw prices fall over the time period.

Table 30
Average Home Prices by Area, 2004–2007YTD
Archuleta County Housing Needs Assessment

Area	2004	2005	2006	2007 (Sept.)	Change	
					Total \$	Ann. %
Downtown Pagosa Springs	\$136,770	\$194,822	\$241,973	\$324,682	\$187,912	25.9%
Central	\$280,863	\$196,073	\$371,609	\$393,850	\$112,988	9.4%
Pagosa Lakes	\$213,056	\$246,639	\$285,961	\$286,835	\$73,779	8.3%
Aspen Springs	\$100,713	\$119,893	\$154,190	\$133,421	\$32,708	7.8%
West	\$699,800	\$494,214	\$680,143	---	---	---
North	\$328,338	\$765,454	\$1,095,714	\$620,000	\$291,662	18.5%
Hwy 160 East	\$879,000	\$266,457	\$476,731	\$591,333	-\$287,667	-10.0%
Upper Hwy 84	\$294,134	\$437,052	\$386,860	\$337,538	\$43,405	3.7%
Lower Hwy 84	\$622,656	\$438,727	\$438,639	\$628,833	\$6,178	0.3%
South (Chromo)	\$599,469	\$657,780	---	\$805,000	\$205,531	8.2%
Navajo Lake	\$388,333	\$185,143	\$179,021	\$222,000	-\$166,333	-13.9%
Upper Piedra	\$349,417	\$302,635	\$345,456	\$236,767	-\$112,650	-9.9%
Average	\$254,323	\$271,345	\$316,123	\$305,167	\$50,843	5.0%

Source: Archuleta County MLS; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Data\17834-MLS.xls]3-\$ by geo

Table 31
Sales Volume by Location
Archuleta County Housing Needs Assessment

Area	2004	2005	2006	2007 (Sept.)	Total	% of Total
Downtown Pagosa Springs	20	25	15	11	71	4%
Central	8	26	12	5	51	3%
Pagosa Lakes	306	363	237	124	1,030	61%
Aspen Springs	38	46	37	14	135	8%
West	10	14	7	0	31	2%
North	5	13	7	1	26	2%
Hwy 160 East	12	14	13	6	45	3%
Upper Hwy 84	31	40	30	13	114	7%
Lower Hwy 84	9	11	18	9	47	3%
South (Chromo)	8	5	0	2	15	1%
Navajo Lake	3	7	14	6	30	2%
Upper Piedra	<u>6</u>	<u>17</u>	<u>37</u>	<u>27</u>	<u>87</u>	<u>5%</u>
Total	456	581	427	218	1,682	100%

Source: Archuleta County MLS; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Data\17834-MLS.xls\Vol_by_Geo

The majority of home sales are single family homes. Nearly 79 percent are in the single family detached product category. Condominium and townhome sales make up 18 percent of the sales. Manufactured and modular homes account for the remaining 4 percent. These figures may understate the significance of the townhome market, as there are several new townhome developments for sale and under construction. And it is common for home construction to be sold directly by the builder rather than through the MLS. Total sales peaked in 2005 with 582 sales; in 2006 total sales declined with 428 sales, and in 2007 with 218 sales through September, as shown in **Table 32**.

Table 32
Number of Sales by Product Type, 2004-2007
Archuleta County Housing Needs Assessment

Type	2004	2005	2006	2007 (Sept.)	Avg #
SFD	404	452	316	158	346
Condo/TH	48	116	90	41	77
MFG	2	8	15	16	12
Modular	<u>3</u>	<u>6</u>	<u>7</u>	<u>3</u>	<u>5</u>
Total	457	582	428	218	439

Source: Archuleta County MLS; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Data\17834-MLS.xls\2-#Sales

Previous sales statistics shown contain home resales and new construction. It is important to examine trends in new construction because they provide an indicator of the future direction of the housing market. By calculating the average sales price for homes built in one year that sold that same year and the year after, a dataset of new construction homes can be analyzed. Homes that were built in 2004 and sold in 2004 and 2005 had an average price of \$263,000, as shown in the right-hand column of **Table 33**. Homes built in 2006 and sold in 2006 and 2007 had an average price of \$323,000. The prices for newly constructed homes increased at an annual rate of 8 percent, or \$83,000 over the time period, compared to the overall market appreciation of 5.0 percent per year.

Table 33
New Construction Price by Year Built, 2004-2007YTD
Archuleta County Housing Needs Assessment

Year Built	2004	2005	2006	2007 (Sept.)	New Construction
2004	\$236,601	\$288,752			\$262,677
2005		\$328,607	\$322,894		\$325,750
2006			\$313,964	\$331,588	\$322,776
2007 (Sept.)				\$345,500	\$345,500
\$ Change					\$82,823
Annual %					8%

Source: Archuleta County MLS; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Data\17834-MLS.xls\4-SFD \$ yr built

NEW DEVELOPMENT

CURRENT PROJECTS

EPS worked with Town and County staff to identify the current inventory of master planned development projects. There is a significant amount of development on individual existing lots in the County; the character of that development is reflected in the broader sales statistics for the County. There are approximately 232 new townhomes in six projects in various stages of the construction and sale process within incorporated Pagosa Springs, as shown in **Table 34**. The 14th Street Townhomes is the lowest priced project at approximately \$200,000. Aspen Village offers townhomes starting in the low to mid \$200,000's. Upper end projects include Whispering Pines, a golf course oriented project along Talisman Drive with units from \$300,000 to \$500,000. The Villas is also a golf course and recreation oriented community with prices starting at \$515,000.

Interviews with local real estate professionals indicate that attached townhomes and condominiums are being primarily purchased by and marketed to second homeowners looking for a low maintenance vacation or second home.

As shown in **Table 34**, there is very little new single family construction occurring in Pagosa Springs at this time. Aspen Village is the only major current project identified, with 54 single family homes priced from \$335,000 to the mid \$400,000's.

Table 34
New Planned Communities
Archuleta County Housing Needs Assessment

Project Name	Location	T.H. /		Total	Price Range (\$000s)
		SFD	Duplex		
Town of Pagosa Springs					
14th Street Townhomes	14th St., Downtown		16	16	\$200
Aspen Village	Hwy. 160 (Uptown)	54	86	140	TH \$230+ SFD \$335+
River's Edge	San Juan St.		8	8	\$715+
Riverwalk	502 S. 5th St.		39	39	\$350-\$425
The Villas	Pinion Causeway & Hwy 160		34	34	\$515+
Whispering Pines	Park Ave. & Talisman Dr.		<u>49</u>	49	\$300-\$500
Subtotal		54	232	286	
Archuleta County					
Coyote Cove (Homesites)	Piedra Rd. & N. Pagosa Blvd.	34		34	\$84-\$475
Meadows Golf Villas	Park Ave. & Valley View		24	24	\$330+
Saddle Mountain Townhomes	North Pagosa Lake		<u>24</u>	24	\$300+
Total		34	48	82	

Source: Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Data\17834-Devel_Inventory.xls\Active

In Archuleta County there are two current townhome developments. The Meadows Golf Villas and the Saddle Mountain Townhomes are both second homeowner-oriented projects with prices starting above \$300,000.

In the single family category, the Coyote Cove subdivision is offering lake front building lots ranging in price from \$84,000 to \$475,000. This summary does not account for the 200 to 250 new homes built each year on existing platted lots in the unincorporated County. A new builder has recently entered the Pagosa area market and is delivering 20 to 30 homes per year priced in the low \$200,000s, which is affordable to households in the 120 to 150 percent of AMI range, approximately. This indicates that there is the potential for the market to provide some of the entry-level housing need.

EXPECTED FUTURE DEVELOPMENT

There are a number of major land parcels surrounding the Town of Pagosa Springs with the potential for significant real estate development. Some parcels have formal applications associated with them and are in the planning process. Others are longer term development opportunities; however, landowners have expressed interest to Town and County staff in eventually developing these sites. As shown in **Table 35**, there are more than 1,000 acres of potential new development in the Town or with the potential to be annexed into the Town, and an additional 104 acres of potential development in the County.

The 163-acre Pradera Point is currently under review with the Town and will have approximately 119 single family lots (approximately 1.0 acre lots), as shown in **Table 36**. Lots in Pradera Pointe are expected to be priced at approximately \$150,000 or higher. The Dakota Springs project is located just to the south of Town along Trujillo Road and is currently under preliminary review for a subdivision application to accommodate 218 dwelling units. This project has the potential to provide a diversity of housing types, and possibly moderate price-points in the \$200,000s, although plans are too preliminary at this point for accurate pricing estimates.

There are two other large projects with the potential for development and annexation. Blue Sky Village and the former Lonestar Ranch/MacIntyre are both well-located sites close to Town with landowners who have an interest in development. These are likely to be higher end projects with a significant second home component. However, creative site planning could also allow for a variety of housing types and prices in these projects.

Table 35
Major Planned and Potential Developments
Archuleta County Housing Needs Assessment

Project Name	Location	Status	Type of Application	Acres
Town of Pagosa Springs				
East Village	200 Block Pagosa St.	Under Review	Conditional Use Permit	1.3
Pradera Pointe	Cemetery Rd. & Crestview	Sketch Plan Approved	Subdivision	163
Dakota Springs	Trujillo Rd.	Sketch Plan Approved	Subdivision	52
Catchpole Ranch	Light Plant Rd & Hwy 84	No formal application	Annexation & Subdivision	615
Blue Sky Village	Hwy 84 S. of Fairgrounds	No formal application	Annexation & Subdivision	96
Lonestar Ranch/MacIntyre	Junct. of Hwy 160/84	No formal application	Annexation & Subdivision	107
San Juan River Villas	East of 84/160 Jnct.	Final Approval	PUD	5
Bear Country Center	Put Hill & Pike Dr.	Sketch Plan Approved	PUD	12
Highland Springs	N side of Trujillo Rd.	Preliminary Approval	Subdivision	<u>32</u>
Subtotal				1,083
Archuleta County				
TreeTops of Pagosa	Piedra Rd. & FS-650	Conceptual Review	PUD	52
San Juan Riverside	East Hwy. 160	Conceptual Review	PUD	21
Coyote Cove	Piedra Rd. & N. Pagosa Blvd.	Approved	Subdivision	<u>30</u>
Subtotal				104

Source: Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Data\17834-Devel_Inventory.xls\Planned

Table 36
Potential Program for Major Planned Developments
Archuleta County Housing Needs Assessment

Project Name	Residential					Commercial	
	SFD	T.H. / Duplex	Condo	Apartment	Total	Sq. Ft.	Commercial Type
Town of Pagosa Springs							
East Village			5		5	5,940	24 room hotel
Pradera Pointe	119				119	---	
Dakota Springs	118	84		16	218	---	
Catchpole Ranch					1,000	---	
Blue Sky Village	65	134			199	---	17.6 ac. commercial
Lonestar Ranch/MacIntyre					---		
San Juan River Villas		21			21		
Bear Country Center		37	26		63	30,000	Retail
Highland Springs	<u>40</u>				<u>40</u>		
Subtotal	342	276	31	16	1,665	35,940	(not incl. 17.6 acres above)
Archuleta County							
TreeTops of Pagosa		188 total, TBD			188	140,000	Undetermined
San Juan Riverside	10			16	26	---	4 to 5 ground floor commercial units
Coyote Cove	<u>34</u>				<u>34</u>	---	
Subtotal	315	60	16	0	248	140,000	

Source: Economic & Planning Systems
H:\17834-Pagosa Springs Housing Needs\Data\17834-Devel_Inventory.xls\Planned

In Archuleta County, TreeTops of Pagosa is a planned mixed use development 3.75 miles north of Highway 160 on Piedra Road. The project would include approximately 188 dwelling units, including a mix of single family, townhome, and condominium units and possibly 140,000 square feet of commercial space.

This large amount of planned development indicates that the Pagosa Springs area has a strong real estate market over the long term, despite the current market downturn. A strong market can be beneficial if it can be leveraged to provide public benefits including workforce housing. Workforce housing includes unrestricted free market housing at prices affordable to local residents and subsidized housing. Local government can have a role in helping the private market provide more workforce housing by ensuring that land use regulations support a variety of housing types and densities high enough to allow for lower per unit land and development costs. Local government can also use incentives such as density bonuses and fee deferrals to help developers lower per-unit costs and provide more attainable housing.

V. AFFORDABILITY ANALYSIS

This chapter estimates the housing needs for Archuleta County by income level and by housing type. Rental housing affordability is analyzed first, followed by housing ownership. Finally, a housing gap analysis provides an estimate of the gaps in the ownership housing market. This chapter, in conjunction with the Chapter IV: Market Conditions forms the basis for the recommendations and Action Plan.

INCOME DISTRIBUTION

The U.S. Department of Housing and Urban Development publishes income definitions for different household sizes for use in the administration of housing programs. The benchmark for income definitions is a family of four earning the area median income (AMI). As household sizes grow, so do the income limits, to allow for multiple earners and the additional income needed to support a family. The AMI for Archuleta County is \$50,600 for a family of four. Since there are a variety of household sizes, the AMI is calculated for a 2.5 person household as a proxy for the average household size of 2.47 in Archuleta County. A 2.5 person household (the average household size) could qualify for housing open to the 60 to 80 percent AMI level if their household income does not exceed \$34,442 per year, as shown in **Table 37**.

Table 37
HUD Income Limits, 2006
Archuleta County Housing Needs Assessment

Percent of AMI	Household Size					
	1-Person	2-Person	2.5-Person	3-Person	4-Person	5-Person
< 30%	\$11,300	\$12,950	\$13,750	\$14,550	\$16,150	\$17,450
60%	\$21,273	\$24,302	\$25,817	\$27,331	\$30,360	\$32,790
80%	\$28,364	\$32,403	\$34,422	\$36,441	\$40,480	\$43,720
100%	\$35,455	\$40,503	\$43,028	\$45,552	\$50,600	\$54,650
120%	\$42,546	\$48,604	\$51,633	\$54,662	\$60,720	\$65,580
150%	\$53,183	\$60,755	\$64,541	\$68,328	\$75,900	\$81,976

Source: US Dept. of Housing and Urban Development; Economic & Planning Systems

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HUD defines “low income” household as those earning 80 percent or less of the median income. “Very low income” households are those earning less than 50 percent of the median income.

The actual income distribution for Archuleta County households is shown in **Table 38** and in **Figure 3**. Low income households comprise 36 percent of all households in the County (the total from zero to 80 percent of AMI). Very low income households are 20 to 25 percent of all households.

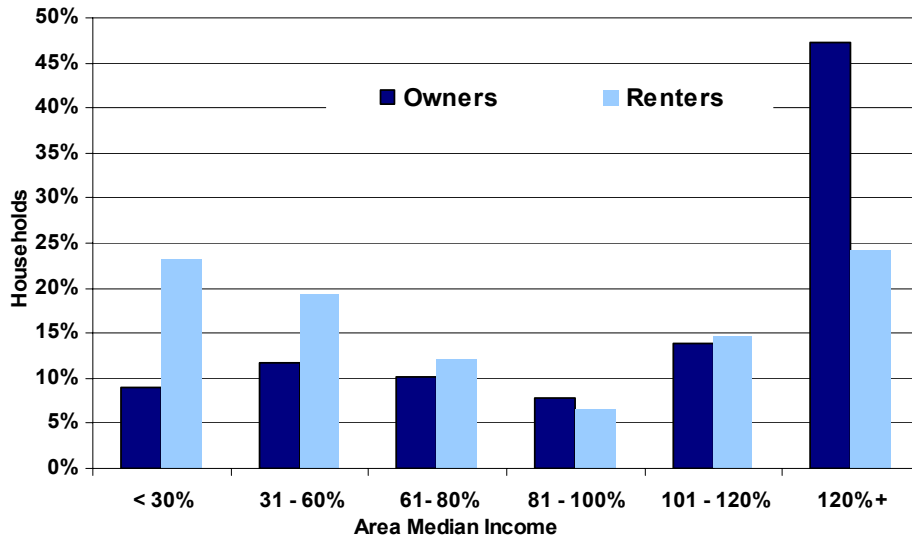
Table 38
Archuleta County Income Distribution, 2006
Archuleta County Housing Needs Assessment

Percent of AMI	Income Range		Renters		Owners		Total	
	Low	High	#	%	#	%	#	%
< 30%	\$0	\$13,750	268	23%	341	9%	608	12%
31 - 60%	\$13,751	\$25,817	225	19%	439	12%	664	13%
61- 80%	\$25,818	\$34,422	140	12%	380	10%	520	11%
81 - 100%	\$34,423	\$43,028	76	7%	297	8%	373	8%
101 - 120%	\$43,029	\$51,633	169	15%	524	14%	693	14%
120% +	\$51,634		<u>279</u>	<u>24%</u>	<u>1,779</u>	<u>47%</u>	<u>2,058</u>	<u>42%</u>
Total			1,157	100%	3,759	100%	4,916	100%

Source: Ribbon Demographics; Economic & Planning Systems
 H:\17834-Pagosa Springs Housing Needs\Models\17834-Gap.xls\HH_X_Income

The income distribution of the County is different for renters and owners, as illustrated in **Figure 3**. Renters are more concentrated in the lower income brackets, while owners are more concentrated in the middle and upper income brackets. Forty-three percent of renter households earn less than 60 percent AMI and are considered very low income as defined by HUD.

Figure 3
Archuleta County Households by AMI, 2006
Archuleta County Housing Needs Assessment



Owner households are concentrated above 120 percent of AMI; 47 percent of owner households are above this income. Approximately 20 percent of owners are below 60 percent of AMI. These are likely seniors on fixed incomes.

INCOME AND HOUSING POLICY

The data on income distribution can be used to help formulate a workforce housing policy. Approximately one-third of all households (renters and owners) are in the 80 to 120 percent of AMI range, which is a common policy target for entry-level workforce housing ownership. This suggests that to match the housing supply with income levels, approximately one third of all new *for sale* housing should be affordable to those within this income range. The data also show that approximately one quarter of the population could potentially qualify for subsidized rental housing below 60 percent of AMI.

RENTAL AFFORDABILITY

A widely used standard for housing affordability is that a household should not spend more than 30 percent of monthly gross income on rent or mortgage payments before taxes, utilities and other expenses. This measurement is called cost burden, and households paying more than 30 percent are defined as cost burdened. Based on the 2000 Census, approximately 42 percent of renter households in Archuleta County are cost burdened, as shown in **Table 39**. Included are nearly 20 percent of renters who are paying more than 50 percent of their income in rent, showing a significant number of cost burdened renters.

Table 39
Rent as a Percentage of Household Income
Archuleta County Housing Needs Assessment

% of HH Income	% HHs
< 10%	7.4%
10% to 14%	9.1%
15% to 19%	16.4%
20% to 24%	14.3%
25% to 29%	11.1%
30% to 34%	7.4%
35% to 39%	8.2%
40% to 49%	7.8%
50%+	18.3%
Total over 30%	41.7%

Source: US Census; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Rental Rate Affordability.xls\Renter Cost Burden

The following analysis assesses the affordability of market rents in the Pagosa Springs area. The HUD standard of 1.5 persons per bedroom was used to correlate income with household and rental unit size. In the right-hand column of **Table 40**, the income range needed to afford the estimated market rent (from rental manager interviews) is shown. One-bedroom units are affordable to households earning 55 to 60 percent of AMI, while two-bedroom units are affordable to households earning 55 to 65 percent of AMI. Three-bedroom units require incomes of 60 to 70 percent of AMI for a 4.5 person household.

The analysis shows that free market rentals in all three bedroom categories can serve households earning between 60 and 80 percent of AMI. Market rate rental housing can serve households above 60 percent of AMI, assuming an adequate supply of rental housing. Subsidized rental housing can serve households earning less than 60 percent of AMI. The Federal Low Income Housing Tax Credit (LIHTC) program is an effective tool that for-profit and non-profit developers can use to serve the market below 60 percent of AMI.

Table 40
Market Rate Rental Affordability
Archuleta County Housing Needs Assessment

Type	Household Size 1.5 per BR	Rental Survey		
		Market Rent	Income Required 30%	Affordability Range (% of AMI)
1 Bedroom	1.5	\$553	\$22,124	58%
2 Bedroom	3.0	\$699	\$27,960	61%
3 Bedroom	4.5	\$871	\$34,832	66%

Source: Economic & Planning Systems

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OWNERSHIP AFFORDABILITY

Nearly 37 percent of all owner households that have mortgages are cost burdened, as shown in **Table 41**. Included in this figure is the 15 percent of owners who pay more than 50 percent of their income to housing. These figures are from the 2000 Census, and given the rise in housing prices, affordability has since worsened.

Table 41
Cost Burdened Ownership Households with Mortgages
Archuleta County Housing Needs Assessment

% of HH Income	% HHs
< 10%	5.5%
10% to 14%	13.8%
15% to 19%	17.5%
20% to 24%	14.6%
25% to 29%	12.1%
30% to 34%	9.6%
35% to 39%	4.6%
40% to 49%	7.4%
50%+	14.8%
Total over 30%	36.5%

Source: US Census; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Gap.xls\Ownership Cost Burden

The average home in Archuleta County was priced at approximately \$305,000 in September 2007, as shown in **Table 42**. The monthly payment on a home of this price is approximately \$2,200, assuming a 5 percent down payment, a 30-year loan at a 7 percent interest rate, and 1 percent of market value in monthly taxes. In order to afford this average home, a household must earn approximately \$88,000 per year, an income that is currently greater than 150 percent of AMI for a four-person household. This is equivalent to one person making \$42 per hour, or two people earning \$21 per hour. However, the average wage in Archuleta County is less than \$13 per hour.

Table 42
Income Needed to Afford Average Home Price
Archuleta County Housing Needs Assessment

Description	Factors	
Average Home Price		\$305,000
Mortgage Amount	95%	\$289,750
Monthly Payment (30 years, 7.0%)		\$1,930
Insurance		\$30
Taxes	1%	<u>\$250</u>
Monthly Housing Payment		\$2,210
Income Required	30%	\$88,000
Equivalent Wage		
One Earner	2,080	\$42.00
Two Earners		\$21.00

Source: Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Data\17834-MLS.xls]Sheet1

OWNERSHIP HOUSING GAP ANALYSIS

The housing gap analysis is a way of evaluating how well housing prices match the income distribution of households. The first step in a gap analysis is to estimate how much a household can afford in a housing payment. The second step is to estimate the percentages of housing units that fall within the target price ranges and compare it to the percentages of households within the corresponding income ranges. If there is a higher or equal percentage of housing units compared to households in each range, the housing stock is generally affordable to that income range. If the percentages of housing units are lower compared to households (more households than units at that price), it indicates an affordability gap. The gap analysis provides a gauge of how well the housing stock is matched to local household incomes.

Using a 30 percent affordability standard including insurance and taxes, the net available income to service the mortgage debt is estimated at each AMI level. Using a 7 percent interest rate, a 30-year fixed rate loan, and a 5 percent down payment, the target purchase price by AMI is shown in **Table 43**. At 80 percent of AMI, the target purchase price is \$136,100, and is \$205,800 at 120 percent of AMI. The 80 to 120 percent of AMI range represents the target incomes for entry-level ownership workforce housing.

Table 43
Market Rate Ownership Affordability
Archuleta County Housing Needs Assessment

Description	Factor	AMI Level				
		31 - 60%	61 - 80%	81 - 100%	100 - 120%	121 - 150%
Maximum Income ¹		\$25,817	\$34,422	\$43,028	\$51,633	\$64,541
Housing Payment Capability						
Monthly Mortgage Payment	30% of Income	\$645	\$861	\$1,076	\$1,291	\$1,614
Insurance	\$400/Yr.	-\$30	-\$30	-\$30	-\$30	-\$30
Taxes ²	1%	<u>\$20</u>	<u>\$30</u>	<u>\$40</u>	<u>\$40</u>	<u>\$50</u>
Net Avail. For Debt Service		\$635	\$861	\$1,086	\$1,301	\$1,634
Target Purchase Price						
Loan Amount	7.0% Interest	\$95,500	\$129,300	\$163,200	\$195,500	\$245,500
Down Payment		5%	5%	5%	5%	5%
Loan to Value Ratio		<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>	<u>95%</u>
Target Purchase Price		\$100,500	\$136,100	\$171,800	\$205,800	\$258,400

¹ Based on a household size of 2.5.

² Percent of Market Value

Source: Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Gap.xls\4-Purch_Capability

The percentage of homes in each target price range is shown in **Table 44** based on an analysis of residential sales in Archuleta County in 2006—the most recent year for which a full year of data is available. Approximately 45 percent of the inventory is affordable to households earning up to 120 percent of AMI, and 34 percent is affordable to people earning the median income (100 percent of AMI).

Table 44
Market Rate Ownership Supply
Archuleta County Housing Needs Assessment

% of AMI	Purchase Capacity	% of Sales	
		in 2006	# of Sales
31 - 60%	\$0 - \$100,500	11.7%	185
61 - 80%	\$100,500 - \$136,100	10.8%	176
81 - 100%	\$136,100 - \$171,800	11.7%	211
100 - 120%	\$171,800 - \$205,800	11.7%	191
121 - 150%	\$205,800 - \$258,400	14.3%	245
150% +	> \$258,400	<u>40.0%</u>	<u>677</u>
Total		100.0%	1,685

Source: Archuleta County MLS; Economic & Planning Systems

H:\17834-Pagosa Springs Housing Needs\Models\17834-Gap.xls]5-Supply

Table 45 shows the gap analysis for all households (renters and owners) in Archuleta County. By including all households, the analysis takes into consideration that some renter households may be interested in purchasing a home. The analysis includes all unit types: single family, condominiums, townhomes, and manufactured homes.

The percentage of households in the 60 to 80 percent of AMI level is reasonably matched to the percentage of housing units affordable to that group. In the 80 to 100 percent of AMI income range, the supply is also reasonably balanced, although there is a slight supply gap for the 100 to 120 percent of AMI income range. There is a significant gap at the upper end of entry-level ownership from 120 to 150 percent of AMI.

While there is a diversity of price points available in the market, this analysis does not take into account the quality and condition of the housing available at these prices. Anecdotal information indicates that many of the lower priced homes in and around the Town would need thousands of dollars in repairs, updates, and energy efficiency improvements. These are additional costs that make much of the entry-level housing less affordable to the buyers at the margin of ownership and affordability. Furthermore, many of the lower priced homes are small townhomes and condominiums that may not be a practical long-term option for local families.

Table 45
Market Rate Ownership Gap Analysis
Archuleta County Housing Needs Assessment

Description	% of AMI				Totals
	61 - 80%	81 - 100%	100 - 120%	121 - 150%	
Maximum Income	\$34,422	\$43,028	\$51,633	\$56,970	---
Target Purchase Price	\$136,100	\$171,800	\$205,800	\$258,400	---
Home Sales (2006)	10.8%	11.7%	11.7%	14.3%	60%
Households by AMI (%)	11%	8%	14%	42%	74%
Surplus (+) or Gap (-)	0%	4%	-2%	-28%	

Note: Income limits are based on an average household size of 2.5

Source: Economic & Planning Systems

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WORKFORCE HOUSING TARGETS

A reality in resolving housing affordability issues is that few communities have the resources to provide for all of their workforce housing needs. Nevertheless, the community should identify some reasonable production goals for workforce housing. Three planning level calculations are presented below in **Table 46** to show the level of commitment that would be needed to maintain current conditions. This would not address any existing shortages or 'backlogs' in workforce housing.

HOUSING NEED PROJECTION

The first scenario, below, projects workforce housing construction with the number of new units tied to the existing income distribution in Archuleta County. This would meet 100 percent of the housing needs going forward (assuming income distribution remains the same).

As shown, 22 percent of all households are between 80 and 120 percent of AMI. This income segment can be served through both market rate rental housing and entry-level ownership. Another 11 percent of households are in the 60 to 80 percent of AMI ranges. Free market rental housing, subsidized rental housing, and self help/sweat equity housing are viable solutions for these income groups. Below 60 percent of AMI, which accounts for 25 percent of all households, a combination of subsidized rental, free market rental, and special needs housing is needed.

In total, the income groups up to 120 percent of AMI comprise 58 percent of all households. To match new housing construction with these income levels to meet future housing needs, 58 percent of all new construction would need to be affordable to these households. To meeting 100 percent of the need, the community needs to achieve approximately 170 units per year in workforce housing production.

PRODUCTION GOALS

It is not realistic to plan for meeting 100 percent of the need going forward. Therefore, two estimates are presented to show the housing production needed to meet 10 and 20 percent of the housing needs going forward.

To meet 10 percent of the future need, annual production of 15 to 20 units per year is needed. This is calculated by multiplying the "100 percent of Housing Need" figures by 10 percent. To meet 20 percent of the need, approximately 35 units per year are needed.

The figures in each AMI category are provided for reference only; the community can decide what types of housing to produce based on available resources and opportunities. The community should decide on a reasonable annual production target and credit any type of housing affordable to households below 120 percent of AMI towards that goal. Additional criteria could be added, such as housing that is close to jobs and services to ensure that new housing is consistent with other land use goals. The Housing Forum can be used to review the community's progress towards annual production goals.

Table 46
Workforce Housing Production Goals
Archuleta County Housing Needs Assessment

Description	2006-2010	2011-2015	2016-2020	2021-2025	2006-2025		
					Total #	Annual #	
Housing Projection							
Annual Construction	250	300	310	325			
New Construction per Period	1,000	1,500	1,550	1,625	5,675	299	
Workforce Housing Goals							
	<u>% of New Construction</u>	<u>New Construction per Period</u>					
<u>100% of Housing Need</u>							
Ownership & Rental 80-120% AMI	22%	220	330	341	358	1,249	66
60 to 80% AMI	11%	110	165	171	179	624	33
Less than 60% AMI	<u>25%</u>	<u>250</u>	<u>375</u>	<u>388</u>	<u>406</u>	<u>1,419</u>	<u>75</u>
Total	58%	580	870	899	943	3,292	173
<u>10% of Housing Need</u>							
Ownership & Rental 80-120% AMI	2.2%	22	33	34	36	125	7
60 to 80% AMI	1.1%	11	17	17	18	62	3
Less than 60% AMI	2.5%	<u>25</u>	<u>38</u>	<u>39</u>	<u>41</u>	<u>142</u>	<u>7</u>
Total		58	87	90	94	329	17
<u>20% of Housing Need</u>							
Ownership & Rental 80-120% AMI	4.4%	44	66	68	72	250	13
60 to 80% AMI	2.2%	22	33	34	36	125	7
Less than 60% AMI	5.0%	<u>50</u>	<u>75</u>	<u>78</u>	<u>81</u>	<u>284</u>	<u>15</u>
Total		116	174	180	189	658	35

Source: Economic & Planning Systems

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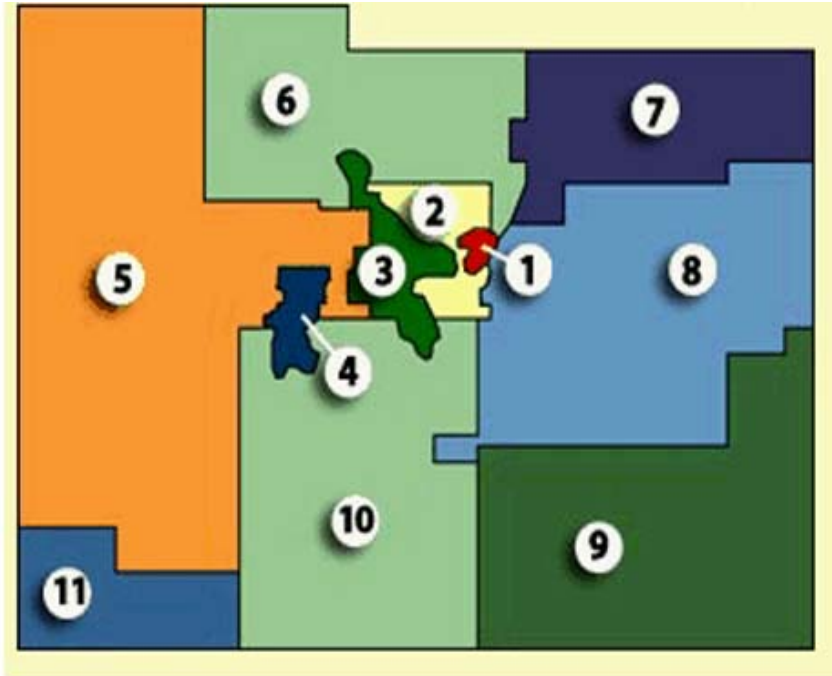
Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDICES:

ARCHULETA COUNTY MLS AREAS MAP
EMPLOYER SURVEY COMMENTS

Figure A1
Archuleta County MLS Areas
Archuleta County Housing Needs Assessment



1. Downtown Pagosa
2. Pagosa Central
3. Pagosa Lakes
4. Aspen Springs
5. West Archuleta County
6. North Archuleta County
7. Highway 160 East
8. Upper Highway 84
9. Lower Highway 84
10. South Archuleta County
11. Navajo Lake

EMPLOYER SURVEY COMMENTS

WHAT IS THE BIGGEST CHALLENGE FOR YOUR BUSINESS?

- Finding people that want to work and have a good work ethic.
- Employees. It is difficult to find and keep competent employees.
- Finding the resources that will allow us to provide the books and services requested by our patrons. Not only do we serve the residents of Pagosa Springs, we also provide access to the library to the residents of Archuleta County.
- Finding qualified and experienced help! Keeping that help!
- Cheap, imported junk from china and a "disposable society" mentality.
- The high fees to build.
- The cost of land has increased so drastically over the past 3-5 years that it makes affordable homeownership almost impossible.
- No business/economic development in Pagosa. Pagosa needs to create jobs by bringing in businesses, a community college, retail businesses, etc. It is truly dependent on only tourism and part time resident.
- Governmental regulation of the building industry, which leads to "sticker shock" among clients when they discover what it costs to build a home here.
- With the situation with the county government people are hesitant to purchase here. Many view the county and city as anti-growth and unfavorable to new comers.
- Too many realtors for the area, and housing and mortgage problems. Unrealistic pricing of properties.
- Ever increasing expenses.
- Poor housing sales and a lack of buyers.
- Competing with the big companies such as Fergusons, Dahls, Home Depot and Lowes.
- To find people who spin on a spinning wheel and who are willing to by roving.
- Too much unfair competition (big box).
- Parking! Mostly in the summertime, not so much in the winter. Providing decent salary for employees.
- 1) Ridiculous sign ordinance in town; 2) Property taxes increasing; 3) Very poor attitude at the town level towards businesses; 4) Taxation without representation on town council.
- Time and builders not understanding they need to put something in the walls for window coverings to hang on.
- Meeting overhead.
- Increasing fees for operation and taxes.

- Finding good help.
- Finding qualified employees.
- To keep our business in the public eye without spending all our profits on advertising. Attracting complementary businesses. Attracting qualified applicants to our business. No educational opportunities past high school for residents.
- Getting good employees and the short economic cycles present in Archuleta County.
- Keeping up with demand and learning new tools and techniques.
- Unable to find reliable employees. Unable to provide health insurance to employees.
- There are a lot of framers (pictures) and good photographers for such a small town. Having a home-based business makes it even tougher to reach our share of the pie.
- Retaining employees because of the cost of living and being able to pay them a decent wage for the type of work.
- Future expansion and parking
- Difficult to recruit and hire seasonal staff. Very limited pool of candidates in immediate area. High fuel prices discourage other potential employees in nearby communities
- Staying in affordable space.
- Weather, gas and the housing market.
- Lack of affordable retail space. Landlords that terminate lease so neighboring retailers can expand.
- Making Pagosa an artist destination to bring art buyers to Pagosa.
- Finding employees. We finally went to outsourcing all work. Cost a little more but don't have to deal with trying to keep employees and finding ones that only want seasonal work.
- Increasing sales and getting people out of town (business is 9 miles out on 160 towards Durango).
- Advertising and the cost of space.
- Small population, low income area, it is difficult to get supplies and expensive especially in the winter.
- Growth of customer base and knowledge of my services.
- The stressed economy in Pagosa has definitely affected my business. My product is probably the last thing folks would use if money has become a problem. My business will probably be closing within the next year.
- Our biggest challenge is being able to find and retain skilled people when we do need them. It is easier to remain small than to try to expand with this unreliability.
- Surviving the slow months, end March, April, May, and finding trustworthy help! Cannot afford to pay higher salary but understand that an employee needs to be able to afford to live (catch 22).

- High turnover, most people working 2-3 jobs and eventually the least favorable jobs suffer.
- Steady and consistent clientele
- Property tax
- Downtown parking availability, especially long-term parking for employees. Now almost all spaces are 2 hours.
- Keeping up with the growth
- Need more population in area
- Getting the businesses to realize that I am here to stay.
- The high rate of speed at which drivers go thru downtown. Crosswalks and stoplight on 2nd would be great. Lack of other businesses/activities layers of interesting places to peruse. Snow-ice removal in winter on 160 still.
- Engaging community at-large in philanthropy and communicating needs to citizens.
- Big brothers and big sisters reaching out to the community to let parents know about our program and the benefits it could bring to the lives of their children. Our program is a resource that more people could take advantage of.
- Increasing tourism during slow months of April, May, October and November.
- Making enough money to make a living and still have a life. Getting goods to Pagosa via wholesale distributors. Attracting employees. Affordable health benefits for employees.
- I am happy with the space I'm renting but the building could be sold and rents are high here in town for small spaces. We need more retail businesses in east Pagosa and more parking to accommodate tourists stopping.
- Property and personal property taxes.
- None evident, other than the cost of obtaining supplies I need by constant shipping.
- Lines of extended credit.
- Increasing federal regulations.
- Keeping trained employees from winter to winter, but that is the nature of the ski business. Getting the county to sand and plow our hill so we can get all of our timeshare/condo customers safely into our shop.
- Having a venue, securing broader support, and making it affordable for a bigger base.
- I feel there will be a decrease in demand for entry-level housing when the trade employees leave because of lack of work and that will affect most other businesses in the area.
- Finding employees who actually want to earn their wages. That has been our biggest challenge since we opened, and we see no change in the future.

- Money or the lack there of. Affordable housing for the young deputies with families. Our men don't make enough for housing if they have children at home. A lot of deputies rent.
- Property taxes are outrageous
- All contractors should be licensed
- The rural location. Doesn't get daily traffic. We function by event. More open houses are attracting more visitors
- Keeping units filled during "seasons".
- Commitment and involvement in a non-profit that is still becoming established. People have to work so hard in Pagosa that there is little time and motivation left to volunteer.
- Convincing business that spending money for management and marketing advisory services is an investment in developing a successful business, not an expense.
- Making the public aware of our product and educated about our products' benefit.
- Broader acceptance (including major medical insurance coverage) for acupuncture.
- Funding employees that actually want to work.
- January through April. Not enough local customers. No visible upgrades to the town to keep tourist coming back. Sundays - no business.
- Finding competent, hard-working employees.
- Profitability is my biggest challenge right now until I can establish enough sales volume to enable myself to buy my supplies in bulk and at wholesale prices.
- Stimulus for business growth! I depend on new business coming into area and old business growing.
- Finding employees with good work ethics.
- I am a graphic artist. Trying to find a stable market for my artwork as I have a lot of competition.
- Finding good help
- Need talented leatherworker. I need 2nd computer and good bookkeeping help. Good work ethic employees.
- Trying to stay competitive with internet. Being able to pay my employees a decent wage so that they can survive on only having to work on job.
- Keeping up with all the work. We are very busy.
- Maintaining quality employees.
- Getting new customers into the center.
- Finding and selling affordable housing.
- Space for local classes and out of town attendees. Meeting room and training space.
- Letting people know I'm a hotel/motel.

- The biggest challenges are factors out of my control. There is no other business more important to this area than real estate. Both County impact fees and PAWS fees are killing new development. If you want prices to fall, lower the fees.
- Employee wages being competitive due to oil and gas and other industries in the area.
- Meeting demands of rapid growth, aging infrastructure, and federal and state mandates.
- Lack of good loyal people. No work ethics and parents just give their kids everything.
- Hiring and training professional staff.
- Land use codes and income/affordable housing.
- Weather.
- Paying rent, taxes, utilities, just to keep my doors open
- Parking for customers/employees.
- Long term employee commitment. Quality, reliable, professional people. Employee wages meeting living expenses.
- 1) Residents and second homeowners don't buy locally. 2) Import quality and availability have choked my ability to provide product to customers.
- Expansion to keep up with growth with Town and County
- Need more family business versus retiree business (retirees don't use our service). Need more professional customers versus retirees.
- Retail Propane Delivery Business - Low wages throughout the county which causes a lot of past due accounts.
- Increase sales - Affordable advertising
- The low income levels of full-time Archuleta County residents.
- Cost of over head, sales tax and workers compensation cost.
- Increasing rental rates in on old facility.
- Adequate revenues to provide governmental services.
- Challenges for my business relate to the level of new construction in this county and surrounding communities.
- Impact fees and town government not pro growth (sensible growth).
- The biggest challenge, among many challenges, is to sell high-end (quality) goods in a low end community.
- Finding and keeping good skilled employees.
- Providing high enough salaries and benefits compared to the cost of living in Pagosa. Employees tend to be transient because of how hard it is to make a living in Pagosa.

- Surviving the real estate wave in the low tide times. Having flexible overhead during the low points of the cycle.
- Tourism is dropping yearly although chamber and other statistics say otherwise. The cost of living in this area is too high.
- Parking and Signage.
- Not enough paying costumers. Too Seasonal. I need Christmas season business year round.
- Finding qualified-dedicated employees. We are a service company requiring technical expertise that takes a long time to teach (7-8 years).
- Is figuring out what seasonal hours work best during different times of the year. Another challenge that we have is to find reliable help throughout the year.
- Finding employees and people that want to work!!
- Freelance Photographer. Keeping up to date with equipment.
- Client who can't pay and want to string out payments.
- Increase business at a solid rate.
- 1) Cost of Utilities. 2) Vandalism from my competitor and the local police department. A civil matter. We won a round in court but feel it should be a criminal matter. I strongly feel that local business should be protected from outsiders and government.
- Having low income families qualify for assistance.
- Advertising. Establishing a good name. Building a good costumer base.
- Here, as with businesses, it is difficult to attract people when pay scales are so low and housing costs (and other living costs) are so high. E.g. trying to recruit a new priest to come here.
- Solar Business - We need more Renewable Energy incentives from the state, so more people can afford Renewable Energy.
- Surviving and Taxes.
- Cost of fuel. Why we pay 25 to 35 cents more than state average.
- Quality Employees
- Recruiting professionals to our area. Non-professional staff we get many applicants. Certified, college-degreed professional staff is extremely challenging.
- Providing for owners and employees with less income being generated at our business.
- I'm a builder. Poor residential market conditions. Potential buyers' inability to sell other property or their primary residence is precluding their ability to relocate to Pagosa. Building department is hard to work with.
- The need for a larger facility. Staff issues will eventually be overcome.

- Dealing with the towns planning and building department. Building inspector is totally out of control and is stopping or slowing growth in town.
- A town and small group of persons wanting to make it so difficult to build and grow this county. Our main economy is the building industry and we are driving people who want to create jobs away.
- Doing business without the support of the town, who seem to take small business for granted. I would much rather see improvements to the downtown retail district than anything to do with low income housing.
- Finding "good" employees. I think we need to offer a class at the High School that would prepare students to enter the real working world.
- Finding people willing to work.
- Finding qualified people who want to actually work.
- Keeping overhead down - Utility, Tax, Labor.
- Don't Know Yet.
- Not enough lodging and restaurants in downtown area. Downtown businesses closing.
- Auto Maintenance and Repairs.
- Finding good reliable workers
- The biggest challenge performing economic impact studies is that local groups/businesses want to use outside people. This is understandable but leads to prices being higher because the outside group is paid to learn about the community.
- We have reasonably good luck finding office employees but very poor luck finding people willing to do sales.
- Pagosa Flies Festival is an annual event at the fairgrounds on Memorial Day weekend. It is conducted by a volunteer staff. Teachers and vendors come mostly from out of town (Denver, even Texas). This benefits the town.
- Staying small and operating within our budget.
- Finding quality, skilled employees and business climate economics.
- I sense an increasing gap between what hourly wages and the price of rent. That spread is going to widen. Highest priority should be affordable rental housing. Then purchasing assistance. Subsidized housing should be for local residents.
- Utility infrastructure - old phone lines unable to support technology. Road conditions - not designed for truck traffic.
- Finding conscientious employees from amount the available labor pool.
- Keeping Medical Insurance as an employee benefit.

ADDITIONAL COMMENTS

- Affordable housing needed. Broader business base and not just tourism industry. Stronger enforcement of drug offenders.
- Encouraging high tech industry with tax incentives. Make sure Archuleta County, the Town, etc. are easy to do business with to encourage companies to move here with higher paying jobs.
- "County" get your act together on your budget spending and make people/debts accountable for actions.
- Additional industry suitable to the area, other than tourism.
- Affordable housing and financial stability were the top two community needs identified in last year's United Way community needs assessment. United Way would like to work with others to address these issues.
- Affordable housing has been an issue for many of my single-mom employees down through the years. It also is a problem for retired people who must have a part-time job. I've lost several people who were forced to leave.
- Affordable housing has to be a priority. Not everyone moving here is in "rich" category. It would be sad if we had the chance to be proactive but let the chance go by.
- Affordable housing is secondary to affordable resources such as groceries, clothes and other "big box" type items. There is a lack of these items in this community, and what is here is too expensive for the working class.
- Affordable housing needs to be the #1 priority of our community-no matter what the county's financial crisis.
- Although we have no employees we do know lack of affordable housing is a big problem.
- Archuleta County needs affordable housing for young families.
- Archuleta County needs to correct financial crisis, people don't want to invest in real estate here!
- Archuleta has not been favorable to economic development and has no good plan or in-site on how to attract manufacturing business to employee persons!! We have chosen to go out of state with our business, only maintain a sales staff off-site.
- As stated above, if the real estate industry crashes, the rest of the community will follow. Rather than having a "new business" friendly atmosphere, both the Town and County seem to lean toward slow growth policy.
- Assisted living is desperately needed. Pine Ridge does not offer enough. A graduated community from no assistance to assisted living to nursing care would be an attraction. Many families/individuals move to be closer.
- Being a non-profit/church, some questions may not apply to us.

- Build them and they will come.
- Concerned about the way the county has let itself settle on greed and let itself run amuck for so long to the extent it has. Where's a conscionable, righteous, and just system for our country and communities best interests?
- Costs for permits, licenses, fees have increased to an extent that many people can not afford to build in Archuleta County.
- County and Town regulation, policies and procedures are: 1) Creating an "anti-business/development" atmosphere. 2) Are not coordinated between County and Town thereby increasing costs, decreasing efficiency.
- County budget is a concern! Can't believe we as a citizen group aren't asking state for a complete revamp of county and town!
- County issues driving people away. Pagosa lacks a vision for creating an identity. Fearful of future growth. Attempting to get mid-box without having big box is unrealistic. Leakage of dollars to surroundings.
- Economy needs to diversify to create more high paying jobs. Need more education and training opportunities!
- For a service based community, there is little to no availability of affordable houses to purchase for people making \$10.00 per hour or less.
- Getting services can be very slow and complicated (i.e. telephone hookup, permits, inspections, etc...) It took nearly 3 years for me to get the permits in order to build my clinic.
- Good Luck!
- House values are artificially inflated. Young families have to get too far in debt to own their own homes. Elderly, low income cannot afford homes here.
- Housing is beginning to be a problem, especially for the young people trying to stay here full-time. The market is so inflated and property is expensive to buy on local wages. Parking has and will continue to be a problem.
- Housing prices have stabilized this last year due to the drop in sales. Affordable housing will always be an issue as property values climb.
- I am very busy year round, but my fiancé's business slows down in the fall/spring. Housing prices are inflated, and prices have to come down for the houses currently on the market.
- I am very disappointed in the way the county government has failed to serve its people in an efficient and fair manner. I feel that this could impact future development in a negative way, possibly for years.
- I don't think Town should buy that expensive land from the County. Let's focus on reviving the town.

- I feel sorry for the back talk for our community financially. This was nothing our current administration had control over. The finance department could have given a sooner heads up!
- I highly recommend a combined town/county government.
- I sure wish there were more bike lanes. I try to do my part by biking to work but still get yelled at by the people who aren't. I also see a lot of other bikers and pedestrians which can be dangerous with our drivers.
- I would like to see community consciousness switch from being opposed and against people, idea and projects to defining what we are in favor of. Let's start creating and stop tearing down.
- It feels like many business owners are vacating the downtown Pagosa Springs area. Housing is a sad scenario, many vacant homes here and many people needing a place to live.
- In Minnesota, the town I lived in, if a doctor moved to town the bank would give him a loan if he signed a contract with the hospital. It was guaranteed funding. The wages need to be raised due to high cost of rent or mortgage.
- In Town, retail space is so over priced most business can't make it in town which hurts overall economy.
- Infrastructure is a large factor. Growth without the needed infrastructure is counter productive. Growth and development must be met with and lead by infrastructure to accommodate it.
- Keeping the county government stable and better road conditions.
- Listen to business owners when they voice an opinion and give consideration to placing their needs very high on your priority list. What you spend an improving downtown will be a great investment for the town.
- Long term employers are stingy and cheap. It would be nice if employers paid their employees a decent wage. \$10 an hour is NOT respectful to those people who have great skills. That's why I started my own business so I can pay myself a crappy wage.
- My art/craft business is just to supplement my social security.
- My partner and I put in 80 hours/week to keep business functioning. Unless the County can provide affordable housing and also attract young people (community college?) we will not be able to remain in business.
- Need more aggressive economic development to employ our labor force so we are not so dependent on construction and tourism.
- Need more business in Pagosa but with our employee situation I can't see how any new business will do well if they need to hire outside help.
- Need qualified, professionals in key positions to avoid types of problems currently being faced by county (and town due to county).

- One of the most crucial problems to face is traffic. Bypass routes must be purchased now before costs are astronomical!
- Our County and Town are the laughing stock of the state. You have committees that study all the housing and development issues and they do nothing but what the Mayor, Town Council and County Commissioners want to do.
- Our local transportation (bus) should have expanded hours, not cut hours. How about weekends, evenings, maybe a bar bus?
- Our Town government is following the same path the County did.
- Our Town in losing big tax dollars to Durango due to no large discount retailers (big box). Also, our infrastructure is in poor condition (i.e. Lewis Street), we need better roads.
- Pagosa is losing some very intelligent, educated and motivated citizens due to the lack of employment opportunities. The majority of jobs in Pagosa are service oriented, low paying with no real advancement opportunities.
- Pagosa needs more affordable housing for service related employees in order for us to attract business that need to hire. As it is now you could have the best business plan, property, ect..., but with out good employees can't make it.
- People who move here should integrate into the culture this community has had for decades and not try to change it to what they come from.
- Poor employee base, too much drug influence, alcoholism, high homeowner taxes, not enough events in Pagosa, need opportunities for employee growth, future and personal growth non-existent for youth.
- Price of housing will come down with the sellers realize they can't get \$225 sq. ft. But I don't think this will help entry-level people.
- Promote Arch. County and Pagosa Springs as an inviting and easy to work with place to live, build, create a business and raise kids.
- Property values are going to suffer with fewer people buying here due to poor roads and perceived value as a community. Business relocation or investment in the community will suffer. A decline in infrastructure will doom us.
- Real estate taxes way to high to be competitive. It is a business killer. Short term interest rates are causing stress on the businesses. Work ethic of local residents is poor. We are fortunate to have a stable staff.
- Really disappointed in the County financial situation. The eye-sore county building needs to be sold. Need under/overpass for downtown pedestrian traffic crossing over Highway 160.
- Sometimes my clients tell me stories of feeling degraded when applying for housing. It feels random to them; many complaints that racism and favoritism are issues, especially for latino clients.

- Spruce up downtown - plants, crosswalks, trails that make a loop, decent snow removal. How about less surveys and more action - encourage other businesses to town.
- Stores like Giant and Plaza liquors are very anti-supportive of other local business.
- Supply and Demand
- The "dump" on CO. Road 500 (Trujillo Rd) is a gross and messy eyesore. It should be closed down. Surely there is a better location for a landfill than a road right before our precious San Juan River.
- The 2nd homeowners are going to out price the market and drive all the workers out. The affordable homes are not affordable to the average worker in Pagosa. As the average worker does not make a lot here.
- The cost of living is much, much higher than the working people can afford. Although the rich can afford to life here, someone has to be able to provide services.
- The County government must operate with honesty and within their budget. Government employees must be held legally accountable for their actions or in actions. If the government declines, so does the community.
- The free market is not alive and well in Pagosa.
- The municipalities should be proactively planning and recruiting the full continuum of socio-economic residents. We are becoming totally imbalanced with the upper age spectrum and second homeowners.
- The only real problem, I see, is keeping the roads clean and in good repair.
- The planning process is not consistent with everyone who is within the Town boundaries.
- The tourist customer is not my customer. See Question 10. If you don't use it you'll lose it!
- The town and the county need to make economic development the highest priority. Attract better paying and more jobs. The town and the county are to a degree "unfriendly" for business development.
- The town should pass on the H-S Blvd. purchase from the County. The money should be applied to helping find the new recreation center. A new recreation center will be an economic boost to the business.
- There is no housing shortage, however, affordable housing is difficult to find on the wages available in Archuleta County.
- There seems to have been an implementation of additional fees on just about every single aspect of building. At this rate, the "average" person will not be able to purchase/build/sustain/etc. housing leading to significant problems.
- This is a serious issue for our community. We can't afford to lose our working middle class. We need to provide an education for our children so they can find jobs and careers in our community.

- Traffic, we need a bypass. Economy, we need a beautiful resort hotel to bring wealthier tourists. We need to revitalize the downtown.
- Unlike the County, please keep your check book balanced.
- Until the County audit is completed, it is hard for me to comment on this.
- Use the County government as a model of what not to do in the future.
- Very concerned that current financial crisis in country and resulting curtailment of County services - especially road maintenance, will severely damage community growth and housing/real estate values.
- Wages do not meet the cost of living in this county.
- We also allow the growing number of visitors to the area to check out books and use our public computers. We have already outgrown our remodeled and expanded building and in a few years, we will need additional space for maintenance.
- We are interested in AJP, just not sure how to best structure. Would love to pool with multiple employers.
- We definitely need affordable housing. Prices have increased at such a rate, very few properties are currently selling and buyers are unable to qualify. Rising prices have also affected the 2nd home market.
- We need a good recreation center for our children in town with tennis courts and also bike trails!
- We need big box stores for additional taxes and better paying jobs. This decision should be made by all the people by vote, not just a few!!
- We seem to be in a 'catch 22' we need more jobs/which means more housing visa versa we need to incentive soft industry that can do business anywhere to come here-use our natural resources-river/fly-fishing industry-kayaking.
- When the County took over Holiday Acres roads they did just that, "took them over." All subdivisions that the county did this for should get full service to their roads. All subdivisions should have to take care of their roads.
- Would be nice if a program was available for the young working couples to get help with the down payment on a home.
- Yes get rid of everyone, start over. Get rid of box limits so business can come in and create new jobs. With so many homes on the market that people have had to walk away from. How can you think about building more?
- Yes, this city/county and its representative leaders desperately need to act in a professional, forward-looking manner about growth here. Encourage quality growth and improvement to the town (don't run off the Dave Brown)
- Yes, we need to get Aspen Springs water and clean-up some property, especially along Hwy 160. It's getting worse by the day.
- Yes. Clean up Aspen Springs. Many health and housing issues - high priority!