



Town of Ignacio Housing Needs Study

A Report on the Town's Housing Demands and Supply

The Town of Ignacio, Colorado

157072 | April 12, 2021



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Executive Summary

The Town of Ignacio's Housing Needs Survey:

This report analyzes housing needs throughout the Town of Ignacio, Colorado. The purpose of this study is to determine the best strategies and policies the Town should pursue to help spur economic growth and ensure that new housing production meets the needs and desires of the population by providing opportunities for a mix of housing types including affordable housing development. Colorado's Department of Local Affairs (DOLA) estimates the Town's current population at 718 people, making Ignacio the smallest incorporated municipality within La Plata County. However, as this report will demonstrate, county-wide population growth is expected to surge over the next decade. Ignacio's housing affordability relative to its neighboring municipalities, such as Durango, put the town in a strategic position to absorb a portion of this expected growth. The ability for Ignacio to attract new residents and retain its current population is contingent on smart land use planning and prioritizing affordable residential development.

The scope of this report is organized into four sections:

The first section examines Ignacio's demographics and forecasted growth. This section will explain historic population trends throughout the Town of Ignacio, identify demographic characteristics of the current population, and identify smart growth strategies given the population forecasts for La Plata County and surrounding municipalities.

The second section examines the existing land uses throughout the Town of Ignacio. Using GIS data provided by the La Plata County's assessor's office, this section will evaluate how each parcel is assessed within the Town's limits. This section will identify opportunities to diversify the Town's Tax Base, improve the utilization of its land, and target redevelopment.

The third section analyses the Town's existing housing stock. This section will build upon Section Two (2), quantifying the number and type of housing units found within town limits. The age of the housing stock, Ignacio's tenure, the rate of construction, and the specific types of housing will also be analyzed.

The fourth and final section of the report examines housing affordability within the Town of Ignacio. Area Median Income at the Town and County level will be analyzed and evaluated against housing affordability metrics. The current for-sale and rental markets will be examined, and the housing affordability within each market will be determined.

The report will conclude with a series of recommendations for the Town of Ignacio. These recommendations are intended to help the town attract and retain new and existing residents, improve on its existing land use, provide appropriate areas for redevelopment, and ensure sound economic growth through a diversified and affordable housing stock.

All data in this report has been provided by the US Census Bureau, the Colorado State Demographer's Office, the County Assessor's Office and Local Real Estate databases within La Plata County.

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1 Demographics and Forecasted Growth

1.1 Key Findings

The Colorado State Demographers Office estimates that the Town of Ignacio has current population of 718 people. This is a 2.72% increase in population over its 2010 population. While the past decade has exhibited overall growth for the Town's population, there has been negative year-over-year growth since 2017. This is not unique to Ignacio but follows similar county-wide trends.

The Town of Ignacio also exhibits a large percentage of younger residents. The Town has a median age of 34 years old, which is younger than the national median age of 38 years. The largest age cohort is between 25 and 29 years of age. This cohort is important for both local population growth and economic growth, as these younger individuals represent a vital segment of the community's workforce. They will be or already have established families, and these young families help support public services such as the school districts.

Another key age group is the 55 to 64-year cohort, which is the largest 10 year cohort group in the Town of Ignacio. This group is often looking to downsize their current housing in preparation for retirement.

The demographic analysis reveals several opportunities for the Town of Ignacio, both in retaining key segments of its existing population and in attracting new residents that are forecasted to move into the La Plata County area. Housing, however, is a limiting factor for realizing these opportunities. The Town of Ignacio will be able to share in county-wide population growth if housing is available and affordable.

1.2 Population by Age

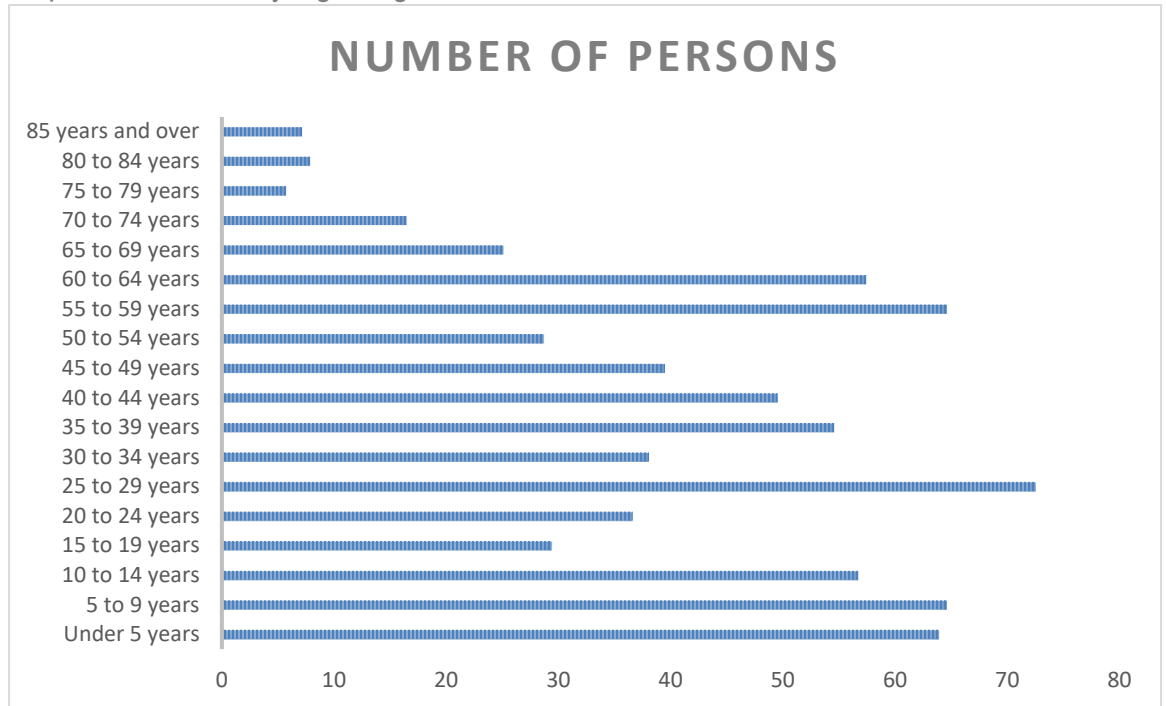
The Town of Ignacio is a community bifurcated by age, with a growing young population and a large aging population. With a median age of 34 years, it is younger than both the National and Colorado median ages of 38 years and 36.6 years. 45% of the Town's population is currently less than 30-years of age (See Charts 1 and 2). There are three major age cohort groups within the Town of Ignacio that represent the bulk of community's population. The baby boomer group, specifically those between the ages of 55 and 64 years, make up approximately 17% of the Town's population. The millennial cohort group, specifically those between the ages of 25 and 34 years of age, represent 15% of the Ignacio's population. The Town also has a burgeoning percentage of children, with 26% of the Town's population below the age of 14.

The most striking demographic finding, and one that offers a strategic opportunity for the Town, is that the 25 to 29-year-old cohort represents 10% of the total population. This is the single largest

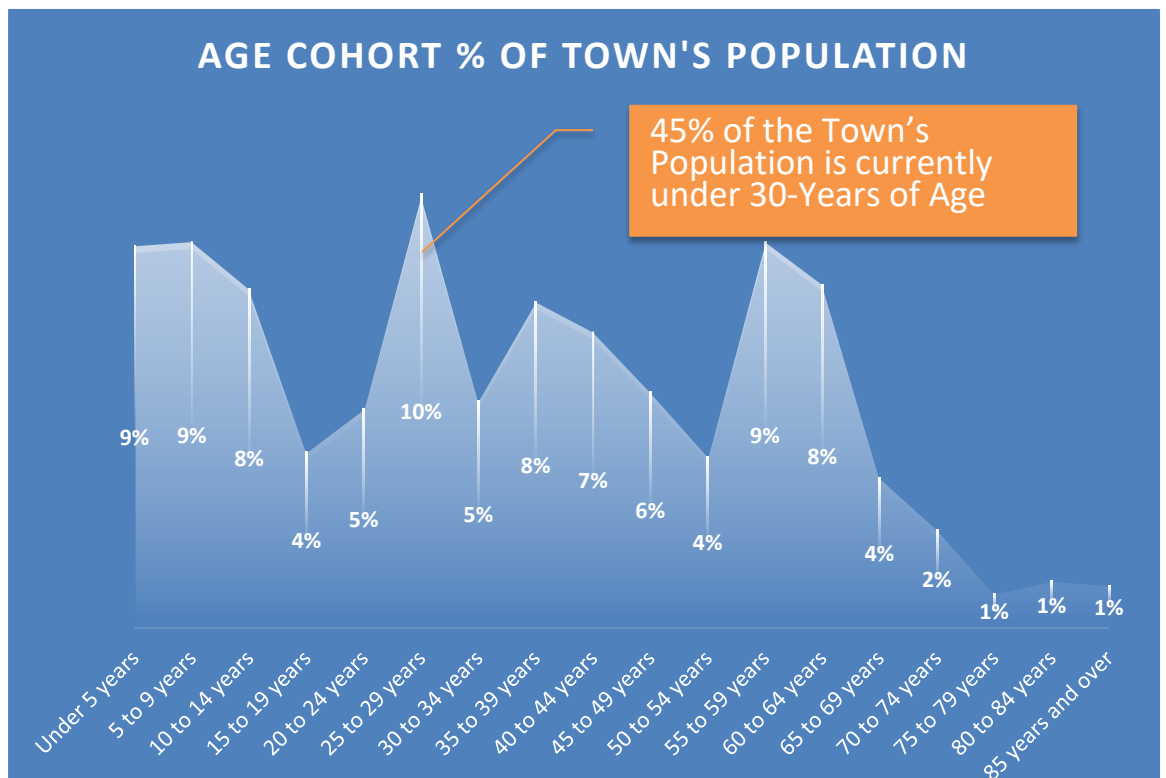
cohort population within Ignacio. This cohort also represents a critical demographic for the community's growth and economy. These individuals are of working age, and many are or will be starting families. Developing policies that help spur affordable residential development within the Town are essential for providing this age group with the opportunity to call Ignacio home.

The next cohort of interest is the 55 to 64 year cohort, which is the largest 10 year adult cohort. These are most often the business owners, landowners, home owners and decision makers in the Community. They are often looking to downsize their housing from single family homes with yards to something smaller and easier to maintain as they look toward retirement. Providing the opportunity and incentives for smaller, single family homes, patio homes or townhomes often give this cohort the opportunity to remain in the community while reaching changing lifestyle goals.

Population Count by Age, Figure 1



Population Percentage by Age Cohort, Figure 2

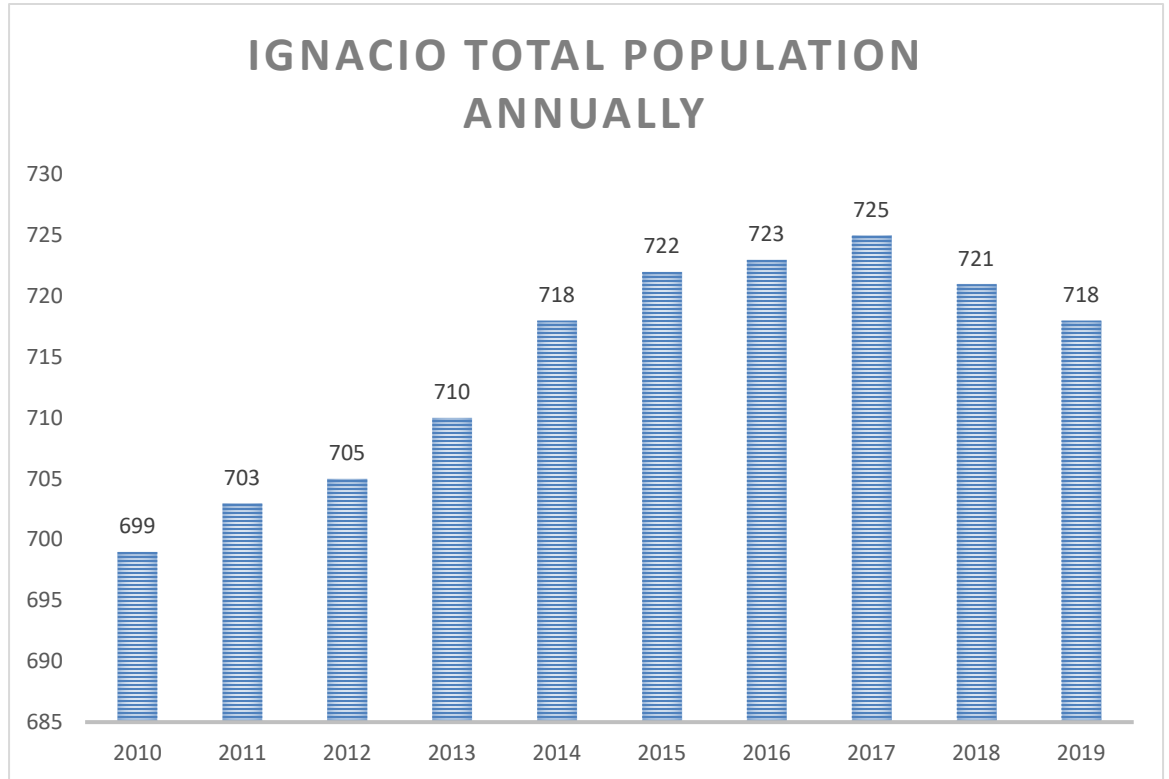


Source: Colorado State Demographer's Office

1.3 Population Growth

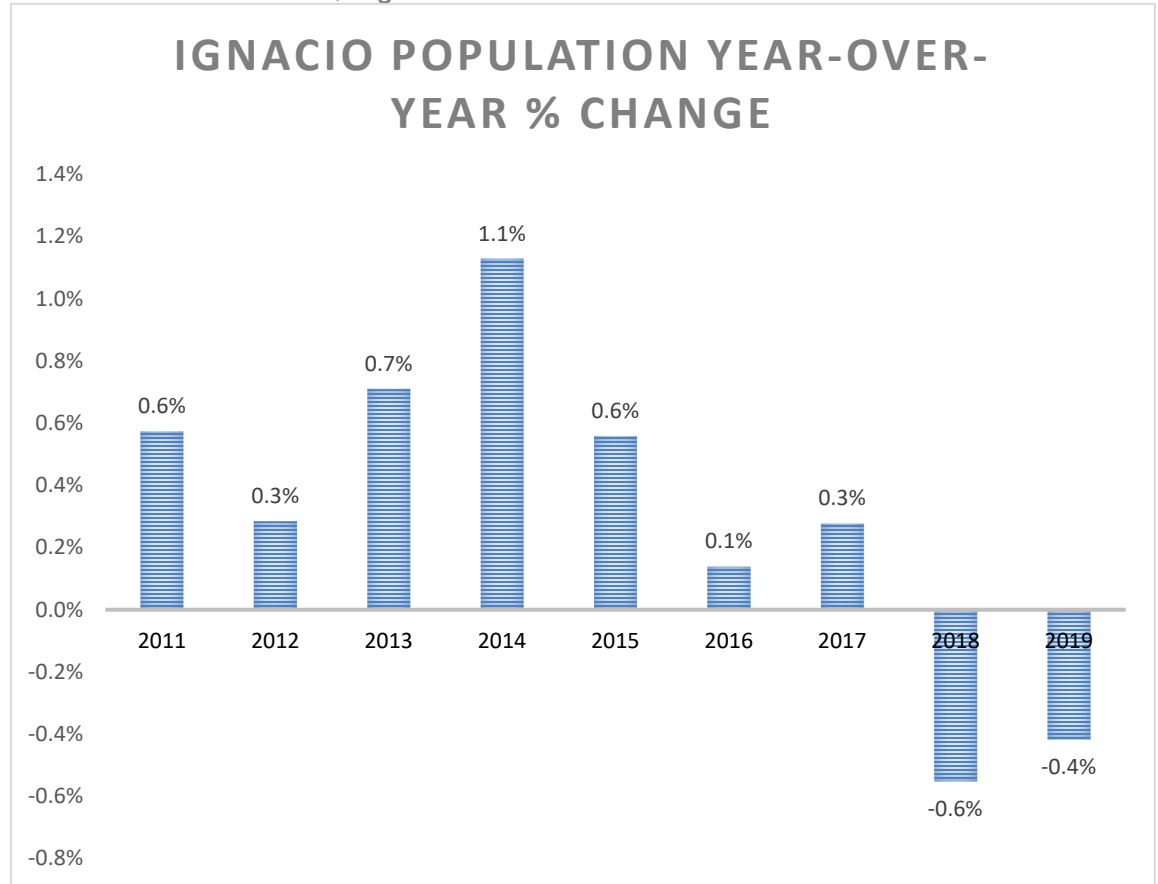
Ignacio has experienced positive population growth over the past decade. Following the Great Recession, the Town had an estimated population of 699 people in 2010. Since that time the Town's population has grown by an estimated 19 people, representing a 2.72% increase (See Figure 3).

Annual Population Growth, Figure 3



While overall growth has been positive, the annual growth in the Town of Ignacio has begun to decline. Starting in 2018, annual percentage growth turned negative. In 2018, year-over-year growth declined to -0.6%, and remained negative in 2019 at -0.4%. This negative trend of population growth has caused the total population to shrink from its 2017 peak of 725 down to its current estimated total of 718 people (See Figure 4).

Year-Over-Year Growth, Figure 4



The reasons for this decline are unclear, however, it is likely that the decline is related to a similar decline in the Oil & Gas industry, a major employer in the area. It appears that the Town of Ignacio is following similar population trends exhibited throughout unincorporated La Plata County and the neighboring Town of Bayfield. After analyzing year-over-year population change in Ignacio, Durango, Bayfield and unincorporated La Plata County, there is evidence of a County-wide decline in population growth in 2019. When analyzing these trends over the past decade, it is clear that Ignacio, Bayfield, and unincorporated La Plata County have all experienced a slow-down in population growth for the last half of the decade (See Figure 5).

It is important to note the peak in annual population growth Durango experienced in 2018, as it highlights a key insight on the local housing market. The City of Durango experienced a 3% year-over-growth rate in 2018, its highest period of growth since 2010. This growth rate coincides with a large increase in the number of building permits issued by the City in 2017. That year, the City issued 355 building permits, a 220% annual increase. Roughly 75% of these building permits were for multi-family development. The speed by which this additional housing supply was absorbed illustrates the high demand for housing throughout La Plata County. It also underscores a growing demand for rental housing in the market. Durango's peak growth in 2018 is directly correlated to the development of multi-family housing units in 2017. These housing demands, development strategies, and subsequent growth are not isolated to Durango either, but are connected to all the municipalities within La Plata County.

Annual Population Growth by Municipality, Figure 5

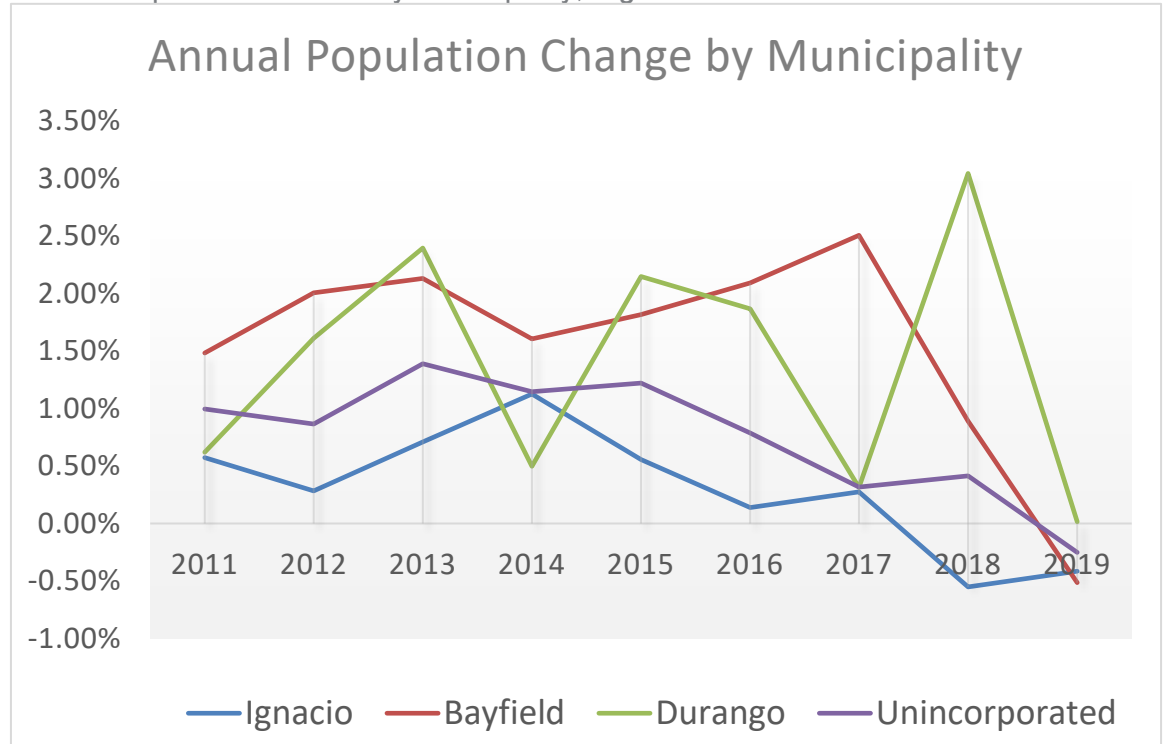
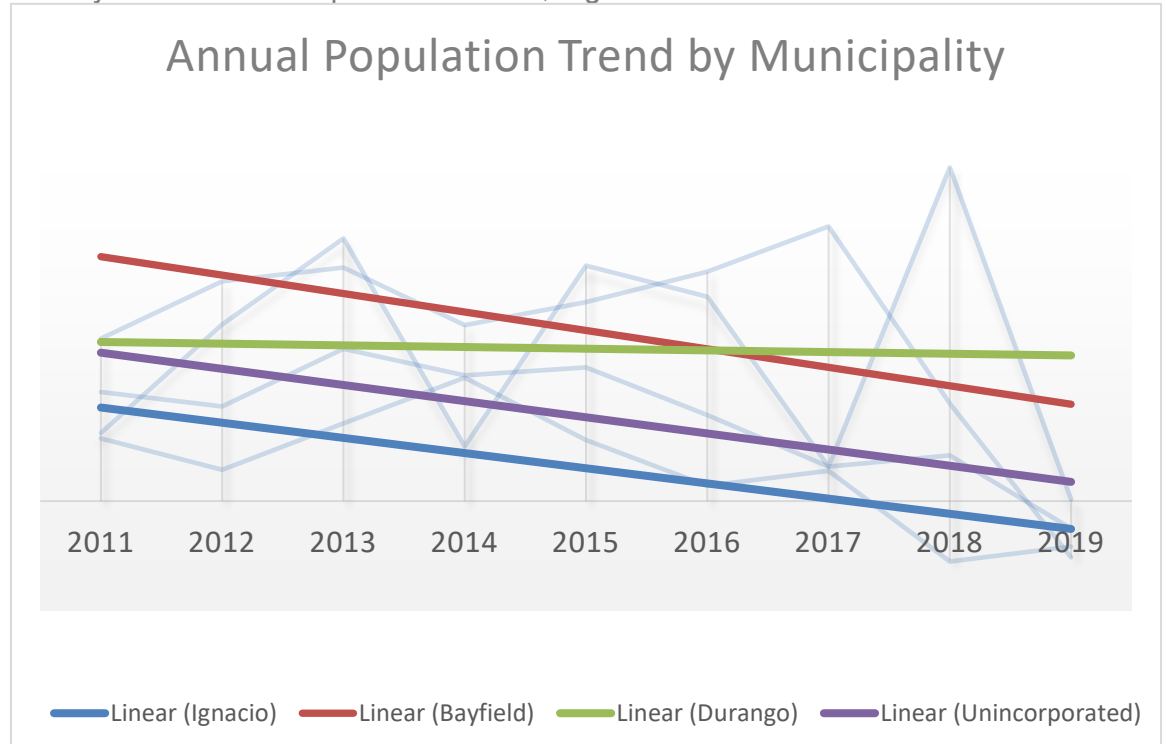


Figure six (6) demonstrates this insight by charting County-wide population changes as a linear trend to better illustrate the direction of each municipality's growth rate over the last decade. Ignacio, Bayfield, and unincorporated La Plata County all exhibit a similar decrease in annual population growth. Even Durango shows a slight decline in its year-over-year population growth, one that may have been larger were it not for the 2017 surge in multi-family development. These trendlines support the idea that Ignacio's population growth will closely mirror that of its neighbors. It stands to reason that Ignacio will experience similar growth and market forces that have impacted the Town of Bayfield, the unincorporated areas of the County, and even the City of Durango. However, future growth inevitably depends on the supply and affordability of housing in an area.

County-wide Annual Population Trends, Figure 6



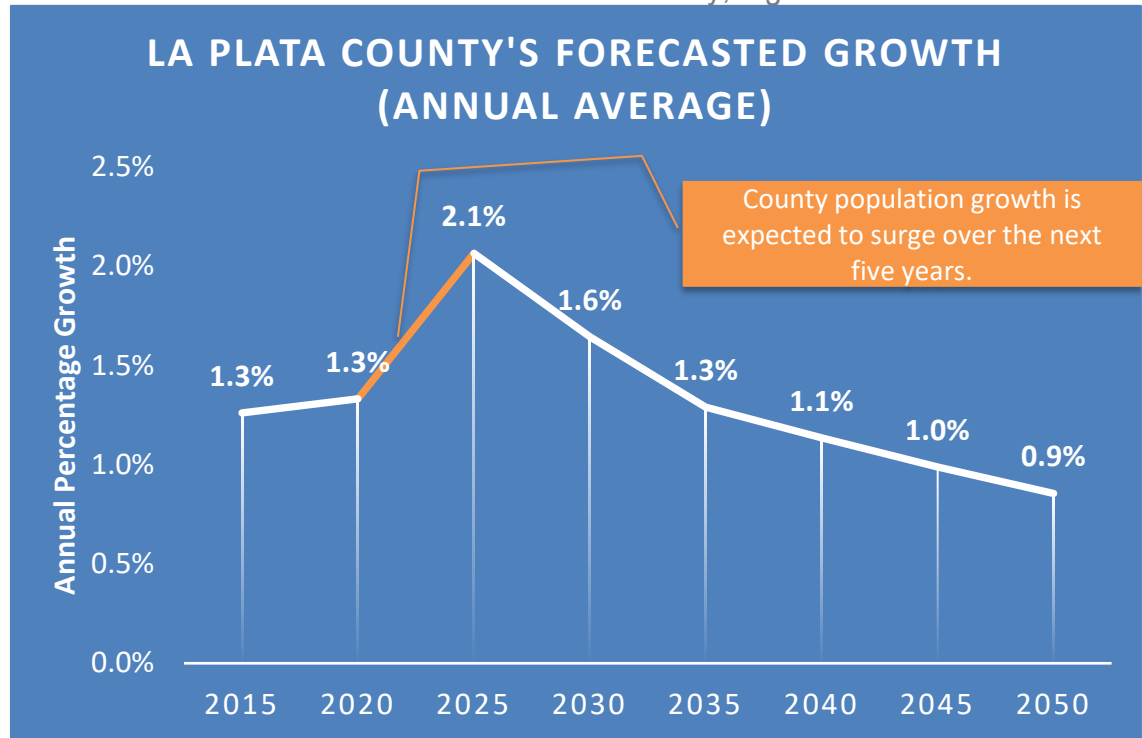
1.4 Growth Forecasts

Ignacio's tendency to mirror population growth trends throughout the County presents the Town with an opportunity to grow over the next decade. The Colorado State Demographer's office, as well as the US Census Bureau, forecast a surge in population growth throughout La Plata County (See Figure 7).

After experiencing an annual population growth rate of 1.3% over the past five years, La Plata County is expected to reach a peak growth rate of 2.1% through 2025. This represents that fastest growth rate La Plata County has exhibited since the 1990's. From 2025 to 2030, the growth rate is expected to slow to 1.6%, still higher than past decade's growth rate. By 2035, La Plata County's population growth rate will return to its current levels.

This forecast of historic population growth over the next decade is not isolated to a specific area of La Plata County or one of its municipalities. As demonstrated by Figure 6, County-wide population trends are similarly mirrored by its incorporated towns and cities. Assuming that Ignacio continues to follow the County's growth patterns over the next ten years, the Town has an opportunity to share in this forecasted population growth.

Forecasted Annual Growth Rates in La Plata County, Figure 7



1.5 Demographic Recommendations

- Ignacio has a **large young population**, specifically between **25 and 29 years of age**, that represent a key demographic to be retained
- Ignacio's population growth **has closely mirrored** County-wide trends.
- La Plata County's **forecasted population growth rates** over the next decade represents **an opportunity** for the town to **capture** some of **this growth**.
- **Housing is key to realizing these opportunities.**

2 Land Use

2.1 Key Findings

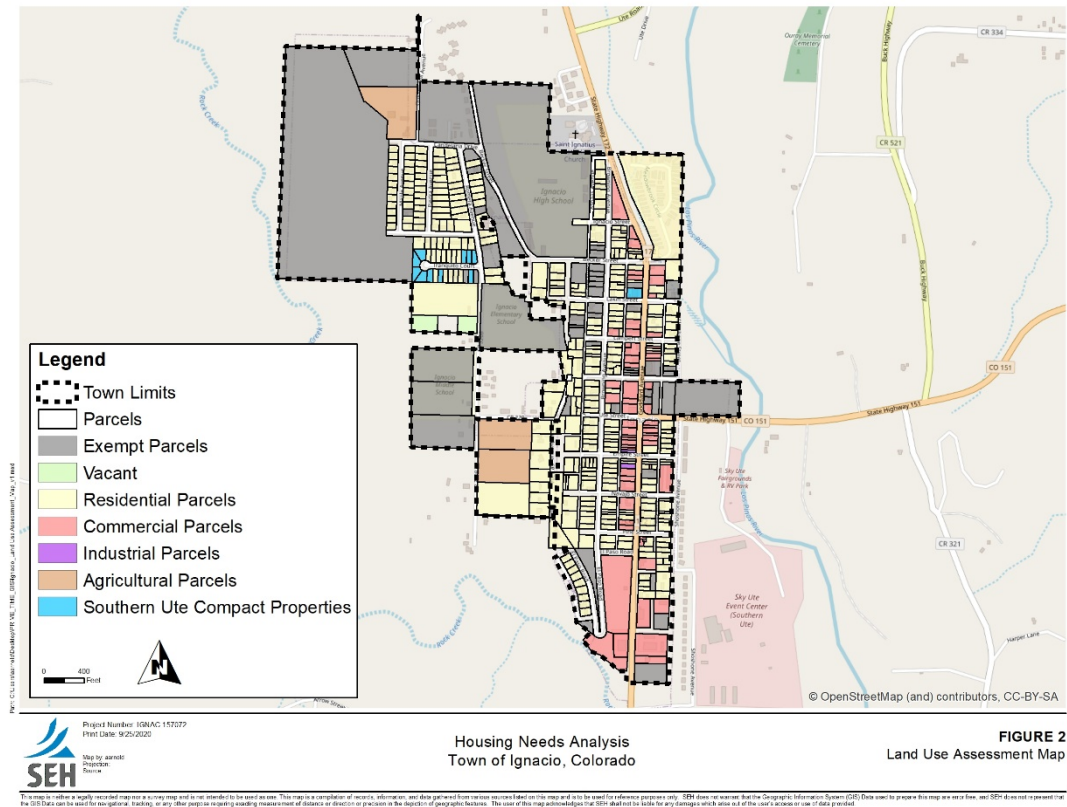
The Town of Ignacio is geographically constrained compared to its neighboring municipalities in La Plata County. Unlike the more typical constraints cities contend with, such as shorelines, steep topography, or limited resources, the constraints placed on Ignacio's geographic expansion are more political in nature. The Town is almost completely enveloped by Southern Ute Indian Tribal Land, making the process of annexation and the expansion of its town limits more complex than those facing other municipalities like Bayfield or Durango.

While annexation is not impossible, (the Town recently annexed a parcel of land from the Southern Ute Indian Tribe that now forms its Northwest corner), the challenges the process poses necessitates land use policies that maximize the utility of Ignacio's existing parcels. The town's limits currently encompass 307 acres of land, making it the smallest municipality by both acreage and population in La Plata County.

This report analyzed land use by evaluating assessment categories for each parcel within the Town's limits. This analysis provided insight into Ignacio's current land use policies as well as opportunities for redevelopment. A surprising insight was the amount of land not paying property taxes. Nearly 180 acres, or 59% of the Town's total, are currently assessed as "Tax Exempt". This means that over half of the Town's land falls under an assessment category that exempts the properties from being taxed. Many of these properties are publicly owned or serve a special public use, such as Town hall, the library, and the local schools. Some of these tax-exempt parcels are also part of the Southern Ute Indian Tribal land trust. Although Ignacio cannot change these specific tax assessments, this report found areas that could be repurposed for new development. Given the small size of Ignacio and its finite amount of developable land, this large percentage of tax-exempt land warrants additional analysis to determine if any higher or better uses can be managed to serve the community. The Town's ability to increase its housing supply is entirely dependent on its land use policies.

2.2 Land Use Assessment

Ignacio Land Use Assessment Map, Figure 8



This map illustrates how each parcel within the Town of Ignacio is currently assessed. This assessment map should not be confused with the Town's zoning map. Unlike zoning maps which prescribe use categories that largely impact future development and redevelopment, the assessment map reveals how land is taxed throughout the town, and these tax assessments indicate how each parcel is currently being utilized.

There are seven assessment categories within Ignacio's town limits. The first category is "Exempt" which means that the land and buildings are exempt from property taxes. These parcels are typically government owned and can be schools, town owned buildings such as Town Hall, or other institutional uses. In certain cases, this category can also apply to land held in trust by the Southern Ute Indian Tribe. The "Vacant" category is a misnomer, in that these are not an indication of the total number of vacancies within Ignacio, but instead represent the parcels currently taxed as vacant land. Vacant land carries the same assessment ratio as commercial land in La Plata County. The Residential, Commercial, and Industrial categories all indicate the parcel's current use, with the major difference being that residential property is assessed at a much lower ratio than properties being used for commercial or industrial uses. Agriculturally assessed land is also given its own assessment ratio, one that is lower than even residentially assessed property. The So. Ute Compact Property assessment category is a special assessment

that applies to properties owned by the Southern Ute Indian Tribe. These properties are not taxed, but instead are subject to a payment in lieu of taxes fee. This payment's amount is similar to the property's taxable amount, except that the school district levy is removed. The payment in lieu of taxes collected from these properties is then redistributed to all the taxing entities, including the Town of Ignacio. Quantifying these seven assessment categories in the table below provides a snapshot as to how Ignacio is currently utilizing its available land.

Land Use Assessment by Parcel	Total	Percent
Ignacio Total Acreage (Parcel)	306.9	100%
Agricultural Acreage (Parcel, Assessed)	12.6	4.1%
Commercial Acreage (Parcel, Assessed)	22.3	7.3%
Exempt Acreage (Parcel, Assessed)	179.8	58.6%
Industrial Acreage (Parcel, Assessed)	0.3	0.1%
Residential Acreage (Parcel, Assessed)	87.6	28.5%
Vacant (Parcels <5 acres, Assessed)	2.1	0.7%
So. Ute Compact Properties	2.2	0.7%
Total	306.9	100.0%

2.3 Identifying Land Use Opportunities

Ignacio Land Use Assessment by Percentage, Figure 9

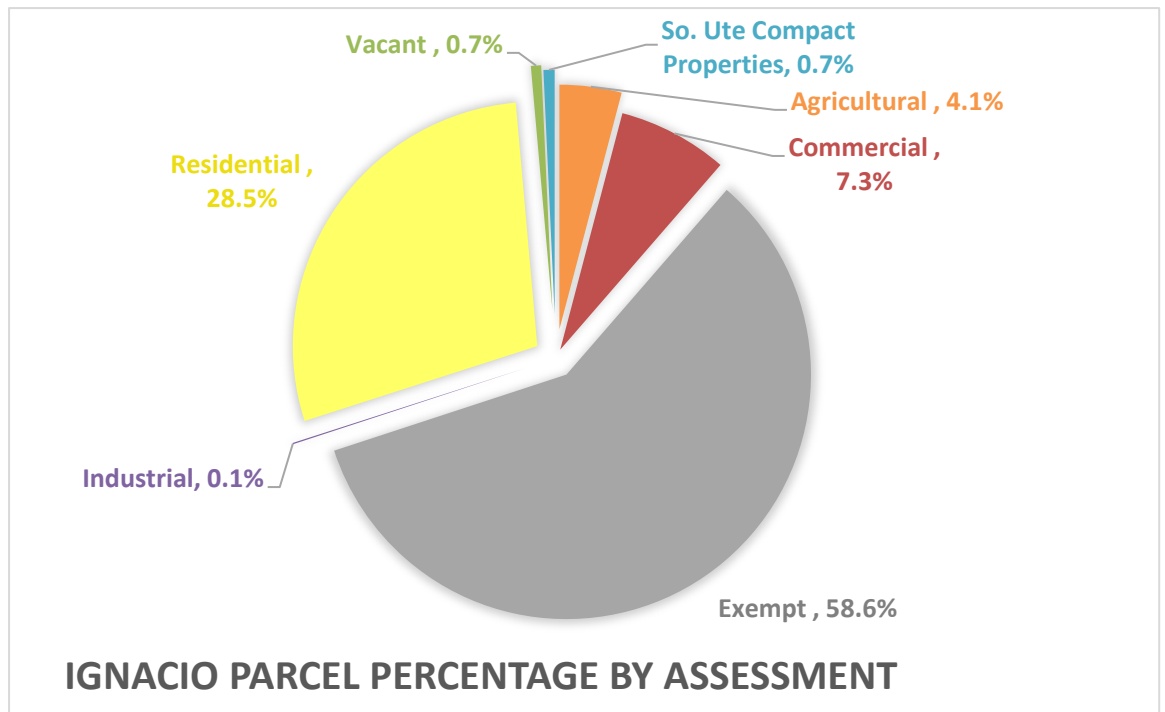


Figure 9 represents the percentage of Town parcels within each assessment category. More than half of Ignacio's parcels are currently tax exempt at 58.6%, whereas 28.5% are taxed as residential. Commercially assessed parcels only represent 7.3% of the total, and the remainder is

broken up between agricultural, industrial, and Southern Ute compact properties. One of the key findings for this analysis is that a majority of the town's parcels are tax exempt, which limits Ignacio's ability to fund public improvements and infrastructure. Tax Exempt parcels are often publicly owned, which also makes it challenging for these properties to respond to market demands.

Tax Exempt Land Within Ignacio, Figure 10

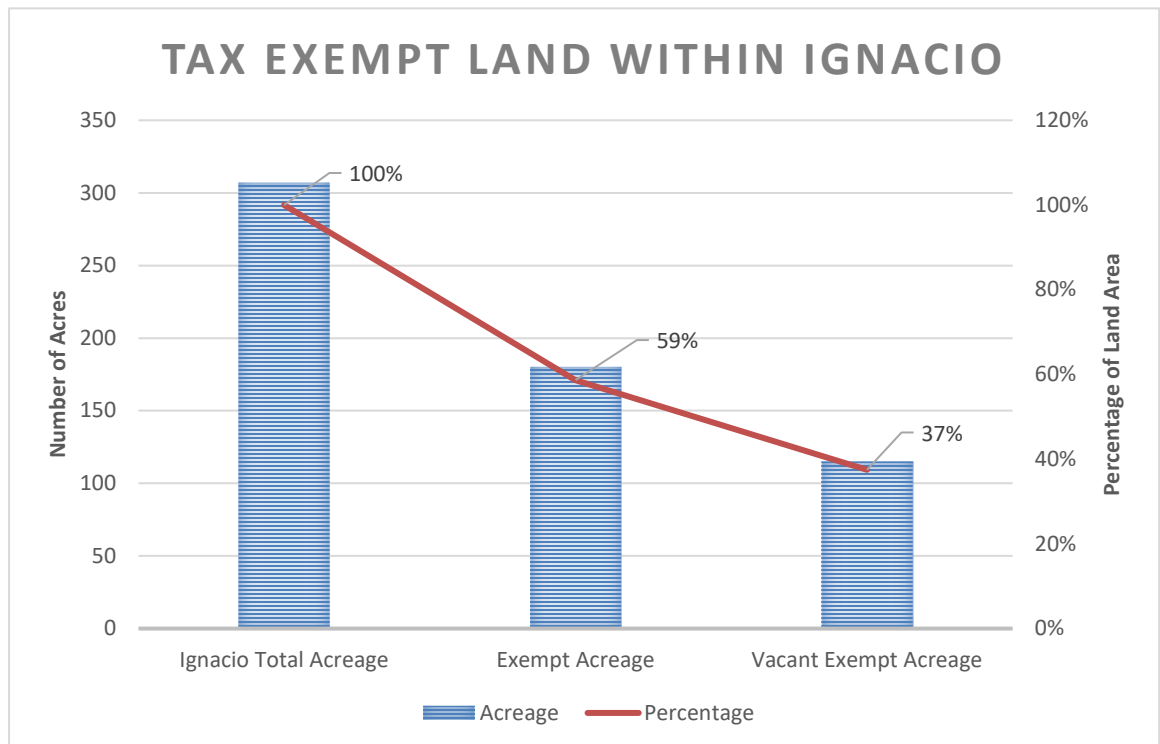


Figure 10 illustrates just how much of Ignacio's land is currently tax-exempt based on acreage. Land that is currently assessed as tax-exempt represents 59% of the Town's total acreage. This land includes publicly owned institutions, such as schools and Town Hall, but also land owned by the Southern Ute Indian Tribe. It is worth noting that 37% of this tax-exempt land is assessed as lacking any building improvement. This significant amount of underdeveloped land includes some parks, athletic fields, and community assets. However, there are a large number of parcels, as well as portions of parcels, that could be positioned for redevelopment.

Ignacio should carefully evaluate these tax-exempt parcels to determine if there are opportunities for a higher and better use of the land. If certain tax-exempt parcels exhibit characteristics that make them underutilized, the Town can evaluate redevelopment options. Publicly owned parcels can be leveraged to help incentivize specific types of development having community benefits, such as affordable housing.

If public private partnerships are not feasible, the Town should focus on increasing its share of residential and commercial parcels by transferring underutilized, tax-exempt parcels to the private sector. Commercial uses generate the highest amount of property taxes in Colorado because they are assessed at a 29% ratio. Residential parcels are assessed at a lower ratio, which

currently stands at 7.15%. With only 7.3% of its parcels assessed commercially, and 28.5% assessed residentially, Ignacio is severely limiting its ability to service public debt and maintain its infrastructure. Transferring underutilized tax-exempt parcels to the private sector for residential and commercial redevelopment will help the town increase its tax base and improve the overall utility of its land. Residential development will better position Ignacio to absorb forecasted population growth and attract new residents and businesses.

2.4 Land Use Recommendations

- Ignacio should **refocus its Land Use planning efforts on increasing** the amount of land capable of supporting **new development** and **diversifying its tax base**.
- **59% of the Town is** currently assessed as **Tax-Exempt property**. Ignacio should carefully **analyze these parcels** to see if there are **opportunities** for a **higher and better use of the land**.
- Ignacio should **explore leveraging** public land within **public private partnerships** to help **incentivize** development with **community benefits**.
- The small portion of **vacant land** and **constraints** on annexation **indicate** that **the Town** should **use/redevelop available land** as **efficiently** and **intensely** as appropriate and possible
- Ignacio should **identify tax-exempt land** that could serve a **higher and better use** if **transferred** to the **private sector**.
- **Housing is dependent on the availability of developable land.**

3 Existing Housing Stock

3.1 Key Findings

This report examined the Town of Ignacio's existing housing stock, with a specific focus on the age of housing units and the frequency that these housing units have been constructed. The report further analyzed the specific types of housing units that exist within the Town.

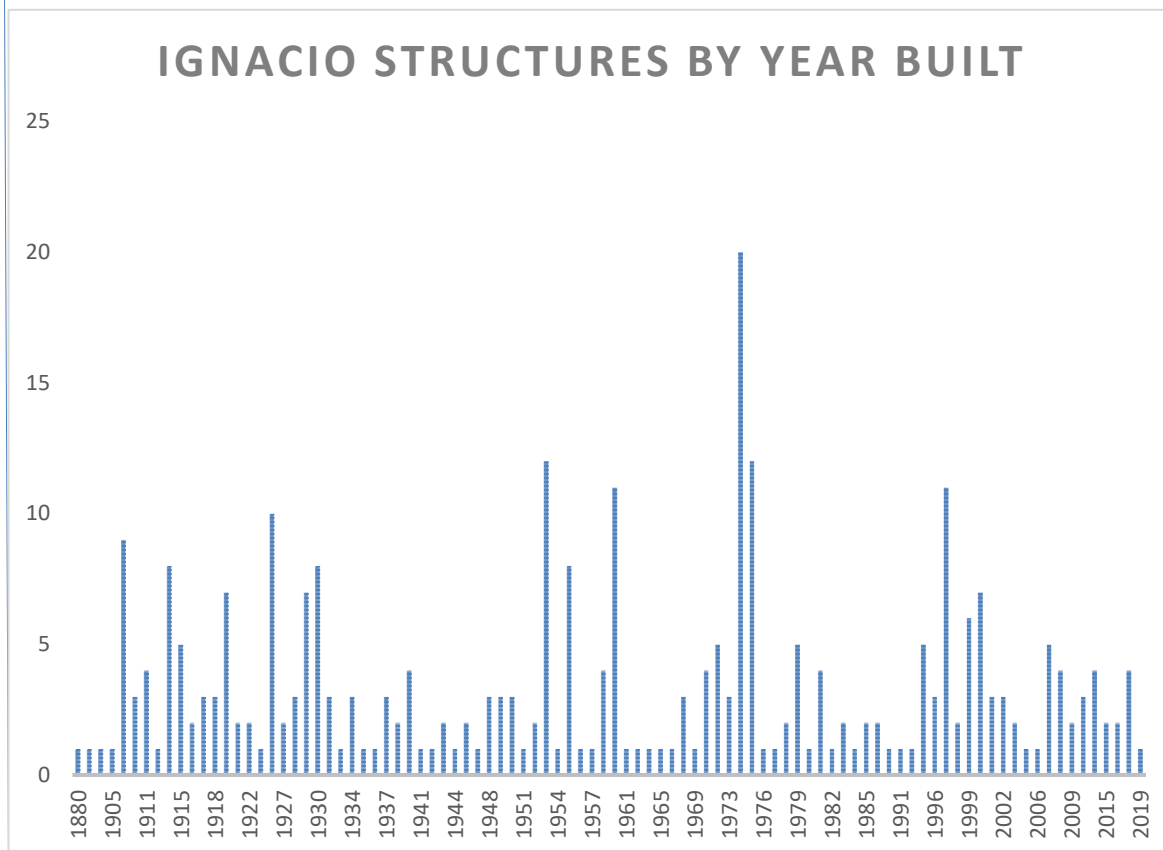
The key finding from this analysis was that the Town of Ignacio has an aging housing stock that lacks a diversity of housing types. The average age that a housing unit was constructed in Ignacio was 1958 and building permit data indicates that the Town's housing starts, or new residential construction, has been declining over the past three decades.

Most of the Town's housing exists either as single-family homes or as mobile homes, according to the La Plata County assessor's office database. There are very few examples of multi-family housing units, be it duplexes, triplexes or apartments in Ignacio. This is surprising, especially since an analysis of tenure in the Town found that the majority of Ignacio's housing units are being rented.

The Town of Ignacio should encourage new residential development, especially development that would increase the existing housing stock's diversity. As Section 1.3 Population Growth explained, the construction of multi-family development led to a sharp increase in Durango's growth rate. If Ignacio desires to attract new residents and maximize the utility of its limited supply of developable land, the Town should incentivize higher density residential development.

3.2 Construction Dates and Patterns

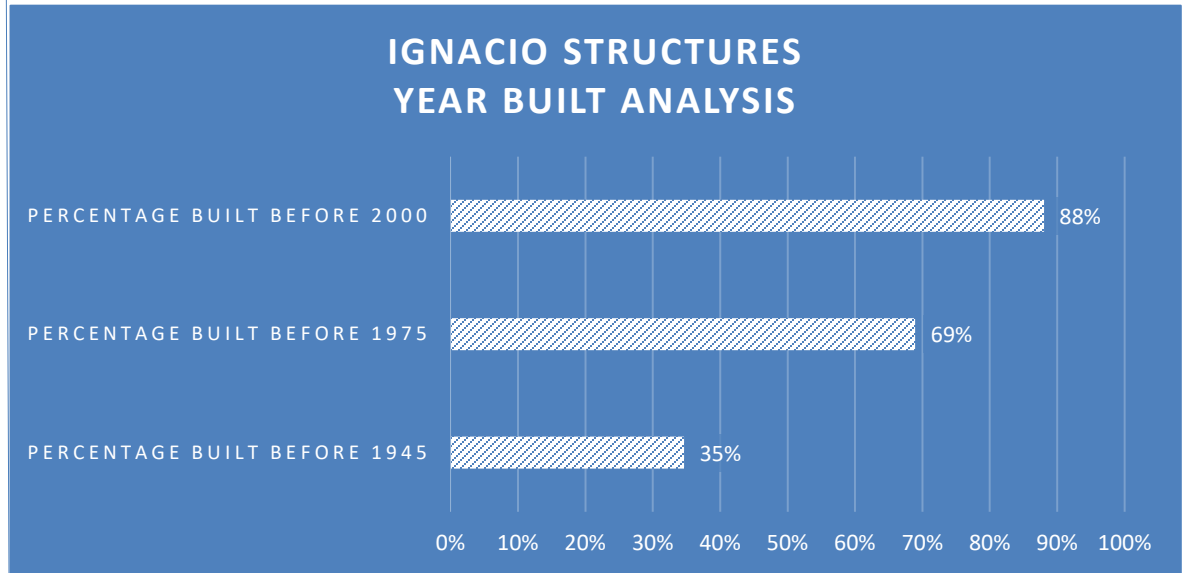
Number of Existing Structures within Ignacio by Year Built, Figure 11



In order to understand the age of the Town's existing housing stock, it is important to analyze all the existing structures within Ignacio's town limits. Figure 11 is a timeline depicting the construction date of every structure existing within the Town of Ignacio, according to the La Plata County assessor's office database.

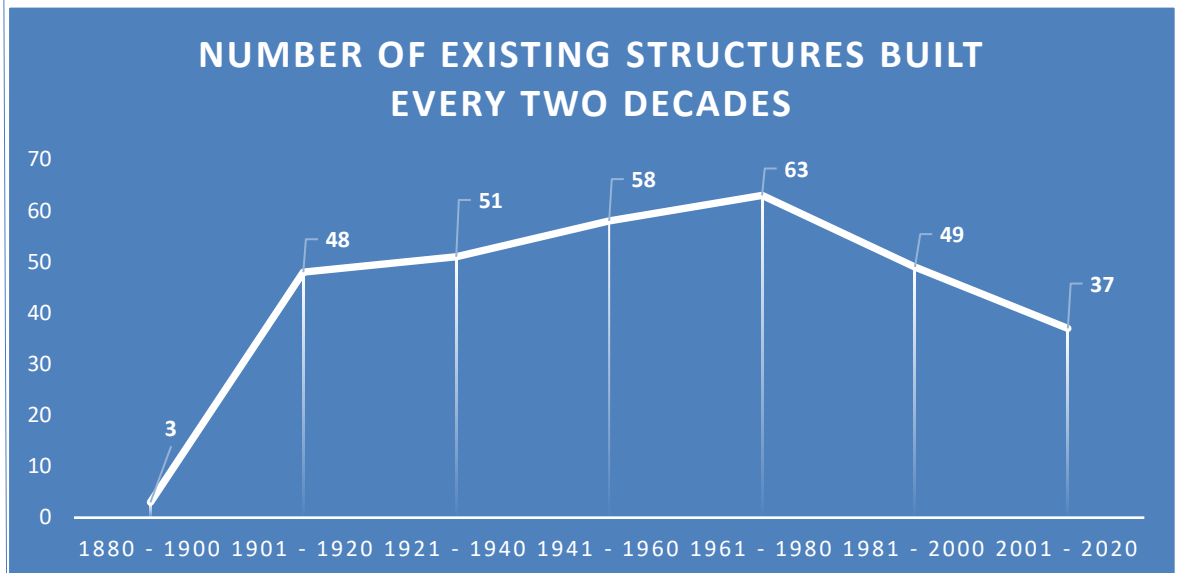
Beginning in 1880, this timeline illustrates both the age and count of structures still being utilized in the Town. Over the past century, there have been periods of high growth, indicated by the spikes in construction along the timeline. It is not possible to determine from the data whether these peak construction periods replaced aging structures or simply brought new construction into the Town. What is clear is that many of Ignacio's structures were built during the early 1970's, and that most of these peak construction periods came before 2000. A closer analysis of this data reveals that 69% of the Town's structures were built before 1975 and that 88% of Ignacio's buildings were constructed before 2000 (See Figure 12).

Ignacio's Total Structures by Year Built Percentages, Figure 12



This data indicates that Ignacio has a high percentage of structures built prior to the new millennia. It also reveals a trend in construction patterns throughout the Town. Over the past forty years, Ignacio's frequency of construction has gradually declined. The Town enjoyed sustained increases in construction up until the early eighties, after which the total number of structures erected over these time periods has fallen. In fact, the last two decades represent the lowest number of completed structures in the past century, with only 37 existing structures built between 2000 and 2020. (See Figure 13).

Ignacio's Construction Trends Over Time, Figure 13

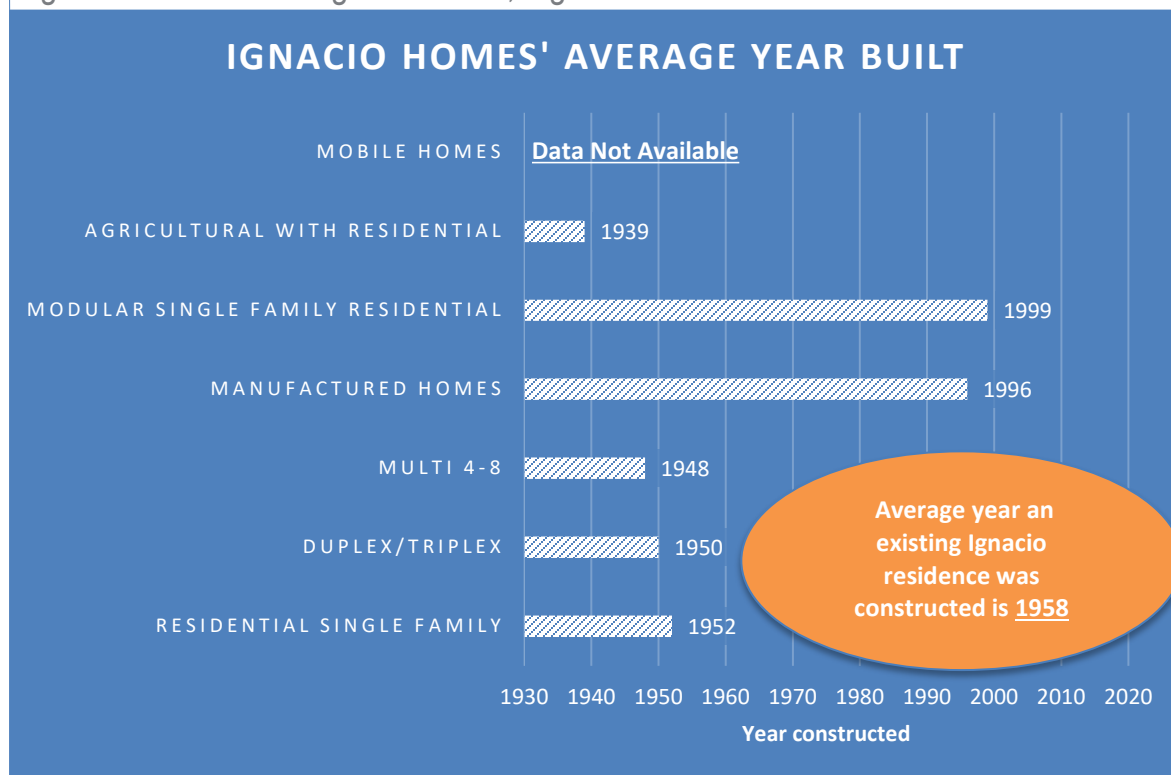


3.3 Age of Existing Housing Stock

The large percentage of structures built prior to 2000 and the gradual decline in construction frequency over the last four decades is manifested by the average age of a housing unit within Ignacio. According to assessor data, the average year an existing Ignacio residence was constructed is 1958 (See Figure 14).

This average represents a weighted average of every type of housing unit currently existing within the town's limits ¹. Housing unit types were categories taken from the La Plata County assessor's records, and included stick-built single-family homes (Residential Single Family), duplexes and townhomes (Duplex/Triplex), multi-family apartments (Multi 4-8), manufactured single family homes (Manufactured Homes), modular-built single family homes (Modular Single Family Residential), single-family homes on agricultural land (Agricultural with Residential), and mobile homes (Mobile). The average year built for each housing category is illustrated in Figure 14, below.

Ignacio Homes' Average Year Built, Figure 14



Apart from modular and manufactured single family homes, the majority of Ignacio's housing was constructed before 1960. The residential single-family home category, the largest housing category with reliable construction dates, exhibited an average year-built of 1952. This indicates that Ignacio's housing stock is aging and presents the opportunity for updating existing housing units or developing new housing stock.

¹ Mobile Home Data was not available for determining age of individual mobile home units

3.4 Housing Types

Ignacio Housing Stock Type by Percentage, Figure 15

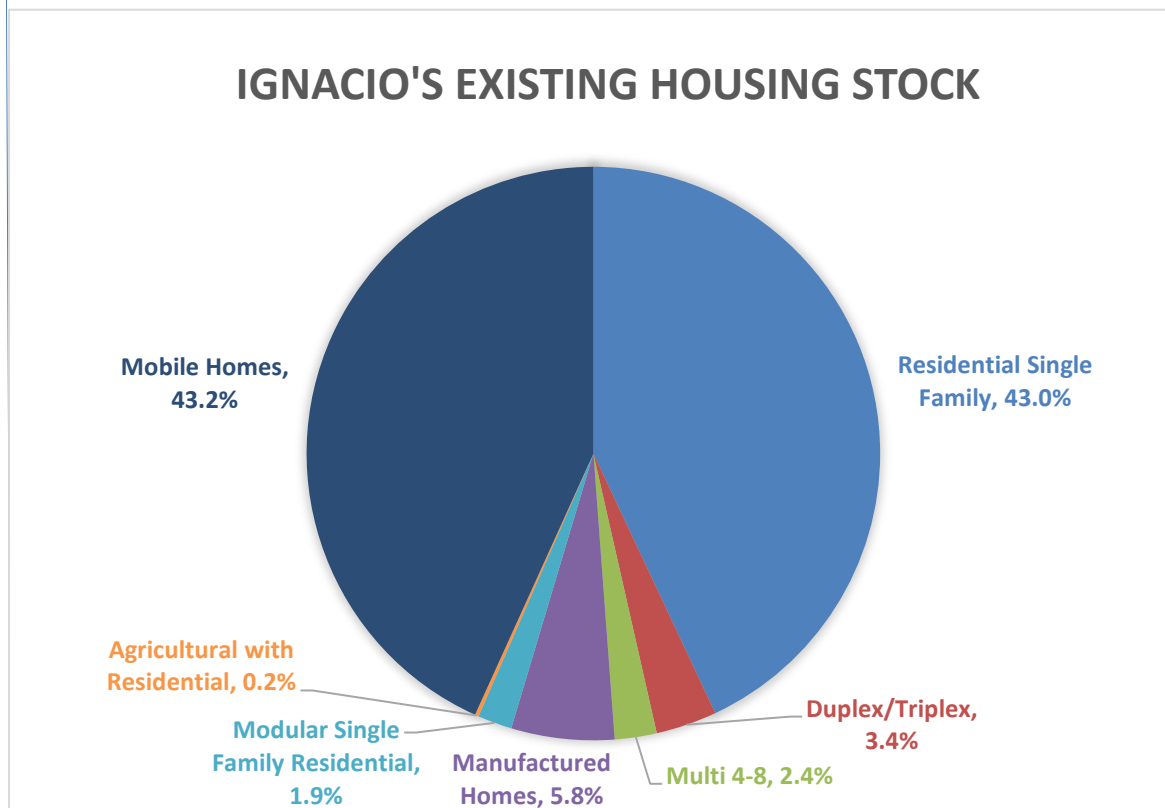
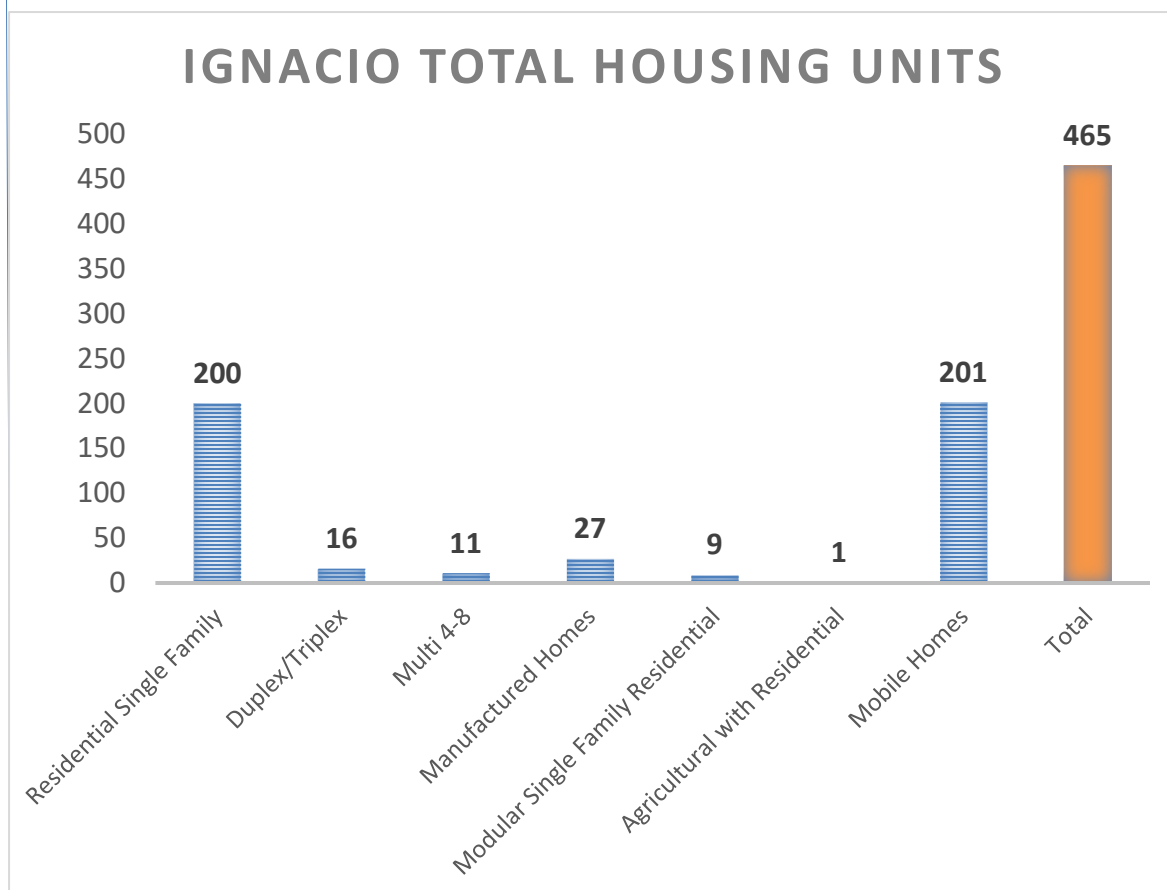


Figure 15 illustrates the various types of residential units within the Town of Ignacio and their percentage of the overall housing stock. Single family homes and mobile homes command the lion's share of the housing stock, collectively accounting for 86% of the Town's total number of housing units. The remaining 14% of the housing stock is divided between manufactured homes, duplex/triplexes, multi-family apartments, modular single-family residential homes, and residences assessed as agricultural. The abundance of mobile and single-family homes indicates that Ignacio does not have a diversified housing stock, one that would feature multiple housing options, including apartments, townhouses or condos.

The perfect housing mix is difficult to standardize for any community. Real estate trends tend to follow market demands, and local desires, affordability levels and geography all play a part in shaping a town's housing stock. However, the lack of diversity exhibited in Ignacio's housing stock create challenges for the Town if it is to share in forecasted growth and strategically position itself for the future. Higher density housing, identified by the Duplex/Triplex and Multi 4-8 categories in Figure 15, account for less than 6% of the Town's total housing stock. This represents an opportunity for the Town to focus redevelopment efforts on increasing its share of this housing type. Section 1 identified how multi-family housing is a highly desirable housing type in La Plata County, one that directly impacts community growth rates. This higher density housing type would also align with Ignacio's land use strategies, helping the Town achieve the highest and best use of its limited supply of developable land.

3.5 Housing Unit Count

Ignacio Housing Unit Count by Type, Figure 16



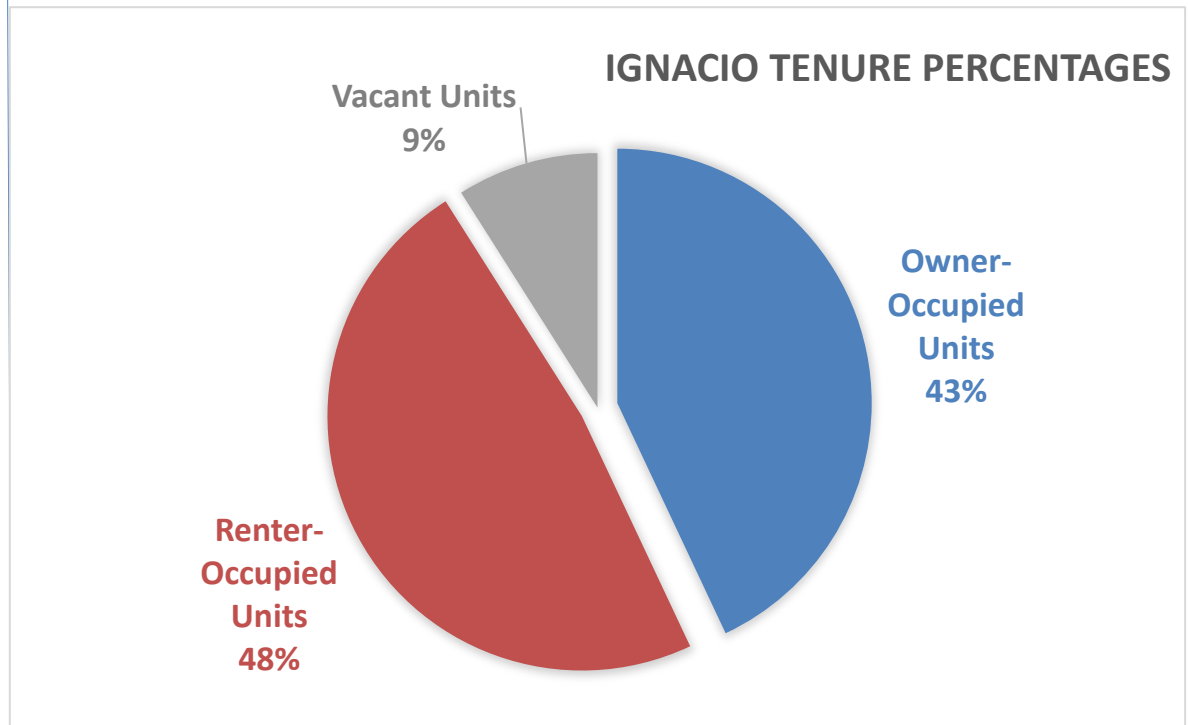
Using La Plata County assessor data, this report estimates the total housing unit count for the Town of Ignacio at 465 units. This is much higher than the State Demographers projection of 308 housing units for the Town, and slightly higher than the US Census estimate of 443 housing units. Given that both the state demographer and Census are using projections and estimated household size to estimate Ignacio’s housing units, this report maintains that the assessor’s database is a more accurate predictor of Ignacio’s housing stock. Figure 16 reveals again that the town’s housing stock exhibits very little diversity. The high number of mobile homes may also indicate that there is a “missing-middle” scenario occurring within the town, meaning that there are few affordable housing options between single family homes and mobile homes. This insight again underscores the need for additional housing types within Ignacio.

3.6 Housing Tenure

A closer inspection on how the Town’s existing housing stock is being utilized also raises an interesting finding. Most of Ignacio’s housing units are currently being rented, with 48% percent renter-occupied compared to 43% owner-occupied. The remainder represents the vacant units, which currently stands at 9%. This is higher than is expected in healthy real estate markets, which typically exhibit vacancy rates of around 4-6%. A higher vacancy rate typically means

lower market demand, however, in Ignacio's case, this vacancy rate could also indicate that the existing housing stock is not meeting local real estate demands (See Figure 16).

Ignacio Housing Stock Tenure by Percentage, Figure 16



The finding that most of Ignacio's housing units are being currently being rented underscores the Town's need for additional for-rent properties, especially multi-family housing types like townhomes and apartments. The creation of for-rent properties will likely help diversify the Town's housing stock, strengthen its tax base, encourage growth, and open existing single-family homes to the market when the renting population shifts to newer properties. This in turn will increase the housing supply for the Town and have a positive impact on housing affordability.

3.7 Existing Housing Stock Recommendations

- **Ignacio's housing stock is aging** and is in need of **new development**.
- **Ignacio** should **prioritize residential development** that will **bring new forms** of residential **development** into the Town and diversify its housing stock.
- The **lack of diversity** in the current **housing stock** represents **an opportunity** for the Town to incentivize **multi-family housing** options, such as **townhomes** and **apartments**.
- **Most** of the Town's **housing units** are currently **being rented**, representing a **high market demand** for **new rental units** that are **affordable in-town**.
- **Increasing the diversity in the housing stock will lead to more housing options, greater housing supply, and more affordable housing choices and sustainable growth.**

4 Housing Affordability

4.1 Key Findings

Housing affordability is a nationwide issue, and one that is becoming an increasing concern throughout La Plata County. In the 2017 update to the County's Comprehensive Plan, the County identified housing affordability and supply as "a significant issue to be addressed" and included a housing element in its plan for the first time. Although housing prices and demand vary around the County and its various municipalities, Ignacio is not immune to the growing affordability issue.

This report analyzed Ignacio's current housing values and compared these values to the local area median incomes of the Town's residents. This comparison allowed the report to determine the affordability levels of the existing housing stock, and also the percentage of residents that are currently cost-burdened. The US Department of Housing and Urban Development's (HUD) definitions for affordable housing were used by this report.

This study found that Ignacio's housing stock is affordable by HUD standards. The median home value in Ignacio is \$164,593, according to the La Plata County assessor's database. This home value is considered affordable by HUD standards given Ignacio's Area Median Income of \$53,760. However, housing affordability does not necessarily mean that housing is available, which is a real possibility given Ignacio's aging housing stock and history of declining construction starts (See Section 3).

This report did find that Ignacio's renters represent a significant cost-burdened group by HUD standards. 90% of rents in Ignacio ranged from \$500 to \$1500, a range that was similar to La Plata County. Overall, 35% of the Town's renting households are considered cost-burdened by HUD. When coupled with the Tenure analysis that found most of the Town's housing units are currently renter-occupied, this statistic implies that a significant portion of the Town's housing units are currently unaffordable.

The fact that owner-occupied homes in Ignacio are considered affordable by HUD standards, and yet renters represent the most cost-burdened and populous group in the town is evidence of a housing supply shortage. Increasing the number of housing units, especially for-rent properties, is key to the town achieving its affordable housing goals.

4.2 Housing Affordability Definitions

Affordable housing is based on local incomes levels and local housing unit prices. What is considered “affordable” can therefore range in certain locales across the nation, especially if income levels vary greatly or if housing prices have far outpaced wages. The most common definition of affordable housing is derived from the US Department of Housing and Urban Development (HUD). HUD defines an “affordable dwelling” as one that a household can obtain for 30% or less of its monthly income.

This 30% ratio is used to determine whether or not a household is considered “cost-burdened”. If a household is spending more than 30% of its monthly income on rent or on a mortgage, that household is considered cost-burdened by HUD and that housing unit is deemed unaffordable at their income level.

Local income levels are captured by a statistic known as Area Median Income, or AMI. AMI is calculated by the US Census bureau, which aggregates local incomes in a specific geographical area (typically a municipality) and determines the median. AMI is used to determine the relative affordability of housing within specific communities. This statistic is especially important for subsidized housing, such as those funded by the Low-Income Housing Tax Credit (LIHTC) or government grants.

4.3 Ignacio Area Median Income Levels

Area Median Income for Ignacio and County, Figure 17

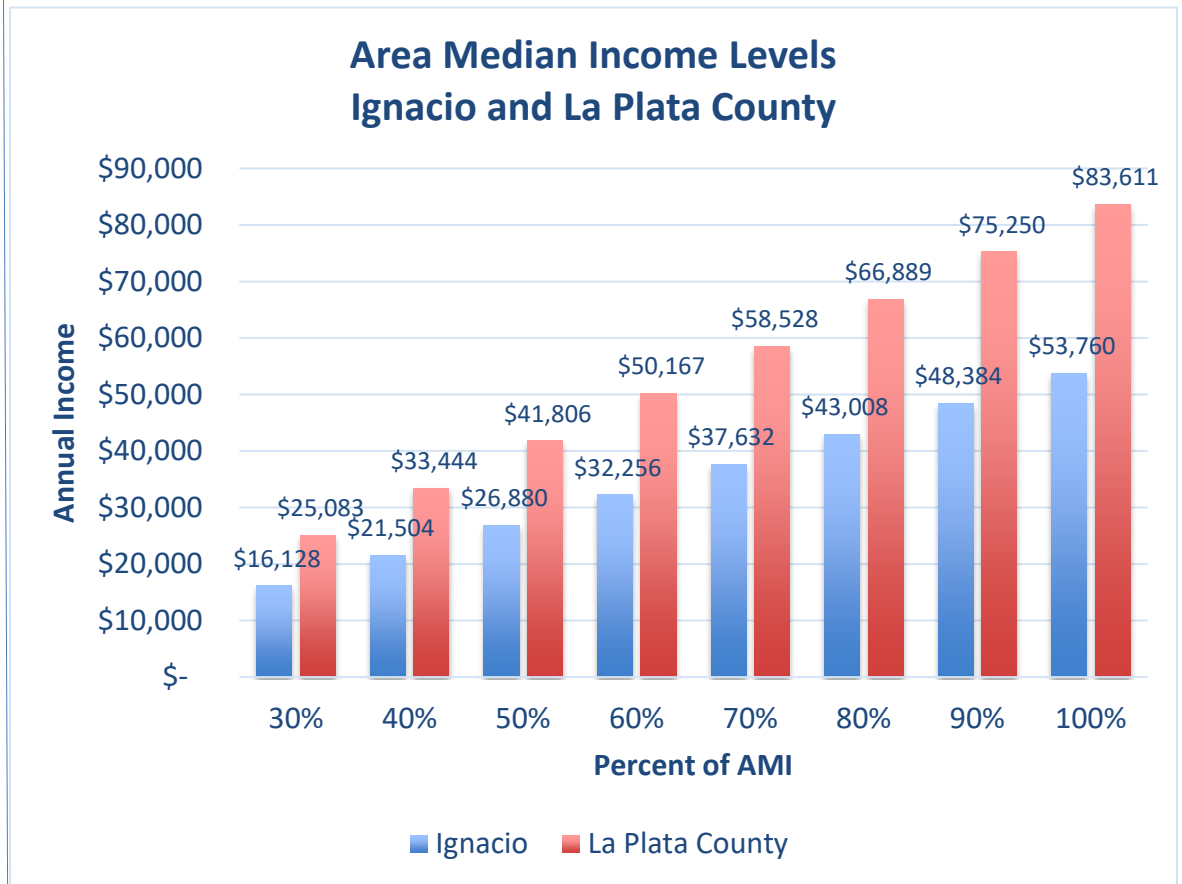


Figure 16 presents the AMI levels for both Ignacio and La Plata County. According to the US Census Bureau's 2019 estimates, La Plata County exhibited an Area Median Income of \$83,611 for households. This was almost \$30,000 higher than Ignacio's AMI, which was estimated at \$53,760. Figure 16's x-axis represents various AMI levels and their corresponding income amount. 100% AMI is the actual median income level in a specific community. The AMI percentages are used to determine the range of income levels within a community and are especially important when designing housing grants and affordable housing developments.

The large difference in AMI between the County and Ignacio means that the average resident in Ignacio has less income to spend on housing than the average resident in La Plata County. This implies that housing values throughout the County are even less affordable to an Ignacio resident than the average resident living in the unincorporated areas of La Plata County. This is an important insight, because it means that Ignacio's community may find it difficult to acquire affordable housing outside of the town.

Ignacio's Housing Cost Ceiling per AMI Level, Figure 18

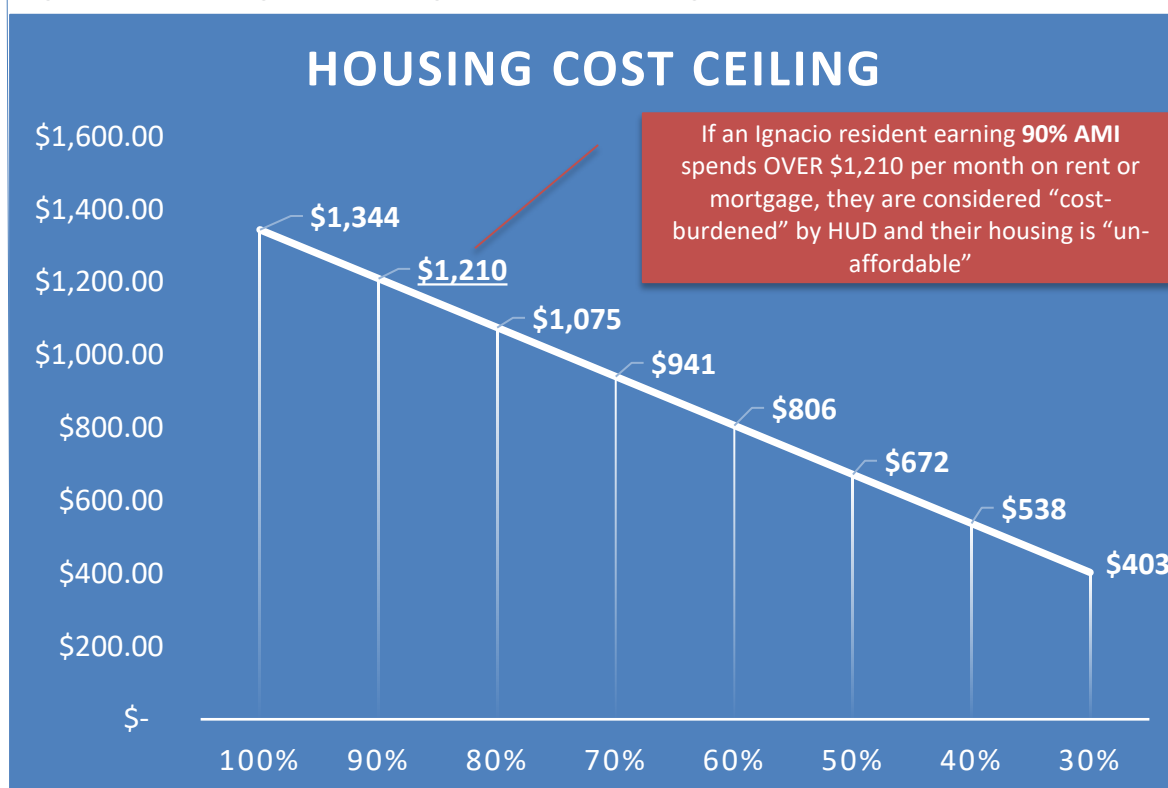
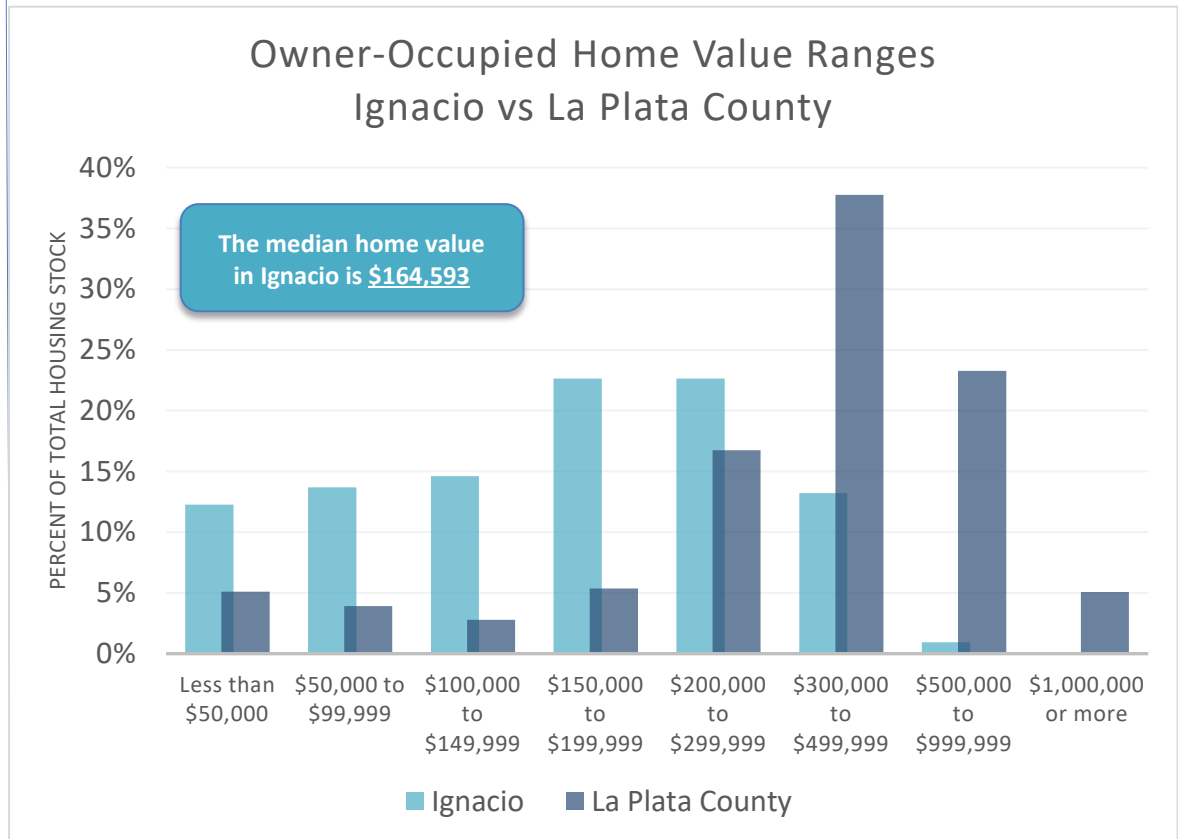


Figure 17 illustrates the range of housing costs that are affordable for an Ignacio resident at various AMI levels. If a resident earns \$53,760 per year, that resident can afford a monthly rent or mortgage of up to \$1,344 per month (or 30% of that resident's monthly income). Anything exceeding that amount would classify this resident as cost-burdened, according to HUD. The calculated monthly payments effectively show the housing cost ceiling for each percent AMI within Ignacio.

4.4 Ignacio Housing Affordability

This following chart (Figure 18) illustrates the range of home prices currently available in Ignacio and La Plata County. The median home price is based on current assessed market values of the properties within the town of Ignacio. Assessor values are based upon mass assessments rather than individual appraisals and should not be viewed as final market value of an individual property. An analysis of the median value of residences within Ignacio's town limits found a median home value of \$164,593. This median home price indicates that Ignacio's housing stock is within the "affordable" range of the Town's current residents. However, there have been few housing transactions over the past five years (7), and only two properties within town are currently listed for-sale on websites such as Zillow. So, while the existing housing stock may be classified as "affordable" by HUD standards, it may simply not be available to purchase to households looking to move into town.

Home Value Range Comparison, Figure 19

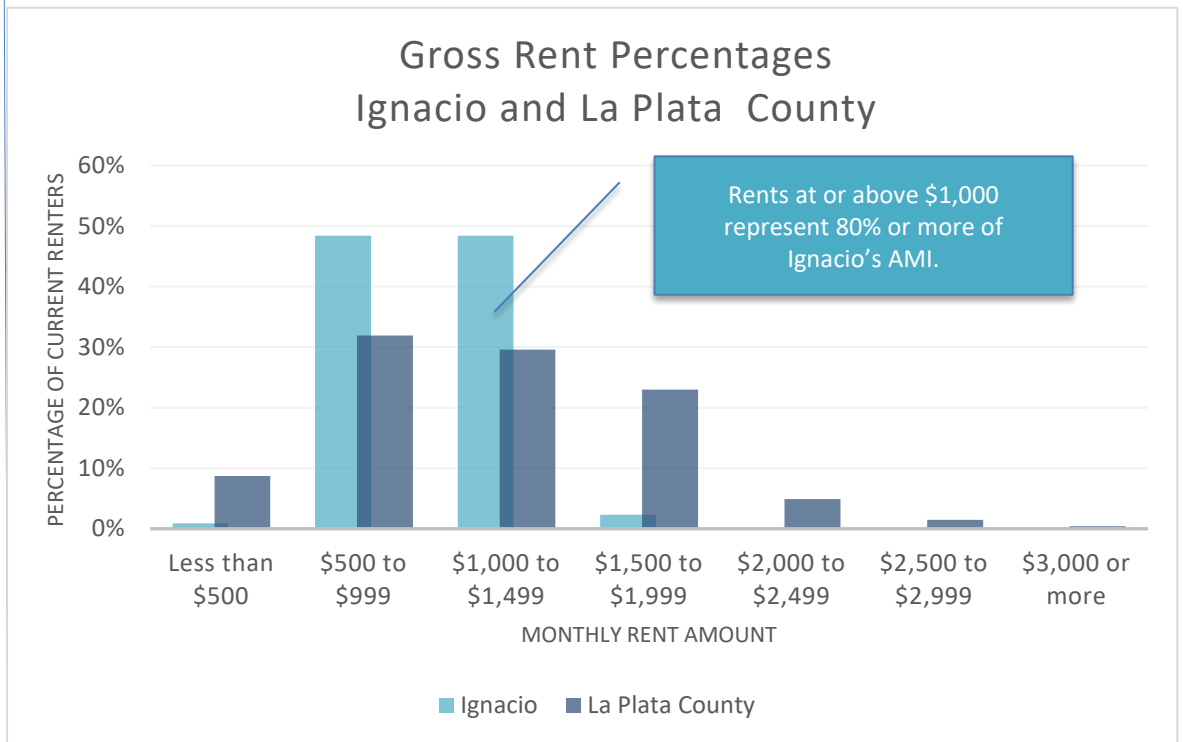


4.5 Rental Rates and Cost Burdened Households

Figure 20, below, charts current rental rates in Ignacio and La Plata County and the percentage of the local population paying those rates. Nearly all of Ignacio's rents fall between \$500 and \$1,500 per month, which is surprisingly similar to the rents charged throughout La Plata County. However, unlike La Plata County which has a much higher AMI than Ignacio, nearly 50% of the current rental rates within the town's limits are at or above the 80% AMI level (See Figure 18).

The fact that La Plata County has an AMI that is \$30,000 greater than Ignacio's, and yet exhibits rents that are roughly similar to that of the Town's, is a clear indication that the Town lacks rental housing despite a high demand. Rents above \$1,000 per month indicate that a good portion of Ignacio's renting population may be "cost-burdened" or paying greater than 30% of their income on housing costs.

Gross Rent Percentages for Ignacio and La Plata County, Figure 20



Cost-Burdened Household Percentages by Tenure, Figure 21

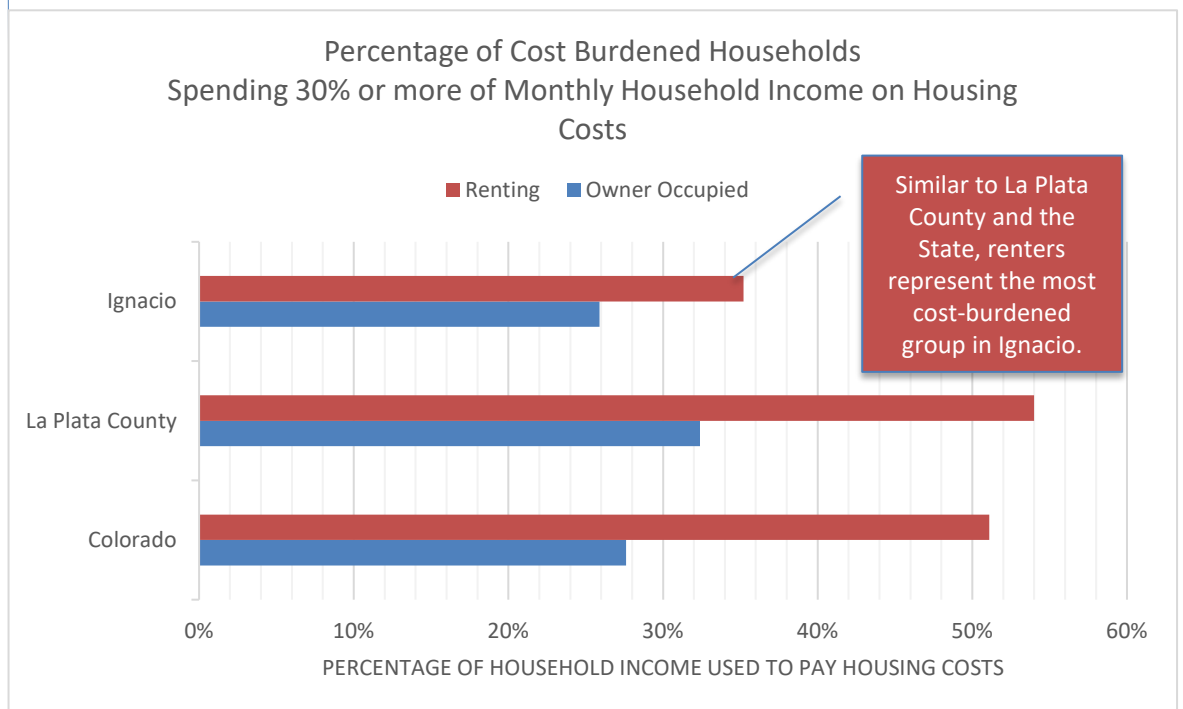


Figure 21 confirms the observation that rents in Ignacio are high relative to AMI. Over 35% of the Town's households are classified as "cost-burdened" by HUD. The fact that Ignacio's households are less cost-burdened than state and County levels is an indication that housing prices within the town are relatively affordable for local incomes. However, renters still represent the group with the heaviest financial burden and greatest need of affordable housing options.

4.6 Housing Affordability Recommendations

- Ignacio exhibits **affordable home values** relative to its AMI but may **lack housing availability**.
- Ignacio should **prioritize residential development** that will be **affordable for local AMI levels**, as County AMI levels are much higher than the Town's.
- Ignacio exhibits **high rent prices relative to its AMI**, indicating a **need** for additional **for-rent properties** throughout the Town.
- Ignacio should **research housing grants and subsidies** for new residential development. Most **grants are County AMI based**, and the low **AMI in Ignacio** relative to the County **represents a strategic advantage** for housing grants and tax credits for affordable housing.
- With 35% of households spending 30% or more of their income on rent, **renters represent the most cost-burdened group in Ignacio**. The Town should **prioritize affordable housing** projects that will **target local renters** and provide **additional supply** to keep rents affordable.
- The production of **new rental housing** may help to **shift** renters out of the Town's **existing single-family homes**, which would again **increase the supply of housing** throughout Ignacio.

5 Final Recommendations

The Town of Ignacio has the rare opportunity to seize upon population and economic growth forecasted to surge throughout La Plata County over the next ten years. Housing, however, is key to realizing these opportunities. The Town should strive to put together a comprehensive housing strategy, one that takes into account the demographic trends, land use constraints, and the housing stock and affordability issues outlined within this report.

This study recommends that the Town of Ignacio take the following actions when implementing its housing strategies and goals:

- **Ignacio should prioritize housing projects** to help retain its young population and also capture the expected population growth that is forecasted for La Plata County.
- **Ignacio should redevelop tax exempt parcels** that are currently underutilized, to increase the town's tax base and also its housing supply and options.
- **Ignacio should leverage public private partnerships** where possible, to ensure that **future development** is targeted to **meet community needs**.
- **Ignacio** should focus redevelopment efforts on **diversifying its housing stock**.
- **Ignacio** should **incentivize** and encourage **higher density housing** types, such as townhomes or apartments, **to maximize the utility** of its **developable land** and increase its supply of for-rent properties.
- **Ignacio** should research and **apply for affordable housing government grants and tax credits**, as its AMI levels provide it with a **competitive advantage** for being awarded this type of funding.
- **Ignacio** should target **new development** for its **renting population**, which is **significantly** more **cost-burdened** than the Town's property owners.



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