Lake City & Hinsdale County Housing Plan

Executive Summary • December 2025

> *"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."*

Objectives

- **Serve all life stages** — workforce rentals to senior downsizing
- **Expand supply strategically** — rental and ownership across incomes
- **Support economic stability** — help workers afford to live here
- **Preserve affordability** — deed restrictions for lasting benefit
- **Maximize land resources** — strategic infill within town
- **Promote Sustainable Housing Balance** — monitor year-round to seasonal housing ratio

BY THE NUMBERS

774	**72%**	**$563K**	**0%**
residents	vacant/seasonal	median home	rental vacancy
down 8% since 2010	highest in Colorado	up 25% since 2022	no available units
55	**40%**	**$40K**	**77%**
median age	cost-burdened	avg wage	say housing critical
CO median: 37.5	spend 30%+ on housing	affords $150K home	community survey

About This Plan

This plan was developed through a partnership between the Town of Lake City, Hinsdale County, and a multidisciplinary team of Colorado-based specialists in housing policy, land use, development finance, and community engagement.

The work was grounded in extensive local input. Surveys were completed by 97 households—nearly one in four year-round residents—and 22 employers. A Housing Strategy Working Group met throughout the process to review findings and shape recommendations, with Town Trustees and County Commissioners participating in three joint work sessions to align on priorities.

Each recommendation is paired with an identified funding pathway and clear implementation steps. Together, the strategies in this plan focus on population stability, rental availability, and workforce housing constraints in ways intended to sustain the schools, services, and civic institutions that support a year-round community.

> *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**

Economy & Demographics

Understanding local housing conditions requires understanding who lives here, what they earn, and how demographic and economic trends are evolving.

774	55	380	$40K
Residents	Median Age	Households	Avg Wage
Down 8% since 2010	CO median: 37.5	2.0 persons avg	Affords $150K home

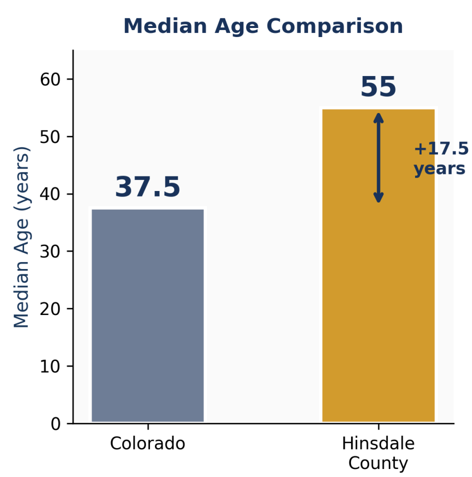
Affordability assumes standard underwriting (30% DTI, 20% down, current rates).

Population & Age

Hinsdale County's population has declined by 8 percent since 2010—from 843 to 774 residents. Over the same period, the community has become significantly older, with a median age of 55, compared to Colorado's median of 37.5.

Survey results and housing market data indicate that limited housing availability has made it increasingly difficult for young families and working-age residents to remain in the county.

Only 11 percent of residents are under 18, while one-quarter are 65 or older. As a result, the share of residents in prime working ages (18–54) has continued to decline.



Household Composition

Household composition provides context for understanding housing conditions over time. In a balanced community, households are typically distributed across life stages, including young adults, families with children, and older residents—each associated with different housing patterns.

In Hinsdale County, household composition is weighted toward couples without children, many of whom are empty nesters or retirees. Families with children account for 18 percent of households.

Household Type	Share
Couples without children	52%
Couples with children	18%
Adults living alone	14%
Other configurations	16%

Jobs & Wages

The local economy swings dramatically with the seasons. Year-round employment totals approximately 465 jobs, but during peak summer months the workforce expands by 185 additional seasonal workers—a 40 percent increase that strains an already tight housing market. Two-thirds of jobs are tied to tourism and second-home services. The average annual wage of $40,119 supports a home purchase of roughly $150,000, far below the $563,000 median price.

Housing conditions are influenced less by job growth than by the availability of housing for existing positions, including workers replacing retirees, filling current vacancies, and those who commute daily because they cannot find housing locally.

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

Across employment sectors, wages remain well below what is required to support local housing costs. Even with full-time employment, typical earnings fall short of what families need to live and work in the community.

Source: Lake City & Hinsdale County salary data; State Demography Office

Cost of Living

Federal housing programs assume households can spend 30 percent of income on housing. But that rule ignores childcare, healthcare, transportation, and other costs that consume rural paychecks. The Self-Sufficiency Standard shows what families actually need to live without public assistance—and reveals a stark reality gap.

Occupation	Wage	Shortfall
Food Service	$25K	−$43K to −$67K
Teachers	$34K	−$34K to −$58K
Retail	$37K	−$32K to −$55K
Healthcare	$55K	−$14K to −$37K

Shortfall = gap between wage and self-sufficiency for households with 0–2 children

A family with one school-age child needs $68,427 annually to cover basic costs—no savings, no frills. Teachers earn $34,353. That’s a $34,000 gap.

This matters for policy. A family earning 80% AMI qualifies for a deed-restricted unit priced at that level—but after paying for childcare, food, and healthcare, they may not actually be able to afford it. Programs should price units lower than 30% of income, building an affordability buffer into their pricing.

The Housing Market

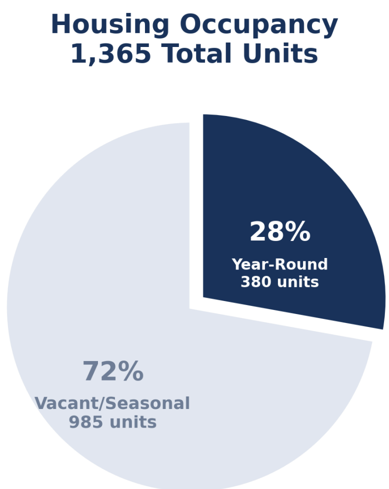
The housing market in Hinsdale County is defined by a mismatch between supply, occupancy, and local wages. Most housing is held for seasonal use, prices exceed what local incomes can support, and the absence of rental availability forces a large share of the workforce to commute in.

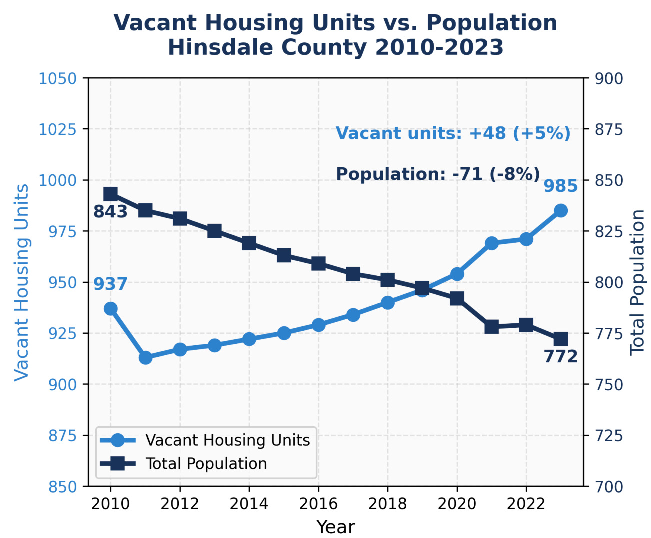
72%	$563K	0%	47%
Vacant/Seasonal	Median Home Price	Rental Vacancy	Workers Commute In
Highest in Colorado	Up 25% since 2022	No available units	Cannot find housing

Source: American Community Survey 5-year estimates; Colorado State Demography Office

The Paradox

Between 2010 and 2023, Hinsdale County added 48 housing units, while the population declined by 71 residents. This diverges from the typical rural pattern in which housing stock deteriorates as population falls. In Hinsdale County, new homes continue to be built, but most are not occupied year-round.





Of 1,365 units, 985 (72%) are vacant or seasonal—the highest rate in Colorado. Only 380 units house year-round residents.

The 13-year divergence: population falling while vacant units rise. New homes are built—but not for workers.

Second-home owners contribute significantly to the county's fiscal capacity—accounting for roughly three-quarters of the property-tax base that funds roads, public safety, and county services. Many have long-standing ties to the area. At the same time, the housing market responds primarily to purchasing power rather than local workforce needs. Prices are shaped by demand from higher-income buyers, leaving many local workers with few viable housing options. Essential services depend on residents who live nearby—volunteer emergency services, schools, and local government all rely on a stable year-round population—yet wages in the seasonal economy do not support housing costs for the workers those jobs require.

Prices & Affordability

The mismatch between local wages and housing costs explains why workers leave. A worker earning the average local wage of $40,119 can afford about $1,000 per month in rent or a home of roughly $150,000. The median home costs $563,000; median rent is $1,875. The rental market offers no relief: just 76 units exist countywide, with zero vacancies.

- **Median home price:** $563,000 (up 25 percent since 2022)
- **Median rent:** $1,875 per month for a two-bedroom unit
- **Rental inventory:** 76 units total—the smallest rental market in Colorado
- **Rental vacancy:** Zero. Workers who want to live here cannot find housing at any price.

Workers face impossible choices: severe cost burden, public assistance despite employment, or leaving. Most leave.

> **BOTTOM LINE:** 72% of homes sit vacant while workers commute 50+ miles. The market builds for buyers with resources, not workers who fill jobs.

What the Community Is Experiencing

The $400,000+ gap between average wages and median home prices represents market failure—conditions the private market cannot correct on its own. When 43 percent of employers resort to providing housing assistance, normal market functioning has broken down. Survey data from 97 households (roughly one-quarter of year-round residents) documents the consequences.

77%	40%	49%
See housing as serious or critical	Are cost-burdened Spend 30%+ on housing	Would relocate here If housing existed

Ninety-eight workers commute into the county daily—not because they prefer the drive, but because they cannot find a place to live. Employers report that housing is their top barrier to recruitment and retention.

Nearly one in five households has recently experienced or fears housing displacement, and 12 percent of households plan to leave the county within five years due to housing constraints.

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> *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.*
>
> — **Household Survey**

Employer Challenges

Employers face the same constraints from the other side of the market. Among the 22 surveyed, all identified housing as a barrier to recruitment and retention. Reported impacts include 24 positions left unfilled due to housing constraints, eight businesses that lost workers who could not secure housing, and nearly two-thirds receiving no applicants for open positions. In response, 43 percent already provide some form of housing assistance.

At an average wage of $45,000, the 24 unfilled positions represent more than $1 million in foregone annual wages—income that would otherwise circulate in the local economy. With an estimated 20 workers expected to retire within the next five years, recruitment challenges are likely to intensify unless additional housing options become available.

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> *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.*
>
> — **Employer Survey**

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

Who Needs Housing

How many additional housing units does Hinsdale County need to house its workforce and address current deficiencies? The result: **100–112 units** through 2035. These 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. Understanding the components helps set informed priorities and target available resources.

Catch-Up (Existing Gaps): 29 units

- Restore functional rental vacancy: 4
- House workers for unfilled jobs: 11
- Relocate in-commuters: 14

Keep-Up (Future Needs to 2035): 71–83 units

- Projected job growth: 37
- Replace retiring workers: 34–46

Total Need: 100–112 units Of which 32 at ≤30% AMI require rental assistance, not new construction.

The **demand pool** reflects households that would seek housing if it were available, rather than the number of units required. In Hinsdale County, this group includes approximately 245 households. Applying typical capture rates (15–25 percent) indicates that sufficient demand exists to support the level of development proposed in this plan. Survey results also inform development priorities. Residents place the highest value on outdoor space, storage, and durable construction, while parking and luxury finishes rank lowest. This suggests opportunities to control costs by limiting parking infrastructure and focusing investment on features that matter most to residents.

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> *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.*
>
> — **Employer Survey**

Rental Demand Pool: 150 Households

- Current renters in substandard or unstable situations (76)
- Workers who commute in because they can't find housing (32)
- Young adults forming new households (23)
- Residents in unstable arrangements—couch-surfing, doubling up (19)

Most earn below 80% AMI ($82K for a 2-person household).

Ownership Demand Pool: 95 Households

- Older homeowners seeking to downsize (42)
- Essential workers in unstable housing who could buy with assistance (30)
- Current renters ready to purchase (13)
- Young families priced out of the market (10)

Most earn 80–140% AMI ($82K–$143K for a 2-person household).

Development Potential

While 96 percent of Hinsdale County is federal land, parcel analysis identifies capacity for 3,500+ additional units on remaining land under current zoning. Town and County control 17 developable parcels—4 vacant and ready, 6 underutilized. Private land includes 260 vacant lots and 347 underutilized parcels that could support ADUs, duplexes, or infill development.

Land is not the barrier. The challenge is activating these sites through policy, infrastructure investment, and incentives aligned with housing goals. Without intervention, vacant and underutilized parcels will continue serving the vacation-home market.

Revenue Feasibility

State and federal housing programs can cover 60–80 percent of development costs—but they require local investment to unlock. Every local dollar leverages $3 or more in outside funding. Local revenue also supports staff capacity for grant administration and program management.

Recommended Approach

Property Tax Mill Levy

- **Revenue:** Two mills ≈ $122,000/year; four mills ≈ $245,000/year
- **Cost:** $13 per $100,000 of home value annually (2 mills)—roughly $65/year on a $500,000 home
- **Distribution:** Because second-home owners hold most assessed value, year-round residents pay approximately 25 percent of total revenue
- **Path:** Voter approval targeted for November 2026

Complementary Tool: Inclusionary Zoning with Fee-in-Lieu

A $25,000 fee per home on ten homes per year would generate approximately $250,000 annually, directly linking new development to housing investment.

> **BOTTOM LINE:** A modest mill levy combined with fee-in-lieu can generate $350,000+ annually—enough to fund a housing coordinator, leverage state and federal grants, and keep projects moving.

Housing Strategy

The vision and objectives outlined at the beginning of this plan guide the strategy. Based on the analysis in this plan and input from the Housing Strategy Working Group and joint sessions with Town Trustees and County Commissioners, the following goals translate those objectives into measurable targets—balancing ambition with practical achievability for a small, remote community.

Ten-Year Goals

- **Goal 1: Create 20–40 housing opportunities** — 20 achievable through incremental programs (ADUs, conversions, preservation); 40 if a major project advances. Land-bank 2–4 sites for future development.
- **Goal 2: Shift tenure mix from 80/20 to 70/30 owner/renter** — increase rental options through new construction and conversions to address zero vacancy.
- **Goal 3: Raise year-round occupancy from 28% to 35%** — support community stability and essential services by increasing the share of housing occupied year-round.

Strategies and Actions

The plan organizes **22 specific actions** into four strategy areas, prioritizing year-round residents, essential workers, and families who sustain the community. No single project or program can solve housing challenges alone—these strategies work together to create both immediate results and long-term sustainability.

1. Policies & Incentives

7 actions • Low cost

Update policies to reduce barriers and encourage year-round housing. Regulatory changes realign market incentives without major public spending.

Fast-Track Permitting • Fee Waivers • ADU Ordinance • STR Caps/Bans • STR Licensing/Fees • Density Bonuses • Long-Term Lease Incentives

2. Optimize Existing Stock

6 actions • Low–moderate cost

Increase year-round availability by making better use of existing homes. Often cheaper and faster than new construction.

Acquisition/Rehab • Preservation Fund • Anti-Displacement • Emergency Repair • Down Payment Assistance • Weatherization

3. Sustainable Revenue

4 actions • Moderate cost

Establish reliable, locally-controlled funding that leverages state and federal dollars at 3:1 or better.

Mill Levy (2026 ballot) • Inclusionary Zoning • Partnership Leverage • Impact/Linkage Fees

4. Strategic Development

5 actions • Higher cost

Create new supply and secure land for future development. With 96% federal land, strategic acquisition is essential.

Land Banking • Lake Fork Development • Employer Partnerships • Legislative Advocacy • Workforce Development

Success Metrics

Progress toward housing goals will be measured using clear, trackable indicators tied to existing data sources.

Strategy-Specific Performance Indicators

Strategy	Indicator	Measurement
Policies & Incentives	Permitting timeline	Reduce from 6+ to 3 months
	STR licensing revenue	Track annual collections
Optimize Existing Stock	Conversions completed	Track STR-to-long-term transitions
	Preservation assists	Document units preserved
Sustainable Revenue	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

Tracked annually using County Assessor data, building permits, and program records.

Implementation

Achieving 20–40 housing opportunities over ten years requires sustained coordination between Town and County, dedicated staff capacity, and reliable funding. Many funding assumptions have a 12–18 month shelf life—delaying implementation reduces feasibility.

Implementation at a Glance

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

1 ORGANIZE 0–6 months → 2 CAPACITY 6–18 months → 3 SCALE 18+ months

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

Building the Foundation

Four cross-cutting actions establish the infrastructure that enables all strategies:

- **Intergovernmental Agreement** — Formalizes Town-County partnership and cost-sharing
- **Housing Coordinator** — Shared position to manage grants, administer programs, and coordinate projects
- **Housing Trust Fund** — Mechanism to receive and deploy revenues from multiple sources
- **Housing Authority** — Unlocks CHFA loans and enhanced Proposition 123 positioning

Without these in place, implementation capacity will be limited.

Who Does What

Town of Lake City

- Development on Town-owned sites
- Zoning and land use (ADU ordinance, density bonuses)
- Building permits and inspections
- Housing Authority formation

Hinsdale County

- County-wide STR licensing and fees
- Land use regulations outside Town
- Property tax coordination (mill levy)
- Regional coordination with state agencies

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

Housing Coordinator: Reports jointly to Town and County; handles grants, program administration, and community engagement.

Keeping Implementation on Track

This plan will only succeed if progress is tracked, measured, and revisited as conditions change. Housing markets shift, funding opportunities emerge and close, and early implementation reveals what works and what doesn't. This plan is intended to guide action, not constrain it.

- **Quarterly joint sessions** (January, April, July, October) — Town Trustees and County Commissioners review progress against goals, identify obstacles, and adjust near-term priorities
- **Annual Housing Implementation Report** — Documents outcomes on all five indicators, assesses strategy effectiveness, and recommends course corrections
- **Adaptive management** — Phase II and III priorities shift based on Phase I results, market conditions, and emerging opportunities; the plan is a roadmap, not a rulebook

The ten-year goals provide benchmarks, but the path to achieving them will evolve. What matters is sustained attention, honest assessment, and willingness to adjust when evidence warrants.

For complete analysis, detailed action cards, funding sources, and appendices, see the

Comprehensive Affordable Housing Plan

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