

FINAL REPORT

TELLURIDE AFFORDABLE HOUSING STRATEGIC PLAN

Prepared for:

Town of Telluride

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I. AFFORDABLE HOUSING DEMAND ANALYSIS

This chapter provides the basis for the Affordable Housing Analysis study by estimating the need for affordable housing in the Telluride Region. The primary tool used to develop the estimate of housing need is an evaluation of historic and future employment levels. Employment growth drives the need for additional affordably priced housing. For the purposes of this study, a housing production target has been identified that would provide affordably priced housing for 60 percent to 70 percent of the regional workforce. The specific goals of the analysis are to:

- Document the current level of demand for housing.
- Identify the shortfall of the existing locally occupied housing units based on the hypothetical goal of housing 60 to 70 percent of local employees.
- Quantify the existing number of employees commuting into the Telluride Region.
- Forecast employment growth by sector through 2020.
- Project future housing demand by employment sector over the 18-year forecast period.
- Develop a housing production target, based on the existing deficit and the projected growth.

HISTORIC AND CURRENT EMPLOYMENT

The Telluride Region is estimated to have 5,327 employed persons, as of 2002. Of the total, 54 percent are estimated to live in the Region and 46 percent live outside the Region. To quantify employment conditions, comprehensive data for Bureau of Economic Analysis (BEA) and Wage and Salary positions (ES 202) have been evaluated for 2000 and updated to 2002, based on the increase in ES 202 jobs for the period. The Telluride region is defined as the Towns of Telluride and Mountain Village and the portions of San Miguel County in the immediate vicinity including Lawson Hill, the Airport, Aldasoro, Pandora Mill, Last Dollar, etc.

HISTORIC EMPLOYMENT

As of 2000, there were 6,819 jobs in San Miguel County. The number of jobs has grown at an annual average rate of 6.8 percent from 1990 to 2000, as shown in **Table 1**. This strong rate of growth has generated 3,290 new jobs, an increase of nearly 93 percent over the 1990 baseline figure of 3,529. It is significant that a majority of the growth occurred in the initial five years of the decade, as 80 percent of the jobs were created during that time. From 1995 to 2000, the annual average growth rate was 1.9 percent, compared to the 11.9 percent from 1990 to 1995.

A majority of the jobs, 84 percent, can be found in four of the nine industry sectors; services (1,933); wholesale and retail trade (1,417); finance, insurance, and real estate (1,329); and construction (1,029). To evaluate growth, subsets of the major classifications

were evaluated and the highest growth sectors were professional services (13.6 percent); lodging (12.6 percent); furniture, apparel, and general merchandise (10.5 percent); and construction (10.4 percent).

The employment figures provided by the Colorado State Demographer are a compilation of ES 202 data and Bureau of Economic Analysis (BEA) data. The data reflect conditions in 2000, which is the most recent year for which comprehensive employment data is available. ES 202 data covers all wage and salary jobs for which employers pay unemployment insurance. For a typical region, ES 202 jobs represent 80 to 85 percent of total jobs. The balance of jobs is found in sole proprietors, fully commissioned positions, and exempt employers such as churches and railroads. The BEA data captures all jobs (including sole proprietors); however, the figures typically overestimate local employment as some jobs that are counted are held by full-time ES 202 employees seeking supplementary income. The data used for this analysis accounts for both BEA and ES202 sources and have been adjusted by the Demographer's Office to reflect local conditions. The State Demographer evaluates the data sources and calibrates each based on regional economic conditions, to provide an assessment of employment that is more accurate than either of the two sources independently.

Table 1
San Miguel County Job Trends by Industry
Telluride Region—Affordable Housing Strategy

Industry	1990	1995	2000	Annual Change		
				1990-1995	1995-2000	1990-2000
Agriculture	223	340	160	8.8%	-14.0%	-3.3%
Mining & Extraction Industries	31	14	28	-14.7%	14.9%	-1.0%
Construction	381	831	1,029	16.9%	4.4%	10.4%
Manufacturing	87	138	158	9.7%	2.7%	6.1%
Transportation, Communications & Utilities	102	168	70	10.5%	-16.1%	-3.7%
Wholesale & Retail Trade	713	1,321	1,417	13.1%	1.4%	7.1%
Wholesale Trade	*	21	32	N/A	8.8%	N/A
Building Materials, Hardware, & Garden	35	57	55	10.2%	-0.7%	4.6%
Furniture, Apparel, & General Merchandise	39	90	106	18.2%	3.3%	10.5%
Food Stores	124	237	149	13.8%	-8.9%	1.9%
Automotive Dealers & Service Station	21	28	48	5.9%	11.4%	8.6%
Eating & Drinking Places	359	630	740	11.9%	3.3%	7.5%
Miscellaneous Retail Trade	133	258	287	14.2%	2.2%	8.0%
FIRE	766	1,053	1,329	6.6%	4.8%	5.7%
Services	881	1,865	1,933	16.2%	0.7%	8.2%
Recreation Services	343	600	617	11.8%	0.6%	6.0%
Lodging Places	194	592	635	25.0%	1.4%	12.6%
Personal Services	28	91	54	26.6%	-9.9%	6.8%
Professional Services ¹	106	318	378	24.6%	3.5%	13.6%
Other Services ²	210	248	249	3.4%	0.1%	1.7%
Government	<u>345</u>	<u>473</u>	<u>695</u>	<u>6.5%</u>	<u>8.0%</u>	<u>7.3%</u>
Total	3,529	6,203	6,819	11.9%	1.9%	6.8%

¹ Includes business, health, legal and engineering services.

² Includes private education, social, membership organization, private household, and repair services.

Note: Data includes wage and salary as well as proprietors

*=Data not available due to confidentiality issues

Source: Colorado Department of Local Affairs

LOCATION OF RESIDENCY AND EMPLOYMENT

Commuting patterns for San Miguel employees have recently been released by the Census and are provided in **Table 2**. As of 2000, there were a total of 5,583 employees working in the County, of which 75 percent resided within the County and the balance commuted in from outside the County. The data provided below relates to employees, or employed persons, whereas the data shown in **Table 1** pertains to jobs. There are more jobs than employed persons due to individuals holding multiple jobs. The relationship between jobs and employees is addressed in more detail in the following sections.

Table 2
Place of Residency for San Miguel County Employees
Telluride Region—Affordable Housing Strategy

Location of Residence	Number	Percent
Delta Co. CO	55	1%
Dolores Co. CO	84	2%
Gunnison Co. CO	4	0%
La Plata Co. CO	2	0%
Larimer Co. CO	10	0%
Mesa Co. CO	29	1%
Montezuma Co. CO	96	2%
Montrose Co. CO	801	14%
Ouray Co. CO	221	4%
Pueblo Co. CO	5	0%
Routt Co. CO	8	0%
San Miguel Co. CO	4,163	75%
Summit Co. CO	9	0%
Weld Co. CO	2	0%
Out-of-State	94	2%
Total	5,583	100%
Emp. Residing w/in County	4,163	75%
Emp. Commuting into County	1,420	25%

Source: Colorado State Demographer, Economic & Planning Systems

A similar type of analysis of commuting patterns provides data relating to the place of employment for local residents and is provided in **Table 3**. There are 4,370 San Miguel residents who are employed. Of these, 95 percent work locally and the balance commute outside the County. Applying 95 percent to the figure of 4,370 results in a total of 4,163 local residents with jobs inside the County, which matches the data from **Table 2**.

Table 3
Location of Employment for San Miguel Residents
Telluride Region—Affordable Housing Strategy

Location of Employment	Number	Percent
Archuleta Co. CO	2	0.0%
Bent Co. CO	2	0.0%
Delta Co. CO	5	0.1%
Dolores Co. CO	19	0.4%
Gunnison Co. CO	5	0.1%
Mesa Co. CO	2	0.0%
Montezuma Co. CO	33	0.8%
Montrose Co. CO	44	1.0%
Ouray Co. CO	22	0.5%
Pitkin Co. CO	3	0.1%
San Juan Co. CO	4	0.1%
San Miguel Co. CO	4,163	95.3%
Out-of-State	66	1.5%
Total	4,370	100%
Res. Employed w/in County	4,163	95.3%
Res. Commuting out of County	207	4.7%

Source: Colorado State Demographer, Economic & Planning Systems

REGIONAL DISTRIBUTION OF JOBS

To understand employment conditions within the County, current ES 202 data are used, as they provide a level of detail unavailable through other sources. For this analysis, the Telluride Region includes the Town of Telluride, the Town of Mountain Village, the Lawson Hill area, and other areas in the immediate vicinity. Segmenting the County by zip code shows that 91 percent of all employees work in the Telluride Region as shown in **Table 4**.

ES 202 data provides sufficient detail to identify the regional distribution for all wage and salary jobs, which account for approximately 80 percent of local employment. It is assumed that balance of BEA jobs, such as fully-commissioned positions, are concentrated in the Telluride Region at slightly higher percentages. Due to reporting parameters set by the Colorado Division of Labor and Employment, the categories with less than a minimum of three employers have not been shown individually, although they have been included in the total.

Table 4
Number of ES 202 Employees, 1st Quarter 2002
Telluride Region—Affordable Housing Strategy

Category	Tel. Region	Elsewhere	Total
Agriculture	6	0	6
Utilites	17	0	17
Construction	518	138	656
Misc. Construction	74	0	74
Retail	456	68	524
Transportation	20	*	23
Communication	101	9	110
Lenders/Mortgage	119	10	129
Real Estate	251	6	257
Equip. Rental Serv.	37	*	37
Profesional Serv.	127	11	138
Real Estate Maint/Serv.	78	*	80
Schools and Day Care	164	65	229
Medical Services	56	17	73
Recreation	667	*	668
Hotels and Motels	516	*	518
Eating and Drinking	683	62	745
Personal Serv.	36	*	36
Associations (incl. HOA)	160	33	193
Private households	15	*	16
Local Gov't	387	13	400
Total	4,488	441	4,929
% of County	91%	9%	100%

* Suppressed due to limited number of employers

Source: ES 202 Data, Economic & Planning Systems

The distribution of ES 202 jobs has been applied to the 2000 County employment totals (based on the assumption that the current regional distribution is representative) as shown in **Table 5**. A total of 6,182 jobs, or 91 percent of total County employment, is estimated in the Region. There are 5,152 employed persons based on local survey findings of 1.2 jobs per person.

Table 5
Employment by Industry, 2000
Telluride Region—Affordable Housing Strategy

Industry	2000 County Total Jobs	Telluride Region		
		Percent	Jobs	Employed Persons
Agriculture	160	0%	0	0
Mining & Extraction Industries	28	0%	0	0
Construction	1,029	96%	988	823
Manufacturing	158	65%	103	86
Transportation, Communications & Utilities	70	65%	46	38
Wholesale & Retail Trade				
Wholesale Trade	32	0%	0	0
Building Materials, Hardware, & Garden	55	80%	44	37
Furniture, Apparel, & General Merchandise	106	95%	101	84
Food Stores	149	90%	134	112
Automotive Dealers & Service Station	48	25%	12	10
Eating & Drinking Places	740	95%	703	586
Miscellaneous Retail Trade	287	90%	258	215
FIRE	1,329	95%	1,263	1,052
Services				
Recreation Services	617	98%	605	504
Lodging Places	635	98%	622	519
Personal Services	54	90%	49	41
Professional Services ¹	378	95%	359	299
Other Services ²	249	95%	237	197
Government	695	95%	660	550
Total	6,819	91%	6,182	5,152

¹ Includes business, health, legal and engineering services.

² Includes private education, social, membership organization, private household, and repair services.

Note: Data includes wage and salary as well as proprietors.

Assumes a year-round average of 1.2 jobs per person.

Source: Economic & Planning Systems

Table 6 provides estimates of the number of Telluride Region employees who commute into the area as well as those that reside in the Region. All data reflects conditions for the year 2000. Current conditions are assumed to be largely the same. Based on the commuting pattern data, there are 4,370 County residents that are employed. Of these, 4.7 percent commute to jobs located outside the County, leaving a balance of 4,163 County residents employed within the County. If 91 percent of these are employed in the Telluride Region, there are a total of 3,774 Telluride Region employees that live within the County.

Based on population estimates from the *Commercial and Accommodations Land Use Study*, there were 1,741 occupied housing units in the Telluride Region as of the year 2000. The

total number of dwelling units in the Region is much higher; however, this figure does not include second homes or condominiums rented on a short-term basis. Based on community survey data, there are 1.6 employees for each occupied dwelling unit, resulting in a total of 2,786 employees residing in the Telluride Region. The difference between the locally residing employees (2,786) and the total number of County residents employed in the area (3,774), results in the balance of 989 that live within the County and commute to the Region for their jobs.

The employment data show a total of 5,583 employees in the County, regardless of place of residency. Census data shows that approximately 1,420 employees commute into the County, or 25 percent of the total. Based on an estimated 95 percent of commuters driving into the County having the Telluride Region as their destination, there are a total of 1,349 employees commuting into the Region from outside the County.

Table 6
Estimate of Existing Housing Need, 2000
Telluride Region—Affordable Housing Strategy

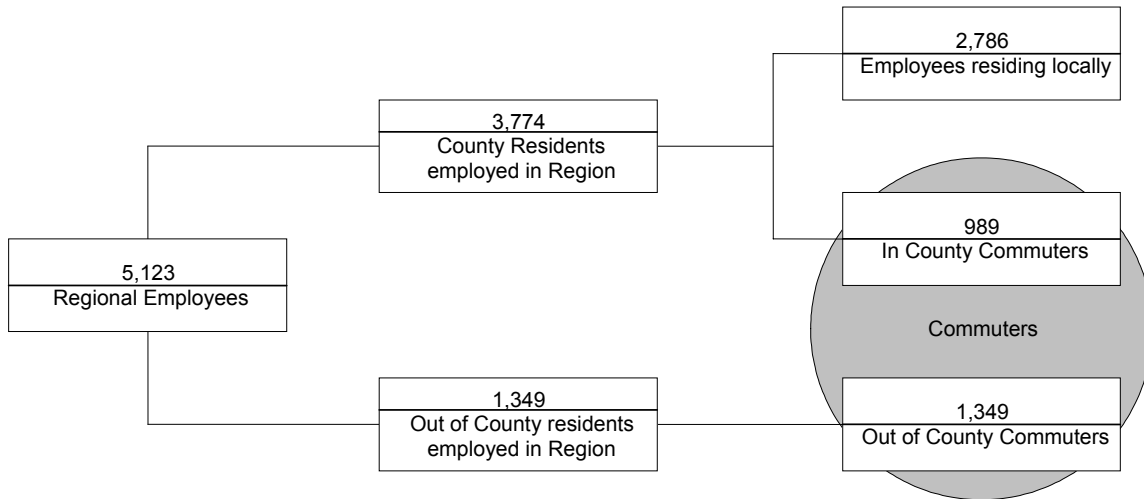
Category	Factor	
Employed County Residents		
A. Total employed county residents		4,370
B. Residents that commute outside the County	4.7%	- 207
C. Residents employed within County	(A-B)	4,163
D. Residents employed in Telluride Region	91%	3,774
 <i>Employees living within Telluride Region</i>		
E. Occupied housing units, 2000		1,741
F. Employees per Unit	x 1.6	
G. Employees residing within Region	(ExF)	2,786
H. Emp. residing in County, commuting to Region	(D-G)	989
 Employees commuting from outside County		
I. Total employees in County		5,583
J. Employees living outside County	25.4%	1,420
K. Commuters with destination in Telluride Region	95.0%	1,349

Source: Economic & Planning Systems, RRC, Colo. State Demographer, US Census, Colo. Dept. of Labor and Emp.

The community patterns of Telluride employees are illustrated in **Figure 1**.

- Total employment of 5,123 in Region.
- An estimated 2,786 employees or 54 percent live in the Region.
- An estimated 2,338 or 46 percent of employees commute into the Region with 989 living elsewhere in San Miguel County and 1,349 living outside the County.

Figure 1
Estimate of Existing Housing Need, 2000
Telluride Region—Affordable Housing Strategy



An alternative method for estimating local employment can be calculated using employment figures from the state. The state demographer estimates that there are 6,819 jobs in the County. Assuming that 91 percent of these are located in the Telluride Region (6,182) and that there are 1.2 jobs per employee (based on community survey data), there are 5,152 employees in the Region. This figure matches the estimate derived from the commuting pattern analysis (5,123) within a small margin of error (0.6 percent).

CURRENT DEFICIT

The current housing need or deficit is the difference between the percentage of locally residing employees and the goal for the community of housing between 60 and 70 percent of employees. The employment numbers first need to be adjusted from 2000 to 2002.

Recent job growth in San Miguel County has continued to slow compared to the historic rates of increase seen in the early 1990s. The most recent data available shows a 7.0 percent increase in ES 202 employment from 2000 to 2001 and a 3.4 percent decrease from 2001 to 2002. The data reflect the average number of jobs for the first quarter of each year and is provided in **Table 7**. The net increase for the period is 3.4 percent.

Table 7
Recent Job Growth, 2000 - 2002
Telluride Region—Affordable Housing Strategy

Year (1 st QTR)	Jobs	Change	Growth
2000	4,909	---	---
2001	5,254	345	7.0%
2002	5,077	<u>-177</u>	<u>-3.4%</u>
2000 - 2002		168	3.4%

Source: Colorado Department of Labor and Employment

The rate of increase for ES 202 jobs has been applied to the total employment base for the Telluride Region to estimate the current number of jobs. As shown in **Table 8**, the increase of 210 jobs has generated a need for an additional 66 to 77 affordably priced housing units for employees generated between 2000 and 2002.

The historic deficit translates to a need for 192 to 500 units, depending on the goal. The calculation of the deficit is based on the gap between the existing level of locally residing employees, 54 percent, and the targeted level, which ranges from 60 to 70 percent. Because the base number of employees is a large figure, 5,123, applying small differences in percentage points to this figure result in a relatively wide spectrum.

The final component in the analysis of the deficit is to account for recent construction of affordable housing. There have been 111 units built in the past two years including the following:

- Second phase of Village Court (72 units);
- Wilkin Court (13 units);
- Rio Vistas (10 units);
- Various individual units in Lawson Hill, Aldasoro, San Bernardo, and Mountain Village (16 units).

The net housing deficit, based on these factors ranges from 147 to 466 dwelling units, as shown below in **Table 8**.

Table 8
Estimated Housing Deficit
Telluride Region—Affordable Housing Strategy

	Factor	<u>Estimated Need</u>	
		60% Goal	70% Goal
Job Growth, 2000 - 2002			
Job Growth		210	210
Percentage of Local Residency		60%	70%
Net increase in housing need		126	147
Employees	1.2	105	123
Subtotal -- Housing Unit Need	1.6	66	77
Historic Deficit			
2000 Total Employees		5,123	5,123
Local Resident Employees		2,786	2,786
Percentage		54%	54%
Goal		60%	70%
Difference		6%	16%
Employees		307	801
Subtotal -- Housing Unit Need	1.6	192	500
Total Housing Unit Need		258	577
Deed Restricted Housing Construction, 2000 – 2002		111	111
Net Affordable Housing Need		147	466

Source: Economic & Planning Systems

The 2000 Telluride Housing Needs Assessment found that approximately 60 percent of all commuters were not interested in moving into the Region. While the most frequently listed reason was cost, many other factors were cited, such as preference for current community, climate, household needs, housing type, location of spouse’s employment, etc. The survey findings show that approximately 40 percent of commuters are “interested” or “uncertain” about moving to the Telluride Region. Assuming that barriers such as housing cost could be eliminated, the highest percentage of locally residing employees the Town could expect to achieve would be approximately 70 to 75 percent (40 percent of the current percentage of commuters, 46 percent, added to the existing percentage of locally residing employees, 54 percent).

EMPLOYMENT FORECAST

The forecast of future jobs in the Region is shown in **Table 9** below and covers the period from 2002 to 2020. The evaluation assumes that all employment categories have grown at a uniform rate from 2000 to 2002, based on the 3.4 percent growth of ES 202 employment discussed previously. From 2002 to 2020, however, the forecast is based on

growth rates tailored for each employment category and account for factors that will affect the future growth in a given industry. For example, future employment in retail trade is based on the new supportable square footage estimated in the *Commercial and Accommodations Land Use Study*. The growth rate of 1.6 percent annually will produce 446 new jobs, which has been derived based on the level of new retail that is supportable (99,100 square feet) and the employee generation rate.

The growth factors in other employment categories reflect the general trends in the Region, and have been translated into the growth factors. Employment in the Construction, FIRE, and Professional Services will grow slightly slower than historical rates due to a maturing of the communities in the Region. Recreation Services and Other Services (including Private Education, Private Household, and Membership Services) are forecast to continue their steady annual growth. Lodging Services is expected to increase its annual growth from 1.4 percent to 2.9 percent annually, accounting for projected growth in visitation and demand for new accommodations. The construction industry is also anticipated to grow at a slower rate in the future, as compared to the historical rate. Analysis of construction activity in other resort communities suggest that construction will continue to be make up a significant portion of employment over time, as redevelopment pressure will grow as communities reach buildout. Employment in Government related jobs are expected to grow substantially slower than the historic rate of 8.0 percent. This is due largely to the fact that Mountain Village and the new detention center are now completely staffed, resulting in slower incremental growth.

Table 9
Jobs Forecast by Industry, 2000-2020
Telluride Region—Affordable Housing Strategy

Industry	Annual Growth			2000	2002	2005	2010	2015	2020
	Historic (95-00)	Recent (00-02)	Future (02-20)						
Agriculture	-14.0%		0.0%	0	0	0	0	0	0
Mining & Extraction Industries	14.9%		0.0%	0	0	0	0	0	0
Construction	4.4%		3.0%	988	1,021	1,116	1,294	1,500	1,739
Manufacturing	2.7%		0.5%	103	106	108	111	113	116
Transportation, Communications & Utilities	-16.1%		0.5%	46	47	48	49	50	51
Wholesale & Retail Trade ¹	1.4%		1.6%	1,252	1,295	1,358	1,471	1,594	1,727
FIRE	4.8%		3.0%	1,263	1,305	1,427	1,654	1,917	2,222
Services					0				
Recreation Services	0.6%		0.6%	605	625	637	656	676	696
Lodging Places ²	1.4%		2.9%	622	643	701	808	931	1,074
Personal Services	-9.9%		2.0%	49	50	53	59	65	72
Professional Services ³	3.5%		1.8%	359	371	391	427	465	507
Other Services ⁴	0.1%		0.1%	237	245	245	247	248	249
Government	<u>8.0%</u>		<u>2.0%</u>	<u>660</u>	<u>683</u>	<u>724</u>	<u>800</u>	<u>883</u>	<u>975</u>
Total	1.9%	3.4%	2.1%	6,182	6,392	6,808	7,574	8,443	9,429

Note: Data includes wage and salary as well as proprietors.

¹Estimated growth rate on the total supportable space identified in the retail expenditure analysis, *Commercial and Accommodations Study*, February 2003 (99,100 sf /222sf per employee = 432).

²Estimated Growth rate based on additional units triggered by the future visitation (462 new units/1 employee per unit = 431).

³ Includes business, health, legal and engineering services.

⁴ Includes private education, social, membership organization, private household, and repair services.

Source: DOLA; 2000 Telluride Employee Generation Ratio; Economic & Planning Systems

Table 10 shows the net increase in jobs over 2002 for years 2010, 2015, and 2020. Based on an average of 1.2 jobs each, the number of net employees is also shown. For each of the years in the table below, the figures reflect the net increase above 2002 data.

Table 10
Net Employment Growth, 2002-2020
Telluride Region—Affordable Housing Strategy

Industry	<u>New Jobs</u>			<u>New Employees</u>		
	2010	2015	2020	2010	2015	2020
Agriculture	0	0	0	0	0	0
Mining & Extraction Industries	0	0	0	0	0	0
Construction	272	479	717	227	399	598
Manufacturing	4	7	10	4	6	8
Transportation, Communications & Utilities	2	3	4	2	3	4
Wholesale & Retail Trade ¹	177	299	432	147	249	360
FIRE	348	612	917	290	510	764
Services	0	0	0			
Recreation Services	31	51	71	26	42	59
Lodging Places ²	164	288	430	137	240	358
Personal Services	9	15	22	7	12	18
Professional Services ³	55	94	136	46	78	113
Other Services ⁴	2	3	4	2	3	4
Government	<u>117</u>	<u>200</u>	<u>292</u>	<u>98</u>	<u>167</u>	<u>244</u>
Total	1,182	2,050	3,036	985	1,709	2,530

Note: Data includes wage and salary as well as proprietors.

¹Estimated growth rate on the total supportable space identified in the retail expenditure analysis, *Commercial and Accommodations Study* February 2003 (99,100 sf /222sf per employee = 432).

²Estimated Growth rate based on additional units triggered by the future visitation (462 new units/1 employee per unit = 431).

³ Includes business, health, legal and engineering services.

⁴ Includes private education, social, membership organization, private household, and repair services.

Source: DOLA; 2000 Telluride Employee Generation Ratio; Economic & Planning Systems

The estimate of future housing needs to maintain the Region housing goal is shown below in **Tables 11** and **12**. The estimates are based on the assumption that the communities in the Region will house between 60 and 70 percent of the additional employees in the area. This range reflects a general community goal and recognizes that not all future employees will be able to afford to live locally or will desire to live in the Region.

Assuming that the existing ratio of residents to employees will remain the same, and that 60 percent of new jobs will require local housing options, the number of new housing units required will be 369 in 2010. If the target is increased to 70 percent, the net new housing units needed will be 431. The need will range between 949 to 1,107 in 2020 based on the goal of housing 60 to 70 percent of employees. The analysis assumes that the existing jobs per occupied household, 1.6, will remain a constant.

Table 11
Projected Housing Need—60 Percent Goal
Telluride Region—Affordable Housing Strategy

Industry	Factor 60%	<u>Locally Housed Emp.</u>			<u>Net Housing Units</u>		
		2010	2015	2020	2010	2015	2020
Agriculture		0	0	0	0	0	0
Mining & Extraction Industries		0	0	0	0	0	0
Construction		136	239	359	85	150	224
Manufacturing		2	4	5	1	2	3
Transportation, Communications & Utilities		1	2	2	1	1	1
Wholesale & Retail Trade ¹		88	150	216	55	93	135
FIRE		174	306	459	109	191	287
Services			0	0	0	0	0
Recreation Services		15	25	36	10	16	22
Lodging Places ²		82	144	215	51	90	134
Personal Services		4	7	11	3	5	7
Professional Services ³		28	47	68	17	29	43
Other Services ⁴		1	2	2	1	1	1
Government		<u>59</u>	<u>100</u>	<u>146</u>	<u>37</u>	<u>63</u>	<u>91</u>
Total		591	1,025	1,518	369	641	949

Note: Data includes wage and salary as well as proprietors.

¹Estimated growth rate on the total supportable space identified in the retail expenditure analysis, *Commercial and Accommodations Study* February 2003 (99,100 sf /222sf per employee = 432).

²Estimated Growth rate based on additional units triggered by the future visitation (462 new units/1 employee per unit = 431).

³ Includes business, health, legal and engineering services.

⁴ Includes private education, social, membership organization, private household, and repair services.

Source: DOLA; 2000 Telluride Employee Generation Ratio; Economic & Planning Systems

Table 12
Projected Housing Need Based—70 Percent Goal
Telluride Region—Affordable Housing Strategy

Industry	Factor 70%	<u>Locally Housed Emp.</u>			<u>Net Housing Units</u>		
		2010	2015	2020	2010	2015	2020
Agriculture		0	0	0	0	0	0
Mining & Extraction Industries		0	0	0	0	0	0
Construction		159	279	419	99	174	262
Manufacturing		3	4	6	2	3	4
Transportation, Communications & Utilities		1	2	3	1	1	2
Wholesale & Retail Trade ¹		103	175	252	64	109	157
FIRE		203	357	535	127	223	334
Services		0	0	0	0	0	0
Recreation Services		18	29	41	11	18	26
Lodging Places ²		96	168	251	60	105	157
Personal Services		5	9	13	3	5	8
Professional Services ³		32	55	79	20	34	50
Other Services ⁴		1	2	3	1	1	2
Government		<u>68</u>	<u>117</u>	<u>171</u>	<u>43</u>	<u>73</u>	<u>107</u>
Total		689	1,196	1,771	431	748	1,107

Note: Data includes wage and salary as well as proprietors.

¹Estimated growth rate on the total supportable space identified in the retail expenditure analysis, *Commercial and Accommodations Study*, February 2003 (99,100 sf /222sf per employee = 432).

²Estimated Growth rate based on additional units triggered by the future visitation (462 new units/1 employee per unit = 431).

³ Includes business, health, legal and engineering services.

⁴ Includes private education, social, membership organization, private household, and repair services.

Source: DOLA; 2000 Telluride Employee Generation Ratio; Economic & Planning Systems

SUMMARY OF HOUSING NEED

The total need for affordably priced housing units for local employees ranges from 1,096 to 1,573. These figures cover the forecast period through 2020, as shown in **Table 13**. By 2010, the need is projected to be a total of 516 units (147 plus 369), growing by an additional 580 by 2020 to meet the 60 percent target. The 70 percent target requires 897 units (466 plus 431) at 2010 and an additional 676 by 2020.

Table 13
Summary of Housing Need
Telluride Region—Affordable Housing Strategy

Source of Housing Need	<u>Estimated Need</u>	
	60% Goal	70% Goal
Existing Deficit	147	466
Housing Units from 2002 - 2010 Job Growth	369	431
Housing Units from 2010 - 2020 Job Growth	580	676
Total Units Needed by 2020	1,096	1,573

Source: Economic & Planning Systems

II. HOUSING SUPPLY ANALYSIS

This chapter summarizes the analysis of the affordable housing supply in the Telluride Region. The evaluation includes the following elements:

- Document recent housing production and historic growth rates, by type and location.
- Using trend analysis and build-out information, project the rate of housing development.
- Estimate the number of units to be built by the private sector that can be considered affordable to local households.
- Estimate the number of affordable housing units to be provided through mitigation requirements.
- Identify the number of remaining lots within affordable developments as well as the development potential on vacant parcels reserved for affordable housing.
- Quantify the housing gap, as represented by the difference between the need and the supply.

HISTORIC GROWTH RATES

As shown in **Table 14**, the Telluride Region has grown from 1,741 occupied units in 2000 to 1,900 occupied housing units as of 2002 (which does not include homes or condominiums rented on a short-term basis). The total reflects an increase of 40 percent since 1994. Over this period, 459 new units or 45 percent were deed restricted according to the various standards of the Town, County, or Mountain Village. A list of the existing deed restricted inventory is provided in **Appendix Table A-1**.

Table 14
Telluride Region Housing Units by Location
Telluride Region—Affordable Housing Strategy

Unit Type	1994		2000		2002		Change 1994-2002	
	#	% of total	#	% of total	#	% of total	#	% of total
Telluride								
Market Rate								
Local Occupancy	642	45%	653	41%	678	41%	36	15%
2 nd Home/Short Term	648	46%	762	47%	777	47%	129	55%
Deed Restricted	<u>132</u>	<u>9%</u>	<u>195</u>	<u>12%</u>	<u>202</u>	<u>12%</u>	<u>70</u>	<u>30%</u>
Total	1,422	100%	1,610	100%	1,657	100%	235	100%
Mountain Village								
Market Rate								
Local Occupancy	128	22%	144	14%	160	14%	32	6%
2 nd Home/Short Term	264	45%	491	48%	544	46%	280	48%
Deed Restricted	<u>200</u>	<u>34%</u>	<u>387</u>	<u>38%</u>	<u>467</u>	<u>40%</u>	<u>267</u>	<u>46%</u>
Total	592	100%	1,022	100%	1,171	100%	579	100%
Lawson Hill								
Market Rate								
Local Occupancy	0	0%	0	0%	0	0%	0	0%
2 nd Home/Short Term	0	0%	0	0%	0	0%	0	0%
Deed Restricted	<u>69</u>	<u>100%</u>	<u>161</u>	<u>100%</u>	<u>174</u>	<u>100%</u>	<u>105</u>	<u>100%</u>
Total	69	100%	161	100%	174	100%	105	100%
Other Areas								
Market Rate								
Local Occupancy	183	62%	189	54%	201	50%	18	17%
2 nd Home/Short Term	109	37%	151	43%	183	46%	74	70%
Deed Restricted	<u>1</u>	<u>0%</u>	<u>11</u>	<u>3%</u>	<u>18</u>	<u>4%</u>	<u>17</u>	<u>16%</u>
Total	293	100%	351	100%	402	100%	109	104%
Telluride Region								
Market Rate								
Local Occupancy	953	40%	987	31%	1,039	31%	86	8%
2 nd Home/Short Term	1,021	43%	1,404	45%	1,504	44%	483	47%
Deed Restricted	<u>402</u>	<u>17%</u>	<u>754</u>	<u>24%</u>	<u>861</u>	<u>25%</u>	<u>459</u>	<u>45%</u>
Total	2,376	100%	3,144	100%	3,404	100%	1,028	100%

Source: 2000 San Miguel Housing Needs Assessment; U.S. Census Bureau

FUTURE HOUSING SUPPLY

The future housing supply has been forecasted in the following sections, separately addressing market rate housing and affordable housing development. The forecast covers a wide range of development activity and has been summarized using the following four categories.

- **Planned Affordable Housing Development**--Vacant parcels restricted to or otherwise designated for deed restricted housing, which have the potential for 147 units.
- **Affordable Housing Under Development**--Build out of projects under construction which are restricted to or otherwise designated for deed restricted housing (such as Shandoka Phase IV and Coyote Court) as well as projects with remaining units or lots (such as San Bernardo and Lawson Hill). These account for 184 units.
- **Mitigation**--Town and County mitigation programs will generate 135 deed restricted units, based on the projected development of commercial, hotel, and multi-family uses in the Town as well as the historical mitigation rates in the County. In addition, the Town's employee dwelling unit and PUD program will generate 30 units, for a total of 165.
- **Free Market**--A portion of free-market development will continue to provide affordably priced housing to a segment of residents. Estimated free-market production is 322 units from 2002 to 2020.

Other methods to increase the supply of affordable housing are available to the community. These typically would required changes to Town or County policies or land use codes.

PLANNED AFFORDABLE HOUSING DEVELOPMENT

There are numerous affordable housing developments planned for the Region in addition to projects that are in the development process. A summary of both categories is shown by community in **Table 15**.

Table 15
Identified Future Housing Development
Telluride Region—Affordable Housing Strategy

Proposed	Exist. Dev.	Vacant Parcels	Total
Town of Telluride ¹	25	0	25
Mountain Village			
Gondola Lot 161 A-2	0	17	17
Lot 644 Mountain Village	0	54	54
Lot 651A Mountain Village	0	15	15
Various Lots	14	32	46
Lot 31	0	1	1
See Forever Phase III	0	3	3
Lot 166 AR2-9	0	1	1
Lot 649	0	22	22
Lot 38	0	2	2
Coyote Court Lot 642	<u>10</u>	<u>0</u>	<u>10</u>
Subtotal	24	147	171
Lawson Hill	123	0	123
Elsewhere in County ¹			
San Bernardo Emp. Apts.	8	0	8
San Bernardo Lots	<u>4</u>	<u>0</u>	<u>4</u>
Subtotal	12	0	12
Total	184	147	331

¹ Parcel A and Sunnyside accounted for later in analysis

Source: Town of MV, Town of Tell., RHA, San Miguel County, EPS

The Town of Telluride is shown to have 25 units under development, which is the Shandoka development. Additional sites with housing potential in the Town are evaluated in further detail later in this report, including Parcel A and Sunnyside.

The 171 units in Mountain Village include vacant parcels, with the potential for 147 units, and 24 units located within projects that are under construction or partially complete. (Coyote Court is included in this category.) Because the Mountain Village PUD approval requires 15 percent of the housing inventory be affordable, the master plan stipulates the minimum number of affordable units to be incorporated into specific sites at time of development. This constitutes the Mountain Village mitigation requirements, in addition to mitigation requirements resulting from negotiated land use approvals for projects that exceed the underlying development allowances.

Other areas of the Region are designated for significant levels of affordable housing development. For example, the Lawson Hill area is only 40 percent built out (based on Housing Authority Staff) with potential for another 123 of the 297 approved units. The other development in the County with affordable housing potential includes the eight remaining employee apartments and four lots in the San Bernardo project.

In total, there are 184 approved affordable housing units located within developments that are partially completed or under construction. In addition, there are 147 housing units on vacant sites. In total, the Region's future affordable housing inventory totals 361 units.

MITIGATION REQUIREMENTS

The mitigation programs for the Region are expected to generate 7.5 units per year over the forecast period, for a total of 135 units. This compares to an average of six to ten units generated by the Town's program in the recent past. The Town of Telluride's share of this is provided below in **Table 16** is estimated at 108 units. The balance of 27 would be generated by the County program. In addition to the 135 units from mitigation, the Town's current employee dwelling unit program and the units generated through PUD conditions of approval will provide 30 more units over the forecast period. The total number of units provided through these programs total 165.

The estimate for the Town is based on the expected growth in commercial development, hotel rooms, and multi-family units. The remaining commercial development potential has been documented in the *Commercial & Accommodations Study* to be 103,500 square feet, as further documented in **Appendix Table A-2**. The growth rate used to forecast the rate of development is an average of the retail and service sectors. The growth in hotel rooms is based on an existing inventory of 386 rooms and a growth rate of 1.9 percent. The rate of growth is based on the projected increase in hotel rooms for the region through 2020 compared to the existing supply of hotel and accommodation units. Finally, the growth in multi-family units is based on housing inventory estimates of the 2000 Housing Needs Assessment for total dwelling units in the Town, factored down by

the percent of multi-family units documented by the Census, and projected by the rate of development estimated in the following section and shown in **Table 16**. The projections cover all multifamily units, including those that would be occupied by locals, second home owners, as well as guests renting units on a short-term basis.

The County recently adopted a mitigation study that would expand their program to include mitigation required for both commercial and residential uses and increase the fees to reflect current construction and subsidy costs. County staff report that the existing mitigation program has generated approximately one to two units per year in the past and estimate that the new standards would increase production (or fees in lieu) to three or four units per year, based on the recently completed study. For this analysis, it has been assumed that the inventory of affordable housing would increase at a rate of 1.5 units per year for the forecast period, generating 27 units through 2020.

To estimate the supply of mitigation units, it has been assumed that developers will have to mitigate 40 percent of total employees generated; that a minimum of 350 square feet of housing must be provided per employee; and that a typically employee dwelling unit would be 800 square feet. See **Table 16** or more information.

Table 16
Housing Units Generated by Town Mitigation Program
Telluride Region—Affordable Housing Strategy

	Exist. Level	Est. Rate of Growth	Net New	Emp. Gen.	Net Emp.	Mit. Rate 40%	Req. SF 350	SF/du 800
Commerical Dev.	379,533	1.7%	103,500	4.5/1,000	465.8	186	65,205	82
Hotel Rooms	386	1.9%	156	.33/unit	51.4	21	7,191	9
Multi-Family Units	1,177	1.3%	308	.33/unit	101.6	41	14,230	18
Total					618.8	248	86,626	108

Source: Town of Telluride, Economic & Planning Systems

MARKET RATE HOUSING

Housing development trends and available building supply were separately evaluated in Telluride, Mountain Village, Lawson Hill, and the remainder of the Region (Other Areas) and are provided below in **Table 17**. These forecasts are based on an analysis of historic trends and input from government staff from the Region regarding development capacity.

The housing projections are based on historic trend data, which has been scaled down over the forecasting period to reflect the reduction in available land and the reduction in market demand over time. The forecast should not be considered a build out analysis, although the capacity of each jurisdiction was evaluated as part of the research. For the Mountain Village, the resulting demand based on projected absorption rates falls below

the maximum development potential of the area. For the County, the analysis verified adequate supply of land to account for the projected demand, independent of specific projections for individual developments. The analysis of the Town accounted for development potential within the existing Town boundaries. Potential annexation areas were not considered, although land located east and west of the Town was included in the County development projections. These forecasts are only used to assess overall potential regional growth, from which economic impacts and housing need can be evaluated. As such, the forecasts have been generated for modeling purposes only, and do not represent governmental land use planning or approvals for affected land.

Telluride

Growth in free market units is based on the average construction of 15 units per year until 2007 declining to 10 units per year for the remaining 10 years. This trend reflects the maturing of the community and the gradual saturation of the market. Free market units are expected to continue their current trend toward second homeownership. For the period through 2007, it is expected that approximately 75 percent of new construction will be sold to second homeowners. For the period from 2008 to 2020, it is expected that 80 percent of all new construction will be purchased by second home users.

Mountain Village

Mountain Village growth in free market units is based on an estimated annual increase of 30 units until 2007 decreasing to 15 units annually thereafter. This variation is based on expected continued strong growth in the near term with a stabilizing level of growth in the long term. The existing ratio of local occupancy to second home ownership is kept constant through 2020 at 15 percent to 85 percent respectively.

Other Areas

Based on County estimates, there are 402 units in the unincorporated portions of the Region, of which 46 percent are second homes. The growth forecast for free market units is based on an annual increase of 22 units from 2002 thru 2020. To reach this annual figure, EPS assumed a 90 percent build out of Aldasoro, Sunnyside East & West, and Ski Ranches subdivisions as well as some development in the vicinity of the Valley Floor and Pandora-Idarado area. EPS estimated that 40 percent of all newly constructed units would be occupied by locals.

Table 17
Future Free Market Housing Production
Telluride Region—Affordable Housing Strategy

Location	2002	Annual Growth Factor	2007	Annual Growth Factor	2020	02-07		Net Increase 07-20		02-20	
						#	%	#	%	#	%
Telluride											
Local Occupancy	678	4	698	2	734	20	0.6%	36	0.4%	56	0.4%
2 nd Home	331	11	386	8	530	55	3.1%	144	2.5%	199	2.7%
Subtotal	1,009	15	1084	10	1264	75	1.4%	180	1.2%	255	1.3%
Mountain Village											
Local Occupancy	160	5	185	2.5	230	25	2.9%	45	1.7%	70	2.0%
2 nd Home	544	25	669	12.5	894	125	4.2%	225	2.3%	350	2.8%
Subtotal	704	30	854	15	1124	150	3.9%	270	2.1%	420	2.6%
Other Areas											
Local Occupancy	201	8.5	244	8.5	397	43	3.9%	153	3.8%	196	3.8%
2 nd Home	183	13.5	251	13.5	494	68	6.5%	243	5.4%	311	5.7%
Subtotal	384	22	494	22	890	110	5.2%	396	4.6%	506	4.8%
Telluride Region											
Local Occupancy	1,039	17.5	1,127	13	1,361	88	1.6%	234	1.5%	322	1.5%
2 nd Home	1,058	49.5	1,305	34	1,917	248	4.3%	612	3.0%	860	3.4%
Total	2,097	67	2,432	47	3,278	335	3.0%	846	2.3%	1,181	2.5%

Source: Economic & Planning Systems

All of the above forecasts are used for modeling purposes only. The amount and location of forecasted development will vary with economic conditions and competition. The forecast growth rates should be monitored over time and the land demand calculations adjusted accordingly.

GENTRIFICATION

The supply of affordable housing will be impacted by changing ownership patterns. When units are sold and converted to second homes, they are taken out of the local housing supply. This process is locally referred to as gentrification. In addition, there is a small, but growing trend of reverse-gentrification for older, dated condominium units that can no longer compete on the short-term rental market. Because of the increase in new, higher amenity units rented on a short-term basis, an owner of a dated unit may choose to convert the unit from a short-term rental to a long-term rental or sell it at a relatively affordable price. In either case, the unit is more likely than in the past to be occupied on a year-round basis. Related to gentrification is the trend for local resident-employees to retire and either sell their home or remain in it as a non-employed resident. Each of these trends is estimated under conservative and aggressive assumptions in the following sections.

Quantifying the impacts from gentrification and reverse-gentrification on housing supply is challenging. In 2000, approximately 48 percent of the Town's dwelling units were vacant, including those used seasonally, according to the Census which is lower

than the locally recognized percentage of approximately 55 percent. There are approximately 50 transactions per year for improved property in the Town of Telluride. Assuming that half of these are properties sold to a second homeowners by a second homeowner, that leaves a balance of 25 properties per year sold by locals. If 75 percent of these are purchased by second homeowners, the gentrification rate would be 19 units per year. The reverse gentrification would occur on a more limited basis, potentially changing the occupancy status on three units per year, for a net change of 16 units per year. The net rate of conversion would be 32 percent (16/50).

For the forecast period, it has been assumed that the housing inventory will be gentrified at 16 units per year until 2010. From 2011 to 2020, the rate would decrease to 8 units per year, recognizing that fewer homes will be owned by locals with the potential for conversion over time. Based on these assumptions, 192 units would be taken out of the local housing inventory through 2020.

Assuming a more aggressive purchasing pattern by second homeowners, such as 95 percent of available local housing, the resulting gentrification rate would be 23 units per year. Accounting for reverse gentrification results in a net rate of 20 units per year or 40 percent (20/50). Under this scenario, it is likely that 20 units per year would be converted through 2011, dropping to 15 units per year through 2020 to reflect the diminishing pool of available properties. This results in a net loss of 290 units, which increases the net need by 98 units compared to the 192 gentrified units assumed under more conservative assumptions. As further defined in **Table 18** below, the net need would be 568 and 1,046, rather than 470 and 948.

HOUSING NEED

The net housing need ranges from 470 to 948 units, as shown in **Table 18**. The potential demand for housing is based on a combination of employment growth and the existing short fall. The potential supply of affordable housing units includes:

- The development of vacant sites reserved for deed restricted housing;
- Completion of developments that are partially finished and will be completed with additional deed restricted units;
- Deed restricted units created through mitigation programs as well as the incentive program.
- Free market units developed by the private sector, which would be affordable to some local households.

A total of 818 units are expected from these four categories. When the reduction in the supply of housing from gentrification is accounted for (192 units), the net demand for affordable housing is 470 units to 948 units, depending on the target.

Table 18
Net Affordable Housing Need
Telluride Region—Affordable Housing Strategy

	Affordable Housing Units	
	Goal: 60%	Goal: 70%
Potential Demand	1,096	1,573
Potential Supply		
Restricted or Designated Housing Sites	184	184
Build out of Existing Affordable Dev.	147	147
Future Mitigation	165	165
Employee Occupied Free-Market Units	<u>322</u>	<u>322</u>
Subtotal	818	818
Units lost to Gentrification	192	192
Net Demand	470	948

Source: Economic & Planning Systems

The projections above are based on the Telluride Region’s collective needs and development opportunities, a portion of which is attributable to the Town of Telluride. By evaluating the existing commercial development area of the Town, the County, and Mountain Village, the proportion of employment generated in each jurisdiction can be estimated. Assuming that future growth is generally even among the three entities, the Town’s share is 60 percent of the total, Mountain Village would generate 25 percent of the employees, and the balance of 15 percent is attributable to the County.

III. IDENTIFICATION OF HOUSING NEEDS

The purpose of this chapter is to document the characteristics of residents in the Telluride Region and San Miguel County and to quantify the differences between the spectrum of household income and the range of affordable housing options currently available in the community. Specifically, this memorandum addresses the following:

- An overview of household characteristics, such as tenure, income, longevity, and presence of children.
- Household income in terms of the San Miguel County Area Median Income (AMI).
- Local real estate market activity from 1999 through 2002.
- The affordable housing inventory, by tenure, location, and income level.
- Household income compared to the range of housing options to estimate the gaps by income level.

HOUSEHOLD PROFILES

In this section, demographic data about the Region is presented with the purpose of understanding the range of housing types needed to address community needs. The information will be used to help define the types of housing units that should be incorporated into future housing development. The demographic analysis is based on the 2002 Telluride Community Survey and 2000 Census data. For some of the analysis, the detail provided by the community survey data has been weighted by the income distribution of the census data. This has been done to ensure that lower-income households are accurately represented in the analysis, as these types of households are less likely than others to respond to community surveys.

TENURE

When evaluating tenure, the Town of Telluride and Mountain Village are significantly different from most communities as the concentrations of renter households reach nearly two-thirds of the total. As shown below in **Table 19**, the local tenure split differs significantly from the average for the State of Colorado, which is 67 percent owner households and 33 percent renter households. The State average is prototypical of most communities with moderate to large populations and reasonably balanced housing inventories. (The information provided regarding tenure reflects occupied dwelling units and does not include short-term units or second homes.)

In order to evaluate conditions for the Telluride Region, the tenure for Lawson Hill has been estimated based on the housing inventory. In aggregate, the Region has approximately 860 owner and 1,100 renter households, 44 percent and 56 percent respectively. The unusually high percentage of renter households reflects a variety of factors affecting the local real estate market. The demand for ownership units by second

homeowners drives the cost of ownership units to a level that exceeds what most locals can pay. Other factors may influence the local conditions, such as the constrained land supply, which prevents the market from addressing the most pressing need.

Table 19
Telluride Region Households by Tenure, 2002
Telluride Region Affordable Housing Strategy

Place	Own		Rent	
	#	%	#	%
Telluride Region				
Town of Telluride	361	36%	652	64%
Mountain Village	150	29%	370	71%
Lawson Hill ¹	<u>350</u>	84%	<u>68</u>	16%
Subtotal	861	44%	1,090	56%
San Miguel County	1,556	52%	1,459	48%
State of Colorado	1,116,305	67%	541,933	33%

¹ Estimated based on constructed dwelling units
 Source: US Census, 2000

INCOME

The difference among renters and owners is further illuminated by household income, as shown below in **Table 20**. Based on the 2002 community survey, the median household income for owners is nearly twice that of renters. Higher ownership incomes are found in the vicinity of Telluride (the Telluride Region), as compared to the study area for the community survey. That study area included the towns outside the Telluride Region as the survey was sent to every post office box holder in Norwood, Placerville/Sawpit, Ophir, as well as those in the Telluride Region.

Renter income was very similar county wide, with the Telluride Region average of \$62,435 nearly matching the study area average of \$62,308. For both owners and renters, the median income is significantly less than the average, indicating that there are a relatively small number of wealthy households earning higher incomes, inflating the average well above the median. The median household income for the State of Colorado is \$47,203 for all households, including renters and owners.

Table 20
Household Income
Telluride Region Affordable Housing Strategy

Income	All Responses		Telluride Region	
	Own	Rent	Own	Rent
Mean Income	\$162,437	\$62,308	\$182,478	\$62,435
Median Income	\$90,000	\$50,000	\$100,000	\$50,000

Source: 2002 Telluride Community Survey, RRC, Economic & Planning Systems

Longevity by tenure is shown in **Table 21**. Approximately 21 percent of owners have resided in the Region for less than five years, compared to nearly 50 percent of renters. Not surprisingly, there is a concentration of short-term residents who rent in the community for a short period of time (one to five years) before leaving.

For individuals who have lived in the area for five to ten years, renters and owners are relatively evenly matched, accounting for 23 percent and 28 percent of the respective categories. The data show that a large percentage of renters have resided in the area for ten to 20 years (20 percent). When compared to the standard tenure split (approximately 65 percent own, in a typical community), the data suggest that there are reasonable long-term rental options that satisfy the demand and/or that there are an inadequate number of ownership options.

Table 21
Longevity by Tenure
Telluride Region—Affordable Housing Strategy

Lenth of Residency	Own	Rent
Less than one year	6%	13%
One to three years	6%	18%
Three to five years	8%	18%
Five to ten years	23%	28%
Ten to twenty years	32%	19%
More than twenty years	25%	4%
Total	100%	100%

Source: 2002 Telluride Community Survey, RRC, Economic & Planning Systems

Data set reflects individuals and households located in the Telluride Region

HOUSEHOLD SIZE

When household size is evaluated, the data show that 41 to 45 percent of the Region's households consist of two members. Single-person households account for 18 to 28

percent of the total. Those with three or more persons (which could include roommate situations or families) make up 32 percent of renters and 37 percent of owners as shown in **Table 22**.

Table 22
Household Size
Telluride Region Affordable Housing Strategy

Number of Persons	Own	Rent
One	18%	28%
Two	45%	41%
Three	16%	18%
Four	15%	10%
Five or more	<u>6%</u>	<u>4%</u>
Total	100%	100%

Source: 2002 Telluride Community Survey, RRC, Economic & Planning Systems
Data set reflects individuals and households located in the Telluride Region

LOCATION

When asked about their preferred location of residence, 45 percent of all respondents listed the Town of Telluride, as shown in **Table 23**. The next highest ranking places include the Last Dollar/Aldasoro area with 10 percent as well as an aggregation of a variety of dispersed locations, identified in the table below as “Other,” reflecting the preference of 12 percent of the total.

The preferred location of housing compared to the existing location of respondents is shown. A positive number indicates a demand for housing that exceeds the opportunities for local households. A negative number suggests that locals would prefer to live elsewhere. The survey results show that more households would prefer to live in the Town and the Last Dollar/Aldasoro area than currently do, whereas, Mountain Village and Lawson Hill show that more households would prefer to live elsewhere.

Table 23
Location Preference among communities in the Region
Telluride Region Affordable Housing Strategy

Location	Current	Preferred	Difference
Town of Telluride	39%	45%	6%
Mountain Village	9%	5%	-4%
Lawson Hill	7%	2%	-5%
Last Dollar/Aldasoro/Deep Creek/Airport/S.Side	2%	10%	8%
Ski Ranches	5%	7%	2%
Wilson/Hastings/Specie/Sunshine	4%	6%	2%
Ophir/San Ber./Trout Lakes	7%	6%	-2%
Wright's Mesa	5%	5%	0%
Norwood	8%	4%	-4%
Other	<u>14%</u>	<u>12%</u>	-2%
Total	100%	100%	

Source: 2002 Telluride Community Survey, RRC, Economic & Planning Systems
 Data set reflects all respondents, regardless of location of residence

HOUSEHOLDS WITH CHILDREN

Approximately one-quarter of Telluride Region households include children, with 103 survey respondents from the total of 409. A significant majority, nearly 75 percent, have resided in the Telluride Region for more than five years, as shown in **Table 24**.

Approximately 25 percent are relatively new, having lived in the area for less than five years. When looking at the tenure of households with children, 90 percent of households with children own their homes and 10 percent rent.

Table 24
Longevity of Households with Children
Telluride Region Affordable Housing Strategy

Longevity	Num. of Children	
	0	1-4
Less than one year	8%	6%
One to three years	9%	9%
Three to five years	12%	8%
Five to ten years	24%	25%
Ten to twenty years	29%	27%
More than twenty years	<u>18%</u>	<u>25%</u>
Total	100%	100%

Source: 2002 Telluride Community Survey, RRC, Economic & Planning Systems
 Data set reflects individuals and households located in the Telluride Region

INCOME

The household income distribution is shown by tenure in **Table 25** below. Generally, there is a concentration of renters at the lower end of the spectrum and owners at the high end. Nearly 20 percent of all ownership households in the Telluride Region earn more than \$200,000 annually, whereas only 2 percent of renter households do. For the purposes of assessing the need for affordable housing, the income distribution has been used to identify the clusters of renters and owners near the lower end of the spectrum, for which housing programs should be targeted. These clusters are highlighted in **Table 25** below and range from \$20,000 to \$49,999 for renters and \$50,000 to \$79,999 for owners. The distribution of household income for the State of Colorado is shown to provide context. Because the income ranges differ, approximate percentages are shown.

Table 25
Distribution of Income by Tenure, 2002
Telluride Region Affordable Housing Strategy

Income Range	All Responses		Telluride Region		State (Approx.)
	Own	Rent	Own	Rent	
Less than \$10,000	0%	0%	0%	0%	7%
\$10,000 to \$19,999	2%	7%	0%	6%	22%
\$20,000 to \$29,999	3%	11%	3%	13%	23%
\$30,000 to \$39,999	5%	15%	4%	18%	
\$40,000 to \$49,999	7%	15%	7%	13%	21%
\$50,000 to \$59,999	9%	9%	8%	9%	
\$60,000 to \$69,999	9%	9%	9%	8%	12%
\$70,000 to \$79,999	10%	4%	9%	5%	
\$80,000 to \$89,999	8%	11%	6%	9%	9%
\$90,000 to \$99,999	5%	5%	4%	3%	
\$100,000 to \$124,999	13%	7%	14%	10%	3%
\$125,000 to \$149,999	5%	1%	4%	1%	
\$150,000 to \$199,999	6%	3%	7%	3%	3%
\$200,000 to \$249,999	4%	2%	6%	1%	
\$250,000 to \$299,999	3%	0%	5%	0%	1%
\$300,000 and higher	11%	1%	13%	1%	
Total	100%	100%	100%	100%	100%

Source: 2002 Telluride Community Survey, RRC, Economic & Planning Systems, US Census 2000

For the purpose of developing profiles of potential home purchasers and renters, the San Miguel County area median income (AMI) has been provided in **Table 26**. Because the County median incomes are generally consistent with the Telluride Region incomes (as shown in the previous table), the County AMI can be a useful tool in establishing targets and administering program criteria. The AMI for a 2.5 person household is highlighted in the table below. The household size reflects the community survey finding of 2.4 persons per household.

**Table 26
San Miguel County Area Median Income
Telluride Region—Affordable Housing Strategy**

Income Range	1 person	2 person	2.5 Person	3 person	4 person	5 person	6 or more
40% of AMI	\$14,800	\$16,920	\$17,980	\$19,040	\$21,160	\$22,840	\$24,540
45% of AMI	\$20,813	\$23,794	\$25,284	\$26,775	\$29,756	\$32,119	\$34,509
50% of AMI	\$23,125	\$26,438	\$28,094	\$29,750	\$33,063	\$35,688	\$38,344
60% of AMI	\$27,750	\$31,725	\$33,713	\$35,700	\$39,675	\$42,825	\$46,013
70% of AMI	\$32,375	\$37,013	\$39,331	\$41,650	\$46,288	\$49,963	\$53,681
80% of AMI	\$37,000	\$42,300	\$44,950	\$47,600	\$52,900	\$57,100	\$61,350
90% of AMI	\$41,625	\$47,588	\$50,569	\$53,550	\$59,513	\$64,238	\$69,019
100% of AMI	\$46,250	\$52,875	\$56,188	\$59,500	\$66,125	\$71,375	\$76,688
110% of AMI	\$50,875	\$58,163	\$61,806	\$65,450	\$72,738	\$78,513	\$84,356
120% of AMI	\$55,500	\$63,450	\$67,425	\$71,400	\$79,350	\$85,650	\$92,025
130% of AMI	\$60,125	\$68,738	\$73,044	\$77,350	\$85,963	\$92,788	\$99,694
140% of AMI	\$64,750	\$74,025	\$78,663	\$83,300	\$92,575	\$99,925	\$107,363
150% of AMI	\$83,250	\$95,175	\$101,138	\$107,100	\$119,025	\$128,475	\$138,038
200% of AMI	\$166,500	\$190,350	\$202,275	\$214,200	\$238,050	\$256,950	\$276,075

Source: HUD, Economic & Planning Systems, Inc.

The information about income has been applied and compared to local real estate sales data in **Table 27** below. The income ranges correlate to the segments shown in **Table 26**, with the estimated purchase price that home buyers could afford without becoming cost burdened. The purchase potential assumes a 5 percent down payment and a 30-year fixed loan with a 7.0 percent interest rate.

Table 27
Potential Monthly Housing Expense
Telluride Region Affordable Housing Strategy

Income Level	Income Range	Mid Point	Monthly Income	30% of Monthly	Loan Potential	Purchase Potential
0% to 60%	\$0 to \$33,713	\$30,000	\$2,500	\$750	\$112,731	\$118,664
60% to 80%	\$33,713 to \$44,950	\$39,331	\$3,278	\$983	\$147,795	\$155,573
80% to 120%	\$44,950 to \$67,425	\$56,188	\$4,682	\$1,405	\$211,135	\$222,248
120% to 150%	\$67,425 to \$101,138	\$84,282	\$7,023	\$2,107	\$316,704	\$333,372

¹ Purchase potential based on a 5% downpayment for a 30-year fixed loan at a 7.0% interest rate.

Source: Economic & Planning Systems, Inc.

The purchase prices that are considered affordable, as shown above, can be compared to the real estate activity from the past four years, as shown in **Table 28**(additional information is provided in **Appendix Table A-1**. The highest income level shown above is approximately 135 percent of AMI, \$84,282, and translates to a purchase price of \$333,372. It is not adequate to purchase the average priced free-market condominium or townhome in 2002, which was priced at \$394,000. However, because the data reflect average prices, the inventory includes a range of units priced below the average. This lower priced inventory is not only be affordable, but provides good market rate solutions for local housing needs.

It should be recognized that an average of 28 deed-restricted condominiums and townhomes have been sold per year over the past four years priced below \$200,000. Also, an average of nine single-family deed-restricted homes have been sold annually since 1999. The average prices ranges from approximately \$210,000 (1999) to \$280,000 (2001). These would be considered affordable to households earning between 90 and 125 percent of AMI.

Table 28
Summary of Real Estate Sales Activity, 1999 - 2002
Telluride Region Affordable Housing Strategy

	<u>Deed Restricted</u>		<u>Market Rate</u>		Percent Deed Restr.	Ratio Market:Aff
	Ave. Price	#	Ave. Price	#		
Condo/Townhouse						
2002	\$180,184	36	\$394,528	194	16%	2.2
2001	\$184,006	32	\$409,745	153	17%	2.2
2000	\$173,879	19	\$494,459	210	8%	2.8
1999	\$192,982	24	\$426,547	183	12%	2.2
Single Family						
2002	\$264,515	10	\$1,018,039	107	9%	3.8
2001	\$278,654	12	\$976,127	119	9%	3.5
2000	\$236,094	8	\$1,138,812	136	6%	4.8
1999	\$209,559	6	\$742,172	147	4%	3.5

Source: Telluride MLS, Economic & Planning Systems

In **Table 29** below, the income distribution has been segmented by area median income. The primary purpose of this data is to provide the detail within each of the larger income groups that has been interpolated from **Table 28**.

Table 29
Income Distribution, Interpolated by AMI
Telluride Region Affordable Housing Strategy

	<u>All Responses</u>		<u>Telluride Region</u>	
	Own	Rent	Own	Rent
0% to 60% of AMI	7%	24%	5%	25%
Less than \$10,000	0%	0%	0%	0%
\$10,000 to \$19,999	2%	7%	0%	6%
\$20,000 to \$29,999	3%	11%	3%	13%
\$30,000 to \$33,999	2%	5%	1%	7%
60% to 80% of AMI	7%	17%	6%	17%
\$34,000 to \$39,999	3%	10%	3%	11%
\$40,000 to \$44,999	3%	7%	3%	6%
80% to 120% of AMI	18%	23%	18%	22%
\$45,000 to \$49,999	3%	7%	4%	7%
\$50,000 to \$59,999	9%	9%	8%	9%
\$60,000 to \$66,999	6%	7%	6%	6%
120% to 150% of AMI	25%	22%	22%	19%
\$67,000 to \$69,999	3%	2%	3%	2%
\$70,000 to \$79,999	10%	4%	9%	5%
\$80,000 to \$89,999	8%	11%	6%	9%
\$90,000 to \$99,999	5%	5%	4%	3%
150% and higher	42%	15%	49%	17%
\$100,000 to \$124,999	13%	7%	14%	10%
\$125,000 to \$149,999	5%	1%	4%	1%
\$150,000 to \$199,999	6%	3%	7%	3%
\$200,000 to \$249,999	4%	2%	6%	1%
\$250,000 to \$299,999	3%	0%	5%	0%
\$300,000 and higher	11%	1%	13%	1%
Total	100%	100%	100%	100%

Source: 2002 Telluride Community Survey, RRC, Economic & Planning Systems

The distribution of income used for this analysis is based on the community survey. Because homeowners are more likely than renters to complete surveys, the data over represents homeowners; thus, the figures have been weighted by census tenure data in **Table 30** below. The census data are shown as percentages of the total number of households (861 plus 1,090). This provides the percentage of households at the respective income levels for the both renters and owners, and provides for a comparison with the housing inventory, as shown in the following tables.

Table 30
Income Distribution for Telluride Region
Telluride Affordable Housing Strategy

	Survey		Census		Census	
	Own	Rent	Own	Rent	Own	Rent
Income Level from Survey						
0-60%	5%	25%	45	273	2%	14%
60-80%	6%	17%	52	186	3%	10%
80-120%	18%	22%	156	235	8%	12%
120% plus	<u>71%</u>	<u>36%</u>	<u>609</u>	<u>396</u>	<u>31%</u>	<u>20%</u>
Total	100%	100%	861	1,090	44%	56%

Tenure based on Census estimate of 861 owners and 1,090 renters

Source: RRC Associates, 2000 Census, Economic & Planning Systems

The gap analysis is provided below in **Tables 31 and 32**. The first compares the regional distribution of income to the total number of deed-restricted dwelling units in the Region, including the Town, Lawson Hill, Mountain Village, and the subdivisions in the County in the immediate area. The second analysis focuses on the inventory in the Town of Telluride.

As shown below, the regional deficits are concentrated in the rental market and ownership markets at 80 to 120 percent of AMI as well as the 120 percent and higher sectors. The greatest surplus can be found in rental units priced for households earning less than 60 percent of AMI. When the income distribution is applied to the Town of Telluride units in **Table 32**, the surpluses and deficits are accentuated in these same areas, with a new deficit for owners in the 80 to 120 percent income level.

Table 31
Regional Gap Analysis
Telluride Affordable Housing Strategy

	<u>Regional</u> <u>HH Income</u>		<u>Regional Inventory</u> ¹				<u>Regional</u> <u>Gaps</u>	
	Own	Rent	Own	Rent	Own	Rent	Own	Rent
Income Level								
0-60%	2%	14%	0	320	0%	34%	-2%	20%
60-80%	3%	10%	183	278	20%	30%	17%	20%
80-120%	8%	12%	126	3	14%	0%	6%	-12%
120% plus	<u>31%</u>	<u>20%</u>	<u>22</u>	<u>0</u>	<u>2%</u>	<u>0%</u>	-29%	-20%
Total	44%	56%	331	601	36%	64%		

¹ Does not include some units for which income data was not available

Source: Economic & Planning Systems

Table 32
Town of Telluride Gap Analysis
Telluride Affordable Housing Strategy

	<u>Regional</u> <u>HH Income</u>		<u>Town of Telluride Inventory</u>				<u>Local</u> <u>Gaps</u>	
	Own	Rent	Own	Rent	Own	Rent	Own	Rent
Income Level								
0-60%	2%	14%	0	141	0%	58%	-2%	44%
60-80%	3%	10%	20	68	8%	28%	6%	19%
80-120%	8%	12%	13	0	5%	0%	-3%	-12%
120% plus	<u>31%</u>	<u>20%</u>	<u>0</u>	<u>0</u>	<u>0%</u>	<u>0%</u>	-31%	-20%
Total	44%	56%	33	209	14%	86%		

Source: Economic & Planning Systems

The percentages and absolute figures are provided to show the data must be augmented with qualitative information regarding the community profile, as previously provided. The most significant qualitative points include:

- Telluride’s tenure is 36 percent owner and 64 percent renter. Communities with an unconstrained land supply and a broad spectrum of household income typically have the reverse tenure statistics.
- The median income of renters (\$50,000) is half that of owners (\$100,000). The relatively high income for local owners (in addition to second home owners) places significant pressure on the ownership inventory and makes ownership unattainable for many locals.

- The residential properties in Telluride are in high demand. Approximately 45 percent of all households in the Region would like to live in the Town of Telluride, which is 6 percentage points higher than the current level of 39 percent.
- Nearly two-thirds of all households in the Region consist of one or two persons.
- Approximately one-quarter of all households in the Region have children. Of these, 90 percent are owners. Within these households, there is a nearly even split among those with one child and those with two children. Very few households have more than two children.

Rental Units

The largest surplus of housing is found in the lowest income sector for rental households. This is a logical place to focus a housing program, particularly in the early years of production. These rental units provide housing for a range of community residents and household types, and address the critical need to establish a base of available employees. Due to the emphasis on this development type in the past, and recently completed projects, the analysis shows a significant surplus.

Based on the gap analysis, the proportion of need suggests that approximately half of new units should be rental, geared to household incomes of 80 percent and higher. However, the large supply of rental units at the lower end, some with income restrictions and some with only employment requirements, is anticipated to absorb a significant portion of the demand for rental units. Thus, efforts in the near future should be limited for rental units. Over a five- to ten-year time frame, approximately 20 to 30 percent of the overall housing production efforts should be geared towards this need.

The unit type with the greatest versatility and economy is a two-bedroom flat. While some resorts have explored dormitory or suite-style housing for seasonal workers, traditional flats provide a greater integration of different types of residents and provides greater flexibility to address various community needs over time. Specific unit mix for projects should be adjusted based on local market analysis at time of development, but should be generally geared towards 50 to 60 percent two-bedroom units, 30 to 40 percent one-bedroom units, and 15 to 25 percent three-bedroom units.

Ownership Units

While the home ownership needs for families may draw a significant amount of attention, it is important to recognize that approximately 63 percent of ownership households and 69 percent of renter households consist of one or two persons. Notwithstanding the dominance of small household sizes, it is also important to consider that affordable options within the Town available to households with children have been limited, based on the record of housing production.

The income distribution analysis (see **Table 29**) suggests that there is a relatively even distribution, and corresponding need, among the 80 to 120 percent of AMI level and the

120 to 150 percent of AMI level. Thus, it is recommended that the ownership production efforts be divided proportionately among these two income groups. It should be noted that some market rate alternatives will be available to the 120 to 150 percent of AMI sector, and may shift the priority to the lower income group. However, as in many resorts, some of the least expensive units are those that were originally constructed for short-term guests and do not match the needs of permanent households. Thus, an even distribution among the two groups is warranted.

For the purposes of this analysis, housing units for households with children would include duplexes, triplexes, or townhomes with three bedrooms (or two bedrooms, plus unfinished areas in a basement or a second floor); small yard area, good storage, and reasonable proximity to community services, such as schools. Single-family homes are not included, although they would be desirable, due to the limited land area in the valley and the need to balance resident needs with community production goals and affordability targets.

For ownership housing development, the goal should be to target 40 to 60 percent of new units as two- to three-bedroom units, as described above. This exceeds the current representation of this household in the community, but assumes that there is pent up demand due to limited options. The balance of 40 to 60 percent of the units should be geared toward one- and two-person households, and could consist of one- and two-bedroom condominiums.

Table 33
Gap Analysis and Recommended Production Targets
Telluride Region Affordable Housing Strategy

	Tenure and Income Level	Proportion of Total	Type of Unit	Percentage within Category
Rental	80 to 120% of AMI	20 to 30%	One-bedroom Flat	50 to 60%
			Two-bedroom Flat	30 to 40%
			Three-bedroom Flat	15 to 25%
Ownership	80 to 120% of AMI	30 to 50%	1-2 person households	40 to 60%
			3+ person households	40 to 60%
Ownership	120% to 150%	30 to 50%	1-2 person households	40 to 60%
			3+ person households	40 to 60%

Source: Economic & Planning Systems

The application of these recommended percentages is provided below in **Table 34**. Based on the aforementioned goal of housing 60 percent of the regional employees within the Telluride Region, and based on the estimates of future commercial development through 2020, the Town's share of the regional production target would be 282 units. Applying this factor to the recommended income mix and tenure mix, the following development scenario would reflect the demographic needs of the community. While there are many variations on this scenario, the ranges shown in the table provide the recommended upper and lower limits for each tenure and income level.

Table 34
Tenure and Income Mix for Future Affordable Housing
Telluride Region Affordable Housing Strategy

	Tenure and Income Level	<u>Dev. Range</u>		<u>Production Target</u>		<u>Example Dev. Scenario</u>	
		Low	High	Low	High		
Town's Share of Production: 282 units							
Rental	80 to 120% of AMI	20%	30%	56	85	25%	71
Ownership	80 to 120% of AMI	30%	50%	85	141	40%	113
Ownership	120 to 150% of AMI	30%	50%	85	141	35%	99

Source: Economic & Planning Systems

IV. FUNDING SOURCES INTRODUCTION

The purpose of this memorandum is to identify the financial resources available in the Region. The budgets from the three jurisdictions have been summarized as they pertain to affordable housing. The current analysis includes a ten-year projection of Town revenue available for housing development.

HOUSING FUNDS ANALYSIS

Information about the financial resources within the Telluride Region is provided below. The portion of the 2003 budgets that address housing are summarized for the Town of Telluride, Mountain Village, and the San Miguel Regional Housing Authority. A discussion of the San Miguel County's past and future revenues related to housing is also provided.

TOWN OF TELLURIDE

The 2003 budget for the Town of Telluride anticipates \$9.1 million in revenue for its operating funds. The general fund budget is \$3.9 million, which is primarily funded by two cents of the Town's 4.5 cent sales tax as well as fees. Property tax contributes only seven percent of the total general fund budget. The Capital fund is budgeted for \$4.5 million and is based on a two cent sales tax, a three percent real estate transfer tax, as well as miscellaneous categories. The transfer tax is expected to generate \$2.2 million in 2003.

In addition to the operating funds, the Town has four restricted funds which include water, sewer, affordable housing, and open space. The water and sewer funds are enterprise funds based primarily on user fees and property taxes. The affordable housing budget is funded by a dedicated half cent sales tax, which is expected to generate \$421,000 for 2003. Based on the dedicated revenue source, the Town has been pre-authorized to issue bonds up to \$4.35 million. The housing budget is summarized below in **Table 35**.

Table 35
Town of Telluride, 2003 Budget Summary
Telluride Affordable Housing Strategic Plan

	2003
Beginning Fund Balance	657,099
Sources of Funds	
Half Cent Sales/Use Tax	421,065
Mitigation Fees	20,000
Other	4,000
Subtotal	445,065
Uses of Funds	
Setaside	704,035
Regional Housing Administration	32,869
West Central Housing Operating Support	1,500
Buydown program	300,000
Subtotal	1,038,404
Reserve	63,760
Balance	0

Source: Town of Telluride, Economic & Planning Systems

Note: Shandoka Apartments are owned and managed by the Telluride Housing Authority

Presently, the Shandoka Phase IV project is expected to provide an initial repayment of \$208,000 to the Town for land costs. As the initial land cost was \$963,000, the balance of \$755,000 is to be paid back over time.

In **Table 36** below, the housing fund revenues are shown since the fund's inception in 1995. For the past five years, the fund has generated between \$410,000 and \$440,000 annually from sales and use taxes. In the early years, the fund experienced strong growth, with some years of annual increases ranging between 16 and 19 percent. Recently, the growth of the fund has been flat.

Table 36
Town of Telluride, Historic Housing Fund Revenues
Telluride Affordable Housing Strategic Plan

Year	<u>Affordable Housing Fund</u>			<u>Annual Change</u>	
	Sales Tax	Use Tax	Total	\$	%
1993	\$0	\$0	\$0		
1994	\$0	\$0	\$0		
1995	\$265,425	\$20,413	\$285,838	\$285,838	--
1996	\$308,247	\$32,387	\$340,634	\$54,796	19%
1997	\$328,054	\$30,440	\$358,494	\$17,860	5%
1998	\$373,936	\$41,590	\$415,526	\$57,032	16%
1999	\$389,398	\$19,391	\$408,789	-\$6,737	-2%
2000	\$385,545	\$30,571	\$416,116	\$7,327	2%
2001	\$406,280	\$32,149	\$438,429	\$22,313	5%
2002	\$405,019	\$29,463	\$434,482	-\$3,947	-1%

Source: Town of Telluride, Economic & Planning Systems

Expenditures have included approximately \$963,000 to purchase the Shandoka site, \$828,000 to purchase Parcel A, and a \$103,000 project subsidy for Wilkin Court. Additionally, there have been annual administrative costs related to the Telluride Housing Authority. As noted previously, the land costs for Shandoka will be reimbursed over time.

MOUNTAIN VILLAGE

The Town of Mountain Village budget includes five operating funds and three restricted funds. In some cases, such as the sales tax fund and the road and bridge fund, the Town acts as a conduit to collect the revenues and transfer funds to the Mountain Village metro district. Total revenues for 2003 are projected to be \$1.7 million with end-of-year reserves estimated to be \$1.1 million.

The sales tax rate in the town is 5.0 percent, of which a half cent is dedicated to affordable housing. The sale tax fund is expected to generate 1.7 million in 2003 with 90 percent being directly transferred to Mountain Village Metro Services for operating costs and debt service for the gondola and certain proposed core parking projects. Ten percent of the sales tax revenue will be transferred to the Mountain Village Housing Authority (Village Court Apartments), which will be approximately \$170,000.

The Mountain Village Housing Authority operates the Village Court Apartments (VCA) and provides staff to run the housing operations for the Town of Mountain Village. In addition to operating VCA, staff administers all deed restrictions in the Mountain Village, negotiates housing requirements for new development, and is currently developing Coyote Court. This project will consist of ten single-family units (legally sold as condominiums) to be constructed in 2003. Sale prices are estimated at \$310,000.

Revenue from sales will cover approximately 80 percent of development costs. The balance is planned to be covered through a per unit subsidy of \$50,000, which has been made possible from a direct grant from HUD for this project.

The dedicated revenue source has been earmarked for reducing debt for VCA. The current rate floats and is adjusted annually. To reduce its exposure, the Town would like to issue conventional bonds but cannot do so until the debt coverage ratio improves. Thus, the proceeds from the sale tax will be used for unscheduled debt reduction for the next six to seven years. The Town has the flexibility to use the funds on other sites, if unique opportunities arise, but intends to use the funds for debt reduction rather than new development in the foreseeable future.

The Mountain Village Housing Authority operates three funds, including the VCA/staff budget, the development fund, and the mortgage assistance fund. The VCA/staff budget is shown in **Table 37** below. The other funds have been established to for the Coyote Court development process, to keep the site specific development costs, revenues, grants, and buyer subsidies separate from other housing related funds.

It should be noted that the Mountain Village budget includes revenues and expenses related to Village Court, while the Town's budget does not include any activity related to Shandoka. The most significant information from this analysis is that the annual revenues from the dedicated sales tax, approximately \$170,000 per year, are approximately 40 percent of the Town's revenue source. Mountain Village anticipates using all of this revenue to reduce its debt on Village Court for the foreseeable future.

**Table 37
Mountain Village, 2003 Budget Summary
Telluride Affordable Housing Strategic Plan**

	2003
Beginning Fund Balance	418,000
Sources of Funds	
Sales Tax Proceeds/MVMS Contribution	170,000
Village Court	1,298,000
Other Operating Income	154,000
Subtotal	1,622,000
Uses of Funds	
Operating Expenditures	761,000
Capital Improvements	3,000
Scheduled Debt Service	818,000
Unscheduled Debt Reduction	170,000
Subtotal	1,752,000
Ending Fund Balance	288,000

Source: Town of Mountain Village, Economic & Planning Systems

SAN MIGUEL COUNTY

San Miguel County funds housing development as resources become available. It does not currently have a dedicated funding source. In the past, the County has received four fee-in-lieu payments of \$80,000 each. These payments occurred in 1994, 2000, 2001, and 2003. In addition, the County sold a parcel of land in 2002 for \$300,000 and currently has a balance of \$170,000 earmarked for future housing efforts.

The proceeds from these revenue sources have been applied to projects, such as Rio Vistas II, the down payment assistance program, and to recent efforts to maintain deed restrictions in full force. In the future, funds could be applied to the Sunnyside site, which has been reserved for affordable housing and is likely to be the County's next project at some point in the near future.

In the spring of 2003, the County adopted a mitigation fee study conducted by the RPI Consulting Group. The Board of County Commissioners directed the staff to write ordinances implementing the findings of the study, which may be completed by the end of 2003. If the County were to adopt the proposed mitigation fees, revenue could be as high as \$270,000 per year. This projection would have been the annual average revenue from 1997 to 2001, if the proposed fee structure had been applied to the historic development. The annual funding may increase or decrease, in proportion with future

growth rates. County staff emphasized that the fee structure proposed in the study may be amended at time of ordinance, affecting the revenue potential.

SAN MIGUEL REGIONAL HOUSING AUTHORITY

The Regional Housing Authority was established in 1997, with the primary purpose of administering the housing inventory in the Town of Telluride and San Miguel County. The units developed by both jurisdictions remain under their respective ownership and the regional housing authority staff provides a variety of programs to the community that are funded primarily by the Town and the County.

The annual budget of the RHA consists of seven active funds as well as four restricted funds. The budget includes an operating fund, the Shandoka fund, and several other smaller programs administered on behalf of the Town or the County. Because the economy of scale is sufficiently large in some funds, such as the County deed restriction administration, no additional subsidy is needed. However, several of the Town's programs do require annual subsidy, which approximate \$32,000 for 2003.

In general, the RHA budget is constructed so that annual expenses match annual revenues for each fund. The exceptions include the restricted funds, which function more like savings accounts to be used in unique circumstances, and the County operating fund. The net operating surplus anticipated at the end of 2003 will be \$30,535.

REVENUE FORECAST

In addition to the dedicated revenue source from sales and use tax, the Town is anticipating revenue from Shandoka for the previous land purchase as well as the Family Housing development. A ten-year projection is provided in **Table 38**, showing the annual and cumulative revenues for the period. As noted previously, the fund has bonding capability. Depending on the housing development or land acquisition needs, the Town may issue bonds up to 4.35 million to address large one-time expenditures.

**Table 38
 Forecast
 Telluride Affordable Housing Strategic Plan**

Factor	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Beginning Balance ^{1,2}	\$984,033											
Revenues												
Sales and Use Tax	1.0%	\$447,647	\$452,124	\$456,645	\$461,211	\$465,824	\$470,482	\$475,187	\$479,938	\$484,738	\$489,585	\$494,481
Mitigation		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Land Repayment ³		\$208,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Family Housing ⁴			\$500,000	\$300,000								
Annual Revenue		\$675,647	\$1,012,124	\$816,645	\$521,211	\$525,824	\$530,482	\$535,187	\$539,938	\$544,738	\$549,585	\$554,481
Cumulative Resources		\$1,659,680	\$2,671,804	\$3,488,449	\$4,009,660	\$4,535,484	\$5,065,966	\$5,601,152	\$6,141,091	\$6,685,828	\$7,235,414	\$7,789,895

¹ Represents projected fund balance to be carried forward from 2003

² Analysis reflects constant dollars

³ Assumes Shandoka Phase IV will repay land costs as funds are available to total of \$963,000 and that such funds are available for housing

⁴ Assumes revenue associated with the sale of Family Housing Units – estimate only

Source: Economic & Planning Systems

V. SITE IDENTIFICATION AND EVALUATION

The purpose of this section is to identify and evaluate potential sites for future affordable housing development. Previous sections of this report have addressed the demand for housing, the housing supply, and the economic and demographic profile of the community, which were used to generate estimates of need by tenure and type of unit.

EVALUATION OF SITES

CRITERIA

For the purpose of identifying the sites with the greatest potential, ten criteria have been developed through several public worksessions with the Town's Planning and Zoning Commission. These criteria reflect a range of issues, and are intended to address the spectrum of concerns expressed by community members during the process. In aggregate, they reflect the most important issues to the community as a whole. Each of these ten are described below, with examples provided as to how they have been applied to the parcels.

- Net Gain in Number of Units: Often housing proposals require the same amount of time investment regardless of size. Sites with the potential for larger developments have been ranked higher due to the economy of scale they provide, and the ability to meet the projected demand. For the purpose of this report, general unit ranges were assigned to each site based on known factors such as zoning, topography, other uses occurring on-site, etc.
- Suitability for a Range of Unit Types: As indicated in Chapter IV, a range of units are needed to address future needs of owners and renters, many with larger household sizes. A site that is conducive for a range of unit types has been ranked higher than those with limited options.
- Potential for Other Uses and Amenities: Affordable housing is a critical issue for the long-term viability of the community; however, housing is one of many competitive community priorities. Some sites are particularly conducive for other public or private uses, such as open space, commercial development, etc. A high score reflects a site which has not been identified for other public uses and has conditions that favor housing.
- Quality of Development/Livability: Selecting sites that provide livable, enjoyable residences is an important consideration. This criterion evaluates each potential site in terms of the access residents would have to parks, open space, commercial services, schools, etc., as well as solar exposure.

- Location: For purposes of commuting and utility efficiency, it is preferred that development to be located within the existing town context, close to existing infrastructure and services. The sites within the Town boundary with close proximity to existing, frequent transit service and are within walking distance to most places of employment (or the gondola) have been ranked higher than others.
- Disperses Housing: The existing pattern of deed-restricted housing development is concentrated in the western and, to a lesser degree, eastern ends of the community. Sites that offer a better dispersion of housing throughout the Town and Telluride Valley have received high scores.
- Complexity of Securing the Site: Due to the challenges associated with acquiring and entitling property, some sites can be readily developed while others require a significant time investment. The sites given a higher ranking are those already owned by a public entity, could be acquired easily, and/or can be entitled with fewer impediments than other sites.
- Land Cost: Low cost sites were given higher rankings, as they enable to the Town to provide more housing elsewhere. In cases where the site is owned by the Town and has been purchased by the housing fund, the ranking is high.
- Land Value: In some cases, the cost to the Town for a parcel could be low (i.e., already under Town ownership), masking a high economic value and resulting high effective subsidy per unit. This criterion was added to reflect the difference between cost and value that exist in some cases. Sites with high land values were given lower scores as they, ultimately, may not provide for an appropriate use of Town assets.
- Estimated Cost of Construction: Sites with steep slopes, geo-hazards, difficult access, or long distances to infrastructure were ranked lower, as the cost to develop these parcels would be relatively higher than other options.

These criteria are listed below in **Table 39** and show the measurements and associated scores used in the ranking process. Five of the ten criteria have been weighted at a factor of two, based on the need to place greater emphasis on these criterion. The double-weighted criteria include:

- Net gain in number of units
- Suitability for a range of unit types
- Land cost
- Land value
- Estimated cost of construction.

Table 39
Evaluation Criteria
Telluride Regional Housing Strategy

Criteria	Measure	Ranking
1 Net Gain in number of Units <i>Weighted at a factor of 2</i>	Provides for more than 35 units	5
	Provides for 25 to 34 units	4
	Provides for 15 to 24 units	3
	Provides for 5 to 14 units	2
	Provides for less than 5 units	1
2 Suitability for range of targeted unit types <i>Weighted at a factor of 2</i>	Has flexibility to address a range of targeted unit types	5
	Has some flexibility to address a range of unit types	3
	Has limited flexibility to address a range of unit types	1
3 Potential for other uses/amenities	Site is highly suitable for housing	5
	Site has potential to accommodate other community uses	3
	Site is desirable for community needs other than housing, such as civic, retail, open space, etc.	1
4 Quality of Development /Livability	Close proximity to parks, trails, schools, stores, and community facilities; positive solar access	5
	Reasonable proximity to parks, trails, schools, stores, and community facilities	3
	Poor access to parks, trails, schools, stores, and community facilities	1
5 Location	Within the Town Boundary; proximate to current, regular transit service	5
	Within three miles of Town Boundary; requires expanded transit service on existing route	3
	Outside three miles of Town Boundary; requires new transit service	1
6 Disperses housing	Provides housing in portion of Town or Region with few existing deed-restricted housing units	5
	Achieves limited dispersal, with units near existing deed-restricted housing	3
	Adds to existing concentrations of deed-restricted housing	1
7 Complexity of Securing Site	Average development approval required; site publicly owned	5
	Development and other approvals required for development; reasonable to assume site is attainable for housing uses	3
	Significant development approval process and/or site is difficult to obtain for housing purposes	1
8 Land Cost <i>Weighted at a factor of 2</i>	Low or no cost (est. to be less than \$30,000 per unit)	5
	Moderate cost (in range of \$50,000 per unit)	3
	High cost to acquire (approximately \$100,000 per unit)	1
9 Land Value <i>Weighted at a factor of 2</i>	Low or no value (est. to be less than \$30,000 per unit)	5
	Moderate value (in range of \$50,000 per unit)	3
	High value (approximately \$100,000 per unit)	1
10 Estimated Cost of Construction <i>Weighted at a factor of 2</i>	Average construction costs anticipated	5
	Higher than typical construction costs due to site constraints	3
	Considerably higher construction costs, due to environmental constraints or lack of proximity to utility lines	1

¹ If site owned by Town, but purchased recently, with funds other than those dedicated for housing, it is assumed that repayment from the housing fund will occur.

Source: Town of Telluride, Economic & Planning Systems

POTENTIAL HOUSING SITES

A comprehensive list of parcels that could be considered for affordable housing was compiled, including all lands owned by the Town. The sites include a range of sizes, locations, uses, and ownership. Through several public worksessions with the Planning and Zoning Commission, many sites in the initial evaluation were eliminated due to their unique characteristics, environmental constraints and/or priority to the community for other uses. Examples of excluded parcels include those along the stream corridor, the Pearl Property, and the old Town Hall. Some sites were added, as well, such as privately held sites. In **Table 40** on the following page, the properties are categorized with those having housing potential and those reserved for other uses. A map that indexes each site to the following tables is provided in **Figure 1**.

The sites with potential for development have characteristics that lend themselves to a range of potential uses, including office or retail, free-market residential, civic facilities, or affordable housing. Whether publicly or privately held, the sites are likely to be developed at some point in the future. The primary objective of this process is to evaluate their potential for affordable housing, prior to other uses being constructed. The following section provides a detailed analysis of evaluation of these sites, applying the criteria discussed previously to the available opportunities. In the future, other potential sites can be evaluated using this process to provide an understanding of their value and suitability for housing development.

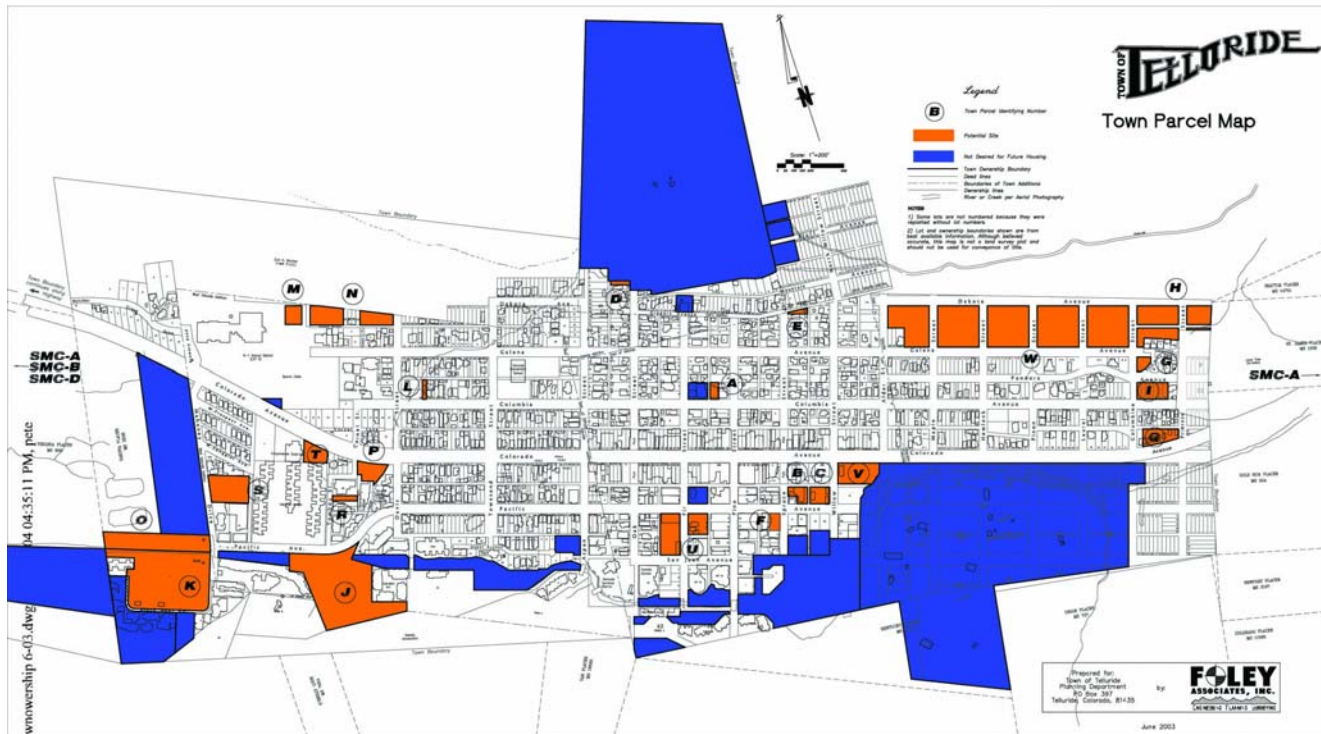
Table 40
Potential Properties for Consideration
Telluride Region Affordable Housing Strategy

Map	Parcel Location	Structures/Current Use	Development Assumptions
Potential Housing Parcels			
A	Rebekah Hall	Rebekah Hall	Zoned Res./Commercial
B	Old Library	Old Wilkinson Library	Zoned Commercial
C	Voo Doo Lounge	Youth Link building	Youth Center site; zoned Commercial
D	Lot 31, Block HA	Vacant Land	Zoned Residential; no present access
E	Lot 10, Block 33, TOT	Small equipment garage.	Undersized Residential Lot
F	Spruce and Pacific	Vacant Land -- Private	Zoned Commercial.
G	Lots 1-4, Block 10, ETA	Vacant Land	Zoned Residential
H	Blocks 7 and 8, ETA	Vacant Land	Zoned Hillside Developing 2; no present access
I	Lots 1-8, Block 21, ETA	Vacant Land	Zoned Residential
J	Lot 34/34B	Parking Lot	Zoned Accommodations 2; Construction cost assumes
K	Lot L, BVS	Parking Lot	Zoned Accommodations 2; Construction cost assumes
L	Lot 16, Block 10, WTA	Vacant Land	Zoned Residential
M	School Lots/Taylor Street	Vacant Land	Zoned Residential
N	Lots 33-40, Block 18, ETA	Vacant Land	Zoned Residential
O	Lot 48A, BVS	Parking Lot & Impound Lot	Zoned Accommodations 2
P	Parcel A	Vacant Land	Acquired with Affordable Housing Funds; zoned
Q	Family Housing	Telluride Family Housing -- 7 Units	Single-family rental housing units
R	Lot 40-3, MO	Vacant Land -- Private	Zoned Accommodation 2
S	Lots 41 & 42, BVS	Vacant Land -- Private	Zoned Accommodation 2.
T	Lot 3, CLS	Vacant Land -- Private	Zoned Accommodations 2
U	Commercial - S. Fir Street	Primarily Vacant Land -- Private	Zoned Commercial
V	Commercial - E Colo. Ave.	Vacant Land -- Private	Zoned Commercial
W	Blocks 2 - 6, ETA	Vacant Land -- Private	Zoned Hillside Developing 2; no present access
SMC-A	Sunnyside	East of Eider Creek -- Owned by SMC	Property acquired by SMC for future housing, located directly
SMC-B	Lawson Hill	Upper Lawson Hill -- Privately Held	Assumes converting existing industrial uses to housing or
SMC-C	East End of Telluride Valley	Land east of Telluride -- Privately Held	Unspecific Property in SMC
SMC-D	Ilium	Lower Lawson Hill -- Private	Assumes industrial property rezoned to housing uses
Sites Identified but not Considered for Evaluation			
--	135 W. Columbia Ave.	Old Town Hall	
--	160 South Fir Street	Old San Miguel Power Building	
--	Virginia Placer Annexation	Public Works Facility	
--	317 N. Fir Street	Telluride Historical Museum	
--	North of Tomboy Rd.	Vacant Land	
--	North Telluride Addition	Vacant Land, Open Space, Trails	
--	Block 31 Lots 9,11,13 & 16A, 18 T.O.T.	Hobgood Drew Wetlands	
--	East Telluride -- Town Park	Parks & Rec. Staff, numerous	
--	815 Black Bear Rd.	Vacant Land	
--	River Park Corridor parcels	Trails, riparian area, picnic areas	
--	Pearl Property	Vacant Land	
--	659 W. Colorado Ave.	Transit Stop, bike path, landscaping	
--	830 - 890 Black Bear Rd.	Shandoka -- 109 Rental Housing Units	

Source: Town of Telluride

¹ See Appendix for more detailed description of location and other site attributes

Figure 1
Sites Under Consideration
Telluride Regional Housing Strategy



SITE EVALUATION AND RANKING

Criteria and Measures

Applying the criteria to the selected sites results in the ranking shown on the following page, in **Figure 1**. Each of the sites has been evaluated by the ten criteria separately, and scores from one to five have been assigned based on the site's characteristics. As noted previously, a weighting factor of two has been applied to the most significant criteria. The sites fall into three general tiers, with scores for the highest category ranging from 53 to 59, the nine sites middle category each have a score of 51, and the lower tier ranges from 39 to 49.

The ranking is useful to the extent it clarifies which sites have the most potential for creating effective, livable housing solutions. Because the differences between some of the site's rankings are small, there may be some shifting in the overall order. The primary goal is to recognize those sites that generally rise to the top of the available opportunities and those sites on which the community can agree that little potential exists.

Figure 2
Application of Criteria
Telluride Regional Housing Strategy

Ref. #	Common Name of Parcel	Net Gain in number of units (2X)	Site suitability for range of targeted unit types (2X)	Potential for other community needs/amenities	Quality of Development/Livability	Location	Disperses housing	Complexity of Securing Site	Estimated Land Cost (\$\$ per unit) (2X)	Estimated Land Value (2X)	Estimated Cost of Construction (2X)	Total
J	Lot 34/34B	5	5	3	5	5	3	5	3	3	3	59
SMC-C	East End	5	5	5	3	5	5	3	3	3	3	59
P	Parcel A	3	3	5	5	5	3	5	5	3	3	57
C	Voo Doo Lounge	3	3	3	5	5	5	5	5	3	3	57
S	Lots 41 & 42, BVS	4	5	5	5	5	3	3	3	3	3	57
M	School Lots/Taylor Street	3	3	5	5	5	5	5	5	3	1	55
SMC-A	Sunnyside	4	3	5	3	3	5	5	3	3	3	53
O	Lot 48A, BVS	3	3	3	5	5	1	3	5	3	3	51
K	Lot L, BVS	5	3	3	5	5	1	3	5	3	1	51
Q	Family Housing	1	3	5	5	5	1	5	5	1	5	51
SMC-D	Ilium	4	3	5	1	1	5	3	3	3	5	51
A	Rebekah Hall	1	3	1	5	5	5	5	5	3	3	51
B	Old Library	1	3	1	5	5	5	5	5	3	3	51
E	Lot 10, Block 33, TOT	1	1	5	5	5	5	5	5	1	5	51
L	Lot 16, Block 10, WTA	1	1	5	5	5	5	5	5	1	5	51
U	Commercial - S. Fir Street	4	3	3	5	5	5	1	3	3	3	51
F	Spruce and Pacific	2	3	3	5	5	5	3	3	3	3	49
SMC-B	Lawson Hill	4	3	3	3	3	1	3	3	3	5	49
I	Lots 1-8, Block 21, ETA	2	1	5	5	5	1	5	5	1	5	49
G	Lots 1-4, Block 10, ETA	1	1	5	5	5	3	5	5	1	5	49
R	Lot 40-3, MO	2	1	5	5	5	3	3	3	3	5	49
V	Commercial - E Colo. Ave.	3	3	3	5	5	5	1	3	3	3	49
T	Lot 3, CLS	3	3	3	5	5	3	3	3	3	3	49
N	Lots 33-40, Block 18, ETA	2	1	3	3	5	5	5	5	3	1	45
H	Block 7 and 8, ETA	2	1	1	3	5	5	5	5	3	1	43
D	Lot 31, Block HA	1	1	5	5	5	5	5	5	1	1	43
W	Blocks 2-6, ETA	4	1	1	3	5	5	1	3	3	1	39

Source: Town of Telluride, Economic & Planning Systems

Development Potential

Additional information about the highest ranking tier is provided below in **Table 41**. Development potential has been estimated, identified with a high and low range of dwelling units. If all seven of the top tier sites are developed, approximately 180 to 250 units can be provided. The development potential for lower tier sites has not been estimated, reflecting the outcome of the analysis. Conditions in the community may change in the future in such as way that an individual site's ranking may increase and become more appealing.

**Table 41
Evaluation Criteria
Telluride Regional Housing Strategy**

Reference	Parcel Name	Score	Approximate Dev. Potential		Potential Unit Types ¹
			Low	High	
Top Tier					
J	Lot 34/34B	59	40	70	SF, MF, Apt.
SMC-C	East End	59	40	60	SF
P	Parcel A	57	18	20	MF
C	Voo Doo Lounge	57	10	14	MF
S	Lots 41 & 42, BVS	57	28	28	SF, MF, Apt.
M	School Lots/Taylor Street	55	20	24	SF
SMC-A	Sunnyside	53	<u>25</u>	<u>35</u>	SF, MF
Subtotal			181	251	
Middle Tier					
O	Lot 48A, BVS	51	16	24	
K	Lot L, BVS	51	40	70	
Q	Family Housing	51	1	1	
SMC-D	Ilium	51	30	34	
A	Rebekah Hall	51	4	4	
B	Old Library	51	4	10	
E	Lot 10, Block 33, TOT	51	1	1	
L	Lot 16, Block 10, WTA	51	2	2	
U	Commercial - S. Fir Street	51	<u>20</u>	<u>30</u>	
Subtotal			118	176	
Bottom Tier					
F	Spruce and Pacific	49	--	--	
SMC-B	Lawson Hill	49	--	--	
I	Lots 1-8, Block 21, ETA	49	--	--	
G	Lots 1-4, Block 10, ETA	49	--	--	
R	Lot 40-3, MO	49	--	--	
V	Commercial - E Colo. Ave.	49	--	--	
T	Lot 3, CLS	49	--	--	
N	Lots 33-40, Block 18, ETA	45	--	--	
H	Block 7 and 8, ETA	43	--	--	
D	Lot 31, Block HA	43	--	--	
SMC-D	Ilium	39	--	--	
W	Hillside	39	--	--	

¹ SF is Single Family, MF is Multi Family, Apt is Apartment
Source: Town of Telluride, Economic & Planning Systems

The analysis indicates that the development of the top tier sites may yield a range of 180 to 250 units. However, it is unlikely that all top tier sites will ultimately be used for housing development. An additional 20 to 30 units could be produced over the next 10 to 15 years through participating financially with private development in the commercial core (Parcels U, V, or F, by way of example), and through continuing the current “buy down” program and zoning incentives achievable through the Planned Unit Development process. Further, an additional 30 to 50 units could be generated by

development of some of the middle tier sites. Were much of the top tier sites to be developed in ranges specified above, and in addition to some public/private participation and second tier production, approximately 260 units would result.

Given the previous finding of a need for 470 to 948 additional housing units in the Telluride Region over the next 20 years, it appears that production will be insufficient to meet the anticipated needs. Assuming the Town's reasonable share is 60 percent of the total need, the resulting target ranges from 282 to 569 units. The optimistic production assumption at this point for the Town would be approximately 215 units, adjusting for the development on parcels located in the County, such as Ilium and Sunnyside. Because it is important to plan conservatively concerning potential densities on the identified sites, additional sites should be considered.

PROPOSED ACTION PLAN

Based on this analysis, a series of actions has been identified below. The action plan covers the forecast period from 2004 through 2020.

Years 1-6 (2004 - 2009)

1. Secure site(s) for future housing (minimum of 100 units), funded through existing reserves, lending from other Town funds, or bonding on the existing housing sales tax revenue source. Such land may involve top and middle tiers sites or other opportunities as they arise, but in any case should be within the Telluride Region.
2. Move forward on development of three of the top tier sites. Develop unit types consistent with the targeting recommended in the Plan with an emphasis on the 80 to 120 percent AMI group. To allow for reasonable absorption, construct a major project every other year, with a goal of generating 85 to 105 units in the first six years.
3. Participate with private developments, financially and through zoning incentives, to cause an additional 15 unit to be constructed.

Years 7-12 (2010 - 2015)

1. Construct housing on other top or middle tier sites as well as parcels acquired in years 1 to 6. Generate approximately 12 units per year. Consider approaches such as selling deed restricted lots for individual owners to develop, similar to Lawson Hill, as a means to recoup a portion of the land acquisition cost and to provide revenue to subsidize utility/road construction and lower priced units. Unit types should follow the target groups identified in the Plan, with an emphasis on the 100 to 130 percent AMI as the community and local economy continues to mature.
2. Continue to explore additional land acquisition sites (top and middle tiers if available, and other sites as they become available), contingent upon available funding.
3. Continue to participate with private developments to create additional housing, contingent upon available funding.

4. Re-evaluate overall need and targeted groups.
5. Explore additional funding sources.

Year 7 to 12 Estimated Unit Yield: 70 to 90 units

Years 13-17 (2016 - 2020)

Construct an additional 70 to 90 units by means described above and new techniques. Re-evaluate overall need and targeted groups, and continue to explore additional funding sources.

APPENDIX

**Table A-1
Inventory of Deed Restricted Housing
Telluride Region—Affordable Housing Strategy**

Project Name	Total Units	Built	Planned
Mountain Village			
Big Billies	149	149	0
Coyete Court (Lot 642)	10	0	10
Fairway Four	24	24	0
Firehouse	3	3	0
Franz Klammer Lodge	6	6	0
Northstar	3	3	0
Parker Ridge	34	34	0
Prospect Creek	14	14	0
Prospect Plaza	7	7	0
Spring Creek/ Lot 640 D	14	6	8
Telluride/Sunshine Apts	30	30	0
Timber View/ Lot 640 BR	8	2	6
Tristant	1	1	0
Village Court Apartments	197	197	0
La Chamonix	<u>5</u>	<u>3</u>	<u>2</u>
Subtotal	505	479	26
Town of Telluride			
Affordable Housing Units	58	58	0
Telluride Medical Center	1	1	0
Brown Homestead	3	3	0
Shandoka: Phase I - III	109	109	0
Shandoka: Phase IV	25	0	25
Telluride Family Housing	7	7	0
Employee DU	57	27	30
Wilkin Court (Block 23)	<u>13</u>	<u>13</u>	<u>0</u>
Subtotal	272	217	55
San Miguel County			
Aldasoro	24	12	12
San Bernardo	22	18	4
ADU	32	24	8
Lawson Hill	297	174	123
Subtotal of Restricted Units	375	228	147
	1152	924	228

Source: Town of Mountain Village, Town of Telluride, Regional Housing Authority, San Miguel County, EPS

**Table A-2
Commercial Development Potential for the Town of Telluride
Telluride Region—Affordable Housing Strategy**

Block	Business/Building Name	Address	Lot Area	Total GFA for Site		Projected GFA		Existing GFA						Remaining GFA Total		
				Projected	Existing	Commercial	Institutional	Other	Retail	F&B	Office	Service	Vacant		Total	
1	Courthouse	305 West Colorado Ave.	12,500	15,550	12,500	0	15,550	0	0	0	0	0	0	0	0	3,050
1	Miramonte	333 W. Colorado Ave.	9,375	18,750	18,750	5,100	13,650	0	1,600	0	1,500	0	2,000	5,100	0	0
1	Telluride Mountain Title	335 W. Colorado Ave.	9,375	14,000	4,200	4,200	0	0	1,000	0	2,200	0	0	3,200	1,000	0
2	Pederson	388 W. Colorado Ave.	5,922	10,000	5,700	7,200	0	0	1,800	0	5,400	0	0	7,200	0	0
2	Vacant Lot	NA	3,125	4,400	0	2,000	0	0	0	0	0	0	0	0	2,000	0
2	Miller	320 W. Colorado Ave.	9,700	3,500	3,500	1,500	0	0	3,000	0	0	0	0	3,000	0	0
2	Old Power Building	324 W. Colorado Ave.	3,125	8,125	1,125	2,000	0	0	850	0	0	0	0	850	1,150	0
2	BPCEBks	300 W. Colorado Ave.	9,375	18,550	18,550	11,000	0	0	0	1,800	9,200	0	0	11,000	0	0
3	New Sheridan	231 W. Colorado Ave.	9,608	0	20,200	5,600	0	0	0	5,600	0	0	0	5,600	0	0
3	Opera House	227 W. Colorado Ave.	2,500	6,000	6,000	700	0	0	0	700	0	0	0	700	0	0
3	Steaming Bean	217 W. Colorado Ave.	3,125	4,000	2,000	2,000	0	0	0	1,600	0	0	0	1,600	400	0
3	Miford Building	213 W. Colorado Ave.	3,125	6,083	6,083	2,500	0	0	2,500	0	0	0	0	2,500	0	0
3	Nugget	201 W. Colorado Ave.	7,500	12,125	12,125	12,125	0	4,000	1,500	0	5,900	725	0	12,125	0	0
3	Panta	107 N. Fir St.	1,875	2,400	2,400	1,000	0	0	0	0	1,000	0	0	1,000	0	0
3	Sunshine Pharmacy	280 W. Colorado Ave.	3,125	5,800	5,800	5,800	0	0	4,300	0	0	0	1,500	5,800	0	0
4	Examiner	236 W. Colorado Ave.	3,125	5,150	4,750	4,750	0	0	0	0	4,750	0	0	4,750	0	0
4	Macintosh	228 W. Colorado Ave.	4,375	9,400	9,400	9,400	0	0	3,300	0	3,300	0	3,300	9,900	0	0
4	Peikaine	222 W. Colorado Ave.	8,750	10,500	10,200	7,900	0	0	4,900	0	3,000	0	2,300	10,200	0	0
4	Zolines	210, 216, 220 W. Colorado Ave.	5,625	9,664	9,664	4,000	0	0	2,000	0	2,000	0	0	4,000	0	0
4	Lorenz	204 W. Colorado Ave.	3,125	6,200	6,200	3,250	0	0	1,250	0	2,000	0	0	3,250	0	0
4	Excelsior	200 W. Colorado Ave.	3,125	5,300	5,300	5,300	0	0	1,100	4,200	0	0	0	5,300	0	0
4	Village Market	157 South Fir St.	5,875	8,812	3,000	5,000	0	0	5,000	0	0	0	0	5,000	0	0
4	Baked in Telluride	127 South Fir St.	5,875	8,812	5,500	5,500	0	0	0	5,500	0	0	0	5,500	0	0
4	Downstairs Deli	121 W. Colorado Ave.	3,125	5,600	4,200	3,000	0	0	1,500	1,500	0	0	0	3,000	0	0
4	Benchmark Emporium	133, 135 W. Colorado Ave.	6,250	12,500	12,500	10,000	0	0	2,500	0	7,500	0	0	10,000	0	0
5	Jagged Edge	131 W. Colorado Ave.	3,125	4,375	3,785	1,838	0	0	1,438	0	400	0	0	1,838	0	0
5	Train Lot	NA	3,125	4,000	900	2,000	0	0	0	0	0	0	900	900	1,100	0
5	Black Bear Jewelry	119 W. Colorado Ave.	3,125	4,400	4,125	4,125	0	0	2,750	0	1,375	0	0	4,125	0	0
5	Telluride Angler	121 W. Colorado Ave.	3,125	4,200	1,100	2,000	0	0	1,100	0	0	0	0	1,100	900	0
5	Magic Market	119 W. Colorado Ave.	3,125	5,000	2,250	3,625	0	0	650	1,375	0	0	1,000	3,025	600	0
5	Picaya	101, 105 W. Colorado Ave.	6,250	9,000	6,120	6,120	0	0	3,060	3,060	0	0	0	6,120	0	0
5	Telluride Sports	150 W. Colorado Ave.	6,250	12,375	8,000	10,000	0	0	8,000	0	3,300	0	0	11,300	0	0
5	Heritage	126 W. Colorado Ave.	9,375	11,100	15,500	11,100	0	0	2,300	800	4,700	0	0	7,800	3,300	0
5	Wintercrown	100 W. Colorado Ave.	15,625	33,000	3,100	22,000	0	0	5,500	5,000	10,100	0	0	20,600	1,400	0
6	Diamond Tooth	145-191 South Pine St.	11,750	26,900	26,900	10,300	0	0	4,800	0	3,500	1,000	1,000	10,300	0	0
6	SNPA Lot	160 South Fir St.	11,750	17,625	1,600	0	17,625	0	0	0	0	0	0	0	16,025	0
6	Black Bear	101 E. Colorado Ave.	6,250	20,950	20,950	11,250	0	3,750	13,450	3,750	3,750	0	0	24,700	0	0
6	Goldsworthy	115 E. Colorado Ave.	6,250	9,500	9,500	9,500	0	0	9,500	0	0	0	1,500	11,000	0	0
6	Bark Building	123 E. Colorado Ave.	9,375	8,250	4,500	6,000	0	0	3,200	1,000	0	0	0	4,200	1,800	0
7	Roma	131 E. Colorado Ave.	9,375	1,400	11,600	5,900	0	0	2,000	2,600	0	0	0	4,600	1,300	0
7	Num & Wrench	100 E. Colorado Ave.	12,500	18,750	12,000	9,200	0	0	0	9,200	0	0	0	9,200	0	0
7	Eli Gordon	122 E. Colorado Ave.	6,250	9,375	2,000	5,000	0	0	2,000	0	0	0	0	2,000	3,000	0
7	Telluride Emporium	126 E. Colorado Ave.	1,875	2,000	2,025	2,000	0	0	2,000	0	800	0	0	2,800	0	0
7	Wizard Video	130 E. Colorado Ave.	2,250	4,500	4,500	4,500	0	0	1,000	2,500	1,000	0	0	4,500	0	0

Table A-2 Continued
Commercial Development Potential for the Town of Telluride
Telluride Region—Affordable Housing Strategy

Block	Business/Building Name	Address	Lot Area	Total GFA for Site		Projected GFA			Existing GFA					Remaining GFA Total	
				Projected	Existing	Commercial	Institutional	Other	Retail	F & B	Office	Service	Vacant		Total
8	Gargoyle	124 E. Colorado Ave.	8,125	8,700	8,400	8,400	0	0	1,800	5,800	800	0	0	8,400	0
8	First National Bank	120 South Pine St.	5,875	8,813	4,500	4,500	0	0	0	0	3,000	1,500	0	4,500	0
8	Livery	110 South Pine St.	1,700	1,700	1,700	1,700	0	1,200	0	0	0	0	0	1,200	500
8	Ah Hah School	135 S. Spruce St.	2,500	5,000	5,000	5,000	0	0	1,500	0	1,200	0	0	2,700	2,300
8	New Dalton Building	223 E. Colorado Ave.	4,500	3,000	3,000	3,000	0	0	3,000	0	0	0	0	3,000	0
8	Telluride Mountaineer	219 E. Colorado Ave.	2,000	2,000	1,000	2,000	0	0	1,000	0	0	0	0	1,000	1,000
8	Hellbent Leather	213 E. Colorado Ave.	2,000	0	1,500	800	0	0	800	0	0	0	0	800	0
8	Telluride Music	201 E. Colorado Ave.	3,125	3,500	1,500	1,500	0	0	1,500	0	0	0	0	1,500	0
9	Silver Trestle	205, 209 E. Colorado Ave.	4,375	7,500	4,200	4,200	0	0	0	0	4,200	0	0	4,200	0
9	Wasatch 11	215 E. Colorado Ave.	2,300	0	4,440	0	0	0	0	0	0	0	0	0	0
9	Maggie's	217 E. Colorado Ave.	2,000	4,000	4,000	1,200	0	0	0	1,200	0	0	0	1,200	0
9	Wasatch 1V	221 E. Colorado Ave.	3,300	6,600	6,600	1,000	0	0	1,000	0	3,000	0	0	4,000	0
9	Hardware	200 E. Colorado Ave.	6,250	15,000	15,000	9,500	0	0	9,500	0	0	0	0	9,500	0
9	New San Juan	220 E. Colorado Ave.	9,375	17,000	17,000	13,100	0	0	3,300	0	9,800	0	0	13,100	0
9	Telluride Times	224 E. Colorado Ave.	4,687	6,000	19,500	4,300	0	0	2,300	0	17,200	0	0	19,500	0
9	Bank of Telluride	238 W. Colorado Ave.	10,938	5,000	16,406	0	0	0	7,000	0	7,000	0	0	14,000	0
9	Voodoo Lounge	223 E. Colorado Ave.	11,750	17,625	1,500	0	8,000	0	0	0	0	0	0	0	6,500
11	Main Street Condos	373 E. Colorado Ave.	6,250	9,375	7,200	800	0	0	800	0	0	0	0	800	0
11	Kees Building	309 E. Colorado Ave.	3,125	4,400	4,000	3,000	0	0	1,500	0	1,500	0	0	3,000	0
11	Vacant Lot	307 E. Colorado Ave.	6,250	9,375	0	4,000	0	0	0	0	0	0	0	0	4,000
11	Parkside	395 E. Colorado Ave.	6,000	10,937	10,937	1,250	0	0	0	0	1,250	0	0	1,250	0
11	New Borman Building	311 E. Colorado Ave.	9,375	7,000	14,000	7,000	0	0	0	0	1,000	6,000	0	7,000	0
12	Post Office	238 E. Colorado Ave.	10,937	12,000	8,750	0	12,000	0	0	0	0	0	0	0	3,250
12	Pauls Vacant Lots	302-390 E. Colorado	30,000	45,000	0	18,500	0	0	0	0	0	0	0	0	18,500
15	Camels Garden	250 San Juan Ave.	14,000	20,000	20,000	7,500	0	0	3,800	2,200	0	1,500	0	7,500	0
17	Stronghouse	263 San Juan Ave.	29,375	44,063	2,400	17,625	0	0	0	0	2,400	0	0	2,400	15,225
22	Ice House	325 San Juan Ave.	23,500	35,250	2,000	7,000	0	0	600	600	0	0	0	1,200	5,800
22	La Marmot	150 San Juan Ave.	5,000	2,800	1,800	1,800	0	0	0	1,800	0	0	0	1,800	0
23	Vacant Lots	N/A	17,625	26,437	2,500	9,000	0	0	0	800	0	0	0	800	8,200
23	Old Magic Market	115 W. Colorado Ave.	5,875	10,300	10,300	4,200	0	0	0	0	0	0	3,000	3,000	1,200
23	Library	100 W. Pacific Ave.	17,625	0	8,250	0	25,000	0	0	0	0	0	0	0	0
27	Pick-N-Gad	220 S. Pine St.	5,875	8,000	2,500	2,500	0	0	0	0	2,500	0	0	2,500	0
27	Pacifica House	124 E. Pacific Ave.	6,000	9,000	9,000	1,300	0	0	0	1,300	0	0	0	1,300	0
27	San Miguel Condos	255, 259 S. Spruce	3,900	7,612	7,612	3,000	0	0	0	0	3,000	0	0	3,000	0
27	Beaver Pond Condos	299 S. Spruce	2,600	3,400	3,400	800	0	0	0	0	800	0	0	800	0
31	Scarpe	232 East Pacific Ave.	5,200	7,000	7,000	1,000	0	0	1,000	0	0	0	0	1,000	0
31	Vacant Lot	N/A	4,200	7,000	0	2,200	0	0	0	0	0	0	2,900	2,900	0
Total			570,867	810,318	567,007	399,958	91,825	8,950	141,248	63,885	134,325	5,725	25,400	379,533	103,500
Businesses (Number)								3	48	23	35	5	11	72	---
Average Size (SF)								2,983	2,943	2,778	3,838	1,145	2,309	5,271	---