The Mountain Migration Report

2021 | Are COVID Impacts on Housing & Services Here to Stay?

Northwest Colorado
COUNCIL OF GOVERNMENTS

Eagle, Grand, Pitkin, Routt, San Miguel & Summit Counties

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INTRODUCTION

Study Purpose

Since the COVID-19 pandemic escalated in March of 2020, national media reported an outflow of residents flocking from cities to high quality-of-life places such as the mountain resort communities covered in this report. Residents of these communities observed that their communities were busier—and consistently so, breaking the typical patterns of high and low visitation. But was the in-migration real? And what did we know about the people coming to these places who appeared more like residents than visitors? Was it only a COVID driven wave that would recede? How would it impact known community challenges such as workforce retention, affordable housing, rental stock and that mountain community holy grail that is quality-of-life? A desire for a better understanding of the answers to these and many other questions being asked led to this Mountain Migration report.

We listened to our membership through 2020, there was a sense among those reflecting already that the COVID Mountain Migration experiment might prove instructive, providing a glimpse ahead for those who drive policy. That idea was the origin of this report. To get it done, Northwest Colorado Council of Governments (NWCCOG) sought a partnership with Colorado Association of Ski Towns (CAST) to scope and fund this report. That partnership led to a grant from the Colorado Department of Local Affairs (DOLA), and funding from a recovery grant from the Economic Development Administration (EDA) to match dues from NWCCOG and CAST membership. NWCCOG is deeply appreciative of these partners, the many contributors listed in the Acknowledgements page and the amazing communities that we are honored to serve.

The findings of this report should help local leaders better understand current trends and motivate them to address evolving community needs. While the data was gathered from six Colorado mountain resort counties, the results should provide widespread insights for other high amenity places throughout the Mountain West. In Colorado, most solutions are local, but many of the impacts outlined in this report can only be addressed through regional and state-level cooperation, and in some cases structural changes to policy, practice and law.

Many public and private sector professionals have spent their careers on these issues, many of the communities studied have been "doing housing" for decades, and many are innovating in the housing sector right now, though, few are putting all options on the table. There is always that sticky matter of political courage and public resistance to change. We think this Mountain Migration trend reveals a tipping point for these communities that cannot be ignored.

We thought such a report without ANY suggestions would be a mistake. To that, NWCCOG and CAST would like to thank Wendy Sullivan and Melanie Rees, the consultants who we sought out for this work. The Possible Solutions/ Next Steps section at the end derived from their years of experience combined with input during this project. Although they tolerated edits and input from us as NWCCOG and CAST Executive Directors, the report is their work, and is intended as a tool for reference. It is not a reflection of the positions of either organization or our membership.

That said, we don't mind going out on a limb here. May this report be a wakeup 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 consequences are real.

Will some communities reach a tipping point of unfillable jobs that are necessary to sustain their reputations and quality of life? Will some communities be fully commoditized and lose their soul? The report notes that no place yet has "built their way out" of the issue. Is that possible? Does that mean that a community "couldn't?" There are many approaches to the issue. We recommend looking at each of them again.

We hope this report may provide some cover for bold elected officials partnering with others to propose such structural changes. Policies that made sense need to be reassessed, could include reviewing deed restriction language to address remote work, or recalibrating Area Medium Income limits because even locally employed professionals are being priced out. These are incremental, known things to tweak. Some things that were taboo may need to be put on the table, those could include inventorying all lands owned by public taxing entities for viability for affordable housing – school lands, oversized parking lots, and prized civic properties like adjacent federal lands and, (gasp) open space. There is open talk these days about whether STRs should be taxed as commercial properties? The conversation these days isn't all about local or state policies. What about federal lending practices that favor single family homes over multi-family developments? This is returning as an equity issue. Some states such as California have streamlined multi-family developments as a by-right development for affordable projects where density is not a public input point. Others states legislatures in the West are discussing abandoning single family zoning altogether. And then there is the question, where is that in the budget? Most solutions like public land banking, purchasing deed restrictions from existing residents cost money and often require additional taxes. For those who wish to open the barn door, break the glass (insert your metaphor here), there are no shortage of ideas being discussed somewhere out there today.

The countervailing challenge is this. People really like it up here because it isn't the city. Periods of intense growth pressure in mountain communities often result in a not-in-my-backyard backlash which creates resistance to the very actions necessary to address the challenges outlined in this report. Such reactions often impact attempts to create affordable housing more than they do higher-end projects. Whether this dynamic can be overcome will require considerable finesse, vision and community buy-in earned by community leaders. We applaud those who endeavor to do so.

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Northwest Colorado
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COLORADO
ASSOCIATION OF SKI TOWNS

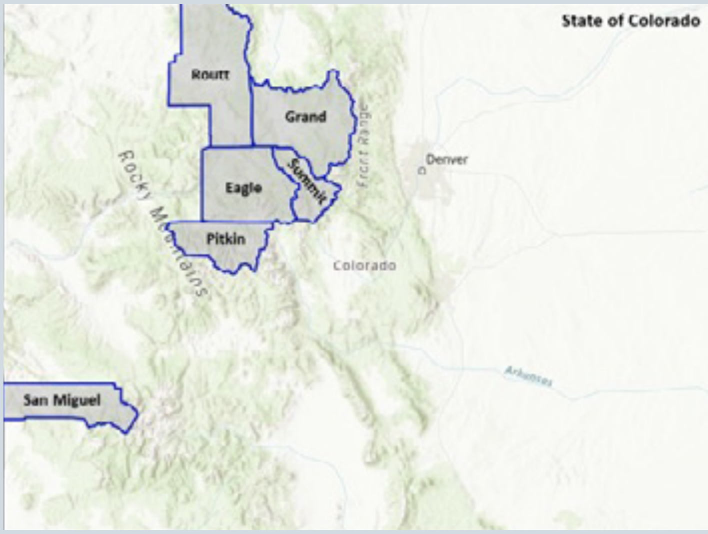
EDA
U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

COLORADO
Department of Local Affairs

Geographic Area

Aside from each county or municipality therein being members of NWCCOG and/or CAST, additional criteria were used to focus the study area to ensure that this analysis will have wide applicability to a variety of other amenity-rich communities throughout the west. First, high-profile resort communities are located in each county. These have long attracted investment from second homeowners and strong interest from visitors. On average only about 50% of homes are occupied by full-time residents in the entire study area, with the rest being owned and occupied by part-time residents, investment buyers, and visitors. Second, each county differs in its relative accessibility from population centers, with some being easily accessible from the more urban Colorado Front Range cities and others being relatively isolated. This leads to variability among these counties, reflected in other unique factors such as each county's demographic, economic, and visitor profiles. Communities not directly included in the study should, therefore, be able to reference a county or combination of counties that best resemble their area to get a picture of the most applicable migration profiles presented in this report.

This study includes six counties within the NWCCOG and CAST network:
Eagle County, Pitkin County, Summit County, Routt County, Grand County, and San Miguel County.



Methodology

ONLINE RESIDENT SURVEY

The resident survey conducted as part of this study provides the core information presented in this report. The survey was distributed with significant local assistance to reach full-time residents, part-time residents, and new residents. Nearly 5,000 responses were received, about one-fourth of which were from part-time residents, as summarized in the table below.

RESIDENCY STATUS	COUNTY						
	Eagle	Grand	Pitkin	Routt	San Miguel	Summit	TOTAL
Full-time	508	769	254	400	496	1,048	**3,475**
Part-time	91	446	192	64	62	380	**1,235**
TOTAL	**599**	**1,215**	**446**	**464**	**558**	**1,428**	**4,710**

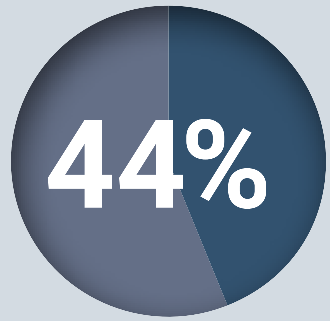
Reaching the desired mix of respondents required a diverse outreach plan. The survey was advertised through local media and newspapers and distributed with the cooperation of local boards of REALTORS®, school districts, water and utility billings, chambers of commerce, and local non-profits, among other avenues, as indicated in the Acknowledgements section.

Results were weighted to coincide with the proportion of total full- and part-time resident households that each county comprises in the study region. Given that the purpose of the study was to gauge differences in home usage and service needs in the community based on residency status, other weighting was not applied. The demographic profile of respondents is provided in the Appendix.

Survey results are primarily reported based on the residency status of respondents, as follows:

- **PART-TIME RESIDENT:** include respondents that reported that they do not live in their respective county on a full-time or primary residence basis. Part-time respondents predominately reside in their respective mountain county for 6-months or less each year (90%).
- **FULL-TIME RESIDENT:** include respondents that reported that they live in their respective county on a full-time or primary residence basis. Full-time respondents predominately reside in their respective mountain county for more than 6-months each year (91%).
- **NEWCOMERS:** include respondents that started residing in the area as a full- or part-time resident within the past two years. Forty-four percent of newcomers did not spend time in their respective mountain county on a regular basis prior to the COVID outbreak in 2020.
- **LONG-TIMERS:** include respondents that have resided in their respective mountain county for ten years or more either full-time, part-time, or both.

Significant differences that were observed by county are also noted.



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PROPERTY MANAGERS, REAL ESTATE AGENTS & HOUSING MARKET DATA

Interviews were conducted with nine property managers throughout the six counties. A focus group was conducted with eight real estate agents representing each county within the study area. The purpose was to gather housing market changes (prices, availability and competition), gain insights into changes in unit use, such as from year-round rentals into short-term rentals, and understand new resident motivations, preferences and needs. Housing market analyses from Land Title Guarantee Company, the predominant title company for each county in the study area, provided the housing sales data presented in this report.

OTHER LOCAL DATA

Discussions with various water and sanitation districts, school districts, chambers of commerce, and tourism boards and districts were conducted to identify various local indicators that communities in the study area were tracking to try to understand changes. This research led to compilation of several indicators presented in this report, including sales and lodging tax collections, vacation rental occupancy through DestiMetrics and Key Data tracking systems, and water usage and wastewater data. It is important to note that the scope of this report did not attempt to capture information about traditional tourism or visitors.

Base Survey Data is available only to members for CAST and NWCCOG upon request.

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SUMMARY OF KEY FINDINGS

Key Findings

Have part-time residents changed the amount of time they spend in the region?

The short answer is yes. About one-fifth did spend more time in their part-time residence in 2020. Interestingly, however, about an equal number spent less time, effectively balancing out their impacts over the year.

This does not mean that the impacts of part-time residents that increased their stay was not felt. Many did so during periods when they have typically been elsewhere and, therefore, did help to boost sales tax collections and contribute to the busier-than-usual feeling in most communities during typically slower times of the year (i.e., mid-week and fall months).

There was much speculation before this study that the increased crowds, parking impacts, and other effects of having more people than typical in these communities was due primarily to part-time owners occupying their homes. While part-time residents were a contributor, the greater population surge and the crowds about which so many residents commented were instead caused by a combination of:

- Newcomers moving in and either buying or renting;
- Growth in the demand for and use of homes for a month or season;
- Visitors who stayed in lodging, short-term, and mid-term rentals, or camped with many others in the backcountry;
- Residents and visitors alike staying for consistent and longer stretches, rather than coming up only on the weekends or during holidays, thereby flattening out the typical peaks and valleys in visitation during the week and certain times of the year;
- Year-round residents traveling out of the area less frequently during COVID;
- Day trippers and drive-in traffic seeking relief from COVID isolation; and, also,
- Part-time residents occupying their homes.

This surge illustrated yet another impact of the strong part-time and visitor occupancy of homes in these counties. With currently only 50% of housing units in the study area being occupied by full-time residents, the influx of more owners and visitors staying in part-time homes and short- and mid-term accommodations can, in theory, allow the population in the area to double seemingly overnight; and this does not include visitors that may be in commercial (hotel) lodging units. This, for example, occurred in Telluride last fall when the total population in town was about twice the resident population of 4,145 people.

With currently only 50% of housing units in the study area being occupied by full-time residents, the influx of more owners and visitors staying in part-time homes and short- and mid-term accommodations can, in theory, allow the population in the area to double seemingly overnight; and this does not include visitors that may be in commercial (hotel) lodging units.

When stays are increased and extended over longer periods of time, as occurred during COVID, the stress on the community and infrastructure is felt by all.

Do part-time residents have plans to permanently relocate?

Part-time residents expect to increase the time they spend in their homes by an average of 30% (1.2-month increase) in 2022 to 2025 from pre-COVID averages. A small percentage, however, plan to become full-time residents, which are largely offset by plans of full-time residents to leave the area or reduce the time they spend in the county.

Newcomers are also mixed, with some stating that they will move out of the county and others hoping to buy a home in the county. About 18% are uncertain.

Evaluating the motivations for newcomers and part-time residents to move to or spend more time in the area sheds light on factors that will influence their staying power:

> Part-time residents expect to increase the time they spend in their homes by an average of 30% (1.2-month increase) in 2022 to 2025 from pre-COVID averages.

- Changes in employer remote work policies. Home is now the workplace for most newcomers and part-timers. One-half of newcomers were motivated to spend more time in the area because they could work remotely. About 20% who work remotely are uncertain about their ability to do so in the future, pending remote worker policy changes by their employer.
- Concerns about COVID and, to a lesser extent, civil unrest. Safety/security was one of the most important considerations among residents when choosing where to live. Newcomers will stay and more people will want to move in should the pandemic continue and possibly worsen.
- The availability of housing stock to absorb newcomers. The housing shortage is felt by all. Newcomers earn much higher incomes and are in a stronger position to compete for homes than are existing residents who make their living in the community. As raised in more detail below, however, for sale inventory is at historic lows and rental inventory is largely non-existent, meaning that even newcomers cannot acquire housing if it is not available. The housing crisis is at a peak.

Are residents working remotely, employed locally or retired?

The location neutral, or remote, worker is a trend that was already occurring, which the pandemic rapidly accelerated. It is also a trend that will continue to make mountain towns popular places to live for location neutral workers.

Over half of all newcomers, full-time residents, and part-time residents surveyed include at least one person who works at home. About 60% of newcomers and 70% of part-time residents work for an employer outside of the county, compared to about one-fourth of full-time residents.

This accelerated location-neutral worker trend brings potentially positive changes, but also brings some challenges:

- Rising interest from location neutral workers to relocate to the mountain communities has the potential to bring more economic diversification. New location-neutral worker residents earn more and can spend more at local businesses. Their incomes are not tied to employment generated in the mountains. If the ability for location neutral workers to work from home changes, instead of leaving the community to again commute to their job, some may instead choose to stay in the community, increasing the entrepreneurial potential in these communities.

About 60% of newcomers and 70% of part-time residents work for an employer outside of the county, compared to about one-fourth of full-time residents.

- In addition, with more residents to support local businesses, shifting economic priorities for some communities may be on the horizon. For example, tourism marketing and expenditures focused primarily on the visitor experience may become less of a need, with increased focus on capital projects that support livability and quality-of-life improvements for new residents. Visitors may always anchor the resort economy, but as these communities add year-round residents, tourism may become a less dominant economic driver.

- On the other hand, finding employees to fill resident and visitor service jobs necessary to maintain a community will likely become even more challenging. Incoming location-neutral workers will not be filling local jobs and will outcompete local workers for housing. This hurts the ability for local businesses to find, keep, and attract employees, lowering the level and quality of services they can provide to residents and visitors alike. 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.

Will the sharp rise in home prices and high demand for housing continue & what does this mean for residents holding local jobs?

The ability for people working in these mountain towns to live in the same communities as they work took a big hit from the pandemic. Housing availability and affordability, which were by no means new problems, became significantly worse.

- Home prices reached record highs.
- Rents increased 20% to 40% in one year.
- Availability of homes for rent and purchase plummeted to critical levels in many communities.
- Newcomers with significantly higher incomes than year-round residents more often won the competition for scarce housing units.

Some correction is possible for home prices and rents; however, the wide perception among area real estate agents was that the high-demand, short supply housing market is here to stay, at least for a while. Construction activity picked up, but current activity levels cannot produce anywhere near the rate nor volume to meet the demand. The shortage in construction labor and building materials, lack of developable land, topography constraints, and limited infrastructure capacity are just a few of the limiting factors. It is widely recognized that these communities have been unable to build their way out of this problem.

Home prices in mountain towns tend to be more volatile than in diversified urban areas, as witnessed during the Great Recession of 2008, when downward adjustments were significant. Given how far prices have moved beyond levels affordable for locally employed residents, however, property values would need to plummet further than they did during the Great Recession to bring affordability back for local workers in these communities. It seems unlikely that prices will correct to the extent that year-round residents will be able to purchase market homes or compete with part-time renters and newcomers for rental housing. In most communities in the six-county region this is already the case, where the only housing that the majority of local employees can afford are homes that are deed restricted for local workforce occupancy and/or price limited. There are fewer and fewer full-time residents employed locally that will be able to afford free market construction if trends continue.

The negative impacts on housing affordability and availability were recognized by newcomers, long-time residents, and part-time residents to almost the same extent as full-time residents. With the increase in the severity of the problem and the widespread acknowledgment of it, now is the time to mobilize governments, communities, and regions to strengthen, broaden, and reinvent workforce housing polices, programs, and efforts.

The rising focus of residential units being used as employment centers by location-neutral workers presents new challenges for the traditional housing programs implemented in many of these communities. Innovative strategies to increase the supply of deed restricted homes that are limited to occupancy by persons who are employed in local businesses allow local workers to compete against the strong outside demand for housing in these amenity-rich communities. Practices protecting those deed restrictions are clearly needed to fill local jobs, support the economy, and sustain communities. The "Next Steps" section of this report presents several concepts for consideration.

Do community service needs differ among existing and new residents and what are their priorities?

One purpose of this study was to evaluate if significant shifts in current community service priorities would occur as new migrants came to the area and some part-time residents increased their time in their homes.

Results indicate that there is not much difference in community and business service priorities and needs among newcomers, full-time, and part-time residents. Full-time residents may use s ervices more frequently, but all residents report a similar need for each service. Interestingly, part-time residents generally feel that existing services are higher quality than do full-time residents.

The results indicate that communities do not need to make significant changes to the way they deliver basic services to their residents, but they will need more of the same if increased home usage continues and newcomers keep coming. Providing higher levels of services to meet the larger population should be the focus rather than necessarily providing different or new services.

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UNDERSTANDING CHANGES IN HOUSING OCCUPANCY

The number of homes occupied by full-time and part-time residents was higher in all counties in the study area in June through December 2020 compared to the prior year. The scale of this increase and whether increased home occupancy by part-time residents in particular are here to stay are larger questions that this section seeks to address.

This section first summarizes several indicators that communities in the study region have been tracking to varying degrees to better understand changes experienced during the COVID pandemic in 2020. The indicators presented herein – sales and lodging tax collections, vacation rental occupancy, and water usage and wastewater data - all point to increased occupancy of homes by residents in the summer and fall of 2020, after COVID-19 public health restrictions were put into place at state, county, and local levels in the region.

This is followed by information from the resident survey to understand more specifically how much more time residents spent in their homes, future resident plans, and motivations behind occupancy changes.

Sales & Lodging Taxes

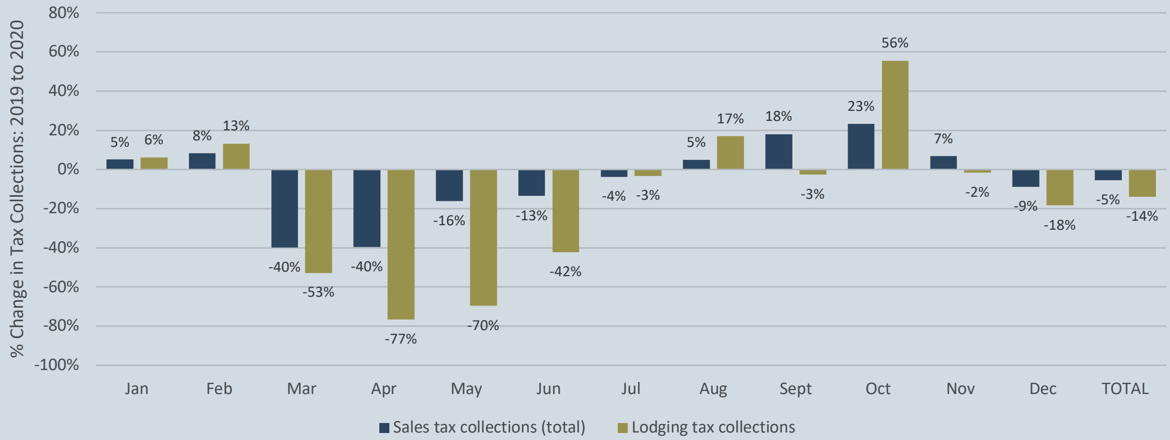
Despite COVID-19 restrictions that were tough on businesses, the counties and communities in the six-county study area experienced less negative effect on sales taxes than anticipated, with some areas showing sales tax gains from the prior year.

Overall, for the region sales[1] taxes declined by about 5% in 2020 compared to 2019. As illustrated in the following chart, sales tax collection changes varied throughout the year:

- The largest negative impact occurred in March, when COVID-19 public health orders closed or decreased capacity for many businesses, including in particular restaurants, hotels/short-term rentals, and retailers. This impact was felt throughout the spring.
- Some recovery and positive gains occurred throughout the summer as public health were orders lifted, lodging occupancy permissions were increased, and businesses reopened.
- Collections again dropped into the late fall when COVID cases started rising and tighter restrictions were again put into place in many counties.

[1] Sales taxes by month were consolidated for the region and included collections for five of the six counties, plus many of the primary resort communities in each county for 2019 and 2020 tax years. Routt County and Steamboat Springs; Summit County and Breckenridge, Frisco and Silverthorne; Eagle County and Vail; Pitkin County and Aspen and Snowmass Village; Winter Park in Grand County; and San Miguel County and Telluride.

PERCENTAGE CHANGE IN SALES & LODGING TAX COLLECTIONS
Six County Region • 2019-2020



Source: Town and County Finance Departments, Sales Tax Reports

The hardest hit tax collection sectors included businesses with a higher reliance on tourism and visitor traffic:

- Lodging tax collections were down about 14% in total for the region and as much as 40% in some areas. Residential vacation rental collections, where tracked separately from commercial lodging (e.g., hotels, etc.), and were much less impacted, with some communities reporting increased 2020 collections (e.g., Frisco, Breckenridge, Vail); and

- Bar/restaurant collections falling 20% or more were not uncommon.

Sectors that tend to be more impacted by resident spending, including essential businesses which stayed open throughout the pandemic, were more likely to show collection gains. This includes, for example, grocery and home improvement/construction. If the migration persists these trends are likely to continue.

Online tax collections were able to begin in November 2018 in Colorado, although many communities did not receive distributions until well into 2019 after 2020 budget revenue projections were established. This unpredictable windfall from the Wayfair Supreme Court decision was timely during the COVID year. The increases will be predicted and absorbed in upcoming years. The ability to collect online sales taxes helped make up for declines from local business collections. As online sales continue to weaken main street businesses it will be interesting how it plays out over time for Colorado communities which are largely dependent on sales tax to provide many basic services.

Finally, liquor and marijuana sales were generally up in every county and community, attributed to a mix of resident and visitor spending. This could be simply a COVID isolation bump.

Vacation Rental Occupancy

Information was available for five of the six counties in the study area that track lodging occupancy stays for a portion of the professionally managed commercial and residential vacation properties.[2] Overall, the below information substantiates the perceptions by residents that more part-time residents were occupying their homes in the summer and fall of 2020 compared to 2019.

Paid stays by visitors can be differentiated from unpaid stays, which typically means owners and/or friends/family of owners are occupying the unit.[3] In general, increases in unpaid stays decreases the availability of units for visitors and impacts lodging tax revenue. Longer-term part-time resident use of units also impacts infrastructure, traffic, parking, services, and many other factors, as discussed later in this report.

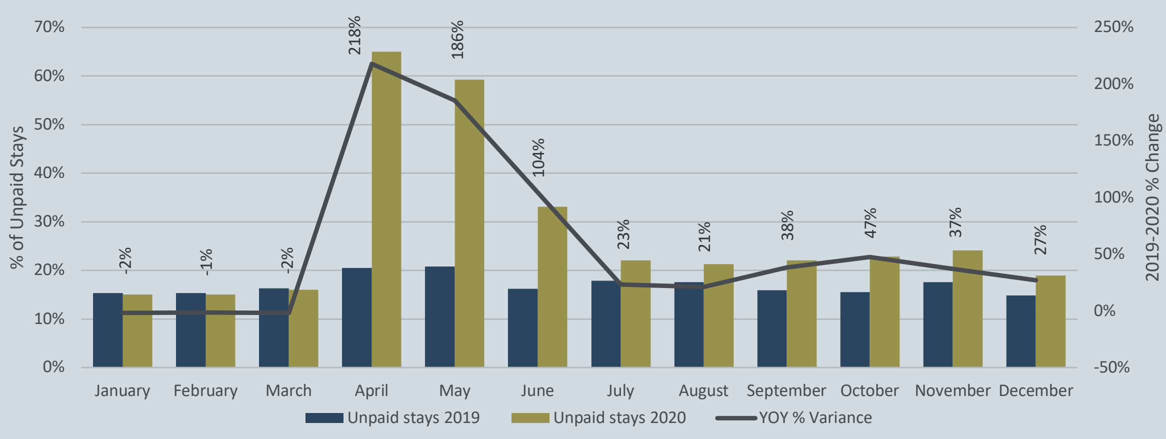
Eagle, Routt, Pitkin, and Summit counties collect occupancy data for approximately 67% (10,225 units) of the professionally managed inventory in the four-county region utilizing DestiMetrics. For purposes of this study, Inntopia compiled this information and evaluated the percentage of total stays that were due to unpaid (or owner) stays in 2019 compared to 2020. As shown below:

- Unpaid stays as a percentage of total lodging stays showed a dramatic increase beginning in April 2020, with increased owner stays lasting through December 2020. The large increase in April was due a combined reduction in total stays (due to lodging occupancy restrictions beginning in March) and a rise in owners occupying their units.
- The percentage of unpaid stays decreased in mid-summer as lodging occupancy restrictions were reduced and more paying visitors returned, but still remained 20 percent higher through the summer than in 2019.
- Unpaid stays were over 30 percent higher in September through November compared to 2019, contributing to the more crowded feel of the mountain communities during this period when visitors typically decline.

Each of the four counties follow a similar pattern, just with different degrees of change throughout the year. Generally, the trend is most pronounced in communities that are more isolated from a combination of urban center or major interstate access (e.g., Pitkin County) and less pronounced in more readily accessible communities (e.g., Eagle and Summit Counties).

PERCENTAGE OF TOTAL STAYS THAT ARE UNPAID STAYS IN PROFESSIONALLY MANAGED VACATION UNITS*

Eagle, Pitkin, Routt & Summit Counties • 2019-2020



Source: Town and County Finance Departments, Sales Tax Reports

The Telluride area in San Miguel County followed a similar pattern as well. About 63% (over 1,000 units) of professionally managed lodging in the Telluride area in San Miguel County is monitored through the Key Data system by the Telluride Tourism Board. Unpaid (i.e., owner) stays of non-commercial units increased from 2019 levels beginning in June through December 2020. The percentage of units occupied by owners increased by about 40% in September and November and near 50% in October and the typical peaks and valleys associated with visitor fluctuations throughout the week flattened out.

[2] Confidentiality concerns limit the level of detail that can be presented from this information, but permitted data and summaries are presented in this section.

[3] While unpaid stays typically means that the unit is occupied by the owner and/or friends/family, the unit may also be vacant or occupied by an unreported renter. This measure is an indicator of increased owner usage rather than a definitive count.

Water Usage

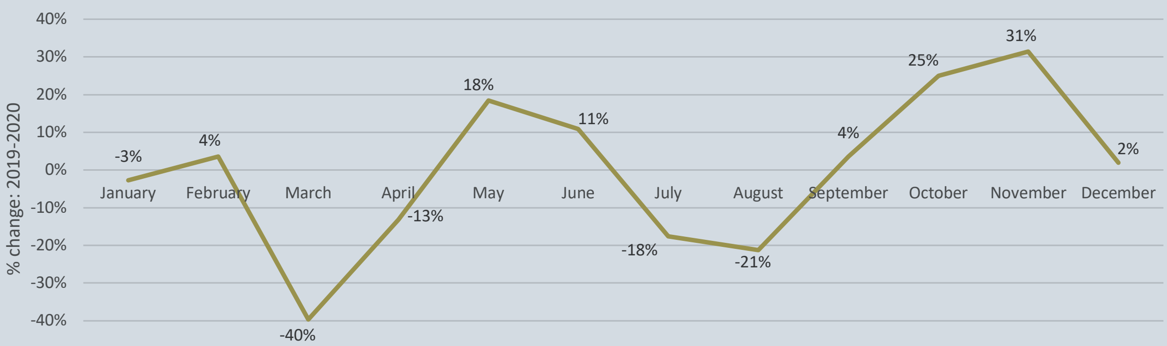
Many communities do not track water usage as a data point for community policy and planning; one exception is Telluride.

The Telluride Tourism Board monitors wastewater data and associated daily population estimates that are provided by the Telluride Regional Wastewater Treatment Plant. While estimating population from wastewater information is not a simple task, with many complicated variables to consider, with diligent wastewater tracking and proper adjustments, population estimates can be made.

Based on tracking wastewater volumes, the average daily population in the Telluride treatment area in October and November 2020 was 25% to 31% higher than in 2019. It is estimated that 1,600 units, in addition to full-time resident homes, were occupied during October. Assuming an average 2.6-people per unit, the population in the area in October 2020 was about twice the resident population of 4,145 people. Key Data visitation information, presented above, indicates that a significant proportion of the population rise was due to more owners occupying their homes.

PERCENTAGE CHANGE IN MONTHLY POPULATION

Telluride Wastewater Treatment Area • 2019-2020



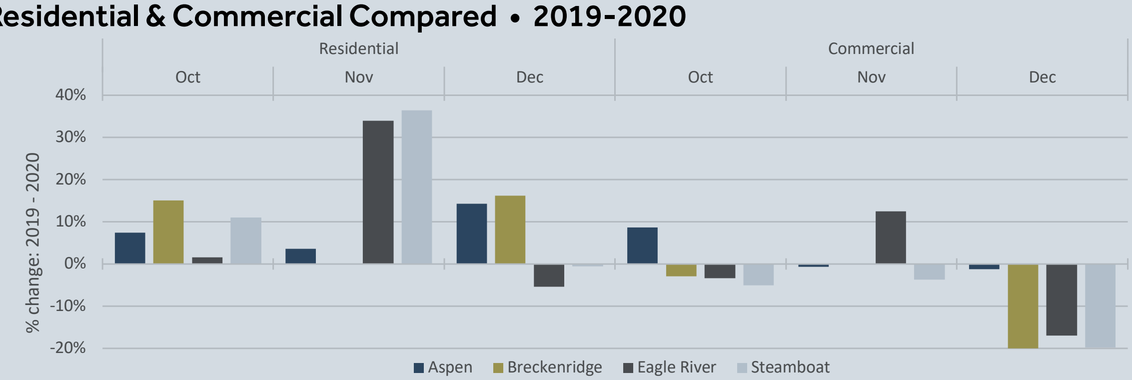
Source: Telluride Tourism Board, Telluride Regional Wastewater Treatment Plant

Water usage can also be used as an indicator of residential occupancy and commercial use; however, it has limited utility to provide a clear narrative during high-irrigation periods. Comparing water usage in 2019 and 2020 for communities within Pitkin, Summit, Eagle and Routt counties during the low irrigation months of October, November, and December exhibits a similar trend as that noted for Telluride, above.

Residential water usage was up in most communities during this period and down among commercial users. November had the largest increase in residential water consumption, which is typically a low visitation month. December had the greatest drop in commercial water use.

PERCENTAGE CHANGE IN WATER USE BY MONTH

Residential & Commercial Compared • 2019-2020



Source: City of Aspen, Town of Breckenridge, Eagle River Water and Sanitation District, City of Steamboat Springs

Change in Resident Occupancy of Homes

The indicators presented above do not indicate whether increased usage of homes by part-time residents will continue. To understand future resident plans, survey respondents were asked a series of questions regarding the estimated amount of time that they spent in their homes in each respective county in 2019 pre-COVID and 2020, expected use this year (2021) and anticipated use in the next few years (2022-2025). This was followed by questions on home use pattern changes that occurred in 2020 and how they expect their residency in the county to change in coming years.

All residents on average have increased time spent in their respective county and expect to continue a higher rate of usage of their homes. Existing and future home usage varied, however, depending upon the residency status of respondents. This includes new residents who moved to a county in the study area within the past year, existing part-time residents, and existing full-time residents. As shown below:

- New residents expect to reside in their respective county for close to 9-months per year on average this year and in future years, increasing their time spent in the county pre-COVID by over 6-months. About 44% of new residents did not spend any time in their respective county on a regular basis pre-COVID.
- Even though 17% of part-time residents increased their time in their county home in 2020 for an average of about 3-months, about 20% decreased their time in county since 2019. As a result, part-time residents showed little change in their average length of stay in total last year (0.1 months). Looking ahead, however, part-time residents expect to increase their time in their county home by about 30% (1.2-months) by 2022-2025.
- Full-time residents showed little change in home occupancy and expect to continue to reside in county for over 11-months per year on average.

Part-time residents in five of the six counties also expect to increase their stay by about 30% by 2022-2025 from pre-COVID stays, which is consistent with the region overall. Part-time resident respondents in Routt County, however, indicated potentially doubling their average time in the county to about 6-months on average by 2022-2025.

ESTIMATED LENGTH OF STAY IN COUNTY HOME (MONTHS)

ESTIMATED LENGTH OF STAY	NEW RESIDENTS* (<1 year)	FULL-TIME RESIDENTS	PART-TIME RESIDENTS
Pre-COVID	2.5	11.0	3.6
Year 2020	4.9	11.4	3.7
Current year (2021)	8.8	11.4	4.1
Future years (2022-2025)	8.9	11.2	4.8
Net change: pre-COVID to 2022-25	6.4	0.2	1.2

Source: 2021 Mountain Migration Survey

**New residents are differentiated from "newcomers" in that these are residents that moved within the past year. Newcomers moved within the past two years (see definition on page 3). New residents may have spent time in the area on a regular basis as a visitor, but not a part-time or full-time resident, which is why "pre-COVID" is not 0.*

The motivation for residents to alter their time in the study area also varied – COVID was not the sole reason. Residents were asked whether certain COVID-related or civil unrest factors affected resident travel and occupancy in 2020. As shown below:

- The ability to work remotely was a larger factor for newcomers (49%) and part-time residents (36%) to spend more time in the county than COVID contagion risks and concerns about civil unrest combined.

- Residents that increased their time in the study area in 2020 were more likely to cite each of the below factors as influencing their decision. The ability to work remotely (50%) and COVID contagion risks (44%) were most common. Civil unrest influenced a lower 15% of respondents.

Finally, respondents were asked whether they expect to change their residency status (e.g., from part-time to full-time, full-time to part-time, leave the area, etc.) within the next three years. As shown below:

- Newcomers are more likely than other residents to make changes in the coming years, but the changes are relatively mixed. About 8% indicated they will leave the county and 16% desire to purchase a home in the county. About 18% are unsure.

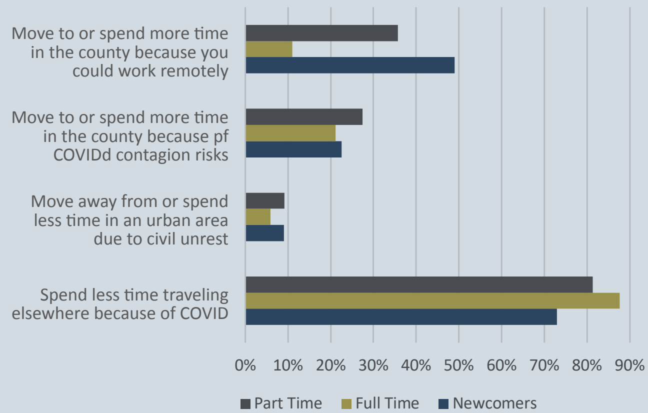
- Most part-time residents will remain part-time; however, about 9% desire to become full-time residents. Another 12% are unsure.

- Of full-time residents, about 6% plan to leave the county and 8% desire to buy a home.

Results are fairly consistent across all counties in the study area, with part-time residents being more likely to indicate they will become full-time residents in Grand and Routt counties.

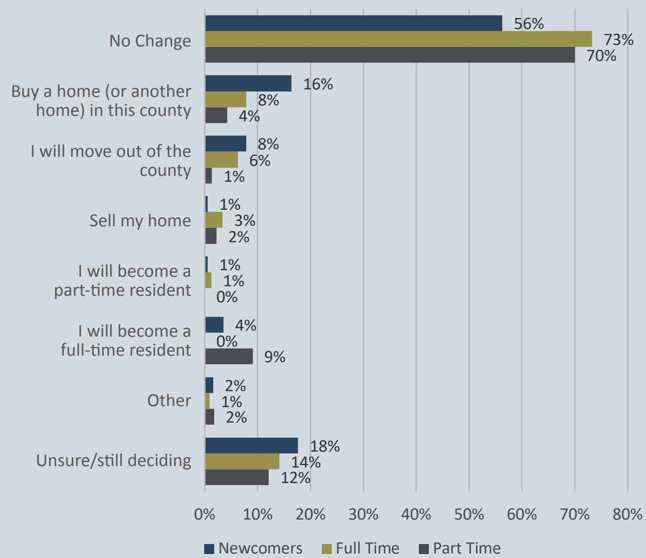
Responses from full-time residents that rent shows the relative instability and uncertainty of renters in the study area. Renters are much more likely to leave, desire to buy a home, or be uncertain of future changes.

TRAVEL & RESIDENCY CHANGES RELATED TO COVID



Source: 2021 Mountain Migration Survey

HOW DO YOU EXPECT YOUR RESIDENCY IN THE COUNTY TO CHANGE OVER THE NEXT 3 YEARS?



Source: 2021 Mountain Migration Survey

HOW DO YOU EXPECT YOUR RESIDENCY IN THE COUNTY TO CHANGE OVER THE NEXT 3 YEARS?

FULL-TIME RENTERS	
I will move out of the county	17%
Buy a home (or another home) in this county	32%
No change	35%
Unsure/still deciding	28%

Source: 2021 Mountain Migration Survey

The primary motivating factors for the changes or indecision noted by residents included:

- Housing reasons (30%). This encompassed both sides, from those looking to cash in, move in, or purchase homes to those being unable to afford to rent or purchase, having a lack of housing opportunities or inventory, and housing uncertainty and instability for those working locally;
- Job, retirement, age/health or other family changes (30%);
- Undesirable changes or conditions in the county, mostly related to growth over the years (15%); and
- Enjoyment of the area and a desire to stay (15%).

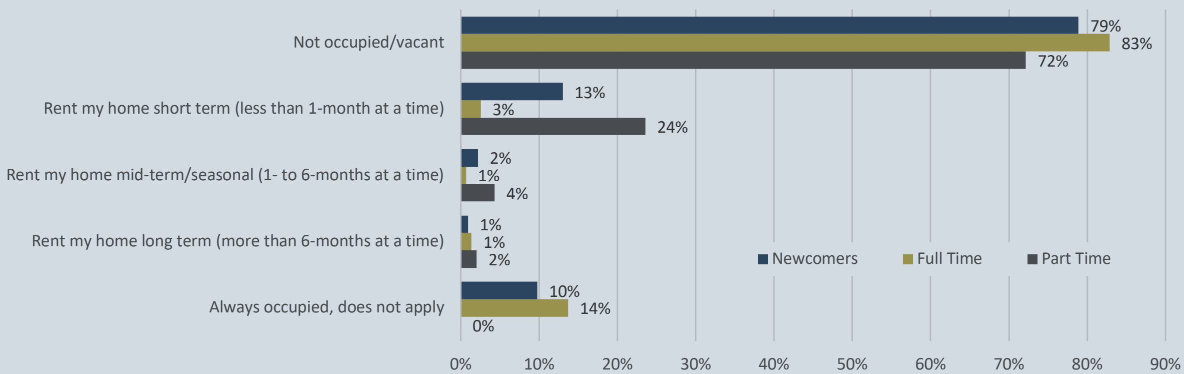
Lesser factors included financial conditions and cost of living, uncertainty about COVID and related concerns, and the climate/cold winters.

Use of Homes

The majority of homeowners use the property themselves or for friends and family at least part, if not all, of the time. When homes are not in use:

- Part-time residents (24%) and newcomers (13%) are much more likely than full-time residents (3%) to lease their homes short-term (less than one month at a time).
- A small percentage of part-time owners rent their home mid-term for more than 30 days (4%), and a handful lease homes long-term for 1- to 5-months.
- Usage was similar across all counties in the study area, with the exception that part-time residents are more likely to lease homes short-term in Pitkin County (32%) and less likely in Eagle County (11%). Mid-term was more prominent in San Miguel County (11%).

WHEN YOU AND YOUR FRIENDS/FAMILY ARE NOT OCCUPYING YOUR HOME, HOW IS IT TYPICALLY USED?



Source: 2021 Mountain Migration Survey

Over the next three years, another 8% of part-time owners and 4% of newcomers anticipate also renting their homes short term.

HOW WILL THE USE OF YOUR HOME CHANGE OVER THE NEXT 3 YEARS?

	PART-TIME	FULL-TIME	NEWCOMERS
Rent my home out short-term	8%	1%	4%
Rent my home out long-term	2%	1%	2%

Source: 2021 Mountain Migration Survey

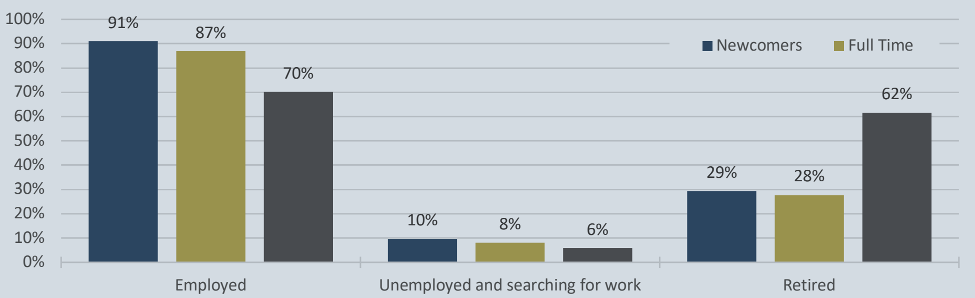
4 RESIDENT EMPLOYMENT PATTERNS

With the increase in residents occupying homes, it is important to understand whether residents are working remotely, employed locally or retired. The source of employment can affect the potential stability of new residents and the extent to which remote work policy changes may impact their ability or desire to stay. It also impacts the local sustainability of businesses and their ability to keep and attract employees if, for example, new residents with outside employment or retired part-time residents are displacing local employees that fill jobs.

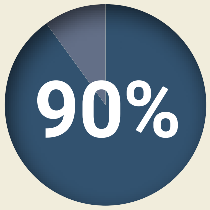
Employment Status

The employment status of newcomer households is more similar to full-time resident households than part-time, with about 90% of households having at least one employed person. Part-time residents are much more likely to have at least one retired person in their household than other residents.

EMPLOYMENT STATUS OF RESIDENT HOUSEHOLDS



*Source: 2021 Mountain Migration Survey • *Multiple select question, meaning that percentages add to over 100%*



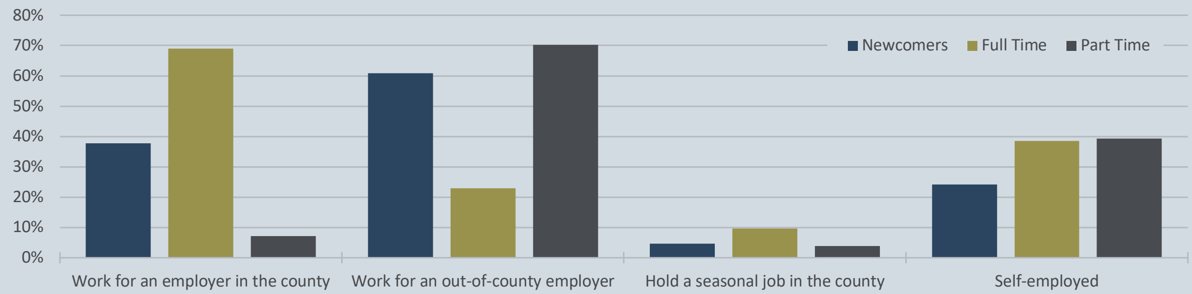
Ninety percent of newcomer and full-time resident households have at least one employed person.

Employment Location

Potential changes in remote working policies may affect newcomers more so than other residents. Newcomers are mostly employed by an out-of-county employer and are less likely to be self-employed than full-time or part-time residents.

Employment location patterns were relatively consistent across all counties in the region, with the exception that full-time residents in Routt and Grand counties were slightly more likely to have a household member working for an out-of-county employer.

SOURCE OF EMPLOYMENT FOR RESIDENTS



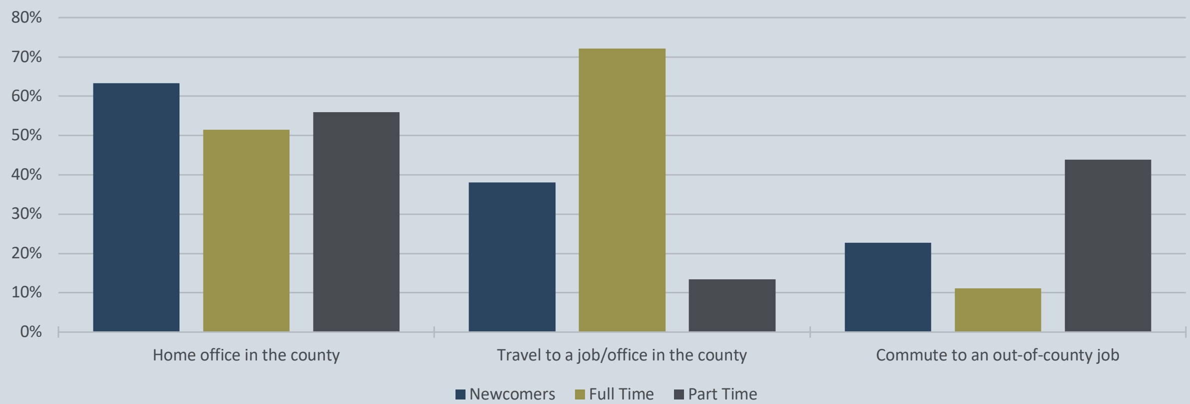
*Source: 2021 Mountain Migration Survey • *Multiple select question, meaning that percentages add to over 100%*

Over 50% of all households have someone working from home. Newcomers are more likely than other residents to have a household member working from a home office.

The majority of full-time households have at least one person who commutes to a job in the county. With the high proportion of visitor service, retail, bar/restaurant, and lodging jobs in the study area, not to mention construction, many full-time residents have jobs that require at least some, if not all, of their work to occur at their place of employment.

Over fifty percent of all households have someone working from home.

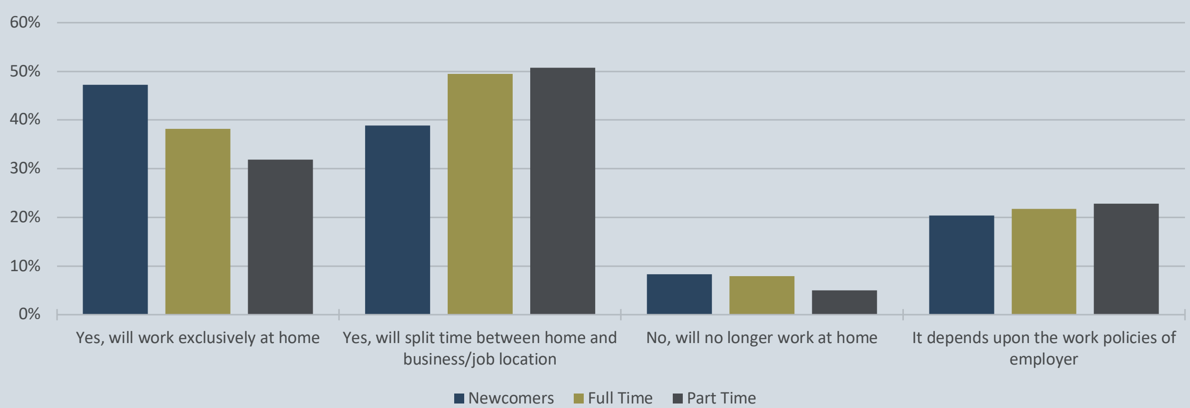
DO RESIDENTS COMMUTE TO A JOB OR WORK FROM HOME?



*Source: 2021 Mountain Migration Survey • *Multiple select question, meaning that percentages add to over 100%*

Most respondents expect to be able to continue working from home. About 20% indicated, however, that it depends upon work policies of their employer. Changes in work policies is a key factor that can impact how many new and part-time residents can stay in their respective county and for how long.

WILL RESIDENTS CONTINUE TO WORK FROM HOME IN 2022-2025?



Source: 2021 Mountain Migration Survey

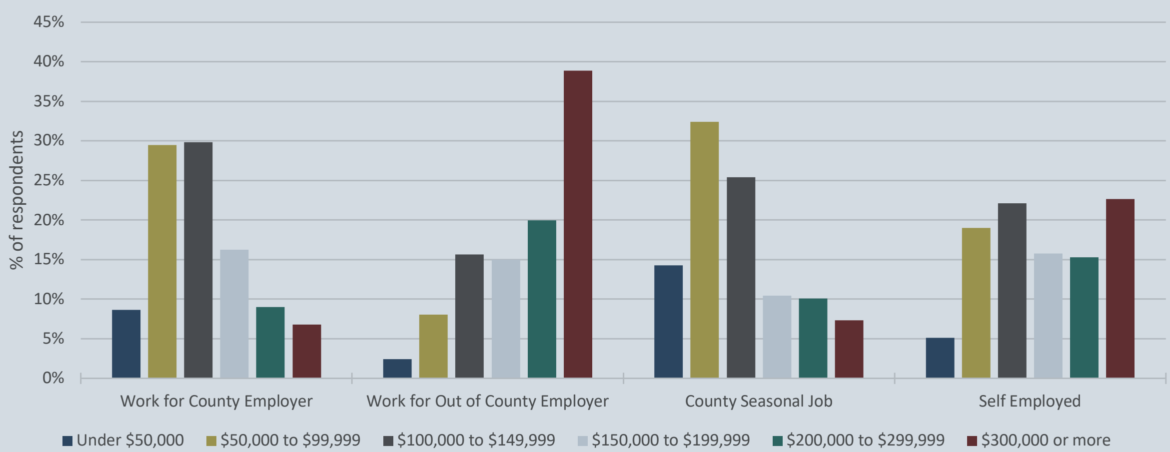
Household Income by Employment Location

The household incomes of residents who work in local county jobs compared to residents who work for out-of-county employers illustrates the extreme difficulty that residents employed locally have when competing for homes with newcomers and part-time residents. As shown below:

- The majority of households working for county employers within the study area earn under $150,000 per year (70%).
- Households working for out-of-county employers, which predominately include newcomers and part-time residents, mostly earn over $150,000 per year (75%).

In other words, the majority of full-time residents employed locally cannot successfully compete for housing when escalated demand and prices are driven by households earning much higher incomes.

GROSS HOUSEHOLD INCOME BY EMPLOYMENT TYPE/LOCATION



Source: 2021 Mountain Migration Survey

5

HOUSING MARKET IMPACTS

The COVID pandemic rapidly accelerated trends that have been going on for years in amenity rich mountain communities. Prior to COVID-19, the housing markets in the six-county study area were already in a state of too much demand for too little supply, resulting in fast rising prices. High part-time resident demand for homes, visitor demand for vacation rentals, and investment buyers were all competing for the scarce housing inventory with residents who make their living locally. The increased housing demand fueled by the ability to work from home and, to a lesser extent, COVID fears and civil unrest, has further added to this competition, causing an explosion in home prices and plummeting inventory.

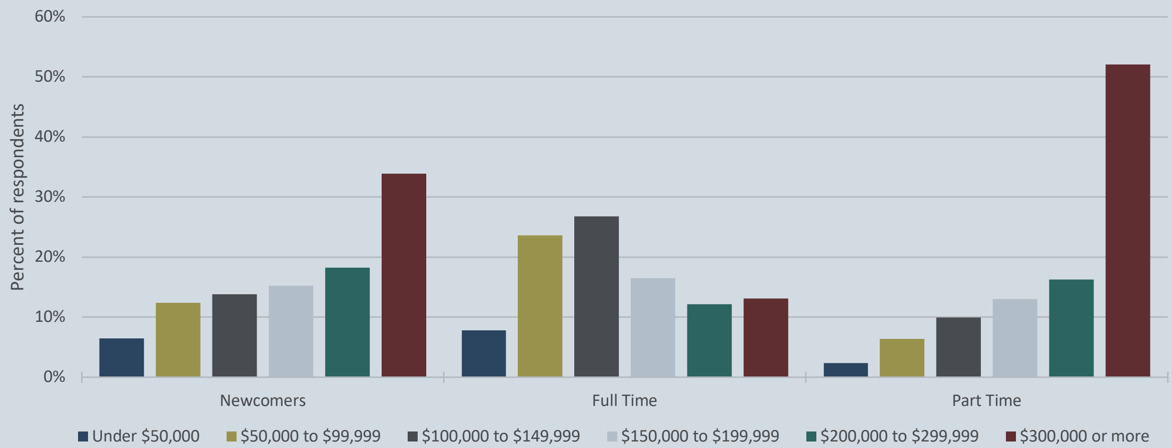
The below chart illustrates the income disparity between full-time residents who fill local jobs and newcomers and part-time residents, who primarily earn their living elsewhere:

- Close to 70% of newcomers and 80% of part-time residents have household incomes over $150,000 per year.
- In contrast, 60% of full-time residents earn under $150,000 in household income per year.

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.

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.

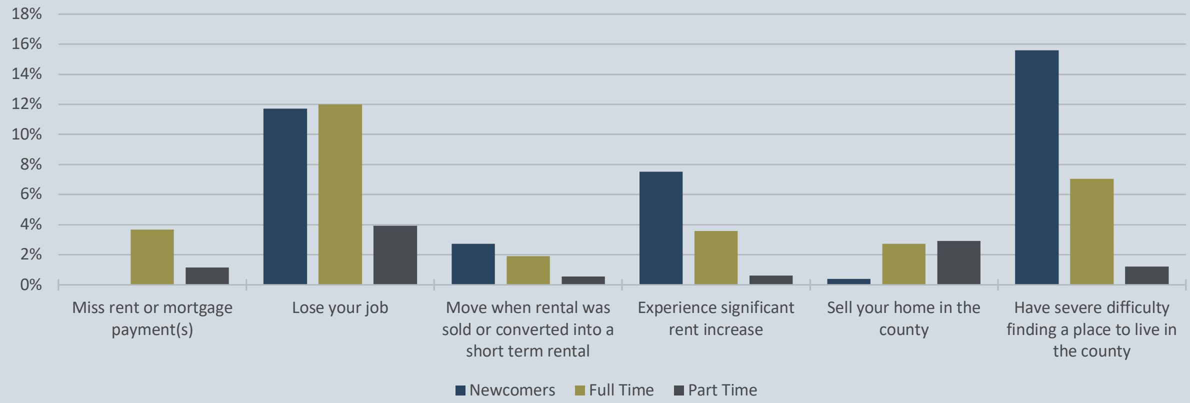
GROSS HOUSEHOLD INCOME BY LENGTH OF RESIDENCY



Source: 2021 Mountain Migration Survey

Newcomers and full-time residents are the most susceptible to housing problems related to the COVID pandemic and corresponding high-demand and short-supply of housing. Despite their income advantage over full-time residents, about 16% of newcomers still had severe difficulty finding a place to live. Job loss and significant rent increases were the next most common issues.

HOUSING PROBLEMS AFFECTING RESPONDENTS IN 2020



Source: 2021 Mountain Migration Survey

Renters are commonly in the most unstable housing situations in these communities, as shown below. Nearly one-third had severe difficulty finding a place to live, one-fourth lost a job, and almost one-in-five faced significant rent increase in 2020.

HOUSING PROBLEMS AFFECTING RENTERS IN 2020

FULL-TIME RESIDENT RENTERS	
Miss rent or mortgage payment(s)	8%
Lose your job	24%
Move when rental was sold or converted into a short-term rental	8%
Experience significant rent increase	18%
Have severe difficulty finding a place to live in the county	31%

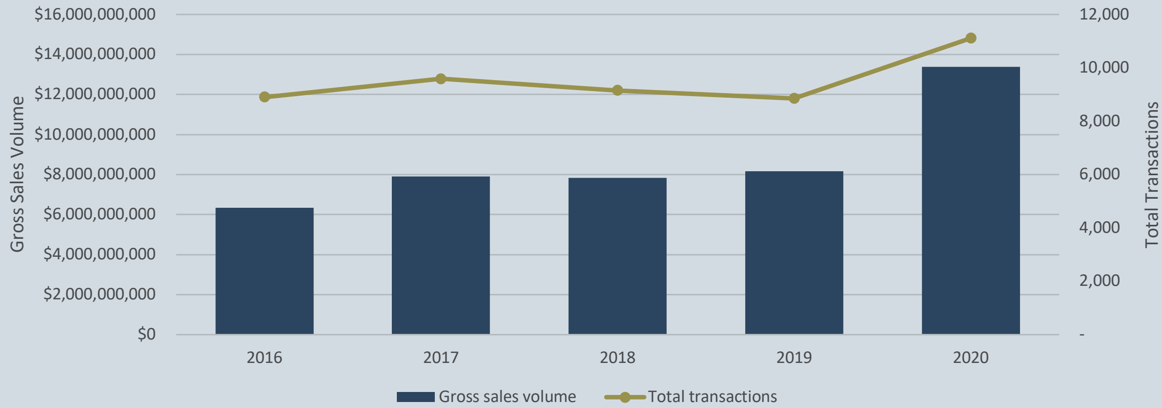
Source: 2021 Mountain Migration Survey

OWNERSHIP MARKET

Rapid Escalation in Sales, Sharp Drop in Availability

The buying frenzy has resulted in a record-breaking year for gross sales volume and total transactions. Activity into 2021 has not slowed down. From 2019 to 2020, transactions increased 26% and gross sales volume rose 64% in the six-county region. A total of $13.4 billion in sales were logged in 2020, compared to $8.2 billion the year before. Gross sales volume in four of the six counties increased about 50% or more.

CHANGE IN GROSS SALES VOLUME AND NUMBER OF TRANSACTIONS
Six County Region • 2016-2020



Source: Land Title Guarantee Company

CHANGE IN GROSS SALES VOLUME & NUMBER OF TRANSACTIONS
By County • 2019-2020

	2020 GROSS SALES VOLUME	% CHANGE: 2019-2020	TOTAL TRANSACTIONS	% CHANGE: 2019-2020
Eagle County	$3,493,843,331	53%	2,572	27%
Grand County	$994,701,568	39%	2,016	15%
Pitkin County	$4,083,249,373	129%	1,028	46%
Routt County	$1,345,486,314	49%	1,883	36%
San Miguel County	$1,151,324,169	94%	811	50%
Summit County	$2,319,029,219	22%	2,800	15%

With such a rapid escalation in buyer demand, the supply of homes for sale are at record lows. Many communities are lucky if they have one month of inventory. The buying frenzy at the start of the pandemic absorbed available inventory faster than new units were coming onto the market.

- In Routt County during the first quarter of 2021, homes were selling at nearly twice the rate that they have been coming available, quickly depleting already scarce inventory.

> "Demand is so high that construction could not keep up even if we had the land capacity. "
>
> *Local Realtor*

- In Telluride, as of March 2021, only seven homes were on the market, placing availability in critical status.

- In addition to an already depleted inventory, Grand County suffered the East Troublesome Fire in October 2020, losing over 100 homes. While several short-term rental owners stepped up and helped house some of the displaced residents, finding long-term replacement housing for those who lost homes has been a struggle.

The housing shortage has spurred some development activity in Eagle County in the down valley communities where land is still available and there are approved projects. Other communities, such as Telluride, do not have that luxury. Telluride are constrained by public lands and dramatic topography and is mostly built-out; the nearest meaningful land available to develop is 45 minutes or more away. Pitkin County has a similar dynamic. The consensus among focus group members from these communities is that the demand is so high, they could not keep up with the growing housing shortage even if they had the land capacity upon which to build.

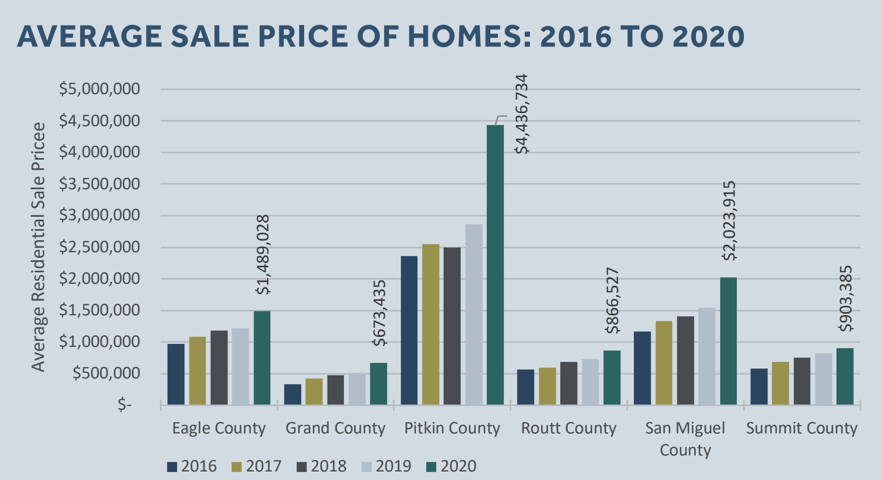
Prices at Record Highs

Housing prices in all counties are at record highs. Between 2019 and 2020, the average sale prices of all homes (single family and multi-family combined) increased from 10% in Summit County up to of 55% in Pitkin County. These prices continue to de-couple from those earning working wages from employment in these places.

- In Telluride and Pitkin County, where average homes sale prices are multiple millions of dollars, fixer uppers sell for $1 million or more.

- Even in Grand County, which had the lowest average home sale price last year of about $670,000, only ten homes are available on the for under $1 million.

- It is not uncommon for properties to receive 20 offers per home; a good portion of them in cash.



Source: Land Title Guarantee Company

> "We attempted to buy a home in Grand County in Oct of 2020. We offered their asking price of $749,000. We were one of 7 offers, all higher than ours. They accepted a cash offer for $250,000 over asking."
>
> *Full-time Resident*

WORKFORCE HOUSING

All counties in the study area have workforce housing programs in place, with some communities having thousands of homes permanently deed restricted for local workforce occupancy and/or price limited. By ensuring that a supply of homes remain available for residents that make their living in the community, deed restrictions effectively remove homes from the speculative buying market, meaning that residents do not have to compete with outside buyers and that homes are protected from the resulting extreme escalation in prices, which can quickly outpace local wages. While homes dedicated for residents working locally are needed now more than ever, the widespread consensus is that, in this environment, the existing and currently pending supply is not nearly enough.

- Summit County has 22 new deed restricted homes coming available. They had 66 applicants.
- The employee housing program in Aspen has been in place since the 1970's; they recently received 75 applications for one 1-bedroom home. They frequently have ten-times more applications than units available.
- Many deed restrictions do not adequately address remote work.

LAND SALES

Where buyers had historically looked to build their own home as a less expensive alternative to purchasing existing homes, this option is largely gone as well.

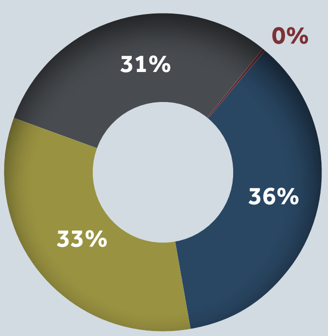
- Land prices have escalated over 100% in some communities. In Aspen, a lot sells for $20 million.
- Construction materials and labor costs have drastically increased. In Routt County, it is not uncommon to pay $500 or more per square foot to build a home.
- Labor is scarce. In Grand County and Telluride, contractors are commonly booked three-years out. It is an ironic cycle – many contractors cannot hire laborers because there is no housing.

Many contractors cannot hire laborers because there is no housing.

Full-time Residents Are Losing Ground

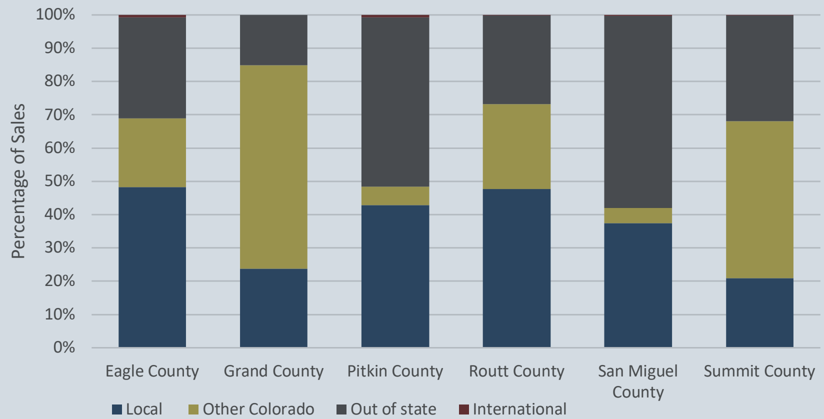
The demand for homes from part-time owners and other interests has long constrained the housing inventory that is available to local workers. As shown below, only about 36% of all homes sales in 2020 were to full-time residents in the study area. This varied from a low of 20% to a high of 50%, depending upon the county.

RESIDENCE OF BUYER
Six-County Region



Source: Land Title Guarantee Company (County Clerk & Recorder's and Assessor's Offices)

RESIDENCE OF BUYERS BY COUNTY
2020



Source: Land Title Guarantee Company (County Clerk & Recorder's and Assessor's Offices)

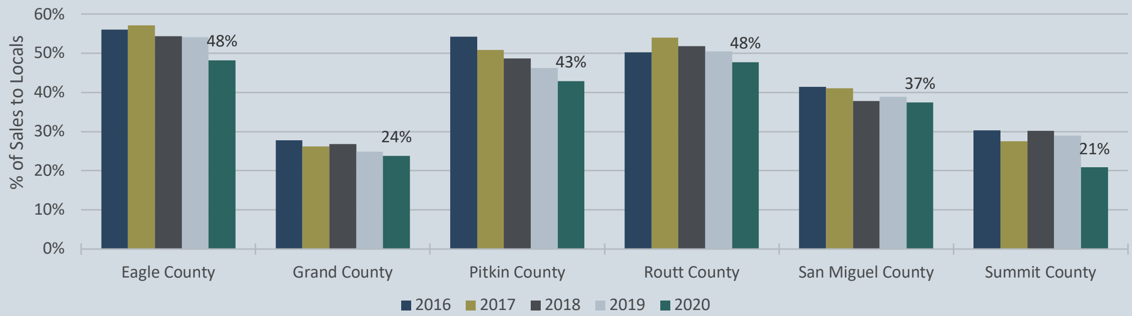
The percentage of homes purchased by local buyers dropped six percentage points since 2016 in region the region – this is a loss of over one point per year. As shown below:

- The largest decline occurred in Pitkin County, dropping nearly three percentage points per year, followed by Summit County and Eagle County. This loss accelerated in most counties in 2020.

Local buyers have been losing ground for several years, which accelerated in most counties in 2020.

- Buyers from other areas in Colorado showed the largest rise in all but Pitkin and San Miguel counties, where out of state buyers are more prominent.

PERCENTAGE OF TOTAL SALES TO COUNTY RESIDENTS
2016 - 2020



Source: Land Title Guarantee Company (County Clerk & Recorder's and Assessor's Offices)

It should be noted that, although the percentage of homes sold to local residents dropped in 2020 compared to 2019, the total number of homes sold to local residents increased in 2020 in every county in the study area, except Summit County. This is in large part due to the large increase in sales in total in each of these counties in 2020. Prior to 2020, the number of sales to local residents had been dropping in the study area as a whole since 2017.

The counties in the study area have seen an exaggerated trickle-down effect during COVID due to constrained housing supplies and fast rising prices in all counties. Where local buyers have had to compromise on their home location for years due to being priced out of their first or second choice communities, all buyers are experiencing the same problem. The town of Breckenridge has seen more $2 million sales in the past few months than in the prior twelve, in part because these buyers could not find homes in other higher priced counties. Likewise, Grand County has had multi-million dollar properties selling within days, rather than taking the typical many months.

The other side of the coin is "who is selling." Real estate agents indicated that a mix of part-time and full-time residents have been selling their homes, but at too slow of a pace to keep up with demand.

- Locals cashing out on their homes. The majority of these residents move away either by choice (e.g., to cash out at a peak, move to warmer climates, to be nearer family, medical reasons, etc.) or because they do not have a choice (e.g., cannot find another home). In Pitkin County, younger sellers move down valley, but older sellers typically leave. In Eagle County, the 30% or so that stay in the county will move down valley where homes are typically less expensive. Some are using the high prices to their advantage and retiring early.

- Part-time owners upgrading. This includes selling ski condominiums to purchase properties in town center or more rural areas. Or upgrading units, not necessarily location, with the intent to use it more.

Buyer Preferences & Home Use

Real estate agents noted a shift of focus with new buyers compared to prior years.

- More new buyers were motivated by their ability to work remotely than in the past. Many buyers during COVID were reorienting priorities. Work from home opportunities opened up options to relocate where they wanted. Most buyers were purchasing with the intent to use their homes, and for more time on average than in the past. Others were coming to sample a community for a few months and see if it sticks.

- Correspondingly, the speculative buyer, who purchased with the intent to flip or use homes solely for profit, was not as prevalent during this migration period.

The motivation of the buyer affects the type of home product needed:

- Fixer uppers were not preferred – most wanted turn-key homes or homes that were immediately livable.

- Home office space was a premium.

- Having enough room for families to live, rather than simply visit.

- Rural and in-town locations were equally in demand.

Will the Buyer Frenzy Continue?

While the rapid rise in prices and buying frenzy mirrors the events prior to the 2007/08 recession, this market is driven by a different buyer – one who wants to move in and use their home rather than investors. The prevalent perception among area real estate agents was that the high-demand, short-supply housing market is here to stay, at least for the foreseeable future:

> "More to come" and "interesting changes ahead."
>
> *Local Real Estate Agents*

- Buyers last year were the first wave of location-neutral movers and others that see "it can work" are continuing to come. Demand in the early part of 2021 is still accelerating.

- The other side is shrinking supply. Despite demand remaining high, many areas are facing a stagnant market and large drop in sales simply due to a supply problem. Some communities are already at critical low sale inventory. In Aspen, brokers are calling homeowners asking if they want to sell to find homes. For the most part, those that wanted to cash in have; others that might cash in are not because they will not find another home.

The Start of a New Reality?

Many see the current boom being a start to a new reality for mountain towns, bringing some positive change, but also increasing many historic challenges.

On the potentially positive side:

- Rising interest from location-neutral workers to relocate to these mountain communities has the potential to bring more economic diversification for these predominantly tourism-driven economies. New location-neutral worker residents earn more and can spend more at local businesses. If the ability for location-neutral workers to work from home continues, instead of leaving the community to again commute to their job, some may choose to stay and invest locally, or start businesses, increasing the entrepreneurial potential in these communities.

- With more residents in town to support local businesses, shifting economic priorities for some communities may be on the horizon. Tourism marketing and expenditures focused primarily on the visitor experience may become less of a priority. Pressure to complete capital projects supporting livability and quality-of-life improvements will increase.

On the challenging side:

- Finding employees to fill service jobs for residents as well as jobs geared for visitors will be increasingly difficult. The basic human capital necessary to maintain a community will likely become even less possible. Incoming location-neutral workers will not be filling these "local jobs" and will outcompete local workers for housing. This hurts the ability for local businesses to find, keep, and attract employees, lowering the level and quality of services they can provide to residents and visitors alike. This has been a struggle for resort communities for years; and is primed to get worse, at least in the near term.

- Barring a recession that surpasses the fall in property values seen in 2008, many do not see what could bring affordability back for local workers.

Given these factors, businesses and communities are facing a potentially tough transition in the years ahead.

RENTAL MARKET

The Big Picture – From Shut Down to Frenzy

Governor Polis announced the closure of all Colorado ski areas on Saturday, March 14th, near the end of the 2019/20 season. While it caught many employees and visitors by surprise, the fortuitous timing minimally impacted the rental market since it occurred at a time when many renters are in transition, out of work or without income for a month or two. Communities had very few vacant long-term rental units prior to COVID. Most year-round renters remained in their units during COVID, meaning that the availability of long-term rentals did not increase. Many seasonal workers left; however, including J1 visa holders. As seasonal rentals were vacated, property managers responded by converting shared bedrooms into single/couple occupancy and increased cleaning of common areas. Employers who provide housing turned away all but their employees, unlike in typical years when they maintain full-occupancy by renting to the general population. This contributed to a rental unit shortage.

By June, the market heated up with inquiries from people outside the community, most from urban areas, wanting to move to the mountains. By July, rents were starting to spike above their already high levels. The frenzy continued through the fall into winter with property managers in the six counties reporting a constant stream of inquiries. In Summit County, a property manager who normally takes in $700/year in $30 application fees received about $4,000 from applications between October 1st and December 15th.

A Routt County property manager called the onslaught from people wanting to move to the mountains a trifecta created by a combination of the ability to work remotely (the single biggest factor) in combination with concerns about COVID contagion and civil unrest.

Impacts on Long-term Rental Inventory – Gains & Losses

Although most property owners reported managing about the same number of units in 2020 as in 2019, there were shifts in the rental inventory. Initially, there were some gains in the number of long-term rentals when the March shutdown and cancellation of all festivals and other events fueled fears that tourism would be way down in the summer. As such, some owners converted their short-term vacation rentals (STR's) into long-term rentals. The local workforce did not benefit from this increase, however, as newcomers working remotely could pay much higher rents.

The inventory of long-term rentals was reduced when some units were sold by their owners, as noted above. Rentals were primarily purchased by new owners moving in and occupying their homes, although inventors were also active in the market with high rents and low interest rates making it possible to cash flow units. Six 900 square foot multifamily units in Aspen built for rentals sold at $1,800 to $1,900 per square foot and only one remained a rental unit.

One positive impact the pandemic had on the rental market was a reduction in the number of long-term rentals being converted into short-term rentals. While the boom in the popularity of short-term rentals has negatively impacted long-term workforce rental housing throughout the mountains in recent years, none of the property managers interviewed reported this occurring in 2020.

Impacts on Rents – Locals Get Relief But Market Rates Spike

The timing of the shutdown in the spring, when most leases in the mountain expire, turned out to be a stroke of luck for many renters. With fears that tenant incomes would plummet, rents were held steady by many property owners. At least one property owner in Telluride provided one month free. The town of Telluride provided a free month of rent to residents in 187 town-owned rental housing in both April 2020 and January 2021, funding for which was later provided by the Colorado Department of Local Affairs. The Town of Breckenridge forgave one month rent on about 150 Town-owned rentals if impacted by COVID and agreed to reduced payment plans if further assistance was required. In Eagle County, all residents of Lake Creek Village Apartments received free rent in April and reduced rent in May and June. Some property managers in Grand County and Summit County reported no increases in rents in 2020.

Rent delinquencies were not a widespread problem. Managers reported some renters had higher incomes than typical in the spring, from a combination of unemployment, stimulus payments, and Paycheck Protection Program (PPP) payments. Rent assistance, however, was crucial for some. The Family and Intercultural Resource Center (FIRC) in Summit County, with funds from the Colorado Department of Local Affairs and significant contributions from local governments, provided rental assistance countywide. According to one property manager in Grand County, some renters took advantage of the eviction moratorium imposed in Colorado and chose not to pay rent, but most remained current with their payments.

Since these early concerns, market rents have skyrocketed beyond the level that most locally employed renters can afford. In 2020 increases in market rents ranged from about 20% to 40% on units that turned over, and on some where leases were renewed. Rent escalations were highest among the larger, family friendly, more expensive homes. While rents have long been high in Colorado's ski towns, this rate of increase was unprecedented. Some examples:

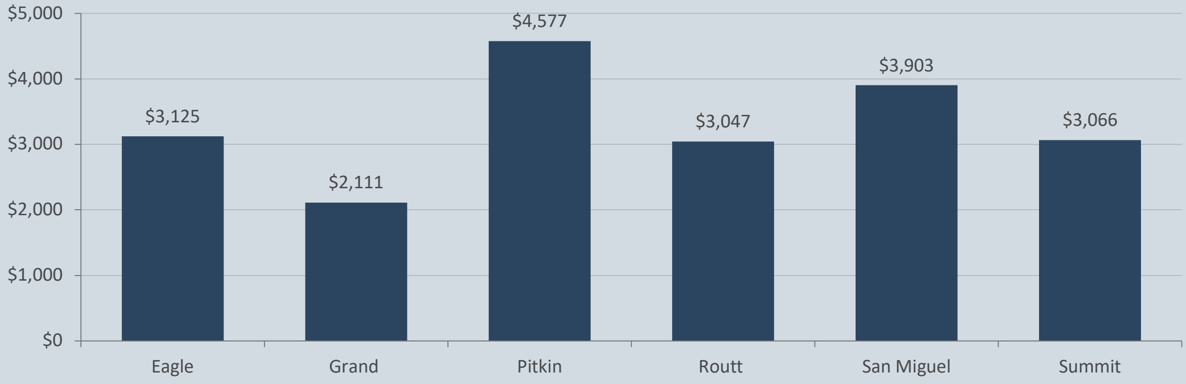
Market rents skyrocketed 20% to 40% higher in 2020.

- In Aspen, a three-bedroom townhome was renting for $6,800/month. When it turned over in October 2020, the rent was raised to $10,000/month.
- In Summit County, a unit at $6,000 was increased to $8,000/month, one at $4,500 went to $6,000, and another at $3,900/month for one year went to $6,200/month for the ski season.

The overall market rent for listings in February and March in the six counties averaged $3,245 per month for all types of units combined. This includes rentals for high-end properties as well as those for workers. While rents have long been curtailed in the mountain towns by the dominance of low wage tourism-based jobs, the influx of renters who work remotely has clearly increased rates far beyond levels that local wage earners can pay. As shown below:

- Rents are highest in Pitkin County, followed by San Miguel County.
- Rates are similar among Eagle, Routt, and Summit counties.
- Rents are lowest in Grand County.

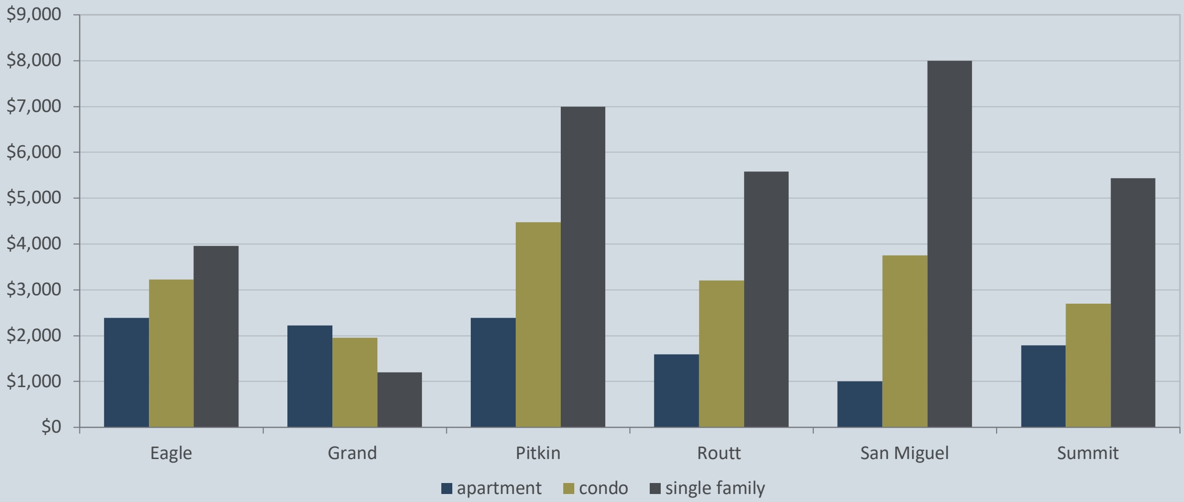
AVERAGE RENT BY BEDROOMS



Consultant search of local and online for rent listings, February and March 2021

Rents now average over $5,000 per month for single family homes. Condominiums average over $3,000 per month in most of the region.

AVERAGE RENT BY UNIT TYPE & COUNTY



Consultant search of local and online for rent listings, February and March 2021

Note: With only 1 apartment listing in San Miguel County, the average rent of $1,000 should not be considered representative of the market and in Grand County, the one single family home advertised for rent at $1,200 per month was not indicative of market rates.

Rental Availability – What Availability?

In February and March 2020, tracking of online listings in the six counties identified a total of 260 listings for long-term units. This equated to an extremely low vacancy rate of approximately 1.5%.

Some property managers stopped accepting inquiries. Others created waitlists for the first time. As of May 2021, there were no signs that the market was softening.

RENTAL LISTINGS
March & April 2020

COUNTY	APARTMENT*	CONDO	SINGLE FAMILY	# OF LISTINGS	RENT RANGE
Eagle	$2,392	$3,227	$3,963	82	$1,100-$7,000
Grand	$2,227	$1,955	$1,200	26	$875-$6,000
Pitkin	$2,388	$4,478	$7,000	43	$1,500-$10,000
Routt	$1,588	$3,209	$5,583	26	$1,450-$7,500
San Miguel	$1,000	$3,753	$8,000	10	$1,000-$8,000
Summit	$1,787	$2,698	$5,436	73	$1,392-$10,000
Grand Total	**$2,119**	**$3,207**	**$5,464**	**260**	

Consultant search of local and online for rent listings, February and March 2021
**Apartment refers to a unit in an apartment building in which all units are owned by one owner and individual units cannot be sold separately. This is differentiated from a condo, which are homes that can be individually owned and sold, meaning that one building may have a different owner for each unit.*

Demand remained high for all types of rental units. Some property managers reported than one bedroom and other small units were the most sought after by established locals because, with concerns about COVID contagion, it was important to have few or no roommates. Larger units were very popular, however, with newcomers moving in since many were families.

Short-Term & Mid-Term Rentals

While some short-term rentals were converted into long-term rentals during the shutdown, other noteworthy changes include:

- Visitors stayed longer. Units that typically rented for several days to a week were often rented for several weeks.
- Owners moved into their short-term rentals, removing them from the rental pool. A manager of high-end STR's in the Vail area reported that owners moved into three of their 14 units for most of 2020.
- The mid-term (i.e, a one- to five-month rental) and seasonal rental market expanded. A Summit County manager provided an example of a couple from New York who spent the summer on Nantucket, fall in New England, and ski season in Breckenridge.
- Cost was not an issue for many short- and mid-term renters. A Steamboat manager reported that the highest increase in rents occurred among the most expensive units.
- Size was important. Demand for large homes with enough bedrooms to accommodate extended families became exceptionally strong.

Renter Profiles – Demographics Changing

As reported by property managers, newcomers in 2020 differed from long-term residents in several ways, including their commitment to community. They remained flexible by avoiding long-term commitments while testing living in the mountains and exploring how long they might be able to work remotely. They often kept their homes elsewhere. They rented to stay flexible and to avoid maintenance responsibilities.

Many new rental households included children. Historically, renters moving to mountain ski towns have been singles and younger couples who do not have children until after becoming established in communities. The new renters are generally older (30's and 40's), well established in their careers, and have children.

The characteristic of new renters that stands out most to property managers is their wealth. The income levels of newcomers are much higher than renters who have moved to the mountains in the past. As one property manager said, "Even young families with children have tons of money."

The increase in rents and lack of inventory led some long-time residents to move away. Residents who sold homes when prices climbed were seldom able to find a rental that would allow them to stay in their communities. As one property manager in Telluride said, "Our community has moved to Ridgway."

6

SERVICES NEEDS AND PREFERENCES

Planning for the future provision of community, business and home services necessitates understanding their importance to, usage of, and quality for residents needing and desiring the services.

This section evaluates whether newcomers, full-time and part-time residents have varying service needs or priorities. If increased use of properties continues, this information can help communities plan for future needs.

Community Services & Amenities

The importance that residents place on community services is directly related to how often they use those services, with a few exceptions.

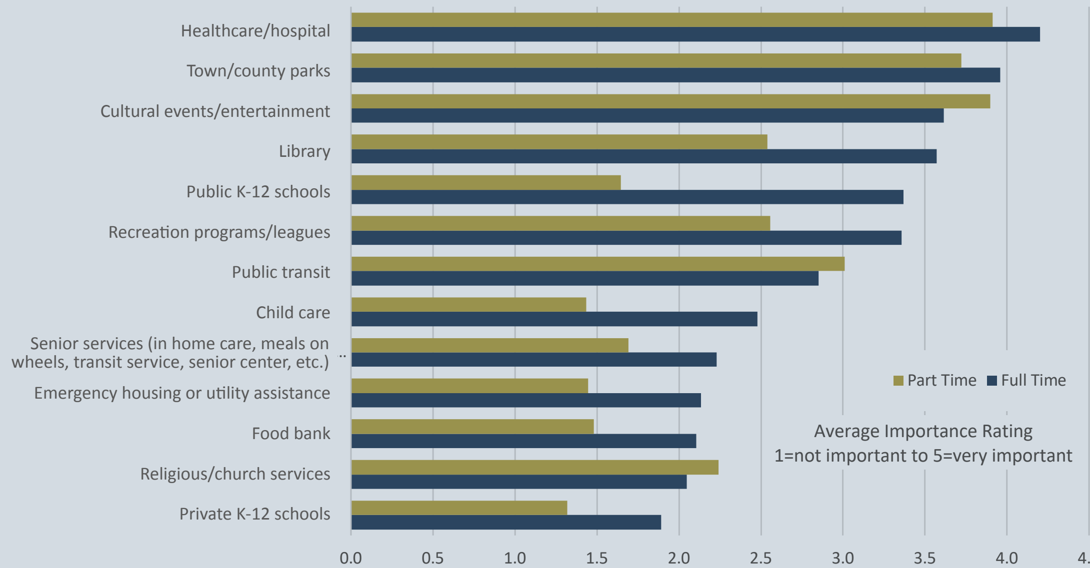
In the time of COVID, health care/hospital ranked the most important community service of 13 services. COVID increased the awareness of limitations in health care availability, such as the lack of ICU beds in many mountain hospitals.

Town and county parks were also very important to residents as were cultural events/entertainment.

Full-time residents generally place greater importance on, and more often use, most community services. The exceptions are cultural events/entertainment, religious/church services and public transit, which part-time residents use more frequently than full-time residents.

IMPORTANCE OF COMMUNITY SERVICES

Full- and Part-time Compared



Source: 2021 Mountain Migration Survey

Full-time residents more often use health care, schools, childcare, the library, recreation programs and parks than do part-time residents. There were a few differences between newcomers and long-timers in importance placed on community services. The key difference was the greater importance long-timers placed on senior services (in home care, meals on wheels, transit service, senior center, etc.), church services, food banks, and emergency housing or utility assistance.

Also, this use of community services is similar among newcomers and long-timers. An interesting difference is that newcomers placed slightly more importance on public transit and used it more often than long-timers.

Differences between full-time owners and renters are minimal, although renters place greater importance on three community services – housing or utility assistance, food bank, and public transit, which they use more often than owners.

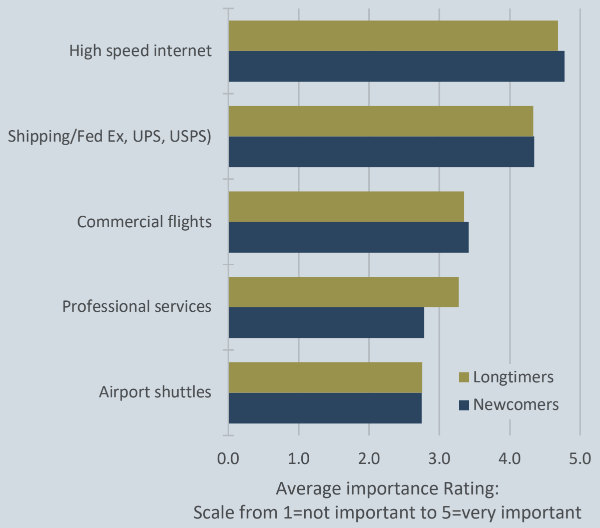
There was only slight variation in the importance placed on community services among the six counties. Some nuances include:

- San Miguel County residents rated town/county parks, recreation programs, the library, and public schools the highest.
- Pitkin County residents placed greater importance on public transit and cultural events and entertainment.

Business Services

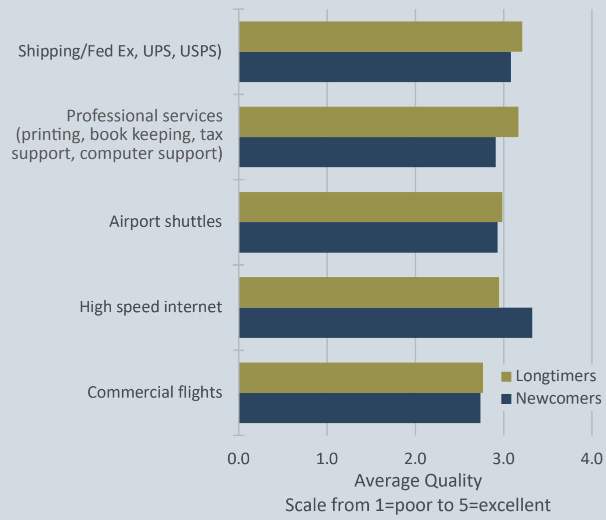
As with community services, newcomers and long-timers place a similar level of importance on business services. The most notable difference was in professional services (printing, book keeping, computer support, tax support, etc.), these were less important to newcomers who are less likely to be self-employed and more likely to work for out-of-county employers for which this business support may be provided elsewhere. Quality high speed internet was rated as the most important service by both long-timers and newcomers.

IMPORTANCE OF BUSINESS SERVICES
Newcomers & Long-timers Compared



Source: 2021 Mountain Migration Survey

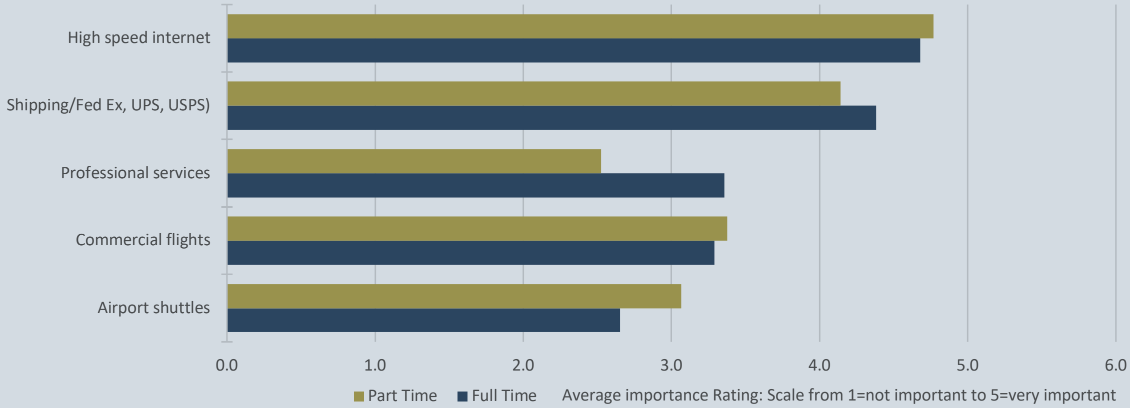
QUALITY OF BUSINESS SERVICES
Newcomers & Long-timers Compared



Source: 2021 Mountain Migration Survey

There were also few differences between full and part-time residents, except for professional services, which are more important to and used more often by full-time residents, and airport shuttles, which are more important to part-time residents.

IMPORTANCE OF BUSINESS SERVICES
Full & Part-time Compared

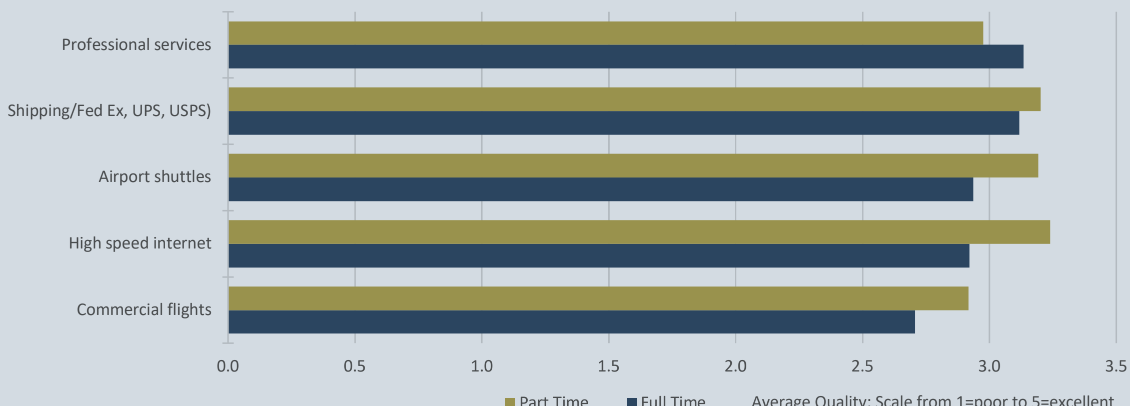


Source: 2021 Mountain Migration Survey

Year-round residents may not realize how good they have it when it comes to the quality of business services. Part-time residents who have perspective from using these services elsewhere rate all services, except for professional services, higher than full-time residents.

While there has been much discussion and concern expressed in Colorado's mountain towns about the availability of high-speed internet, it seems adequate among residents who have recently moved from other areas and part-time residents who also have perspective from elsewhere. It is adequate in the parts of these counties where newcomers are in-migrating.

QUALITY OF BUSINESS SERVICES
Full- and Part-time Compared



Source: 2021 Mountain Migration Survey

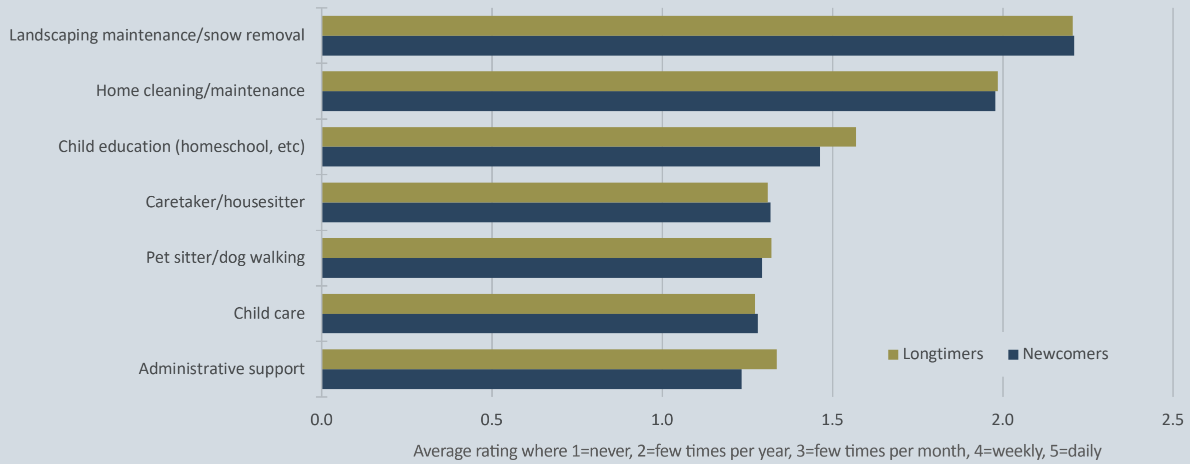
There are no notable differences between full-time owners and renters. Nor were there many differences based on the source of employment – working for in-county versus out-of-county employers made little difference.

Results were also very similar among the six counties except for the quality of commercial flights, which rated lower in in Grand County (no commercial airport) and San Miguel County (small aircraft in good weather).

Home Services

The influx of new residents will require more of the same services in about the same relative proportion. The frequency by which newcomers and long-timers used home services was very similar.

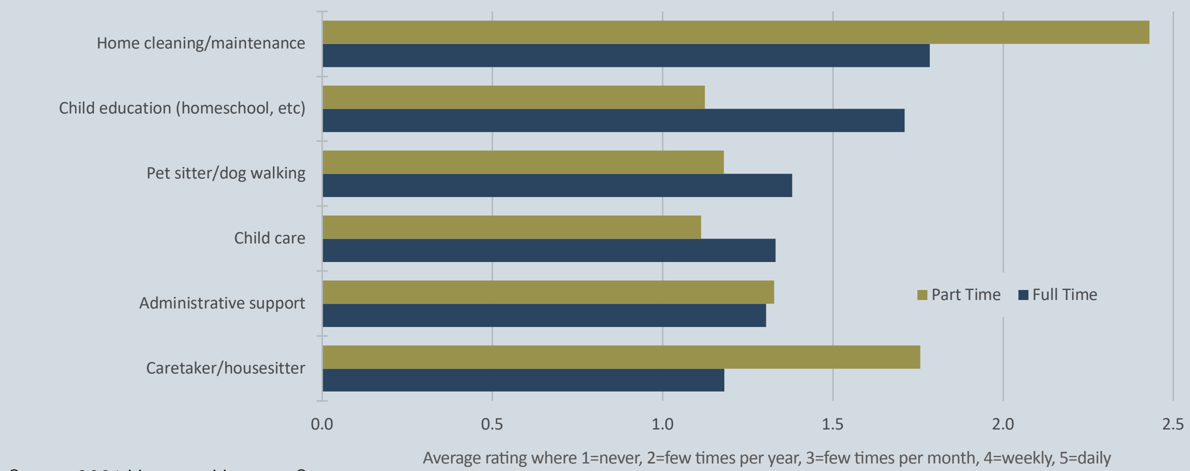
USE OF HOME SERVICES
Newcomers & Long-timers Compared



Source: 2021 Mountain Migration Survey

Part-time residents more frequently used services related to maintenance, upkeep and care of their homes whereas full-time residents more often use child-related and pet care services. Full-time homeowners used all of the seven home services tested more than renters.

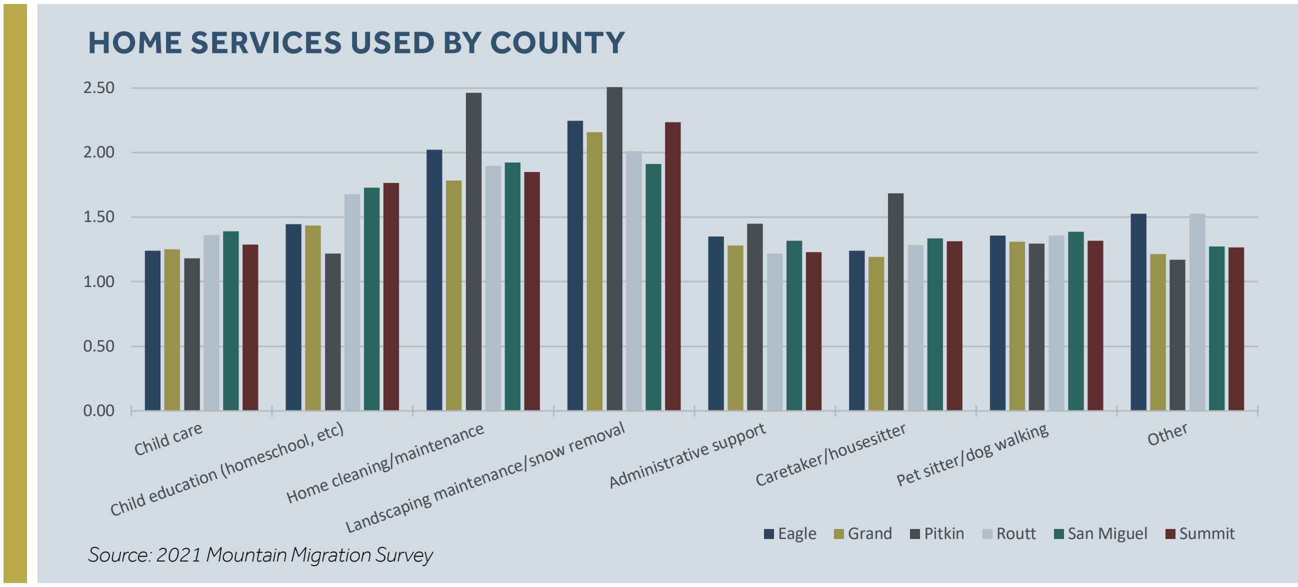
USE OF HOME SERVICES
Full & Part-time Compared



Source: 2021 Mountain Migration Survey

Use of home services is similar among the six counties. Primary differences include:

- Pitkin County residents more often use services related to home upkeep and are less likely to use home education services.
- Summit County residents more often use landscaping services.



Other Services

When asked to write in other services used, most responses fell into the following categories:

- Grocery stores with comments focusing on need for additional and lower cost stores
- Home maintenance and repair
- Snow removal
- Restaurants and food/restaurant delivery
- Cell phones, with remarks about poor/worsening coverage in Summit County
- Home health care
- Wellness and spa services
- Veterinary and pet care services
- Property management
- Auto repair
- Law enforcement with protection of homes and cars in parking lots

7

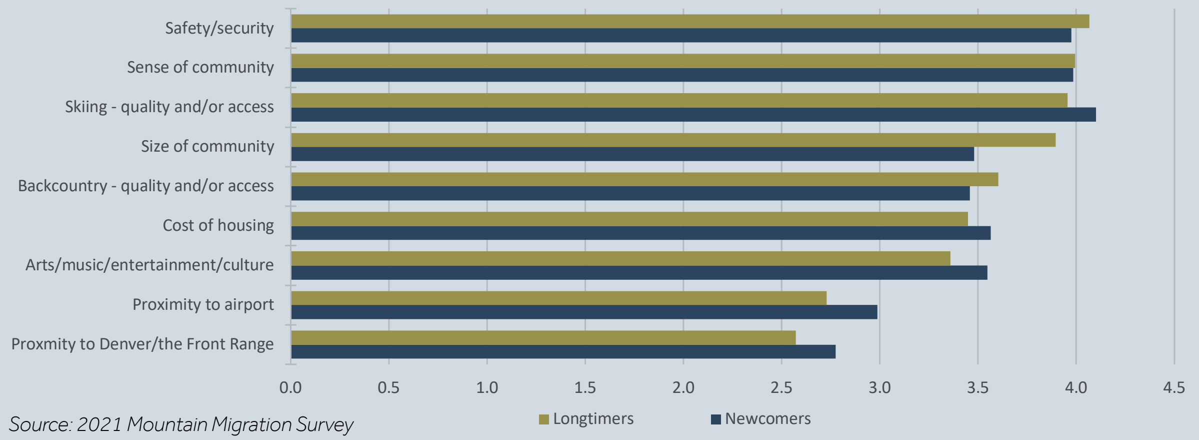
QUALITY OF LIFE

With currently only 50% of housing units in the study area being occupied by full-time residents, the influx of more owners and visitors staying in part-time homes and short- and mid-term accommodations can, in theory, allow the population in the area to double overnight. This does not include visitors that may be in commercial (hotel) lodging units. When stays were extended over longer periods of time during COVID, the stress on the community and infrastructure was felt by all, as indicated in this section.

Factors Influencing Community Choice

Safety and security, sense of community, and skiing quality and/or access topped the list in importance overall when choosing where to live among nine attributes offered. There was little difference between long-timers and newcomers; however, the size of community and the quality of/access to the backcountry were more important to long-time residents.

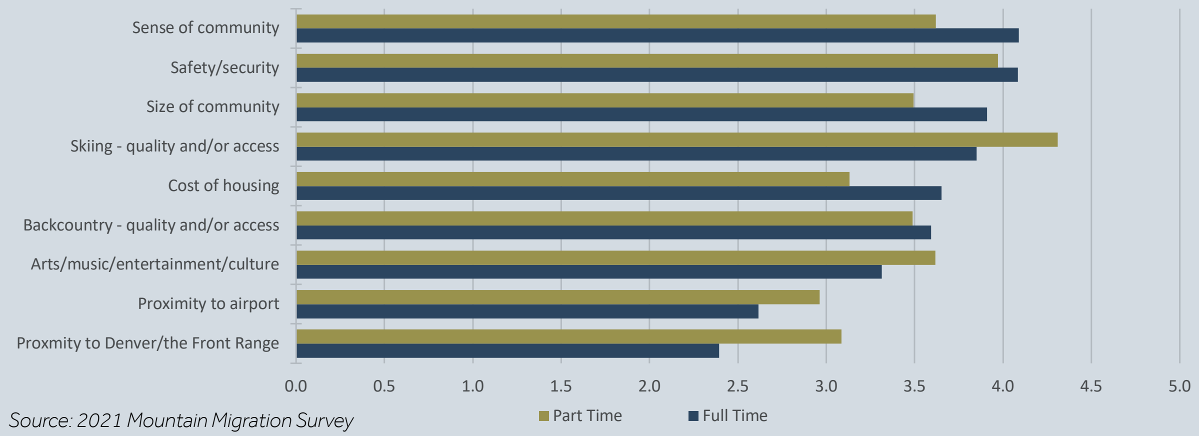
COMMUNITY ATTRIBUTES BY LENGTH OF RESIDENCY



Source: 2021 Mountain Migration Survey

There are clear distinctions between full-time and part-time residents which should be considered when preserving characteristics valued by each group. When choosing where to live, full-time residents placed greater importance on the sense of community, the size of community, and the cost of housing. Part-timers cared more about skiing, proximity to the Front Range, proximity to an airport, and arts/entertainment/culture.

COMMUNITY ATTRIBUTES FULL VS PART-TIME



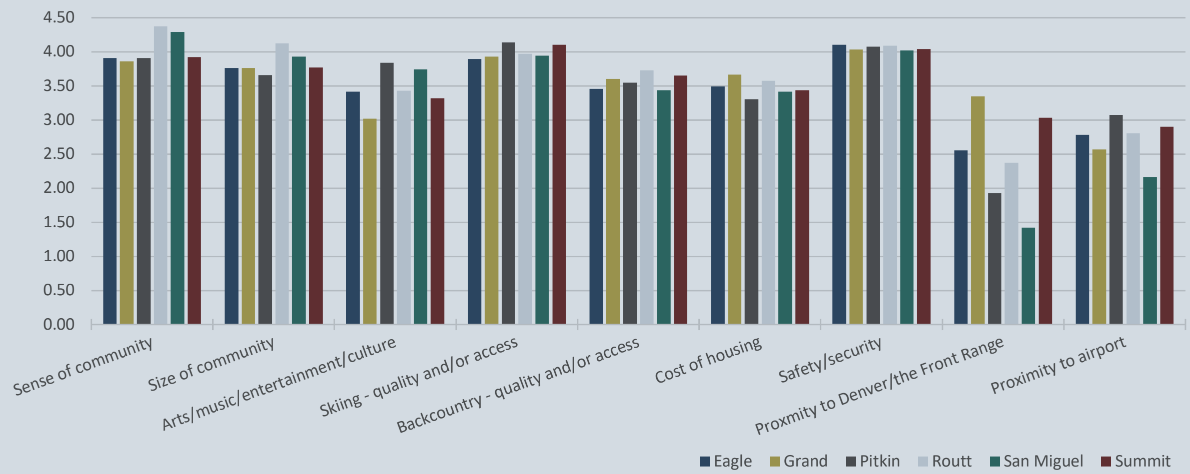
Source: 2021 Mountain Migration Survey

Full-time owners and renters were similar in the relative ranking they placed on community attributes when they chose where to live. In general, owners rated most considerations higher. One exception – renters scored the cost of housing slightly higher than owners. Among part-time residents, renters ranked the cost of housing, safety/security, and proximity to an airport higher than owners.

Ratings were similar among the six counties. Notable exceptions included:

- Proximity to Denver/the Front Range were more important for residents in Grand and Summit counties.
- Proximity to an airport was more important for Pitkin County residents.
- While differences by county in the importance of the cost of housing were slight, it was most important for residents of Grand County, which has the lowest housing costs of the six counties, and least important in Pitkin County, where housing costs are the highest.

COMMUNITY ATTRIBUTES BY COUNTY



Source: 2021 Mountain Migration Survey

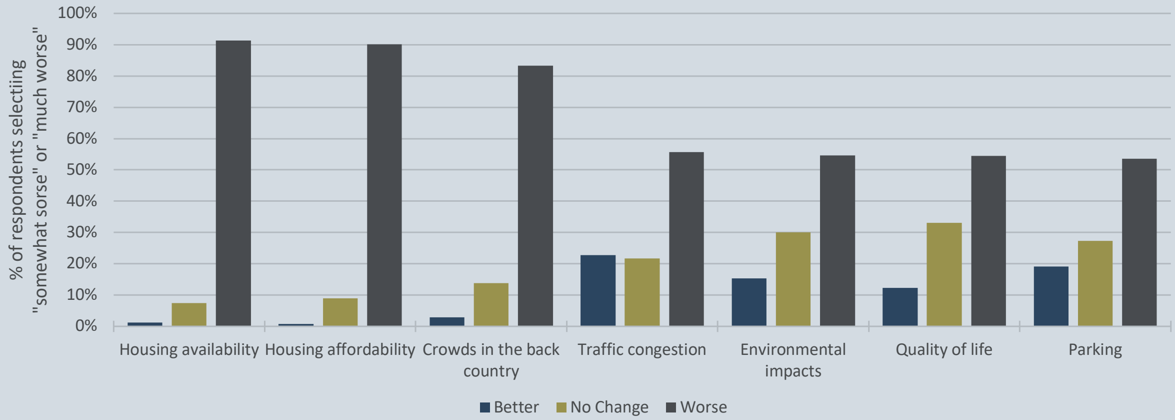
Community Impacts in 2020

Since COVID, mountain residents noticed many changes in their communities. Far more residents perceived the changes to be more negative than positive. The perceptions about the impacts of this year provide a glimpse into the future of these communities, whether or not the current influx of new residents and part-time residents are here to stay. These communities have been discovered, and will continue to attract new residents. Learning from this experience and working to address the negative impacts can only better prepare these communities for what is on the horizon.

> Far more resident perceived the changes to be more negative than positive.

As shown below, an overwhelming percentage of respondents felt that housing availability, housing affordability, and crowds in the backcountry were worse than before the migration began. About 50% of respondents felt that each of traffic congestion, environmental impacts, quality of life, and parking were worse.

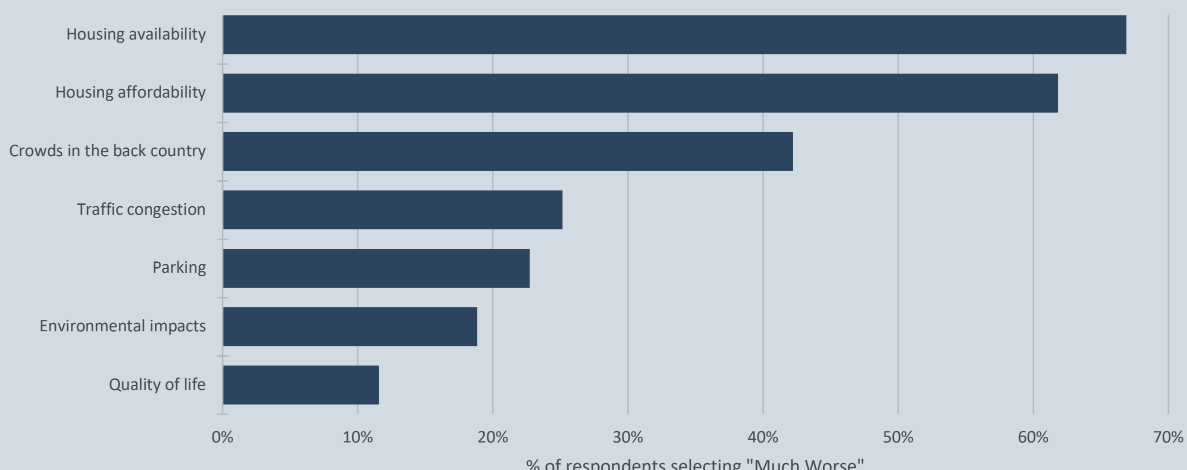
OBSERVED CHANGES IN 2020



Source: 2021 Mountain Migration Survey

Findings suggest that now is the time for mountain communities to grow and improve their housing programs since community awareness of the problem is high. While 90% of respondents felt housing availability and housing affordability have gotten worse overall, as shown below, over 60% felt they got "much worse." Full-time renters gave housing the highest "much worse" rating although all types of residents – full-time, part-time, new to the area and long time, felt the change in housing availability and affordability were worse than other changes in their counties.

OVERALL RATING OF MUCH WORSE



Source: 2021 Mountain Migration Survey

Perceptions about crowds in the backcountry were also so negative as to indicate actions to correct the problem (additional restrictions/limits on access and use) could have support among residents. The impacts of the migration on recreation are worthy of further study.

Long-time residents (>10 years) perceived changes to be worse than newcomers, which is not surprising given their greater knowledge about pre-2020 conditions. Long-time residents were much more likely to feel their quality of life had worsened. They were in close alignment, however, in their perceptions about housing affordability and availability regardless of when they moved to their mountain community.

WORSE IN THE PAST YEAR

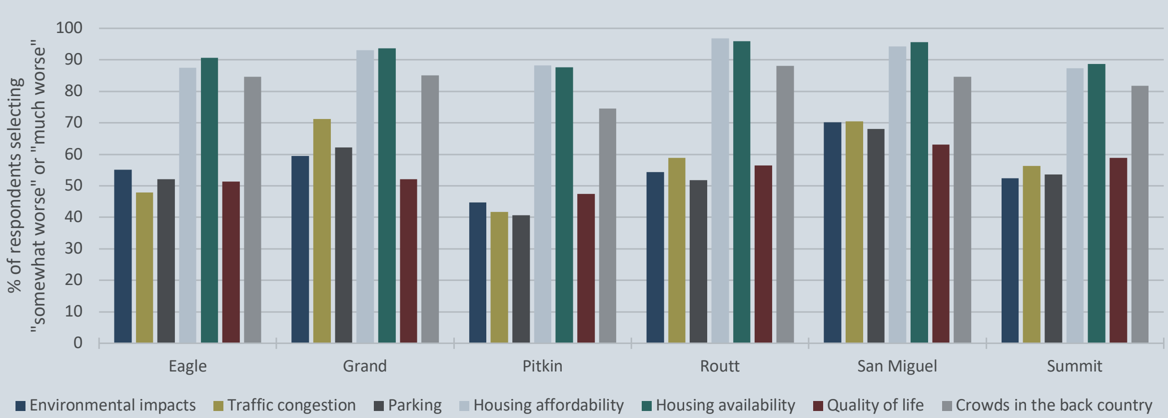
Source: 2021 Mountain Migration Survey

Full-time residents were more likely than part-time residents to indicate that conditions had gotten much worse. Part-time residents more often noticed no change in the past year.

Full-time owners and renters were generally comparable in terms of how they felt about changes in the past year.

Residents among all six counties were similar in the factors they indicated had gotten worse – housing availability, housing affordability, and crowds in the backcountry were the top three concerns. Residents in Pitkin County, however, were less likely to indicate worsening among all factors, whereas San Miguel County residents noticed the highest overall level of negative change.

WORSE BY COUNTY



Source: 2021 Mountain Migration Survey

The survey also asked a write-in question, "Are there other changes you feel have occurred that affect your quality of life in the community? Nearly 1,900* responses were received in the following categories:

- 742 related to crowds -- "too many visitors", "too many people" and the impacts created by crowds throughout the community and back country. Numerous respondents commented on the behavior of visitors and newcomers, calling it rude, insensitive to locals, and disrespectful.

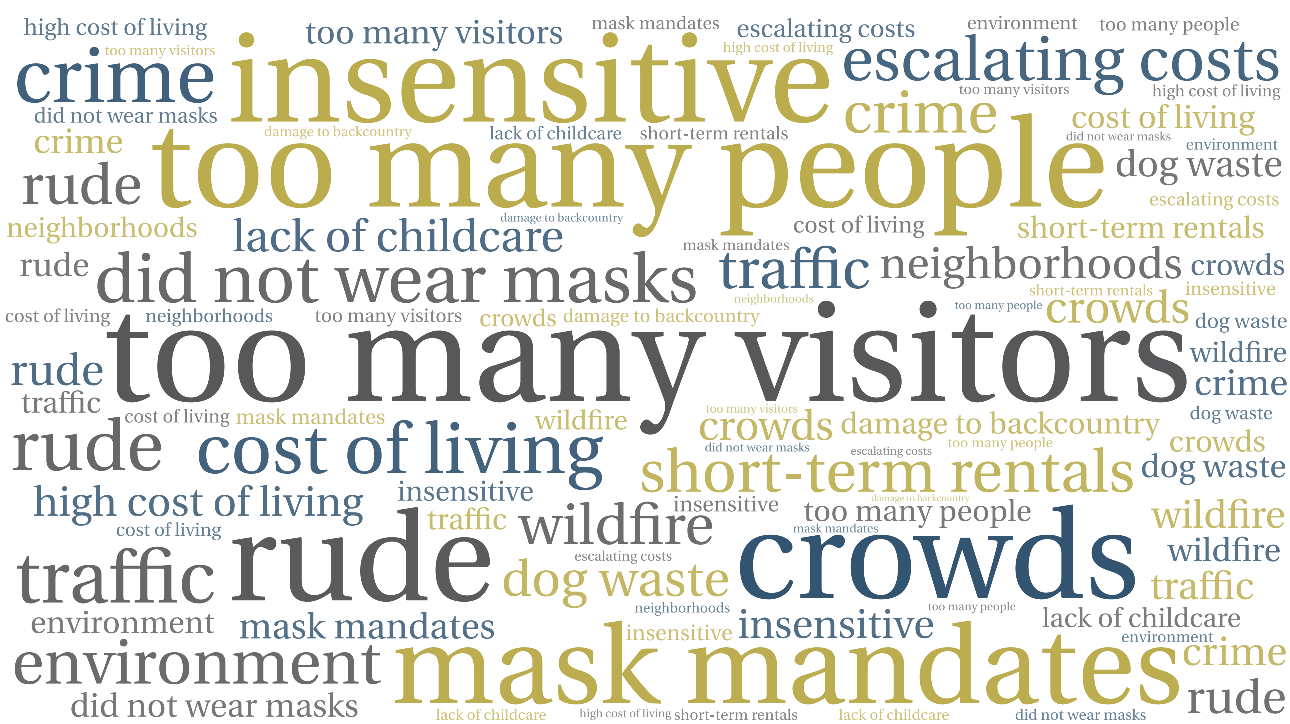
- 542 about COVID that revealed much division on how the pandemic was managed. Some complained about masks mandates while others expressed concerns about how people, visitors especially, did not wear masks or practice social distancing.

- 236 on housing, the cost of living and short-term rentals focused primarily on escalating housing costs, and the impacts of short-term rentals on rents and neighborhoods.

- 91 about services, particularly the lack of availability and the high cost of groceries and lack of adequate childcare.

- 60 on the environment with many expressing concerns about wildfire, especially the East Troublesome fire in Grand County, litter and damage in the backcountry, and an increase in dog waste.

- 200+ on government, development, jobs and how difficult it is to find employees, more traffic, increasing crime and health (lack of services and impacts of the pandemic on mental health).



8

SUPPORT FOR COMMUNITY ORGANIZATIONS

More residents spending time in their mountain towns should improve the financial stability of community organizations or the type of organizations that get financial support. The demographic shift may have other impacts on these organizations, especially those who address community-support needs.

- Full-time residents support more community organizations than part-time residents with donations, volunteering time and attending events. While the dollar value of donations may be similar between full and part-time residents, spending more time in mountain communities should result in community organizations receiving more financial support.

- The percentage of full-time residents that volunteer time far surpasses part-time residents, lending needed hands to help organizations undertake tasks and programs. In communities with a small full-time resident base, finding volunteer community participants is often a challenge.

- Even though their incomes are lower, renters tend to support almost as many organizations as owners.

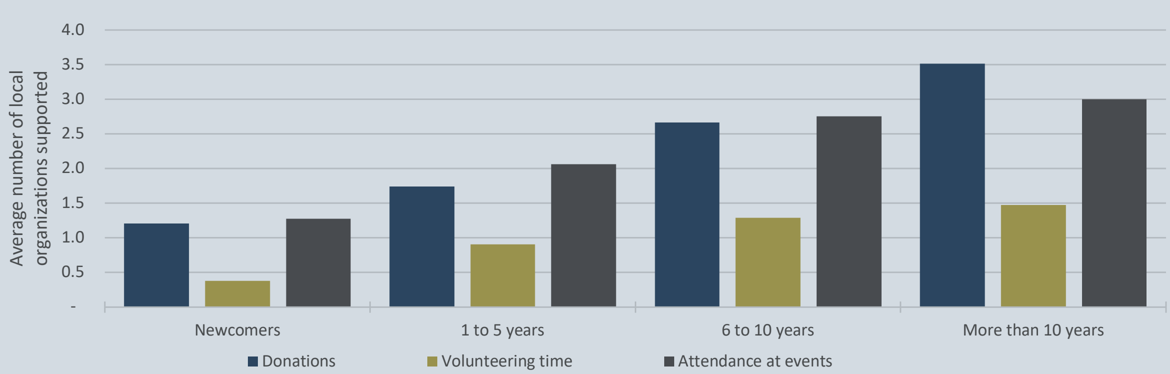
NUMBER OF ORGANIZATIONS SUPPORTED

AVERAGE # SUPPORTED	FULL-TIME	PART-TIME
Donations	3.4	1.6
Volunteering Time	1.6	0.3
Attendance at Events	3.1	1.7
% PROVIDING NO SUPPORT	**FULL-TIME**	**PART-TIME**
Donations	16%	32%
Volunteering Time	33%	81%
Attendance at Events	19%	36%

Source: 2021 Mountain Migration Survey

Nonprofit and other community organizations need to reach out to newer residents for support. There is a clear relationship between the amount of support given and the length of residency. Long-term residents (> 10 years) donate to four times as many community organizations than newcomers, and also volunteer and attend more events.

TYPE OF SUPPORT BY LENGTH OF RESIDENCY



Source: 2021 Mountain Migration Survey

The near-term future looks good for community organizations.

- About half of residents, both full and part-time, will continue to support at the same levels as in the past and roughly one-third will increase donations and/or volunteer time.
- Newcomers, however, plan to increase both donations and volunteer time, indicating interest in investing more time and resources in their community.
- Relatively few residents plan to decrease their support in the next two to three years; renters are more likely than owners to provide lower levels of support in the future.

SUPPORT OVER THE NEXT 2 TO 3 YEARS

	FULL-TIME	PART-TIME	NEWCOMERS	LONG-TIMERS
Stay the same	50%	52%	26%	53%
Increase donations	35%	43%	60%	34%
Increase volunteer time	39%	25%	57%	32%
Decrease donations	4%	1%	2%	4%
Decrease volunteer time	3%	1%	1%	3%

Source: 2021 Mountain Migration Survey
**Multiple select question, meaning that percentages add to over 100%*

Support for community organizations varies by county. The number of organizations receiving support through donations and time are highest in Routt and San Miguel counties; attendance at events is highest in San Miguel County. Fewer organizations receive support on average in Grand and Summit counties.

AVERAGE NUMBER OF ORGANIZATIONS SUPPORTED BY COUNTY

	EAGLE	GRAND	PITKIN	ROUTT	SAN MIGUEL	SUMMIT
Donations	3.1	2.2	3.2	4.1	3.7	2.5
Volunteering Time	1.4	1.1	1.2	1.5	1.7	1.2
Attendance at Events	2.9	2.1	2.7	2.9	4.1	2.5

Source: 2021 Mountain Migration Survey

9

SCHOOL ENROLLMENT

The K-12 education system in all counties in the study area underwent significant challenges and changes under the COVID pandemic, as did schools throughout the country. Many schools in the study area experienced a surge of inquiries into new enrollment and programs over the summer of 2020 from newcomers and from parents of existing students interested in COVID protocols, but most schools had actual fall enrollments that were lower than in 2019, primarily due to concerns about COVID transmissions.

Being located in resort areas, most schools are used to a lot of in- and-out-migration of students at different times of the year, with part-time or new residents arriving and enrolled students moving or leaving. This year also had increased incidence of parents undertaking homeschooling or enrolling in online education programs from other schools, rather than enrolling locally, given the variety of options. Most schools in the study region implemented online learning platforms and hybrid online and classroom programs. A handful kept schools open for full-time classroom learning from the start.

This section presents information on school enrollment by residents in the study area and planned enrollment for the next 2021/2022 school year. The scope of this study did not differentiate between school systems within the studied communities, or compare these to schools in the specific communities from which new residents came or in which some part-time residents enrolled their children. A number of the communities in the study area also have high-end private school options. The study did not differentiate between these and the public school system, but rather asked about public and private enrollment generally.

For the most part, residents that are currently enrolled in local schools indicated that they will again enroll in 2021/2022, with many home-schooled children likely returning to the local school system. A few respondents remain undecided about future plans.

Current School Enrollment

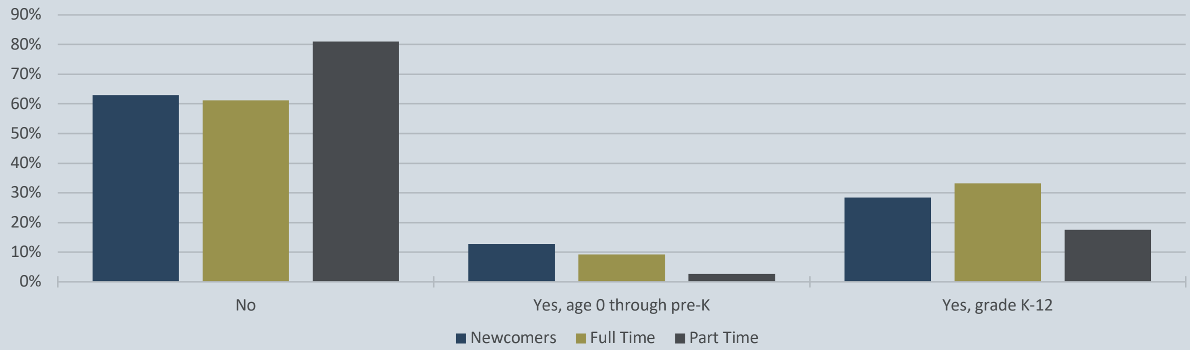
About one-third of survey respondents had at least one school-aged child in their household.

- Newcomers and full-time residents are similarly as likely to have children, but newcomers were more likely to have young children between 0 and pre-K.
- Part-time residents that have children are likely to have older children.

Newcomers and full-time residents are similarly as likely to have children, but newcomers were more likely to have young children between 0 and pre-K.

The near-term future looks good for school districts.

HOUSEHOLDS WITH CHILDREN BY RESIDENCY

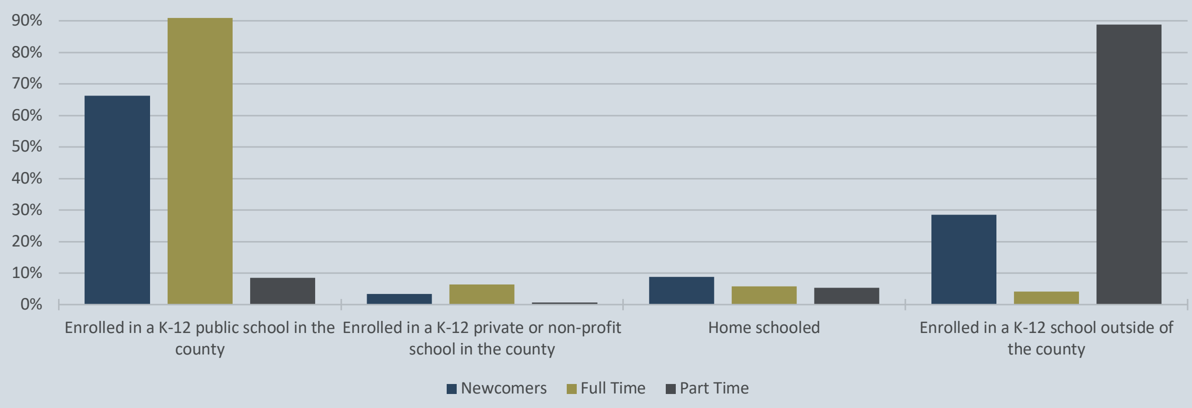


*Source: 2021 Mountain Migration Survey • *Multiple select question, meaning that percentages add to over 100%*

Full-time residents are likely to enroll their children in local schools. Part-time residents are likely to enroll their children outside of the county. Newcomers have mixed enrollment.

The vast majority of newcomers that have children enrolled locally are full-time residents. Newcomers with children enrolled outside of the county (29%) may be less likely to stay in the area.

LOCATION OF K-12 SCHOOL ENROLLMENT BY RESIDENCY

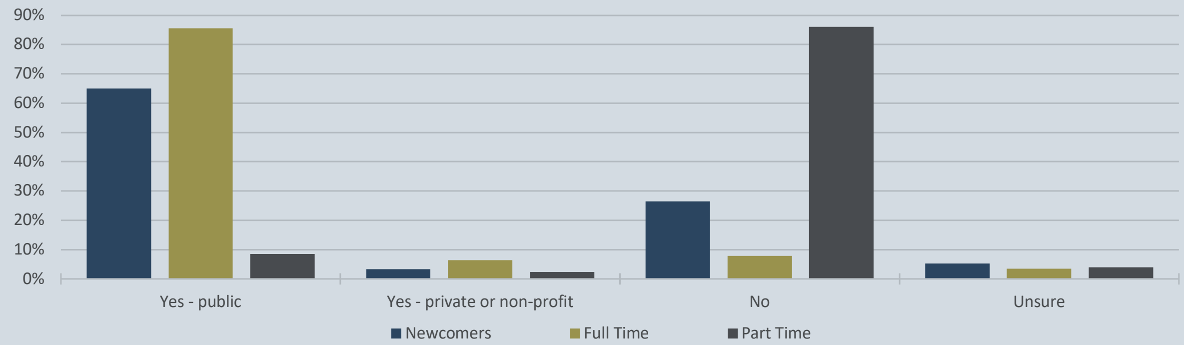


*Source: 2021 Mountain Migration Survey • *Multiple select question, meaning that percentages add to over 100%*

Future School Enrollment

Residents report little change in expected K-12 enrollment for 2021-2202. The slight decline in full-time resident enrollment is mostly due to students graduating or households moving out of the county. About 5% of residents are unsure about their plans.

K-12 ENROLLMENT PLANS FOR 2021/2022 SCHOOL YEAR BY RESIDENCY

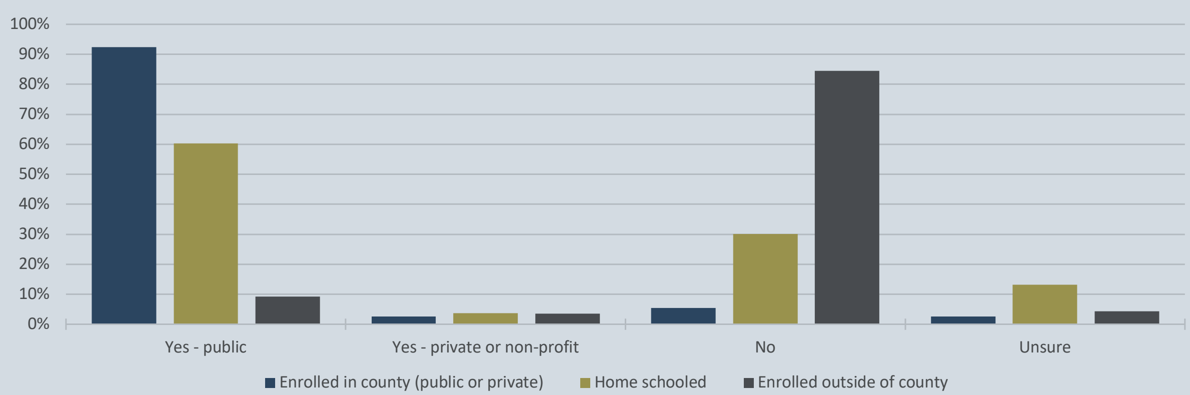


*Source: 2021 Mountain Migration Survey • *Multiple select question, meaning that percentages add to over 100%*

Evaluating future enrollment plans by current enrollment status shows that:

- Currently enrolled families will largely stay enrolled;
- The majority of students that are home schooled will enroll locally;
- A handful of out of county enrollees will enroll locally (10%); and
- About 5% of residents are unsure. Residents with home schooled children are the most uncertain.

K-12 ENROLLMENT PLANS FOR 2021/2022 SCHOOL YEAR BY CURRENT ENROLLMENT STATUS



*Source: 2021 Mountain Migration Survey • *Multiple select question, meaning that percentages add to over 100%*

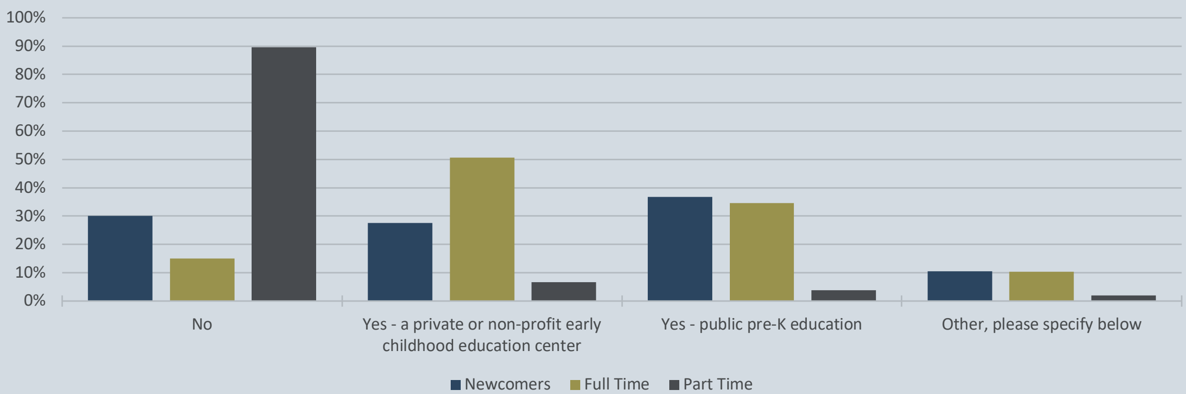
The vast majority of families that are not enrolling their children locally or are unsure reported that they live elsewhere and will continue to do so, have children that are graduating from the K-12 system, and/or are moving out of the county (80%). Less common reasons include:

- Concerns over the quality of education, including curriculum diversity and options, instruction methods, and quality of online programs offered (10%).
- Preference for homeschooling in general (5%).
- Frustration with COVID restrictions, mostly desiring classes to again be full-time, mask-free, and uninterrupted by quarantines (5%).

Regarding pre-K enrollment plans for residents with younger children:

- About three-fourths of full-time residents stated they will enroll their children in either a public or private/non-profit pre-K program.
- Newcomers were mixed and part-time residents were predominately not interested in local programs.
- Respondents selecting "other" indicated that their children will be enrolled in kindergarten, day care, or home schooled, that they are still exploring options, or that they cannot find options locally.

PRE-K ENROLLMENT PLANS FOR 2021/2022 SCHOOL YEAR BY RESIDENCY



Source: 2021 Mountain Migration Survey
**Multiple select question, meaning that percentages add to over 100%*

10 NEXT STEPS

This section presents several suggestions from the consultants, WSW Consulting, Inc. and Rees Consulting, Inc., for possible next steps.

Motivate to Take Action Together

The impacts that amenity-rich mountain communities have felt from the recent COVID-accelerated migration is real. This report has shown significant impacts on housing availability and prices first and foremost, but also community services, outdoor recreation, and quality of life. Whether the changes felt now are here to stay, or will scale down before slowly ramping back up again, this past year has given the mountain communities a glimpse of the future.

What is clear is that the impacts are not isolated to some communities over others. All mountain communities in this study experienced many of the same impacts at similar scales. With wide recognition of the shared impacts, now seems ripe for the mountain communities and regions to increase their capacity to work together and address common solutions. Through collective action on creative and bold initiatives it is hoped that observed and pending changes can be leveraged into positive opportunities for improvement.

Much expertise exists across the study region in implementing local resident and employee housing programs; however, many communities recognize that more innovative tools are needed to address the mountain migration challenge. The below suggestions present a few ideas for strengthening some existing tools and exploring new options to effect the greater local, regional, and larger changes needed to address the mountain migration challenge.

Collaborate on Larger Policy Changes

Amenity-rich communities throughout the state should collaborate to change limiting federal and state of Colorado policies and statutes and open up more opportunities for communities to address impacts.

STATE HOUSING FINANCING PROGRAMS

Allow state resources to serve higher income households by increasing Area Median Income (AMI) thresholds. Current programs are limited primarily to households earning 80% or less of the area median income. Most households earning 200% AMI or more are now struggling to afford homes.

SHORT-TERM RENTALS

Tax residential units that are used as short-term rentals at the higher commercial property tax rate. Likewise, require short-term rentals to meet the same public safety standards as commercial hotel and lodge properties.

REAL ESTATE TRANSFER TAXES

Unlock a known tool for creating revenue from overheated real estate sales to mitigate the impacts. Allow municipalities and counties to adopt new real estate transfer taxes. This provides a significant and flexible source of revenue for communities to apply toward housing programs.

VACANT HOME IMPACTS

Generate additional revenue options for communities to address the shortage of housing for local residents and employees. Examples may include allowing a vacancy tax for homes that are underutilized and charging part time (second) homes a higher residential property tax rate than homes occupied as a primary residence.

CONDOMINIUMS AND MIXED-USE

Lobby to remove construction financing and buyer lending impediments on condominiums and mixed-use construction. Residential units above commercial in downtown areas help communities with limited land increase residential densities and provide options for workers to be near jobs. Condominiums provide more affordable home options, but only if purchasers can acquire loans.

STATE OWNED LANDS

Lobby the state to inventory all state public lands for housing suitability and make excess state land available for local resident and employee housing. Help connect the communities where suitable state lands are located with affordable housing developers to produce the housing needed by local residents and employees.

Explore Local & Regional Actions

Many tried and innovative tools exist and are used by various communities. Every community that is already involved in housing needs to review policies and be sure they are using every available tool as robustly as they can. Some suggestions to enhance community housing programs include:

REGIONAL AND LOCAL PARTNERSHIPS

- Develop regional partnerships that cooperatively allocate available resources for shared housing problems.
- Optimize the efficient use of resources by reducing situations where multiple agencies provide the same housing services, particularly when they end up competing with each other.
- Generate an environment where businesses, government, local and regional organizations, and the private sector can cooperatively work together and creatively address local resident and employee housing needs.

LOCAL EMPLOYEE DEED RESTRICTIONS

Include provisions in deed restrictions that permanently limit the occupancy of homes to persons who are employed by a local business or in a local position serving the community. This is especially important for deed restrictions that do not have income limits. The objective is to create a secondary real estate market of deed-restricted homes that are occupied as a primary residence by local employees, thereby eliminating the competition from higher-income out-of-area buyers.

PURCHASE DEED RESTRICTIONS ON EXISTING HOMES

Prepare a deed restriction purchase program with readiness to respond if opportunities arise. This means having funds available to purchase existing homes, then permanently deed restricting the homes for occupancy by local employees. This program recognizes that preserving existing homes for permanent resident occupancy is a necessary compliment to new construction in mountain communities to meet housing needs.

ADOPT OR INCREASE RESIDENTIAL LINKAGE PROGRAMS

Mitigate workforce housing demand generated by residential construction. This can be done through residential linkage programs, which require new construction to pay a fee, or build below market housing, to compensate for the housing needed by workers filling jobs demanded by new residences and their occupants.

MID-TERM RENTALS

Homes rented for one- up to five-months increased significantly during COVID and contributed to the highest increase in market rents ever experienced in Colorado mountain towns. Mid-term rentals, however, are not subject to short-term rental limitations that communities may have in place. Eliminate this loophole by addressing the mid-term leasing trend through permitting/licensing, taxation, and restrictions on the number and location of mid-term rentals similar to those imposed in some communities on short-term rentals.

REALLOCATE FUNDS TO HOUSING

Reallocate funds from other priorities, for example marketing and tourism promotion, to housing. This includes paying for employee housing out of enterprise funds for employees of those services.

RENTAL HOUSING STOCK

- Preserve existing and create new rental housing for local employees.
- Take advantage of the recent passage of HB 21-1117 in May 2021 by adopting inclusionary zoning standards that require a portion of new or redeveloped rentals be priced affordable for local employees.

BALLOT INITIATIVES

Consider ballot initiatives to fund housing building upon the lessons learned in communities where taxes for housing have been approved in recent years. With the gap between market housing prices and the prices affordable for local wage earners now much wider than pre-COVID, additional sources of revenue are needed.

CONSTRUCTION LABOR SHORTAGE

Explore options for addressing the shortage in construction labor. Building homes affordable for the local workforce will be difficult to achieve even if funding for housing is significantly increased. Examples include:

- Promoting vocational/technical education.
- Creating apprenticeship programs.
- Employing residential construction crews for housing construction and maintenance, such as through a housing authority.

PUBLIC LANDS FOR LOCAL RESIDENT AND EMPLOYEE HOUSING

- Communities and regions should review existing federal, state, and local public lands, including those owned by school districts, for housing suitability and conduct land swaps as needed to open up more developable land for housing.
- Communities should purchase land, master plan to drive a vision, then seek partners to develop the property.

EMBRACE DENSITY FOR LOCAL EMPLOYEE HOUSING DEVELOPMENTS

The development of housing for local residents and employees should no longer been seen as negotiable in the mountain communities severely impacted by the COVID migration. This includes negotiations that typically occur during the discretionary development approval process, too often resulting in fewer homes for local employees than zoning or land capacity allows, and sometimes halting projects altogether. Communities should evolve zoning and policies to reflect this necessity by, for example:

- Allowing attached and multi-family homes in all residential zones. Some areas have banned single-family home zoning altogether (e.g., Oregon).
- Ensuring accessory dwelling units (ADUs) are permitted in all zones, ideally with local employee occupancy requirements. Work with homeowner's associations to ensure bylaws also permit ADUs.
- Establishing permitted zoning densities and density bonuses that incentivize housing for local employees as by-right, rather than discretionary, standards. This means that if the proposed density is within established guidelines, then the density is approved; it is not a topic to be negotiated in the discretionary approval process. By-right will ideally be applied to other development design standards to streamline the review process and expedite approval.
- Revisiting zoning density limits overall, either increasing permitted residential densities where appropriate, or providing increased density bonus incentives for projects providing local employee housing.
- With any areas that are upzoned to higher densities, pair this with an inclusionary zoning requirement, which will ensure that a good portion of the new development will be permanently deed restricted for local employees.

When completing comprehensive and land use plans to guide your community's future:

- Consider the shift toward more people working in homes and that relatively less office space will be necessary.
- Recognize that significant increases in population are possible without additional new development when so many homes are used for part-time occupancy.
- Commit to "housing as infrastructure" as a necessary component, like clean water and sanitation, for the health of any community. Defining housing for local employees as necessary infrastructure can help generate support for governments and others to be involved in and allocate monies toward housing in support of the public health, safety, and welfare.

Better track the use and occupancy of homes by increasing the utilization of existing information. This information is invaluable to planning and community development departments to track progress and changes. Some suggested monitoring methods include:

TRACK THE USE/OCCUPANCY OF RESIDENTIAL UNITS

Systems could be created to continuously track residential use, possibly using a combination of Assessor data, rental licenses, changes in utility accounts, title company cooperation, visitor tracking services, and property manager assistance. Waiting for Census data to be released every 10 years and relying upon the American Community Survey in the interim is not adequate for understanding rapidly changing conditions and adjusting service delivery.

UNDERSTAND POPULATION FLUCTUATIONS

- Enhance water use/wastewater flow monitoring systems and data interpretation to continually measure the number of persons in the area. Communities can track water use and wastewater to monitor changes with little lag time. This will require most to enhance their tracking/billing systems to:

- Easily distinguish between residential and commercial accounts;

- Track consistently by category and adjust for any changes in tracking systems over time to ensure comparable results year-to-year;

- Adjust for anomalies when they occur due to events like water line breaks, changing of meters, taking systems off line for improvements, garbage disposal use (for wastewater), etc.

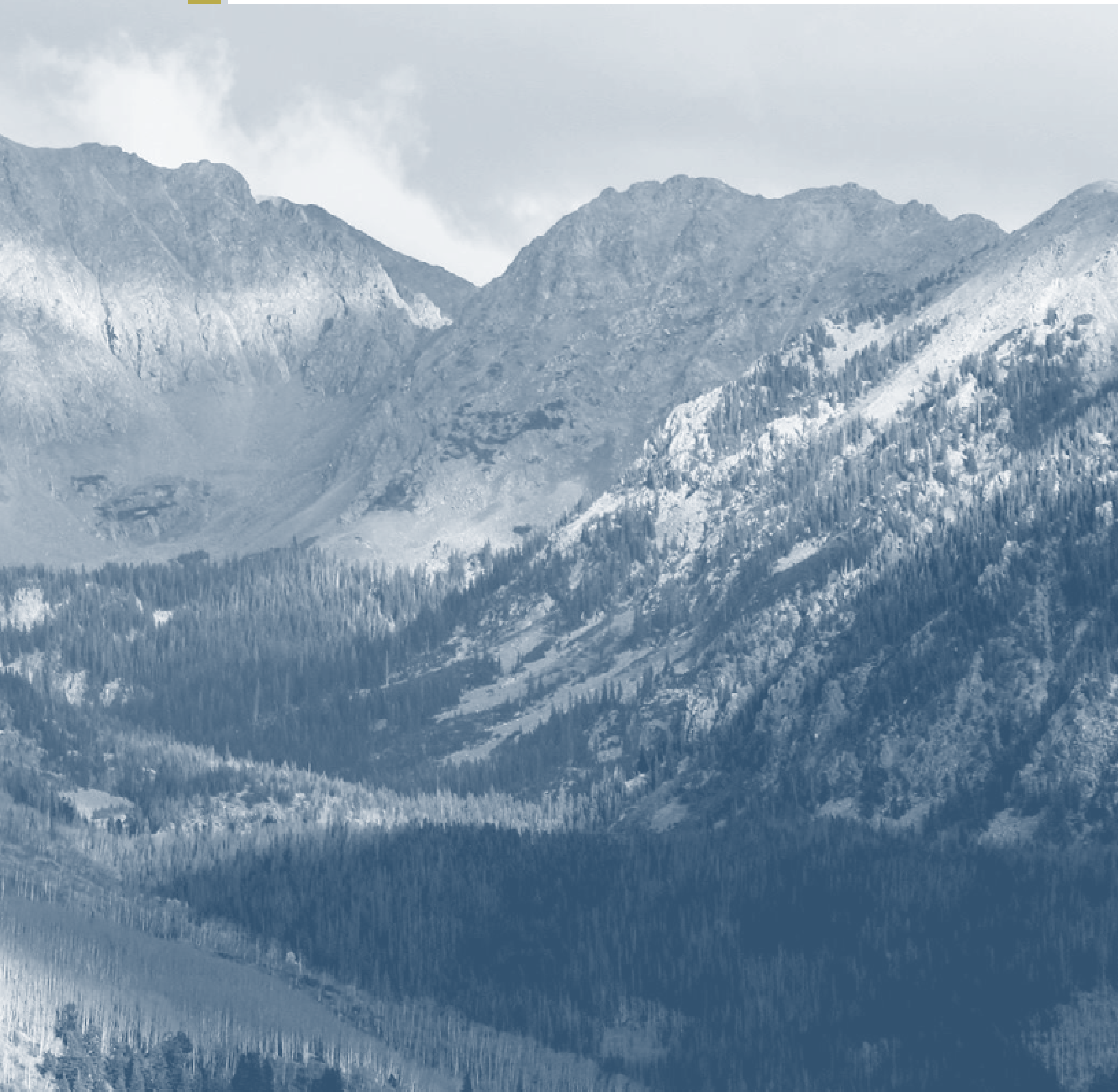
- Track changes in use by accounts when they change from one owner to another to understand changes in the use or occupancy of homes.

Regarding the impacts of increased residency and visitation on public lands surrounding mountain communities:

PUBLIC LANDS USAGE IMPACTS

- Work with public lands managers who oversee USFS and BLM property surrounding mountain communities to mitigate the impacts from overcrowding at trailheads and in the backcountry. Institute permit systems, create remote parking/shuttle services (e.g., Maroon Bells), mobilize volunteers to supplement the work of employees, increase sanitation services (dumpsters, porta potties, dump stations), and implement a strong education campaign.

APPENDIX



Demographic Profile of Survey Respondents

ARE YOU CURRENTLY A FULL-TIME OR PART-TIME RESIDENT OF THE COUNTY?

	Part-time Resident	Full-time Resident	New-comers	Long-timers	TOTAL Respondents
Full-time	0%	100%	65%	79%	76%
Part-time	100%	0%	35%	21%	24%
TOTAL	**1,237**	**3,478**	**309**	**3,058**	**4,721**

DO YOU OWN OR RENT YOUR HOME IN THE COUNTY?

	Part-time Resident	Full-time Resident	New-comers	Long-timers	TOTAL Respondents
Own	97%	84%	69%	92%	87%
Rent	2%	15%	28%	7%	12%
Other	1%	1%	3%	1%	1%
TOTAL	**1,237**	**3,478**	**309.0**	**3,054**	**4,718**

HOW MANY PEOPLE LIVE IN YOUR HOUSEHOLD?

	Part-time Resident	Full-time Resident	New-comers	Long-timers	TOTAL Respondents
1	7%	11%	7%	11%	10%
2	62%	42%	43%	47%	46%
3	9%	19%	18%	17%	17%
4	15%	22%	23%	20%	20%
5+	7%	6%	10%	5%	6%
TOTAL	**1,210**	**3,443**	**306.0**	**3,010**	**4,663**
Average	**2.5**	**2.7**	**2.9**	**2.6**	**2.7**

WITHIN WHICH AGE CATEGORIES DO HOUSEHOLD MEMBERS FALL?

	Part-time Resident	Full-time Resident	New-comers	Long-timers	TOTAL Respondents
Under 18	20%	38%	39%	33%	33%
18 to 29	12%	14%	24%	11%	13%
30 to 64	66%	80%	86%	73%	76%
65 and over	44%	24%	6%	36%	29%
TOTAL	**1,206**	**3,444**	**306.0**	**3,008**	**4,662**

WHAT IS YOUR GROSS ANNUAL HOUSEHOLD INCOME?

	Part-time Resident	Full-time Resident	New-comers	Long-timers	TOTAL Respondents
Under $50,000	2%	8%	6%	7%	7%
$50,000 to $99,999	6%	24%	12%	20%	20%
$100,000 to $149,999	10%	27%	14%	25%	23%
$150,000 to $199,999	13%	17%	15%	17%	16%
$200,000 to $299,999	16%	12%	18%	12%	13%

Acknowledgments

On behalf of NWCCOG, CAST, and the consultants, Wendy Sullivan (WSW Consulting, Inc.) and Melanie Rees (Rees Consulting, Inc.), we would like to thank all of those individuals who provided time and information, without whom this research would not have been possible. Information in this report relied on extensive participation from community members, jurisdictions, and representatives from each county in the study area, regional property managers, boards of REALTORS® and their members, non-profits, community organizations, school districts, water and utility service providers, chambers of commerce, tourism districts, and of course the over 4,700 community members that gave their time to complete the resident survey.

We also extend special thanks to our advisory group which provided valuable input on the structure of each component of the project. NWCCOG would like to thank their Council for supporting the concept, and each of the key funding partners to the project: CAST, DOLA and EDA.

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Tamara Pogue • *Summit County Commissioner*

Lars Carlson • *Telluride Town Council Member, Real estate agent*

Keith Riesberg • *Winter Park, Town Manager*

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John Wade, *Routt County*

Doug Labor, *Routt County*

Lars Carlson, *San Miguel County*

Todd Rankin, *Summit County*

BOARDS OF REALTORS®

Vail Board of REALTORS®, *Eagle County*

Grand County Board of REALTORS®, *Grand County*

Aspen Board of REALTORS®, *Pitkin County*

Steamboat Springs Board of REALTORS®, *Routt County*

Telluride Association of REALTORS®, *San Miguel County*

Summit REALTORS®, *Summit County*

WATER PROVIDERS

Eagle River Water and Sanitation District, *Eagle County*

Grand County Water & San District #1, *Grand County*

Winter Park Water & San District, *Grand County*

Upper Valley Wastewater Treatment Plant, *Grand County*

City of Aspen Water Department, *Pitkin County*

Aspen Consolidated Sanitation District, *Pitkin County*

City of Steamboat, Public Works, *Routt County*

Mt. Werner Water and Sanitation, *Routt County*

Town of Breckenridge Water, *Summit County*

Upper Blue Sanitation District, *Summit County*

CHAMBERS & TOURISM DISTRICTS

Vail Valley Partnership, *Eagle County*

Steamboat Springs Chamber, *Routt County*

Telluride Tourism Board, *San Miguel County*

Summit Chamber of Commerce, *Summit County*

Breckenridge Grand Vacations, *Summit County*

SCHOOL DISTRICTS

Eagle Schools, *Eagle County*

East Grand Schools, *Grand County*

Aspen School District, *Pitkin County*

Steamboat Springs School District, *Routt County*

Telluride Schools, *San Miguel County*

Summit Schools, *Summit County*

NON-PROFITS & OTHER ORGANIZATIONS

Grand Foundation, *Grand County*

Summit Foundation, *Summit County*

St. Anthony Summit Medical Center, *Summit County*

Family & Intercultural Resource Center, *Summit County*

Telluride Arts District, *San Miguel County*

Telluride Foundation, *San Miguel County*

Aspen Center for Environmental Studies, *Pitkin County*

Aspen Institute, *Pitkin County*

Aspen Music Festival and School, *Pitkin County*

United Way, *Routt County*

DESTIMETRICS VISITOR DATA COMPILATION

Tom Foley, Inntopia Business Intelligence

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