Joint Session #2– Town Trustees and County Commissioners Read-Ahead Packet

Date: Wednesday, October 1, 2025
Time: 4:00 – 6:00 PM
Facilitators: Western Spaces, LLC, Proximity Green, Dynamic Planning & Science, Triple Point Strategic Consulting

Meeting Background

This second Joint Housing session focuses on reviewing and refining the four core housing strategies and their associated actions. The discussion will emphasize feasibility and community priorities—helping us decide which strategies should move forward first and how to approach implementation.

Setting the Stage for Success

The upcoming session is a critical juncture in our housing planning process. We've moved from understanding our needs to defining concrete actions. Your decisions at the meeting will shape Lake City and Hinsdale County's housing future for the next decade.

The action list has been refined for this session, focusing on items ready for decision and implementation while removing those that don't require immediate action or further discussion.

Key Decisions We Need to Make:

1. Which actions should we implement first, later, never?
2. Who leads each action - Town, County, or both?
3. What level of resources are we willing to commit?

We don't need to solve everything at the meeting. We need to identify the most impactful starting points that match our capacity and build momentum for larger efforts.

Strategic Housing Cycle

Our housing plan process follows a cycle that moves from identifying needs to monitoring results. Meeting #1 focused on needs and goals. Meeting #2 moves us into the next step: evaluating tools and strategies and beginning to shape implementation.

Housing Goals

At our first meeting, we reviewed local housing demand and discussed initial housing goals for the Comprehensive Housing Plan. These goals provide the foundation for today's discussion of strategies and financial feasibility.

Our Vision

"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."

Housing Goals

Based on community input and demand analysis, we have established three interconnected goals:

Goal 1: Creation of Housing Opportunities

When we talk about "housing opportunities," we mean the full range of ways to make housing available and attainable for local residents. In a small, remote market like Lake City and Hinsdale County, progress comes not only from new construction but also from converting seasonal units to year-round use, helping buyers access existing homes, creating accessory dwelling units, and acquiring land for future housing.

This broader approach recognizes that every pathway matters, and together they add up to meaningful gains for the community.

Target: 34+ housing units + strategic land acquisition

Type	Target	Sources	Description
Rental Units	28+ units	Lake Fork (28) + acquisition/rehab, conversion	Year-round workforce housing
Ownership	6-8 units	Down payment assistance, preservation, acquisition/rehab	Through existing stock
Land Banking	2-4 sites	Strategic acquisitions	Future development sites

Goal 2: Rental/Ownership Tenure Balance Realignment

A healthy housing market requires a balance between ownership and rental opportunities. In Lake City and Hinsdale County, the current imbalance is clear: most year-round households are owners, while very few rentals are available for workers, young families, or residents who are not ready to buy. This lack of rental options creates bottlenecks for the local workforce and forces many potential residents to live elsewhere. Over time, a more balanced mix of ownership and rental housing will make it possible for people to live here at different stages of life, while still building toward long-term stability.

Current: 80% owner-occupied, 20% rental
Target: Move toward 70% owner, 30% rental over time
Strategy: Prioritize rental in near-term to rebalance market

Goal 3: Strengthen Year-Round Community

Nearly three-quarters of homes in Lake City and Hinsdale County are vacant or used seasonally — one of the most severe imbalances in Colorado. This weakens the foundation of the community by making it harder to sustain schools, healthcare, essential services, and a stable workforce. Strengthening the year-round population means ensuring more homes are available for permanent residents and gradually shifting the balance back toward local occupancy.

Current: 28% of units occupied year-round
Target: Increase to 35% year-round occupancy
Impact: ~15 additional year-round households

Core Housing Strategies

To achieve these goals, the consultant team has identified four broad strategies that can guide Lake City and Hinsdale County over the next five years. These strategies are interconnected: each addresses a different part of the housing challenge and they work best when pursued together. Some focus on immediate, lower-cost actions that can deliver quick results, while others require more time, resources, and community commitment.

The table below summarizes the four strategies, their primary focus, and the level of cost and effort required for implementation.

Strategy	Focus	Implementation Cost
1. Policies, Fees & Incentives	Remove barriers, generate revenue, realign development	Low
2. Optimize Existing Stock	Better use of current housing	Low-Moderate
3. Strategic Development	New construction & land banking	High
4. Sustainable Revenue	Create ongoing funding	Depends

Strategy 1: Comprehensive Policies, Fees and Incentives

Implementation Cost: Low
Level of Effort: Moderate

Why This Strategy Matters

Currently, our regulations make it harder and more expensive to build workforce housing than vacation homes, and generally development policies do not recognize the need for affordable and workforce housing in the community. This strategy levels the playing field while generating funds for housing programs. Without policy changes, we'll continue losing ground.

What This Strategy Involves

Town and County policies would be updated to:

- Reduce barriers to building workforce housing.
- Generate revenue dedicated to housing.
- Ensure new development contributes to local housing needs.

This includes both regulatory changes and adjustments to fees that realign the housing pipeline.

Actions to Consider at the Joint Session

Fee Waivers for Affordable Units *(Role: Both)*

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

Implementation Considerations: Can waive all or partial fees; consider tiering by AMI level served; may require budget backfill from general fund; determine which fees to waive (building permits, water/sewer taps, plan review)

Funding Available: DOLA Planning Grant can fund policy development; Prop 123 requires fee reduction/waivers as condition of funding

Community Examples:

- Town of Minturn waives up to $30,000 in tap fees for deed-restricted units
- Eagle County reduces permit fees by 50% for deed-restricted workforce housing

ADU Ordinance (Role: Town lead, County follow)

Description: Allow property owners to add small secondary dwelling units on existing lots to increase rental inventory with minimal infrastructure impact

Implementation Considerations: Set size limits (typically 600-1,200 sq ft); decide on owner-occupancy requirements; address parking (require 1 space or waive); consider deed restrictions for affordability; offer pre-approved plans to reduce costs; determine if detached, attached, or both allowed

Funding Available: DOLA Planning Grant for ordinance development; CHFA offers ADU construction loans; Energy Impact Assistance funds for infrastructure upgrades

Community Examples:

- Summit County allows ADUs up to 900 sq ft, waives fees for deed-restricted units, and provides free pre-approved plans. All ADUs require deed restrictions limiting occupancy to local workers (30+ hours/week in Summit County) or relatives of property owner. Required since 1984.
- Salida allows ADUs up to 1,000 sq ft with pre-approved designs
- Town of Ridgway allows ADUs without additional parking requirements for lots under 0.25 acres
- Town of Marble permits ADUs up to 800 sq ft with simplified approval process

STR Caps or Bans (Role: County primary, Town coordinate)

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

Implementation Considerations: Choose cap method (% of housing stock, fixed number, or geographic limits); grandfather existing STRs or phase out; consider primary residence exemptions; need strong enforcement mechanism; coordinate Town/County approach

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

Community Examples:

- Summit County created overlay zones with different STR caps - Resort zones allow more, neighborhood zones restricted to 135 total licenses
- Ouray County caps STRs at 5% of housing stock in unincorporated areas
- Town of Crestone banned new STR licenses, grandfathered existing
- Salida caps STRs by zone - Historic Downtown (99 licenses), Highway 291 (71), Industrial (16), Highway 50 (46). Limits residential zones to 185 days/year. Requires Chaffee County residency to obtain license. Implemented in 2021.

Density Bonuses for Affordable Units (Role: Both)

Description: Allow developers to build more units than normally permitted if they include affordable housing, making projects financially viable

Implementation Considerations: Set bonus ratios (e.g., 1 market-rate unit for every affordable unit); determine qualifying affordability levels; consider height, setback, or parking reductions too; ensure infrastructure capacity; may need neighborhood compatibility standards

Funding Available: DOLA Planning Grant for code amendments; projects using density bonuses eligible for CHFA LIHTC and Prop 123 funds

Community Examples:

- Pagosa Springs allows 25% density bonus if 20% of units are deed-restricted to local workforce
- City of Montrose REDO zone allows increased density and reduced setbacks for projects including affordable units
- Gunnison allows up to 30% density bonus for deed-restricted affordable housing projects

Strategy 2: Optimize Existing Housing Stock

Implementation Cost: Low-Moderate
Level of Effort: Low-Moderate

Why This Strategy Matters

Hundreds of homes in Lake City and Hinsdale County sit empty for most of the year, while workers and families struggle to find housing. Making better use of existing homes can produce results faster and at a lower cost than building new units. Converting even a single STR to a year-round rental can be accomplished in weeks rather than years.

What This Strategy Involves

This approach increases the availability of year-round housing through conversion, rehabilitation, and preservation programs. The second part of this strategy builds off the concept that the least expensive form of affordable housing is to maintain the affordable/local housing you already have in the community.

Actions to Consider at the Joint Session

Anti-Displacement Policy/Rules (Role: Both develop jointly)

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

Implementation Considerations: Define triggering events (demolition, substantial renovation, condo conversion); set notice periods (60-120 days typical); determine relocation assistance amounts; consider rent increase limits; may need legal review

Funding Available: DOLA Planning Grant for policy development; Colorado Housing Assistance Corporation (CHAC) Emergency Housing Assistance for relocation costs; Prop 123 funds for preservation

Community Examples:

- Leadville requires 90-day notice and relocation assistance for redevelopment
- Town of Buena Vista gives existing tenants first right to purchase when units go on market
- Town of Crested Butte requires 1:1 replacement of any demolished units that house local workers (deed-restricted or market-rate rentals)
- Telluride requires any redevelopment that removes affordable housing units (deed-restricted or naturally occurring) to provide 1.25:1 replacement

- Aspen/Pitkin County requires 60% mitigation for tear-downs - if you demolish a 3,000 sq ft home and build 5,000 sq ft, must mitigate for 60% of the 2,000 sq ft increase
- Breckenridge requires developers demolishing any residential units occupied by locals to pay into housing fund at 125% of replacement cost
- Eagle County provides up to $5,000 relocation assistance when affordable units are redeveloped

Acquisition and Rehabilitation (Role: Both fund, shared implementation)

Description: Purchase existing properties needing repair and renovate them for workforce housing, often cheaper than new construction

Implementation Considerations: Need acquisition fund or bonding capacity; conduct thorough property inspections; budget 20-40% for contingencies; decide on ownership model (public, nonprofit, land trust); plan for ongoing management and maintenance; target properties with "good bones" needing cosmetic work. **Note**: While upfront costs seem high, deed-restricted resales typically recover 70-90% of investment, making this a revolving fund opportunity rather than pure expense. Can also generate positive cash flow through rentals while holding.

Funding Available: Prop 123 Land Banking/Acquisition funds; CHFA Middle Income Housing Authority loans (3-5% interest); DOLA REDI grants; USDA Rural Development 515/538 programs; Colorado Housing Investment Fund; Energy Impact Assistance for rehab; Historic Tax Credits if applicable

Community Examples:

- Town of Alma purchased and renovated 4-plex for teacher housing
- Park County bought deteriorating motel, converted to 12 workforce units
- Georgetown purchased Victorian homes, rehabbed as deed-restricted rentals

Right of First Refusal Programs (Role: Town lead on Town properties, County on County)

Description: Give local housing entities first opportunity to purchase properties before they hit open market, preventing loss to investors

Implementation Considerations: Set notice period (15-60 days); define qualifying properties (price threshold, size, location); need ready acquisition funds; establish qualified purchasers list; consider requiring seller to accept matching offers; may face legal challenges if too restrictive

Funding Available: DOLA Planning Grant for program design; Prop 123 funds for acquisition when ROFR exercised; Gates Family Foundation for program development

Community Examples:

- Town of Rico gives 30-day ROFR to housing authority on all sales (housing authority holds ROFR)
- San Miguel County notifies land trust of any property under $600K (land trust holds ROFR)
- Chaffee Housing Trust has ROFR on deed-restricted properties when owners sell (land trust holds ROFR)
- Town of Paonia requires 45-day notice to town before any residential sale under $400K (municipality holds ROFR)
- Gunnison County gives ROFR to county on mobile home park sales (county government holds ROFR)

Strategy 3: Strategic Land Banking and New Development

Implementation Cost: High
Level of Effort: High (complex, multi-year)

Why This Strategy Matters

With 96% federal land ownership, developable sites are extremely scarce. If we don't secure land now, there won't be anywhere to build when funding becomes available. The Lake Fork project alone will increase our rental inventory by nearly 20%.

With little economic alignment (of the marketplace) to produce affordable and workforce housing, development projects that respond to the housing demands and needs can directly provide this housing, and must utilize funding tools at the State and Federal level to be successful.

What This Strategy Involves

This approach secures land for future housing while advancing near-term projects, especially Lake Fork.

Actions to Consider at the Joint Session

Land Acquisition/Banking (Role: Both identify sites in jurisdiction)

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

Implementation Considerations: Prioritize sites with utilities nearby; consider joint purchases to share costs; use option agreements if cash limited; evaluate environmental conditions early; secure with deed restrictions; plan holding costs in budget; consider interim uses (parking, storage)

Funding Available: Prop 123 Land Banking Program (up to $2M per site); DOLA REDI grants; Great Outdoors Colorado (GOCO) if includes open space; CHFA Middle Income Housing Authority acquisition loans; Colorado Housing Investment Fund bridge financing

Community Examples:

- Town of Paonia purchased and held 3 vacant lots for $150K total, now building 12 affordable units worth $2M
- Town of Rico acquired abandoned mining property, holding for future workforce housing development
- Chaffee County purchased agricultural land near Buena Vista before prices spiked, saving $500K over current market
- Town of Creede bought strategic infill parcels using DOLA grants, creating development-ready sites

Secure Options or Purchase Agreements (Role: Both as opportunities arise)

Description: Lock in future purchase rights on key properties without immediate capital outlay, preserving opportunities while building funding

Implementation Considerations: Negotiate option periods (2-5 years typical); set option payment (usually 1-5% of purchase price); include renewal provisions; specify permitted due diligence; record options to secure interest; budget for option payments; align timing with grant cycles

Funding Available: DOLA Planning grants for due diligence; Prop 123 predevelopment funds; Local foundations often support option payments; Colorado Housing Investment Fund for bridge financing

Community Examples:

- Town of Ophir holds 5-year options on 3 parcels at below-market prices
- Town of Ward negotiated 3-year options on 2 lots for $5,000 total, locking in $200K purchase price
- San Juan County secured purchase agreements on 4 parcels with right to assign to housing developers
- Town of Westcliffe holds renewable 2-year options on infill lots, paying $2,000 annually to preserve $300K sites

Shared Housing Staff (Role: Joint position, shared costs)

Description: Hire dedicated housing coordinator jointly funded by Town and County to manage programs, pursue grants, and coordinate implementation

Implementation Considerations: Draft IGA for cost sharing; define reporting structure; set work priorities; budget $60-90K salary plus benefits; consider starting part-time; house in neutral location; establish clear work plan and metrics

Funding Available: DOLA Capacity Building grants (up to 3 years); Prop 123 administrative funds; Gates Family Foundation; Colorado Trust; Community First Foundation; OEDIT Rural Technical Assistance Program

Community Examples:

- Towns of Ridgway & Ouray share housing coordinator position
- Summit County and Breckenridge jointly fund regional housing director position
- Towns of Crested Butte and Mt. Crested Butte share 0.75 FTE housing specialist
- Chaffee County partners with Buena Vista and Salida to share housing planner costs

Employer Partnerships (Role: Both cultivate relationships)

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

Implementation Considerations: Offer incentives for participation; create master lease templates; consider employer-assisted down payment programs; explore land donations for tax benefits; establish MOU templates; target 3-5 largest employers first

Funding Available: OEDIT Job Growth Incentive Tax Credit for employer housing; Federal Home Loan Bank employer-assisted housing grants; CHFA Employer Assisted Housing Match Program; private foundations (Daniels Fund, Boettcher)

Community Examples:

- Town of Frisco partnered with CDOT to develop workforce housing on underused state land near highway maintenance facility
- Town of Silverton partnered with San Juan County Road Department to house seasonal maintenance workers
- Lake County worked with Climax Mine to develop workforce housing for remote mining operations
- Town of Creede partners with Forest Service for seasonal employee housing during fire season

- Gunnison County collaborated with Western State Colorado University for faculty/staff housing program

Legislative Partnerships and Advocacy (Role: Joint advocacy efforts)

Description: Collaborate regionally to advocate and lobby for state and federal housing resources, amplifying our voice through collective action and professional lobbying efforts

Implementation Considerations: Join regional housing coalitions; coordinate with CAST (Colorado Association of Ski Towns - strong legislative housing advocacy), CML, CCI; attend state legislative sessions; build relationships with state representatives; track housing bills; prepare unified position statements; share success stories and data; budget for travel and membership dues; consider professional lobbying services

Funding Available: Rural Resort Region coalition membership leverages collective advocacy; Northwest COG provides technical assistance; Club 20 advocacy support; CAST membership includes legislative advocacy; participation strengthens grant applications

Community Examples:

- Rural Resort Region coalition secured $15M state funding increase through coordinated lobbying
- Northwest COG successfully lobbied for Prop 123 rural set-aside
- CAST’s 2025-2026 legislative priorities include: enabling local empty homes taxes on unoccupied properties, allowing local governments to ask voters to approve short-term rental taxes (rather than state-mandated commercial property classification), and permitting real estate transfer fees for housing programs

Strategy 4: Develop Sustainable Housing Revenue

Critical Decision Point: Without dedicated revenue, we’ll remain dependent on unpredictable grants. The Revenue Feasibility Study will show what’s possible - your role tonight is to signal what you’re willing to pursue.

Implementation Cost: Variable
Level of Effort: High (some items require voter approval)

Why This Strategy Matters

We can’t solve a permanent problem with temporary grants. Dedicated local revenue streams mean we can act quickly on opportunities, leverage outside funding, and prove we’re serious about solving the housing crisis.

What This Strategy Involves

Create reliable, locally controlled funding streams to support development, preservation, and housing programs. Many of the options below may be implemented under Strategy 1 and Town and/or County policies, however, this strategy focuses on how and where to raise possible funds at the local level, in order to support the numerous pathways in Strategies 1, 2, and 3.

Some items herein may work as incentives (as opposed to taxes or fees) whereby one may avoid a fee, but their development/use creates an enhanced housing outcome (i.e. a payment in lieu or a deed restriction). The 'avoidance of a fee' for housing outcomes is a common tool in Colorado communities to support affordable, workforce, and local housing.

Actions to Consider at the Joint Session

Property Tax Allocation (Role: Each entity for own mill levy)

Description: Dedicate a portion of property tax revenue specifically for housing programs through mill levy allocation or voter-approved increases

Implementation Considerations: New mill levies require voter approval under TABOR; can dedicate existing mills without vote; typical range 0.5-3.5 mills; calculate revenue potential based on assessed valuation; consider sunset clauses to build voter confidence; coordinate timing with other ballot measures

Funding Available: Self-generating local revenue; can leverage state/federal grants that require local match; provides predictable annual funding stream

Community Examples:

- Lake County passed 3.5 mill levy generating $500K annually
- Town of Frisco dedicates 0.5 mills from existing revenue
- Pitkin County allocates 1.0 mill for affordable housing programs
- Eagle County dedicates 0.75 mills generating $2M+ annually for workforce housing
- Town of Avon passed 2.0 mill levy specifically for housing fund

Housing Impact/Linkage Fees (Role: Both implement separately)

Description: Charge fees on new development to offset its impact on housing demand, creating revenue for affordable housing programs

Implementation Considerations: Requires nexus study to legally justify fees (~$15-30K cost); focus on residential development initially; consider exemptions for affordable housing; phase in over time; can tier by size or type; update study every 5-7 years

Funding Available: DOLA Planning Grant covers nexus study costs; fee revenue becomes self-sustaining local housing fund

Community Examples:

- Town of Ridgway charges $3/sq ft on new residential over 2,000 sq ft
- Gunnison County charges $2.50/sq ft for homes over 3,000 sq ft, $5/sq ft over 5,000 sq ft
- Town of Buena Vista charges flat $3,500 per new residential unit

Inclusionary Zoning with Fee in Lieu (Role: Town pilot, County evaluate)

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

Implementation Considerations: Set threshold (most Colorado communities use unit count like 5+ or 10+ units; some base on square footage); choose % requirement (10-30% typical); determine AMI targets; calculate in-lieu fee (higher fee encourages on-site units, lower fee generates more revenue); allow off-site options; consider incentives to offset requirements

Funding Available: DOLA Planning Grant for ordinance development and feasibility study; in-lieu fees create revolving local fund

Community Examples:

- Salida: 12.5% affordable units for developments of 5+ units. Fee-in-lieu option available, amounts set by City Council resolution and updated regularly.
- Carbondale: 20% affordable units for developments of 5+ units (recently considering increase to 25%). A 20-condo project must include 4 affordable units.
- Eagle: 15% affordable housing requirement for developments o 10+ units. Uses Local Employee Residency Program (LERP) requiring deed-restricted units for locally employed residents

- Longmont: 12% affordable units for ALL residential developments (no minimum unit threshold). For-sale units affordable to 80% AMI, rental units to 50% AMI. Options include on-site units, fee-in-lieu payments, or alternative agreements with City Council.

Partnership Leverage and Community Fundraising

While local taxes and fees provide steady revenue, Colorado mountain communities have found tremendous success leveraging partnerships and mobilizing community support to dramatically expand their housing resources. Private foundations, philanthropic individuals, employers, and grassroots community campaigns can multiply local investment by 3:1 or higher ratios.

The key is demonstrating local commitment first - foundations and donors want to see that communities are investing their own resources and political capital before they contribute. Once that foundation is established, the funding opportunities become substantial.

Community Examples:

- Gates Family Foundation funded Leadville housing study
- Daniels Fund supported San Juan County housing coordinator
- Telluride Foundation has contributed over $10M to local workforce housing projects and down payment assistance
- Habitat for Humanity Vail Valley raised $18M from community for 46 homeownership opportunities
- Eagle County school district community appeal for property owners to open homes to teachers
- First Light Community Development enlists wealthy philanthropists for “locals first” housing initiatives
- Western Mountain Regional Housing Coalition formed by multiple jurisdictions for coordinated fundraising
- Town of Vail’s $189M locals-only housing project combining public and private funding

Preparing for Decisions

Prioritization Framework

As we discuss each strategy and action, consider:

1. **Immediate Impact** - What can show results in 6-12 months?
2. **Resource Reality** - What matches our current staff and financial capacity?
3. **Political Feasibility** - What has community support now?
4. **Foundation Building** - What creates infrastructure for future efforts?

Decision Points for the Meeting

Would be Great to Decide:

1. Top priority actions for immediate implementation
2. Lead entity for each priority action
3. Timeline for revenue measure consideration

Perfect is the enemy of good. We need to start somewhere, learn from early efforts, and build momentum. The housing crisis won’t wait for the perfect plan - it needs our action now.