ACCESSORY DWELLING UNITS (ADUs)

Lake City, Colorado | April 02, 2026 Planning & Zoning Meeting

Bottom Line Up Front: The Comprehensive Housing Plan identifies ADUs as **one of the easiest/quickest** ways to start addressing the LC/HC housing shortage. ADUs are required in certain areas of Colorado. **Hinsdale County is not currently one of them**. Lake City **could voluntarily become** an ADU Supportive Jurisdiction **by taking very specific steps**, which **unlocks funding**. DOLA has confirmed the Lake City approach is **well aligned** with **a few shortfalls** discussed below.

Overall, current Lake City ordinance requires updating and alignment with CO state law IAW HB24-1152 if ADU strategy is being pursued.

COLORADO STATE DEFINITION OF ADU

C.R.S. 29-35-102(2), HB24-1152 (2024)

"Accessory dwelling unit means an **internal, attached, or detached dwelling** unit that:

- a) Provides complete independent living facilities for one or more individuals;
- b) Is located on the same lot as a proposed or existing primary residence; and
- c) Includes facilities for living, sleeping, eating, cooking, and sanitation."

LAKE CITY & HINSDALE COUNTY HOUSING PLAN DEFINITION

Adopted February 18, 2026

"Accessory Dwelling Unit (ADU): A smaller, secondary housing unit on the **same lot** as a primary residence. **May be attached** (e.g., basement apartment) **or detached** (e.g., backyard cottage)."

LAKE CITY'S CURRENT DEFINITION

Lake City Municipal Code, Zoning, §23-2 "Definitions"

"Accessory dwelling unit means a single-family dwelling unit **that is attached** to a single-family home or a private garage."

Action 1.3: ADU Ordinance (Phase I — 0–6 months)

From Housing Plan, Chapter 7, Appendix A: Action 1.3 | Lead: Town | Phase I

Task: Adopt a state-compliant ADU ordinance and incentive framework to secure "Supportive Jurisdiction" status and funding.

Purpose: "Allow property owners to add accessory dwelling units on existing lots to increase rental inventory with minimal infrastructure impact."

To become an ADU Supportive Jurisdiction, a community must adopt state-compliant "by-right" land-use rules while implementing **at least one proactive strategy** to lower financial or regulatory barriers for homeowners building long-term housing.

Baseline Compliance: Formalize an ordinance formally allowing internal, attached, and detached ADUs in all SFD zones via an administrative (staff-level) review process.

Supportive Strategies consistent with LC approach (Adopt at least one):

- **STR Prohibition:** Restricting ADUs to long-term rentals only to protect year-round housing stock.
- **Fee Waivers:** Waiving water, sewer, and building permit fees for deed-restricted units.
- **Workforce Deed Restrictions:** Requiring 10-year recorded covenants for local employees or those "aging in place".
- **Pre-Approved Plans:** Providing 3–4 historically compatible "fast-track" floor plans to eliminate homeowner design and engineering costs.
- **Accessibility Incentives:** Offering expedited reviews or additional fee reductions for units built to visitability or ADA standards.

CURRENT DISCUSSION: ALIGNMENT CHECKLIST

Requirement	Colorado State (HB24-1152)	Lake City Current Code	Action Needed?
Allow ADU on SFD lots by right	✓ Required (subject jurisdictions)	✗ Not formalized	Formalize it
Allow detached ADUs	✓ Yes (explicit)	✗ Attached only	Revision to current definition
Allow internal ADUs (e.g., basement)	✓ Yes (explicit)	✗ Semi-Ambiguous	Remove ambiguity
Min. size flexibility	No floor (state definition sets none)	440 sf min.	Consider alignment
Max. size allowed	750+ sf min	1,800 sf cap	Discuss, but no action needed

Requirement	Colorado State (HB24-1152)	Lake City Current Code	Action Needed?
Admin. approval process (no public hearing)	✓ Required	✗ Not yet formal	YES, align with state
Owner-occupancy requirement	✗ **PROHIBITED** (C.R.S. 29-35-103(2)(b))	Proposed “family member is approved tenant” may backfire	Revise to neutral occupancy
Extra parking mandates	✗ **MOSTLY PROHIBITED** (C.R.S. 29-35-103(2)(a))	Discussions of 1 per ADU	Review 3 part test and determine if realistic in LC/HC
Deed restrictions for affordability	✓ Encouraged (§29-35-104)	Recommended in Plan	YES, align with state

Immediate Priorities (Near-Term)

- **Update Definitions:** Formally change the code to allow internal, attached, and detached ADUs, moving away from the current "attached-only" restriction.
- **Confirm Size Limits:** Set the 400 sq. ft. minimum and 1,000 sq. ft. maximum floor area requirements if desired.
- **Codify Administrative Review:** Replace discretionary public hearings with a staff-level "by-right" approval process to meet the mandatory state deadline.
- **Fix Occupancy Language:** Remove any "family member" requirements and update owner-occupancy rules to only require residency at the time of the initial application.
- **Adopt the 3-Part Parking Test:** Draft the parking section so that additional spaces are only required if the property meets all three infrastructure and access conditions defined in C.R.S. 29-35-403.
- **Formalize Fee Waivers:** Adopt the resolution to waive water, sewer, and building permit fees for deed-restricted units, as these **must be legally in place before applying for state funding**.

Strategic Development (Further Discussion)

These items involve more complex coordination with other departments, design work, or long-term management systems.

- **Finalize Pre-Approved Plan Sets:** P&Z needs to review and select 3–4 historically compatible models (Studio, 1BR, 2BR) and ensure they are "permit-ready" to save homeowners on engineering costs. Requires Building Inspector and HPC coordination.

- **Infrastructure Coordination:** Work with Public Works to define exactly how "common taps" will be handled and confirm current capacity for additional units in specific neighborhoods.
- **Compliance & Monitoring System:** Further discuss how the Town/County Housing Coordinator will track the 10-year workforce deed restrictions and manage the required annual homeowner reports.
- **STR Regulation Alignment:** Determine how any ADU prohibition on Short-Term Rentals will be integrated into the Town's existing STR licensing and enforcement system.
- **DOLA Certification Submission:** Once the immediate priorities are adopted, the final step is coordinating the official application to DOLA to unlock the **$15,000 per-unit** grant fund.

Additional Resources

HB24-1152 Accessory Dwelling Units | Colorado General Assembly
https://leg.colorado.gov/bills/hb24-1152

DOLA ADU Toolkit:
Accessory Dwelling Unit (ADU) Toolkit | Division of Local Government
https://dlg.colorado.gov/accessory-dwelling-unit-toolkit

YOUTUBE VIDEO Explaining ADUs:
April 25, 2025-HOA Forum: Accessory Dwelling Units
https://www.youtube.com/watch?v=QApLZbTOif0

Funding sources identified in Plan:

- DOLA Planning Grant (ordinance development)
  https://cdola.colorado.gov/housing-planning-grant

- CHFA ADU construction loans (available to property owners)
  https://www.chfainfo.com/accessory-dwelling-unit-adu-finance-programs