



South Nevada Avenue Corridor

Proposed Urban Renewal Plan – Funding Request

Presented to:

Colorado Springs City Council

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Plan Area Characteristics

240 legal parcels

Located in the **south central portion of the city**

Bound by **East Cheyenne Road** on the south, river corridor on the north, **South Wahsatch Avenue** on the east, and **South Cascade Avenue** on the west

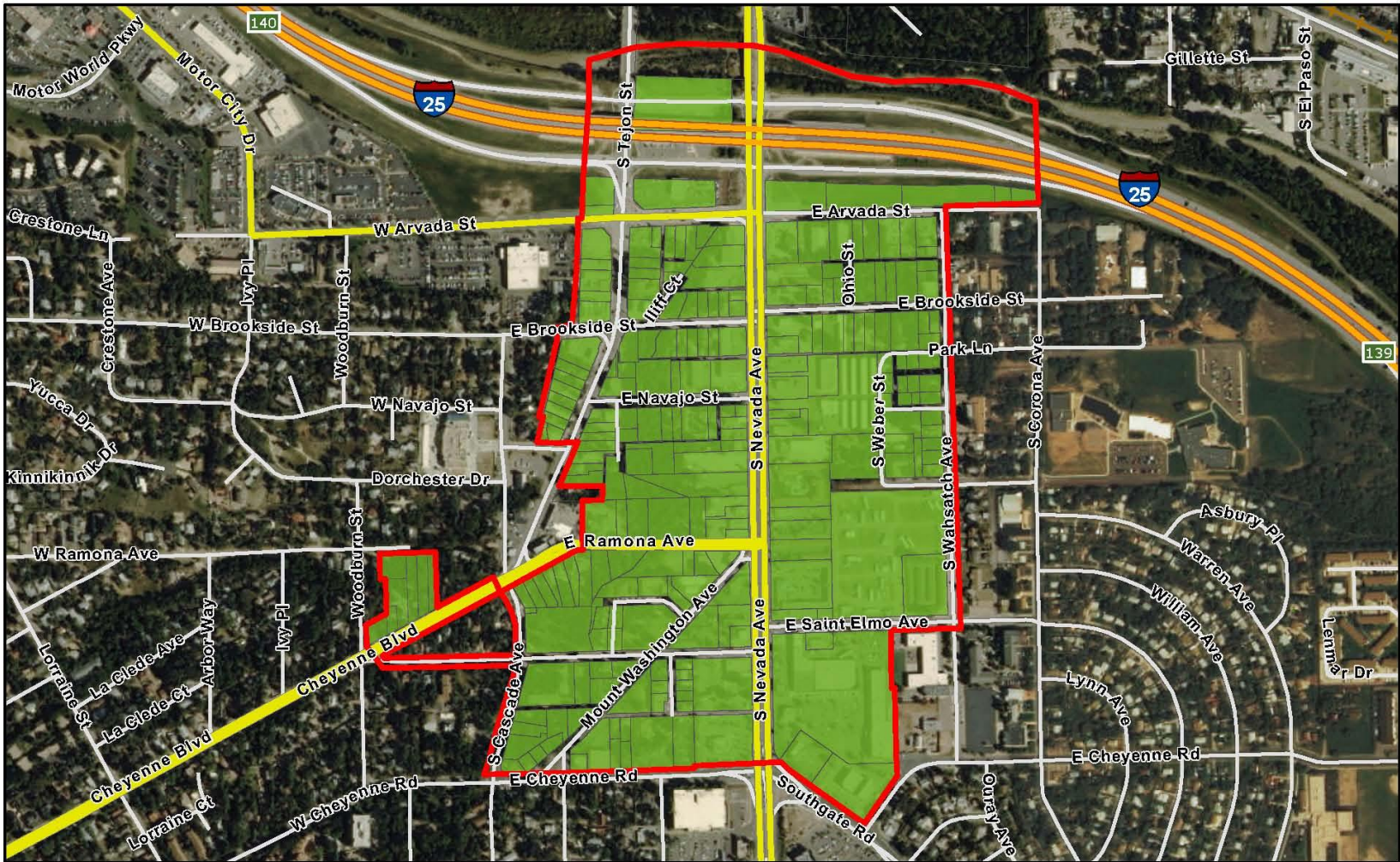
Within the **city of Colorado Springs and El Paso County, CO**

96 acres (approximately) and **adjacent rights-of-way**


As of the date of the Survey, September 2015 - **uses** in the Area include -- mix of commercial **retail, lodging**, employment (**office** and **industrial**), higher-density **residential** product types and **parks, trails** and **open space**, with commercial being the dominant land use



COLORADO SPRINGS, COLORADO South Nevada Avenue Plan Area

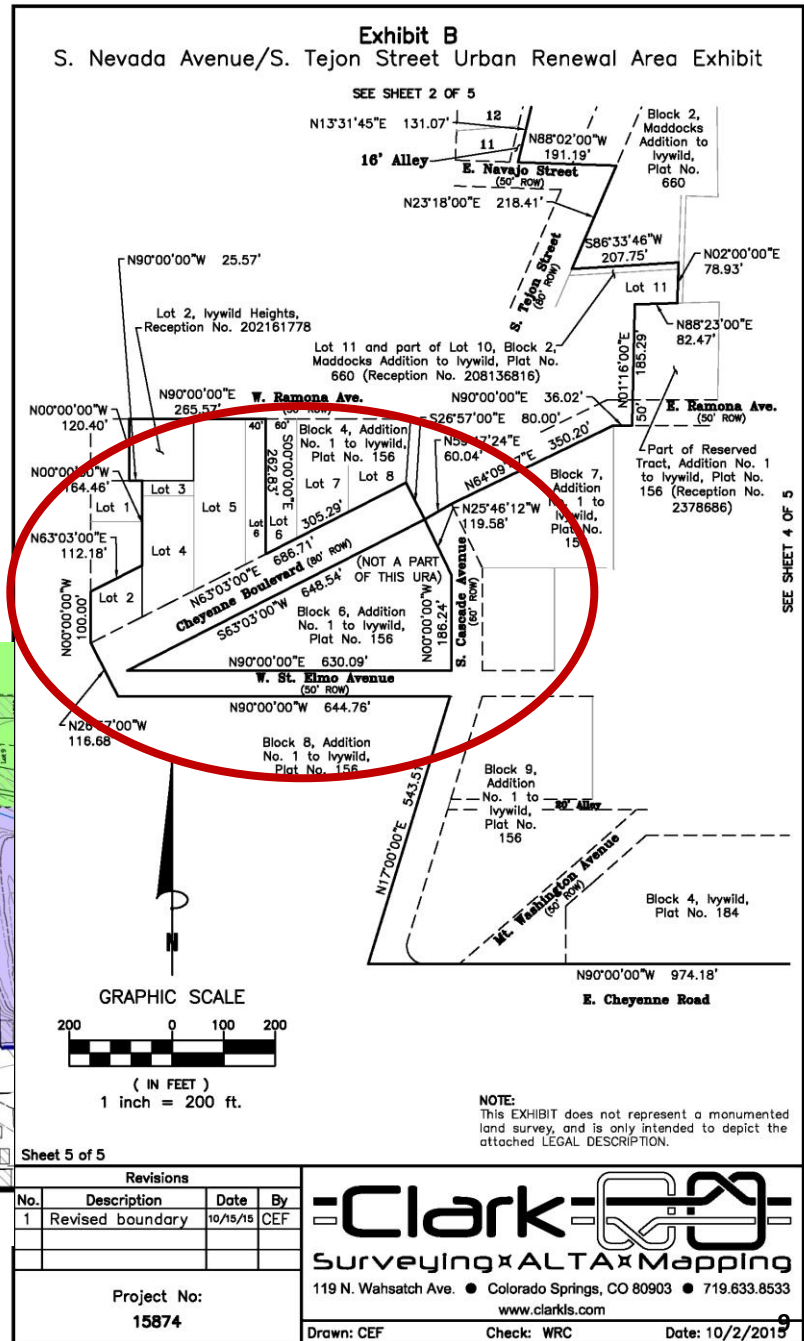
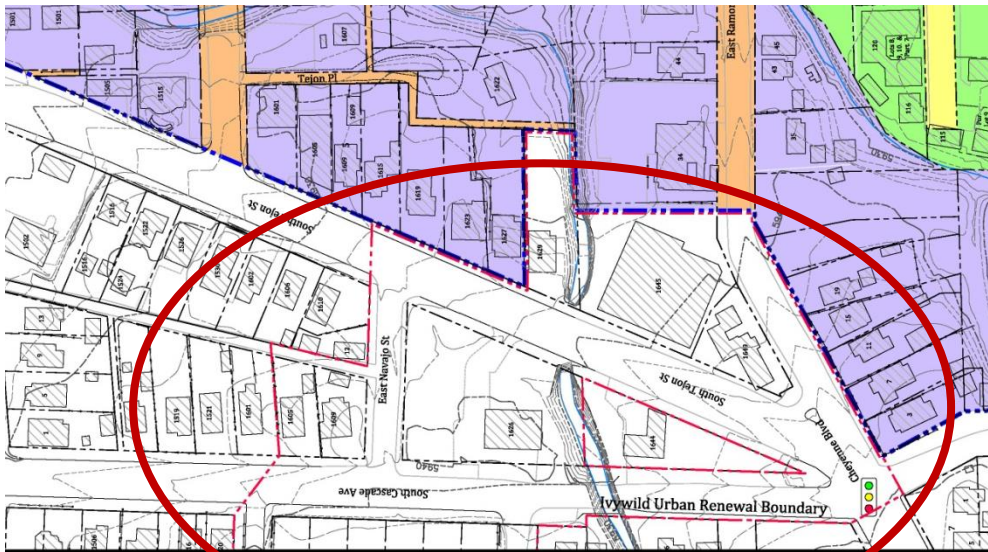


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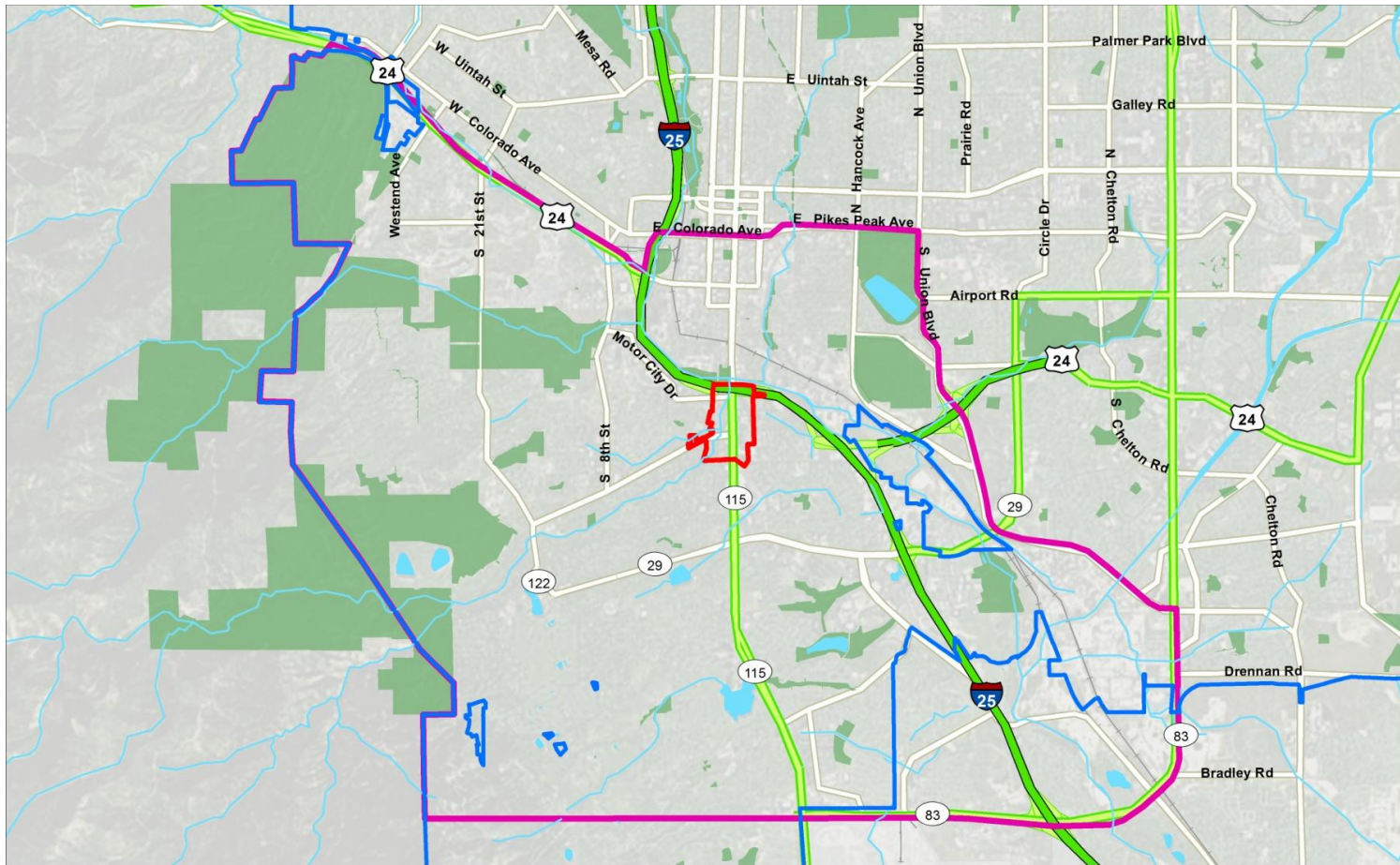
 South Nevada Avenue Plan Area  Parcels



Relationship to Ivywild Urban Land Institute



Trade Area

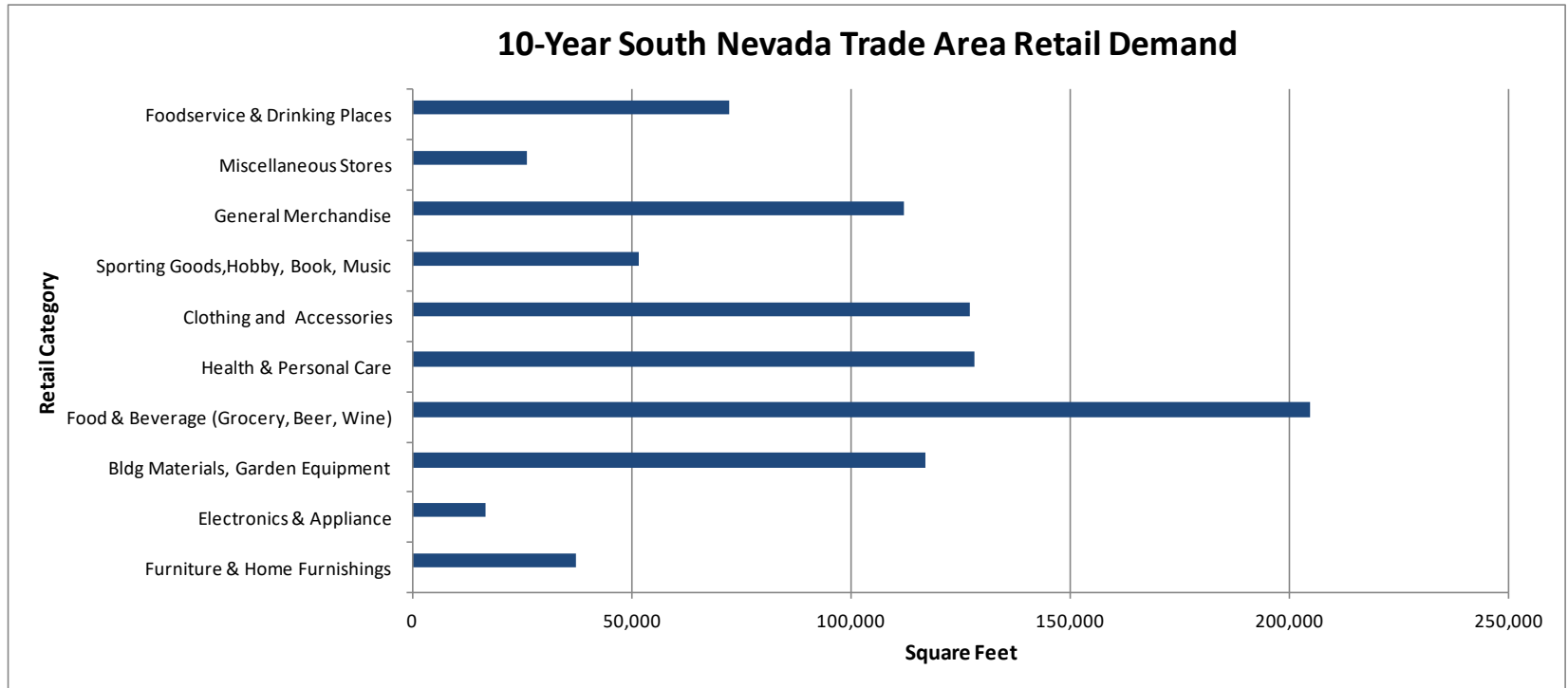


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Date: Wednesday, September 23, 2015

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Colorado Springs Boundary Trade Area South Nevada Avenue Plan Area

Retail Demand



- Trade Area retail demand over the next 10 years includes opportunities within all major retail categories.

Demand Summary and Share

Land Use Type	Trade Area Demand (10 Year)	South Nevada Corridor Study Area				Redevelopment Program	
		Market Share		Absorption (Units/Sq Ft)		Units/Sq Ft	% Mkt Share
		Low	High	Low	High		
Residential (Units):							
Single Family Detached	2,900	1%	2%	29	58	0	0%
Single Family Attached	4,100	5%	7%	205	287	0	0%
Rental Apartments	1,900	12%	14%	228	266	203	11%
Subtotal Residential	8,900			462	611		
Non-Residential (Sq Ft):							
Retail	1,264,400	18%	20%	227,592	252,880	237,300	19%
Office/Hotel	2,670,700	3%	5%	80,121	133,535	65,000	2%
Industrial	4,557,300	4%	6%	182,292	273,438	0	0%
Subtotal Non-Residential	8,492,400			490,005	659,853		

Source: Ricker | Cunningham.

- Study Area has potential to capture a share of higher-density housing and range of commercial uses - 2% to 19% of trade area demand
- Development program:
 - 3 “catalyst” projects; 41.7 total acres
 - Mix of retail / service, lodging and rental residential uses
 - \$90 to \$100 million in private investment value



Land and Site Costs

Land and Site Development Costs

Cost Category	The Equity Group	On The Ivy	HD Dev	Total
Land Acquisition	\$38,960,000	\$6,700,000	\$3,890,000	\$49,550,000
Site Work	\$6,690,000	\$0	\$1,090,000	\$7,780,000
Demolition/Remediation	\$2,810,000	\$400,000	\$330,000	\$3,540,000
Utilities	\$0	\$660,000	\$0	\$660,000
Streets/Curb and Gutter	\$0	\$690,000	\$0	\$690,000
Landscaping	\$1,250,000	\$810,000	\$260,000	\$2,320,000
Other*	\$0	\$2,500,000	\$120,000	\$2,620,000
Contingency	\$0	\$750,000	\$0	\$750,000
Total Direct (Hard) Costs	\$49,710,000	\$12,510,000	\$5,690,000	\$67,910,000
Indirect (Soft) Cost	\$7,456,500	\$1,876,500	\$853,500	\$10,186,500
Land and Site Development Costs	\$57,166,500	\$14,386,500	\$6,543,500	\$78,096,500
Costs/Sq Ft	\$52.29	\$25.41	\$41.73	\$42.99

* signage, relocation, pedestrian bridge/trails, park

Source: Ricker | Cunningham

Land acquisition costs = **\$27** per square foot (**well over twice typical costs**)

Total site development costs = **\$20 - \$24** million or \$11 per square foot (**well over twice typical costs**)

Demolition/remediation costs = **\$3.5** million (17% of site costs)



Financial Analysis

Development Cost Estimate		
Property Acquisition	\$49,544,052	\$27.28 \$/SF Land
Demolition/Remediation	\$3,543,142	\$1.95 \$/SF Land
Site Development/Infrastructure	\$14,040,778	\$7.73 \$/SF Land
Building Construction (Hard Costs)	\$57,089,250	\$108 \$/SF (Wtd. Avg. All Uses)
Soft Costs (% of Hard Costs)	\$8,960,780	12% % of Hard Costs
Developer Return on Costs	\$9,322,460	7% % of Hard Costs
Total Project Cost	\$142,500,463	\$269.73 \$/SF
Development Economic Summary		
Total Project Cost	\$142,500,463	
Total Project Value	\$91,558,993	
Project Margin/"Gap"	(\$50,941,469)	
% Project Margin/"Gap"	-36%	

- Potential project value based on current market conditions = **\$91.6 million**
- Total project costs (including developer profit of 7%) = **\$142.5 million**
- Project "gap" = **\$50.9 million or 36% of costs**
 - 20% to 50% gaps not uncommon in redevelopment projects
 - Project gap most impacted by -- **higher than typical site development costs**
high off-site costs
higher-than-market property acquisition



Conditions Addressed by Plan

- (a) **Slum, deteriorated, or deteriorating structures** -- **demolition of vacant and obsolete structures** which endanger the health and welfare of individuals
- (b) **Predominance of defective or inadequate street layout** -- curb and gutter, driveway, **pedestrian**, and **safety improvements**
- (c) **Faulty lot layout in relation to size, adequacy, accessibility, or usefulness** -- vehicular access and other **roadway improvements**; pedestrian and safety improvements
- (d) **Unsanitary or unsafe conditions** -- **enhanced lighting** within public rights-of-way; pedestrian improvements within public spaces; **floodway and drainage improvements**; and, any required **improvements** deemed reasonable and for the **public benefit**
- (e) **Deterioration of site or other improvements** -- removal of trash and remnant infrastructure, **parking lot improvements**, fencing and other physical **improvements to properties and within public spaces**



Conditions Addressed by Plan cont'd

- (f) **Unusual topography or inadequate public improvements or utilities** -- grading to improve drainage, completion of roadways and undergrounding of utility lines, as well as improvements which will leverage private investment within the Area
- (h) **Existence of conditions that endanger life or property by fire or other causes** -- roadway improvements that lessen the number of traffic incidents within adjacent rights-of-way and mitigation of environmentally contaminating substances
- (i) **Buildings that are unsafe or unhealthy for persons to live or work in** -- see factor (a) above
- (j) **Environmental contamination of buildings or property** -- **mitigation and removal of environmentally contaminating substances**
- (k5) **Existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements** – **improvements which lessen both traffic and criminal incidents**, participation in eligible expenses (as per the Act) that make development in the Area feasible, and **put vacant properties into productive use**



Eligible Expenses

- Power lines (undergrounded)
- Sidewalks
- Curb and gutter
- Landscaping
- Utilities
- Demolition
- Lighting
- Creek improvements
- Pedestrian Bridges
- Road Bridges
- Trails (bike and pedestrian)
- Park
- Excess land acquisition costs



Financial Analysis

Development Program

New Redevelopment:	Sq Ft/Units			
	Equity Group	On the Ivy	HD Dev	Total
Retail/Service	164,900	47,600	24,800	237,300
Hotel/Lodging	0	110	0	110
Residential (Rental)	0	203	0	203

Tax Increment

Tax Increment	Cumulative Totals			
	10-Year	15-Year	20-Year	25-Year
Property Tax Increment	\$4,115,190	\$8,530,933	\$13,555,149	\$18,824,984
Sales Tax Increment	\$5,426,645	\$14,307,084	\$25,263,317	\$37,579,832
Total Tax Increment Revenues	\$9,541,834	\$22,838,017	\$38,818,466	\$56,404,817

Source: Ricker | Cunningham

- Total property tax increment = \$18.8 million
- Total sales tax increment:
 - (@ 2% rate) = \$37.6 million
 - (@ 1.5% rate) = \$29.1 million
 - (@ 1% rate) = \$20.5 million



Public Sector Return on Investment

- Total public investment (“gap fill”) = \$23 - \$30 million (in 2015 \$\$)
- Resulting private investment (cost) = \$142.5 million (in 2015 \$\$)
- Public investment “leverage” ratio = **6.3 to 1**
(**\$6.3 in private investment for every \$1 in public investment**)

Economic Impact

- 105 annual construction jobs generating \$4.2 million
- 934 annual permanent jobs generating \$42.0 million (@1.2 economic multiplier, approx. 240,000 square feet of retail big job generator)



Impact on Taxing Entities

El Paso County

	Cumulative Total By:				
	2020	2025	2030	2035	2040
El Paso County					
Property Tax Revenues from Existing Base	\$451,732	\$915,304	\$1,390,079	\$1,877,297	\$2,376,291
Property Tax Revenues Deferred From New Redevelopment	(\$103,526)	(\$509,290)	(\$1,055,477)	(\$1,675,727)	(\$2,327,616)
Share of Sales Tax Revenues	\$1,978,883	\$6,122,490	\$12,818,253	\$20,665,781	\$29,237,309
Net Tax Revenues -- 25-Year Period	\$2,327,089	\$6,528,504	\$13,152,855	\$20,867,352	\$29,285,983

Colorado Springs School District #11

	Cumulative Total By:				
	2020	2025	2030	2035	2040
Colorado Springs School District #11					
Property Tax Revenues from Existing Base	\$2,613,460	\$5,295,414	\$8,042,187	\$10,860,948	\$13,747,834
Property Tax Revenues Deferred From New Redevelopment	(\$598,942)	(\$2,946,455)	(\$6,106,373)	(\$9,694,780)	(\$13,466,232)
Net Tax Revenues -- 25-Year Period	\$2,014,518	\$2,348,960	\$1,935,814	\$1,166,168	\$281,602

Pikes Peak Library District

	Cumulative Total By:				
	2020	2025	2030	2035	2040
Pikes Peak Library District					
Property Tax Revenues from Existing Base	\$242,183	\$490,714	\$745,251	\$1,006,459	\$1,273,980
Property Tax Revenues Deferred From New Redevelopment	(\$55,503)	(\$273,041)	(\$565,863)	(\$898,393)	(\$1,247,884)
Net Tax Revenues -- 25-Year Period	\$186,681	\$217,673	\$179,387	\$108,066	\$26,095

