

Final Report

Lake County Housing Needs Assessment

The Economics of Land Use



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Lake County, Colorado

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1. Background and Purpose

Lake County Regional and Housing Context

Lake County, home to 7,900 residents, has a wealth of natural resources and attractions. It is a unique community in the Rocky Mountain West, given its origins and continuity as a mining community and its growing appeal as a tourism and recreation destination. In addition to being a gateway to a number of national forests and recreation areas, Lake County is home to Mt. Elbert and Mt. Massive, the two highest peaks in the state. Leadville, the County's only incorporated municipality, was founded in 1877. The City has a strong mining history and downtown historic district. The area has a significant tourism and recreation draw, including hosting the Leadville Race Series running and bicycle endurance events throughout the summer, as well as other local festivals and events. This rural community prides itself of the unique fabric of its people, and an important value of the community is to continue to be one where the majority of residents call Lake County their primary home.

The regional context for Lake County is one of growth in both the commercial and residential sectors. The surrounding counties include Eagle, Summit, Chaffee, and Pitkin, each of which has a thriving real estate market and growing economy. Lake County's residents provide much of the workforce for these surrounding communities, as regional housing challenges push workers to seek housing in Lake County.

While housing in general—and affordable housing in particular—are issues being faced by many communities across the country, the context of mountain communities creates specific challenges. There has been a major shift in the Lake County housing market since 2015, both in rental and for-sale homes. While Lake County is not alone in the challenges it is facing, its geographic and employment context make the challenges and opportunities present distinct in the region.

Why Focus on Housing?

Housing provides shelter, safety, and security; the availability of safe, quality, affordable housing is critical for all populations. In addition, provision of housing for everyone in a community has ripple effects throughout an economy. When there is sufficient and appropriate housing available, businesses can attract and retain employees, the region can support new businesses, and the economy is able to grow and develop. Additionally, when employees at all wage levels can afford housing in the community the area is able to successfully provide other services such as education, healthcare, childcare, and recreation. A strong housing context benefits existing residents and employees, future residents and employees, the local economy, and overall growth and success of the area.

Project Overview

This report presents a housing needs assessment and action plan for Lake County, focusing on tools and strategies to address the housing needs in the county. This work provides a targeted analysis of the Lake County housing market and community, which then informs actions, policies, and investments specific to Lake County. This report has three main components:

- **Issues and Goals:** Identifies issues and goals related to housing, identified through data analysis, stakeholder input, and community outreach. These issues and goals provide the framework for targeting strategies and actions.
- **Resources and Strategies:** Catalogs the resources and strategies available to the community, analyzing policy and program tools that can be used to address housing needs. Applicability to Leadville and Lake County is assessed and this work informs the recommended actions.
- **Recommendations and Action Plan:** Uses the technical research and strategy evaluation to create an action plan guided by the identified issues and goals. This includes recommendations around policy, funding, and governance.

Affordability Defined

Affordable housing generally refers to housing that costs a household no more than 30 percent of its income. “Affordable housing” can also be used as a specific term to refer to an official program and/or use of funds for housing, often for a targeted population or income bracket. Affordability is specified in terms of the Area Median Income (AMI), which represents the income level at which half the households in the community earn below and half the households in the community earn above. For example, housing affordable to a household at 100 percent AMI would mean that a household earning exactly the Area Median Income spends no more than 30 percent of that income on housing.

One of the most challenging aspects of this study is the way the standard definition of affordability can be measured in the local market. Although portions of the housing inventory in Leadville and Lake County are technically affordable, factoring in age, condition, and deferred maintenance shows that options for local residents are limited in a search for affordable solutions. More importantly, the inventory of available housing for both rental and ownership is extremely low. With very low inventories of available units, the market pressure has driven up rents and sales prices. The research shows that these changes have accelerated within the past few years, with the resulting impact on current sales and rental rates far exceeding historic expectations.

Although some of the housing inventory in Lake County is priced affordably based on the industry standard of not exceeding 30 percent of household income, the challenge is to distill the range of product, quality, and age from market pricing. Any policy discussions regarding actions to address the need for affordable housing should account for these factors, particularly given the added cost that necessary repairs and/or updates can add to overall housing costs.

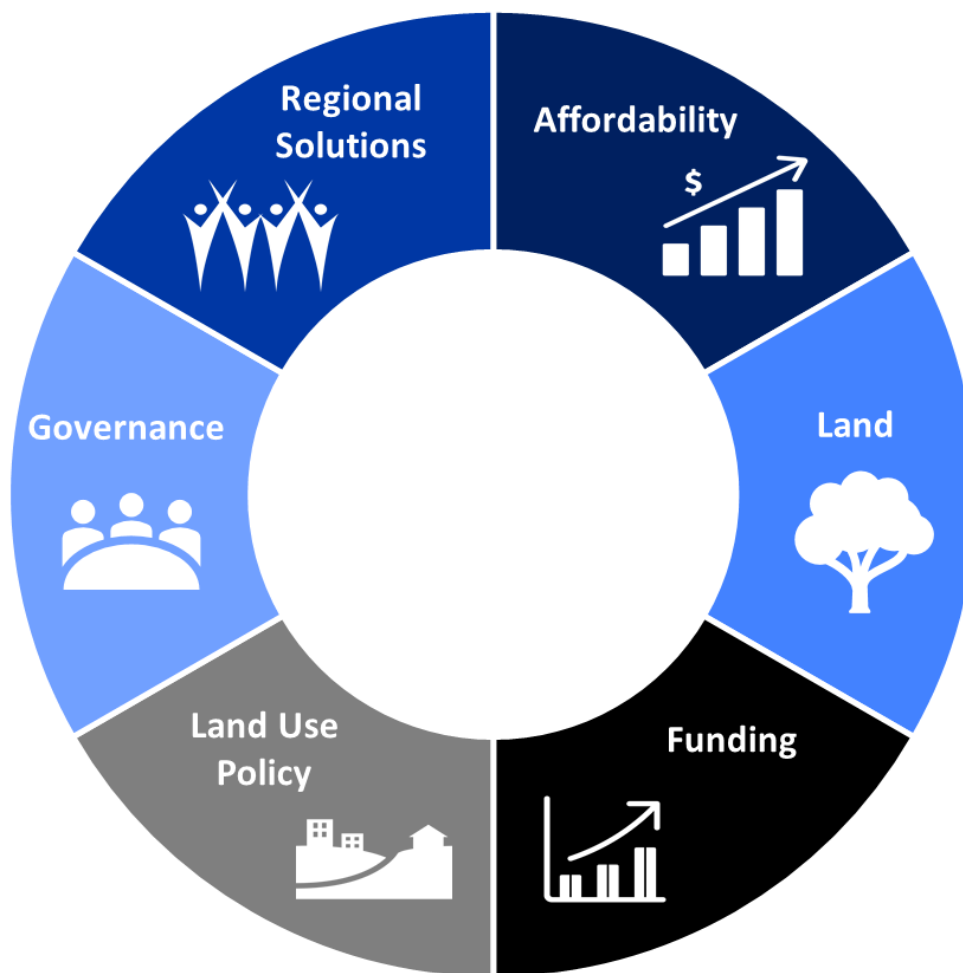
How to Use this Document

This document is intended to be a guide for the community, housing developers, elected and appointed officials, staff from public agencies, and other community advocates. This is both a needs assessment and an action plan; it defines a desired direction for implementing goals and objectives related to affordable housing. Implementation of this plan requires the joint participation and coordination of multiple partners, including the County, the City, utility and other infrastructure providers, the development community, and the Leadville and Lake County communities at large. Specific applications for these groups include:

- **Community Members** – The goals and objectives presented here cannot happen without the support of the broader community. Stakeholders should ensure frequent communication with the community at large, articulating the priorities, goals, and objectives outlined to create an understanding of what types of housing is needed and can be expected over time. This dialogue should also address feasibility and readiness as it relates to setting priorities.
- **Developers** – Many of the action items of this strategy will fall to developers to execute. The process of 'going vertical' with a housing project requires a developer to gauge risk, underwrite accordingly, construct, and then sell or manage the ongoing operations. This document should be used to help guide this process, informing decisions throughout such that the end product achieves the desired community housing goals.
- **Elected and Appointed Officials** – One of the challenges with housing, and affordable housing in particular, is integrating the prioritized principles across multiple categories of decision making. Land use policy, infrastructure funding opportunities and priorities, public finance approvals, land acquisition and assemblage, and partnership formation are several examples that tend to be completed in isolation of broader community objectives. Ideally, however, these will be completed within the framework of adopted priorities related to housing. An integrated approach has the potential to achieve a more effective and longer lasting impact on the community.
- **Public Agency Staff** – An important opportunity for staff from Leadville, Lake County, and other agencies and entities is to integrate the direction identified in this document into the day-to-day planning of projects and decision making. Ensuring the integration of these priorities across multidisciplinary entities will be critical to the long term success of affordable housing development in Lake County.

2. Housing Issues, Goals, and Action Plan

This chapter identifies key housing issues facing Lake County, goals for the County that target these issues, and a policy direction and action plan to address these issues and goals. These are the result of research, data analysis, community outreach, and stakeholder input. A broad cross-section of stakeholders from government, development, public and community agencies and organizations, and the community as a whole were engaged throughout the project process, in addition to two community listening sessions that were held in Leadville. This feedback informed the direction of this strategy and was used in combination with research and best practices knowledge to arrive at the action plan presented here.



Issues

Lake County has experienced an intensification and acceleration of housing issues in the past few years. Identifying the key issues facing the community allows the targeting of available resources and strategies to best address housing needs.

Five key issues were identified:

1. Inadequate housing supply
2. Challenges facing new housing development
3. Location and regional context of Lake County
4. Continuing pressure on pricing
5. Links to employment and economic development

Issue #1: Inadequate housing supply

The combination of increasing pressure on the sale and rental markets and lack of new housing development has led to an inadequate housing supply to meet current demand in the County. Analysis of sales data and conversations with realtors indicate that the inventory of homes for sale has declined markedly recently, and property managers and community members have indicated that there have been few rental units available. This shortage of housing supply exacerbates price issues. In the sale market, low supply places additional upward price pressure on homes being sold; in the rental market, limited supply gives landlords more flexibility to raise rents and less incentive to invest in improving their properties—given that there are few options for residents to relocate.

Issue #2: Challenges facing new housing development

There are a number of barriers to new housing development that exist in Lake County. For housing in general, labor is difficult to find as contractors in Summit and Eagle Counties pay higher wages than those locally. Additionally, historic designations and regulations can make building new housing a challenge—both for developers and individuals. For affordable housing, the high costs of land and construction, including infrastructure costs, mean that without financial assistance new development generally cannot provide affordable housing. Stakeholder outreach indicated that profit margins for a builder to deliver a home under \$350,000 are too low to be feasible without some form of assistance.

Issue #3: Location and regional context of Lake County

Lake County's location between Summit County, Eagle County, and Chaffee County is a distinct context that creates both opportunities and challenges. As an area with housing that is more affordable than its surrounding communities, Lake County attracts residents who work in those communities but cannot afford to live there. However, because the surrounding communities pay higher wages than employers in Lake County, these residents can afford to pay more for housing than local employees. This puts increasing pressure on Lake County's housing market, as well as other services necessary to serve these residents (e.g. transportation, child care, recreation).

Issue #4: Continuing pressure on pricing

The inadequate supply, along with combined demand pressure from surrounding communities and the second home market, have led to continued pressure on home pricing in Lake County over the past few years. This pressure has affected both rental and sale homes. Sales data indicate that since 2015, the average sales price of a home in Lake County has increased by over \$30,000 per year, a 12.2 percent average annual increase. Rental rates have also increased over this time, with property managers indicating increases of up to 70 percent over the past few years. This continued price escalation suggests a need for new housing development to relieve some of the supply pressure on the market.

Issue #5: Links to employment and economic development

Housing is just one piece of a local and regional economy, and housing issues therefore affect other components of the economy and the community. When affordable housing is available, it allows for the provision of a local workforce for local jobs. If affordable housing is not available, local employees either cannot find or afford housing locally and face a significant barrier to working in the area, or are cost burdened by their local housing which has spending impacts throughout the rest of the economy as income available for other spending is reduced and other sectors are impacted. This creates challenges for local employers to recruit and retain a labor force—a challenge currently being faced by many employers in the County—and can impact economic development if growth is hindered by this challenge. Recognizing the links between housing, employment, economic development, and community development allows for the creation of a comprehensive strategy to address housing challenges, and increases the likelihood of partner buy-in, integrated solutions, and long-term success of efforts.

Goals

The goals in this section outline the guiding principles for Lake County as it moves forward with housing policies and actions. These goals are intended to create a common understanding of Lake County’s housing need and to set priorities for community action to address that need.

These goals are:

1. Define affordability
2. Identify publicly owned parcels of land for affordable housing development
3. Identify and commit funding resources
4. Adopt land use regulations and policies to support housing
5. Partner with or establish a governing agency
6. Identify opportunities for—and participate in—regional solutions

Goal #1: Define affordability

One of the most important steps in implementing affordable housing policy is defining affordability for the community. In general, housing is affordable if a household spends no more than 30 percent of income on housing costs. In practice and policy, however, “affordable” housing can have various parameters depending on the local context and desired outcomes. Creating a definition and target for Lake County will ensure that actions and policies are geared to desired outcomes.

The overall affordability goal for Lake County is to increase the supply of housing—both ownership and rental—that is permanently affordable for local employees and residents. To ensure that new housing meets the needs of the desired populations, eligibility requirements for residents of new housing should be created. These eligibility requirements can be tiered to meet multiple needs; tiers would be based on income, residence, location of employment, and any other factors the community deems important. This may mean that people employed in Lake County have top-tier eligibility, followed by people living in Lake County who are employed elsewhere, followed by any other priority populations.

Goal # 2: Identify and commit publicly-owned parcels of land

Cost and availability of land are critical components of housing development, and the potential for public contribution of a large, development-ready site is a major advantage in the development process. Lake County and other public entities own land with significant development potential throughout the county. This public ownership creates an immediate and meaningful opportunity to increase affordable housing in the community. Publicly-owned land should be utilized when possible to increase the inventory of affordable housing in the county.

Goal #3: Identify and commit funding resources

Adequate funding is often the biggest constraint to developing affordable housing. Identifying and committing public funding resources is critical to ensuring that a housing strategy can be accomplished, both to ensure initial production and the sustainability of strategies over time. Creative funding solutions should be included, as possible, to tap all resources available. This is especially important when creating or partnering with an organization to lead housing actions, as this commitment must include funding for both operations and capital. A sufficient, consistent, and reliable funding source should be established to support affordable housing pursuits in the city and county.

Goal # 4: Adopt land use regulations and policies to support housing

Land use regulations and policies, such as inclusionary zoning, ADU allowances, and increased density allowances, can be critical in supporting affordable housing development. This is essential for Lake County, as there is significant land that is likely to develop in the near future, and the City and County are looking to ensure that land use policy aligns with priorities for housing development, affordability, and growth management. Effective land use policy will be a critical component to a successful housing strategy. In determining which policies to pursue, it is important to link policies to community desires, capacity, and available resources.

Goal #5: Partner with or establish a governing agency

To be successful over the long-term, affordable housing strategies require effective organization and governance. A community may establish its own organization or partner with an existing agency; options could include regional housing trusts, the Council of Governments, regional policy centers, etc. Whether the action involves an existing or new structure, this step is critical to creating an organizational framework that can take this plan, implement it, and manage the results over the long term.

Goal #6: Identify opportunities for—and participate in—regional solutions

Lake County has strong connections to its surrounding communities, and this regional context plays a significant role in the issues it is facing. This regional context may provide opportunities for partnerships to address certain issues, particularly with nearby major employers whose workforces live in Lake County. With over 70 percent of local residents commuting to neighboring counties for employment, there are opportunities for partnerships and regional solutions to have positive ripple effects throughout the region. Identifying opportunities for these regional partnerships and solutions will help link solutions with some of their root causes, and not solely the symptoms of the issues being seen locally.

Recommended Actions

Based on the issues and goals outlined above, this section outlines the actions and strategies recommended for Lake County to address housing supply and affordability issues. A more detailed outline of available tools and strategies is provided in **Chapter 5**.

Recommendations are provided in five categories: land strategy; policy initiatives; organization and management; funding sources; and regional partnerships.

Land Strategy

1. *Define a strategy to utilize publicly held parcels of land as a resource for affordable housing development.*

Lake County has a significant amount of land resources available for housing. Based on this report's analysis, the Harrison Ballfields site should be the first priority for development. The properties at E. 8th Street and Ash Street can be developed concurrently, with a recommendation that this land be developed for single family homeownership through the USDA Rural Development mutual self-help housing program (or similar), currently administered by the Upper Arkansas Area Council of Governments. This land may also be deeded to the Housing Trust, if a partnership with that organization is pursued, for affordable single family development.

As a second tier of land opportunity, the Climax and/or School District sites hold strong potential for housing development.

Other public and potentially publicly available land holdings should be left in a third tier of development opportunity and considered further as future needs and opportunities are determined.

Next Steps

- Formalize the rankings presented in this report.
- Prioritize actions as identified elsewhere in this report, along with the corresponding resources.

Policy Initiatives

2. *Pass targeted policy initiatives to address key housing issues.*

Strong policy measures will be required to support other actions. These policies will be required at both a small-scale—such as formalizing affordability and population targets for new housing developments, as well as much larger-scale—such as an inclusionary zoning ordinance or impact fees. Recommended policy initiatives include:

- **Affordability and population targets:** All new affordable units should meet a minimum affordability threshold of 30 to 60 percent AMI for rental housing and 80 to 120 percent AMI for ownership housing. Market rate units should be encouraged within these projects to deliver mixed-income developments. All affordable units should be subject to local employment and/or residency requirements, with tiered eligibility to prioritize households with local employees. With an overarching goal of permanent affordability, all units should include a mechanism (such as an appreciation cap) to ensure the units remains affordable through subsequent owners or renters.
- **Manufactured home zoning district:** Creating a zoning district to preserve manufactured home communities will help alleviate some of the vulnerability that faces residents in these communities and provide local government with additional tools for code and safety enforcement.
- **Infill policy:** Specific policies related to infill housing development will help the community address issues of dilapidated and deteriorated housing stock and empty lots. These will likely involve the use of federal revenue sources, as public funding will be necessary either for acquisition or to incentivize and support private investment. Options may include participation in the USDA Rural Development mutual self-help housing program, incentivizing demolition of dilapidated structures, and incentivizing rehabilitation of inadequate structures.
- **Short term rental policy:** There is County policy in place addressing short term rentals, and the City is in the process of considering policy to address this piece of the housing market. The City should look to the County's policy when considering adoption, as there should be a uniform policy as part of a comprehensive approach to housing.
- **Commitment to a housing organization:** A critical component to the success of a housing strategy is an organization to "own" and manage the strategy. This study recommends that Lake County consider partnering with an existing organization, such as the Chaffee Housing Trust, or creating a new entity (with the opportunity for that entity to be housed within the newly formed joint City/County Building Department). The selected partnership or structure should also include a funding commitment for both operations and capital.

- **Impact fees:** The City and County currently do not charge impact fees for new development; the potential to adopt impact fees is a significant opportunity to raise revenue to offset eligible costs associated with new development. If the City and County are interested in pursuing impact fees, further study will be necessary.
- **Inclusionary zoning:** Inclusionary zoning can increase the supply of affordable housing, as well as raise revenue to support construction of affordable housing through fees-in-lieu. As with impact fees, if the City and County are interested in pursuing inclusionary zoning further study will be necessary.

Affordable Housing Inventory

Part of passing policy initiatives will involve defining what is meant by affordability. Through stakeholder engagement as part of the process for this Housing Needs Assessment, community representatives discussed the definition of affordability and agreed to the following terms:

Targets:

- For any development, a mix of incomes is highly desirable.
- All homes within a community-sponsored development will be subject to a permanent deed restriction. These forms of sponsorship include, for example, projects in which the City, County, School District, or major employer provide land at no or low cost to the project; provide substantial fee waivers; provide direct investment; etc.
- The deed restriction, comparable to surrounding communities, will require occupants living in the dwelling unit to have at least one member of the household employed within Lake County at a full-time job. Thus, the goal is to establish tiers that prioritize households with at least one member that has local employment. Lower tiers could allow for broader standards.
- The deed restriction will run in perpetuity, thus providing housing options for current as well as future generations of Lake County households.

Rental Considerations

- Targets for rental projects should range from 30 percent to 60 percent of AMI.
- To reach these levels of affordability, most if not all rental projects are expected to have state and federal funds included in the capital stack.
- These funding sources may have their own covenants regarding income targets and restriction period. The Leadville/Lake County community will seek mission-driven development partners who are amenable to permanent affordability.

Ownership Considerations

- Ownership product should be made available across the spectrum, from 80 percent of AMI up to 120+ percent of AMI.
- A deed restriction will limit appreciation to 3 percent annually, plus eligible costs related to upgrades. Upgrades are encouraged to ensure motivation on the part of the resident to invest in their home over time.
- A 3 percent appreciation cap will apply to homes benefiting from greater subsidy (80 percent up to 120 percent). Those with modest subsidy will not be capped (those sold over 120 percent). As the market evolves over time, the point dividing greater subsidy from modest can be expected to change.
- It also should be noted that homes offered below 80 percent are encouraged for any project. The depth of subsidy required to reach this level is likely to require state and federal dollars and will not be feasible only by the cross-subsidization from higher priced units within the project. When these state and federal sources are available, the community will strive to include lower AMI levels.

Next Steps

- Establish hierarchy for the policy options identified.
- Move forward with one or two, such as Short Term Rental Policy and Inclusionary Zoning or Impact Fees.
- For Short Term Rentals, review best practices nationally and regionally and select elements for local application.
- For Inclusionary Zoning, establish working group with representation from City and County staff and elected officials.
 - Establish set-aside target.
 - Establish standards for fulfillment of requirement, addressing on-site, off-site and fee-in-lieu options.
 - Establish applicability threshold per unit or establish threshold per square foot. Calculate fee-in-lieu requirement based on local construction costs, expense and revenue evaluation, and regional standards.
 - Draft terms of ordinance and solicit input from City Council and BOCC.
 - Draft ordinance and adopt standards.

Organization and Management

3. *Partner with existing agencies to help govern and manage housing activities.*

There are a variety of organizational and management strategies that can be used to manage affordable housing. Some of the existing local entities include the Chaffee Housing Trust, the Upper Arkansas Area Council of Governments, and the Leadville Lake County Economic Development Corporation. If a permanent partnership is desired for specific responsibilities, further conversations will be needed to address staffing, funding, and roles and responsibilities. If the Trust model is preferred, the organization could be renamed and its board restructured to reflect its regional nature. A local staff person in Lake County would be required to ensure the local attention necessary is provided.

Next Steps

- Formalize discussions with preferred organization.
- Address needs for staffing, targeting a part time employee of the organization who would be based in Leadville.
- Formalize work program, in terms of staff responsibilities related to projects, policies, and agency organization.

Funding Sources

4. *Dedicate a local funding source for housing activities.*

Consistent and sufficient funding is necessary to support housing initiatives. There are a variety of options for this funding, outlined in detail in this report. Our recommendation is for the County and City to adopt a use tax dedicated to housing, and further study the potential for inclusionary zoning (which would produce fees-in-lieu that can fund housing activities) and impact fees.

Next Steps
<ul style="list-style-type: none">• Establish working group with City, County, School District, and other organizations as appropriate to review potential programs, targeting use tax and impact fees.• The goal of the use tax would be to fund housing and the goal of the impact fees would be to enable growth to pay its fair share of infrastructure costs, thereby alleviating pressure on existing financial resources.• Conduct research to document the application of use tax and impact fees in jurisdictions in the immediate region as well as throughout Colorado.• Research statutory limits for local adoption limits for each.• Define reasonable targets for each, with corresponding time lines for adoption (for fees) and election (for use tax).

Regional Partnerships

5. *Identify regional partnerships to address issues related to housing, including transportation, child care, and other factors affecting family economics.*

Regional partnerships are understood to be critically important, given the integration of Lake County with its surrounding communities and their economies. At this time, however, there is not a feeling that housing is the best avenue to pursue these partnerships. Regional partnerships should be focused on community services, including transportation, recreation, and childcare. Integration with the Leadville Lake County EDC and its work on business recruitment and retention, as well as integration with the Lake County Community Fund and its work to expand regional corporate philanthropy, will be important pieces of this strategy.

Next Steps

- Continue to elevate the needs of Lake County among regional governments, foundations, and employers.
- Quantify ways in which Lake County serves the multi-county region, with an emphasis on employees.
- Quantify needs related to commuting employees—such as health care, day care, social services—that benefit the larger region and for which they should contribute resources to.

3. Market Demographics and Housing Need

This chapter provides an economic and demographic overview of Lake County, focusing on economic conditions, the housing market, and housing affordability. These data form the baseline of determining community need, identifying housing issues, and targeting priority action areas.

Population and Households

Lake County declined in population from 2000 to 2010, but has recently recovered to its 2000 population levels, as shown in **Table 1**. The County had a 2017 population of 7,900, an increase of just over 550 residents since 2010. Over that same time Leadville added just over 100 residents, with a 2017 population of 2,720.

From 2010 to 2017, the County as a whole added an average of 80 new residents per year, or an annual population growth rate of 1.1 percent, with Leadville's portion of that growth adding an average of 17 residents per year, an annual growth rate of 0.6 percent for the City.

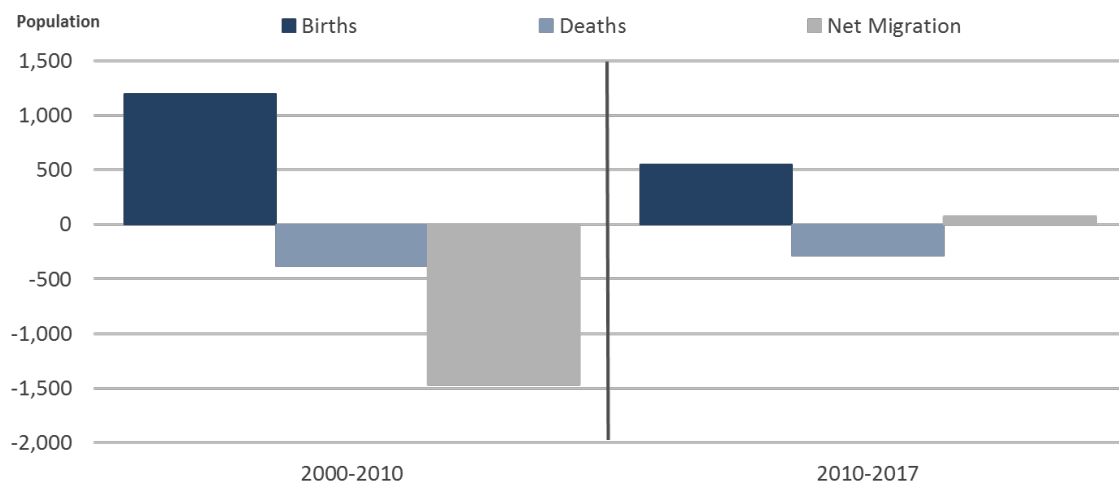
Table 1. Population and Household Growth, 2000 to 2017

Description	2000	2010	2017	2000 - 2010			2010 - 2017		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Population									
Leadville	2,790	2,602	2,720	-188	-19	-0.7%	118	17	0.6%
Lake County	7,812	7,310	7,877	-502	-50	-0.7%	567	81	1.1%
Summit County	23,548	27,994	30,492	4,446	445	1.7%	2,498	357	1.2%
Eagle County	41,659	52,197	54,768	10,538	1,054	2.3%	2,571	367	0.7%
Households									
Leadville	1,244	1,202	1,268	-42	-4	-0.3%	66	9	0.8%
Lake County	2,977	2,953	3,181	-24	-2	-0.1%	228	33	1.1%
Summit County	9,120	11,754	12,746	2,634	263	2.6%	992	142	1.2%
Eagle County	15,148	19,236	19,989	4,088	409	2.4%	753	108	0.6%

Source: ESRI; Economic & Planning Systems

The population decline from 2000 to 2010 was largely due to out-migration, with net migration contributing to a population loss of almost 1,500 residents, as shown in **Figure 1**. The period from 2010 to 2017 saw the reversal of this trend, with a small population gain due to net migration. The change in net migration can be attributed to a number of factors. Locally, the reopening of the Climax mine in 2012 is a substantial change in employment opportunities. Regionally, the economic recovery and corresponding pressure in real estate markets in surrounding counties (Summit, Eagle, and Chaffee, for example) has contributed to higher Lake County net migration.

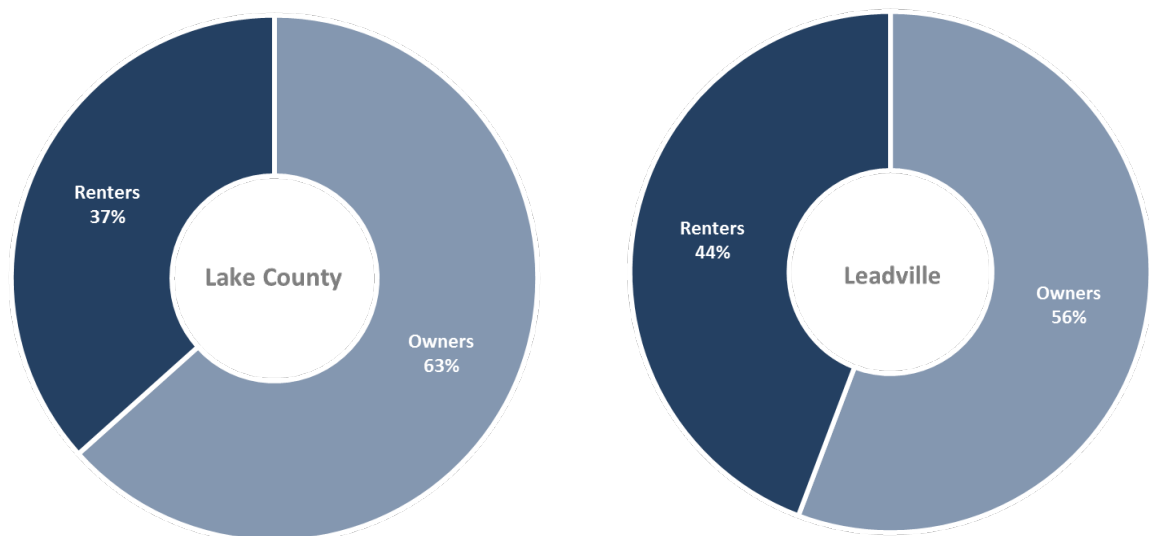
Figure 1. Lake County Components of Population Change, 2000-2010 and 2010-2017



Source: DOLA; Economic & Planning Systems
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There were 3,200 households in Lake County in 2017; 63 percent of these households owned their homes while 37 percent rented, as shown in **Figure 2**. Leadville has a greater proportion of renters than the County overall, with 56 percent of the City’s 1,270 households owning their homes, while 44 percent rent. Average household size in Lake County was 2.43 persons in 2017, with Leadville households slightly smaller at an average household size of 2.07 persons.

Figure 2. Housing Tenure, 2017

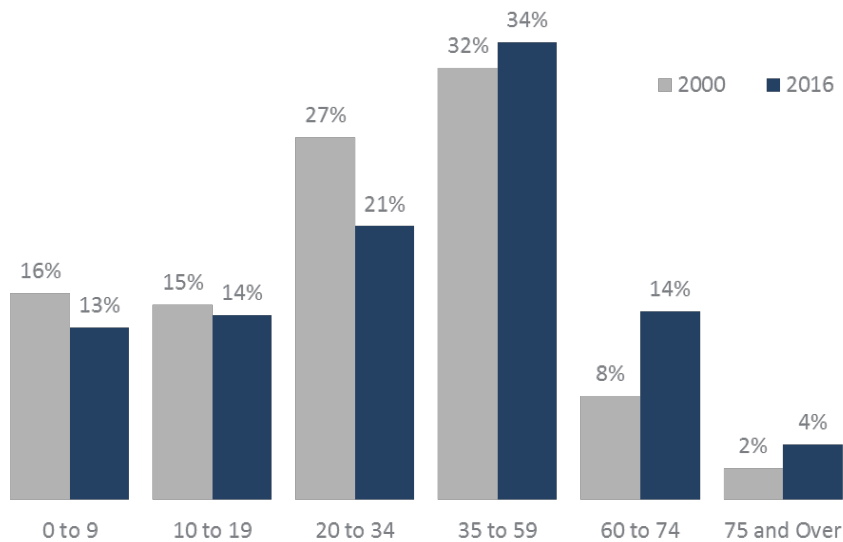


Source: US Census; Economic & Planning Systems

Population Characteristics

An Aging Population - Population growth since 2000 has been most significant in residents aged 60 to 74 years in Lake County, with this group now accounting for 14 percent of the population compared to 8 percent in 2000. Over this same time, there has been a decrease in the population share of residents aged 34 and younger, as shown in **Figure 3**.

Figure 3. Population by Age, 2000 and 2016



Source: Colorado Department of Local Affairs; Economic & Planning Systems

A Diverse Population -

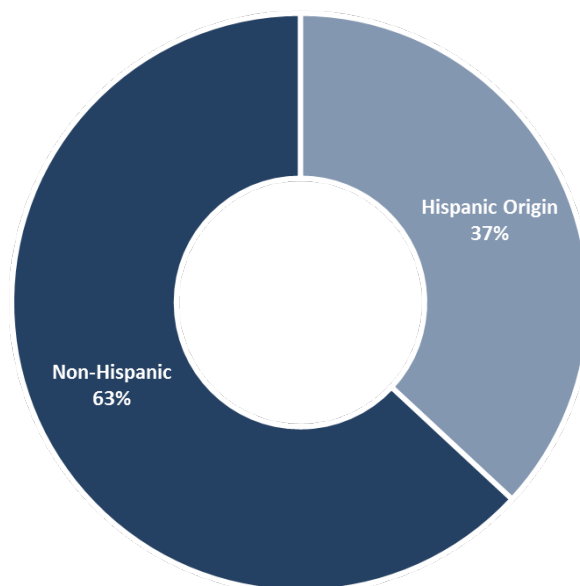
Thirty seven percent of Lake County residents are of Hispanic origin, as shown in **Figure 4**.

Leadville's population is 25 percent Hispanic.

A Moderate-Income

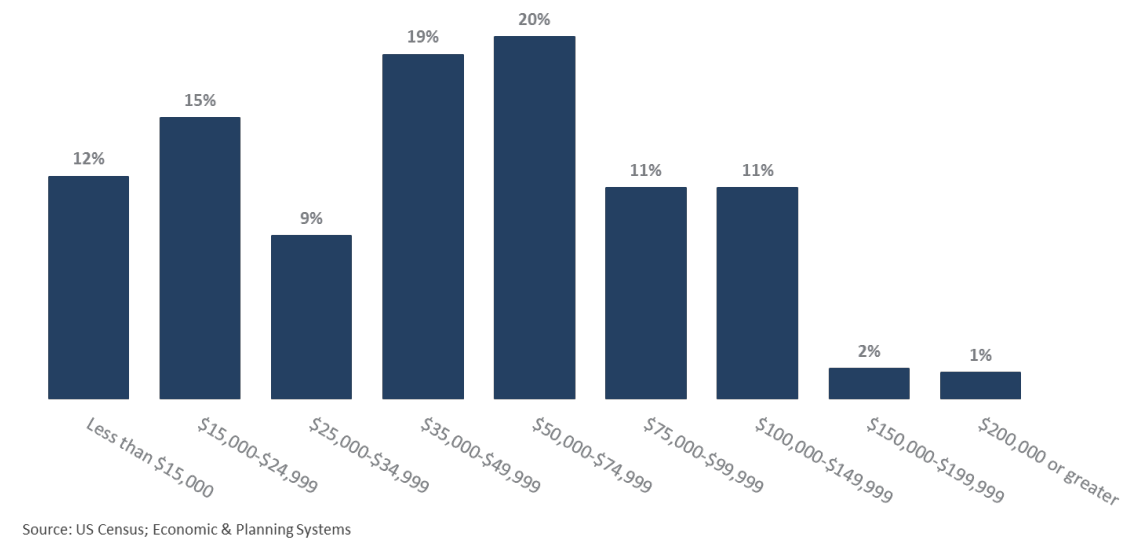
Population - The median household income in Lake County is approximately \$47,000, which is 28 percent lower than the Colorado statewide median. Nearly 30 percent of households in Lake County earn less than \$25,000 per year, as shown in **Figure 5**.

Figure 4. Lake County Population by Hispanic Origin



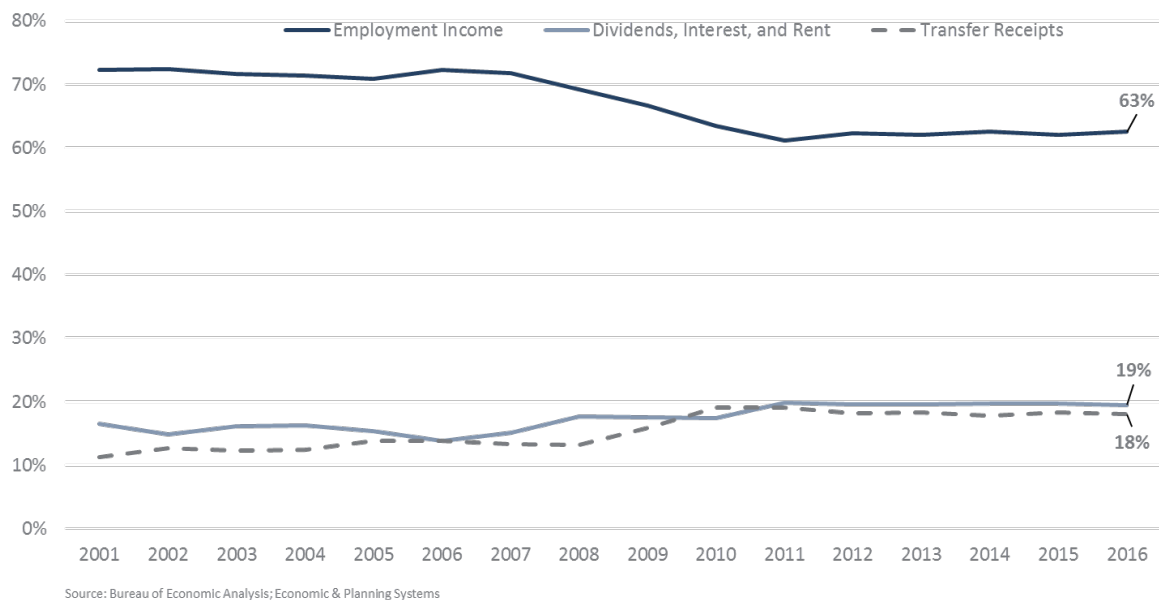
Source: US Census; Economic & Planning Systems

Figure 5. Lake County Households by Income, 2017



Household income is earned from a variety of sources, and the composition of these income sources provides additional community context. As shown in **Figure 6**, in Lake County 63 percent of income comes from employment, a decrease from 72 percent of income in 2001. Transfer Receipts (including government transfers such as Social Security, which often indicates an older population) have increased to 18 percent of income, up from 11 percent in 2001. Income derived from dividends, interest, and rental payments has not changed significantly since 2001, as it represented 16 percent in 2001 and now represents 19 percent.

Figure 6. Income by Source, 2001-2016



Housing

Housing Stock

Lake County had a total of 4,470 housing units in 2017; 39 percent of those homes were in Leadville with the balance of 61 percent distributed in the unincorporated areas of the County.

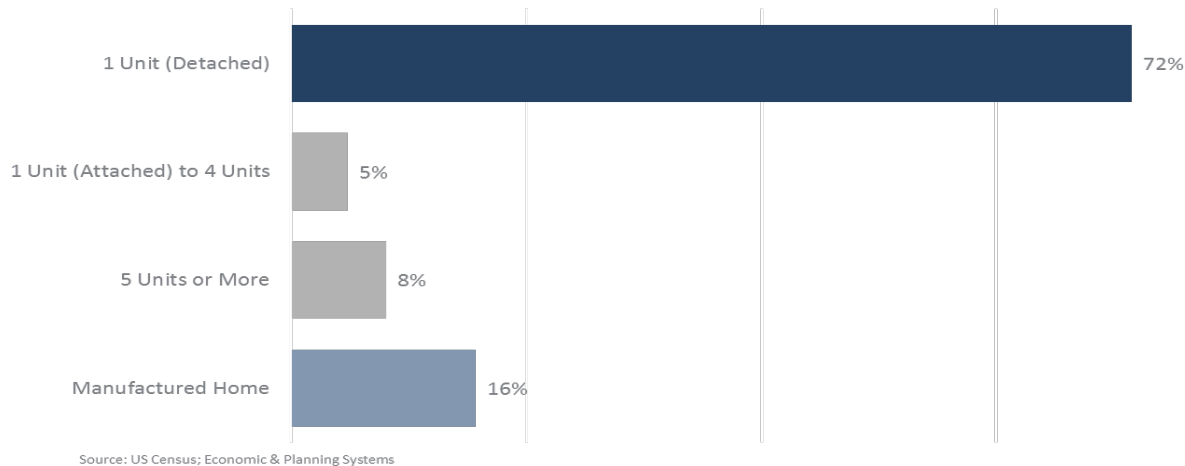
According to Census estimates, 29 percent of housing units county-wide are vacant, an increase from 24 percent in 2000. This figure aligns with County Assessor property data, which identifies 28 percent of housing units as registered to addresses with a different city than the property location. In Leadville the situation is similar, with 27 percent of housing units in the City classified as vacant. A high vacancy rate often indicates a prevalence of second homes, which are housing units owned by someone with a permanent address outside of the County and not occupied year-round. Given the high pressure on the housing supply (as documented in Chapter 4), most of the vacant units are attributed to second home owners.

This figure may rise, given the unique opportunity and lower cost of housing relative to market averages in surrounding counties and resort communities. The most recent County Assessor data indicates that this metric could have increased by as much as 8 percentage points; however, verification of this data point should be completed along with documentation of the trend over time.

Second homes and vacation rentals are an important component of the local economy, particularly in Lake County where tourism is a key economic sector. However, when one-third of housing units are used for these purposes, there is additional pressure on the housing market and a corresponding reduction in the supply of units that are available and affordable to the year-round population.

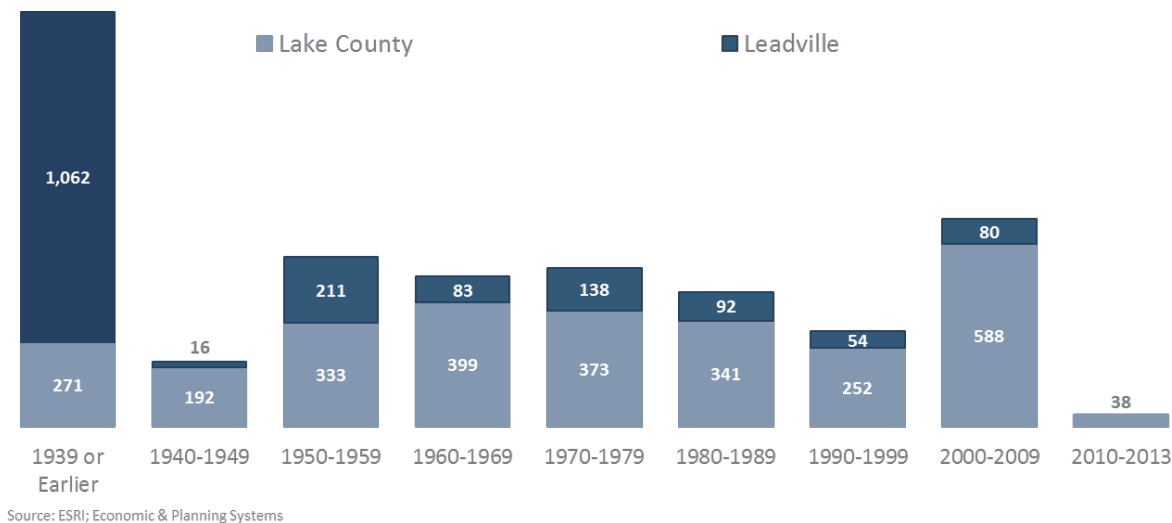
As shown in **Figure 7**, most housing in the County (72 percent of homes) is single family detached homes, while mobile/manufactured homes comprise 16 percent of the housing stock.

Figure 7. Lake County Housing by Type, 2017



There is a great deal of older homes in the community. In Leadville, 61 percent of housing units were built before 1940, and only 13 percent of homes have been built since 1980, as shown in **Figure 8**.

Figure 8. Housing by Year Built

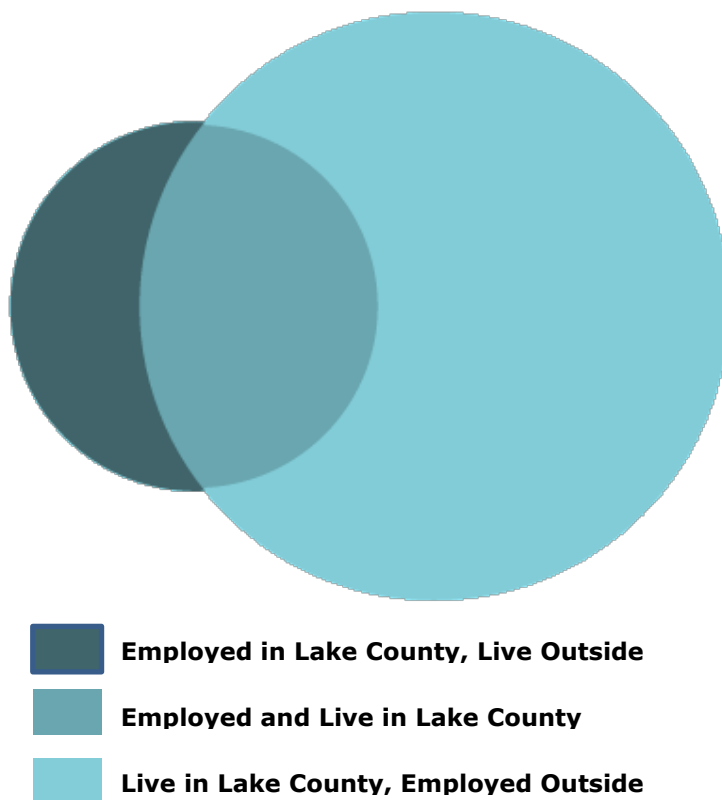


Employment and Commuting

Lake County has a distinct employment context, with the majority of its residents employed outside of the County. In 2017 there were a total of 3,500 jobs in Lake County—66 percent of which were held by local residents; 34 percent of those jobs were held by employees commuting in from other locations, with most coming from Chaffee County.

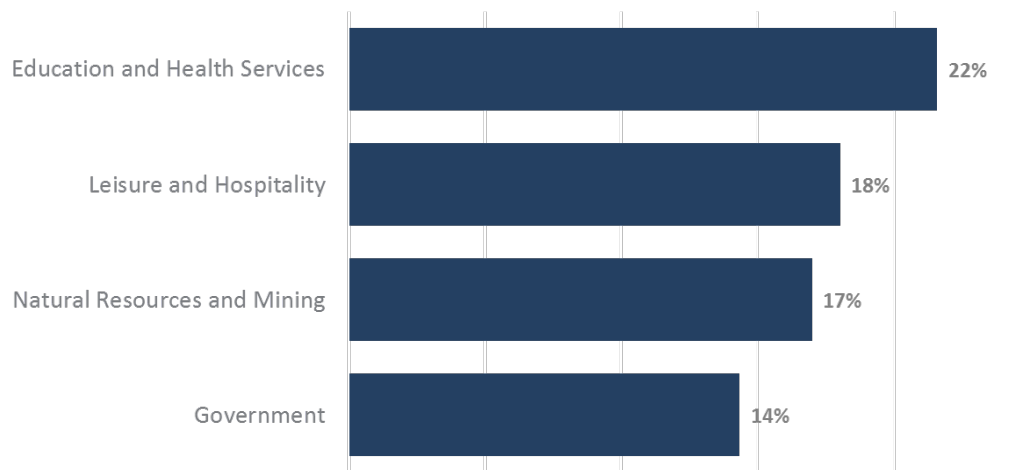
According to the U.S. Census, and due in large part to Lake County's central location between Chaffee, Summit, and Eagle Counties along with its comparatively lower costs of living, 75 percent of Lake County residents commute out of the County for work, as shown in **Figure 9**. Most of these residents are employed in Summit and Eagle Counties, choosing to live locally but commute to employment in these surrounding communities.

Figure 9. Lake County Commuting, 2015



Employment in Lake County is comprised of two categories - “Wage and Salary” employment, meaning someone works for an employer who provides them a paycheck, and “Proprietor” employment, meaning the person works for themselves (e.g. owns their own business). In Lake County, almost 30 percent of total employment is proprietors. Of the County’s Wage and Salary employment, the largest employment sectors are Education and Health Services (22 percent of jobs), Leisure and Hospitality (18 percent), Natural Resources and Mining (17 percent), and Government (14 percent), as shown in **Figure 10**.

Figure 10. Lake County Top Employment Sectors



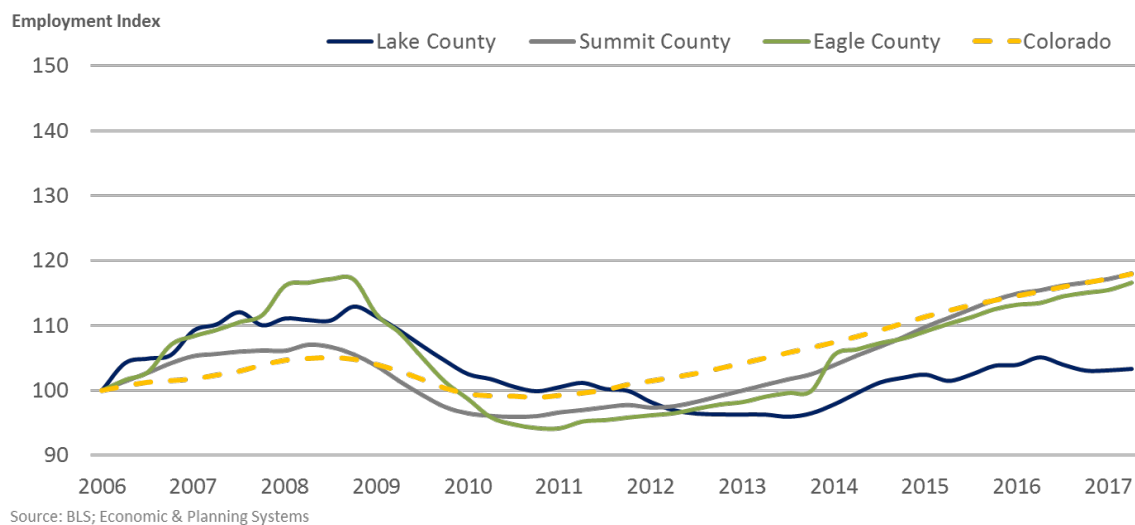
Source: Colorado Department of Labor; Economic & Planning Systems

The average wage in Lake County is close to \$36,000 per year, or just over \$17 per hour. Highest average wages in the County are paid in Natural Resources and Mining, Trade Transportation and Utilities, Government, and Construction; the lowest average wages are in Leisure and Hospitality and other Service employment. From 2010 to 2017, Construction and Manufacturing saw the largest average annual increase in wages (5.2 percent and 6.6 percent, respectively), while Leisure and Hospitality employment saw an average annual decrease in wages (0.3 percent annual decrease). Many other sectors had wage growth of less than 1 percent per year over that time.

Economic Recovery and Growth

As shown in **Figure 11**, the economic recession that began in 2008 had a significant impact on employment in communities across the state. Compared to its neighboring counties, Lake County experienced a slower and less drastic—but more prolonged—decrease in employment. While Summit County and Eagle County began to see employment recovery in 2012, Lake County did not begin to experience this recovery until 2014. Since 2014 Summit and Eagle have seen employment growth similar to the state overall, while Lake County’s employment has not yet recovered to the same levels.

Figure 11. Total Employment, Indexed to 2006



Housing is a major challenge for local employers looking to expand, or even maintain their workforce. Housing issues in the County are affecting employers’ ability to hire and retain employees—this is particularly challenging for larger employers. Major employers have struggled to recruit employees because of the housing shortage, and have had new-hire employees who were unable to find local housing and turned down the job.

Local employers interviewed for this study report that recruitment and retention is very difficult, with a survey of major local employers indicating 100 positions vacant (in Spring 2018), and at least one noting chronic understaffing challenges. Examples of employers facing these challenges include the Lake County School District, the Sheriff’s department, public works, and local government. Cohorts nearing retirement will only increase pressure on these agencies in the future, leading to greater need for local housing.

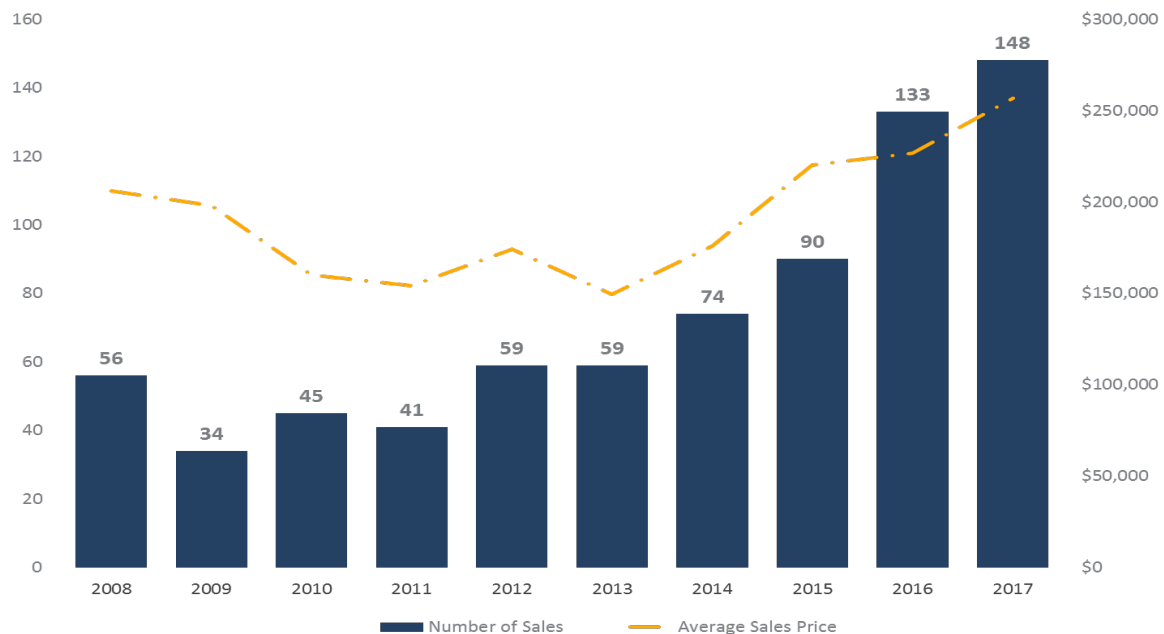
4. Housing Market

The Lake County housing market was relatively stable for many years; however, that has changed since 2015. Over the past two to three years, rents and sales prices have increased substantially, while available inventory in both rental and ownership housing has dropped.

For Sale Housing

To analyze the housing market, a database of home sales in Lake County from 2008 to February 2018 was utilized.¹ This data shows the clear market shift that occurred in 2015/2016. From 2008 to 2014, Lake County saw an average of 53 home sales per year, with an average sales price of \$174,000. In 2015, there were 90 home sales, averaging \$220,000. In 2016 and 2017, there was an average of 133 sales per year, with an average sales price of \$241,000, as shown in **Figure 12**. Interviews with real estate agents indicated that available inventory is very low, with only 15 active listings throughout the County at the time of analysis.

Figure 12. Lake County Home Sales, 2008-2017



¹ Note that data abnormalities are removed to ensure statistics are representative of market activity.

Not only has the volume of sales increased over this time, but there has been a significant price shift as well. As shown in **Table 2**, between 2008 and 2014 the average sales price of a home in Lake County decreased by an average of \$5,000 per year, or a 2.6 percent annual average decrease. From 2015 to 2017, the average sales price increased on average \$18,300 per year—an 8.0 percent annual average increase. While limited 2018 data was available for this report, sales in the first two months of the year averaged over \$310,000—over \$60,000 higher than the average sales price in 2017, the most expensive year since 2008 (when available data begins).

Considering the median sales price (the value that half of homes sold above and half sold below), which removes any effect of particularly low or high value sales, the trends are even more stark. As shown in **Table 2**, between 2008 and 2014 the median sales price of a home in Lake County decreased by \$2,300 per year, or a 1.4 percent annual average decrease. This smaller market contraction than is shown in the average price indicates that while prices did decline, the overall market stayed in a similar place. From 2015 to 2017, however, the median sales price increased by \$28,900 per year—a 14.3 percent annual average increase. This indicates a wholesale shift in the market, with the bulk of sales becoming considerably more expensive.

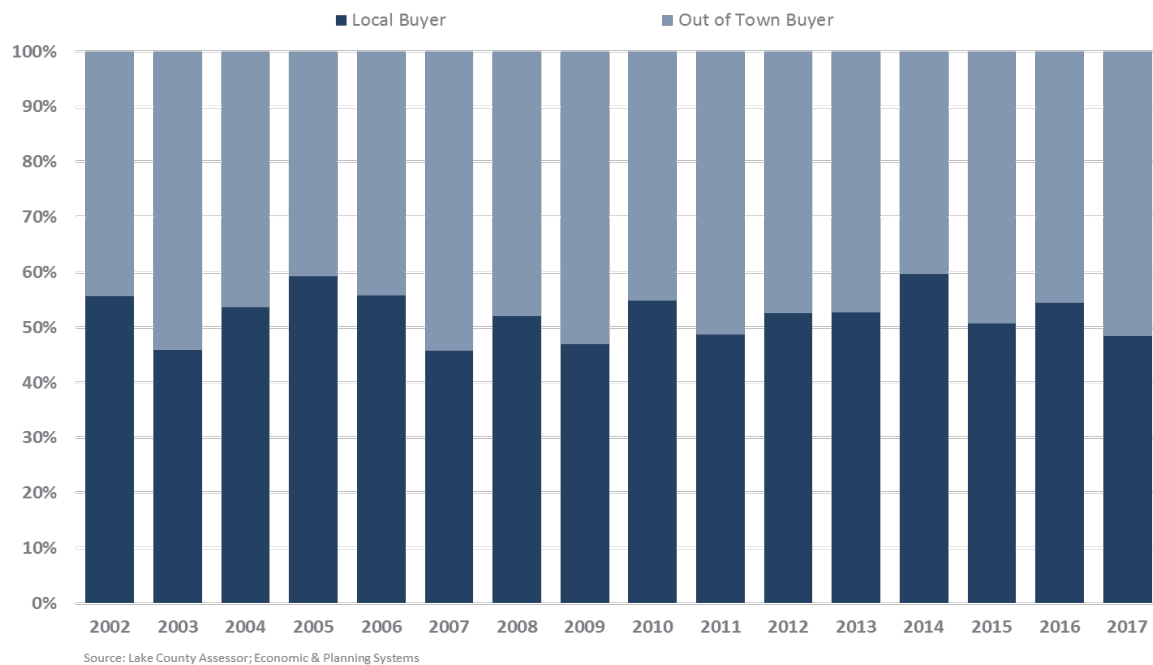
Table 2. Home Sale Trends, 2008-2014 and 2015-2018

	2008 - 2014	2015 - 2017	2018 (Jan-Feb)
Total Sales	368	371	7
Average Sale Price	\$173,700	\$237,100	\$311,300
Median Sale Price	\$158,369	\$220,000	\$315,900
Annual Average Sales Price Increase			
Dollars	(\$5,016)	\$18,293	
Percent	(2.6%)	8.0%	
Annual Median Sales Price Increase			
Dollars	(\$2,292)	\$28,875	
Percent	(1.4%)	14.3%	

Source: MLS; Economic & Planning Systems

Data from the Lake County Assessor provides an indication of home sales occurring to second homeowners. Data was provided for all properties, including those properties owned by someone with a mailing address not in Lake County—a proxy for a second homeowner. As shown in **Figure 13**, this split of local to out of town buyer has remained relatively constant over time, with an average of 48 percent of sales to these buyers. While the total properties sold to local buyers has fallen slightly in the past year, recent changes have mirrored the relatively stable pattern since 2002.

Figure 13. Property Sales to Out of Town Buyers, 2002-2017



Rental Housing

Data on rental housing is not as readily available as ownership housing. While the U.S. Census reports rents for area units, the data lags behind a few years and in a rapidly changing market like Lake County this data does not reflect the reality of the housing market today. In order to characterize the current issues and challenges facing the rental market, online classified ads were summarized over a period of three months, community input was gathered, and local rental property managers were interviewed. This research collected data to build an inventory of rental housing in the County, including dispersed rentals managed by individuals, dispersed rentals managed by property management companies, and larger apartment complexes. Data on manufactured homes was gathered as well, and is discussed separately.

This research and outreach indicates that the rental market has rapidly escalated alongside the ownership market. Average rents for units inventoried are shown in **Table 3**. One property manager indicated that rents have significantly increased over the past 3 to 5 years; the highest rents seen for two-bedroom units have increased over 70 percent over this time, while the highest rents for three-bedroom units have increased over 40 percent. Another property manager indicated rents have increased between 14 percent and 24 percent in the past year, although the owner believed they had been below-market value and once they reach that level, increases will likely be closer to 2 percent.

Table 3. Average Rent by Unit Size, May-June 2018

Description	Unit Type	Units	Average Rent
Eagles Nest			
	1 BD	27	\$920
	2 BD	107	\$1,065
	3 BD	27	\$1,300
Tabor Grand			
	Studio	1	\$609
	1 BD	22	\$577
	2 BD	14	\$702
Dispersed Rentals			
	Studio	3	\$583
	1 BD	4	\$813
	2 BD	34	\$929
	3 BD	25	\$1,177
Online Listings			
	Studio	3	\$760
	1 BD	9	\$788
	2 BD	13	\$1,155
	3 BD	11	\$1,278

Source: Personal interviews (Wheelhouse Apartments; Tabor Grand Apartments; Centennial Real Estate; Re/Max Aspen Leaf Realty); Craigslist; Economic & Planning Systems

Alongside these rent increases, inventory has not increased over the past few years. With more demand from potential tenants, the rental market is under significant pressure; while in the past a management agency would have a waiting list of rental units, there is now a waiting list of renters. Any rental unit that does become available is re-leased easily, and can get multiple applications within a day. Vacancy rates are very low across all rental types, as shown in **Table 4**. The low sales inventory is likely placing additional pressure on the rental market, as people who would prefer to purchase a home cannot find anything and are forced to rent.

Table 4. Vacancy by Rental Type

Description	Units	Vacant Units	Vacancy Rate
Eagles Nest	162	1	0.6%
Tabor Grand	37	1	2.7%
Dispersed Rentals	66	1	1.5%
Total	265	3	1.1%

[NOTE] Online listings were collected over a period of 3 months, and are not included in this vacancy data

Source: Personal interviews (Wheelhouse Apartments; Tabor Grand Apartments; Centennial Real Estate; Re/Max Aspen Leaf Realty); Economic & Planning Systems

These market trends are being seen in manufactured home communities as well. Residents indicate that space rents have increased rapidly and frequently—often multiple times in one year. Residents in one community are now paying close to \$400 per month in land rent. Combined with often higher utility costs associated with these homes, this can exacerbate affordability challenges.

New Development

Since 2011, Lake County has averaged 22 new housing units per year. There have been 140 total building permits for single family homes over this time, and 17 permits for mobile homes. Most development taking place recently has been infill; there are also a number of sites with duplexes and four-plexes proposed, and two larger sites with plans in progress for between 30 and 70 units each. There is one major development currently planned for the area, which could add up to 350 new housing units (priced starting at \$175,000 for studio and one bedroom condos, up to \$450,000 for the largest units) at full buildout.

Affordable Inventory

There are currently two affordable housing developments in Lake County—Mount Massive Manor, which provides 24 units of senior housing, and the Tabor Grand Apartments, which provide 37 subsidized units for households earning up to 60 percent AMI. Additionally, there are 19 Housing Choice Vouchers in use in the County.

Affordability Indicators

As previously defined, a home is “affordable” when a household spends no more than 30 percent of income on housing costs. The median household income in Lake County is \$47,000 —this accounts for the total income of all earners in a household. As shown in **Table 5**, this translates to an average of \$23,500 per earner (\$11.30 per hour) for a two-earner household. The sale price and rent trends in Lake County can be related to these AMI levels to understand the affordability of these homes to the local community.

Table 5. Median Household Income by Number of Earners

	Total Household Income	Avg. Wage for 1.5 Earner HH		Avg. Wage for 2.0 Earner HH	
		Annual	Hourly	Annual	Hourly
30% AMI	\$14,100	\$9,400	\$4.52	\$7,050	\$3.39
60% AMI	\$28,200	\$18,800	\$9.04	\$14,100	\$6.78
80% AMI	\$37,600	\$25,067	\$12.05	\$18,800	\$9.04
100% AMI	\$47,000	\$31,333	\$15.06	\$23,500	\$11.30
120% AMI	\$56,400	\$37,600	\$18.08	\$28,200	\$13.56

Source: US Census; Economic & Planning Systems

A household earning 100 percent AMI (\$47,000) can afford a \$194,000 home, or \$1,175 in monthly rent. As shown below in **Table 6**, only 28 percent of Lake County home sales in 2017 were affordable to households earning up to \$47,000. Additionally, the sales price data only accounts for the price itself and not the quality of the home; much of the feedback received throughout this project is that homes selling for less money generally require much more investment for repairs, and thus a home that appears “affordable” in the data in reality may cost tens of thousands of dollars more once deferred maintenance has been addressed.

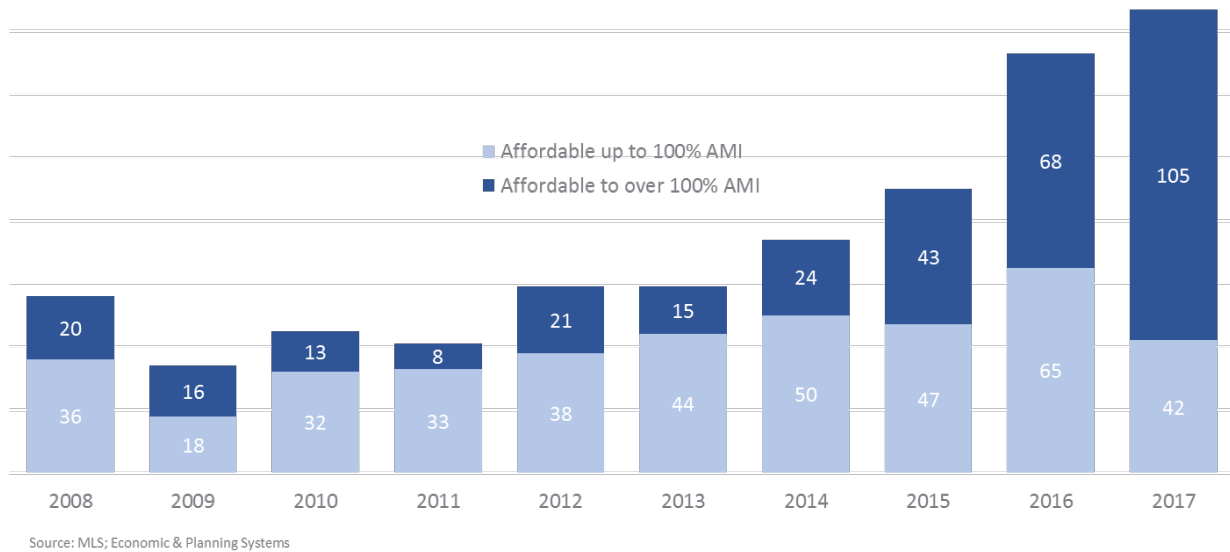
Table 6. 2017 Home Sales by Affordability

	Household Income	Max. Affordable Purchase Price	% Affordable 2017 Sales
30% AMI	\$14,100	\$32,500	0%
60% AMI	\$28,200	\$103,600	4%
80% AMI	\$37,600	\$148,800	5%
100% AMI	\$47,000	\$194,000	19%
120% AMI	\$56,400	\$241,500	19%

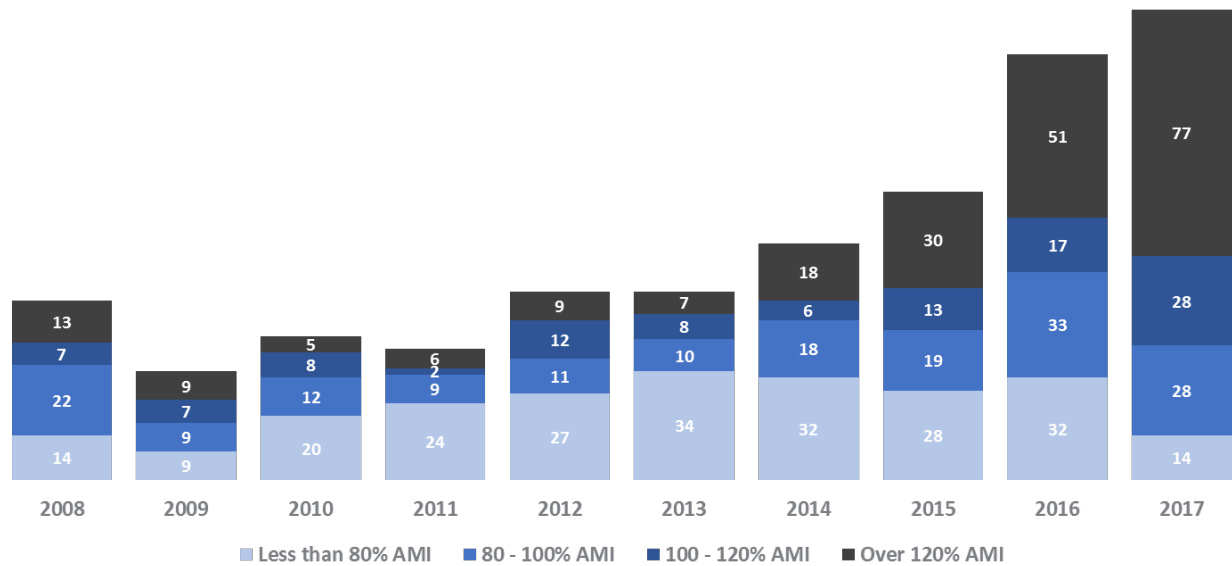
Source: US Census; MLS; Economic & Planning Systems

Sales affordability trends are shown over time in **Figure 14**. As shown, until 2014 the split of home sales affordable to households earning up to 100 percent AMI and those earning above 100 percent AMI was relatively stable. In 2016 and 2017, however, an increasing proportion of sales have been unaffordable to households earning up to 100 percent AMI; in 2017, only 29 percent of sales were affordable to these households.

Figure 14. Homes Sales by Affordability, 2008-2017



These sales are further broken down in **Figure 15**. While corresponding data on the quality of the homes is not available, it is likely that the figures for sales affordable to households earning less than 80 percent of AMI represent homes that require a great deal of additional investment. This data shows a significant increase in sales affordable only to those earning over 120 percent of AMI (\$56,400) since 2015, and a simultaneous decrease in sales affordable to households earning less.

Figure 15. Home Sales by Detailed Affordability, 2008-2017

Similar analysis can be done for rental units to understand the affordability of rental housing in Lake County. As shown in **Table 7**, a household earning the median income of \$47,000 can afford \$1,175 in monthly rent. A household earning 60 percent AMI, or \$28,200 per year, can afford \$705 in monthly rent. Data from online rental listings and discussions with property managers indicate that there is little to no inventory available in Lake County at these levels. This data also has the same limitation as the home sale data, in that it does not account for the quality of the rental unit. Community and stakeholder outreach have indicated that many of the lower-priced rental units have quality issues. Moreover, because of the high demand for units of any kind, there is little incentive for landlords to invest in improving those units.

Table 7. Affordable Rents by AMI, 2018

	Household Income	Max. Affordable Monthly Rent	% Inventoried Units
30% AMI	\$14,100	\$353	0%
60% AMI	\$28,200	\$705	8%
80% AMI	\$37,600	\$940	18%
100% AMI	\$47,000	\$1,175	52%
120% AMI	\$56,400	\$1,410	19%

Source: US Census; Personal Interviews with Property Managers in Spring 2018; Economic & Planning Systems

5. Resources and Strategies

This chapter presents an evaluation of the viability and effectiveness of resources and strategies available to Leadville and Lake County, and identifies those options best suited to address the issues and achieve the goals of the area. These options were identified by local stakeholders and/or arose throughout the project process. Resources and strategies are broken down into six categories:

Land Use Policy: Policies that can be implemented by the City, County, and/or Special Districts, including changes to zoning designations, inclusionary zoning, annexation policy, and infrastructure policies.

Publicly Held Parcels of Land: Strategies for utilizing the significant public land holdings in the County for affordable housing development.

Low Income Housing Tax Credits: Details on how and when to best utilize the Low Income Housing Tax Credit program.

Partnerships and Governance: Overview of various governance structures and partnership opportunities available to manage housing policies and actions.

Urban Renewal Authority: Outline of the opportunities available to utilize the existing Leadville Urban Renewal Authority to support the goals of this assessment.

Additional Strategies: Other resources and strategies available, including strategies specific to manufactured homes, individual assistance strategies, strategies to address improving conditions of existing housing, and strategies to address short term rental housing.

Land Use Policy

Effective land use policy is a critical component of a successful housing strategy. With increasing developer interest for housing development (some of which could be large scale), the City and County are looking to ensure that land use policy aligns with priorities for housing affordability. One important consideration when changing land use policy is that implementing any new tool will be most effective if it is adopted by both the City and the County; if one jurisdiction has more restrictive land use regulations, developers may simply build in the jurisdiction with fewer restrictions. As new policies and regulations are being considered, coordination and consistency between these two jurisdictions should be a top priority.

There are many land use policies that play a role in housing. Inclusionary zoning is among the more familiar that has been used to expand the inventory of affordable housing. Other policies include annexation, development incentives (such as density bonuses), infrastructure and utilities service policies, and fees for services based on the nexus between costs and benefits (such as impact fees). The tools most available and applicable to Lake County are evaluated here. Depending on the specific tool, some apply only to the City and County. Others could be applied to a broader set of agencies, such as Parkville Water and the Leadville Sanitation District.

Inclusionary Zoning: Inclusionary housing ordinances (IHOs, or inclusionary zoning) refer to planning ordinances that require developers to “set aside” a portion of new housing construction as affordable to households at specified income levels. IHO set-aside requirements generally range from 10 to 30 percent of units, and the affordability level generally ranges from 60 to 100 percent of AMI based on family size, defined by HUD.

In most versions of an IHO, a developer can comply with requirements by building the units on site as part of the overall project master plan and/or by building them in an off-site location. Alternatively, many IHO programs allow for all or a portion of the housing requirement to be met by cash-in-lieu payments—the payment of a fee in lieu of building affordable units.

In Colorado and the Rocky Mountain West, the IHO is commonly the cornerstone of many mountain communities’ affordable housing programs. Communities using this tool include Aspen and Pitkin County, Telluride and San Miguel County, Breckenridge, Park City, UT, and Jackson and Teton County, WY. While it is most common in resort communities, there are also IHOs in some of Colorado’s urban markets, including Boulder and Longmont (note that Denver has recently revamped its former IHO standards with new standards that now apply to both commercial and residential development that is coupled with a property tax set-aside).

IHOs work best in high cost areas where development interest is strong, the market is land constrained, and there are few options to build in other nearby jurisdictions. Because most of these factors have recently emerged in Lake County, and because the market pressure is building with potential for a number of large, new developments in the immediate future, this policy merits further study to provide a basis for adoption by the City and County.

Annexation Policy: At time of annexation, municipalities can establish any number of requirements from the developer requesting annexation. At a minimum, the City of Leadville should establish targets used for Inclusionary Zoning and confirm with applicants that these will be met over the course of buildout. Mitigation rates must balance the civic goal of broadening the affordable housing inventory while at the same time providing adequate return to developers to maintain overall project viability. Although annexation policy can be formed and applied independently from the County, it is important for the City and County to pursue all initiatives as a joint effort. It will be particularly important as development pressure builds and a greater number of prospective developers seek opportunity in the area for new projects and/or completion of existing projects.

Infrastructure and Utilities Service Extensions: This tool is often related to annexation policy, whereby in exchange for the provision of water and sewer service new development is required to dedicate a certain percentage of housing to affordable units. Alternatively, given the high percentage of development costs attributable to infrastructure, local governments have some ability to assist with infrastructure costs in order to accelerate new development in identified priority areas. This is a useful tool when there is developable land within the County lacking infrastructure. Any contribution towards infrastructure costs would be in exchange for a percentage of units set aside as permanently affordable through a deed restriction on the lot or donation of the lot to a land trust. This approach assumes agreements between all agencies in Lake County, including Parkville Water and the Leadville Sanitation District.

Zoning Designations: For certain housing priorities, adjusting or creating zoning designations can encourage and protect desired uses. This strategy is most pertinent for supporting the development of multifamily housing and/or accessory dwelling units, and for preserving existing manufactured home communities—a strategy discussed further below.

Publicly Held Land

Land is one of the most important components of a housing plan. When communities control land, they are far more effective creating affordable housing solutions. Particularly in land constrained markets with corresponding high land costs, land ownership enables communities to move forward with affordable developments. Lake County and Leadville are in a strong position regarding land, as the County and other public entities have significant land holdings throughout the area. Four priority sites were identified during the project process; these were reviewed to assess the housing development potential at each site. The inventory provides direction on high priority housing development opportunities for Leadville and Lake County.

Table 8 details the site analysis performed on four priority land holdings. These sites were selected based on ownership, location, size, development potential, and development readiness. Each site was visited and additional information was gathered. Scores were assigned in 8 categories: size; ownership; location; access to utilities; adjacent land uses; proximity to services; proximity to schools; and development capacity.

Utilizing these land holdings should be a top priority for the City and County. The Harrison Ballfield site and the land at E. 8th Street and Ash Street provide two distinct and strong opportunities for the County to partner in new, affordable housing development. These sites should be pursued immediately for housing development. As part of a long-term plan, the Climax and Lake County School District land also have strong development potential and should be part of any future housing planning.

A critical consideration with utilization of public land for housing is ensuring that the housing developed remains affordable in perpetuity. Strategies to achieve this are discussed in detail in the Organization and Governance section.

Table 8. Selected Real Estate Inventory and Analysis

	Site Evaluation							
	County Land: Harrison Ballfields		Climax Parcel		Lake County School District Land		County Land: E. 8th St. & Ash St.	
	Description	Score	Description	Score	Description	Score	Description	Score
	Top Priority	9.8	Second Tier Priority	9.8	Second Tier Priority	9.6	Single Family Potential	8.0
Description	Currently set up as ballfields; minimally used		Vacant, treed site		Vacant, treed site		16 City lots (approx. 25 x 100 ft)	
Size	Approx. 10 ac	10	Approx. 8.62 ac	10	Approx. 6.25 ac	8	Approx. 1.32 ac	7
Ownership	Lake County	10	Climax Mine	8	Lake County School District	9	Lake County	10
Location	City of Leadville (Harrison Ave)	10	City of Leadville (McWethy Dr.)	10	City of Leadville (adjacent to Climax site)	10	City of Leadville (E. 8th St. and Ash St.)	9
Utilities	No issues with water (could accommodate any scale of development) Could extend sewer; high capacity, requires approx. 400 linear feet	9	Water available on both ends of site (would require new main)	10		10	Water is easily accessible Sewer is more of a challenge; would ideally be extended down 8th to serve both sides of the street, requires 550-650 linear feet	7
Adjacent Land Uses	Medium density residential (duplexes, quadplexes, Mt. Massive Manor) Elementary School	10	Medium density residential (duplexes, quadplexes, Mt. Massive Manor) Elementary School	10	Medium density residential (duplexes, quadplexes, Mt. Massive Manor) Elementary School	10	Single family homes, vacant lots	7
Proximity to Services	Central to grocery store, library, schools, recreation opportunities, city center	10	Close to new high school, hospital, clinic, aquatic center, community garden, recreation space (sports fields), Mineral Belt trail, grocery store	10	Close to new high school, hospital, clinic, aquatic center, community garden, recreation space (sports fields), Mineral Belt trail, grocery store	10	Not as central as other locations, but good proximity to Downtown and nearby services	8
Proximity to Schools	Adjacent to elementary school, close to middle and high schools	9	Close to middle and high school	10		10		8
Development Capacity	Very high	10	High - large site, xcel currently burying power and expanding gas (prime opportunity)	10	High - large site, xcel currently burying power and expanding gas (prime opportunity)	10	Moderate - single family lots, but high opportunity	8
Other Notes	Sewer extension would need to go across either privately held land or school district land (through easement) School district may be interested in development on elementary school site (dependent on new school development)		Climax would like to transfer ownership to government entity Construction would require site clearance (trees) Nothing currently in the ground so relatively easy to put in services		Similar opportunities and constraints to Climax site May need to be help for future school development		Additional 16 lots (privately held) across the street, listed for \$110,000 No sewer service Land lease with BLM (may present challenges) In National Landmark overlay district (desire infill that "fits")	

Source: Economic & Planning Systems

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Low Income Housing Tax Credits

The Low Income Housing Tax Credit (LIHTC) program is one of the primary financing tools for affordable rental housing development. Both the 9 percent and 4 percent tax credit allocation programs offer the opportunity for Leadville and Lake County to leverage investor equity in a local setting. While the 9 percent option is highly competitive, it is a reliable program to close financial gaps and provide sufficient capital to create high quality living environments for lower income residents. The ability to leverage investor equity makes this program attractive for development projects.

More importantly, the depth of subsidy needed to achieve rent levels at 40, 50, or 60 percent of AMI is significant. Local programs (such as land dedication or investments of general fund dollars) are usually not substantial enough to reach the level of affordability needed within a local community. Thus, federal programs are required. The LIHTC program is one of the few remaining federal tools and would be a good alignment with the local needs of Lake County.

The key to a successful LIHTC project is positioning the project such that the Colorado Housing and Finance Authority (CHFA) finds the proposal sufficiently compelling to make an award. While attracting LIHTC developers to small communities can be challenging, recent and ongoing projects in places such as Buena Vista and Durango hold lessons for success. Based on conversations with affordable housing developers in Colorado mountain communities, as well as the CHFA, a new affordable project in a location like Lake County will likely only be successful if the City and the County contribute in a meaningful way. Developers indicated that concessions from the local government are critical to project success; land is often dedicated to a project, in addition to fee waivers and other in-kind contributions. In-kind contributions from numerous agencies reflect widespread community support, which is the context where CHFA looks to invest; contributions such as utility extensions, site work, and/or demolition and cleanup are examples of in-kind services that show this degree of community support. A strong location that is centrally located within the community with good access to schools, commercial services, and regional transit is another key feature to address. CHFA has also indicated that broad community support is critical, which is expected to take the form of financial contribution as well as a broad cross section of community organizations (e.g. school district, City, County, major employers) passing resolutions in favor of the project.

Given the need for additional rental housing and the public land available for housing development, a LIHTC project should be considered for inclusion in development of the Harrison Ballfields and/or the Climax and Lake County School District land.

Partnerships and Governance

In a small community like Lake County, having a single organization to coordinate funding, policy, development, and administration of housing activities is likely to be more efficient than multiple organizations. There are a variety of partnership and governance strategies available to address housing, detailed in this section. The most important consideration in determining how to govern housing activities is ensuring the chosen organization has the capacity and resources to meet local needs.

Housing Governance Options

There are many types of organizations that can be utilized as a central housing agency. These include:

Community Land Trust: A Community Land Trust, or Community Housing Trust, is a non-profit organization that provides permanently affordable housing by acquiring land and removing it from the speculative, for-profit real estate market. Land Trusts hold the land they own “in trust” in perpetuity for the benefit of the community, ensuring that it will always remain affordable for homebuyers. A Land Trust typically acquires land for affordable housing in its designated community; the land is transferred to a developer and ultimately a homeowner under a long term land lease. The Trust leases the land to a qualified homeowner at a reduced rate to subsidize the housing unit price, and retains the option to repurchase the housing unit upon sale. The resale price of the home is set by a formula to give the homeowner a fair return on investment while also maintaining affordability for future homeowners.

The Chaffee Housing Trust is active in Chaffee County, and has expressed willingness to operate in Lake County as well. With an established administrative framework and an operational purview that fits the needs of Lake County, partnering with the Chaffee Housing Trust is a logical immediate step for Lake County to take in pursuit of its housing goals.

Housing Authority: A housing authority is a government-owned business with the power to apply for loans, grants, and contributions from governments and other sources, borrow money, and acquire property. There are two types of housing authority in Colorado—a county or city Housing Authority and a Multi-Jurisdictional Housing Authority.

A city or county in Colorado can establish a housing authority by resolution of the governing body. These agencies can function as an entity of the city or county, or as a separate governmental entity. Housing authority’s powers include undertaking housing projects, leasing or renting units or land, and selling or transferring property. One of the major benefits of the housing authority model is its ability to receive a wide spectrum of funding to devote to community projects.

A Multi-Jurisdictional Housing Authority is created when any combination of cities, towns, or counties establish by contract a housing authority as a separate governmental entity. The authority's powers include the powers of the city or county Housing Authority, plus condemnation of property for public use, and levying taxes and/or fees within the boundaries of the authority (although any new taxes must be approved by voters).

The City of Leadville formed the Leadville Housing Authority in 1980, however its current activities are limited and its legal existence does not preclude the City from pursuing a different organizational structure for housing.

Land Bank: Land banks are public or community-owned organizations created to acquire, manage, maintain, and/or repurpose land—generally vacant, abandoned, and/or foreclosed properties. These have a very specific purpose and function, serving to hold land until it is ready for housing development. Land banks are most successful when they work in partnership with other organizations, including local government, lenders, and nonprofits, to leverage resources available to address issues associated with distressed land.

Land banks will often use a variety of income sources to fund programs, including grants, government contracts, land sale revenues, tax revenues (depending on local and state laws), developer fees (if the land bank acts as developer or co-developer), and rental income (if the land bank keeps property in its inventory for commercial and/or residential rental).

A land bank program works best when there is a significant inventory of land that requires management, often dispersed infill lots, and the potential for future development. Because a Housing Trust can achieve many of the functions of a land bank, this strategy is not recommended for Lake County at this time.

Urban Renewal Authority: Urban renewal authorities (URAs) are created by municipalities to redevelop areas within their jurisdictions that are found to contain blight or slum conditions and will not attract redevelopment without government participation. Leadville currently has a URA, and this organization is discussed further in the next section.

Council of Governments: The Upper Arkansas Area Council of Governments (UAACOG) currently serves Lake County and administers many housing programs across the region. If this were to be the agency to take on housing activities, a dedicated staff person in Lake County would be required for UAACOG to significantly increase its presence in the area. Regardless of the organizational framework pursued, the County should continue to utilize the existing housing resources and programs of the UAACOG, several of which can be applied with the existing staffing levels.

City and/or County Government: The Leadville and/or Lake County government may serve as the governing agency; this would require additional staff capacity. The newly created joint City-County Building Department may provide the opportunity to pursue this strategy. The formation of this department is timely, relative to the discussions related to governance. It makes for a particularly well placed new staff member, with built-in communication methods for both the City and the County.

New Non-Profit Organization: A new non-profit organization may be established to act as a governing agency; this would require significant administrative and financial resources.

Regional Solutions

Some of the housing issues facing Lake County are a result of high housing costs and shortage of housing options in Eagle County and Summit County. The interrelated nature of these areas creates an opportunity for all counties to work in collaboration to address housing needs across the region; however, a partnership of this nature is not currently recommended. While opportunity may exist in the future for a regional housing and funding partnership, more immediate opportunities for regional solutions are available for related issues, such as childcare and transportation, and those should be pursued at this time.

Matching Solutions to Needs

When creating housing strategies and programs, it is critical to structure them to match the local need. Without this connection, initiatives may work to meet a one-time need but not maintain affordability (or other solution) over the long term. There are a number of ways to provide for long-term success:

Program Eligibility: At a base level, it is important to determine which population is being targeted and appropriately structure a program to deliver housing to the desired group. This may involve income restrictions (e.g. 30 to 60 percent AMI for a rental project, or 80 to 120 percent AMI for an ownership project); local residency requirements (e.g. must already live in a specified geographic area); local employment requirements (e.g. must work at least 30 hours per week in a specified geographic area); or any combination of those or other criteria.

Deed Restrictions: Deed restrictions are powerful tools for maintaining permanent affordability. Even if the private market is able to deliver housing affordable to households at 80 percent or 100 percent AMI, that housing will become less affordable as the market appreciates. Without resale restrictions, there is a risk that early buyers in low priced projects could flip their homes at a significant profit. Deed restrictions can take many forms, including residency requirements, employment location requirements, or income requirements. Many deed restrictions will also have appreciation caps to ensure permanent

affordability. The downside to this strategy is that in markets where buyers perceive they can find other options, the appreciation cap may be a deterrent if buyers feel they are potentially missing out on appreciation gains.

The simplest and least restrictive form of a deed restriction is to restrict ownership to local resident wage earners, with no appreciation cap. This works to limit price appreciation to the range of what local residents can afford, rather than second home buyers.

Appreciation Cap: An appreciation cap is generally incorporated into a deed restriction, limiting the resale price of a home. This ensures that the home remains affordable from the initial purchase through subsequent sales. An appreciation cap can be structured in a number of ways, often based on the local market context. It may be a simple percentage of market appreciation, or a set annual appreciation, often with a provision for improvements added by the resident.

Rental Restrictions: Increasingly important in communities with strong short-term and vacation rental markets, a restriction on rental of ownership product may be desired. This would ensure that the purchaser makes the home their primary residence, and thus benefits from the public investment in the intended manner.

Urban Renewal Authority

Urban renewal authorities (URAs) are created by municipalities to redevelop areas within their jurisdictions that are found to contain blight or slum conditions and will not attract redevelopment without government participation. Development projects in URAs are public/private partnerships, with the majority of funding from the private sector. Public investment comes from tax increment financing (TIF), the increased amount of property or municipal sales tax collected within the URA, generated by the increased property values that result from the project. The URA can use TIF to pay for a variety of costs related to revitalization and redevelopment.

The Leadville Urban Renewal Authority was created to promote development and redevelopment primarily in Downtown Leadville, and there may be opportunities for the organization to play a role in housing development. At this point, however, given the housing market pressures and the costs of renovating existing downtown buildings for housing, any housing units created downtown will likely need to be market rate in order for private investment to make financial sense. While adding market rate housing to the downtown area does not directly address affordability goals—given the current pressure on the housing market—the addition of any inventory will help to alleviate that market pressure and may affect prices throughout the market.

Any new development within the URA, or completion of future phases of existing projects, should be required to address affordability, including a set-aside of affordable housing units commensurate with the inclusionary standards discussed previously in this report. Particularly given the opportunity to benefit from TIF, new projects should help fulfill community goals related to affordable housing. Renovations of historic structures, because of the additional costs inherently associated with this work, should not have to conform to the same requirements. Targeting market rate units for renovations is reasonable as long as the community is actively pursuing affordability solutions through other projects.

Additional Strategies

Manufactured Home Preservation and Protection

As noted previously, manufactured homes account for 16 percent of local housing. There are significant challenges affecting residents of these homes, and targeted strategies are needed to address these challenges. Throughout the community outreach process, feedback was received about the poor condition of the properties where many manufactured homes are located, rapidly escalating land rents, and an overall feeling of vulnerability by residents.

Two sets of strategies can be pursued: short term strategies to immediately focus on landlords, addressing tenant mistreatment, code enforcement, and similar issues; and long term strategies that address the sustained success of the short term strategies and preserve these areas as viable and affordable housing options in the community.

Short Term Strategies: The most pertinent short-term strategies for manufactured homes involve the landlords and property owners of the sites where these homes are located. Major issues facing residents of these areas include frequent and unpredictable land rent increases, absence of leases, no detail on bills or charges levied, poor maintenance, and lack of emergency accessibility.

The County should create mechanisms of accountability in these areas and work with landlords to address some of the major issues facing residents. These include: prioritizing policy enforcement at both the state and county level; working to limit rent increases or structure how much notice needs to be provided in advance of an increase; requiring that leases be provided to residents; requiring clarity on all bills provided (e.g. water bills); showing annually what expected expenses will be; repairing streets; ensuring streets are adequately designed for emergency access; providing snow removal to accommodate access for emergency vehicles and school buses; providing interpretation services for legal support for residents of these communities.

Existing agencies and organizations have begun some of this work, and it is important not to recreate what has already been done. Partnerships should be enhanced with Lake County Build a Generation and others currently involved in this work to support and enhance current efforts.

Long Term Strategies: Over the longer term, creating a zoning designation for manufactured home communities will allow for targeted regulations and standards for these areas. This strategy is also used by some communities as a way to preserve manufactured homes as a component of the local housing environment; once an area is protected by a zoning designation it is far more difficult for the owner to sell it for a different use or to change the use of the property and force the tenants to move. Additionally, creating a system for mediation with landlords or an incentive program where the County may offer financial resources to assist landlords with maintenance and infrastructure improvements in exchange for

agreements on service and lease standards may help improve conditions. The County and/or utility districts may also consider additional responsibility over areas such as streets and other public infrastructure in these areas, as a way to improve provision and maintenance.

Other long term strategies for protection and preservation of manufactured home communities have been undertaken in other locations, however they are not recommended for Lake County at this time. These strategies—including public agency (e.g. housing authority) purchase of manufactured home parks, or resident purchase into a shared equity model of ownership—require much larger structural change and strong governance and financial capacity. At this point, the smaller-scale strategies outlined above can likely address the most immediate needs facing manufactured home communities in Lake County. These strategies should be assessed after implementation, and if the situation warrants further action larger-scale changes may be considered.

Upper Arkansas Area Council of Governments Housing Resources

While not a housing authority, the UAACOG performs many of the functions that a housing authority would perform, including administering programs such as Section 8 housing vouchers, housing rehabilitation, USDA Rural Development mutual self-help housing, and housing counseling. Lake County may benefit from funding a designated COG employee locally to administer programs such as a mutual self-help construction program. This employee would utilize existing COG resources to create a stronger presence for these programs in Lake County.

Individual Assistance Strategies

In addition to large scale resources and strategies, there are a number of options to assist residents on a more individual level. Much of Lake County's existing housing stock, particularly in Leadville, is older and in need of repair and rehabilitation. This work can be cost-prohibitive for many residents, but if it can be achieved would help the overall housing situation in the county. Additionally, there are many opportunities for infill housing development that could be undertaken by individuals if some financial assistance were available. Programs such as home rehabilitation assistance and self-help construction programs can work to improve individual housing situations, and when done as part of a scaled program these strategies can make a significant difference in the overall housing environment. Within Lake County, a number of opportunities exist:

Home Rehabilitation: Much of the housing stock in the area is in need of rehabilitation. There are opportunities both at an organizational level, with UAACOG resources available to assist Leadville and Lake County address dilapidated housing through technical assistance, grant applications, and other logistical components of that process, as well as at an individual level to provide resources to homeowners looking to improve their current housing. Community and stakeholder outreach indicated that there are significant barriers for residents

to address home quality issues, including financial capacity and availability of labor. Additional challenges exist for rental housing, where price pressure is high enough that landlords have little incentive to improve their properties.

Partnerships with local organizations or institutions for labor or training, a local presence for assistance programs, and/or a list of resources residents can consult when looking to improve their home would promote rehabilitation at an individual scale. A County loan assistance program for renovation/rehabilitation would also provide significant assistance for residents looking to make improvements. If dilapidated properties are vacant, a County program to purchase and rehabilitate these homes (then sell them, with the sales proceeds going back into the program) can help increase the local housing inventory as well. These programs can target low-moderate income households, specific geographic areas, or be available to all local residents.

Home Construction: Where infill development is desired, home construction assistance programs can help residents overcome financial barriers to constructing a home. For low income residents, the USDA Rural Development mutual self-help housing program, currently administered through UAACOG, is a successful model that can be pursued. Land availability is often a barrier to success with this program, however this is not a challenge in Lake County. If the County partners on the land component, pursuing this program can help increase the housing stock available to cost-burdened households.

Accessory Dwelling Units: Accessory dwelling units (ADUs) are a strategy often used to increase housing inventory when most available land is built out, or to provide an affordability mechanism for current homeowners (who can utilize either the ADU or the principal residence for rental income). ADU development can also help alleviate pressure on the rental market, if these units are utilized as long-term rentals. While there are significant benefits to ADU development, the cost of infrastructure and utilities for these units in Lake County is a major barrier to development. If this is a priority for the County, financial assistance for homeowners who add an ADU to their property will likely be required.

Short Term/Vacation Rentals

As with many mountain communities, the recent trend towards short term and vacation rental of properties is affecting Lake County. While it is important that the tourism industry and market for short-term stays have a place in the local housing context, there is a desire to ensure that these short-term rentals do not take the place of the long-term rental inventory utilized by local residents and employees. A variety of strategies are being used by communities to ensure this balance, including technical assistance for property owners who are willing to place or keep their units in the long-term rental inventory, and having specific policy regarding short-term rentals so that property owners understand what is allowed and expected. There may also be opportunities for the City and/or County to provide incentives, such as a property tax reduction, for owners who rent property long-term instead of pursuing short-term rentals.