Hinsdale County Comprehensive Housing Plan

2025

This page intentionally left blank.

About This Plan

This plan is a **guiding framework** for the Town of Lake City and Hinsdale County. The strategies here grew out of four public joint sessions, three steering group meetings with more than 20 community members, over 20 working group sessions, and surveys of 97 households and 22 employers. It is broad on purpose—laying out a full range of options so the community can choose which to pursue as opportunities arise.

Adoption does not commit the Town or County to every action in these pages. Each strategy requires its own legislative step—an ordinance, code change, resolution, or ballot measure—before taking effect.

The plan will be **reviewed and adapted** through quarterly joint sessions, annual reviews, and continued community input. Strategies may be reprioritized, changed, or set aside as conditions shift.

The expectation is progress, not perfection—pursue actions as capacity, funding, and community priorities allow.

Acknowledgments

This plan was developed through a collaborative effort involving elected officials, community stakeholders, and planning professionals. Funding was provided by a grant from the Colorado Department of Local Affairs.

> *"A home anchors us in community, where we find connection, protection, and respect."*

Housing Strategy Working Group

Kristie Borchers
Tim Crist
Ingrid Burnett
Andy Dozier
Arlene Gonzalez
RE Hall
Rebecca Hall
Sandy Hines
Harry MacKendrick
Lucas Martin
Michelle Martin
Alexander Mulhall
Mary Nettleton
Michelle Pierce
Dave Roberts
Bruce Vierheller
Lily Virden
Patrick Woods
Nathan Wuest

Town of Lake City Board of Trustees

Dave Roberts, Mayor • Henry Woods
Landon Whinnery • Jesse Kendall
Diane Bruce • Nathan Wuest • Jodi Linsey

Hinsdale County Commissioners

Greg Levine, Chair
Kristine Borchers • Robert Hurd

Consultant Team

Western Spaces, LLC
Dynamic Planning + Science
Proximity Green
Triple Point Strategic Consulting

Community Participation

We thank the 97 households and 22 employers who participated in surveys, sharing their experiences to inform this plan.

> *"Thanks for addressing this issue—it is a crucial issue for the continued health of our community and I know there has been a lot of work put in."*
> — 2025 Employer Survey Respondent

Contents

Chapter 1

Welcome and Purpose

The Lake City and Hinsdale County Comprehensive Affordable Housing Plan represents a collaborative effort between the Town of Lake City, Hinsdale County, and a team of Colorado-based specialists to address the community's pressing housing challenges. This initiative emerges from growing recognition that housing availability and affordability directly impact economic vitality, community resilience, and quality of life in rural mountain communities. The study addresses housing needs across Hinsdale County, reflecting the regional nature of the housing market and workforce dynamics.

The purpose of this plan is to move "beyond planning to implementation" by developing actionable strategies that bridge the gap between housing goals and tangible results.

This housing plan is fundamentally oriented toward building and sustaining Hinsdale County's year-round community. While seasonal workforce housing needs are acknowledged and addressed where appropriate, our primary focus is developing housing solutions that strengthen the permanent resident base essential for community vitality. By focusing on housing that supports community stability and economic resilience, this approach seeks to reduce overdependence on seasonal labor patterns by strengthening the year-round workforce foundation that enables Hinsdale County to function as a thriving, sustainable community rather than simply a seasonal destination.

This plan builds upon previous work, including the 2024 rental housing study and other recent housing initiatives, while providing a fresh perspective focused on market viability, financial feasibility, and concrete development opportunities. By integrating market analysis with implementation strategies, the plan aims to create a roadmap for sustainable housing development that aligns with the Town's and County's unique characteristics and constraints.

Figure 1.1: Lake City, nestled in the San Juan Mountains, is the only incorporated municipality in Hinsdale County. Photo: Town of Lake City

1.1 Hinsdale County's Unique Housing Challenges

1.1.1 Geographic Constraints

Figure 1.2: The San Juan Mountains define Hinsdale County's dramatic landscape and limit developable land. Photo: Wikimedia Commons (CC BY-SA 3.0)

Hinsdale County faces geographic limitations that impact housing development potential. With approximately 96% of land under federal ownership (primarily managed by the U.S. Forest Service and Bureau of Land Management), the available land for private development is extremely limited. This constraint fundamentally shapes the community's approach to housing, requiring creative solutions that maximize the utility of available parcels while respecting the natural environment that defines the region's character and appeal.

1.1.2 Remote Location Considerations

Hinsdale County holds the distinction of being the most remote county in the lower 48 states, creating unique challenges for housing development and economic sustainability. This remoteness affects construction costs, material availability, workforce access, and infrastructure development, all of which influence housing affordability and feasibility. The limited transportation corridors and seasonal access restrictions further complicate housing solutions, requiring strategies that acknowledge and address these challenges.

The remote location also creates a distinctive housing market dynamic, where traditional market forces operate differently than in more accessible communities. Solutions that work in other mountain communities may require adaptation to succeed in Hinsdale County's isolated context, necessitating a tailored approach that accounts for these circumstances.

1.1.3 Seasonal Economy Dynamics

Hinsdale County's economy experiences significant seasonal fluctuations, creating variable housing demands throughout the year. The summer tourism season generates peak employment and housing needs, while winter months see reduced economic activity and different housing pressures. This seasonality creates challenges for year-round housing stability and affects the financial viability of housing developments that must remain sustainable despite these fluctuations.

The seasonal nature of the economy also influences income patterns, affordability thresholds, and the types of housing solutions that will effectively serve the community. Workforce housing needs must accommodate seasonal workers while also addressing the requirements of year-round residents who provide essential community services regardless of season.

1.2 Approach and Methodology

> **Why this approach matters:** Rather than producing another study that sits on a shelf, this plan speaks the language of developers, funders, and decision-makers. Every recommendation is paired with a funding pathway and implementation steps.

This housing plan employs a market-driven, implementation-focused methodology designed to produce actionable recommendations rather than simply cataloging needs. The approach includes:

Market Demand Analysis: This plan employs a targeted market demand analysis that offers several advantages for Lake City and Hinsdale County. By concentrating on market viability and economic feasibility, recommendations are inherently actionable. This market-driven approach speaks the language of developers and investors, calibrates solutions to Hinsdale County's true capacity, and directly supports applications for funding by demonstrating market-backed viability.

Stakeholder Collaboration: Working closely with Town and County leadership, residents, businesses, and community organizations through a housing working group to ensure recommendations reflect genuine community needs and priorities.

Data-Driven Decision Making: Integrating quantitative data from market analysis with qualitative insights from community engagement to create a nuanced understanding of housing challenges and opportunities.

Revenue Feasibility Assessment: Comprehensive evaluation of local, state, and federal funding sources to support identified housing needs. This includes analysis of local revenue generation capacity (property taxes, STR fees, etc.), partnership opportunities, and alignment with state funding programs like Proposition 123. This assessment ensures recommendations are matched with realistic funding pathways rather than creating unfunded mandates.

Implementation Focus: Prioritizing actionable recommendations alongside comprehensive analysis, with clear pathways from planning to execution. Identifying key constraints and issues to address local housing shortages, and how to address the housing market holistically through policy, funding and projects.

Financial Feasibility: Developing detailed financial models for priority projects, including the Lake Fork development, to ensure recommendations are economically viable and sustainable.

This methodology is designed to be both practical and adaptable, acknowledging the unique constraints and opportunities present in Lake City while maintaining a steadfast focus on implementation.

1.3 Public Engagement Process

This housing plan was developed through an inclusive engagement process designed to gather input from diverse community members, including those most affected by housing challenges. The engagement approach met the requirements of SB24-174 for Housing Action Plans while recognizing the practical constraints of a small, remote community.

Housing Strategy Working Group: A community stakeholder group was convened to guide plan development. The working group included representation from Town and County leadership, local employers, service providers, and community members. The group met regularly throughout the planning process to review data, discuss priorities, and refine strategies.

Community Surveys: Two surveys gathered direct input from residents and employers:

- **Household Survey (2025):** 97 responses representing approximately 26% of year-round households—an exceptional response rate for community surveys. The survey documented housing conditions, affordability challenges, housing preferences, and displacement experiences. Notably, the survey included questions specifically designed to identify households at risk of displacement and those experiencing housing instability.
- **Employer Survey (2025):** 22 responses covering a majority of the county's employers. The survey documented workforce housing needs, recruitment challenges, and employer contributions to housing solutions.

Bi-Weekly Technical Calls: Over 20 bi-weekly coordination calls between the consulting team, community members, and Town and County representatives ensured continuous engagement and real-time adjustment of plan elements based on emerging information.

Joint Sessions with Elected Officials: Town Trustees and County Commissioners participated in four joint working sessions to review findings, discuss strategy options, and make implementation decisions. These sessions ensured alignment between the planning process and the governing bodies responsible for adoption.

Engagement with At-Risk Populations: Rather than traditional public meetings that often fail to reach vulnerable populations, the survey-based approach enabled participation from households experiencing housing instability. Survey questions specifically asked about displacement experiences, housing security concerns, and affordability challenges—capturing perspectives that public hearings often miss. Nine percent of respondents reported recent displacement, and another nine percent expressed concerns about housing stability, directly informing the plan's anti-displacement strategies.

How Input Shaped the Plan: Community engagement directly influenced key plan elements including the focus on year-round housing over seasonal workforce housing, the priority on rental development to address zero percent vacancy, the emphasis on anti-displacement protections, and the selection of revenue strategies that balance community burden with housing needs.

1.4 How This Document Will Evolve and Be Used

Rather than serving as a static report that sits on a shelf, this document is intended to function as a dynamic tool that guides ongoing decision-making and adapts to changing conditions and opportunities.

While this plan is designed as a living document, housing markets and funding environments change rapidly - particularly in small, volatile markets like Hinsdale County. Key data points that drive our recommendations have specific shelf lives:

- Market data (prices, rents, inventory): 6-12 months in this volatile market
- Funding program requirements (Prop 123, CHFA, HUD income limits): Annual updates
- Economic conditions (employment, wages, AMI): 1-2 years typically, but can shift rapidly
- Regulatory environment: Subject to legislative and policy changes

The strategies and opportunities identified in this plan should be pursued within 12-18 months of adoption to ensure alignment with current market and funding conditions. After that timeframe, key sections - particularly revenue feasibility, market pricing, and funding source analysis - will require updating to reflect changed conditions. This is not a plan to put on the shelf. It's designed for immediate action while conditions remain favorable. Delaying implementation beyond this window will likely require substantial strategy recalibration.

While the specific housing market data will change over time, the fundamentals of addressing the housing market imbalances will remain long after this report is issued – and we expect that the fundamental lessons and recommendations will be appropriate and actionable long after this initial effort is complete.

Chapter 2

Existing Conditions

Existing Conditions at a Glance

774 residents call Hinsdale County home year-round, but **72% of housing units sit vacant** most of the year—the highest rate in Colorado. The median age of 55 years is nearly two decades older than the state average, signaling a community at risk of losing its working-age population.

- 380 year-round households compete for housing with 985 seasonal/vacant units
- 77% of residents view housing availability as a serious or critical problem
- 47% of workers commute in daily—they cannot find housing here
- Population declined 8% since 2010—the community is shrinking while housing sits empty

2.1 Demographic Trends

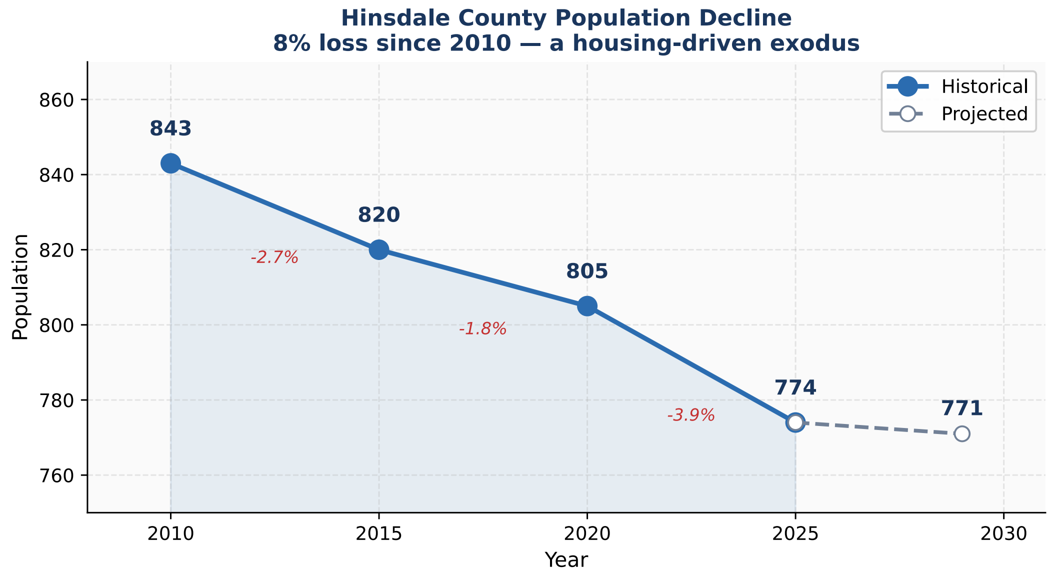
2.1.1 Population Profile

Hinsdale County has approximately 774 residents (2025 forecast), with about 68% living within Lake City limits. The remaining 32% of county residents (approximately 247 people) live in unincorporated areas throughout Hinsdale County, including:

- Lake San Cristobal area - The largest concentration outside town limits, with seasonal and year-round homes around the lake
- Rural residential properties - Scattered throughout the county on larger parcels, often historic mining claims or ranch properties
- Other small communities - Including Capitol City (historic mining town with limited year-round residents) and various remote residential sites
- Ranch and agricultural properties - Working properties throughout the valley floors

The county's population has declined steadily, falling from 843 residents in 2010 to 774 in 2025—a loss of 69 people (–8.2%). If this trend continues, the population would fall to approximately 750 by 2030. Survey data and demographic patterns suggest limited housing availability is a significant factor: young families and workers leave when they cannot find suitable housing:

Figure 2.1: Population Decline in Hinsdale County, 2010–2025



Housing Implications:

- This population decline directly correlates with housing market deterioration. As home prices increased 25% (2022-2024) and rental vacancy dropped to 0%, families and workers have been systematically priced out and forced to relocate.
- The county's limited growth means housing strategies should focus on quality and right-sizing rather than rapid expansion.
- With Lake City containing most residents, housing developments will be most effective when concentrated in or near town.
- Development should be carefully scaled and phased – a single 28-unit project would represent approximately 7% of the county's housing stock.

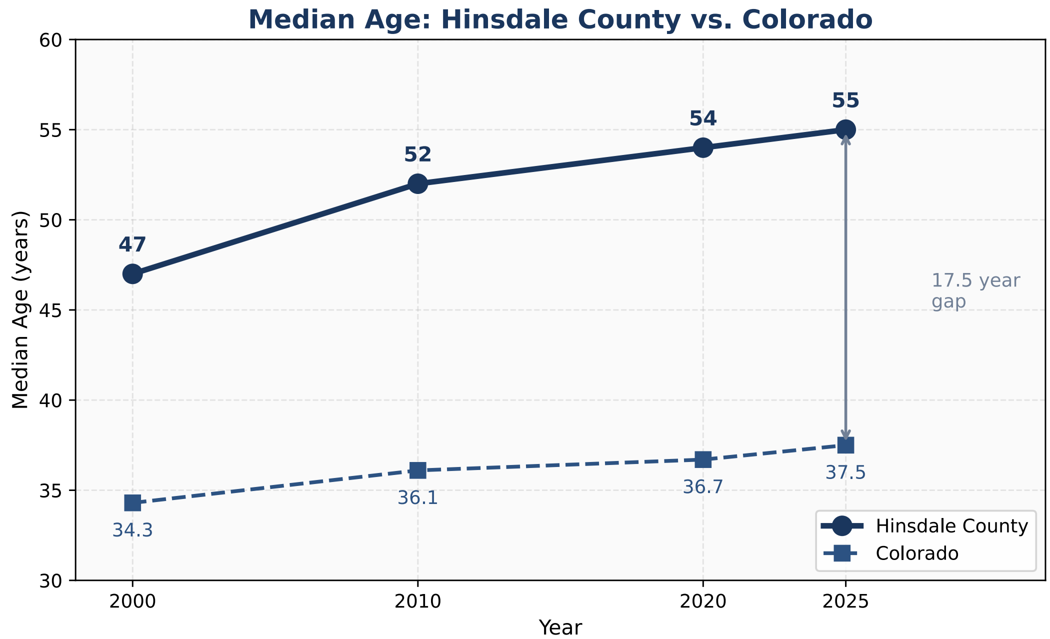
Sources: U.S. Census Bureau Decennial Counts; Colorado State Demography Office County Profile Reports, 2024-2025.

2.1.2 Age Structure and Housing Demand

Hinsdale County's median age of 55 (compared to 37.5 statewide) significantly shapes housing needs and reflects decades of out-migration by younger residents unable to afford local housing.

The community's aging profile has accelerated over the past two decades, driven largely by housing affordability constraints:

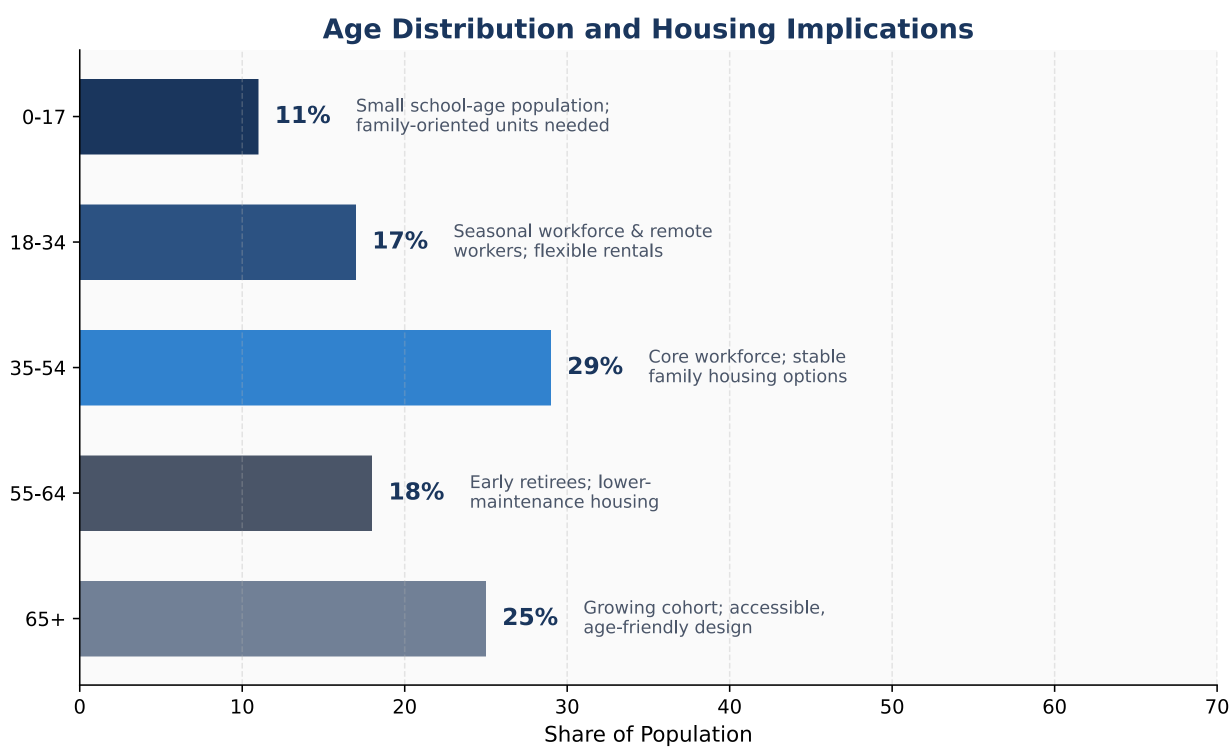
Figure 2.2: Median Age Comparison: Hinsdale County vs. Colorado



This aging trend correlates directly with the loss of younger households who cannot compete in a housing market where median home prices ($563,000) far exceed what early-career workers can afford.

The following breakdown shows how Hinsdale County's current age structure translates into specific housing demands across different life stages:

Figure 2.3: Age Distribution and Housing Needs by Life Stage



Housing Implications:

- Strong demand for accessible, single-level homes for older residents
- Critical shortage of family-sized, modestly-priced ownership options to retain core workforce
- Limited but important need for affordable rental options for the small cohort of young adults and new households
- Without intervention: Continued aging and population decline as younger households are priced out

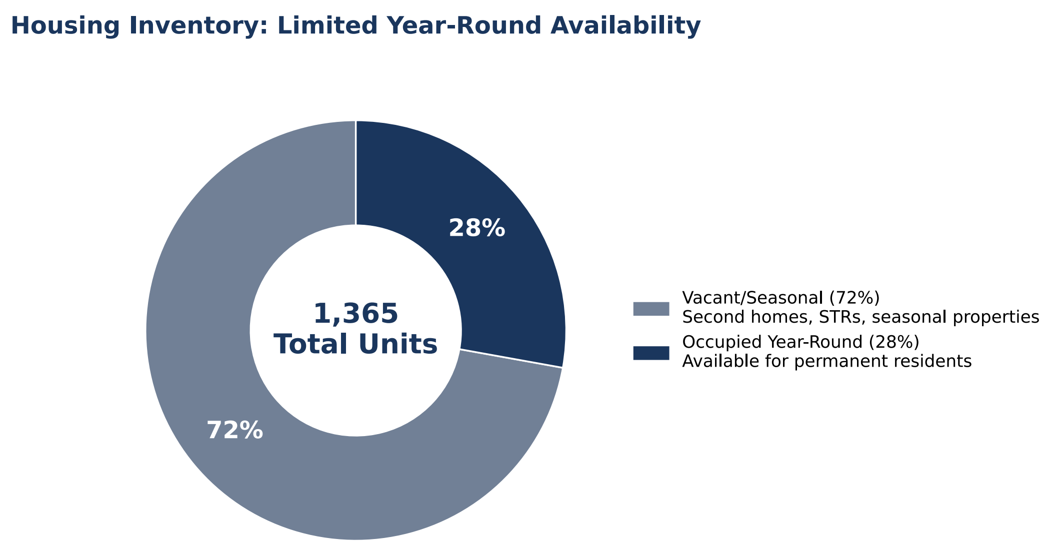
"Something that younger people can afford to start their life or even to start a family."
— 2025 Housing Survey Respondent, on what type of housing is most needed

Sources: American Community Survey 2019-2023 five-year estimates; Colorado State Demography Office Age Profile Data.

2.1.3 Housing Inventory

Hinsdale County contains approximately 1,365 total housing units, but the vast majority are unavailable to year-round residents. Only 380 units (28%) are occupied by permanent households, while 985 units (72%) remain vacant or are used seasonally. This represents one of the most significant housing availability challenges in Colorado.

Figure 2.4: Housing Inventory by Occupancy Status



Seasonal Pressure Not Captured in Inventory

The 380 occupied units don't fully capture housing demand during peak season. While year-round employment totals approximately 465 jobs, summer months add 185 seasonal positions—a 40% surge. However, not all seasonal jobs require additional housing: many year-round residents take extra work during busy season, and some business owners work their own establishments.

Still, seasonal demand creates real pressure:

- Workers commuting from Gunnison, Montrose, or other distant communities (98 daily at peak)
- Employer-provided housing (bunkhouses, trailers, shared quarters)
- RV parks and campgrounds (not counted in housing inventory)
- Informal arrangements (doubled-up with year-round residents)

Peak season may require accommodating 100–200 additional workers beyond the year-round population—fewer than the raw job numbers suggest, but still a meaningful strain on a housing market with zero rental vacancy.

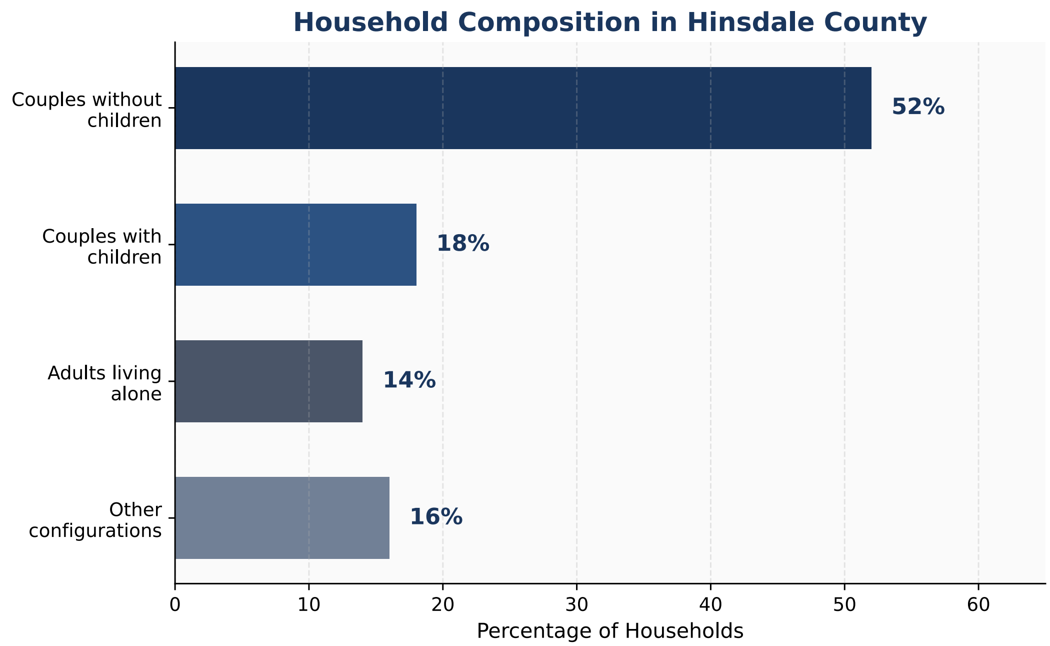
Sources: U.S. Census 2020; Colorado State Demography Office County Profile, 2025; 2025 Employer Survey.

2.1.4 Household Composition and Tenure

The county contains approximately 380 year-round households with an average size of just 2.0 persons per household, reflecting the community's aging population and limited family housing options. Ownership dominates at 80% of households, with only 20% in the rental market.

Household Size and Type Distribution:

Figure 2.5: Household Size and Type Distribution



Tenure Patterns and Market Implications:

- 304 owner-occupied units (80%) - Predominantly long-term residents, many aging in place
- 76 rental units (20%) - The entire rental market for the valley's workforce

Rental Market Constraints

The 76 rental households represent Hinsdale County's entire year-round rental inventory. This tiny rental pool creates extreme pressure during seasonal employment surges, when 185 additional workers compete for housing. With effectively zero vacancy, new workers must either:

- Displace existing year-round renters
- Accept substandard or overcrowded conditions

- Commute long distances from other communities
- Rely on employer-provided housing outside the formal market

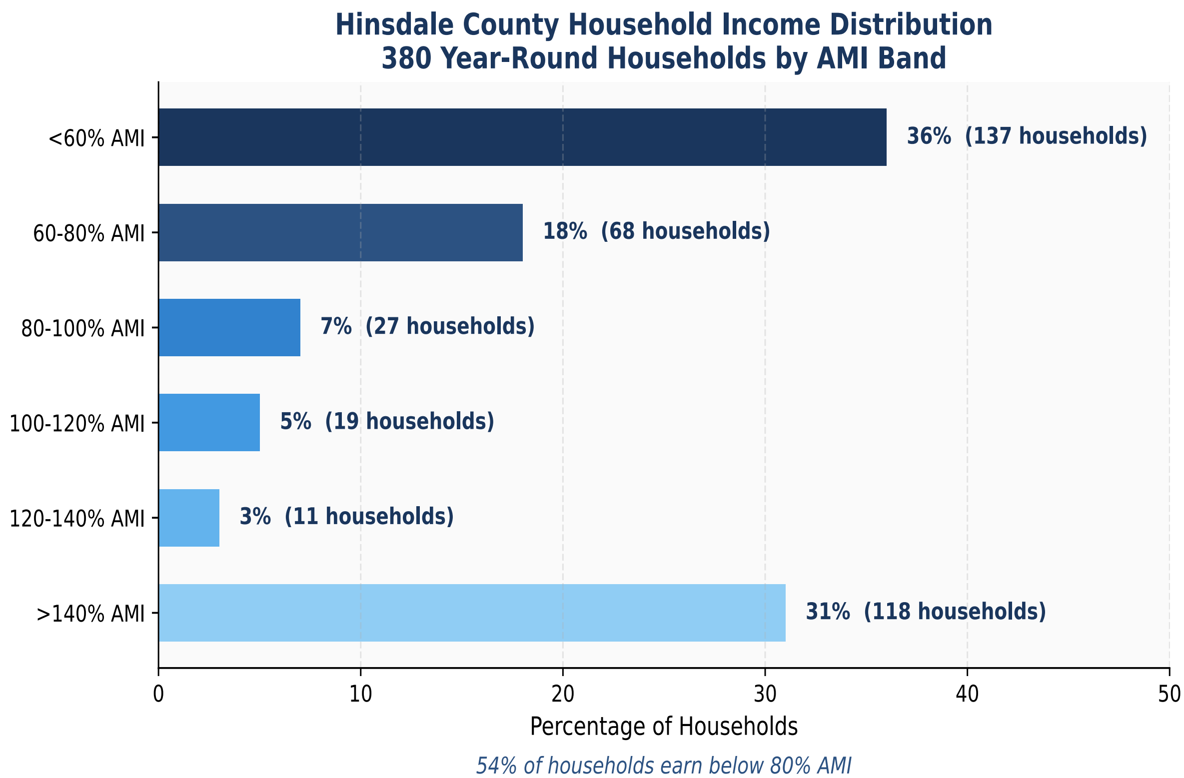
Housing Strategy Implication: Even modest rental development would dramatically transform the market. Adding 25-30 units would increase rental inventory by 33-40%, providing critical flexibility for both seasonal workforce needs and year-round resident mobility.

Sources: U.S. Census 2010 and 2020 counts; Colorado State Demography Office "Hinsdale County Community Profile," 2023-2024; ACS 2019-2023 5-year table DP04.

2.1.5 Household Income Distribution by AMI

Hinsdale County's 380 year-round households are distributed across income levels as follows, using HUD's FY 2025 Area Median Income of $102,000 for a four-person household at 100% AMI:

Figure 2.6: Household Income Distribution by AMI Band



For affordable housing purposes in Hinsdale County, a 2-person household at 100% AMI equals $81,600. The table below illustrates how Hinsdale County's 380 year-round households are distributed across AMI bands, with corresponding income ranges for 2-person households.

AMI Band	2-Person Income Range (2025)	% Renters	% Owners	% Total
<60%	< $48,960	36%	36%	36%
60-80%	$48,960 – $65,280	31%	14%	18%
80-100%	$65,280 – $81,600	9%	6%	7%
100-120%	$81,600 – $97,920	5%	5%	5%
120-140%	$97,920 – $114,240	3%	3%	3%
Over 140%	> $114,240	16%	36%	31%

Federal income limits used for housing programs often underestimate what families need for basic self-sufficiency in Hinsdale County's high-cost environment. As detailed in the Self-Sufficiency analysis in the Economic Conditions section, households earning moderate incomes by AMI standards may still face severe cost burdens when actual living expenses are considered.

Housing Implications:

- More than one-third of all households (36%) earn below 60% AMI, indicating the need for deeply subsidized rental housing, particularly for small households and retirees on fixed incomes.
- Notably, renters and owners are equally represented in this lowest-income tier (36% each). This suggests many long-time owners are aging in place with limited income — including retirees, widowed individuals, and those on fixed Social Security — and may face increasing cost burdens as property taxes, insurance, and maintenance costs rise.
- The 80–100% AMI range represents a key transition point for homeownership, where targeted down-payment assistance, shared equity, or deed-restricted units can help renters become owners.
- Income disparity widens at the upper end: 36% of owner household incomes are over 140% AMI, compared to just 16% of renters, reinforcing the equity gap and the importance of preserving workforce access to for-sale housing.

Sources: HUD Income-Limits Documentation System, FY 2025; Ribbon Demographics household income distribution analysis, 2025; ACS 2019-2023 5-year tables B25118 and B25003.

2.2 Economic Conditions

Current and projected economic trends – how many jobs exist, what they pay, when they are available, and who holds them – shape the scale and mix of housing Hinsdale County will need over the next decade. This section draws on the State Demography Office (SDO) 2025 county profile and the BLS QCEW/OEWS program.

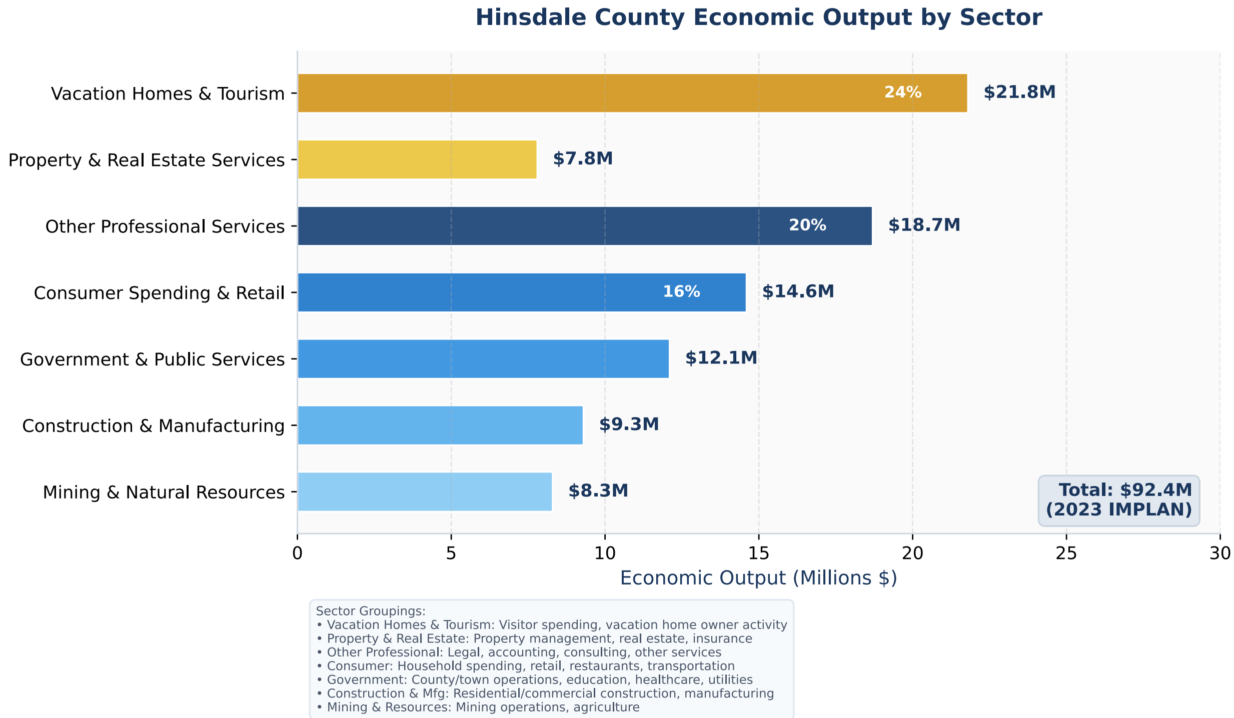
2.2.1 Profile of Hinsdale County's Economy

Hinsdale County's small, service-oriented economy is shaped by its exceptionally large share of seasonal and vacation housing. While economic activity has grown in recent years—particularly following pandemic-era increases in visitor spending—this growth has not translated into more year-round residents or a larger permanent workforce.

Economic Output Tied to Seasonal Properties

Vacation homes and tourism represent the county's largest economic sector at $21.8 million—nearly a quarter of total output. Property and real estate services add another $7.8 million in vacation-home-adjacent activity. Together, these sectors underscore how closely the local economy depends on seasonal properties, even as that dependence intensifies housing constraints for year-round employers.

Figure 2.7: Hinsdale County Economic Output by Sector (2023)

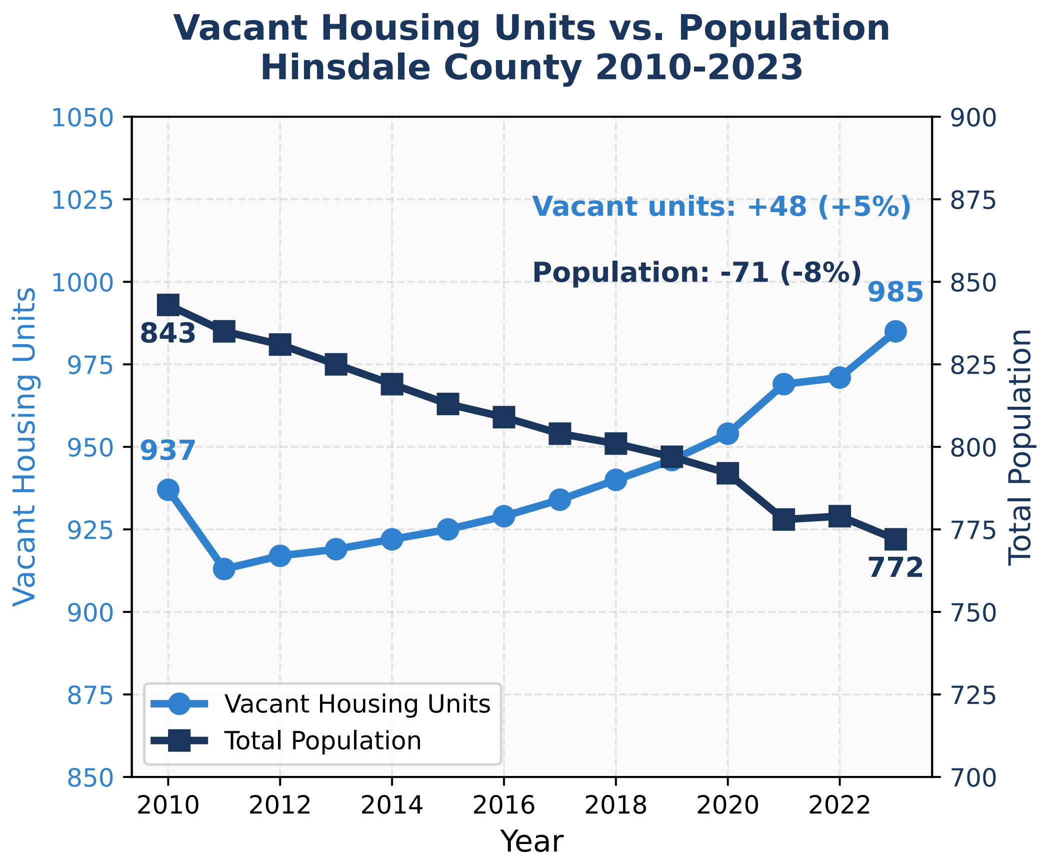


Source: IMPLAN.

Vacant Units Outpacing Population

The figure below shows vacant units steadily increasing while population declines. Much of this growth reflects second homes that sit empty for most of the year.

Figure 2.8: Vacant Units vs. Population



Source: SDO.

As vacant units increase faster than population, demand for local services grows without a corresponding increase in available workers or housing. This imbalance contributes directly to:

- Rising labor shortages across sectors
- Declining school enrollment
- Limited capacity for local employers to expand

> **The Central Challenge:** Economic activity is increasing in ways that depend on—and reinforce—a seasonal housing market. Meanwhile, year-round housing supply remains insufficient to sustain the workforce required to support that activity. Expanding stable, attainable housing options is essential for maintaining existing services and enabling future economic diversification.

2.2.2 Job Market Overview

Hinsdale's economy is small (≈460 jobs) and slow-growing, but highly sensitive to seasonality and replacement demand as older workers retire.

Hinsdale County's economy supports approximately 465 total employment positions in 2025, with projected modest growth of 0.4-1.0% annually through 2029. This small employment base creates distinct housing challenges that reflect both seasonal volatility and income constraints.

Employment Metric	2025 (est.)	2029 Low	2029 High	Avg. Annual
Total Jobs	465	469	483	0.4% / 1.0%
Lake City share (≈70%)	≈324	327	337	—
Jobs per resident worker	≈1.2	1.2	1.1	—

The employment structure includes 318 wage and salary positions with an average annual wage of $40,119, alongside 147 proprietor and self-employed positions. Many residents combine multiple part-time or seasonal jobs to achieve adequate income, creating a jobs-per-resident ratio of 1.2 and complicating traditional affordability calculations.

Seasonal Employment Volatility and Housing Impact

Employment experiences significant seasonal fluctuations that directly impact housing demand.

Critical to housing strategy, only 37% of summer seasonal workers and 26% of winter seasonal workers are local residents. This means the majority of seasonal workers either commute long distances daily or require temporary housing that competes with year-round residents for limited inventory. Currently, LEHD estimates 98 workers employed in the valley commute from outside communities, representing potential new residents if appropriate housing were available.

> *"It is challenging to be responsive for the Lake City community when staff is based in Gunnison or elsewhere."* — 2025 Employer Survey Respondent

Employment Challenges Directly Linked to Housing

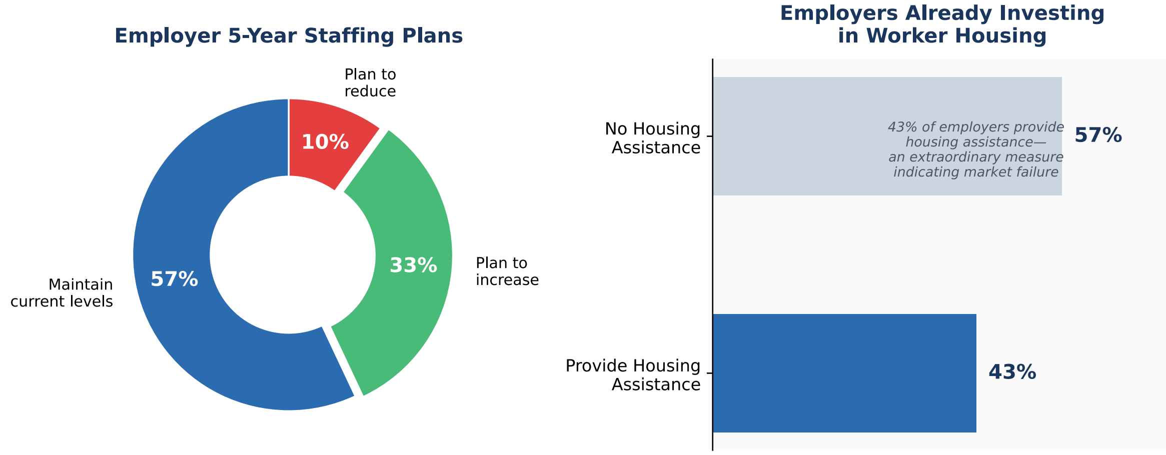
The employer survey documents how housing shortages constrain economic activity. Surveyed employers report a 15.5% shortfall rate, including both year-round and seasonal positions that remain vacant primarily due to housing-related barriers.

Housing-driven employment problems include almost half of businesses that lost workers due to inadequate housing, 15% of businesses losing workers to unaffordable housing costs, and 65% of businesses reporting "no applicants" for positions—a problem directly attributed to housing unavailability. Over half of businesses cite unfilled jobs specifically related to housing issues.

> *"When there aren't enough workers in the service industry, tourism begins to decline. Restaurants, hotels, shops, and entertainment venues either reduce their hours or shut down entirely... As revenue drops, so does funding for public services, infrastructure maintenance, and cultural preservation."* — 2025 Employer Survey Respondent

Business Growth and Housing Demand Projections

Figure 2.9: Employer Staffing Outlook, Next Five Years



Survey data supports modest growth projections, with 57% of employers planning to maintain current staffing levels, 33% planning to increase employees, and 10% expecting to reduce staff over the next five years. The surveyed employment base spans tourism-dependent sectors (food services, accommodations, arts/recreation), essential services (healthcare, government, education), and other critical functions (retail, construction, transportation).

Recognizing the housing-employment connection, 43% of surveyed employers already provide some form of housing assistance to workers, indicating both the severity of the housing shortage and businesses' willingness to invest in workforce housing solutions.

Housing Implications:

- Even the "high growth" projection adds only 25 jobs over five years, indicating housing demand will be driven primarily by replacing retiring workers (12.8% expected retirements over five years), converting the 98 daily commuters to local residents, and housing seasonal staff locally rather than forcing long-distance commuting.
- Small employment base means housing developments must be carefully sized and phased
- The $400,000+ gap between average wages ($40,119 supports ~$150k purchase) and median home prices ($563k) requires substantial intervention

Sources: State Demography Office County Profile, 2025; BLS QCEW data series, 2018-2023; 2025 Employer Survey; Western Spaces analysis.

2.2.3 Employment Sectors and Housing Needs

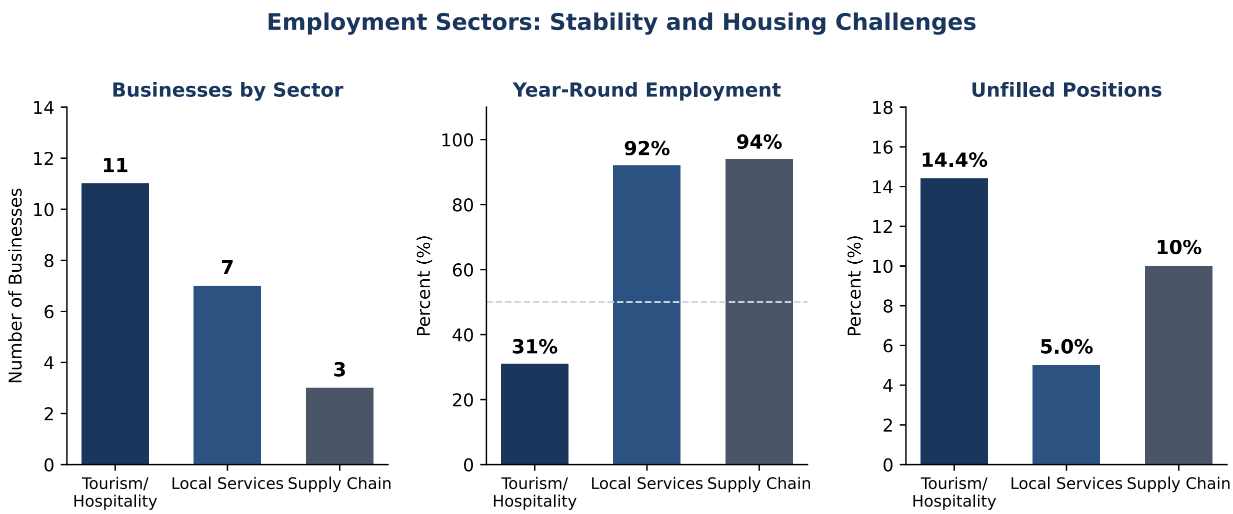
Hinsdale County's employment is heavily influenced by tourism, vacant/seasonal property services, and limited resource extraction. This creates distinct housing challenges for different workforce segments:

Employment Category	Share	Housing Implications
Direct basic (tourism, second-home services, mining)	66%	Seasonal demand fluctuations; often lower-wage jobs needing subsidized housing
Indirect basic (supply-chain firms)	14%	More stable year-round employment; moderate income levels
Local services (government, retail, education, health)	20%	Stable year-round employment; essential community services

2.2.4 Survey Validation of Sector Distribution

The 2025 employer survey provides detailed insights into these employment sectors among 21 businesses employing 156 workers at peak, revealing how sector-specific employment patterns directly translate into housing challenges.

Figure 2.10: Employment by Sector: Year-Round vs. Peak Season



Tourism/Hospitality shows extreme seasonality (275% workforce expansion from 20 year-round to 75 peak workers) with a 14.4% unfilled position rate despite 45% of employers providing housing assistance. Local Services (government, education, healthcare) provides the stable employment foundation with 92% year-round ratio, but six of seven employers report housing as a “major barrier” to hiring. Supply Chain businesses are the most stable (94% year-round) but all report significant housing difficulties.

Housing Implications:

- Local services are the strategic priority for housing investment: Despite stable, year-round employment, essential workers—teachers, healthcare providers, government employees—face severe recruitment and retention challenges, making this sector ideal for permanent housing solutions
- Strong foundation for public-private partnerships: 43-45% of employers already provide housing assistance, revealing both the depth of the housing challenges and proven business commitment to workforce housing solutions.

- Government, education, and healthcare positions form the stable employment core that can support year-round housing investments and community stability

"You can get a job easily but there is no housing for them." — 2025 Housing Survey Respondent

Sources: State Demography Office "Estimated Firms and Jobs" series; BLS QCEW quarterly employment data, 2018-2023.

2.2.5 Wages and Affordability

The gap between wages and housing costs creates distinct affordability challenges across occupational categories. The table below demonstrates how specific occupations align with AMI bands and housing affordability, using actual 2025 salary ranges from Lake City and Hinsdale County where available, supplemented by Bureau of Labor Statistics data for other regional occupations.

Typical Occupation	2025 Wage Range	Single Worker AMI*	Two-Worker HH AMI**
Administrative Assistant	$16k–$32k	30%–60% AMI	50%–100% AMI
Deputy Sheriff	$26k–$56k	50%–100% AMI	80%–170% AMI
Deputy Clerk/County Staff	$47k–$62k	80%–110% AMI	140%–190% AMI
Sheriff/County Administrator	$79k–$95k	140%–170% AMI	240%–290% AMI
Medical Assistant/Reception	$15k–$37k	30%–70% AMI	50%–110% AMI
Nursing	$32k–$64k	60%–110% AMI	100%–200% AMI
Physician Assistant	$95k	170% AMI	290% AMI
Educational Assistant/Sub	$17k–$27k	30%–50% AMI	50%–80% AMI
Teacher	$39k–$69k	70%–120% AMI	120%–210% AMI
Hospitality/Food Service	$32k–$45k	60%–80% AMI	100%–140% AMI

*Single worker compared to 1-person household AMI ($56,210 = 100% AMI)
**Two workers with same jobs compared to 2-person household AMI ($65,280 = 100% AMI)

Housing Implications:

- Single workers need rental housing with deep subsidies. Most individual workers earn below 80% AMI and cannot afford market-rate housing. These workers need rental units priced at $800-$1,200/month, which requires significant public investment.
- Two-income households can achieve homeownership with moderate help. Two hospitality workers earn enough (100%-210% AMI) to buy homes in the $300,000-$400,000 range with down payment assistance.
- Housing programs should be designed around household type, not just occupation. A single teacher needs rental assistance, while a two-teacher household needs homeownership support. The same job leads to different housing solutions.

Sources: Lake City and Hinsdale County 2025 salary data; BLS OEWS, Northwest CO non-metro area, May 2023; Hinsdale School District salary schedule 2024-25; HUD FY 2025 Income Limits.

2.2.6 Affordability and Self-Sufficiency

While HUD income limits determine housing program eligibility, the Self-Sufficiency Standard reveals what families actually require to meet basic needs without public assistance in Hinsdale County. This analysis exposes a critical disconnect between local wages, federal income metrics, and actual living costs.

The Self-Sufficiency Standard, developed by the Center for Women's Welfare at the University of Washington, calculates the bare minimum income needed for families to cover housing, childcare, food, transportation, healthcare, and other necessities without relying on public subsidies or private assistance. Unlike poverty guidelines that assume access to public programs, or AMI calculations that reflect regional medians, the Self-Sufficiency Standard shows what working families actually need to achieve basic economic stability.

For Hinsdale County's high-cost environment, the self-sufficiency thresholds reveal the true scope of the affordability challenge facing local families.

Self-Sufficiency Standards for Hinsdale County (2025)

Family Config.	Monthly Income Req'd	Hourly Wage (per adult)	Annual Income Req'd	AMI (3-person HH)
2 Adults, 1 School-Age Child	$5,702	$16.20 each	$68,427	85% AMI
Adult, Infant, Preschooler	$7,692	$43.70	$92,302	115% AMI

Why Family Structure Matters

The affordability of housing goes beyond rental rates—it depends on family size and structure, as childcare and other necessities consume income that might otherwise go toward housing. Both configurations above are three-person households, but their cost structures differ dramatically.

Assuming both households need a two-bedroom unit at $1,100/month (the Standard's assumption), the key difference is childcare: it costs almost five times more for the single adult with two young children ($2,812 vs. $617). These are "minimally adequate" budgets with no frills and no savings.

The result: the single-adult household needs $7,692/month compared to $5,702 for the two-adult household. The wage implications are even more stark—the single adult must earn $43.70/hour, while each adult in the two-adult household needs just $16.20/hour. As of early 2025, the average hourly wage in Hinsdale County was $16.80.

Detailed Budget Breakdown

Category	Single Adult + 2 Kids	2 Adults + 1 Child
Housing	$1,100	$1,100
Childcare	$2,812	$617
Food	$722	$960
Transportation	$430	$826
Health Care	$784	$884
Broadband/Cell	$103	$139
Other Necessities	$585	$439
Taxes	$1,590	$954
Child Tax Credits	-$433	-$217
Monthly Total	**$7,692**	**$5,702**

Source: Self-Sufficiency Standard, Center for Women's Welfare, University of Washington.

Looking Ahead to 2026

If enhanced federal health-care subsidies expire in 2026, Hinsdale County households would face sharply higher monthly medical costs. A three-person household (two adults and one child) would see health-care expenses rise from $884 to $1,504 per month—an increase of $620, the single largest cost shift in the family's budget.

This change alone creates a structural deficit. With the same income, families must cut other essential expenses to absorb the increase. For households already operating near the margin, this forces difficult trade-offs:

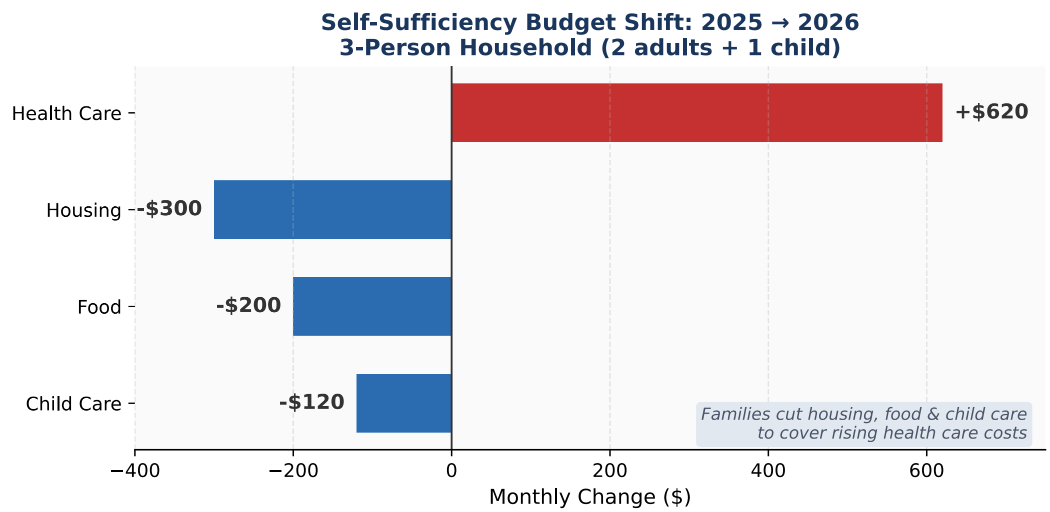
- Reduced spending on housing, food, or childcare
- Increased risk of housing or food insecurity
- Greater pressure to leave the community for lower-cost areas

Rural communities like Hinsdale are particularly sensitive to federal health-care policy changes.

Healthcare Cost Impact (3-person household)	
Current monthly health care cost (2025)	$884
Projected monthly cost if subsidies expire (2026)	$1,504
Monthly increase	**+$620**

The chart below illustrates how families with fixed incomes would be forced to reallocate their budgets—cutting spending on housing, food, and childcare—to absorb this healthcare cost increase.

Figure 2.11: Self-Sufficiency Budget Shift



Source: Center for Women's Welfare, University of Washington.

2.2.7 The Reality Gap: What Jobs Actually Pay

To understand the true scope of Hinsdale County's affordability challenges, local wages must be compared against actual self-sufficiency requirements rather than abstract income categories. The following analysis examines typical salaries for common occupations in the valley and calculates the gap between what workers earn and what they need for basic family self-sufficiency.

Using IMPLAN wage data for Hinsdale County, even occupations traditionally considered stable middle-class employment fall dramatically short of self-sufficiency thresholds. The gaps shown below represent the annual income deficit faced by working families—the difference between actual wages and the minimum needed to cover housing, childcare, food, transportation, healthcare, and other basic expenses without assistance.

Occupation Category	Annual Wage Range	Self-Sufficiency Gap
Food Service	$25,499	-$42,928 to -$66,803
Teachers	$34,353	-$34,074 to -$57,949
Office Support	$36,458	-$31,969 to -$55,844
Construction	$44,072	-$24,355 to -$48,230

These figures reveal the mathematical impossibility facing working families in Hinsdale County. Even teachers—typically considered stable, middle-class professionals—earn $34,074 less than what a family with one school-age child requires for basic self-sufficiency. Construction workers, among the higher-paid local occupations, still face a $24,355 annual gap for a modest family.

This wage-to-need disconnect forces families into impossible choices: accept severe cost burden that compromises other basic needs, rely on public assistance despite full-time employment, or leave the community entirely. The result is the systematic displacement of working families that forms the core of any sustainable rural community.

2.2.8 AMI Standards vs. Self-Sufficiency Reality vs. Market

Hinsdale County households face complex affordability challenges that cannot be understood through traditional income-based calculations alone. Federal housing programs rely on Area Median Income thresholds and the "30% rule" (spending no more than 30% of income on housing), but these standards fail to account for the actual cost of living in high-cost rural areas.

This three-way analysis exposes the depth of the affordability challenge. Families with children face the most severe burden, as childcare costs alone can consume $617-$2,812 monthly, leaving little room for housing expenses even when following federal affordability guidelines. The result is that households earning what federal programs consider "moderate incomes" still cannot afford both basic necessities and market-rate housing.

The tables below demonstrate how federal affordability standards, self-sufficiency requirements, and market reality create impossible financial equations for most Hinsdale County households. Each table shows a different household composition.

For Families with Children (2 Adults, 1 School-Age Child):

AMI Level	Annual Income	AMI 30% Rule	SSS Housing Budget*	Market Reality	Gap Analysis
60% AMI	$48,960	$1,224/month	$917/month**	No rentals <$1,875	-$958/month deficit
80% AMI	$65,280	$1,632/month	$1,440/month	No rentals <$1,875	-$435/month deficit
100% AMI	$81,600	$2,040/month	$1,964/month	$1,875 2BR rent	+$89/month surplus

For Childless Couples (2 Adults, No Children):

AMI Level	Annual Income	AMI 30% Rule	Est. SSS Budget***	Market Reality	Gap Analysis
60% AMI	$48,960	$1,224/month	~$1,200/month	$1,875 2BR rent	-$675/month deficit
80% AMI	$65,280	$1,632/month	~$1,600/month	$1,875 2BR rent	-$275/month deficit
100% AMI	$81,600	$2,040/month	~$2,000/month	$1,875 2BR rent	+$125/month surplus

*Self-Sufficiency Standard housing component: $1,100/month

**After covering $4,602/month in non-housing SSS costs (childcare, food, transport, healthcare, etc.)

***Estimated based on reduced childcare/food costs for childless households

Housing Strategy Implications:

This analysis fundamentally reframes Hinsdale County's housing approach. Rather than focusing primarily on households below 60% AMI, housing programs must target the 80-120% AMI range where working families face the greatest displacement risk.

Development projects require layered funding strategies that can bridge $400-900 monthly gaps through combinations of land subsidies, construction cost reduction, and ongoing rental assistance. Traditional pro formas assuming market-rate viability will fail without substantial public intervention.

Most critically, workforce retention depends on treating housing as essential infrastructure rather than a market commodity. Without deep subsidies for teachers, healthcare workers, and other professionals, Hinsdale County will continue losing the year-round workforce essential for community sustainability.

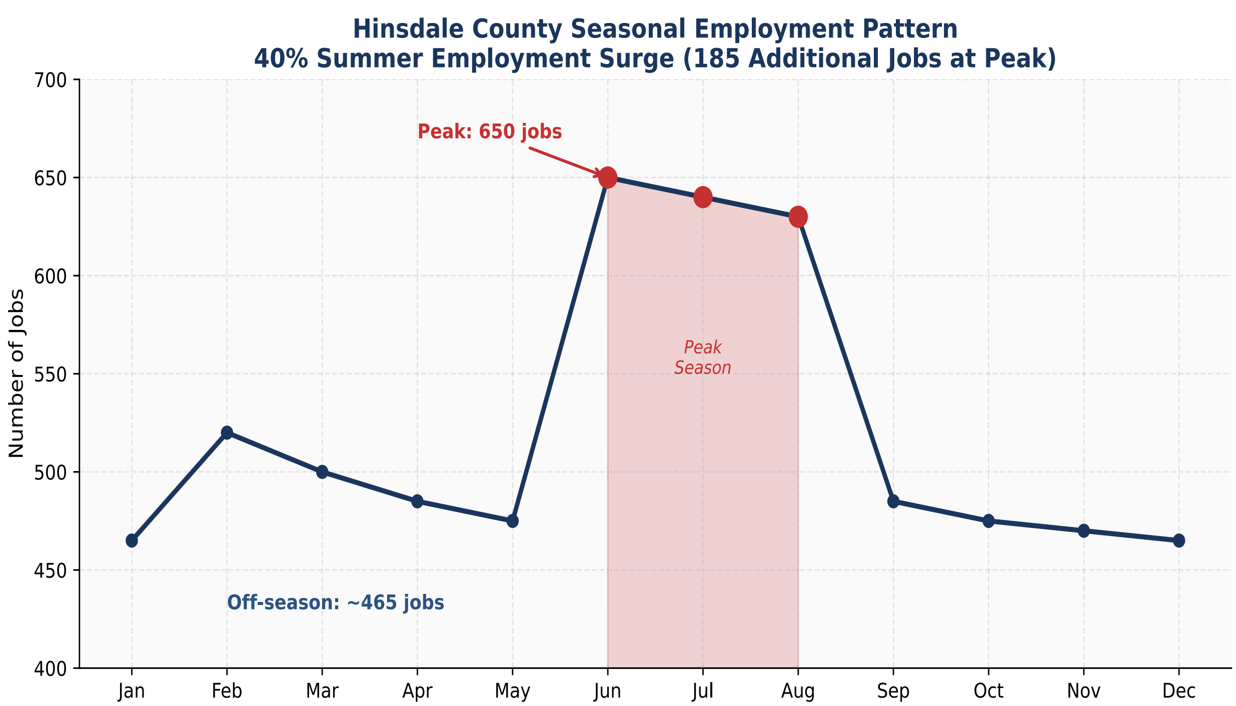
Sources: Self-Sufficiency Standard, Center for Women's Welfare, University of Washington; IMPLAN 2023 wage data.

2.2.9 Employment Seasonality and Housing Design

Quarterly employment data in addition to employer survey data reveal significant seasonal fluctuations that directly impact housing needs:

- Employment bottoms in May (≈465 jobs) and November (≈465 jobs)
- Peak employment occurs in August (≈650 jobs) and February (≈535 jobs)
- This represents a 40% summer surge and 15% winter increase relative to off-season employment levels

Figure 2.12: Monthly Employment Variation in Hinsdale County



Housing Implications:

With a 40% summer employment surge adding approximately 185 seasonal jobs, housing design must accommodate year-round residents and also consider the substantial influx of seasonal workers. This dramatic seasonal fluctuation creates acute summer housing pressure. Our primary focus is developing year-round housing to build a sustainable year-round community and economy. While seasonal workforce needs must be addressed, the housing strategy prioritizes:

- Year-round residents first: Essential workers, families, and community members who live here full-time
- Community stability: Housing that supports local businesses, schools, and services year-round
- Economic resilience: Reducing dependence on seasonal labor by strengthening the year-round workforce

Sources: 2025 Employer Survey, BLS QCEW quarterly employment series, 2018-2023 (preliminary).

2.3 Housing Problems

The 2025 Lake City/Hinsdale County housing surveys reveal interconnected housing challenges affecting both employers and residents. These findings, drawn from 97 household responses and 21 employer surveys, document housing challenges that threaten economic stability and community viability across Hinsdale County's 380 year-round households.

2.3.1 Severe Housing Affordability Challenges

The survey confirms the affordability challenges documented in the market analysis, with one in three households facing housing cost burden. Applied to the valley's 380 year-round households, this indicates approximately 122 households spending over 30% of income on housing costs.

Cost Burden Level	% of Households	Estimated Valley Total
Severely Burdened	12%	~46 households
Moderately Burdened	20%	~76 households
Not Cost Burdened	68%	~258 households

> *"I have lived in Lake City for 35 years and have moved 25 times. I have had consistent employment, usually working 2 or more jobs at all times."* — 2025 Housing Survey Respondent

Responding employer impact:

- 24 unfilled positions due to housing barriers
- 8 businesses lost workers who couldn't find housing
- 43% of employers provide housing assistance (representing ~40-50 businesses valley-wide)

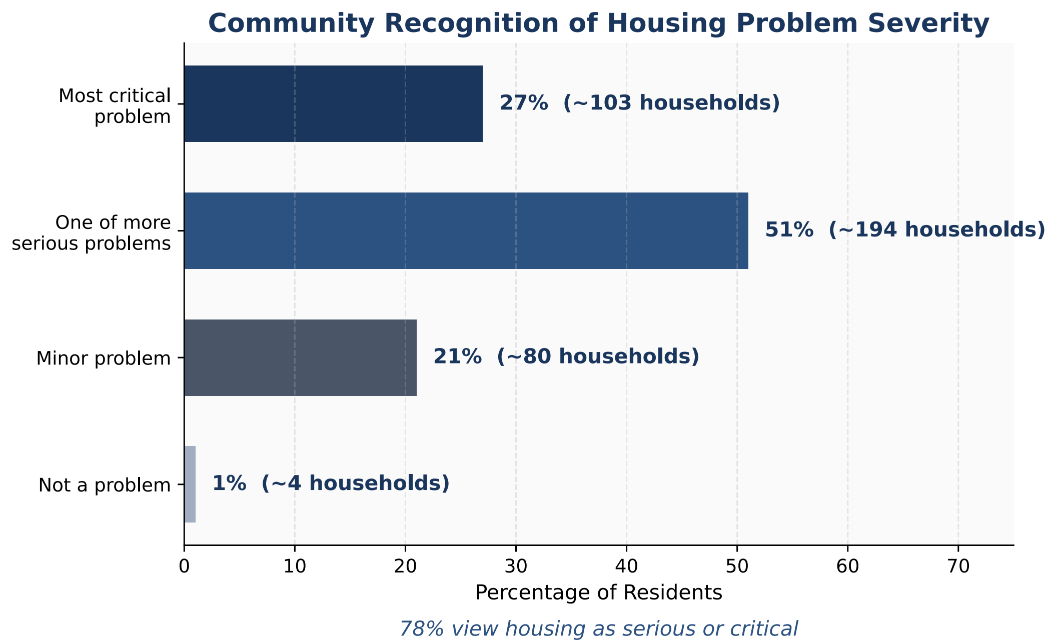
> **The business case for housing:** Local employers report 24 positions they cannot fill because workers cannot find housing. At an average wage of $45,000, this represents over $1 million in lost annual wages circulating in the local economy.

This employment impact constrains economic growth, with dozens of positions remaining unfilled purely due to housing unavailability rather than lack of qualified workers.

2.3.2 Community Recognition of Housing Emergency

Residents overwhelmingly recognize the housing shortage as a community emergency, with 77% viewing housing availability as serious or critical—representing approximately 293 of the valley's 380 households.

Figure 2.13: Resident Perception of Housing Problem Severity



> *"We just need more housing in general. Affordable or not it just needs to be here... if it's not even available to begin with, that is where the issue begins."* — 2025 Employer Survey Respondent

---

2.3.3 Housing Instability Affects One in Five Households

Household survey data reveal widespread housing insecurity affecting nearly 20% of valley households. Nine percent of surveyed households—representing approximately 34 households valley-wide—were forced to move in the past three years due to rent increases, lease non-renewals, short-term rental conversions, and owner move-ins. An additional 9% currently worry about housing stability, suggesting another 34 households face immediate displacement risk.

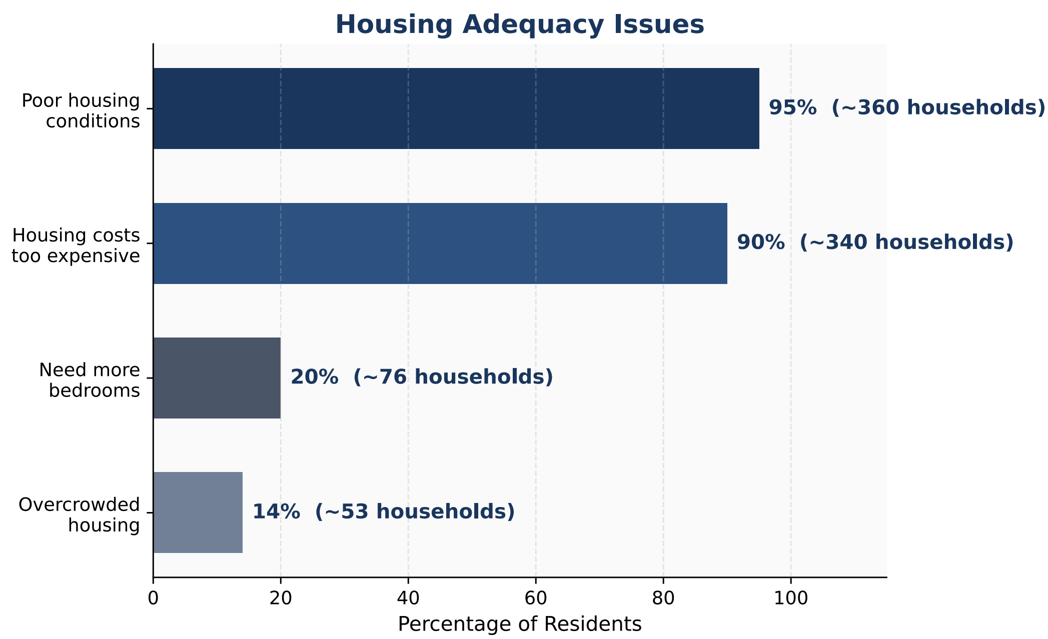
Housing Instability Status	% of Residents	Estimated Valley Total
Forced to move in past 3 years	9%	~34 households
Currently worry about stability	9%	~34 households
Total facing housing insecurity	**18%**	**~68 households**
Stable housing situation	82%	~312 households

Combined, these figures indicate that roughly 68 households (18% of the valley total) have recently experienced or currently face housing insecurity. This level of displacement threatens community continuity and economic stability, as families and workers who provide essential services are systematically priced out or forced to relocate. The employment impact compounds this residential displacement, with nine businesses reporting employee turnover connected to housing problems, while seasonal employment patterns show only 37% of summer workers are local residents.

2.3.4 Housing Quality and Overcrowding Create Additional Pressure

Beyond availability and affordability, housing quality issues affect substantial portions of the valley population.

Figure 2.14: Housing Quality and Adequacy Issues



The housing stock's composition exacerbates these problems. Eighty-one percent of households live in single-family homes while only 11% have apartments or condos available. This lack of diverse housing types means families cannot find appropriately sized units, while singles and couples compete for the same limited inventory as larger households. The near-universal nature of housing problems—with 95% living in poor conditions and 90% struggling with costs—demonstrates how these challenges affects virtually every resident regardless of income level.

> *"I have a staff member with two children and a spouse who has been living in a two-bedroom apartment for years."* — 2025 Employer Survey Respondent

2.3.5 Seasonal Employment Pressure Overwhelms Limited Housing

The valley's tourism-dependent economy creates acute seasonal housing pressure that overwhelms the limited year-round housing stock. With housing vacancy at essentially zero, this seasonal surge forces impossible choices between displacing year-round residents and forcing workers to commute unsustainable distances.

Seasonal Employment Impact	Workers/Households	Housing Challenge
Year-round tourism jobs	20 workers	Baseline housing need
Peak season requirement	75 workers	275% increase
Additional workers needed	55 workers	Must find housing
Local workers available	37% of summer staff	Majority must commute
Non-local workers	63% of summer staff	~39 workers seeking housing

The mathematics of seasonal housing are stark: the valley must somehow accommodate 55 additional workers during peak months while maintaining zero vacancy in the year-round rental market. This creates a structural impossibility that forces either the displacement of permanent residents or requires seasonal workers to commute from Gunnison or beyond—distances that are both economically and environmentally unsustainable for workers earning seasonal wages.

2.3.6 Community Sustainability Under Threat

> *"The town is shrinking per census and school enrollment, and year-round residents are left with a shell of a town."* — 2025 Housing Survey Respondent

The survey data reveals immediate threats to community sustainability. Twelve percent of households plan to leave the county within five years—representing approximately 46 households or roughly 100 residents who may abandon the valley due to housing constraints. Among surveyed employers, 20 workers are expected to retire over five years, requiring replacements who will face an even more challenging housing market than current conditions.

Community Departure Indicators	Estimated Valley Total
Planning to leave within 5 years	~46 households (~100 people)
Workers retiring (5 years)	20 positions to replace
Businesses reporting housing barriers	9 of 20 surveyed employers
Unfilled jobs due to housing	24 positions available

> *"The combination of current residents planning to leave and the inability to recruit replacements creates a potential spiral toward community collapse."*

Essential services face particular vulnerability. Despite offering stable, year-round employment, government, education, and healthcare employers report housing as a "major barrier" to recruitment and retention. This threatens continuity of schools, medical services, and local government operations that form the foundation of community life. The combination of current residents planning to leave and the inability to recruit replacements creates a potential spiral toward community collapse, where essential services become unsustainable and quality of life deteriorates for remaining residents.

2.3.7 Market Failure Requires Comprehensive Intervention

The survey findings document comprehensive private market failure requiring coordinated public intervention. The $400,000+ gap between average worker wages and median home prices creates mathematical impossibilities for local workforce housing. When 43% of employers resort to providing housing assistance—representing 40-50 businesses valley-wide—the private market has clearly abandoned normal functioning.

Market Failure Indicators	Survey Data	Valley-Wide Impact
Employers providing housing assistance	43% of businesses	~40-50 businesses
Households planning to move locally	18 households	~70 households
Unfilled jobs with adequate housing	–	24 positions
Interest in deed-restricted housing	51% of residents	~194 households

Immediate demand exists within the current population. One quarter of surveyed households plan to move within the county (representing roughly 70 households valley-wide), while 24 unfilled jobs could be filled with adequate housing. Additionally, 51% of residents express interest in deed-restricted housing solutions, indicating broad community support for public intervention strategies.

The interconnected nature of these problems—affordability, availability, stability, quality, and economic impact—requires the comprehensive housing strategies outlined in this plan. Without coordinated action, these compounding issues will systematically hollow out Hinsdale County's year-round community, threatening both economic viability and the character that makes the valley a desirable place to live and work.

Sources: 2025 Employer and Household Surveys; Western Spaces analysis.

2.4 Ownership Market Conditions

2.4.1 Ownership Market Overview

Hinsdale County's ownership housing market is characterized by limited inventory, rising prices, and significant affordability challenges for local residents. As of April 2025, the median listing price stood at $639,500, representing a 24% increase since 2022, while the median sale price reached $563,000 in 2024, a 25% increase over the same period.

At-a-Glance – April 2025

Metric	2025 (Latest)*	2024	2023	2022	Trend
Active listings (all property types)	150	146	138	132	+14% since 2022
Median listing price	$639,500	$615,000	$575,000	$515,000	+24% 2022-25
Median sale price	$563,000 (2024 avg)	$563,000	$515,000	$450,000	+25% 2022-24
Median sale $/sq ft	$449	$430	$395	$357	+26%
Days on market (median)	187	178	165	153	Longer marketing time
Closed sales (count)	15 (2024)	15	17	22	Volume down -32%

*Latest = April 2025 REALTOR.com county dashboard unless noted; 2024 sale metrics are full-year CAR MLS averages; 2022-23 from CAR Monthly Market Reports.

2.4.2 Market Characteristics

Several factors shape Hinsdale County's for-sale housing market:

1. **Tiny, volatile dataset:** With only 15-25 residential closings annually, single high-value transactions can significantly skew median prices, requiring careful interpretation of trends.
2. **Widening list-sale spread:** The typical asking price ($640k) now stands approximately 14% above the typical closed price ($563k), reflecting second-home sellers testing the market while local buyers focus on more modest properties.
3. **Extended marketing periods:** The median 187 days on market is significantly longer than state averages, yet inventory remains relatively constrained with months-of-supply under 6.
4. **Land and renovation-driven appreciation:** Teardowns on in-town lots and high-end custom builds around Lake San Cristobal have driven price per square foot up by approximately 26% in two years, far outpacing the 9.6% increase in HUD Median Family Income.

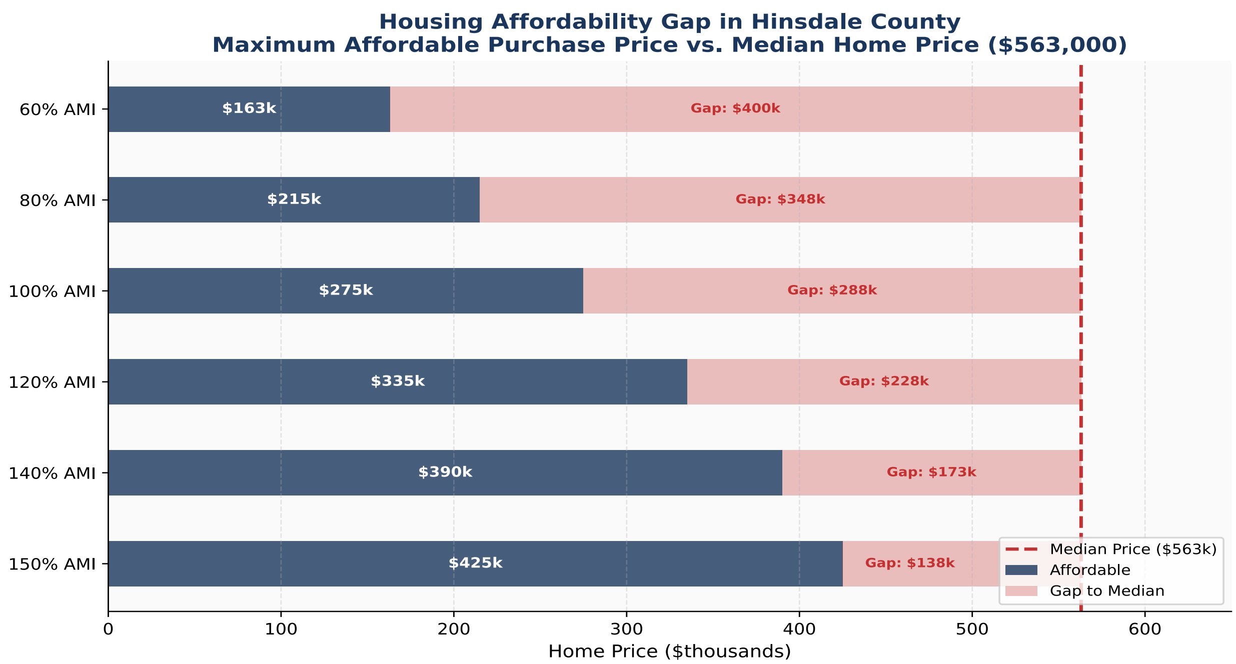
Data sources: Colorado Association of REALTORS® MLS Market Trends (single-family and condo/townhome combined, 2022-24); Redfin county dashboard (sale price and DOM); REALTOR.com county overview (active listings, price range), accessed May 23 2025.

2.4.3 Housing Affordability Analysis by AMI Level

The current market is severely misaligned with local incomes. Using the HUD FY 2025 Median Family Income of $80,300 for Hinsdale County (4-person household), we can analyze the affordability gaps:

AMI Level	Max Purchase*	Listings	Available Housing Options
80% AMI ($65,280)	$245k	4	Three small condos (412–476 sq ft) and one mobile home; all under 500 sq ft
100% AMI ($81,600)	$306k	5	Same plus one 504 sq ft house on 20 acres
120% AMI ($97,920)	$368k	5	No additional inventory beyond 100% AMI
150% AMI ($122,400)	$459k	8	Adds two small houses (896–1,453 sq ft) and one pending sale

Figure 2.15: Ownership Affordability by AMI Band

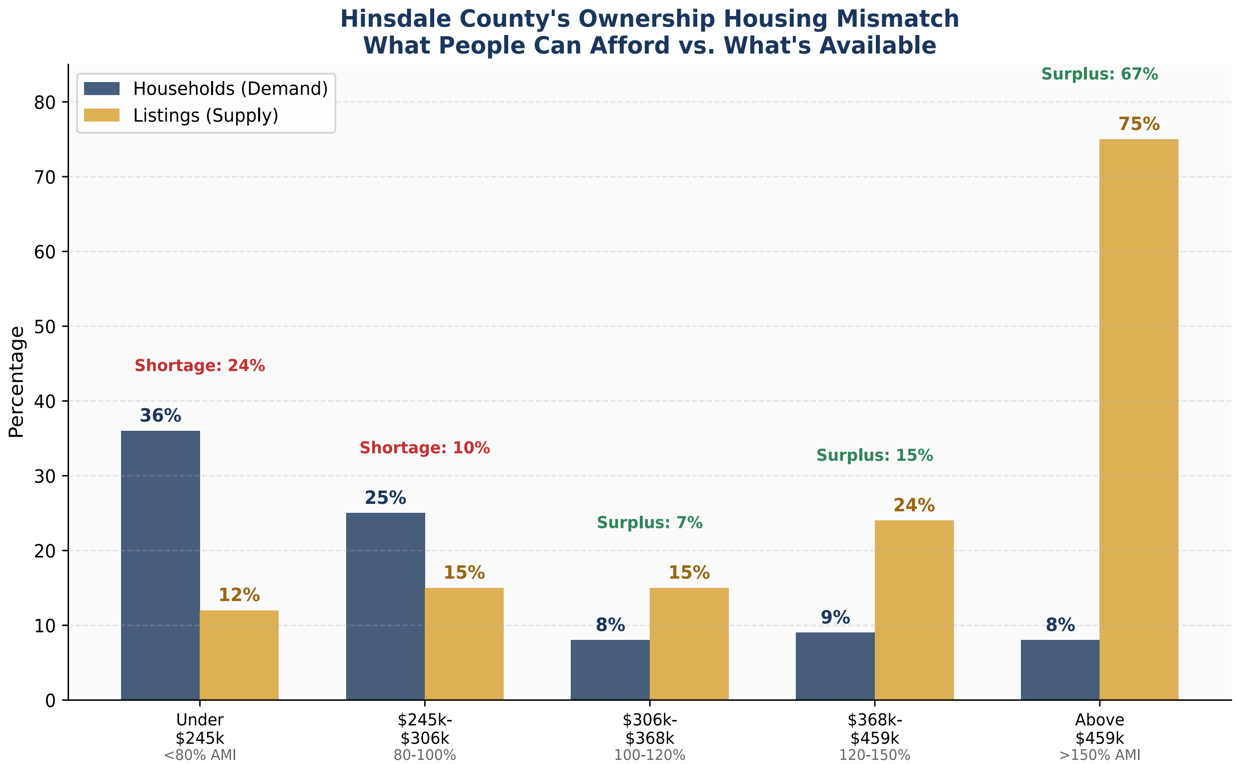


Housing Implications:

- Households earning below 100% AMI have only 5 ownership options in the current market, all of which are tiny units (under 504 sq ft) - three small condos and one mobile home, with no family-sized options available.
- The affordability gap is widening as price appreciation (24-26% over three years) significantly outpaces income growth (9.6% MFI increase).
- Even households earning up to 150% AMI face severely constrained choices, with only 8 listings county-wide at or below their maximum affordable purchase price ($459k) - representing just 25% of the market. Of these, only two are traditional houses suitable for families, and one is already pending sale.
- The market shows a complete inventory gap between $306k-$368k, meaning households at 100-120% AMI have no additional options beyond what's available to those earning 80% AMI.

- Three-quarters (75%) of all listings are priced above $459k, making them inaccessible even to households earning 50% above the area median income.

Figure 2.16: Home Listings by Price Range



Strategic Implications for Housing Development:

The current ownership market conditions suggest several strategic directions for Lake City's housing initiatives:

- **Below 100% AMI buyers have only 5 tiny units available** (all under 504 sq ft). Deed-restricted, small-lot or modular ownership product priced under $306k will face zero competition and absorb immediately. Even 10-15 units of family-sized housing (900-1,200 sq ft) would transform the market for workforce households.
- **Complete inventory gap between $306k-$368k shows market failure in the middle.** Any product in the $300k-$400k range would fill a critical void. Focus on efficient townhomes, duplexes, or cottage clusters that can achieve this price point through density and design.
- **75% of listings priced above $459k, inaccessible to 92% of local households.** Implement inclusionary zoning or deed restriction programs on new development. A 15-20% set-aside from high-end projects could generate workforce units without public subsidy.
- **Only 25% of market serves households up to 150% AMI.** Prioritize public land for workforce housing development. The Lake Fork site and similar parcels represent the only realistic path to creating inventory below $400k.

- **Rising $/sq ft requires creative solutions.** Target $325-$350/sq ft construction costs through modular/prefab options, simplified finishes, shared walls (duplex/townhome), and smaller footprints (750-1,000 sq ft) while maintaining livability.

Data sources: Colorado Association of REALTORS® MLS Market Trends (single-family and condo/townhome combined, 2022-24); Redfin county dashboard (sale price and DOM); REALTOR.com county overview (active listings, price range), accessed May 23 2025.

2.4.4 Market Reality vs. Affordability Thresholds

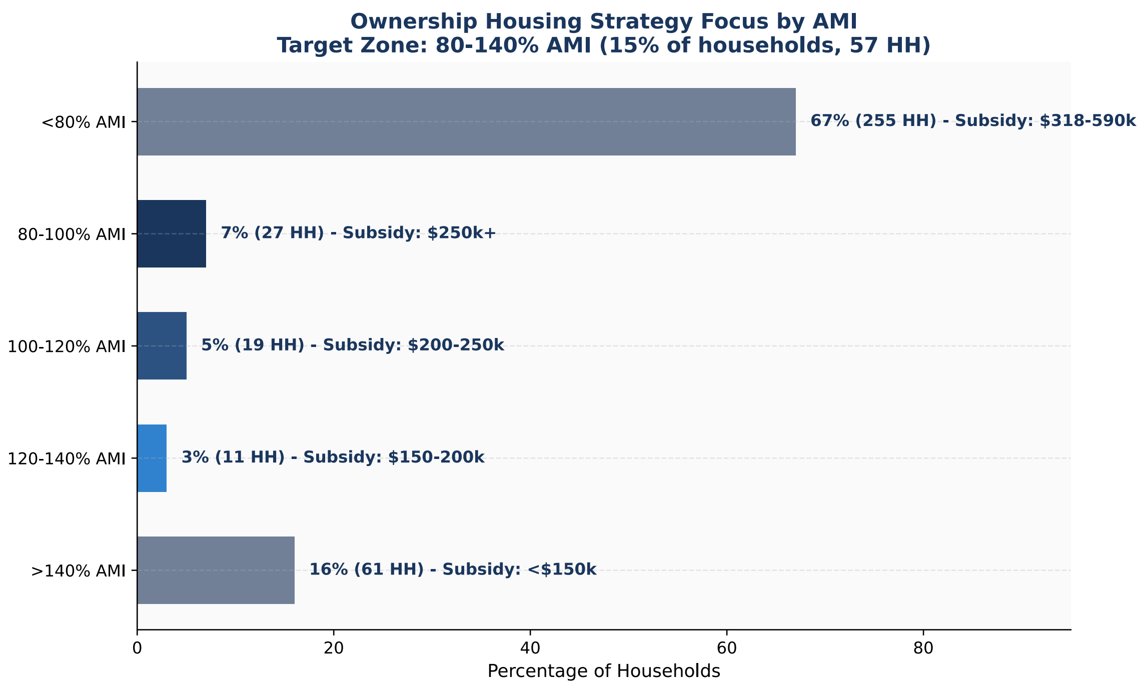
Based on the market data gathered:

- The median list price of $639,500 is far above what's affordable even for households at 150% AMI ($459,000 maximum affordable purchase).
- The median price per square foot of $449 means even a modest 1,000 sq ft home would cost $449,000, putting it out of reach for households below 140% AMI.
- Entry-level housing starts around $185,000 (small condos) based on actual listings, but these are tiny units (412-476 sq ft). The cheapest family-suitable housing starts at $375,000, requiring income above 100% AMI.

2.4.5 Subsidy Needs by AMI Band

Based on this affordability analysis, here's where subsidies will be needed:

Figure 2.17: Subsidy Requirements by AMI Band



Housing Implications:

1. More than two-thirds (67%) of Hinsdale households earn below 80% AMI and face a market gap exceeding $318,000 from median prices. While homeownership is often a goal of housing strategies, in Hinsdale County it is not financially feasible to deliver ownership housing for households earning less than 80% AMI without exceptionally deep public subsidy—often $300,000-$400,000 per unit. Given the scale of the affordability gap, these households will most realistically be served through stable, well-managed rental housing. This is not an ideal outcome in terms of wealth-building, but it reflects the structural cost challenges and resource limitations of this market.
2. The ”missing middle” (80-120% AMI) comprising 14% of households faces gaps of $195,000-$318,000. Even with deed restrictions, land trusts, and density bonuses, substantial public investment is required. The complete absence of inventory between $306k-$368k shows total market failure in serving these households.
3. Even households earning up to 150% AMI face significant gaps, meaning 86% of all Hinsdale County households cannot afford median-priced homes without substantial assistance. Only the top 14% of earners can realistically compete in the current market.

Sources: Calculated using HUD FY 2025 Income Limits for Hinsdale County; Market data from REALTOR.com active listings (May 2025); Colorado Association of REALTORS MLS Market Trends (2022-24); Standard mortgage qualification metrics (30-year fixed at 7%, 30% DTI, 5% down).

2.5 Rental Market Conditions

2.5.1 Rental Market Overview

Hinsdale County’s year-round rental inventory is tiny—about 80 occupied renter households, or just 20 % of all year-round households—and much of it is absorbed by seasonal workers each summer and winter.[1] A 2024 Rental Housing Market Study prepared for the Town found that most professionally-managed units are fully leased year-round, with vacancy hovering below 2 % and wait-lists forming each spring. Online searches conducted in April 2025 showed just six long-term listings spread across single-family homes, accessory dwelling units, and a handful of small apartment units.

At-a-Glance-April 2025

Metric	2022	2023	2024	Latest*	Trend
Active long-term listings (all unit types)	5	8	7	6	Slight increase since 2022
Median asking rent (2-bed)	$1,700	$1,780	$1,825	$1,875	+10% 2022-25
Median rent $/sq ft	$1.75	$1.82	$1.89	$1.95	+11%
Vacancy rate (year-round stock)	2.4%	2.1%	1.9%	1.8%	Tightening
Median days on market	14	13	12	11	Faster lease-up
Annual turnover (share of units re-leased)	—	—	—	≈25%	Stable

*Latest = April 2025 scan of Zillow/HotPads and RentData.org; prior years from the 2024 Rental Housing Market Study (Triple Point Consulting). No direct property-manager outreach was conducted for this plan.

2.5.2 Market Characteristics

Several factors define the rental market:

1. **Extremely thin dataset:** With fewer than ten long-term listings in a typical month, a single high-priced cabin or employer master-lease can shift median rents by 5-8 percentage points.
2. **Acute seasonality:** Property managers report that roughly one-third of listed units sign 6- to 9-month leases timed to tourism peaks. This drives a spring squeeze when both seasonal workers and local families compete for the same few vacancies.
3. **Limited conversion potential:** While 985 units (72%) remain vacant or seasonal, conversion to year-round rentals faces significant barriers. Most properties are purchased for personal use or profitable short-term rental operations. However, some conversion potential exists through regulatory changes to STR policies, financial incentives for long-term leasing, or economic pressures on property owners. Even modest conversion—5-10% of seasonal units—could meaningfully expand the year-round rental pool, though new construction remains essential to address the scale of need.
4. **Rising rents outpace income growth:** Since 2022, median asking rents for a 2-bedroom have climbed about 10%, while HUD Median Family Income rose just 9.6 %.

2.5.3 The Missing Rental Market

While Lake City and Hinsdale County's ownership market shows severe price-to-income misalignment, the rental market faces an even more fundamental challenge—virtual nonexistence. The zero percent vacancy rate documented in the 2024 rental market study persists in 2025, with no available rental listings found during research for this report. This absolute supply constraint makes affordability analysis somewhat theoretical, as households cannot access rental housing at any price point.

AMI Level	Max Affordable Rent*	Typical Rent (2024-25)**	Rental Options
60% AMI ($48,960 income)	≈ $1,224	$1,600 (1BR) / $1,900 (2BR)	No options available without severe cost burden; gap of $376-$676/month
80% AMI ($65,280 income)	≈ $1,632	$1,600 (1BR) / $1,900 (2BR)	One-bedrooms barely affordable; two-bedrooms require cost burden
100% AMI ($81,600 income)	≈ $2,040	$1,600 (1BR) / $1,900 (2BR)	All existing unit types affordable but completely unavailable
120% AMI ($97,920 income)	≈ $2,448	$1,600 (1BR) / $1,900 (2BR)	Significant affordability cushion for units that don't exist

*Calculations assume 30% of income toward rent, utilities not included. **Based on 2024 rates with modest inflation applied

Even households with substantial affordability cushions cannot access rental housing due to complete inventory absence. The minimum observed rent of $1,600 for a one-bedroom unit exceeds affordability thresholds for 67% of current renter households, who earn below 80% AMI, while those who can afford market rates face waiting lists and no available options.

2.5.4 Monthly Rental Shortfall by Income

The depth of rental affordability challenges becomes clear when comparing what households can afford with actual market rates. Two-thirds of renters face significant monthly shortfalls, while even those with adequate income cannot find available units.

AMI Band	Max Afford. Rent	Typical Rent	Gap
< 60% AMI (< $48,960)	≤ $1,224	$1,875	≈ $651 short
60–80% AMI ($48,960–$65,280)	$1,632	$1,875	≈ $243 short
80–100% AMI ($65,281–$81,600)	$2,040	$1,875	Affordable (+$165)
100–120% AMI ($81,601–$97,920)	$2,448	$1,875	Affordable
> 120% AMI (> $97,920)	> $2,448	$1,875	Affordable

Essential workers in healthcare, education, and public safety are particularly impacted, as typical salaries for these positions fall between 60-100% AMI, exactly where rental shortages are most acute. The $376-$676 monthly gap for households below 60% AMI requires layered subsidies beyond what LIHTC alone can provide.

2.5.5 Supply Gap Analysis and Strategic Response

The 2024 rental market study identified critical supply needs that have only intensified with recent increases in tourism and vacation home activity. The recommended response focuses on immediate intervention to create a functional rental market.

Housing Need Category	Units Req'd	Strategic Priority
Total population growth	73 units	Long-term planning
Workforce housing component	40 units	Immediate priority
Rental component of need	30 units	Primary development target
Recommended major project size	25-30 units	Optimal market impact

A targeted investment in 25-30 rental units would meaningfully expand options for year-round residents, representing a 30-40% expansion of rental inventory significant enough to create mobility and reduce waiting lists while remaining within realistic absorption and financing parameters for Hinsdale County's small market.

2.5.6 Market Failure Requires Public Intervention

The rental market analysis reveals private market failure requiring public intervention. The combination of zero vacancy, deteriorating existing stock, and growing demand creates conditions where only coordinated public action can restore market functionality.

Market Failure Indicator	Current Status	Intervention Required
Vacancy rate	0%	New construction essential
Available listings	Zero units	No market-based solutions
Existing stock condition	Pre-1980, deferred maintenance	New construction preferred
Price accessibility	67% of renters priced out	Deep affordability focus
Market risk for new development	None - immediate absorption	Public leadership viable

The complete absence of rental vacancies presents both challenge and opportunity: while workers cannot currently relocate to the community, new rental development will face no market risk and will stabilize immediately. The aging condition of existing rental units (most built before 1980) suggests that new construction rather than acquisition/rehabilitation represents the most viable strategy for creating quality workforce housing that serves the community's long-term needs.

Sources: Calculated using HUD FY 2025 Income Limits for Hinsdale County; Historical rental data from 2024 Lake City and Hinsdale County Rental Market Study; Colorado housing market trends (AAGR of 9.6% rental increases since 2022); CHFA rent limits; Standard rental qualification metrics.

Chapter 3

Housing Demand

Housing Demand at a Glance

Based on existing conditions and market analysis, Hinsdale County needs **98 housing units over 10 years** to address current shortfalls and keep pace with employment growth. This includes 49 rental units and 49 ownership opportunities.

Demand drivers:
- **Catch-up:** 29 units to address existing workforce living outside county
- **Keep-up:** 69 units for job growth and employee replacement through 2035
- **Absorption reality:** 8-12 units/year maximum given market size and funding

This chapter translates the existing conditions into specific unit counts, income targets, and design recommendations.

3.1 Ownership Demand

This section estimates near-term demand for for-sale housing among income-qualified buyers in Hinsdale County and Lake City. It focuses on households earning 80–140% AMI—a range where homeownership becomes financially feasible through substantial public investment including land contribution, construction subsidies, buy-downs, and conversion strategies. These approaches can bridge affordability gaps more cost-effectively than direct cash subsidies.

3.1.1 Why Focus on 80-140% AMI?

Based on current market conditions and the affordability analysis in the Market Conditions section:

- Households below 80% AMI face insurmountable gaps ($318,000+) between market prices and what they can afford
- The median home price of $563,000 requires a household income of approximately 175% AMI to afford without subsidy
- Even at 80% AMI, buyers can afford only $245,000—requiring $318,000 in subsidy to reach median prices
- The ”sweet spot” for feasible homeownership programs is 80-140% AMI, where moderate subsidies and creative financing can bridge the gap
- Colorado's Proposition 123 specifically targets 80-120% AMI households, aligning perfectly with this demand segment

3.1.2 Demand projections are based on:

- Current households by AMI and size (Ribbon Demographics LLC and Consultant Calculations, 2025)
- A conservative 10% turnover rate among current owner-occupants seeking to downsize or relocate

- In-commuter workforce analysis showing 98 workers who might relocate if housing were available
- Essential worker housing needs in education, healthcare, and public safety sectors
- Current mortgage interest rates, construction costs, and affordability thresholds

3.1.3 Who Could Buy?

95 households in the ownership demand pool: Current renters ready to buy (13), owners seeking to downsize (42), essential workers in unstable housing (30), and young families (10). Focus on 80-140% AMI where moderate subsidies can bridge the gap.

The table below summarizes the number of households likely to pursue homeownership over the next five years, segmented by AMI band and household type.

Demand Table by AMI Level

Criteria	80-100% AMI	100-120% AMI	120-140% AMI
Max income (2-person HH)	$81,600	$97,920	$114,240
Max affordable purchase (5% down, 7% mtg)	$306,000	$368,000	$429,000
Current renter households	7	4	2
Owners who may move (10%)	18	15	9
In-commuters (estimated)	15	10	5
Unstably housed converting to ownership	5	3	2
Total eligible households	**45**	**32**	**18**

3.1.4 Demand Drivers

1. Cost-burdened renters (13 households 80-140% AMI): Currently paying 30%+ of income on rent with no opportunity to build equity. Many are long-term residents seeking stability and wealth-building opportunities.
2. Aging homeowners seeking to downsize (42 owner households): Older residents in large, maintenance-intensive homes looking for smaller, accessible options while remaining in the community. This ”right-sizing” demand is particularly strong among the 25% of residents over age 65.
3. Essential workers in unstable housing (30 estimated): Teachers, nurses, and public safety personnel currently commuting long distances, living in substandard conditions, or doubled up with family/friends.
4. Young families establishing roots (10 households): Households ready to transition from renting but priced out of the current market, often considering leaving the community without affordable options.
5. Seasonal workers seeking year-round stability: Converting seasonal employees to permanent residents through homeownership opportunities, reducing recruitment costs and strengthening community stability.

3.1.5 How Many Units Could Be Absorbed?

Capture rates estimate what share of eligible buyers will actually purchase newly constructed or newly available homes—typically between 10–20% in rural resort areas.

Absorption Scenarios with Market Reality Check

Capture Scenario	80-100% AMI	100-120% AMI	120-140% AMI	Total	Annual
Conservative (10%)	5 units	3 units	2 units	10 units	2/yr
Moderate (15%)	7 units	5 units	3 units	15 units	3/yr
Realistic (20%)	9 units	6 units	4 units	19 units	4/yr
Aggressive (25%)	11 units	8 units	5 units	24 units	5/yr

Given Lake City's small market size and the county's capacity for only 15-25 home sales annually, a conservative approach targeting **10 ownership units over 5 years** represents a realistic and achievable goal that aligns with local absorption capacity.

3.1.6 Market Context and Special Considerations

These projections are further supported by several key market realities:

- Extremely limited inventory: As of May 2025, only 4 homes are listed under $245,000 (all tiny condos/mobile), 5 under $306,000, and 5 under $368,000—with zero additional inventory between $306k-$368k.
- In-commuter demand: Based on 2024 commuting data, an estimated 98 workers are employed in Hinsdale County but live elsewhere. Approximately 25–30 households might relocate if appropriately priced housing were available.
- Seasonal worker stabilization: Offering ownership opportunities to year-round workers can reduce the employment swing and improve economic resilience.
- Land scarcity: With 96.5% of county land federally owned, infill parcels are the only viable options for near-term construction.

3.2 Renter Demand

This section estimates near-term demand for rental housing in Hinsdale County, focusing on households who cannot afford homeownership or prefer the flexibility of renting. Unlike ownership demand, rental demand spans a wider income range, from extremely low-income households (<30% AMI) to higher-income seasonal workers and professionals seeking temporary housing.

Demand projections are based on:

- Current households by AMI and size (Ribbon Demographics data, 2025)
- Natural turnover in the existing rental stock (estimated at 20-25% annually)
- In-commuter demand from workers who would relocate if rental housing were available
- Seasonal workforce needs that fluctuate by approximately 12% between peak and off-seasons
- Conversion of some households from unstable housing situations (doubling up, substandard units)

3.2.1 Who Needs Rental Housing?

> **150 households in the demand pool:** Current renters (76), new household formation (23), in-commuters (32), and unstably housed residents (19). With 0% vacancy, even modest new supply will lease immediately.

The table below summarizes households likely to seek rental housing over the next five years, segmented by AMI band. The rental market serves two distinct populations: lower-income households who cannot afford ownership and higher-income households seeking flexibility or temporary housing.

Demand Table by AMI Level:

AMI Band	Income Range (2025)	Renters	New HH (5 yr)	In-Commuters	Housed Pool
<60%	< $48,960	29	6	10	45
60-80%	$48,960 – $65,280	25	5	15	45
80-100%	$65,280 – $81,600	7	2	10	19
>100%	> $81,600	19	4	5	28
Total		**80**	**17**	**40**	**137**

Note: estimates will be updated with survey data when available

3.2.2 Demand Drivers

1. Existing renters (76 households)**:** The core rental population, with approximately 20-25% annual turnover creating ongoing demand for units.
2. New household formation (23 over 5 years)**:** Young adults entering the workforce, seniors downsizing, and households experiencing life transitions.
3. In-commuters (32 estimated)**:** Based on 98 workers commuting into Hinsdale County, approximately one-third would consider relocating if appropriate rental housing were available—particularly seasonal workers and those in lower-wage positions.
4. Unstably housed (19 estimated)**:** Households currently doubling up, living in substandard conditions, or facing housing insecurity who would move to adequate rental housing if available.

"Available and Affordable. Currently there's none available, but even when something comes up, the demand is so high that owners can charge high amounts."
— 2025 Housing Survey Respondent

3.2.3 How Many Units Could Be Absorbed?

Capture rates for rental housing estimate what share of eligible renters will actually lease newly constructed units. In markets with severe shortages (0% vacancy), capture rates typically run higher than ownership markets—between 15-30% for affordable rental developments.

Absorption Scenarios with Market Reality Check

Capture Scenario	<60% AMI	60-80%	80-100%	100%+	Total	Annual
Conservative (15%)	7	7	3	4	21	4/yr
Moderate (25%)	11	11	5	7	34	7/yr
Realistic (35%)	16	16	7	10	49	10/yr
Aggressive (50%)	23	23	10	14	70	14/yr

Given Lake City's severe rental shortage (0% vacancy), aging rental stock (median age 60+ years), and the county's capacity for only 4-8 rental units annually, a **moderate approach targeting 28 rental units over 5 years** (approximately 6 units/year) represents a realistic and achievable goal that:

- Addresses the most critical needs in the <80% AMI bands
- Remains within local construction and management capacity
- Aligns with LIHTC and Prop 123 funding requirements
- Represents a 37% expansion of rental stock—significant but not market-distorting

3.2.4 Rental Absorption Strategy

Rather than showing multiple scenarios, the strategy focuses on a targeted 28-unit program distributed by income level based on both demand and funding feasibility:

Income Level	Target Units	Rationale
<60% AMI	11-12 units	Deepest need, Prop 123 eligible, LIHTC required
60-80% AMI	8-10 units	Workforce stabilization, moderate subsidy
80-100% AMI	3-4 units	Transition to ownership candidates
100-120% AMI	2-3 units	Light subsidy, near market-rate
>120% AMI	3-4 units	Market-rate cross-subsidy units
Total	**28 units**	**Balanced approach within capacity constraints**

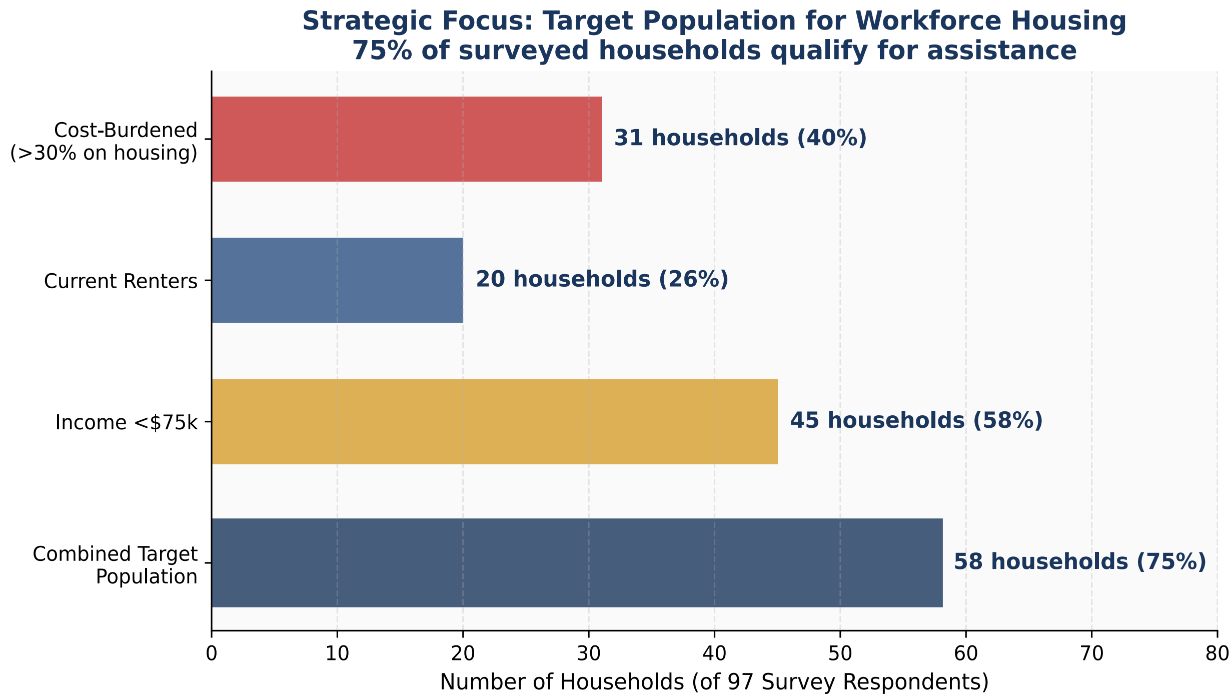
This targeted approach prioritizes households with the greatest need and fewest alternatives while incorporating market-rate units to support project financial feasibility. The 28-unit target represents approximately 37% of the existing rental stock, a significant but achievable expansion that wouldn't oversaturate the small market.

3.3 Survey Based Unit Mix Recommendations

3.3.1 Strategic Focus on Cost-Burdened Households

Rather than designing housing for all survey respondents, this analysis prioritizes households with demonstrated need for workforce housing assistance. By focusing on cost-burdened renters and lower-income residents, the recommended unit mix maximizes the number of households served within limited public resources while addressing the most pressing housing needs in the community.

Figure 3.1: Target Population for Workforce Housing

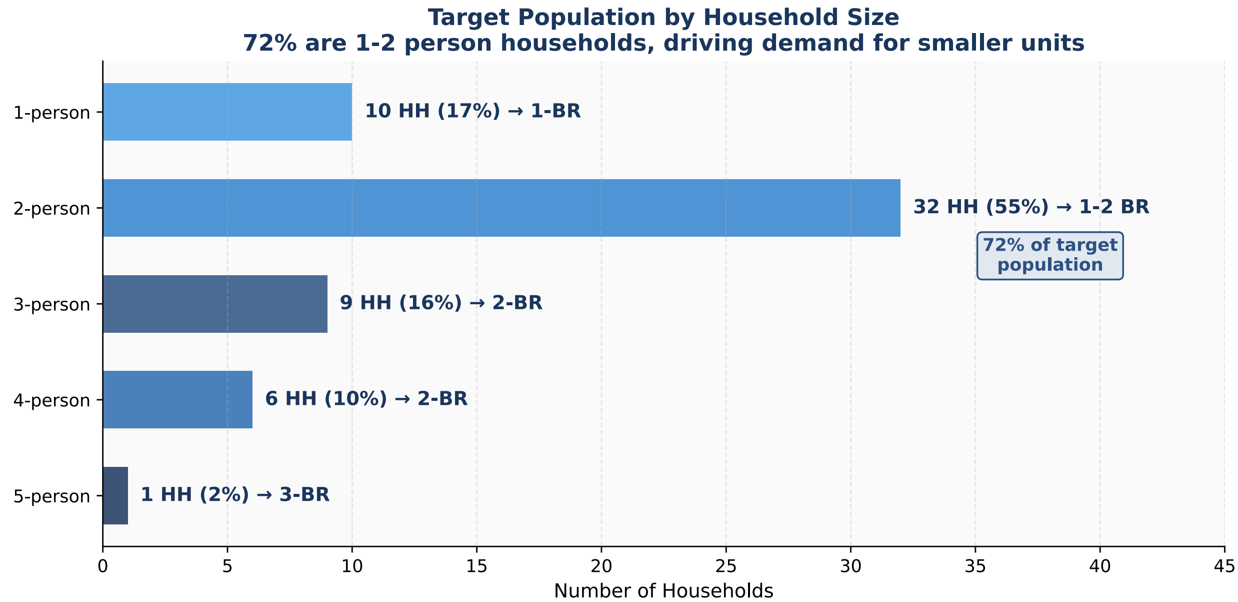


This targeted approach ensures recommendations serve households that would realistically qualify for and benefit from deed-restricted housing programs, rather than those who can access market-rate options. The target population represents three-quarters of survey respondents, demonstrating the widespread need for workforce housing solutions across the community.

3.3.2 Household Composition Analysis

The target population's household size distribution reveals that most workforce housing demand comes from smaller households, with 72% consisting of one or two people. This demographic reality shapes the optimal unit mix to serve the greatest number of households efficiently.

Figure 3.2: Household Size Distribution in Target Population



The data show that 2-bedroom units can effectively serve households ranging from couples needing home office space to families of four, making them the most versatile and efficient use of public housing investment. Only 2% of the target population requires units larger than two bedrooms, indicating minimal need for expensive 3-bedroom or larger units.

3.3.3 Recommended Unit Mix Strategy

Based on household composition analysis and demonstrated housing needs, the optimal unit mix for a 28-unit deed-restricted development prioritizes 2-bedroom units as the primary housing solution, with strategic inclusion of 1-bedroom and limited 3-bedroom options.

Unit Type	Number of Units	Percentage	Target Households
1-bedroom	7 units	25%	Singles, couples, seniors
2-bedroom	17 units	61%	Small families, roommates, home office needs
3-bedroom	4 units	14%	Families with 5+ members, severe overcrowding
Total	28 units	100%	Maximum households served

This distribution serves the documented needs of the target population while maximizing resource efficiency. The emphasis on 2-bedroom units reflects their versatility in accommodating diverse household types—from couples requiring workspace to families of four who can be appropriately housed in well-designed 2-bedroom layouts, as demonstrated by current successful local examples.

3.3.4 Evidence-Based Design Principles

The recommended unit mix diverges significantly from raw survey preferences, prioritizing demonstrated needs over aspirational wants. This approach reflects workforce housing best practices that maximize public benefit by serving the greatest number of qualifying households rather than providing luxury sizing inappropriate for subsidized housing.

Unit Type	Survey Preferences	Recommended Mix	Rationale for Difference
1-bedroom	19%	27%	Addresses singles in overcrowded situations
2-bedroom	36%	60%	Most versatile, serves families up to 4 people
3-bedroom	33%	13%	Limited to demonstrated severe need (5+ people)
4-bedroom	12%	0%	No households documented requiring this size

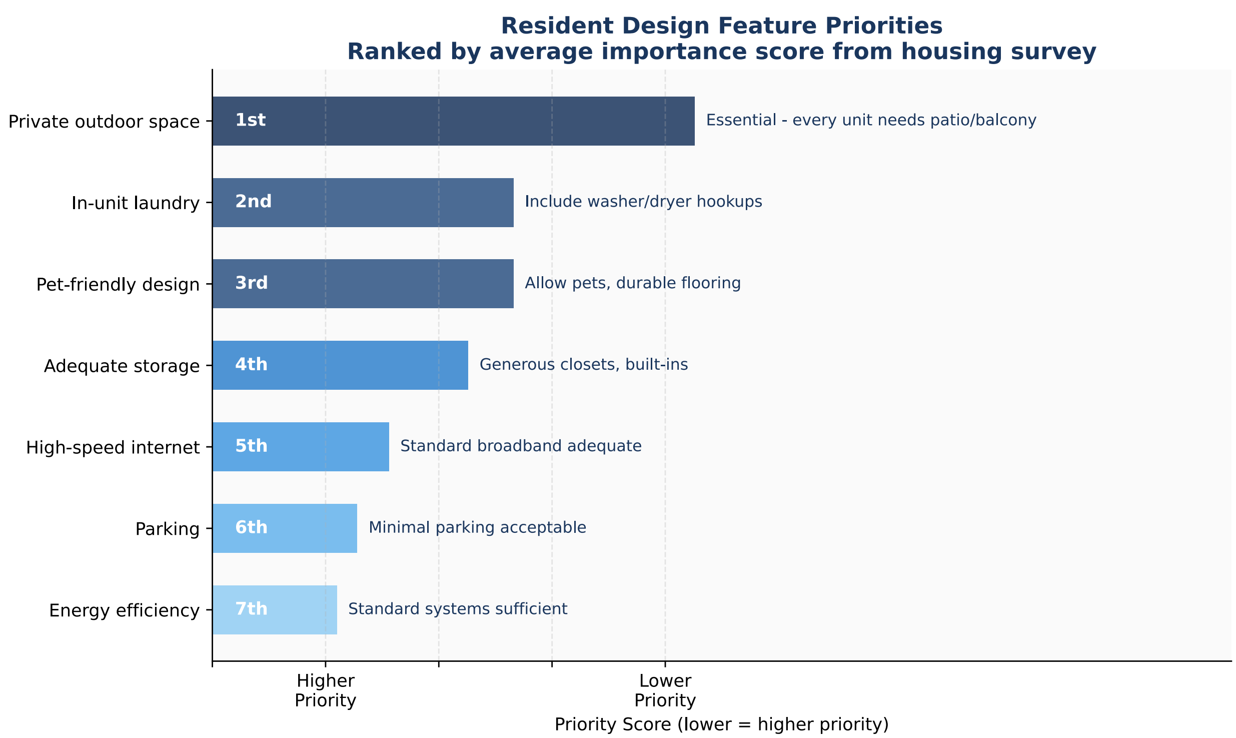
The analysis eliminates 4-bedroom units entirely, as no target households demonstrate need for this expensive configuration. The 3-bedroom allocation is restricted to the single 5-person household and a few cases of documented severe overcrowding, ensuring public resources address actual rather than perceived housing needs. This evidence-based approach ensures deed-restricted housing serves essential workforce needs while maintaining financial feasibility for both developers and residents.

3.4 Housing Design Preferences: Community-Driven Development Standards

3.4.1 Essential Design Features Drive Resident Satisfaction

Survey responses from 97 local residents reveal clear priorities for new housing development, with private outdoor space emerging as the most critical amenity across all household types. These preferences provide evidence-based guidance for maximizing resident satisfaction while managing development costs effectively.

Figure 3.3: Resident Housing Design Priorities



The data demonstrate that residents prioritize practical amenities that enhance daily living over luxury features or extensive parking. Private outdoor space ranks significantly higher than all other features, indicating this should be a non-negotiable element in any housing development. The relatively low importance placed on parking suggests development resources can be redirected toward higher-priority amenities.

3.4.2 Current Housing Problems Inform Design Solutions

Analysis of existing housing challenges reveals specific design failures to avoid in new development. Storage inadequacy and maintenance issues represent the most common resident complaints, providing clear guidance for improvement strategies.

Housing Problem	Percentage	Design Solution
Homes ”too small”	8%	Focus on storage, not square footage
Needed repairs	6%	Durable materials, quality construction
Can't afford repairs	4%	Low-maintenance systems
STR disturbances	4%	Site selection away from STR areas
Accessibility needs	4%	Universal design features

The ”too small” complaint often reflects inadequate storage rather than insufficient living space, suggesting that well-designed storage solutions can make smaller units feel more spacious. The maintenance and repair issues highlight the importance of investing in durable materials and systems that minimize long-term resident costs and management burdens.

3.4.3 Accessibility and Universal Design Requirements

With 16.5% of households including someone with a disability, universal design features represent both a community need and a market advantage. Four households specifically require accessibility modifications, indicating immediate demand for accessible units.

Accessibility Feature	Implementation Strategy	Benefit
No-step entries	Grade-level access where possible	Serves mobility-impaired residents
32” minimum door widths	Standard throughout development	Accommodates wheelchairs, walkers
Lever door hardware	Replace knobs throughout	Easier for arthritis, limited grip
Bathroom grab bar prep	Reinforcement in all bathrooms	Future modification capability
Elevator access	Multi-story buildings	Serves aging population

Universal design features benefit all residents while specifically serving the disability community. These modifications typically add minimal cost during construction but provide significant value for residents with mobility challenges, representing a smart investment in long-term marketability and community service.

3.4.4 Strategic Development Budget Allocation

The preference rankings provide clear guidance for development budget allocation, suggesting investment priorities that maximize resident satisfaction while controlling costs. High-priority features should receive premium budget allocation, while lower-ranked amenities can utilize standard or minimal approaches.

Investment Priority	Features	Budget Approach	Resident Impact
High Priority	Private outdoor space, storage, pet features	Premium investment	Maximum satisfaction
Moderate Priority	In-unit laundry, durability	Quality but standard	Good value
Lower Priority	Internet, energy efficiency	Standard systems	Adequate service
Minimal Priority	Parking, luxury finishes	Basic requirements	Cost savings

This budget framework ensures development resources focus on features residents actually value rather than developer assumptions about desirable amenities. The low priority assigned to parking (6th of 7 features) suggests significant cost savings are possible by minimizing parking infrastructure while investing those resources in outdoor space and storage solutions that residents prioritize more highly. The emphasis on durability over luxury finishes reflects practical resident priorities and long-term maintenance considerations.

3.5 Land Use and Development Potential

Unlike many Colorado mountain communities constrained by geography or policy, Lake City benefits from a relatively strong inventory of developable land within and around its municipal boundaries. While 96% of Hinsdale County remains under federal ownership, the remaining land available for private and public use offers ample opportunity to meet future housing needs—if planned and developed strategically.

To better understand the landscape of opportunity, a detailed parcel-level analysis was conducted across the study area. This inventory helps clarify which parcels are best positioned for new housing, what infrastructure or policy considerations may shape their development, and how to prioritize investment.

3.5.1 Parcel Inventory Summary: A Framework for Possibility

The study identified 1,282 parcels in the target area, comprising 2,332 existing dwelling units according to county assessor and parcel records.[1] Importantly, this analysis also revealed capacity for an additional 3,520 units under current zoning and conditions—offering a total buildout potential of 5,586 units. This confirms that land availability is not the primary barrier to housing development in Lake City. Rather, the challenge lies in activating the right sites in the right ways.

[1] This figure differs from the State Demography Office estimate of 1,365 housing units because parcel records count each dwelling unit (including ADUs, duplexes, and multi-family buildings) while SDO methodology derives estimates from Census data and may undercount seasonal properties. Both figures are valid for their respective purposes: SDO data for demographic analysis, parcel data for development planning.

Two broad categories of landownership drive different development pathways:

- **Town-Owned Parcels** present the most direct path for public-sector-led housing initiatives. Among the 17 Town-owned parcels in the study area:
  - 4 are vacant, ready for immediate development.
  - 6 are underutilized, offering potential for infill or redevelopment.
  - 7 are fully built-out, likely requiring reinvestment or rezoning to accommodate more units.
- **Privately-Owned Parcels** hold even greater potential, particularly for ADUs, small-scale infill, or modular construction. The inventory shows:
  - 260 vacant private lots, many of which could be built upon with minimal public subsidy if utilities and access are present.
  - 347 underutilized parcels, which could support accessory units, duplex conversions, or higher density housing with appropriate policy support.

3.5.2 Understanding Constraints: Shaping How and Where to Build

Even with adequate land, certain site-specific and environmental considerations shape development potential. These include:

- **Flood Zones:** Portions of the Lake Fork Valley, including sites like 730 Henson Street, fall within the 100-year and 500-year floodplain. Design solutions such as fill, elevation, or resilient construction techniques will be critical for feasibility.
- **Topography:** While much of the developable area is relatively flat, slopes around the valley edges pose challenges that may limit larger-scale construction or increase costs.
- **Infrastructure Access:** Water and sewer availability determine near-term readiness. While most of the town core is serviceable, some outlying parcels will require utility expansion or cost-sharing arrangements.
- **Seasonal Access:** In unincorporated subdivisions, some roadways or infrastructure are not maintained year-round, limiting winter occupancy unless upgrades are made.

3.5.3 From Inventory to Action: Strategic Implications

This analysis reframes Lake City's housing strategy not as a search for land, but as an exercise in prioritization, sequencing, and design. With more than 3,500 potential units identified, the focus must shift to aligning development with community goals, infrastructure readiness, and affordability targets.

Key strategy takeaways include:

- **Focus on Infill and ADUs:** Underutilized parcels present a significant opportunity to add units incrementally while preserving the town's character. Encouraging ADUs—particularly through simplified permitting or pre-approved designs—could unlock hundreds of new units.
- **Leverage Town-Owned Land:** Publicly controlled parcels offer early wins. These should be prioritized for LIHTC, workforce housing, or mixed-income projects that align with Proposition 123 and other state funding programs.
- **Build with Flood and Climate in Mind:** Especially near the river, development must integrate elevation strategies and long-term resilience, both to meet building codes and ensure housing durability.
- **Plan for Infrastructure Alignment:** Where services already exist, development can proceed more quickly. In other areas, phased infrastructure investment or public-private partnerships may be required.

In short, Lake City has the land it needs. The next step is to align that land with smart policy, targeted investment, and housing solutions that serve both today's residents and future generations.

Explore the Lake City Parcel Explorer for real-time, interactive mapping of housing opportunities: lake-city-parcel-explorer.base44.app

Additional details on the parcel analysis are available in Appendix B: Land Use Inventory.

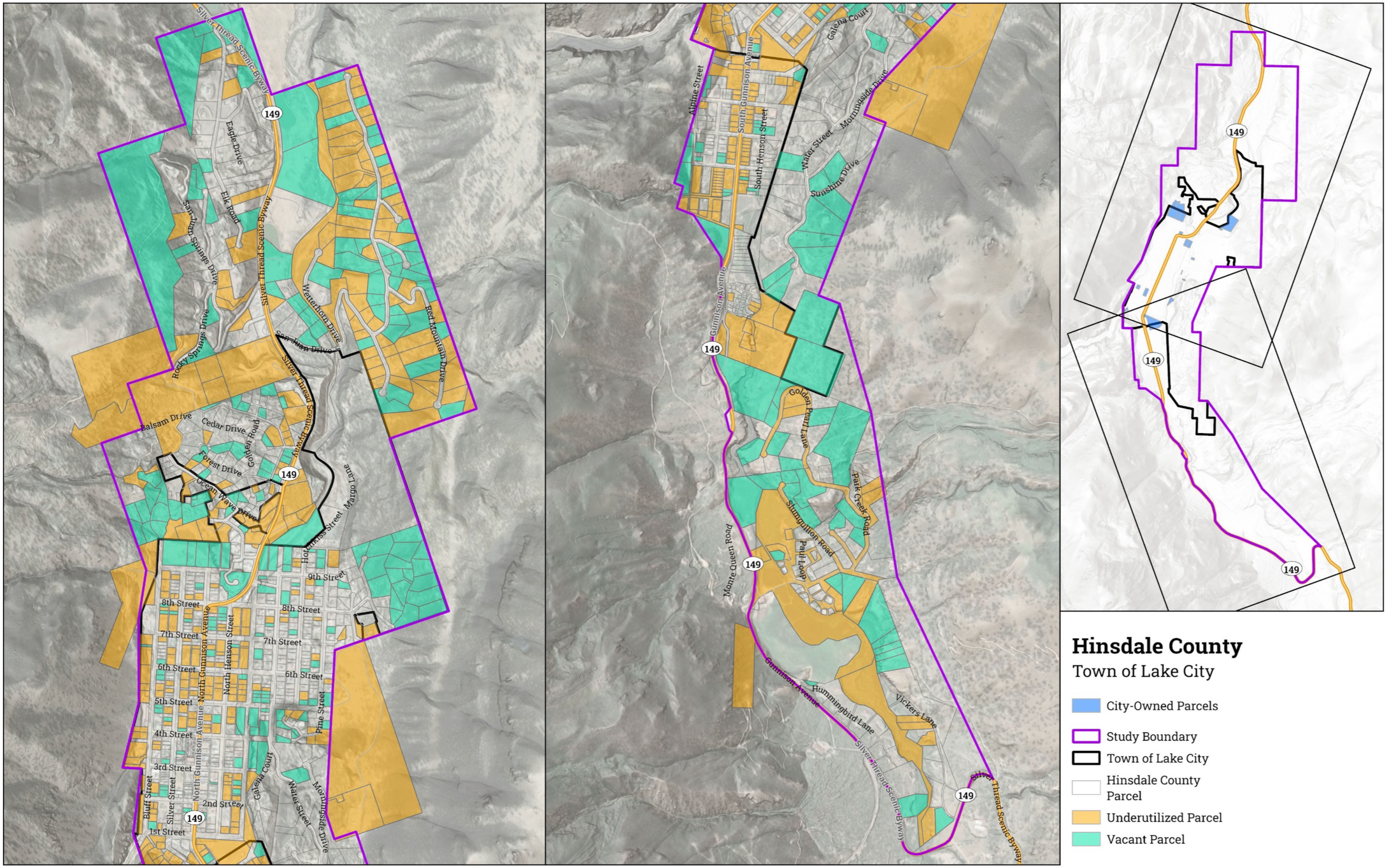


Figure 3.4: Parcel Development Status: Town-owned parcels (blue), underutilized parcels (orange), and vacant parcels (green) within the study area.

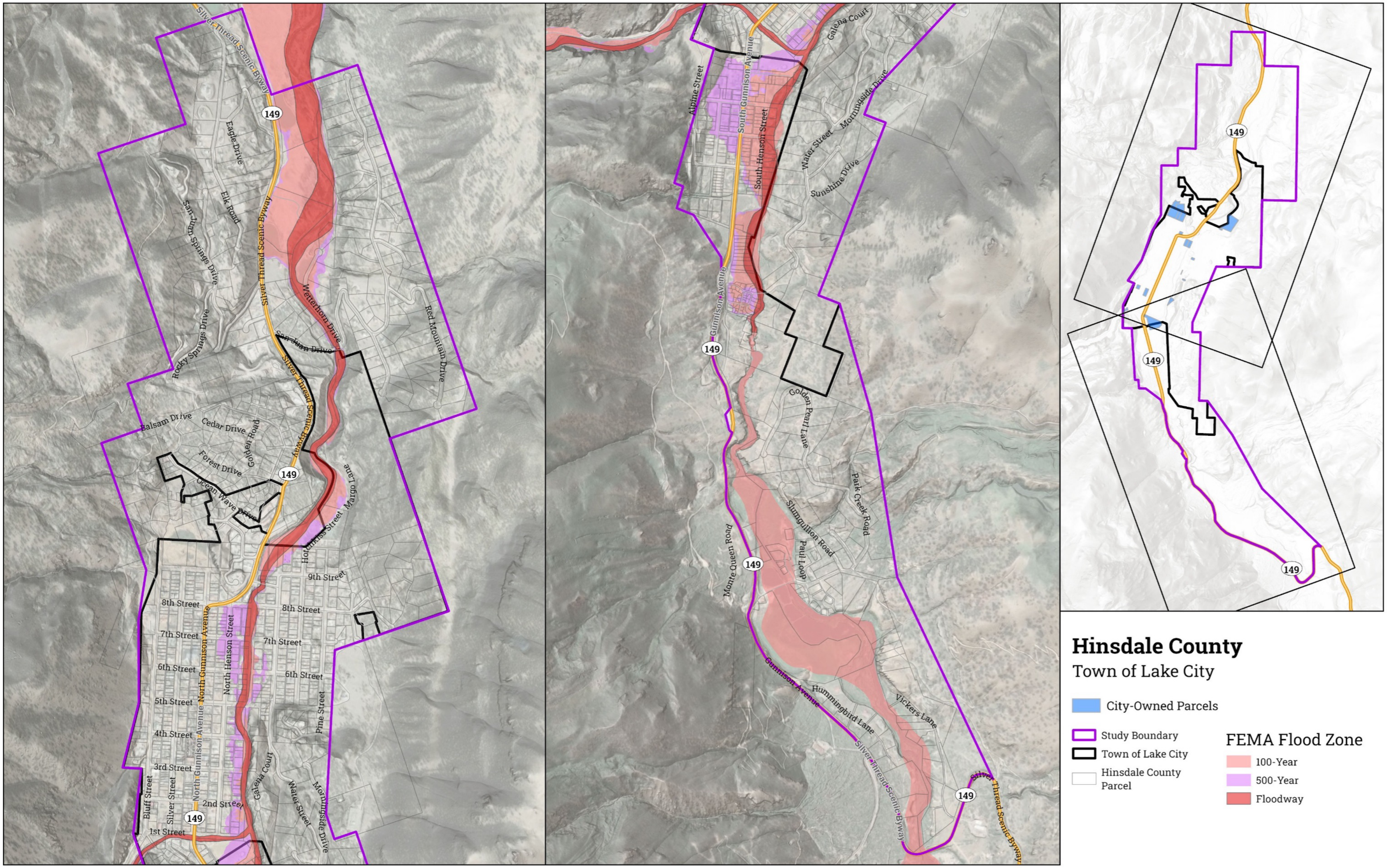


Figure 3.5: FEMA Flood Zones: 100-year floodplain (light pink), 500-year floodplain (medium pink), and floodway (dark pink/red) within the study area.

Chapter 4

Revenue Feasibility

Revenue Feasibility at a Glance

Implementing this housing plan requires **dedicated local revenue**. State and federal programs can cover 60-80% of development costs, but they require local investment to unlock. Without local funds, Lake City cannot compete for these resources.

Recommended revenue sources:

- **Property Tax Mill Levy:** 4 mills = $232,000/year (requires voter approval)
- **Linkage/Impact Fees:** One-time fees on new development
- **STR Licensing Fees:** $15,000–$75,000/year (requires forming Housing Authority; see Action F.4)

Bottom line: A combination of impact fees (near-term) and a voter-approved property tax provides the most sustainable funding path.

4.1 Revenue to Support Housing Outcomes

The strategies laid out in Chapter 5 of this report highlight options to address housing solutions, ranging from relatively inexpensive policy options to complex and expensive development projects. Most affordable housing projects face significant funding gaps across the State of Colorado, and new construction projects are the most expensive strategy option to solve housing challenges in our community. Almost all of the strategies to address housing challenges require some amount of funding, such as to pay for staff to implement policies and programs, and to seek grants for both smaller and larger housing efforts. For the most expensive solutions including development projects, multiple non-local funding programs exist to close the funding gaps, including Proposition 123 with the State and Low-Income Housing Tax Credits with the State and Federal governments, however these programs usually require local investment before any awards can be achieved.

In order to support the proposed strategies and address the housing challenges, a dedicated revenue stream is critically needed at the local level. Lake City and Hinsdale County need a funding strategy to support housing programs, and that strategy will be best implemented using multiple options below to create sustainability and to not over-burden any one funding pathway. Local housing funds can then be spent directly on policies and programs including rehabilitation, weatherization, direct acquisition, and deed restrictions, alongside investments of staff time and larger investments in development projects. Revenue generation through fees can provide a continual funding source that provides sustainability for housing programs. Separately, local tax revenues can create longer-term funding solutions for the most impact, but require voter approval(s) to implement. Whether through legislative action at the Town or County level, or through a voter initiative for tax purposes, a local, dedicated funding stream will be critical to build up the housing ecosystem in Lake City and Hinsdale County.

4.2 What This Chapter Covers

A few notes about what is covered and not covered in this revenue feasibility study:

Focus on Local Revenue: This chapter does not cover the numerous State and Federal funding programs available, as the focus in this chapter is on local revenue only. The State and Federal funding programs vary year by year, and are a tremendous resource to support housing planning and outcomes, such as the DOLA funding award to support this planning effort. Local staff should definitely continue researching outside programs to support housing outcomes, some of which will be identified in the financial modeling efforts in this study.

Financing Tools: Similarly, a review of the numerous financing tools is not covered in this chapter of the report. There are many financing tools available to support affordable housing outcomes, including loans, bonds, property tax payment structures to name a few, all of which require a funding source/revenue stream to implement. Financial modeling is provided later in this study and specific financing mechanisms will be identified to support the chosen scenarios to model, at the policy, program and/or project level.

A review and evaluation of local funding options are provided below, including new/emerging trends in affordable housing from other communities around the State of Colorado. The consultant team presents these findings as practices and ideas from around Colorado, acknowledging that all require legal counsel review at the Town or County level and to address their specific government powers, along with the proper processes for voter approvals and taxation considerations.

4.3 Land Use Regulation and Authority

4.3.1 Inclusionary Zoning

Explanation: Inclusionary zoning is a land use regulation that requires a percentage of new residential units (or equivalent via fee-in-lieu or off-site units) to be affordable.

Legal pathway: HB21-1117 (2021) – The State Legislature clarified that inclusionary housing requirements for newly constructed or redeveloped housing are *not* rent control. This explicitly authorizes cities/counties to adopt inclusionary zoning ordinances with options like on-site affordable units (rental or ownership, deed-restricted), off-site units, fee-in-lieu payments to an affordable housing fund, land dedication, and other alternatives.

Revenue: A fee in lieu is most practical for Lake City and Hinsdale County given the predominance of vacation homes. For example, a $25,000 fee per home on 10 homes per year generates $250,000 per year.

Justification: The development market in Lake City and Hinsdale County overwhelmingly builds vacation and second homes, with no direct link back to the need for affordable housing, yet the development market is driving the economy and the need for affordable housing. Colorado law allows governments to shape their housing ecosystems through new development regulations. Inclusionary zoning provides a direct link to new residential development and the future growth of the housing stock in the Town and County.

4.3.2 Employee Housing Mitigation

Explanation: Employee housing mitigation fees are charges on new commercial or residential development to address the additional workforce housing demand that the project generates.

Legal pathway: Allowed by HB21-1117, in use in numerous Colorado communities.

Revenue: Estimating revenue requires studying impacts on job demands; Mt. Crested Butte's fee in lieu for EMR is approximately $15,000 per unit Smaller units can be exempted.

Justification: Any new development creates a need for local workers, including vacation homes, second homes, STR units, and commercial uses, and these property uses require housing for employees. Smaller developments (e.g. a single-family residence) require a fee in lieu as fractional EMR obligations cannot be built, but rather pooled by the Town/County to enable housing outcomes once sufficient funding is available.

4.3.3 Development Impact Fees

Explanation: Fees charged on development activity to fund community infrastructure, such as roads, utilities, and police and fire stations

Limitation: Potential to support infrastructure in your communities, but not directly fund housing outcomes

4.3.4 Short-Term Rental Permit Fees

Explanation: Colorado governments may regulate STRs through zoning, licensing, and business regulation powers. They can impose fees tied to the cost of administration and enforcement, such as licensing, inspections, and compliance monitoring. Traditionally, these fees are limited to program administration costs. However, Fraser, CO (a statutory town) demonstrates an alternative: by establishing a Housing Authority and directing STR permit fees through it, Fraser funds "affordable housing initiatives and programs as approved by the Fraser Housing Authority." Lake City could pursue a similar approach if it forms a Housing Authority (see Action F.4).

Legal pathway: Short-term rental fees are legal in Colorado. If a Housing Authority is established and fees are structured through it, they may fund housing programs beyond administration costs. Fraser, CO provides precedent for statutory towns.

Revenue: $15,000–$75,000/year (based on 150 rentals at $100–$500/unit), if Housing Authority is formed and fees directed through it. Otherwise, fees cover administration costs only.

Justification: STRs reduce year-round housing supply and increase demand for workforce housing. Forming a Housing Authority would provide the legal pathway to direct fees toward mitigation.

4.4 Taxing Options

4.4.1 Property Tax

Explanation: Property taxes fund county and municipal governments, schools, special districts, and housing authorities. A property tax applies to all taxable real and personal property within a county and is a tax on the assessed value of the property. The assessed value is a percent of the total actual value, the latter of which is determined by the county assessor. The state legislature determines the assessment rate for each of several property classes, such as "residential" and "commercial." The tax rate is based on a mill levy.

Legal pathway: New property taxes and increases to number of mills require voter approval. The taxing authorities themselves cannot campaign for the passage of a mill levy. Political actions committees with names like "Friends of Housing" are often created to fund and run campaigns. PACs must be registered with the Secretary of State and follow various guidelines. The ballot language outlines the taxing authority, the number of mills, and the permitted use of the funds, and any other stipulations, such as sunset clauses. Under Colorado's "uniform taxation" clause every mill levy must apply equally to all taxable property located inside the taxing entity's boundaries, regardless of who owns it or where the tax bill is mailed.

Revenue: As a result of the biannual reappraisal, 2025 Hinsdale County total taxable assessed value (local) increased 18.6%. Total taxable value for schools increased 27%. However, annual property tax revenue growth is capped at 5.25% following the passage of House Bill 24B-1001.

As of 2025, a 2 mill property tax would generate approximately $122,400 per year and would cost a residential home owner $13.00 per $100,000 of property value per year. A commercial property owner would pay $50.46 per $100,000 of property value per year.

A 4 mill property tax would generate approximately twice that amount or $245,000 per year and would cost a residential home owner $26.00 per $100,000 of property value per year. A commercial property owner would pay $101 per $100,000 of property value per year.

The actual amount of property tax will also depend on how it is structured and ballot language. Property tax can be a fixed amount or a rate. A fixed amount offers stability and predictability. A fixed rate generates more revenue with rising property values during economic growth, but risks lower revenue if property values were to decline.

Special Consideration - HB24-1299: Investigate HB24-1299 for the potential re-assessment of short-term rentals as commercial properties, which includes exceptions for 2nd homes.

- Assessing 5% of total housing units as commercial (based on STR permit and assessor database) generates approximately $20,000 per year.
- Requires an administrative burden for Hinsdale County and annual affidavits by property owners, but could significantly raise funds on properties that act as commercial lodging operations under the HB24-1299.

Justification: Analysis of assessor's roll shows approximately 75 percent of residential homes (and their corresponding value) have out-of-county tax bill addresses. Vacation and seasonal homes are the largest Hinsdale County "industry," accounting for 18 percent of the county's total economic output and driving the most need for services (provided by local workers). There is a strong nexus between property tax and funding needs for housing infrastructure.

4.4.2 Lodging Tax

Explanation: Tax on the sale of transient lodging of a given stay length so as not to tax long-term rentals. Current lodging tax is 2%, and voters approved an additional 4% in November 2025 to fund essential services (Early Childhood, Search and Rescue, Health Center, and Emergency Medical services at 1% each).

Legal pathway: Requires voter approval similar to sales tax. House Bill 25-1247 (2025) caps the maximum county lodging tax rate at 6%. With the November 2025 approval, Hinsdale County's lodging tax is now fully subscribed at the County level.

Revenue: In Hinsdale County, every 1% would generate up to $65,000 per year.

Justification: Visitors contribute some demand for services provided by workers needing affordable housing. With the November 2025 approval of the additional 4%, lodging tax revenue is now fully committed to essential services and is not a viable funding source for housing.

4.4.3 Local Market District (LMD) Tax

Explanation: Originally designed to support tourism marketing efforts by taxing transient lodging and can be limited to certain lengths of shorter stays. Gunnison and Alamosa Counties currently a assess 4 percent tax on lodging, including short-term rentals. In 2022, voters at the state level voted to allow the use of LMD funds for "workforce support" including housing and childcare, provided voters at the local level also approve. Colorado law explicitly allows for LMD funding to support affordable housing and childcare within HB22-1117. Gunnison LMD voters have approved up to 40% of LMD funds for workforce support.

Legal pathway: Allowed either in Town or the County, or a custom boundary cover parts of either, and requires voter approval to form a special district and fund it. Requires a petition of commercial property owners to be on the ballot, so it is more difficult to pass than lodging tax. Colorado law appears to specifically allow for LMD taxation/funding above base lodging tax rate maximums of 6% for either Lake City or Hinsdale County.

Revenue: In Hinsdale County, every 1% would generate up to $65,000 per year.

Justification: Visitors contribute some demand for services provided by workers needing affordable housing. Politically, this may be more difficult to pass in the wake of the 4% lodging tax passed in November 2025. For example, a 4% LMD tax would bring the total tax on lodging to 10%. Across Colorado mountain towns, voters have begun to reject further tax increases on tourists, with some notable failures in the 2025 election.

4.4.4 Sales Tax

Explanation: Sales tax applies to all taxable sales in Hinsdale County and Lake City. The current total is 8.9%, which includes 2.9 percent for the State, 1.25% for health service district, 4% for the county, and the recently passed 1% for the fire district. The county's 4% is shared with Lake City by a formula that varies with the location of collections.

Legal pathway: Allowed by State statutes and as approved by voters.

Revenue: Health Service District receives 1% which generated $345,000 in 2024, providing a baseline for estimating additional percentage point revenue.

Justification: Data analysis indicates 50% of sales taxes are paid by seasonal residents and tourists. Partial alignment with tourism economy, however approximately 50% of burden is passed onto local residents. With the recent fire district increase, additional sales tax increases are unlikely to be well-received by voters.

4.4.5 Vacant Home Fee/Tax

Explanation: A tax targeting second homes that sit mostly vacant during the year, aimed at unoccupied and underutilized housing

Legal pathway: Largely unproven and questionable; relatively new concept being pursued in Colorado including efforts in Crested Butte, Steamboat Springs and Boulder. As a tax to funding affordable housing, would require voter approval.

Revenue: Needs further study, likely not tied to home value, but rather a flat, per home fee. A $1,000 fee in Hinsdale County generates up to $1 million per year.

Justification: The overwhelming amount of property ownership that is registered as out-of-county and that sits vacant contributes significantly to the burden of the housing as not serving the local workforce. These vacant homes require significant effort to maintain, and overall create a large imbalance of housing stock not accessible to the labor workforce. Vacation homes disproportionately burden the local housing ecosystem as they unavailable to the average working in the Town and County, for both economic and scarcity rationale.

4.4.6 Short-Term Rental Excise Tax

Explanation: An excise lodging tax is charged on gross short-term rents (includes most fees like cleaning, booking, pet fees; excludes taxes). It applies to both STRs and hotels/motels and is on top of regular sales/lodging taxes. Proceeds may be dedicated to affordable housing.

Legal pathway: Only allowed for home-rule municipalities; Lake City and Hinsdale County are not eligible.

4.4.7 Real Estate Transfer Tax

Explanation: Tabor precludes taxing real estate transfers, though a few Colorado towns have RETTs grandfathered.

Limitation: Transfer taxes may be implemented on a voluntary basis, but would require significant cooperation of a developers/homebuilders to implement.

4.5 Additional Funding Opportunities

4.5.1 Local Philanthropy

Explanation: A $2 million endowment would generate ~$100,000 per year to spend directly on housing outcomes along with non-monetary benefits such as reduced turnover and generational continuity with long-time families establishing roots (homes) in the community. Requires local community support and fundraising.

Examples: Gunnison's Valley Housing Fund, Telluride Foundation's Norwood project

4.5.2 Other Ideas

- **Energy Performance Contracting** is a Colorado Energy Office Program in which a public entity would borrow against future savings from efficiency upgrades and renewable generation; could support the housing ecosystem with energy efficiency upgrades to housing
- **New federal reconciliation bill** increases transfer payments to counties. Depending on uses of federal land in Hinsdale County, this may generate incremental revenue

4.6 Next Steps and Recommended Revenue Strategies

The Lake City/Hinsdale County housing study working group reviewed these options on September 4, 2025. Simultaneously acknowledging that new fees and taxes are hard on the community, and that affordable housing funding is badly need, the following options appeared most favorable to consider going forward:

- **Inclusionary Zoning Fees** - Direct link to new development, legally sound, and practical for the local market
- **Property tax assessment to support housing** - Broad-based funding with strong nexus to the housing needs created by seasonal/vacation properties

Each option will need action at the legislative or electorate level, and will be presented to the Town Board and County Commissioners for further consideration.

Note: Since the viability of a vacant home tax is legally questionable, further investigation is required.

4.7 Summary: Building a Sustainable Revenue Foundation

Addressing Lake City and Hinsdale County's housing challenges requires a multi-faceted funding approach. No single revenue source will be sufficient to meet the community's housing needs, but a combination of these tools can create a sustainable foundation for ongoing housing programs and development.

The revenue strategies outlined in this chapter are designed to:

1. Create sustainable local funding that enables the community to act quickly on opportunities and leverage state and federal resources
2. Align costs with benefits by asking those who benefit most from the housing market (vacation home development, tourism economy) to contribute to solutions
3. Provide implementation flexibility through multiple revenue pathways that can be deployed based on political feasibility and market conditions
4. Support the full range of housing strategies outlined in Chapter 5, from low-cost policy changes to significant development projects

The recommended priorities - inclusionary zoning fees and property tax - represent the most legally sound, politically viable, and economically sustainable options for Lake City and Hinsdale County. Combined with strategic pursuit of state and federal funding programs, these local revenue sources will enable the community to make meaningful progress on its housing goals.

Chapter 5

Housing Strategy

Housing Strategy at a Glance

Based on the demand analysis in Chapter 3, this plan identifies a **goal of 20-40 housing opportunities** — new construction, conversions, and preservation — with additional households supported through tenant assistance programs.

Goal breakdown:

- **Rental:** 15-30 units — new construction, STR conversions, ADUs
- **Ownership:** 5-10 units — down payment assistance, acquisition
- **Priority project:** Lake Fork development (20-28 units on Town-owned land)

Recommended strategies include: fast-track permitting, ADU incentives, deed restrictions, employer partnerships, and anti-displacement protections.

5.1 Strategy: From Analysis to Action

The Lake City and Hinsdale County Comprehensive Affordable Housing Strategy marks the shift from understanding the problem to identifying practical solutions for consideration. It builds on two foundations: the detailed demand analysis in Chapter 1 - which measures the scale and urgency of the housing challenges - and the insights from residents, employers, and local leaders who live with these challenges every day.

The numbers are stark: more than half of local households earn below 80% AMI, the median home price is $563,000 - well out of reach for most workers - rental vacancies are effectively zero, and nearly half of local employers already provide some form of housing assistance just to keep their businesses staffed. Behind each figure are real stories: teachers commuting from other towns, healthcare workers priced out of the community, and families forced to move away.

Equally important, the strategy reflects local priorities shaped through the Housing Working Group's discussions, surveys, and planning sessions. Community members have helped define housing targets, income levels to serve, and program priorities—ensuring that this plan is grounded in both data and local values.

This chapter lays out a practical framework for action. It starts with the community's housing vision, defines clear objectives, and then moves into targeted strategies and implementation tools. The approach is both ambitious and realistic, recognizing the urgency of housing challenges while working within the constraints of a small, remote community. The recommendations are designed to be actionable, fundable, and achievable in our context.

5.2 Vision and Objectives

5.2.1 Vision for Lake City Housing

> *"To provide housing opportunities across all life stages, enabling residents to find appropriate homes as they begin careers, raise families, and retire in the community they love."*

Figure 5.1: Lake San Cristobal, Colorado's second-largest natural lake, reflects the natural beauty that draws residents and visitors to Hinsdale County. Photo: Wikimedia Commons (CC BY-SA 2.0)

5.2.2 Core Objectives

The following objectives are recommended to guide future housing decisions:

1. **Serve All Life Stages** Create diverse housing options that meet residents' changing needs - from workforce rentals to family homes to senior-friendly downsizing options, recognizing the community's median age of 55 and the housing needs of a growing senior population.
2. **Expand Housing Supply Strategically** Develop new rental and ownership opportunities across income levels, recognizing that 54% of households earn below 80% AMI while others seek market-rate options.
3. **Support Economic Stability** Expand housing opportunities for teachers, healthcare workers, service employees, and other essential workers to help them afford to live where they work, reducing the need for long-distance commuting.
4. **Preserve Long-Term Affordability** Implement deed restrictions and other mechanisms to ensure public investment creates lasting community benefit.

5. **Maximize Limited Land Resources** Focus on strategic infill development and efficient land use within town boundaries, recognizing 96% federal land ownership.
6. **Build Quality, Sustainable Communities** Prioritize durable construction, energy efficiency, and professional management to create housing that serves residents for generations.
7. **Promote a Sustainable Housing Balance** Monitor and support the ratio of year-round to seasonal housing to ensure adequate homes remain available for the local workforce and community members, while respecting property rights and market dynamics.

5.2.3 Housing Goals

Based on the comprehensive demand analysis in Chapter 1 and input from the Housing Working Group and joint sessions with Town Trustees and County Commissioners, the following goals are intended to balance vision with practical achievability for our small, remote community.

5.2.4 Goal 1: Creation of Housing Opportunities

This plan recommends a **goal of 20-40 housing opportunities over ten years**, plus strategic land banking for future development.

- **20 units** is achievable through incremental programs: ADU development, acquisition and rehabilitation, STR conversions, down payment assistance, and preservation efforts
- **40 units** is achievable if a major development project advances (Town-owned sites, Forest Service land, or acquisition of existing properties for rehabilitation)

These housing opportunities include both new construction and conversions/preservation of existing housing—recognizing that in a small, remote market, progress comes from multiple pathways.

Ten-Year Targets

Type	Target	Sources
Rental	15-30 units	Development, STR conversions, ADUs
Ownership	5-10 units	Down payment assistance, acquisition
Total	**20-40 units**	Multiple pathways
Land Banking	2-4 sites	Strategic acquisitions

Important Context: This target range reflects realistic scenarios. The lower end (20 units) requires sustained effort on incremental programs. The higher end (40 units) requires a major development project to advance—whether that's a Town-owned site, Forest Service partnership, or acquisition of existing multi-family properties. Each preserved year-round home or converted STR contributes as meaningfully as a newly built unit.

5.2.5 Goal 2: Tenure Balance Goals

Lake City and Hinsdale County aims to support a healthier balance between rental and ownership housing to support housing mobility and economic stability.

Ten-Year Tenure Target

Timeframe	Current	10-Year Benchmark
Tenure Mix	80% owner / 20% rental	70% owner / 30% rental
Context	Only 76 rental units valley-wide	Increase rental options through new construction and conversions

Important Context: This rebalancing would occur through multiple strategies - new construction, conversions of seasonal properties to year-round rentals, and natural market movement. With severe rental shortage today (zero vacancy), increasing rental options is essential for workforce stability and economic resilience.

5.2.6 Goal 3: Year-Round Community Focus

Lake City and Hinsdale County aims to increase the share of housing occupied by year-round residents to support community stability and essential services.

Ten-Year Occupancy Target

Timeframe	Current	10-Year Benchmark
Year-Round Occupancy	28% of all units	35% of all units
Vacant/Seasonal	72% of all units	65% of all units

Important Context: With nearly three-quarters of homes sitting empty most of the year, the community struggles to maintain schools, healthcare, and essential services. This shift toward year-round occupancy can come through:

- Prioritizing new construction for year-round residents
- Incentivizing conversions of seasonal properties
- Preventing loss of existing year-round housing

Even a modest increase in year-round occupancy strengthens the foundation needed to sustain essential services and reduce dependence on seasonal labor.

5.3 Strategies and Actions

Addressing Lake City and Hinsdale County's housing challenges benefits from coordinated action across multiple fronts. No single project or program can solve housing challenges alone. These strategies work together to create both immediate results and long-term sustainability.

Phase I = 0-6 months | **Phase II** = 6-18 months | **Phase III** = 18+ months

Important Note on Phasing: This plan is designed to be adaptive. Phase II and III priorities will shift based on what succeeds in Phase I, where you see the strongest community response, which funding opportunities materialize, and your capacity as you learn. Expect to adjust later phase priorities based on real-world results.

Full action details including steps, funding sources, and success metrics are provided in **Appendix A**.

5.3.1 Foundational: Build Implementation Capacity

These cross-cutting actions establish the organizational and financial infrastructure that enables all other strategies. These are recommended first steps if the community chooses to move forward. *First priority.*

Action	Phase	Lead	Impact
IGA	I	Joint	Formalizes partnership
Housing Coordinator	I	Joint	Implementation capacity
Housing Trust Fund	I	Joint	Revenue foundation
Housing Authority	I	Town	Dedicated housing entity

5.3.2 Strategy 1: Policies and Incentives

Update Town and County policies to reduce barriers, encourage housing for year-round residents, and ensure growth contributes to local housing needs. Regulatory changes and fee adjustments can realign market incentives without requiring major public investment. *Relative cost: Low.*

Action	Phase	Lead	Impact
Fast-Track Permitting	I	Both	Prop 123; $100K incentive
ADU Ordinance	I	Town	Incremental rentals
STR Regulations	I	County	Manage STR growth
STR Licensing/Fees	I	County	Compliance; housing fund if HA formed
Long-Term Lease Incentives	II	County	Seasonal to year-round

5.3.3 Strategy 2: Optimize Existing Housing Stock

Increase year-round housing availability by making better use of homes already in the community. Converting underutilized properties and preserving existing affordable housing often costs a fraction of new construction while delivering faster results. *Relative cost: Low-Moderate.*

Action	Phase	Lead	Impact
Acquisition/Rehab	I	Joint	Workforce housing
Preservation Fund	I	Joint	Preserve year-round units
Anti-Displacement	II	Joint	Protect residents
Emergency Repair	II	Joint	Prevent displacement
Down Payment Assistance	II	Joint	Homeownership
Weatherization	II	Joint	Reduce housing costs

5.3.4 Strategy 3: Develop Sustainable Revenue

Consider establishing reliable, locally-controlled funding sources to support housing initiatives. Stable revenue enables the community to act quickly on opportunities, leverage outside funding, and sustain programs over time. *Relative cost: Moderate.*

Action	Phase	Lead	Impact
Mill Levy (4 mills)	I	Joint	$245K/year (voter approval required)
Inclusionary Zoning	II	Town	$100K-$250K/year
Partnership Leverage	II	Joint	Foundation/employer funds
Impact/Linkage Fees	III	Joint	Ongoing revenue

5.3.5 Strategy 4: Strategic Development and Land Banking

Explore options to create new housing supply and identify opportunities to secure scarce land for future development. In a county with 96% federal land ownership, strategic acquisition and development of available sites would support long-term housing solutions. *Relative cost: High.*

Action	Phase	Lead	Impact
Land Banking	I	Joint	Secure sites
Lake Fork Development	II	Town	Developer selection
Employer Partnerships	II	Joint	Private contributions
Workforce Development	III	Regional	Construction capacity

5.4 Success Metrics

Progress toward housing goals can be measured using clear, trackable indicators that rely on existing data sources, avoiding the need for new, burdensome reporting systems.

Success Metrics Dashboard

Metric	Current Baseline	10-Year Target	Data Source
Housing Opportunities Created	0	40+ units	Building permits, program records
Year-Round Occupancy Rate	28%	35%	County Assessor data
Tenure Mix (Owner/Rental)	80%/20%	70%/30%	Assessor data, Census
Units Affordable <80% AMI	Limited	30-40% of new units	Program records
Land Banking	1 site (Lake Fork)	3-5 sites secured	Property records
Annual Housing Revenue	$0	$200,000+	Finance records

Strategy-Specific Performance Indicators

Strategy	Key Performance Indicators	Measurement
Policies and Incentives	Permitting timeline	Reduce from 6+ to 3 months
	STR compliance	Track registrations and violations
Optimize Existing Stock	Conversions completed	Track STR to long-term transitions
	Preservation assists	Document units preserved
Revenue Development	Funding secured	Annual revenue vs. goal
	Leverage ratio	State/federal match achieved
Strategic Development	Projects completed	Units delivered and occupied
	Absorption rate	Lease-up/sale timeline

These metrics can be tracked annually using existing County Assessor data, building permits, and program records, ensuring consistency without creating new administrative burden.

Chapter 6

Implementation

Implementation at a Glance

This plan includes **22 specific actions** organized into three phases, with clear assignments for Town, County, or joint responsibility. Effective implementation benefits from a **Housing Coordinator** to drive day-to-day implementation and quarterly joint sessions to maintain momentum.

Implementation phases:

- **Phase I (0-6 months):** Foundation — fast-track permitting, ADU ordinance, STR regulations, housing coordinator hire
- **Phase II (6-18 months):** Building capacity — density bonuses, acquisition/rehab, Lake Fork development launch
- **Phase III (18+ months):** Scaling — employer partnerships, impact fees, workforce housing programs

Recommended first priority: Hire a Housing Coordinator and establish the Housing Trust Fund to receive and deploy resources.

Achieving 20-40 housing opportunities over ten years requires sustained coordination between Town and County, dedicated staff capacity, and reliable funding. This chapter describes the organizational infrastructure needed to move from plan to action.

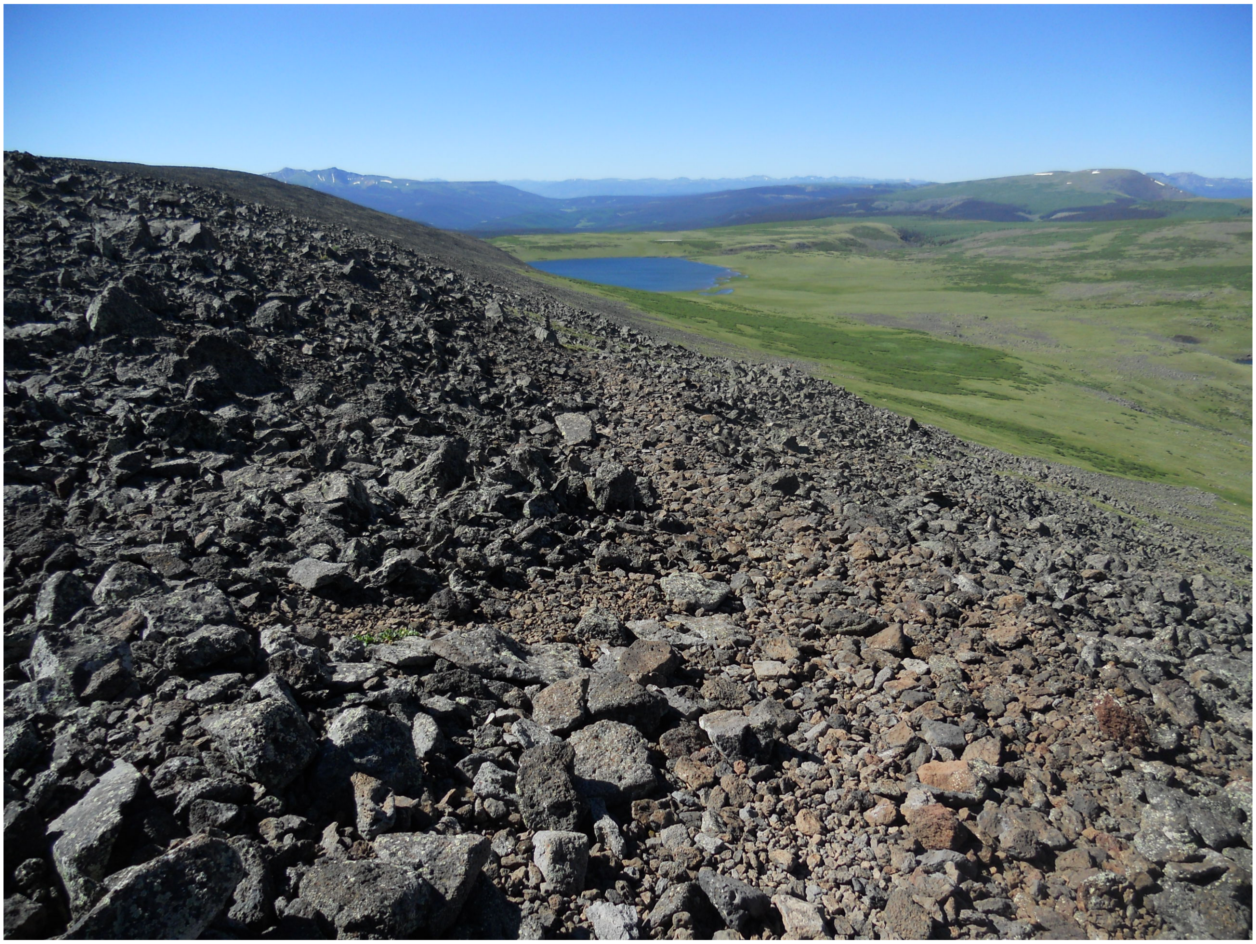
The following principles are recommended to guide implementation:

- **Action over perfection.** Good enough today beats perfect next year.
- **Leverage over local spending.** Every local dollar should attract multiple state and federal dollars.
- **Collaboration over competition.** Town and County succeed together or struggle separately.
- **Year-round community focus.** Prioritize housing that strengthens the permanent resident base.
- **Realistic expectations.** In a county of 774 people, even modest progress is significant.

6.1 Building the Foundation

Before launching housing programs, Lake City and Hinsdale County would benefit from organizational infrastructure that doesn't currently exist. These foundational elements are interconnected pieces that enable everything else.

Figure 6.1: The Powderhorn Wilderness in Hinsdale County—96% of county land is federally managed, making every developable parcel precious. Photo: Wikimedia Commons (CC BY-SA 4.0)



6.1.1 Formalizing the Partnership

The Town of Lake City and Hinsdale County have worked collaboratively on this plan, but that collaboration currently has no legal framework. An Intergovernmental Agreement (IGA) would formalize the partnership and establish the rules for working together.

The IGA matters for practical reasons: grant applications are strengthened when applicants can demonstrate formal partnerships, shared staff positions require legal agreements, and revenue mechanisms need clear allocation rules. Without an IGA, every joint decision requires ad hoc negotiation. With one, the framework is established and implementation can proceed efficiently.

An IGA could address:

- Roles and responsibilities for each jurisdiction
- Cost-sharing formulas for joint initiatives
- Decision-making authority and dispute resolution
- Framework for shared staffing arrangements
- Revenue allocation to the Housing Trust Fund

6.1.2 Dedicated Staff Capacity

Neither the Town nor County currently has staff capacity to manage housing programs. Town staff handle planning, utilities, and public works. County staff manage roads, emergency services, and administration. Adding housing program management, grant writing, and development coordination to existing workloads would be challenging given current capacity.

A shared Housing Coordinator position could address this gap. The position could:

- Write and manage grants across 15+ state and federal funding cycles annually
- Administer programs (ADU incentives, down payment assistance, rehabilitation)
- Coordinate development projects
- Track progress and report to elected officials
- Coordinate with state agencies and regional partners

Funding pathways:

- DOLA Local Planning Capacity Grant (can cover full salary initially)
- Fast-Track Permitting incentive funds
- Mill levy revenue (if approved)
- Local budget allocation (if grants not secured)

6.1.3 Sustainable Revenue

Grant funding fluctuates with state and federal budget cycles, political priorities, and competition from other communities. A dedicated property tax mill levy could provide a sustainable revenue foundation for long-term housing work.

Illustrative mill levy structure:

- **Rate:** 4 mills
- **Annual revenue:** Approximately $245,000
- **Cost to residents:** $26 per $100,000 of assessed value annually
- **Who pays:** Approximately 75% paid by out-of-county seasonal and vacation homeowners

A mill levy at this level would fund the Housing Coordinator position, provide local match for state and federal grants, capitalize the Housing Trust Fund, and cover program administration.

6.1.4 Legal Structures

Two additional legal structures support implementation: a Housing Authority and a Housing Trust Fund.

A municipal **Housing Authority** could unlock funding sources unavailable to general-purpose governments—CHFA's Middle Income Housing Authority loans at 3-5% interest, enhanced positioning for Proposition 123 programs, ability to direct STR licensing fees to housing programs (see Fraser, CO precedent), and a dedicated legal entity for property ownership. For Lake City, the structure can be simple: Town Trustee members serve as the Board, housing items are added to existing agendas, and the County participates through the IGA.

A **Housing Trust Fund** would provide a mechanism to receive, hold, and deploy housing revenues from sources including:

- Mill levy proceeds
- Inclusionary zoning fees-in-lieu
- Linkage/impact fees
- STR licensing fees (if Housing Authority is formed)
- Grant funding
- Developer contributions and philanthropic donations

6.2 Who Does What

If the Town and County choose to move forward with implementation, the following division of responsibilities is recommended.

Clear delineation of responsibilities helps track progress and prevents duplication of effort.

Town of Lake City — Primary responsibility for:

- Development on Town-owned sites
- Town zoning and land use regulations (ADU ordinance, density bonuses)
- Building permits and inspections within Town limits
- Housing Authority formation and governance

Hinsdale County — Primary responsibility for:

- County-wide STR licensing and fee collection (coordinate with Housing Authority if directing fees to housing fund)
- Land use regulations outside Town limits
- Property tax assessment coordination (mill levy implementation)
- Regional coordination with other counties and state agencies

Shared responsibilities: IGA execution, Housing Coordinator supervision, Housing Trust Fund governance, mill levy campaigns, grant applications.

Housing Coordinator — Reports jointly to Town and County leadership, handles day-to-day implementation including grant management, program administration, progress tracking, and community engagement.

Standing Housing Committee — Continues the advisory role established during the planning process, providing policy review, community input, and priority recommendations to elected officials.

6.3 Keeping Implementation on Track

Implementation benefits from sustained attention and regular course correction.

Quarterly Joint Sessions would bring Town Trustees and County Commissioners together four times annually (January, April, July, October) for housing implementation review covering:

- Progress on current phase actions
- Grant applications submitted and pending
- Financial status
- Upcoming decisions requiring elected official action
- Emerging opportunities or challenges

An **Annual Review** could align with the plan anniversary and produce an Annual Housing Implementation Report covering progress toward goals, strategy effectiveness, and any needed plan amendments.

Ongoing reporting could include monthly written updates from the Housing Coordinator, quarterly dashboard tracking progress metrics, and community updates at minimum annually.

6.4 Getting to 20-40 Units

> *"Think big."*
> — Tom Glass, Western Land Group

The 20-40 unit goal provides direction, not a rigid target. Progress can come from multiple sources—some predictable, others opportunistic.

Twenty units is achievable through incremental programs alone:

- ADU development (5-8 units)
- Acquisition and rehabilitation (4-6 units)
- STR conversions to long-term rental (3-5 units)
- Down payment assistance with deed restrictions (3-5 units)

These programs would require sustained staff capacity, sustainable revenue, and continued access to grant funding—but no major development project.

Forty units requires a major development project in addition to incremental programs. This could be:

- Development on Town-owned sites
- Forest Service land partnership
- Acquisition of existing multi-family properties
- Private development incentivized through policy

The specific project would emerge through implementation—the plan creates the conditions for success without depending on any single opportunity. Multiple pathways can reach the goal.

This implementation chapter reflects decisions made through the Lake City and Hinsdale County housing planning process. It is intended as a living document, subject to annual review and amendment as conditions change and lessons are learned.

Figure 6.2: Strategy Implementation Matrix

Lake City & Hinsdale County Housing Plan

Actions to Initiate by Phase | 10-Year Goal: 20-40 New Opportunities

	Phase I (0-6 mo)	Phase II (6-18 mo)	Phase III (18+ mo)
Foundational	IGA — Joint Housing Coordinator — Joint Housing Trust Fund — Joint Housing Authority — Town		**Adaptive Plan** Priorities will shift based on Phase I successes, community response, and funding. Adjust based on real-world results.
Strategy 1: Policies & Incentives	Fast-Track Permitting — Both ADU Ordinance — Town STR Caps/Bans — County STR Licensing — County	Lease Incentives — County	
Strategy 2: Optimize Existing Stock	Acquisition/Rehab — Joint Preservation Fund — Joint	Anti-Displacement — Joint Emergency Repair — Joint Down Payment Assist. — Joint Weatherization — Joint	
Strategy 3: Sustainable Revenue	Mill Levy — Joint	Inclusionary Zoning — Town Partnership Leverage — Joint	Impact/Linkage Fees — Joint
Strategy 4: Strategic Development	Land Banking — Joint	Lake Fork Dev. — Town Employer Partnerships — Joint	Workforce Dev. — Regional

Chapter 7

Appendix A: Action Cards

This appendix provides detailed implementation guidance for each action identified in the Housing Strategy. Each card includes lead responsibility, implementation steps, funding sources, and success metrics. These are resources to draw on as priorities and capacity evolve — not a sequential checklist.

These action cards are technical reference documents—use them when ready to implement specific actions. Adapt them as circumstances require.

7.0.1 Strategy 1: Policies and Incentives

This strategy focuses on updating Town and County policies to reduce barriers, encourage housing for year-round residents, and ensure growth contributes to local housing needs. Regulatory changes and fee adjustments can realign market incentives without requiring major public investment.

Action 1.1: Fast-Track Permitting for Affordable Housing

Lead: Town and County (Both Adopt) **Phase:** I

Establish expedited review process for affordable housing projects to reduce permitting timeline and costs. Required for Proposition 123 compliance.

Steps:

- Draft coordinated expedited review ordinances
- Establish fast-track procedures (target: 45 days vs. 90+ standard)
- Create reduced fee structure for qualifying projects
- Define qualifying criteria (AMI levels, deed restrictions)
- Train staff in both jurisdictions
- Document compliance for Prop 123

Funding: DOLA Planning Grant (ordinance development); $50,000 per jurisdiction incentive upon completion.

Success Metric: Reduce permitting from 6+ months to 3 months for qualifying projects.

Action 1.2: Fee Waivers for Affordable Units

Lead: Town and County (Both) **Phase:** I

Reduce or eliminate permit, tap, and impact fees for deed-restricted affordable housing to lower development costs.

Steps:

- Inventory all applicable fees (building permits, water/sewer taps, plan review)
- Determine waiver levels (full vs. partial, tiered by AMI served)
- Calculate revenue impact and budget backfill needs
- Adopt fee waiver policies
- Integrate with fast-track permitting process

Funding: Self-funded through reduced fee collection; general fund backfill if needed. DOLA Planning Grant for policy development.

Success Metric: Measurable reduction in per-unit development costs for projects.

Action 1.3: ADU Ordinance

Lead: Town (lead), County (follow) **Phase:** I

Allow property owners to add accessory dwelling units on existing lots to increase rental inventory with minimal infrastructure impact.

Steps:

- Draft ADU ordinance (size limits, design standards, parking)
- Decide on owner-occupancy requirements
- Consider deed restrictions for affordability
- Develop pre-approved plan sets to reduce costs
- Adopt ordinance and implement permitting process
- Create incentive program (fee waivers, expedited review)

Funding: DOLA Planning Grant; CHFA ADU construction loans available to property owners.

Success Metric: ADU permits issued; new rental units created.

Action 1.4: STR Regulations

Lead: County (primary), Town (coordinate) **Phase:** I

Limit or prohibit short-term rentals in certain areas to preserve housing for year-round residents.

Steps:

- Analyze current STR inventory and distribution
- Choose limit method (percentage of housing stock, fixed number, geographic limits)
- Determine grandfather provisions for existing STRs
- Consider primary residence exemptions
- Develop enforcement mechanism
- Coordinate Town/County approach for consistency

Funding: DOLA Planning Grant (policy development and legal review); enforcement software may qualify for administrative grants.

Success Metric: STR inventory stabilized or reduced; conversions to long-term housing documented.

Action 1.5: STR Licensing and Fee Structure

Lead: Town and County (Coordinated) **Phase:** I

Establish or enhance STR licensing system to manage STR growth and ensure compliance. Note: STR licensing fees traditionally cover only program administration costs. However, if Lake City forms a Housing Authority (Action F.4) and structures fees through it, fees could fund housing programs—as demonstrated by Fraser, CO, a statutory town.

Steps:

- Review Town's existing STR ordinance (No. 13-2023)
- Establish County STR licensing system or coordinate with Town
- Set coordinated annual fees (if Housing Authority is formed, consider directing fees through it for housing fund eligibility)
- Develop joint compliance monitoring system
- Establish enforcement procedures and penalty structure

Funding: Self-sustaining through licensing fees. If Housing Authority is formed and fees are directed through it, they may contribute to housing fund. DOLA Planning Grant for County system development.

Success Metric: STR inventory tracked; compliance rate monitored; fees cover costs or contribute to housing fund.

Action 1.6: Density Bonuses for Affordable Units

Lead: Town and County (Both) **Phase:** II

Allow developers to build more units than normally permitted if they include affordable housing, improving project financial viability.

Steps:

- Analyze current zoning density limits
- Set bonus ratios (e.g., 1 additional market-rate unit for every affordable unit)
- Determine qualifying affordability levels and deed restriction requirements
- Consider additional incentives (height, setback, parking reductions)
- Ensure infrastructure capacity
- Adopt code amendments

Funding: DOLA Planning Grant (code amendments). Projects using density bonuses eligible for CHFA LIHTC and Prop 123 funds.

Success Metric: Density bonus utilized by qualifying projects.

Action 1.7: Long-Term Lease Incentives

Lead: County (lead), Town (optional) **Phase:** II

Create rebate incentives through the Housing Authority for property owners who commit to long-term (12+ month) leases instead of short-term rental or seasonal use.

Steps:

- Research rebate program options and legal framework
- Coordinate with Housing Authority (once established)
- Draft rebate program funded through Housing Trust Fund
- Set lease term requirements (12+ months minimum)
- Establish monitoring and compliance procedures
- Create annual affidavit system

Funding: Housing Trust Fund (rebates funded through dedicated housing revenue). DOLA Planning Grant for program design.

Success Metric: Properties converted from seasonal to long-term rental.

7.0.2 Strategy 2: Optimize Existing Housing Stock

This strategy increases year-round housing availability by making better use of homes already in the community. Converting underutilized properties and preserving existing affordable housing often costs a fraction of new construction while delivering faster results.

Action 2.1: Anti-Displacement Policies

Lead: Town and County (develop jointly) **Phase:** II

Protect existing residents from being forced out due to redevelopment or rent increases, preserving naturally affordable housing.

Steps:

- Define triggering events (demolition, substantial renovation, condo conversion)
- Set notice periods (60-120 days typical)
- Determine relocation assistance amounts
- Consider replacement requirements (1:1 or higher)
- Conduct legal review
- Adopt coordinated policies

Funding: DOLA Planning Grant (policy development); CHAC Emergency Housing Assistance (relocation costs); Prop 123 (preservation).

Success Metric: Zero net loss of year-round occupied housing units.

Action 2.2: Acquisition and Rehabilitation

Lead: Town and County (both fund, shared implementation) **Phase:** I

Purchase existing properties needing repair and renovate them for workforce housing. Often cheaper and faster than new construction.

Steps:

- Establish acquisition fund or secure bonding capacity
- Develop property identification and evaluation criteria
- Conduct thorough inspections (budget 20-40% contingency)
- Decide ownership model (public, nonprofit, land trust)
- Implement deed restrictions and ongoing management

Funding: Prop 123 Land Banking/Acquisition; CHFA Middle Income Housing Authority loans (3-5% interest); DOLA REDI grants; USDA Rural Development 515/538.

Success Metric: Units acquired and rehabilitated for workforce housing.

Action 2.3: Housing Preservation Fund

Lead: Town and County (Joint) **Phase:** I

Establish revolving loan fund to acquire at-risk properties and preserve them as year-round housing with deed restrictions.

Steps:

- Establish initial capitalization
- Create acquisition criteria and process
- Develop deed restriction templates and enforcement mechanisms
- Identify at-risk properties (potential conversions to seasonal use)
- Structure revolving fund to recapture investment upon resale
- Plan for property management

Funding: Prop 123 Land Banking/Acquisition; CHFA Middle Income HA loans; DOLA REDI grants; Colorado Housing Investment Fund; local general fund seed money.

Success Metric: Year-round units preserved from conversion to seasonal use.

Action 2.4: Emergency Home Repair Program

Lead: Town and County (Joint) **Phase:** II

Provide grants or low-interest loans to income-qualified homeowners for critical repairs.

Steps:

- Create contractor network of qualified, vetted contractors
- Develop application process and income eligibility criteria
- Set priority for critical repairs (heating, roofing, plumbing, electrical)
- Establish lien and repayment procedures for loans
- Create inspection process to verify need and work quality

Funding: DOLA REDI grants; Energy Impact Assistance (weatherization); USDA Rural Development 504 loans/grants; NeighborWorks; Prop 123 preservation funds.

Success Metric: Emergency repairs completed; households assisted.

Action 2.5: Down Payment Assistance Program

Lead: Town and County (Joint) **Phase:** II

Provide down payment assistance to first-time homebuyers purchasing in Lake City/Hinsdale County, with shared equity or deed restrictions to preserve affordability.

Steps:

- Establish assistance fund
- Partner with CHFA or NeighborWorks for homebuyer education
- Set income limits and household eligibility criteria
- Develop shared equity/deed restriction requirements
- Establish recapture provisions for resale
- Partner with local lenders and real estate professionals

Funding: Prop 123 first-time homebuyer programs; CHFA down payment assistance; Federal Home Loan Bank grants; Colorado Housing Investment Fund; local Housing Trust Fund.

Success Metric: First-time homebuyers assisted; long-term affordability preserved through deed restrictions.

Action 2.6: Weatherization and Energy Efficiency

Lead: Town and County (County-wide) **Phase:** II

Partner with state weatherization programs and supplement with local funding to reduce housing costs through energy efficiency improvements.

Steps:

- Partner with Colorado Energy Office weatherization programs
- Supplement with local funding for households that don't qualify for state programs
- Coordinate with utilities for incentive programs
- Focus on heating system upgrades, insulation, window replacement
- Create coordination agreements with state programs

Funding: Colorado Energy Office weatherization grants; Energy Impact Assistance; utility rebate programs; DOLA energy efficiency grants; LEAP; local Housing Trust Fund gap funding.

Success Metric: Households served; measurable reduction in energy costs.

7.0.3 Strategy 3: Develop Sustainable Revenue

This strategy establishes reliable, locally-controlled funding sources to support housing initiatives. Stable revenue enables the community to act quickly on opportunities, leverage outside funding, and sustain programs over time.

Action 3.1: Property Tax Allocation (Mill Levy)

Lead: Town and County (each entity for own levy) **Phase:** I

Dedicate property tax revenue specifically for housing programs through voter-approved mill levy.

Steps:

- Calculate revenue potential based on assessed valuation
- Develop ballot language
- Plan community education campaign
- Coordinate timing with a future ballot cycle when community support is strong
- Build coalition support
- Conduct ballot measure campaign
- If approved, establish collection and allocation procedures

Funding: Self-generating local revenue; provides match for state/federal grants.

Success Metric: Mill levy approved; sustainable revenue stream established.

Action 3.2: Impact/Linkage Fees

Lead: Town and County (Both, separately) **Phase:** III

Charge fees on new development to offset its impact on community infrastructure and services, creating revenue that can support housing programs directly or indirectly.

Steps:

- Commission nexus study to legally justify fees and determine allowable uses
- Evaluate both direct housing fees (if supported by nexus study) and indirect approaches
- Consider park/recreation or other impact fees that free up general funds for housing
- Focus on residential development initially
- Consider exemptions for affordable housing
- Phase in over time; tier by size or type if appropriate
- Update study every 5-7 years

Funding: DOLA Planning Grant (covers nexus study costs); fee revenue becomes self-sustaining.

Success Metric: Fees adopted and generating revenue; general fund savings redirected to housing programs.

Action 3.3: Inclusionary Zoning with Fee in Lieu

Lead: Town (pilot), County (evaluate) **Phase:** II

Require new residential developments to include affordable units or pay equivalent fee, ensuring growth contributes to workforce housing.

Steps:

- Set threshold (5+ or 10+ units typical)
- Choose percentage requirement (10-30% typical)
- Determine AMI targets for affordable units
- Calculate in-lieu fee amount
- Allow off-site options
- Consider incentives to offset requirements
- Adopt ordinance

Funding: DOLA Planning Grant (ordinance development); in-lieu fees create local revenue stream.

Success Metric: Ordinance adopted; fee-in-lieu payments or affordable units delivered.

Action 3.4: Partnership Leverage and Community Fundraising

Lead: Town and County (Both) **Phase:** Ongoing

Leverage partnerships with foundations, philanthropic individuals, employers, and community campaigns to multiply local investment.

Steps:

- Demonstrate local commitment first (foundations want to see local investment)
- Target 3:1 or higher leverage ratios
- Build relationships with foundation program officers
- Create clear case for support with data and stories
- Develop recognition/stewardship programs
- Consider creating Friends of Housing 501(c)(3) for tax-deductible donations

Funding: Gates Family Foundation; Daniels Fund; community foundations; private philanthropists; employer contributions.

Success Metric: Secure 3:1 leverage on local housing investments.

7.0.4 Strategy 4: Strategic Development and Land Banking

This strategy focuses on creating new housing supply and securing scarce land for future development. In a county with 96% federal land ownership, strategic acquisition and development of available sites is essential for long-term housing solutions.

Action 4.1: Land Acquisition/Banking

Lead: Town and County (both identify sites in jurisdiction) **Phase:** I

Purchase and hold strategic parcels now while available, creating pipeline for future development when funding materializes.

Steps:

- Prioritize sites with utilities nearby
- Consider joint purchases to share costs
- Use option agreements if cash limited
- Secure with deed restrictions
- Plan holding costs in budget
- Consider interim uses (parking, storage)

Funding: Prop 123 Land Banking Program (up to $2M per site); DOLA REDI grants; CHFA Middle Income Housing Authority; Colorado Housing Investment Fund bridge financing.

Success Metric: Strategic sites secured for future development.

Action 4.2: Lake Fork Site Development

Lead: Town (lead), County (support) **Phase:** II

Develop Lake Fork site as primary rental housing project, serving workforce at various AMI levels. The site can accommodate approximately 28 units in phases.

Steps:

- Complete MHN grant design
- Evaluate institutional capacity
- Pursue development and operational partner through RFP process
- Pursue outside funding to close financial gap through RFP partner; target CHFA Prop 123 and DOH grant/loan programs
- Finalize design, permits, and financing
- Apply for Prop 123 Land Banking
- Phase 1 and 2 construction
- Establish development agreement with affordability requirements
- Plan for professional property management from day one

Partnership Model: Hybrid Ground Lease + Joint Development

- Town: Ground lease (reduces land cost from project)
- County: Infrastructure improvements (water, sewer, roads)
- Development Partner: Pursues gap funding; provides equity and development expertise
- Both: Local gap funding from Housing Trust Fund

Funding: Prop 123 development funds; CHFA Low-Income Housing Tax Credits (LIHTC); USDA Rural Development 515 multifamily loans; DOLA REDI grants; Federal Home Loan Bank Affordable Housing Program.

Success Metric: Rental units completed and occupied by workforce households.

Action 4.3: Employer Partnerships

Lead: Town and County (both cultivate relationships) **Phase:** II

Engage major employers to contribute land, funding, or master leases for employee housing, leveraging private resources.

Steps:

- Identify 3-5 largest employers for initial outreach
- Offer incentives for participation (density bonuses, fee waivers)
- Create master lease templates
- Consider employer-assisted down payment programs
- Explore land donations (tax benefits to employers)
- Establish MOU templates

Funding: Private foundations (Daniels Fund, Boettcher); philanthropic grants; employer contributions (land, funding, or in-kind).

Success Metric: Formal employer housing partnerships established.

Action 4.4: Legislative Partnerships and Advocacy

Lead: Town and County (Joint advocacy) **Phase:** Ongoing

Collaborate regionally to advocate for state and federal housing resources, amplifying voice through collective action.

Steps:

- Join regional housing coalitions (Rural Resort Region, CAST, CML, CCI)
- Attend state legislative sessions
- Build relationships with state representatives
- Track housing bills and prepare position statements
- Share success stories and data

Funding: Coalition membership fees; participation strengthens grant applications.

Success Metric: Active participation in regional advocacy; support passage of housing-supportive legislation.

Action 4.5: Construction Workforce Development

Lead: Town and County (Regional) **Phase:** III

Partner with Colorado Mountain College and local contractors to train local residents in construction trades, building capacity for housing projects.

Steps:

- Partner with Colorado Mountain College for construction training
- Create workforce development partnership agreements
- Consider local hire preferences in construction contracts
- Offer paid apprenticeships on housing projects
- Focus on skills needed locally (carpentry, plumbing, electrical)

Funding: Colorado Workforce Development Council grants; OEDIT Rural Technical Assistance; CMC training grants; apprenticeship programs; local Housing Trust Fund.

Success Metric: Local residents trained in construction trades; local workforce employed on housing projects.

7.1 Foundational Actions

These cross-cutting actions establish the organizational infrastructure that enables all strategies.

Action F.1: Intergovernmental Agreement (IGA)

Lead: Town and County (Joint) **Phase:** I

Formalize the Town-County partnership through an IGA that establishes cost-sharing, decision-making authority, and framework for shared staffing and revenue allocation.

Steps:

- Draft IGA covering roles, responsibilities, and cost-sharing
- Define Housing Trust Fund governance and allocation formulas
- Establish dispute resolution procedures
- Include framework for shared staffing arrangements
- Present to both governing bodies for adoption

Success Metric: IGA adopted by both Town and County.

Action F.2: Housing Coordinator

Lead: Town and County (Joint position) **Phase:** I

Hire dedicated housing coordinator jointly funded by Town and County to manage programs, pursue grants, and coordinate implementation. See Implementation chapter for full details.

Funding: DOLA Local Planning Capacity Grant; Fast-Track Permitting incentive funds; Mill levy revenue; local budget allocation.

Success Metric: Housing Coordinator hired and actively managing programs.

Action F.3: Housing Trust Fund

Lead: Town and County (Joint) **Phase:** I

Establish dedicated fund to receive, hold, and deploy housing revenues from mill levy, linkage/impact fees, grants, and inclusionary zoning fees-in-lieu.

Success Metric: Trust Fund established and capitalized.

Action F.4: Housing Authority

Lead: Town **Phase:** I

Create municipal Housing Authority to unlock CHFA funding sources unavailable to general-purpose governments. Town Trustees serve as Board; County participates through IGA.

Success Metric: Housing Authority established and registered with state.

Chapter 8

Appendix B: Land Use Inventory

This appendix provides detailed parcel-level analysis supporting the housing plan. An interactive version of this data is available online.

Interactive Tool: lake-city-parcel-explorer.base44.app

8.1 Methodology

Data Sources:

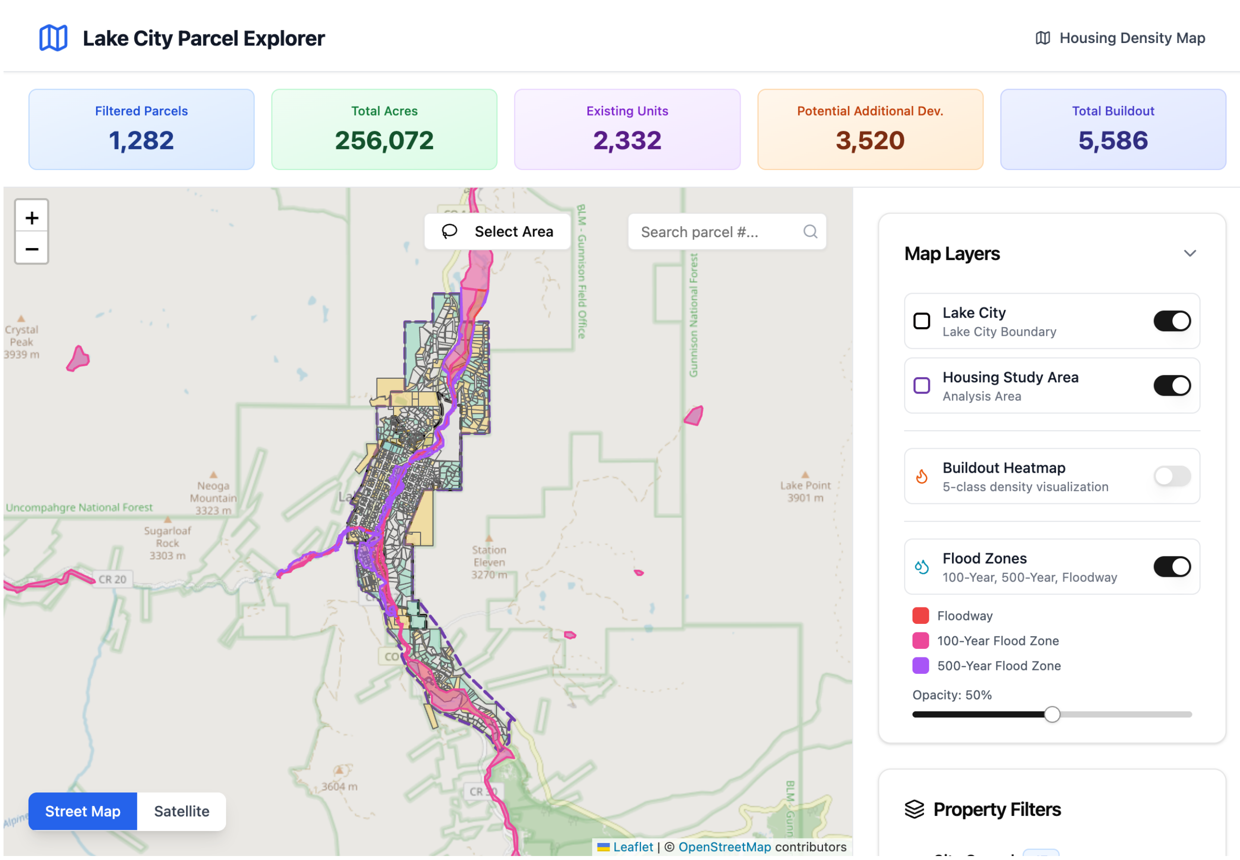
- Parcel data: Hinsdale County Assessor
- Zoning data: Town of Lake City, Hinsdale County
- Flood zone data: FEMA

Buildout calculations estimate potential additional units based on parcel size, current zoning density limits, and existing development. Parcels are classified as vacant (no structures), underutilized (below zoning capacity), or developed (at or near capacity).

8.2 Study Area Overview

The housing study area encompasses all private land within Hinsdale County where residential development is feasible. This includes the Town of Lake City and surrounding unincorporated subdivisions.

Figure 8.1: Lake City Parcel Explorer - Study Area Overview with flood zones



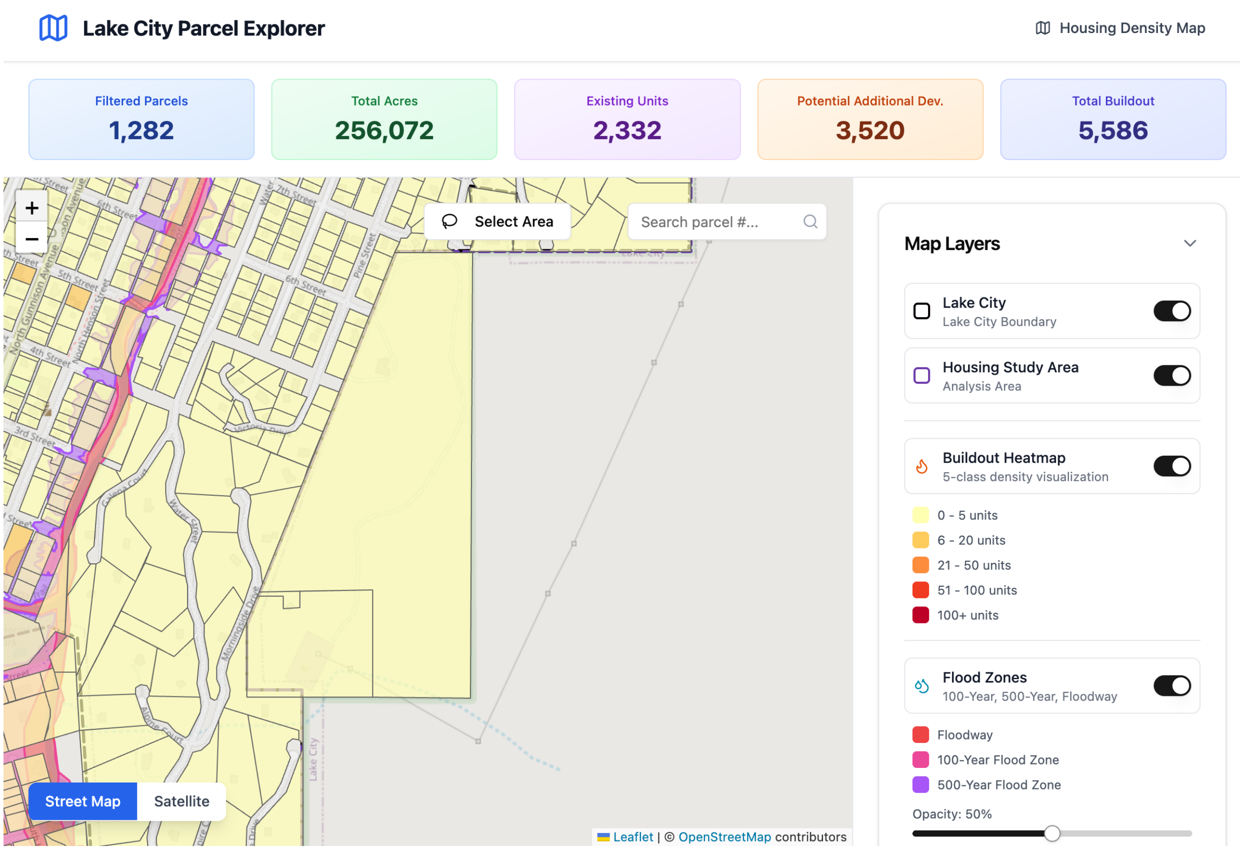
8.2.1 Summary Statistics

Metric	Value
Total Parcels	1,282
Total Acres	256,072
Existing Dwelling Units (parcel records)*	2,332
Potential Additional Units	3,520
Total Buildout Capacity	5,586

{*Parcel records count each dwelling unit including ADUs, duplexes, and multi-family buildings. This differs from the SDO estimate of 1,365 housing units used for demographic analysis. See Section 2.10 for explanation.}

8.3 Town of Lake City

Figure 8.2: Lake City Town parcels with flood zones and buildout heatmap



8.3.1 Town Parcels by Development Status

Per the Parcel Explorer, Town-owned parcels include:

- **City Owned:** 17 parcels (4 vacant, 6 underutilized, 7 developed)
- **Private:** 1,265 parcels (260 vacant, 347 underutilized, 658 developed)

8.3.2 Town-Owned Opportunity Sites

The Town owns 17 parcels, of which 10 are vacant or underutilized. Key opportunity sites include the Lake Fork property (Action 4.2) and other Town-owned parcels suitable for infill development. Detailed parcel data is available in the interactive Parcel Explorer.

8.4 County Subdivisions

Unincorporated areas within the housing study area include subdivisions along the Lake Fork corridor. These areas are visible in the study area overview map above and can be explored in detail using the interactive Parcel Explorer.

8.5 Flood Zone Analysis

Flood risk is a significant constraint on development in the Lake Fork valley. Flood zones are visible in the maps above (pink/purple shading). The Parcel Explorer includes a Flood Zones layer showing:

- **Floodway** (red): No development permitted
- **100-Year Flood Zone** (pink): Flood insurance required; elevated construction
- **500-Year Flood Zone** (purple): Lower risk; standard construction

8.6 ADU and Infill Potential

The 347 underutilized private parcels represent the primary opportunity for incremental housing growth through ADUs and infill development. These parcels can be filtered and viewed in the Parcel Explorer using the Property Filters panel.

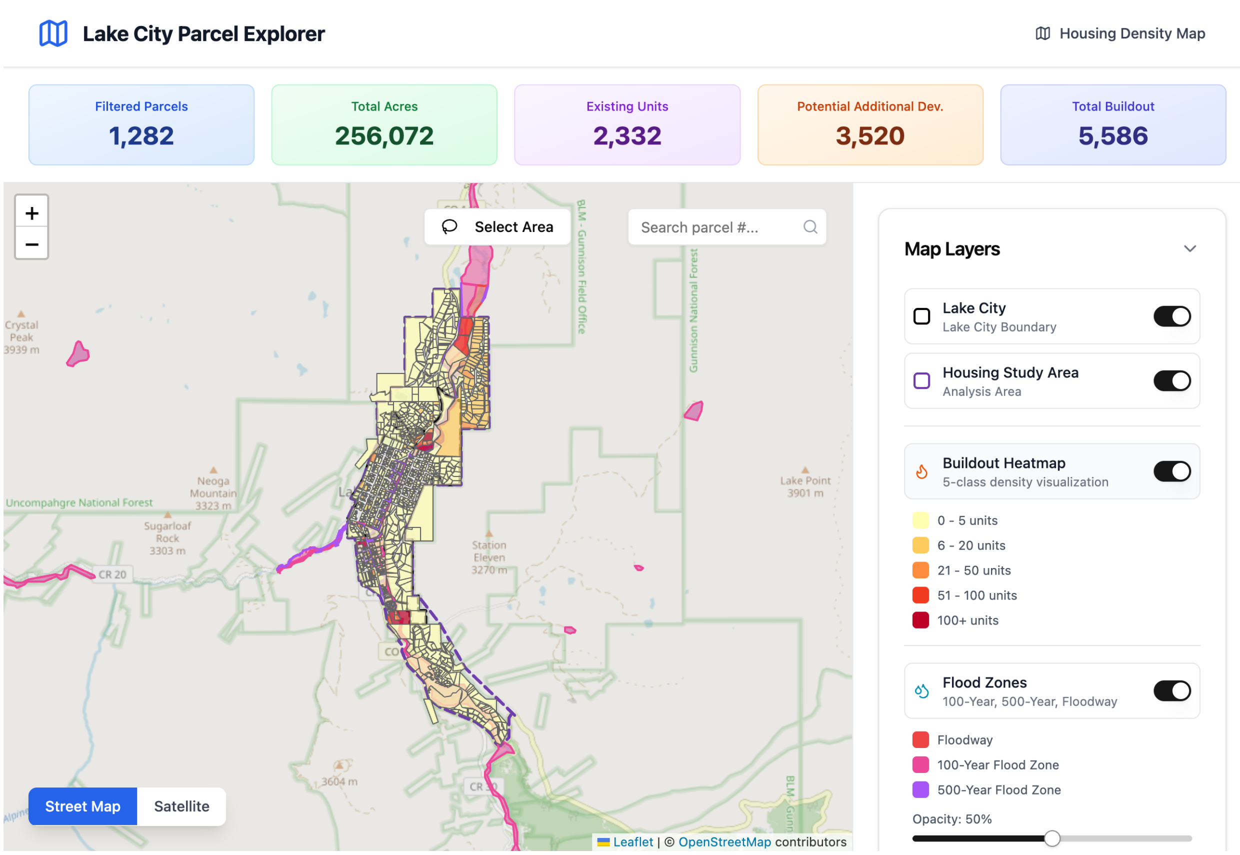
8.6.1 ADU Suitability Criteria

ADU suitability depends on:

- Minimum lot size per zoning district
- Existing development and available space
- Infrastructure access (water, sewer, roads)
- Zoning allowances (see Action 1.2: ADU Ordinance)

8.7 Buildout Heatmap

Figure 8.3: Buildout heatmap showing development potential by density class



The buildout analysis uses a 5-class density visualization:

- 0–5 units (light yellow)
- 6–20 units (light orange)
- 21–50 units (orange)
- 51–100 units (dark orange)
- 100+ units (red)

8.8 Data Tables

Detailed parcel-level data is available in the interactive Parcel Explorer at lake-city-parcel-explorer.base44.app.

Chapter 9

Appendix C: Financial Modeling

This appendix provides a framework for evaluating the financial feasibility of acquisition/rehabilitation projects. The methodology demonstrated here can be applied to assess potential preservation opportunities in Lake City and Hinsdale County.

9.1 Purpose

Acquisition and rehabilitation of existing multifamily properties is often more cost-effective than new construction, particularly in markets with limited construction capacity. A proforma analysis helps determine:

- Whether a property can generate sufficient income to cover debt service
- What funding sources are needed to fill financing gaps
- Whether rents can remain affordable to target households while maintaining financial sustainability

9.2 Proforma Components

A complete acquisition/rehabilitation proforma includes the following elements:

9.2.1 Sources and Uses Summary

The sources and uses analysis shows the total development budget and how it will be funded.

Uses (Development Budget)

Category	Description	Typical Range
Site Acquisition	Purchase price of property	60-80% of total
Design and Professionals	Architecture, engineering, assessments	3-5% of total
Permits and Fees	Building permits, tap fees, impact fees	0-3% of total
Developer Soft Costs	Project management, overhead	1-3% of total
Hard Costs (Rehab)	Construction and renovation	15-25% of total
Financing Costs	Loan fees, reserves, interest	2-5% of total

Sources (Funding)

Source Type	Description	Typical Share
Grants and Soft Debt	DOLA, Prop 123, CDBG, foundations	30-50%
Hard Debt	Bank loans, CHFA, USDA	40-55%
Equity	Local government, sponsor, investors	10-20%

9.2.2 Hard Costs Detail

Rehabilitation hard costs typically include:

Exterior

- Site work (concrete, parking, landscaping)
- Painting and siding repair
- Roofing
- Stairs, railings, and decks

Interior

- Hot water heaters
- HVAC systems
- Appliances
- Kitchen and bath repairs
- Radon mitigation systems
- Finishes and flooring

Note: A Capital Needs Assessment (CNA) is typically required by CHFA or Division of Housing to identify specific repair needs and costs.

9.2.3 Soft Costs Detail

Category	Items	Notes
Design and Investigations	Phase 1 environmental, radon, CNA, survey	Required for most financing
Support Professionals	Market study, appraisal, title, legal, owner's rep	Varies by project complexity
Permits and Fees	Building permits, construction fees	May be waived for affordable
Development Expenses	Organizational costs, insurance, startup cash	Plan 3-6 months reserves

9.2.4 Financing Assumptions

Loan sizing is typically constrained by:

Metric	Typical Value	Notes
Loan-to-Cost Ratio	65-75%	Maximum loan as % of total cost
Interest Rate	Prime + 1-2%	Currently 8-9%
Debt Service Coverage Ratio	1.15-1.25	NOI must exceed debt service
Term	15-30 years	Amortization period

9.2.5 Net Operating Income (NOI) Projection

The NOI analysis projects income and expenses over 10+ years:

Income

- Gross rental income (based on AMI-restricted rents)
- Other income (laundry, parking, fees)
- Less: Vacancy allowance (typically 3-7%)
- Equals: Effective Gross Income

Operating Expenses

Category	Typical Range	Notes
General Operating	35-45% of EGI	Insurance, taxes, utilities, maintenance
Property Management	6-8% of gross rents	Professional management recommended
Replacement Reserves	$300-500/unit/year	Capital replacement fund

Growth Assumptions

Item	Typical Annual Growth
Rental Income	2-3%
Operating Expenses	3-4%

9.3 AMI-Based Rent Limits

Affordable housing programs restrict rents based on Area Median Income (AMI). The 2025 CHFA rent limits for Hinsdale County are:

Bedrooms	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
1 Bedroom	$632	$956	$1,147	$1,530	$1,912
2 Bedroom	$759	$1,147	$1,377	$1,836	$2,295
3 Bedroom	$877	$1,326	$1,591	$2,122	$2,652

2025 CHFA/HUD Income Limits for Hinsdale County

Household Size	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
1 person	$21,420	$35,700	$42,840	$57,120	$71,400
2 persons	$24,480	$40,800	$48,960	$65,280	$81,600
3 persons	$27,540	$45,900	$55,080	$73,440	$91,800
4 persons	$30,600	$51,000	$61,200	$81,600	$102,000

9.4 Sample Project Structure

A typical preservation acquisition in Lake City might be structured as follows:

Example: 6-Unit Multifamily Preservation

Item	Amount	% of Total
Uses		
Acquisition	~$475,000	74%
Soft Costs	~$32,000	5%
Hard Costs (Rehab)	~$120,000	19%
Financing Costs	~$15,000	2%
Total Development Budget	**~$640,000**	**100%**
Sources		
Grants and Soft Debt	~$240,000	37%
Hard Debt	~$300,000	47%
Local Equity	~$100,000	16%
Total Sources	**~$640,000**	**100%**

Key metrics for this example:

- Cost per unit: ~$107,000
- Annual NOI: ~$32,000
- Debt service coverage: 1.20x
- Yield on equity: ~5%

9.5 Funding Sources for Acquisition/Rehab

Source	Description	Typical Terms
Prop 123	Land banking and preservation	Competitive grants
DOLA REDI	Rural economic development	Grants, low-interest loans
CHFA Loans	Middle Income Housing Authority	3-5% interest
USDA 515/538	Rural multifamily	Below-market rates
Federal Home Loan Bank	Affordable Housing Program	Grants
Historic Tax Credits	For historic properties	20-25% of rehab costs
Local Housing Trust Fund	Gap financing	Flexible terms

9.6 Next Steps

The Town and County should use this framework to evaluate potential acquisition targets. Key criteria include:

1. **Willing seller** - Property must be available for purchase, and ideally willing to entertain a 90+ day due diligence period (ideally 120+) for numerous studies and to apply/obatin agency gap funding
2. **Reasonable acquisition cost** - Price allows affordable rents
3. **Manageable rehab needs** - Capital needs assessment informs scope
4. **Adequate cash flow** - NOI supports debt service at affordable rents
5. **Fundable gap** - Grant and subsidy sources can fill financing gap

For detailed proforma analysis of specific properties, contact the Housing Coordinator or engaged housing consultant.

Chapter 10

Appendix D: SB24-174 Housing Needs Assessment Compliance

This appendix documents how this housing plan complies with Colorado Senate Bill 24-174, which establishes requirements for Housing Needs Assessments (HNA). This study meets all SB24-174 standards.

10.1 D.1 Introduction

Senate Bill 24-174 (codified at CRS 24-32-3702 et seq.) requires Colorado local governments to complete Housing Needs Assessments by December 31, 2026, and update them every six years thereafter. The legislation establishes:

- **Six required outputs** that must be produced
- **Ten baseline data components** that must be considered
- **Specific formats** for presenting housing needs by income level, tenure, and jurisdiction

Study Scope: This assessment covers all of Hinsdale County, including the Town of Lake City (incorporated) and the unincorporated county area. The study qualifies as a regional assessment under SB24-174 guidelines.

10.2 D.2 Compliance Summary

The following tables summarize how this housing plan addresses each SB24-174 requirement.

10.2.1 Required Outputs (CRS 24-32-3702(1)(c))

SB24-174 mandates six outputs. This plan addresses all six, as shown below.

Output	Requirement	Report Location
(I) Housing Stock	Estimate existing housing stock in region and each jurisdiction	Section 1.4: Housing Inventory; Section D.3
(II) Housing Needs	Estimate needs by income level and dwelling type (accessible, supportive, visitable, for-sale, rental)	Section D.4: Current and Projected Housing Needs
(III) Households	Estimate number of households in region and each jurisdiction	Section 1.5: Household Composition; Section D.3
(IV) Jobs by Wage	Estimate jobs sorted by annual salary and wage	Section 1.8: Job Market; Section D.3
(V) Allocation	Distribute housing needs across jurisdictions based on job availability	Section D.4: Housing Needs by Jurisdiction
(VI) Displacement Risk	Identify areas with elevated displacement risk	Section D.5: Displacement Risk Assessment

10.2.2 Baseline Data Components (CRS 24-32-3702(2))

The legislation also requires ten baseline data components. This plan addresses all ten, with one limitation noted.

	Requirement	Report Location
(a)	Housing shortages/surpluses by income level	Ch. 3: Ownership & Renter Demand; Section D.4
(b)	Existing housing diversity and stock	Section 1.4: Housing Inventory
(c)	Current jobs by income level	Section 1.9: Wages and Affordability
(d)	Median income	Section 1.6: Household Income by AMI
(e)	Population and job projections (SDO)	Section 1.2: Population; Section D.3
(f)	Population and demographic trends	Sections 1.2-1.3: Population & Age Structure
(g)	Local resources for affordable housing	Ch. 2: Revenue Feasibility
(h)	Vacancy rates	Section 1.14: Rental Market Conditions
(i)	Homelessness and housing instability	Section 1.12: Housing Problems □
(j)	Job-housing balance	Section 1.8: Employment Sectors

All baseline components addressed. □ Component (i): Limited data—Hinsdale County lacks formal PIT homeless counts due to small population. Housing instability documented through survey data (one in five households in unstable situations).

10.3 D.3 Supporting Data Tables

The following tables summarize data from earlier sections that inform housing needs calculations, corresponding to the DOLA HNA Guide framework for housing inventory and economic trends.

10.3.1 Existing Housing Stock (Output I)

Hinsdale County has 1,365 housing units, but only 380 (28%) are occupied year-round. The remainder serve as seasonal or vacation homes.

Jurisdiction	Total	Occupied	Vacant	Owner	Renter
Town of Lake City	~930	~260	~670	~207	~52
Unincorporated County	~435	~120	~315	~97	~24
Hinsdale County Total	**1,365**	**380**	**985**	**304**	**76**

\srcnote{Source: State Demography Office estimates verified with local data, 2025. 72% of units are vacant/seasonal. Owner-occupied = 80% of occupied units. Jurisdiction estimates (~) are approximations.}

10.3.2 Household and Job Projections (Baseline Component e)

State projections show households declining 9% by 2035 while jobs grow 16%—a widening gap that will intensify housing pressure on workers.

Year	Households	Change	Jobs	Change
2025 (current)	380	—	465	—
2027	~365	-4%	~480	+3%
2030	~355	-7%	~500	+8%
2035	~345	-9%	~540	+16%

Source: Colorado State Demography Office projections.

10.3.3 Jobs by Sector and Average Annual Wage (Output IV)

The county's 465 jobs span 14 sectors. Local government leads with 106 jobs; tourism-related sectors (accommodation, food, retail, arts) account for 26% of employment but pay below-average wages.

Sector	Jobs	Avg Wage	%
Local Government	106	$66,845	23%
Accommodation and Food Services	63	$33,009	14%
Construction	49	$40,282	11%
Retail Trade	45	$17,846	10%
Real Estate and Rental/Leasing	43	$61,849	9%
Professional/Scientific/Technical	25	$68,216	5%
Other Services	25	$25,768	5%
Administrative/Waste Management	22	$46,342	5%
Health Care and Social Assistance	18	$45,527	4%
Information	17	$21,473	4%
Arts, Entertainment, Recreation	15	$27,858	3%
Manufacturing	10	$48,398	2%
Finance and Insurance	10	$80,334	2%
All Other Sectors	17	Varies	4%
Total All Sectors	**465**	**$40,119**	**100%**

Source: Colorado State Demography Office. Total = 318 wage/salary + 147 proprietors. At the average wage of $40,119, two workers are needed to afford median rent.

10.4 D.4 Current and Projected Housing Needs

This section answers a central question: **How many additional housing units does Hinsdale County need to house its workforce and address current deficiencies?**

Needs are projected through 2035 in two categories:

- **Catch-up needs:** Units required now to fill unfilled jobs, house in-commuters who would relocate, and achieve a functional rental vacancy rate.
- **Keep-up needs:** Units required through 2035 to accommodate job growth and replace retiring workers.

These estimates focus on workforce housing. They exclude households seeking to upgrade, remote workers moving in, second-home buyers and other market segments. Estimates include both market-rate units and gaps where intervention is needed.

Communities rarely address 100% of estimated needs. Local priorities, funding and land availability will shape the actual mix of income targets, price points and tenure types.

10.4.1 CATCH-UP NEEDS

Three factors drive catch-up needs: a dysfunctional rental market, unfilled jobs and in-commuters who would relocate if housing were available.

10.4.1.1 Functional Rental Market

With vacancy near zero, the county's rental market cannot absorb new workers or allow current residents to find better-suited housing. Renters are stuck, and landlords face no competitive pressure on rents.

A 5% vacancy rate—still tight, but functional—would require four additional units.

Renter-occupied units (2025 est.)	76
Target vacancy rate	5%
Number of rentals at 5% vacancy	80
New rental units needed	**4**

10.4.1.2 Unfilled Jobs

Employers struggle to fill positions. The employer survey found 26 unfilled jobs—a 5.6% vacancy rate, conservative compared with the 8-11% typical in tight labor markets. Respondents cited housing as the primary barrier to recruitment and retention.

Unfilled jobs (employer survey)	26
Vacancy factor adjustment (÷1.2)	22
Workers per household	2.04
New housing units needed	**11**

10.4.1.3 In-Commuters

Some 98 workers commute into Hinsdale County daily. If affordable housing were available, a portion would relocate. Assuming 30% would move, that translates to 14 housing units.

Workers commuting into county (LEHD)	98
Estimated relocation rate	30%
Workers who would relocate	29
Workers per household	2.04
New housing units needed	**14**

10.4.2 KEEP-UP NEEDS

Keep-up needs cover future job growth and replacement of retiring workers.

10.4.2.1 Job Growth

State projections show 75 new jobs by 2035, requiring roughly 37 housing units.

Total jobs (2025)	465
Projected jobs (2035)	~540
Job growth	~75
Workers per household	2.04
New housing units needed	**37**

Assumes all new jobs require new housing. Actual need may be lower if existing residents fill positions.

10.4.2.2 Retiring Employees

With a median age of 55, Hinsdale County's workforce skews older. An estimated 15-20% of workers will retire in the next decade—and when retirees sell, second-home buyers typically outbid local workers. The county will need 34-46 units to house replacement workers.

Estimated retirees (15-20% of workforce)	70-93
Jobs needing replacement	70-93
Workers per household	2.04
New housing units needed (est.)	**34-46**

10.4.3 SUMMARY OF CATCH-UP AND KEEP-UP NEEDS

Workforce calculations indicate Hinsdale County needs **100 to 112 additional housing units** through 2035. Accounting for income distribution and market dynamics, this report targets **98 units**.

Total Catch-Up (Existing Needs)	**29**
Functional Rental Market	4
Unfilled Jobs	11
In-Commuters	14
Total Keep-Up (Future Needs through 2035)	**71-83**
Job Growth	37
Retiring Employees	34-46
Total Housing Units Needed	**100-112**

10.4.4 Housing Needs by AMI (Output II)

The following table distributes housing needs by Area Median Income (AMI) category based on BLS wage data and Ribbon Demographics HISTA income distribution. **Note:** Needs at ≤30% AMI are better addressed through tenant-based rental assistance than new construction (see "The Gap" section below).

AMI Category	Catch-Up	Keep-Up	Total	Intervention
Extremely Low (≤30% AMI)	28	4	32	Assistance[1]
Very Low (31-50% AMI)	8	2	10	Opportunity[2]
Low (51-80% AMI)	22	3	25	Opportunity
Moderate (81-100% AMI)	12	2	13	Opportunity
Middle (101-120% AMI)	5	1	6	Opportunity
Above 120% AMI	12	2	14	Market
Total	**86**	**12**	**98**	

[1] *Households at ≤30% AMI (32 total) require tenant-based vouchers, supportive housing, or other assistance programs.*

[2] *31-50% AMI feasible through LIHTC paired with project-based vouchers.*

Source: 2025 Employer Survey (n=22); 2025 Household Survey (n=97); LEHD; SDO.

10.4.5 Housing Needs by Jurisdiction (Output V)

SB24-174 requires allocating housing needs by job distribution. Lake City holds 80% of county jobs; the unincorporated area holds 20%.

	Lake City	Unincorp.	Total
Year-Round Jobs (est.)	280	70	350
% of County Jobs	80%	20%	100%
Existing Housing Needs	69	17	86
Projected Housing Needs	10	2	12
Total Housing Needs	**79**	**19**	**98**

Source: LEHD; SDO. The 80/20 distribution reflects job concentration, not a mandate. Actual development depends on land and infrastructure.

10.4.6 Housing Needs by Tenure

Given near-zero rental vacancy and high unfilled-job rates, the assessment recommends **83% rentals and 17% ownership**. Rentals recruit workers and allow mobility; ownership retains residents and builds community stability.

	Catch-Up	Keep-Up	Total
Ownership (17%)	15	2	17
Rental (83%)	71	10	81
Total	**86**	**12**	**98**

The precise ratio will depend on community priorities and development opportunities.

10.4.7 The Gap

The private market will meet only about **24% of housing need**. Construction costs exceed what local workers can afford, leaving a gap of roughly **74 units** requiring subsidy or public intervention.

The market currently serves:

- **Ownership:** Above 150% AMI (homes over $459,000). Almost nothing sells below $500,000; the few units under $250,000 are tiny condos.
- **Rental:** Above 80% AMI (rents over $1,340/month for a two-person household). The market has near-zero vacancy and rents starting at $1,200-$1,400.

Households below 80% AMI face an insurmountable affordability gap for ownership—and often cannot qualify for mortgages. This assessment therefore emphasizes rental housing for lower-income households.

10.4.7.1 Understanding New Housing Opportunities vs. Housing Assistance

Not all housing needs can be met by building units. An important distinction exists between needs addressable through new housing opportunities and those requiring assistance programs.

New housing opportunities (30%+ AMI for rental, 60%+ AMI for ownership) add units to the affordable inventory through:

- New construction (LIHTC, workforce developments)
- Preservation of existing affordable or naturally occurring affordable housing
- Acquisition and rehabilitation of market-rate units for deed restriction
- Adaptive reuse and conversion of non-residential buildings
- Accessory dwelling units and other infill

At these income levels, restricted rents or prices cover operating costs and support debt service with available subsidies.

Housing assistance (≤30% AMI) serves households whose incomes are too low for traditional development. At 30% AMI, maximum rents of $502-$632/month do not cover operating costs, let alone debt. These households need:

- Tenant-based rental assistance (Section 8 vouchers)
- Project-based vouchers paired with developments
- Supportive housing with wraparound services
- Emergency rental assistance
- Senior services and aging-in-place programs

In Hinsdale County, households at ≤30% AMI are largely seniors on fixed incomes, not workers seeking new housing. This assessment therefore sets **new housing opportunity targets** for rentals down to 30% AMI, while recognizing that **32 households** at ≤30% AMI require tenant-based assistance.

10.4.7.2 Ownership Market

The ownership market serves only those above 150% AMI. Below that threshold, intervention is needed; below 60% AMI, ownership is not feasible.

AMI Level	Max Price	Listings	Response
Market Serves:			
>150% AMI	>$459k	142	No intervention needed
New Opportunities (subsidy needed):			
121-150% AMI	$368k-$459k	3	Light subsidy
101-120% AMI	$306k-$368k	0	Workforce programs
81-100% AMI	$245k-$306k	1	Moderate subsidy
61-80% AMI	$184k-$245k	4	Deep subsidy
Not feasible for ownership:			
≤60% AMI	≤$184k	0	Rental or assistance

Source: REALTOR.com May 2025; HUD FY 2025. Median listing $639,500.

10.4.7.3 Rental Market

The rental market serves households above 80% AMI. Between 30% and 80% AMI, subsidized development is feasible; below 30% AMI, tenant-based assistance is required.

AMI Level	Max Rent	Available	Response
Market Serves:			
>100% AMI	>$1,675	Yes	No intervention needed
81-100% AMI	$1,340-$1,675	Some	No intervention needed
New Opportunities (subsidy needed):			
51-80% AMI	$837-$1,340	Limited	LIHTC, workforce housing
31-50% AMI	$502-$837	None	LIHTC + project-based
Assistance (tenant-based):			
≤30% AMI	≤$502/mo	None	Vouchers, supportive housing

\srcnote{Source: 2024 Rental Study; local survey April 2025. 76 total units, <2% vacancy.}

10.4.7.4 Summary: Three-Tier Response Framework

The table below summarizes appropriate interventions by income level.

Tier	Ownership	Rental	Appropriate Response
Market Serves	>150% AMI	>80% AMI	No public intervention
New Opportunity	60-150% AMI	30-80% AMI	LIHTC, workforce housing, deed restrictions
Assistance	<60% AMI	≤30% AMI	Vouchers, supportive housing, services

10.4.7.5 Summary: Market vs. Below-Market Needs

Of 98 total housing needs, **66 units** can be addressed through new housing opportunities (construction, preservation, acquisition/rehab, adaptive reuse, ADUs), while **32 households** at ≤30% AMI require tenant-based assistance. Among new housing opportunity targets, 64% (42 units) need subsidies; the market can serve 36% (24 units). Priorities: workforce rental at 30-80% AMI (28 units) and workforce ownership at 80-120% AMI (nine units).

The tables below detail needs by AMI level for ownership and rental, showing the split between market-served and subsidy-required units.

Ownership (17 units needed):

AMI	Need	Market	Subsidy
≤60%	0	0	0
61-80%	4	0	4
81-100%	2	0	2
101-120%	3	0	3
121-150%	4	2	2
>150%	4	4	0
Total Own	**17**	**6**	**11**

Rental Needs—New Opportunities vs. Assistance:

AMI	HH	Type	Intervention
Housing Assistance (tenant-based):			
≤30%	32	Assistance	Vouchers, supportive housing
New Housing Opportunities:			
31-50%	10	Opportunity	LIHTC + project-based
51-80%	18	Opportunity	LIHTC, workforce housing
81-100%	11	Opportunity	Workforce, moderate subsidy
101-120%	4	Opportunity	Light subsidy/market
>120%	6	Opportunity	Market rate
Assistance Total	**32**		
New Opportunities	**49**		

Combined New Housing Opportunity Targets:

	Opportunity	Market	Gap
Ownership	17	6 (35%)	11 (65%)
Rental (30%+ AMI)	49	18 (37%)	31 (63%)
Total	**66**	**24 (36%)**	**42 (64%)**

Plus 32 households at ≤30% AMI requiring tenant-based rental assistance.

10.4.8 Supportive, Accessible, and Visitable Units (Output II)

The 2025 Household Survey found that 16% of households include someone with a disability (16 of 97 respondents). Extrapolated countywide, roughly **61 households** include a person with a disability. Four respondents reported needing accessibility modifications—suggesting **16 households** with immediate needs.

Unit Type	Need	Methodology
Supportive Housing	5-10	9% housing instability (survey) × 98 units
Accessible Units	16	16% disability rate (survey) × 98 units
Visitable Units	16	Same as accessible; enables aging in place

Accessible and visitable needs are a subset of total housing needs, not additional units. Based on 2025 Household Survey (n=97) extrapolated to 380 year-round households.

10.5 D.5 Displacement Risk Assessment (Output VI)

SB24-174 requires identifying populations at elevated displacement risk. In Hinsdale County, several factors compound this risk: a tight rental market, rising property values and a large seasonal workforce.

10.5.1 Cost Burden Analysis

Households paying more than 30% of income on housing face elevated displacement risk. The tables below show cost burden is particularly acute among Lake City owners (46% burdened) and unincorporated renters (30% burdened).

Owner Households	County	Lake City	Unincorp.
Total Owner HH	377	196	181
Cost Burdened (30-50%)	24 (6%)	24 (12%)	0 (0%)
Severely Burdened (>50%)	80 (21%)	66 (34%)	14 (8%)
Total Burdened	**104 (28%)**	**90 (46%)**	**14 (8%)**

Renter Households	County	Lake City	Unincorp.
Total Renter HH	96	53	43
Cost Burdened (30-50%)	11 (12%)	3 (6%)	8 (19%)
Severely Burdened (>50%)	5 (5%)	0 (0%)	5 (12%)
Total Burdened	**16 (17%)**	**3 (6%)**	**13 (30%)**

Source: ACS 2019-2023 5-year estimates. ACS shows 473 HH vs. 380 in main report due to methodology differences. Lake City shows higher owner burden (retirees on fixed incomes in higher-value properties).

10.5.2 Recent Displacement and Housing Instability

The 2025 Household Survey documents active displacement. Nine percent of respondents (nine of 97) were forced to move in the past three years—extrapolated countywide, roughly **35 households** experienced displacement.

Respondents cited several causes (multiple answers allowed):

Reason	Survey	Extrapolated
Rent increases	7	27
Owner move-in or property sale	4	16
Lease non-renewal	3	12
Short-term rental conversion	3	12

Another nine percent of respondents worry about their current housing stability. Combined, **18% of households** (roughly 70) have experienced recent displacement or currently fear it.

Source: 2025 Household Survey (n=97) extrapolated to 380 year-round households.

10.5.3 Vulnerable Populations

Four groups face elevated displacement risk:

Low-income renters: Over a third of households (36%) earn below 60% AMI. With rental vacancy at 1.8%, any rent increase or lease non-renewal leaves few local options.

Seasonal workers: Summer brings 185 additional jobs (a 40% increase), but only 37% of seasonal workers are local residents. The “spring squeeze” between departing winter workers and arriving summer staff intensifies competition for limited rentals.

Essential workers: Healthcare, education and public safety workers earning 60-100% AMI cannot afford the median rent of $1,875 at 30% of income. Half of surveyed employers report losing workers to housing costs.

Seniors on fixed incomes: With a median age of 55 (17.5 years above the state average), many residents are on fixed incomes while property values have risen 25% since 2022. Rising taxes and maintenance costs strain household budgets.

10.5.4 Risk Factors Specific to Hinsdale County

Five factors amplify displacement risk locally:

1. **Second-home conversion:** With 72% of units seasonal or vacant, converting even a few year-round rentals to vacation homes significantly shrinks resident housing.
2. **Limited rental supply:** Only 76 year-round rentals exist countywide. Losing a handful of units materially affects availability.
3. **Seasonal volatility:** A 40% summer employment surge creates unstable housing for workers between seasons.
4. **Price appreciation:** Home prices rose 25% and rents 10% since 2022, far outpacing the 9.6% growth in HUD median family income.
5. **Geographic isolation:** Mountain terrain limits commuting options; workers cannot easily relocate to nearby communities.

10.5.5 Anti-Displacement Strategies

Chapter 4 of this plan includes strategies to mitigate displacement:

- **STR regulations** to preserve existing rental stock (Action 1.4)
- **Down payment assistance** for cost-burdened households (Action 2.5)
- **Acquisition/rehabilitation** to preserve naturally occurring affordable housing (Action 2.2)
- **ADU incentives** to increase rental supply (Action 1.3)
- **Employer partnerships** for seasonal worker housing (Action 4.3)

10.6 D.6 Water Supply Estimate

DOLA guidelines require estimating water demand for projected housing. At 98 units with an average household size of two, the new population would be 196. Using typical mountain-community consumption of 100-150 gallons per capita per day, annual demand would be 22-33 acre-feet.

Factor	Value	Source
Housing units needed	98	Section D.4
Average household size	2.0	Census/SDO
Estimated population	196	Calculated
Residential GPCD (gal/capita/day)	100-150	Mountain typical
Daily water demand	**19,600-29,400 gal**	Calculated
Annual water demand	**22-33 acre-ft/yr**	Converted

Residential use only. Conservation measures (WaterSense fixtures, efficient landscaping) could reduce demand 25-50%. Water supply adequacy should be evaluated through Town comprehensive plan. Provided for planning purposes per SB24-174.

10.7 D.7 Additional Compliance Notes

10.7.1 Data Limitations

As DOLA guidance acknowledges for small rural communities, several data limitations apply:

- **Census margins of error:** ACS five-year estimates for small populations carry high uncertainty (often 50-100% of estimates)
- **Homelessness data:** No formal point-in-time count exists; housing instability was estimated from survey data
- **Accessible unit inventory:** Not tracked locally; estimates rely on disability prevalence rates
- **Short-term rental inventory:** Referenced qualitatively; no detailed enumeration is available
- **Wage data suppression:** Some sectors show “NA” due to confidentiality rules for small sample sizes

10.7.2 Primary Research Conducted

To address data gaps, this study conducted substantial primary research:

- **Employer survey:** 22 responses covering a majority of county employers
- **Household survey:** 97 responses (26% of year-round households)
- **Key informant interviews:** Elected officials, service providers, employers
- **Market research:** Direct verification of rental and sales listings
- **Housing strategy working group:** Community stakeholders convened to guide plan development
- **Bi-weekly technical calls:** Regular coordination with the consulting team

10.8 D.8 Data Sources and Methodology

The table below summarizes data sources used in this assessment.

Data Type	Source	Year
Population/Households	CO State Demography Office	2023
Age Distribution	SDO, ACS 5-year	2019-2023
Employment by Sector	SDO, CDLE QCEW	2023
Wages by Sector	SDO	2023
Commuting Patterns	LEHD Origin-Destination	2021
Housing Units	SDO, County Assessor	2023
Cost Burden	ACS 5-year, CHAS	2019-2023
AMI/Income Limits	HUD, CHFA	FY 2025
Disability Status	ACS 5-year, CHAS	2017-2021
Housing Prices	MLS, Zillow	Apr 2025
Rental Rates	Direct market research	Apr 2025
Local Conditions	Employer/Household Surveys	2025

10.8.1 Needs Calculation Methodology

Housing needs were calculated using the DOLA-recommended methodology:

1. **Existing Needs (Catch-Up):**
    - Overcrowding relief: 1 unit per 2 overcrowded households
    - Rental vacancy adjustment: Bring to 5% functional vacancy
    - Owner vacancy adjustment: Bring to 2% functional vacancy (or 6-month inventory)
    - In-commuter relocation: 30% of in-commuters assumed willing to relocate
    - Unfilled jobs: Employer survey positions converted to housing units
2. **Projected Needs (Keep-Up):**
    - SDO employment projections converted to households
    - 5% vacancy allowance for rental, 2% for ownership
    - 10-year projection period
3. **AMI Allocation:**
    - Job-related needs allocated by wage distribution
    - Non-job needs allocated by existing household income distribution
4. **Tenure Allocation:**
    - Based on current owner/renter ratio (80%/20%)
    - Adjusted for job-related needs (predominantly rental)
5. **Jurisdiction Allocation:**
    - Based on share of county employment in each jurisdiction
    - Lake City: 80% (280 jobs); Unincorporated: 20% (70 jobs)

This appendix was prepared in accordance with the Colorado Department of Local Affairs Housing Needs Assessment Guidelines (December 2024) implementing Senate Bill 24-174.

Chapter 11

Appendix E: Housing Action Plan Compliance

11.1 E.1 Introduction

In addition to the Housing Needs Assessment requirements (C.R.S. 24-32-3702) documented in Appendix D, SB24-174 establishes separate baseline components for Housing Action Plans (C.R.S. 24-32-3705). This appendix documents how this plan addresses those requirements.

11.2 E.2 Baseline Components Compliance

SB24-174 requires Housing Action Plans to address 11 baseline components. This plan addresses all 11, with one marked as not applicable: the progress summary (because this is the community's first HAP). The table below maps each requirement to the relevant section.

	Requirement	Report Location
(a)	Summary of progress toward HNA findings	N/A (first HAP)
(b)	Housing needs allocation by jurisdiction	Section D.4 (needs split); Chapter 4 (action assignments)
(c)	Zoning and density effects assessment	Section 2.11: Land Use & Development Potential
(d)	Equitable development for all income levels	Chapter 3: Housing Strategy; Section D.4
(e)	Affordability strategies (2 standard + 1 long-term)	Chapter 4: Actions 1.1-1.6, 3.1-3.4 (see mapping below)
(f)	Displacement narrative and mitigation strategy	Section D.5; Chapter 4: Action 2.1
(g)	Legislative consideration for strategy adoption	Section E.5
(h)	Recommended zoning changes	Section E.6: Recommended Zoning Modifications
(i)	Transit-oriented development analysis	Section E.4 (no major transit)
(j)	Public engagement narrative	Section 1: Public Engagement Process
(k)	Intergovernmental coordination	Chapter 4: Implementation Framework; IGA section

All 11 baseline components addressed.

11.3 E.3 Affordability Strategies Mapping (C.R.S. 24-32-3706)

SB24-174 requires jurisdictions to select strategies from the state's Affordability and Displacement Mitigation Strategies Directory. The statute sets minimum thresholds: two standard affordability strategies, one long-term affordability strategy, and one displacement mitigation strategy. This plan exceeds those minimums, incorporating four standard strategies, two long-term strategies, and two displacement strategies.

Standard Affordability Strategies: The statute requires at least two. This plan includes four strategies that reduce regulatory barriers and development costs for affordable housing.

Plan Strategy	Statute Reference	Description
Action 1.1: Fast-Track Permitting	24-32-3706(1)(e)	Expedited review for affordable housing projects
Action 1.6: Density Bonuses	24-32-3706(1)(d)	Additional units for projects with affordable set-asides
Action 1.2: Fee Waivers	24-32-3706(1)(c)	Reduced or waived permits and tap fees
Action 1.3: ADU Ordinance	24-32-3706(1)(g)	Streamlined accessory dwelling unit approvals

Long-Term Affordability Strategies: The statute requires at least one. This plan includes two strategies that ensure public investments create lasting community benefit rather than temporary affordability.

Plan Strategy	Statute Reference	Description
Action 3.1: Mill Levy/Housing Trust Fund	24-32-3706(2)(a)	Dedicated local revenue source for housing
Deed Restrictions (Multiple Actions)	24-32-3706(2)(c)	Long-term affordability controls on assisted units

Displacement Mitigation Strategies: The statute requires at least one. This plan includes two strategies that protect existing residents from losing their homes.

Plan Strategy	Statute Reference	Description
Action 2.1: Anti-Displacement Policies	24-32-3706(4)	Protections for existing residents
Action 2.4: Emergency Home Repair	24-32-3706(4)	Prevents displacement due to housing conditions

11.4 E.4 Transit-Oriented Development Analysis

Lake City and Hinsdale County have no major transit stops or fixed-route transit service. As the most remote county in the lower 48 states, the community lacks the transit infrastructure contemplated by this requirement. Accordingly, transit-oriented development analysis does not apply.

In lieu of transit orientation, this plan emphasizes housing development in walkable areas near downtown Lake City where residents can access services, employment, and community amenities without vehicle dependence. The Land Use and Development Potential section (2.11) identifies parcels within the Town core as priorities for housing development.

11.5 E.5 Legislative Consideration for Strategy Adoption

This plan will be adopted separately by resolution by each jurisdiction: the Lake City Town Trustees and the Hinsdale County Board of Commissioners. Each jurisdiction's adoption constitutes its Housing Action Plan for SB24-174 compliance purposes.

Following plan adoption, implementation of individual strategies will require subsequent legislative actions including ordinances, code amendments, and ballot measures. Chapter 4 details the specific actions, responsible parties, and timelines for each strategy.

11.6 E.6 Recommended Zoning Modifications

SB24-174 requires jurisdictions to identify zoning changes they intend to pursue before the next Housing Action Plan update. This plan recommends six modifications to the Town and County land use codes over the next six years. These changes remove regulatory barriers to housing development while preserving community character.

- **ADU Provisions:** Allow accessory dwelling units in residential zones with a streamlined approval process, appropriate size limits, and reduced parking requirements
- **Density Bonuses:** Amend zoning code to permit increased density for projects that include deed-restricted affordable units
- **Parking Reductions:** Reduce or eliminate parking minimums for deed-restricted affordable housing
- **Mixed-Use Allowances:** Expand areas where residential uses are permitted above commercial space, particularly in the downtown core
- **STR Overlay (County):** Establish geographic limits or caps on short-term rental permits to preserve year-round housing stock
- **Multifamily Provisions:** Review and update multifamily zoning to ensure adequate capacity for rental housing development

11.7 E.7 Process Requirements

SB24-174 establishes three procedural requirements for Housing Action Plan adoption and monitoring. This section describes how the Town and County plan to address each requirement.

- **Public Hearing:** This plan will be posted on the Town and County websites at least 30 days before the public hearing for adoption.
- **DOLA Submission:** Following governing body approval, the plan will be submitted to the Colorado Department of Local Affairs within 60 days.
- **Progress Report:** Three years after adoption, the Town and County will report progress to DOLA on strategy implementation and legislative changes. This report will document which strategies were adopted, which legislative actions were completed, and any modifications to the plan based on implementation experience.

This appendix was prepared in accordance with the Colorado Department of Local Affairs Housing Action Plan Guide (December 2024) implementing Senate Bill 24-174.

Chapter 12

Appendix F: Acronyms & Definitions

12.1 F.1 Acronyms

Acronym	Definition
ACS	American Community Survey (U.S. Census Bureau)
ADU	Accessory Dwelling Unit
AMI	Area Median Income
BLS	Bureau of Labor Statistics
CHAS	Comprehensive Housing Affordability Strategy (HUD data)
CHFA	Colorado Housing and Finance Authority
DOLA	Colorado Department of Local Affairs
FMR	Fair Market Rent
HAP	Housing Action Plan
HNA	Housing Needs Assessment
HUD	U.S. Department of Housing and Urban Development
IGA	Intergovernmental Agreement
IMPLAN	Impact Analysis for Planning (economic modeling software)
LEHD	Longitudinal Employer-Household Dynamics (Census Bureau)
LIHTC	Low-Income Housing Tax Credit
LMD	Local Marketing District
MLS	Multiple Listing Service
QCEW	Quarterly Census of Employment and Wages
SDO	State Demography Office (Colorado)
STR	Short-Term Rental
USDA	U.S. Department of Agriculture

12.2 F.2 Definitions

Accessory Dwelling Unit (ADU): A smaller, secondary housing unit on the same lot as a primary residence. May be attached (e.g., basement apartment) or detached (e.g., backyard cottage).

Affordable Housing: Housing for which occupants pay no more than 30 percent of gross household income for housing costs, including utilities.

Area Median Income (AMI): The midpoint household income for a geographic area, calculated annually by HUD. Used to determine eligibility for housing programs. Hinsdale County uses the statewide non-metro AMI.

Cost Burden: A household spending more than 30 percent of gross income on housing costs. Households spending more than 50 percent are considered severely cost burdened.

Deed Restriction: A legal agreement recorded on a property that limits its use—typically requiring the unit to remain affordable to income-qualified households or be occupied as a primary residence.

Fair Market Rent (FMR): HUD-determined rent levels used to set payment standards for housing assistance programs, based on 40th percentile rents in an area.

Housing Trust Fund: A dedicated fund that receives ongoing revenue (e.g., from a mill levy, fees, or lodging tax) to finance affordable housing programs and development.

Low-Income Housing Tax Credit (LIHTC): Federal tax credit program that incentivizes private investment in affordable rental housing. The primary financing tool for affordable rental development nationwide.

Mill Levy: A property tax rate expressed as dollars per $1,000 of assessed value. One mill equals $1 per $1,000 of assessed value.

Primary Residence: A dwelling occupied as the owner's or renter's main home for the majority of the year, as opposed to a vacation home or investment property.

Seasonal Housing: Housing units that are vacant for extended periods and used only part of the year, typically by seasonal workers or vacationers.

Short-Term Rental (STR): A residential property rented for periods of less than 30 consecutive days, typically through platforms like Airbnb or VRBO.

Vacancy Rate: The percentage of housing units that are unoccupied. May be calculated for all vacancies or specifically for units available for rent or sale.

Workforce Housing: Housing affordable to households earning between 60 and 120 percent of AMI—typically moderate-income workers such as teachers, first responders, and service industry employees.