Chapter

6 Housing

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I. INTRODUCTION

As stated in the economics chapter, housing is an important component of economic viability. Although economics and housing are closely intertwined, this chapter details the specific housing issues that affect the city of Gunnison, which ultimately affects the economy.

The chapter is divided into five sections: (I) Background (II) Housing Prices/Affordability, (III) Vacant Land Analysis, (IV) Residential Densities, and (V) Policies and Action Items. The background portion discusses housing trends and population. The Housing Prices/Affordability section shows how the standard family cannot afford the standard home. The Vacant Land Analysis demonstrates that we have enough vacant residential land to accommodate anticipated growth. The discussion on the current residential densities discusses that actual densities are usually lower than permitted densities. The Policy section defines the City's role in creating a diverse mix of housing types and the special problem of affordability.

Background

All governmental entities in the area share the same struggle concerning affordable housing. For example, in the months prior to the approval of this Master Plan, the County of Gunnison has gone through many drafts of their land use resolution on housing issues. The State of Colorado passed the Senate Bill 99-215 which addresses the lack of affordable housing for both renters and homebuyers in the state.

Table 6.1 shows population as of the 2000 Census.

TABLE 6.1 EXISTING POPULATION & HOUSING Based on 2000 Census

Planning Area	2000 Census Population*	2000 Housing Units **	2000 Occupied Housing Units	Ratio Constant ***
City	5,409	2,276	2,083	2.596
UGB	1,034	581	459	2.252
3 Mile	1,671	777	1,100	1.519
Totals	**8,114**	**3,634**	**4,742**	**-**

*includes students living in dormitories (group quarters)
**does not include dormitory housing (group quarters)
***This ratio is obtained by dividing the population by the number of occupied housing units. It is used for extrapolation purposes to project 2025 housing units needed.

Table 6.2 shows projected population through the year 2025.

TABLE 6.2 PROJECTED 2025 POPULATION & HOUSING Based on 1.5% Moderate Growth Rate

Planning Area	2025 Projected Population	Ratio Constant	2025 Projected Occupied Housing Units
City	7,300	2.596	2,812
UGB	1,900	2.252	844
3 Mile	2,400	1.519	1,579
Totals	**11,600**		**5,234**

*2025 Housing Units were calculated by dividing the projected population by the ratio constant derived in Table 6.1

Mix of Housing

As shown in Table 6.3 below, the current mix of housing types shows that 1,047 (almost half) of the units within the City are single family residential homes.

TABLE 6.3 Housing Types Within City (data from Colorado Department of Housing[1])

2,276 Units (as of March 2006)	46% single family	1,047 units
	14% mobile homes	319 units
	10% duplex	227 units
	30% three or more units	682 units

[1] Responding to the challenge of an earlier housing boom, the General Assembly passed the Colorado Housing Act of 1970 which created DOH. The DOH was designed to serve as the state government connection to local communities and housing producers, and to craft coordinated responses to the housing needs of Coloradans with modest means.

Mobile Homes/ Displacement

Mobile homes create a unique problem, termed "mobile home conversion issues," wherein units older than 1978 must be destroyed due to safety issues and the owners become displaced.

Occupancy

The occupancy information in Table 6.4 is based on data from the 2000 Census applied to a model from the Sonoran Institute[2]. (Appendix 6-A)

TABLE 6.4 Occupied & Vacant Housing Units Within the City of Gunnison Based on the 2000 Census (This table is a summary of Appendix 6-A)		
2,276 Existing Units as of the Year 2000		
Total Occupied	2,083 out of 2,276	91.5% of Total Units
Owner Occupied	890	39.1%
Renter Occupied	1,193	52.4%
Vacant	193	8.5%

Table 6.4 demonstrates that 52 percent of the occupied units are renter occupied. This number is high relative to other regions in the State, which is due to the number of college students in the City. (See 2000 Census for more information)

II. HOUSING PRICES/AFFORDABILITY

Single Family Home Affordability

Area Median Sales Price [3]: According to the Gunnison Country Board of Realtors, the median sales prices in Gunnison County for a single family home for the period June 1, 2005 through June 1, 2006 was $218,000.

[2] Sonoran Institute works with communities to conserve and restore important natural landscapes in Western North America in an attempt to create lasting benefits, including healthy landscapes and vibrant livable communities, www.sonoran.org

[3] Area Median Sales Price is used instead of the average sales because Median reflects the middle value of the price range. Average prices generally reflect a number greater or lower than the Median and would skew the remaining values.

Area Median Income [4]: The Household Area Median Income during the same period for Gunnison County was $50,670. According to the Gunnison County Housing Authority, a household earning the median income can only afford a home costing $192,546 (also known as the "affordability index").[5]

As shown in Table 6.5, households earning eighty-, sixty- and fifty percent of the median income could afford homes costing $154,037, $115,528 and $96,273, respectively. The Gunnison County Housing Authority has determined that affordability is equal to 3.8 times the household gross annual income. Extrapolating from this data, a household would have to earn 113 % of median income to afford the median priced home. In other words, the median household income cannot afford the median priced home. Furthermore, considering that household incomes are greater than individual incomes, a single person experiences a particular difficulty when attempting to purchase a typical home.

TABLE 6.5
Affordability of Single Family Home & Condominium
As of June 1, 2006

Actual Area Median Income (per household) *	Home Affordability**	Median Sales Price of a Single Family Home***
$50,670 (100% of AMI)	$192,546	$218,000
$40,536 (80% of AMI)	$154,037	
$30,402 (60% of AMI)	$115,528	
$25,335 (50% of AMI)	$ 96,273	

*Based on Colorado Division of Housing Data for a three-person household
**Based on Gunnison County Housing Authority Data
***Based on Gunnison County Board of Realtors Multiple Listing Service System (June 1, 2005 through June 1, 2006)

[4] The median income is used instead of the average income because it is the middle value of the median income range. If the average value was used, the very high incomes would skew the remaining values.
[5] Based on Gunnison County Housing Authority studies, the affordability index is the ability of an average household to afford a home worth approximately 3.8 times their gross annual income.

Costs for Renters

Based on data from the 2000 Census and the Sonoran Institute data model (Appendix 6-B), 31 percent of the households that pay rent, spend more than fifty percent of their household income in rent and utilities. Table 6.6 shows rents per unit and bedroom in the County; it also shows the hourly wage needed at 40 hours per week to pay for such rent. Since rents are the lowest in the Gunnison area, many are forced to live in Gunnison and work elsewhere in the County.

Table 6.6
Data from Rees Consulting, Inc.
prepared for Gunnison County
December 2005

Location	Average Rent	Average Rent/ Bedroom	Hourly wage needed to pay monthly rent
Mt. Crested Butte	$1,100	$550	$11.46
Crested Butte	$1,298	$608	$12.67
Riverbend	$1,230	$512	$10.67
CB South	$1,191	$484	$10.06
Gunnison	$ 792	$375	$7.80
Gunnison Rural	$ 796	$386	$8.04

Affordability Conclusion

The problem is clear: Many households cannot afford to purchase a single family home; and rental prices often require individuals to work more than 40 hours per week. It is understood, then, why the citizens thought that the City of Gunnison should play a role in creating more affordable housing (See the Public opinion survey poll as shown in Appendix 1.____)

III. VACANT LAND ANALYSIS

Do we have enough **residential land** to accommodate growth? The answer to this question requires an evaluation of existing and projected data on population, housing and densities. Refer also to ***Chapter 5, Land Use and Growth***.

Background

During late August and early September, 2004, the consultants and staff conducted a land use inventory for all land uses in the entire three mile planning area. Using staff-generated field maps and County Assessor parcel data, vacant or undeveloped parcels were identified. The residential parcels are addressed in this chapter. The commercial and industrial parcels are addressed in ***Chapter 5, Land Use and Growth.***

City

Within the city limits, consultants and staff estimated potential residential build-out, using maximum densities for each of the zoning districts. For example, a vacant, ten-acre parcel in the R-1 Zone, which allows a maximum density of 3.5 units per acre, would have a maximum build-out of 35 residential units. (See Table 6.6 below.) Based on current City zoning, suitable vacant land could accommodate about 2,250 new units, which would house an additional 4,480 year-round residents, at two people per residence.

Urban Growth Boundary

The Urban Growth Boundary was defined in the City's Three Mile Plan of 1997 as "an area in which urban growth is encouraged and outside of which growth can occur only if it is not urban in nature." In Gunnison, the urban growth boundary is the area which services and infrastructure (water and sewer) are planned to be provided.

Densities in the urban growth boundary range from about one to three acres per unit, with lots near the city limits at about one acre per unit.

Three Mile Planning Area

The County requires developers to comply with a very different set of development standards than does the City, and the cost of upgrading facilities in these areas to City standards may prevent or inhibit annexation potential.

Conclusion

Based on the above evaluation, the answer to the question of "do we have enough land?" is yes. Table 6.6 presents estimates of additional housing units and population at build-out for the land within the present city limits, the UGB and the three mile plan area.

TABLE 6.7
POPULATION & HOUSING
If Fully Built Out
Based on City's GIS Data, Assessor Data, and field verification

Planning Area	2000 Population	Current # Units	# of Additional Units if Built Out	Total # of Units	Population if Built Out*
City	5,409	2,276	2,256	4,532	9,888
UGB	1,034	581	508	1,089	1,913
3 Mile	1,671	777	159	936	2,211
Totals	**8,114**	**3,634**	**2,923**	**6,557**	**14,012**

As demonstrated in Table 6.7, if all vacant land were developed to the maximum density at current zoning standards, 6,557 units[6] could be built within the three mile area, and could accommodate the 14,012 people projected in 2025. When compared to Table 6.2, the estimated population is 11,600 for the Three Mile Planning Area.

IV. RESIDENTIAL DENSITIES

Residential Zones in the Current Land Development Code

The current Land Development Code (1997 Code, codified in May 2006) delineates five residential zones with various densities, specific purposes and differing dimensional standards. Refer to Chapter 6, Land Use and Growth for a complete description of the residential zoning districts.

Except in several isolated locations, such as the Palisades Apartments adjacent to the college, residential densities are typically much lower than maximum densities allowed by the Land Development Code. For example, The Palisades Apartments on Colorado adjacent to the campus could have 30 units per acre, but it has only 25; the Twin Pines Mobile Home Park could have 30 units per acre, but it has only 5.5. (See Appendix 6-D which compares the approximate actual and allowable densities for sample neighborhoods within the City of Gunnison.)

Density Changes May Affect Existing Residential Character

Existing Densities: Future development of vacant land zoned R-2, R-2M and R-3 to maximum allowable densities could significantly change the city's residential character. For example, visualize the apartments adjacent to the WSC campus, which are three-story apartment buildings with a gross density (area includes streets and alleys) slightly less than the allowable maximum of 30 units per acre. About 55 vacant acres that are currently zoned R3, which at maximum allowable build-out could accommodate about 1,650 apartment units.

Most of this vacant land is located in the southwestern part of the city where wetlands and other environmental factors may limit new development or redevelopment to densities much lower than the allowable maximum.

***Changes in Densities*:** Densities should be evaluated in more detail during the land development code update, which is scheduled for

[6] Based on the City's GIS system and Community Viz modeling.

update immediately following the approval of this Master Plan. If any changes to densities are proposed, items to consider include:

- New development or redevelopment in these zones to maximum allowable densities could change the residential character of the city and/or present environmental challenges.
- Lowering maximum allowable densities would allow for a density bonus under special circumstances (affordable housing or TDR) without significantly altering existing residential character.
- If densities are to be changed in the updated land development code, they should be commensurate with the desired future condition of the "promotion of infill within the City to avoid sprawl in the county's remaining open space."

V. DESIRED FUTURE CONDITIONS, POLICIES AND ACTION ITEMS

Desired Future Conditions

The housing inventory should reflect the following:

- Promotion of infill within the City to avoid sprawl in the county's remaining open space.
- Diverse housing types (multi and single family units) in mixed-use areas as well as residential.
- Good quality construction with forward looking energy efficiency standards and low operational and maintenance costs.
- Gradual design changes consistent with "smart growth" practices that allow compatibility with community character with respect to density, design, and demographics.
- Wide price range sufficient to house all income levels and age groups.
- A healthy, diverse rental market with well maintained rental units.

Policies and Action Items

The action items stated herein will be incorporated in **Chapter 12, Implementation**. Chapter 12 shows a matrix of the action item, the anticipated date of completion and the responsible party.

Policy 1 Public/Private Partnerships

The City of Gunnison encourages and supports public/private partnerships to provide new affordable housing units. Action items to implement this policy include:

1. Establish a procedure to evaluate requests for city contributions to public/private efforts to provide additional affordable housing.
2. Foster partnerships among other governmental entities, Western State College, major employers, and other private-sector entities to consider methods that maintain affordable housing in perpetuity, e.g., deed restrictions or land banking.
3. Realizing that the City is the locale for much of the housing in the area, assist the County Housing Authority with housing needs assessments whenever necessary.
4. Collaborate with the County and other governmental entities to evaluate the feasibility of requiring impact fees for development that will affect housing in the City.
5. Support housing research efforts by other entities which the City can utilize for evaluating housing policies, (e.g., Region 10's Second Home Owner Study.)

Policy 2 Funding Mechanisms

Implement possible funding mechanisms for housing needs. Actions to implement this policy include:

1. Evaluate the budget annually to determine available funding to be used to address housing issues.
2. Create a housing policy that addresses work force housing, such "employer-provided" housing from entities creating large workforce impacts.
3. Utilize where feasible public funding mechanisms for housing benefits, such as tax increment financing, property tax abatements, land trusts, and split estates[7].

Policy

[7] Split estates separate land costs from the housing investment and allows housing units to appreciate with the market while the land costs stay stagnant. This requires land purchased by government and a transfer of ownership with a land deed restriction for future sales.

3 Mobile Homes

Recognizing that existing mobile home parks are a critical component of the affordable housing market, the City of Gunnison will implement incentives/requirements to improve design, landscaping, and screening of existing facilities where relevant. Action items to implement this policy include:

1. Update the Land Development Code to determine design standards for new mobile home parks.
2. Evaluate the feasibility of establishing design guidelines and providing incentives for existing mobile home parks.
3. Create incentives or otherwise address the issue of landownership for mobile home owners so that land is well maintained and aesthetically pleasing.
4. Create a mobile home policy that addresses "mobile home conversion issues" so that when older mobile home units are destroyed, an inhabitant can find an alternative place to live.

Policy 4 Accessory Dwelling Units

Recognizing that accessory dwelling units may generate income for property owners as well as create more affordable rental units, amend the Land Development Code accordingly. Action items to implement this policy include:

1. Review and revise the standards and dimensions for accessory dwelling units.
2. Evaluate the Land Development Code to determine appropriate locations that could allow for ADUs without a conditional use permit.

Policy 5 Safe Rental Units

Recognize that rental units are a vital part of the community's housing and their maintenance is such that each rental unit is safe to inhabit.

1. Continue to educate the public on standards and renter's rights.
2. Continue to enforce the building codes for safety and aesthetics.

Policy 6 Developer Incentives

Determine appropriate incentives that will help developers provide for new housing needs. Actions to implement this policy include:

1. Evaluate the feasibility of permitting density bonuses in exchange for affordable housing.
2. Consider a policy that allows low impact development standards.[8]

Policy 7 Mixed Use Development

Encourage mixed use developments (housing and commercial), including conversion of upper stories of downtown buildings to apartments, condominiums, or town houses. An action item to implement this policy is to modify the Land Development Code to allow for mixed use developments in appropriate zones. For example, allow the conversion of existing structures to mixed use and utilize horizontal zoning strategies.

Policy 8 Education

Encourage the education and inclusion of college students to be involved with the City's housing policies. Action items to implement this policy include:

1. Continue to participate in outreach session at Western State College to educate college students in renters and owners rental rights.
2. Continue to educate students on safety issues in their homes.

[8] Low impact development standards include techniques such as eliminating curb and gutter by allowing landscaped swales; reducing road widths; allowing gravel in place of pavement, etc.