City of Montrose Housing Needs Assessment

May 12, 2023

For

City of Montrose
COLORADO

Presented by

POINTS
CONSULTING



Contents

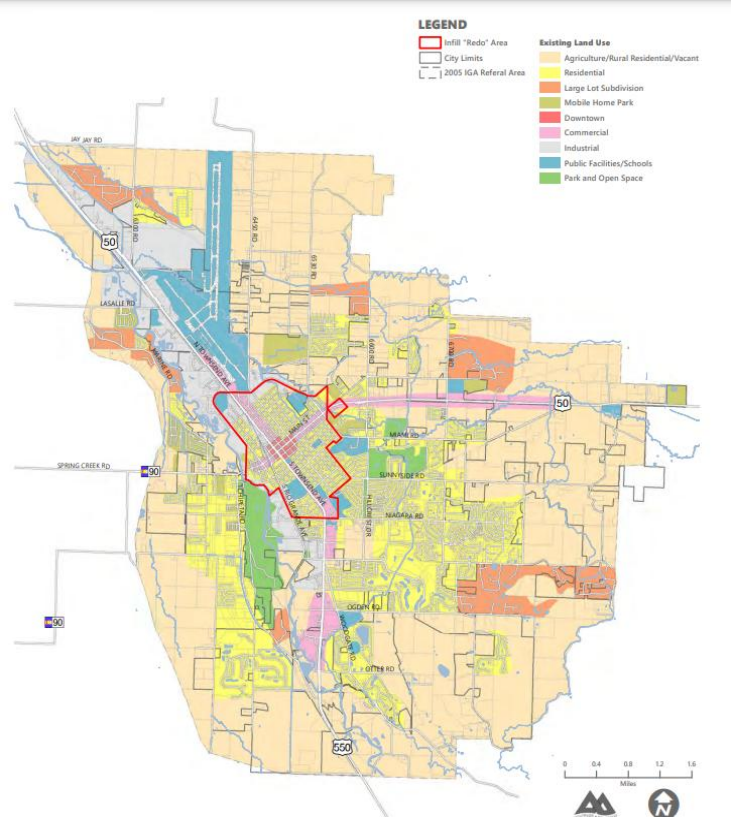
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Introduction

The communities in Colorado's Western Slope have grown at a faster rate than those in the Front Range and are expected to add a further 200,000 residents by 2050. This rate of growth is bound to put pressure on the housing market, as new residents from other parts of the country as well as from the state itself increase the demand for affordable, quality housing. This has been the case in Montrose, the second largest city on the Western slope, where growth in the last 10 years has hit the 5% mark—adding around 1,000 residents. Moreover, Montrose County is projected to grow at a faster rate than the state and the nation over the next 25 years, further magnifying the importance of addressing housing needs in the region.

Figure 1: Montrose City Limits



Points Consulting (PC) was engaged by the City of Montrose to conduct a housing needs assessment to help city leaders and the community better understand current housing conditions and the underlying factors that will drive housing demand in the future.

The report is organized as follows:

- **Chapter 1: Gaps & Barriers Analysis**: affordability gaps for residents, along with overview of the current state of regional affordable housing policies, and land use by zoning district in Montrose
- **Chapter 2: Executive Summary and Recommendations**: key highlights from the assessment, along with recommendations and housing needs projections
- **Chapter 3: Demographic and Socioeconomic Trends:** overview of underlying socioeconomics affecting housing demand and affordability characteristics
- **Chapter 4: Housing Trends:** overview of housing for both owners and renters, including affordability dynamics
- **Chapter 5: Community Engagement Summary:** summary of overarching themes from PC's discussions with community leaders and developers and a summary of findings from the community housing survey
- **Chapter 6: Regional Contextual Overview**: background and review of relevant literature
- **Appendices**: supportive quantitative and qualitative material
- **Endnotes**: list of sources cited throughout the report

Executive Summary

The City and County of Montrose appear to be at a crossroads in determining their identity as Western Slope communities over the next 20 years. After a decade of uncommonly strong housing construction, development has continued to remain steady despite recent changes to interest rates and capital markets. The region is also now attracting the attention of developers and residents that have historically overlooked the community in favor of other locations. Montrose County is home to highly diverse residents, in terms of income, race/ethnicity, age, and expectations for housing. As such, changes in housing norms and expectations can be challenging for the community to handle.



Source: PC Montrose Visit

The following findings are collected from the body of this report and organized by several key themes. Further details on these metrics and findings are contained in the body of the report. This includes information relating both to the City of Montrose (the City) and Montrose County (the County).

Housing Situation

Most housing in the region is single-family detached, with a lower amount of multi-family units when compared to the state and national levels, and a higher number of mobile and manufactured homes. The housing tenure of the City is mostly owner-occupied, with just 38% of units for rent. Also, most units (74%) are single-family homes. At the County level, 30% of units are for rent and 72% of units are single-family. Many of the homes in the City and the County were built between 2000 and 2009. Over time, the City has generally moved in a direction of lower occupancy per household over the past two decades (measured according to the number of units per 1,000 residents).

Housing costs strike residents hard whether they are renters or are looking to purchase a home. Homes in the City are more expensive than the rest of the nation, with Montrose households needing to invest over five times their median annual income in order to purchase a home, compared to four times average income in the rest of the country. Overall, households in Montrose use a similar share of their monthly household budget for housing-related costs (34%) in comparison to all Coloradans (35%). Montrose homes have also appreciated in value at a faster rate than other communities on the Western Slope in the past year – with more dollar value growth than Grand Junction, Gunnison, and Delta. Price escalation has also resulted in increased rental costs. Rents have also been on the rise in the region. For example, an average 2-bedroom unit for example, average rent was $1,114 in 2022, which is a 27% increase from two years ago.

Demographics and Labor Market

The City and County of Montrose have seen an increase in population over the past twelve years, but at slightly lower rates than the state. Part of this growth is owed to migration from other parts of the country and from within the state. The County has received positive levels of net in-migration since 2017 with an average of around 500 new residents per year over the past six years. The pandemic and people's newfound liberty to work from home certainly fueled some of this growth, but the trend has held even into 2022, with a total of 525 new residents in 2021, and 751 in 2022.

The region's population has a higher proportion of residents aged 55+ than the state and the nation. In part due to its aging population, Montrose County may face labor force shortages in upcoming years. At the same time, the County also benefits from retirees spending their savings and pensions locally, making retirees the second largest economic driver in the County. The primary industry sectors for working residents within the economy are construction, transportation, retail, and agriculture.

At-Risk Populations

Both the City and the County have seen higher poverty rates than the state and the nation with the City averaging nine percentage points higher than the state of Colorado. Additionally, the region has experienced a slight increase in its poverty rate from 2012 to 2020. The City and County of Montrose also have higher rates of poverty for families when compared to the state and the nation. Notably, 38% of the "Female householder, no spouse present" cohort falls below the federal poverty level.

The City of Montrose also has higher rates of severely cost-burdened households than both the County, the state, and the United States. Cost-burdened families are those who spend more than 30% of their income on housing and, as a result, may have difficulty affording food, clothing, transportation, and health care. As of 2022, there are 1,190 households in such a situation in the City and 2,000 in the County (including the City).

Homelessness has also increased in recent years. Though these may represent an undercount, published statistics indicate there were 69 homeless individuals, with around 6 chronically homeless persons in 2022. Around 1% of community survey respondents voiced concerns about the need for more transitional and support housing for the homeless, youth, and seniors.

Housing Needs Forecast

The team carried out an 18-year housing demand forecast for Montrose County (2022 to 2040). The forecast is based on current trends in supply and demand, and while it cannot account for all possible outcomes, it represents one likely scenario.

PC projects a need for 3,900 additional housing units by 2040. The forecast shows a shift towards an increase in middle and high-density units while still retaining the traditional single-family model. By housing type, the forecast accounts for 1,670 single-family homes, 980 middle-density options, 690 multifamily homes, 580 manufactured homes, and 530 affordable subsidized units, with an average of 218 total units being required each year.

1. Gaps & Barriers Analysis

Prior to diving into recommendations, it is important to cover the housing conditions within the City and County, with primary focus on affordability levels and land-use policies and practices in the state and region.

Expressing the gaps and challenges for Montrose residents starts with understanding housing costs relative to income levels. PC uses several tools for explaining these affordability gaps, both for renters and home-owners. Next, we provide a background and overview of current and potential housing policies in Colorado and methods that other communities in the state are using to address housing affordability challenges. In addition, this chapter outlines the existing land-use patterns and trends within the City of Montrose.



Definitions:

- ***Affordable Housing***
  Housing set aside for low-income audiences, which could include units restricted based on income. These units and programs are typically managed by a local non-profit, such as the Montrose County Housing Authority.
- ***Area Median Income (AMI)***
  Calculated annually by the Department of Housing and Urban Development (HUD), which is used to benchmark households' eligibility for federally funded housing programs. AMI is expressed based on percentages; for example, 20% AMI means that households in this category make 20% of the area median income.
- ***Attainable Housing***
  Housing that is unsubsidized and offered at market rates but is still within a reasonable standard of affordability (typically less than 30% of household income).
- ***Floor Area Ratio (FAR)***
  Ratio of a building's total usable floor area to the size of the land the building sits on
- ***Infill***
  New residences built in tighter quarters surrounded by existing development, such as single-family homes or commercial districts. Infill typically comes at lower infrastructure development costs because existing utilities are already in place.
- ***Long-Term Supportive Housing***
  A combination of housing assistance with support services for those who are homeless or at risk of being homeless.
- ***Market Rate***
  Built by for-profit developers for those in middle to higher incomes; called "market rate" because the market determines the cost rather than an intermediary such as a non-profit or government agency.
- ***Missing Middle***
  Range of middle-density housing types at various price points, between two and twelve dwelling units per building, such as townhomes, quadplexes, etc. Missing middle is often referred to in conjunction with infill.
- ***Multi-Family***
  Multiple separate units for residential use are contained in a single building or several buildings in one complex, such as apartments and condominiums.
- ***Single-Family***
  A free standing (or detached) residential unit. It need not be restricted to a literally single family.
- ***Subsidized Housing***
  Housing that is partially or wholly financed by government programs. Can take the form of vouchers, direct payment, fee waivers, or tax relief for the developer.
- ***Tenure***
  A financial arrangement that gives a person legal status to live in a residential dwelling
- ***Workforce Housing***
  Households that do not qualify for rental assistance subsidies, but whose income is still low enough to struggle with market rate housing for rent or sale.

Affordability Gaps

Housing affordability is a challenge for many in both the City and County. Though affordability challenges most frequently plague home renters, homeowners are not exempt especially given recent home cost escalation. Table 1 summarizes key statistics on home cost-burden for the region compared to Colorado and the nation, while the series of charts (Figures 2-5) provide more detail by various income levels and housing situations.

The statistics used for the affordability analysis are derived from a mix of data sources, including American Community Survey (ACS) 5-year, which averages data from 2017 to 2021, and US Housing and Urban Development (HUD) 2014-18. Given the drastic changes in both home costs and wages between 2020-2022, it would be preferable to use more recent statistics but, unfortunately, these are the best data available for small geographic regions. To counter the delay in data, wherever feasible, PC has adjusted these statistics to represent the current number of households estimated to be in cost-burdened housing situations.

Firstly, some level of explanation is required on how government agencies classify cost-burden by household.

- Severely cost burdened means households that spend 50%, or higher of their household income on housing costs[1]
- Cost-burdened means households that spend between 30-50% of their household income on housing costs

Renter Challenges

The data show that the lowest-income renters of Montrose County are generally worse off than the average Coloradan and American, with one in four being severely cost burdened (25.0%). Renters in both the City and County are slightly better off than the average household, with 41.1% and 44.5%, respectively, falling into the severely or cost-burdened categories. By comparison 51.5% and 49.4% of Coloradans and Americans are paying 30% or higher of household income for rent. Figure 2 expresses these metrics in a simpler way with the gold bars showing the affordability gap between households that can and cannot safely afford their current housing. By these measures:

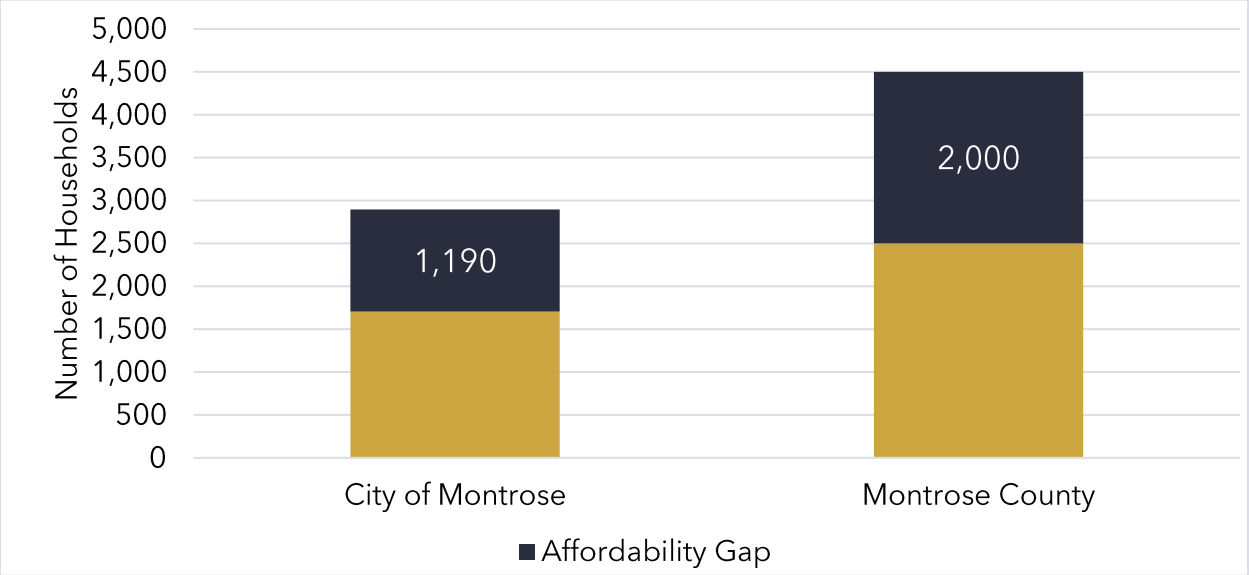
- 1,190 or 41% of renters in the City struggle with housing affordability
- 2,000 or 45% of renters in the County (including the City) struggle with housing affordability

Table 1: Renters' Housing Cost Burden by Region

Region	Number of Households	Severely Cost-Burdened	Cost-Burdened	Severely or Cost Burdened	Not Cost-Burdened
Montrose	8,938	22.4%	18.6%	41.1%	58.9%
Montrose County	17,643	25.0%	19.5%	44.5%	55.5%
Colorado	2.32M	24.7%	26.8%	51.5%	48.5%
US	128.66M	24.6%	24.8%	49.4%	50.6%

Source: Esri Business Analyst, and 5-Year American Community Survey 2017-2021, Table B24070

Figure 2: Affordability Gap Analysis



Source: Points Consulting, 2023

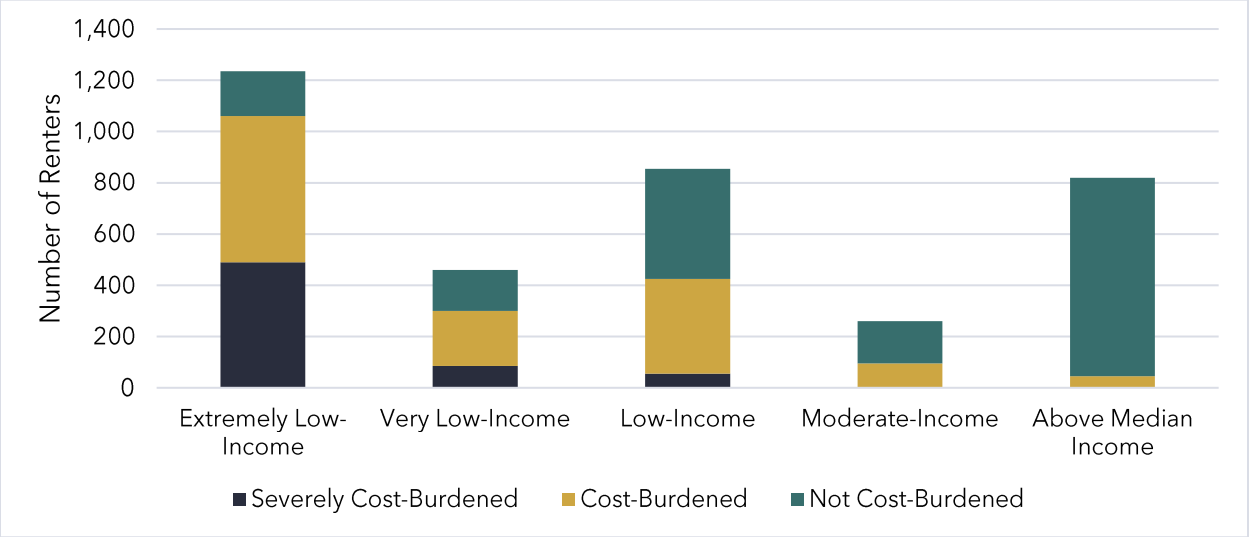
The information in Figure 2 presents the simplest and most up-to-date picture of housing affordability, but several other data resources can be used to break down affordability issues by various area median income (AMI) levels. Note that since these are from an older dataset, the number of renters may be slightly out of date. Figures 3 and 4 display the three cost burdened categories according to five area median income (or AMI) levels, which include:

- Extremely low-income: less than 30% of AMI
- Very low-income: 30 to 50% of AMI
- Low income: 50 to 80% of AMI
- Moderate income: 80 to 100% of AMI
- Above median income: 100% of AMI

Not surprisingly, the lowest income cohorts are the most likely to be highly cost burdened. Whether in the City or County, 80%+ of such households are cost-burdened—a sign that more affordable and permanent supportive housing is needed within the region. It is also interesting to note that there are many households higher on the income scale who are cost-burdened.

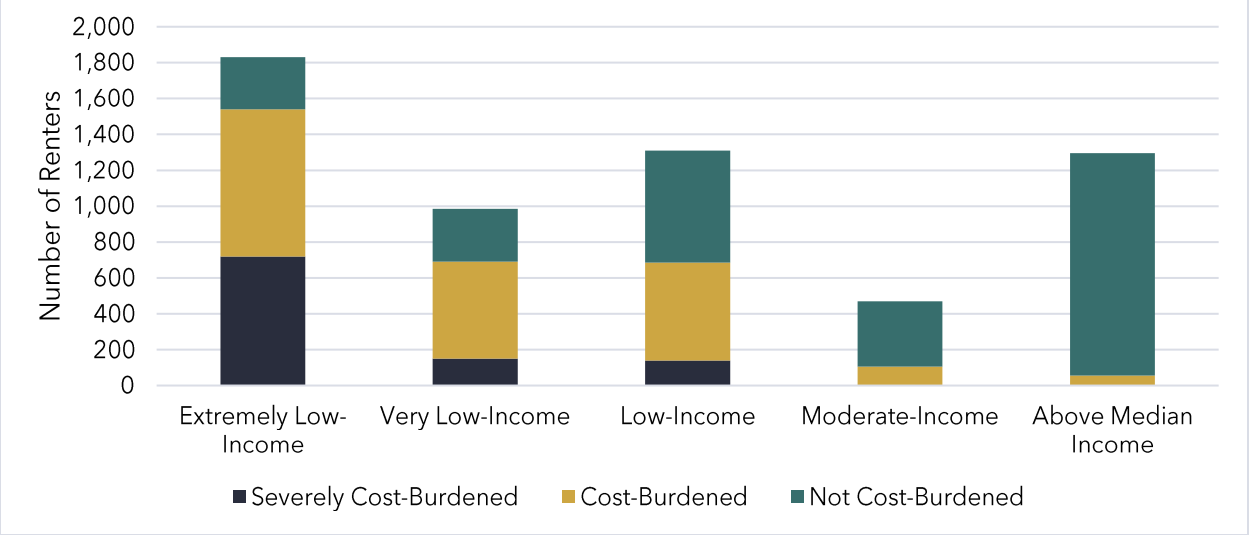
At current Montrose income rates, a household earning between $25K and $40.3K would fall into the low-income category. Of such households, roughly half (49.7%) are cost-burdened. One step further up the income ladder, households in the moderate-income category could be earning up to $50.4K. Among these households, over one-third (36.5%) are cost-burdened.

Figure 3: City of Montrose Renters' Housing Cost-Burden by AMI



Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Figure 4: Montrose County Renters' Housing Cost-Burden by AMI



Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Home Ownership Challenges

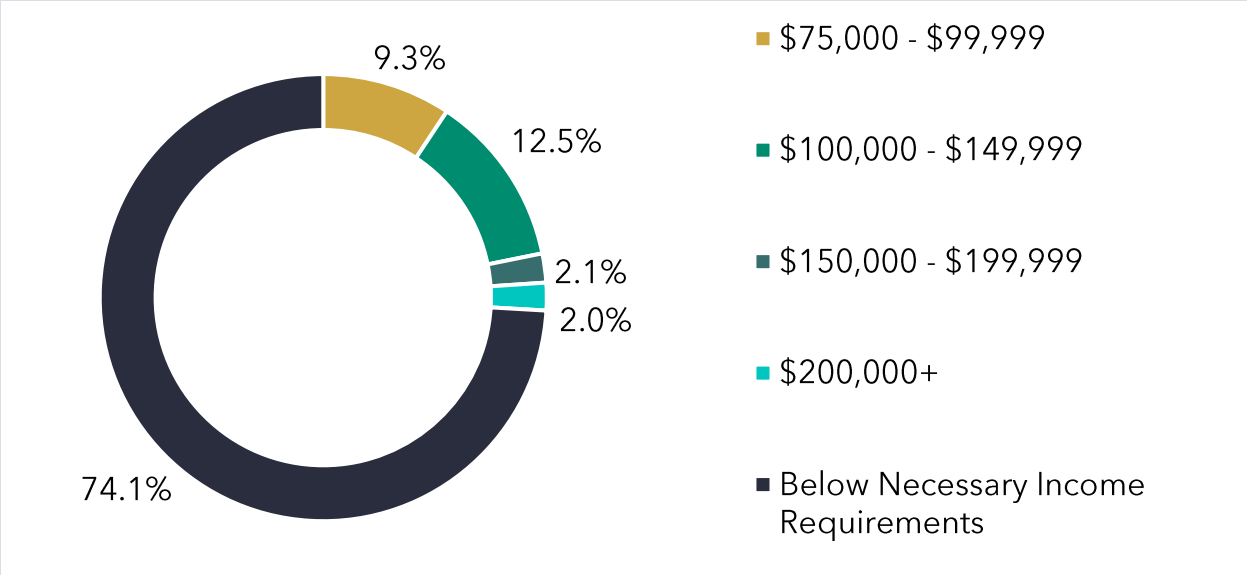
Though a less socially impactful issue, there are also many home-owning households who are cost-burdened. Such households face the risk of being foreclosed upon by banks and losing what is likely their greatest financial asset. In fact, 10.0% of homeowning households in Montrose are severely cost-burdened and another 21.9% are cost-burdened to a lesser degree. The statistics are similar in Montrose County, at 8.8% and 21.8%, respectively.

The prior statistics include many homeowners who may have purchased years ago when home prices were lower. The situation is more foreboding among households who are looking to purchase a new home. PC developed estimates using current income levels, home price levels in the City, and average current mortgage interest rates as of May 2023.

Assuming a household with an average credit rating on a conventional 20-year mortgage, the majority of households are left on the sidelines of the home purchase market.

To purchase an average-valued home would require $88K in household income just to afford the mortgage. As shown in Figure 5, this excludes 74.1% of all households in the City. The majority of those earning $75K or higher could afford the payments, however, with around 7% of that income bracket below the necessary income requirements. All of the households in the income brackets above $100K can afford an average-priced home in the City, thus the percentages in the chart for these income brackets encompasses the entire share of these high income households in the city. Though not shown in Figure 5, the outcomes are much the same in Montrose County, where 72.6% of households cannot afford to buy an average priced home.

Figure 5: Households that Can Afford to Buy an Average-Priced Home in Montrose



Source: Points Consulting using Esri Business Analyst and Zillow, 2023

Existing and Potential Statewide Policies Related to Housing

In the midst of Colorado's statewide housing shortage—a state that has the seventh highest rate of housing underproduction[2] – Colorado residents voted to direct around $300M a year to affordable housing projects via Proposition 123 in 2022. This measure requires lawmakers to spend part of the state's annual budget on affordable housing by earmarking around 2% of income tax revenues, which could in turn support the development of about 10,000 additional affordable units per year. The revenues would be distributed by allocating 60% to affordable housing programs that reduce rents, purchase land for affordable housing developments, and build assets for renters, and the other 40% would be allocated to supporting affordable home ownership, serving the homeless, and supporting local planning capacity.[3] This measure is the states' first stream of dedicated revenue to affordable housing production. In order to qualify a project for funding through the Proposition, local governments must commit to increasing affordable housing by 3% each year, either by converting existing units to affordable housing or by new construction,[4] as well as creating a process by which those projects are fast-tracked.[5] It is important to note that the Colorado Division of Housing interprets the 3% per year increase "to mean that ultimately a demonstration of a 9% increase over the baseline at the end of the 3-year commitment period ending on December 31, 2026, satisfies this requirement even if a 3% increase may not be accounted for in a particular year during that time frame."[6] Proposition 123 must be approved at the local level to be binding and it remains to be seen if and when the policy will be enacted in Montrose.

Colorado is one of a few states that explicitly allows Tax Increment Financing (TIF) to be used for affordable housing. Though a common tool for local governments, it is typically focused on economic development and brownfield restoration projects. Colorado does not face such restrictions and in fact a development near Colorado Springs just used TIF to generate a 133-unit complex focused on 30-70% AMI.[7]

Colorado, like many states, has eyed policy changes to meet the housing affordability crisis. States such as California and Oregon have administered top-down land use changes in recent years and other states such as Washington are considering similar changes. Some of these have yet to take affect but if they do, will eventually impact Montrose. In March of this year, SB23-213 was introduced in the Colorado General Assembly. The bill did not pass during the 2023 session, but it could set the precedent for further state-level legislation on housing and land use. , but failed to pass legislation before the session ended. This bill was aimed at introducing significant land-use reforms. The bill would have affected communities differently depending on their classification.

Cities in tiers 1 through 3 would see more wide-reaching impacts on multiplex and ADU restrictions. While non-urban municipalities such as Montrose would be prohibited from restricting ADUs, they would not see changes in regulation regarding multiplexes. Even if SB23-213 would not shift the housing landscape in Montrose dramatically, it would set a new standard for housing regulations statewide. Colorado does not possess a state-wide Urban Growth Boundary (UGB) policy though many larger communities and some smaller

communities have self-enacted such policies to control urban sprawl. In May of 2023, HB23-1255 was passed by the Colorado legislation. The bill "forbids the enactment or enforcement of any future local housing growth restriction, unless the governmental entity has experienced a disaster emergency has developed or amended land use plans or land use laws covering residential development or the residential component of a mixed-use development, or is extending or acquiring public infrastructure, public services, or water resources."[8] The bill also facilitates housing growth by capping these aforementioned growth restrictions for up to 24 months in a 5-year period. It is important to note that in the case of Montrose, the city's UGB is not meant to restrict housing growth, but instead is in place to make sure parcel development on the perimeter of Montrose develops in an orderly and contiguous fashion with appropriate infrastructure in place, versus a hopscotch development pattern.

Local Affordability Strategies

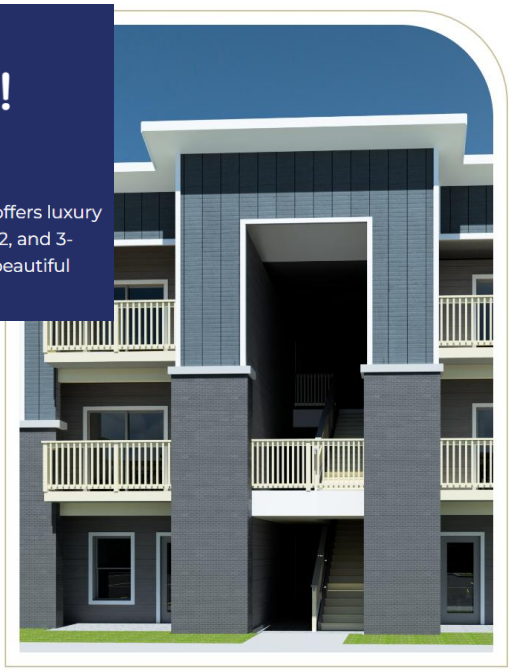
In addition to statewide policy tools, communities across the Western Slope have been implementing programs in order to create affordable housing opportunities.[9] In Telluride, for instance, the town implemented a deed restricted housing program called *Your Equity Support Deed Restricted Program*. Through this initiative, the town would pay qualifying homeowners up to $200K in exchange for placing a deed restriction on their property.[10] Deed restrictions are conditions placed on the deed to a property that limit any subsequent sales of the house to borrowers that are income-eligible at an affordable price. This allows buyers of deed-restricted properties to retain some of the benefits of home price appreciation, and to preserve the affordability for subsequent buyers.[11]

Telluride pays qualifying homeowners up to $200K through 'Your Equity Support Deed Restricted Program' in exchange for placing a deed restriction on their property.

The town of Norwood also recently approved its first affordable housing project in decades—providing qualified residents 24 affordable deed restricted single family homes for sale. If there is excess demand for these homes, the San Miguel Housing Authority would conduct a lottery in order to select the buyers for these homes. Additionally, in 2022 Gunnison County passed an affordable housing measure that re-allocates up to 40% of revenue from the marketing tourism tax on lodging toward affordable housing, while Mesa County passed a measure that increased the lodging tax to support affordable housing for households that make 80% or less of AMI.

The City and County of Montrose have also taken steps to address the current housing situation. Up to this point, the City of Montrose has utilized the variety of affordable housing options provided by state and federal regulations, which have resulted in 460 subsidized units, including 344 low-income housing tax credit (LIHTC) units. The fact that the occupancy rate for subsidized units in the City is 94%[12] indicates a high demand for this type of housing, suggesting that further efforts may be needed in this direction. Furthermore, according to the Montrose County Housing Authority, there are 55 households on the waitlist for Section 8 vouchers. A recent study conducted by Region 10 determined that Montrose County needed 886 more homes to meet the present level of workforce demand, and a further 2,660 to meet

the projected demand by 2032.[13] Of the 2,660 units needed, 1,330 are single family, 931 are multifamily, and 399 are manufactured or mobile homes.[14] Among some of the measures and programs that service Region 10 include Housing Resources of Western Colorado (HRWCO), who provide rental homes to qualified residents. HRWCO also do critical repair emergency grants, as well as housing counseling, however their footprint isn't as large in Montrose as it is in Mesa County. Court Appointed Special Advocates (CASA) also provide supportive housing services to youth ages 18-24 who are at risk of homelessness.[15] The City will also be adding 60 mixed-income rental units in spring of 2024 with the Residences at Dry Cedar Creek.



Community Land Trusts & Deed Restrictions

Community land trusts (CLT) are a growing model for serving populations in the oft-underserved market of 50% to 100% AMI. CLTs help make home ownership attainable in competitive housing markets via a unique model: homeowners purchase the home but lease the land. The goal of CLTs is to establish affordable housing and keep it affordable long-term. CLTs operate as private non-profits (one of the aspects which separates them from land banks) and are typically governed by a board comprised of residents of the land, community members, and members of the public. When a homeowner purchases their home, they purchase the home itself. However, the land is owned by the trust and leased by the homeowner. This makes homeownership much more affordable and builds equity for the homeowner. If the homeowner sells the house, they will sell it at a reduced price, to keep the house affordable. They may, however, gain some appreciation from improvements.

The CLT model has been employed successfully in many communities with strained housing markets, including Houston, Atlanta, and Portland. In Colorado, CLTs have been established in Colorado Springs and Denver. Elevation CLT, based in Denver, has over 300 properties in Denver, Boulder, Longmont, Fort Collins, and Aurora. Elevation CLT hopes to "to acquire or develop and sell 1,000 homes in Colorado by 2027."[16]

Current Land Usages and Densities in Montrose

As communities and states are stepping up efforts to protect natural resources and prevent urban sprawl, the opportunities for greenfield development have diminished while the necessity of infill development has increased. To understand the opportunity for increasing density in Montrose, it is helpful to review existing land-use patterns by each of the City's zoning districts.

According to the City of Montrose Planning Department, roughly 30% of the City's existing space is zoned for core residential use. (This excludes mixed-use districts where housing is

allowed amid other usages). This proportion is higher than the share of commercial, industrial, and public combined. These 7,564 residential acres includes both space that is developed, or which hosts a permanent building structure, and space that is undeveloped (i.e.: green space or "undeveloped" space). Those in the planning and real estate industries often use a metric called "floor area ratio" (or FAR) to measure density levels. This value is simply the developed space divided by total space. One should expect the stated land-use goals of each district to correspond roughly with FAR, such that higher density districts would have more area committed to buildings (or a higher FAR). The idea is not to suggest that undeveloped space is "bad" and developed space is good. It should be expected that FAR is lower in lower-density settings, such as rural or low-density single-family districts and higher in urban and commercial districts. That said, one of the most reliable strategies for encouraging housing affordability is by gradually increasing density in areas where such development is suitable.



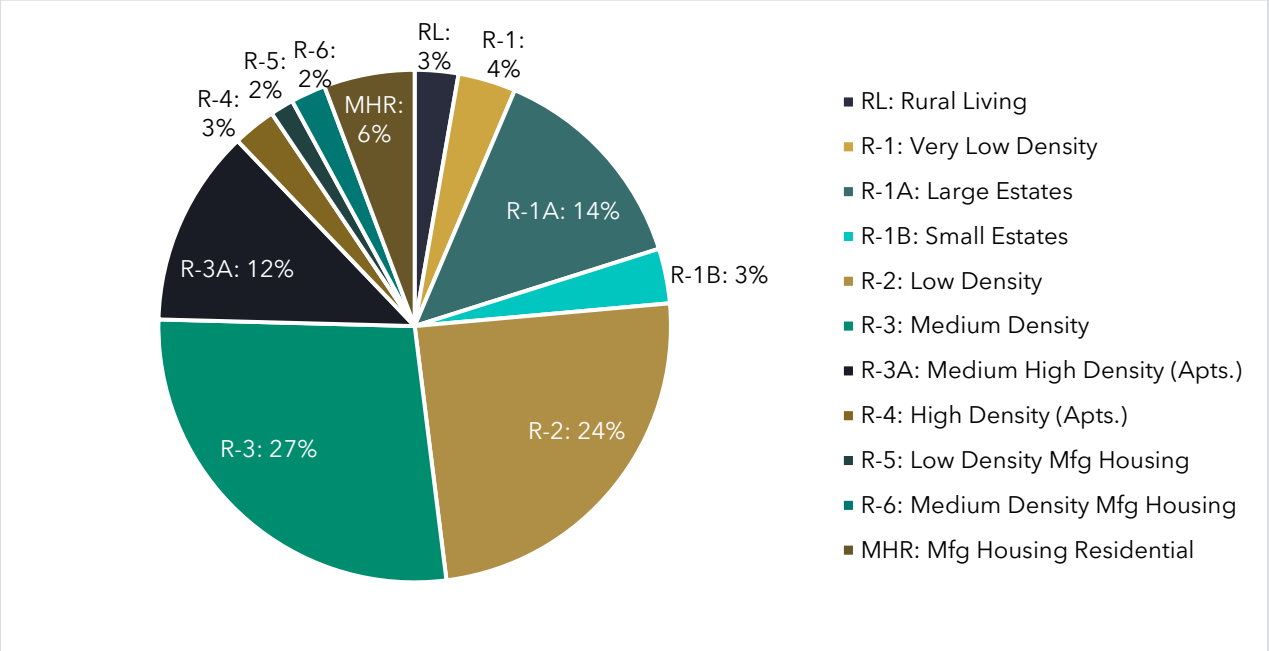
PC Montrose Visit, Morning View Townhomes on 1010 S 5th St.

To advance the community's understanding on these issues, PC isolated the City's 11 primarily residential zoning districts and analyzed land-use according to total acreage, residential building space, green space, and FAR. Please also note that these calculations do not account for any environmental or development constraints that may account for more undeveloped space in any given parcel. The results are mostly as expected, but there are a few compelling points that could impact the ideal housing strategy for Montrose in the next several decades:

- Greater than half the City's residential space is in the R2 and R3 districts, as well as 53% of the City's undeveloped space. To make a significant impact on density, some level of infill must be prioritized in these two districts.
- On that same point, existing FAR is higher in R2 (8.3%) than in R3 (6.9%); in other words, according to this calculation R2 is already denser than R3.
- The two manufactured housing districts (R5 and R6) are comparable in terms of density, and the R5 district is relatively uncommon, accounting for just 1.5% of the City's residential area.

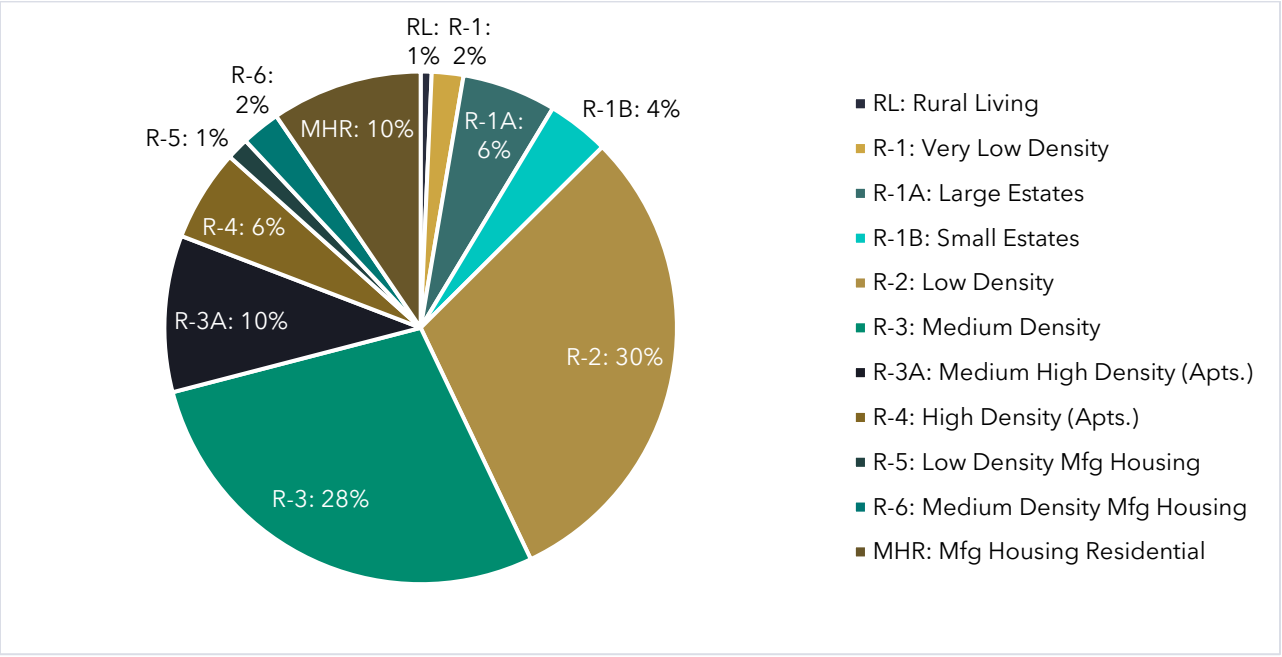
The low-density single-family districts account for a quarter of the City's undeveloped residential space (namely, RL, R1, R1A and R1B). Though these should maintain lower density than more urban districts, acceleration of ADUs in these locations may allow for more housing units without compromising the districts' underlying character.

Figure 6: Residential Land Use by District



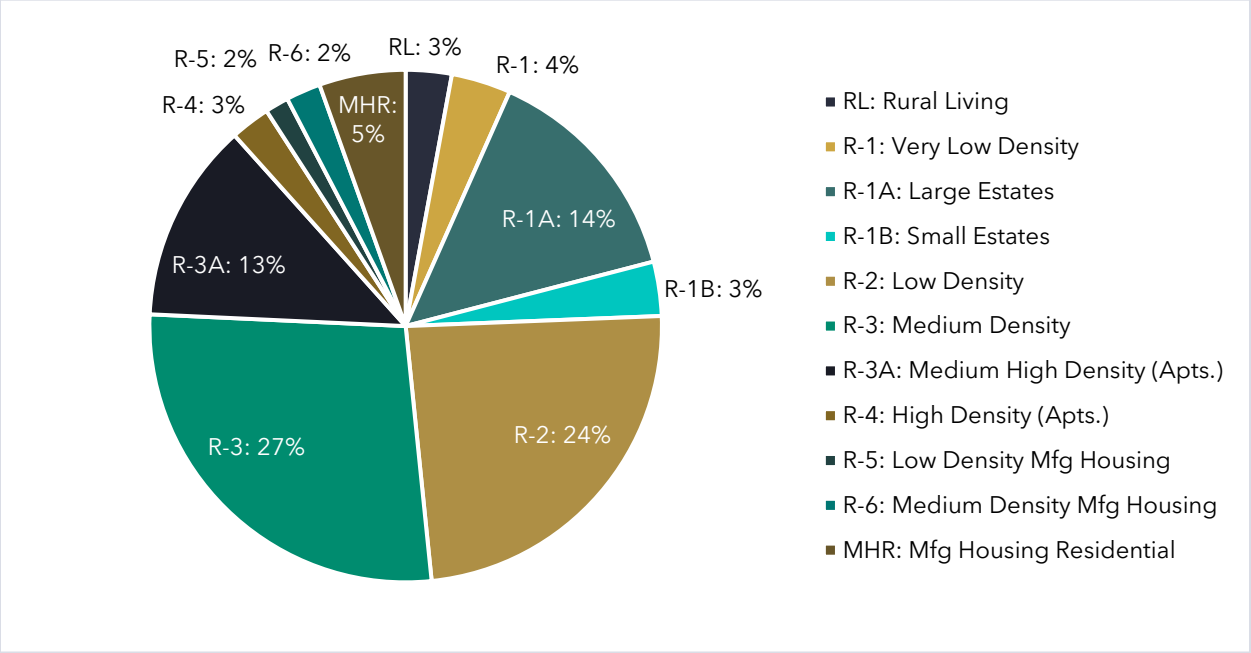
Source: Points Consulting using data from City of Montrose Planning Department

Figure 7: Residential Building Space by District



Source: Points Consulting using data from City of Montrose Planning Department

Figure 8: Undeveloped Space by District



Source: Points Consulting using data from City of Montrose Planning Department

Table 2: Land-Usage by District

Zoning District	Total Acreage	Building Space (in Sq. Ft).	Vacant Land (in Acres)	Floor Area Ratio
RL: Rural Living	207.9	152K	204.4	1.7%
R-1: Very Low Density	275.3	440K	265.2	3.7%
R-1A: Large Estates	1,038.9	1,310K	1,008.8	2.9%
R-1B: Small Estates	261.4	863K	241.6	7.6%
R-2: Low Density	1,848.3	6,706K	1,694.4	8.3%
R-3: Medium Density	2,072.3	6,185K	1,930.3	6.9%
R-3A: Medium High Density (Apts.)	941.0	2,180K	891.0	5.3%
R-4: High Density (Apts.)	206.2	1,278K	176.9	14.2%
R-5: Low Density Mfg Housing	112.3	309K	105.2	6.3%
R-6: Medium Density Mfg Housing	166.8	541K	154.3	7.4%
MHR: Mfg Housing Residential	433.3	2,102K	385.0	11.1%

Source: Points Consulting using data from City of Montrose Planning Department

Table 3: Distribution of Land Usage by District

Zoning District	% of Parcels	% of Building Space	% of Green Space
RL: Rural Living	2.8%	0.7%	3.0%
R-1: Very Low Density	3.7%	2.0%	3.9%
R-1A: Large Estates	14.1%	6.0%	14.7%
R-1B: Small Estates	3.6%	3.9%	3.5%
R-2: Low Density	25.1%	30.6%	24.7%
R-3: Medium Density	28.2%	28.2%	28.2%
R-3A: Medium High Density (Apts.)	12.8%	9.9%	13.0%

R-4: High Density (Apts.)	2.8%	5.8%	2.6%
R-5: Low Density Mfg Housing	1.5%	1.4%	1.5%
R-6: Medium Density Mfg Housing	2.3%	2.5%	2.3%
MHR: Mfg Housing Residential	5.9%	9.6%	5.6%

Source: Points Consulting using data from City of Montrose Planning Department

Table 4: Average Parcel Size and Average Building Size by District

Zoning District (current)	Avg. Parcel Sq. Ft.	Avg. Parcel Size (in Acres)	Avg. Building Size (in Sq. Ft.)
RL: Rural Living	181,165	4.2	3,049
R-1: Very Low Density	75,427	1.7	2,769
R-1A: Large Estates	95,269	2.2	2,759
R-1B: Small Estates	40,819	0.9	3,095
R-2: Low Density	26,784	0.6	2,231
R-3: Medium Density	35,921	0.8	2,461
R-3A: Medium High Density (Apts.)	36,276	0.8	1,929
R-4: High Density (Apts.)	15,515	0.4	2,207
R-5: Low Density Mfg Housing	18,744	0.4	1,184
R-6: Medium Density Mfg Housing	27,620	0.6	2,057
MHR: Mfg Housing Residential	34,008	0.8	-- [17]

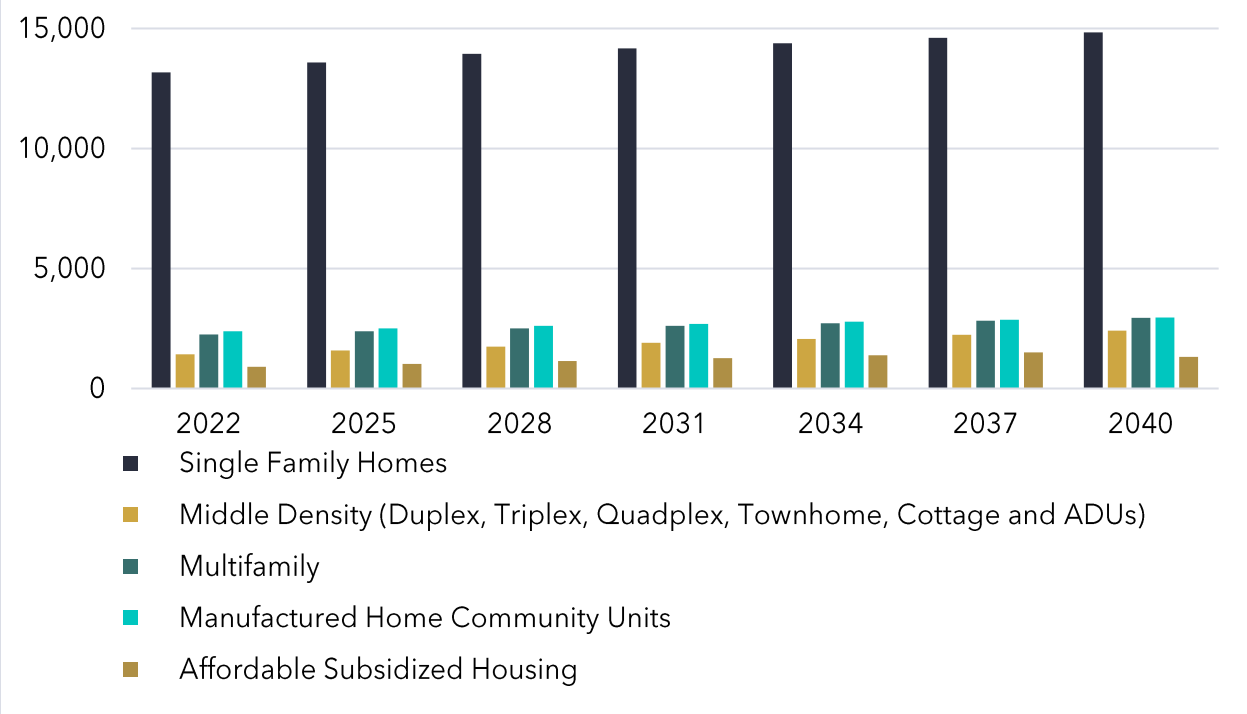
2. Forecast & Recommendations

Montrose County Housing Demand Forecast

For the purposes of this assessment, PC forecasted housing demand over several time periods. Forecasting the housing market is particularly challenging because a large number of variables affect both the supply side (housing production) and demand side (home purchases and leases). This forecast does not account for the endless number of possible outcomes but is rather the most likely outcome given current local trends on the supply and demand sides. In other words, this is not a highly aspirational forecast of what could happen if supply fully rises to meet demand, but a reasonable approximation of what is likely to happen considering observable trends. Lastly, it is also important to note that this is not a forecast of how many previously owned homes will be sold to new owners, but purely a forecast of new home development. PC's forecast is not prescriptive, but rather a scenario founded on the recommendations presented in this report. Therefore, the numbers will be reflective of what *could* happen, not what *should* take place. These numbers will differ from forecasts carried out by using alternate methodologies and assumptions.

As shown in Figure 9 and Table 5, PC forecasts a demand for 3,929 additional housing units between 2022 and 2040.[18] Given current and forecasted wage rates, the housing mix of Montrose will need to diversify to include more middle-density units (both for-rent and owner-occupied) and more high-density multifamily. Between 2023 and 2040, PC anticipates greater development and adoption of middle-density housing types, but not a drastic swing away from the historic single-family housing model.

Figure 9: Housing Units by Type, 2022-2040



Source: Points Consulting, 2023

One of the key stories of this forecast is how the development of units would have an inexorable effect on the built environment of Montrose. Of the over 3,900 units demanded, 43% would still be of the single-family housing variety, but a proportion higher than historic norms would be among other varieties including 25% middle-density, 18% multifamily, and 14% affordable subsidized housing units.

PC's forecast recognizes the influence of housing costs on the balance between the number of renters and homeowners in the housing market. While the future distribution of income levels and rent costs cannot be determined accurately, it is reasonable to expect that the unit balance may need to shift towards a greater proportion of rentals than currently exists in Montrose County.

Table 5: Housing Unit Breakdown by Type, 2022-2040

	2022	2040	18 Year Change	% Change	Avg Annual Change
Single Family Homes	13,168	14,841	1,673	12.7%	93
Middle Density (Duplex, Triplex, Quadplex, Townhome, Cottage and ADUs)	1,423	2,408	985	69.2%	55
Multifamily	2,249	2,940	691	30.7%	38
Manufactured Home Community Units	2,384	2,964	580	24.3%	32
Affordable Subsidized Units*	904	1,435	531	58.8%	30
Total Units	**19,224**	**23,153**	**3,929**	**20.4%**	**218**

Source: Points Consulting, 2023

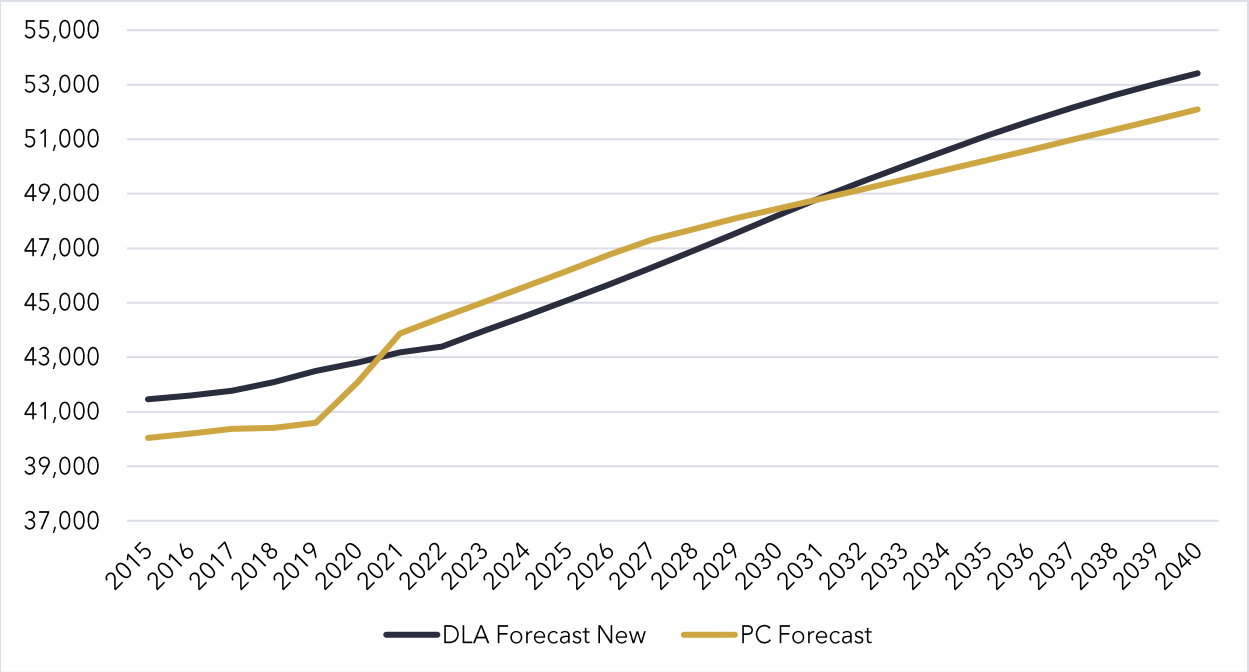
*Affordable units can occur across different unit types, and as such are not included in the total row

Methodological Summary of Housing Demand Forecast

Since PC's housing needs forecast is built partly upon our population forecast, it is worth noting a few differences between PC's population forecast results and those from the Department of Local Affairs' (DLA) State Demography Office (SDO), as shown in Figure 10. PC's historic population counts from 2015 to 2022 differs slightly from the state due to differences in source data. PC built our forecast from Census' Annual Population Estimates, whereas DLA appears to base their estimates on extrapolations from a variety of other sets.

The period looking forward from 2022 to 2040, however, is of more value for the purposes of this report. PC's forecast is built upon our econometric expertise, accounting for factors such as birth and death rates, migration rates, and qualitative factors drawn from national statistics and research. Overall, DLA's forecast is comparable, albeit slightly higher than PC's forecast. It is important to note that the comparison in the chart is based on DLA's October 2022 forecast, which significantly lowered growth expectations for the County compared to their previous iteration. DLA projects a 23% increase in population over the next 18-years, whereas PC forecasts a 17% increase. Using a customized population forecast, PC layers in current usage and future expectations of occupancy per household to arrive at a total housing units count.

Figure 10: Comparison of PC Forecast to DLA Forecast



Source: Colorado Department of Local Affairs Points Consulting, 2023

It is worth noting that PC's forecast is not linear across the 18-year period. This is for several reasons related both to supply and demand. Due to natural population change rates, we anticipate a slight downturn in the population growth trajectory, and therefore housing unit demand between 2030 and 2040. Also, the housing market is still riding some momentum from the local recent housing boom and in-migration. Most economists project at least a market slow-down if not a full-blown recession sometime in the next two years. Despite recent strong growth, it is important to keep in mind that real estate markets are highly-cyclical. If the Great Recession provided any lessons on this front, it is that the construction market can be slow to "wake-up" after a downturn.

To clarify these incremental timeline differences:

- For the first 10 years (2022-2032): forecast of +2,335 units, average of 234 units/year
- For the next 8 years (2032-2040): forecast of +1,594 units, average of 199 units/year

Tying together the housing forecast with recent permit data shows that the construction industry in Montrose County (including the City of Montrose) should be able to manage this level of demand. Excluding the unusual spike in 2021, the County has averaged 274 building permits/year. To bolster the point related to recessions and recovery, during the post-recession period (2010-2016) the County averaged just 79 permits per year.

Key Strategies & Recommendations

The following recommendations focus on policy and zoning code alterations, but some are also focused on other incentive tools that the City could use to encourage development of the most needed and undersupplied housing types. It is important to set expectations for City leadership and community members that suggestions such as these do not result in

quick fixes to existing housing challenges. In each case, the private sector needs to engage with these concepts, which requires familiarity, opportunity, and time. We are confident that over a period of five to ten years these recommendations will result in incremental but noticeable progress on housing shortages and challenges.

The following recommendations were designed by the PC team to help the City of Montrose affect change toward the affordability challenges noted within this report and meet the housing needs and income levels observed within our forecast. Since this report was written mainly for the benefit of the City of Montrose, we focus our recommendations on options within the City's jurisdiction to influence. This should not be taken to mean that the challenges are due to existing city policies, nor that the solutions are entirely within the power of the City to influence. In fact, there are many other potential solutions that could be taken up by the private sector and/or the non-profits in the region to help push in the same direction. Many such opportunities are already permissible by state and city code but are not taken up due to market factors or unawareness within the private sector about how to exploit these options. A few such options that are not strictly within the power of the City but PC would advocate for include:

- Greater private sector use of the Planned Development (PD) process outlined by the City of Montrose, especially to build clustered cottage style residential developments
- Increased development of senior housing, including both independent and assisted living
- Creation of a community land trust (CLT) program to use a combination of deed restrictions and land-ownership options to maintain long-term affordability for certain housing units

Recommendation 1: Increase Allowance of Accessory Dwelling Units

Deploying Accessory Dwelling Units (ADUs) are a common way to gradually increase density within single and dual-family districts while not significantly altering the character or home value in existing neighborhoods. They can offer a more affordable way of building than new units on undeveloped parcels, as the utilities and street infrastructure are already in place on and around these parcels. ADUs can also combat increasing housing costs as they provide an alternate source of income for homeowners to rent out space. ADUs would mainly be focused on for-rent housing and could benefit a number of high need audiences highlighted in this report including:

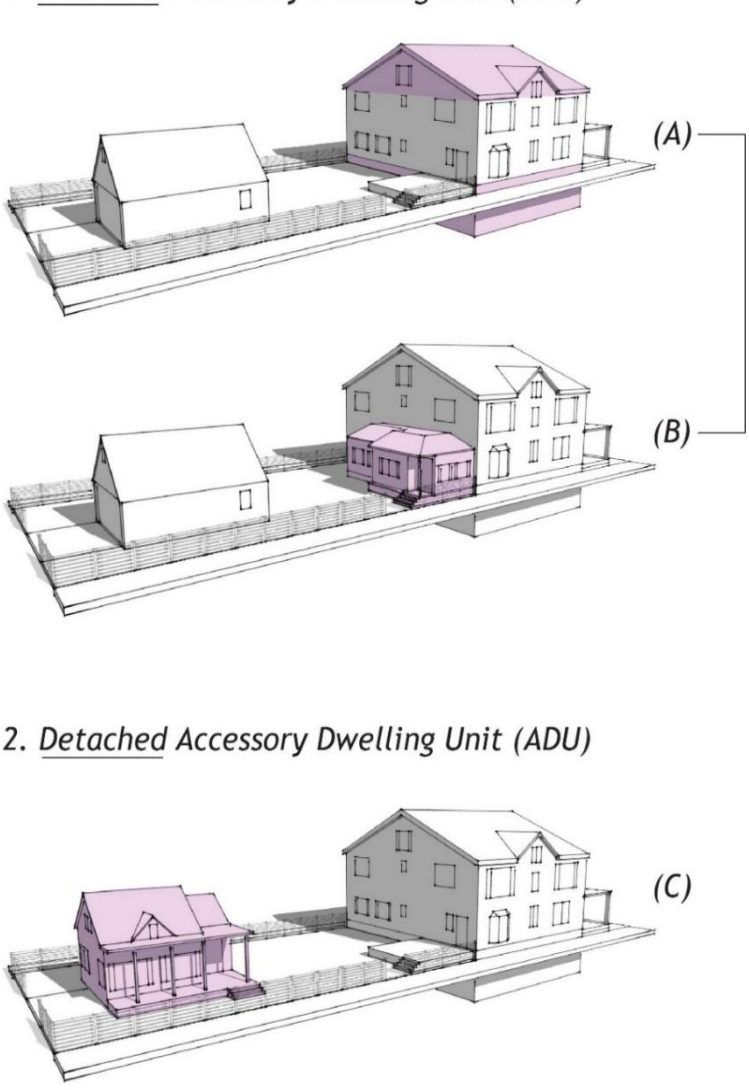
- aging adults/seniors looking to downsize
- professionals and young adults who cannot yet afford their own home but are looking to get away from apartments
- part-time residents who do not need a full-time single-family home to maintain

Firstly, some definitions are required to understand the nuances of ADUs. There are two types of ADUs: attached and detached. Attached ADUs are either discrete structures that adjoin to the main structure of the property, as seen in example B in Figure 11, or a separate apartment within the main structure, such as a basement or attic apartment, as seen in example A. Attached ADUs are also sometimes referred to as "integrated ADUs." Detached ADUs are an entirely separate structure from the main building of the property (example C).

This recommendation also has the benefit of building upon the observed successes of the Redevelopment Overlay Zoning District (REDO). Expanding successful planning and zoning policies to a wider area is often easier for community members to digest, as they have already seen the policy at work elsewhere in town. The REDO area is a mix of commercial and residential zones, with some small pockets of industrial zoned land surrounding downtown Montrose. The REDO district permits the following alterations related to detached ADUs on parcels of 6,250 square feet or greater:

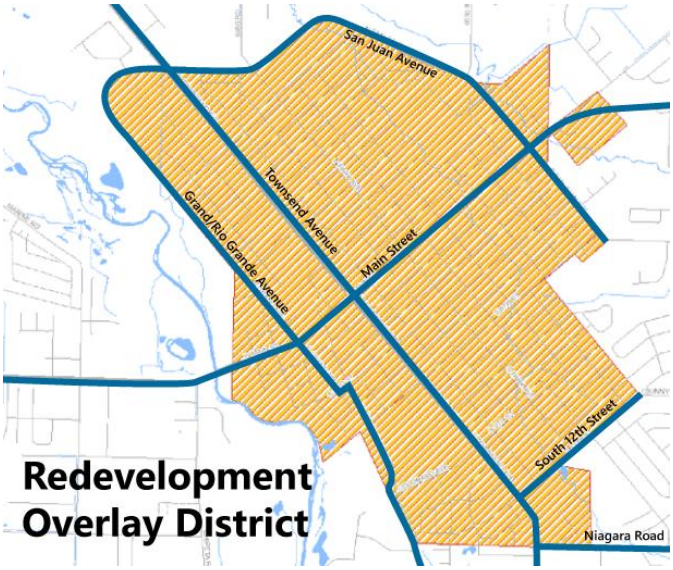
- removal of all setback requirements, (but at least 10-feet of separation is required between primary and accessory structures)
- removal of 30% rear yard coverage maximum
- reduction of tap fees to $315/unit (rather than a range of $2.9K for single-family residential to $80.2K for large-scale multi-family—depending on tap sizes)

Figure 11: Attached and Detached ADUs



Source: City of Boulder Website, accessed April 11, 2023, https://bouldercolorado.gov/services/accessory-dwelling-units.

Communities such as Boulder, Grand Junction, and Durango have loosened restrictions on ADUs over the past ten-years. Boulder, for example, loosened some of its restrictions in 2018, by allowing more ADUs to be built near each other. The small change has led to 200 additional units built or greenlit for construction since 2018. For context, only 231 ADUs had been built in the previous 35 years that ADUs were allowed in the City of Boulder.[19] As recently as April of this year, the Grand Junction City Council approved an ADU Production Program. The program aims to "spur the creation of new ADUs to assist in alleviating the shortage of affordable housing."[20] The City is allocating $250,000 in funding to encourage ADU construction. Durango allows ADUs in all zoning districts (R1 through R4), and even permits detached or attached ADUs.



Source: City of Montrose Website, accessed April 11, 2023, https://www.cityofmontrose.org/695/Redevelopment-Overlay-District.

The City of Boulder loosened ADU restrictions in 2018. Over the prior 35-years only 321 ADUs had been built. Since the change 200 additional units have been built or greenlit for construction.

As outlined in the following detailed points, PC recommends similar policies be deployed throughout most of the City's residential districts, with some modifications based on context of those districts. Some residents may resist the expansion of ADUs due to concerns over the proliferation of short-term rentals (STRs). For this reason, the City may choose to selectively prohibit the use of ADUs for STR purposes in zones where this may produce conflict.

Recommendation 1.1: Allow Accessory Dwelling Units (ADUs) in Single-Family Districts: R1, R1A and R1B and R2

ADUs could fit most naturally within the lower-density districts because these already possess larger lot sizes and more green space. For example, R1 units average 1.73 acres/parcel, R1A average 2.19, R1B average 0.94, and R2 0.61. Furthermore, the R1, R1A, R1B, and R2 districts currently possess 47% of the City's vacant land. The City could deploy size limitations of ADUs in these districts on a sliding scale, for example, no larger than 1,400 SF in R1 and no larger than 850 square feet in R2. Another tool could be limiting ADU heights to no taller than the existing primary buildings.

Lastly, if citizens demonstrate concerns about STRs in single-family districts, we recommend not allowing two STRs within the predominantly single-family districts. Under this regulation it would still be allowable to rent out both the primary and the secondary residence; owners would just not be able to run two STRs at the property. A more stringent version of this policy would be to restrict STRs to residents who are full-time occupants of the primary residence.

This could prevent large-scale speculation by out-of-town investors, who may alter the character of these neighborhoods.

Recommendation 1.2: Allow ADUs in Medium to High Density Districts (R3, R3A, R4, R5, and R6)

Within more dense districts, lot space and green space become bigger concerns. For R5, R6, and MHR districts, consider allowing ADUs up to 800 square feet or no more than 40% of the square footage of the primary residence. Appropriate setback, dimensional standards, utility requirements, and parking must also all be considered. Parking may become a bigger concern in these denser districts so a standard of at least one off-street parking spot per ADU may be reasonable. This would increase the opportunities for ADUs, while preserving green space in those districts.

Also consider allowing ADUs in R3, R3A, and R4 districts. ADUs in these districts may be limited by FAR requirements, however, some areas have allowed ADUs in multifamily properties with certain restrictions. The state of California changed their regulations in 2020 to allow one ADU to be converted from an accessory space or two detached ADUs per multifamily property. In cases where there are many units, such as an apartment building, up to 25% of the existing number of units are permitted on site. So, a site with twelve units could support three ADUs.[21] This is often achieved by converting existing structures on the property to ADUs. Underutilized garages or storage sheds could become additional units without changing the green space of the lot.

Recommendation 1.3: Expansion of the REDO District

As previously noted, the REDO overlay district established a by-right development standard for ADUs in the downtown core area. More specifically, the REDO district allows for a tighter building footprint and a reduction of hookup fees. According to city staff and leadership, within the neighborhoods where the REDO district currently applies, there have been relatively few complaints on issues such as parking, noise, and overcrowding.

This recommendation would be a milder version of Recommendations 1.1 and 1.2, as instead of applying ADU changes wholesale by zoning district, this would simply expand the boundaries of the REDO Overlay into lands surrounding the existing district. This change is also a logical step in the economic development of the City of Montrose. As the population and economy grows, the commercial and downtown district generally expands with it. City planning staff would need to work out specifics for where the REDO district could be expanded. There are multiple territories that seem to fit the same land use and suitability criteria, including areas to the north of Niagra Road, to the west of South Hillcrest Road and to the south of East Main Street, for example.

Recommendation 1.4: Develop Pre-Approved ADU Building Plans

To expedite the process of building ADUs, many cities have elected to work with designers or architects to create pre-approved building plans. For homeowners, this makes the process much simpler. For example, in Fremont, California, homeowners looking to build an ADU pay a flat review fee of $1,000 and have a plan approval time of 7 business days, rather than the standard 15. The expectations are clear and straightforward with no surprises. Furthermore,

they know that the design they have selected complies with the California Building Code and Fremont's design guidelines.

In Fremont, California, homeowners building ADUs pay a flat review fee of $1,000 and have a plan approval time of 7 business days, rather than the standard 15. The expectations are clear and straightforward with no surprises.

This process also has advantages for the City of Fremont. On the most basic level, a simple process encourages residents to build ADUs, thereby boosting the housing supply. However, it also puts less of a strain on city government. Boilerplate ADUs that are already ensured to be compliant require less manual curation by city employees. Furthermore, the cities can encourage certain housing aesthetics by the sorts of design they have available. Danville, California, for example, has three styles in their pre-approved ADUs: Craftsman, Mediterranean, and Modern. This is advantageous for communities looking to preserve small-town charm.

Figure 12: Pre-approved ADU Building Plan



Source: City of Fremont Website, accessed April 11, 2023, https://www.fremont.gov/government/departments/community-development/planning-building-permit-services/accessory-dwelling-units-adus/preapproved-accessory-dwelling-units-adus.

Most cities with pre-approved plan options follow a similar process. Homeowners choose their pre-approved plan, which they then license through the designer. Then they prepare their site plan and submit their application to the streamlined process. Enacting a similar process in Montrose would encourage homeowners to build ADUs and would be a step towards increasing the housing supply.

Recommendation 2: Allow Higher Density within Medium Density Zoning Districts

Further adjustments can be made to the zoning code in Montrose to facilitate more "middle density" housing options that can make more efficient use of space in the existing middle-density districts that are already outlined. Currently, the City's existing zoning code is relatively outdated when it comes to recent middle density options that have become commonplace in other communities in Colorado. The code only strictly defines housing in two categories, "single-family" and "multiple-family." Building types with more than two units

are currently classified as multi-family and multi-family smaller than an apartment complex is considered "all others" unit type. More dense standards are allowed in R3, R3A and R4 following a CUP process, which is generally cumbersome and risky for developers, as opposed to by-right development options.

Current standards for "all others" developments are:

- R3 and R3A: 2,900 SF/unit or 15 units/acre
- R4: 2,300SF/unit or 18.9 units/acre

The ongoing Grand Junction Zoning and Development Code update, on the other hand, ushers in utilization of a host of additional options with clear definition of terms, potential locations, and dimension standards; these include options such as triplexes, fourplexes, and townhomes.[22] Other options which could be further articulated in this realm include townhomes, cottage courts, and multiplexes, for example.



Cottage Courts are small groups of houses around a shared public space.



Townhomes have two-three stories and share a wall with a similar house.

Such changes can help in both the for-rent and the for-own markets. For example, townhomes are often set up as owner-occupied, rather than renter-occupied units, and pricing can be reduced due to smaller quarters, and shared building walls.

States and regions that have taken first steps on opening up more land for middle density housing have learned a few lessons that should be instrumental in Montrose's considerations. Firstly, in high growth markets, allowing for more duplexes is typically not enough. A survey of middle-density housing developers from across the US concluded that building costs are so high that in order for the incentive to build denser to take effect, they typically need to build between four to eight units per building, rather than just two.[23] Changes on this front should be accompanied by conversations with developers interested in infill development to determine what is the "turning point" in Montrose for them to be able to start building differently than in years past. Secondly, changes to the zoning code may also need to be accompanied by changes to other codes such as dimensional standards, building heights, parking requirements. All such issues also affect costs and space usage options available to home builders.

Many middle-density options can also be converted from existing large single-family homes that are in R2 or R3 districts.[24] Such options are also frequently more affordable for existing homeowners. Comparing current national construction costs, prices for a new home construction are around $100 to $200 per square foot, while duplex or tri-plex conversions are in the range of $80 to $100 per square foot, and sometimes even cheaper if the work is taken on by a homeowner rather than a general contractor.[25]

National prices for new home construction are around $100 - $200 per square foot, while duplex or tri-plex conversions are in the range of $80 to $100 per square foot—sometimes even cheaper.



Former large single-family home that has been converted into a six-plex in Moscow, Idaho

While states like California and Oregon are implementing "upzoning" policies that allow for triplexes in single-family zones, the City of Montrose can take a more targeted approach. Instead of being as aggressive in its policy recommendations, the City can focus on implementing such adaptations in areas that are already zoned for multiple dwelling units, such as R2 and higher districts. Options along these lines are outlined below.

Recommendation 2.1: Allow Duplexes in R2

Duplexes are currently allowed in R3 but not in R2. The density standards of R2 and R3 are already of negligible difference (FAR 6.9% to FAR 8.3%). So, passing through this standard from R3 to R2 will open up 1,800 more acres and 24% of city lands to development or conversion of duplexes.

The City could decrease minimum lot sizes from 7,500 SF to 6,000 SF, for a density of three units per acre, and allow duplexes on corner lots (or more generally) as a conditional use or limited use. The City may establish appropriate setback, dimensional standards, utility requirements, parking, etc. However, PC recommends a FAR of 50% and flexibility on setback requirements to allow for proper space to build.

Recommendation 2.2: Allow Triplexes in R3

Most citizens are familiar with duplexes but less familiar with triplexes. A triplex is a single building that contains three distinct dwellings but which are all within the same parcel. Provided that parking and utilities are adequately provided, triplexes typically fit organically within medium density zoning districts and do not upset existing neighborhood dynamics because they do not look, feel, or function like an apartment complex.



Duplexes and Triplexes have several separate units in the same building located on a single lot.

Development of units in the range of duplexes to quad-plexes have been uncommon in Montrose to this point. PC estimates that there were around 12 permits issued for duplexes and approximately 5 permits issued for both triplexes and quad-plexes since 2017.[26] The latter number could increase significantly with this zoning alteration. The City can consider lowering the minimum density from 6,250 SF to 5,000 SF, and allowing triplexes on the 9,375 SF lots, for a density of four to five units per acre. PC also recommends increasing the maximum building height from 35 feet to 40 feet, as well as a FAR of 60%.

Recommendation 2.3: Improve Allowance of Triplexes & Quad-plexes in R3 and R3A
Quad-plexes are similar to triplexes, where all units are within the same parcel, but contain an additional unit. Quad-plexes also have the same benefit as triplexes of blending into medium density zoning districts without seeming out of place, since these buildings are not made to look like a condo or apartment building, despite being able to house four separate families. The City may consider the allowance of triplexes and fourplexes on lots greater than 9,375 SF for both of these zoning districts as a limited use.

Also, similar to the recommendation for R3, the City could also decrease the minimum density for R3A from 6,250 SF to 5,000 SF, for a density of 8 to 12 units per acre. PC additionally recommends increasing the maximum building height in R3A from 35 to 45 feet, as well as floor area ratios of 60%.

Recommendation 2.4: Allow Higher Density in R4
The R4 zoning district currently allows for multiple-family residences and for variety in the types of residences and densities. PC recommends decreasing the minimum lot size from 6,250 SF to 5,000 SF in order to achieve a density of 12 to 16 units per acre. PC also recommends lot coverages of 75% and increasing the maximum building height from 35 feet to 45 feet in order to accommodate increased levels of density. This recommendation coincides with objective 3.1 in Land use the City's Comprehensive Plan, "plan for a sustainable variety of land uses, densities, and regulations that meet the demand for each type of use…"

Recommendation 3: Retirement of Several Zoning Districts

Montrose has eleven existing residential districts, which is abundant for a town of its size. For example, similarly sized towns such as Cañon City and Golden have seven and five districts, respectively. The argument for retirement of excess districts is that it simplifies zoning code and reduces restrictions on land-use, in general, while also reducing the amount of staff time that is wrapped up planning hearings, discussions about Allowances, Conditional Use Permits (CUPs), and other such labor-intensive activities. Such slowdowns have a real effect

on housing production. For private sector developers, the old adage "time is money" is often very true, and if they cannot move quickly enough to build, they may not build at all.

PC's analysis of land-usage in the previous section revealed that there are numerous zoning districts in Montrose that have land-use patterns very similar to each other. There are other important factors to consider before districts can be simply collapsed into each other. Firstly, these include examining the by-right and by-conditional use standards of these districts. Secondly, as outlined in Montrose's Municipal Code, one of the purposes of defining residential districts at the outset is to "protect property values." As such, PC examined not just existing land-use patterns, but allowable uses and the assessed value of properties over time. Rather than suggesting dramatic changes on these fronts, we recommend a few tweaks that are unlikely to adversely affect existing property owners by any notable degree.

Recommendation 3.1: Retirement of R5 Zoning District

PC suggests retiring the R5 district and all existing R5 lands being subsumed into the R6 district. Uses in by-right development are identical between R5 and R6. However, R6 approves more uses under conditional-use development including skilled nursing and assisted living facilities, multiple family residences, and bed and breakfast operations.[27] There are also a few differences in dimensional requirements between the two districts. R5 requires ten feet in minimum side setbacks while R6 requires six feet. Additionally, R5 lots have a minimum lot size of 12,000 feet, while R6 lots have a minimum of 7,500 feet.

Tracking appraised values over the past eight years indicates that average values in R6 are higher than values in R5 and showing a greater percentage of growth: from 2015-2022, 95.2% growth in value in R6 versus 79.4% in R5. In 2022, R6 properties were valued an average of $50,663 more than R5 properties. Given this trend it would be hard for property owners to argue that such a change would harm their home values. This would affect 112.3 acres (or 1.5% of residential lands in the City of Montrose).

Recommendation 3.2: Retirement of R1A Zoning District

Similar to the recommendation above, PC suggests retiring District R1A and combining it into R1B. Both districts have the same by-right and conditional uses. The two districts are also identical in their dimensional requirements, except for a small difference in minimum lot size requirements: 1/2 acre in R1A versus 1/3 acre in R1B. In practice, the PC team found that R1A lots average 2.19 acres and R1B lots average 0.94 acres. However, R1B lots were valued at an average of $23,131 more in 2022. Furthermore, R1B lots grew in value by 66% from 2015 to 2022, while R1A lots grew by 56%. In other words, despite being higher in density, in general, R1B properties are more valuable and increase in value more quickly than R1B homes. The change in density standards would affect 1,039 acres, or 14% of Montrose's residential land.

Despite being higher in density, in general, R1B properties are more valuable and increasing in value more quickly than R1B homes.

Recommendation 4: Improve Access to Non-Subsidized Affordable Housing in Montrose

Zoning and building code barriers are often some of the tools that prevent the expansion of non-subsidized affordable housing (or sometimes called "naturally occurring" affordable housing). Montrose could make several changes on this front to allow for greater use and access of high density manufactured and stick-built housing. Another action that the City could take includes accessing state grant funding to support a local affordable housing maintenance and development fund.

Recommendation 4.1: Allowance of Modular & Manufactured Housing Units in All Zoning Districts

Montrose's existing zoning code is currently fairly exclusionary when it comes to manufactured and modular housing types. Currently neither of these building types are allowed outside of R5, R6 and MHR. A large reason for these restrictions stem from unclear distinctions in city code between manufactured, modular, and mobile homes. More could be elaborated on these issues but, in general, the differences are as follows:

- "mobile home" means units that are transportable and built prior to 1976
- "manufactured home" means single-family homes built in a factory which are moved on-site and then installed on a foundation
- "modular home" means single-family, duplex or multi-family housing built in a factory which are moved on-site and then installed on a foundation

The City's 2040 Comprehensive Plan Goal LU-1 action item 2.4 is parallel to this recommendation as it states to, "updated the land use code to better define mobile homes, manufactured homes, and modular homes and reassess the appropriate zoning districts for each type." Therefore, this confusion will be rectified when the current zoning code update is completed in the next few months. Although this will clarify these distinctions it would require an additional step in modifying zoning code to permit by-right usage of modular and manufactured housing outside of these few districts.



Two-story Duplex Manufactured Home
Source: Regulatory Barriers to Manufactured Housing Placement in Urban Communities, U.S. Department of Housing and Urban Development

Though these exclusions may have served a purpose when initially written, the world of manufactured and modular construction has come a long way in the past fifty years. These include dramatic improvements in building standards by HUD, along with improvements in building longevity and energy efficiency. Manufactured homes are often indifferentiable from their stick-built counterparts. If residents resist changes based on building styles, accommodations can be built into the code related to common issues that affect building aesthetics, such as roof pitch and style, exterior siding, and other such issues.

Beyond basic building standards, manufactured housing options have expanded to also include units that are more appealing from a design standpoint. Montrose's zoning code is also somewhat at fault for creating confusion and potential stigmatization against manufactured housing, in that the definitions of "mobile" and "manufactured homes" are somewhat muddled and used interchangeably at some points.

Manufactured homes are typically more affordable than stick-built homes ($80 to $160 per SF to versus $100 to $200 per SF).[28] They also offer the benefit of being built off-site and installed, putting less pressure on the local construction industry, which is already drastically undersupplied with workers.

Manufactured housing and modular housing are more comparable than the antiquated term of "mobile homes."[29] Along these lines, many American cities have relaxed standards on building methodology to allow manufactured homes where they were previously not allowed, among these including some of the following case studies.



Single-story Extended Roof Manufactured Home
Source: Regulatory Barriers to Manufactured Housing Placement in Urban Communities, U.S. Department of Housing and Urban Development



Two-Family Manufactured Home
Source: Regulatory Barriers to Manufactured Housing Placement in Urban Communities, U.S. Department of Housing and Urban Development

As previously noted, maintenance of adjacent property values is one of the primary standards for zoning districts in the City. Hence, this change would need to be made in such a way that existing property values are not diminished. Research has been mixed on this front but in cases where mobile homes and other compounding factors have been accounted for, the results indicate there is little effect on property values.[30] In general, research shows that manufactured homes do not negatively affect the home values of neighboring single-family homes, if "Well-designed and well-maintained … [and] built to national standards."[31]

Aside from concerns about changes to the property values of the surrounding properties, attitudes regarding the inclusion of manufactured homes to a neighborhood and how they might affect current neighborhood dynamics may be unfavorable. In a state-wide study carried out in Virginia, researchers investigated the acceptance of manufactured homes as a residential alternative in rural neighborhoods.[32] It showed that those that lived in manufactured homes were satisfied with them, but opposition by nonresidents affects the

location in where these sorts of projects are built, and it also limits housing choices for low-income households. However, the image and appearance of the project were key factors in generating higher levels of acceptance for these projects. Thus, the aesthetic appeal of manufactured housing projects will be an important consideration when judging the feasibility of building these types of homes across neighborhoods in Montrose.

Recommendation 4.2: Create Pathway for Manufactured Housing Parks (MHR) to Transition to High Density Neighborhoods

Montrose has seven manufactured home parks of varying levels of quality and appearance. The City is host to some of the most visually appealing entry-level manufactured housing communities of any location our team has visited in the United States. It also hosts some very low-end neighborhoods that the City of Montrose has recently invested in for the benefit of these residents. In August 2021, Montrose City Council approved $500,000 toward improving the San Juan, Green Acre, and Cottonwood communities ($200,000 from General Fund reserves and $300,000 from American Rescue Plan Act).[33] Clearly the mobile/manufactured home communities (MHCs) provide a lot of affordable housing for Montrose and the City is invested in bettering those areas. The PC team recommends that the City of Montrose create a pathway for Manufactured Housing Park to transition to high density neighborhoods.

The benefit of working on zoning changes for these neighborhoods is clear. MHCs have many existing elements required for dense and affordable housing. They just lack the legal infrastructure to turn the corner for their "second act."

The benefit of working on zoning changes for these neighborhoods is clear. MHCs have a lot of the existing elements required for dense and affordable housing (e.g.: zoning, water/sewer infrastructure, location need transit lines, etc.) They are just lacking legal infrastructure to turn the corner for their "second act." The City of Lewiston, Idaho recently rewrote a section of their City Code to allow tiny houses to replace manufactured homes in MHCs and allow for tiny house villages.[34] The rewrite is recent (September 2022) so it remains to be seen how the change will affect Lewiston. However, a similar amendment to the City of Montrose could make MHC's a more desirable place to live and assuage community concerns about safety and aesthetics.

Recommendation 4.3: Establish an Affordable Housing Fund Managed by Montrose

Many grant programs are targeted to populations at the very low-income level (less than 50% of AMI) and are accessible by government or non-profit entities. Funds that add more supply and liquidity to the housing market and are accessible by residents and developers are more difficult to find. Though many residents and for-profit developers cannot access such grant funding, the City of Montrose could obtain these funds and with them manage their own grant program, thereby playing the necessary intermediary role to make use of such funds more attainable. The Housing Development Grant Funds (HDG) offered via the Colorado Department of Local Affairs (CDLA), appears to be the best fitting for such purposes as it can be used for new construction, rehabilitation of existing units (both significant needs in Montrose).

One example of such a program used in towns of comparable size includes Scottsbluff, Nebraska's participation in the Western Nebraska Rural Workforce Housing Fund. The City council recently approved a $200,000 request for funds for Twin Cities Development. "The funds are to be used directly for contractors, construction businesses or rehabilitation of houses and sales of houses within the municipality of Scottsbluff. "[35] The funds were acquired from the state's Rural Workforce Housing Fund (RWHF).

Additionally, the Colorado Housing and Finance Authority reserved $12.8 million in federal low-income housing tax credits (LIHTCs) which have facilitated the construction of 633 affordable rental units across Colorado. Despite this, demand was still greater than supply for this round of funding. Some of the new developments include a 36-unit project in Durango, that will have nine permanent supportive housing units, a 72-unit development by the Grand Junction Housing Authority that will serve seniors, and Woodgate Trails in Montrose, which is a 50-unit project that serves seniors.

Various communities in Colorado have also been leveraging public-private partnerships (P3s) in order to relieve housing pressures. In 2022, the state established the Public-Private Partnership (P3) Collaboration Unit to oversee the use of P3 projects within the state. One of the main priorities designated for the Unit is affordable housing development, which has been identified by the state government as a key strategy to address the current housing shortage in Colorado. [36] While still in its early stages, the P3 Collaboration Unit is actively researching potential properties for affordable housing development across the state and identifying contractors to build them. By prioritizing affordable housing as a key initiative for P3 funding, the state is taking a proactive step towards ensuring that all residents have access to safe and affordable housing.

These partnerships have emerged as a valuable tool for increasing the availability of housing in several cities throughout Colorado. The City of Grand Junction, for instance, has leveraged such partnerships to facilitate multiple developments, including the 256-unit apartment complex known as The Junction.[37] This project received $2.4 million in impact fee waivers and funding for the purchase of the site's right-of-way from the City, and an additional $3.5 million in contributions from the Downtown Development Authority.

Another example is the town of Vail, in Eagle County, which has caught the attention of the state government for its potential to provide workforce housing in Dowd Junction.[38] A state-owned parcel of land is being considered for this purpose, pending the approval of Senate Bill SB 23-001. This bill would grant additional functions to the Public-Private Partnership (P3) Collaboration Unit, such as accepting gifts and donations to be credited to the unused state-owned real property fund and using proceeds from real estate transactions and revenue from public-private agreements.[39] The bill would also allow the Collaboration Unit to include housing transactions and identify more redevelopable land for affordable and workforce housing developments. By partnering with local organizations, the Collaboration Unit can initiate such projects and provide more options for Colorado residents.

Recommendation 5: Establish a Minimum Density Level in Several Zoning Districts

Zoning code has historically leaned toward protecting lower-density single-family usage as opposed to higher density usage. The emergence of minimum density levels introduces the

opportunity to protect land-use in *favor* of higher density residential. Whereas some of the prior recommendations focus on allowing particular housing types that are previously impermissible, this recommendation would ensure that any new building units in that district would prevent the district from veering the direction of lower-density single-family housing over time. We are not advising the City to enact any such change in the largely single-family districts (RL, R1, R1A, R1B and R2) but this does fit existing declared purposes of higher density districts.

Potential community controversy on this front could revolve around concerns about long-term property values, especially since the minimum density standards would have a slow but enduring effect on these districts. However, evidence is continuing to mount that density has the opposite effect on property values, at least to an extent. Part of the reason for these shifts are that density is often accompanied by aspects that citizens generally find more desirable (such as shorter commutes, walkability, and intermixing of commercial with residential uses).[40]

Several locations in Colorado are already using this tool. Since 2017, the City of Durango has required a minimum number of units per acre for all cluster and manufactured home developments, and all development in medium and high-density districts.[41] Grand Junction has enacted a similar change which requires certain residential districts to stay within minimum density standards, established on a unit per acre basis.[42]

Recommendation 5.1: Establish a Minimum Density Level for R3A and R4
Mechanically speaking, the minimum density standard would affect the parcel sizes for newly developed lots and subdivisions such that overall density does not *exceed* the minimum for the given zoning district, typically measured in terms of number of units per acre. Minimum density standards would not affect building sizes, but due to the practical necessities of the building envelope after accounting for setback standards, building sizes would likely decrease over time as well.

Though the City would need to work out specific targets, existing data on this front indicate that reasonable standards to maintain would be in the range of 5 to 10 units per acre for R3 and R3A, 10 to 15 for R4, and 5-10 for R5 and R6.

Summary of Recommendations

Table 6 summarizes our recommendations with several key metrics associated, such as how impactful the change would be to the community and the expected timeline for execution.

Table 6: Recommendations Matrix

Recommendation	Tenure Target(s)	Timeline	Level of Impact on Community	Measurement of Progress
1.1: Allow ADUs in Single-Family Districts: R1, R1A and R1B and R2	Rent	1-3 Yrs.	Moderate	ADU permitting in districts
1.2: Allow ADUs in Medium to High Density Districts (R3, R3A, R4, R5, and R6)	Rent	1-3 Yrs.	Low	ADU permitting in districts
1.3: Expansion of the REDO District	Own and Rent	1-3 Yrs.	Moderate	ADU permitting in districts
1.4: Develop Pre-Approved ADU Building Plans	Own and Rent	2-5 Yrs.	Moderate	ADU permitting
2.1 Allow Duplexes in R2	Own and Rent	2-5 Yrs.	High	Duplex building/conversions in Districts
2.2: Allow Triplexes in R3	Own and Rent	2-5 Yrs.	Moderate	Triplex building/conversions in districts*
2.3: Improve Allowance of Triplexes and Quad-Plexes in R3 and R3A	Own and Rent	1-3 Yrs.	Moderate	Triplex and quadplex building/conversions in districts
2.4: Allow Higher Density in R4	Rent	1-3 Yrs.	Moderate	Track average lot sizes and FAR
3.1: Retirement of R5 Zoning District	Own and Rent	2-5 Yrs.	Low	Track average lot sizes and new building in district
3.2: Retirement of R1A Zoning District	Own	2-5 Yrs.	Low	Track average lot sizes and new building in district
4.1: Allowance of Modular & Manufactured Housing Units in All Zoning Districts	Own and Rent	1-3 Yrs.	Moderate	Track modular unit installations
4.2: Create Pathway for Manufactured Housing Parks (MHR) to Transition to High Density Neighborhoods	Own and Rent	1-3 Yrs.	Low	Track stick-built units in MHR
4.3: Establish an Affordable Housing Fund Managed by Montrose	Own and Rent	1-3 Yrs.	Moderate	Track affordable housing permitting and building
5.1: Establish a Minimum Density Level for R3A and R4	Rent	2-5 Yrs.	High	Track single-family home development in districts and FAR

There are a few nuances worthy of note: 2.2: triplexes are allowed in R3 via CUP but this would allow them by-right; 2.3: triplexes and quadplexes are currently allowed by-right in R3A and via CUP in R3, but this would allow them by-right and alter the building envelope; 4.1: ADUs are allowed in R3A by-right and R-3 by CUP, but this would allow them by-right in all districts.

3. Demographic and Socioeconomic Trends

Trends in Population Growth

Population and demographics are a natural starting point in assessing the economic conditions affecting housing markets, particularly given that Colorado is among the top ten fastest growing states over the past decade.[43] While both Montrose and Montrose County have seen an increase in population over the past twelve years, their growth rates have been lower than that of the state. Montrose experienced a 5% change in population, while Montrose County grew 6%, compared to the state's impressive 18% rate. In contrast, other communities on the Western Slope, such as Durango, Grand Junction, and Gunnison have grown at a faster pace than Montrose. This trend is expected to continue in the coming years, according to projections. Table 7 provides details on the growth of each city between 2010 and 2022, along with national data for comparison, while table 8 shows the compound annual growth rate (CAGR) for population over time.

Table 7: Population Change, 2010-2022

Area	2010 Population	2022 Population	Numerical Change	% Change
Gunnison	5,891	6,725	834	14.2%
Grand Junction	61,519	68,873	7,354	12.0%
Durango	17,678	19,163	1,485	8.4%
Montrose	19,466	20,438	972	5.0%
Delta	8,895	8,964	69	0.8%
Montrose County	**41,188**	**43,799**	**2,611**	**6.3%**
Colorado	**5.0M**	**6.0M**	**0.9M**	**18.1%**
United States	**308.7M**	**335.7M**	**27.0M**	**8.7%**

Source: Points Consulting using Colorado Information Marketplace and Esri Business Analyst, 2022

Table 8: Population Growth over Time

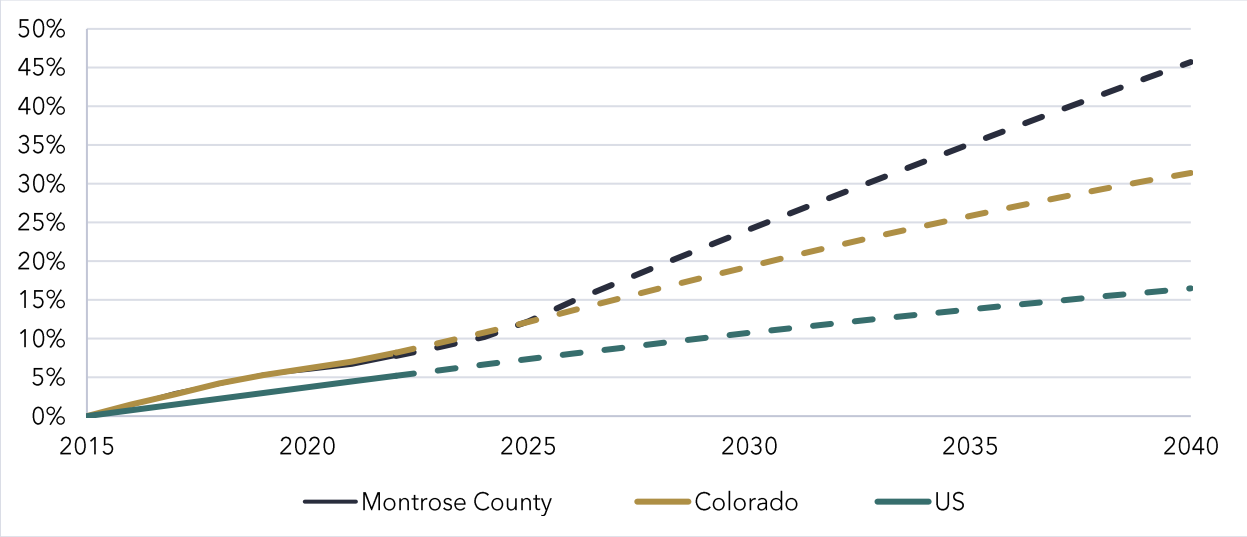
Region	CAGR Past 5 Years	2022 Population	CAGR 5-Yrs.
Montrose	0.37%	20,364	0.25%
Montrose County	0.95%	43,799	1.67%
Colorado	1.18%	6.0M	1.09%
United States	0.69%	335.7M	0.73%

Source: Colorado Department of Local Affairs and US Census Bureau, 2022

As Figure 13 shows, Colorado and Montrose County have both grown at a steady rate since 2015 and are expected to maintain this upward trajectory through 2040, with Montrose County overtaking the growth rate for the state by 2025. According to population growth forecasts by the Colorado Department of Local Affairs (DOLA), Colorado and Montrose County are expected to experience a faster growth rate than the United States as a whole. Communities on the Western Slope specifically are expected to increase in population by approximately two-thirds by 2050. The 21 counties that make up the region are forecasted to go from 600K residents to almost 800K in 2050, with Montrose ranked 6th in population growth among these counties.[44] These figures underscore the importance of assessing housing supply in order to appropriately plan for and manage the necessities of a growing population base.

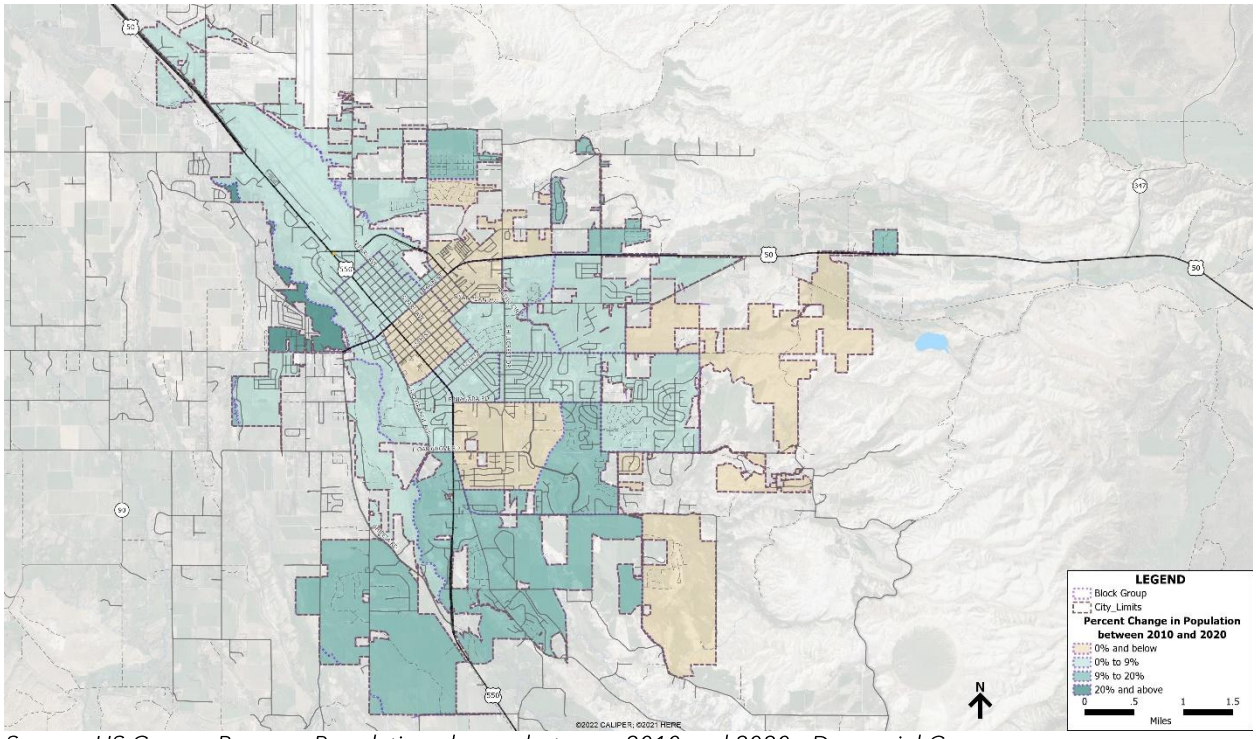
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Figure 13: Cumulative Population Change: 2015-2040



Source: Colorado Department of Local Affairs and US Census Bureau, 2022

Figure 14: Population Growth by Block Group 2010-2020



Source: US Census Bureau - Population change between 2010 and 2020 – Decennial Census:

Figure 14 displays population growth by Census Tract within Montrose over the decade ending in 2020. The map clearly portrays that the City has been growing on the edges outward and less so due to infill, with pockets of growth exceeding 20% in the largely single-family neighborhoods surrounding the Uncompahgre River, and near Main Street on the west side of Townsend Avenue.

Population growth is influenced by three primary factors: births, deaths, and migration. Figures 15 - 16 illustrate how these sources of population change have evolved from 2010 to 2021. Until 2016, Montrose County had negative levels of net in-migration, but since then, net-migration numbers have increased significantly and have remained positive, averaging 480 per year over the past six years. In contrast, Colorado's net in-migration has been steadily positive, peaking in 2015 and slowing down in subsequent years. Other Western Slope counties, such as Mesa, Delta, and Gunnison, have also experienced varying degrees of surges in net-migration in recent years.[45]

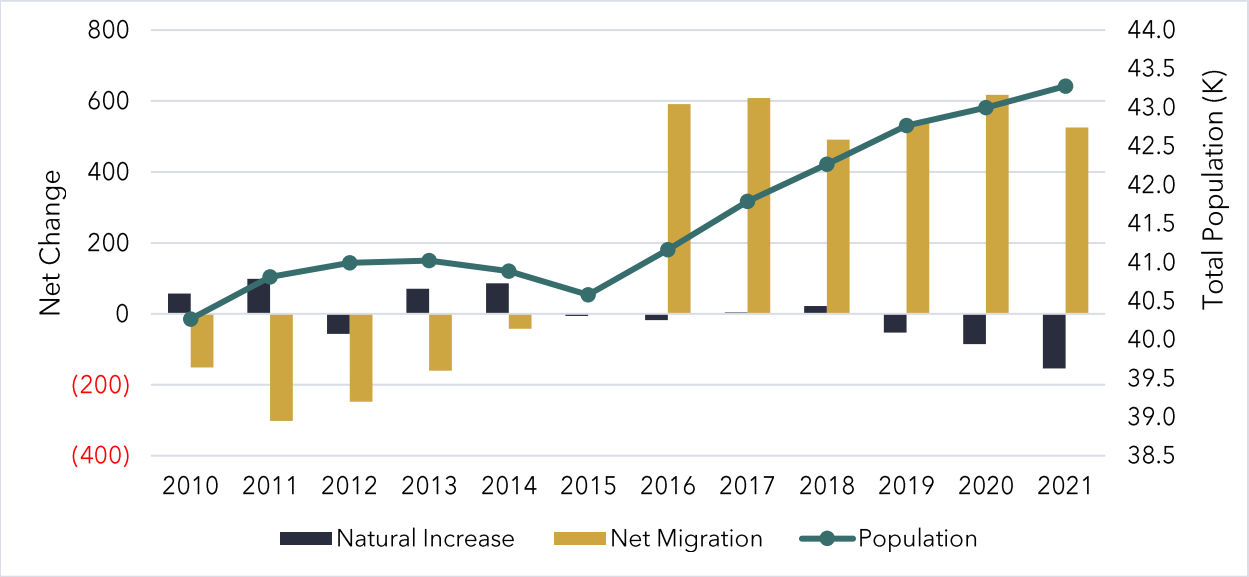
Montrose County had negative net in-migration, but those numbers have increased significantly since then and remain positive—averaging 480 per year over the past six years. In contrast, Colorado's net in-migration has been steadily positive, peaking in 2015 and slowing in subsequent years.

Colorado's population growth has also been fueled in part by its birth-rate, which outpaced the rate of deaths consistently throughout the period. Montrose County, on the other hand, has had higher rates of deaths when compared to births from 2019 onward. Other counties

that have demonstrated robust natural population growth trends in the region include Eagle, Garfield, and Summit.[46]

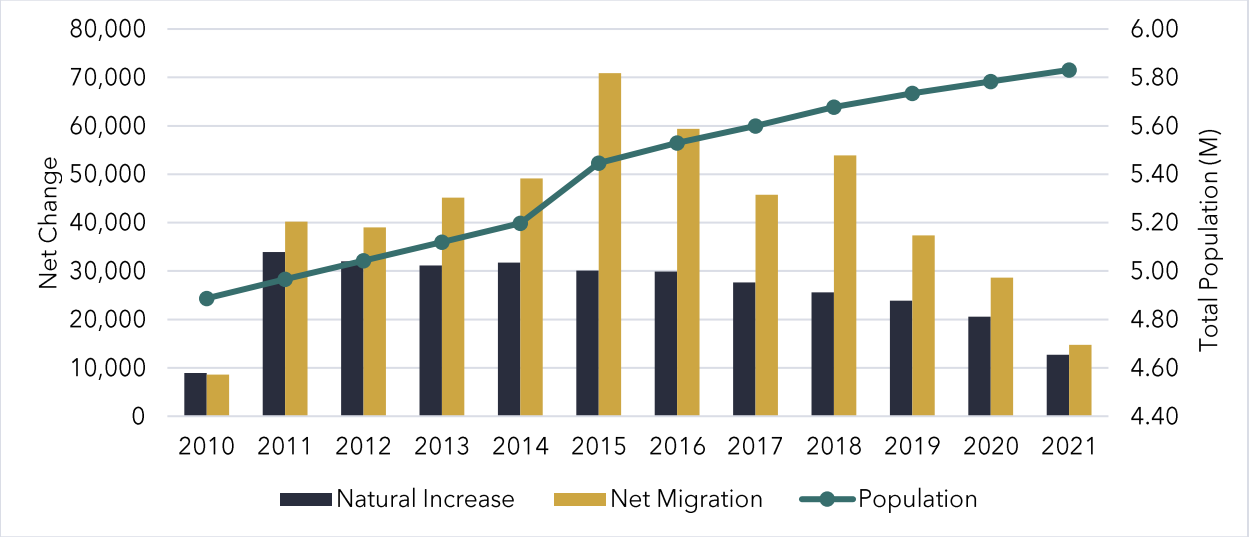
Sources of Population Change and Migration

Figure 15: Sources of Population Change in Montrose County, 2010-2021



Source: US Census Bureau, Population and Housing Unit Estimates

Figure 16: Sources of Population Change in Colorado, 2010-2021



Source: US Census Bureau, Population and Housing Unit Estimates

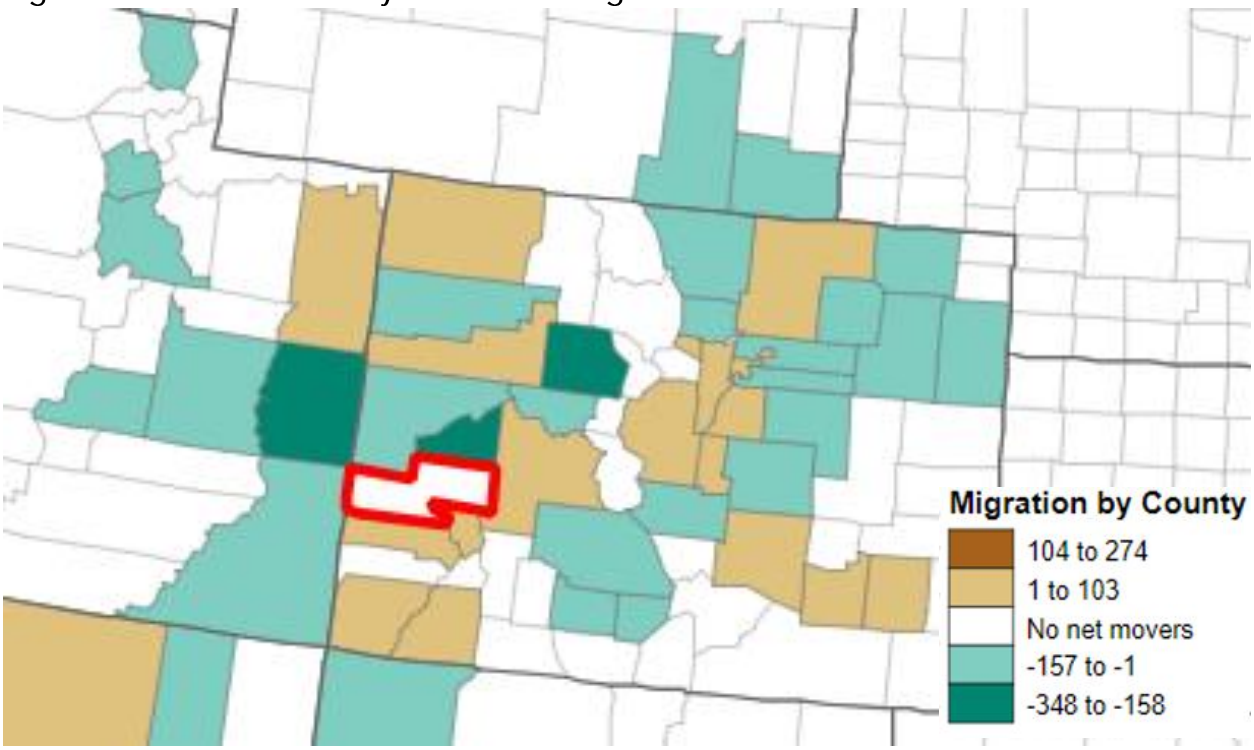
Table 9 elaborates on the migration topic by showing the top 10 in-and-out-migration counties for Montrose County in the period between 2016 and 2020. Many of the in-migration flows to Montrose County come from within Colorado, with the largest number of migrants coming from Kern County in California in this period. Out-migration is mostly directed toward other nearby counties in Colorado, although the top county for out-migration is Grand County, Utah, with almost 100 going to Butte County in California. Figure 17 displays a map with color-coded migration flows by county, where brown indicates positive net migration to Montrose County, and blue indicates negative net migration to those counties.

Table 9: Montrose County Top In & Out Migration Counties, 2016-2020

Positive Net Migration From		Negative Net Migration to	
Kern County, CA	+274	Grand County, UT	(348)
Montezuma County, CO	+103	Eagle County, CO	(217)
Douglas County, CO	+97	Delta County, CO	(158)
Ouray County, CO	+79	Butte County, CA	(94)
Pima County, AZ	+65	Fremont County, CO	(93)
La Plata County, CO	+62	Cleveland County, OK	(80)
Ward County, ND	+56	Santa Cruz County, AZ	(72)
Coconino County, AZ	+55	Maricopa County, AZ	(64)
Jefferson County, CO	+44	Arapahoe County, CO	(62)
Hennepin County, MN	+42	Mesa County, CO	(62)

Source: United States Census American Community Survey, 2015-2019

Figure 17: Montrose County In- and Out-Migration Trends



Source: United States Census American Community Survey, 2015-2019

Regional Demographic Data

Race ethnicity characteristics are a critical factor associated with housing needs and markets, as factors such as multi-generational living, income levels, and persons per household are highly associated with race/ethnicity. For instance, in Colorado, around 48% of White residents can afford to buy the typical home in the state, while only 32% of Latinos, and 30% of Black residents can afford such a home.[47] However, the gap in homeownership between White and Latino residents in Colorado narrowed for the first time in 50 l 2020.[48] Nevertheless, although poverty rates among Black and Latino Coloradans have been steadily falling in recent years, housing affordability remains an issue for these populations since many still struggle to find the money to rent and purchase homes.[49]

In both Colorado and Montrose, the Hispanic or Latino population is the largest non-white demographic group. In fact, in Montrose County, 21% of the population identifies as Hispanic or Latino, just slightly below the City's 22%. This is higher than the national average of 19%, but similar to the state's percentage of 22%. While Montrose and Montrose County have slightly higher percentages of American Indian and Alaskan Native (AIAN) residents than the national average, they have less Black or African American and Asian residents. The percentages of residents identifying as Native Hawaiian and Other Pacific Islander, two or more races, or some other race are comparable within 0.5% between the City, County, state, and national levels, with a few outliers as shown in Table 10.

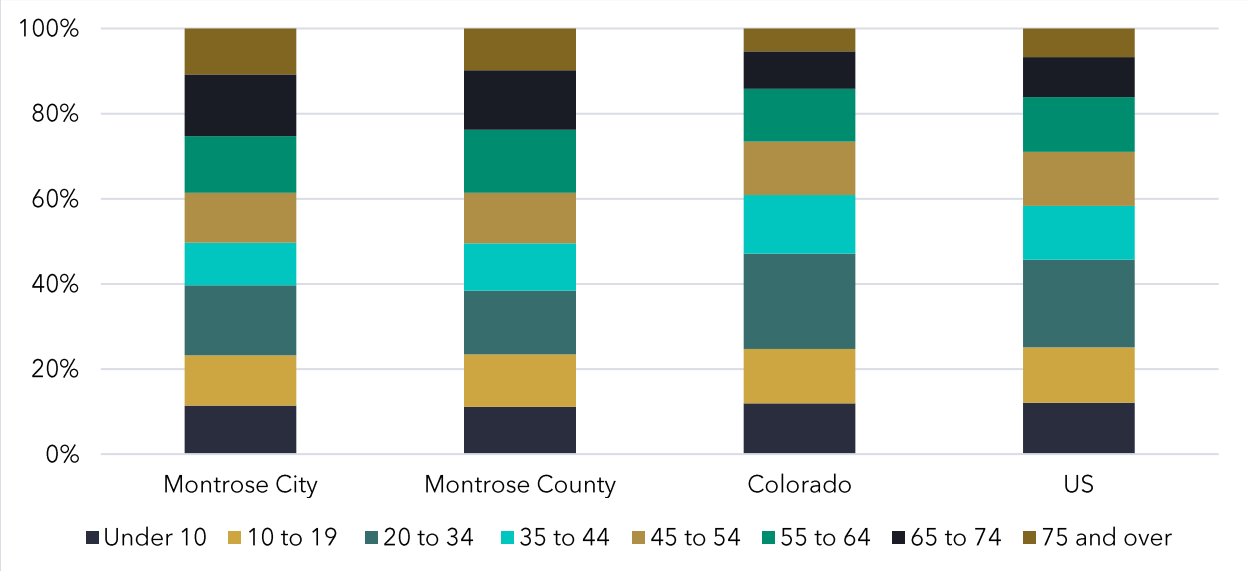
Table 10: Race and Ethnicity Comparison, 2022

Region	White	Black or African American	American Indian & Alaska Native	Asian	Native Hawaiian & Other Pacific Islander	Some other race	Two or more races	Hispanic or Latino
Montrose	78.2%	0.5%	1.4%	1.1%	0.1%	8.6%	10.1%	21.9%
Montrose County	77.8%	0.4%	1.4%	0.8%	0.1%	9.1%	10.4%	21.2%
Colorado	70.2%	4.1%	1.3%	3.5%	0.2%	8.1%	12.6%	22.0%
US	61.0%	12.4%	1.1%	6.1%	0.2%	8.6%	10.6%	19.0%

Source: Points Consulting using Esri Business Analyst, 2022

Housing needs vary based on population, including factors such as parcel size, home size, and proximity to services. Age is also important to monitor when projecting housing markets over the next 10 to 20 years, as many in the Baby Boomer generation will have vacated their homes between 2030 and 2050. Figures 18 - 19 show the distribution of age ranges in Montrose, Montrose County, Colorado, and the US. Montrose and Montrose County have a higher proportion of residents aged 55 and older than either Colorado or the US. In fact, cohorts aged 20-54 are proportionally smaller in the City and the County than residents aged 55 and older. The reverse is true of Colorado and the US with their larger percentages of both younger adults and children.

Figure 18: Population by Age, 2020

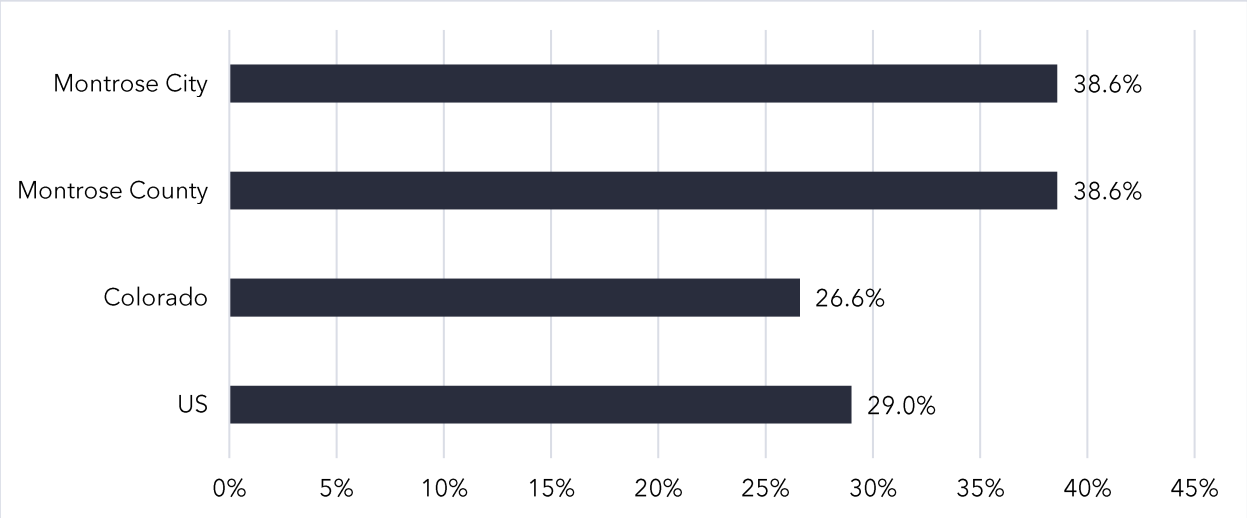


Source: 2020 Census ACS 5-year Estimates

It is necessary to be conscious of the age distribution in a region, since the housing needs of an aging population are going to be different to those of younger renters and first-time homebuyers. Research from the Joint Center for Housing Studies of Harvard University shows that most adults prefer to age in place in their communities. Therefore, it is vital to have a supply of age-appropriate housing available in such areas. Some mechanisms that can be used to meet the housing needs of a more senior population of a range of income levels

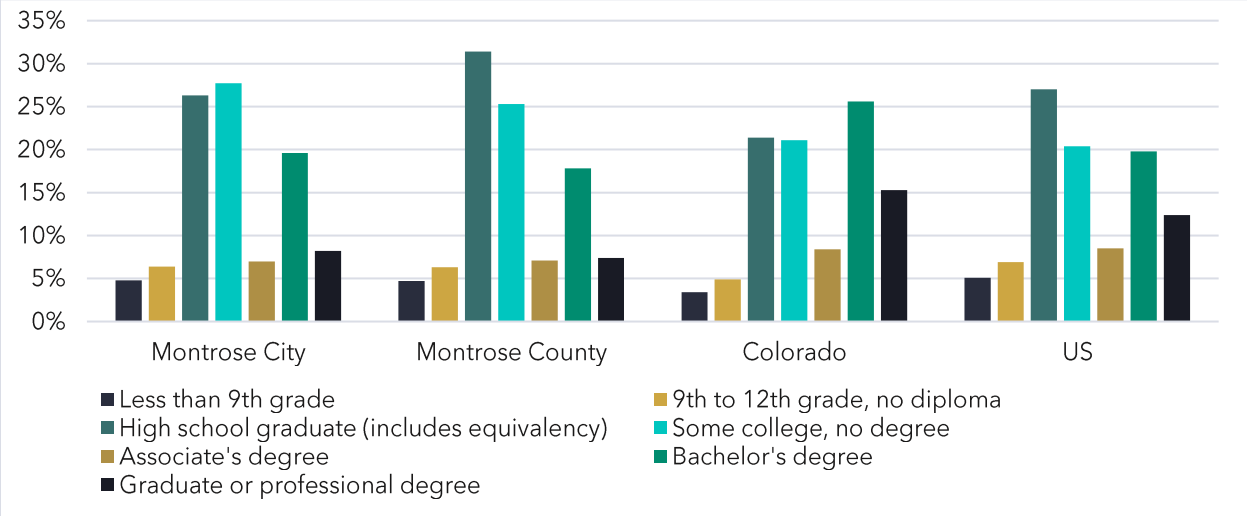
include zoning to permit accessory dwelling units, so seniors with disabilities and other health conditions can live close to their family caregivers, multifamily housing, and mixed-use developments.[50]

Figure 19: Population aged 55+, 2020



Source: 2020 Census ACS 5-year Estimate

Figure 20: Educational Attainment, 2020



Source: 2020 Census ACS 5-year Estimates

Figure 20 provides a snapshot of educational attainment in Montrose and Montrose County, as well as in Colorado State and the US. While both the City and the County fall slightly behind Colorado in terms of high school diploma attainment, they outperform the national average. Specifically, around 6% of residents in both the City and the County did not complete high school, compared to 7% of the US population. Montrose County has educational attainment levels similar to the national average, while the City of Montrose has a higher proportion of residents with some college experience but no degree. These statistics are significant because educational attainment is often linked to other population

characteristics, such as poverty and disability rates. Additionally, studies have shown that housing is the first rung on the ladder to economic opportunity, meaning it is central to economic development.[51]

Underserved Populations

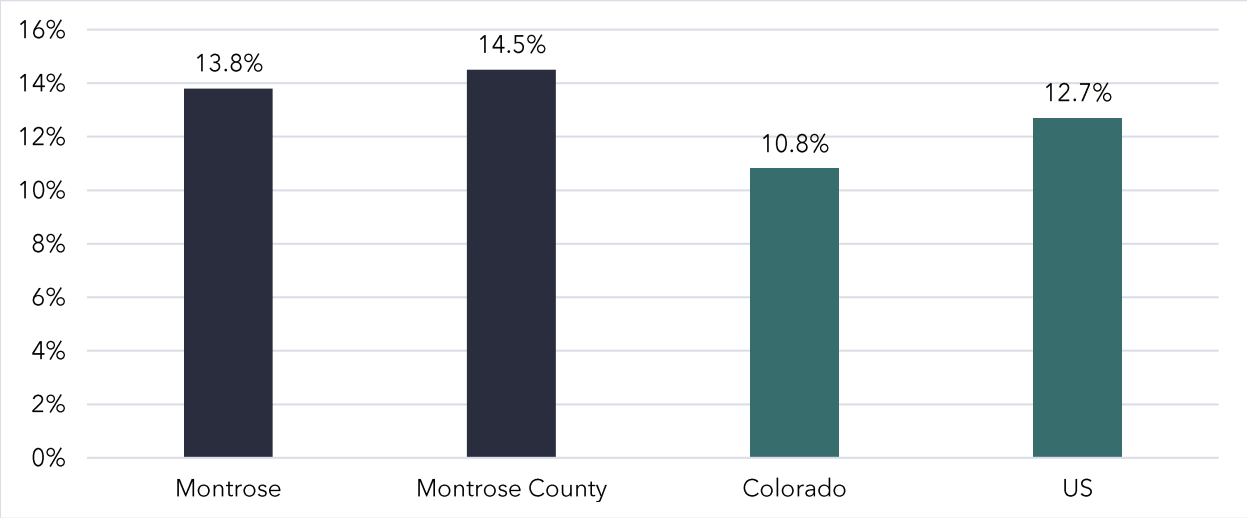
Most population cohorts will largely serve themselves when it comes to housing needs, but more vulnerable populations require particular attention as they may not have the financial or social assets to afford market rate housing. In this section, PC outlines a variety of such audiences in the region.

Disabled Population

Figure 21 shows the percentage of the population with some form of disability in Montrose and Montrose County and compares it to the state and the rest of the nation. The disabilities accounted for here include hearing, vision, cognitive, ambulatory, self-care, and independent living difficulties. The County and City of Montrose have a larger number of people with disabilities than the state level. The County has around 6,000 disabled individuals, while the city has approximately 2,600. Colorado has a slightly lower percentage than the US as a whole, whereas the City and County of Montrose are higher by one and two percent, respectively.

This is a noteworthy piece of information given that disabled individuals are overrepresented in America's undereducated and poor.[52] This is due in part to a lower labor participation rate compared to those without disabilities. In fact, disabilities in one family member may adversely affect the economic outcomes of an entire family. Housing amenable for disabled persons is also in short supply at the national level, and given the higher proportion locally, the situation is more challenging within the region.

Figure 21: Percentage of Population with Disabilities, 2020



Source: 2020 Census ACS 5-year Estimates, S1810

Table 11: Population with Disabilities, 2020

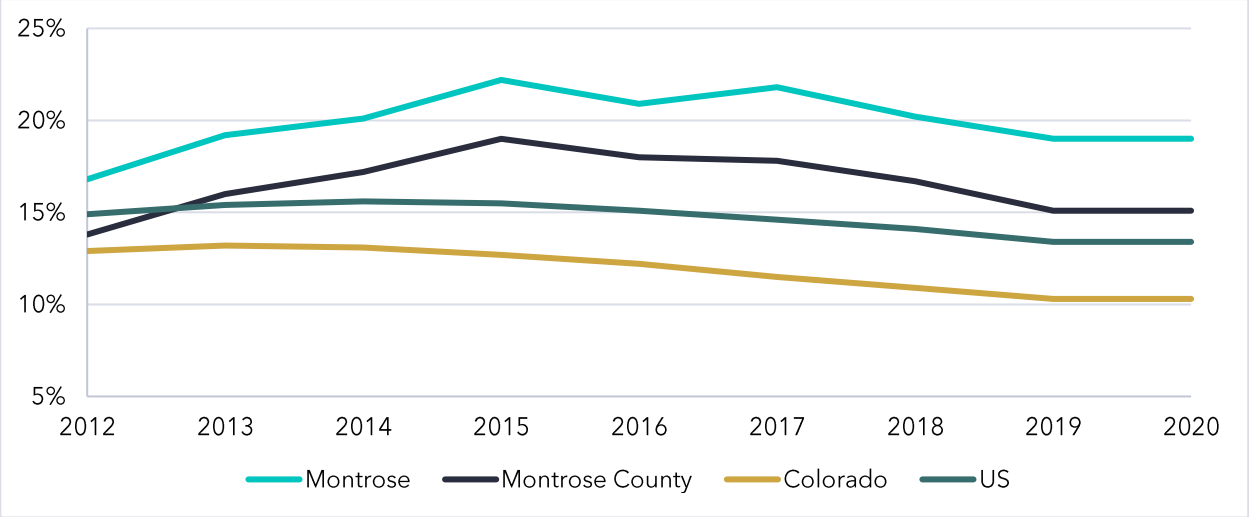
Area	Population with a Disability	Percent With a Disability
Montrose	2,645	13.8%
Montrose County	6,080	14.5%
Colorado	603.6K	10.8%
US	40.7M	12.7%

Source: 2020 Census ACS 5-year Estimates, S1810

Population in Poverty

Figure 22 shows the poverty rates in Montrose and Montrose County, as compared to the poverty rates of the entire state and nation. Since 2013, both the City and County have had higher poverty rates than the state and nation. The City's poverty rate has been on average 8.5% higher than that of the state of Colorado. Over the years, poverty rates in the region have slightly increased, with a 2% increase in the City, and a 1% increase in the County between 2012 to 2020. However, both the City and County have followed a similar pattern, with a small peak in 2015 and a steady decline in the years that followed.

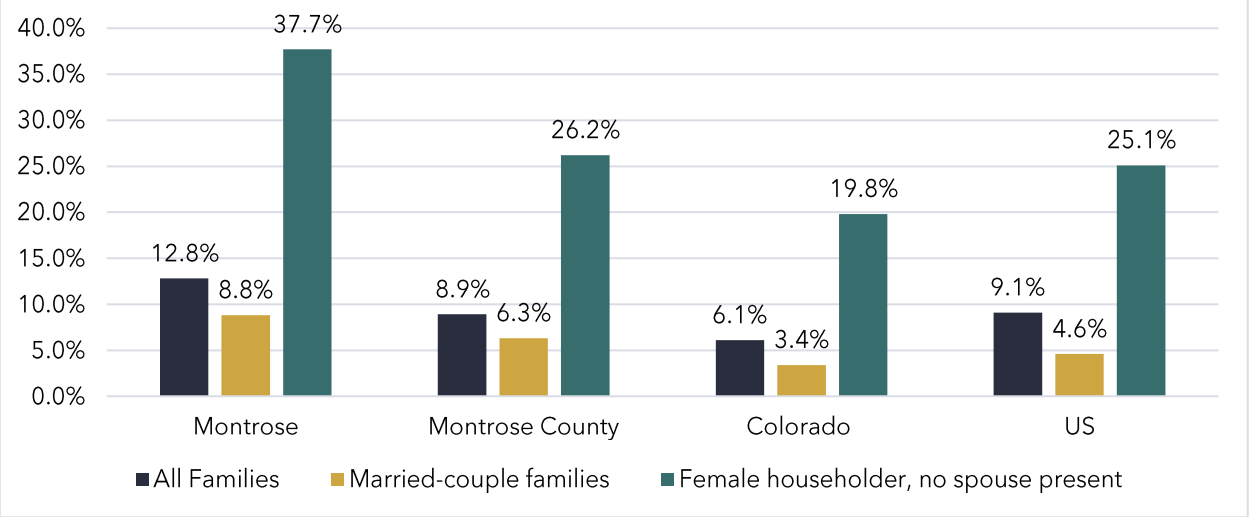
Figure 22: Percentage of the Population in Poverty, 2012-2020



Source: 2020 Census ACS 5-year Estimates, S1701

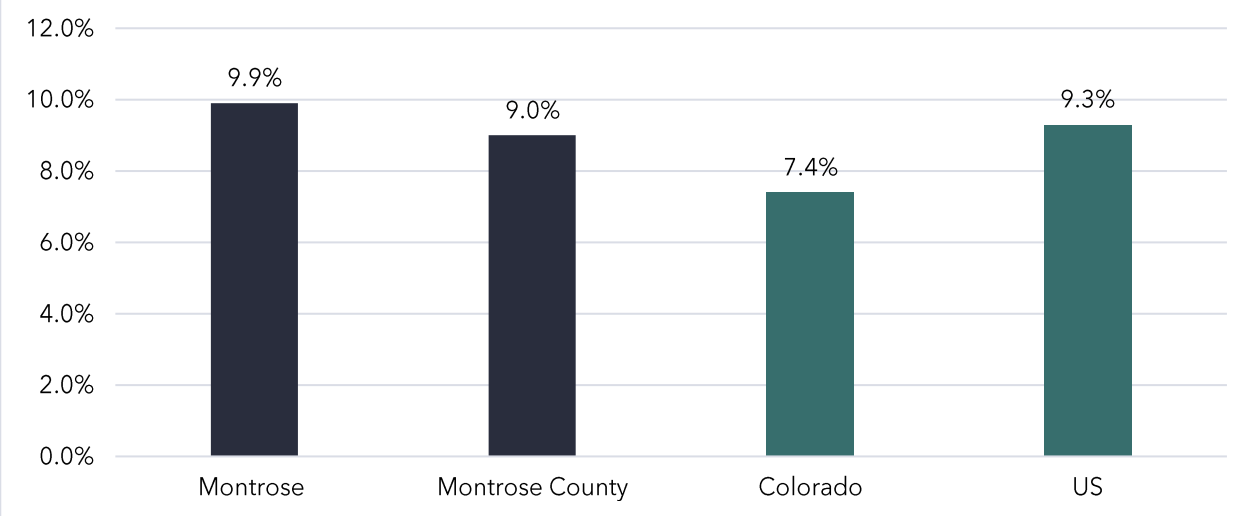
Poverty levels can vary greatly based on demographic cohort, as Figures 23 - 24 demonstrate. For instance, the poverty rate for female householders who have no spouse present are almost twice as high in Montrose compared to the state of Colorado. This correlates with the fact that female-headed households have the highest poverty rates in the nation. Around 80% of single-parent households are headed by single mothers, and almost a third of these live in poverty.[53] The City and County of Montrose also have higher rates of poverty for each of the other cohorts presented in the figures when compared to the state and the nation. Notably, 38% of the "Female householder, no spouse present" cohort falls below the federal poverty level.

Figure 23: Percentage of Families in Poverty by Composition, 2020



Source: 2020 Census ACS 5-year Estimates, S1701

Figure 24: Percentage of Seniors (65+ Years Old) in Poverty, 2020

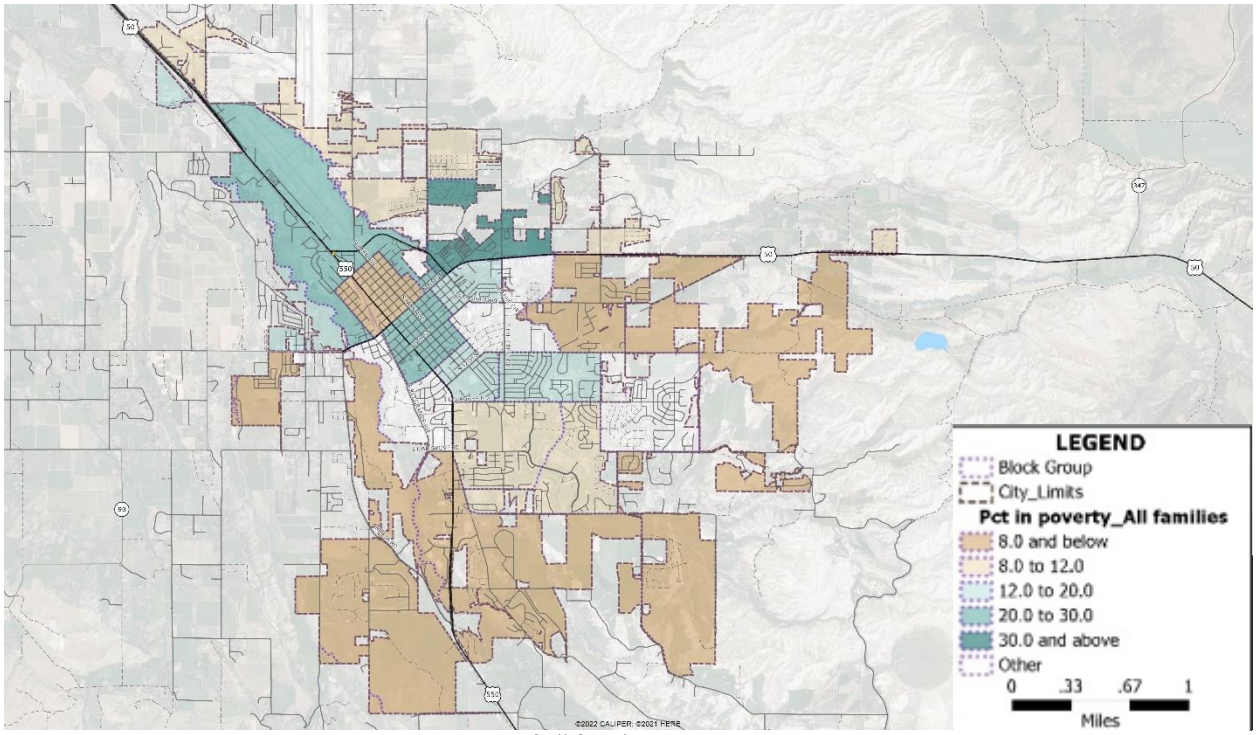


Source: 2020 Census ACS 5-year Estimates, S1701

Interestingly, the County has lower poverty rates in general when compared to the City. Colorado has lower poverty rates than the rest of the US, which makes the City of Montrose and Montrose County's higher poverty rates stand out. These areas are underperforming compared to the state average, indicating that there may be specific economic and social factors unique to the region that contribute to these disparities.

Block Group data shown in Figure 25 indicate that populations in poverty are uncommon on the south side of Montrose but highly concentrated on the northwest side (in areas surrounding the airport), and among the cluster of MHR zoned properties to the north of Main Street and east of N. San Juan Avenue.

Figure 25: Population in Poverty by Block Group



Source: US Census Bureau - Percent in poverty of all families - 2020 5-Year ACS, DP3119

Veteran Population

The number of veterans of all ages residing in both the City of Montrose and Montrose County has somewhat decreased since 2016, as shown in Table 12 and Figures 26 - 27. The majority of veterans in the region are in the 35-65 and 65+ age cohorts, with the number of veterans aged 18-34 dropping nearly to zero in 2021. In terms of veteran poverty rates, these remain high throughout Montrose County relative to the past five years but have decreased overall since spiking in 2015. This number has been steadily decreasing in the City of Montrose since 2014.

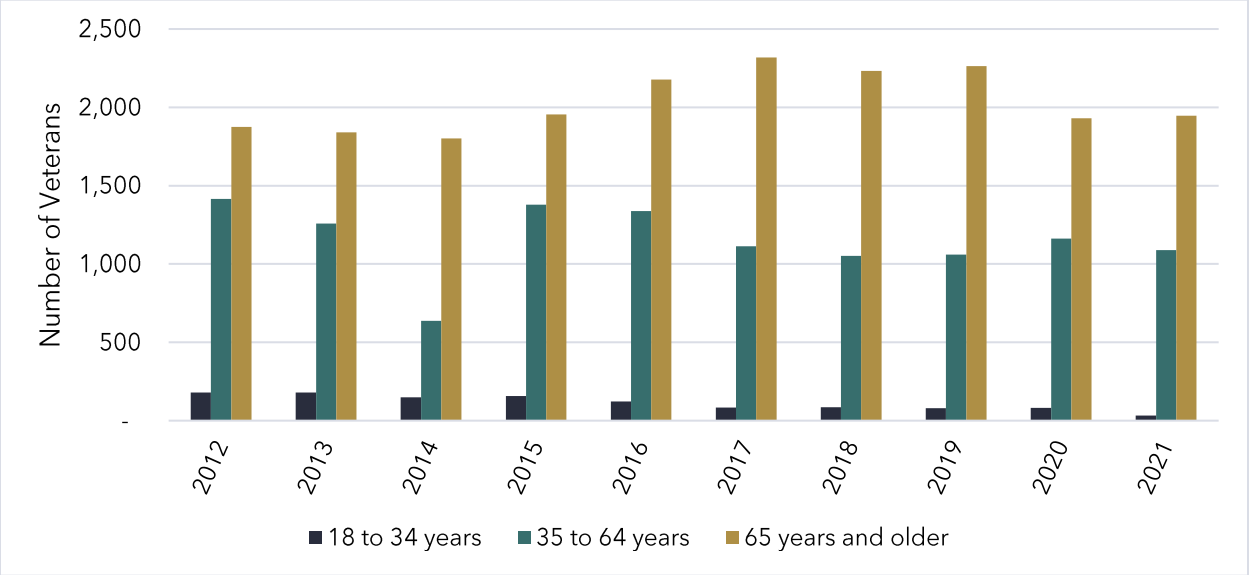
This demographic is especially vulnerable to becoming homeless, given that 30% of the entire US homeless population are veterans at any given time, despite only making up 8% of the general population.[54] This is further complicated by the fact that veterans also have higher rates of disabilities when compared to non-veteran individuals, and they tend to have to wait around eight months in *order* to receive disability compensation.[55]

Table 12: Veteran Population

	2016	2021	Numeric Change	Percentage Change
Montrose County	3,638	3,069	(569)	(3.3%)
Montrose	1,679	1,458	(221)	(2.8%)

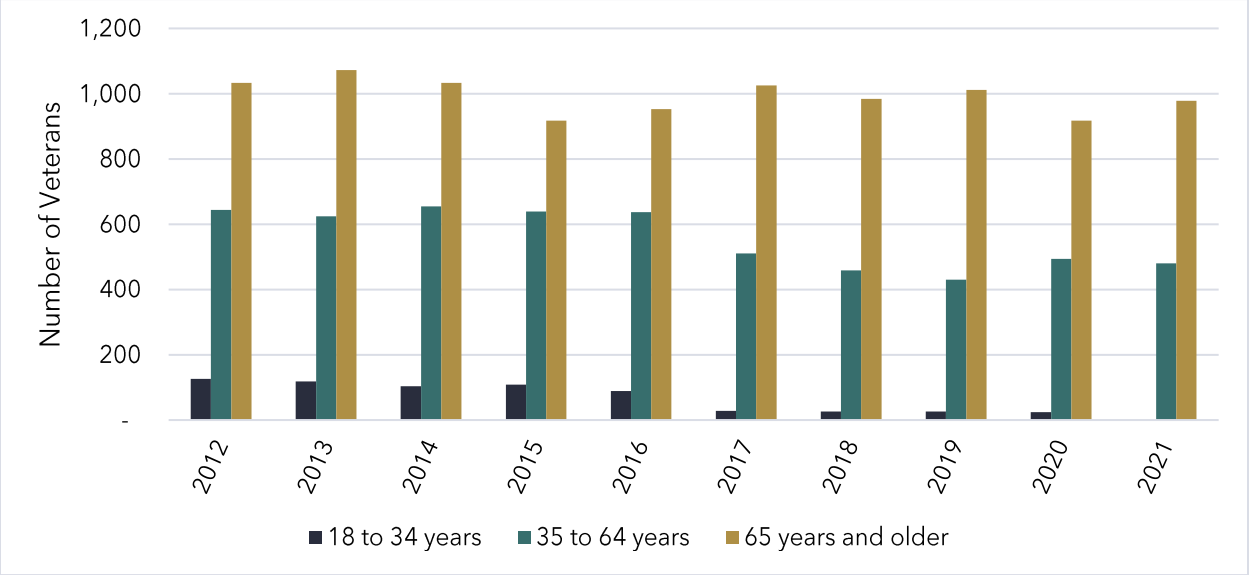
Source: 2020 Census ACS 5-year Estimates

Figure 26: Veterans by Age in Montrose County, 2012-2021



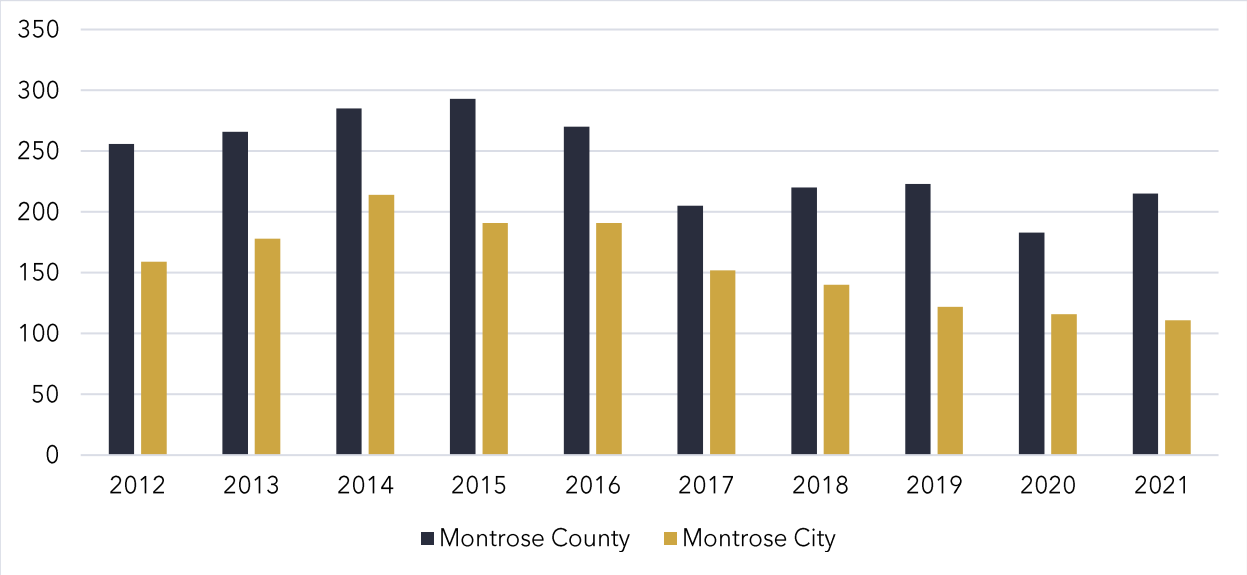
Source: 2020 Census ACS 5-year Estimates

Figure 27: Veterans by Age in City of Montrose, 2012-2021



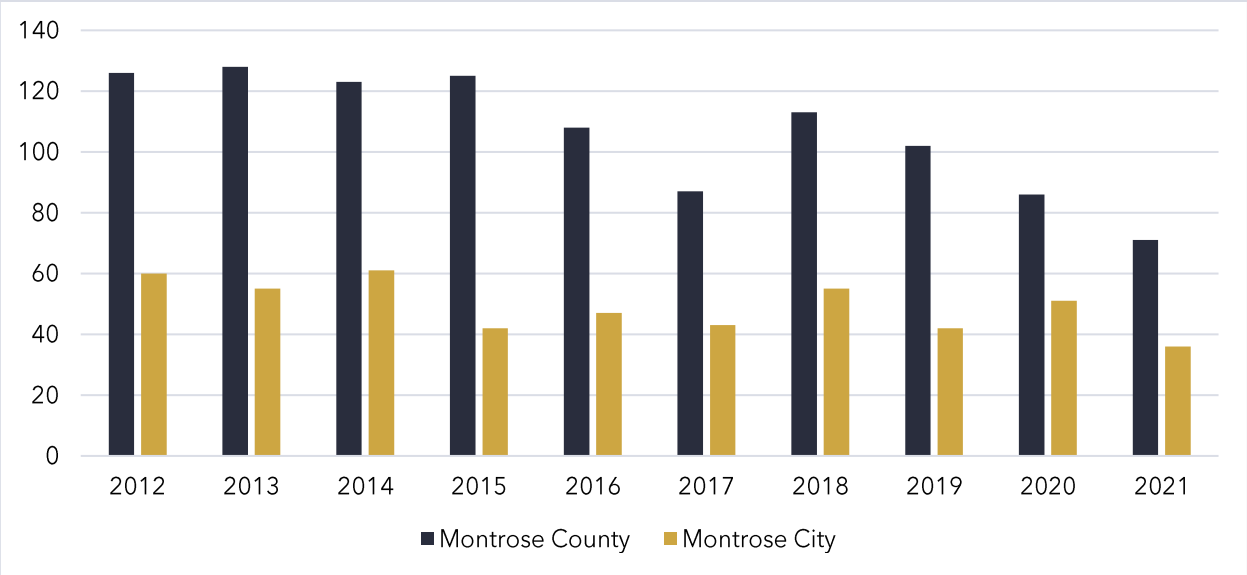
Source: 2020 Census ACS 5-year Estimates

Figure 28: Veterans in Poverty, 2012-2021



Source: 2020 Census ACS 5-year Estimates

Figure 29: Disabled Veterans in Poverty, 2012-2021



Source: 2020 Census ACS 5-year Estimates

Temporary Assistance for Needy Families (TANF)

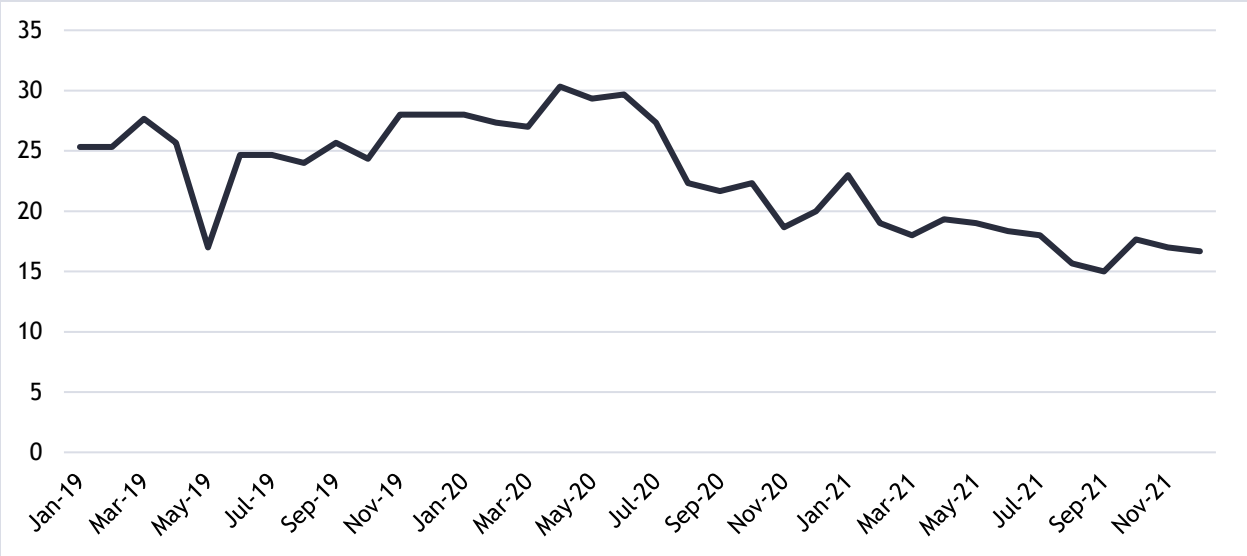
In the last 3 years the number of recipients of TANF (Temporary Assistance for Needy Families) has decreased, as well as the amount used to distribute and provide services. As shown in Table 13, in 2019 in Montrose County there were 901 families and children receiving TANF assistance. By 2021 this number of recipients dropped to 650 within the County.

Table 13: TANF Cash Assistance and Recipients in Montrose County, 2019-2021

	Total Cash Amount	% Change of Cash	Total Number of Recipients	% Change of Recipients
2019	$302,206.00	--	901	--
2020	$351,367.00	16.3%	912	1.2%
2021	$298,725.92	(15.0%)	650	(28.7%)

Source: Montrose County Health and Human Service, Points Consulting

Figure 30: Average Monthly TANF Recipients in Montrose County



Source: Montrose County Health and Human Service, Points Consulting

Table 14: Average Yearly TANF Recipients in Montrose County

Year	Total Amount	2 Parent Households	1 Parent Households	Child Only Cases
2019	$25,183.83	3.2	34.8	37.1
2020	$ 29,280.58	4.2	37.0	34.8
2021	$ 22,978.92	3.5	24.8	25.8

Source: Montrose County Health and Human Service, Points Consulting

Homeless Population

Homelessness is notoriously difficult to quantify. Most efforts to tabulate homelessness are conducted for a given snapshot in time. Additionally, homelessness is generally not something that individuals are eager to disclose. Therefore, as with any community, the actual state of homelessness is likely more widespread than any statistical analysis indicates.

In the last 2 years, the total number of homeless individuals has increased, primarily those who are children, teens, and adults within Montrose County. In 2022, roughly 62% of homeless individuals were male, and the majority of the homeless population is white. 2022 was also the first year Montrose County recorded the number of individuals who are chronically homeless, or those who were homeless for at least one year, or those who have been homeless on separate occasions in the last 3 years.

Table 15: Homeless in Montrose County, 2019-2022

	2019	2020	2021	2022
Total Number of Households	38	13	19	35
Total Number of Persons	76	49	58	69
Age				
0-17	28	32	33	28
18-24	4	1	0	3
25-54	44[56]	16	22	31
55+	--	0	3	7
Gender				
Male	45	22	19	43
Female	31	27	35	25
Race				
White	52	36	48	59
Multiple Races	6	6	9	2
American Indian, Alaska Native, or	4	5	0	0
Asian or Asian American	1	1	0	0
Black, African American, or African	0	1	0	0
Native Hawaiian or Pacific Islander	0	0	0	0
Ethnicity				
Non-Hispanic/Non-Latino	55	40	48	47
Hispanic/Latino	13	5	8	10
Chronically Homeless[57]	0	0	0	6

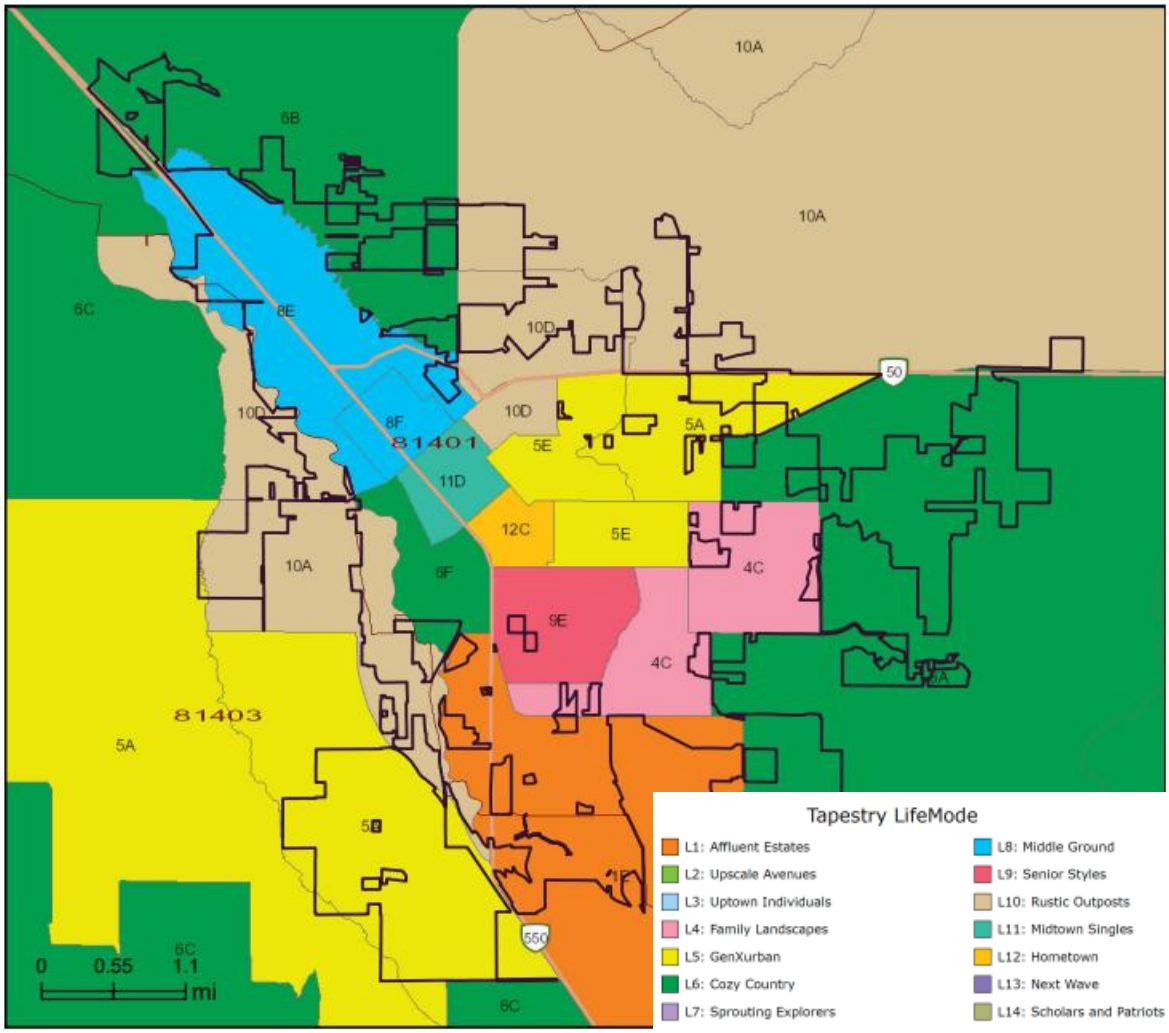
Source: A Snapshot of Homelessness in the Colorado Balance of State Continuum of Care, Homeless Point-in-Time Study Sheltered Count, 2019-2022

Community Tapestries

Esri's Tapestry Segmentation Profiles are a consumer analysis tool that identifies distinctive markets in the US based on socioeconomic and demographic characteristics to provide an accurate, comprehensive profile of US consumers. Though often used for market research for products and services, these Tapestry profiles are also helpful for diagnosing housing needs. In essence, each tapestry provides consumer market profiles that categorize households based on their preferences for goods, leisure activities, and housing.

The predominant tapestry segmentations in the City of Montrose are "Cozy Country", "GenXurban", and "Rustic Outposts". The Cozy Country group is composed primarily of empty nesters who are politically conservative and have a variety of income levels. The Rustic Outposts group includes older families living in older single-family or mobile homes. The GenXurban group includes mostly middle-aged families with a mortgage and fewer kids. A full description of Esri's tapestry segments can be found in Appendix C.

Figure 31: Dominant Tapestry Map for Montrose City



Source: Esri Dominant Tapestry Maps

The Cozy Country group is mostly located on the outskirts to the southeast and northwest of the City, while the Rustic Outposts group is located to the northeast and west of the City (Figure 31). These groups also have a large representation in Montrose County. The GenXurban group is mainly located on the west and north-central sides of Montrose. This is the second largest tapestry group in the US, and they tend to live and work in the same county and reside in older single-family homes.

City of Montrose Tapestry Segmentation Details

Table 16 displays the ten most represented Tapestry Segmentations found in Montrose City. These tapestries make up 88% of all households in Montrose and show a blend of age ranges and incomes. The top three tapestry segments, Middleburg (15.5%), Midlife Constants (13.7%) and Down the Road (12.6%). It is important to note the blend of lifestyles in the City of Montrose and how they tend to differ by age and income. Despite its size, Montrose has a diverse mix of high-income empty nesters, relatively-low income families with children, and a larger share of young, single-person low-rent households than the rest of the state.

- **Middleburg** are middle of the road in terms of age and income, and tend to have children living at home.
- **Midlife Constants** tend to be seniors near retirement age, with below-average net worths and labor force participation rate. They usually live outside the central cities.
- **Down the Road** populations are family-oriented and young, and they tend to work in service, retail trade, manufacturing, and construction.

Table 16: Tapestries Segmentation Distribution for Montrose City

Tapestry Segment	Montrose City	Colorado	U.S.
Middleburg (4C)	15.5%	2.3%	3.1%
Midlife Constants (5E)	13.7%	1.6%	2.4%
Down the Road (10D)	12.6%	1.4%	1.2%
Comfortable Empty Nesters (5A)	8.2%	1.7%	2.4%
Southern Satellites (10A)	7.5%	0.7%	3.1%
Retirement Communities (9E)	7.1%	1.3%	1.2%
Set to Impress (11D)	7.0%	2.0%	1.4%
Small Town Sincerity (12C)	6.4%	1.0%	1.8%
Old and Newcomers (8F)	5.6%	3.1%	2.3%
Front Porches (8E)	4.4%	2.4%	1.6%
Grand Total	**88.1%**	**17.5%**	**20.4%**

Source: Esri Business Analyst

Table 17: National-Level Characteristics of Montrose City Tapestry Segments

Rank	Tapestry Segments	Median HH Income	Median Age	Avg. HH Size	Median Home Value	% Own Home	Typical Housing Types
1	Middleburg (4C)	$59,800	36.1	2.75	$175,000	73.4%	Single Family
2	Midlife Constants (5E)	$53,200	47.0	2.31	$154,100	72.7%	Single Family
3	Down the Road (10D)	$38,700	35.0	2.76	$89,800	65.2%	Mobile Homes; Single Family
4	Comfortable Empty Nesters (5A)	$75,000	48.0	2.52	$203,400	86.9%	Single Family
5	Southern Satellites (10A)	$47,800	40.3	2.67	$128,500	77.7%	Single Family; Mobile Homes

Source: Esri Business Analyst

Cost of Living

The ability of residents to make a sustainable living in a particular area depends not only on income and employment levels but also on the purchasing power of their income in that location. According to Table 18, Montrose is an attractive option in terms of the cost of living compared to both state and national averages. Although health costs and grocery and utility expenses are slightly higher in Montrose than the state average, transportation and housing costs are significantly lower than those of the rest of Colorado. Nonetheless, housing costs in Montrose are marginally higher than the national average.

Table 18: Cost of Living Comparison, Selected Locations

Region	Overall	Housing	Grocery	Health	Utilities	Transportation

Montrose	99.2	114.1	101.9	114.5	99.9	69.5
Colorado	121.1	166.1	100.7	95.8	98.4	106.7
United States	100.0	100.0	100.0	100.0	100.0	100.0

Source: Sperlings Best Places, Cost of Living Comparison, 2022

Economic Drivers

The economy of Montrose County mainly relies on the construction, transportation, retail, and agriculture sectors. The County also benefits from retirees spending their savings and pensions locally, making retirees the second largest economic driver in the County, according to figures from the Colorado Department of Local Affairs.[58] The City of Montrose captures many of the jobs connected to the tourism industry of Telluride and the Black Canyon of Gunnison National Park, making tourism its main economic driver.[59] Additionally, the Montrose airport—the busiest airport on the Western Slope, with over 460K passengers served in 2022—provides many jobs to the community and connects the City to other major US cities, which presents opportunities to be able to diversify economically.[60]

Table 19: Montrose County Local Labor Market

Standard of Living and Growth	2017	2018	2019	2020	% Change Since 2018
Percent of Population Below Poverty Line	12.9%	11.6%	13.2%	10.4%	(2.8%)
GDP Estimates ($M)	$1.33	$1.45	$1.48	$1.47	(0.8%)
Personal Income ($M)	$1.58	$1.73	$1.79	$1.96	9.3%
Per Capita Personal Income	$37,791	$40,933	$41,922	$45,262	8.0%

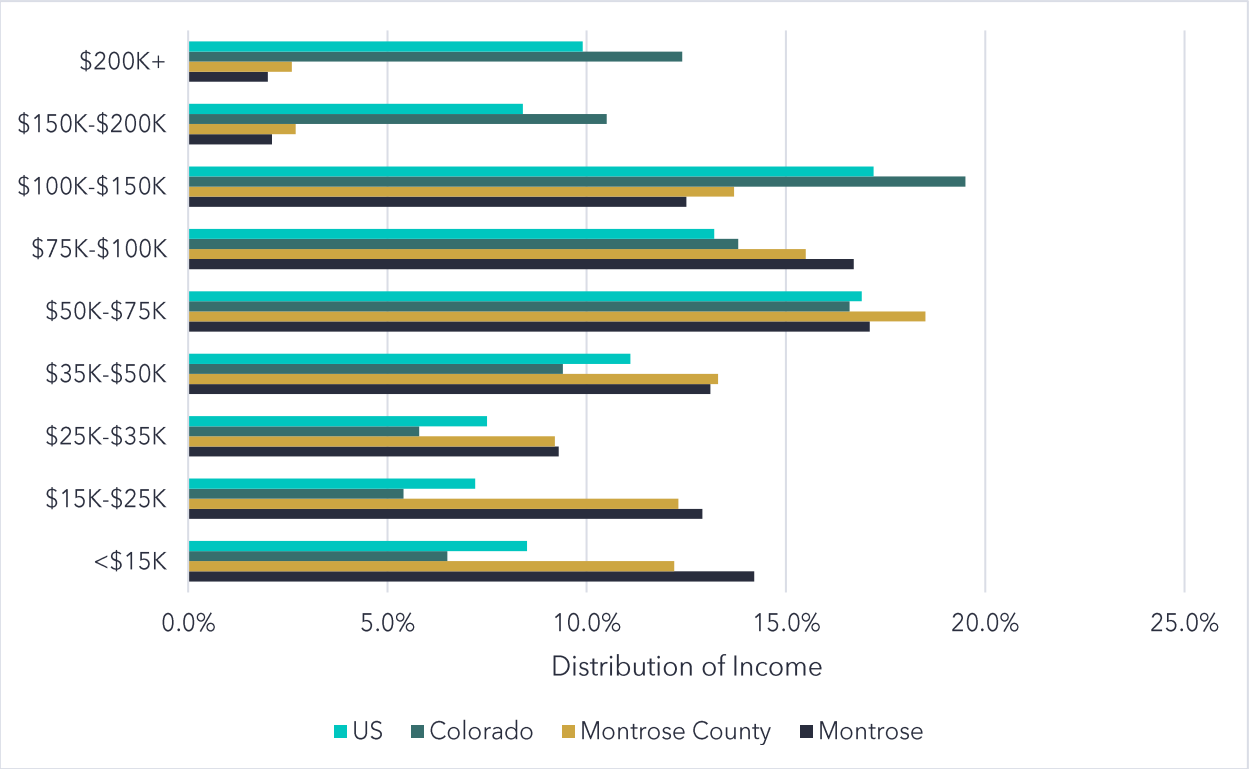
Source: Colorado Mesa University, Montrose County Economic Update, Second Quarter, 2022

Table 19 shows the trends for the economy and the local labor market in Montrose County. The County has had a mix of outcomes in terms of its labor market throughout recent years, with increases to per capita personal income and GDP, along with an overall decrease to the poverty rate, albeit with some fluctuations between 2019 and 2020. Personal income has risen steadily since 2017, which points to increases in the region's productive capacity, which tends to lead to growth in aggregate incomes.[61]

Household Income & Expenditures

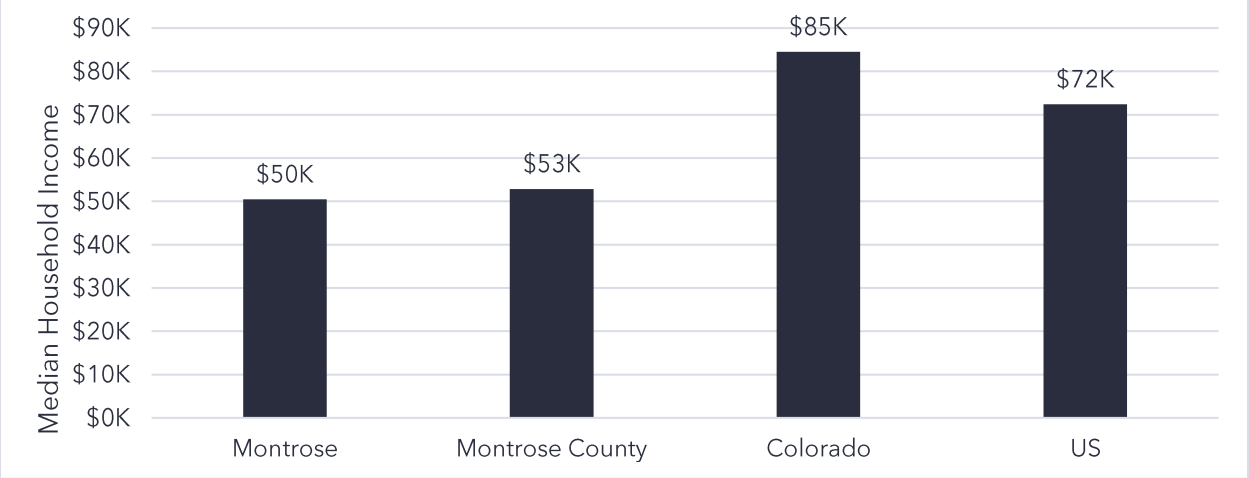
In terms of median household income (MHHI), the City and County of Montrose have lower MHHI levels than the state and the nation. The statistics beneath the surface of these averages are telling. As Figures 32 - 33 show, the majority of households in Montrose and Montrose County are in the $50K to $75K range, while most households at the state and national level are in the $100K to $150K range. Demonstrating the vast lifestyle and income differences present in region, the City of Montrose has above average proportions of households in both the very low-income cohort ($15K-$35K), and the moderate-high range ($75K to $100K). The trends for MHHI in the County mirror those of the City, with similar distributions of household income and a similar level of MHHI.

Figure 32: Distribution of Household Income by Region



Source: Esri Business Analyst, 2022

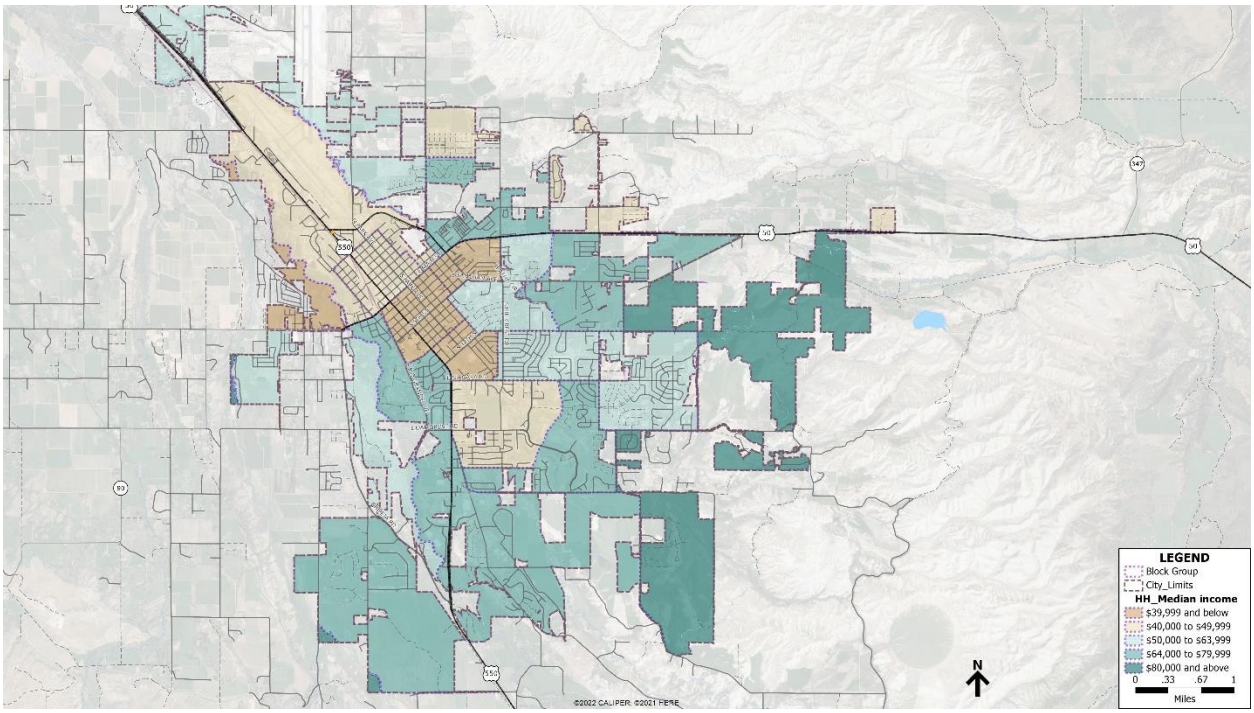
Figure 33: Median Household Income by Region



Source: Esri Business Analyst, 2022

As Figure 34 shows, there are variations in the levels of median household income within different districts of town. The areas with the highest ranges of MHHI include the eastern and southeastern parts of the City, where median incomes are in the $80K or more range. On the other hand, the central and northwestern portions of Montrose have a higher concentration of households with median incomes of $40K or lower.

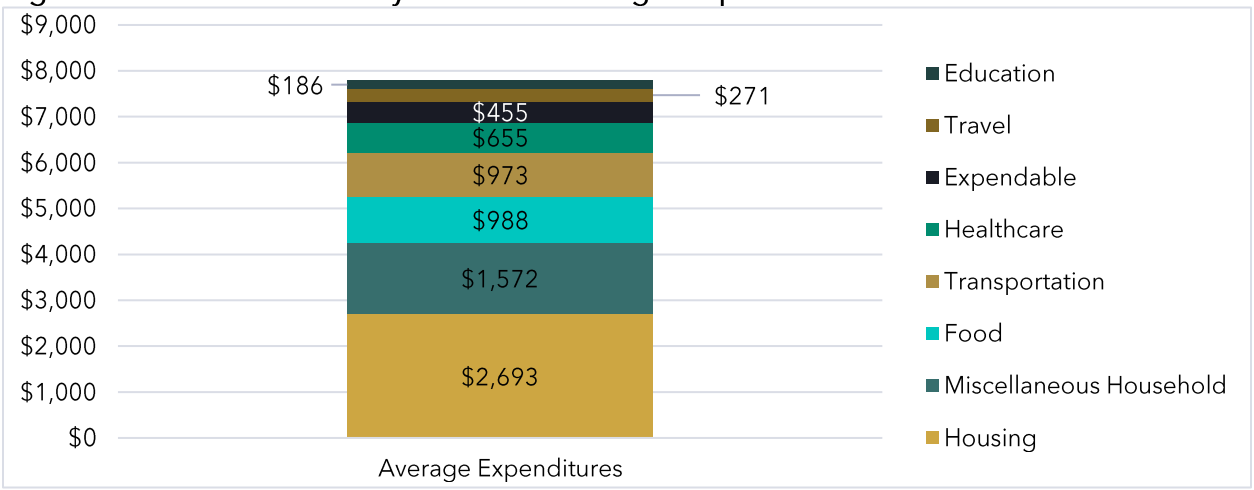
Figure 34: Household Median Income by Block Group



Source: US Census Bureau - Median Household Income (dollars) Estimate - 2020 5-Year ACS: DP3062: B19013_1_EST

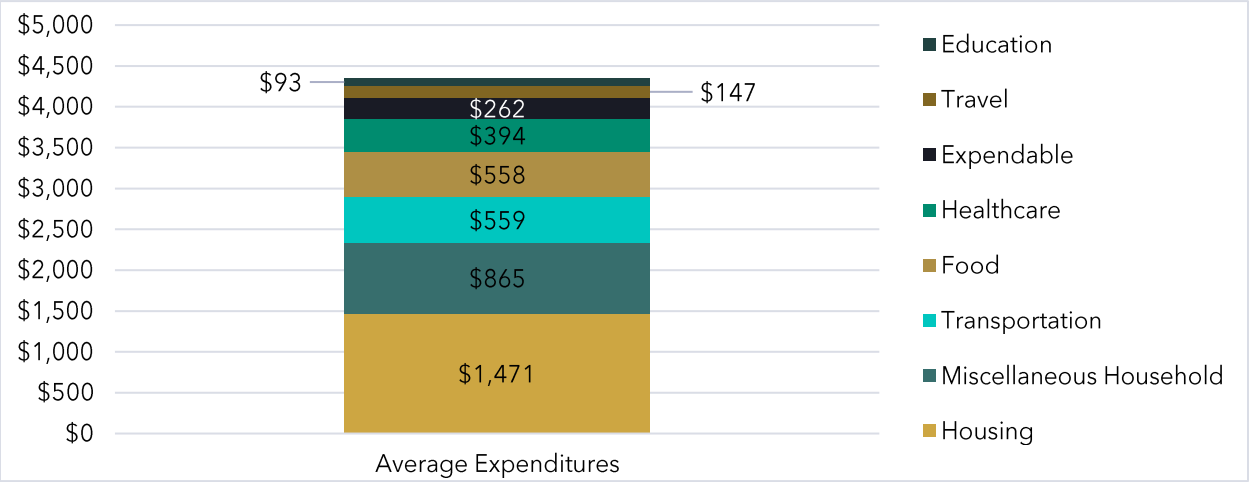
As shown in Figures 35 - 36, households in Montrose use a similar share of their monthly household budget (34%) for housing in comparison to all Coloradans at the state level (35%). In general, monthly expenditures on a percentage basis align pretty closely for Montrose households compared to all Coloradan households in all spending categories. However, the average Coloradan household spends more on a monthly basis (around $7,700) when compared to Montrose households (around $4,300) because higher household incomes at the state level facilitate higher levels of budget expenditures.

Figure 35: Colorado Monthly Household Budget Expenditures[62]



Source: Esri Business Analyst, 2022

Figure 36: City of Montrose Monthly Household Budget Expenditures

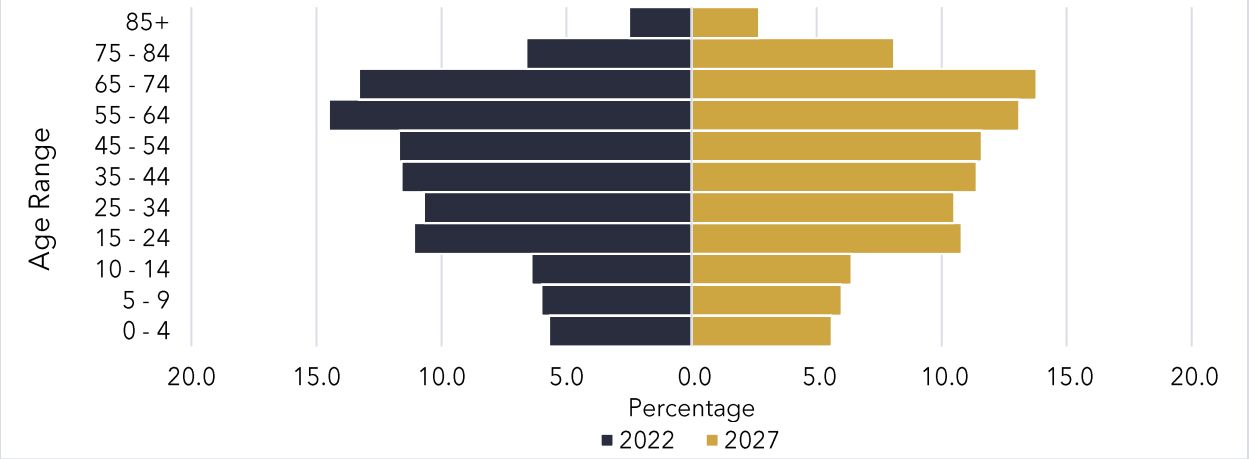


Source: Esri Business Analyst, 2022

Labor Force, Earnings and Establishments

When looking at key economic indicators between 2010 and 2020, Montrose County lagged behind the state-level performance metrics. Figures 38 - 40 show the growth trends for employment, establishments, and wages for the County in that period. In terms of employment growth, the County saw negative rates from 2010 to 2013 as it recovered from the effects of the Great Recession, but has since been able to grow at a steady pace and reach rates comparable to those of the rest of the nation.[63] In fact, from 2018 onward, Montrose County has had higher rates of employment growth than other nearby counties on the Western Slope.

Figure 37: Montrose County Age Distribution 2022 vs 2027



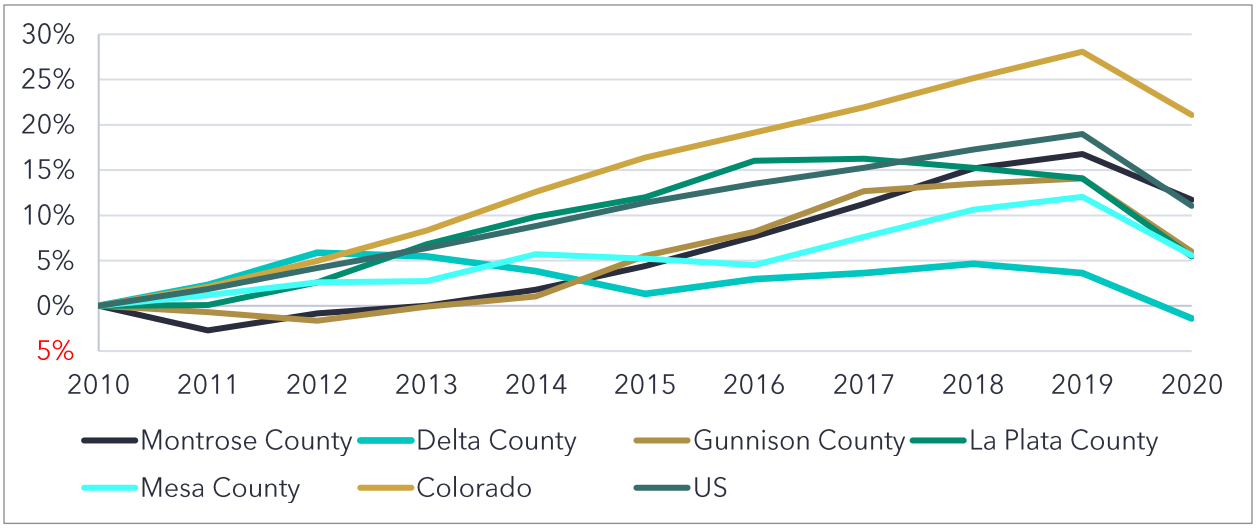
Source: Esri Business Analyst, 2022

Nevertheless, Montrose County (along with others on the Western Slope) are forecasted to face a potential decrease in the labor force, with a decline in the working age population serving as the driving force behind that decrease.[64] Population forecasts for the County show that the County's share of residents aged 65 and over is expected to increase, while ages 15 to 64 are expected to decrease slightly, as illustrated in Figure 37. This means that, as the

population skews toward larger percentages of retirement or near-retirement age residents, there will be a proportionally smaller share of working age residents despite any gains in population.

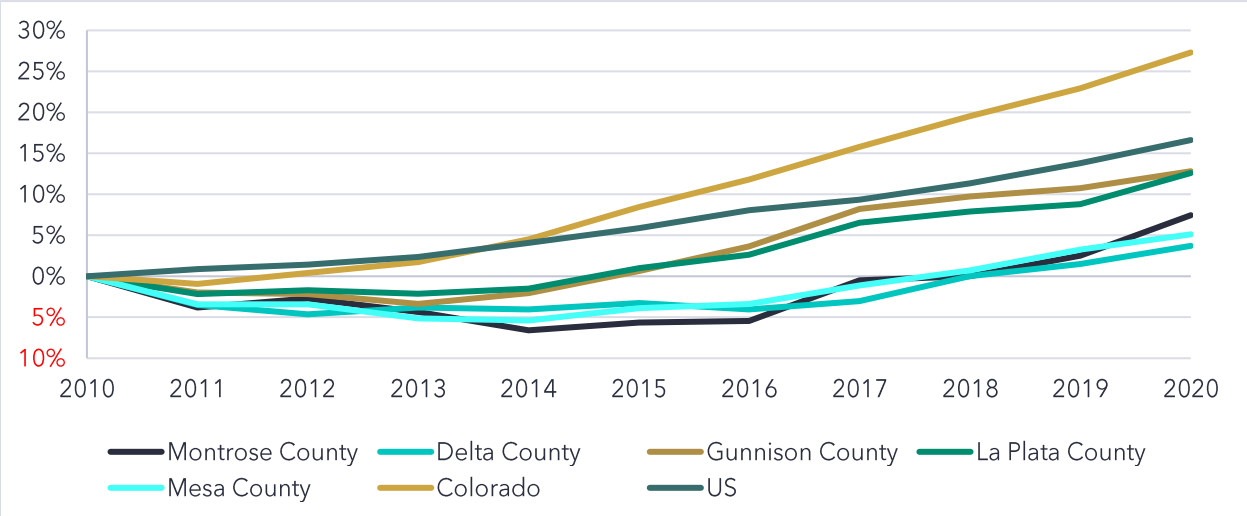
The County had negative establishment growth rates until 2017 where they began to recover and trend in an upward trajectory, albeit lower than the state and national rates.[65] Montrose County slightly lagged other Western Slope counties on this front during the period shown, with Gunnison and La Plata showing the strongest signs of growth in the number of establishments. Wage growth in Montrose County, on the other hand, saw a solid rate of growth in the period and has recently grown at similar rates to the US. The County has outpaced the surrounding counties in terms of wage growth since 2018. The state, in contrast, has overperformed when compared to the national rate on all metrics.

Figure 38: Annual Employment Growth Rate, 2010-2020



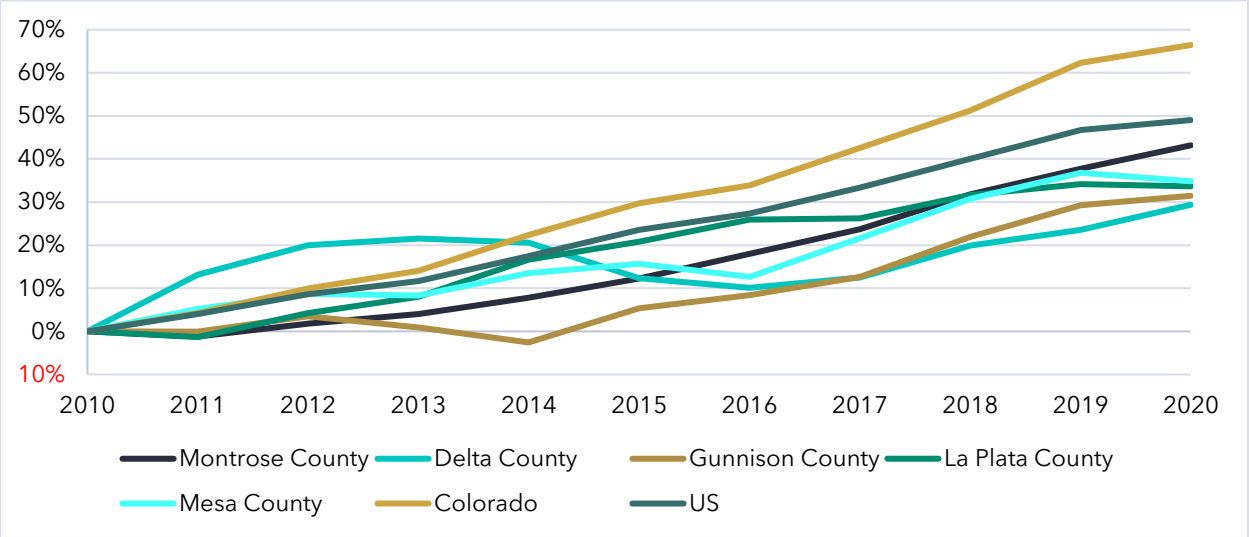
Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2010-2020

Figure 39: Annual Establishment Growth Rate, 2010-2020



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2010-2020

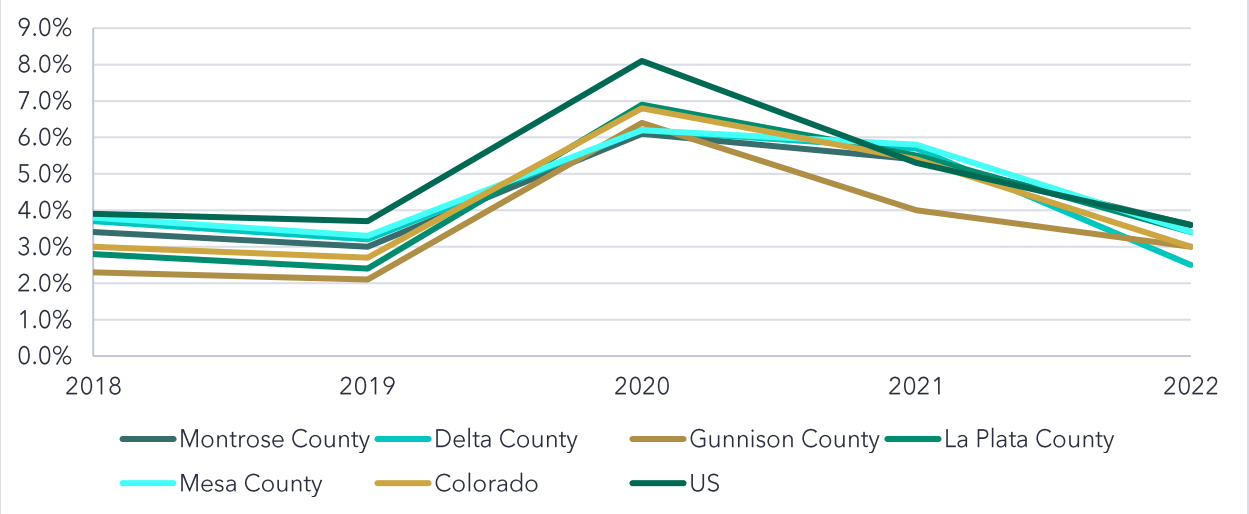
Figure 40: Annual Wage Growth Rate, 2010-2020



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2010-2020

Montrose County, along with the neighboring counties, had a similar trajectory in terms of unemployment in the period between 2018 to 2022. The unemployment rate had a sharp peak in 2020 due to the COVID pandemic, where layoffs, part time workers, and those unemployed for 27 weeks or more increased substantially.[66] However, all of the counties shown had more modest increases in the unemployment rate during 2020 than the national rate, with Montrose County's rate increasing 3.1% compared to 4.4% at the national level. In 2022, the county with the lowest unemployment rate in the region was Delta (2.5%), with Montrose matching the national rate of 3.6%—higher than the neighboring counties of the Western Slope.

Figure 41: Annual Rate of Unemployment, 2018-2022



Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics, 2018-2022

Employment & Earnings by Industry

Tables 20 - 21 demonstrate the change in employment by industry for Montrose County, as well as the top employers. The sectors with the highest levels of employment in the County in 2022 include health care, retail, and manufacturing. The health care numbers are driven by Montrose Regional Health, while the retail job numbers are due to City Market and Wal-Mart. Manufacturing employment is driven by Montrose Forest Products.

In the period from 2012 to 2022, the industries that experienced the largest percentage increase in employment were construction, transportation, and professional services. The strong net migration trends have led to a surge in the issuance of housing permits leading to the strong growth rate for the County's construction sector.[67] On the other hand, the mining and quarrying industry saw the sharpest decline in the period due to the closure of the New Horizon Coal Mine near Nucla in 2017. The 2019 closure of Nucla Station, a coal fired steam electrical power generation facility in Montrose County, was the driver for the decline of jobs in the utilities sector.

Table 20: Montrose County Employment by Industry

Industry	2012 Employment	2022 Employment	% Change
Health Care/Social Assistance	2,675	2,753	2.9%
Retail Trade	2,394	2,208	(7.8%)
Manufacturing	1,431	1,074	(25.0%)
Accommodation/Food Services	1,118	1,620	44.9%
Public Administration	860	1,419	65.1%
Construction	690	1,758	154.7%
Wholesale Trade	689	581	(15.6%)
Educational Services	619	767	24.1%
Utilities	420	213	(49.2%)
Other Services	342	422	23.7%
Finance and Insurance	338	333	(1.7%)
Transportation/Warehousing	319	809	153.6%
Admin/Support/Waste Management	306	507	65.7%
Real Estate/Rental/Leasing	305	368	20.7%
Agriculture/Forestry/Fishing	300	234	(21.8%)
Mining/Quarrying/Oil & Gas	244	25	(89.9%)
Arts/Entertainment/Recreation	238	333	40.3%
Professional/Scientific/Technical Services	215	516	140.2%
Information	133	176	32.5%
Management of Companies	62	80	28.9%
Grand Total	**13,359**	**16,200**	**21.3%**

Source: Data Tactical Group, 2023

The healthcare sector is represented among the top three employers in Montrose County, with Montrose Regional Health being the second largest employer. Montrose County School District is the largest employer, followed by Montrose Regional Health and Montrose County government.

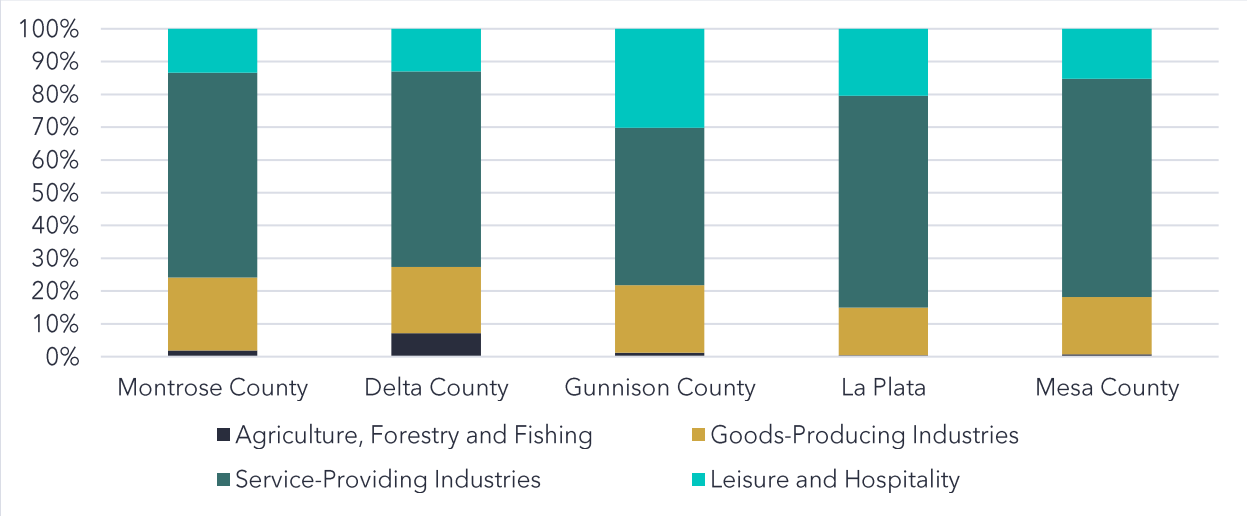
Table 21: Major Employers in Montrose County, 2022

	# of Employees
Montrose County School District	1,088
Montrose Regional Health	755
Montrose County	374
City Market	320
Wal-Mart Supercenter	302
Volunteers of America	284
City of Montrose	270
Montrose Forest Products (140 Contracted)	230
Community Options, Inc.	180
Home Depot	180

Source: Montrose Economic Development Corporation

When comparing the distribution of employment by industry in Montrose County and other surrounding counties (shown in Figure 42), we find that Montrose County has a higher share of employment in Goods-Producing industries than neighboring counties, which include sectors such as jobs in construction, manufacturing, and natural resources. However, most of Montrose County's share of employment fall into the Service-Providing industries. These include jobs in information, trade, financial activities, education, among others.[68] La Plata and Mesa Counties have slightly higher proportions of jobs in Service Producing industries, and the neighboring county that has the highest proportion of leisure and hospitality jobs is Gunnison County, followed by La Plata County.

Figure 42: Distribution of Employment by Industry Among Selected Western Slope Counties, 2022



Source: U.S. Census, QWI Explorer, 2022

Table 22 shows the total annual earnings by sector. The top three sectors, healthcare/social assistance, retail trade, and construction, make up approximately 47% of the total annual wages. Healthcare/social assistance is the largest sector, accounting for almost 17% of the

total annual wages in the County. The retail trade sector and the construction sector make up about 16% and 14%, respectively.

Table 22: Total Annual Earnings by Sector

Sector	Total Annual Wages '21	% Change from '20
Health Care/Social Assistance	$87.6M	4.5%
Retail Trade	$86.9M	10.1%
Construction	$72.9M	13.0%
Manufacturing	$48.8M	(0.6%)
Accommodation/Food Services	$33.6M	25.8%
Professional/Scientific/Technical Services	$29.5M	20.4%
Transportation/Warehousing	$25.4M	16.8%
Wholesale Trade	$23.5M	11.0%
Finance and Insurance	$19.8M	5.7%
Admin/Support/Waste Management	$19.2M	22.2%
Other Services	$18.5M	3.9%
Real Estate/Rental/Leasing	$16.1M	11.2%
Utilities	$14.7M	(12.9%)
Agriculture/Forestry/Fishing	$9.4M	(2.0%)
Management of Companies	$8.8M	(18.4%)
Information	$6.7M	11.7%
Arts/Entertainment/Recreation	$5.9M	57.5%
Mining/Quarrying/Oil & Gas	$2.2M	(5.7%)
Unclassified	$352.6K	124.0%
Educational Services	$216.0K	(12.5%)
Total	**$530.1M**	**8.89%**

Source: Data Tactical Group, 2023

As shown in Table 23, the industries that are forecasted to gain the most jobs in the County in the next decade are the educational services sector (99%), followed by other services (64%), and then transportation (53%). Educational services and transportation were already on an upward trend in the past decade, and this growth path is expected to continue as growing needs in education and transportation go hand in hand with an increasing population. Conversely, the industries that are projected to lose the most employment are management of companies (80%), utilities (28%), and mining, quarrying, oil & gas (23%). The aforementioned closures in Nucla may the start beginning of a more protracted decline in the mining and utilities sector in the region.

Table 23: Montrose County Employment by Industry Forecast

Sector	Employment 2032	% Change from '22
Health Care/Social Assistance	2,966	7.7%
Retail Trade	2,770	25.5%
Accommodation/Food Services	2,131	31.5%
Construction	1,727	(1.8%)
Public Administration	1,628	14.7%
Educational Services	1,529	99.2%
Transportation/Warehousing	1,239	53.2%

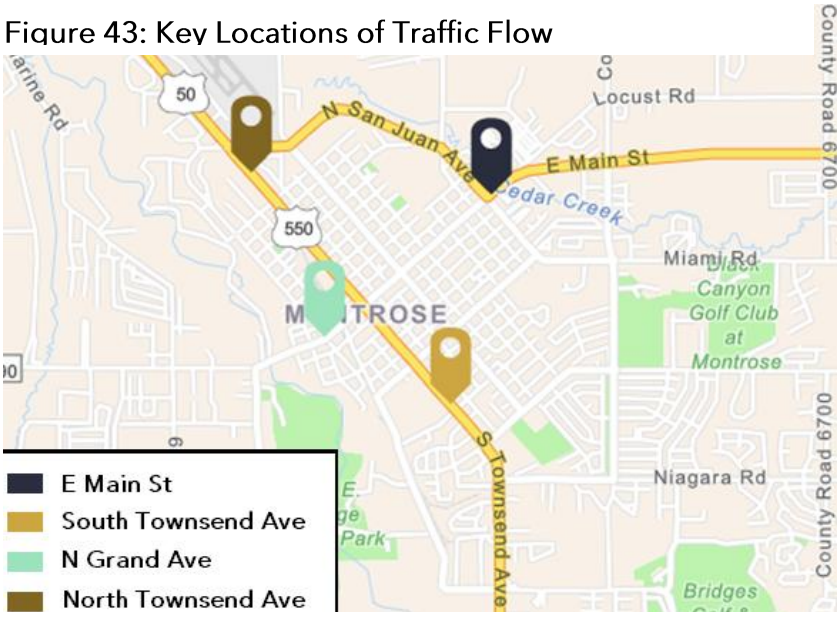
Manufacturing	1,227	14.3%
Professional/Scientific/Technical Services	754	46.1%
Other Services	693	64.2%
Finance and Insurance	504	51.5%
Admin/Support/Waste Management	495	(2.4%)
Wholesale Trade	463	(20.4%)
Real Estate/Rental/Leasing	366	(0.3%)
Agriculture/Forestry/Fishing	303	29.4%
Arts/Entertainment/Recreation	274	(17.9%)
Information	228	29.5%
Utilities	153	(28.3%)
Mining/Quarrying/Oil & Gas	19	(22.8%)
Management of Companies	16	(79.7%)
Total	**19,484**	**20.3%**

Source: Data Tactical Group, 2023

Commuter and Transportation Data

The Colorado Department of Transportation (CDOT) tracks traffic patterns at certain intersection points throughout the state via their Online Transportation System (OTIS). The data are useful for transportation and infrastructure planning purposes but also provide a useful metric for mobility and therefore the viability of residential and commercial developments. The technical measure of vehicles per day in the transportation industry is Annual Average Daily Traffic, or AADTs, for short. The map in Figure 43 shows four key locations with AADTs greater than 15,000. These are some of the most heavily trafficked areas in the City of Montrose. The black pin is on E. Main Street, the gold pin is on South Townsend Avenue, the mint pin is on N. Grand Avenue, and the brown pin North Townsend Avenue.

Figure 43: Key Locations of Traffic Flow



Source: Colorado Department of Transportation & Esri Business Analyst, 2023

While the City of Montrose does not currently run a public transportation service, there are other transportation options within the city. All Points Transit is a non-profit organization that provides public transit services for "seniors, people with disabilities and the general public in communities throughout Montrose, Delta, San Miguel, and Ouray counties."[69] All Points Transit provides bus, shuttle, and dial-a-ride services throughout the city, as well as a regional medical shuttle. Other regional transportation options include the Telluride Express, Bustang Outrider, and rideshare services.

Tables 24 - 25 and Figures 44 - 45 show the flow of commuters to and from Montrose County in 2019. Most of the people who work in the City of Montrose also live in the City. The two most common places to live in for workers in Montrose apart from the City itself are Delta and Grand Junction. Some Montrose residents also commute to work in locations such as Grand Junction and Mountain Village. Around 3,000 both live and work in the City of Montrose, approximately 5,000 commute into town, while around 3,000 workers live in Montrose but are employed outside of the City.

The commute data indicate the interconnected nature of housing prices, income, and transportation patterns. With a nearly 30-minute one-way commute from Delta to Montrose, one could imagine a higher proportion of residents living in Montrose if they could find affordable housing. As noted in the recommendations section, strategic investments in mixed uses, and infill housing would likely have the effect of tamping down some of the high in-migration levels and therefore also reduce environmental impact and stress on the transportation system.

Table 24: Where Workers Live Who are Employed in the City of Montrose

City/Place	Count	Share
Montrose City, CO	2,960	37.7%
Delta City, CO	285	3.6%
Grand Junction City, CO	173	2.2%
Olathe Town, CO	139	1.8%
Orchard City, CO	82	1.0%
Colorado Springs City, CO	61	0.8%
Clifton CDP, CO	51	0.6%
Denver City, CO	49	0.6%
Durango City, CO	45	0.6%
Cedaredge Town, CO	39	0.5%
All Other Locations	3,977	50.6%

Source: U.S. Census Bureau, On-the-Map, 2019

Table 25: Where Workers are Employed who Live in the City of Montrose

City/Place	Count	Share
Montrose City, CO	2,960	46.3%
Grand Junction City, CO	477	7.5%
Mountain Village Town, CO	139	2.2%
Delta City, CO	118	1.8%
Denver City, CO	118	1.8%
Telluride Town, CO	98	1.5%
Durango City, CO	92	1.4%
Ridgway Town, CO	78	1.2%
Colorado Springs City, CO	71	1.1%
Orchard City town, CO	70	1.1%
All Other Locations	2,172	34.0%

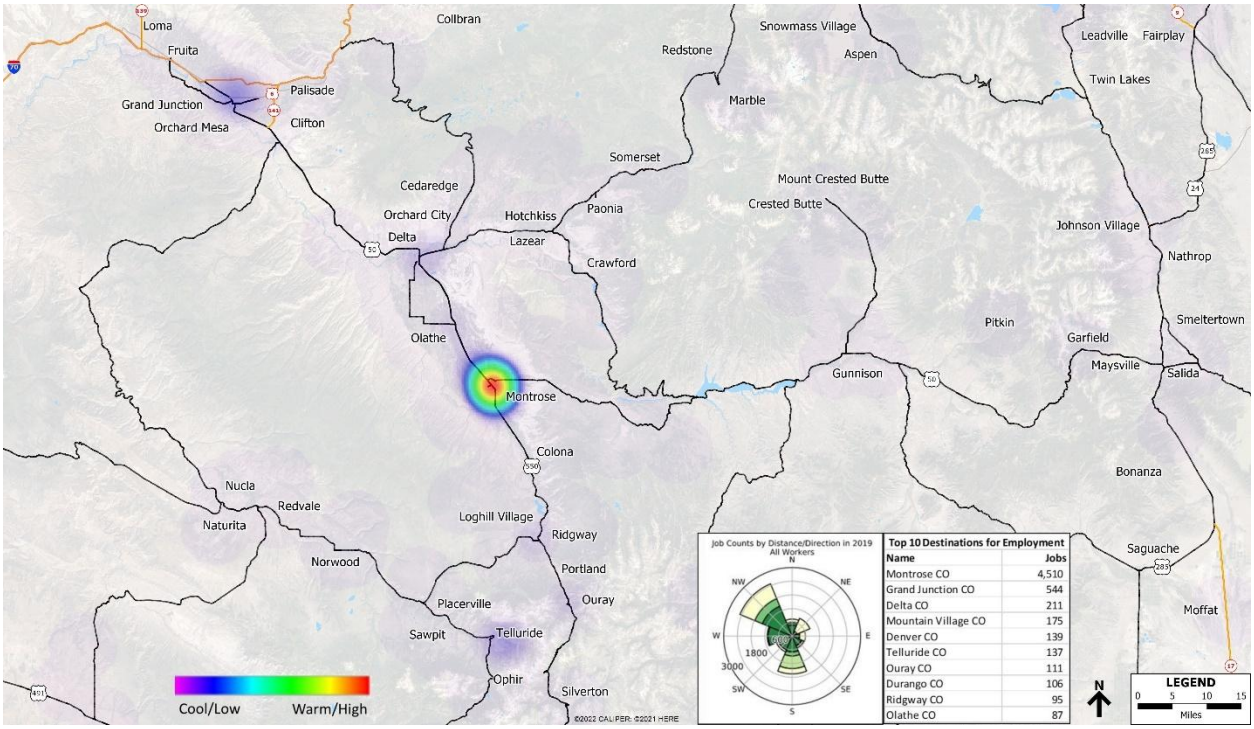
Source: U.S. Census Bureau, On-the-Map p, 2019

Figure 44: Commuter Inflow and Outflow from Montrose



Source: U.S. Census Bureau American Community Survey, OnTheMap, 2019

Figure 45: Montrose Employee Commute Radius



Source: U.S. Census Bureau American Community Survey, OnTheMap, 2019

4. Housing Trends

Building Types and Tenure

This chapter focuses on highlighting important trends related to various housing topics. Trends in housing supply are measured with an array of metrics including building permits, home values, and home sales data. These data are collected from various platforms, each providing a different angle on the region's housing situation.



Source: PC Montrose Trip, Basecamp Apartments on N Grand Ave

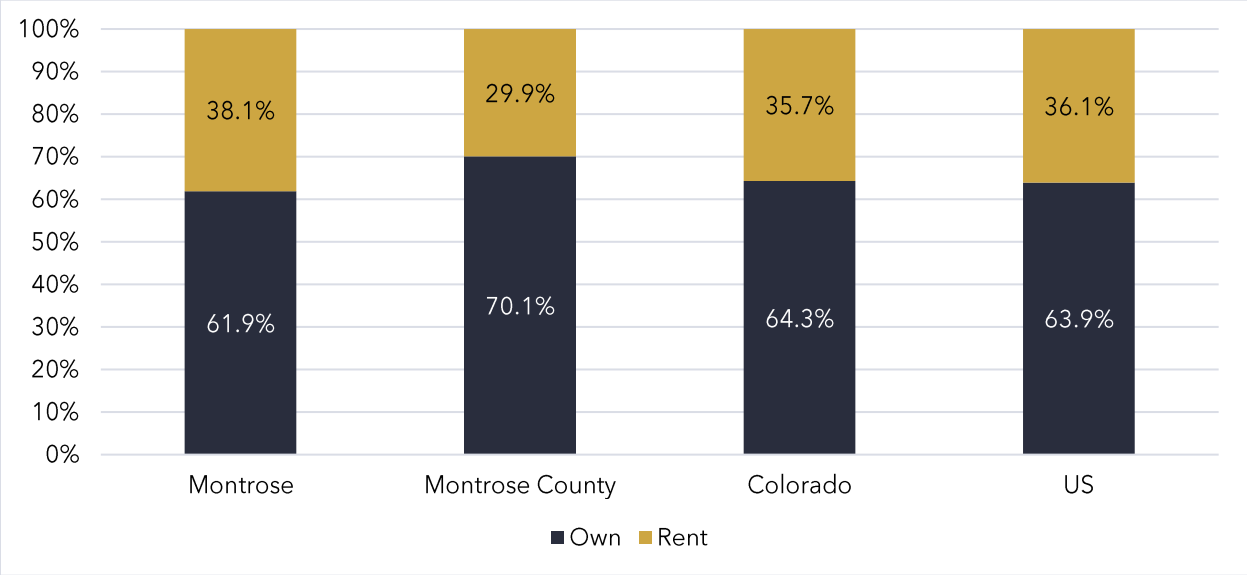
Table 26 provides a broad overview of housing in the City and County of Montrose. Most housing in the region is single-family detached, with a lower amount of large apartment buildings when compared to the state and national levels. The City also has a larger proportion of attached units than the County, which includes townhomes, duplexes, and triplexes. The City, and especially the County, have higher rates of mobile or manufactured homes. The City also has a higher proportion of housing units serving as rentals (38%), compared to the County (30%), as shown in Figure 46.

Table 26: Percent Housing by Type

	Montrose City		Montrose County		Colorado	USA
Housing Type	#	%	#	%	%	%
Occupied housing units	8,175	100.0%	17,483	100.0%	100.0%	100.0%
1, detached	5,509	67.4%	11,976	68.5%	64.0%	62.8%
1, attached	543	6.6%	690	3.9%	7.3%	6.1%
2 apartments	258	3.2%	344	2.0%	1.5%	3.4%
3 or 4 apartments	190	2.3%	256	1.5%	3.2%	4.2%
5 to 9 unit apartments	435	5.3%	454	2.6%	4.4%	4.5%
10+ unit apartments	492	6.0%	506	2.9%	15.7%	13.4%
Mobile home or other type of housing	748	9.1%	3,257	18.6%	3.9%	5.5%

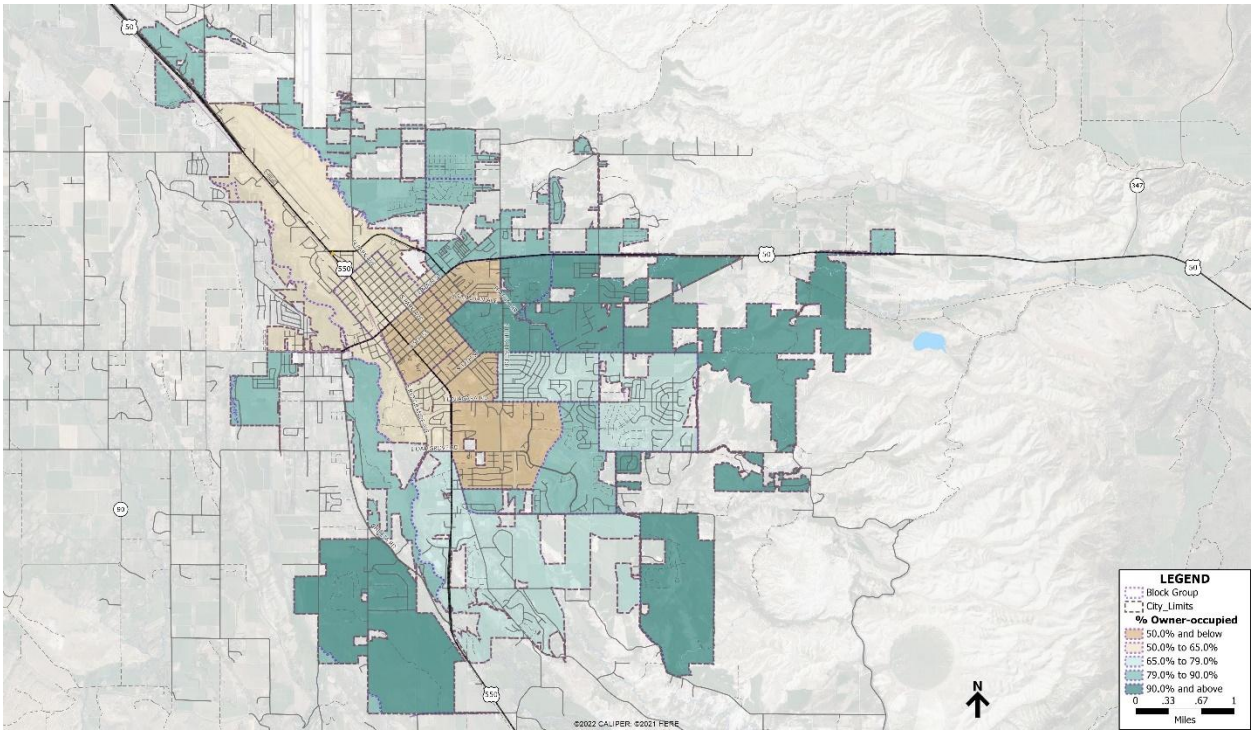
Source: American Community Survey, 2010 and 2020 5-Year Estimates, Table S2504

Figure 46: Owner-Occupied and Renter-Occupied Homes, 2021



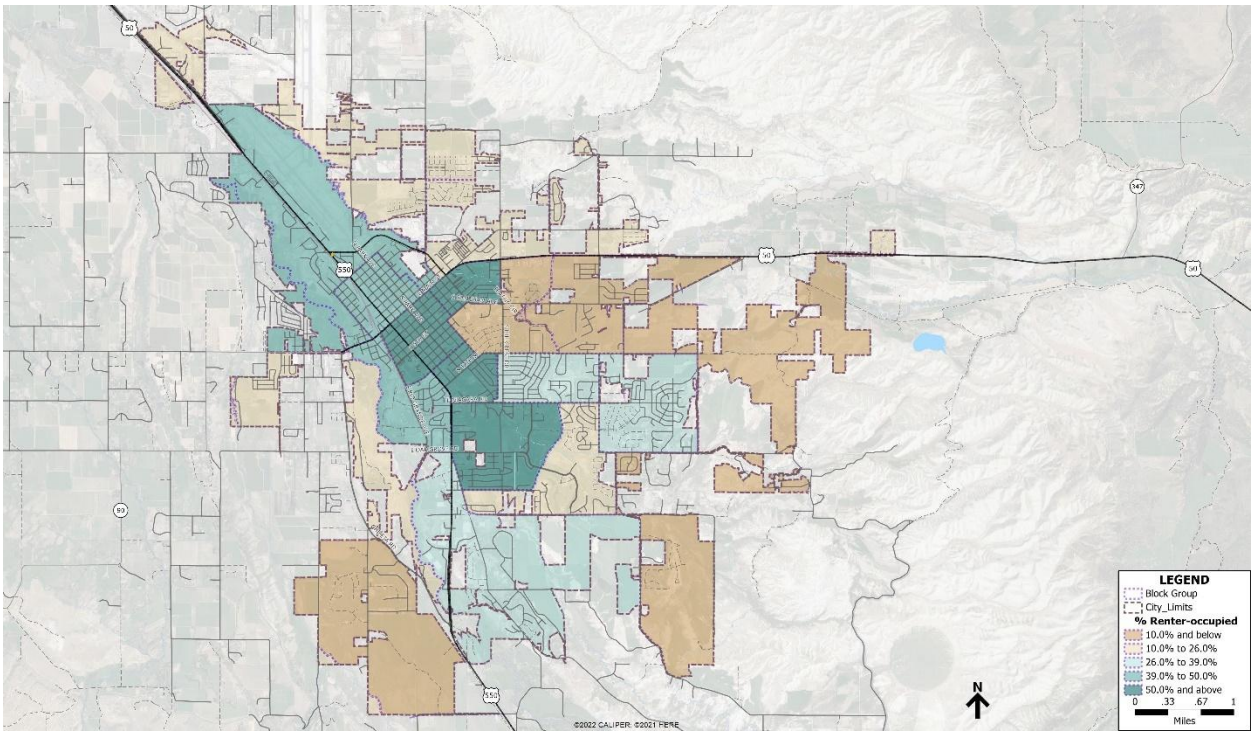
Source: U.S. Census ACS, 2021

Figure 47: Owner-Occupied Homes by Block Group



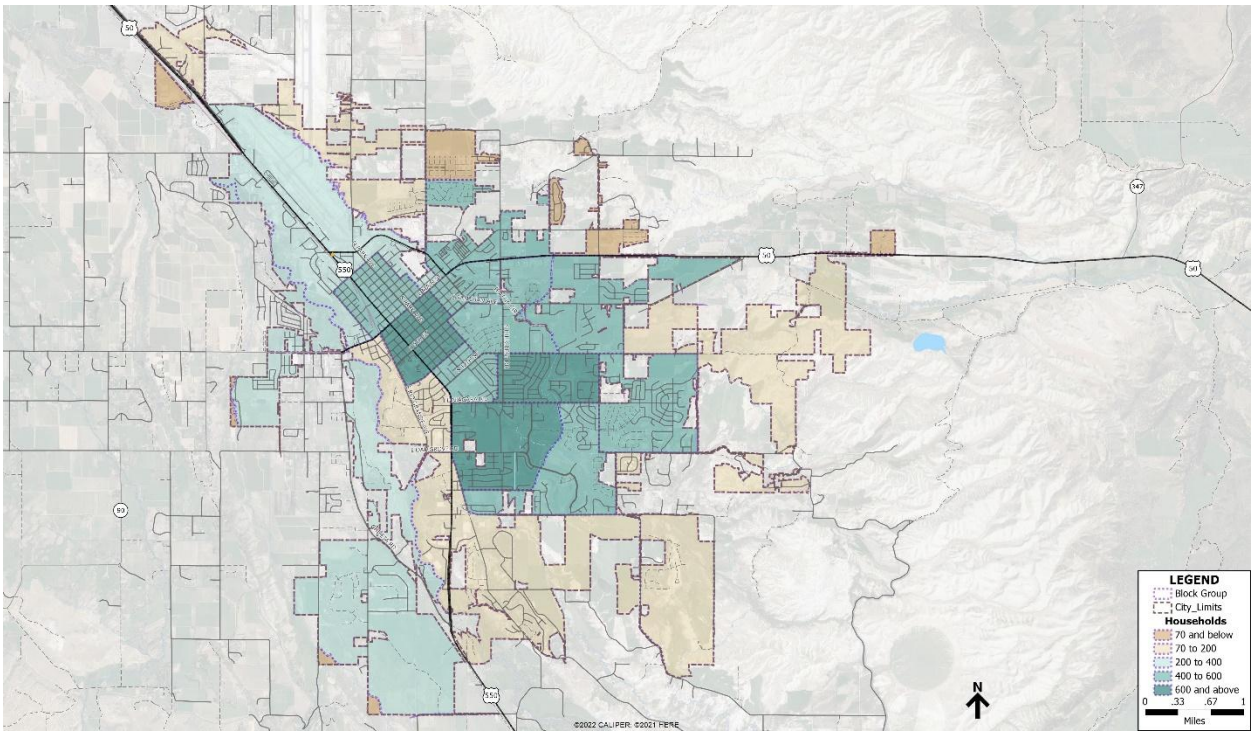
Source: U.S. Census Bureau - Owner-occupied Estimate - 2020 5-Year ACS: DP4045

Figure 48: Renter-Occupied Homes by Block Group



Source: U.S. Census Bureau - Renter-occupied Estimate - 2020 5-Year ACS: DP4045

Figure 49: Number of Households by Block Group



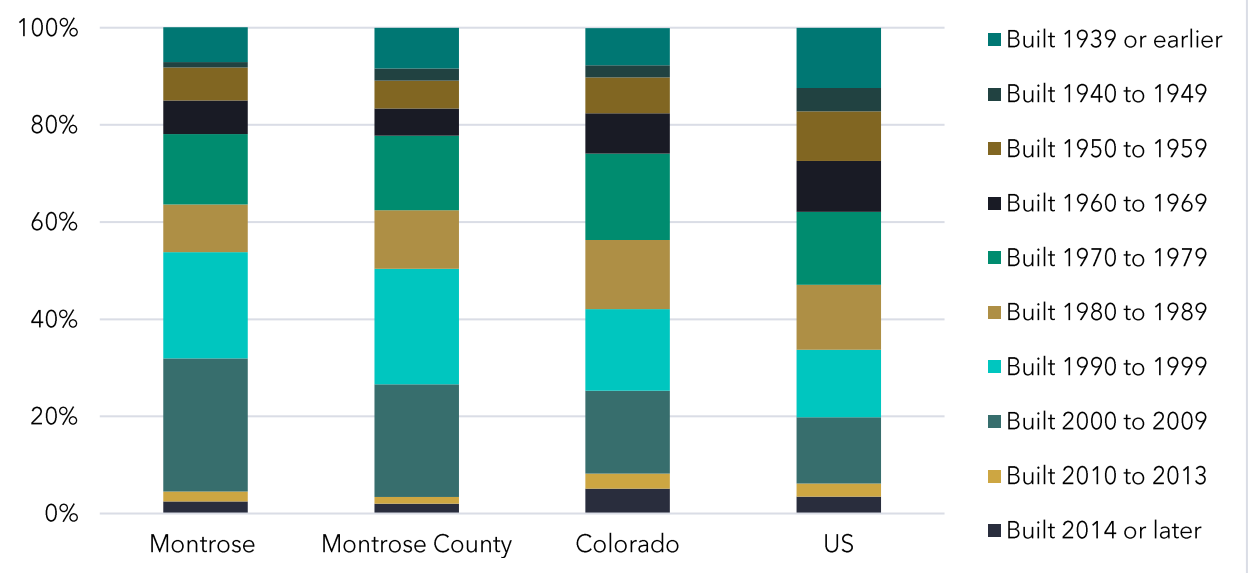
Source: U.S. Census Bureau - Total households Estimate - 2020 5-Year ACS: DP2001

The maps in Figures 47 - 48 show the distribution of renter- and owner-occupied homes across the City. Rentals are heavily concentrated in the downtown area of the City along with the northwest side of town, while owner-occupied homes are most common on the outskirts of the City and the north-central portion of town. When comparing the household by tenure maps (Figure 47 - 48) and the number of households map (Figure 49) it is apparent that the REDO district and various middle-density districts have made a difference in allowing for more housing diversity and density. For example, the cluster of R2, OR, R3, R3A and R4 zones to the east of Townsend Avenue along streets such as Niagara, Sunnyside and Miami possess a notable level of density without being dominated by multi-family apartment complexes.

Housing Stock and Occupancy Rates

Figure 50 shows that a greater percentage of homes were built between 2000 and 2009 in Montrose compared to the national average. Specifically, 32% of the City's housing stock was built during or after 2000, while the corresponding figures for the County, state, and country are 27%, 25%, and 20%, respectively. However, the housing stock at the state and national level is made up of a larger share of homes made in or after 2010 than the City or the County. The spurt of development in Montrose in the 2000-2009 time period displays how much of the City's housing development occurred during a discrete period of time that was not common in any decade previously and has not been repeated in years since.

Figure 50: Age of Housing Stock

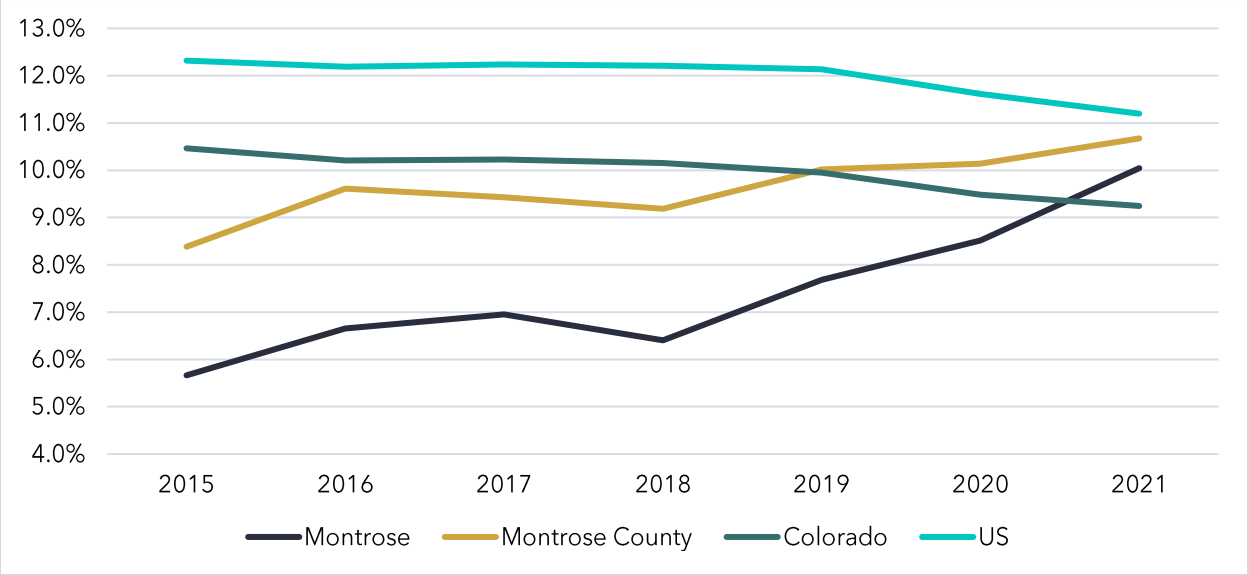


Source: U.S. Census ACS 2020 DP04

Vacancy rates are a signal of consumer demand within the real estate market. Over the past decade, vacancy in the City has typically been lower than the state and national benchmarks but has recently climbed up to be nearly equal. Furthermore, as shown in Figure 52, the largest categories for vacancy in the City is "rented not occupied" meaning that somebody is paying for the space but has yet to move into it. While vacancy rates have generally increased across both the City and County from 2015 to 2021, Montrose saw a steeper rise of 4.4% compared to the County's 2.3% during the same period. These statistics, combined with the

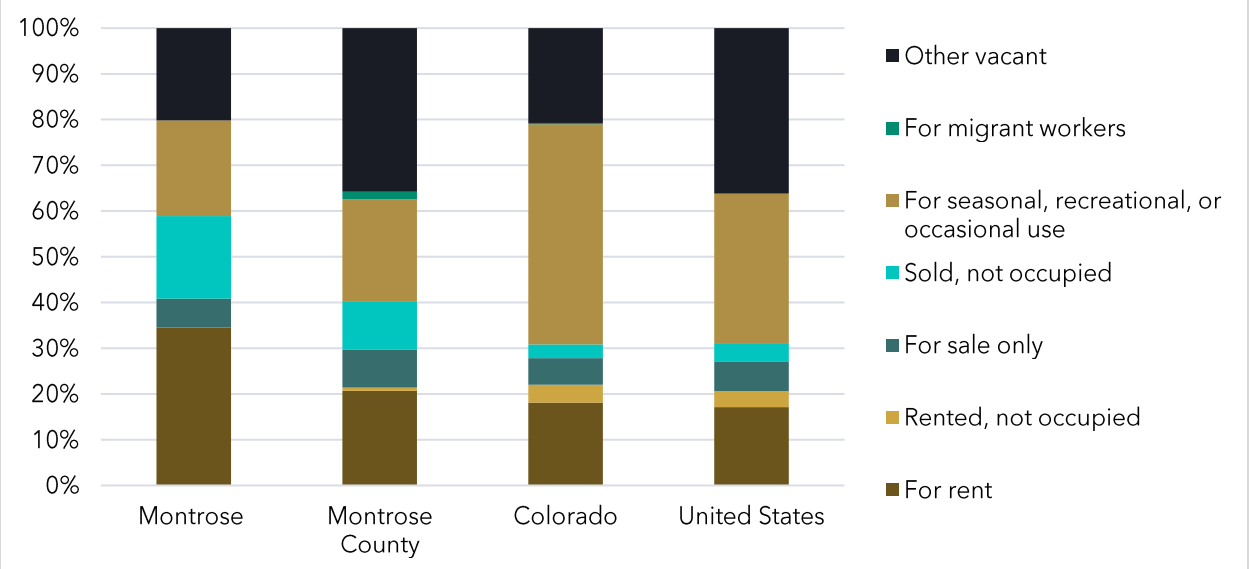
building permit and home value data later presented may be a signal that the short-term housing bubble in Montrose has already started deflating.

Figure 51: Vacancy Rate



Source: U.S. Census ACS, 2015-2021

Figure 52: Vacancy Status



Source: U.S. Census ACS, 2021

According to Figure 54, the number of housing units per 1,000 residents in the City has also been on a significant upswing between 2013 and 2021, during which the City has significantly outpaced state and national benchmarks. Although the City trailed Colorado in this mark in 2010, at 464 units per 1,000 residents, Montrose now outpaces the state by an 8% margin. The growth among retirees is one factor in this number, as older aged households tend to have lower persons per household. Another contributing factor leading

to the high rates of units per person is the large number of seasonal and/or second homeowners. All told, while Montrose may have more housing units per resident compared to the rest of the state and nation, the market remains highly competitive, with limited housing availability.[70]

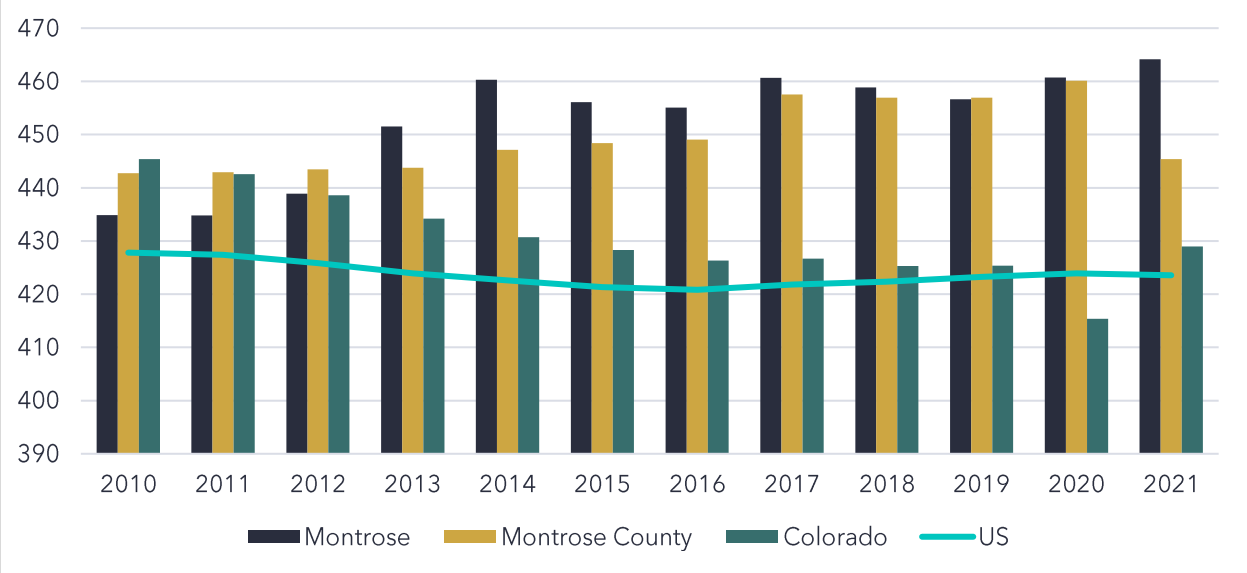
Figure 53: Listings and Monthly Supply Trends in Montrose County



Source: Montrose Board of Realtors and Renfrow Real Estate, 2023

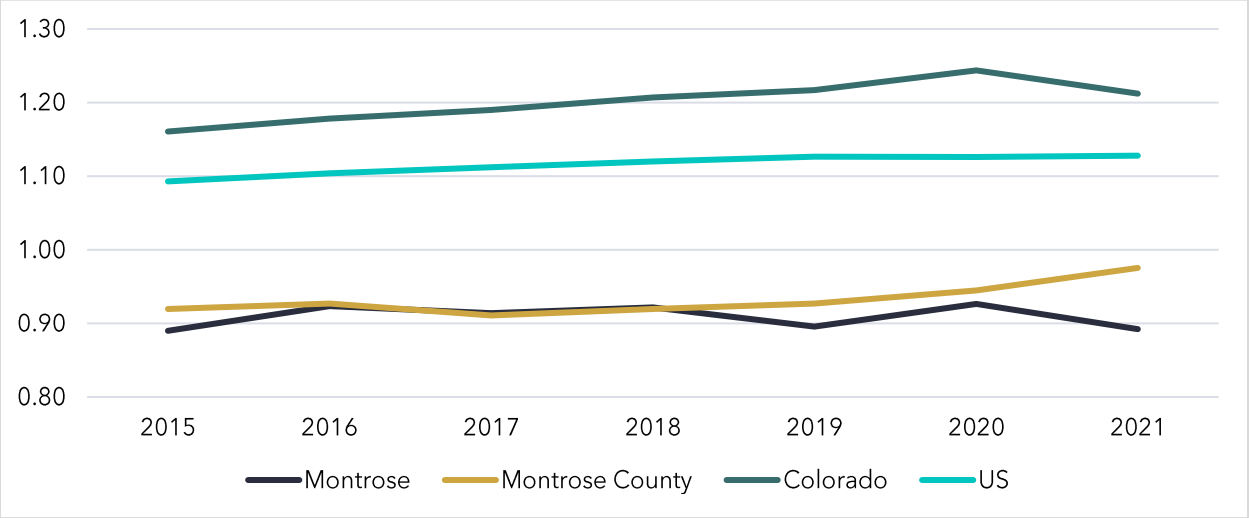
Residences to Employment Metrics

Figure 54: Housing Units per 1,000 Residents



Source: U.S. Census ACS, 2010-2021

Figure 55: Jobs-to-Housing Ratio



Source: U.S. Census ACS, 2015-2021

The jobs-to-housing ratio in Montrose, shown in Figure 55 has remained relatively stable throughout recent years, with only slight increases observable in Montrose County, the state, and the US. The jobs-to-housing ratio is a critical metric that measures the number of jobs available in a particular region relative to the available housing units. The City and County of Montrose both have lower jobs-to-housing ratios compared to the state and the US. The City's jobs-to-housing ratio of 0.9 in 2021 is indicative of 9 jobs for every 10 housing units, while the state level was 1.2, which is indicative of 12 jobs for every 10 units. Higher jobs-to-housing ratios are indicative of a mismatch in the housing supply and the number of workers in a region.

This ratio is significant to look at because communities low in the jobs-to-housing ratio are typically more expensive or remote and may have difficulty retaining service workers due to long commute time, while communities too high in this ratio could experience talent shortages in the long-run and may lack certain community assets that would attract residents. Though the values for this ratio in the region are lower than one, they still fall into the EPA's acceptable range for reducing vehicle miles traveled and for efficient city transit networks.[71] The benefits of having values close to one include reduced vehicular congestion, lower costs to businesses and commuters, and lower expenditures on public facilities and services. [72]

Residential Density and Overcrowding

Montrose County and the City of Montrose have both owner- and renter-occupied housing units that are primarily inhabited by at least one individual in a 2 bedroom unit. The City of Montrose has had an increase in occupancy of owner-occupied homes with at least one person in a 2 room unit, or 2 people in a 2 room unit. However, individuals who rent one to two bedroom units are declining, potentially from renters having opportunities to buy a home, or migrating out of the City. Additionally, 2 bedroom units occupied by 3 or more individuals have significantly increased. This is not too surprising given that splitting rent costs greater than two-ways is more affordable for most renters. Montrose County has

declining occupancy across the board, with the exception of growth seen in renter occupied housing of more than half of occupants living in a unit than available rooms.

Table 27: Residence by Occupants Per Room in Montrose, 2020-2021

	2020	2021	Change	% Change
Total:	8,175	8,392	217	2.7%
Owner occupied:	5,623	5,951	328	5.8%
0.50 or less occupants per room	4,576	4,993	417	9.1%
0.51 to 1.00 occupants per room	903	818	(85)	(9.4%)
1.01 to 1.50 occupants per room	144	140	(4)	(2.8%)
1.51 to 2.00 occupants per room	0	0	0	0.0%
2.01 or more occupants per room	0	0	0	0.0%
Renter occupied:	2,552	2,441	(111)	(4.3%)
0.50 or less occupants per room	1,753	1,733	(20)	(1.1%)
0.51 to 1.00 occupants per room	792	689	(103)	(13.0%)
1.01 to 1.50 occupants per room	0	0	0	0.0%
1.51 to 2.00 occupants per room	7	19	12	171.4%
2.01 or more occupants per room	0	0	0	0.0%

Source: U.S. Census ACS 5-year

Table 28: Residence by Occupants Per Room in Montrose County, 2020-2021

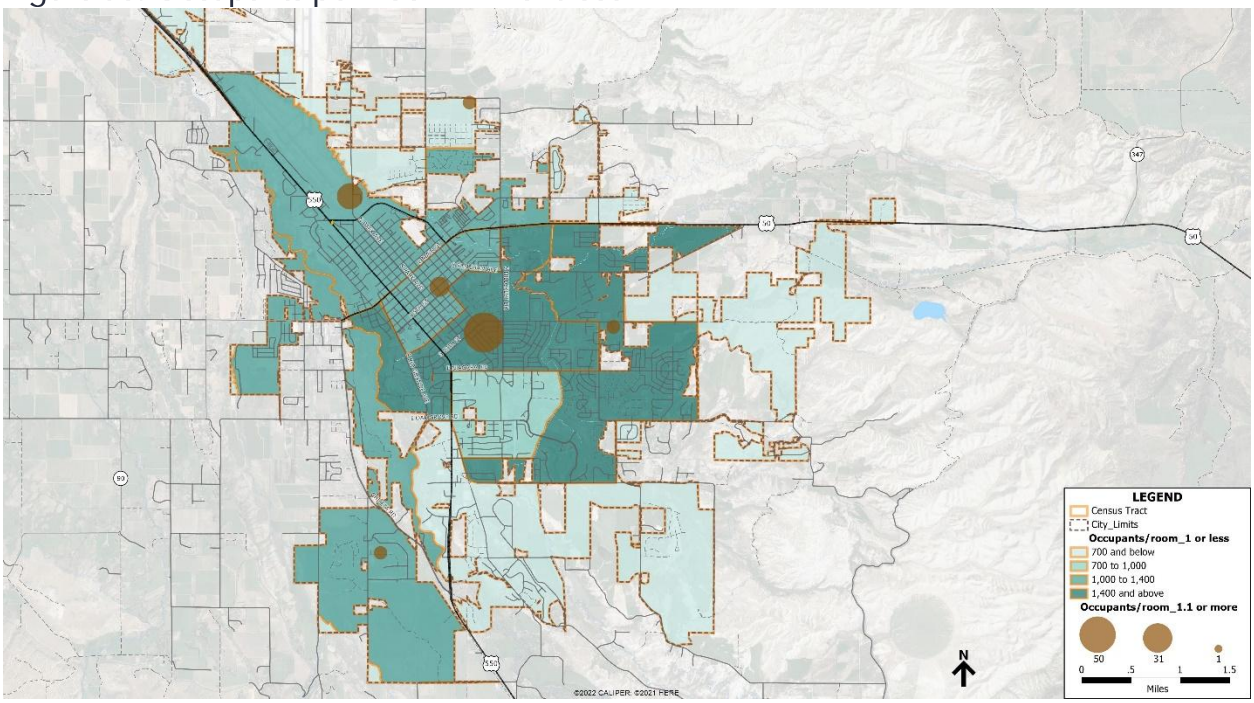
	2020	2021	Change	% Change
Total:	17,483	16,840	(643)	(3.7%)
Owner occupied:	12,914	12,661	(253)	(2.0%)
0.50 or less occupants per room	10,201	10,064	(137)	(1.3%)
0.51 to 1.00 occupants per room	2,475	2,389	(86)	(3.5%)
1.01 to 1.50 occupants per room	224	196	(28)	(12.5%)
1.51 to 2.00 occupants per room	0	0	0	0.0%
2.01 or more occupants per room	14	12	(2)	(14.3%)
Renter occupied:	4,569	4,179	(390)	(8.5%)
0.50 or less occupants per room	3,213	2,934	(279)	(8.7%)
0.51 to 1.00 occupants per room	1,341	1,218	(123)	(9.2%)
1.01 to 1.50 occupants per room	0	0	0	0.0%
1.51 to 2.00 occupants per room	15	27	12	80.0%
2.01 or more occupants per room	0	0	0	0.0%

Source: U.S. Census ACS 5-year

Figure 56 illustrates areas of potential overcrowding in the city of Montrose. The color grading on the census tracts shows the amount of rooms that are occupied by one person or less. Units that have less than one person occupying them may be indicative of a single person living in a two-bedroom unit. Most rooms that have one person or less occupying them are located in the center of town, whereas the eastern part of town has less of these. The golden circles on the map show areas where there may be some measure of overcrowding. These bubbles indicate rooms that are occupied by more than one person,

with the bubble size correlating to the quantity of rooms that are occupied by more than one person. As the map shows, there is some level of potential overcrowding in the center of town to the west of South Hillcrest Drive, as well as portions to the north and northwest past East Main Street.

Figure 56: Occupants per Room in Montrose



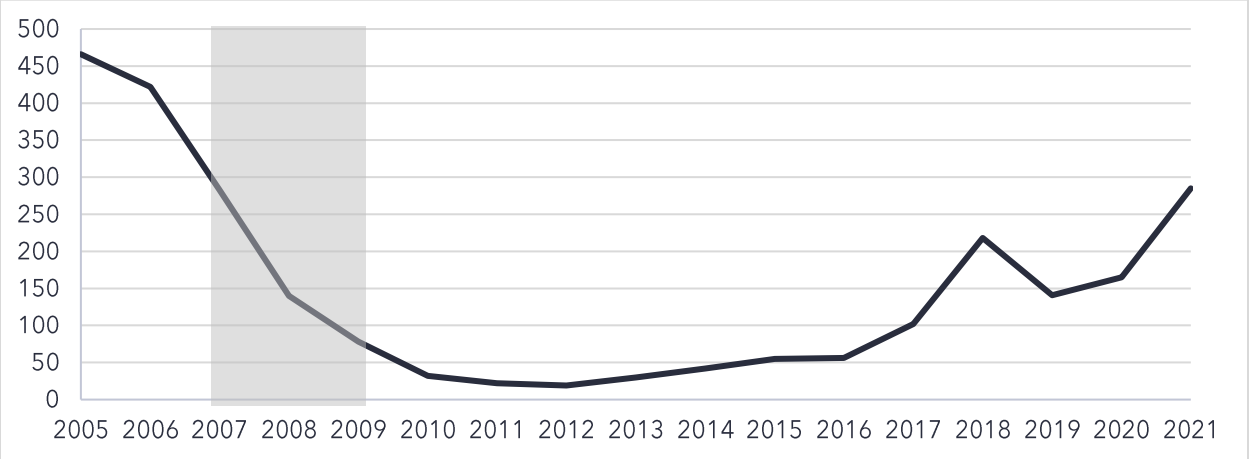
Source: U.S. Census Bureau - Renter-occupied Estimate - 2020 5-Year ACS: B25014

New Housing Production

Figures 57 - 60 depict the housing permit trends for Montrose City and for the County outside of the city limits between 2005 and 2021. After the Great Recession (illustrated by the gray vertical bar), the total number of housing permits in the region sharply declined but started to recover in 2013. However, as of 2021, permit levels had not yet returned to pre-recession levels, although multi-family permits in both the City and County have shown a strong recovery. This recovery pattern is similar to that seen at the national level, where it took around 12 years after 2007 for building permits to reach pre-recession levels.[73] The prolonged period of recovery resulted in a significant backlog of demand, which may explain the sudden increase in permit issuances after years of minimal activity.

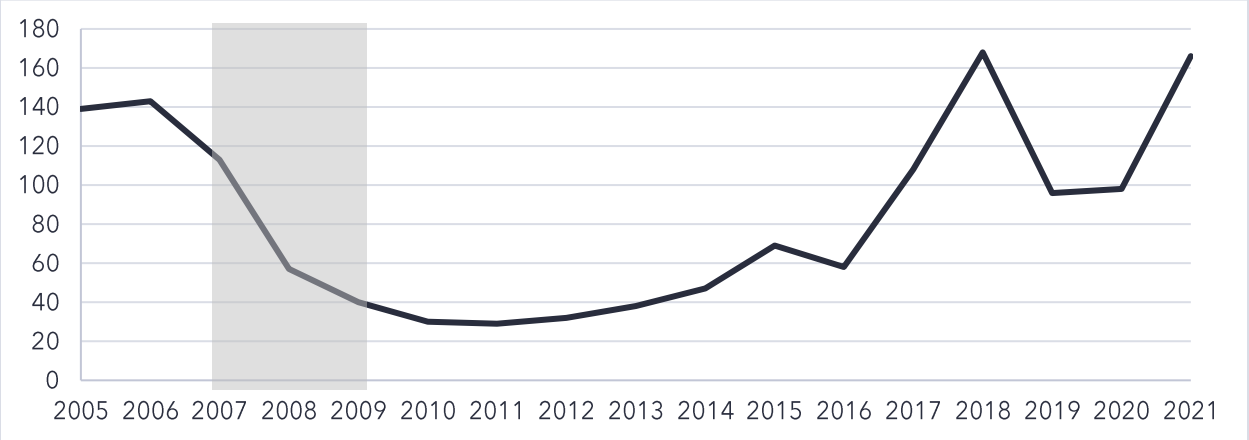
Between 2005 to 2008 the ratio between homes built in the City and in the County outside the city limits was around three—meaning that for every permit issued in the County outside of city limits, there were three permits issued in the City of Montrose. However, that ratio dipped to below one between 2011 and 2017, where there were more housing permits issued outside city limits. This ratio stabilized to around 1.7 starting in 2019, which indicates that for approximately every two permits issued in Montrose, one gets issued in the County. This could be an indication that development in the County is getting more sparsely distributed and among large affluent homes.

Figure 57: Total Housing Permits in the City of Montrose, 2005-2021



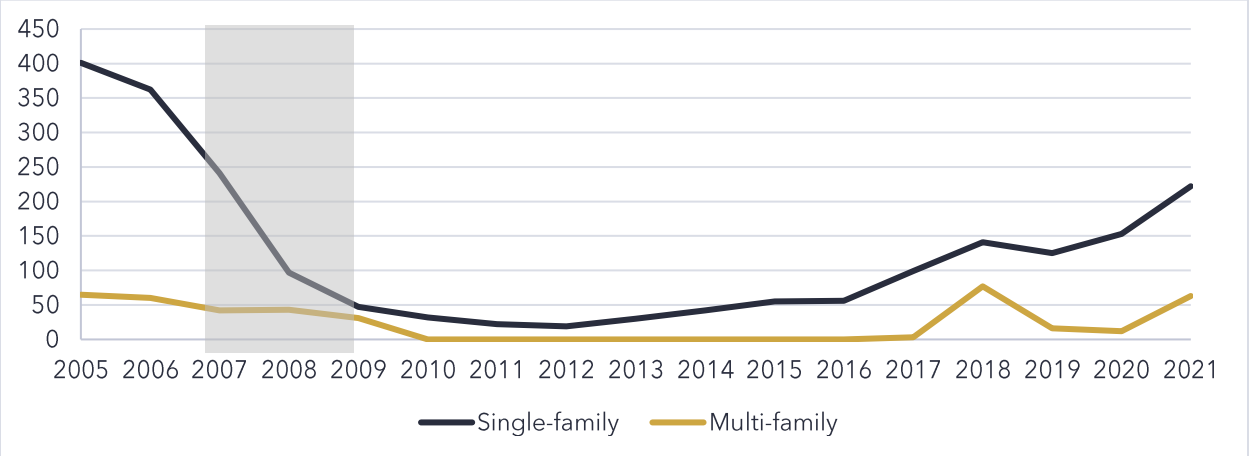
Source: U.S. Census Bureau, Building Permits Survey

Figure 58: Total Housing Permits in Montrose County Outside of Montrose City Limits, 2005-2021



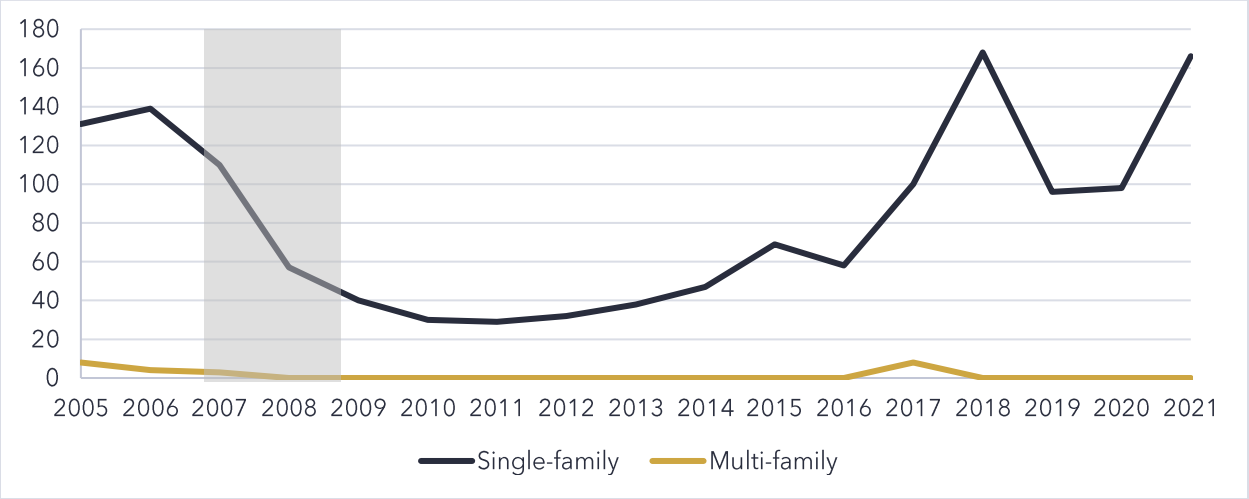
Source: U.S. Census Bureau, Building Permits Survey

Figure 59: Single-Family and Multi-Family Permits in the City of Montrose, 2005-2021



Source: U.S. Census Bureau, Building Permits Survey

Figure 60: Single-Family and Multi-Family Permits in Montrose County Outside of Montrose City Limits, 2005-2021

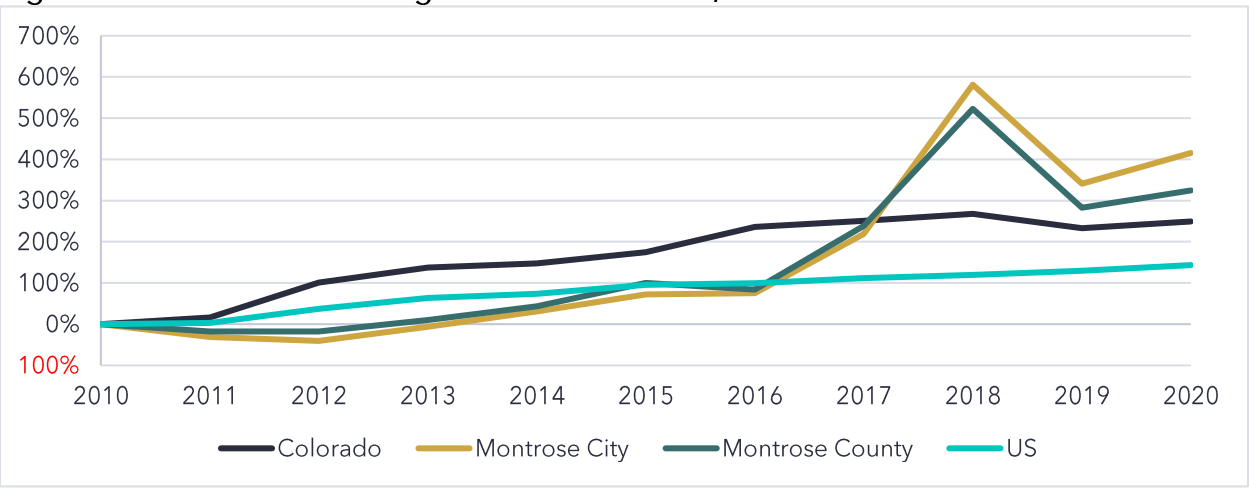


Source: U.S. Census Bureau, Building Permits Survey

Figure 61 illustrates the cumulative growth rate for permits in the region when compared to the state and the nation. This chart compares the building permits issued in 2010 to each subsequent year. (For clarification, the years of negative change from 2010 to 2013 in Montrose are indicative of a lower number of permits issued compared to the baseline year of 2010.)

At their highest point, the number of building permits issued in the City and County of Montrose in 2017 was five times higher than the number issued in 2015. Montrose experienced its own mini-housing boom between 2016 and 2021. The region's growth rate caught up to the state and national rate in 2017 and has since remained above that level. It is also telling that the rate of growth in both the City and the County (excluding Montrose city limits) are moving in nearly lock-step; in other words, the County is growing in residences at nearly the same level as residences in Montrose proper.

Figure 61: Cumulative Building Permit Growth Rate, 2005-2020



Source: U.S. Census Bureau, Building Permits Survey

Table 29: Single-Family Permits by Region

Region	2010	2020
Montrose	32	153
Montrose County	62	251
Colorado	8,790	26,636

Source: U.S. Census Bureau, Building Permits Survey

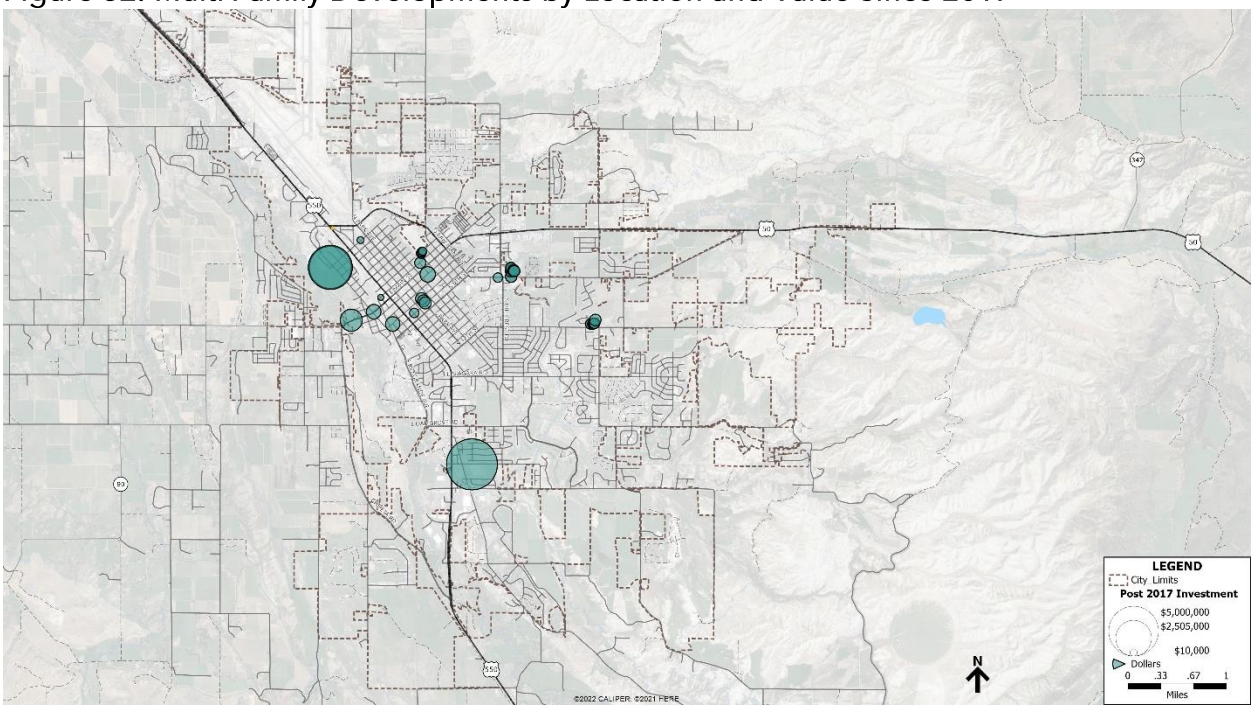
Table 30: Multi-Family Permits by Region

Region	2010	2020
Montrose	0	12
Montrose County	0	12
Colorado	2,801	13,833

Source: U.S. Census Bureau, Building Permits Survey

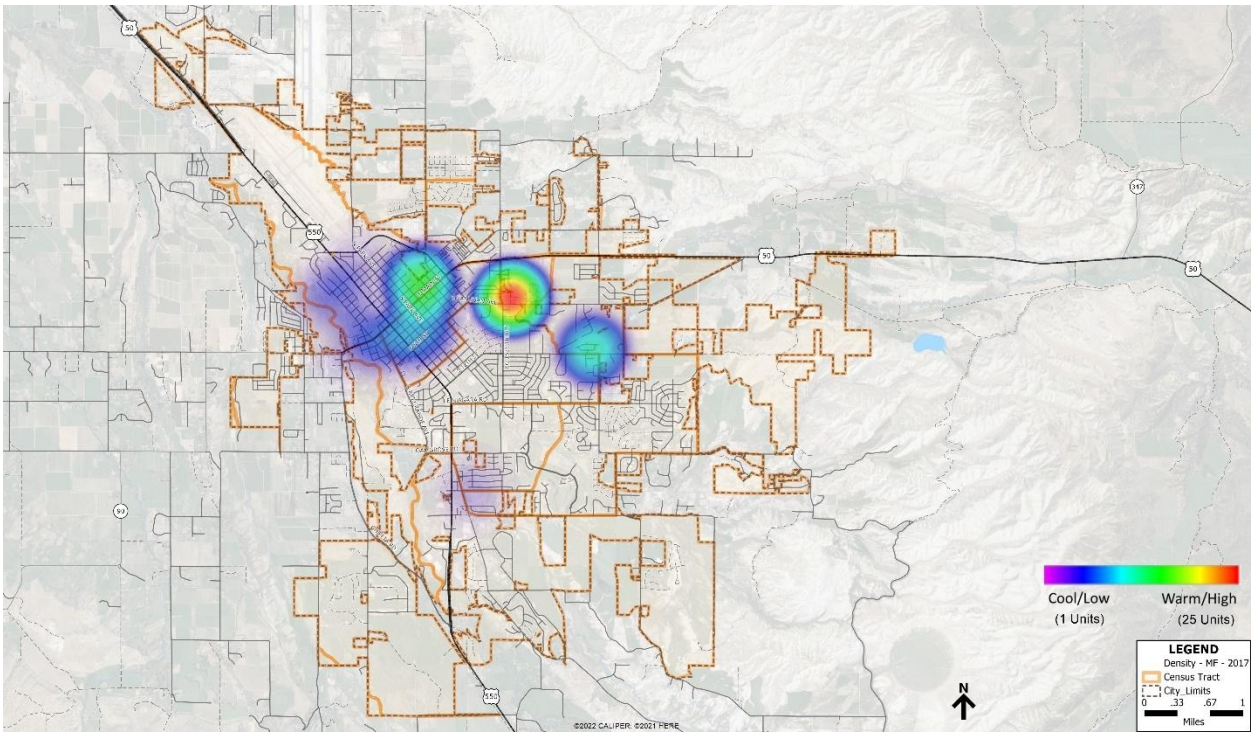
The following series of maps detail the concentration of single-family and multi-family developments in the City of Montrose by region. Figure 62 shows that the development of multi-family projects has been mostly concentrated in the northwestern and central portions of town, with the dollar value of investments largely correlating with the density levels of these developments. There were other scattered projects with lower levels of investment in the north-central portion of town, but the main nexus of multifamily developments in the past five years has been the northwest area of the City near North Grand Avenue and in the area near the intersection of Ogden Road and Woodgate Road. Most multifamily developments were in R3A zoning district that are adjacent to commercial zoning districts (such as B2 or B3). Most single-family development was in a mix of zoning districts including R2, R3 and commercial.

Figure 62: Multi Family Developments by Location and Value Since 2017



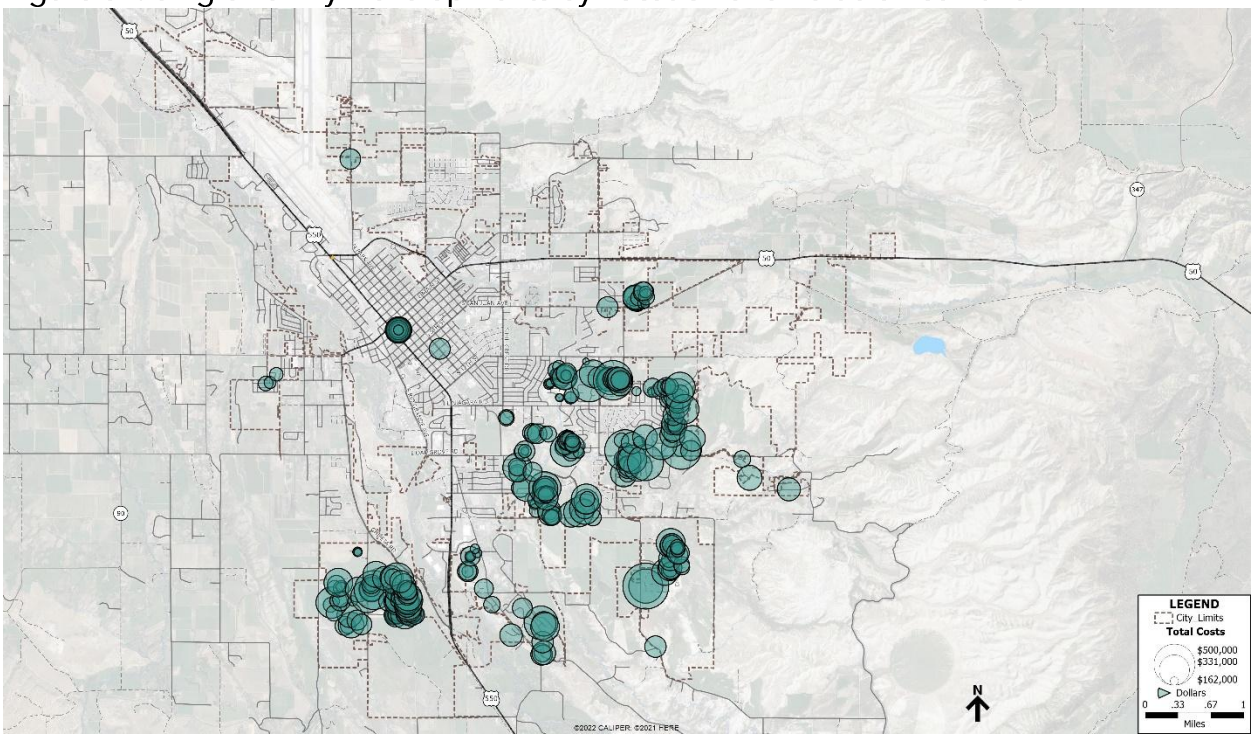
Source: City of Montrose Planning Department, and City of Montrose Building Services

Figure 63: Multifamily Developments Since 2017 Heatmap



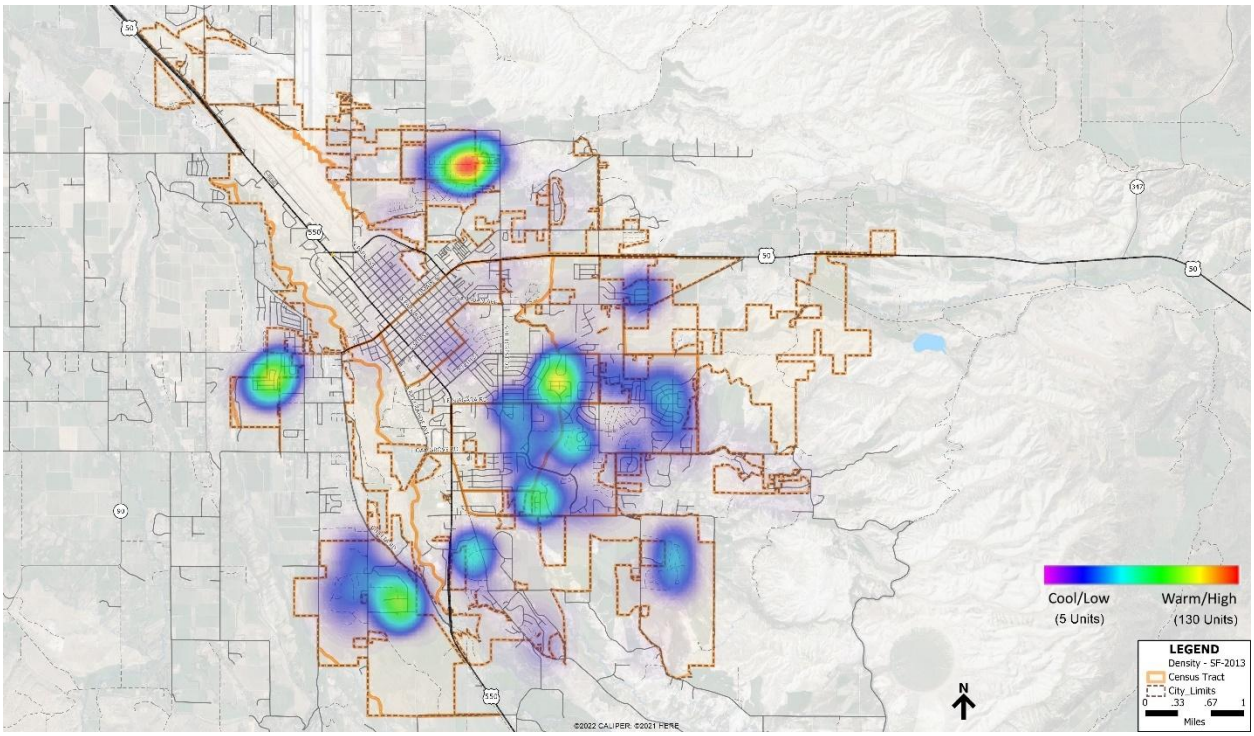
Source: City of Montrose Planning Department, and City of Montrose Building Services

Figure 64: Single Family Developments by Location and Value Since 2013



Source: City of Montrose Planning Department, and City of Montrose Building Services

Figure 65: Single Family Developments Since 2013 Heatmap



Source: City of Montrose Planning Department, and City of Montrose Building Services

To demonstrate a longer-term view, also charted are the development patterns since 2013. As shown in Figures 64 - 65, single-family development has been more abundant and dispersed throughout town. The largest cluster of development since 2013 has been the east-central portion of Montrose, with another notable and more concentrated cluster in the northern area of town. A large amount of the City's single-family developments since 2013 have been built in the area southwest of Chipeta Road, with a large swath between South Hillcrest Road and some of the highest-value single-family projects are located in the eastern and southeastern regions of the City, in predominantly R2 and R3 districts.

Cost of Construction

It is important to consider constructions costs when assessing the housing landscape. Data on building costs for various building types are sparse. However, the PC team was able to assemble cost comparisons per square foot estimates for apartments and single-family homes, as shown in Table 31. Across all building categories, Montrose has a lower building cost per square foot than both the US average and its closest neighbor, Grand Junction.

Table 31: Building Costs by Region, 2023

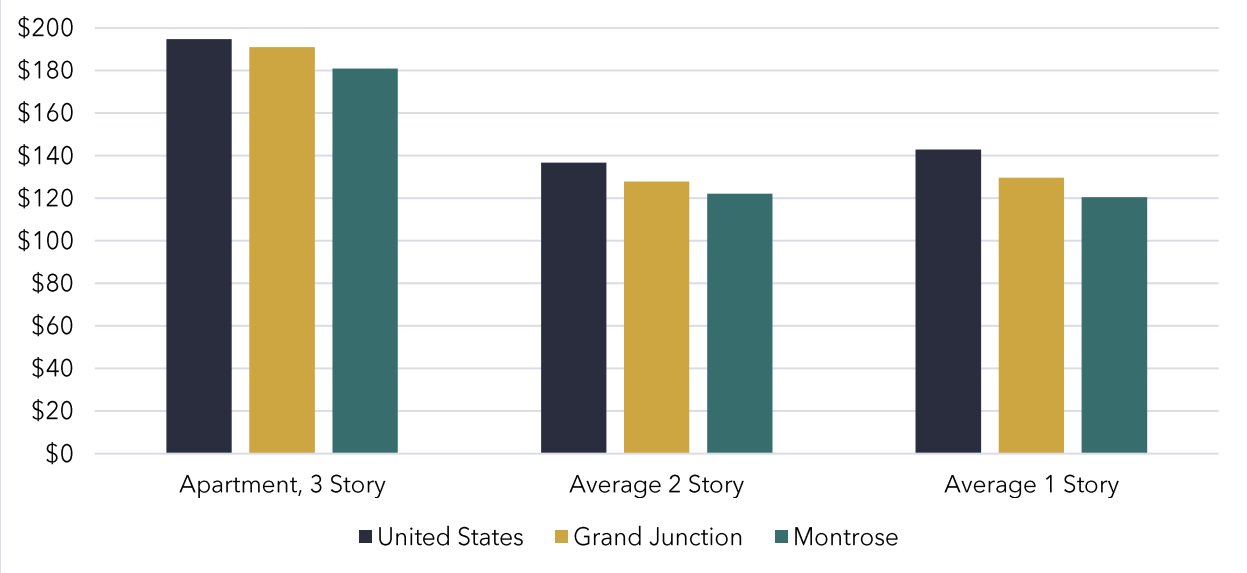
Region	Building Cost	Cost per S.F.
United States	----------	----------
Apartment, 1-3 Story	$4,384,444	$195
Average 2 Story	$273,484	$137
Average 1 Story	$228,639	$143
Grand Junction	----------	----------

Apartment, 1-3 Story	$4,299,129	$191
Average 2 Story	$255,841	$128
Average 1 Story	$207,549	$130
Montrose	----------	----------
Apartment, 1-3 Story	$4,072,889	$181
Average 2 Story	$244,337	$122
Average 1 Story	$192,742	$120

Source: Points Consulting using RSMeans Square Foot Estimator, 2023 Q1

In all regions, apartments cost more per square foot than single family homes. This is to be expected, as apartments tend to have smaller square footage per unit. If the average apartment square footage is around 1,100 SF, while the average single-story SFH is around 1,600 SF, apartment buildings are going to require a larger percentage of kitchens and bathrooms per SF. While apartments may be costlier by square foot, those square feet will also accommodate more people, an important consideration.

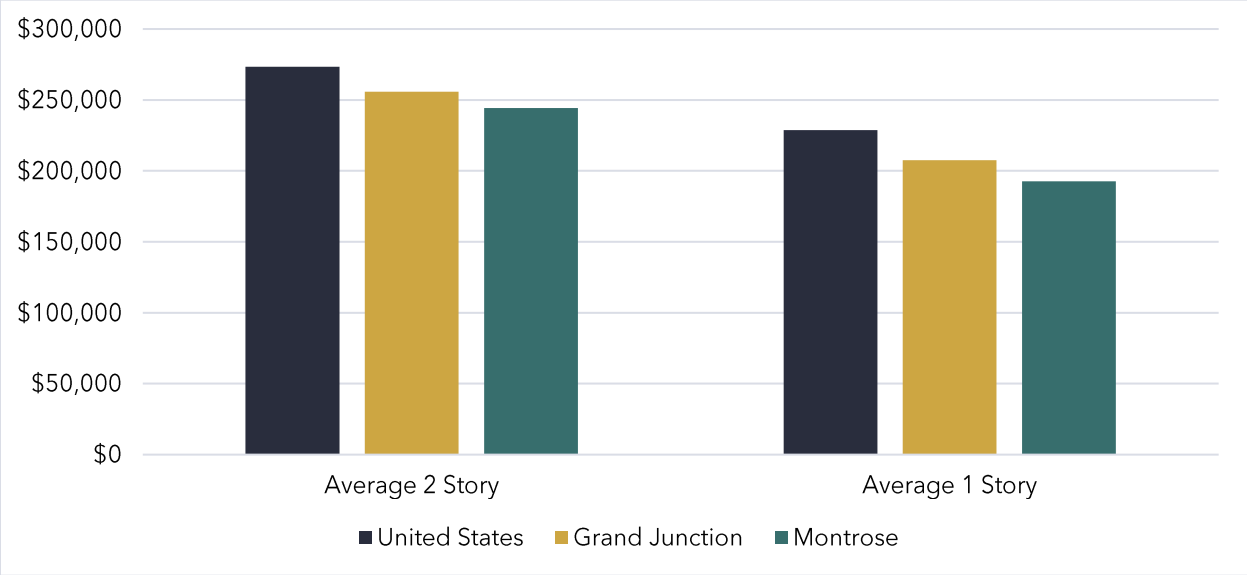
Figure 66: Building Cost Per Square Foot, 2023



Source: Points Consulting using RSMeans Square Foot Estimator, 2023 Q1

While two-story building cost more overall to build than single stories, they cost less per square foot. This is for the same regions as mentioned above, they are likely to have a lower percentage of rooms that are costly to construct per dwelling. In SFH, the pattern does not fluctuate. Costs across the United States are highest, followed by Grand Junction, with Montrose being the least expensive.

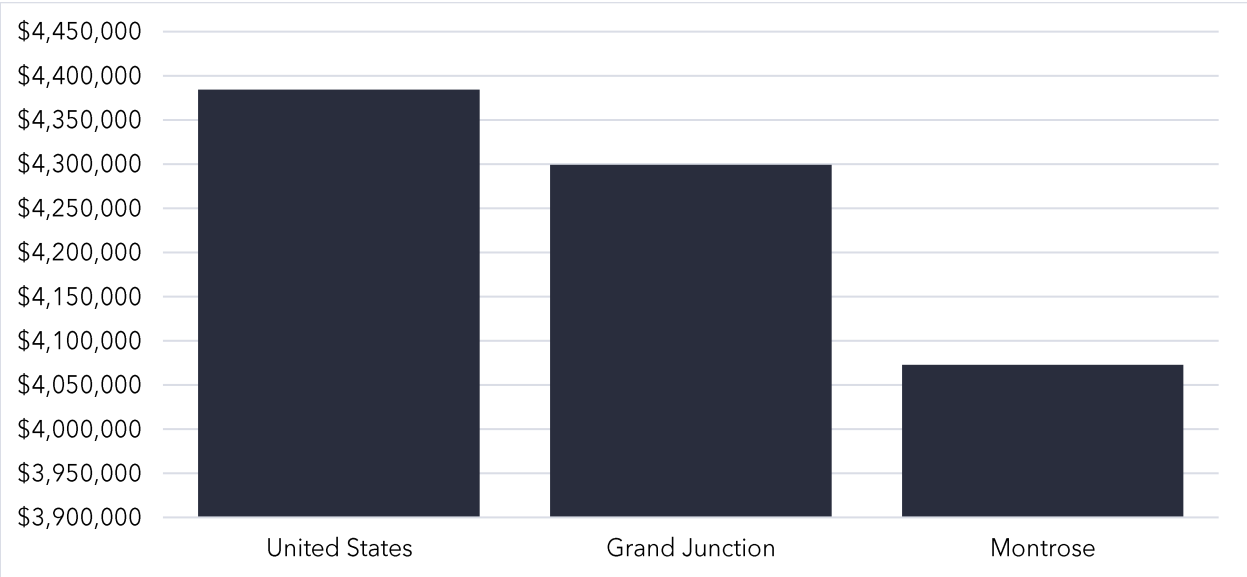
Figure 67: Building Cost, Single Family Home, 2023



Source: Points Consulting using RSMeans Square Foot Estimator, 2023 Q1

Figure 68 tells the same story as previous charts, the cost of building a three-story apartment building in Montrose is lower than both Grand Junction and the United States. This is an encouraging statistic for the area.

Figure 68: Building Cost, 3 Story Apartment, 2023



Source: Points Consulting using RSMeans Square Foot Estimator, 2023 Q1

For further detail on the relationship between construction costs and sales price, the National Association of Homebuilders tracks sales prices on single-family homes. Table 32 shows the national sales price in the US since 1998, broken down by itemized percentages. In the US, total construction cost as percentage of the total sales price increased by 6% from 1998 to 2022. That is no small figure, given that the total sales price increased by over $400,000 in

the same 24 years. Not only are prices increasing overall, but constructions costs make up a larger percentage of the sales price than they did in the past.

Table 32: Single-Family Homes Sales Price Breakdown History, US, 1998-2022

Sale Price Breakdown	1998	2004	2009	2013	2017	2022
Finished Lot Cost	23.6%	26.0%	20.3%	18.6%	21.5%	17.8%
Total Construction Cost	54.8%	51.7%	58.9%	61.7%	55.6%	60.8%
Financing Cost	1.9%	1.8%	1.7%	1.4%	1.8%	1.9%
Overhead and General Expenses	5.7%	5.8%	5.4%	4.3%	5.1%	5.1%
Marketing Cost	1.4%	1.9%	1.4%	1.1%	1.2%	0.7%
Sales Commission	3.4%	3.0%	3.4%	3.6%	4.1%	3.6%
Profit	9.2%	9.8%	8.9%	9.3%	10.7%	10.1%
Total Sales Price ($)	$226,680	$373,349	$377,624	$399,532	$427,892	$644,750

Source: NAHB Construction Cost Surveys, 1998-2022

Home Value Trends

Housing conversations often revolve around mid-point estimates such as averages and medians, but housing values are distributed unevenly so this results in the loss of valuable information. As indicated in Table 33, the average market value for homes in Montrose was $360K in 2022, with similar but slightly higher average rates in the County ($372K). The median home values in the region are also quite similar, with a value of $260K in the City, and $285K in the County—close to the national level of $283K, although national home values tend to be more evenly distributed. The state's home valuations are distributed quite differently, on the other hand, with most homes valued in the $500K to $749K range, with a median home value of $435K.

It is worth breaking down these values in conjunction with regional income levels. A house purchased for $275K using a conventional 30-year mortgage with a 20% down payment would require a $55K down payment and a roughly $1,500 monthly payment. Such a house would put any household with a $60,000 or lower income into the cost-burdened category just based on the mortgage payment. Cost-burdened families are those who spend more than 30% of their income on housing and may have difficulty affording food, clothing, transportation, and health care.[74] This is concerning given the fact that this mortgage payment does not includes, utilities, or maintenance costs. Additionally, the median household income in the region is below $60K.

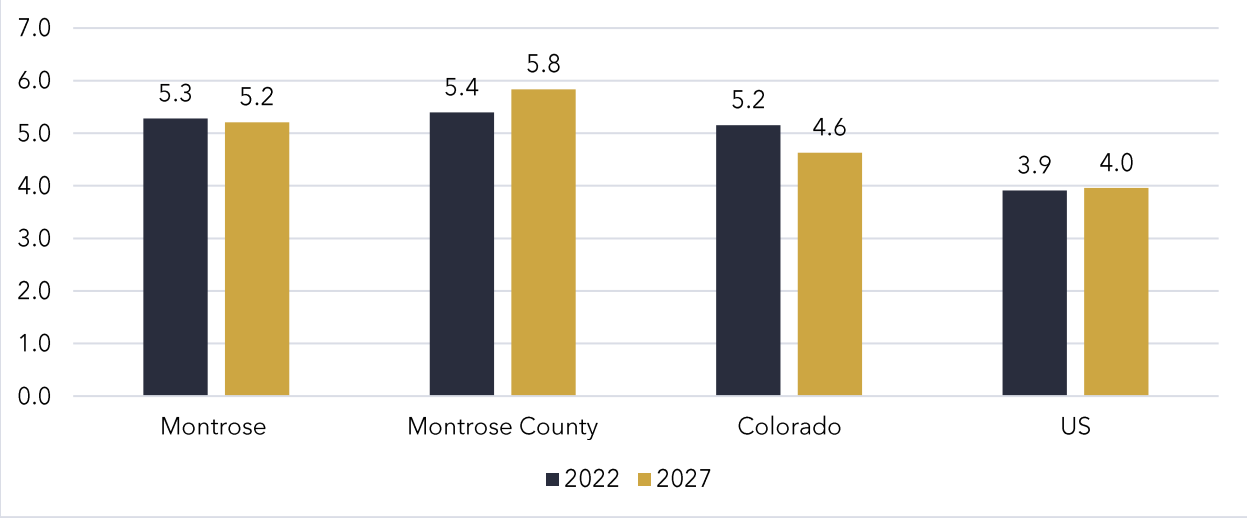
There is clearly a more limited variety of home values in Montrose when compared to the rest of the nation. This creates difficulty at numerous levels, most obviously, for people seeking to enter the housing market for the first time. It also can clog-up the market for people seeking to upgrade into more luxury homes, which thereby prevents people moving up from entry-level to mid-level homes, and so on down the line.

Table 33: Owner Occupied Housing Units by Value and Median Home Value

	-----Montrose-----		--Montrose County--		Colorado	USA
Home Value	Number	%	Number	%	%	%
<$50K	356	6.1%	966	7.6%	2.5%	5.2%
$50K - $99K	147	2.5%	503	3.9%	1.8%	7.5%
$100K - $149K	200	3.4%	388	3.0%	2.1%	8.2%
$150K - $199K	603	10.4%	932	7.3%	3.2%	11.2%
$200K - $249K	1,094	18.8%	1,731	13.6%	4.7%	11.0%
$250K - $299K	1,549	26.6%	2,628	20.6%	6.9%	10.3%
$300K - $399K	749	12.9%	1,989	15.6%	21.2%	15.8%
$400K - $499K	386	6.6%	1,198	9.4%	21.7%	9.9%
$500K - $749K	443	7.6%	1,697	13.3%	23.9%	11.8%
$750K - $999K	43	0.7%	256	2.0%	7.4%	4.8%
$1M - $1.5M	22	0.4%	167	1.3%	2.7%	2.3%
$1.5M - $1.9M	23	0.4%	50	0.4%	0.8%	0.9%
$2M +	204	3.5%	243	1.9%	1.1%	1.1%
Median Home Value	**$266,446**	--	**$285,274**	--	**$435,527**	**$283,272**
Average Home Value	**$360,831**		**$372,492**		**$499,677**	**$374,078**

Source: Esri Business Analyst, 2023

Figure 69: Median Home Value to Median Household Income Ratio



Source: Points Consulting using Esri Business Analyst, 2023

The ratio of median home value to median household income is a useful indicator of the cost of living in different housing markets. Figure 69 displays this ratio for Montrose, the state, and the US. The City and County both have ratios slightly above the statewide benchmark of 5.2, and significantly higher than the national ratio of 3.9. This means that a household in Montrose would need to invest more than 5 times their median annual income in order to purchase a home; though this is near normal in Colorado, such standards are far more out of reach than the average American whose ratio is 3.9. In 2027, the ratio is expected to remain relatively stable in the City, but rise in the County, which contrasts with the forecasted drop of

0.6 points in the state. Table 34 summarizes these noteworthy statistics that tie together housing and residents' income.

Table 34: Median Home Value, Median Household Income, and Price-to-Income Ratio, 2022

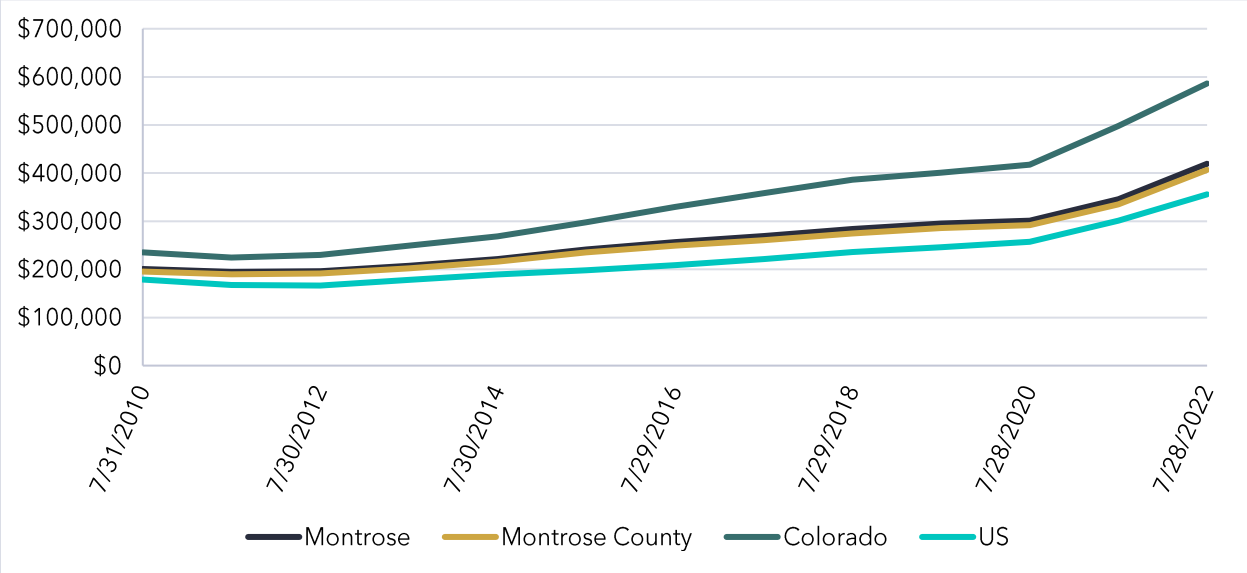
Region	Median Home Value	Median Household Income	Price-to-Income Ratio	Change in 2027
Montrose	$266,446	$50,433	5.3	(0.1)
Montrose County	$285,274	$52,843	5.4	0.4
Colorado	$435,527	$84,521	5.2	(0.5)
US	$283,272	$72,414	3.9	0.0

Source: Esri Business Analyst, 2023

Single Family Home Value Trends

Montrose has recently experienced significant home value appreciation. Price escalation exceeding inflation extends back for at least the past five years. The COVID pandemic and associated policy decisions during 2020/21 hyper-charged these trends to create unprecedented home value appreciation across the country. As indicated in Figure 70, home values were already on a stable ascent between 2012 and 2020 but starting in 2020 values in Colorado and the City and County of Montrose all hit a stretch run of a J-shaped curve extending at least into July 2022.

Figure 70: Zillow Home Value Growth 2010 – 2022



Source: Points Consulting Using Zillow ZHVI

The effect of this trend has been so dramatic that it is worth isolating the past 12 months, as shown in Table 35. This table reports the Zillow Home Value Index (ZHVI) for several regions, and how it has changed over time. This metric is different from median and average home values reported by the U.S. Census Bureau since it represents the "typical" home value. It

takes into account the weighted average of the middle third of homes in a region, and therefore has a different dollar value.

There is a clear correlation between value appreciation and the value distribution data shown in Table 35. In the past 12 months, the City and County of Montrose have seen a higher dollar value growth compared to other communities in the Western Slope, such as Grand Junction, Gunnison, and Delta, as well as the national level. However, among comparable regions to Montrose, Durango has seen the largest increase in terms of home values.

Table 35: Zillow Home Value Growth 2010 – 2022

Region	ZHVI	Dollar Growth Past 12 Months	---CAGR--- 10 Years	5 Years	3 Years
Durango	$667,217	$84,601	8.0%	9.9%	14.4%
Gunnison	$520,553	$20,398	10.1%	12.4%	14.1%
Montrose	**$419,425**	**$73,750**	**7.9%**	**9.3%**	**12.4%**
Grand Junction	$384,319	$57,098	7.8%	11.7%	14.3%
Delta City	$311,407	$40,615	6.9%	7.8%	11.4%
Montrose County	$406,751	$71,680	7.8%	9.3%	12.5%
Colorado	**$586,317**	**$88,387**	**9.8%**	**10.3%**	**13.5%**
US	**$355,852**	**$54,913**	**7.9%**	**10.0%**	**13.1%**

Source: Points Consulting Using Zillow ZHVI

In 2022, the Federal Reserve implemented a series of rate hikes resulting in a cumulative increase of 4.25% in the federal funds rate, the largest increase since the 1980s.[75] The higher federal funds rate made borrowing more expensive for banks, resulting in higher interest rates for customers.[76] The impact of these rate hikes is reflected in Figure 71 and Table 37, which track the trends in applications and interest rates for federal mortgage loans in the City and County of Montrose, comparing them to statewide rates. MLS data indicates that home sale prices were higher in 2021 than in 2022 in Montrose County, with an increase in inventory during this period. Active home listings—homes in the market for an extended period of time—increased, while new home listings, or new homes entering the market, decreased.

Table 36: Total Annual Federal Mortgage Applications

Region	2019	2020	2021	2022
Montrose County	756	961	855	537
Montrose	439	576	473	349

Source: Consumer Financial Protection Bureau, Home Mortgage Disclosure Act

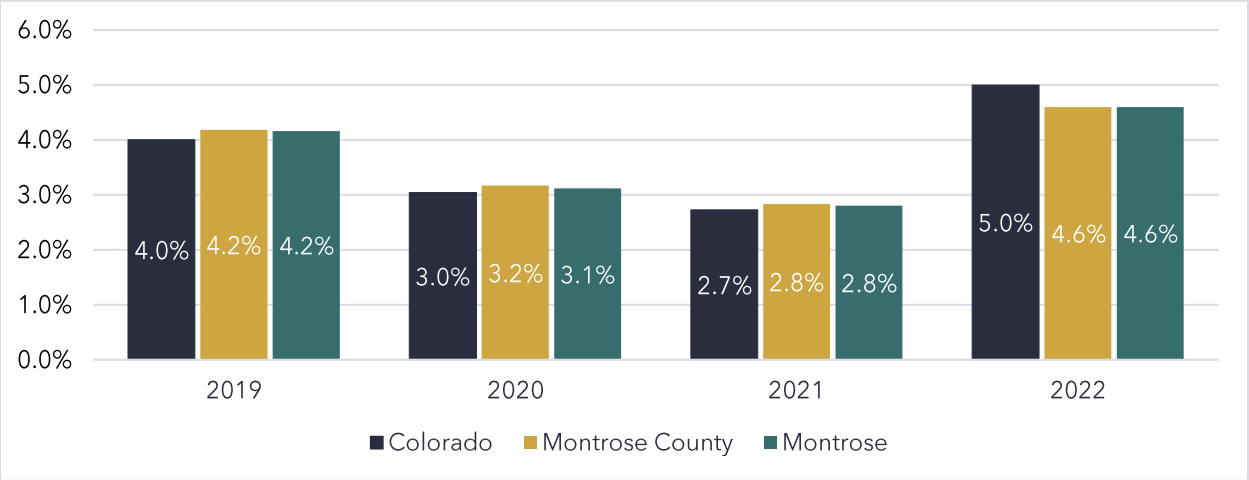
Table 37: Residential Sales in Montrose County

Metric	Feb. 2021 3-Month MA	Feb 2022 3-Month MA	Change	% Change
Avg Home Sale Price	$450,019	$415,826	(34,193)	(7.6%)
Median Home Sale Price	$406,667	$382,075	(24,592)	(6.0%)
Active Listings	66	117	51	77.7%
New Listings	68	56	(12)	(17.6%)
Months of Supply	0.9	2.1	1.2	133.3%

Source: Montrose Board of Realtors and Renfrow Real Estate, 2023

The application rates shown in Table 36 are the average rate for Federal Housing Administration (FHA) insured, Veterans Affairs (VA) guaranteed, and USDA Rural Housing Service (RHS) guaranteed loans. Conventional loans—those not insured or guaranteed by FHA, VA, and RHS were excluded from the rate shown. Applications for those aforementioned federal loans had a slight increase in 2020 when compared to 2019, but went down slightly in all regions in 2021, and decreased further in 2022, likely due to the sharp increase in interest rates. In fact, the uptick in interest rates has caused a drop in mortgage applications for new homes to fall to a 28-year low at the national level in early 2023.[77]

Figure 71: Mean Annual Federal Interest Rate

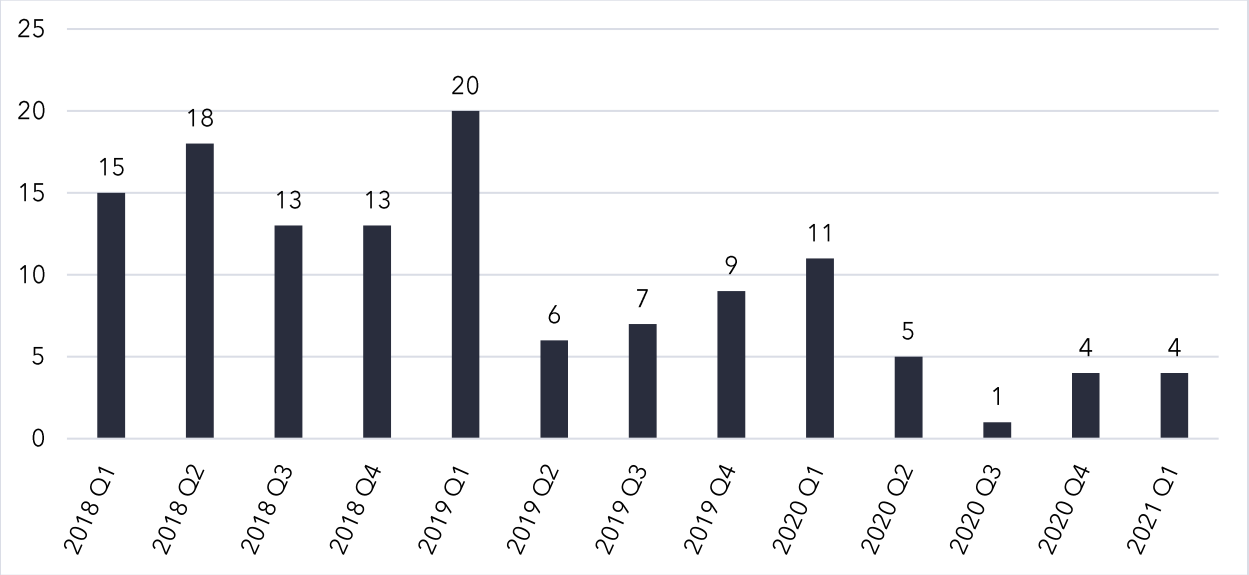


Source: Consumer Financial Protection Bureau, Home Mortgage Disclosure Act

Foreclosures

Foreclosures occur when homeowners can no longer afford to make the payments for their mortgage loan and the mortgage company subsequently obtains ownership of the home. Figure 72 shows the trends for foreclosures since the first quarter of 2018. Foreclosures in Montrose County saw their peak of 20 in the first quarter of 2019, but later dropped and remained much lower in the following quarters. The same trend can be observed at the state level, where foreclosures dropped dramatically from 2020 Q1 to 2020 Q2. This occurred due to COVID-19 relief measures that introduced provisions to suspend foreclosures and also offered forbearance on federally backed mortgages. These measures counteracted the sharp decline in on-time mortgage payments that would have otherwise likely resulted in a massive surge in foreclosures. Colorado followed a similar pattern of steep drop-offs starting in 2020Q2.

Figure 72: Foreclosures in Montrose County



Source: Colorado Department of Local Affairs

Rental Rates

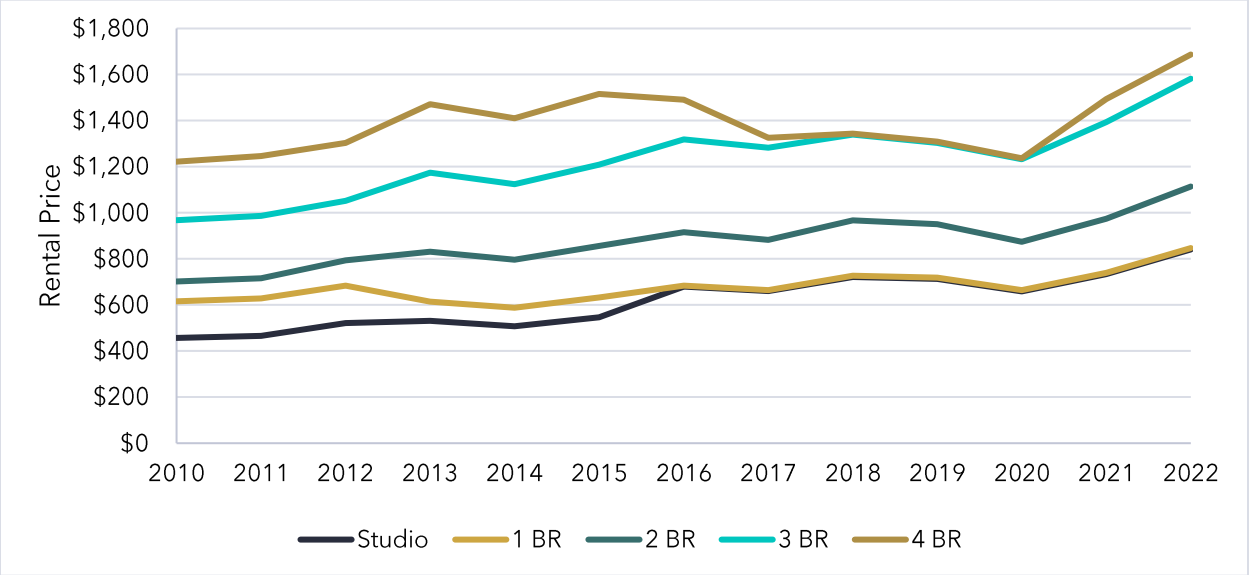
Generally speaking, there are fewer metrics available on rental markets, as it is more difficult for federal agencies to track, and for-profit data providers do not have as much incentive to collect and report such information. However, there are several sources that use combinations of MLS data along with proprietary methods to produce reports on rental market conditions. So, although these sources differ in their methods, they tell the same story of increasing rental costs.

As Figures 73 - 74 show, the data available indicate that rents for all unit sizes, and specifically two to four-bedroom apartments, increased modestly from 2012 to 2016, and briefly stabilized before sharply increasing after 2020. In fact, the rental prices for all sizes increased around 10% from 2020 to 2022, with four-bedroom apartments increasing the most (around 16%) and three-bedroom apartments increasing the least (about 5%). One of the main reasons underpinning this steep increase is a general lack of rental housing supply, which in turn has led to stiffer competition among renters.

According to research by Harvard's Joint Center for Housing, the national rental vacancy rate fell to 5.8% in 2022, which is the lowest it has been since the mid-1980s.[78] This is owed in part to an increase in the total number of renters in 2021. In the case of Montrose County, illustrated in Figure 75, rental vacancy rates dropped 1.5% from 2015 to 2022, reaching a vacancy rate of 4.3%. This is also reflected in Table 38, where the drop in rental listings from 2020 to 2022 is illustrated. Listings for all unit sizes decreased in this two-year period, with all listings decreasing at least 25%.

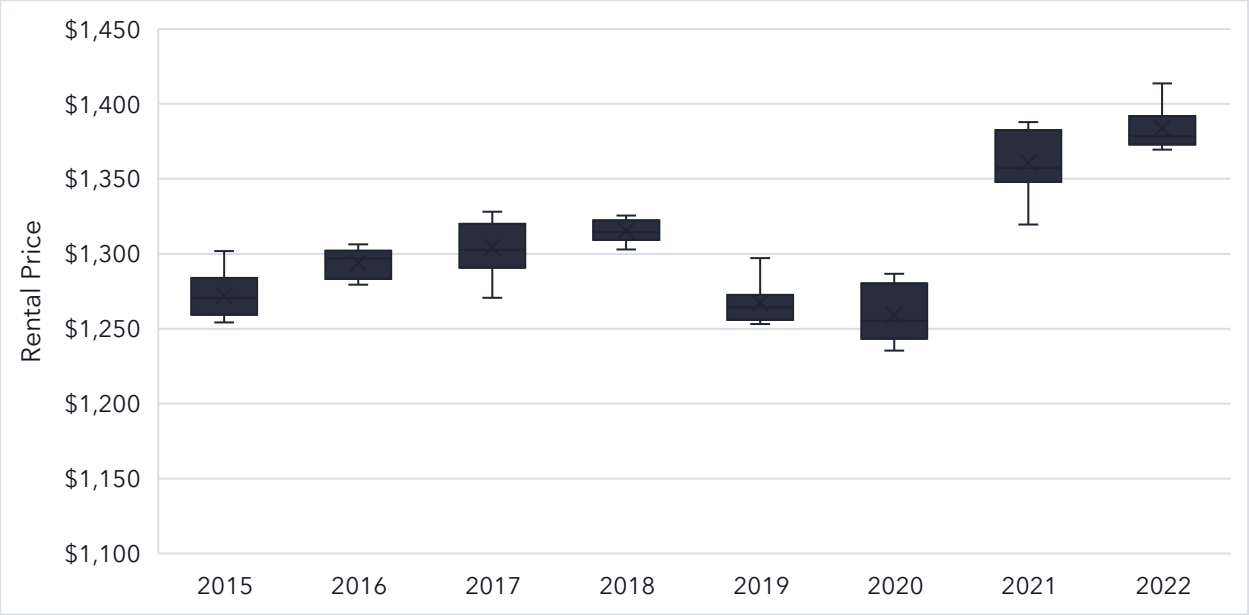
Some explanations for this phenomenon point to eviction moratoriums keeping markets tight, people who moved in with their families during the pandemic needing new places to live as they move out and the economy rebounds, and a larger sector of the population who now needs housing following years of underbuilding in the rental market.[79]

Figure 73: Rental Prices in Montrose County by Unit Size, 2010-2022



Source: Rentdata.org

Figure 74: Rental Price Range for all Unit Sizes, 2015-2022



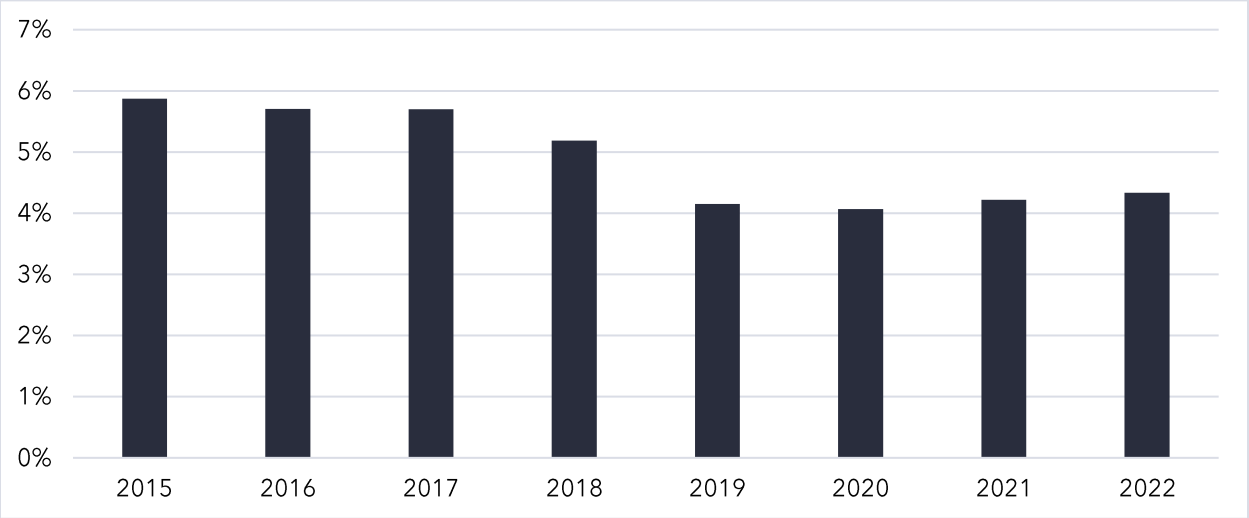
Source: Rentrange, Market Metric Report, 2023

Table 38: Average Rental Vacancy Rate, 2015-2022

	Average Monthly Listings 2020	Average Monthly Listings 2022	Numerical Change	% Change
1-bedroom	32	22	(10)	(31.3%)
2-bedroom	36	27	(9)	(25.0%)
3-bedroom	38	28	(10)	(26.3%)
4-bedroom	35	23	(12)	(34.3%)
5-bedroom	34	23	(11)	(32.4%)

Source: Rentrange, Market Metric Report, 2023

Figure 75: Average Rental Vacancy Rate, 2015-2022



Source: Rentrange, Market Metric Report, 2023

The United States' Department of Housing and Urban Development (HUD) keeps annual estimates of Fair Market Rents (FMR) for metropolitan areas and nonmetropolitan counties, which is useful for discerning affordable rental costs in Montrose County. FMRs are references that help HUD define standard amounts for programs such as Housing Choice Vouchers, Section 8 contracts, Housing Assistance Payments, and others.[80]

The FMRs that HUD uses in its calculations are 4.2% lower for one-bedroom apartments, and 1.8% lower for two-bedroom apartments than the average price for these unit sizes in Montrose County.

Table 39: 2021 – 2022 Fair Market Rents in Montrose County

	2022 Fair Market Rents					
	1 Bedroom	Percent Change 2021-2022	2 Bedrooms	Percent Change 2021-2022	3 Bedrooms	Percent Change 2021-2022
Montrose County	$777	13.4%	$1,022	13.2%	$1,452	12.4%

Source: Housing and Urban Development, Small Area Fair Market Rents

Low Income Population Groups

Tables 40 and 41 show the composition of low-income households in the City and County of Montrose.[81] The largest sector of extremely low-income households in the region are those of elderly people living alone, with 730 households in the County, and 445 of these households in the City. These results correspond with data collected at the national level that show that older Americans who live alone are more likely than those who live with others to be poor.[82]

The largest sector of low-income households in the region are small families – defined as households with two to four persons under 62 years of age. This sector makes up 5.8% of all households at the County level, and 8.2% of the total households in the City.

Table 40: Composition of Low-Income Households in Montrose County

Family Composition	Income Level	Households	Percent of Total Housing Stock
Elderly Family	Extremely Low Income	160	0.9%
Elderly Family	Very Low Income	425	2.5%
Elderly Family	Low Income	670	3.9%
Elderly Family	Moderate	450	2.6%
Small Family	Extremely Low Income	525	3.1%
Small Family	Very Low Income	530	3.1%
Small Family	Low Income	990	5.8%
Small Family	Moderate	775	4.5%
Large Family	Extremely Low Income	145	0.8%
Large Family	Very Low Income	180	1.1%
Large Family	Low Income	305	1.8%
Large Family	Moderate	110	0.6%
Elderly Living Alone	Extremely Low Income	730	4.3%
Elderly Living Alone	Very Low Income	930	5.4%
Elderly Living Alone	Low Income	680	4.0%
Elderly Living Alone	Moderate	215	1.3%
Other	Extremely Low Income	515	3.0%
Other	Very Low Income	270	1.6%
Other	Low Income	445	2.6%
Other	Moderate	315	1.8%

Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Table 41: Composition of Low-Income Households in Montrose City

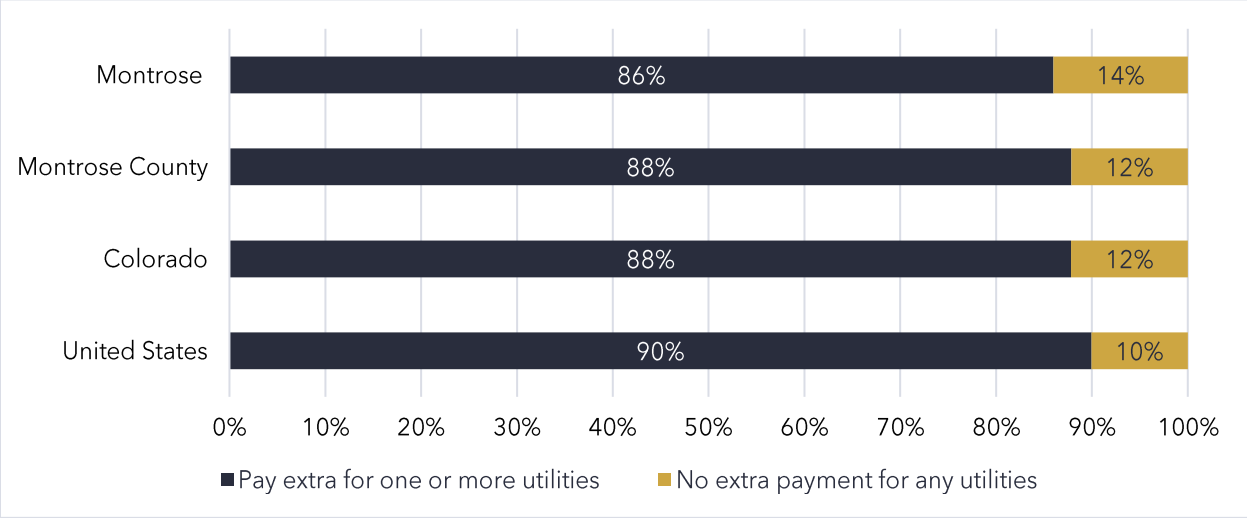
Family Composition	Income Level	Households	Percent of Total Housing
Elderly Family	Extremely LI	80	1.0%
Elderly Family	Very LI	175	2.1%
Elderly Family	LI	235	2.9%
Elderly Family	Moderate	175	2.1%
Small Family	Extremely LI	275	3.4%
Small Family	Very LI	290	3.5%
Small Family	LI	675	8.2%
Small Family	Moderate	295	3.6%
Large Family	Extremely LI	75	0.9%
Large Family	Very LI	35	0.4%
Large Family	LI	65	0.8%
Large Family	Moderate	4	0.0%
Elderly Living Alone	Extremely LI	445	5.4%
Elderly Living Alone	Very LI	415	5.1%
Elderly Living Alone	LI	280	3.4%
Elderly Living Alone	Moderate	115	1.4%
Other	Extremely LI	325	4.0%
Other	Very LI	160	2.0%
Other	LI	245	3.0%
Other	Moderate	150	1.8%

Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Household Utility Burden

Utility costs can be an additional burden on households' budgets, especially for renters who often have to pay for one or more utilities that are not included in the price of their rent. According to Figure 76, the proportion of homes in Montrose and Montrose County that pay extra for utilities is relatively smaller compared to the state and the nation. However, this does not necessarily mean that renters in the region have lower utility burdens since the cost of utilities is still factored into the rental prices of units that include utilities in their rent. This means that even if a renter does not explicitly pay for utilities, they still pay for them indirectly through their rent payments. Therefore, while the proportion of homes paying extra for utilities in Montrose and Montrose County may be smaller, the overall cost of utilities for renters in the region may still be significant.

Figure 76: Renter-occupied Homes that Pay Extra for Utilities, 2021



Source: U.S. Census ACS, 2021

In order to assess the burden that the cost of utilities places on households, it is necessary to measure it in relation to income. Table 42 and Figure 77 show the level of household energy and transportation as measured by the National Renewable Energy Laboratory (NREL). In terms of energy burden, Montrose County has a relatively low burden when compared to the national level—with households typically spending 3.5% of their income on energy bills. The energy costs considered in this metric include electricity, gas, and other fuels such as fuel oil and wood. In the case of transportation, on the other hand, Montrose County is in the medium range of cost burden. The metric for transportation burden combines annual household miles traveled, stock-weighted miles per gallon, as well as fuel price.

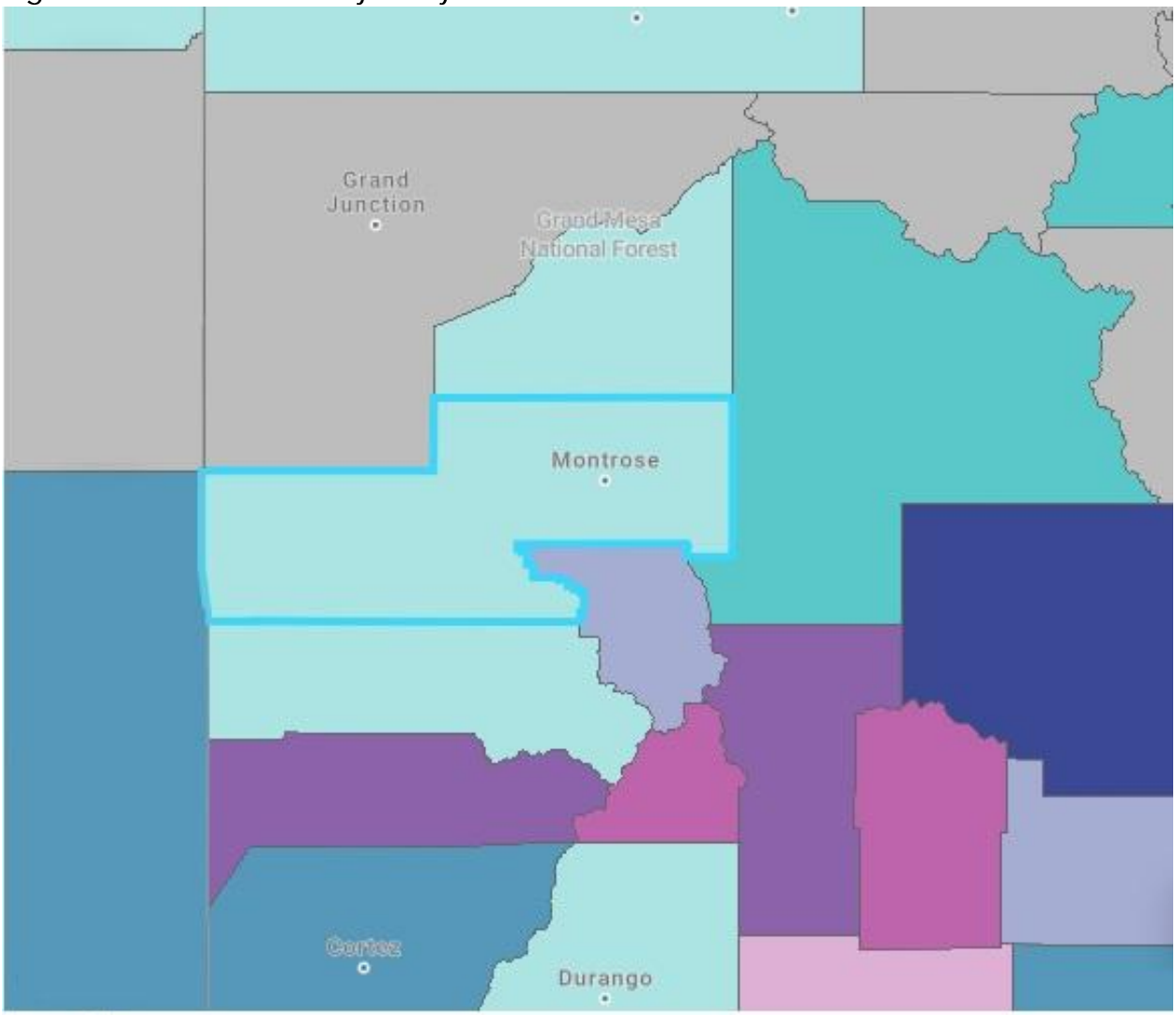
When compared to nearby counties, Montrose County has a lower utility burden than Gunnison, Ouray, Dolores, San Juan, and Hinsdale Counties. However, when it comes to energy and transportation burdens, Mesa County fares better than Montrose County. Specifically, Mesa County has a lower energy burden, which is 1.2% lower than Montrose County. Additionally, Mesa County has a lower transportation burden, which is 0.5% lower than Montrose County.

Table 42: Montrose County Energy and Transportation Burden

Category	Value	Range
Housing Energy Burden	3.5%	Low
Transportation Burden	3.7%	Medium
Total Energy Burden	7.2%	--

Source: National Renewable Energy Laboratory (NREL), State and Local Planning for Energy, 2020

Figure 77: Montrose County Utility Burden



Source: National Renewable Energy Laboratory (NREL), State and Local Planning for Energy, 2020

Subsidized Housing Availability

Tables 43 - 44 show some of the available housing options for low-income residents in Montrose. The City has around 460 subsidized units, and approximately 344 low-income housing tax credit units (LIHTC). It is worth noting the high occupancy rate for the current supply of subsidized units—greater than 90% across the board, which is indicative of the need of this type of housing in the City. However, despite this, the prevalence of other affordable housing measures such as deed-restrictions and community land trusts in the region is limited. In contrast, other smaller towns on the Western Slope, such as Norwood and Avon have taken steps to implement deed restrictions in a move to shift home ownership more toward locals and less toward out of town investors.[83]

Waitlists for subsidized housing units serve as another helpful indicator concerning the depth of the region's housing challenges. Currently, Montrose County Housing Authority has a waiting list, shown in Table 45, of the most recent subsidized and low-income housing. Over 50 of those on the housing list are waiting for more section 8 vouchers to be readily available, while the Barbara Court Apartments in Montrose has a waitlist to fill almost all units when any become available.

Table 43: Housing Subsidies in Montrose, 2021

Program	Subsidized Units Available	% Occupied	Number of People per Unit	Average Family Expenditure per month
Housing Choice Vouchers	180	93%	1.6	$383
Project Based Section 8	185	95%	1.4	$280
202/PRAC	97	93%	1	$327

Source: Housing & Urban Development, Picture of Subsidized Households, 2021

Table 44: Low-Income Housing Tax Credit Projects in Montrose

Project Name	Project Address	Total Number of Units
Montrose Apartments	1685 Encanto Pl	20
Pinon Apartments	35 N Cedar Ave	16
Pavilion Gardens	2366 Robins Way	30
San Juan Apartments	1650 Church St	76
Sunshine Peak Apartments	748 Cedar Creek Ave	49
Cottonwood Apartments	1650 Encanto Pl	60
Sunshine Peak Apartments II	748 Cedar Creek Ave	43
Woodgate Trails	1700 Odelle Rd	50

Source: Housing & Urban Development, LIHTC Database

Table 45: Housing Waitlist in Montrose County, 2022

Type	Location	Total Units	Number of Individuals
Section 8 Vouchers	-	-	55
Multi-family 1 bedroom	Barbara Court Apartments, Montrose	24	22
Farm Labor 3-4 bedroom Duplexes	Olathe	24	0
Elderly 1 bedroom	Olathe	24	6

Source: Personal Communication with Montrose County Housing Authority, 2022

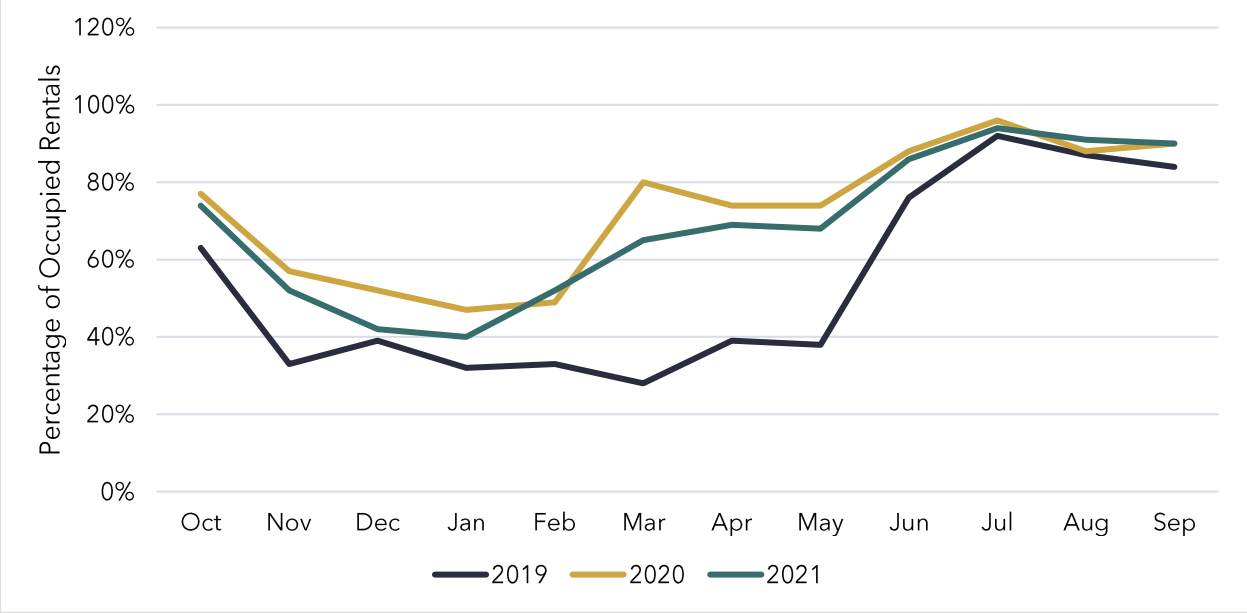
Short-Term Rentals

The short-term rental industry (i.e.: AirBnB) is increasingly playing a significant role in local housing markets. The model is a two-edged sword, in that it provides a potential source of "side-hustle" revenue for existing residents, but also has the opportunity to increase home prices further because single-family homes could be valued at the expectation levels of commercial real estate.

As Table 46 indicates, Montrose has higher rates of active short-term rentals than Grand Junction, but nowhere close to Telluride, which has more active short-term rentals than occupied housing units. That is to be expected, however, since Telluride is a popular tourist destination. However, both the occupancy rates and rental prices have climbed slightly in Montrose in recent years, as displayed in Figures 78 - 79. Overall, the metrics for Montrose point to a community that is ripe for further STR investment from existing residents, but rental rates are not attractive enough to entice large-scale investor speculation in this space.

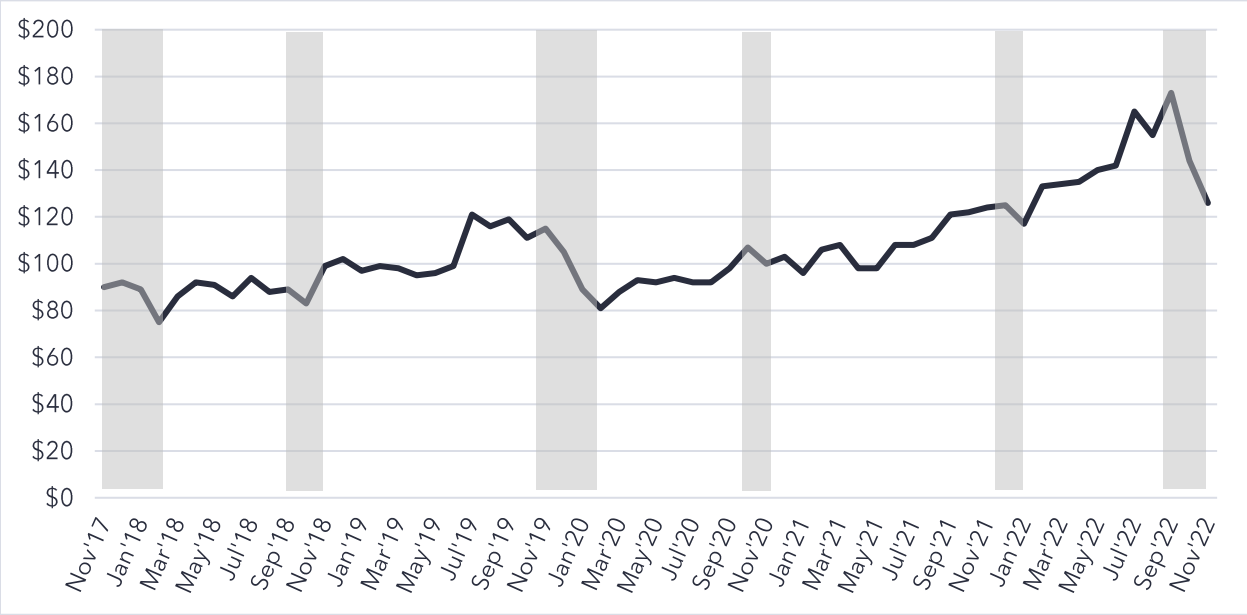
In the case of average rental prices, there is a seasonal pattern associated with times when tourism in the area peaks. As the gray bars in Figure 79 show, prices in the City tend to drop around November, with the steepest drops in price occurring in November 2019 and November 2022. Conversely, prices tend to spike in July each year. Occupancy rates have been consistently higher throughout the year in 2020 and 2021 compared to 2019, and rental prices saw an increase of $36 in the five years from November 2017 to November 2022.

Figure 78: Montrose Short-Term Rental Occupancy Rates



Source: AirDNA.com, 2022

Figure 79: Average Daily Rental Price for Short-Term Rentals



Source: AirDNA.com, 2022

Table 46: Summary of STR Patterns in Montrose and Peer Communities

City	Occupied Housing Units	Active Short-Term Rentals	Percentage STR Stock	Median Occupancy Rate	Average Daily Rate
Montrose	8,392	172	2%	77%	$163
Telluride	1,116	1,292	115.8%	63%	$619
Grand Junction	27,551	466	1.7%	75%	$154
Durango	7,859	1,195	15.2%	61%	$273
Moab (Utah)	2,364	1,214	51.4%	67%	$257
Ridgway	542	144	26.6%	79%	$274
Silverton	296	109	36.6%	72%	$246

Source: 2021 ACS 5-year, AirDNA.com, 2022.

5. Community Engagement Summary

Community Survey

Introduction

Points Consulting and the City of Montrose conducted a community survey within Montrose County between December 2022 to February 2023. A total of 1,236 unique responses were collected via electronic and paper-based survey, which included both English and Spanish versions of the survey. Most of the respondents reside within the city limits of Montrose. The response rate for Montrose residents alone was 4.3% based on surveys completed for those within city limits. The response rate for the Spanish version of the survey was 1.9%, based on the number of residents who said they spoke Spanish at home in the 2021 US Census in the City of Montrose. Of the respondents, 1% of those voice concerns and need for more transitional and support housing for youth, seniors, and the homeless. Few suggested transitional homes be built as tiny home villages or communities to provide affordable and at-low-cost housing

Our sample size of 878 completed surveys of those living within the city limits of Montrose exceeds the minimum required number of completed surveys for a 95% confidence interval with a 5% margin of error based on the population of Montrose. The minimum required sample size to achieve this level of precision is 378. Therefore, we can be 95% confident that the distributions shown in the responses to these survey questions are accurate within a margin of error of ±5%.

The survey included a mix of both fixed response questions (e.g., multiple choice, single selection and scaled responses), and open-ended questions. Please note that tables that contain "Average Score" which translates textual responses into a quantitative score (e.g., Strongly Agree = 5, Agree = 4, etc.). This allows the project team to compare and rank the interest levels for each concept. PC also utilized a thematic coding method to group open-ended responses into categories that are largely similar.

Summary of Findings

Figure 80: Where do you live?

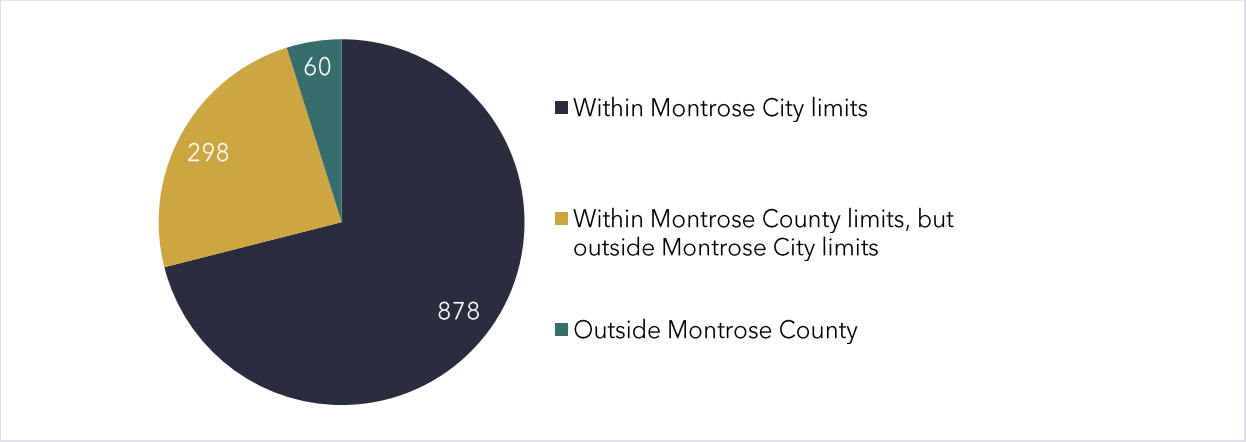


Table 47: Do you own or rent your housing?

Selection	Count	Percent
Own	909	73.7%
Rent	285	23.1%
I am homeless	13	1.1%
I do not pay to live where I reside	27	2.2%
Total	**1,234**	**100%**

Figure 81: Do you own or rent the home that you live in?

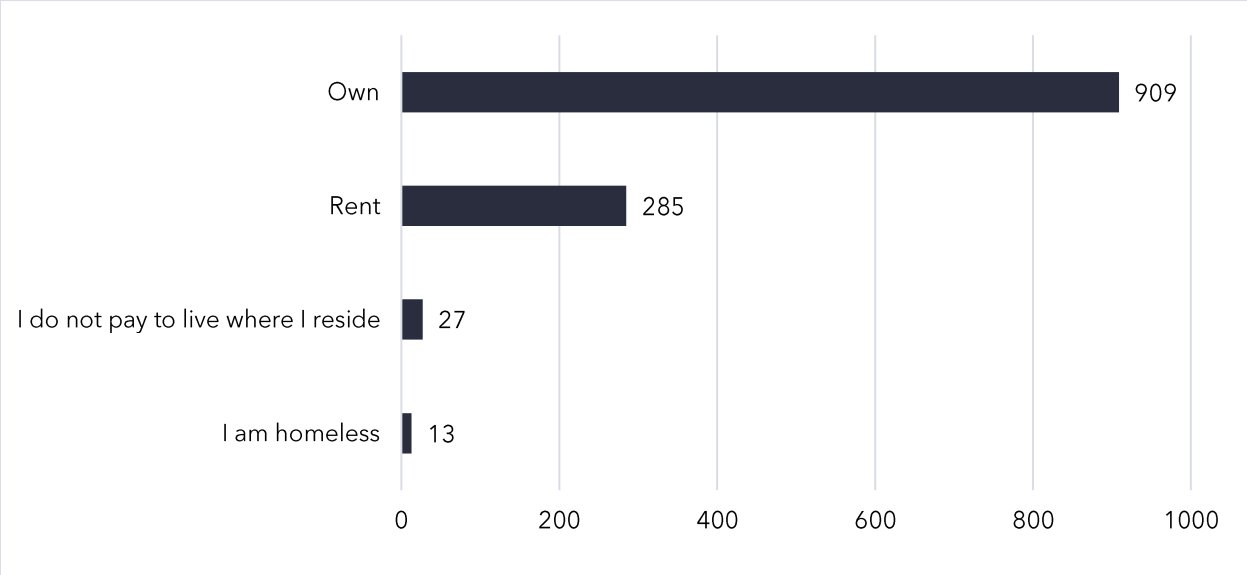


Figure 82: What type of housing do you reside in?

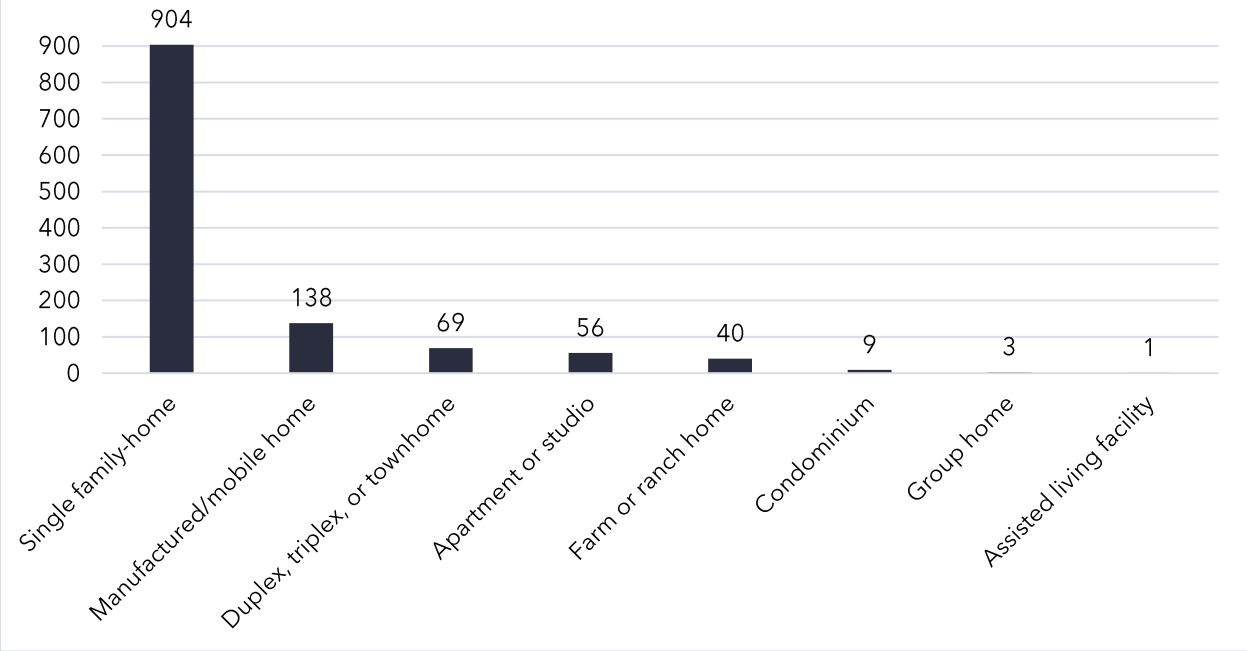


Table 48: Who else resides in your residence?

Selection	Count	Percent
Family	958	78%
I live alone	187	15%
Friends/Roommates	77	6%
Total	1,222	100%

Figure 83: How satisfied are you with the cost to purchase a home in the Montrose community?

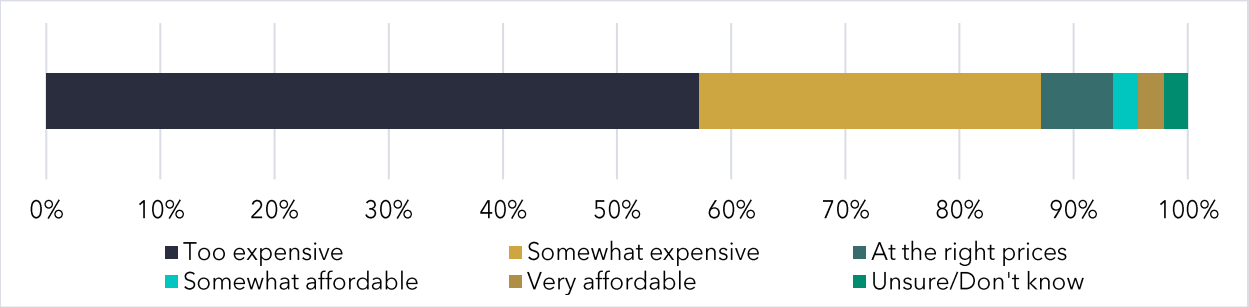


Figure 84: How satisfied are you with the cost to rent a home in the Montrose community?

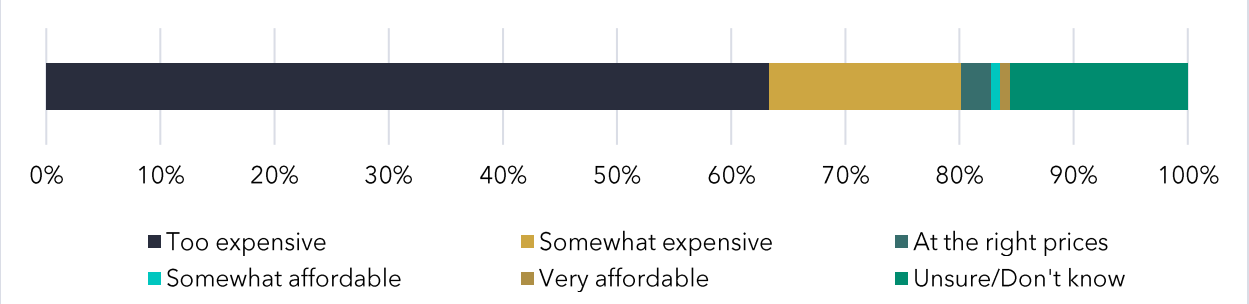


Figure 85: Please rank the following reasons on why costs are increasing on a 5 (highest) to 1 (lowest) scale.

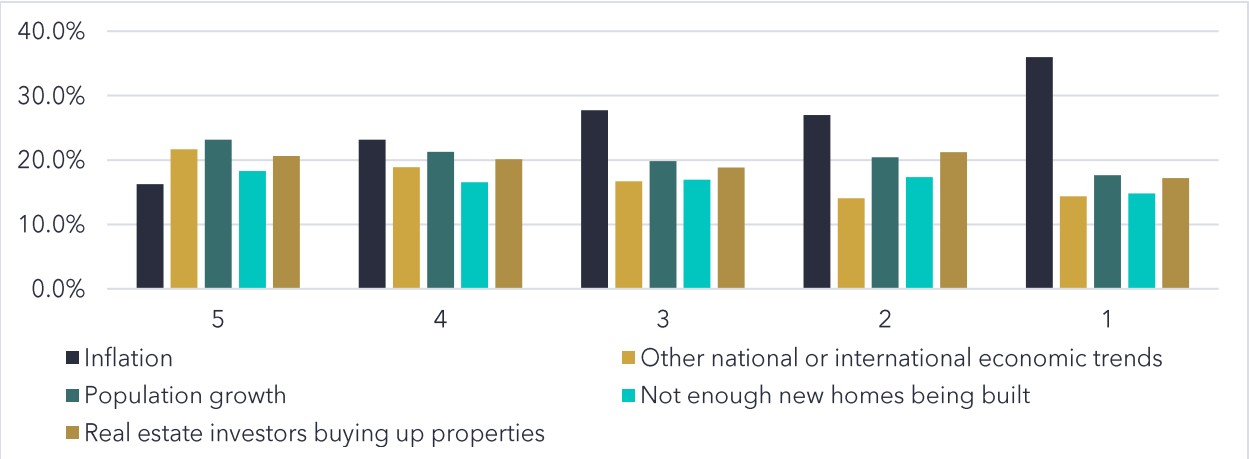


Figure 86: Please rate your level of agreement with the following statements related to housing in the Montrose community

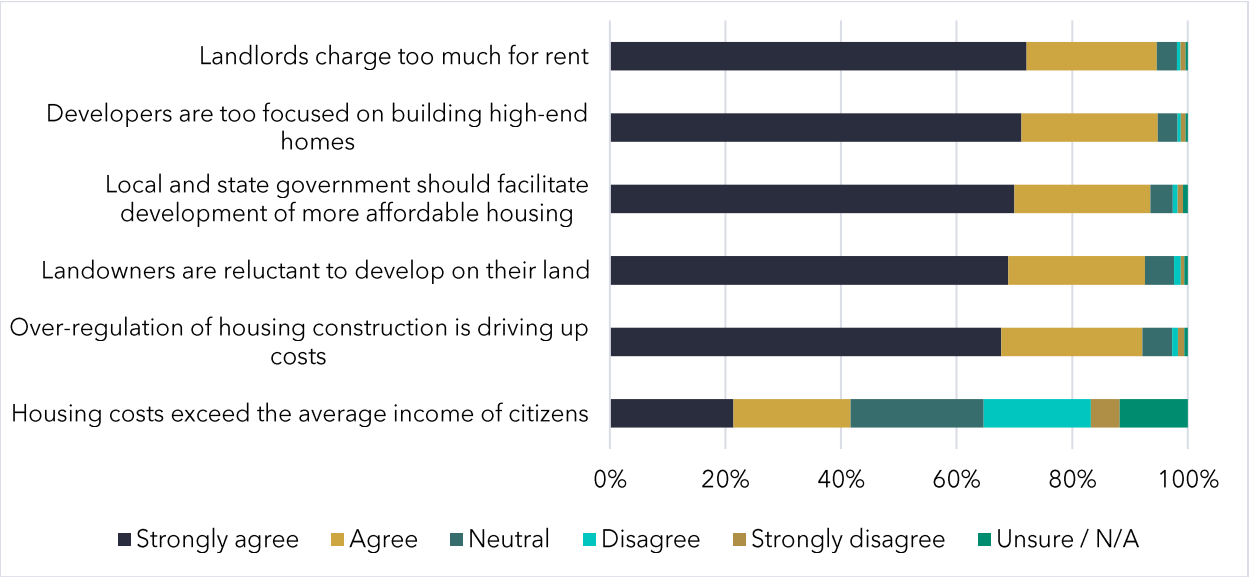


Figure 87: How satisfied are you with the types of homes available in the Montrose community?

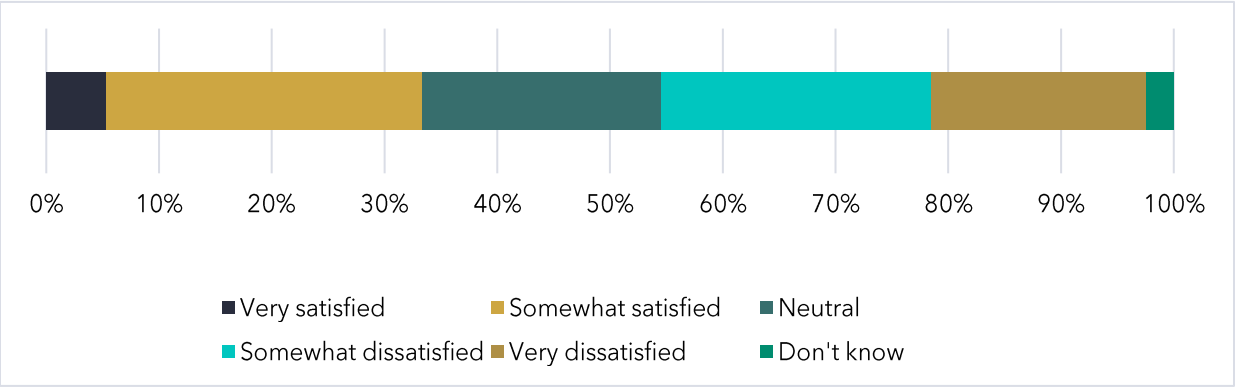


Table 49: How satisfied are you with the type of homes available in the Montrose community?

Selection	Count	Percentage
Very satisfied	60	5%
Somewhat satisfied	321	28%
Neutral	242	21%
Somewhat dissatisfied	273	24%
Very dissatisfied	218	19%
Don't know	28	2%
Total	**1,142**	**100%**

Figure 88: Which, if any, of the following housing aspects are you dissatisfied with?

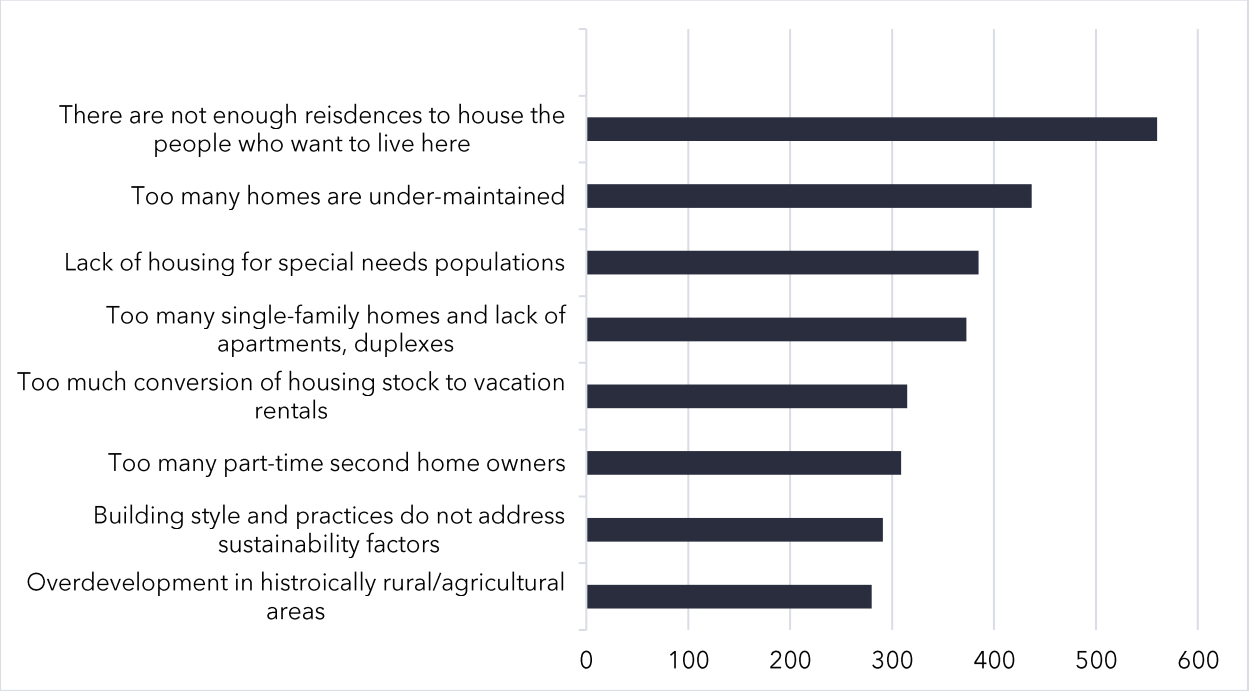


Figure 89: What types of housing would you like to see more in the Montrose community?

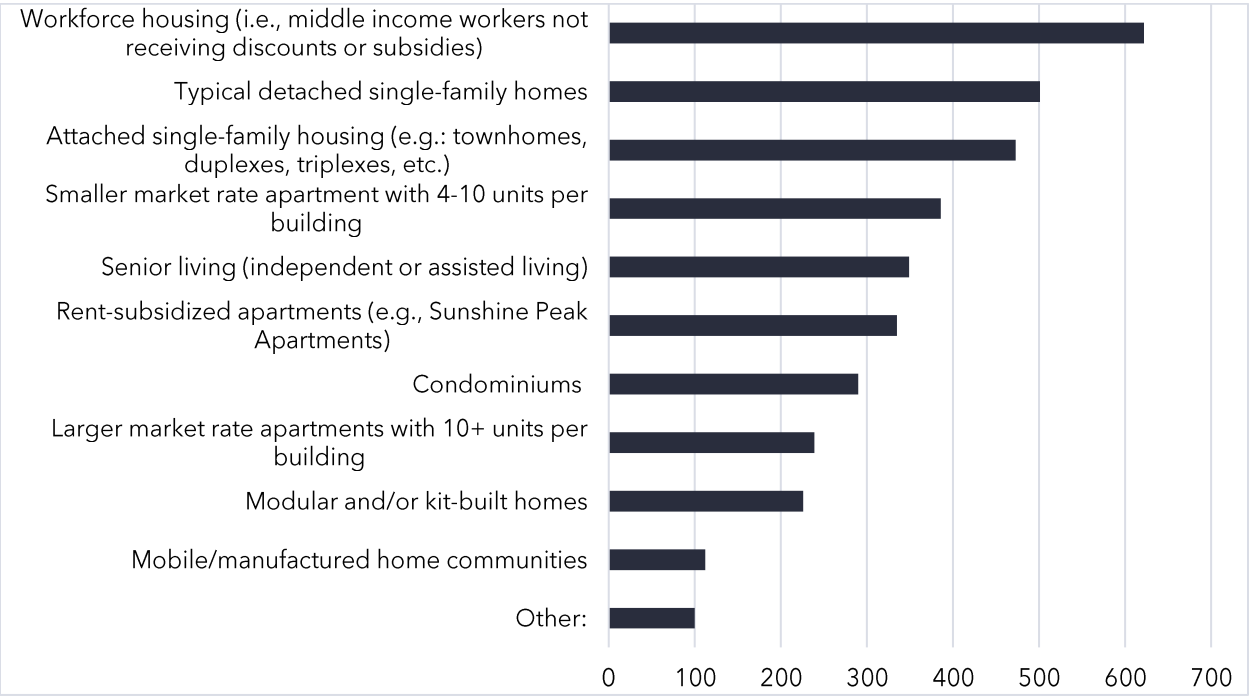


Figure 90: Coded Responses: What types of housing would you like to see more in the Montrose community? (Other)

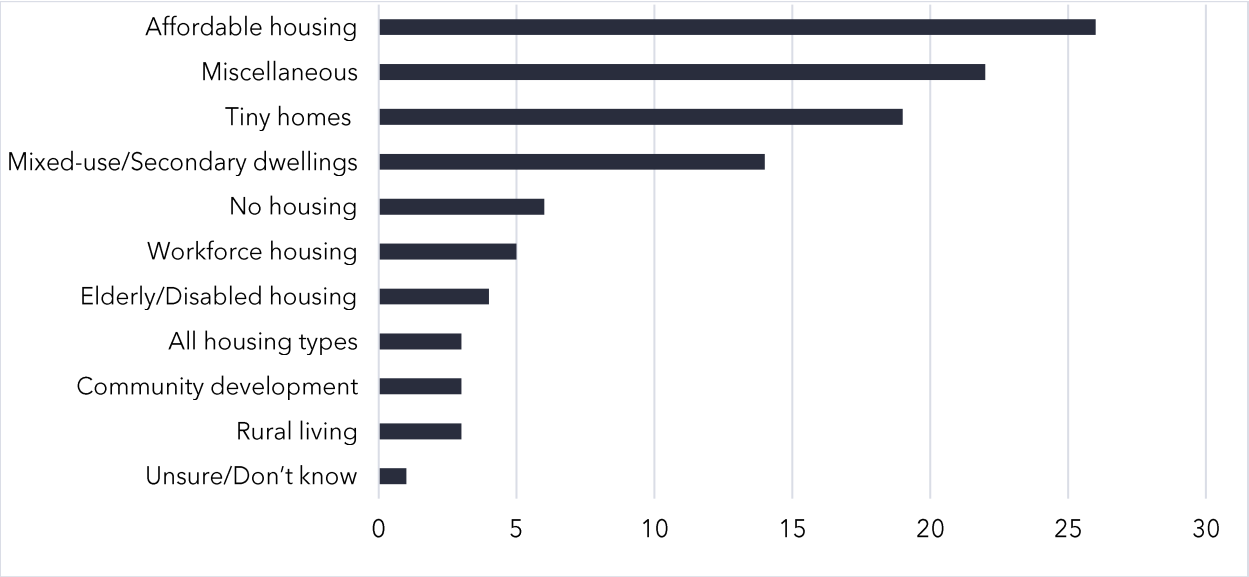


Figure 91: What tools would you be in favor of the Montrose community using in order to provide more housing?

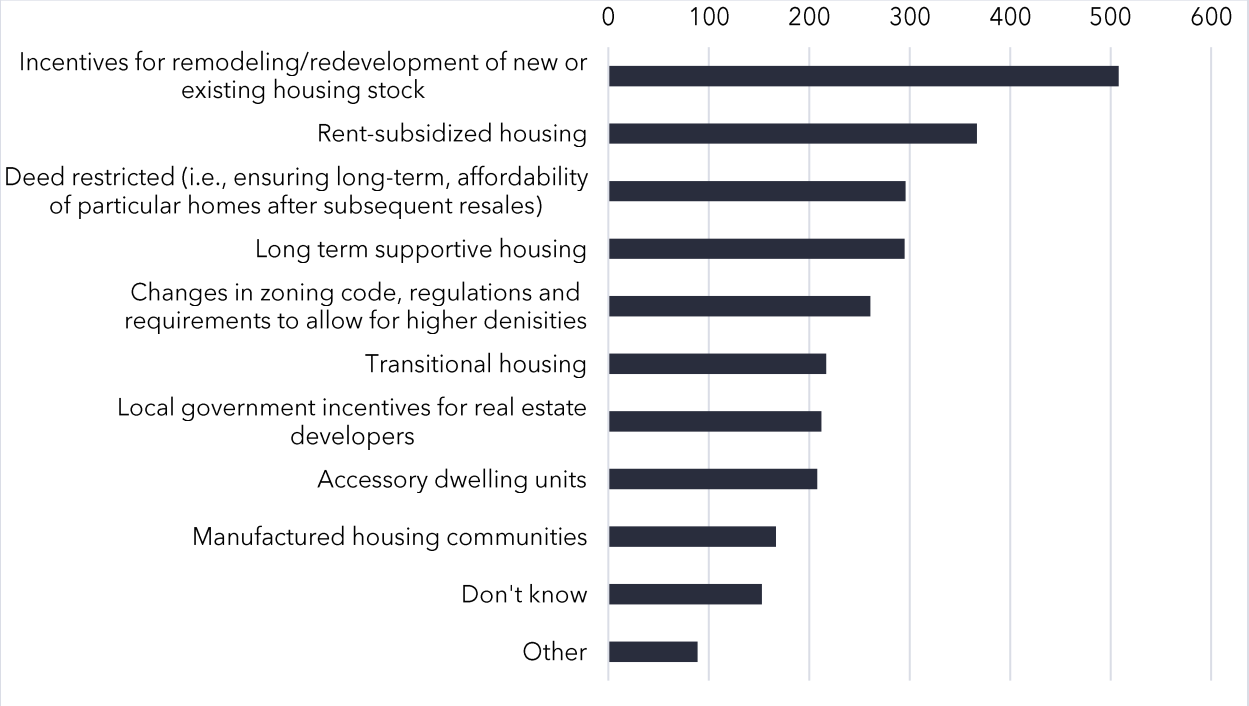


Figure 92: Coded Responses: What tools would you be in favor of Montrose community using in order to provide more housing? (Other):

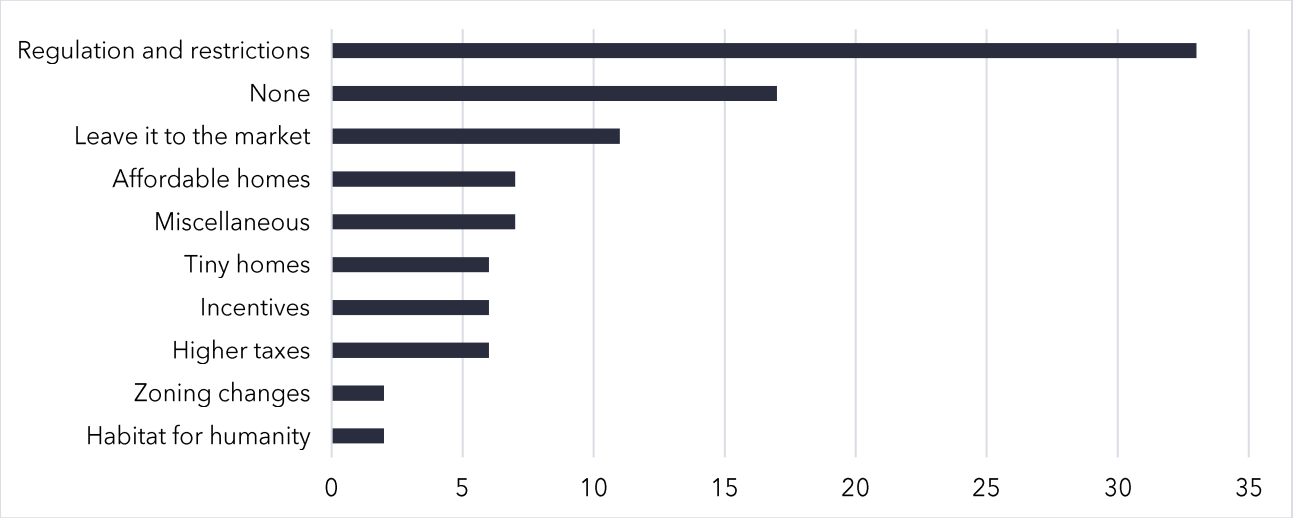


Figure 93: What is your preferred gender?

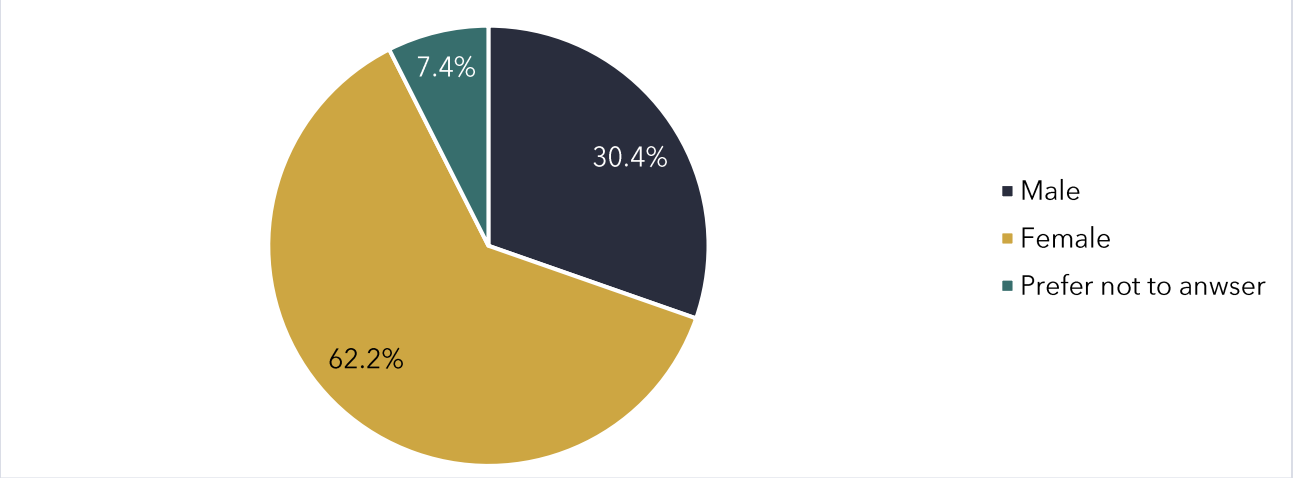


Figure 94: What is your identified race/ethnicity?

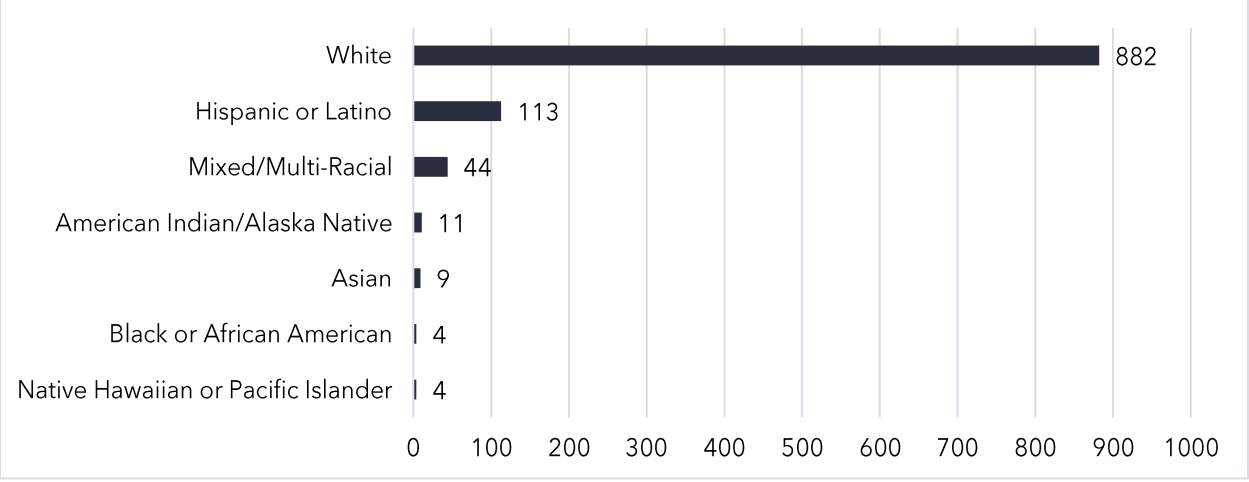


Figure 95: What is your age?

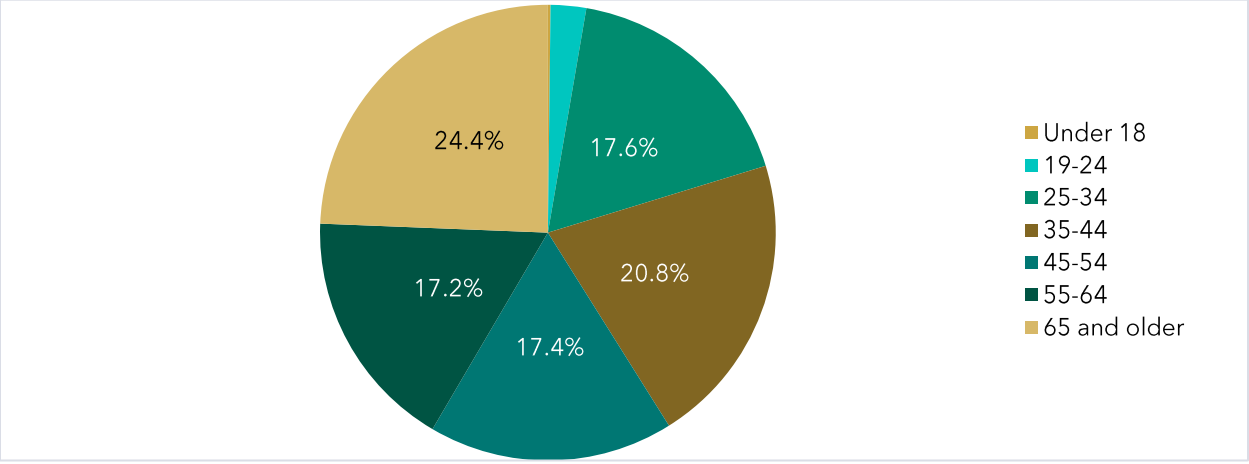


Figure 96: What is your employment status?

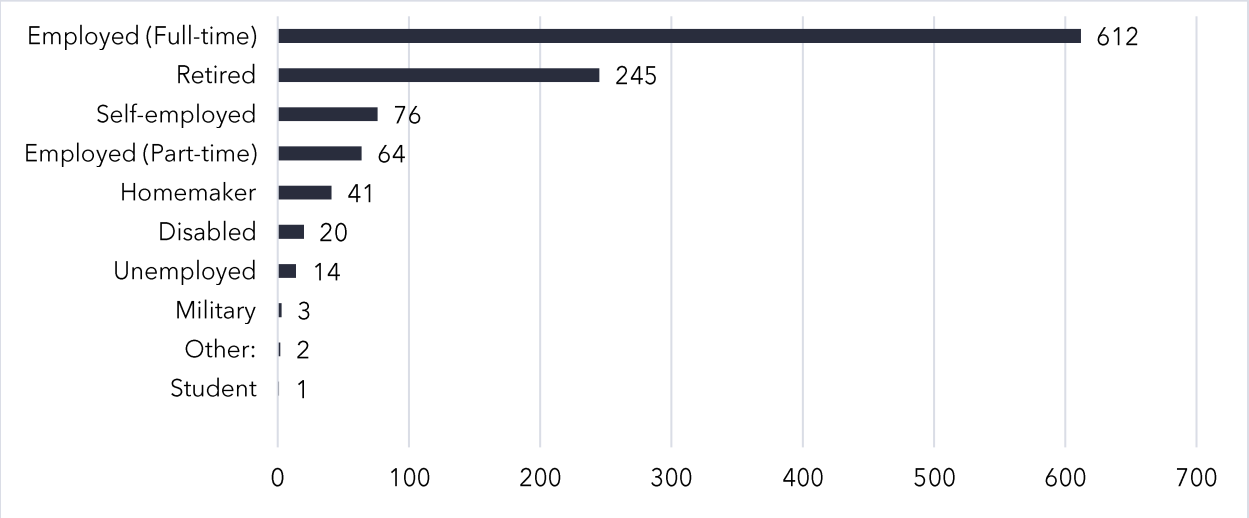


Figure 97: What is your household's average income?



Table 50: How long have you lived in Montrose?

Selection	Count	Percentage
Non-applicable	24	2.2%
Less than 1 year	48	4.4%
1 to 5 years	275	25.4%
6 to 10 years	175	16.2%
11 years or more	561	51.8%
Total	**1083**	**100.0%**

Figure 98: How long have you lived in Montrose?

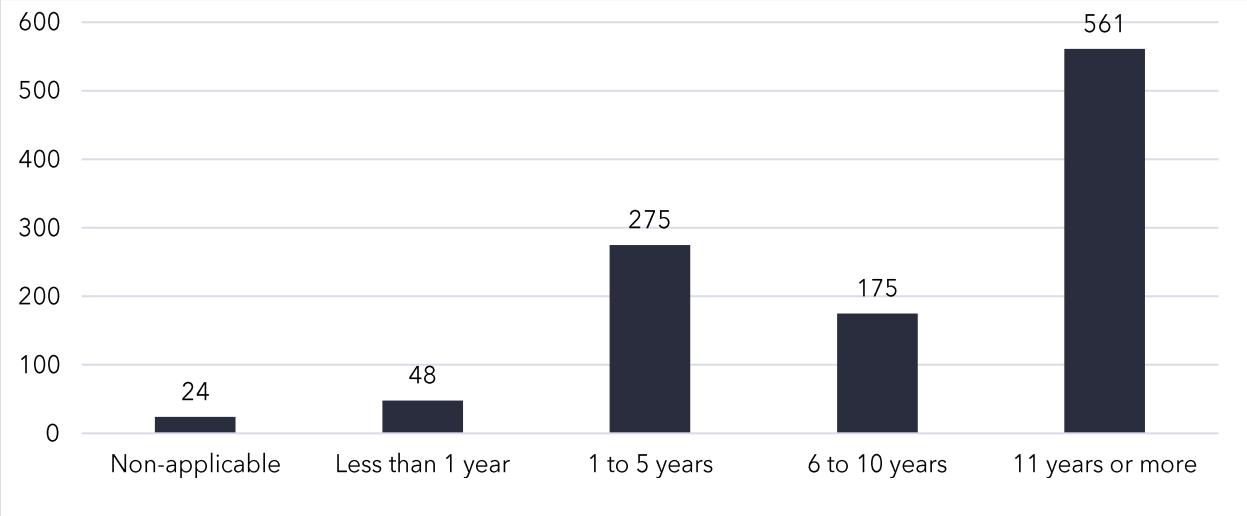


Figure 99: Coded response: What type of housing do you want to see built as the City grows?

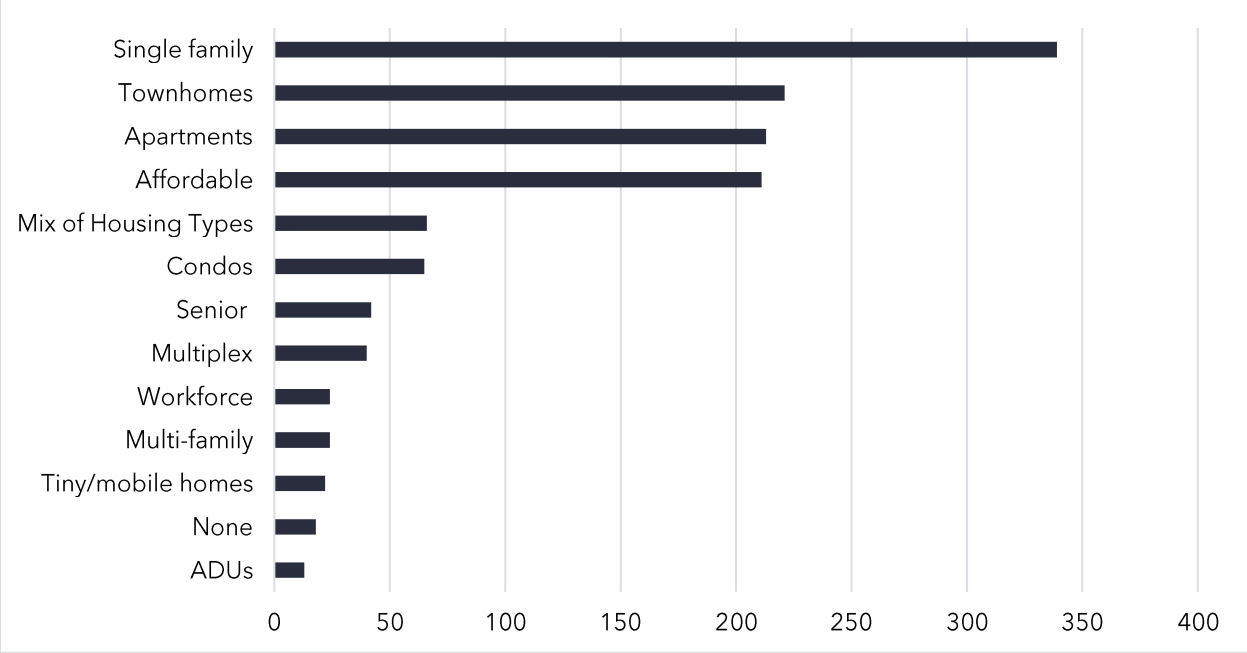


Figure 100: Coded response: Within the neighborhood you reside, should Montrose work to maintain lower density housing or increase housing density?

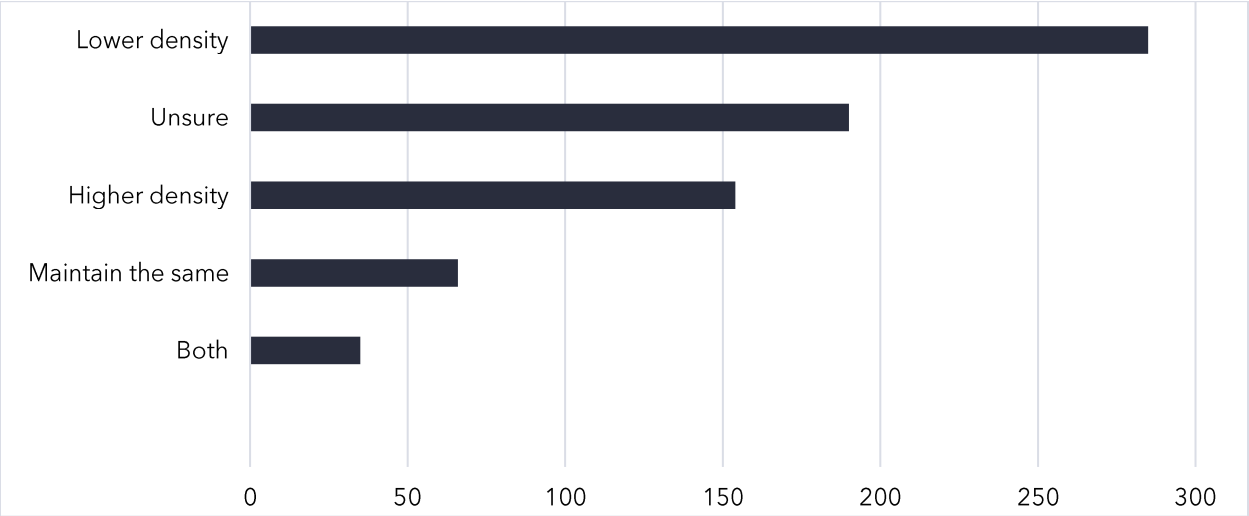
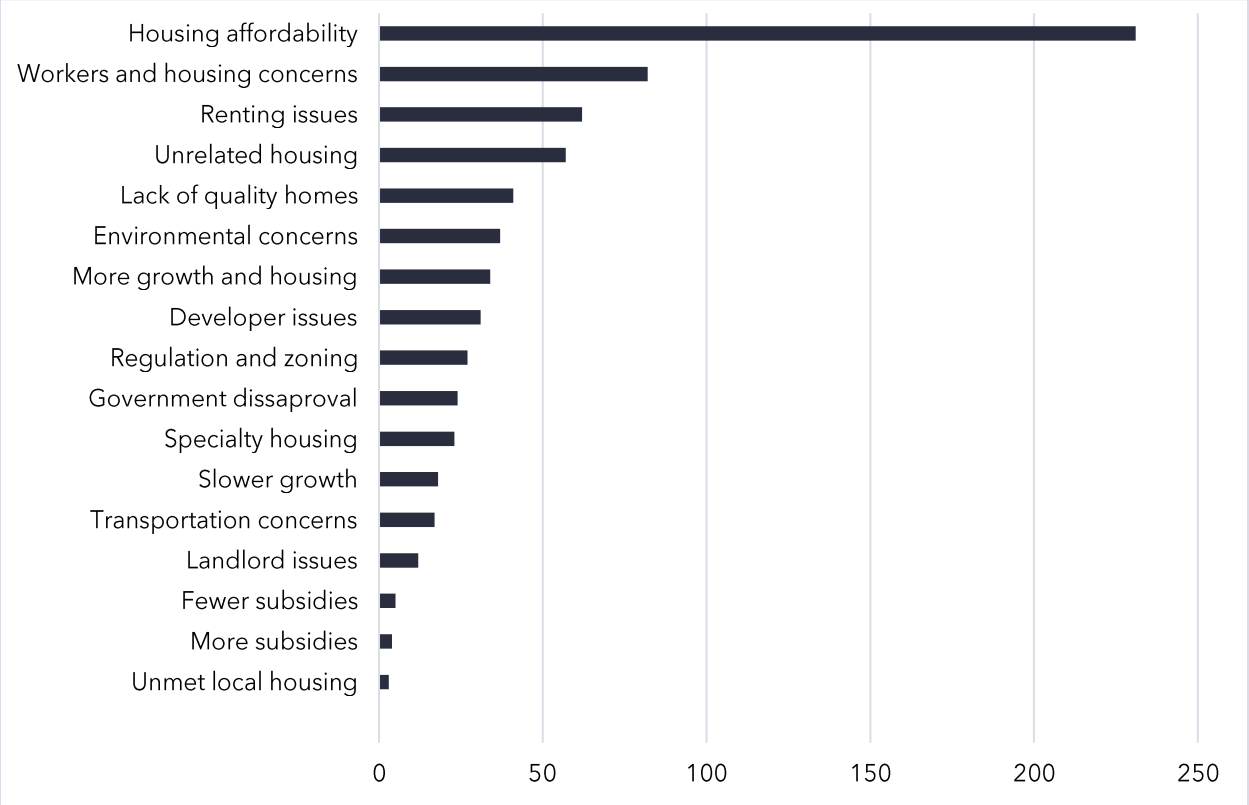


Figure 101: Coded response: Please share any additional thoughts or comments related to housing in Montrose!



Key Themes from On-site Meetings

In addition to conducting the community survey, PC also interviewed13 community leaders for in-depth interviews. The key themes of these interviews are summarized below.

Influx of Remote Workers

Many interviewees mentioned that Montrose has seen an increase in remote workers and transplants from the Front Range during and post-COVID. The most common concern with these individuals is that they are taking up the stock of rental housing that would otherwise go to those living and working in Montrose. Some suggested that the key factor driving up rental prices in the City is remote workers coming in from other more expensive parts of the state. In fact, research from the Low Income Housing Coalition shows that Colorado is the 9th least affordable state in terms of housing.[84] In addition, 98% of Coloradans live in a county that has an aggregate housing supply shortage.[85]

Others mentioned that it was becoming increasingly common for out-of-towners to come in and turn properties into short-term rentals. Most interviewees stated that the amount of short-term rental units has increased in recent years. Data from AirDNA confirms this, given total active listings have risen from 85 to 174 – a 104.7% increase from November 2019 to August 2022.[86] This is likely due to a surge in visits to Montrose because of the increasing popularity of tourist destinations in and around the City. Several Colorado mountain towns such as Telluride and Crested Butte have gone so far as to pull their summer tourism ads and may look to redirect funds from tourism into workforce housing.[87]

Shortage of Workforce Housing

Many interviewees mentioned workforce housing as the type of housing that is in the shortest supply in the City. A likely contributing factor to the shortage in this sort of housing is the aforementioned rise in short-term rental listings driven by in-migration. This deficit has been particularly exacerbated in Colorado's mountain communities.[88] Some counties, such as Summit County, even have one-third of their available housing units being used as short-term rentals. According to some interviewees, this lack of workforce housing in Montrose has led to shortages in city employees, which has subsequently caused the City to fall behind on certain aspects of routine infrastructure maintenance. Labor shortages have also adversely affected the business efforts of local developers, who struggle to find workers and have consequently fallen behind in terms of production. This is especially troublesome for the housing situation in the City since there is a need for housing supply, but the same workers that could aid in that effort would struggle to find homes.

Court Appointed Special Advocates (CASA) has several supportive housing options for the City's vulnerable populations. Their 1st Place on 2nd Street project has four one-bedroom units and four 2-bedroom units, which are available for youth ages 18-24 who are at risk of homelessness or who are emancipated from foster care. CASA also has 1st Place on Palmer in Delta, which include six one-bedroom units. Both of these projects have a range of amenities for their tenants, such as kitchens, computers, and washers and dryers. Additionally, CASA has a planned 33-unit development that would serve both youths and seniors aged 60 and over at risk for homelessness.

Montrose is Growing

Several interviewees mentioned that the City is going through a housing boom similar to what they experienced beginning in 2006. The perception is that there is pent-up demand that is being addressed through the multiple developments currently in production. PC took note of the numerous concurrent developments being built when conducting drive-throughs. The team also noticed a distinct lack of middle-density options such as townhomes, duplexes, and triplexes, and participants agreed that this was an issue when asked if they believed this sort of housing was mostly absent. Even more conventional styles of middle-density, such as apartments, seem to be lacking across Montrose.

Participants offered various explanations as to why multi-family housing is not prevalent in the City. Some mentioned that the zoning code and how it is being interpreted is serving as a hurdle for this kind of construction. Others also mentioned that the code lacked clear articulation on condominiums. One example of an existing obstacle for multi-family developments is the requirement for a planned development (P.D.) application for any project with more than one building. Additionally, these types of projects tend to attract "not in my backyard", or NIMBY attitudes and opposition at Planning Commission meetings. One notable project that has faced opposition in the form of regulations and community pushback is the HUB at Montrose Crossing, which was originally meant to be a 500-unit project but is now moving to 160 market-rate rental apartment units in its first phase.[89] A number of participants indicated that this scale of development could be key to alleviating the existing pressure on the housing market.

The City is a Strong Partner

PC interviewed several developers in the area and, in general, they mentioned that the City has been accommodating to their projects and has treated them well. However, some pointed out disparities in how the City contributes to some projects, but not others. Interviewees from the City stated they were willing to work with developers and that they are generous with funds and incentives. They use discretion when providing assistance to developers, however, providing funds based on need instead of a "cookie-cutter" approach. These incentives such as ARPA funds for developments, fee waivers for electrical and sewer upgrades, and other utilities are budgeted at the beginning of the year, but the City maintains some flexibility for requests as they come in.

6. Regional Contextual Overview

Background/Lit Review

Envision 2040 Montrose Comprehensive Plan – June 2021

In 2019, the City of Montrose developed the revisions of their 2008 Comprehensive Plan to a forecasted plan into 2040. The plan overviews and showcases issues related to current and future land use, current and future growth, zoning, transportation and mobility, recreation, environment, tourism, economic opportunities, and changes to the Downtown area. Specific sections reviewed in relation to this report were the following: Zoning regulations, Land use & Growth, Land use Designations, Growth areas, and Housing & Neighborhoods.

There are 12 listed residential districts within Montrose:

- Rural Living District (RL)
- Very Low Density District (R-1)
- Large Estate District (R-1A)
- Small Estate District (R-1B)
- Low Density District (R-2)
- Medium Density District (R-3)
- Medium High Density District (R-3A)
- High Density District (R-4)
- Low Density/Manufactured Housing District (R-5)
- Medium Density/Manufactured Housing District (R-6)
- Manufactured Housing Residential District (MHR)
- Office-Residential District (OR)

There are 7 non-residential districts within Montrose as the following:

- Central Business District (B-1)
- Highway Commercial District (B-2)
- Regional Commercial District (B-2A)
- General Commercial District (B-3)
- Neighborhood Shopping District (B-4)
- Light Industrial District (I-1)
- General Industrial District (I-2)

Over time the zones that fall under similar zoning rights are anticipated to merge.

There are also two unique overlay zones in Montrose, the first being the Redevelopment overlay zoning district (REDO), which encourages development or redevelopment of existing properties in the central downtown area. The second, is the Uncompahgre River Buffer overlay zone (URBZ) that is land located within 10-ft of the High Water Mark (HWM) of the Uncompahgre River. This zone only allows minimal buffers that are designed to protect the Uncompahgre River within the city limits. As well as providing adequate environmentally sound land use within the city limits.

Current and future land use and anticipated growth planned should simultaneously use the Comprehensive Plan, Zoning Ordinances, and Subdivision Regulations when making land use decisions. By 2040, Montrose is estimated to grow from 20,090 (2018) to 28,636. In order to continue to meet current and future needs of residents, outlines of goals and objectives for the City to meet are pertinent. Some of these outlined goals include:

- To encourage, assist, and steer growth in a fiscally aware manner, while retaining the 'small-town' appeal in the rural settings.
- Maintain and update current comprehensive plan and land use documents.
- Oversee growth to maintain sufficient infrastructure which minimizes future maintenance and operation costs.
- Encourage higher density infill, support development of high pedestrian foot traffic areas, and redevelopment of underutilized lots.

- Foster coordination and cooperation of intergovernmental entities to assist in implementing the Comprehensive Plan.

For future land use developments, needs, and both private and public investment in the City should refer to and utilize the Future Land Use Plan outlined within the Comprehensive Plan. In terms of growth, the Comprehensive Plan suggests a 'tier' approach, working inside out from the City of Montrose to address the needs of current and future accommodations. Future Land Use designations include the following:

- Residential Mixed Density Low: Single-family homes and small amounts of attached dwellings such as duplexes and townhomes.
- Residential Mixed Density Medium: varied of types mixed such as single family, townhomes, duplexes, and triplexes.
- Residential Mixed Density High: Attached buildings on lots such as townhomes, multifamily and ADUs.
- Central Business: Retail, offices, restaurants, residences, and community uses.
- Major Center: wide array of retail uses such as offices, hotels, and personal and business services. Could accommodate multi-family housing and mixed-use buildings.
- Secondary Center: Mix of retail services, and community facilities that are located nearby neighborhoods. Limiting need for cross-city traffic.
- Neighborhood Center: For small mixed-use commercial services
- General Commercial: A variety of retail services for the community. Connected parking lots and pathways for minimal traffic congestion.
- Employment Center: Supportive development for office space, business parks, and other potential uses such as manufacturing, warehousing, distributing, and storage.
- Public: Locations for parks, open space, schools, church public buildings, etc.

Goals, objectives, and strategies to address housing needs in Montrose are briefly outlined. Primary goals consist of the following:

- To meet density needs of the community to provide a variety of housing types.
- Improve access and availability of affordable housing.
- Downtown housing to increase in density and availability.
- Neighborhoods encouraged to be safe, well-maintained, and habitable.

7. 2025 Addendum

In March of 2025, Points Consulting (PC) was engaged by the City of Montrose in response to new legislation (Senate Bill 24-174) outlining additional data and analysis requirements for housing needs assessments (HNAs). SB 24-174 established a set of rules and guidelines for both new and existing HNAs, prompting the need to update the County of Montrose's 2023 HNA. Following a comprehensive review of the Housing Needs Assessment Guide for Colorado Communities[90] (referred to hereafter as the "DOLA Guidelines"), PC and the City of Montrose determined that the 2023 HNA was missing the following elements:

- An estimate of housing needs by Area Median Income (AMI) levels
- An estimate of supportive housing units needed to support the chronically homeless population
- An estimate of visitable and accessible housing units
- Identification of displacement risk in Montrose County
- Estimated water supply needs for current and projected dwelling units
- Documentation of public engagement process from the original 2023 report

Updated Housing Forecast

According to Bill 24-174, the housing needs forecast must include a projection of housing units by Area Median Income (AMI) level. To meet this requirement, the PC team used the housing demand forecast developed during the original 2023 study, which estimated a need for 3,929 new units over the next 18 years. This projection includes 1,673 single-family homes, 985 middle-density housing units, 691 multi-family units, and 580 manufactured home community units (Table 7.1).

PC originally calculated the "Affordable Subsidized Units" category using the methodology outlined in Chapter 1 of the initial study. As outlined in Table 7.1, subsidized units, while considered affordable, are also represented within other unit types outlined, as affordable units can encompass a variety of housing types. In contrast, the new AMI-based forecast (presented in Figure 7.2) provides a more comprehensive view, estimating housing needs across all income levels. To achieve this, PC adopted a revised methodology. As a result, the new AMI forecast may not align exactly with the original 2023 figures.

Other figures in Table 7.1 may be outdated as well. The single-family home estimate no longer aligns with the updated AMI methodology found in this Addendum. For this reason, the updated forecast following Table 7.1 should be considered the current and authoritative source for affordable housing needs by income level. The previous forecast categories should no longer be referenced as a standalone estimate. However, the original total unit projection for 2022–2040 remains unchanged.

For details on the initial forecast methodology (which serves as the foundation for this addendum) please refer to Chapter 2: Forecast and Recommendations.

Table 7.1: Housing Unit Breakdown by Type, 2022-2040 [OLD UNIT FORECAST]

Housing Type	2022	2040	18 Year Change	% Change	Avg Annual Change
Single Family Homes	13,168	14,841	1,673	12.7%	93
Middle Density (Duplex, Triplex, Quadplex, Townhome, Cottage and ADUs)	1,423	2,408	985	69.2%	55
Multifamily	2,249	2,940	691	30.7%	38
Manufactured Home Community Units	2,384	2,964	580	24.3%	32
Affordable Subsidized Units*	904	1,435	531	58.8%	30
Total Units	**19,224**	**23,153**	**3,929**	**20.4%**	**218**

Source: Points Consulting, 2023
*Affordable units can occur across different unit types, and as such are not included in the total row

A crucial factor in community sustainability is the availability of affordable housing across the income distribution. To estimate housing needs in Montrose County by income level, PC expanded the housing needs forecast to determine how many housing units are required at different AMI levels. Using Census Bureau income cohorts, median incomes, and housing unit counts from the previous forecast, PC presents the results in the following tables and figures.

When we refer to "needs by income level," we mean the number of housing units that must be affordable for each income bracket. Affordability is defined by the percentage of monthly income a household spends on housing. A household is considered cost-burdened if it spends more than 30% of its income on housing costs.

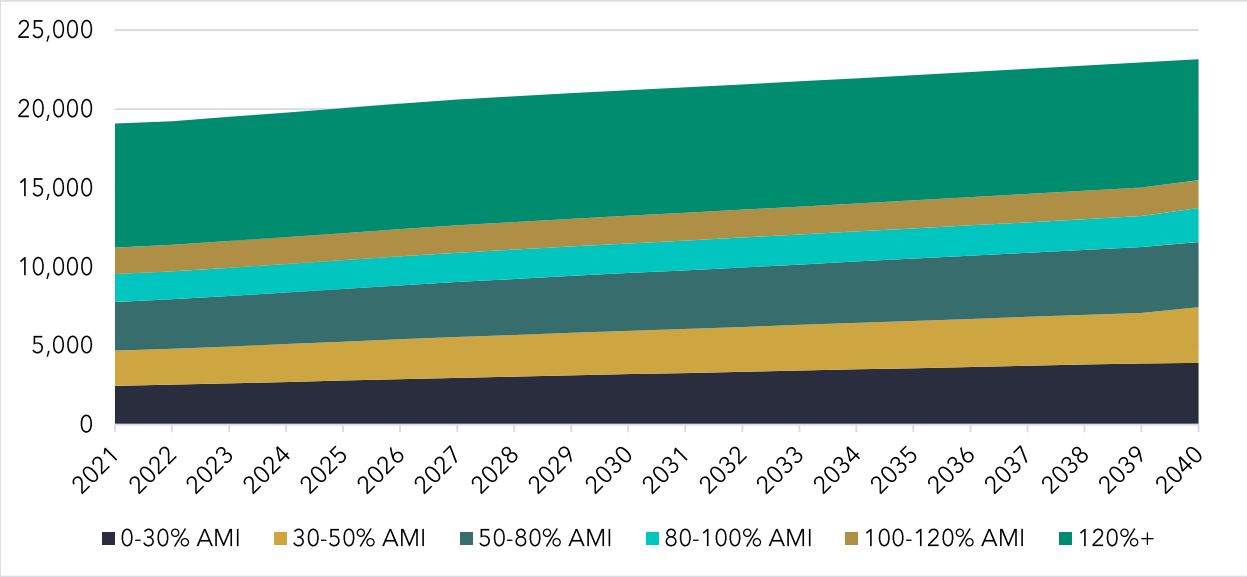
For example, at the time of this report, the AMI in Montrose County was $61,800. A household earning 50–80% of AMI could earn up to $46,300, or approximately $3,900 per month. At this income level, the household could afford up to $1,160 in monthly housing costs. If a household earning $46,300 pays more than $1,160 per month, this indicates a need for more affordable housing units at the 50–80% AMI level.

Figure 7.1 and Table 7.2 show how the distribution of housing units should change over time, based on both the projected increase in total units over the next 18 years and the current needs for affordable units. According to current income distributions, Montrose County will require significant growth in housing stock for the 0–30% and 30–50% AMI ranges. The PC team also projects little to no additional need for housing units in the 80–120% AMI range. In fact, our model indicates a need to reduce units serving the 120% AMI range. While this forecast indicates what should happen to provide an ideal housing market, it should be noted that these forecasts do not consider real-world complexities that can alter the housing market in practice. Some of these things include economic volatility, changing demographic trends, zoning restrictions, and community resistance.

Although the model calls for a net reduction to align affordability needs with projected growth, PC does not recommend removing any existing units in higher AMI ranges. Instead,

we recommend that, where possible, units currently affordable only to households above 120% of AMI be preserved or repurposed to serve households in lower income ranges. At present, units above 120% AMI make up the vast majority of Montrose County's housing stock.

Figure 7.1: AMI Distribution Over Time



Source: Points Consulting, 2025

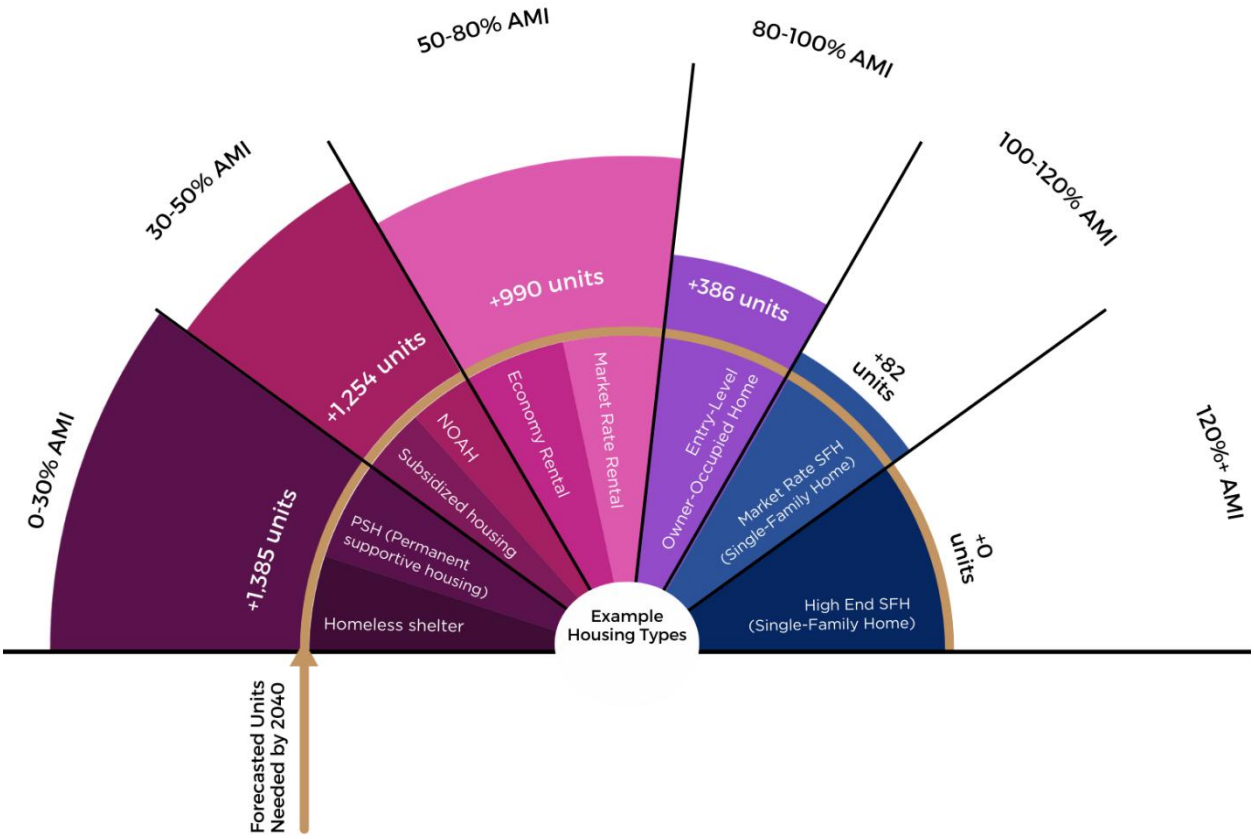
Table 7.2: Change in Housing Distribution by Income Level

Income Level	2022	2027	2032	2037	2040	Net Change	Net % Change
0-30% AMI	2,530	2,969	3,348	3,728	3,915	1,385	54.8%
30-50% AMI	2,275	2,584	2,841	3,099	3,529	1,254	55.1%
50-80% AMI	3,134	3,489	3,773	4,060	4,124	989	31.6%
80-100% AMI	1,771	1,851	1,892	1,936	2,157	386	21.8%
100-120% AMI	1,676	1,737	1,763	1,791	1,758	81	4.9%
120%+ AMI	7,839	7,973	7,942	7,927	7,671	(167)	(2.1%)
Total Forecast	**19,224**	**20,603**	**21,559**	**22,541**	**23,153**	**3,929**	**20.4%**

Source: Points Consulting, 2025

Figure 7.2 displays the projected new housing units broken down by AMI level. The example housing types are purely there to serve as demonstrations for what types of units could be found at each AMI level, and are not indicative of what will actually be built.

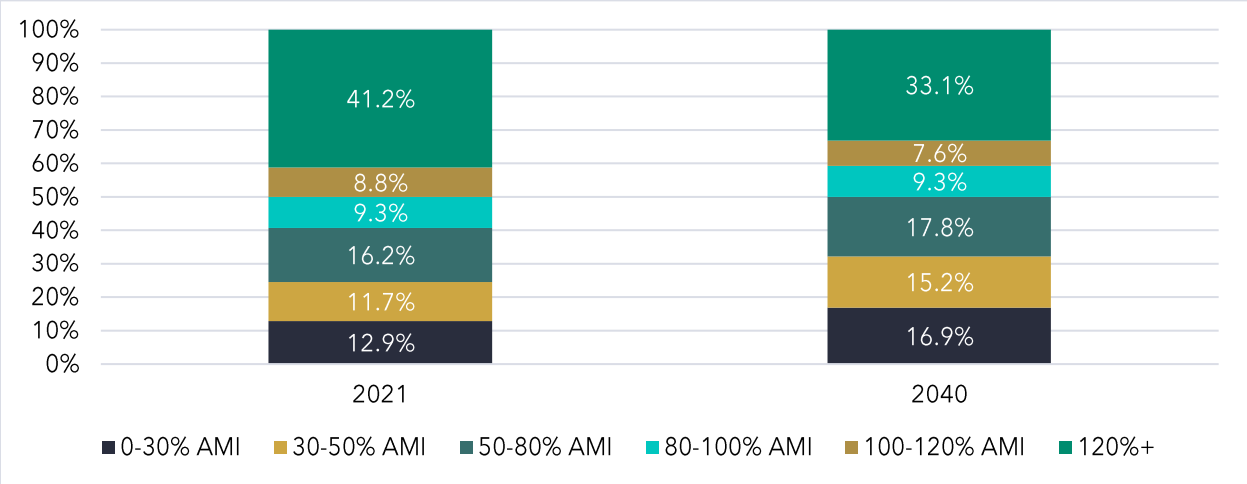
Figure 7.2: AMI by Housing Type



Source: Points Consulting, 2025

Figure 7.3 provides a visual representation of how the distribution of housing units is expected to shift over the forecast period. In this ideal scenario, as the total number of housing units increases, we project the share of units affordable to households above 120% of AMI to decline to 33% of the housing stock. At the same time, we expect units affordable to lower AMI levels to become more prevalent, increasing their share of the overall inventory

Figure 7.3: Area Median Income Distribution 2021-2040



Source: Points Consulting, 2025

Table 7.3 illustrates how the new units may be distributed by tenure. It is likely that all units at the 0–30% AMI level will be rental units, as they will likely require subsidies and homeownership at this income level is nearly unattainable. As AMI levels increase, the proportion of rental units is expected to decline. Higher-income cohorts are projected to transition increasingly toward homeownership, as housing becomes more affordable, and the share of cost-burdened households decreases at each income level.

Table 7.3: Distribution by Tenure

AMI Category	Existing Housing	Projected Housing Needs	New Units Needed by 2044
Rentals			
0-30% AMI	2,530	3,915	1385
30-50% AMI	682	1,059	376
50-80% AMI	909	1,196	287
80-100% AMI	460	561	100
100-120% AMI	402	422	20
120%+ AMI	1,019	997	(22)
Owner Occupied			
0-30% AMI	0	0	0
30-50% AMI	1,592	2,470	878
50-80% AMI	2,225	2,928	703
80-100% AMI	1,311	1,596	285
100-120% AMI	1,274	1,336	62
120%+ AMI	6,820	6,674	(146)

Source: Points Consulting, 2025

Overall, the housing situation in Montrose skews heavily in favor of higher income households that can afford single-family housing. To correct this, approximately 3,400 units of affordable housing built for the 0 – 80% AMI range will need to be constructed. These units

would ideally be a mix of permanent supportive housing, subsidized housing, naturally occurring affordable housing (NOAH), and economy/market rate rentals. In the lower AMI ranges, most of these units will need to be for rent. However, while the needs of cost-burdened households are important, it is important to remember that due to various market factors new housing built in Montrose may not reflect the AMI needs in this forecast.

Accessible & Visitable Units

Another requirement of Colorado's updated HNA Guidelines is a forecast of accessible and visitable housing units within the projected housing stock. This estimate is based on data from the U.S. Census Bureau regarding households that include at least one person with a disability. PC estimates that approximately 31% of households in Montrose County fall into this category. Applying this percentage to the housing forecast, we estimate that the number of households with disabilities will increase from roughly 5,300 to 6,400 over the forecast period. This will mean an increase of about 1,100 households (Table 7.4).

This projection assumes that every household with a person with a disability would require an accessible or visitable unit, making it a high-end estimate. In practice, the actual number of required units may be lower, as not all disabilities necessitate physical accessibility features.

Table 7.4: Accessible and Visitable Units Needed, 2022 – 2040

	2022	2027	2032	2037	2040	Change	% Change
Total Estimated Units Needed	5,257	5,657	5,919	6,189	6,357	1,100	20.9%

Source: Points Consulting, 2025

The final component of the updated housing forecast is an estimate of the number of supportive housing units needed for the chronically homeless population. This group includes individuals who have experienced homelessness continuously for at least one year or have had four or more episodes of homelessness within the past three years. Many also face disabilities such as physical impairments, mental illness, or substance use disorders. Supportive housing is designed to help these individuals transition out of unstable living conditions, often in conjunction with programs that address addiction, employment, and other barriers to self-sufficiency.

Reliable data on this population is limited. The State of Colorado conducts a Point-in-Time (PIT) count of individuals in emergency shelters and transitional housing each year, and a count of unsheltered homeless individuals every other year. However, this count is conducted on a single night, which limits its accuracy and reliability. To supplement this data, our team interviewed the Court Appointed Special Advocates (CASA) Youth and Family Services Division, which operates the only supportive housing program in Montrose County. CASA's program is restricted to youth under 25 and seniors over 65.

According to the interview, CASA provides 42 supportive housing units for chronically homeless youth and families. These residents participate in a rehabilitation program aimed at helping them achieve self-sufficiency, with a reported graduation rate of 98%. Demand for these units is consistently high, and vacancies are rare – indicating a broader need for

supportive housing in the County. However, since the program is age-restricted, it's likely that many chronically homeless adults are not being served.

Based on available data, PC estimates that an average of 27 households (or approximately 60 individuals) experience homelessness annually in Montrose County. The City of Montrose also recently launched an Unhoused Roundtable Group, bringing together local service providers to gain a clearer understanding of homelessness in the community and identify service gaps. Acknowledging that the State's Point-in-Time Count may not fully capture the scope of the issue, the Roundtable conducted its own survey and gathered additional data from The Shepherd's Hand, a local nonprofit day center that provides meals, clothing, laundry, and shower services to individuals experiencing homelessness. Based on these combined efforts and the data gathered, it is estimated that approximately 200 individuals are experiencing homelessness in Montrose."

If at least 15% of this population is chronically homeless, there is a demonstrated need for at least 30 additional supportive housing units.[91] Considering the sustained demand for CASA's units, the actual need may be higher. By 2040, the population is forecast to grow by at least 17%. Considering this, we expect the demand for new supportive units to reach at least 35 units.

Table 7.5: Supportive Units Needed, 2023 - 2040

	Units Needed Now	Future Needs (2040)
Total Estimated Units Needed	30	35

Source: Points Consulting, 2025

Displacement Risks

Another important element of the updated HNA Guidelines in Colorado is the evaluation of displacement risks across the study area, as required by Section 24-32-3702(3) of the Colorado Revised Statutes. This analysis plays a key role in a housing study (and in the broader housing context) by identifying which populations are most vulnerable to severe housing challenges such as cost burdens, overcrowding, or instability caused by various factors.

Racial and ethnic disparities are a critical aspect of displacement risk. These disparities disproportionately affect minority groups, largely due to a history of discrimination and systemic oppression in the United States. This pattern is especially pronounced when communities face natural disasters, such as wildfires or flooding.[92]

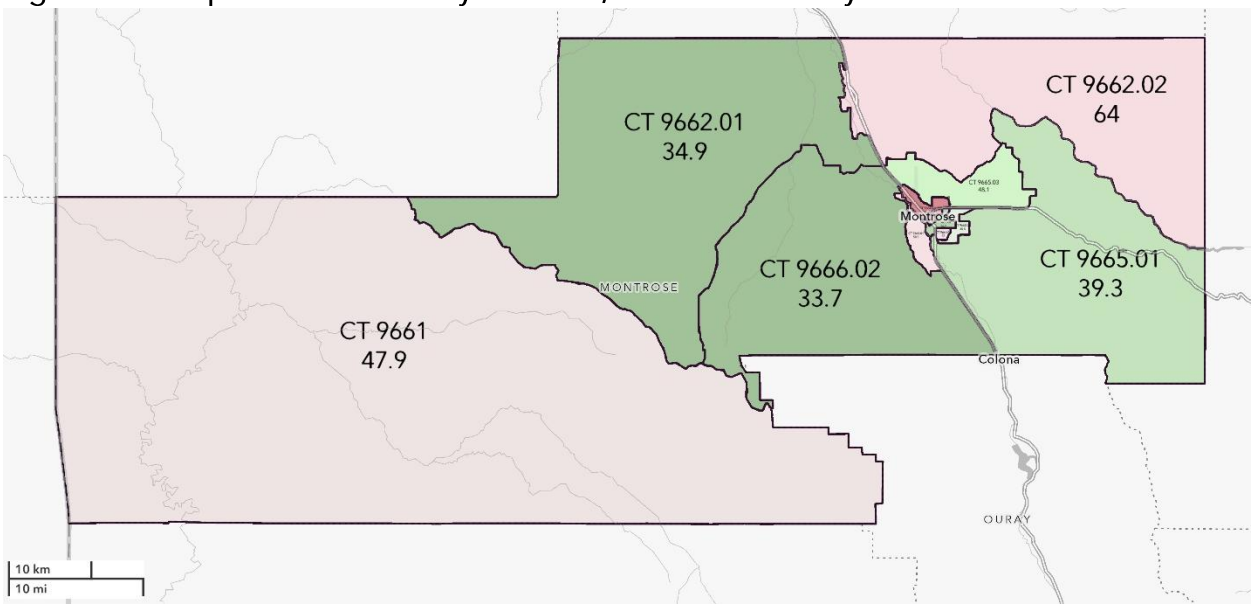
To assess displacement risks for homeowners across Montrose County, the PC team compiled a variety of statistics (outlined in the methodology section) for all census tracts in the County. We compared these figures to national, state, county, and local tract averages. Based on these comparisons, we assigned each census tract a score from 0 (least disadvantaged) to 100 (most disadvantaged).

Figure 7.4 shows the results for the entire County, while Figure 7.5 zooms in to highlight the City of Montrose. Each tract is color-coded by score, with red indicating higher levels of disadvantage and green representing lower levels.

Rural Montrose County showed mixed results. The western and eastern portions of the County were more disadvantaged than other rural tracts, while the central area had the lowest risk of displacement in the region. Causes of displacement risk varied across rural tracts. For example, Tract 9662.01 only exceeded the county median in the rate of single-parent households, making it the least disadvantaged tract in the County. In contrast, Tract 9662.02 received the highest score among rural areas due to its above-median rates of non–high school graduates, limited English proficiency, and overcrowded households.

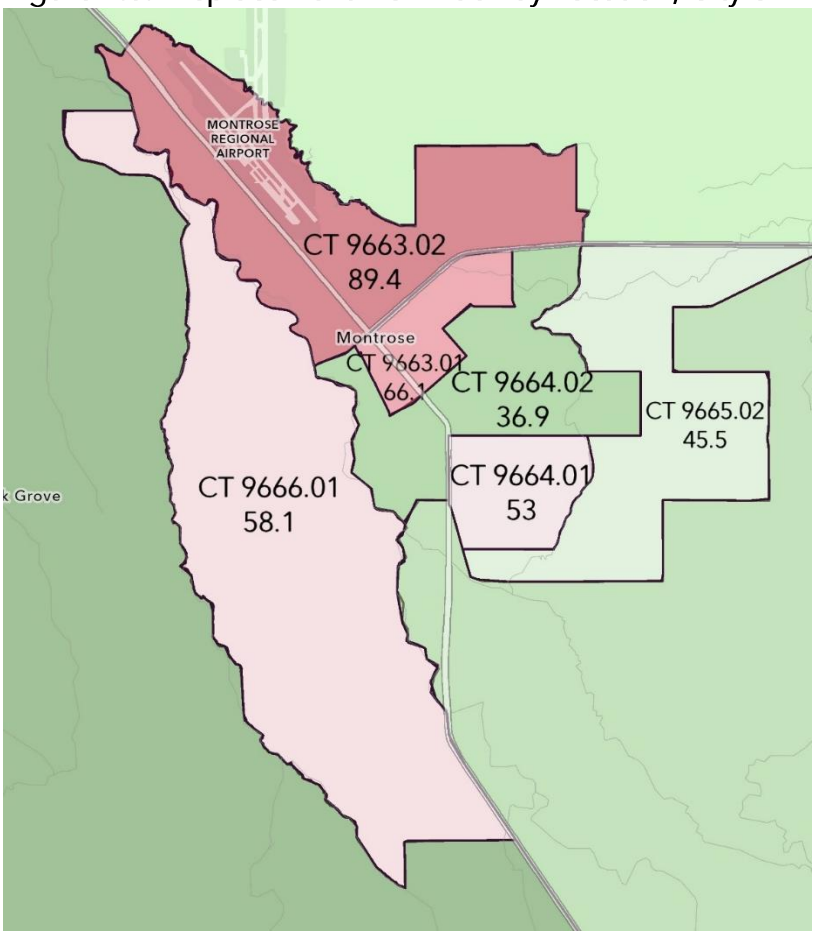
Within the City of Montrose, displacement risk is significantly higher, particularly around the city center and downtown. This trend is common in higher-density areas, which often house more low-income families who face multiple disadvantages that can lead to cost burdens. The elevated displacement risk in the City likely stems from racial and ethnic disparities, educational disadvantages, and higher disability rates. Both of the City's main tracts (9663.02 and 9663.01) exceeded the County median by over 10 percentage points in most measured categories. Cost-burdened households were especially prevalent, with an average of 36% of households in those tracts facing cost burdens, compared to 23% countywide. Southeast of the City, displacement risk scores align more closely with rural levels.

Figure 7.4: Displacement Risks by Location, Montrose County



Source: Points Consulting, 2025

Figure 7.5: Displacement Risk Index by Location, City of Montrose



Source: Points Consulting, 2025

Water Supply

PC contacted the City of Montrose to identify a local point of contact regarding water supply inventory, future needs, and related issues. The City directed the project team to Scott Murphy from the Montrose Engineering Department. Following an online interview, Mr. Murphy provided an executive summary outlining key aspects of the City's water supply. The following section presents the information received from the City of Montrose Engineering Department.

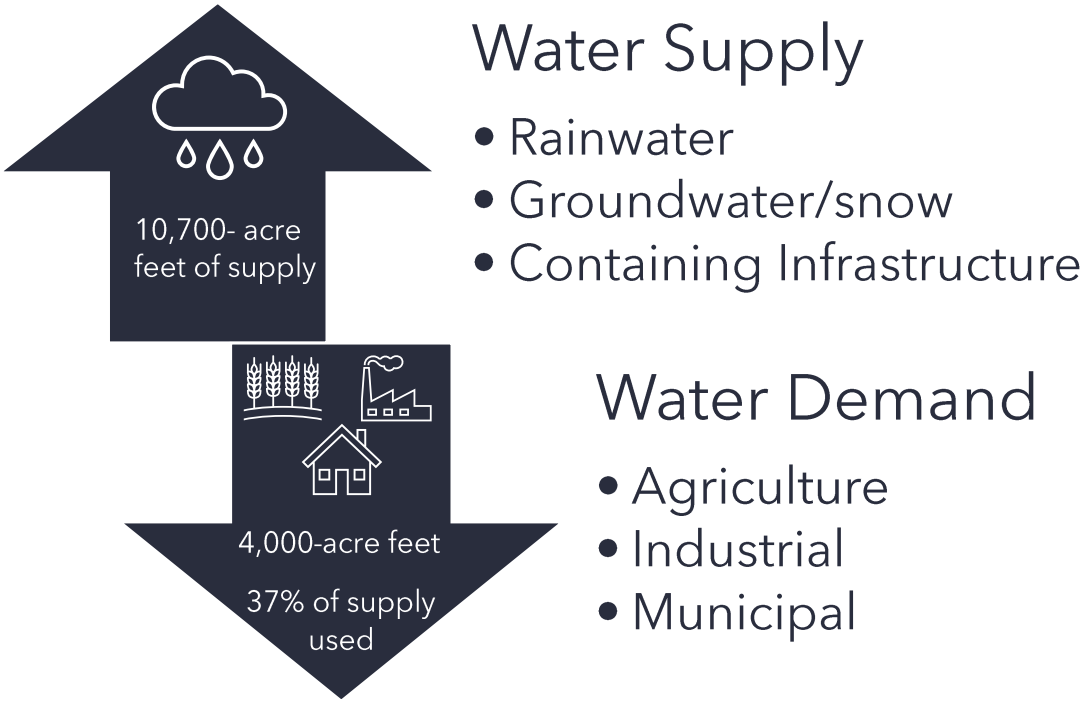
Water Resource Inventory

The City of Montrose holds approximately 10,700 acre-feet of water rights and shares designated for municipal potable water use. Water is sourced from the following locations:

- **Ridgway Reservoir:** The City has access to 10,000 acre-feet of water from the municipal and industrial pool of Ridgway Reservoir, a 75,000-acre-foot reservoir on the Uncompahgre River constructed as part of the Bureau of Reclamation's Dallas Creek Project. This source serves as the City's primary supply of drinking water. Although the water is allocated from Ridgway Reservoir, it is physically delivered from the Gunnison River via the Gunnison Tunnel. This delivery is made possible through an administrative water rights exchange coordinated by the Colorado Division of Water Resources, in which the City trades irrigation water from Ridgway Reservoir used by others in return for potable water from the Gunnison River.
- **Cerro Reservoir:** The City maintains approximately 700 acre-feet of water storage in Cerro Reservoir, located on Cerro Summit about 15 miles east of Montrose. This reservoir is supplied by shares of water from the Cimarron Canal Company and serves as an emergency backup water source. When needed, water from Cerro Reservoir is piped directly to the Project 7 water treatment plant via a dedicated pipeline.

The Project 7 water treatment plant processes water for the City of Montrose as well as for several neighboring municipalities and water districts. These entities purchase treated water from Project 7 and manage distribution within their own systems.

Figure 7.6: Water Supply and Demand Relationship



Current Usage

The City of Montrose typically purchases and distributes about 4,000 acre-feet of water each year to approximately 9,000 meters within its defined water service area. This service boundary does not always align with city limits; some residential subdivisions within city boundaries are served by non-City water providers. Current water usage represents roughly 37% of the City's available supply.

Although the population has been growing at an average rate of about two percent per year, overall water usage has declined in recent years. This trend is likely due to rising water costs, shifts in consumer behavior, and growing public awareness of water shortages affecting the Colorado River Basin.

Water Resource Outlook

The City of Montrose has been working with a consulting engineering firm over the past several years to develop a Water Resource Master Plan to better understand future demands on its water resources, identify potential supply risks, and explore conservation opportunities. While the final report is still pending, all analyses and modeling for the project have been completed. The results indicate that the City's water resources are expected to remain secure and sufficient to support full buildout of the water service area in accordance with projected land-use densities.

The City's water supply system currently provides potable water to approximately 20,000 households, with current usage accounting for just 37 percent of the total available supply. By 2040, an estimated 3,929 additional housing units are expected to be added. This level of growth can be readily supported by the existing water supply, particularly given the anticipated shift toward higher density housing types, which typically require less water per

unit than the predominantly single family homes that make up much of Montrose's current housing stock. As a result, the City's water infrastructure is well positioned to meet both existing demand and the projected housing needs associated with continued development.

Water Resource Development Challenges

Within the City's water service area (and as required by the municipal code) the water distribution system is built and hydraulically sized to provide adequate fire protection for both residential and commercial subdivisions. In contrast, rural water providers located just outside the City's service area (but within the urban growth boundary) are not always able or willing to meet these minimum fire flow requirements. When these rural providers cannot or will not upgrade their systems to provide fire protection, the affected areas may become undevelopable at urban densities. This limits the amount of developable land and can shift development pressure to other areas.

In some cases, adjoining water providers have relinquished their service rights to the City, allowing Montrose to take over water provision. However, the City's ability to expand its service area is constrained by the risk of over-allocating its available water resources. As a result, higher-density development has generally been concentrated within the City's existing water service area.

Community Engagement

PC conducted significant community engagement efforts throughout the course of this project. Information about community engagement events and the survey is available in this section.

Community Survey

PC and the City of Montrose conducted a community survey in Montrose County from December 2022 to February 2023. During this time, the project team collected 1,236 unique responses via electronic and paper-based surveys. This outreach was accomplished through both online advertisements and on-the-ground efforts. Throughout the project, the team conducted multiple on-site visits for interviews, during which survey booths were set up and flyers were distributed across the City of Montrose to boost engagement.

Most survey responses came from within the Montrose city limits. The response rate for Montrose residents was 4.3%, based on completed surveys from within the city. The response rate for the Spanish version of the survey was 1.9%. Our sample size of 878 completed surveys exceeds the minimum required to achieve a 95% confidence interval with a ±5% margin of error, based on the city's population. The minimum required sample size to reach this level of statistical reliability is 378. Therefore, we can be 95% confident that the response distributions reflect the broader population within a ±5% margin of error.

On-site Engagement

During PC's time in Montrose, the project team conducted 13 interviews with community leaders. A series of several public workshops and public meetings were also conducted to engage the community and gather input. A total of four meetings included the attendance of some or all members of the Montrose City Council. These meetings took place on January

18, 2023; May 1, 2023; May 3, 2023; and September 5, 2023. While no formal public comments were submitted during these meetings, informal discussions and Q&A sessions provided valuable insights.

Common questions from the Montrose City Council and the public centered on the differences between housing unit types, the relationship between building height, parking, and density, and considerations for where future growth would be most appropriate. There was no significant opposition to the assessment itself, although a few developers expressed concerns that the projected growth rate might be underestimated. The September 5, 2023 public meeting demonstrated general support from the City Council to use the study's findings as a basis for updating the city's land use code, which the City completed in December of 2024.

There were also multiple stakeholder meetings during this time and throughout the course of the project. These meetings helped refine the overall direction of the Housing Needs Assessment (HNA) and identify and correct any potential errors.

Displacement Risk Methodology

Our team developed the final displacement risk model using a combination of eight statistics identified as relevant by the Colorado Revised Statutes and DOLA Guidelines. These variables are:

- Individuals without a high school diploma
- Individuals with disabilities
- Individuals with limited English proficiency
- Households below 150% of the federal poverty level
- Minority status
- Single-parent Households
- Crowded Households
- Cost-burdened Households

After conducting a basic comparison of these indicators across different geographic areas and categories, we calculated the median and standard deviation for each variable. We then assigned a uniform weight to each risk factor. Using this information, we calculated a raw score for each census tract by measuring how many standard deviations each category deviated from the median. Finally, we normalized these scores into a more user-friendly 0–100 scale. Table 7.6 shows the results.

Table 7.6: Detailed Statistics of Displacement Risk

Census Tract	No HS Dip-loma	Dis-abled	Limited English (5+)	>150% Poverty	Min-ority	Single-Parent	Crowded	*Cost-Burdened	Index Score
9661	8.5%	25.4%	0.1%	28.6%	6.0%	3.0%	0.0%	23.3%	47.9
966201	7.6%	10.4%	0.8%	16.1%	13.7%	6.4%	0.0%	23.2%	34.9
966202	18.0%	12.0%	6.8%	16.0%	40.4%	3.4%	2.0%	24.8%	64.0
966301	14.1%	17.3%	3.3%	21.9%	29.4%	5.9%	0.0%	39.3%	66.1
966302	28.0%	15.9%	10.9%	23.6%	31.6%	8.1%	1.5%	32.0%	89.4
966401	4.8%	14.6%	7.8%	31.7%	24.1%	1.4%	0.0%	27.0%	53.0
966402	6.7%	13.7%	0.0%	15.5%	14.7%	8.9%	0.0%	17.5%	36.9
966501	3.8%	18.5%	0.0%	16.6%	17.3%	4.6%	0.4%	22.8%	39.3
966502	4.2%	12.5%	2.7%	15.6%	23.5%	4.6%	0.6%	31.6%	45.5
966503	9.3%	9.7%	4.7%	20.1%	29.0%	2.2%	1.5%	22.7%	48.1
966601	16.3%	8.0%	8.6%	19.6%	42.3%	5.7%	0.4%	21.7%	58.1
966602	3.9%	11.3%	0.1%	19.7%	14.1%	5.2%	0.2%	21.4%	33.7
Montrose County	**10.7%**	**13.3%**	**4.0%**	**19.4%**	**25.2%**	**5.2%**	**0.6%**	**25.2%**	--
Colorado	**7.5%**	**11.0%**	**2.6%**	**15.8%**	**35.0%**	**5.3%**	**2.5%**	**26.5%**	--
U.S.	**10.8%**	**12.9%**	**4.4%**	**20.5%**	**43.0%**	**6.2%**	**3.5%**	**26.2%**	--

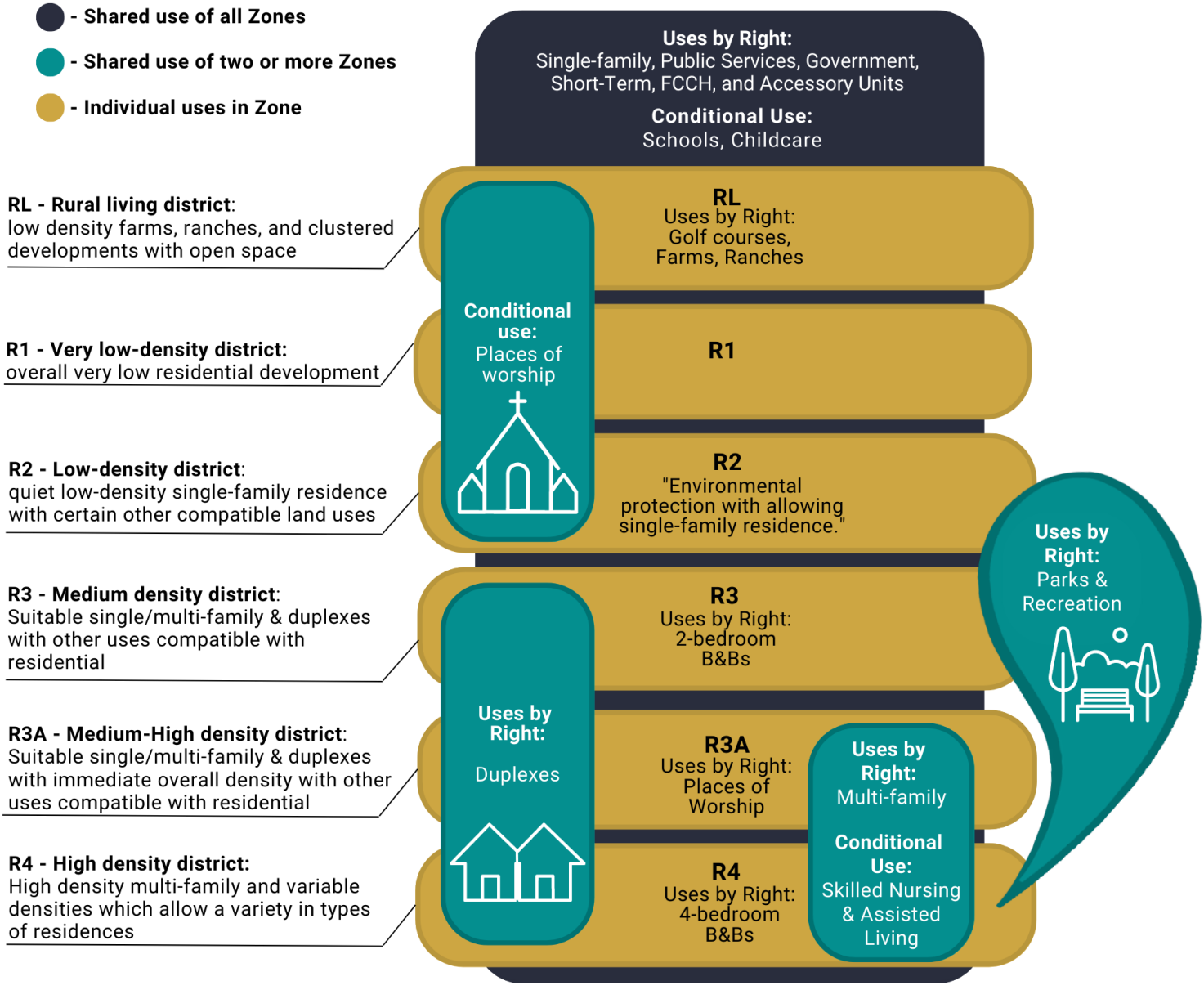
Source: Points Consulting ,2025

*Cost Burdened Households at <$75K

Appendix A – Zoning Code Review

The Montrose Zoning Code Districts and how they overlap are displayed in Figure 102.

Figure 102: Zoning Code Venn Diagram



The following tables summarize the intent and the desired characteristics for each Zoning District outlined in the Montrose Zoning Code.

4-4-4.1 -- "RL" Rural Living District

Intent	The "RL" Rural Living District provides for overall low density by allowing farms and ranches and clustered development with open space and is designed to dovetail with allowed County residential densities.
Permitted Uses (res.)	Single-family
Conditional Uses (res.)	None
Min Lot Size	None
Lot Coverage	None
Setbacks (F,R,S,C)	25, 20, 10, 20
Height	35

4-4-4.2 -- "R-1" Very Low-Density District

Intent	The "R-1" Very Low-Density District provides for overall very low-density residential development.
Permitted Uses (res.)	Single-family
Conditional Uses (res.)	None
Min Lot Size	43,560 SF
Lot Coverage	None
Setbacks (F,R,S,C)	25, 20, 10, 20
Height	35

4-4-5 -- "R-1A" Large Estate District And "R-1B" Small Estate District.

Intent	The "R-1A" Large Estate District and "R-1B" Small Estate District are intended to provide an area of large single-family residential lots with a semi-rural environment.
Permitted Uses (res.)	Single-family
Conditional Uses (res.)	None
Min Lot Size	R-1A -- 21,780 SF (1/2 acre) R-1B – 14,520 SF (1/3 acre)
Lot Coverage	None
Setbacks (F,R,S,C)	25, 20, 10, 20
Height	35

4-4-6 -- "R-2" Low-Density District

Intent	The "R-2" Low Density District is intended to provide a quiet, low-density development for single-family residences. Environmental protection is provided by allowing only single-family residences along with certain other compatible land uses.
Permitted Uses (res.)	Single-family
Conditional Uses (res.)	None
Min Lot Size	7,500 SF
Lot Coverage	None
Setbacks (F,R,S,C)	25, 20, 6, 20
Height	35

4-4-7 -- "R-3" Medium-Density District

Intent	The "R-3" Medium Density District is intended to provide an area which is suitable for single-family homes and duplexes. The district provides for other uses which are compatible with such uses.
Permitted Uses (res.)	Single-family and Duplexes
Conditional Uses (res.)	Multi-family
Min Lot Size	Single-family – 6,250 SF All others – 9,375 SF
Lot Coverage	None
Setbacks (F,R,S,C)	Single-family – 15, 25, 5, 15 All others – 15, 25, 5, 15
Height	35

4-4-7.1 -- "R-3A" Medium High-Density District

Intent	The "R-3A" Medium High-Density District is intended to provide an area which is suitable for single-family homes, duplexes and multifamily residences with intermediate overall density. This district provides for other uses which are compatible with such residential uses.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family
Conditional Uses (res.)	None
Min Lot Size	Single-family – 6,250 SF Duplex – 9,375 SF All others - > 9,375 SF or 2,900 SF/unit
Lot Coverage	None
Setbacks (F,R,S,C)	Single-family – 15, 25, 5, 15 Duplex – 15, 25, 5, 15 All others – 15, 20, 10, 15
Height	35

4-4-8 -- "R-4" High Density District

Intent	The "R-4" High Density District is intended to provide for high density multiple-family residences and to allow variable densities. This allows variety in the types of residences.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family
Conditional Uses (res.)	None
Min Lot Size	Single-family – 6,250 SF Duplex – 9,375 SF All others - > 9,375 SF or 2,300 SF/unit
Lot Coverage	None
Setbacks (F,R,S,C)	Single-family – 15, 25, 5, 15 Duplex – 15, 25, 5, 15 All others – 15, 20, 10, 15
Height	35

4-4-8.1 -- "R-5" Low Density/Manufactured Housing District

Intent	The "R-5" Low Density/Manufactured Housing District is intended to provide a quiet, low-density development for single-family residences. Environmental protection is provided by allowing only single-family

	residences with certain other compatible land uses. Manufactured housing meeting the performance standards of Subsection (D) of this Section is allowed.
Permitted Uses (res.)	Single-family
Conditional Uses (res.)	None
Min Lot Size	12,500 SF
Lot Coverage	None
Setbacks (F,R,S,C)	25, 20, 10, 20
Height	35

4-4-8.2 -- "R-6" Medium Density/Manufactured Housing District

Intent	The "R-6" Medium Density/Manufactured Housing District is intended to provide a quiet, medium-density development for single-family residences and duplexes. Manufactured housing meeting the performance standards of Subsection (D) of this Section is allowed.
Permitted Uses (res.)	Single-family and Duplexes
Conditional Uses (res.)	None
Min Lot Size	Single-family – 6,250 SF All others – 9,375 SF
Lot Coverage	None
Setbacks (F,R,S,C)	Single-family – 25, 20, 6, 20 All others – 25, 20, 6, 20
Height	35

4-4-9 -- "MHR" Manufactured Housing Residential District

Intent	This district is intended to provide a suitable environment for single-family conventional and mobile homes and is designed to allow a high density of single-family residences and related uses.
Permitted Uses (res.)	Single-family
Conditional Uses (res.)	None
Min Lot Size	6,250 SF
Lot Coverage	None
Setbacks (F,R,S,C)	12, 10, 5, 12 (front or side setback shall be a min of 20')
Height	35

4-4-10 -- "OR" Office-Residential District

Intent	The "OR" Office-Residential district is intended to allow for a mix of offices and residences in areas adjacent to commercial zones or in areas in transition from residential to commercial uses.
Permitted Uses (res.)	Single-family and Duplexes
Conditional Uses (res.)	Multi-family
Min Lot Size	Single-family – 6,250 SF Duplex – 6,250 SF All others – 6,250 SF
Lot Coverage	None
Setbacks (F,R,S,C)	Single-family – 15, 15, 5, 15 Duplex – 15, 15, 5, 15 All others – 15, 15, 5, 15
Height	35

4-4-11.1 -- "P" Public District

Intent	The Public district provides public recreation facilities, government buildings and facilities, events or conference centers, schools libraries, and other public lands and buildings. Uses are of a public, nonprofit, or charitable nature and provide a local service to the people of the community on a regular basis.
Permitted Uses (res.)	None
Conditional Uses (res.)	Single-family and Multi-family
Min Lot Size	None
Lot Coverage	None
Setbacks (F,R,S,C)	None
Height	None

4-4-12 -- "B-1" Central Business District

Intent	The "B-1" Central Business District is intended as a shopping and business center for the City and surrounding area. The most intensive commercial use of buildings and land is encouraged with parking primarily of public concern. No off-street parking is required, except where otherwise specified. This district is oriented to pedestrian traffic.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family[93]
Conditional Uses (res.)	None
Min Lot Size	None
Lot Coverage	None
Setbacks (F,R,S,C)	None
Height	None

4-4-13 -- "B-2" Highway Commercial District

Intent	The "B-2" Highway Commercial District is intended to provide for business oriented toward serving the motoring public. This district provides for the convenient exchange of goods and services along the major thoroughfares of the City.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family
Conditional Uses (res.)	None
Min Lot Size	5,000 SF
Lot Coverage	None
Setbacks (F,R,S,C)	15, n/a, n/a, 15
Height	n/a

4-4-13.1 -- "B-2A" Regional Commercial District

Intent	B-2A" Regional Commercial District is intended for a full spectrum of retail and services uses including both convenience goods and general merchandise.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family
Conditional Uses (res.)	None
Min Lot Size	5,000 SF
Lot Coverage	None
Setbacks (F,R,S,C)	15, n/a, n/a, 25
Height	35

4-4-14 -- "B-3" General Commercial District

Intent	The "B-3" General Commercial District is intended for a large variety of uses that require large storage areas to conveniently serve customers.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family
Conditional Uses (res.)	None
Min Lot Size	5,000 SF
Lot Coverage	None
Setbacks (F,R,S,C)	15, n/a, n/a, 25
Height	35

4-4-15 -- "B-4" Neighborhood Shopping District

Intent	The "B-4" Neighborhood Shopping District is intended to provide for retail shopping and services on a parcel or parcels of land collectively no greater than approximately five acres in size, with a convenient location relative to residential neighborhoods.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family
Conditional Uses (res.)	None
Min Lot Size	None
Lot Coverage	None
Setbacks (F,R,S,C)	15, n/a, n/a, 25
Height	35

4-4-17-- "I-1" Light Industrial District

Intent	The purpose of the "I-1" Light Industrial District is to accommodate a limited group of research, manufacturing uses, and transportation hub. This promotes the creation and maintenance of an environment which will serve the mutual interests of the community as a whole, of any adjacent residential areas and of the occupants of the industrial park area.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family[94]
Conditional Uses (res.)	None
Min Lot Size	21,780 SF (1/2 acre)
Lot Coverage	None
Setbacks (F,R,S,C)	15, n/a, n/a, 25
Height	n/a

4-4-18 -- "I-2" General Industrial District

Intent	The "I-2" General Industrial District allows most industrial and manufacturing uses, provided that they do not create a nuisance to other property by reasons of dust, odor, noise, light, smoke, or vibration or other adverse effects which cannot be effectively confined on the premises.
Permitted Uses (res.)	Single-family, Duplexes & Multi-family
Conditional Uses (res.)	None
Min Lot Size	21,780 SF (1/2 acre)
Lot Coverage	None
Setbacks (F,R,S,C)	15, n/a, n/a, 25
Height	n/a

4-4-19 -- "REDO" Redevelopment Overlay Zoning District

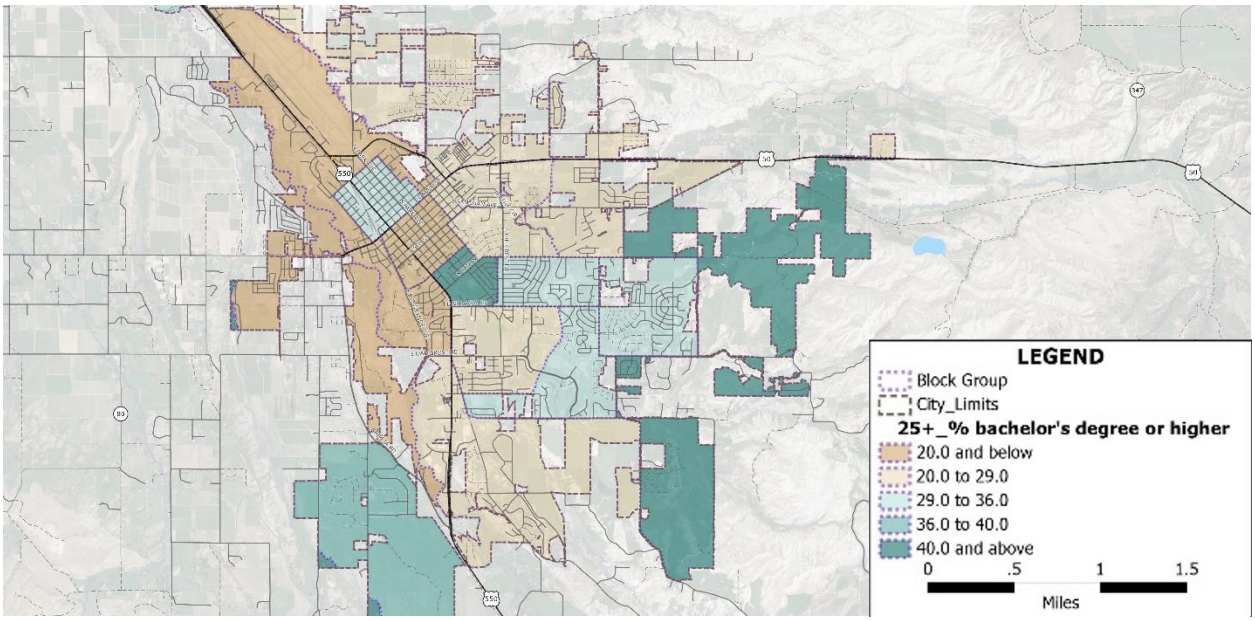
- Pros – opportunity for ADUs with performance standards.
- Recommendations – look for opportunities to make sure that the Redevelopment Overlay Zoning District ties back to underlying zoning districts.

4-4-20 -- Uncompahgre River Buffer Overlay Zone

- Most of the requirements are related to high water marks and riparian vegetation.
- No specific recommendations in terms of housing.

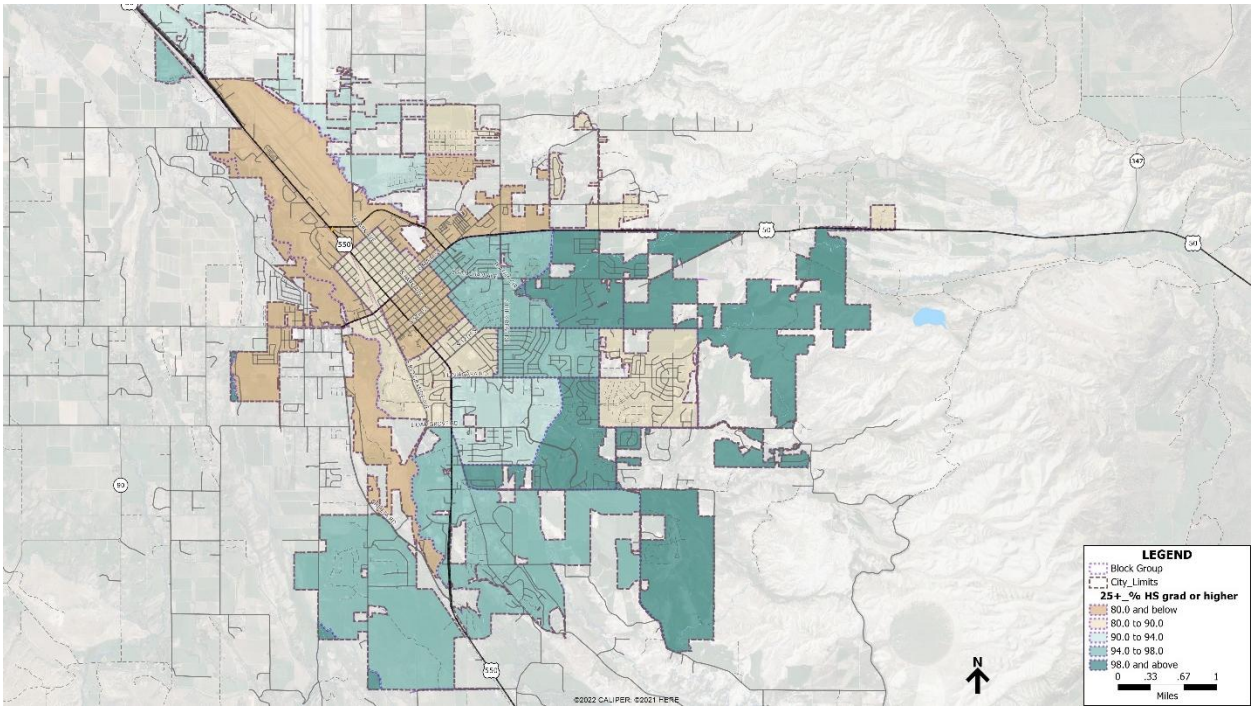
Appendix B – Additional Maps

Figure 103: College Graduates by Block Group



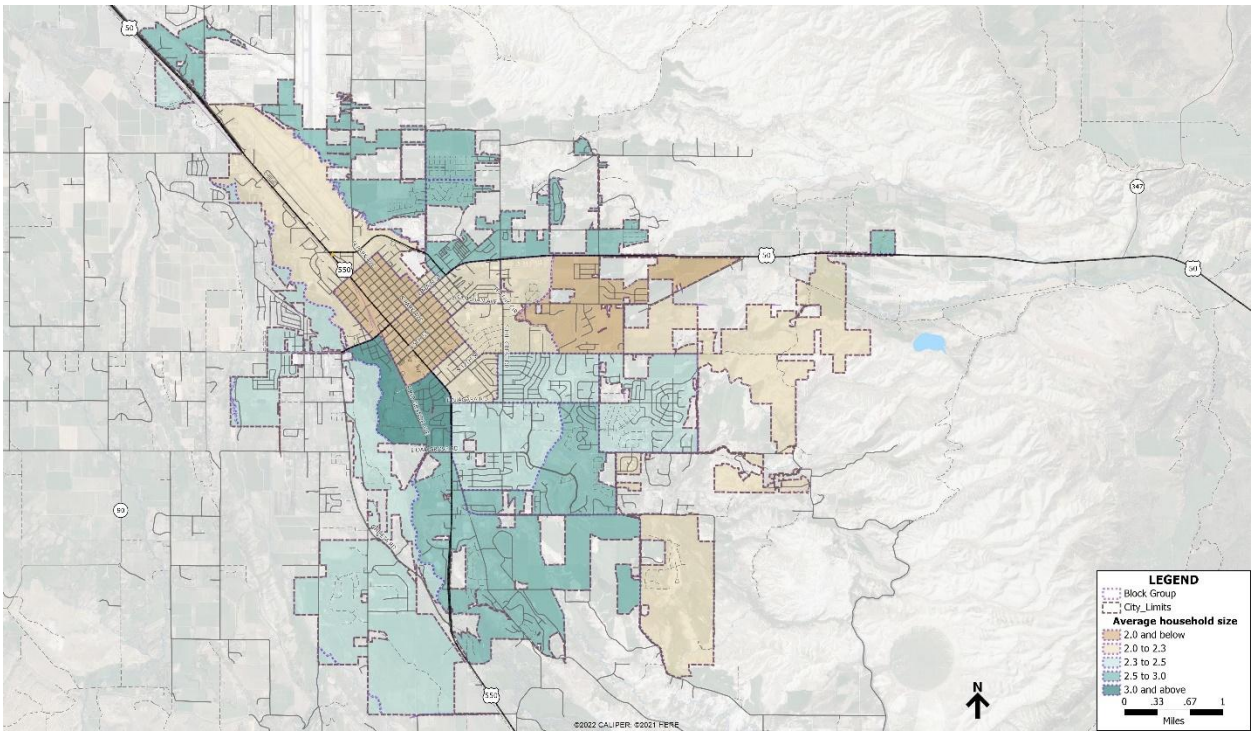
Source: U.S. Census Bureau - Percent bachelor's degree or higher: Total population 25 years and over - 2020 5-Year ACS: DP2067

Figure 104: High School Graduates by Block Group



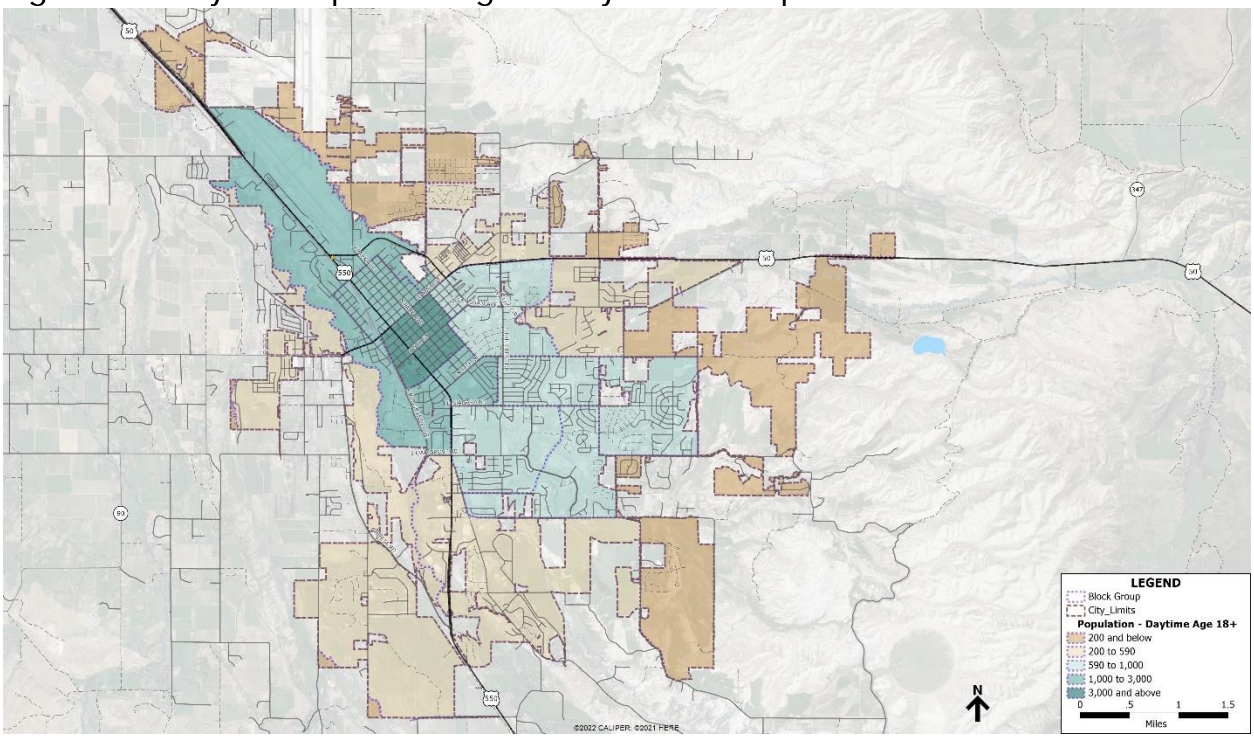
Source: U.S. Census Bureau - Percent high school graduate or higher: Total population 25 years and over - 2020 5-Year ACS: DP2066

Figure 105: Average Household Size by Block Group



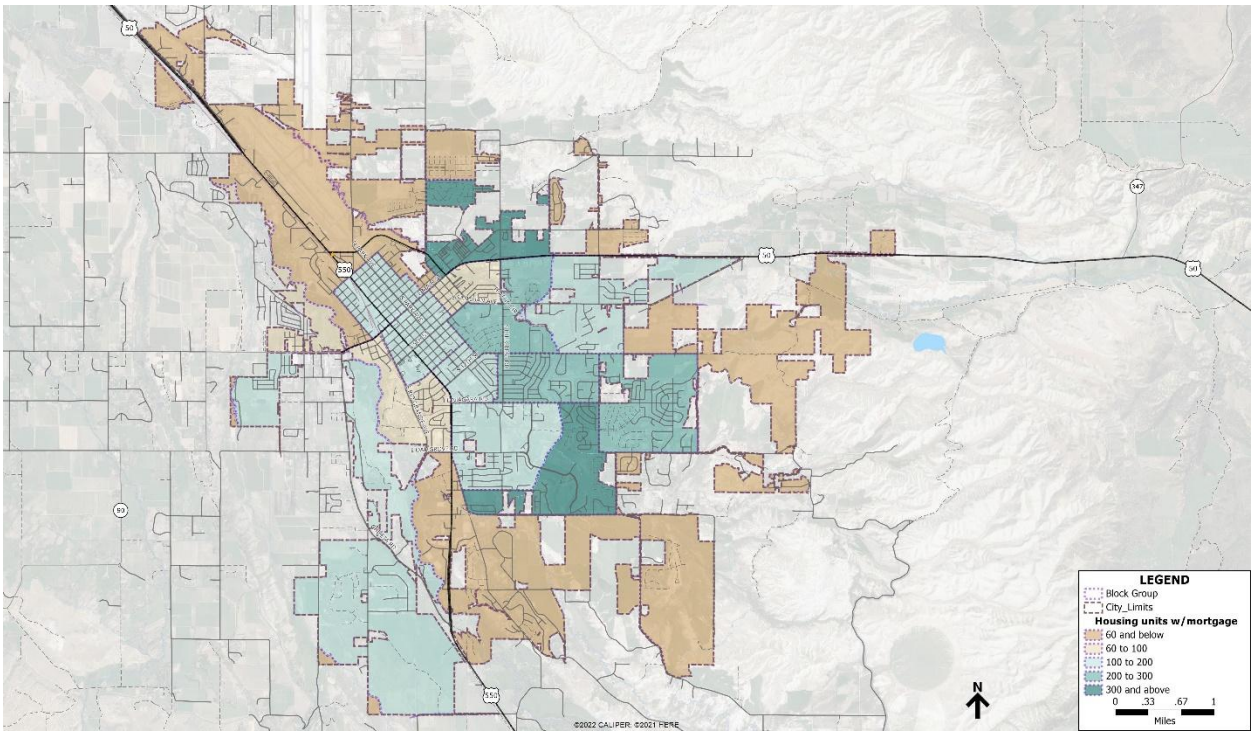
Source: U.S. Census Bureau - Average household size - 2020 5-Year ACS: DP2015

Figure 106: Daytime Population Age 18+ by Block Group



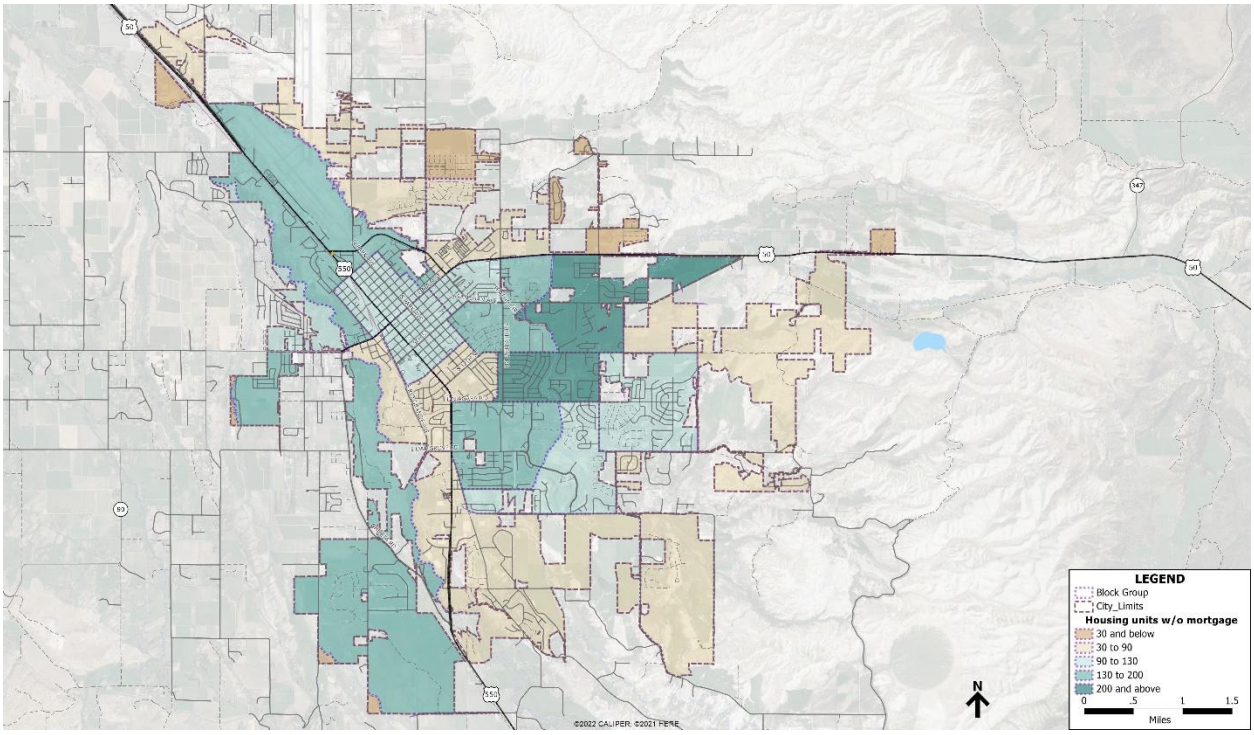
Source: Daytime Population 18 years and over - Estimated by Calipe

Figure 107: Housing Units with a Mortgage by Block Group



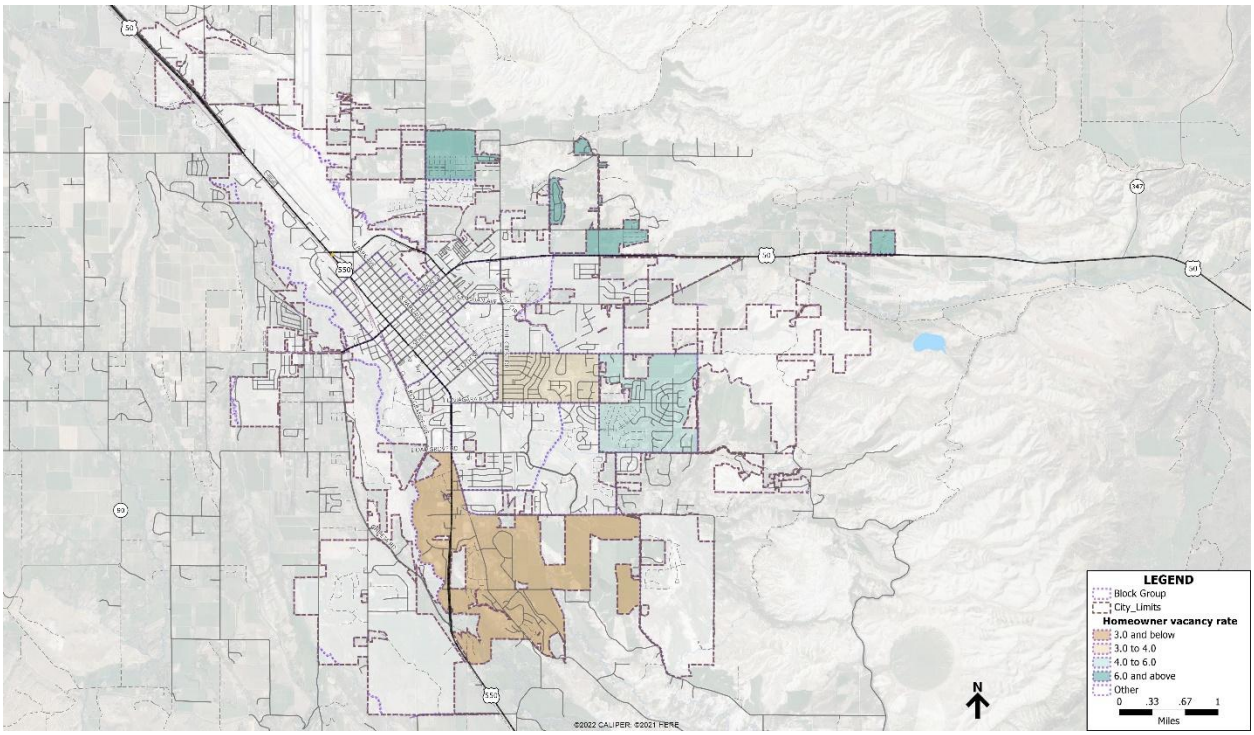
Source: U.S. Census Bureau - Housing units with a mortgage - 2020 5-Year ACS: DP4092

Figure 108: Housing Units without a Mortgage by Block Group



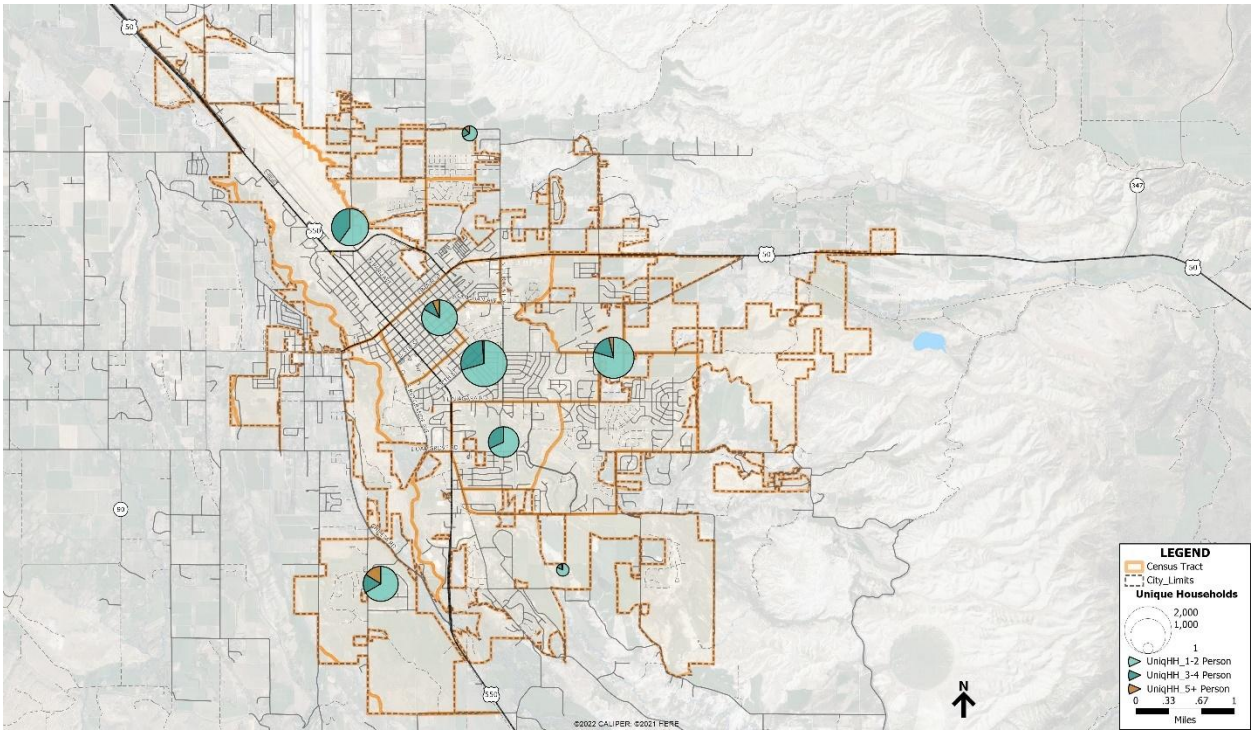
Source: U.S. Census Bureau - Housing units without a mortgage - 2020 5-Year ACS: DP4101

Figure 109: Vacancy Rate for Owner-Occupied Homes by Block Group



Source: U.S. Census Bureau - Homeowner vacancy rate - 2020 5-Year ACS: DP4004

Figure 110: Unique Households per Census Tract

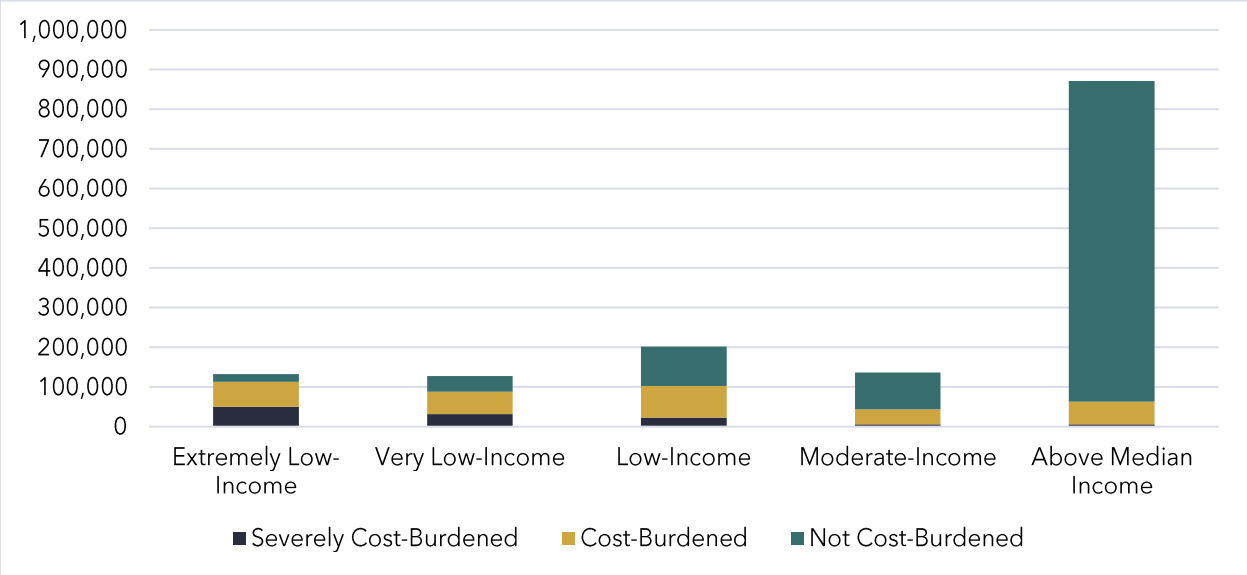


Source: U.S. Census Bureau - Homeowner vacancy rate - 2020 5-Year ACS

Appendix C – Detailed Data

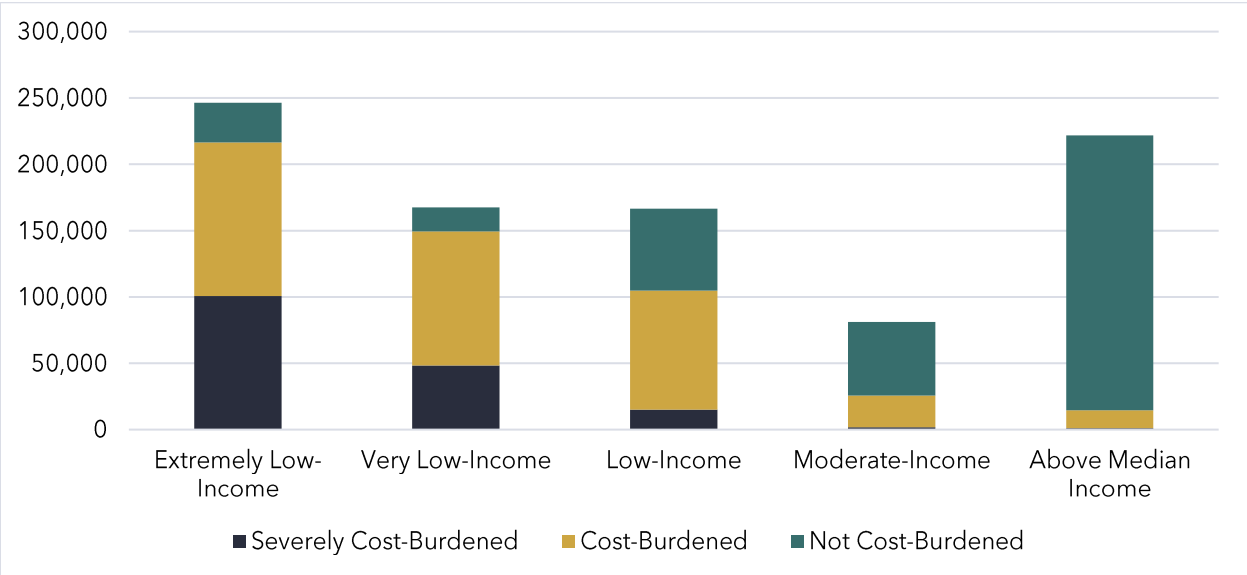
Additional Figures

Figure 111: Colorado Owners' Housing Cost-Burden by AMI



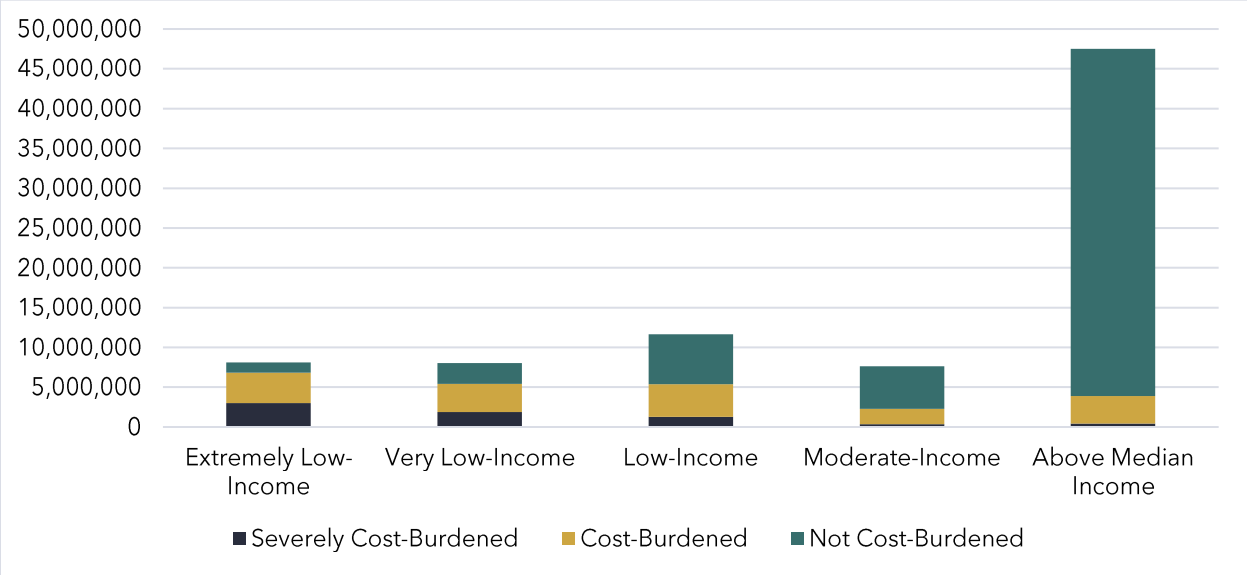
Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Figure 112: Colorado Renters' Housing Cost-Burden by AMI



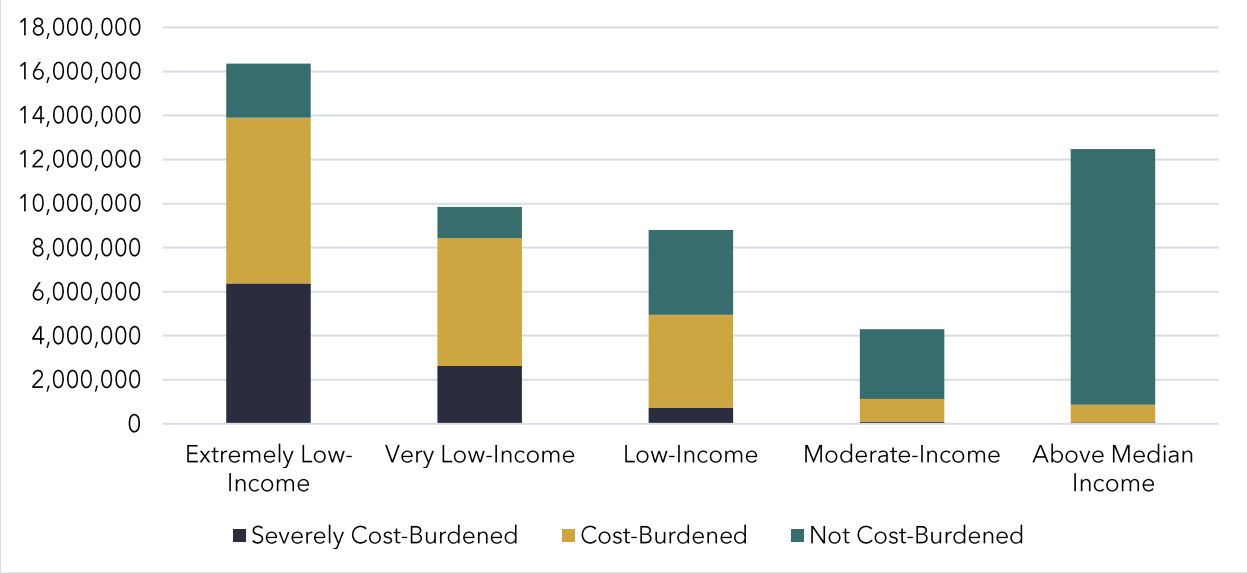
Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Figure 113: US Owners' Housing Cost-Burden by AMI



Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Figure 114: US Renters' Housing Cost-Burden by AMI



Source: Housing & Urban Development Comprehensive Housing Affordability Strategy Data, 2014-2018

Tapestry Group Descriptions

Down the Road – Family-oriented and young, and they tend to work in service, retail trade, manufacturing, and construction.

Southern Satellites – Slightly older and settled married-couple families who own their homes. Most homes are single family, but a third are mobile homes. They have below average median household incomes, and work in a variety of industries such as

manufacturing, retail trade, health care, and have higher than average proportions in mining and agriculture than the rest of the nation. They prefer DIY projects and outdoor living.

The Great Outdoors – Educated empty nesters, with incomes slightly above the national level, who live an active but modest lifestyle. They are focused on land and are likely to invest in real estate or a vacation home. They are avid gardeners and are partial to home-cooked meals. Although close to retirement, many of these residents will choose to still work.

Comfortable Empty Nesters – Residents who are professionals working in government, health care, or manufacturing. They have above average net worths, most households are aged 55 or older, and many are enjoying the transition from child rearing to retirement.

Middleburg – Middle of the road in terms of age, and income, and tend to have children living at home.

Prairie Living – Comprise 1.2% of households and are the most rural market in Esri's Tapestry Segmentation. These married-couple families live in agricultural communities. Their median household incomes are similar to the US, and they prefer outdoor activities.

Midlife Constants – Seniors who are retired or close to retirement, with an above average net worth, and below average labor force participation. They tend to live in smaller communities outside the central cities. They are generous, but do not like to squander.

Salt of the Earth – Older residents who are entrenched in their traditional rural lifestyles and embrace the outdoors. The majority has at least a high school education or some college and many are employed in manufacturing and related industries.

Retirement Communities – These communities are a combination of single-family homes and independent living with apartments, assisted living, and nursing facilities. These residents have incomes and net worth below national averages, but they take pride in their fiscal responsibility and keep a close eye on their finances.

Set to Impress – Young residents that are 20 to 34 years old and live alone in large multiunit apartments with lower than average rents. Many are attending college currently and work in food service.

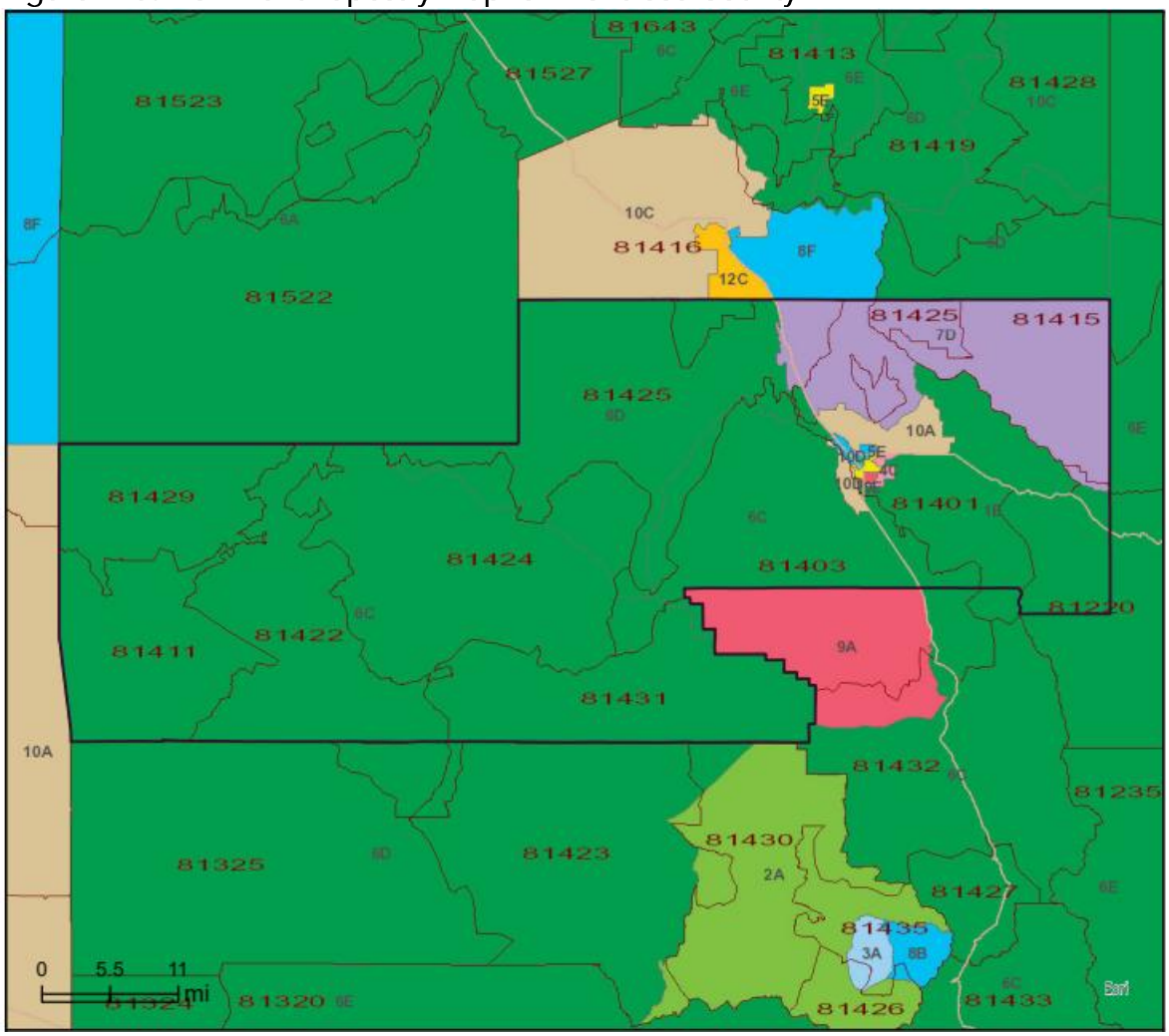
Small Town Sincerity – Includes young families and senior householders that are bound by community ties. They tend to live a semirural lifestyle and keep their finances simple by paying bills in person and avoiding debt.

Front Porches – Blend of households with more single families and young families with children than average. Most rent their homes, and many of these homes are duplexes or older town homes. Family and friends are central to them and influence household buying decisions.

Old and Newcomers – Mainly composed of renters who are either just beginning their careers or are close to retirement. Some are in college, while others may be taking adult education courses. They are environmentally conscious and like to support charity causes.

Montrose County Tapestry Segmentation Details

Figure 115: Dominant Tapestry Map for Montrose County



Source: Esri Dominant Tapestry Maps

The population distribution of these tapestry segmentations is detailed in Tables 51 and 52, and the geographic distribution is displayed in the color-coded map in Figure 115. Each color represents a larger category that includes multiple Tapestry Segments. The dominant groups in Montrose County are "Cozy Country", "Sprouting Explorers", and "Rustic Outposts".

The Cozy Country LifeMode group is composed primarily of empty nesters who are politically conservative and have a variety of income levels. These groups inhabit the majority of the territory of Western Colorado. The Sprouting Explorer group includes young households with families who tend to be multilingual and multigenerational. Such households are concentrated in the northeastern regions of the County. The Rustic Outposts group, which covers the outskirts of the City of Montrose, includes older families living in older single-family or mobile homes.

Table 51: Tapestries Segmentation Distribution for Montrose County

Tapestry Segment	Montrose County	Colorado	U.S.
Down the Road (10D)	11.2%	1.4%	1.2%
Southern Satellites (10A)	11.0%	0.7%	3.1%
The Great Outdoors (6C)	10.9%	2.0%	1.5%
Comfortable Empty Nesters (5A)	9.4%	1.7%	2.4%
Middleburg (4C)	8.1%	2.3%	3.1%
Prairie Living (6D)	8.1%	1.1%	1.0%
Midlife Constants (5E)	6.9%	1.6%	2.4%
Salt of the Earth (6B)	4.2%	0.2%	2.8%
Retirement Communities (9E)	3.6%	1.3%	1.2%
Set to Impress (11D)	3.5%	2.0%	1.4%
Grand Total	**76.9%**	**14.3%**	**20.1%**

Source: Esri Business Analyst

Table 51 displays the ten most represented Tapestry Segmentations found in Montrose County. These tapestries make up 77% of all households and show a diverse mix of young and older households with varying household incomes, and a general interest in the outdoors. The top three tapestry segments, Down the Road (11.2%), Southern Satellites (11.0%) and The Great Outdoors (10.9%) display considerable diversity of age, income levels, and occupancy norms.

- **Down the Road** populations are family-oriented and young, and they tend to work in service, retail trade, manufacturing, and construction.
- **Southern Satellites** tend to be slightly older, married homeowners, with below average median household incomes and home values. They are usually employed in manufacturing, retail, and construction.
- **The Great Outdoors** are educated empty nesters that are likely to invest in real estate or a vacation home. They are close to retirement age, but most of these residents still work, and have incomes above the US median.

Table 52: National-Level Characteristics of Montrose County Tapestry Segments

Rank	Tapestry Segments	Median HH Income	Median Age	Avg. HH Size	Median Home Value	% Own Home	Typical Housing Types
1	Down the Road (10D)	$38,700	35.0	2.76	$89,800	65.2%	Mobile Homes; Single Family
2	Southern Satellites (10A)	$47,800	40.3	2.67	$128,000	77.7%	Single Family; Mobile Homes
3	The Great Outdoors (6C)	$56,400	47.4	2.44	$239,500	77.5%	Single Family
4	Comfortable Empty Nesters (5A)	$75,000	48.0	2.52	$203,400	86.9%	Single Family
5	Middleburg (4C)	$59,800	36.1	2.75	$175,000	73.4%	Single Family

Source: Esri Business Analyst

Endnotes

[1] By HUD definitions, "housing costs" include just rent or mortgage but not utilities such as water, sewer, refuse removal and internet, which are generally excluded from rental costs in most leases. In short, if the amounts households pay to other housing-related costs were included the cost-burdened statistics would be driven even higher than what is published here.
[2] DJ Summers, "Colorado has some of the biggest housing shortages", January 18, 2023, https://kdvr.com/news/data/colorado-has-some-of-the-biggest-housing-shortages/.
[3] Andrew Kenney, "Proposition 123: Dedicate tax revenue to affordable housing", CPR News, 2022, https://www.cpr.org/2022/10/17/vg-2022-colorado-proposition-123-affordable-housing-income-tax/
[4] "Proposition 123 Concepts," Colorado Department of Local Affairs, https://cdola.colorado.gov/proposition-123-concepts, accessed April 24, 2023.
[5] Tatiana Flowers and Jesse Paul, "Colorado voters approve ballot measure setting aside nearly $300 million each year for affordable housing", The Colorado Sun, November 14, 2022, https://coloradosun.com/2022/11/14/affordable-housing-colorado-prop-123-results/,
[6] "Proposition 123 Concepts," Colorado Department of Local Affairs, https://cdola.colorado.gov/proposition-123-concepts, accessed April 24, 2023.
[7] Debbie Kelley, "New southeast Colorado Springs affordable housing complex intended as a 'connection with the community'", The Gazette, April 4, 2023, https://gazette.com/news/first-affordable-housing-project-using-tax-increment-financing-gets-underway-in-southeast-colorado-springs/article_c6a83b54-d311-11ed-8c0e-631f4f39a36c.html.
[8] "HB23-1255, Regulating Local Housing Growth Restrictions: Concerning preemption of local regulations limiting the number of building permits issued for development.", Accessed May 25, 2023, https://leg.colorado.gov/bills/hb23-1255
[9] "2022 Housing Underproduction in the U.S.", Up For Growth, 2022, https://upforgrowth.org/apply-the-vision/housing-underproduction/
[10] Suzanne Cheavens, "New housing program launched: Town will pay homeowners to deed restrict property", Telluride Daily Planet, 2021, https://www.telluridenews.com/news/article_c79c82c6-e688-11eb-b3a7-0745a34dd31f.html
[11] "Deed-restricted homeownership", Local Housing Solutions, https://localhousingsolutions.org/housing-policy-library/deed-restricted-homeownership/#:~:text=Development%2C%20Nonprofit%20Organization-,Overview,inclusionary%20housing.%20or%20affordability%20incentive
[12] U.S. Department of Housing and Urban Development, Picture of Subsidized Households, 2021.
[13] "Montrose County needs 2,660 more workforce housing units by 2032, says Region 10 study", Montrose Press, 2023, https://www.montrosepress.com/news/montrose-county-needs-2-660-more-workforce-housing-units-by-2032-says-region-10-study/article_0de9edda-c1d0-11ed-96cf-0b66d2fc78a8.html
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