

Lake City & Hinsdale County Housing Strategy

Joint Town Trustees & County Commissioners Read-Ahead Packet

Project Website:

<https://lakecityhousingstrategy.com/>

EXECUTIVE SUMMARY

Lake City & Hinsdale County Housing Strategy
Joint Town Trustees & County Commissioners Meeting • August 13, 2025

HOUSING CRISIS CONFIRMED: 77% of residents call housing availability a serious or critical problem. We are losing families, workers, and essential services because people cannot afford to live where they work.

The Numbers That Matter

<div>24</div> <div>Jobs unfilled due to housing barriers</div>	<div>\$563k</div> <div>Median home price vs. \$39k teacher salary</div>	<div>0%</div> <div>Rental vacancy rate</div>
<div>72%</div> <div>Of housing stock is seasonal/vacant</div>	<div>43%</div> <div>Of employers provide housing assistance</div>	<div>12%</div> <div>Of households planning to leave due to housing costs</div>

What's At Risk

- **Essential Services:** Teachers commuting 45+ minutes, healthcare workers can't afford to live here, public safety positions unfilled
- **Economic Vitality:** Businesses considering closure due to workforce shortages, tourism industry can't house seasonal workers
- **Community Character:** Young families forced to leave, population declined 8% since 2010, schools at risk
- **Municipal Finances:** Shrinking tax base as residents leave, increased service costs as population spreads out

The Opportunity

Lake Fork Project Ready to Launch: 28-unit rental development with secured funding can be the catalyst for broader housing solutions. But it needs local commitment to succeed.

PURPOSE OF TODAY'S MEETING:

- **Understand the housing crisis reality** through data-driven evidence
- **Build momentum for collaborative action** between Town and County
- **Commit to working together** on developing housing solutions
- **Provide direction** for the next phase of strategy development

Cost of Inaction

- **Annual economic loss:** \$960k+ from 24 unfilled positions
- **Service degradation:** Reduced school quality, healthcare access, public safety response
- **Accelerating decline:** Each family that leaves makes it harder to recruit the next essential worker
- **Missed funding opportunities:** State housing programs require local action in next 12-18 months

BOTTOM LINE: This is not a housing study—it's a community survival strategy. We have the data, the funding opportunities, and the first project ready to go. What we need is leadership commitment to act.

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SECTION 1. Meeting Details & Agenda

Joint Town Trustees & County Commissioners Meeting

Lake City & Hinsdale County Housing Strategy

Date:	Tuesday, August 13, 2025
Time:	5:00 PM - 7:00 PM
Meeting Type:	Joint BOC/Town Trustees Workshop
Facilitators:	Proximity Green, Triple Point Consulting, Dynamic Planning + Science, Western Spaces

Meeting Purpose

This joint session between Lake City Town Trustees and Hinsdale County Commissioners addresses the first phase of our housing strategy, focusing on comprehensive community research including both employer and household surveys. The session emphasizes understanding housing as essential infrastructure and collaborative commitment to develop solutions together.

At the end of the meeting, participants will:

- **Understand the Housing Crisis Reality** through data-driven evidence showing population decline, workforce exodus, and essential service threats documented in our community demand study with 97 household responses and 21 employer surveys.
- **Build Momentum for Collaborative Action** by understanding that the housing crisis requires coordinated response and committing to work together on next steps.

This read-ahead packet contains the essential information for making informed decisions about Lake City and Hinsdale County's housing future. The attached demand study provides the evidence base, and the draft strategy goals offer the framework for moving forward together.

SECTION 2. Housing Crisis Summary Report

Lake City and Hinsdale County face a documented housing crisis that threatens community sustainability, essential services, and economic viability. This crisis is not theoretical—it is happening now and affecting real families, workers, and businesses in our community.

Crisis Indicators: The Data

The comprehensive community demand study conducted in 2025 provides clear evidence of a housing emergency that requires immediate attention and coordinated response.

Population and Community Stability

Population Decline Crisis

- Lost 69 residents (8.2% decline) since 2010 census
- Only 28% of housing units occupied year-round vs. 72% vacant/seasonal
- 12% of households planning to leave county due to housing costs
- 20 essential workers retiring in next 5 years with no replacement housing

Housing Availability Emergency

- 77% of residents view housing availability as serious or critical problem
- Zero rental vacancy rate - no housing mobility for existing residents
- 1 in 5 households recently displaced or at immediate risk of displacement
- 51% interested in deed-restricted housing if available

Economic and Workforce Impact

Business Operations Crisis

- 24 jobs currently unfilled because workers cannot find housing
- 43% of employers already providing emergency housing assistance to staff
- Essential service positions cannot be filled: teachers, healthcare, public safety
- Businesses considering closure or relocation due to workforce shortage

Economic Development Stagnation

- New business recruitment impossible without worker housing
- Tourism industry threatened by lack of seasonal worker housing
- Local businesses losing customers as population declines
- Tax base erosion as residents forced to move away

Essential Services at Risk

Education System Threat

- Teachers commuting from other counties (45+ minute drives)
- Difficulty recruiting qualified educators due to housing costs
- School enrollment declining as families forced to move
- State funding reductions tied to enrollment losses

Healthcare Access Concerns

- Healthcare workers unable to afford local housing
- Emergency medical response times increased due to staffing challenges
- Specialized medical services reducing hours or closing
- Senior population at risk without adequate healthcare staffing

Public Safety Challenges

- Law enforcement positions difficult to fill
- Fire/EMS volunteer recruitment declining
- Emergency response capacity reduced
- Public works staffing insufficient for infrastructure maintenance

Housing Market Analysis

Current Housing Stock Breakdown

~400

Occupied Housing Units

28%

Year-round occupied (112 units)

72%

Seasonal/vacant (288 units)

0%

Rental vacancy rate

Housing Needs Gap Analysis

- Current jobs requiring housing: 465+
- Available rental units: 76
- **Gap: 389 housing units needed for current workforce**

Displacement Patterns

Forced Movement Causes

- Rent increases forcing long-term residents out
- Short-term rental conversions eliminating long-term housing
- Lease non-renewals as property owners change use
- Sale of rental properties to seasonal buyers
- Inability to find housing when current lease ends

Who Is Being Displaced

- Teachers and school staff
- Healthcare workers and support staff
- Retail and service workers
- Young families trying to establish roots
- Seniors needing to downsize but finding no options
- Public safety and emergency response personnel

Regional Context and Comparisons

Similar Mountain Communities

Successful Intervention Examples

- Crested Butte: 127 deed-restricted units, 85% local hire rate
- Telluride: 1,200+ deed-restricted units over 25 years
- Steamboat Springs: 400+ units, \$8M annual housing fund

Consequences of Inaction

- Communities that waited: deeper crisis, higher costs, community decline
- Population loss accelerates once workforce housing falls below critical threshold
- Economic recovery becomes exponentially more difficult after tipping point

Lake City's Unique Position

Advantages for Action

- Strong community identity and support
- Existing grant funding secured (Lake Fork 28-unit project)
- Compact geographic area enabling efficient solutions
- Engaged local employers willing to partner
- Clear regulatory authority between town and county

Risk Factors Without Action

- Geographic isolation limits workforce recruitment from other areas
- Small population means every household departure has significant impact
- Limited economic diversification increases vulnerability
- Seasonal economy dependence unsustainable without year-round workforce

The Cost of Inaction

Economic Losses (Annual)

- 24 unfilled jobs = \$960,000+ in lost economic activity
- Reduced tourism capacity due to staffing shortages
- Decreased property values as services deteriorate
- Lost state funding tied to population and enrollment

Service Degradation Timeline

Year 1-2: Increased commute times for essential workers, service quality decline

Year 3-4: Service hour reductions, potential school consolidation discussions

Year 5+: Critical service failures, business closures, accelerated population decline

Social Impact

- Community character loss as year-round population shrinks
- Reduced volunteer capacity for community organizations
- Cultural continuity threatened as families forced to leave
- Intergenerational community knowledge loss

Window for Action

Current Opportunity Factors

- Federal and state funding programs available
- Community awareness and support documented
- Leadership alignment between jurisdictions
- Existing development capacity and willing partners

Time-Sensitive Elements

- Grant application deadlines and funding cycles
- Lake Fork project timeline requiring community support
- State legislative session priorities for rural housing
- Real estate market conditions enabling strategic acquisitions

Critical Point: The housing crisis will continue to accelerate without intervention. Every quarter of delay means more families displaced, more businesses struggling, and higher costs for eventual solutions.

SECTION 3. Community Demand Study Executive Summary

Study Overview and Methodology

Research Scope

The Lake City and Hinsdale County Housing Demand Study was conducted in 2025 to provide data-driven evidence of housing needs, market conditions, and community priorities. The study employed multiple research methods to ensure comprehensive coverage of housing challenges affecting both residents and employers.

Survey Methodology

Household Survey (97 Responses)

- Population Coverage: 25.5% response rate (97 of 380 year-round households)
- Statistical Confidence: $\pm 8.7\%$ margin of error at 95% confidence level
- Distribution Methods: Mail surveys, online platform, community locations
- Geographic Coverage: Town of Lake City (47%) and unincorporated county (53%)
- Validation: Cross-referenced with County Assessor property data

Employer Survey (21 Responses)

- Employment Coverage: 287 total jobs (62% of county employment)
- Sector Representation: Government, healthcare, retail, hospitality, construction, professional services
- Data Verification: Employment figures confirmed with state labor statistics
- Response Validation: Cross-checked business licenses and employment records

Data Quality Assurance

- Geographic distribution representative of county population
- Income self-reporting aligned with state wage data
- Housing unit counts verified against assessor records
- Seasonal residence adjustments applied for year-round focus

Key Findings: Housing Crisis Documentation

Community Recognition of Crisis

Resident Perspectives

- 77% view housing availability as serious or critical problem
- More than half consider housing among county's biggest challenges
- 68% report difficulty finding adequate housing in past 5 years
- 45% know someone forced to leave area due to housing costs

Employer Impacts

- 24 jobs currently unfilled due to housing unavailability
- 43% of employers providing emergency housing assistance to retain staff
- 67% report difficulty recruiting qualified candidates due to housing
- 52% considering business changes (reduced hours, services, or relocation)

Displacement and Housing Instability

Current Displacement Crisis

- 1 in 5 households recently displaced or at immediate risk
- Forced moves due to: rent increases (34%), STR conversions (28%), lease non-renewals (22%)
- 0% rental vacancy rate - no options for displaced residents
- Overcrowding reported in 15% of households as coping mechanism

Future Displacement Risk

- 12% of households planning to leave county within 2 years due to housing costs
- 25% want to move within county but cannot find options
- 20 essential workers planning retirement in next 5 years with no local succession

Housing Market Conditions

Availability Crisis

- Zero rental units available for immediate occupancy
- Average time to find rental housing: 8+ months
- Multiple families competing for single rental opportunities
- Rental costs consuming 40%+ of household income for essential workers

Affordability Challenges

- Median home price: \$850,000+ (unattainable for local workforce)
- Median rental cost: \$1,200/month (teacher salary cannot support)
- Property tax increases forcing long-term residents to sell
- Utility costs increasing due to infrastructure age and capacity

Community Priorities and Preferences

Housing Type Preferences

Rental Housing Demand

- 51% interested in deed-restricted rental housing if available
- Preference for 1-3 bedroom units near town center
- Workforce housing for essential employees highest priority
- Senior downsizing options second priority

Homeownership Aspirations

- 47% interested in deed-restricted homeownership programs
- Down payment assistance most needed support (73%)
- First-time buyer programs high interest (68%)
- Accessory dwelling unit options supported (61%)

Community Development Priorities

Development Location Preferences

- 78% prefer development within existing town boundaries
- Infill development preferred over expansion (65%)
- Walking/biking distance to services important (82%)
- Preservation of community character essential (91%)

Acceptable Development Types

- Small-scale multifamily housing: 68% support
- Accessory dwelling units: 61% support
- Duplex/townhome development: 58% support
- Senior housing community: 74% support

Funding and Implementation Support

Community Investment Willingness

- 62% support enhanced STR licensing fees for housing fund
- 58% support development impact fees for housing
- 71% support using federal/state grant funding
- 54% support employer partnership programs

Implementation Priorities

- Year-round resident housing: 83% highest priority
- Essential worker housing: 78% high priority
- Senior housing options: 65% high priority
- Seasonal worker housing: 34% lower priority

Economic Impact Analysis

Current Economic Losses

Workforce Shortage Costs

- 24 unfilled positions = \$960,000+ annual lost economic activity
- Reduced business hours/services due to staffing constraints
- Tourism capacity limitations due to seasonal worker housing shortage
- Increased operating costs for businesses providing employee housing assistance

Service Degradation Costs

- Teacher recruitment/retention costs increasing
- Healthcare service hour reductions
- Public safety overtime costs due to staffing gaps
- Infrastructure maintenance delays due to workforce shortage

Projected Benefits of Housing Investment

Economic Development Potential

- Business recruitment and expansion enabled by workforce housing
- Tourism industry stabilization through seasonal worker housing
- Property tax base strengthening through population retention
- Local spending increases from retained/attracted residents

Service Quality Improvements

- Educational outcomes improved through stable teaching workforce
- Healthcare access enhanced through local healthcare worker housing
- Public safety response times improved through local staffing
- Infrastructure maintenance improved through adequate workforce

Regional Comparison and Best Practices

Comparable Mountain Communities

Similar Challenges Identified

- Crested Butte, Telluride, Steamboat Springs faced identical housing crises
- Population decline and workforce exodus common pattern
- Essential service degradation preceded comprehensive intervention
- Early action proved less costly than delayed response

Successful Intervention Models

- Housing trust fund establishment with diversified revenue
- Public-private partnerships for development financing
- Deed restriction programs ensuring long-term affordability
- Regional coordination for workforce housing programs

Lake City Scale Applications

Proportional Investment Analysis

- 40-unit goal = 2.4% of comparable communities' successful scale
- \$300K annual housing fund = 3-4% of comparable budget models
- 5-year timeline realistic based on similar community experiences
- Local capacity adequate for implementation with technical assistance

SECTION 4. Draft Housing Strategy Goals

Based on the community demand study results, regional best practices, and jurisdictional capacity analysis, four housing goals provide a realistic, achievable framework for addressing Lake City and Hinsdale County's housing crisis over the next five years.

Goal 1: Housing Production Target

40 Housing Units Over 5 Years

Rationale

- Represents 10% increase in current year-round housing stock (realistic growth)
- Addresses critical worker shortage (24 unfilled jobs due to housing)
- Achievable given construction capacity and available funding sources
- Modest target with transformative community impact

Composition Breakdown

- Lake Fork Project: 28 rental units (grant funding already secured)
- STR Conversions: 5-10 units (1-2 annually through enhanced licensing)
- Homeownership Assistance: 6-8 units (down payment help, deed restrictions)
- Strategic Land Banking: 4-6 sites (separate from unit count, future planning)

Community Impact

- Housing for essential workforce: teachers, healthcare, public safety
- Options for young families trying to stay in community
- Downsizing opportunities for seniors
- Economic stability through workforce retention

Success Metrics

- Year 2: 20 units delivered or under construction
- Year 3: 30 units completed
- Year 5: 40 units achieved with sustainable management

Goal 2: Year-Round Community Strengthening

Increase Year-Round Occupancy from 28% to 35%

Current Situation

- Only 112 of 400 housing units occupied year-round (28%)
- 288 units vacant/seasonal (72% of housing stock)
- Essential workers commuting from other counties
- Services at risk due to insufficient year-round population

Target Impact

- Add 28+ year-round households (7% increase in occupancy rate)
- Strengthen community institutions: schools, healthcare, services
- Reduce seasonal economy dependence
- Build resilient year-round economic base

Implementation Approach

- Focus new housing development on year-round residents
- Enhanced STR licensing to encourage some long-term conversions
- Employer partnerships for workforce housing
- Deed restrictions ensuring long-term community benefit

Benefits

- Stronger schools with stable enrollment
- Improved healthcare access with local workforce
- Enhanced public safety with local staffing
- More vibrant downtown business district

Goal 3: Housing Options Balance

Increase Rental Inventory from 20% to 25%

Current Imbalance

- Only 76 rental units for 465+ jobs requiring housing
- Zero rental vacancy - no housing mobility
- New workers and young adults have no entry options
- Seniors and downsizers have no flexible options

Targeted Rebalancing

- Add 28+ rental units (37% increase in rental inventory)
- Maintain 75% homeownership character (modest adjustment)
- Create housing mobility for all life stages
- Enable community workforce recruitment

Types of Rental Housing Needed

- Workforce housing for essential employees
- Starter rentals for young adults
- Senior-friendly downsizing options
- Short-term options for temporary workers (limited, regulated)

Community Character Preservation

- 75% ownership maintains community stability
- Deed restrictions ensure affordability and local priority
- Design standards preserve neighborhood character
- Owner-occupancy incentives in homeownership programs

Goal 4: Year-Round Resident Priority

Permanent Residents First, Seasonal Workers Second

Priority Framework

1. **First Priority:** Year-round residents (teachers, healthcare, public safety, local business owners)
2. **Second Priority:** Essential seasonal workers (when critical for community functions)
3. **Employer Responsibility:** Businesses hiring seasonal workers help house them

Rationale for Priority System

- Population declining 8% - need to stabilize year-round community first
- Essential services require permanent workforce
- Strong year-round base enables healthy seasonal economy
- Community resilience requires permanent population core

Implementation Considerations

- Deed restrictions with residency requirements
- Employer housing programs for seasonal needs
- Community benefit standards for all housing assistance
- Monitoring and compliance systems

Long-term Community Vision

- Teachers living in the community they serve
- Healthcare workers available for emergencies
- Local business owners invested in community success
- Families choosing to stay and raise children here
- Seniors aging in place with appropriate housing options

Additional Attachments

Attachment A: Complete Housing Demand Study Report

This read-ahead packet provides the information for informed decision-making about Lake City and Hinsdale County's housing future. The documented crisis requires action, the proposed goals provide a realistic framework, and the collaborative process offers the best path forward for implementation success.