

Final

El Paso County Impact Report

Lowell-Draper Urban Renewal Area

The Economics of Land Use



Prepared for:

Colorado Springs Urban Renewal Authority

Prepared by:

Economic & Planning Systems, Inc.

*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

www.epsys.com

EPS #213072

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1. Introduction

This report includes a summary of the expected fiscal impacts of the site included in the Lowell-Draper Urban Renewal Plan (Plan) in El Paso County (the County). The El Paso County Impact Report for Lowell-Draper Urban Renewal Area (report) was prepared by Economic & Planning Systems (EPS) for the Colorado Springs Urban Renewal Authority (“CSURA” or “Authority”).

The report includes a summary of forecasted property tax revenues as well as El Paso County fiscal and service impacts associated with development in accordance with the Urban Renewal Plan. It specifically responds to the requirements outlined in C.R.S. 31-25-107 (3.5):

C.R.S. 31-25-107: APPROVAL OF URBAN RENEWAL PLANS BY THE LOCAL GOVERNING BODY

- (3.5) “Prior to the approval of an urban renewal plan, the governing body shall submit such plan to the board of county commissioners, which shall include, at a minimum, the following information concerning the impact of such plan:
- I. The estimated duration of time to complete the urban renewal project;
 - II. The estimated annual property tax increment to be generated by the urban renewal project and the portion of such property tax increment to be allocated during this period to fund the urban renewal project;
 - III. An estimate of the impact of the urban renewal project on county revenues and on the cost and extent of additional county infrastructure and services required to serve development within the proposed urban renewal area, and the benefit of improvements within the urban renewal area to existing county infrastructure;
 - IV. A statement setting forth the method under which the authority or the municipality will finance, or that agreements are in place to finance, any additional county infrastructure and services required to serve development in the urban renewal area for the period in which all or any portion of the property taxes described in subparagraph (ii) of paragraph (a) of subsection (9) of this section and levied by a county are paid to the authority; and
 - V. Any other estimated impacts of the urban renewal project on county services or revenues.”

Urban Renewal Plan Description

The Lowell-Draper Urban Renewal Area (“URA” or “Plan Area”) is located in the City of Colorado Springs in El Paso County. The Plan Area is comprised of seven parcels on approximately 7.28 acres of land and adjacent right of way. The boundaries of the Plan Area include parcels 1 to 3 located along East Las Animas Street with South Weber Street to the east and South Nevada Avenue to the west; South Weber Street to East Fountain Boulevard; and parcels 4 to 7 located south of East Fountain Boulevard with South Corona Street to the east and South Weber Street to the west, as illustrated in red below in **Figure 1**.

Figure 1. Lowell-Draper URA Boundary



2. Development Program

The proposed project for the Plan Area is an attainable housing development along with associated site improvements including sidewalks, streetscape, landscaping, and a public park. Draper Commons will be an attainable housing development located on the southern parcels 4 to 7. The proposed site plan, illustrated in **Figure 2**, includes 280 units ranging from studio, one-, and two-bedroom units. Approximately 5 percent of the units will be attainable for households earning up to 30 percent of area median income (AMI) and the remaining units will be attainable for households earning between 30 and 60 percent AMI.

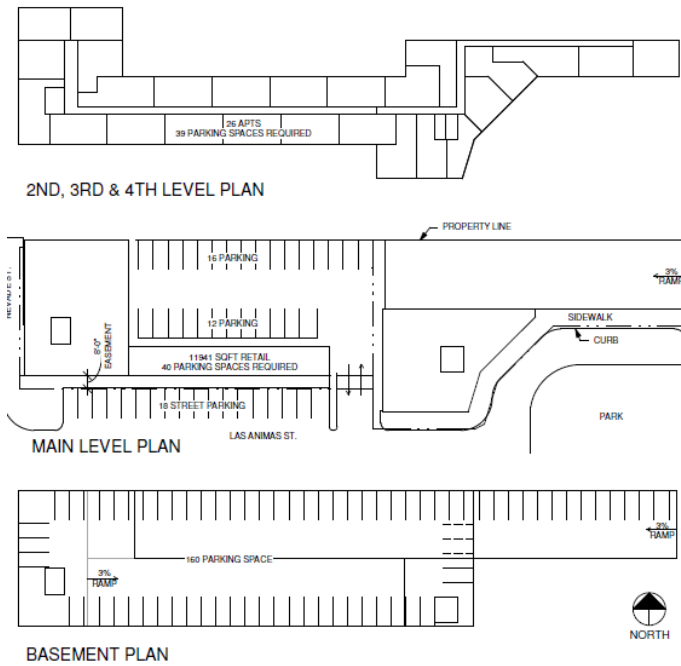
Figure 2. Draper Commons Site Plan



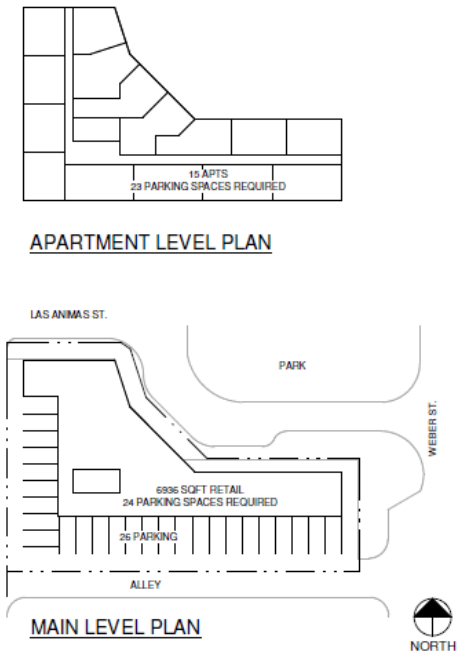
Lowell Commons, located on northern parcels 1 to 3, is anticipated to include approximately 180 units priced at levels that will be affordable for households earning between 70 percent and 140 percent AMI. The proposed site plan is illustrated in **Figure 3**. This project addresses the for housing at the working household level that is often not addressed by new multifamily development.

Figure 3. Lowell Commons Site Plan

North Side



South Side



3. County Fiscal Impact Draper Commons

In order to estimate the anticipated impact of the development of the parcels included in the Plan area boundary on the County, EPS evaluated expected property tax revenues, infrastructure costs, and impacts on cost of service for the County.

Property Taxes

CSURA is expected to keep 100 percent of the property tax revenues generated by the Plan increment, which includes any property tax that is generated by new development on the parcels included in the Plan Area. These revenues are necessary to allow the project to move forward and will be used to fund eligible improvements.

Draper Commons Assumptions

To estimate potential property tax revenues of Draper Commons, EPS has estimated market values for affordable residential multifamily development at \$175,712 per unit. The estimated value from the El Paso County Assessor for conventional market-rate multifamily units falls between \$217,000 and \$254,000 per unit for a 2020 valuation. However, based on the estimated reduced rental income (based on affordability covenants) that will be generated by the affordable units, the Assessor reduced this estimate to a range of \$133,333 to \$148,148 per unit. EPS used the average of this range a premium to account for the proximity to downtown. EPS has also assumed an annual growth rate in property values of 2.0 percent per year, which is reassessed on odd-number years in accordance with Colorado Legislature.

Property Tax Base

The current property taxes paid on the vacant land in the proposed Draper Commons are roughly \$651,337 per year, shown below in **Table 1**. This base reflects the total value of the vacant land parcels, including parcels that have development proposed and parcels that will remain undeveloped. The assessment rate and mill levy are two universally used factors that generate revenue streams that are a portion of total valuation. The assessment rate for commercial property in Colorado is 29 percent. Note that per State regulations, vacant land is classified as commercial (29 percent) while multifamily is assessed as residential (7.15 percent). The 2021 mill levies for all parcels in the taxing district that includes the proposed Urban Renewal Area are shown in **Table 2**. The total mill levy in 2021 was 68.2650, which includes 7.9200 mills for El Paso County (including El Paso County Road and Bridge share).

Table 1. Property Base Value, 2021

Parcel	Actual Value			Assessment Rate	Assessed Value		
	Land	Imp.	Total		Land	Imp.	Total
Developable							
335 Victoria St	\$417,720	\$0	\$417,720	29.00%	\$121,139	\$0	\$121,139
Parcel 6	<u>\$491,352</u>	<u>\$0</u>	<u>\$491,352</u>	29.00%	<u>\$142,492</u>	<u>\$0</u>	<u>\$142,492</u>
Subtotal	\$909,072	\$0	\$909,072		\$263,631	\$0	\$263,631
Undeveloped							
405 Writers Way	\$256,630	\$0	\$256,630	29.00%	\$74,423	\$0	\$74,423
Parcel 7	<u>\$1,080,288</u>	<u>\$0</u>	<u>\$1,080,288</u>	29.00%	<u>\$313,284</u>	<u>\$0</u>	<u>\$313,284</u>
Subtotal	\$1,336,918	\$0	\$1,336,918		\$387,706	\$0	\$387,706
Total	\$2,245,990	\$0	\$2,245,990		\$651,337	\$0	\$651,337

Source: El Paso County Assessor; Economic & Planning Systems

Table 2. Mill Levies, 2021

Description	Mill Levy
EL PASO COUNTY	7.7550
EPC ROAD & BRIDGE SHARE	0.1650
CITY OF COLORADO SPRINGS	4.2790
EPC-COLORADO SPGS ROAD & BRIDGE SHARE	0.1650
COLO SPGS SCHOOL NO 11	51.1040
PIKES PEAK LIBRARY	3.8550
SOUTHEASTERN COLO WATER CONSERVANCY	0.9420
EL PASO COUNTY CONSERVATION	0.0000
TOTAL	68.2650

Source: El Paso County Assessor; Economic & Planning Systems

Property Tax Increment

The future property taxes due to new development is referred to as the “Increment” and would be deferred. The development of Draper Commons over the next 25 years is expected to generate approximately \$6.3 million in property tax increment over the 25-year period, which equates to an average of approximately \$275,538 per year, as shown in **Table 3**.

Following the 25-year period, the parcels included in Plan Area are expected to generate approximately \$415,819 in total property taxes, which includes approximately \$72,947 that is attributed to the base values and \$342,872 that is generated by the increment or new development.

Table 3. Property Tax Increment, 2021-2046

Year	Plan Year	Residential Value		Cml. Actual Statutory Val.			Assessed Value (1-Yr. Lag) ^[2]				Property Tax Increment (1-Yr. Lag) 68.265 mill levy
		Units	\$175,712/unit [1]	Undeveloped Base Val. 2.0% Ann. Esc.	Redeveloped Base Val. 2.0% Ann. Esc.	New Development 2.0% Ann. Esc.	Undeveloped Base Val. 29.00%	Redeveloped Base Val. 29.00%	New Development 7.15%	Increment Value	
2021	0	0	\$0	\$1,336,918	\$909,072	\$0	\$387,706	\$263,631	\$0	\$0	\$0
2022	1	280	\$49,199,360	\$1,363,656	\$927,253	\$49,199,360	\$387,706	\$263,631	\$0	\$0	\$0
2023	2	0	\$0	\$1,390,929	\$945,799	\$50,183,347	\$395,460	\$268,903	\$3,517,754	\$3,248,851	\$0
2024	3	0	\$0	\$1,418,748	\$964,714	\$51,187,014	\$395,460	\$268,903	\$3,517,754	\$3,248,851	\$221,783
2025	4	0	\$0	\$1,447,123	\$984,009	\$52,210,754	\$411,437	\$279,767	\$3,659,872	\$3,380,104	\$221,783
2026	5	0	\$0	\$1,476,065	\$1,003,689	\$53,254,970	\$411,437	\$279,767	\$3,659,872	\$3,380,104	\$230,743
2027	6	0	\$0	\$1,505,587	\$1,023,763	\$54,320,069	\$428,059	\$291,070	\$3,807,730	\$3,516,661	\$230,743
2028	7	0	\$0	\$1,535,699	\$1,044,238	\$55,406,470	\$428,059	\$291,070	\$3,807,730	\$3,516,661	\$240,065
2029	8	0	\$0	\$1,566,413	\$1,065,123	\$56,514,600	\$445,353	\$302,829	\$3,961,563	\$3,658,734	\$240,065
2030	9	0	\$0	\$1,597,741	\$1,086,425	\$57,644,892	\$445,353	\$302,829	\$3,961,563	\$3,658,734	\$249,763
2031	10	0	\$0	\$1,629,696	\$1,108,154	\$58,797,790	\$463,345	\$315,063	\$4,121,610	\$3,806,546	\$249,763
2032	11	0	\$0	\$1,662,289	\$1,130,317	\$59,973,745	\$463,345	\$315,063	\$4,121,610	\$3,806,546	\$259,854
2033	12	0	\$0	\$1,695,535	\$1,152,923	\$61,173,220	\$482,064	\$327,792	\$4,288,123	\$3,960,331	\$259,854
2034	13	0	\$0	\$1,729,446	\$1,175,982	\$62,396,685	\$482,064	\$327,792	\$4,288,123	\$3,960,331	\$270,352
2035	14	0	\$0	\$1,764,035	\$1,199,501	\$63,644,618	\$501,539	\$341,035	\$4,461,363	\$4,120,328	\$270,352
2036	15	0	\$0	\$1,799,316	\$1,223,491	\$64,917,511	\$501,539	\$341,035	\$4,461,363	\$4,120,328	\$281,274
2037	16	0	\$0	\$1,835,302	\$1,247,961	\$66,215,861	\$521,802	\$354,812	\$4,641,602	\$4,286,790	\$281,274
2038	17	0	\$0	\$1,872,008	\$1,272,920	\$67,540,178	\$521,802	\$354,812	\$4,641,602	\$4,286,790	\$292,638
2039	18	0	\$0	\$1,909,448	\$1,298,379	\$68,890,982	\$542,882	\$369,147	\$4,829,123	\$4,459,976	\$292,638
2040	19	0	\$0	\$1,947,637	\$1,324,346	\$70,268,801	\$542,882	\$369,147	\$4,829,123	\$4,459,976	\$304,460
2041	20	0	\$0	\$1,986,590	\$1,350,833	\$71,674,177	\$564,815	\$384,060	\$5,024,219	\$4,640,159	\$304,460
2042	21	0	\$0	\$2,026,322	\$1,377,850	\$73,107,661	\$564,815	\$384,060	\$5,024,219	\$4,640,159	\$316,760
2043	22	0	\$0	\$2,066,848	\$1,405,407	\$74,569,814	\$587,633	\$399,576	\$5,227,198	\$4,827,621	\$316,760
2044	23	0	\$0	\$2,108,185	\$1,433,515	\$76,061,210	\$587,633	\$399,576	\$5,227,198	\$4,827,621	\$329,558
2045	24	0	\$0	\$2,150,349	\$1,462,185	\$77,582,435	\$611,374	\$415,719	\$5,438,377	\$5,022,657	\$329,558
2046	25	0	\$0	\$2,193,356	\$1,491,429	\$79,134,083	\$611,374	\$415,719	\$5,438,377	\$5,022,657	\$342,872
Total		280	\$49,199,360								\$6,337,372

[1] The El Paso County Assessor has provided an estimated market value range of \$217,000 to \$254,000 per unit (assuming a 2020 valuation). However, based on the estimated reduced income generated by the affordable units the Assessor has reduced this estimate to \$133,333 to \$148,148 per unit. EPS has used the average of this range and applied two years of value escalation to estimate actual statutory value. EPS adjusted the estimated unit value to account for the estimated value in 2023 and a 20% premium for location.

[2] Reflects a biennial reassessment.

Source: Economic & Planning Systems

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Taxing District Impact

El Paso County Impact

El Paso County property tax revenues, which include El Paso County (7.7550 mills) and El Paso County Road and Bridge (0.1650 mills), are based on the combined 7.92 mill levy. Existing property taxes refer to the “Base” and would not be deferred. The County’s share of the current property tax base is \$5,159, shown in **Table 4**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$8,135 for El Paso County in year 25 and generating a total of approximately \$168,805 over the 25-year period. The increment value will be deferred by the County for the 25-year period. Over this time, the total property tax deferred by the County would be approximately \$735,252 or \$31,967 per year.

Table 4. El Paso County Property Tax Revenue, 2021-2046

Year	Plan Year	El Paso County Property Tax: 7.92 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$5,159	\$0	\$5,159
2022	1	\$5,159	\$0	\$5,159
2023	2	\$5,262	\$0	\$5,262
2024	3	\$5,262	\$25,731	\$30,993
2025	4	\$5,474	\$25,731	\$31,205
2026	5	\$5,474	\$26,770	\$32,245
2027	6	\$5,696	\$26,770	\$32,466
2028	7	\$5,696	\$27,852	\$33,547
2029	8	\$5,926	\$27,852	\$33,778
2030	9	\$5,926	\$28,977	\$34,903
2031	10	\$6,165	\$28,977	\$35,142
2032	11	\$6,165	\$30,148	\$36,313
2033	12	\$6,414	\$30,148	\$36,562
2034	13	\$6,414	\$31,366	\$37,780
2035	14	\$6,673	\$31,366	\$38,039
2036	15	\$6,673	\$32,633	\$39,306
2037	16	\$6,943	\$32,633	\$39,576
2038	17	\$6,943	\$33,951	\$40,894
2039	18	\$7,223	\$33,951	\$41,175
2040	19	\$7,223	\$35,323	\$42,546
2041	20	\$7,515	\$35,323	\$42,838
2042	21	\$7,515	\$36,750	\$44,265
2043	22	\$7,819	\$36,750	\$44,569
2044	23	\$7,819	\$38,235	\$46,053
2045	24	\$8,135	\$38,235	\$46,369
2046	25	\$8,135	\$39,779	\$47,914
Total		\$168,805	\$735,252	\$904,057

Source: Economic & Planning Systems

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Colorado Springs School District 11 Impact

The Plan Area is located within the Colorado Springs School District Number 11, which has a 51.1040 mill levy. The School District's share of the current property tax base is \$33,286, shown in **Table 5**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$52,489 in year 25 and generating a total over \$1.0 million over the 25-year period. The increment value will be deferred by the School District for the 25-year period. Over this time, the total property tax deferred by the School District would be approximately \$4.7 million or \$189,769 per year.

Table 5. School District Property Tax Revenue, 2021-2046

Year	Plan Year	School Dist. Property Tax: 51.104 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$33,286	\$0	\$33,286
2022	1	\$33,286	\$0	\$33,286
2023	2	\$33,952	\$0	\$33,952
2024	3	\$33,952	\$166,029	\$199,981
2025	4	\$35,323	\$166,029	\$201,353
2026	5	\$35,323	\$172,737	\$208,060
2027	6	\$36,750	\$172,737	\$209,487
2028	7	\$36,750	\$179,715	\$216,466
2029	8	\$38,235	\$179,715	\$217,950
2030	9	\$38,235	\$186,976	\$225,211
2031	10	\$39,780	\$186,976	\$226,756
2032	11	\$39,780	\$194,530	\$234,310
2033	12	\$41,387	\$194,530	\$235,917
2034	13	\$41,387	\$202,389	\$243,776
2035	14	\$43,059	\$202,389	\$245,448
2036	15	\$43,059	\$210,565	\$253,624
2037	16	\$44,798	\$210,565	\$255,364
2038	17	\$44,798	\$219,072	\$263,871
2039	18	\$46,608	\$219,072	\$265,680
2040	19	\$46,608	\$227,923	\$274,531
2041	20	\$48,491	\$227,923	\$276,414
2042	21	\$48,491	\$237,131	\$285,622
2043	22	\$50,450	\$237,131	\$287,581
2044	23	\$50,450	\$246,711	\$297,161
2045	24	\$52,489	\$246,711	\$299,199
2046	25	\$52,489	\$256,678	\$309,166
Total		\$1,089,218	\$4,744,233	\$5,833,450

Source: Economic & Planning Systems

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City of Colorado Springs Impact

The City of Colorado Springs has a 4.279 mill levy. The City’s share of the current property tax base is \$2,787, shown in **Table 6**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$4,395 in year 25 and generating a total of approximately \$91,202 over the 25-year period. The increment value of property taxes generated, which will be deferred by the City, would be approximately \$397,240 over the 25-year period or \$15,890 per year.

Table 6. City of Colorado Springs Property Tax Revenue, 2021-2046

Year	Plan Year	Co. Springs Property Tax: 4.279 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$2,787	\$0	\$2,787
2022	1	\$2,787	\$0	\$2,787
2023	2	\$2,843	\$0	\$2,843
2024	3	\$2,843	\$13,902	\$16,745
2025	4	\$2,958	\$13,902	\$16,859
2026	5	\$2,958	\$14,463	\$17,421
2027	6	\$3,077	\$14,463	\$17,541
2028	7	\$3,077	\$15,048	\$18,125
2029	8	\$3,201	\$15,048	\$18,249
2030	9	\$3,201	\$15,656	\$18,857
2031	10	\$3,331	\$15,656	\$18,987
2032	11	\$3,331	\$16,288	\$19,619
2033	12	\$3,465	\$16,288	\$19,754
2034	13	\$3,465	\$16,946	\$20,412
2035	14	\$3,605	\$16,946	\$20,552
2036	15	\$3,605	\$17,631	\$21,236
2037	16	\$3,751	\$17,631	\$21,382
2038	17	\$3,751	\$18,343	\$22,094
2039	18	\$3,903	\$18,343	\$22,246
2040	19	\$3,903	\$19,084	\$22,987
2041	20	\$4,060	\$19,084	\$23,144
2042	21	\$4,060	\$19,855	\$23,915
2043	22	\$4,224	\$19,855	\$24,080
2044	23	\$4,224	\$20,657	\$24,882
2045	24	\$4,395	\$20,657	\$25,052
2046	25	\$4,395	\$21,492	\$25,887
Total		\$91,202	\$397,240	\$488,442

Source: Economic & Planning Systems

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Pikes Peak Library District Impact

The Plan Area is located within the Pikes Peak Library District, which has a 3.8550 mill levy. The Library District's share of the current property tax base is \$2,511, shown in **Table 7**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$3,959 in year 25 and generating a total of approximately \$82,165 over the 25-year period. The increment value of property taxes generated, which will be deferred by the Library District, would be approximately \$357,878 over the 25-year period or \$14,315 per year.

Table 7. Library Property Tax Revenue, 2021-2046

Year	Plan Year	Library Property Tax: 3.855 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$2,511	\$0	\$2,511
2022	1	\$2,511	\$0	\$2,511
2023	2	\$2,561	\$0	\$2,561
2024	3	\$2,561	\$12,524	\$15,085
2025	4	\$2,665	\$12,524	\$15,189
2026	5	\$2,665	\$13,030	\$15,695
2027	6	\$2,772	\$13,030	\$15,803
2028	7	\$2,772	\$13,557	\$16,329
2029	8	\$2,884	\$13,557	\$16,441
2030	9	\$2,884	\$14,104	\$16,989
2031	10	\$3,001	\$14,104	\$17,105
2032	11	\$3,001	\$14,674	\$17,675
2033	12	\$3,122	\$14,674	\$17,796
2034	13	\$3,122	\$15,267	\$18,389
2035	14	\$3,248	\$15,267	\$18,515
2036	15	\$3,248	\$15,884	\$19,132
2037	16	\$3,379	\$15,884	\$19,263
2038	17	\$3,379	\$16,526	\$19,905
2039	18	\$3,516	\$16,526	\$20,041
2040	19	\$3,516	\$17,193	\$20,709
2041	20	\$3,658	\$17,193	\$20,851
2042	21	\$3,658	\$17,888	\$21,546
2043	22	\$3,806	\$17,888	\$21,694
2044	23	\$3,806	\$18,610	\$22,416
2045	24	\$3,959	\$18,610	\$22,570
2046	25	\$3,959	\$19,362	\$23,322
Total		\$82,165	\$357,878	\$440,043

Source: Economic & Planning Systems

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Southeastern Colorado Water Conservancy District Impact

The Plan Area is located within the Southeastern Colorado Water Conservancy District, which has a 0.9420 mill levy. The Water Conservancy District’s share of the current property tax base is \$614, shown in **Table 8**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$968 in year 25 and generating a total of approximately \$20,078 over the 25-year period. The increment value of property taxes generated, which will be deferred by the Water Conservancy District, would be approximately \$87,450 over the 25-year period or \$3,498 per year.

Table 8. Water Conservancy Property Tax Revenue, 2021-2046

Year	Plan Year	Water Conserv. Property Tax: .942 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$614	\$0	\$614
2022	1	\$614	\$0	\$614
2023	2	\$626	\$0	\$626
2024	3	\$626	\$3,060	\$3,686
2025	4	\$651	\$3,060	\$3,712
2026	5	\$651	\$3,184	\$3,835
2027	6	\$677	\$3,184	\$3,861
2028	7	\$677	\$3,313	\$3,990
2029	8	\$705	\$3,313	\$4,017
2030	9	\$705	\$3,447	\$4,151
2031	10	\$733	\$3,447	\$4,180
2032	11	\$733	\$3,586	\$4,319
2033	12	\$763	\$3,586	\$4,349
2034	13	\$763	\$3,731	\$4,494
2035	14	\$794	\$3,731	\$4,524
2036	15	\$794	\$3,881	\$4,675
2037	16	\$826	\$3,881	\$4,707
2038	17	\$826	\$4,038	\$4,864
2039	18	\$859	\$4,038	\$4,897
2040	19	\$859	\$4,201	\$5,060
2041	20	\$894	\$4,201	\$5,095
2042	21	\$894	\$4,371	\$5,265
2043	22	\$930	\$4,371	\$5,301
2044	23	\$930	\$4,548	\$5,478
2045	24	\$968	\$4,548	\$5,515
2046	25	\$968	\$4,731	\$5,699
Total		\$20,078	\$87,450	\$107,528

Source: Economic & Planning Systems

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Cost of Service and Infrastructure Costs

Residential development in the County has a direct impact on County services and infrastructure costs. However, the cost of service and infrastructure costs vary depending on whether or not the development occurs within incorporated or unincorporated areas. The entire Plan Area is located within the City of Colorado Springs municipal boundaries. It is also noteworthy that the majority of urban services required by the new development will be provided by the City of Colorado Springs, such as police, parks and recreation, water, sewer, and general administration such as planning, zoning, land use code enforcement, business licensing, etc.

For the purposes of this analysis, EPS assumes that the modest additional service cost to the County associated with the future development within the City of Colorado Springs is balanced by additional revenue sources, such as intergovernmental transfers and fees for services. While modest, the County will receive sales tax revenues from the residents living within the development. The County is expected to have no financial exposure for infrastructure costs or other capital improvements. Future infrastructure costs that are associated with development on parcels included in the Plan boundary are anticipated to be financed by the developer initially, and by the Colorado Springs Urban Renewal Authority and the City of Colorado Springs in the future.

Summary of the Net County Impact

Based on the analysis included in this report, EPS anticipates that the impact of the proposed Draper Commons in the Lowell-Draper Urban Renewal Plan on El Paso County will be positive. If the County portion of the property taxes was deferred during this period, the County would experience an annual fiscal impact of \$5,159 in 2022, the first year of development. By 2047, the end of the 25-year tax increment financing period, the County's portion of property tax is expected to increase to \$47,914 per year as a result from the inclusion of developed parcels in the URA.

Based on previous experience evaluating county fiscal structures, EPS has an understanding of expenditures, revenues, and alternative revenue sources that new development generates as well as the corresponding costs of service attributed to various development types. Moreover, because the future development will be located within the City of Colorado Springs, and the City is responsible for a majority of services, including ones with typically higher costs to local government (i.e., police, public works, water), the County's exposure in terms of its financial outlay will be modest and is expected to be mitigated with user fees and other revenue sources.

4. County Fiscal Impact Lowell Commons

In order to estimate the anticipated impact of the development of the parcels included in the Plan area boundary on the County, EPS evaluated expected property tax revenues, infrastructure costs, and impacts on cost of service for the County.

Property Taxes

CSURA is expected to keep 100 percent of the property tax revenues generated by the Plan increment, which includes any property tax that is generated by new development on the parcels included in the Plan Area. These revenues are necessary to allow the project to move forward and will be used to fund eligible improvements.

Lowell Commons Assumptions

To estimate potential property tax revenues of Lowell Commons, EPS has estimated market values for affordable residential multifamily development at \$197,000 per unit. The estimated value is based on the capitalized value of the project. Additionally, based on El Paso assessor data the estimated market value falls within the market valuation of similar product type in Colorado Springs.

Property Tax Base

The current property taxes paid on the vacant land in the proposed Lowell Commons are roughly \$154,868 per year, shown below in **Table 9**. This base reflects the total value of the vacant land parcels, including parcels planned for development and parcels that will remain undeveloped. The assessment rate and mill levy are two universally used factors that generate revenue streams that are a portion of total valuation. The assessment rate for commercial property in Colorado is 29 percent. Note that per State regulations, vacant land is classified as commercial (29 percent) while multifamily is assessed as residential (7.15 percent). The 2021 mill levies for all parcels in the taxing district that includes the proposed Urban Renewal Area are shown in **Table 10**. The total mill levy in 2021 was 68.2650, which includes 7.9200 mills for El Paso County (including El Paso County Road and Bridge share).

Table 9. Property Base Value, 2021

Parcel	Actual Value			Assessment Rate	Assessed Value		
	Land	Imp.	Total		Land	Imp.	Total
Developable							
202 E Las Animas St	\$179,487	\$0	\$179,487	29.00%	\$52,051	\$0	\$52,051
252 E Las Animas St	\$170,599	\$0	\$170,599	29.00%	\$49,474	\$0	\$49,474
251 E Las Animas St	<u>\$183,942</u>	<u>\$0</u>	<u>\$183,942</u>	29.00%	<u>\$53,343</u>	<u>\$0</u>	<u>\$53,343</u>
Total	\$534,028	\$0	\$534,028		\$154,868	\$0	\$154,868

Source: El Paso County Assessor; Economic & Planning Systems

Table 10. Mill Levies, 2021

Description	Mill Levy
EL PASO COUNTY	7.7550
EPC ROAD & BRIDGE SHARE	0.1650
CITY OF COLORADO SPRINGS	4.2790
EPC-COLORADO SPGS ROAD & BRIDGE SHARE	0.1650
COLO SPGS SCHOOL NO 11	51.1040
PIKES PEAK LIBRARY	3.8550
SOUTHEASTERN COLO WATER CONSERVANCY	0.9420
EL PASO COUNTY CONSERVATION	0.0000
TOTAL	68.2650

Source: El Paso County Assessor; Economic & Planning Systems

Property Tax Increment

The future property taxes due to new development is referred to as the "Increment" and would be deferred. The development of Lowell Commons over the next 25 years is expected to generate approximately \$4.5 million in property tax increment over the 25-year period, which equates to an average of approximately \$180,793 per year, as shown in **Table 11**.

Following the 25-year period, the parcels included in Plan Area are expected to generate approximately \$268,249 in total property taxes, which includes approximately \$17,345 that is attributed to the base values and \$250,905 that is generated by the increment or new development.

Table 11. Property Tax Increment, 2021-2046

Year	Plan Year	Residential Value		Cml. Actual Statutory Val.		Assessed Value (1-Yr. Lag) ^[2]			Property Tax Increment (1-Yr. Lag) 68.265 mill levy
		Units	\$197,000/unit	Base Val. 2.0% Ann. Esc.	New Val. 2.0% Ann. Esc.	Base Val. 29.00%	New Dev. 7.15%	Increment Val.	
2021	0	0	\$0	\$534,028	\$0	\$154,868	\$0	\$0	\$0
2022	1	180	\$10,638,000	\$544,709	\$10,638,000	\$154,868	\$0	\$0	\$0
2023	2	180	\$36,169,200	\$555,603	\$36,169,200	\$157,965	\$760,617	\$602,652	\$0
2024	3	0	\$0	\$566,715	\$36,892,584	\$157,965	\$2,586,098	\$2,428,132	\$41,140
2025	4	0	\$0	\$578,049	\$37,630,436	\$164,347	\$2,637,820	\$2,473,472	\$165,756
2026	5	0	\$0	\$589,610	\$38,383,044	\$164,347	\$2,637,820	\$2,473,472	\$168,852
2027	6	0	\$0	\$601,402	\$39,150,705	\$170,987	\$2,744,388	\$2,573,401	\$168,852
2028	7	0	\$0	\$613,430	\$39,933,719	\$170,987	\$2,744,388	\$2,573,401	\$175,673
2029	8	0	\$0	\$625,699	\$40,732,394	\$177,895	\$2,855,261	\$2,677,366	\$175,673
2030	9	0	\$0	\$638,213	\$41,547,042	\$177,895	\$2,855,261	\$2,677,366	\$182,770
2031	10	0	\$0	\$650,977	\$42,377,982	\$185,082	\$2,970,613	\$2,785,532	\$182,770
2032	11	0	\$0	\$663,997	\$43,225,542	\$185,082	\$2,970,613	\$2,785,532	\$190,154
2033	12	0	\$0	\$677,277	\$44,090,053	\$192,559	\$3,090,626	\$2,898,067	\$190,154
2034	13	0	\$0	\$690,822	\$44,971,854	\$192,559	\$3,090,626	\$2,898,067	\$197,837
2035	14	0	\$0	\$704,639	\$45,871,291	\$200,338	\$3,215,488	\$3,015,149	\$197,837
2036	15	0	\$0	\$718,731	\$46,788,717	\$200,338	\$3,215,488	\$3,015,149	\$205,829
2037	16	0	\$0	\$733,106	\$47,724,491	\$208,432	\$3,345,393	\$3,136,961	\$205,829
2038	17	0	\$0	\$747,768	\$48,678,981	\$208,432	\$3,345,393	\$3,136,961	\$214,145
2039	18	0	\$0	\$762,723	\$49,652,561	\$216,853	\$3,480,547	\$3,263,694	\$214,145
2040	19	0	\$0	\$777,978	\$50,645,612	\$216,853	\$3,480,547	\$3,263,694	\$222,796
2041	20	0	\$0	\$793,538	\$51,658,524	\$225,614	\$3,621,161	\$3,395,548	\$222,796
2042	21	0	\$0	\$809,408	\$52,691,695	\$225,614	\$3,621,161	\$3,395,548	\$231,797
2043	22	0	\$0	\$825,596	\$53,745,529	\$234,728	\$3,767,456	\$3,532,728	\$231,797
2044	23	0	\$0	\$842,108	\$54,820,439	\$234,728	\$3,767,456	\$3,532,728	\$241,162
2045	24	0	\$0	\$858,951	\$55,916,848	\$244,211	\$3,919,661	\$3,675,450	\$241,162
2046	25	0	\$0	\$876,130	\$57,035,185	\$244,211	\$3,919,661	\$3,675,450	\$250,905
Total		360	\$46,807,200						\$4,519,830

[2] Reflects a biennial reassessment.

Source: Economic & Planning Systems

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Taxing District Impact

El Paso County Impact

El Paso County property tax revenues, which include El Paso County (7.7550 mills) and El Paso County Road and Bridge (0.1650 mills), are based on the combined 7.92 mill levy. Existing property taxes refer to the "Base" and would not be deferred. The County's share of the current property tax base is \$1,227, shown in **Table 12**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$1,934 for El Paso County in year 25 and generating a total of approximately \$40,137 over the 25-year period. The increment value will be deferred by the County for the 25-year period. Over this time, the total property tax deferred by the County would be approximately \$524,384 or \$20,975 per year.

Table 12. El Paso County Property Tax Revenue, 2021-2046

Year	Plan Year	El Paso County Property Tax: 7.92 mills		Total
		Base	Increment 1-Yr. Lag	
2021	0	\$1,227	\$0	\$1,227
2022	1	\$1,227	\$0	\$1,227
2023	2	\$1,251	\$0	\$1,251
2024	3	\$1,251	\$4,773	\$6,024
2025	4	\$1,302	\$19,231	\$20,532
2026	5	\$1,302	\$19,590	\$20,892
2027	6	\$1,354	\$19,590	\$20,944
2028	7	\$1,354	\$20,381	\$21,736
2029	8	\$1,409	\$20,381	\$21,790
2030	9	\$1,409	\$21,205	\$22,614
2031	10	\$1,466	\$21,205	\$22,671
2032	11	\$1,466	\$22,061	\$23,527
2033	12	\$1,525	\$22,061	\$23,586
2034	13	\$1,525	\$22,953	\$24,478
2035	14	\$1,587	\$22,953	\$24,539
2036	15	\$1,587	\$23,880	\$25,467
2037	16	\$1,651	\$23,880	\$25,531
2038	17	\$1,651	\$24,845	\$26,496
2039	18	\$1,717	\$24,845	\$26,562
2040	19	\$1,717	\$25,848	\$27,566
2041	20	\$1,787	\$25,848	\$27,635
2042	21	\$1,787	\$26,893	\$28,680
2043	22	\$1,859	\$26,893	\$28,752
2044	23	\$1,859	\$27,979	\$29,838
2045	24	\$1,934	\$27,979	\$29,913
2046	25	\$1,934	\$29,110	\$31,044
Total		\$40,137	\$524,384	\$564,520

Source: Economic & Planning Systems

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Colorado Springs School District 11 Impact

The Plan Area is located within the Colorado Springs School District Number 11, which has a 51.1040 mill levy. The School District’s share of the current property tax base is \$7,914, shown in **Table 13**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$12,480 in year 25 and generating a total of approximately \$258,983 over the 25-year period. The increment value will be deferred by the School District for the 25-year period. Over this time, the total property tax deferred by the School District would be approximately \$3.4 million or \$135,344 per year.

Table 13. School District Property Tax Revenue, 2021-2046

Year	Plan Year	School District Property Tax: 51.104 mills		Total
		Base	Increment	
2021	0	\$7,914	\$0	\$7,914
2022	1	\$7,914	\$0	\$7,914
2023	2	\$8,073	\$0	\$8,073
2024	3	\$8,073	\$30,798	\$38,871
2025	4	\$8,399	\$124,087	\$132,486
2026	5	\$8,399	\$126,404	\$134,803
2027	6	\$8,738	\$126,404	\$135,142
2028	7	\$8,738	\$131,511	\$140,249
2029	8	\$9,091	\$131,511	\$140,602
2030	9	\$9,091	\$136,824	\$145,915
2031	10	\$9,458	\$136,824	\$146,283
2032	11	\$9,458	\$142,352	\$151,810
2033	12	\$9,841	\$142,352	\$152,192
2034	13	\$9,841	\$148,103	\$157,943
2035	14	\$10,238	\$148,103	\$158,341
2036	15	\$10,238	\$154,086	\$164,324
2037	16	\$10,652	\$154,086	\$164,738
2038	17	\$10,652	\$160,311	\$170,963
2039	18	\$11,082	\$160,311	\$171,393
2040	19	\$11,082	\$166,788	\$177,870
2041	20	\$11,530	\$166,788	\$178,318
2042	21	\$11,530	\$173,526	\$185,056
2043	22	\$11,996	\$173,526	\$185,522
2044	23	\$11,996	\$180,537	\$192,532
2045	24	\$12,480	\$180,537	\$193,017
2046	25	\$12,480	\$187,830	\$200,310
Total		\$258,983	\$3,383,599	\$3,642,582

Source: Economic & Planning Systems

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City of Colorado Springs Impact

The City of Colorado Springs has a 4.279 mill levy. The City's share of the current property tax base is \$663, shown in **Table 14**. The base amount is expected to grow at 2.0 percent per 2 years resulting in an annual amount of \$1,045 in year 25 and generating a total of approximately \$21,685 over the 25-year period. The increment value of property taxes generated, which will be deferred by the City, would be approximately \$283,313 over the 25-year period or \$11,333 per year.

Table 14. City of Colorado Springs Property Tax Revenue, 2021-2046

Year	Plan Year	Co. Springs Property Tax: 4.279 mills		
		Base	Increment	Total
2021	0	\$663	\$0	\$663
2022	1	\$663	\$0	\$663
2023	2	\$676	\$0	\$676
2024	3	\$676	\$2,579	\$3,255
2025	4	\$703	\$10,390	\$11,093
2026	5	\$703	\$10,584	\$11,287
2027	6	\$732	\$10,584	\$11,316
2028	7	\$732	\$11,012	\$11,743
2029	8	\$761	\$11,012	\$11,773
2030	9	\$761	\$11,456	\$12,218
2031	10	\$792	\$11,456	\$12,248
2032	11	\$792	\$11,919	\$12,711
2033	12	\$824	\$11,919	\$12,743
2034	13	\$824	\$12,401	\$13,225
2035	14	\$857	\$12,401	\$13,258
2036	15	\$857	\$12,902	\$13,759
2037	16	\$892	\$12,902	\$13,794
2038	17	\$892	\$13,423	\$14,315
2039	18	\$928	\$13,423	\$14,351
2040	19	\$928	\$13,965	\$14,893
2041	20	\$965	\$13,965	\$14,931
2042	21	\$965	\$14,530	\$15,495
2043	22	\$1,004	\$14,530	\$15,534
2044	23	\$1,004	\$15,117	\$16,121
2045	24	\$1,045	\$15,117	\$16,162
2046	25	\$1,045	\$15,727	\$16,772
Total		\$21,685	\$283,313	\$304,998

Source: Economic & Planning Systems

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Pikes Peak Library District Impact

The Plan Area is located within the Pikes Peak Library District, which has a 3.8550 mill levy. The Library District’s share of the current property tax base is \$597, shown in **Table 15**. The base amount is expected to grow at 2.0 percent per every 2 years resulting in an annual amount of \$941 in year 25 and generating a total of approximately \$19,536 over the 25-year period. The increment value of property taxes generated, which will be deferred by the Library District, would be approximately \$255,240 over the 25-year period or \$10,210 per year.

Table 15. Library Property Tax Revenue, 2021-2046

Year	Plan Year	Library Property Tax: 3.855 mills		
		Base	Increment	Total
2021	0	\$597	\$0	\$597
2022	1	\$597	\$0	\$597
2023	2	\$609	\$0	\$609
2024	3	\$609	\$2,323	\$2,932
2025	4	\$634	\$9,360	\$9,994
2026	5	\$634	\$9,535	\$10,169
2027	6	\$659	\$9,535	\$10,194
2028	7	\$659	\$9,920	\$10,580
2029	8	\$686	\$9,920	\$10,606
2030	9	\$686	\$10,321	\$11,007
2031	10	\$713	\$10,321	\$11,035
2032	11	\$713	\$10,738	\$11,452
2033	12	\$742	\$10,738	\$11,481
2034	13	\$742	\$11,172	\$11,914
2035	14	\$772	\$11,172	\$11,944
2036	15	\$772	\$11,623	\$12,396
2037	16	\$804	\$11,623	\$12,427
2038	17	\$804	\$12,093	\$12,896
2039	18	\$836	\$12,093	\$12,929
2040	19	\$836	\$12,582	\$13,418
2041	20	\$870	\$12,582	\$13,451
2042	21	\$870	\$13,090	\$13,960
2043	22	\$905	\$13,090	\$13,995
2044	23	\$905	\$13,619	\$14,524
2045	24	\$941	\$13,619	\$14,560
2046	25	\$941	\$14,169	\$15,110
Total		\$19,536	\$255,240	\$274,776

Source: Economic & Planning Systems

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Southeastern Colorado Water Conservancy District Impact

The Plan Area is located within the Southeastern Colorado Water Conservancy District, which has a 0.9420 mill levy. The Water Conservancy District's share of the current property tax base is \$146, shown in **Table 16**. The base amount is expected to grow at 2.0 percent per year resulting in an annual amount of \$230 in year 25 and generating a total of approximately \$4,774 over the 25-year period. The increment value of property taxes generated, which will be deferred by the Water Conservancy District, would be approximately \$62,370 over the 25-year period or \$2,495 per year.

Table 16. Water Conservancy Property Tax Revenue, 2021-2046

Year	Plan Year	Water Conserv. Property Tax: .942 mills		Total
		Base	Increment	
2021	0	\$146	\$0	\$146
2022	1	\$146	\$0	\$146
2023	2	\$149	\$0	\$149
2024	3	\$149	\$568	\$717
2025	4	\$155	\$2,287	\$2,442
2026	5	\$155	\$2,330	\$2,485
2027	6	\$161	\$2,330	\$2,491
2028	7	\$161	\$2,424	\$2,585
2029	8	\$168	\$2,424	\$2,592
2030	9	\$168	\$2,522	\$2,690
2031	10	\$174	\$2,522	\$2,696
2032	11	\$174	\$2,624	\$2,798
2033	12	\$181	\$2,624	\$2,805
2034	13	\$181	\$2,730	\$2,911
2035	14	\$189	\$2,730	\$2,919
2036	15	\$189	\$2,840	\$3,029
2037	16	\$196	\$2,840	\$3,037
2038	17	\$196	\$2,955	\$3,151
2039	18	\$204	\$2,955	\$3,159
2040	19	\$204	\$3,074	\$3,279
2041	20	\$213	\$3,074	\$3,287
2042	21	\$213	\$3,199	\$3,411
2043	22	\$221	\$3,199	\$3,420
2044	23	\$221	\$3,328	\$3,549
2045	24	\$230	\$3,328	\$3,558
2046	25	\$230	\$3,462	\$3,692
Total		\$4,774	\$62,370	\$67,144

Source: Economic & Planning Systems

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Cost of Service and Infrastructure Costs

Residential development in the County has a direct impact on County services and infrastructure costs. However, the cost of service and infrastructure costs vary depending on whether or not the development occurs within incorporated or unincorporated areas. The entire Plan Area is located within the City of Colorado Springs municipal boundaries. It is also noteworthy that the majority of urban services required by the new development will be provided by the City of Colorado Springs, such as police, parks and recreation, water, sewer, and general administration such as planning, zoning, land use code enforcement, business licensing, etc.

For the purposes of this analysis, EPS assumes that the modest additional service cost to the County associated with the future development within the City of Colorado Springs is balanced by additional revenue sources, such as intergovernmental transfers and fees for services. While modest, the County will receive sales tax revenues from the residents living within the development. The County is expected to have no financial exposure for infrastructure costs or other capital improvements. Future infrastructure costs that are associated with development on parcels included in the Plan boundary are anticipated to be financed by the developer initially, and by the Colorado Springs Urban Renewal Authority and the City of Colorado Springs in the future.

Summary of the Net County Impact

Based on the analysis included in this report, EPS anticipates that the impact of the proposed Lowell Commons in the Lowell-Draper Urban Renewal Plan on El Paso County will be positive. If the County portion of the property taxes was deferred during this period, the County would experience an annual fiscal impact of \$1,227 in 2021, the first year of development. By 2047, the end of the 25-year tax increment financing period, the County's portion of property tax is expected to increase to \$31,044 per year as a result from the inclusion of developed parcels in the URA.

Based on previous experience evaluating county fiscal structures, EPS has a understanding of expenditures, revenues, and alternative revenue sources that new development generates as well as the corresponding costs of service attributed to various development types. Moreover, because the future development will be located within the City of Colorado Springs, and the City is responsible for a majority of services, including ones with typically higher costs to local government (i.e., police, public works, water), the County's exposure in terms of its financial outlay will be modest and is expected to be mitigated with user fees and other revenue sources.