HOUSING

Survey of Colorado's high-country residents a "wake-up call" on the devastating implications of the affordable housing crisis

The consequences of workers and permanent residents being priced out include mountain communities being forced to rethink their relationship to the tourism economy.

Jason Blevins 4:10 AM MDT on Jun 23, 2021

Amanda O'Mara interacts with her dog in front of their home, under construction, in the surrounding burned forest on Thursday, May 13, 2021, in Grand Lake, CO. O'Mara and her husband Mike McShane, a firefighter for Westminster Fire, lost their home in the East Troublesome Fire in October 2020. (Hugh Carey, The Colorado Sun)

Credibility: Original Reporting Sources Cited

A first-of-its-kind survey of thousands of Colorado mountain town residents has delivered the clearest look at the impact of the pandemic on housing, rentals and lifestyles in the high country to date.

And the news is not good.

Wealthy newcomers are displacing locals. Businesses are struggling to hire staff. The crowds are growing in the backcountry. Solutions, needed ASAP, require bold moves.

"May this report be a wake-up call for local leaders, a renewed call to action for those already involved in tackling community challenges, and a reference point for those seeking to understand the trends so they can have a positive impact on the places they live," the 70-page Mountain Migration report reads. "The consequences are real."

More than 4,700 residents from the six counties — three-quarters of them full-time residents — completed the survey by the Northwest Colorado Council of Governments and the Colorado Association of Ski Towns.

Every survey respondent — longtime locals, newcomers and part-time residents — ranked affordable housing and the availability of housing "as severe problems" and the top two critical issues facing mountain communities, said Melanie Rees, a consultant from Montrose who has helped resort communities across the West address housing issues for 30 years. The third most urgent concern from those surveyed was crowds in the backcountry.

"That is good," Rees said. "Such wide recognition of the problem will hopefully lead to wide support of the solutions."

About half of the homes in the six counties — Grand, Eagle, Pitkin, Routt, San Miguel and Summit — are occupied by full-time residents. So when most of the other half of the homes were occupied by newcomers and part-time residents during the pandemic, county populations ballooned.

For example, a review of wastewater volume in Telluride in October showed about 1,600 homes were occupied, in addition to residents living full-time in their roughly 1,600 homes. That meant in October, typically a slow time, the Telluride area swelled to about 8,200 people, about double the full-time population.

Homes sales in Telluride and Mountain Village surpassed $1 billion in 2020, an all-time high. Colorado's resort communities are seeing a surge of home buyers who are shattering real estate records. (Jesse Paul, The Colorado Sun)

Owners of vacation homes and short-term rentals stayed in their resort-area homes more often and for longer periods last year. They lingered in their homes in the spring and fall shoulder seasons when tourist numbers typically ebb, which contributed to the feeling last year that mountain communities were more crowded. And then there were the newly minted "mid-term renters." These are folks who rented homes in mountain communities for more than a month but less than a year.

There have always been a few mid-term renters in resort communities near ski areas, but last year, there were exponentially more. And they paid big, spiking rents in the six counties by 20% to 40%.

The mid-term renters were "sort of flying under the radar," Rees said, and not contributing to communities like short-term renters who pay lodging fees and taxes that fund affordable housing and other programs.

"They had a huge impact on both rental availability and on rent prices," said Rees, whose report suggests that communities "eliminate this loophole" by taxing and licensing mid-term rental properties like short-term rentals.

The influx of new residents has challenged permanent residents who rent in the six counties. And those renters were already struggling during the pandemic. Almost a quarter of the resident renters surveyed lost their job last year; 31% said they had "severe difficulty" finding a place to live; 18% saw their rents increase significantly; and 8% saw their rental homes sold or converted into short-term rentals.

JIll Voyles and her husband Brendan McClarney pack up their and their three daughters' belongings in their rental home in Crested Butte South in preparation to move on May 24, 2021. (Dean Krakel, Special to The Colorado Sun)

Home prices are at highs in the resort communities and are continuing to climb. And there have never been so few homes for sale in the high country. Last year, the average home price in Grand County was $650,000. This year there are fewer than a dozen homes for sale for less than $1 million.

The limited homes available for sale and rent to workers are highly competitive. Summit County recently fielded 66 applicants for 22 deed-restricted homes. Aspen recently received 77 applicants for one one-bedroom, deed-restricted home. Six 900 square-foot apartments in Aspen that have been historically rented long-term by locals each recently sold for more than $1.6 million and only one has remained a rental.

The newcomers and second-home owners have the means to set records for rent and home prices. Close to three-quarters of the newcomers and 80% of part-time residents surveyed said they have incomes over $150,000 a year. By comparison, 40% of full-time residents reported incomes of more than $150,000.

"The wealth of the newcomers and the fact they are not our traditional second homeowners; the fact that people are coming here during their working years and relocating here and they are really wealthy people, that is different," said Jon Stavney, the head of the Northwest Colorado Council of Governments.

"The majority of full-time residents making their living in the county do not have the income to compete for housing in the current high-competition environment," reads the report.

About 60% of newcomers and 70% of part-time residents who responded to the survey work for an employer outside of the county, compared with about a quarter of full-time residents.

The report notes that the new residents supporting local businesses could shift economic priorities for resort communities away from tourism marketing and improving visitor experiences. Communities may redirect money typically spent on tourism promotion into capital projects that improve the quality of life for residents.

But the flip side of that migration, evidenced now in Colorado's mountain communities, is that the new workers are not filling local jobs and out competing locals for housing. That is stressing businesses and lowering the quality of service offered to both residents and locals.

A labor shortage in high country communities is spilling from the housing crisis. The report notes that contractors are booked three years out in Telluride and Grand County, where last year's East Troublesome fire destroyed more than 300 homes.

"It is an ironic cycle – many contractors cannot hire laborers because there is no housing," the report reads. "This has been a struggle for resort communities for years; and is primed to get worse, at least in the near term. Businesses, existing residents and communities may face a tough transition in the years ahead."

The reassessment of traditional tourism marketing is happening across the country, said Cathy Ritter, the former head of the Colorado Tourism Office and longtime champion of sustainable tourism.

Ritter pointed to Crested Butte, where tourism promoters recently pulled the plug on summer advertising. And Hawaii, where lawmakers are considering a plan to zero-out the state's tourism marketing budget. And Sedona, Arizona, where tourism promotion has gone dark. Lake Tahoe is studying how to adjust its traditional tourism campaigns after a deluge of newcomers moved to the region.

Yampa Valley Housing Authority Executive Director Jason Peasley watches as the first slab is poured at his organization's latest affordable housing project along U.S. Highway 40 in Steamboat Springs on May 7, 2021. The Sunlight Crossing development, built by Gorman & Co, will have 90 rental units priced for residents earning between 80 and 120 percent of the area median income. (Matt Stensland, Special to The Colorado Sun)

Tourism promotion already has begun turning into tourism management, Ritter said, with one-time ad dollars now funding things like signs at trailheads, portable toilets and campaigns urging visitors to respect local landscapes. Now tourism ad dollars are being eyed to help ease housing issues and labor shortages.

"This has been a growing challenge for a long time for many of the most desirable destinations," said Ritter, who soon will open a sustainable tourism consulting company called Better Destinations. "It seemed like COVID would give these overheated destinations a chance to reset. But the pandemic just accelerated all these issues."

Ritter warns against a full rejection of tourism. Sustainable tourism, she said, is about finding the right balance between types of visitors, visitor numbers, natural resource capacities, local business capabilities and protecting the lifestyles that lured locals to the area.

"In so many ways, the pandemic has created all kinds of new forces that have thrown all these carefully constructed tourism economies out of whack and it's going to take a lot of work to find that new balance point," she said. "The risk for these communities dependent on tourism is when they step away from an industry that is a proven economy with no plan for replacing it."

Looking ahead for the next three to five years, part-time residents plan to stay in their homes for an additional 1.2 months in that span. Some are planning to become full-time residents, but that number is offset by the number of locals planning to leave in the next three to five years, the report found.

How the nation's businesses respond to the work-from-anywhere trend that exploded during the pandemic will resonate in mountain communities. If workers have to return to the office and kids go back to their home schools, mountain towns might see more newcomers returning to jobs in urban areas.

"That is a huge variable," Rees said. "A lot of people surveyed did not know if they were going to be able to continue working remotely. We will know how this all shakes out when kids go back to the classroom."

The report focuses on several ways to ease the housing crisis and labor shortage bedeviling mountain communities, all of them involving residents, business owners and local leaders working together.

First, communities should band together to lobby for policy shifts that would enable more access to state and federal housing funds. The report also urges communities to tax short-term rentals as commercial properties — not as residential properties, as they are now — and adopt new real estate transfer taxes for housing programs.

Visitors to Crested Butte, Colorado walk along crowded sidewalks on Elk Avenue, the town's mainstreet on June 19, 2021. With the lessening of COVID-19 restrictions and the arrival of summer vacation time, visitors are flocking to this small mountain town in record numbers. . (Dean Krakel, Special to The Colorado Sun)

One suggested solution is a vacancy tax "for homes that are underutilized," and another calls for charging second-home owners a higher property tax rate. The report suggests a secondary real estate market of deed-restricted homes available only to local employees. One idea is for communities to buy deed-restrictions on existing homes, much like a program Vail launched several years ago with a goal to convert 1,000 homes into locals' housing.

"I do think there is going to be renewed conversations about how we preserve our quality of life," the Northwest Colorado Council of Governments' Stavney said. "We can't do the shut-the-door-behind-us NIMBY thing when really, to preserve our quality of life and sustainable businesses, we are going to have to build our way through this."