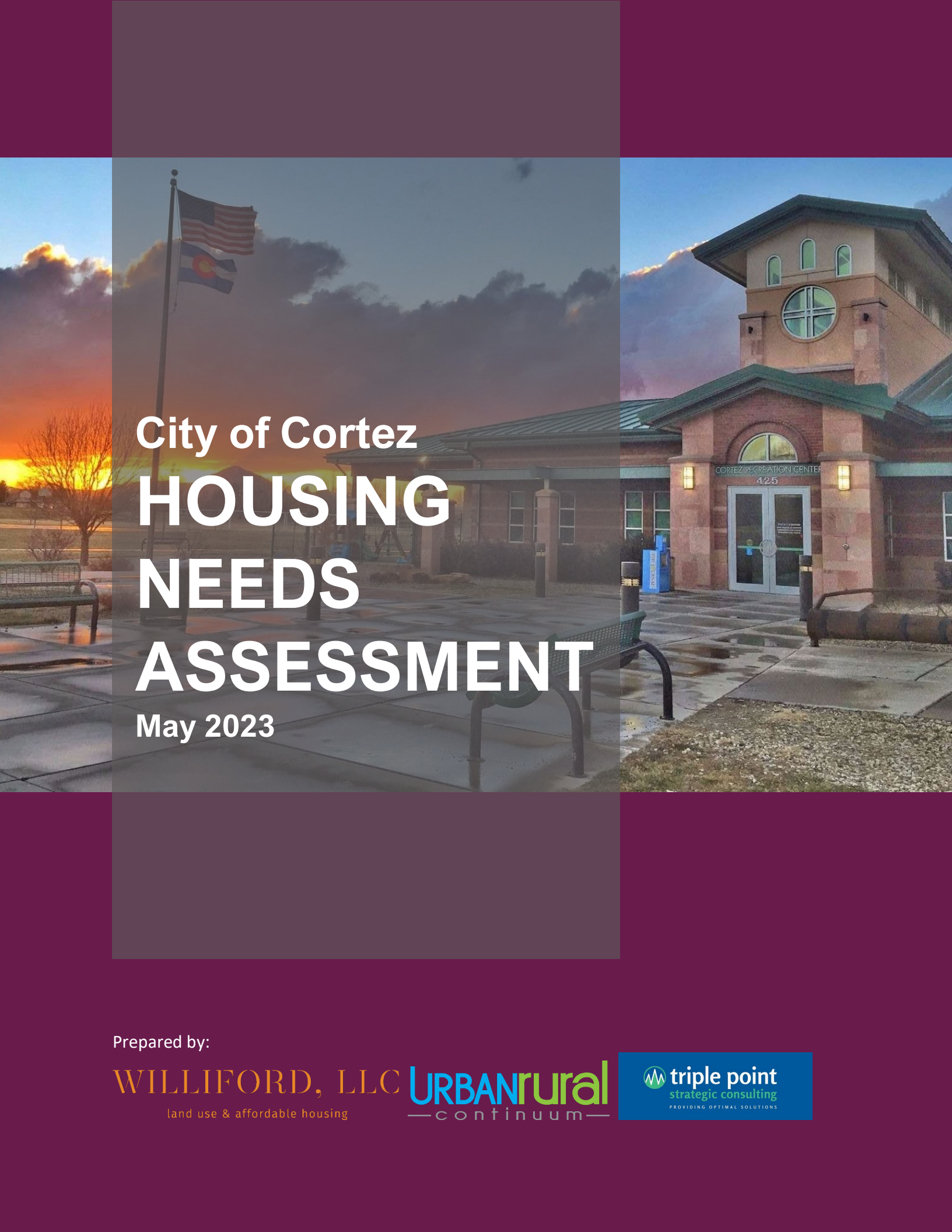




City of Cortez HOUSING NEEDS ASSESSMENT

May 2023

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EXECUTIVE SUMMARY

INTRODUCTION

The City of Cortez commissioned a Housing Needs Assessment to understand current housing conditions and provide data to inform solutions to the housing challenges that people in the community are facing. This Assessment takes a comprehensive look at current housing conditions and the factors shaping the housing market. In addition, it provides a forecast of housing needs for the next 5 years, and recommendations for the next steps.

HOUSING TRENDS AND CHALLENGES

Rising Prices and Limited Inventory

Jobs and population have been increasing more quickly than the housing supply in Cortez. With a limited inventory of homes for sale and vacancy under 2% for rental housing, competition is driving up housing prices. These rising prices result in less affordable housing to the local workforce. As home prices and rents appreciate beyond what local wage earners can afford, new and existing homes are being sold to higher-income households both within and from outside the area.

As local workers have fewer opportunities to purchase, the competition for rental units also increases. And rising rents are putting additional pressures on households whose incomes have not kept pace with the escalation of housing costs. Rising rents and few housing choices leave households signing leases for amounts above what they can afford. This creates “rent burden” as households are forced to pay a greater percentage of their total income on housing, leaving less for other necessities. Another negative outcome of these price escalations is increasing employers' difficulty recruiting and retaining workers.

Local Employer Recruitment and Retention is a Challenge

Local employers face challenges recruiting and retaining employees because there are few unemployed people in Montezuma County looking for work. Employers seeking to recruit employees from outside Montezuma County compete with employers across the state in a competitive labor market.

The local housing market is making recruitment even more challenging. The very low rental vacancy rate (about 1.4%), few homes for sale (2 months of inventory), and rising home prices mean that few homes are available to new employees. Many of those available are too costly given local wages, exacerbating employers' ability to find and keep employees.

Without housing options that are affordable to workers, whether for sale or rent, employers will continue to struggle, and this impacts the local economy. For this reason, increasing the supply and diversity of housing in Cortez is an important component of economic development in the City.

SUMMARY OF RECOMMENDATIONS

The final chapter of this report provides more detailed recommendations on the next steps. To address the housing shortages and gaps identified in this report, we recommend the following:

Continue to Improve Land Use Regulations and Incentives

Update land use codes and the City's Comprehensive Plan to support community housing goals and residential development. Many recommendations are included in this report, and the City is on the right track with commissioning a code update scheduled to begin in the Summer of 2023. Key recommendations include making processes shorter and more predictable for developers and increasing the types of housing allowed in all districts, including duplexes, townhouses, and multi-family.

Increase the Supply of Housing

More housing is needed across the entire continuum from very affordable rentals to step-up homeownership. A diverse array of tools and strategies will be required to increase production and overcome the gap between what most local households can afford and the current construction cost.

Invest in Partnerships

Strong community partners, and talented developers are already working on housing in Cortez. Support them, and increase their capacity to do more of this vital work going forward. In addition, garnering greater community understanding and support of housing and collaborating with employers is recommended.

Provide Land

There are two proposed strategies related to land. (1) Use land owned by local government or large employers to help catalyze new housing. (2) Invest in completing the infrastructure improvements so that stalled-out subdivisions can be completed.

Preserve and Re-Use Existing Assets

Mobile homes are a major source of housing that is within reach of local households. Ensure that mobile homes remain viable and that parks receive the investments they need in infrastructure and upkeep. Seek opportunities to repurpose existing buildings and underutilized land for housing.

Attract New Funding to the Area

Housing solutions are resource intensive. Cortez should dedicate local funds to catalyze some of the lower-cost recommendations in this report while aggressively pursuing new funding sources from state, federal, and philanthropic sources.



CHAPTER 1

CHAPTER 1: DEMOGRAPHICS

This chapter focuses on demographic changes and trends over the last decade plus. It includes information about the local population and households, such as household sizes and types, housing occupancy and homeownership rate, and household incomes.

POPULATION AND HOUSEHOLDS

Demographic trends are a foundational component of understanding local housing demand.

Why is this important?

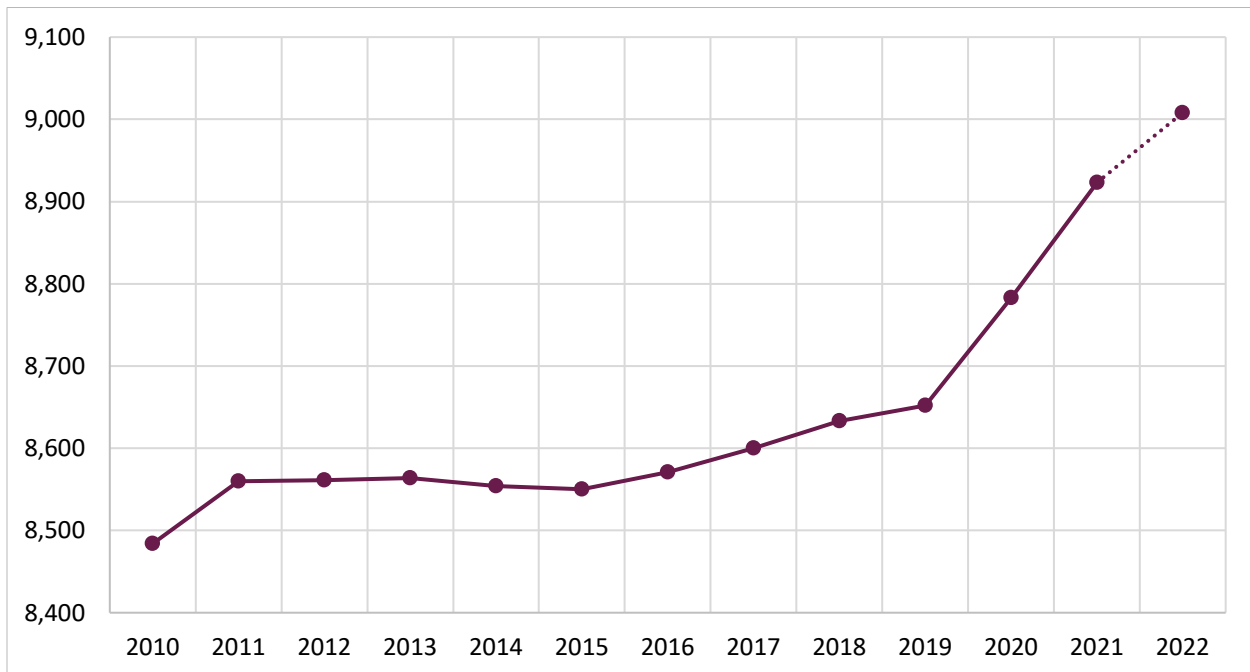
As the population grows, so does the need and demand for housing.

Population

There are about 9,000 people who call Cortez home, representing about a third of all residents in Montezuma County. The City's population increased slowly from 2010 through 2019 and then spiked dramatically.

- From 2010 to 2019, the City's population increased by only about 170 people or a meager 0.2% per year. For comparison, Colorado grew 1.4% per year over this period or about seven times faster.
- Cortez added 131 additional residents in 2020 and 140 more in 2021.
- Final 2022 data is not yet available, but it appears that the population continued to increase faster than before the pandemic, although the growth rate slowed from that in 2020 and 2021.

City of Cortez Population, 2010-2022

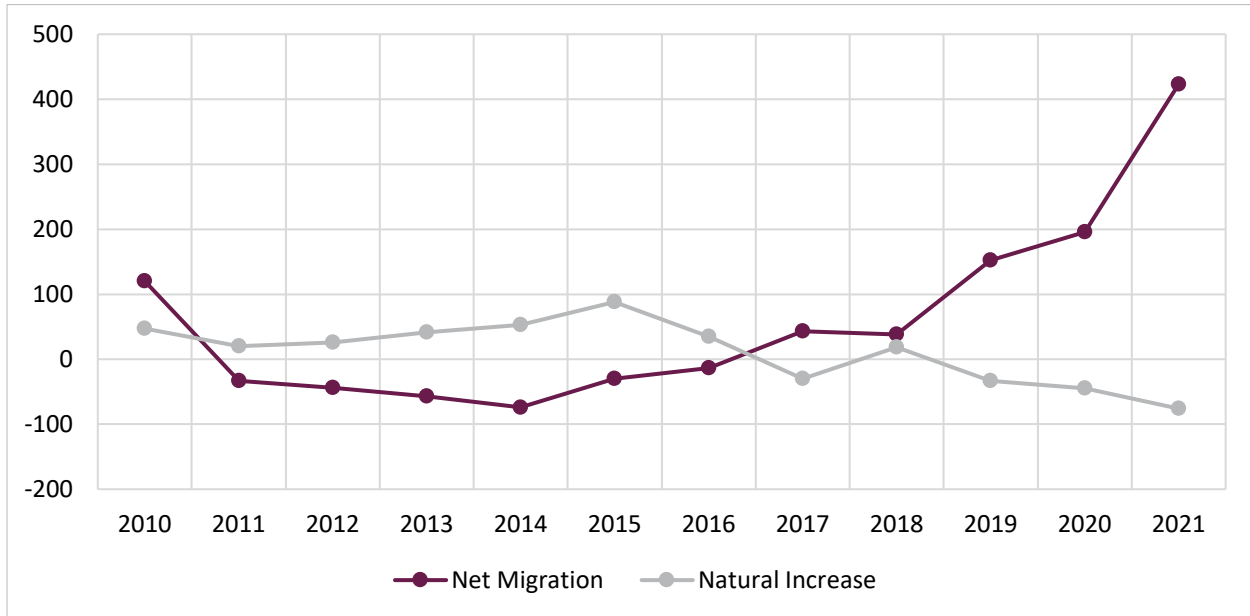


SOURCE: COLORADO DEMOGRAPHY OFFICE

The increase in population is primarily due to positive net migration (more people moving in than leaving) rather than natural growth (births exceeding deaths).

- Many people moved to Cortez during the pandemic from out of state, but people from the Cortez area were also able to capitalize on low interest rates in 2020 and 2021 and purchased a home in the City.
- Net migration has driven an increasing population (and housing demand) in Montezuma County since 2017, but there was a notable increase in 2020 and 2021.

Montezuma County Population Components of Change, 2000-2021



SOURCE: COLORADO DEMOGRAPHY OFFICE

Age

The distribution of Cortez residents by age has changed little since 2010.

- About a quarter of residents are under 18, and one in five is 65 or older.
- The share of residents ages 25 to 54, often referred to as the prime age workforce, is about 35%, essentially unchanged since 2010.

The median age in Cortez is 38, similar to Colorado (37) and much lower than Montezuma County (45).

Age Distribution, 2021

	Montezuma County	Cortez
Under 18	22%	24%
18 to 24	7%	8%
25 to 34	11%	13%
35 to 44	11%	11%
45 to 54	12%	11%
55 to 64	15%	13%
65+	23%	20%
Total	100%	100%

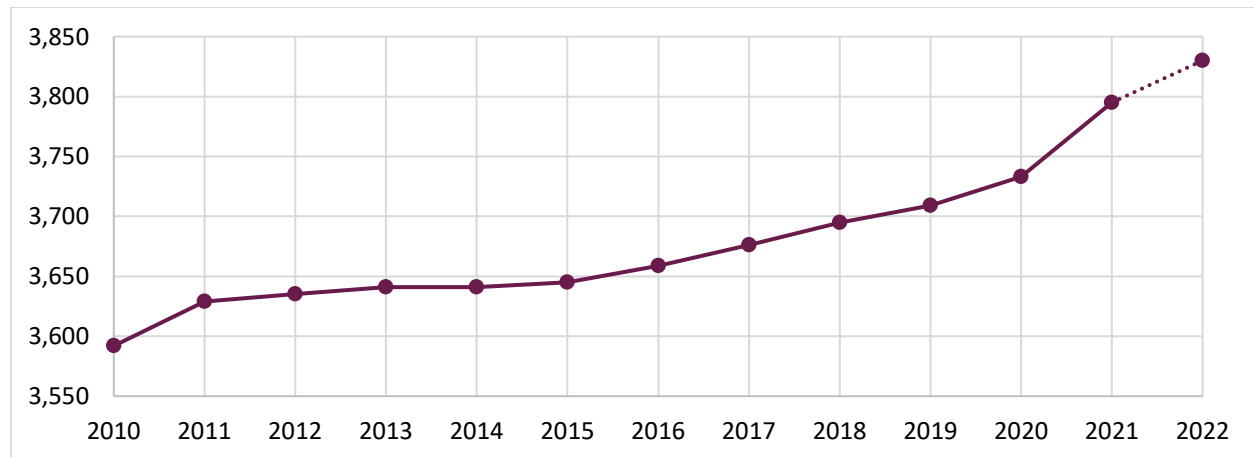
May not sum to 100% due to rounding.

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

Households

There are about 3,830 households in Cortez. From 2010 to 2019, the number of households increased by 117. Then in 2020 and 2021, the City added 86 households or about 70% of the growth from most of the previous decade.

City of Cortez Total Households, 2010-2022



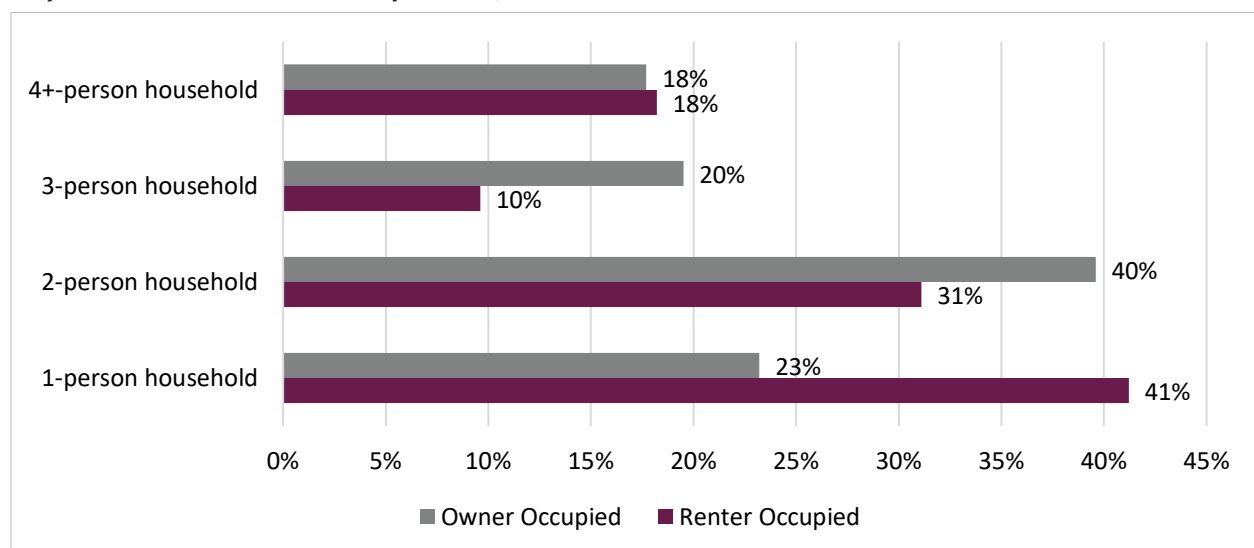
SOURCE: COLORADO DEMOGRAPHY OFFICE

Household Size

The average size of households in Cortez was 2.4 people, similar to 2010 when it was 2.3. The distribution of households by size is also nearly identical to that in 2010, with 66% of all households comprised of just one or two people. The average household size does differ among owners and renters. The average owner household is comprised of about 2.6 people and 2.2 for renters.

- 41% of renters are just one person living alone.
- 40% of owners are comprised of two people.

City of Cortez Household Size by Tenure, 2021



May not sum to 100% due to rounding.

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

Household Type

The composition of households has not changed much since 2010. The only notable change is a decline in the share of couples without children and an increase in the share of couples with children. In addition, about 14% of people living alone are age 65 or older.

City of Cortez Household Types

	2010	2021
Live alone	32%	30%
Couple, with child(ren)	16%	20%
Couple, no child(ren)	26%	22%
Male/Female Householder with child(ren), no spouse present	12%	12%
Other family households, no kids	8%	9%
Other non-family households (e.g., roommates)	6%	8%

May not sum to 100% due to rounding.

SOURCE: U.S. CENSUS BUREAU, 2010 AND 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

Household Income

Determining whether housing is affordable is a straightforward math problem. The standard definition used by federal and state agencies and used throughout this assessment is that housing is affordable if a household's monthly housing costs (rent or mortgage plus utilities) are no more than 30% of gross household income (before taxes). This is also the definition in the Cortez Comprehensive Plan update from 2008.

Why is this important?

An understanding of how much local households earn through wages or other income sources is important to determining the availability and need for housing at various price points.

A few data sources are typically used to document the income of households, namely Area Median Income (AMI) figures prepared by the U.S. Department of Housing and Urban Development (HUD) and household income from the U.S. Census Bureau.

Because federal and state housing funding is linked to the use of Area Median Income (AMI) figures prepared by HUD and used by Colorado's DOH and CHFA, these are the focus here. For reference, more details about AMI and U.S. Census income data are in Appendix A and B.

Housing Cost Burden

A relatively high share of Cortez households is cost-burdened; which means their housing costs exceed what they can afford (30% of their gross income). This is an important indicator of housing affordability and highlights the fact that many local households do not have enough income left after paying for housing to afford other life necessities, including food, clothing, transportation, and health care. Employer interviews echo the challenges many families face, as one person observed, "People are having to adjust budgets to afford housing. They cannot move away because everywhere else is even more expensive."

Cost Burdened Households by Tenure, 2021

	Montezuma County	Cortez
Own	16%	19%
Rent	50%	38%

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

Cost-burdened households, especially those who are extremely cost burdened (pay more than 50% of their income toward housing payments), are at increased risk of being evicted and even becoming homeless. A recent report for Colorado’s Southwest region indicated that the Housing Authority of Montezuma County adds 45 people to its waitlist each month on average, and about half are homeless.

Self Sufficiency Standard

The Self-Sufficiency Standard is a measure that describes how much income families of various sizes and compositions need to make ends meet without public or private assistance in each county in Colorado. It is a measure of income adequacy that is based on the costs of basic needs for working families: housing, childcare, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits.

Montezuma County’s median household income is less than the amount required for an average household to be self-sufficient. Thus, more than half of the households in Montezuma County do not have enough income to afford all of life’s necessities and are forced to choose between difficult trade-offs.

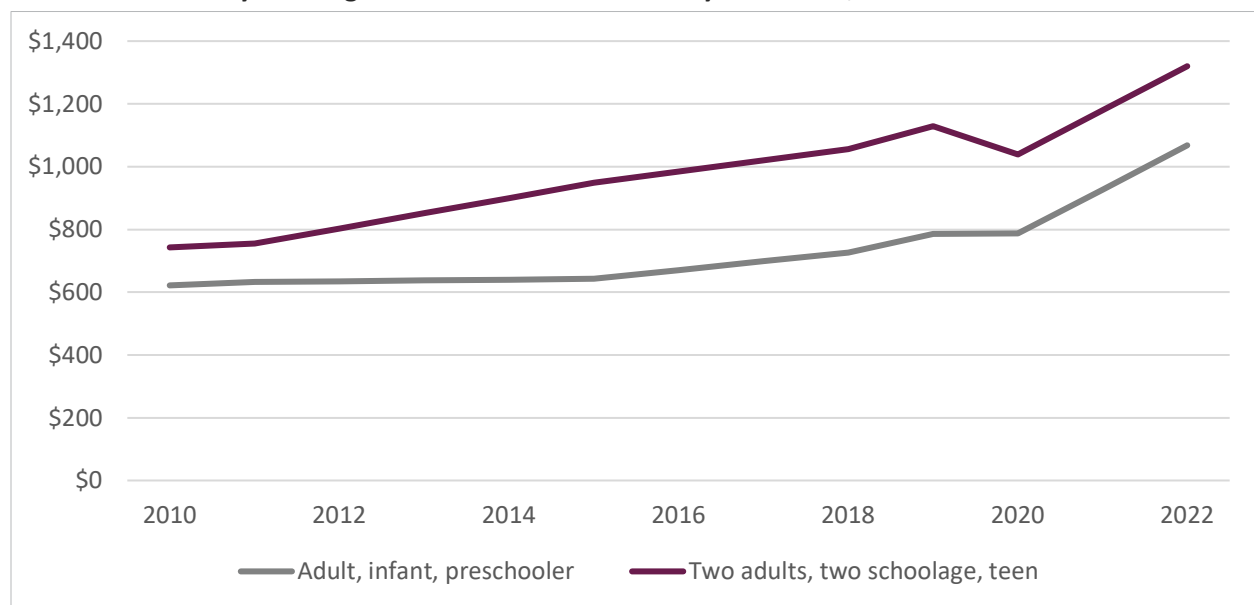
Household Income vs. Self-Sufficiency Standard, 2022

Montezuma County	
Median Household Income	\$58,335
Self-Sufficiency Standard	\$66,738

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CENTER FOR WOMEN’S WELFARE, UNIVERSITY OF WASHINGTON

The housing cost component of the Self-Sufficiency Standard provides a measurement of how the cost of housing for Montezuma County families has risen over the past two decades. From 2001 to 2011, the annual average cost increase was 1.5%. From 2011 to 2020, the annual average cost increase was 3.5%, and from 2020 to 2022, housing costs increased by 15.7% per year.

Montezuma County Housing Cost Trends for Select Family Structures, 2010 to 2022



SOURCE: CENTER FOR WOMEN’S WELFARE, UNIVERSITY OF WASHINGTON



CHAPTER 2

CHAPTER 2: EMPLOYMENT

This chapter provides an overview of the jobs, wages, and commuting patterns for the City of Cortez and the surrounding region.

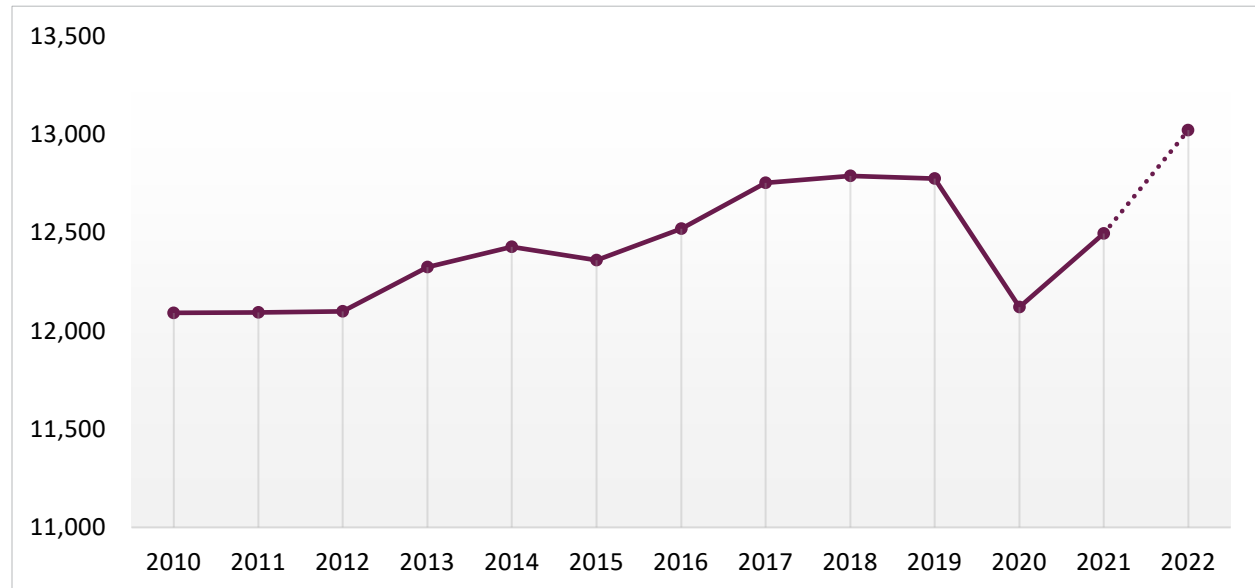
NUMBER OF JOBS

There are just over 13,000 total jobs in Montezuma County with about 60% of these in Cortez. Jobs in the county grew by about 0.78% per year from 2012 to 2019. Jobs were lost quickly and dramatically in 2020 because of the pandemic. However, over half of those lost returned in 2021, and the remainder are estimated to have returned in 2022.

Why is this important?

Jobs and housing are inter-connected. The economic success and mix of jobs in a region informs the amount, type and price point of housing needed to sustain the economy. Likewise, a sufficiently diverse housing supply is needed to attract and keep quality employees that are invested in the community.

Total Jobs, Montezuma County



SOURCE: COLORADO DEMOGRAPHY OFFICE

JOB TRENDS AND PROJECTIONS

The Colorado Demography Office currently projects an annual average job growth rate of 0.88% from 2022 to 2028 in Montezuma County. This report uses a slightly lower projected rate of 0.78%, given that rapid interest rate increases are occurring coupled with concerns about a potential recession. Using the slightly lower rate would result in 13,640 jobs in 2028, or 620 more than the 2022 estimate.

Job Estimates and Projections, 2012 to 2028

	2012	2019	2022 (est.)	2028 (projected)	Annual Growth Rate	
					2012-2019	Projected 2022-2028
Montezuma County	12,098	12,772	13,020	13,640	0.78%	0.78%

SOURCE: COLORADO DEMOGRAPHY OFFICE, CONSULTANT TEAM

TYPES OF JOBS AND WAGES

Employment in Cortez, like the county, is highly concentrated in just a few sectors. Within the City, 70% of jobs are in five sectors, led by retail trade and health care. These are not typically high-wage sectors.

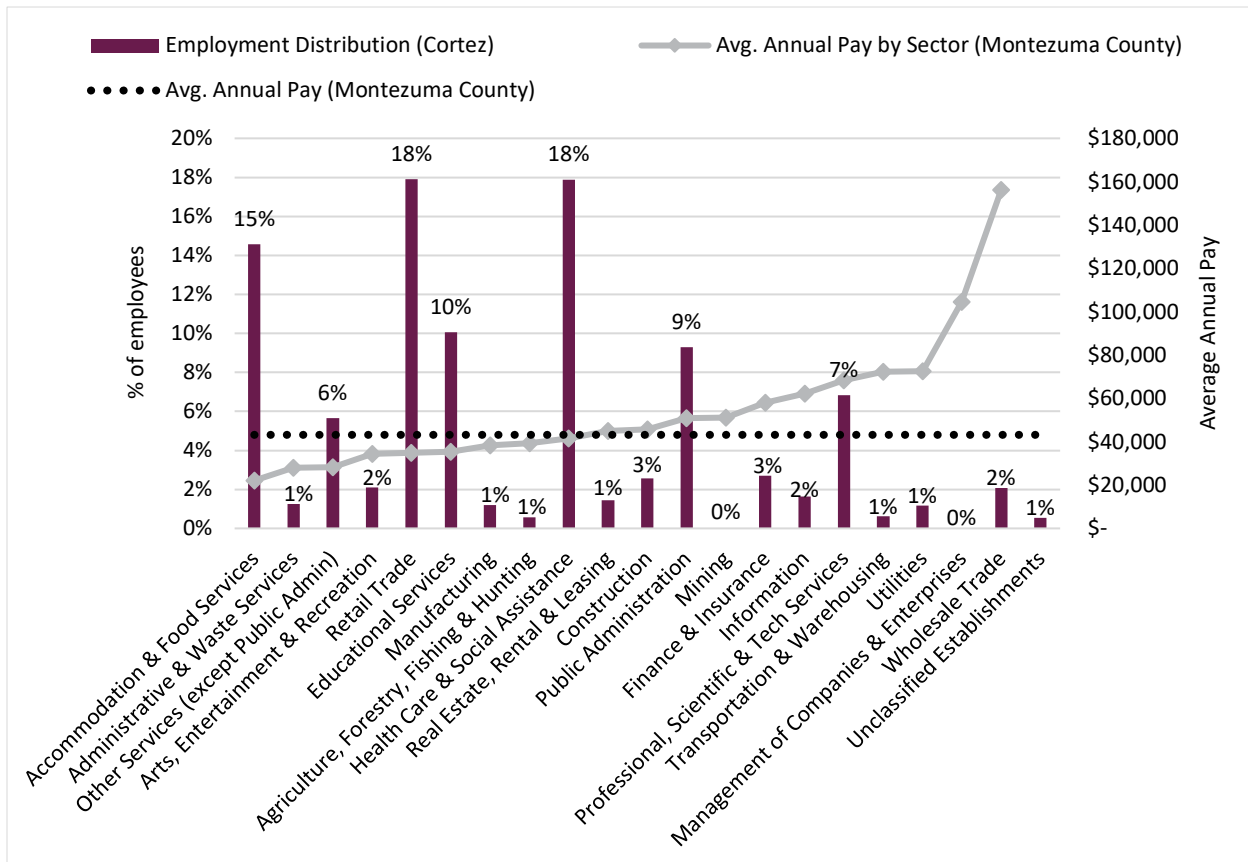
Cortez Employment Distribution

	Employment	Average Annual Pay per Employee
Retail Trade	18%	\$34,892
Health Care & Social Assistance	18%	\$41,444
Accommodation & Food Services	15%	\$22,100
Educational Services	10%	\$35,412
Public Administration	9%	\$51,012

SOURCE: BLS, ESRI

As seen in the following figure, most of the large employment sectors pay less than the average annual pay in Montezuma County (\$43,180). Sectors that pay higher than the average wage have relatively few workers. Workers in the economy's lower-paid sectors tend to rent and are more likely to struggle to afford their housing payments and other life necessities, especially as rental rates have spiked in the past few years (see Chapter 4 - Rental Market section for details).

Employment (2022) and Annual Pay (2021) by Industry Sector



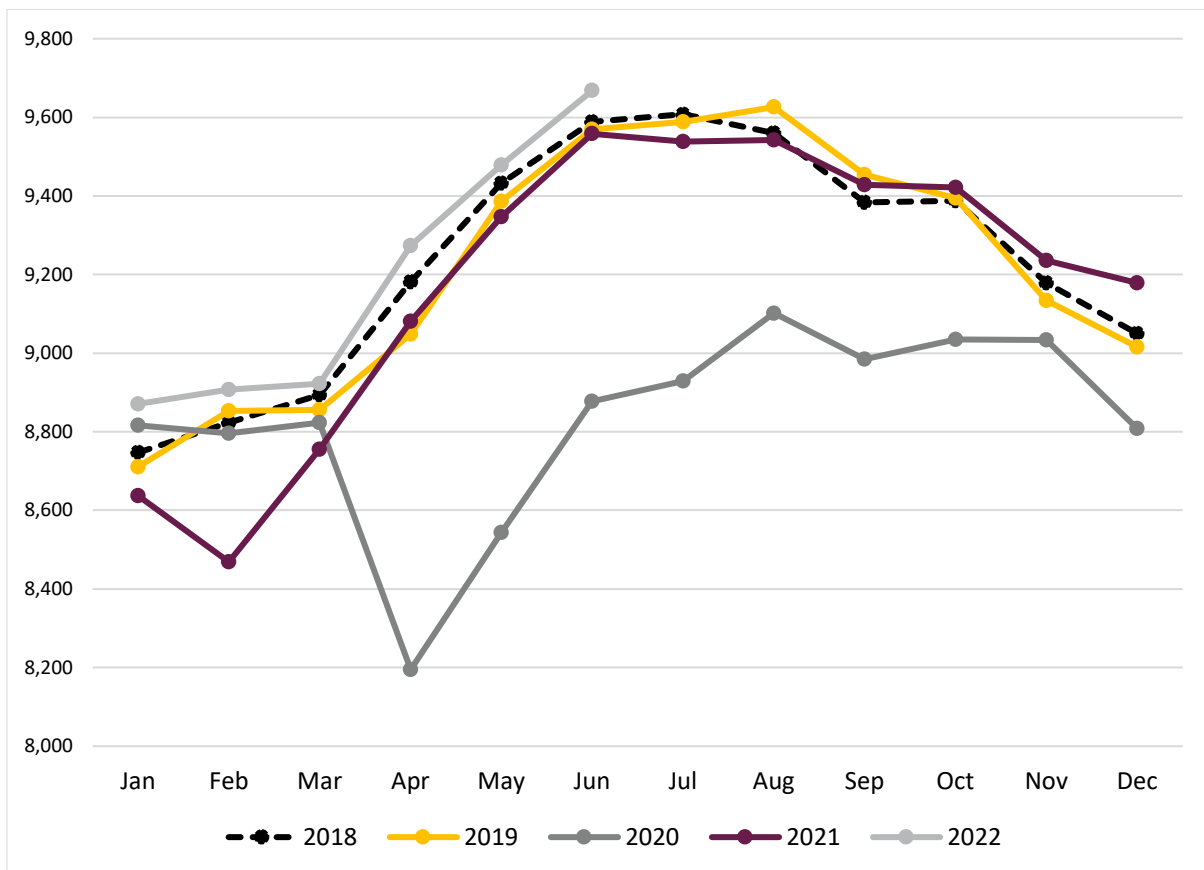
May not sum to 100% due to rounding.

SOURCE: BLS QCEW, ESRI

SEASONALITY OF JOBS

There is a pronounced seasonal trend in the number of jobs in Montezuma County. The number of jobs is lowest in January just after the holidays and then peaks in mid-summer at the height of the tourist season. The number of jobs in late 2021 exceeded pre-pandemic levels, a trend that appears to have continued in 2022 based on preliminary data published by the Bureau of Labor Statistics. This is important because about a third of employment in Cortez is in retail trade and accommodation and food services, two sectors of the economy that generally have low wages and seasonal swings. Workers in these sectors tend to rent.

Montezuma County Jobs by Month, 2018-2022



2022 figures published by BLS are preliminary and subject to change.

SOURCE: BLS QCEW

UNFILLED JOBS

Local employers in Cortez and other parts of Montezuma County are increasingly hampered by an inability to fill jobs. The consultant team interviewed employers who represent about 20% of jobs in the county. These employers indicated that about 7.5% of their jobs are unfilled. This rate is similar to Colorado's 2022 average monthly total nonfarm job openings rate (seasonally adjusted) of 7.2¹.

¹ U.S. Bureau of Labor Statistics data accessed April 26, 2023.

LABOR FORCE AND UNEMPLOYMENT

The labor force comprises people aged 16+ and either employed or unemployed but looking for work. The labor force in Montezuma County was lower in 2022 than it was in 2012 and 2002. The number of unemployed workers in 2022 was the lowest since at least 1990, and the unemployment rate was the second lowest.

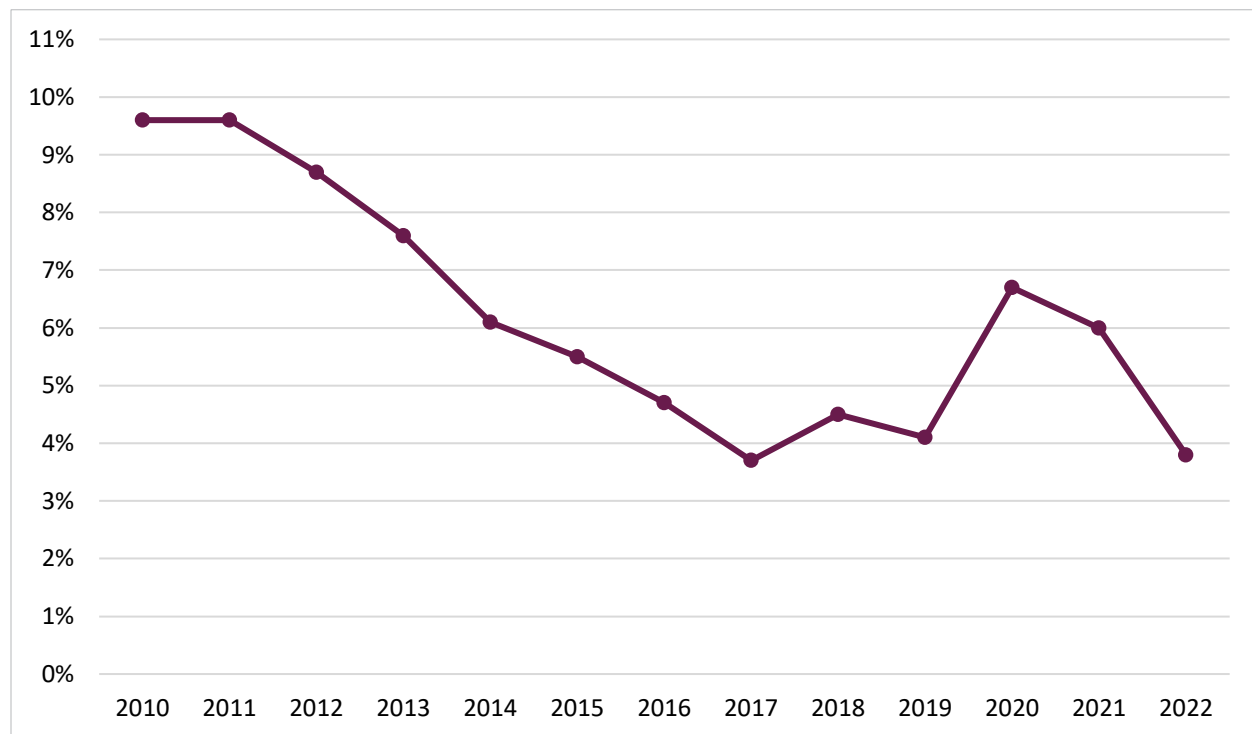
Montezuma County Labor Force and Unemployment, 2002 to 2022

	2002	2012	2022
Labor Force	12,465	12,881	12,340
Employed	11,772	11,766	11,876
Unemployed	693	1,115	464
Unemployment Rate	5.6%	8.7%	3.8%

SOURCE: COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT, LMI GATEWAY, LAUS

This is important because it means that almost all people in the labor force already have a job, leaving very little available labor to fill open positions in the county. To fill positions, employers must rely heavily on recruiting workers from outside the county.

Montezuma County Unemployment Rate, 2010-2022



SOURCE: COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT, LMI GATEWAY, LAUS

Without housing options that are affordable to workers, whether for sale or rent, employers will continue to struggle, and this impacts the local economy. For this reason, housing is an essential component of economic development in Cortez.

JOBS PER EMPLOYEE AND EMPLOYEES PER HOUSEHOLD

The number of jobs per employee and the number of employees per employed households are used to translate job growth into the number of housing units workers need to fill new jobs.

Although some employees have more than one job, the number of jobs per employee is quite low at just over one (1.06).

Average Jobs per Resident Employee, 2022 est.

Montezuma County	
Jobs held by residents	12,325
Resident workers with more than one job	724
Employed residents	11,601
Jobs per employee	1.06

SOURCE: COLORADO DEMOGRAPHY OFFICE

On average, Cortez and the county are very similar, with about 1.5 employees per household with a worker. It's important to note that there are households in Cortez without a worker. This is primarily because of retirees (one in five residents is of retirement age (65+)), but also because some people with disabilities (one in five residents has a disability) may not be able to work. In addition, working age people may elect not to work for various reasons. The average of 1.5 employees per household indicates many households have more than one employee. For example, a couple with two kids where both parents work would be two employees per household.

Employees per Household with a Worker, 2021

	Montezuma County	City of Cortez
Employed Population Age 16 and Over	10,953	3,550
Households with a worker	7,232	2,443
Employees per household with a worker	1.51	1.45

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

COMMUTING

There are a lot of people who commute to and from work in Cortez. However, only about 37% of those employed in Cortez also live in the City, which is slightly higher than in 2010 (35%). The remaining 63% live outside the City and commute into Cortez (in-commuters) for work.

Employment Inflow/Outflow, 2019

	Percent
Employed in Cortez	100%
Employed in Cortez, live outside City	63%
Employed and live in Cortez	37%

SOURCE: U.S. CENSUS BUREAU LEHD

Because Cortez is the area's employment and economic hub with an estimated 60% of all jobs in the county, building a higher share of the county's housing in the City going forward would provide workers with more opportunities to live closer to work and regional services and reduce their daily commute.

Commuting is part of a household's expenses, so reducing this cash outlay provides more money for other life necessities. Using the Internal Revenue Service 2023 standard mileage rate, the cost of commuting to nearby communities ranges from about \$315 to \$470 per month.

Cost of Commuting to and from Cortez, Colorado

Community	Miles	IRS Cost/Mile	Daily cost of commute (one way)	Cost of commute (per month) [1]
Towaoc	15	\$0.655	\$9.83	\$393
Dolores	12	\$0.655	\$7.86	\$314
Mancos	18	\$0.655	\$11.79	\$472

[1] Assumes 20 commuting days per month.

SOURCE: IRS 2023 STANDARD MILEAGE REIMBURSEMENT RATE; GOOGLE MAPS, CONSULTANT TEAM



CHAPTER 3

CHAPTER 3: HOUSING INVENTORY

This chapter examines the supply of housing in Cortez including number of housing units, tenure, type of homes, age of housing, housing created or operated with state and federal resources, and current and proposed residential development.

HOUSING UNITS

There are about 4,060 housing units in Cortez. This accounts for all home types, including single-family homes, apartments, condominiums, and mobile/manufactured homes.

Why is this important?

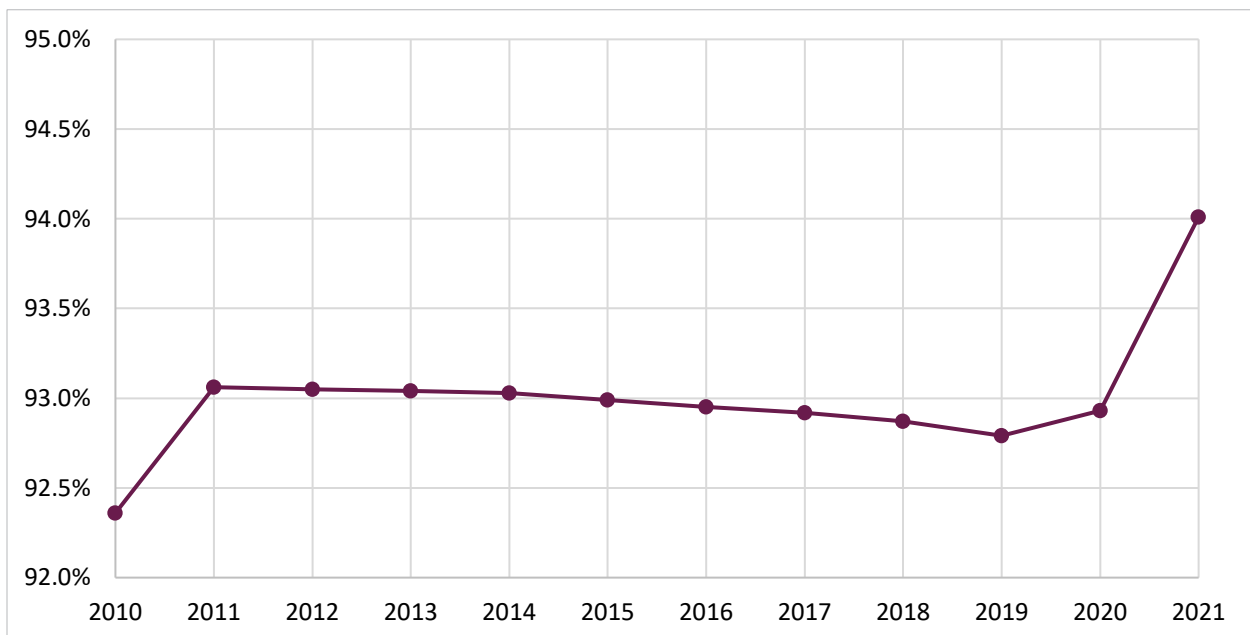
The characteristics of the City's housing stock provides an understanding of the variety and quality of current housing and the rate of development. The information assists in identifying imbalances in the market and informs the size, type, and tenure of housing that is needed.

Housing Occupancy

The vast majority of homes in Cortez are occupied. The percentage of homes that are occupied was steady from 2011 to 2020 at about 93%. However, that rate climbed to 94% in 2021 as the number of new households in the City increased faster than the supply of new housing.

This occupancy rate is high and indicative of a tight housing market. This means that only 6% of homes are classified as unoccupied or vacant, which includes those for sale or rent, those sold or rented but not yet occupied, vacation homes and short-term rentals, as well as homes not occupied year round for other reasons. This trend means households wanting to move to Cortez have very few choices and that an increase in housing supply is needed.

City of Cortez Housing Occupancy Rate, 2010-2021

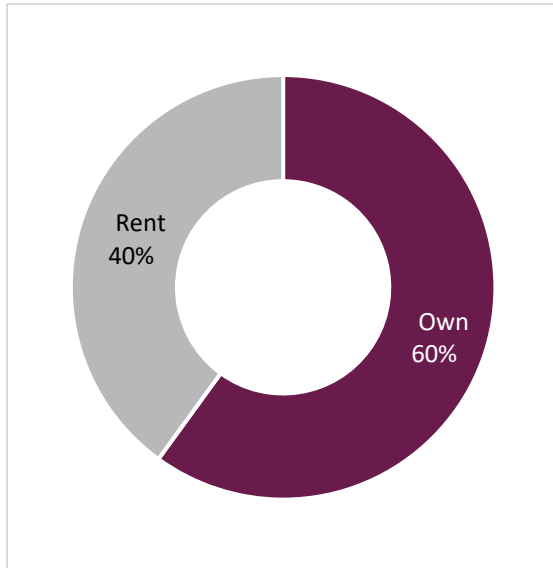


SOURCE: COLORADO DEMOGRAPHY OFFICE

Housing Tenure (Own vs. Rent)

About 60% of households in Cortez own their home, and 40% rent. The homeownership rate in Cortez and the county has changed little since 2010, but it is lower in Cortez than in the county at large, where the homeownership rate is 72%.

City of Cortez Tenure, 2021

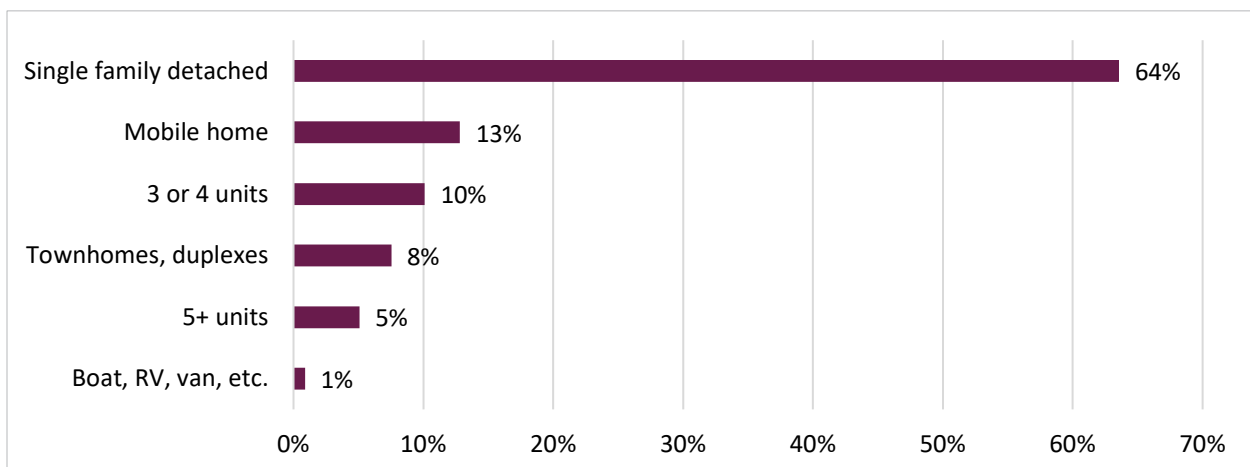


SOURCE: U.S. CENSUS BUREAU, 2010 AND 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

TYPES OF HOUSING

The housing stock in Cortez is mostly comprised of single-family homes. Over three fourths (77%) of homes in Cortez are either single-family or mobile/manufactured homes. The other 23% are attached homes with two or more units.

City of Cortez Housing Unit Distribution by Building Type, 2021



May not sum to 100% due to rounding.

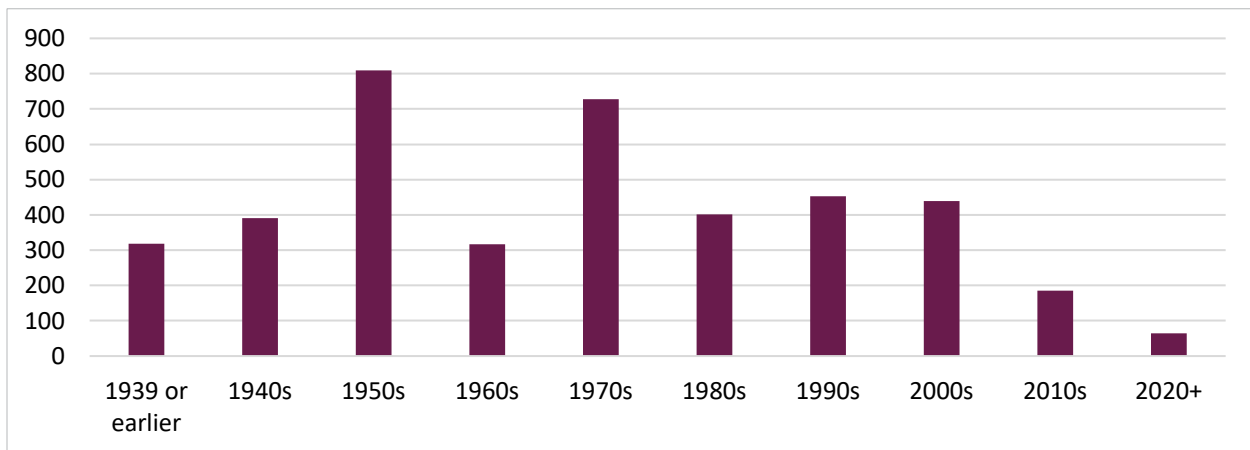
SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

AGE OF HOUSING

The housing stock in Cortez is aging and very little has been built since 2010 compared to prior decades.

- 45% of homes are at least 50 years old.
- About 73 homes were built per year in the 1970's. In the following three decades (1980s, 1990s, and 2000s), about 40 to 45 homes were built per year.
- Only 19 homes were built per year on average from 2010-2019, which aligns with the City's residential permit data. An average of 22 homes were permitted per year from 2018-2022.

City of Cortez Total Housing Units by Year Built

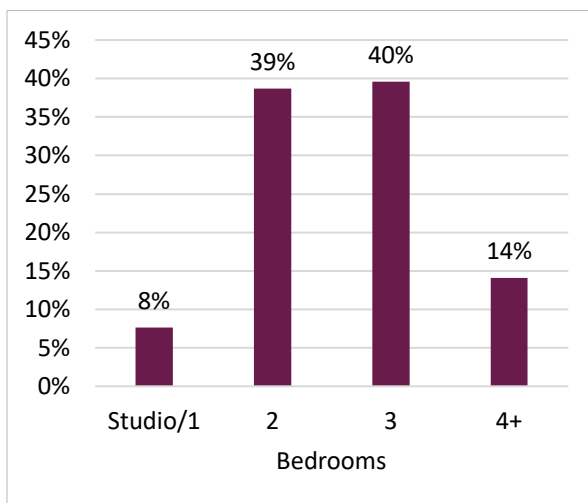


SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

Number of Bedrooms vs. Household Size

The housing stock is not well aligned with the size of households in the community. For example, less than 10% of homes have one bedroom or fewer, yet 30% of Cortez residents are people living alone. Increasing the supply of studio and 1-bedroom homes would allow seniors to downsize and offer smaller and often less expensive housing choices for individuals and couples.

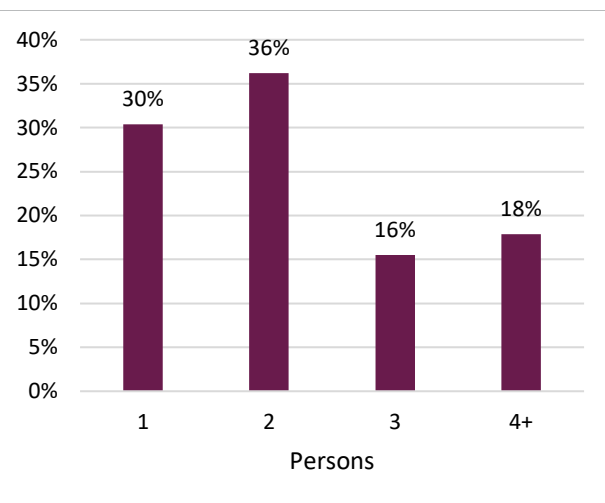
City of Cortez Home Size Distribution, 2021



May not sum to 100% due to rounding.

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

City of Cortez Household Size Distribution, 2021





CHAPTER 4

CHAPTER 4: HOUSING MARKET CONDITIONS

This chapter looks at the for-sale, rental, and subsidized housing markets separately. In addition, it includes information on prices, availability, and trends over time.

Why is this important?

Housing market conditions provide insights into what the housing market is providing, how much is available, and at which price points. The information helps to understand the housing types and price points missing from the housing market.

FOR SALE MARKET

The information below documents home sales in the City of Cortez municipal limits.

Number of Sales Per Year

In the 5-year period from 2018 to 2022, there were an average of 173 home sales in Cortez per year. The number of sales in 2021 was the highest of the 5-year period.

City of Cortez Home Sales per Year, 2018-2022

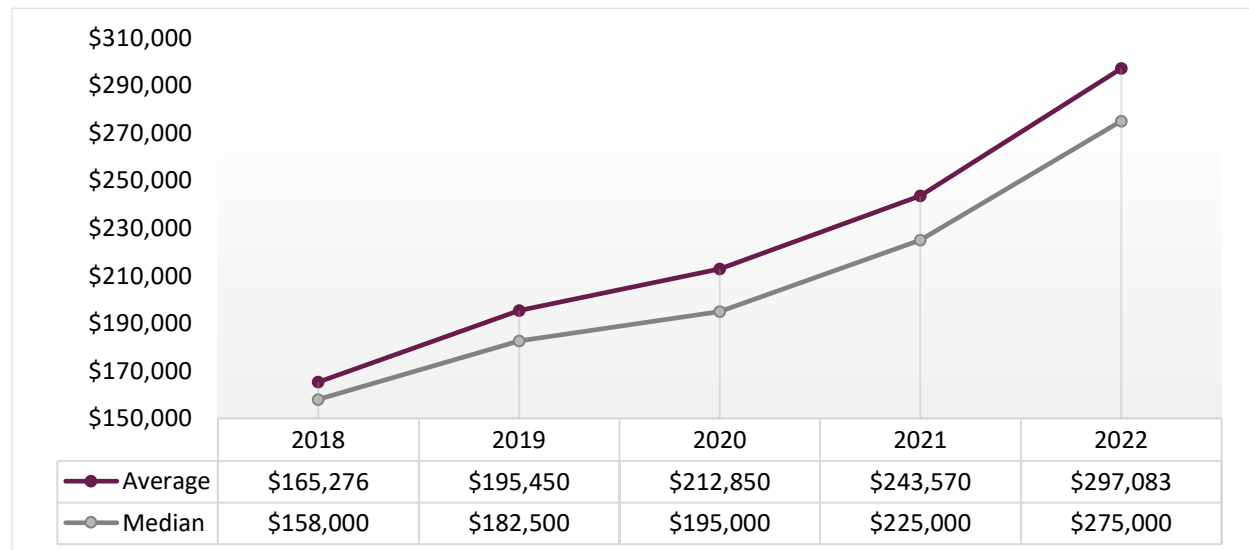
Year	Sales
2018	173
2019	145
2020	169
2021	202
2022	174

SOURCE: CREN MLS, CONSULTANT TEAM

Price Trend (2018-2022)

Home prices have increased sharply, with an overall average of homes selling for about \$130,000 more now than in 2018. From 2018 to 2022, the average annual sale price increased by about 16% per year. The 2022 average sale price was just under \$300,000.

City of Cortez Home Sale Prices, 2018-2022



SOURCE: CREN MLS, CONSULTANT TEAM

On a per-bed basis, the average annual increase since 2018 was highest for 2-bedroom units (17.2% per year).

City of Cortez Average Sale Price by Number of Bedrooms, 2018-2022

Bedrooms	2018	2019	2020	2021	2022	Average Annual % Change 2018-2022
1	\$85,500	\$94,800	\$189,000	\$119,900	\$152,500	15.6%
2	\$110,681	\$152,359	\$150,614	\$172,004	\$208,995	17.2%
3	\$175,802	\$206,538	\$226,325	\$256,616	\$306,640	14.9%
4	\$199,372	\$215,444	\$264,000	\$300,183	\$371,844	16.9%

SOURCE: CREN MLS, CONSULTANT TEAM

The average price of homes increased significantly from 2018 for all home types. However, average annual manufactured/mobile home prices rose faster than all other home types (19.4% per year), followed by condos/townhomes (16.2% per year).

City of Cortez Average Sale Price by Home Type, 2018-2022

	Single Family [1]	Condo/ Townhouse	Manufactured /Mobile
2018	\$176,531	\$139,767	\$99,567
2019	\$204,433	\$132,933	\$110,286
2020	\$220,066	\$198,938	\$145,036
2021	\$253,702	\$198,071	\$126,234
2022	\$304,156	\$255,000	\$194,711
Annual average % change, 2018-2022	14.6%	16.2%	18.3%

[1] Includes stick built and modular homes.

SOURCE: CREN MLS, CONSULTANT TEAM

Price Per Square Foot

The sale price per square foot increased from \$113 in 2018 to just under \$200 per square foot in 2022, or about 15% per year on average.

City of Cortez Average Sale Price per Square Foot, 2018-2022

Year	All Sales, Excluding Manufactured/Mobile	Manufactured/Mobile
2018	\$118	\$77
2019	\$134	\$83
2020	\$150	\$100
2021	\$174	\$90
2022	\$199	\$149
Avg. # of Sales Per Year	160	13

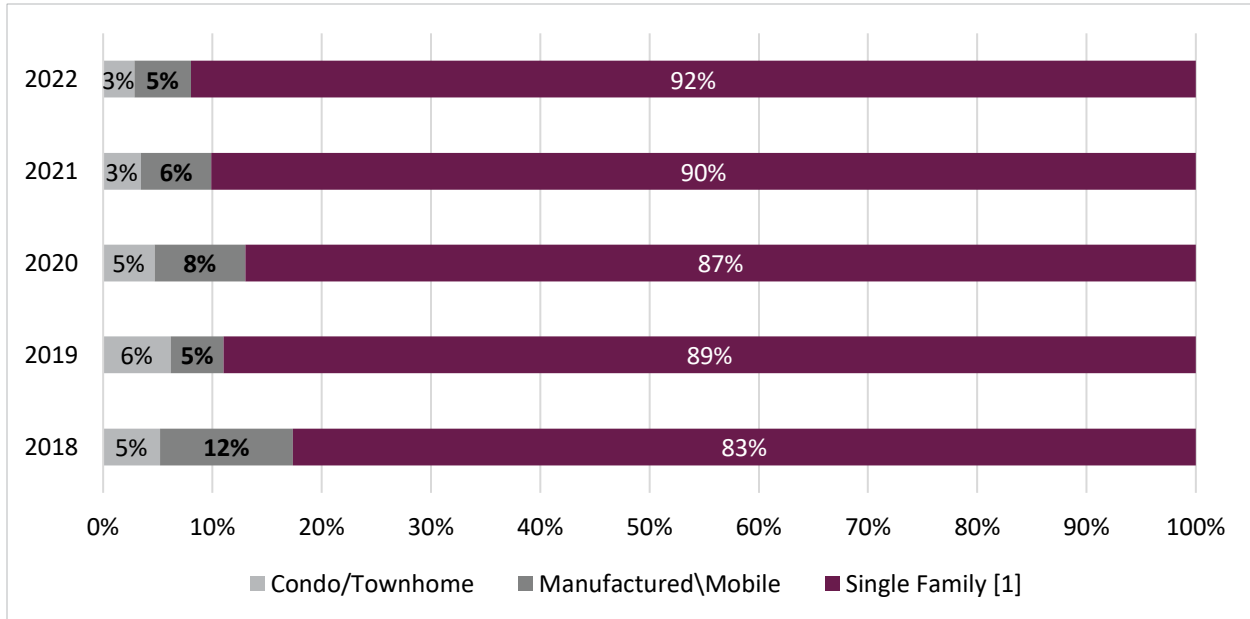
SOURCE: CREN MLS, CONSULTANT TEAM

As prices have risen over the past 5 years, the percentage of the asking price received at sale has remained steady at about 97%.

Type and Size of Homes

The vast majority of homes sold since 2018 are single-family homes (88%). The share of single-family home sales in 2018 was 83% and 92% in 2022, a 9% increase. In contrast, the annual share of mobile/manufactured homes sold in 2018 (12%) was 7% higher than in 2022 (5%).

City of Cortez Home Sales by Type, 2018-2022



[1] Includes stick built and modular homes.

May not sum to 100% due to rounding.

SOURCE: CREN MLS, CONSULTANT TEAM

City of Cortez Average Size of Homes Sold by Number of Bedrooms, 2018-2022

Bedrooms	Average Square Feet
1	685
2	1,056
3	1,524
4	2,080

SOURCE: CREN MLS, CONSULTANT TEAM

For Sale Listings – January 2023

There were 29 homes listed for sale in late January 2023. Relative to the average monthly sales in 2022 (14.5), this represents 2 months of inventory. The months of inventory of listed homes affordable to the local workforce in January 2023 was even lower, with only four homes listed at prices that a two-person household could afford earning about \$66,000 per year (100% AMI). A general industry standard is that when the number of homes for sale is

City of Cortez Listings and Price by Bedrooms, January 2023

Bedrooms	# of listings	Average List Price
1	2	\$310,000
2	11	\$295,545
3	9	\$360,322
4	5	\$412,160
5	2	\$474,950
All Listings [1]	29	\$349,124

[1] As of January 25, 2023.

SOURCE: CREN MLS, CONSULTANT TEAM

below a 6-month supply, it is a seller's market. More homes are needed to create a more balanced market.

Housing Affordability and Buyer Preferences

The dramatic increases in home prices since 2019 coupled higher mortgage interest rates over the past year plus has notably decreased housing affordability in Cortez. There were only five active listings under \$245,000 in January 2023. Stakeholder interviews reveal that people are looking for homes from the high \$100k's to the low \$200k's, which aligns with local wage earners' buying power. A household would need an income of about \$73,600 per year to afford a \$245,000 home. This observation assumes the household would have a 5% down payment and access a 30-year loan at 6.5% interest. It also assumes that 20% of the housing payment would cover taxes, HOA dues, private mortgage insurance (PMI), and property insurance. Homes in this price range are extremely scarce and many need repairs or updates that create additional financial strain.

The table below shows the maximum affordable price for a 2-person household at different income levels. It also shows the distribution of owner households by income and the share of listings corresponding to the maximum affordable price a 2-person household can afford. Current home listings are out of reach for most homeowners and renters earning 100% AMI or less. This represents 56% of homeowner households.

Homeowner Affordability: Owner Household Income Compared to Homes for Sale

AMI	Household Income (2-person household)	Maximum Affordable Price (2-person household)	Owner Household Income Distribution	January 25, 2023 Listings (% of listings)	(# of listings)
<30%	\$0-\$19,740	\$65,700	10%	0%	0
30.1-50%	\$19,741-\$32,900	\$109,600	9%	0%	0
50.1-80%	\$32,901-\$52,640	\$175,300	23%	7%	2
80.1-100%	\$52,641-\$65,800	\$219,200	13%	7%	2
100.1-120%	\$65,801-\$78,960	\$263,000	12%	34%	10
120.1-140%	\$78,961-\$92,120	\$306,800	9%	7%	2
140.1-200%	\$92,121-\$131,600	\$438,300	12%	21%	6
>200%	> \$131,600	>\$438,300	11%	24%	7
Total	---	---	2,295	100%	29

[1] Max purchase price assumes a 30-year mortgage at 6.5% with 5% down and 20% of the payment covering taxes, HOA, PMI, and insurance.

The comparison of listing prices relative to the purchasing power of a 2-person household using CHFA 2022 Income Limits is provided for illustrative purposes – see Appendix B for detailed income limits.

May not sum to 100% due to rounding.

SOURCES: CHFA 2022 INCOME LIMITS, RIBBON DEMOGRAPHICS, LLC, CREN MLS, CONSULTANT TEAM

Gaps in the market are highlighted in gray in the table above, which indicates that the share of owner households exceeds the share of current listings. The 100.1-120% AMI band is highlighted in a darker shade because although it does not technically show a gap in the market, interviewees indicated that although there are 10 homes listed in this price range, they may need additional repairs or upgrades, expenses not fully accounted for in the asking price. If a new homeowner buys a home in this price

range and then spends additional tens of thousands of dollars to make it safe and livable, the homeowner actually spends a lot more than the listing price suggests.

In sum, housing is needed at prices affordable to all households across the income spectrum.

RENTAL MARKET

In the Cortez market, 40% of households rent. The rental market serves diverse housing needs, from young adults starting their careers to doctors not wanting to buy until their medical school loan balances are reduced. Seasonal workers and lower-wage service workers typically rent housing. Older workers moving to the Cortez area for employment often prefer to rent housing before committing to staying there longer. Rental housing is also important for Cortez residents who do not have the financial resources or current desire to own their own housing.

In the wake of the pandemic, Cortez rental rates skyrocketed. Two-bedroom units were renting in the range of \$800 per month prior to the pandemic and are now commonly listed around \$1,200 per month a 50% increase. This dramatic increase puts a significant strain on household budgets where wages have not increased nearly as quickly, and reduces people's ability to move to the housing they need as their circumstances change. Availability of rentals is another considerable concern. Very few rentals are available.

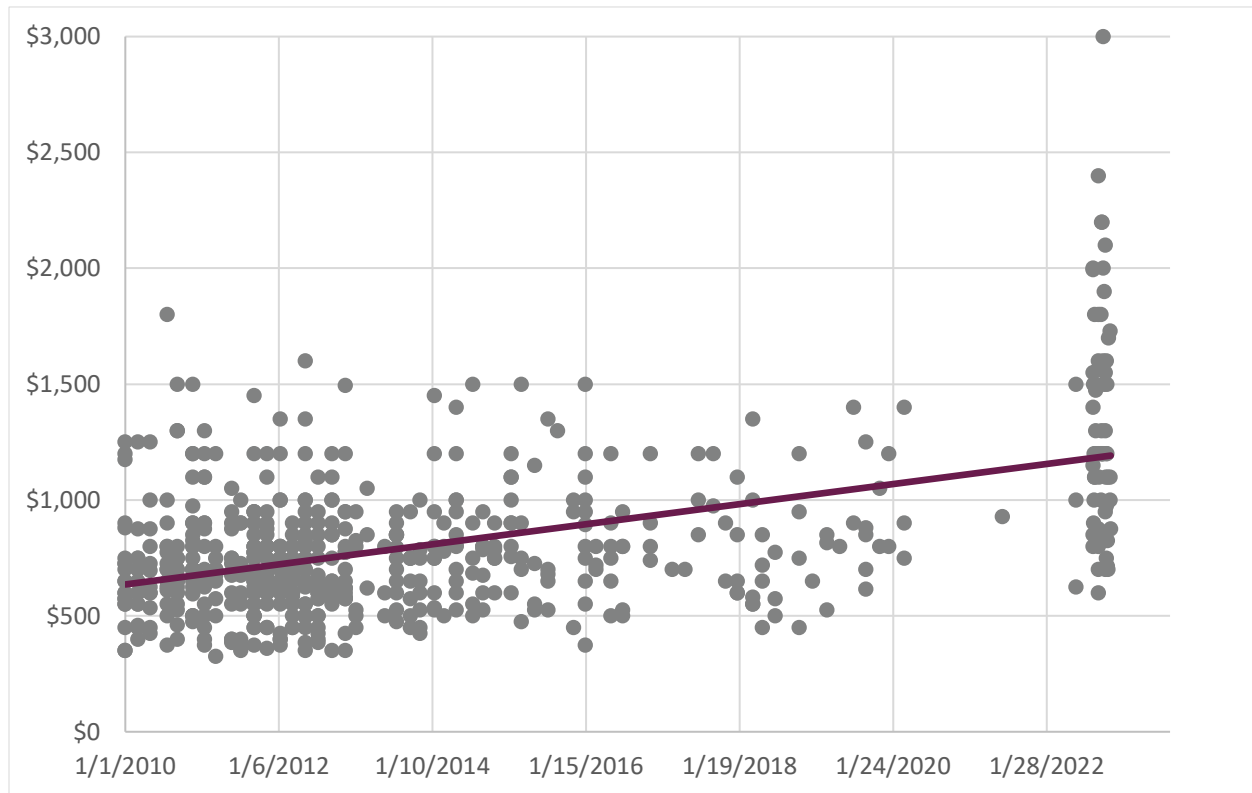
Employers are responding to the high rents and low availability with new approaches such as dedicating hotel rooms to employee housing. Although such a decision addresses the workforce shortage in the short run, longer term reduced revenue may preclude profitable operations. Some hotels are hiring remote night managers, which requires the lobby to be locked at night, a reduction in service.

Property managers interviewed have appreciated higher rental rates. Increased revenues are necessary for covering increased operating costs which have risen along with rents. In addition, some property owners are taking advantage of higher revenues to invest in property maintenance and upgrades.

Rental Rate Historic Trends

Classified ads and other “for rent” listings show how Cortez’s rental market has evolved. Data from The Journal, a local newspaper, classifieds was obtained through early 2020, and more recent data was gathered from The Journal and various online sources.

The prices and dates of 713 unique listings in the figure on the next page shows the amount of variability in prices. This variability is important to keep in mind when considering average rents. Prices vary with unit size, location, quality, and other factors. The chart also portrays a reduction in availability from 2010 through early 2020 and increased prices.

Cortez Rental Listing Prices by Date, 2010 to 2022

From 2020, archival copies of The Journal are no longer available.

SOURCE: THE JOURNAL, CRAIGSLIST, APARTMENTS.COM, XTROV, REALTOR.COM, FACEBOOK, CONSULTANT TEAM

Average prices for all unit sizes have risen at an annual average growth rate of about 5% from 2010 through 2022.

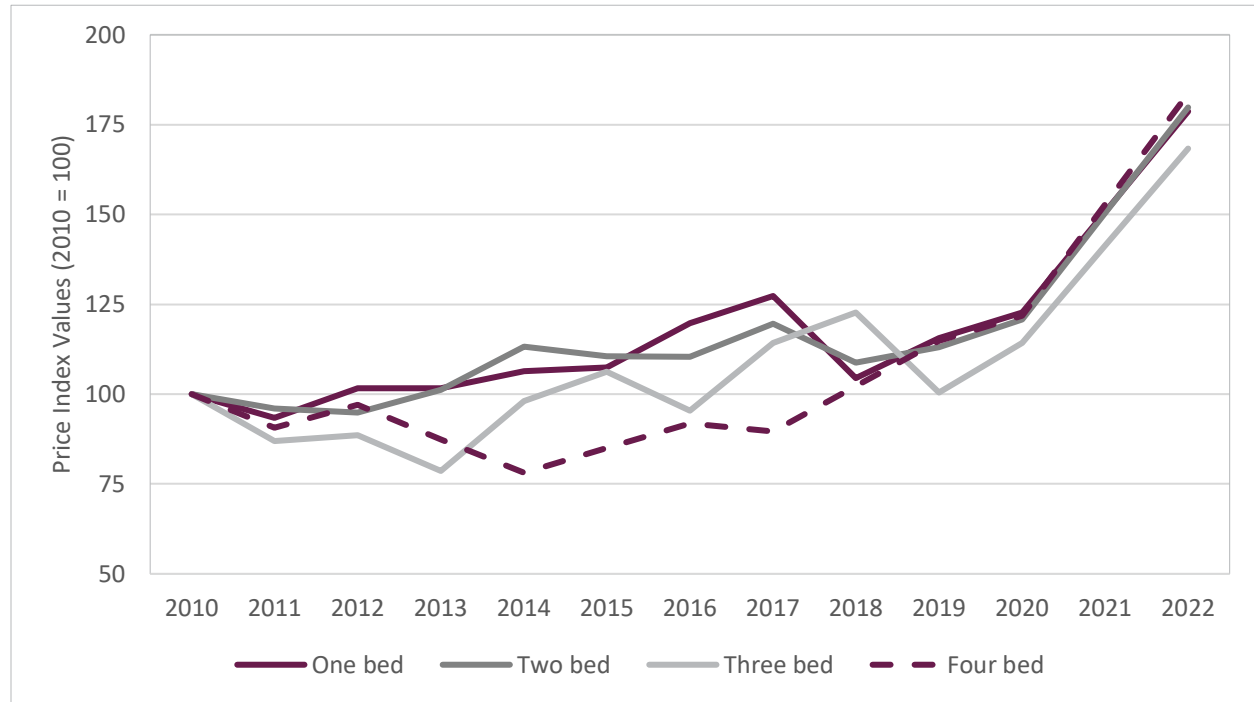
Cortez Average Rental Listing Price per Year by Unit Size, 2010 to 2022

Year	Studio/1 bed	2 bed	3 bed	4+ bed
2010	\$530	\$683	\$992	\$1,088
2011	\$495	\$656	\$863	\$986
2012	\$539	\$648	\$879	\$1,055
2013	\$539	\$691	\$780	\$950
2014	\$564	\$773	\$973	\$850
2015	\$569	\$755	\$1,054	\$925
2016	\$635	\$754	\$946	\$1,000
2017	\$675	\$817	\$1,133	\$975
2018	\$554	\$743	\$1,217	\$1,113
2019	\$613	\$772	\$996	\$1,250
2020	\$650	\$825	\$1,133	\$1,326
2021	\$799	\$1,027	\$1,402	\$1,662
2022	\$971	\$1,249	\$1,679	\$1,998

SOURCE: THE JOURNAL, CRAIGSLIST, APARTMENTS.COM, XTROV, REALTOR.COM, FACEBOOK, CONSULTANT TEAM

The figure below shows the change in average rental listing prices from 2010 to 2022 relative to the prices in 2010. Prices in 2022 are about 75% higher than they were in 2010 with most of the increase in prices occurring since 2018.

Cortez Average Rental Listing Price Indices by Unit Size, 2010 to 2022



SOURCE: THE JOURNAL, CRAIGSLIST, APARTMENTS.COM, XTROV, REALTOR.COM, FACEBOOK, CONSULTANT TEAM

Current Rental Rates

This section covers market-rate rental housing. Subsidized rental properties are addressed in the next section. The tables below capture all readily available rental listings for a 3-month period from September through November 2022. Availability is very low, especially for studio and 1-bedroom units. On a monthly basis, there were only 21 listings, and only 5 of those would have been smaller units. Larger units are scarce too, with only one per month listed. Less than 10% of units are mobile homes, and the balance is about evenly split between single-family homes and apartments.

Number of Market Rate Listings by Type and Size, September – November 2022

	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom	Total
Apartment	3	10	12	2	0	27
Single family	1	1	12	13	3	30
Mobile home	0	0	2	3	0	5
Total	4	11	26	18	3	62

SOURCE: CRAIGSLIST, THE JOURNAL, APARTMENTS.COM, XTROV, REALTOR.COM, FACEBOOK, CONSULTANT TEAM

Prices have reached new highs, with the average price of a 1-bedroom unit surpassing \$1,000 per month and 4+ bedroom homes almost reaching \$2,000 per month. For the listings that specify utilities, just over half include a partial cost of utilities, while about a quarter do not include utilities, and another quarter do include utilities.

Asking Rent by Type and Size, September – November 2022

	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom	All Unit Sizes
Apartment	\$817	\$1,022	\$1,069	\$1,350	-	\$1,044
Single family	\$700	\$1,200	\$1,462	\$1,818	\$1,988	\$1,636
Mobile home	-	-	\$1,050	\$1,300	-	\$1,200
Weighted average	\$788	\$1,038	\$1,249	\$1,680	\$1,988	\$1,167

SOURCE: CRAIGSLIST, THE JOURNAL, APARTMENTS.COM, XTROV, REALTOR.COM, FACEBOOK, CONSULTANT TEAM

Vacancy

Rental listings were monitored in the fall of 2022, indicated that the rental market is very tight and has insufficient supply. The rental vacancy rate was only 1.4%. By all standards, this is very low and certainly much lower than the 5%-7% range, which is considered a “healthy” rental market vacancy rate. Stakeholder interviews confirmed that rental units are not readily available, regardless of price.

Cortez Rental Units by Occupancy, 2022

Number of Units and Vacancy	
Renter-occupied units	1,535
Average monthly vacancy (Sept – Nov 2022)	21
Total rental units	1,556
Vacancy rate	1.4%

SOURCE: CRAIGSLIST, THE JOURNAL, APARTMENTS.COM, XTROV, REALTOR.COM, FACEBOOK, CONSULTANT TEAM

A dearth of available rental inventory was expressed in almost every employer interview. This shortage is apparent in the data. The rental market is especially tight for renters who only need or can only afford a studio or 1-bedroom unit. Over the 3-month period from September to November, only 15 such units were listed. For renters looking in October, there were no studios listed and only five 1-bedroom listings.

When rental vacancy rates are this low, the market is near capacity and cannot readily absorb new residents or employees moving to Cortez. This results in numerous issues, including the following.

- Rents increase at rates much faster than incomes
- Renters have difficulty moving from one unit to another as their circumstances change
- New employees struggle to find housing when hired, impacting businesses and the economy
- Renters displaced due to owners selling rentals, condemnation, or other reasons have few or no options
- Landlords have little incentive to make repairs and capital investments

Renter Affordability

During the period rental listings were monitored, no rental units were affordable to the 26% of households that earn less than 30% AMI. For the 20% of households earning between 30% and 50% AMI, 11% of the available listings were affordable (7 listings). Lower income households are therefore being forced to take on rents above their means to avoid becoming homeless. This mismatch between what people can afford and rental rates creates other negative outcomes such as overcrowding, living in undesirable or unsafe situations, and being forced to move frequently.

The percentage of listings from 50% to 140% AMI is higher than the share of renter households, indicating that market pricing generally meets renters' needs at these income levels. The problem is that there are so few rentals available regardless of price that more rental units are needed at all prices—especially below 50% AMI.

Renter Affordability: Renter Household Income Compared to Homes for Rent

AMI	Household Income (2-person household)	Max Affordable Rent (2-person household)	Renter Household Income Distribution	Rental Listings [1] (% of listings) (# of listings)	
<30%	\$0-\$19,740	< \$494	26%	0%	0
30.1-50%	\$19,741-\$32,900	\$823	20%	11%	7
50.1-80%	\$32,901-\$52,640	\$1,316	23%	47%	29
80.1-100%	\$52,641-\$65,800	\$1,645	9%	19%	12
100.1-120%	\$65,801-\$78,960	\$1,974	5%	10%	6
120.1-140%	\$78,961-\$92,120	\$2,303	3%	10%	6
140.1-200%	\$92,121-\$131,600	\$3,290	8%	3%	2
>200%	> \$131,600	> \$3,290	7%	0%	0
Total	---	---	1,535	100%	62

[1] Rental listings based on a search from September to November 2022.

The comparison of listing prices relative to the purchasing power of a 2-person household using CHFA 2022 Income Limits is provided for illustrative purposes - see Appendix B for detailed income limits.

May not sum to 100% due to rounding.

SOURCES: CHFA 2022 INCOME LIMITS, RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

Renter Needs and Preferences

There is a high demand for seasonal housing as the tourism industry and land management agencies increase staff in the summer months. One large employer explained that 10 of 40 summer jobs went unfilled last summer due to insufficient housing.

Entry-level rental housing is also needed. One person interviewed described an effort to encourage young adults who grew up in Cortez to return to the community after leaving for college. Unfortunately, the effort did not succeed. The Chamber interviewed 10 individuals, and only one returned, and the lack of affordable housing deterred the remaining nine. Indeed, most employers cited a need for more housing in all types, shapes, and sizes.

Several larger employers mentioned that the lack of mid-and upper-level rentals with higher quality finishes and greater amenities presents a challenge for attracting professionals to the area. These new recruits often want to become familiar with the area before committing to purchasing a home. This phenomenon is reflected in the data, with 15% of renter households earning more than 140 percent of AMI, yet only two units were listed (3% of listings) in this price range.

For listings that specified a lease term, almost two-thirds offer a 1-year lease, which does provide tenants with a degree of stability. However, the rental market is even further constrained for pet owners. About 60% of listings do not allow pets, making finding a place to live if you have a pet difficult. This is especially problematic given the very low number of units available.

Property managers observe quality and maintenance standards are driven by the owner's willingness to invest. Higher rental revenues provide an opportunity and, to a certain extent, an incentive to invest. However, higher operating costs consume some of the revenue gains. Furthermore, extremely low vacancy creates a disincentive to make improvements, as renters cannot move, and even poor-quality vacant units will have multiple applicants.

MOBILE HOME PARKS

Mobile home parks comprise a large part of the housing landscape in Cortez and the surrounding area. There are 23 registered mobile home parks within Montezuma County, eleven of which are in Cortez. Most of these parks are concentrated on the south side of the city. Though they range in condition, many of the homes are well-maintained. These units must be preserved and reinvested in because they are naturally occurring affordable housing.

Registered Mobile Home Parks in Cortez, 2023

Name	Address	City	County	Registration Number
641 S Broadway	641 S Broadway	Cortez	Montezuma	MHP-000636
Colorado Mobile Estates	1410 N Mildred	Cortez	Montezuma	MHP-000507
Cortez Mobile Estates	621 N Elm St	Cortez	Montezuma	MHP-000506
Glade Park	2500 S Broadway	Cortez	Montezuma	MHP-001000
Happy Valley Trailer Park	203 E 7th St	Cortez	Montezuma	MHP-000370
Longs Trailer Park	1016 E Main Street	Cortez	Montezuma	MHP-000998
Mountain View Mobile Home Park	815 S Chestnut Street	Cortez	Montezuma	MHP-000999
Neighbors of 7th Street	600 S Washington St	Cortez	Montezuma	MHP-000498
Oak Meadows MHP	405 W 7th St	Cortez	Montezuma	MHP-000044
Orchard Trailer Court	910 S Memorial Drive	Cortez	Montezuma	MHP-000921
Sikis Village Mobile Home Park	321 S Broadway	Cortez	Montezuma	MHP-000781

SOURCE: COLORADO DIVISION OF HOUSING MOBILE HOME PARK REGISTRY

INCOME-RESTRICTED AND SUBSIDIZED HOUSING

For Rent

Cortez currently has 328 subsidized rental units and 59 units in the pipeline. Most existing below-market rental stock is subsidized by Low Income Housing Tax Credits (LIHTC), awarded through HUD, and managed by the Housing Authority of Montezuma County (HAMC). A majority of the county's subsidized housing is located in Cortez. HAMC reports a waitlist of 300 people, taking 1.5-2 years for a household to be placed in subsidized housing and 2-3 years to receive housing choice vouchers. This reveals a high demand for below-market housing. The Bridge, a non-profit and seasonal shelter, provides 12 transitional apartments.

Income Restricted and Subsidized Rental Inventory – Cortez

Name	Address	Type of Subsidy	Who Is Housed	Units	Built
Mesa Park Apartments	880 S Chestnut St.	USDA/9% LIHTC	Families	20	1996
Cortez Park	23 W Seventh St.	USDA/9% LIHTC	Seniors	23	1994
Cortez Apartments	620 E Empire St.	USDA	Families	43	1983
Sleeping Ute Apartments	516 S Madison St.	Section 8/ 9% LIHTC	Families	60	1980
Calkins Commons	121 E First St.	9% LIHTC	Families	42	2022
Prairie Mesa	650 E 2 ND St.	9% LIHTC	Families	30	2001
Valley Sun Village	700-B E 2 nd St.	Section 8/ 9% LIHTC	Seniors	50	1982
Brubaker Place	2001 E Empire St.	9% LIHTC	Families	48	2011
The Bridge	24 N Chestnut St.	Non-Profit	Homeless Transitional	12	2019
Total # of Units				328	

SOURCE: NATIONAL HOUSING PRESERVATION DATABASE, CONSULTANT TEAM

The Bridge

The Bridge's transitional apartments are meant to house formerly homeless adults to help them transition to long-term housing. Residents pay 30% of their income towards rent. These 12 apartment units are located on the second floor of the shelter and can accommodate up to 25 people. Most residents stay for one lease cycle of 6-months. However, some individuals stay for longer (up to 2 years).

This transitional housing has successfully provided residents with a stable foundation to build upon. According to stakeholder interviews, many residents have greatly improved their lives during and after living at The Bridge by finding better jobs, saving money, going to college, and eventually moving to a desired location.

Despite its success, the demand for these units exceeds the supply. Currently, there are two people on the waitlist. As rents are increasing in the broader market, successfully transitioning from this temporary housing will likely become more difficult without an increased supply of subsidized units.

Housing Authority of Montezuma County

The Housing Authority of Montezuma County (HAMC) administers three rental assistance programs: The Public Housing Program, Housing Choice Voucher (Section 8) Program, and Low Income Housing Tax Credit rentals.

- HUD funds the Housing Choice Voucher Program and Public Housing Programs, and participants pay 30% of their income on rent. HAMC administers 262 housing choice vouchers across the County.
- CHFA awards the Tax Credit for construction and renovation of rentals for households below 60% AMI. These homes and apartments have below-market rents, and tenants are eligible based on income limits updated annually by CHFA.
- HAMC manages a total of 273 below-market rental units in Cortez.

HAMC's most recent project was Calkin's Commons, a school building conversion project. This project provided 42 new 1- and 2-bedroom units, which were 100% occupied within 60 days of opening in July of 2022. Such a rapid lease up is indicative of very high demand.

Pipeline of Subsidized Units

The Piñon Project Family Resource Center (Piñon Project) is a non-profit organization offering comprehensive services for children and families, focusing on reducing generational poverty. They offer many programs including early childhood programs, positive youth development, rental assistance, and a re-entry program. Many community leaders throughout Cortez and the County praise the Piñon Project for providing essential services to the region's most vulnerable residents.

The Piñon Project is developing 59 new subsidized rental units in two separate developments for those making 30% AMI or less.

- 42 units (1, 2, and 3-bedroom units) of supportive housing for very low-income residents. Supportive housing typically serves individuals and households who have experienced homelessness and may need significant support services to be successful in their housing.
- 17-units (all studios) reserved for low-income residents who are chronically homeless or have previous involvement with criminal justice. These units are planned to be completed in 2024 and will predominantly serve households below 30% AMI. Construction of these units is supported by Work and Gain Education & Employment Skills (WAGEES), which provides successful community-based programming, facilitating reentry for people under the Colorado Department of Corrections supervision.

For Sale

Habitat for Humanity

There are ten below-market homeownership units in the county. These are managed by Habitat for Humanity of Montezuma County. They require homeowners to be within the 30-80% AMI range, have a stable income, and acceptable credit history. The organization has expressed interest in expanding homeownership opportunities through a starter-home program, similar to that developed by Northern Arizona's Habitat, that could yield multiple homes per year if the funding and land was made available.

The program would consist of 600 square foot units intended to house a household for 3-10 years. The program relies on a public-private partnership where the City owns the land and Habitat owns the home. Each household pays an affordable monthly payment that goes back to them when they sell the house, thus enabling the residents to buy a home on the market after accruing substantial savings.

Additionally, Habitat for Humanity has recently been successful in finding funding for a home repair program. They have two homes currently being renovated for health and safety improvements, and will continue to seek eligible homeowners for up to \$18,000/home of assistance. Habitat is also seeking to extend this program through additional grant requests and philanthropic efforts.

HomesFund

The Housing Authority of Montezuma County runs a homeownership program by collaborating with HomesFund in Durango, which offers homeownership classes and mortgage assistance. HomesFund has been very successful, helping over 1,300 families purchase homes and providing down payment

assistance to 350 families over the last 11 years. Specific to Cortez, about 100 households are assisted annually. For 2023, there are four homeownership classes scheduled, with 25 participants per class.

Housing Resources of Western Colorado

Housing Resources of Western Colorado is based in Grand Junction, and provides weatherization and home repairs for low and very low- income owners and renters in several counties including Montezuma. This resource is particularly important in the area due to the age of homes and the relatively large inventory of mobile and manufactured housing. Increasing these services to could help more households remain safe and comfortably housed and reduce the cost burden created by high utility bills. Another improvement would be creating additional eligibility for situations where the tenant is income qualified but the landlord is not.



CHAPTER 5

CHAPTER 5: CURRENT AND PROJECTED HOUSING NEEDS

This chapter estimates the number of new housing units needed in Cortez through 2028. It builds upon, summarizes, or references the analysis in previous report chapters.

Needs are projected through 2028 and quantified in two categories.

Catch-Up Needs – the number of housing units currently needed to house workers filling open jobs.

Keep-Up Needs – the number of units needed to keep up with future demand for housing based on projected job growth and jobs that will be vacated by retiring employees. Housing shortages worsen when local job growth and the need for more workers exceed the available housing inventory.

The current and projected number of housing units needed through 2028 is shown in two columns in the following tables – Where live and Where work.

- **Where live:** this column represents the number of housing units needed in Cortez if current commuting and development patterns remain as they are today. About 35% of households in Montezuma County live in Cortez.
- **Where work:** this column represents the number of housing units needed in Cortez if homes are built where jobs are located. An estimated 60% of Montezuma County jobs are in Cortez.

CATCH-UP NEEDS (CURRENT CONDITIONS)

Unfilled Jobs

Between 75 and 175 new housing units are needed in Cortez to help fill unfilled jobs. Based on interviews with major employers in the county, all but one interviewee has jobs that are not filled. Interviewees indicated that about 7.5% of their jobs are unfilled. The rate used in the table below is a more conservative estimate of 6.5% unfilled jobs.

Housing Units Needed in Cortez to Help Fill Jobs

	Where live	Where work
QCEW Jobs (Montezuma County, 2022 H1) [1]	9,187	9,187
Unfilled Jobs (6.5%)	597	597
Jobs per employee	1.06	1.06
Employees filling jobs	563	563
Employees per households with a worker	1.45	1.45
New households with a worker, Montezuma County	389	389
New housing units needed in Cortez	136	233
	(35% of county)	(60% of county)
Pending Development Adjustment	(59)	(59)
Total Catch Up (rounded to nearest 5)	75	175

[1] Preliminary data published by BLS, subject to change.

SOURCE: BLS QCEW & JOLTS, U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES & LEHD, COLORADO DEMOGRAPHY OFFICE, CITY OF CORTEZ, CONSULTANT TEAM

Pending Development Adjustments

Two projects in the planning pipeline will meet some of the current catch-up need, so they are subtracted from the units needed in the table on the previous page to arrive at the estimated number of housing units needed to catch up and help fill those jobs currently unfilled. These are the 42 apartments sponsored by Piñon Project and 17 units supported by WAGEE.

KEEP-UP (FUTURE NEEDS)

Job Growth

An additional 140 to 240 housing units are needed to keep up with estimated job growth over the next 5 years.

The Colorado Demography Office projects that there will be about 700 additional jobs in the county by 2028, an average increase of about 0.88% per year. A slightly more conservative 620 new jobs is used (growth rate of 0.78% per year) to estimate the number of homes needed to house the workforce filling these jobs. This approach was informed by the job growth rate from 2012 to 2019.

Housing Needed in Cortez by the Workforce Filling New Jobs, 2023-2028

	Where live	Where work
New Jobs (Montezuma County, through 2028)	620	620
Jobs per employee	1.06	1.06
Employees filling jobs	585	585
Employees per households with a worker	1.45	1.45
New households with a worker, Montezuma County	403	403
New housing units needed in Cortez	140	240
	<i>(35% of county)</i>	<i>(60% of county)</i>

SOURCE: COLORADO DEMOGRAPHY OFFICE, U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES & LEHD, CONSULTANT TEAM

Retiring Employees

As current employees retire over the next 5 years, employers will need to fill these jobs in addition to filling the new jobs created. An estimated 70 to 120 new homes are needed to house workers filling jobs vacated by retirees.

These projections anticipate that most retiring employees will remain in their homes. Cortez is an attractive place to retire, with a temperate climate, health care and other senior services, and recreational opportunities in and near the city. Furthermore, many housing markets are more expensive, which may preclude some who want to move from doing so. The assumption used here is that only 25% of soon-to-be retiree homes will be sold to local workers who can afford them. The other 75% of soon-to-be retirees will continue living in their homes or will sell to second homeowners or remote workers.

Estimated Housing Needed to Fill Jobs Vacated by Retirees, 2023-2028

	Where live	Where work
% of current employees to retire by 2028	3%	3%
# to retire	391	391
Employees per household with a worker	1.45	1.45
New households with a worker, Montezuma County	269	269
New housing units needed in Cortez	70	120
<i>(assumes 25% of retirees' homes are sold to local workers at affordable prices, rounded to the nearest 5)</i>	<i>(35% of county)</i>	<i>(35% of county)</i>

SOURCE: COLORADO DEMOGRAPHY OFFICE, U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES & LEHD, CONSULTANT TEAM

SUMMARY OF HOUSING NEEDS

Overall, 285 to 535 additional housing units are needed to help fill unfilled jobs (catch up) and keep up with new jobs and retirements. This is a large range, reflecting the dynamic that many people who live outside of the city are employed in Cortez.

About 57 to 107 additional housing units are needed every year from now through 2028. The average number of residential permits issued per year from

2018 to 2022 was 22, which means the rate of housing production would need to increase by 2.5 times if homes are built in the locations people currently live. To build housing in the City according to its share of jobs (60%), the production rate would need to increase by more than 4.5 times to meet the total projected housing need. It's important to note that many communities set a goal that is somewhere between the current production rate and the full need, considering local building capacity, available land and funding, and other community priorities.

Cortez Housing Needs, 2023-2028

	Where live	Where work
Catch-Up	136	233
Pending development adjustment	(59)	(59)
Total Catch-up Housing Units	75	175
New jobs (0.78% avg. growth/year)	140	240
Retiring employees (3% of jobs)	70	120
Total Keep-up Housing Units	210	360
Catch-up and Keep-up through 2028	285	535

SOURCE: CONSULTANT TEAM

HOUSING NEED BY TENURE

Assuming the current share of owners and renters remains unchanged, 115 to 215 additional rental units are needed over the next 5 years, and about 170-320 for-sale units. However, rental housing is urgently needed to address unfilled jobs and may be more financially feasible in the current

Housing Units Needed in Cortez by Tenure through 2028

	Where live	Where work
Total Need (catch-up and keep-up)	285	535
Own (60%)	171	321
Rent (40%)	114	214

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

economic environment. Developers and local policy makers may decide to address the housing need with more investment in rental housing compared to historic development patterns in Cortez.

HOUSING NEEDED BY INCOME LEVEL

New housing should generally be built in amounts proportionate to household income distributions, and therefore the number of units needed is distributed by the share of households by income below. The number of units needed and corresponding AMI band is included below to assist public, private, and non-profits applying for federal and state funds tied to specific AMI thresholds (see Appendix B for household income by household size by percentage AMI). In addition, it is important to note that many banks and private equity investors also look at household income data and demographics when understanding the local market.

Additional AMI and household income information is available in Appendix A and B.

The figures below assume that 60% of units needed are for sale and 40% are for rent. They also assume the current distribution of household incomes remains steady through 2028. Based on the construction cost (see Cost of Construction section in upcoming Chapter 6), many units will need to be priced below market rates. This will require local policies, subsidies, and creative partnerships to produce.

Rows highlighted in gray below denote units that the market is unlikely to build, although some projects may be profitable above 100%. Please use the AMI tables in Appendix B to cross reference household and households size to the AMI recommendations.

For Sale Units Needed through 2028 by AMI

	Where live	Where work
<30%	17	31
30.1-50%	16	30
50.1-80%	40	75
80.1-100%	23	43
100.1-120%	20	38
120.1-140%	16	30
140.1-200%	21	40
>200%	18	34
Total	171	321

SOURCE: RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

Rental Units Needed through 2028 by AMI

	Where live	Where work
<30%	30	56
30.1-50%	23	43
50.1-80%	26	49
80.1-100%	10	18
100.1-120%	5	10
120.1-140%	4	7
140.1-200%	9	17
>200%	7	14
Total	114	214

SOURCE: RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM



CHAPTER 6

CHAPTER 6: HOUSING CHALLENGES

LIMITED SUPPLY

Production of new housing has fallen well behind demand over the past two decades. The number of unfilled jobs, projected job growth, and retirements indicate that Cortez needs about 57 to 107 new homes per year.

Over the past 5 years, about 22 homes were permitted each year.

Number of Housing Units Permitted, 2018-2022

Year	Single Family	Manufactured Home	Townhomes	Total Permits, All Housing Types
2018	14	7	0	21
2019	16	4	0	20
2020	15	12	4	31
2021	14	2	0	16
2022	11	10	3	24
Total	70	35	7	112

SOURCE: CITY OF CORTEZ

Therefore, the production rate would need to increase by approximately 35 to 85 units per year over recent production to meet the identified need. However, rarely do community leaders make a policy decision to try to address the full need. Instead, most communities set goals to increase production at a level that feels realistic based on local land use, available resources, and the ability to bring private sector partners to the table with partnerships and incentives that will be effective for addressing the most pressing community housing priorities.

COST OF CONSTRUCTION

Construction cost escalation has been present in the Colorado market for nearly two decades but was particularly pronounced between 2020 and 2022. Developers and contractors working in the Cortez area report that some construction costs have stabilized, with some materials and labor costs returning to pre-pandemic levels, while other items remain high. Developers and contractors are reporting \$150-\$200 for vertical construction costs, down from a high of \$210-\$250 in the past 2 years. These local experts also report that skilled labor continues to be a challenge. Many skilled craftsmen have reached retirement age, and there is competition for these limited resources across the region.

Estimated Cost to Build a 1,200 square foot home

	Cost Per Square Foot	Cost Per Home (1,200 square feet)	Notes
Land Acquisition	\$41	\$49,000	Average lot cost in 2022
Soft Costs	\$22	\$26,500	10% of hard costs
Hard Costs	\$180	\$216,000	Subject expert interview
Financing Costs	\$9	\$10,800	5% of hard costs
Sales Costs	\$15	\$18,150	6% total cost; broker fees
Developer Contingency	\$27	\$32,050	10% of total costs = profit
Total Cost to Build	\$294	\$352,500	

SOURCE: DEVELOPER CONTRACTOR INTERVIEWS, MLS, CONSULTANT TEAM

Many variables can make development more and less risky and expensive. Location, amenity level, site preparation, and fluctuations in labor, materials, and interest rates all significantly impact the assumptions presented on the previous page. This analysis uses the best available information, based on interviews with local builders and developers and the consultant team's observations about building costs in nearby communities and recent projects. The above assumptions are for a high quality, but not luxury home intended for a first-time homebuyer working in the community. The gap between the building cost and what many local households can afford is significant.

GAP BETWEEN CONSTRUCTION COST AND PURCHASING POWER

Current market conditions mean that most new construction is out of reach for locally employed workers, creating a significant “missing middle” of well-paid households who desire homeownership, but can’t make the finances work. The table below is based on the assumption that households will put 30% of their gross income toward a housing payment, and that they will be able to access a loan with a 5% down payment and an interest rate of 6.5% for a 30-year term. A household would need an annual income of \$102,000 or more to purchase a home that would be profitable for a developer to build in current market conditions (about \$352,500, per the above example). This scenario translates to about 154% of the Area Median Income.

Break-even Price Point and Gap Between Construction Costs and Household Buying Power

	Household Income (2-people)	Affordable Purchase Price	Gap between Cost to Build and Sales Price
Break Even Price	\$102,000	\$352,500	\$0
50.1 - 80% AMI	\$55,920	\$186,300	\$(166,200)
80.1 - 100% AMI	\$69,900	\$232,800	\$(119,700)
100.1 - 120% AMI	\$83,880	\$279,400	\$(73,100)
120.1 - 140% AMI	\$97,860	\$325,900	\$(26,600)
140.1 - 200% AMI	\$139,800	\$465,600	\$113,100

SOURCE: COST TO BUILD CHART, CHFA, CONSULTANT TEAM

Many communities in Colorado have used local contributions of land, infrastructure, and fee waivers to catalyze housing development for the local workforce. However, in today’s development environment, land and fee waivers may not be enough to close the gap and make development for the local workforce economically feasible. Significant additional funding support is typically needed to serve all but the highest-income residents.



CHAPTER 7

CHAPTER 7: LAND USE REGULATIONS SCAN

REGULATORY POLICIES / LAND USE AND ZONING

Local land use policies set the stage for what housing can be built within the community. A scan of regulatory documents and interviews with code users were conducted to ascertain how the land use and regulatory environment may be creating barriers to housing production. The following actions are recommended to better facilitate the residential development needed in Cortez.

Update the City's Comprehensive Plan

A community's Comprehensive Plan is used to direct growth and development, among many other topic areas. Typically, a plan includes a map of desired future land uses for the entire City as well as future growth areas outside but adjacent to the municipal boundary. The City should consider updating its 2008 Comprehensive Plan to refine the goals and policies to match today's desires and include a future land use map. Based on the data in this report, the updated Comprehensive Plan should identify housing as a top community priority and provide guidance on the types and amounts of housing desired. This plan can then be used to support Land Use Code changes, zoning map changes, and the creation of other policies.

To help with housing affordability, the plan could include policies addressing increasing density near and surrounding downtown and infilling vacant properties within current City limits with a diversity of housing types to respond to pressing market needs. It could also address coordinating annexation with the County and establishing thresholds and expectations for community benefits that new annexations would provide. These types of policies would help with affordability in that development closer to downtown helps reduce transportation costs since jobs and services like grocery stores are typically more centrally located. In addition, centralized development helps reduce City expenses on infrastructure maintenance and service provision.

Add Flexibility and Clarity to the Land Use Code

The City has recently adopted a few critical amendments to the Land Use Code that help incentivize housing affordability, like allowing accessory dwelling units in more districts and adding a density bonus allowance for affordable and workforce housing. The City has done a good job with these amendments, and there may be opportunities to refine and enhance them in supporting housing.

In addition, the City is just beginning to update the full Land Use Code. Our scan indicates some key themes about needed changes. These include allowing more housing types in more districts, increasing permitted densities, streamlining processes, and adding more predictability for developers and builders. The following recommended changes should be considered during the Land Use Code Update, those in **bold text** are of high priority. Note that reviewing the following table will be most productive with a copy of the Land Use Code on hand.

Land Use Code Recommended Edits

Code Section	Recommended Edit(s)	Explanation
Chapter 2 - Rules of Construction, Definitions, and Interpretations		
2.02 Definitions		
Affordable housing & workforce housing (Ord 1311)	Refine	Refine the definition to ensure it can apply everywhere the City uses it, not just the Land Use Code. Note that “Affordable Housing” is also defined in the City’s Comprehensive Plan. The 2nd sentence is a regulation and should be moved into 3.09, 3.10, and 3.14.
Dwelling, Accessory dwelling unit	Update	Consider editing to something like “A dwelling unit clearly incidental and subordinate to a primary dwelling unit including provisions for living, sleeping, eating, cooking and sanitation.” The current definition contains regulations that appear to have been changed by Ord 1303.
Dwelling, Multi-family dwelling	Edit	This definition includes “3 or more residential dwelling units” while the use table has separate rows for “Dwelling, 3, 4, 5 or 6 family” and “Dwelling, multi-family 7 or more”. Consider defining these separately, or preferably, add more specific definitions for more housing types like triplex, fourplex, townhouses, etc.
Dwelling, factory built	Add definition for factory-built dwelling	It appears that the only non-site built housing allowed is HUD-certified units defined as “Manufactured home dwelling” and Park trailers. Consider defining factory-built housing to allow for dwelling units built in a factory, and certified by the State. Factory-built housing should be allowed anywhere residential uses are allowed.
Manufactured home park	Increase to 3 or more units	Consider updating this definition to include 3 or more units rather than 2. With increased flexibility for ADUs, the current definition could potentially categorize a house with an ADU as a manufactured home park.
Single-family equivalent	Delete if term is not used	It is not clear that this term is used anywhere in the code. Consider removing it.
Usable floor area	Combine or remove	It appears that this term only applies to parking and group home regulations. It is quite technical and could easily be replaced by “floor area,” which is already defined and much more straightforward.

Code Section	Recommended Edit(s)	Explanation
Chapter 3 - Zoning District Regulations		
3.05(a) Use Regulations	Allow additional residential uses in all or most districts	Single-family homes are widely permitted across most districts, but more affordable housing types, like duplexes and multi-family, are not. Defining and then allowing more diverse housing types by-right in more zone districts is a key recommendation for enabling increased housing supply. Consider allowing additional residential uses in almost all districts. For example, modify the single-family district to allow for duplexes and triplexes on smaller lots and modify the multi-family district to allow for 7+ units by-right on smaller lots. In established neighborhoods, infill development will happen slowly and begin to integrate more affordable housing types throughout the City. If allowing for more uses in existing districts is not desirable, consider creating a new zoning district that allows for much higher densities. The City could legislatively rezone properties or allow for rezoning applications on a case-by-case basis.
3.05(b) Special Use Conditions		
2. Single-family and two-family dwellings	a - remove 24' min. wall dimension of principal structures b.2 - allow additional exterior materials b.3 - revise or remove roof pitch requirement	These regulations can add cost to a project. Consider revising these regulations to make building more flexible and cost-effective. Keep those that are key to maintaining the desired community character.
3. Manufactured Home Park	Add flexibility	Consider increasing the allowed density from 10 units per acre to about 12 to 17. Reduce the 20' min. separation between buildings since setbacks for most other zones result in only 14' building separation. Consider if the park dedication requirement is necessary. Adding flexibility may make these regulations more aligned with existing manufactured home parks. This will better protect the units and parks from being lost due to regulations regarding nonconformities.

Code Section	Recommended Edit(s)	Explanation
22. Accessory Dwelling Units	e (Ord 1303) - “gross sq. ft. of living area” is not a defined term, consider using a different term f - Clarify if ADUs “may” be used for long-term rentals or “shall” be j - remove or edit the regulation on adverse impacts on traffic flow or parking	The LUC already defines “floor area” and “usable floor area.” Consider using one of those terms rather than introducing a new term. The more straightforward the term, the easier it is to understand and implement. If ADUs are not to be rented under 30 days, then “may” needs to be changed to “shall.” Consider removing item j or revising it to be less subjective.
3.06 Area Regulations (also within 3.07-3.15)		
Min. lot area/unit	Reduce in some districts	Consider reducing in many districts for many uses. The minimum lot areas are quite large. Reducing these minimums can have significant impact on the cost of housing by being able to build more units on less land.
Setbacks	Reduce in some districts	Setbacks for residential uses are almost the same in all districts: 20’ front, 7’ side, and 7’ rear. Reduce in at least some districts. Consider that less than 10’ of building separation triggers additional requirements in the building code.
Max. lot coverage	Remove	Establishing a maximum lot coverage is not needed as setbacks, parking, and other regulations help limit lot coverage.
Min. floor areas	Remove	While these minimums are not restrictively too large, they are not necessary. Let the building code regulate this. Smaller is generally more affordable. Let builders determine what the market needs.
Min. lot width	Reduce in some districts	Consider reducing in many districts for many uses. These minimums, generally about 50’ to 60’, are quite large, and by reducing them, more units could be built on less land, or more creative layouts could be utilized.
3.16 PUD	Remove or reduce land area requirements	PUDs are intended to allow flexibility, and should not be restricted to only projects with specific land area. Reduce or remove the land areas required to do a PUD. Also consider asking for some amount of affordable/workforce housing units in exchange for something the developer wants, like increased density. Note that this is not recommending broad inclusionary zoning, but rather as PUDs are negotiated.

Code Section	Recommended Edit(s)	Explanation
Chapter 4 - Subdivision Standards		
4.03 Streets and Alleys	Reduce street design standards	Revisit street widths to determine if they can be reduced. Less land used for streets can mean more land available for housing while also reducing up front and long-term maintenance responsibilities.
4.05(c) Dedication requirements and (f) Cash in Lieu of Dedication	Revisit the required 5% public land dedication or fee-in-lieu	This can add to the cost to develop while also adding long-term maintenance costs for the City. Consider revisiting this requirement or providing an exception for affordable and workforce housing.
Chapter 5 - Site Development Standards		
5.02(d) Off-Street Parking and Loading Requirements	Reduce minimum parking for multi-family and in CBD	Parking adds significant cost to development. Consider reducing multi-family parking minimums to 1 or 1.5 spaces per dwelling unit. Consider allowing all permitted uses in the CBD to not provide parking, not just those 10,000 sq. ft. or less. Consider also allowing for shared parking agreements with neighboring uses to utilize land more efficiently.
Chapter 6 - Administration and Procedures		
6.14 Site plans	Allow administrative reviews of all site plans	The currently required public review of site plans adds significant time to the process. Administrative review is adequate with clear regulations. Only require review by the Commission if requesting an exception to the rules or perhaps for very complicated/large projects.
6.17(d) (7) Administrative Adjustments	Add an alternate criteria for approval: Granting the adjustment supports the expansion of affordable and/or workforce housing as defined by the Land Use Code.	This could allow an administrative adjustment for affordable/workforce housing projects without having to meet all other criteria.
6.18(b) Special Exceptions	Add an alternate criteria for approval: Granting the exception supports the expansion of affordable and/or workforce housing as defined by the Land Use Code.	This could allow the Commission to reduce off-street parking for affordable/workforce housing projects without meeting all other criteria.

Code Section	Recommended Edit(s)	Explanation
Proposed Additions		
Short Term Rentals	Establish short-term rental regulations	While short-term rentals do not appear to be a major issue at this time, consider adding some basic regulations to get in front of it becoming an issue. These regulations can then be edited based on whatever issues come up in the future. Consider a cap on the total number allowed or restrict them to certain districts and/or dwelling types.

SOURCE: CONSULTANT TEAM

- Review the code in detail during the upcoming full land use code update for consistency and clarity. This will not only help staff with implementation but also help interested builders and developers, which all contribute to a streamlined process. For example:
 - » Information should be conveyed in just one way to avoid confusion and inconsistency:
 - Ord 1311 removed minimum lot area requirement in the NB district, but it remains in the table. Remove from the table or add back to 3.14(f).
 - Multi-family is defined as 3+ units, but the use table separates multi-family into more categories. Further, the area regulations table doesn't include standards for all categories in the use table.
 - Parking regulations use different categories than the use regulations. Using the same categories for both can help avoid confusion.
 - » Remove specific submittal requirements, like number of paper copies, and simply state that applications are to be submitted in a format as required by the City staff. Then the number of copies, file formats, etc. become an administrative item that can be updated as staff desires and technology changes.
 - » The City seems to do a great job where things are allowed by-right. Processes go slowly, and risk for builders/developers is introduced when a public process is required. Thoroughly review all processes. Carefully consider what must go through a public process and what can be handled administratively. With the right regulations in place, public processes should be limited to things like more complicated variances, large projects, and subdivisions and annexation. Specifically expediting processes for affordable and workforce housing is a powerful statement about the City's commitment to those priorities, and gives developers confidence that their investment is more secure.

Coordinate Land Use with Montezuma County

- Work with Montezuma County to develop an Intergovernmental Agreement (IGA) that addresses land use. The Department of Local Affairs (DOLA) Community Development Office has some good examples. This IGA should address:
 - » Annexation – when it is required and how it is processed. For example, some communities require annexation if certain densities are planned. This is an opportunity to define certain

community benefits, such as affordable and workforce housing, that are desired with annexed lands.

- » Referral Review of Applications – what applications trigger review by the other entity, which could be all applications within a certain area or certain types within a certain area. There is no need for the City to review all County applications.
 - » Regulations – what regulations apply when. For example, consider if the City’s building codes should apply to commercial properties within certain areas of the County. Or maybe the City’s Design Standards for infrastructure should be met in certain areas near City limits. This ensures that future annexations do not create additional non-conformities.
- Review Chapter 6 of the Land Use Code to determine what regulations should be moved to an IGA, like processes and criteria that apply to both the City and the County.

Address Arrested Development

Numerous subdivisions in Cortez were final platted, where individual saleable lots were created, without complete infrastructure, like roads and utilities. Without complete infrastructure, they cannot be built upon. Currently, there are about 335 unbuildable lots in the City of Cortez. A quick summary of those subdivisions is offered below.

Unfinished Subdivisions

Subdivision	Location	Owner	Zone	Status of Vacant Phases
Brandon’s Gate	Along Gateway Dr and Chessie Way	TSB Holdings, LTD	PUD	Townhouse sites: water, sewer, electric mains installed, road built. Single-family sites: Needs all infrastructure
San Juan Park	Between N Edith St and Cochita Dr, north of Acoma St	Terrell Collins Construction	R1	Needs all infrastructure
Southern Bluffs	Bluff Blvd., south of 7th St	Multiple	MH	Needs all infrastructure
South Pointe PUD	South of Jarrett Ave, just east of S Cedar St	MTK, LLC	R1	Needs all infrastructure
Southwest Subdivision	North of E Montezuma Ave, west of N Sligo St	Housing Authority of Montezuma County	R2	Needs all infrastructure
Verde Vu	Southwest of Verde Vu Dr and S Cedar St intersection	Clifford or Rita Wallace	R1	Water and electric installed, needs roads and sewer

SOURCE: CONSULTANT TEAM

The City no longer allows subdivisions to be final platted without infrastructure secured through an agreement with financial security. The City may want to consider requiring a certain amount of the critical infrastructure to be completed before final plat. The City will have much more leverage to get

infrastructure completed by requiring it before final plat rather than having to enforce a development agreement and financial security after a final plat is recorded.

Interviewees indicated that it is just too expensive and risky to finish the infrastructure in these subdivisions at this time. As such, it likely requires some action by the City along with strong partnerships, to get these 300+ lots to be buildable and contribute to the housing inventory. The City could start by contacting the current owners (where there is one owner of all unfinished lots) to determine their interest in completing the subdivision and their perceived barriers. Based on that information, the City could consider the following ideas:

- The City could establish a process in which these final platted subdivisions could more easily be replatted or vacated rather than going through the full subdivision process. This could allow those subdivisions that no longer make sense in today's market to be reconfigured to meet today's needs or to allow someone else to start over.
- For those subdivisions owned by one entity, the City could work with the current owner to develop a cost-sharing agreement to finish the infrastructure. This agreement could require a certain percentage of affordable/workforce deed-restricted units or lots in return for funding part of the infrastructure. If a particular approach works well, it could be a template for others. It would be best to start with the subdivisions where the City may already have a partnership formed, like the Southwest Subdivision that the Housing Authority of Montezuma County owns. Then move to the smaller lot/higher density subdivisions that may result in more affordable housing.
- The City could work with partners, like the Housing Authority, Habitat or Region 9, to market these properties and find a developer to buy and finish the incomplete development. If financial assistance is needed to make the project work feasible, the City or other public partners could remain to help obtain grants and other funding. In return, a certain number of units/lots would need to be deed restricted.
- The City could consider stepping in to finish the needed infrastructure for those subdivisions owned by multiple entities. Cost-sharing agreements with current owners would need to be put in place, and the City could explore purchasing lots or extending payback agreements or liens on any lots where the owners were unable or unwilling to participate. Early steps would include assessing the condition of what has been built, reviewing the previous plans and determining if changes are needed, creating an engineer's estimate of costs, performing financial modeling for costs to City and lot owners, and engaging with lot owners throughout the process to understand their preferences, needs, and financial capacity. There is some potential that the cost of the infrastructure may exceed the value of the lot, or make developing housing on the lots financially unfeasible. In this case, the City may need to explore grants or forgivable loans. Funding from DOLA, USDA, and others could be explored.

Additional Recommendations

- After the Land Use Code update, consider updating the City's Construction Design Standards and Specifications to ensure they align with the revised regulations. Consider allowing flexibility that could reduce infrastructure cost in residential developments while still meeting community needs and desires. For example, sidewalks on just one side of certain residential streets could be required.

- Prioritize codification of code updates related to affordable housing. Someone looking to develop in the City may not take the time to check the list of ordinances for amendments to the Land Use Code, and the City has recently made some really important amendments that could convince someone to develop affordable/workforce housing in Cortez.
- Add flexibility for fees due to the City:
 - » Tap fees are collected by the City before a Certificate of Occupancy (CO) is issued, rather than at the time the building permit is issued. The City could consider allowing the same for use tax and permit fees for all projects or just for affordable/workforce housing projects as defined by the code.
 - » Consider creating an incentive policy to refund all or a portion of use tax and/or permit fees for affordable/workforce housing projects that meet specified criteria.
- Consider regular training for the Planning and Zoning Commission. Staff could add a short training session to the end of regular meetings or plan special training sessions from time to time. A few topics that may be helpful to address based on our research include:
 - » Hearing decisions – what are the decision options per the Land Use Code and what justifies the Commission making that decision. For example, continuing a hearing should only occur when the Commission does not have enough information to justify approval or denial. Continuations can add a lot of time to a project schedule, thus increasing the project cost.
 - » Referral applications from the County – what regulations apply and what feedback is helpful. If the City moves forward with creating an IGA with the County, this may be better to do once processes and regulations are refined.



CHAPTER 8

CHAPTER 8: RECOMMENDATIONS AND NEXT STEPS

As City leaders, local builders, non-profits, funders, and other local stakeholders transition from assessing current housing conditions and needs to taking action, the following should be considered:

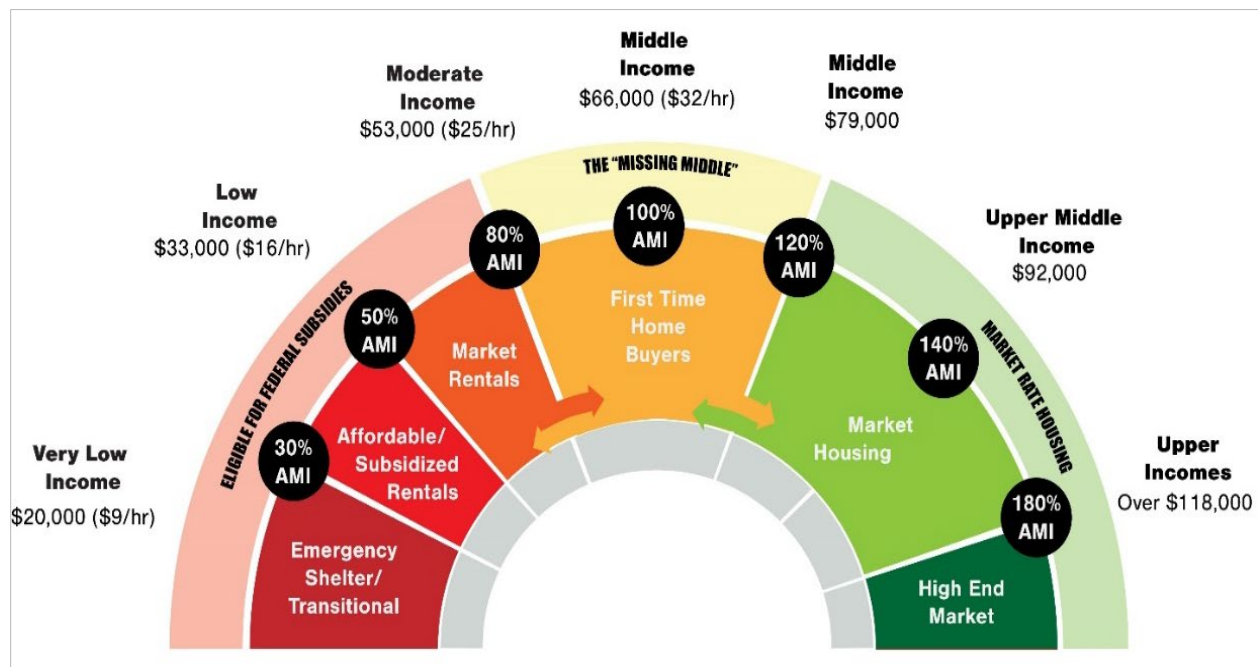
COMPLETE UPDATES TO THE COMP PLAN AND LAND USE CODE

The City of Cortez has taken a few key steps toward improving the land use code in recent years, and a full land use code revision is planned to start in 2023. Based on a review of the current code, there remains room for reducing barriers and creating incentives for affordable and workforce housing. Functional and effective land use codes set the stage for increasing housing supply and diversity and creating more housing choices for local households. Cortez should proceed with a full code audit and update (anticipated summer 2023), incorporating the recommendations in the “Chapter 7: Land Use Regulations Scan” of this assessment, a Comprehensive Plan Update, and develop an Intergovernmental Agreement with Montezuma County regarding the three-mile area and what development applications are referred to Cortez for review.

INCREASE THE SUPPLY OF HOUSING ACROSS A FULL SPECTRUM OF PRICE POINTS

Over the past two decades, housing production has not kept pace with population and economic growth. As a result, more housing is needed across the full spectrum, from supportive housing for people who have experienced homelessness, new rentals, and missing middle/first-time homebuyer opportunities to step-up housing and luxury rentals for new professionals filling jobs in the area.

Cortez Housing Bridge



Income examples are for 2-person household; incomes have been rounded

Source: CHFA Income Limits 2022, Consultant Team

Increase Production, Especially Rentals

More housing is needed, both for sale and for rent. Unfortunately, the rate of housing production has not kept pace with jobs and population growth. The need for rental housing is most acute, but many stakeholders also spoke about the need for first-time homebuyer opportunities. As interest rates rise and construction costs remain high, meeting the needs of first-time homebuyers will take substantial effort and in many cases, some sort of subsidy.

Increase Diversity of Housing Types

This recommendation includes variations in housing size (more small units) and different housing types (more attached housing for sale, accessory dwelling units, and medium-density housing for rent). As housing development opportunities become available, it's important to complement the existing inventory rather than just build more of the same. The current housing stock is dominated by single-family homes and homes with more bedrooms than the average local household needs. Encourage more small homes and apartment units, and housing that suits people across different life phases, from a single person moving to the community for a new job, to seniors looking to downsize and then remain in that smaller home through old age.

Mind the Gap

Much of the needed housing documented in this assessment is for households that cannot afford housing at the current construction cost. This “gap” between what it costs to build and what local households can afford is particularly pronounced in Cortez and is part of why the market has not been able to address the full housing need in recent years.

Recommendations for below-market housing include:

- **More below-market rentals.** This is made evident by the Housing Authority's 300-person waitlist and interviews with organizational leaders. Tools like Low Income Housing Tax Credits can be very effective for creating new housing supply to address this need. Recruiting and retaining additional Housing Choice Vouchers to the community can help to bridge the gap between what renters can afford and the cost to construct new rental housing.
- **More entry-level ownership housing.** Pursuing Habitat's starter-home program would expand homeownership opportunities to many Cortez residents without the savings and credit needed for traditional mortgages. This allows low-income households to build wealth and move up the income ladder. The program could bring residents out of subsidized rentals, opening units for other households who need them.
- **More service coordination.** It is imperative that all local service organizations partner together in order to provide coordinated, comprehensive housing and services to meet local needs. This is especially important given the significant indigenous population in Cortez and across the region, which interviewees indicate comprise about 60-70% of their clientele. The Piñon Project is already partnering with the local Tribes. Ongoing coordination among the area's housing and service providers and partnering together to understand and address the unique needs of Cortez's most vulnerable residents is recommended.
- **More supportive services.** Stakeholders working with homeless or unstably housed clients noted the prevalence of behavioral health challenges and an inability to pass background checks to be able to qualify for housing. Additional supportive housing units are needed for those with

medical needs that are too high for shelters but do not fit into the nursing home structure. Representatives from the Bridge and Piñon Project agree that addiction counseling, mental health services, and in-patient resources are crucial for residents' housing stability.

- **Include people who have historically been excluded.** Community leaders should promote diversity and inclusion in all neighborhoods to reverse historic racial and economic disparities. Ensure that underrepresented groups have a seat at the table in designing processes and policies and that these processes and policies support equitable access to new housing opportunities.

INVEST IN PARTNERSHIPS

Housing is a complex issue requiring many diverse skills and perspectives to effectively address local needs. A partnership approach with people needing housing, general community members, neighbors, funders, builders, employers, government, and non-profit partners is recommended.

Build Community Buy-in

Many stakeholders agree that housing is a significant challenge in Cortez. Business owners, healthcare providers, and educators all spoke at length about the housing market impacting their ability to operate efficiently, their inability to hire and retain employees, and the stresses housing costs put on clients and neighbors. But the severity of these housing challenges is somewhat new to Cortez, and not all community members interviewed consider housing to be a top priority. Building awareness and understanding across the community will be necessary for the success of housing solutions, from land use to specific project proposals. As leaders seek to move forward with housing solutions, engaging people from diverse backgrounds, including youth, renters, indigenous people, and people who have experienced housing instability, is recommended.

Increase Public Private Partnerships

Public/private partnerships are likely needed to overcome the high cost of construction compared to the rental and sale prices needed for most households within the community.

- **Partner with and invest in organizations that are already doing housing work.** This includes public, private, and non-profit housing experts already working in the community. Seek opportunities to help them grow their funding and staff capacity. This includes Habitat, Housing Authority of Montezuma County, local developers, and non-profits like the Bridge and Piñon Project. Housing Authority of Montezuma County can also bring resources such as property tax exemption, sales and use tax exemption, and property management and compliance experience to help make new development or adaptive reuse more feasible.
- **Build collaborations with employers.** During this research, employers were one of the most vocal groups regarding the need for more housing. Employers can help with many housing solutions, from bringing land, funding, and real estate expertise, to advocacy, master leasing, and ongoing property management. Employers are often in need of housing to attract and retain employees, but may not want to become landlords. Having a local property manager (or housing authority or non-profit) manage employee housing units can help address this concern.
- **Attract new talent to the community as well.** The magnitude of the housing shortage is such that outside resources would also be beneficial to help address it, particularly with regard to

building additional multi-family housing.

- **Support the non-profits and community institutions that provide a safety net**, poverty reduction, and assist people in moving towards self-sufficiency. Services like affordable quality childcare and food security support help families address the high costs of living and retain enough income to make their housing payments. The costs of homelessness and housing insecurity are huge at both the individual and community level, and these services can help to prevent homelessness and housing insecurity.

UNLOCK LAND RESOURCES

There are two primary strategies within this topic.

Local Land Inventory, Due Diligence, and RFP

Use local government or institutionally owned land, such as the City of Cortez, School District, Hospital, etc., to catalyze housing development. Create an inventory of government and institutionally owned land that is vacant or underutilized. Prioritize this inventory using criteria such as location, zoning, proximity to infrastructure, services and jobs. Proceed with dedicating the two to three most promising sites for creating new housing opportunities.

It is often helpful to do a community engagement process to understand stakeholders' and neighbors' concerns and desires and to set some guiding principles for a given site before selecting a development partner. Basic technical due diligence around surveying, zoning, environmental conditions, and what types and amounts of housing the site can yield are also helpful. After conducting this initial community engagement and due diligence, the City or other local institutional landowners can use a Request for Proposals or Request for Qualifications to select a development partner.

Address Arrested Development

With over 300 platted but unbuildable lots, investing in orphaned subdivisions to unlock their development potential could significantly impact Cortez. We recommend reviewing and assessing the strategies proposed in "Chapter 7: Land Use Regulations Scan" and identifying an approach that would be the most advantageous for Cortez, and where and when to begin.

The land alone may not be sufficient to catalyze housing. Bringing additional public resources such as infrastructure extensions, in-kind labor, fee reductions/waivers, bond cap, certificates of participation, or general fund allocations.

PRESERVE AND REUSE EXISTING ASSETS

In addition to creating new supply, preserving existing inventory and reusing underutilized assets will help to ensure people continue to be able to afford their housing and support a more functional housing market in Cortez.

Mobile Homes and Manufactured Housing

Ensure preservation and reinvestment in mobile homes and manufactured housing. These product types comprise a sizeable portion of the Cortez housing inventory, often providing an affordable, unsubsidized housing option. As these housing assets age, they can be challenging to repair and replace. New

modular and manufactured housing factories are making a resurgence in Colorado and may offer promising options for both new and replacement housing in Cortez.

Adaptive Reuse

Throughout our stakeholder interviews, many opportunities for adaptive reuse were introduced, including the existing school building that could be converted to apartments and a motel that could be used for employee housing. As construction costs rise, adaptive reuse is increasingly cost-effective. This recommendation is also linked to the zoning code updates, to ensure there is sufficient flexibility to include multi-family housing as a use by-right in more zone districts.

Weatherization and Rehabilitation

Weatherization and home improvements of the type offered by Housing Resources of Western Colorado (and formerly Habitat for Humanity) can help residents live more affordably, safely and comfortably in their homes, and can help extend the useful life of the building. Given the age of the housing inventory and the high percentage of mobile homes, these services are particularly important in Cortez.

INCREASE FUNDING

Funding is an underlying prerequisite to many of the recommendations in this report. Having local funding set aside for housing is important to advance the proposed strategies and enable to act quickly when new opportunities arise. Outside funding is also essential to address the bigger gaps that can't be underwritten with local funds.

Create a Local Housing Fund

The City of Cortez can offset high development costs and influence what gets built in the City by leveraging a local fund that can absorb some of the cost increases and signal to the State and other funders that there is political will for affordable and workforce housing development. Some communities establish a dedicated local funding source for housing through inclusionary zoning, mitigation fees, or asking the voters for a dedicated tax. Other communities have seeded a local housing investment fund through American Rescue Plan Act (ARPA) dollars, the sale of assets, Congressionally Directed Spending, unrestricted reserve balances, or general fund allocations, which could be a good fit for Cortez.

Attract Funds from Outside the Community

Housing funds are in high demand across the state, and accessing these resources is competitive. But Cortez has a considerable need and is already demonstrating a commitment to housing solutions through code updates and incentives. Aggressively pursuing sources like the Low Income Housing Tax Credit (which can support between 30-80% of the upfront costs to build rental housing for people under 80% AMI) and state resources like Transformational Housing, Proposition 123, and Colorado Division of Housing funds can help support the below market strategies recommended in this report. We also recommend pursuing DOLA funds for infrastructure and philanthropic funds to support the nexus between health, housing, childcare, and other basic life necessities.



APPENDICES

APPENDIX A – FAMILY INCOME VS. HOUSEHOLD INCOME

The body of this report relies on the 2022 Colorado income limits, which are based on the Department of Housing and Urban Development (HUD) FY2022 Multifamily Tax Subsidy Program income limits. The federal HUD income limits are prepared annually and are the result of numerous data sources, tests, and adjustments. Details of the methodology are publicly available on HUD's website (www.hud.gov) and briefly summarized below, relying heavily on language from HUD documentation, as applicable to Montezuma County, Colorado, for FY2022.

- 1) HUD begins with historical American Community Survey (ACS) data (in this case 2015-2019 ACS) and uses the change in consumer price index (CPI) to adjust the historical ACS data to arrive at the FY2022 estimate of median family income (\$64,300).
- 2) In Montezuma County, 50% of the Colorado non-metro median family income (\$41,250) is greater than half of the median family income in #1 above ($\$64,300/2 = \$32,150$), and therefore the higher amount is used and rounded down to \$41,100 per required tests.
- 3) This figure (very low income, or 50% AMI for a family of 4 = \$41,100) is then adjusted for each family size from one to eight. Family sizes smaller than four are reduced by 10% per person, and those greater than four are increased by 8% per person.
- 4) The very low income, or 50% AMI figures, are then increased or decreased to match the AMI percentages. For example, the 100% AMI income threshold by family size is twice that of 50%.

Family Income

HUD income figures are predicated on the incomes of family households. Because family households tend to earn more than non-family households (people living alone and households comprised of unrelated roommates), the income dollar amounts for each AMI level are higher than if it accounted for all households in Montezuma County. This is true regardless of the Colorado non-metro median family income adjustment.

With this in mind, the household income and family income statistics reported by the U.S. Census Bureau's American Community Survey (ACS) are included below for reference.

Why is this important?

Federal and state housing funding is linked to the use of Area Median Income (AMI) figures. Because the AMI amounts are artificially increased, more households in Cortez would qualify for housing developed with income restrictions tied to AMI than if data from other sources like the U.S. Census Bureau were used.

Household Income

The median income of all households in Cortez (not just family households) is about \$52,000 per year. This means half of the households have an annual income lower than this, and half have a higher income.

There is also a very large difference between households who own and those who rent. Renter households in Cortez have incomes about 34% lower than owner households. Renters across the county have incomes that are half that of owners, which is similar to Colorado (53%).

Household Income, 2021

	Colorado	Montezuma County	Cortez
Average income	\$107,446	\$70,721	\$61,888
Median income	\$80,184	\$58,335	\$51,924
<i>Median owner household income</i>	\$99,715	\$67,999	\$60,409
<i>Median renter household income</i>	\$53,087	\$34,239	\$39,589

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

According to the 2017-2021 American Community Survey, the median family income accounting for all household sizes in Cortez was \$63,115, and the median non-family household income for all household sizes was \$30,722. Note that the 2017-2021 ACS median family income of \$63,115 is very similar to the \$64,300 FY2022 estimate of median family income published by HUD.

APPENDIX B – AREA MEDIAN INCOME

The Area Median Income (AMI) is included throughout this report because it is a metric used by affordable housing funders. AMI is published annually by HUD for each county and varies by household size.

Montezuma County 2022 Income Limits

AMI	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
140%	\$80,640	\$92,120	\$103,600	\$115,080	\$124,320	\$133,560	\$142,800	\$152,040
120%	69,120	78,960	88,800	98,640	106,560	114,480	122,400	130,320
100%	57,600	65,800	74,000	82,200	88,800	95,400	102,000	108,600
80%	46,080	52,640	59,200	65,760	71,040	76,320	81,600	86,880
70%	40,320	46,060	51,800	57,540	62,160	66,780	71,400	76,020
60%	34,560	39,480	44,400	49,320	53,280	57,240	61,200	65,160
55%	31,680	36,190	40,700	45,210	48,840	52,470	56,100	59,730
50%	28,800	32,900	37,000	41,100	44,400	47,700	51,000	54,300
45%	25,920	29,610	33,300	36,990	39,960	42,930	45,900	48,870
40%	23,040	26,320	29,600	32,880	35,520	38,160	40,800	43,440
30%	17,280	19,740	22,200	24,660	26,640	28,620	30,600	32,580

SOURCE: CHFA 2022 INCOME LIMITS, CONSULTANT TEAM

Households by AMI

The income distribution of the City of Cortez households by AMI is shown on the next page. It is the result of comparing the income limit figures above relative to what households in Montezuma County make. Because AMI represents the median family income of an area, it does not incorporate incomes from non-family single and roommate households that represent 38% of households in Cortez. Therefore, household incomes in Cortez are generally lower than the family income limits above (see detailed explanation in Appendix A), and as a result, the share of households with incomes less than 100% AMI is more than 50% of households.

Why is this important?

This is important because federal and state resources for homebuyers and housing development subsidies use AMI to determine whether families are eligible.

A large percentage of households in Cortez are in the lower tiers of the income scale. This aligns with other indicators of income disparity in the City, such as the share of households in poverty or using other public assistance programs.

- More than one in ten Cortez residents (16%) live in poverty, which is about four percentage points higher than that of Montezuma County (12%). In the City, 12% of children under 18 live in poverty.
- About 18% of households in Cortez receive food assistance through Food Stamps/SNAP benefits.

The income disparity by tenure is highlighted in the figure below, which includes the income range of a 2-person household for reference. Over two-thirds (69%) of renter households and 42% of owner households have incomes of 80% AMI and under.

City of Cortez Household Income Distribution by Tenure and AMI, 2022

AMI	Household Income Range (2-person household)	Renter Households	Owner Households	Total Households
< 30%	\$0 to \$19,740	26%	10%	16%
30.1-50%	\$19,741 to \$32,900	20%	9%	13%
50.1-80%	\$32,901 to \$52,640	23%	23%	23%
80.1-100%	\$52,641 to \$65,800	9%	13%	11%
100.1-120%	\$65,801 to \$78,960	5%	12%	9%
120.1-140%	\$78,961 to \$92,120	3%	9%	7%
140.1-200%	\$92,121 to \$131,600	8%	12%	11%
>200%	> \$131,600	7%	11%	9%
Total (2022 est.)		1,535	2,295	3,830

May not sum to 100% due to rounding.

SOURCE: CHFA INCOME LIMITS 2022 (MONTEZUMA COUNTY), RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

APPENDIX C – STUDY METHODOLOGY, DATA SOURCES, DEFINITIONS, AND ACKNOWLEDGEMENTS

PRIMARY RESEARCH

Primary research was conducted to gather information in addition to that available from public sources and included the following.

Employer Interviews

Information was gathered from many of the area’s large employers via interviews. Sixteen employers were interviewed, representing a seasonal range of about 2,675 to 2,780 jobs, or just over 20% of all jobs in Montezuma County. Interviewees provided important information about ways the current housing market is impacting their operations and future growth and retirement projections. The consultant team used the projections in conjunction with secondary data and team experience working in other Colorado communities to determine the estimated percentage of unfilled jobs and the projected rate of retirements between now and 2028.

Employers interviewed indicated that about 7.5% of their jobs are unfilled. This rate is similar to Colorado’s 2022 average monthly total nonfarm job openings rate (seasonally adjusted) of 7.2 (U.S. Bureau of Labor Statistics JOLTS accessed April 26, 2023). It is also similar to the unfilled jobs rate the consultant team has identified in peer Colorado communities. The consultant team used a more conservative 6.5% unfilled jobs rate to estimate the catch-up need in this assessment, primarily to account for concerns of a potential recession.

Employers interviewed estimated that just over 3% of their current employees will retire by 2028. A 3% rate was used to determine the keep-up housing need. This retirement rate is much lower than in other Colorado communities in which the consultant team has recently worked, which has generally ranged from 5% to 9%.

Other Interviews

Interviews were conducted with more than 20 other public, private, and non-profit entities to supplement data needs and gather local perspectives and observations about housing issues and impacts. Interviewees included builders/developers, property managers, a Realtor, numerous below market housing experts, and service providers.

Secondary Data

A variety of sources of published information were referenced or used in the preparation of this report, including but not limited to:

- U.S. Census 2010, 2020 DEC Redistricting Data (PL 94-171) (limited, complete 2020 Census data was not available for this assessment.).
- American Community Survey data (ACS) to understand general trends since the 2010 Census.
- State Demography Office, Colorado Department of Local Affairs.

- Employment information from the Quarterly Census of Employment and Wages (QCEW) accessed via the Bureau of Labor Statistics and the Colorado Department of Labor and Employment, Labor Market Information Gateway.
- 2022 Area Median Income from the Colorado Housing Finance Authority (CHFA).
- MLS data provided by CREN.
- Residential permit data from the Cortez Community and Development Department.
- Registered Mobile Home Parks from Colorado Department of Local Affairs.
- National Housing Preservation Database
- Prior assessments and reports:
 - Housing Needs Assessment, Montezuma County, Colorado (June 2010, Final Report)
 - Regional Housing Needs Assessment & Strategy, Housing Solutions for the Southwest, Southwest Colorado Council of Governments (August 2021)
- Self-Sufficiency Standard at the Center for Women’s Welfare, University of Washington.
- Stephen H. Hart Research Center at History Colorado for historical rental listings from The Journal.

Definitions/Terminology

Affordable Housing	As used in this report, housing is affordable if the monthly payment (rent or mortgage, plus utilities) is equal to or less than 30% of gross household income (before taxes). Note: The City of Cortez also currently uses it to mean housing that is affordable to a household with an income that is eighty (80) percent or lower than the area median income of households of that size.
Area Median Income (AMI)	A term that generally refers to the median incomes published annually for counties by the US Department of Housing and Urban Development (HUD). In Colorado, these figures are published annually by the Colorado Housing Finance Authority (CHFA). They are used to set income and rent limits for affordable housing programs statutorily linked to HUD income limits (e.g., low-income housing tax credit rentals).
American Community Survey (ACS)	The ACS is part of the Decennial Census Program of the U.S. Census. The survey was fully implemented in 2005, replacing the decennial census long form. Because it is based on a sample of responses, its use in smaller areas (under 65,000 persons) is best suited for monitoring general changes over time rather than for precise estimates due to margins of error.
Average household size	This refers to the number of persons living in a housing unit and includes all adults and children.
Catch-up Needs	The number of housing units needed to catch up to meet the current shortfall in housing available for residents.
CHFA	Colorado Housing and Finance Authority – administers LIHTC and provides mortgage funding

Cost Burdened	When housing costs exceed 30% of a household's gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation, or other necessary costs depending upon its application.
COVID-19 / COVID	Coronavirus disease 2019, causing global pandemic starting March 2020 and extensive local public health precautions.
Deed Restricted/Restriction	A deed is a legal document that defines who owns a particular property. Deed restrictions are stipulations written into a property's deed or recorded as a restrictive covenant. Such restrictions can be varied. Throughout this report, use of the terms deed-restricted housing or a deed restriction(s) is generally in reference to written rules that limit the amount a property can be sold or rented for, or that restricts who it can be rented or sold to based on household income or the location of the tenant/future owner's employment, etc.
DOH	The Division of Housing is within the Colorado Department of Local Affairs. It partners with local communities to create housing opportunities for Coloradans who face the greatest challenges to accessing affordable, safe, and secure homes. DOH supports projects ranging from homelessness prevention to homeownership.
Employee (or workforce) Housing	Housing intended for and affordable to employees and households earning local wages.
ESRI	Environmental Systems Research Institute – supplier of geographic information system software, web GIS and geodatabase management applications.
HOA	Home Owners Association, typically part of condominium developments.
HUD	Housing and Urban Development; federal agency providing funding and regulations for low-income housing.
Keep-up Needs	Keep-up refers to the number of housing units needed to keep up with job growth and retiring employees to ensure housing is available for employees filling new or vacated jobs through 2028.
LAUS	Local area unemployment statistics
LEHD	Longitudinal Employer-Household Dynamics
LIHTC	Low Income Housing Tax Credit – a federal program to stimulate capital investment in affordable rental housing, administered in Colorado by the Colorado Housing and Finance Authority.
MLS	Multiple Listing Service used for the purchase and sale of residential real estate
Occupied housing unit	As defined by the U.S. Census Bureau, an occupied housing unit refers to a housing unit that is occupied by persons who consider Montezuma County or Cortez as their usual place of residence or that have no usual place of residence elsewhere (US Census definition). Occupied units are also referred to as resident/local households in this report.

Workforce (or Employee) Housing	Housing intended for and affordable to employees and households earning local wages. <u>Note:</u> the City of Cortez also currently uses it to mean housing affordable to households with income between eighty (80) and one hundred and forty (140) percent of the area median income for households of that size.
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Acknowledgements

We would like to thank everyone who gave their time, assistance, knowledge, and expertise to this process. Information in this report relied on participation from many individuals and organizations through interviews, data sharing, and focus groups, outreach, etc. We are grateful for the time given by everyone we reached out to. In particular, we would like to thank the members of the housing committee who were instrumental in this entire process.

Housing Committee

- Cheryl Lindquist, Deputy Clerk/Permit Tech, City of Cortez
- Drew Sanders, City Manager, City of Cortez
- Don Haley, Planning and Zoning Director, Montezuma County
- Heidi Mitchell, Executive Director, Habitat for Humanity of Montezuma County
- Jason Witt, Realtor/Owner, The Witt Group and Chair-Elect, Colorado Association of Realtors
- Jeanine Gentry, CEO, Southwest Health System
- Jessica Thurman, Community and Economic Development Coordinator, Montezuma County
- Kellie Willis, Executive Director, The Piñon Project Family Resource Center
- Nancy Dosdall, Contract Planner, City of Cortez
- Rachael Marchbanks, Community and Economic Development Director, City of Cortez
- Scott Baker, Grants Administrator, City of Cortez
- Sean Canada, Building Inspector/Fire Inspector, City of Cortez
- Shak Powers, Project Manager, Region 9 Economic Development District of Southwest Colorado
- Stephen Candelaria, Vice President of Operations/Co-Owner, Candelaria Construction
- Terri Wheeler, Executive Director, Housing Authority of Montezuma County
- Tom Burris, Superintendent, Montezuma Cortez School District RE-1

We appreciate the opportunity to work with such dedicated City and County staff, local employers and organizations, as well as residents who are dedicated to obtaining a better understanding of the housing challenges and needs of the City of Cortez and willing to tackle the topic head on for the benefit of its residents.