

Introduction

This Affordable Housing Action Plan is intended to guide the work of the newly-formed Ouray County Multi-Jurisdictional Housing Authority and the cooperative, coordinated efforts of the City of Ouray, Town of Ridgway and Ouray County.

This Plan represents the next step in a process that started with the inclusion of objectives in the Master Plans for all three jurisdictions calling for efforts to provide affordable housing. In 2002, both municipalities signed intergovernmental agreements with Ouray County specifying that these homes and other residential development should be located in established urban areas. In 2007, the three jurisdictions collaboratively formed a county-wide housing authority to address housing needs, and obtained grant funding for a comprehensive assessment of those needs, which was published in 2008. A more detailed chronology of the path leading to this Action Plan is included in the appendix.

This document will consist of six parts:

- I. Update of Housing Needs
- II. Policies and Guiding Principles
- III. Goals and Objectives
- IV. Priority Strategies
- V. Implementation – Timeline, Funding, Responsibility
- VI. Administration

I. Housing Needs Updated

The May 2008 Ouray County Housing Needs Assessment concluded that 149 additional units were needed to address existing or catch-up demand for affordable housing. This conclusion was based on surveys conducted the previous year. Of the 149 units needed, 39 were the result of unfilled jobs and 110 were generated by in commuters who want to move into Ouray County where their jobs are located.

Since the publication of the study, economic conditions have dramatically changed. Construction activity has largely come to a halt. The unemployment rate has risen a full percentage point and no longer signals that Ouray County is a labor shortage area. Help wanted notices in the newspaper have sharply declined, residents are finding it increasingly necessary to commute to Telluride for work, and casual observations suggest that jobs are no longer unfilled. Because of this, the catch-up estimate has been reduced to 110 units, which is to be confirmed upon completion of a transportation study now underway that should provide additional insight in the housing demand generated by commuters.

The Housing Needs Assessment projected that job growth by the year 2015 would generate demand for 881 additional housing units. It estimated that the private market would affordably address all but 20% to 30% of this workforce-related housing demand leaving between 174 and 264 units that would need to be developed through public efforts to keep-up with demand.

The recent recession that Ouray County along with the rest of the country and much of the world has entered make these job projections high. Trending has shown, however, that Ouray County's economy has historically rebounded from recessionary periods faster than the rest of the nation and the state as a whole. While job growth will likely be flat for a year or two, by 2015, new jobs should generate demand for approximately 470 units, which equates to about 53% of the Needs Assessment estimate of 881.

Housing prices have not significantly declined despite the steep drop in the number of sales. The median price of single-family homes sold in 2008 was about 6% lower than the median in 2007. The number sold dropped from 131 to 57. Sales of lower-priced units increased, however. The number of condominiums and townhomes grew from 15 in 2007 to 26 in 2008, and the number of mobile homes sold increased from two to seven in the same time period.

Home prices remain beyond the reach of many local residents. As of mid January, the median price for the 195 homes listed for sale (single family, condos/townhomes and mobile homes) was \$495,000, with an average of over \$690,000. Of these listings, only 11 or 5.6% were at prices affordable for households with incomes at 120% AMI. Prices may drop further but it appears that the private market will address only about 40% of the demand, not 70% to 80% as projected by the Housing Needs Assessment. It now appears that the Housing Authority and cooperating jurisdictions will face a "keep-up" demand not served by the private market for approximately 270 units by 2015.

II. Policies and Guiding Principles

Sustainability

Sustainability is a critical premise of this Action Plan. Sustainability in housing is to be achieved by:

- "Green" designs with energy-efficient appliances, alternative energy sources, non-toxic building materials, solar orientation, and high R-value insulation and windows, which improves long-term affordability and a healthier living environment.
- Compact developments, which reduce the amount of land converted into residential use, minimize resources consumed in infrastructure construction and maintenance, lower water consumption, and enhance sense of neighborhood.
- Location of housing in population centers in proximity to jobs where infrastructure and services are available.

Primary/Second Home Relationship

The use of residential units in Ouray County has been shifting with an increase in the percentage of homes used as second/vacation properties. Continuation of this shift is not desirable as it would drive housing prices even further above levels affordable for local wage earners and lead to undesirable conditions including loss of the sense of community and neighborhood vitality with homes that sit empty much of the year. An interim report on a collaborative research effort of the Harvard Graduate School of Design and MIT projected second home growth in Ouray County to average 7.2% per year over the next 20 years, more than double the rate of growth anticipated for primary homes and outpacing second home development in San Miguel County (4.4% per year).

Jobs/Housing Relationship

The growth in housing for employees should at least match the rate of growth in employment-generating uses, including commercial establishments and public facilities. While the absolute number of commuters may increase under this policy, the percentage of the workforce housed in Ouray County should be held constant at about 20%. With the anticipated increase in seniors as “baby boomers” reach retirement age, it will take proportionately more units to maintain this relationship. The overall rate of growth in housing will need to exceed the rate of growth in job-generating uses for the relationship between workforce housing and jobs to be maintained. The current rate of 1 occupied home per 1.4 employees will shift, approaching closer to a 1:1 relationship.

Priorities and Targeting

- *Workforce Housing* -- Affordable housing efforts should focus initially on providing units designed for the workforce but with recognition that the retiree population will grow at a disproportionately high rate for at least the next 15 years, and that housing specifically designed for seniors could be a key component of a comprehensive approach. The top priority is the development of homes designed and priced for essential employees including teachers, health care providers and emergency responders.
- *Family Housing* -- Ouray County and its communities are family oriented. This characteristic should be maintained into the future as growth occurs. To preserve this demographic trait, about 70% of new units intended for occupancy as primary residents should accommodate families and about 30% should be designed for singles.
- *Income Mix* - The diversity of the county’s population and its mix of low- and middle- and upper-income households should be preserved. Of new homes built for occupancy

by local residents, about 40% should be for households with incomes at or below 80% AMI, about 19% should accommodate household in the 81% to 120% AMI range, and about 42% should be priced for households with incomes above 120% AMI. The Housing Authority's efforts will focus on households with incomes equal to or less than 120% AMI, on the assumption that the private market will address the housing needs of households with higher incomes (*an assumption that should be periodically reviewed*).

- *Owner/Renter Mix* – Both homeownership and rental opportunities are needed. To maintain the existing relationship into the future, about 75% of homes built for occupancy by residents should be for sale and about 25% should be for rent.

Location

In accordance with a long-standing policy for residential development embodied in intergovernmental agreements in 2002, growth is to be directed toward the incorporated communities and their Urban Growth Boundaries where urban services and infrastructure are available. Production of affordable housing should occur primarily in the towns where it is sustainable, preserving the rural character of the county. Income segregation with only the rich being able to enjoy the county's rural lifestyle and the poor concentrated in town is not desired, however.

Despite policies, development is occurring in the unincorporated area of the county at a faster rate than in the towns -- 59% of residential building permits issued from 2000 through 2007 were for homes in unincorporated Ouray County. This development activity generates demand for workforce housing both in the initial construction and in the ongoing operation and maintenance of the homes. Opportunities to include sustainable workforce housing in ways that would not negatively impact the county's rural character, should be considered.

Given Colona's distance to Ouray and proximity to Montrose, and its lack of water and wastewater systems, it is not a desirable location for the development of housing to serve Ouray County's workforce. If the necessary infrastructure is provided in the future, the development it enables should include affordable housing so that the resulting housing demand does not impact housing needs in the rest of Ouray County.

Unit Types and Density

Single-family homes and duplexes are the most compatible with the existing character of development within the county and towns. Greater diversity in unit types and sizes is needed, however, to achieve affordable price levels. Relatively high density is also needed to make housing affordable. New subdivisions within the towns should allow for mixed density including opportunities for development of multi-family units at densities of 10 to 15 units per acre.

Mixed-use developments with multi-family units located above or behind retail and office space are desirable as a way to provide high-density housing without significantly impacting the amount of land available and suitable for commercial uses. Accessory dwelling units that can be developed on existing lots and in new subdivisions are also desired.

High density is not available in the unincorporated areas of Ouray County where development is mostly limited to one unit per seven acres or one per 35 acres, nor is it desired. Affordable housing should therefore be limited in number and type to accessory or similar dwellings that provide housing in proportion to the demand generated in the nearby vicinity.

Responsibility

Responsibility for housing should be broadly shared in the community with a mechanism for the general public to provide financial support. New residential development should pay its own way and should be held responsible for providing affordable housing to sustain the county's communities and its economy. Because of the high property taxes paid by commercial properties, and because the sales taxes generated by commercial uses are so vital to the towns and county, no requirements will be imposed upon businesses to provide or fund housing. Neither of the towns nor the county intends to significantly subsidize housing efforts through general fund revenues. *What about public/institutional uses which generate needs, like schools, churches, government agencies when new facilities are built?*

III. Goals and Objectives

This Plan herein establishes a goal for the development of between 50 and 80 affordable housing units within the next two to three years, and to keep-up at a proportionate level with housing demand into the future as it is generated. Applying the policies and guiding principles contained herein to an immediate goal of 65 units (the midpoint between 50 and 80 units) translates into the development of 16 rental units and 49 for-sale homes, with the income targets shown on the following table:

| Income Range | Income Distribution | Targeted Percentages | # of Units |
|----------------|---------------------|----------------------|------------|
| 0 – 60% AMI | 28% | 48% | 31 |
| 61% - 80% AMI | 12% | 20% | 13 |
| 81% - 120% AMI | 19% | 32% | 21 |
| 121% AMI | 42% | Market | Total 65 |