

Housing Affordability in Durango County

Aspen Falls Coalition for Affordable Housing

February 12, 2012

INTRODUCTION

As early as three years ago, the ASPEN FALLS Coalition for Affordable Housing identified increasing housing costs within Durango County. Due to higher housing costs, these families are limited to living in depreciating neighborhoods and have fewer funds available for spending since a higher percentage of their income goes toward housing costs.

ASPEN FALLS housing affordability can be summarized as once average-income households with limited inventory. However, with the recent population boom, higher-income households are moving to the area and driving up housing costs. In order to develop an effective strategy to address the situation, it is critical to understand the factors that are contributing to this issue. From a high-level perspective, the two contributing factors are: limited housing inventory within Durango County for medium-income households and increasing concentration of high-income families migrating to town.

LIMITED HOUSING INVENTORY

In most areas of ASPEN FALLS, the inventory of houses is very limited. In addition, these families tend to be of higher-income and can therefore afford higher-priced homes which drives up the cost of real estate development. For the middle-class, families are finding it difficult to afford newer homes due to the increase in cost.

HOUSING AFFORDABILITY PROBLEM

- 21,000 medium-income families contribute 38% of their monthly income to housing costs.

- Five years ago, they were only contributing 20% yielding an 18% increase.

A common rule to determine housing affordability is to look at average income compared to average sales price for all homes within Durango County. In general, housing is affordable if it costs no more than 30% of household income. In qualifying for a home, lenders take a look at overall debt as compared to the size of the loan. To determine housing affordability as it pertains to individual situations, visit the [Housing Affordability Calculator](#).

In the past 5 years, 15,000 families with higher incomes have moved to Durango County purchasing homes that range from \$550,000 to \$950,000. Prior to this boom, the average housing cost was \$250,000 whereas today this average sits at \$375,000. The following table shows the rapid increase over the past five years.

5-YEAR AVERAGE HOUSING COSTS

Year	Average Sale Price	Annual Change	% Change
1	\$250,000		
2	\$289,000	\$39,000	15.6%
3	\$332,000	\$43,000	14.9%
4	\$358,000	\$26,000	7.8%
5	\$375,000	\$17,000	4.7%

Foreclosures

With the sales of homes increasing rapidly, the foreclosure rate is at potential risk of increasing and is forecasted to reach **1,200** this year.

- ASPEN FALLS mortgage lenders have been taking extra precautions to help prevent this occurrence by
 - Increasing the down payment.
 - Rejecting some loans.
- Last year in ASPEN FALLS, one in every 1,000 homes was foreclosed.

To understand how the foreclosure process works, click on the picture.



Figure 1 Home Entering Foreclosure Process

Below is a picture of the type of house that the new communities are building for families who can afford a home in the \$375,000 range.



Figure 2 Sample Home in \$375,000 Price Range

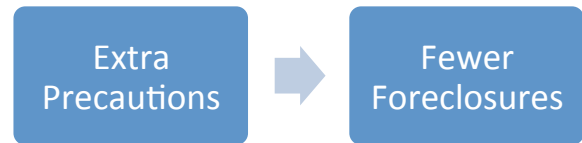


Figure 3 Mortgage Lender Efforts