



# Housing Assessment Center

JULY 2021

**WILLIFORD, LLC**  
land use & affordable housing



**URBANrural**  
—continuum—

# Introduction

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This report summarizes the housing market, community housing needs, opportunities, and recommendations for Center, Colorado. It builds upon the findings of the *San Luis Valley Housing Needs Assessment 2021* (available at [www.slvhc.com](http://www.slvhc.com)), with further detail and insights from local stakeholders including business owners, residents, non-profit organizations and local government employees.

The report begins with the big picture trends in the San Luis Valley, then provides an overview of county-wide conditions, and concludes with local conditions and recommendations for the municipality. The data cited in the *San Luis Valley Housing Needs Assessment 2021* was used to generate this report, along with additional interviews, listening sessions, and a site visit in June 2021.

Based on the listening tour in June of 2021, the following actions to address housing needs in Center were prioritized. Timing and responsibilities will be established through the Action Plan process.

- Forge public/private partnerships to build affordable housing for sale and for rent. Homes are needed to address the need of both low and middle income households to support economic stability and growth. Strong leadership by Town of Center and/or the Center Housing Authority is needed in these efforts.
- Rehabilitate dilapidated buildings through incentives and SLV Housing Coalition programs.
- Consider measures that support housing affordability through the use of modular construction, pre-approved plans and energy efficiency measures.





# Why is there a housing problem in the San Luis Valley?



## Increasing Prices

Home Prices up 66%  
Rents up 30% since 2009



## High Construction Cost

\$190/SF to build  
Too expensive for locals



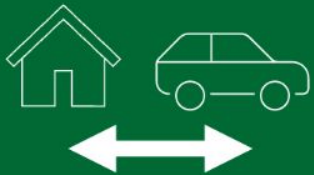
## High Housing Payments

47% of renters &  
26% of owners pay more  
than 30% of their gross  
income on housing



## Forced Commuting

\$1,165/month to live in  
Saguache and work in  
Alamosa, for example



## Residential Sprawl

73% of new homes are not  
in cities/towns



## Limited Housing Choices

90% single-family and  
manufactured homes  
250 Provisional Homes  
>35% is over 50 yrs/old



## Aging Population

18% of people age 65+ and  
increasing; low maintenance  
housing options needed for  
seniors

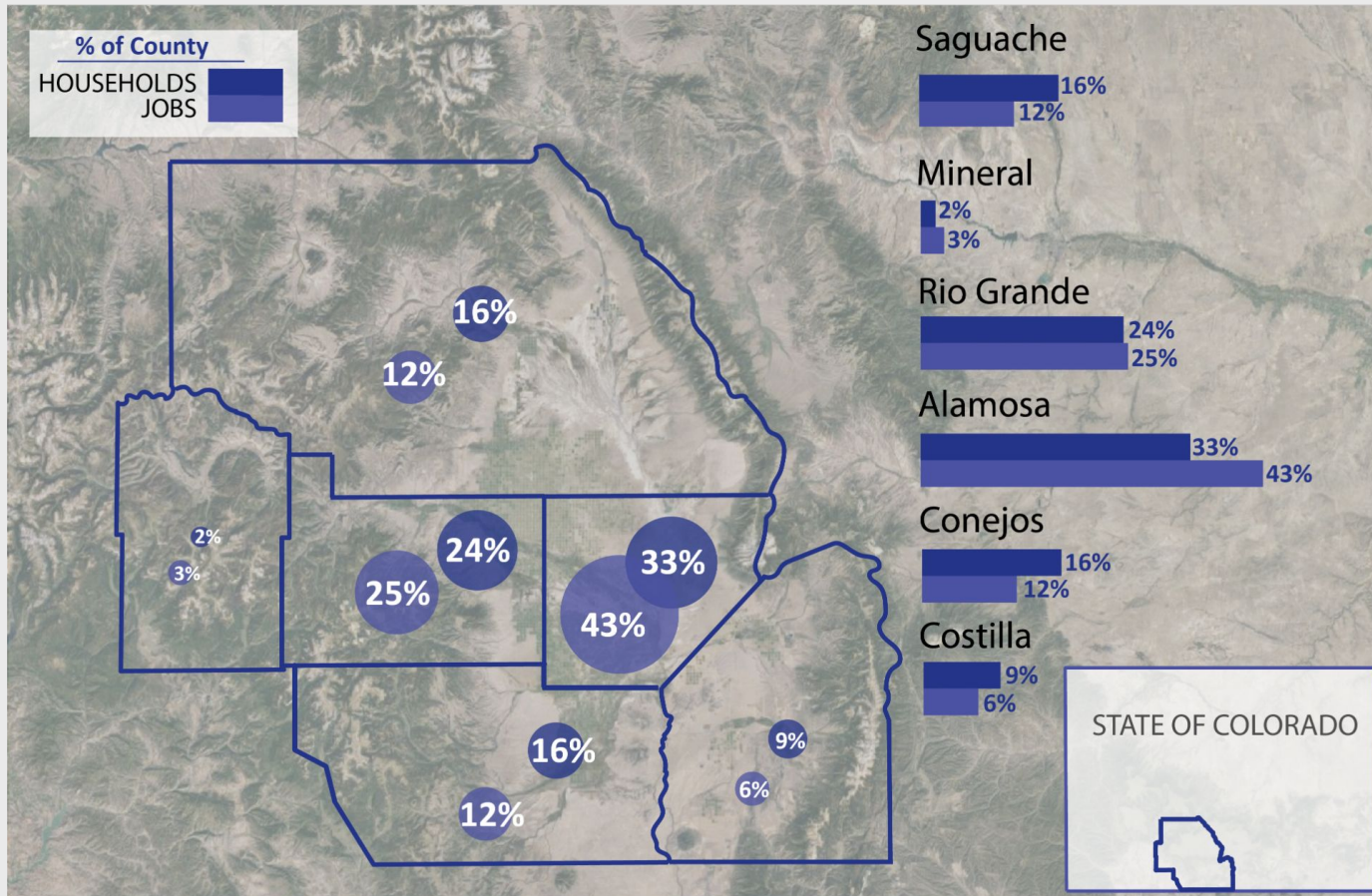


## Labor Shortage

Workers aged 25-44 are  
leaving. 900 workers to  
retire by 2026. Employers  
struggle to fill jobs

# Jobs and Housing in the Valley

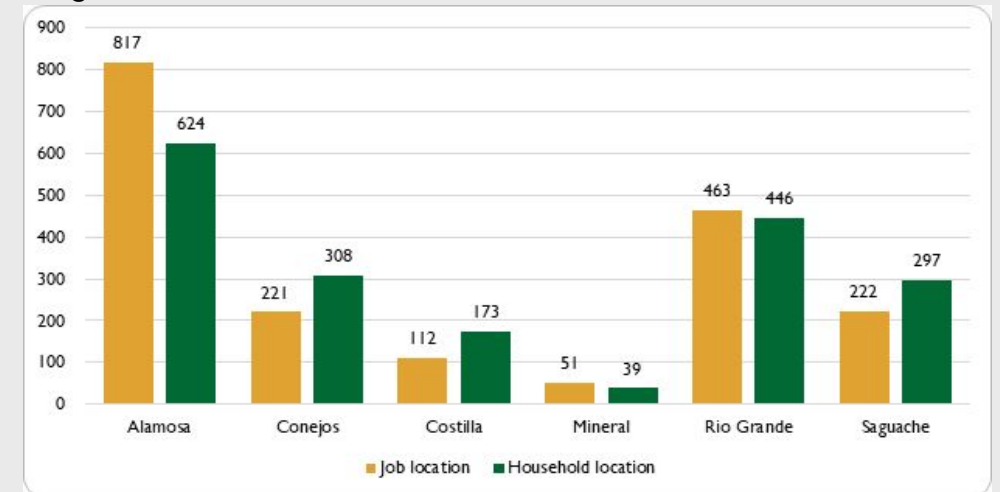
## Where are jobs and households in the San Luis Valley?



Source: San Luis Valley Housing Needs Assessment 2021

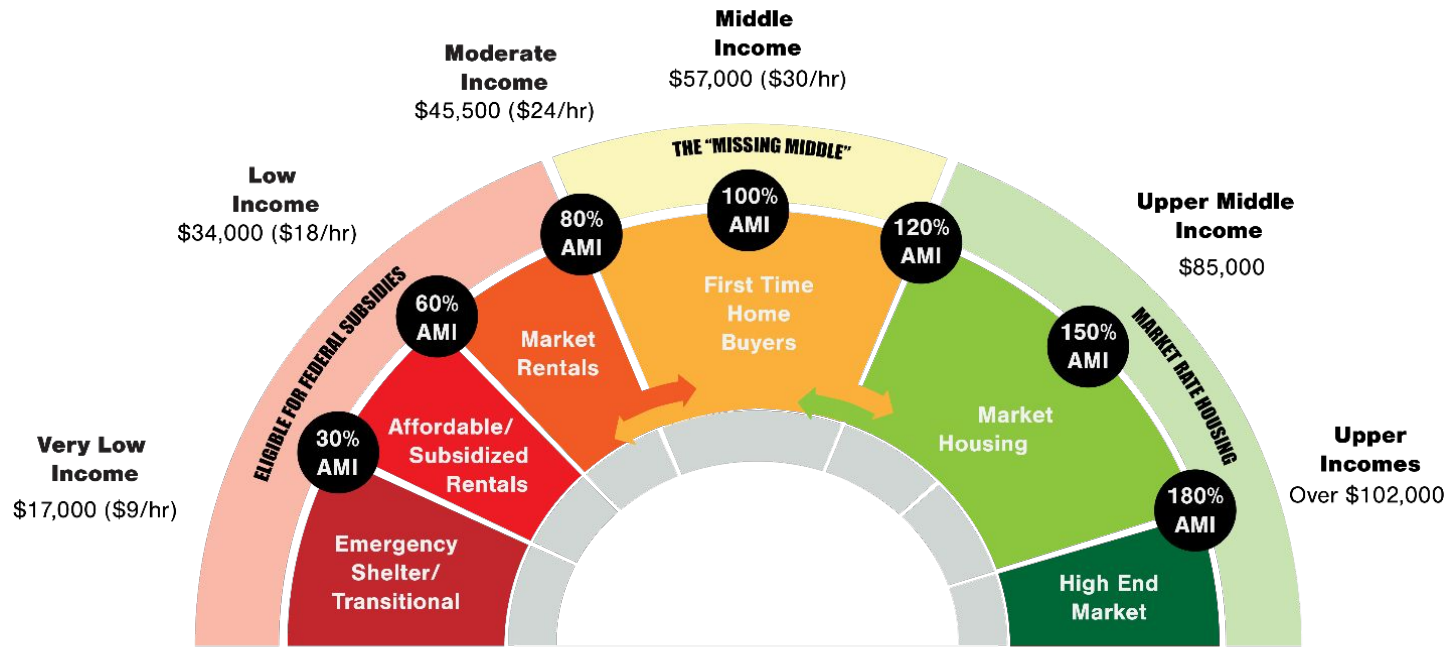
## Housing Needs and Gaps

The *San Luis Valley Housing Needs Assessment 2021* estimated about 1,885 dwellings are needed to catch up and keep up with demand over the next five years. Housing units should not be evenly distributed throughout the Valley. The job centers in Alamosa county and Rio Grande county will need the largest share of units. The below chart shows how this distribution could vary depending upon whether housing units are constructed based solely on where jobs are located in each county, or if current commuting patterns are retained and units are constructed based on where employees presently live. What local policies are adopted and the rate of investment in housing will also play a significant role.



Source: San Luis Valley Housing Needs Assessment 2021

# San Luis Valley Housing Bridge



Source: San Luis Valley Housing Needs Assessment 2021

There is a lack of diversity in the housing price points and types available across the valley. More housing choices are needed ranging from emergency shelter through market rate homeownership. Generally, the biggest gaps in the housing market are for units that serve smaller households, seniors, renters who can afford 1,135/month or lower (households below 80% AMI) and owners who can afford homes priced up to \$300,000 (households below 120% AMI). This report provides more specific information for the community of Center.

## Defining What Households Can Afford

This report centers on the understanding of what local households can afford to pay for housing. It uses the definition that housing is affordable when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income (i.e., income before taxes).

The affordable rents and purchase prices for two-person households are as follows.

Household Income (2 people)	Percent Area Median Income (AMI)	Max Rent	Max Purchase Price
\$0 to \$28,400	<50%	\$710	\$125,000
\$28,401 to \$45,400	50.1-80%	\$1,135	\$200,000
\$45,401 to \$68,200	80.1-120%	\$1,705	\$300,000
\$68,201 to \$113,600	120.1-200%	\$2,840	\$500,000
>\$113,600	>200%		

Source: San Luis Valley Housing Needs Assessment 2021



# Saguache County

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Saguache county is the largest county, by land area, in the San Luis Valley. It has about 16% of the valley's households, and about 12% of the valley's jobs.

Saguache county has numerous challenges with regard to the current housing market:

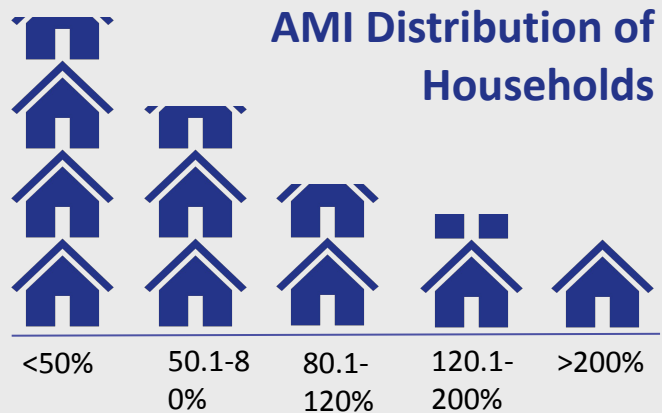
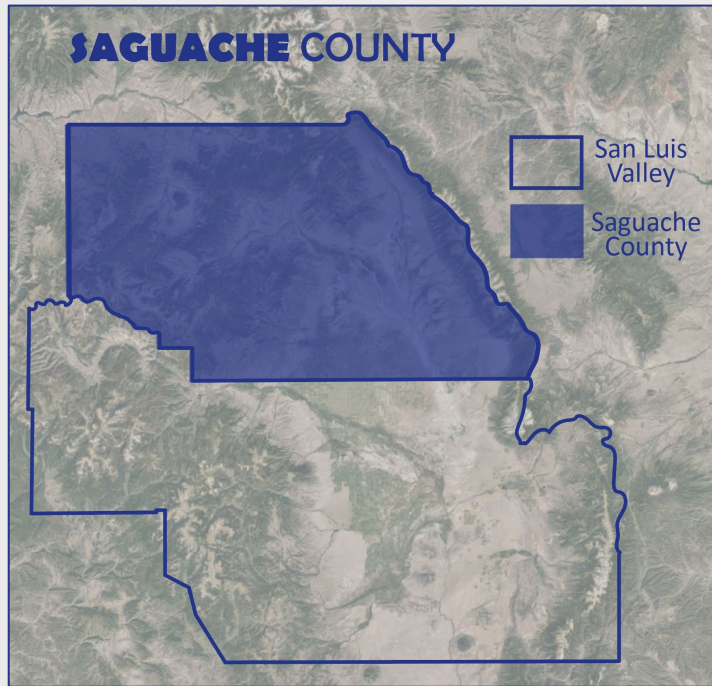
- Incomes are generally low, and the rate of poverty and public assistance is high compared to Colorado overall.
- Many residents are experiencing housing costs beyond their means (paying more than 30% of income on rent/mortgage/utilities) - 43% of renters and 26% of owners are cost burdened by housing.
- About one third (31%) of the housing stock is unoccupied; this includes second homes and homes that are vacant due to poor condition or abandonment.
- About 26% of county employers surveyed indicated that the availability of housing that is affordable to their employees is "the most critical problem in the region" and an additional 48% of employers found it to be "one of the more serious problems."
- Employers listed the lack of selection and variety of homes as the primary housing difficulty their employees encounter, followed by prices (for sale and rent) being too expensive.
- The majority of residential permits are being issued outside incorporated communities, requiring expensive wells and septic systems, long commutes for workers, and expensive road maintenance and emergency services for local government.
- People are occupying "provisional homes," meaning those without the components needed for a certificate of occupancy such as electrical inspection, septic, well, etc.
- The vast geographic nature of the county and sparse population makes regional coordination and resource sharing challenging.

Some bright spots in the housing landscape in Saguache county include:

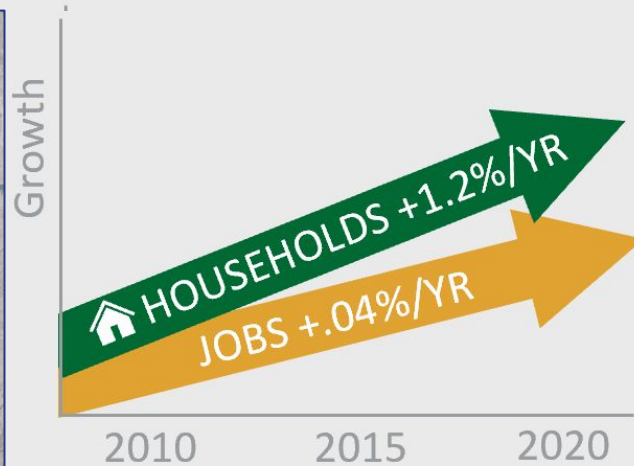
- Committed, experienced leaders who are taking a regional approach to bringing in funding and economic development.
- Housing prices have not yet accelerated to the unattainable levels of nearby communities outside the valley, such as Salida, Pagosa Springs, and Gunnison.
- Extensive access to public lands and beautiful natural resources.
- Rich cultural history, strong track record of community collaborations, agricultural hub, and ability to bring in funding and other resources.
- Experienced non-profit organizations and housing authorities that help improve existing housing and build new.

# County Context: Saguache

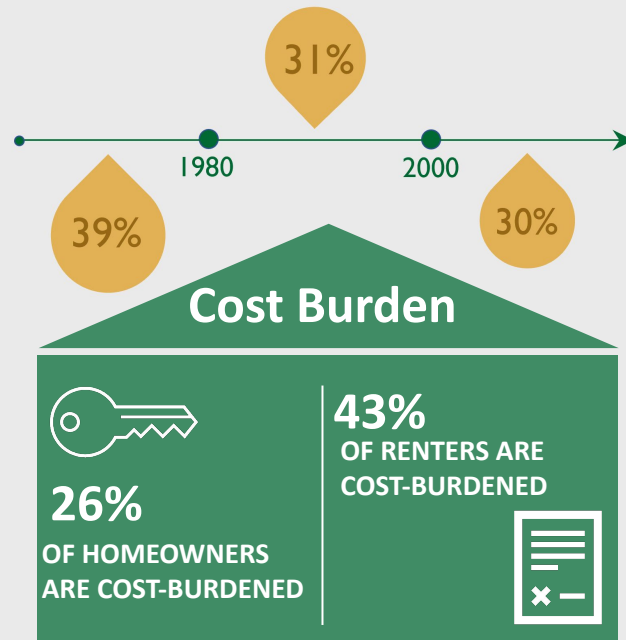
## Saguache County



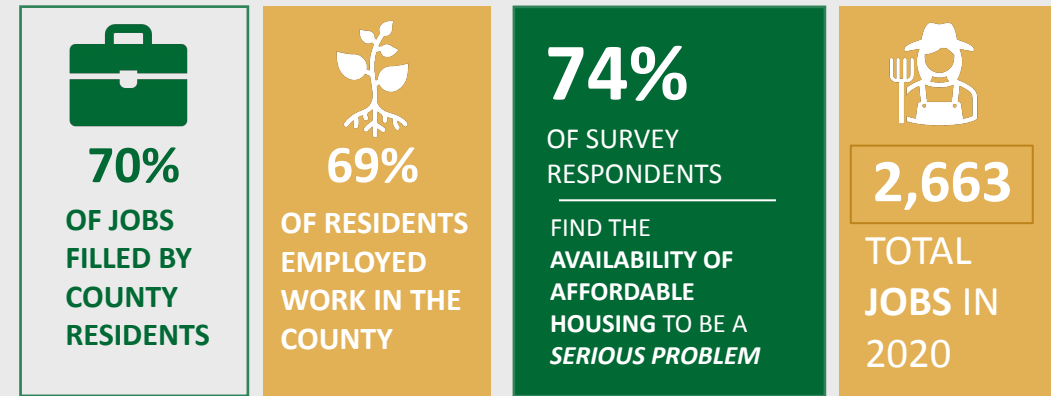
## Growth Rate



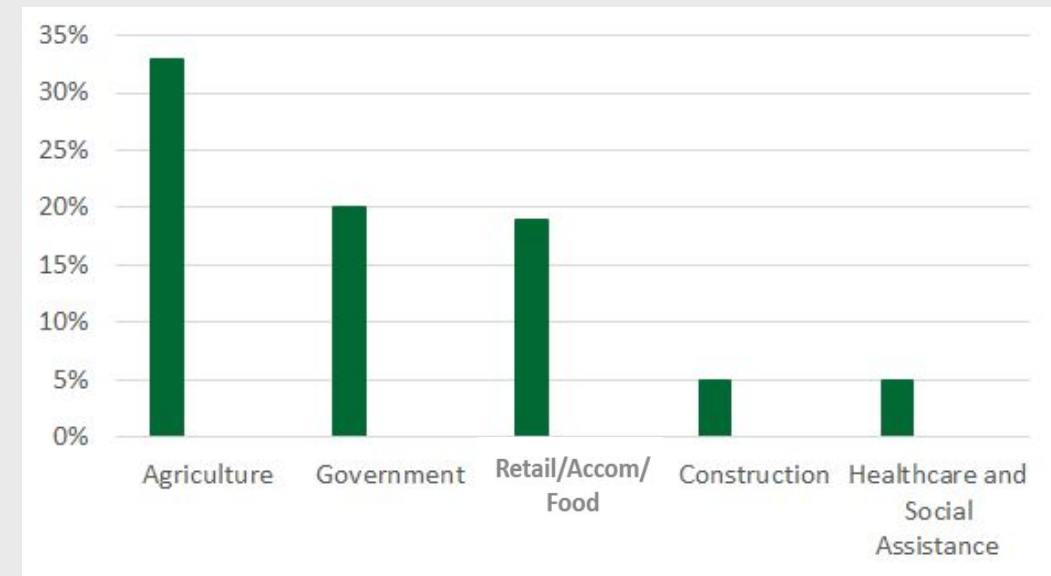
## Age of Homes: Distribution



## Tenure is 75% owner occupied/25% renter occupied



## Distribution of Jobs/Wages by Industry



\*Retail/Accom/Food also includes Arts, Entertainment, and Recreation, and Other Services

# The Town of Center

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The Town of Center is in the northern half of the San Luis Valley just east of the intersection of U.S. 285 and State Highway 112. Most of the town limits are in Saguache county, but a small portion of town lies south of State Highway 112 (Twelvemile Road) in Rio Grande county. Few residences are present south of the highway, but Tierra Nueva, a residential development serving low income agricultural workers is in Rio Grande county.

Center is the third most populous municipality in the San Luis Valley after Alamosa and Monte Vista with about 2,200 residents who are predominantly Hispanic (87%). Center has a high percentage of families with children (40% of households), which contributes to the lower median age (32) relative to Saguache (49) and Rio Grande (42) counties.

There are just under 800 households in Center and the distribution of owners and renters is fairly similar - 55% own and 45% rent. The percentage of renters is much higher than most towns in the valley, largely due to the nine rental properties (256 residential units) in town that are subsidized or income restricted, which represent about one third of all occupied housing units and over 70% of all rental units in town. Vacancy at subsidized properties is effectively zero, and many of the properties have significant waitlists.

Center has a more diverse housing stock than many towns in the valley. About 20% of homes (one in five) are attached product. Supply of homes is extremely limited, both for sale and for rent. Only two homes sold through in Center between Dec 2020 and May 2021. Both sold for low prices (\$95 or less per square foot) but were old and in poor condition, if not abandoned.

Homes in Center are relatively old and there has been little new construction over the past 20 years.

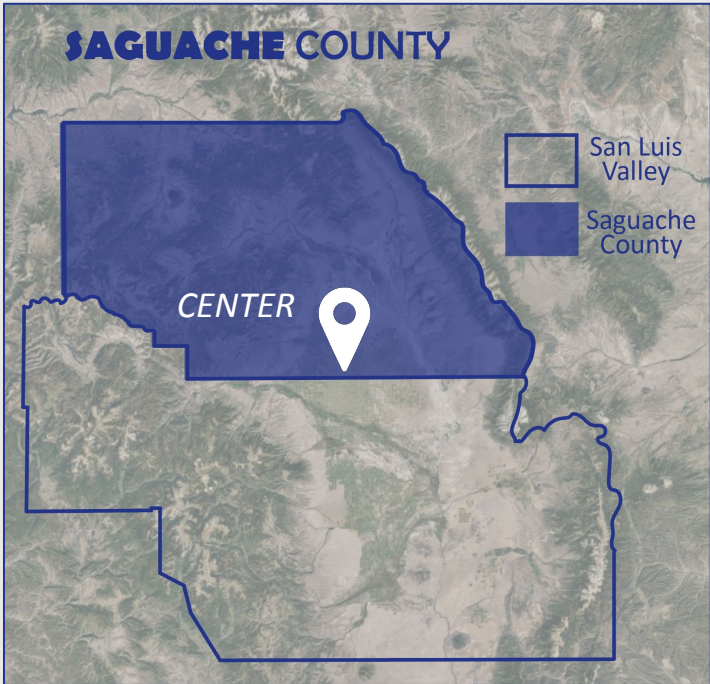
- Half (50%) of homes are more than 50 years old
- Just under half (47%) are 20 to 50 years old
- Only about 3% have been built since 2000

The local economy is dominated by jobs in agriculture and associated wholesale trade, health care and social assistance, and retail trade. A large percentage of employed residents commute elsewhere in the valley for work. Center's agricultural legacy and stature as a larger town offer the opportunity for economic growth and a strong sense of community identity moving forward. Downtown is seeing reinvestment, and there are some opportunities for residential use above commercial space.



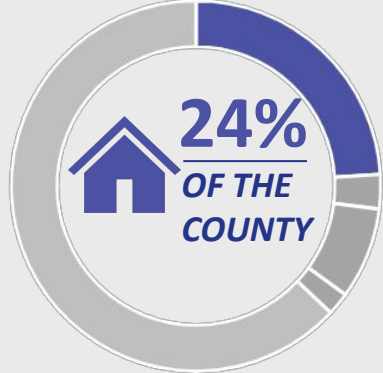
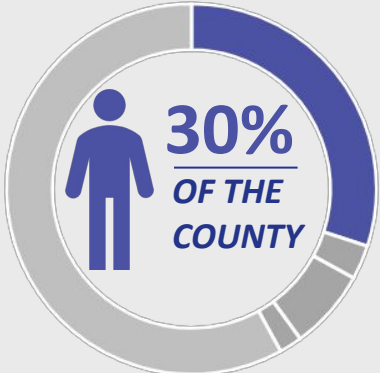
# The Town of Center

## Town of Center

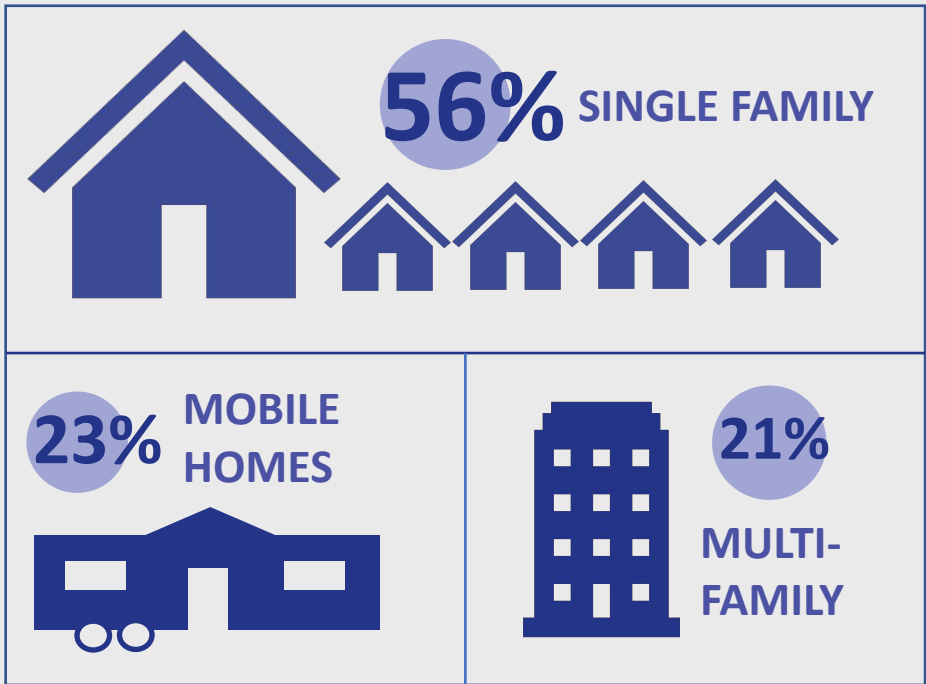


POPULATION: 2,230

HOUSEHOLDS: 792



## Mix of Homes



## Housing Market



The housing market is not functioning well.

- Vacancy for rental housing is functionally zero. No rental listings were found over a six month period.
- There is very limited for-sale housing market activity. Two homes were listed for sale in May 2021, with a median price of \$92,500. Anecdotally, a few homes are being being purchased and sold without ever being listed on the realtor databases.
- In 2020, four homes sold. Median sale price was \$150,000.
- Most locals looking to buy need homes priced between \$125,000 and \$300,000.
- About 14% of the housing stock is vacant, mostly due to abandonment.

“ My deputies are not able to find a place to live and are forced to commute long distances to serve the community. ”  
— Interview

# The Town of Center

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## Community Strengths

- Third largest community in the valley and a regional hub for housing, agricultural product storage, processing, and distribution, and K-12 education.
- Strong track record in fundraising and implementation of grant driven projects.
- Close to, but not impacted by, U.S. Highway 285.
- Strong agricultural history and large Hispanic community.
- Many families with children, contributing to a young population for the valley.

## Opportunities

- Several town-owned properties, including a 90 acre parcel, and downtown parcels. The 90 acre parcel presents extensive opportunity for growth.
- Housing Authority and CRHDC presence in the community.
- Town government spearheading downtown revitalization with recent outside investment. Downtown Colorado Inc. is focusing on Center as an innovation area.
- Redevelopment of Frontier Drive-In represents new investment in the area.
- Downtown has opportunities for redevelopment of older buildings, with residential on the second floor or in the back of the lot.

## Challenges

- Higher percentage of households with lower incomes compared to nearby Alamosa.
- Presence of run down and abandoned homes and businesses.
- Few home sales, low prices and low quality of homes make establishing market value and demand challenging.
- Zero vacancy signals strong need for rental housing.

## Building Activity

- Despite zero rental vacancy, there has been very little new residential construction in the past decade.
- The town recently sold a downtown lot to an individual who plans to build a single family home.

## Affordable Housing Resources

- Approximately 290 units of rental housing serving low and moderate income households (below 60% AMI), including seniors, families, and agricultural workers. This is a major asset to the community, providing a stable stock of rental housing that is attainable for local residents.
- Center Housing Authority has property management experience and the ability to provide property tax exemption and housing choice vouchers.
- San Luis Valley Housing Coalition offers financial counseling and down payment assistance for first time homebuyers, and home renovation.
- Energy Resource Center offers home energy retrofits for qualified owners and renters.
- La Puente offers emergency housing and supportive services, including social enterprise, after school, energy bill assistance, emergency shelter, and rural outreach.
- San Luis Valley Behavioral Health Group offers behavioral health support and intervention, and in limited instances, support with housing.
- Volunteers of America offers rental assistance services referrals and coordination for veterans.

# The Town of Center

## Household Income Distribution and Price-Rent Affordability \*

AMI	Household Income Range (2-person household)	Maximum Affordable Price	Owner Income Distribution	Maximum Affordable Rent	Renter Income Distribution
Under 50%	\$0 to \$28,400	Under \$125,000	29%	\$710	50%
50.1 - 80%	\$28,401 to \$45,400	\$200,000	23%	\$1,135	26%
80.1 - 120%	\$45,401 to \$68,200	\$300,000	18%	\$1,705	12%
120.1 - 200%	\$68,201 to \$113,600	\$500,000	16%	\$2,840	7%
Over 200%	>\$113,600	Over \$500,000	13%	Over \$2,840	5%
<b>Total</b>	-	-	<b>100%</b>	-	<b>100%</b>

◀ Greatest community housing need

*\*small portion of Center is in Rio Grande county; owner/renter income distribution columns are for Saguache county*

New Housing Needed by 2026

70-80 homes

The number of housing units needed based on the current share of county households.

125 homes

The number of housing units needed to begin to reverse residential sprawl by focusing development in Town.



Community Goal 30-35 Homes

Community leaders should set a housing goal somewhere close to 30-35 units over 5 years.



# The Town of Center

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## Town of Center - housing need through 2026

- Between 70 and 80 homes are needed based on the town's share of Saguache and Rio Grande county households.
- A higher target of 125 homes will help place more of the needed homes in town, reducing sprawl, which is expensive for owners and renters and local government services.
- Based on historical rates of development and the challenges associated with high construction costs, among others, the recommended number of units over the next five years is 30-35 housing units, a significant portion of which need to be priced below current market prices. This target range can increase as development activity and capacity expands.
- Rental and ownership housing is needed at prices affordable to local residents.
  - Rental housing: about 20 year round units and 10 seasonal (agricultural) units with an emphasis on units affordable to households below 80% AMI, particularly units under \$710/month.
  - Entry level ownership: 5 to 10 units priced from \$125,000 to \$300,000, with an emphasis on ownership under \$200,000 for local residents.

## Considerations

- Elected officials and Town staff can help to set the tone for the desired development and catalyze public/private partnerships to respond to the needs on town-owned land.
- Establishing market value for new homes will take time and presents risk based on the lack of strong market data. Extremely limited supply suggests there is market need.
- Start small and use partnerships, grants, and in-kind work to mitigate risk.
- Rentals for local workers are a top priority. Over six months of monitoring rental listings the consultant team found no units for rent.
- Ownership opportunities for local employees and residents are also needed to support economic growth and enable households to make a long term commitment to the area.
- Significant resources are needed to fill the gap between what local employees can afford and what homes cost to produce, both for sale and for rent.



# The Town of Center

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## Potential Goals and Actions

- Strengthen community vision around the importance of housing. Grow community understanding and support for housing's role in economic development.
- The community needs new housing and economic development in small increments over the next ten years; these must go hand in hand to be successful.
- Purchase and renovate or redevelop abandoned and run down homes. San Luis Valley Housing Coalition is proposed to be a regional lead, creating a similar program to what is underway in Monte Vista. Project goals include:
  - completing two homes in each valley county by 2026,
  - reselling homes at prices that are affordable to households making local wages, or renting homes to local workers or retirees,
  - ensuring that most homes remain affordable to community members,
  - re-using the sale proceeds to cover staff costs and bring more run down and abandoned homes back into usefulness, and
  - the program could also potentially address residential uses upstairs or behind commercial uses in the downtown area.
- Better use of existing resources such as San Luis Valley Housing Coalition Home Rehabilitation Program and Energy Resource Center Energy Retrofits.
- Build homes that are attainable for locals. Carve out a small section of the 90 acre Town owned parcel to create a public/private partnership to build rental housing affordable to households below 60% AMI and homes to own below 80% AMI. These units should be open to people of all ages (not senior housing), and should be designed with several units that are accessible to people with disabilities. Work with employers, Habitat for Humanity, and/or CRHDC to identify renters who are seeking to become owners in the community. The Center Housing Authority could be a special limited partner to provide sales and use tax exemption on materials, and an ongoing property tax exemption. The Housing Authority is also an experienced property manager, and could provide expertise in that role.

Several other communities in the valley need new rental housing at a similar scale and price point (Del Norte, Saguache, Creede, and South Fork, for example) and funding partners - Colorado Housing and Finance Authority and Colorado Division of Housing - have expressed interest in leveraging funding resources to build rental housing in several towns with coordinated funding.

- A bigger, regionally coordinated effort makes sense, as funding sources like the 9% Low Income Housing Tax Credit work better with developments at a scale of 50-70 units.
- But, a project like this needs a development lead coordinator, regardless of whether it is pursued as a standalone local project, or as part of a regionally coordinated effort.
- If the new housing is well received, a second phase could follow. Rental housing, homes for ownership, or a mix of rental and ownership could be considered for a second phase.

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Community Outreach and Coordination

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and local participating jurisdictions

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