



**CITY OF BOULDER**  
**PLANNING BOARD MEETING AGENDA**  
**DATE:** February 5, 2015  
**TIME:** 6 p.m.  
**PLACE:** 1777 Broadway, Council Chambers

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- 1. CALL TO ORDER**
- 2. APPROVAL OF MINUTES**
- 3. PUBLIC PARTICIPATION**
- 4. DISCUSSION OF DISPOSITIONS, PLANNING BOARD CALL-UPS/CONTINUATIONS**
  - A. [Floodplain Development Permit \(LUR2014-00101\)](#) 595 Aurora Avenue Breakaway Fence.**  
Expires 02/06/2015.
- 5. PUBLIC HEARING ITEMS**
  - A. [CONCEPT PLAN REVIEW AND COMMENT: Request for citizen, staff and Planning Board comment on a proposal to annex and redevelop the property located at 96 Arapahoe Ave.](#) with a combination of single family, duplex and attached dwelling units. A total of nine dwelling units are proposed, consisting of six market rate units and three affordable units that would be developed upon annexation and establishment of an initial zoning of Residential Medium – 3 (RM-3), consistent with the Boulder Valley Comprehensive Plan (BVCP) land use designation of Medium Density Residential. Under Concept Plan review, no decision will be made by the Planning Board for approval or denial, rather the intent is to provide the applicant with feedback on the proposal.**
  - B. [Public Hearing and Consideration of Recommendations to City Council regarding the University Hill Commercial District moratorium project](#), including: 1. An ordinance amending the BMS zoning district standards to limit new residential uses within the University Hill Commercial District, except for permanently affordable units or housing for persons 62 years or older; and 2. Other strategies to consider further as part of the on-going Uni Hill Revitalization Strategy and the Community Planning and Sustainability Work Plan.**
- 6. MATTERS FROM THE PLANNING BOARD, PLANNING DIRECTOR, AND CITY ATTORNEY**
- 7. DEBRIEF MEETING/CALENDAR CHECK**
- 8. ADJURNMENT**

## **CITY OF BOULDER PLANNING BOARD MEETING GUIDELINES**

### **CALL TO ORDER**

The Board must have a quorum (four members present) before the meeting can be called to order.

### **AGENDA**

The Board may rearrange the order of the Agenda or delete items for good cause. The Board may not add items requiring public notice.

### **PUBLIC PARTICIPATION**

The public is welcome to address the Board (3 minutes\* maximum per speaker) during the Public Participation portion of the meeting regarding any item not scheduled for a public hearing. The only items scheduled for a public hearing are those listed under the category PUBLIC HEARING ITEMS on the Agenda. Any exhibits introduced into the record at this time must be provided in quantities of ten (10) to the Board Secretary for distribution to the Board and admission into the record.

### **DISCUSSION AND STUDY SESSION ITEMS**

Discussion and study session items do not require motions of approval or recommendation.

### **PUBLIC HEARING ITEMS**

A Public Hearing item requires a motion and a vote. The general format for hearing of an action item is as follows:

#### **1. Presentations**

- a. Staff presentation (5 minutes maximum\*)
- b. Applicant presentation (15 minute maximum\*). Any exhibits introduced into the record at this time must be provided in quantities of ten (10) to the Board Secretary for distribution to the Board and admission into the record.
- c. Planning Board questioning of staff or applicant for information only.

#### **2. Public Hearing**

Each speaker will be allowed an oral presentation (3 minutes maximum\*). All speakers wishing to pool their time must be present, and time allotted will be determined by the Chair. No pooled time presentation will be permitted to exceed ten minutes total.

- Time remaining is presented by a Green blinking light that means one minute remains, a Yellow light means 30 seconds remain, and a Red light and beep means time has expired.
- Speakers should introduce themselves, giving name and address. If officially representing a group, homeowners' association, etc., please state that for the record as well.
- Speakers are requested not to repeat items addressed by previous speakers other than to express points of agreement or disagreement. Refrain from reading long documents, and summarize comments wherever possible. Long documents may be submitted and will become a part of the official record.
- Speakers should address the Land Use Regulation criteria and, if possible, reference the rules that the Board uses to decide a case.
- Any exhibits introduced into the record at the hearing must be provided in quantities of ten (10) to the Secretary for distribution to the Board and admission into the record.
- Citizens can send a letter to the Planning staff at 1739 Broadway, Boulder, CO 80302, two weeks before the Planning Board meeting, to be included in the Board packet. Correspondence received after this time will be distributed at the Board meeting.

#### **3. Board Action**

- d. Board motion. Motions may take any number of forms. With regard to a specific development proposal, the motion generally is to either approve the project (with or without conditions), to deny it, or to continue the matter to a date certain (generally in order to obtain additional information).
- e. Board discussion. This is undertaken entirely by members of the Board. The applicant, members of the public or city staff participate only if called upon by the Chair.
- f. Board action (the vote). An affirmative vote of at least four members of the Board is required to pass a motion approving any action. If the vote taken results in either a tie, a vote of three to two, or a vote of three to one in favor of approval, the applicant shall be automatically allowed a rehearing upon requesting the same in writing within seven days.

### **MATTERS FROM THE PLANNING BOARD, DIRECTOR, AND CITY ATTORNEY**

Any Planning Board member, the Planning Director, or the City Attorney may introduce before the Board matters which are not included in the formal agenda.

### **ADJOURNMENT**

The Board's goal is that regular meetings adjourn by 10:30 p.m. and that study sessions adjourn by 10:00 p.m. Agenda items will not be commenced after 10:00 p.m. except by majority vote of Board members present.

\*The Chair may lengthen or shorten the time allotted as appropriate. If the allotted time is exceeded, the Chair may request that the speaker conclude his or her comments.

## MEMORANDUM

**TO:** Planning Board

**FROM:** Heidi Hansen, Floodplain and Wetlands Administrator

**DATE:** January 23, 2015

**SUBJECT:** **Call Up Item:** Floodplain Development Permit (LUR2014-00101)  
595 Aurora Avenue Breakaway Fence

This decision may be called up before Planning Board on or before **February 6, 2015**

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A floodplain development permit was approved by Public Works Development Review staff on January 23, 2015 for a fence at 595 Aurora Avenue.

The property owner at 595 Aurora Avenue applied for a fence permit to replace a privacy fence that was damaged during the September 2013 flood event. The privacy fence does not impact flows through the culvert under Aurora Avenue but would be in the path of flows when Aurora Avenue overtops during a major flooding event. Therefore, the fence is designed to have breakaway panels that swing forward allowing floodwaters and debris to pass through in a flooding event. The panels are permanently attached to a pivot point at the top of the vertical posts so that they will not become additional debris.

The applicant has demonstrated compliance with the City's floodplain regulations. The project will not adversely impact nearby properties. The applicant provided engineered design for the fence. A copy of the floodplain development permit and a vicinity map showing the location of the improvements is attached.

The floodplain development permit was approved by Public Works Development Review staff on January 23, 2015 and the decision may be called up before Planning Board on or before December February 6, 2015. There is one Planning Board meetings within the 14 day call up period on **February 5, 2015**.

Questions about the project should be directed to the Floodplain and Wetlands Administrator, Heidi Hansen at 303-441-3273 or by e-mail at [hansenh@bouldercolorado.gov](mailto:hansenh@bouldercolorado.gov).

Attachments:

- A. Floodplain Development Permit



**CITY OF BOULDER**  
**Planning and Development Services**

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1739 Broadway, Third Floor • P.O. Box 791, Boulder, CO 80306-0791  
 phone 303-441-1880 • fax 303-441-4241 • web boulderplandevlop.net

## Land Use Review Floodplain Development Permit

**Date Issued:**

**Expiration Date:**

(Pursuant to Subsection 9-3-6(e), B.R.C. 1981)

**Permit Number:**

LUR2014-00101

**Contact Information**

JANE BUTCHER  
 595 AURORA AVE  
 BOULDER, CO 80302

**Project Information**

**Location:**

595 AURORA AV

**Legal Description:**

LOTS 6 & 7 & VAC ALLEY BET & V AC ST ADJ ON E BLK 4 & OUTLOT 4  
 GENEVA PARK

**Description of Work:**

FLOODPLAIN DEVELOPMENT PERMIT for construction of two fences that  
 cross Conveyance Zone of Gregory Creek.

**Type of Floodplain Permit:**

Floodplain Review W/O Analysis

**Creek Name:**

Gregory

**Flood Protection Elevation:**

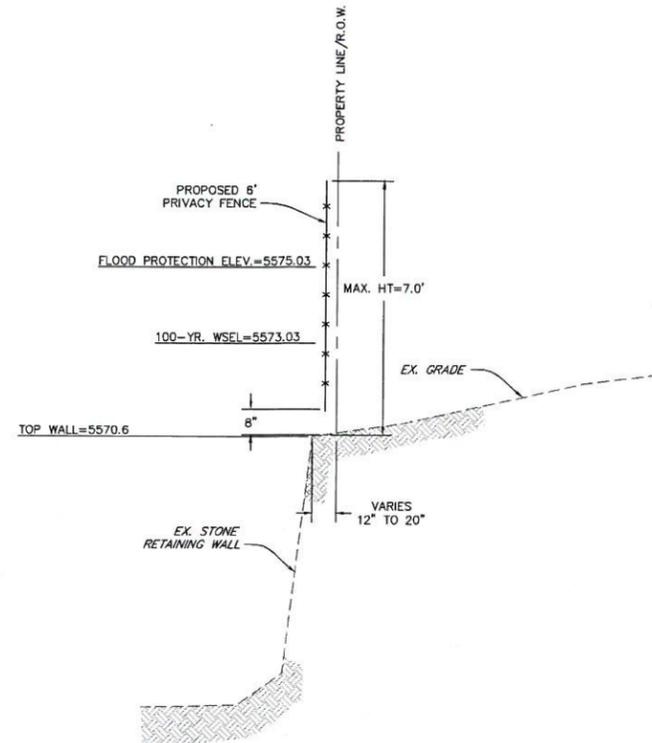
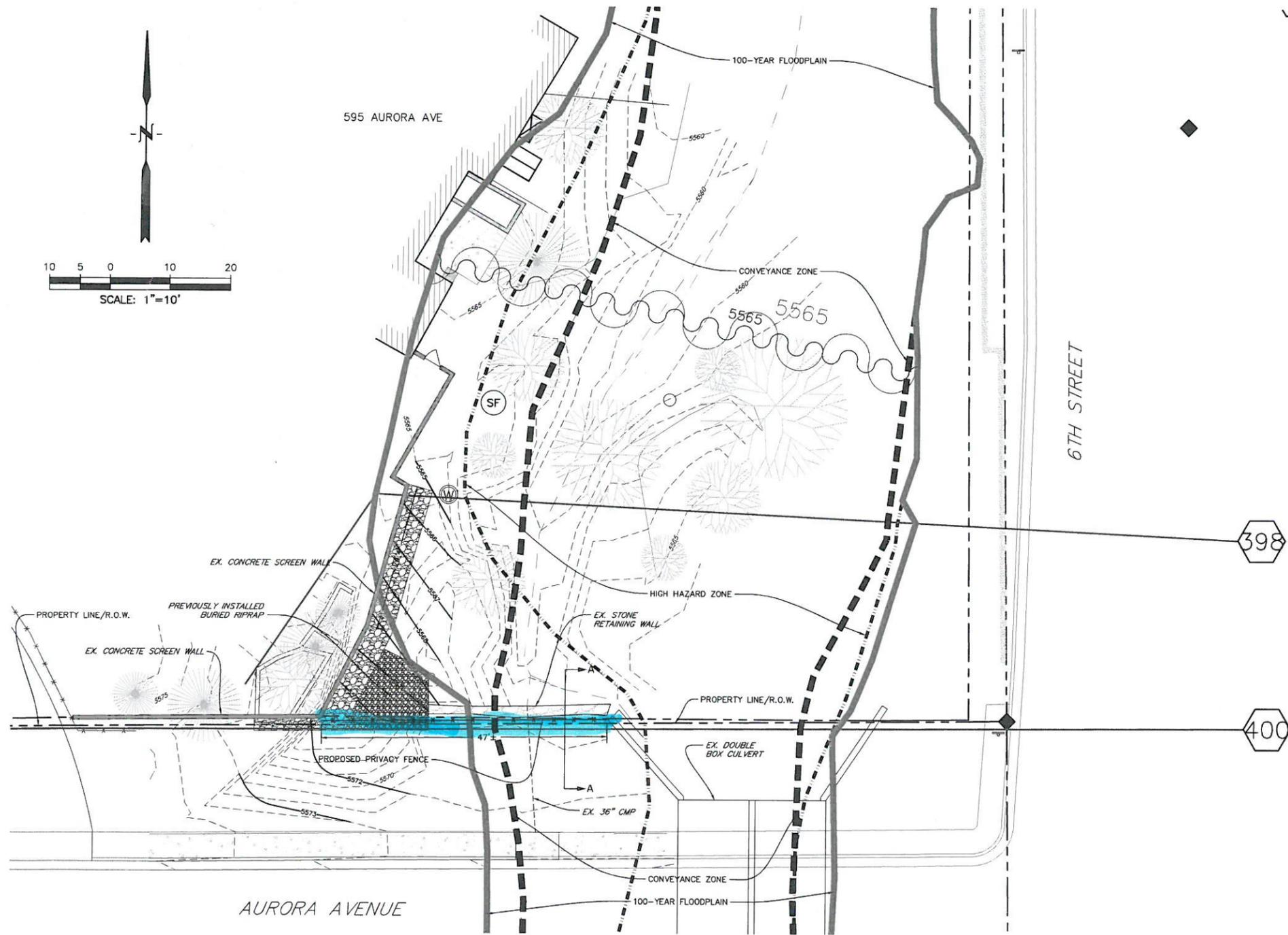
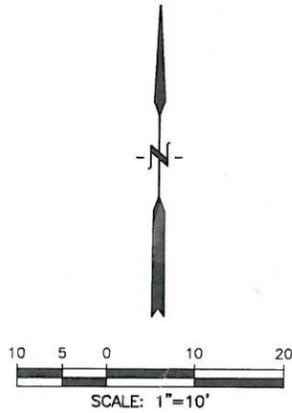
Not applicable

**Conditions of Approval**

- The proposed project/activity is approved on the basis that it satisfies applicable requirements of Chapter 9-3-3, "Floodplain Regulations," Boulder Revised Code 1981. Other floodplain requirements as set forth in Chapter 9-3-3 which are not specifically outlined in the conditions of approval below remain applicable to this project/activity.
- Construction activities must not change existing grades.
- The fence shall be securely anchored to resist damage and washing away as debris during flooding events.
- The applicant shall obtain a site inspection and approval from the City of Boulder Floodplain and Wetlands Coordinator upon completion of the projects.

**Inspections**

To schedule an inspection, call 303-441-3280 and refer to your permit number (LUR2014-00101).



PROPOSED FENCE SECTION A-A  
NO SCALE

PREPARED BY:  
  
**The Sanitas Group**  
 801 MAIN ST, SUITE 210  
 LOUISVILLE, CO 80027  
 720.346.1656  
 PROJECT CONTACT:  
 CURTIS C. STEVENS, P.E.

PREPARED FOR:  
**JANE BUTCHER**  
 595 AURORA AVENUE  
 BOULDER, CO 80302  
 CONTACT:  
 JANE BUTCHER

PERMIT DOCUMENTS FOR:  
**595 AURORA AVENUE  
 FLOOD MITIGATION WALL**  
 595 AURORA AVENUE  
 CITY OF BOULDER, STATE OF COLORADO



ISSUE	DATE
PERMIT SET	12/11/14

DESIGNED BY: CCS/MLM  
 DRAWN BY: MLM  
 CHECKED BY: CCS

DRAWING SCALE:  
 HORIZONTAL: 1"=10'  
 VERTICAL:  

**PRIVACY FENCE  
 SITE PLAN**

PROJECT NO. B1070

**2**



**CITY OF BOULDER**  
**PLANNING BOARD AGENDA ITEM**  
**MEETING DATE: Feb. 5, 2014**

**AGENDA TITLE:**

CONCEPT PLAN REVIEW AND COMMENT: Request for citizen, staff and Planning Board comment on a proposal to annex and redevelop the property located at 96 Arapahoe Ave. with a combination of single family, duplex and attached dwelling units. A total of nine dwelling units are proposed consisting of six market rate units and three affordable units that would be developed on-site upon annexation and establishment of an initial zoning of Residential Medium – 3 (RM-3), consistent with the Boulder Valley Comprehensive Plan (BVCP) land use designation of Medium Density Residential.

Applicant: Jonathon Warner  
Property Owner: 96 Arapahoe LLC

**REQUESTING DEPARTMENT:**

Community Planning & Sustainability  
David Driskell, Executive Director  
Susan Richstone, Deputy Director  
Charles Ferro, Land Use Review Manager  
Elaine McLaughlin, Senior Planner

**OBJECTIVE:**

1. Hear applicant and staff presentations
2. Hold public hearing
3. Planning Board discussion of Concept Plan. No action is required by Planning Board.

**SUMMARY:**

Proposal: CONCEPT PLAN REVIEW AND COMMENT: Request for citizen, staff and Planning Board comment on a proposal to redevelop the existing property located at 96 Arapahoe Ave. with a combination of single family, duplex and attached dwelling units. A total of nine dwelling units proposed, consisting of six market rate units and three affordable units to be built on-site. There are two existing dwelling units in a duplex on the property.

Project Name: Nuzum Gardens

Location: 96 Arapahoe Ave.

Size of Tract: 1.37 acres (59,801 square feet)

Zoning: Proposed: RM-3

Comprehensive Plan: Medium Density Residential

Key Issues: Staff is recommending three key issues for discussion of the Concept Plan:

1. Are the preliminary plans consistent with the BVCP Planning Area, Land Use & Policies?
2. Are the conceptual plans for redevelopment consistent with the planned RM-3 zoning?
3. Is the Site Plan responsive to constraints and opportunities, and surroundings?

## I. INTRODUCTION

According to the Land Use Code, section 9-2-13, the purpose of the Concept Plan review is,

*“to determine a general development plan for the site, including, without limitation, land uses, arrangement of uses, general circulation patterns and characteristics, methods of encouraging use of alternative transportation modes, areas of the site to be preserved from development, general architectural characteristics, any special height and view corridor limitations, environmental preservation and enhancement concepts, and other factors as needed to carry out the objectives of this title, adopted plans, and other city requirements. This step is intended to give the applicant an opportunity to solicit comments from the planning board authority early in the development process as to whether the concept plan addresses the requirements of the city as set forth in its adopted ordinances, plans, and policies.”*

Per land use code section 9-2-14(b), B.R.C., 1981, the minimum size for a voluntary Site Review process is that, *“five or more units are permitted on the property.”* Because density in the RM-3 zoning is based upon the requirement for 3,000 square feet of open space per dwelling unit, up to 10 units would be permitted on the property in the area below the Blue Line. An application for annexation with an initial zoning of RM-3, Residential Medium – 3, consistent with the Boulder Valley Comprehensive Plan (BVCP) land use designation of Medium Density Residential (shown in Figure 2 below) is being processed separately and will be reviewed by the Planning Board at a later date.

## II. PROJECT DESCRIPTION SUMMARY

The applicant intends to annex the property, to be considered at a later date. However, as currently proposed the applicant has discussed with staff several community benefits currently under consideration including:

- Seek individual landmark designation and adaptive re-use of the existing barn
- Seek individual landmark designation and adaptive re-use of the existing house
- Provision of in excess of 42 percent of the units as permanently affordable
- Dedication of a scenic easement for the area of the property above the Blue Line.

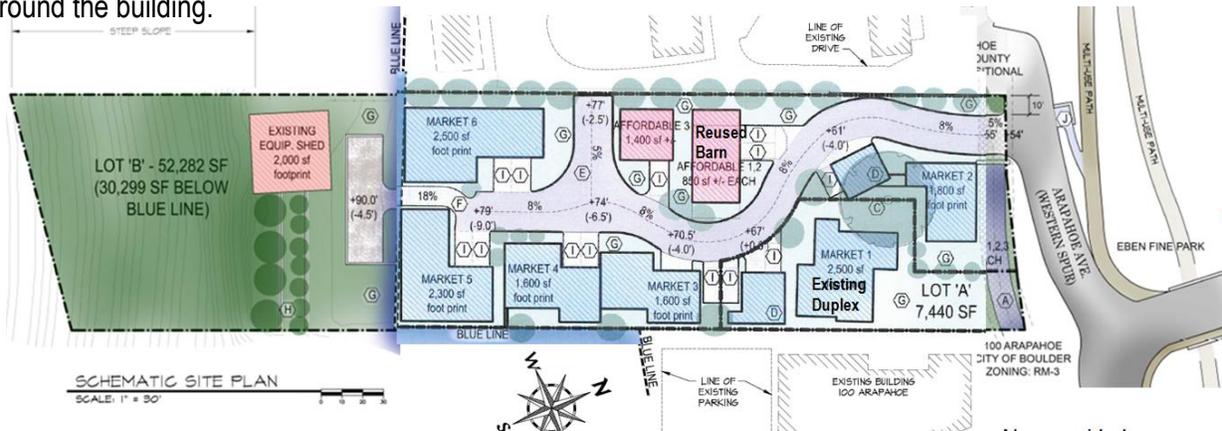
As shown in Figure 1 below, the applicant is proposing nine residential units on the site clustered at the front (north) portion of the site: six market rate units with five constructed as new and reuse of the existing duplex on the site, converted into a single family dwelling unit of approximately 3,000 square feet. Also proposed as part of the nine total are three permanently affordable units. A total of 26 parking spaces are also proposed.

The initial schematic site plan (Alternative A) shown in Figure 1, illustrates retaining the existing equipment shed on the site, located above the Blue Line, and relocating the potentially historic barn/warehouse from the center of the site to the front along Arapahoe Avenue with conversion to three affordable residential units. The plan also illustrates preservation of the existing long lived oak tree on the site.



**Figure 1: Schematic Site Plan (Alternative A)**

The applicant also provided an alternative configuration (Alternative B), shown in Figure 2, after the initial concept plan review comments. In the alternative shown below, the applicant retains the same number of units planned, but instead of the plan illustrates the existing barn/warehouse relocated approximately eight feet to the west. The intent in this alternative was to ensure that the existing barn, built into the slope, can be retained with a similar grading around the building.



**Figure 2: Alternative B with slight relocation of existing barn**

Also provided within the Concept Plan packet are photo images of precedent homes that are intended to illustrate the style of design and materials proposed for the project. The fol Also provided within the Concept Plan packet are photo images of precedent homes that are intended to illustrate the style of design and materials proposed for the project. The following are excerpts from the plans: lowing are excerpts from the plans:

- DESIGN CONCEPT FOR NEW BUILDINGS**
- Contemporary design that integrates a solid base with lighter and more translucent materials on upper levels.
    - Base: Stone, Block, Concrete
    - Upper Section: Wood, Stucco, Composite Panels
    - Glazing: Aluminum Frame, Metal frame
  - Roof decks to allow for outdoor 'rooms' and to take advantage of views and connect to the surrounding environment.
  - Patios / Terraces at ground level with access to pedestrian routes to facilitate connection with parks and trails.
  - Sustainability and Energy Efficiency for New Construction:
    - Energy Star Home Certified
    - Alternative Energy provided, to be either: Solar Panels, Solar Thermal, Geo-Thermal or a combination.
    - Exceed Boulder 'Green Points' requirements by 15%
    - Use 'permeability strategies' to mitigate hard surface area added to property

**EXTERIOR MASSING & MATERIALS**



**Figure 3: Precedent Images Presented by Applicant for Design Intent**

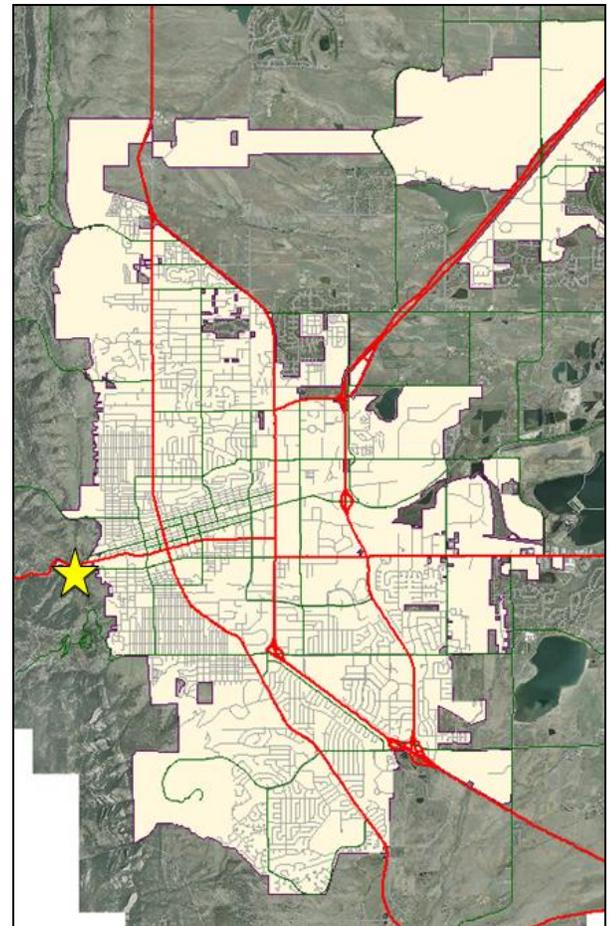
**CONCEPT PLAN REVIEW AND COMMENT (Section 9-2-13, B.R.C. 1981)**

**(g) Guidelines for Review and Comment:** The following guidelines will be used to guide the planning board's discussion regarding the site. It is anticipated that issues other than those listed in this section will be identified as part of the concept plan review and comment process. The Planning Board may consider the following guidelines when providing comments on a concept plan:

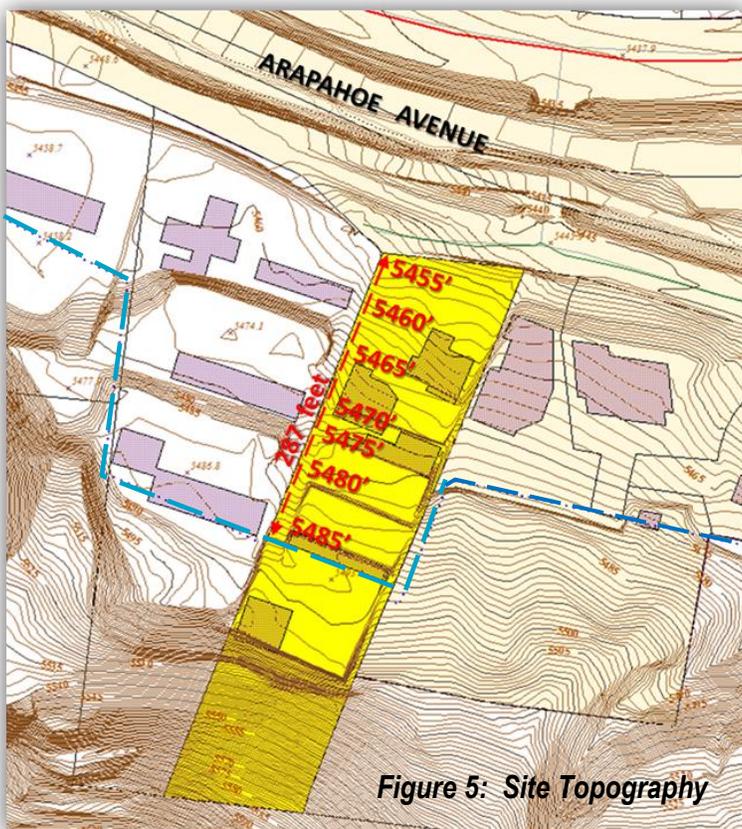
- (1) Characteristics of the site and surrounding areas, including, without limitation, its location, surrounding neighborhoods, development and architecture, any known natural features of the site including, without limitation, mature trees, watercourses, hills, depressions, steep slopes and prominent views to and from the site;**

As shown in Figure 4, the 1.37 acres site is located at the western periphery of the city limits in an area that demarks transition into the Boulder Canyon. As such, the upper reaches on the south side of the property have steeper slopes, and development on the property has created a series of terraces as can be seen in the site's topography.

The upper portion of the site that is located above the Blue Line (described in greater detail on page 7) and it transitions from terraced topography to extremely steep slopes: some at a 1 to1 slope. Figure 5 illustrates the topography of the site. Above the Blue Line, the site is also densely forested with various conifer tree species predominately ponderosa pine with some Douglas fir.



**Figure 4: Location of Site on Western Edge**



**Figure 5: Site Topography**

*The lower terraced areas of the site, were cleared in earlier times, and include various native and non-indigenous deciduous tree species as well as herbaceous flowering plants and grasses.*

At the base of the property is a portion of the concrete lined Anderson Ditch that aligns Arapahoe Lane along with various shrubs aligning the ditch. The ditch is shown to the right in Figure 6.



Figure 6: Existing Residence with ditch in Foreground

The site was originally developed in the 1940s and 1950s by Wayne Nuzum who operated a nursery and landscaping business at the property for over 50 years and is considered one of Boulder's most premier gardeners. Located on the property is a large warehouse/barn used for Nuzum's nursery. This building was most likely built in the mid to late 1940s. In 1956, an addition was constructed onto the north side of this building. The Tax Assessor card notes that, "the back wall of one of the buildings on the property is of native moss stone." This note most likely refers to the warehouse shown in photos to the right, Figures 7a thru 7d. The south wall of the barn is built into the hillside terrace.



Figures 7a, b, c, d: Barn/Warehouse Photos  
(Historic Images left and Present Day Image right two photos)

Nuzum built as his primary residence a 1½ story masonry ranch house. According to the Tax Assessor card, Nuzum took several years to build the home, beginning in the late 1940s and completing it sometime after 1956. Shown below in Figures 8a and 8b are the home, historically and today.



Figures 8a, b, c:  
Existing Residence: historic photo (left) and present day (right)

**Surrounding Context.** Located directly west of the site is the roughly 3.2 acre Silver Saddle Motel property at 90 West Arapahoe Lane. The motel was built in the mid 1940s with nine log cabin style motel units. According to the tax assessor card, construction finished by 1949.



Figures 9a,b,c,d:  
Adjacent Silver Saddle Motel to the west of site: historic photos on left, present day on right

To the east of the property is Canyonside Office Park, located at 100 Arapahoe. During the September 2013 Flood, the easternmost portion of the property was destroyed by a mud flow as shown in Figure 10a and 10b. There are two remaining office buildings on the site that remain functional today.

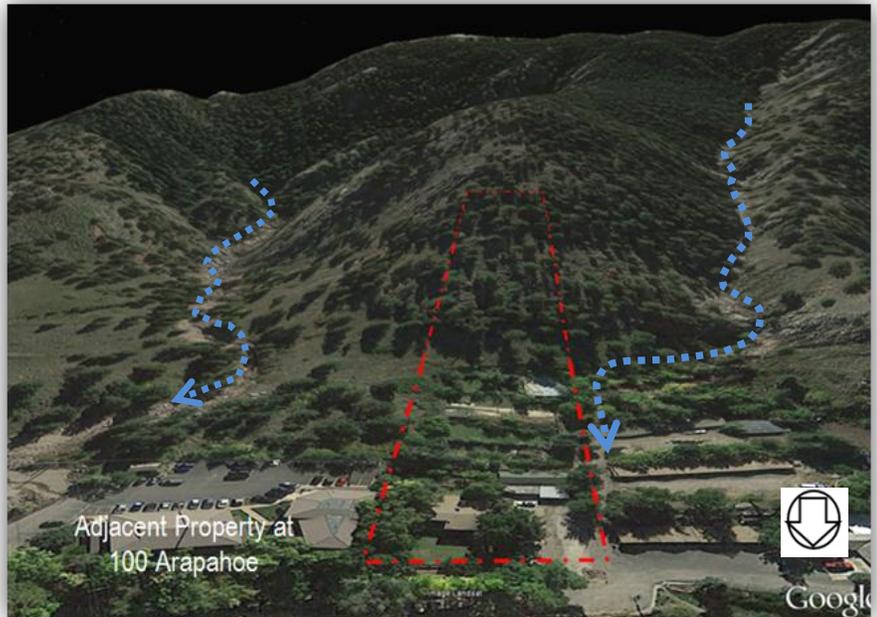
As can be seen in the Google Earth image of Figure 11, the 100 Arapahoe Lane property that suffered destruction in the flooding is at the base of a distinct drainage basin that is incised into the hillside.

Similarly, the property at 90 Arapahoe has a distinct drainage swale that is also incised into the hillside. According to the property owners of 90 Arapahoe, the flood flows in 2013, passed down the hillside and flowed onto the existing road on that property that is lower in elevation than the existing site that was not impacted by flooding during the 2013 flood event.

Further east, at 210 Arapahoe is a 13-unit, medium density condominium development, Park Gables, annexed in 2006 and built in 2007. The density of the site is similar to the density proposed for the project site. Refer to Figures 12a and 12 b that illustrate the development from Arapahoe Avenue as well as in an aerial photo.



**Figures 10 a and 10b:  
Aerial of Adjacent Property and Photo of Building destroyed in 2013 Flood Event**



**Figure 11:  
Google Earth Image showing site in relation to adjacent drainage swales**

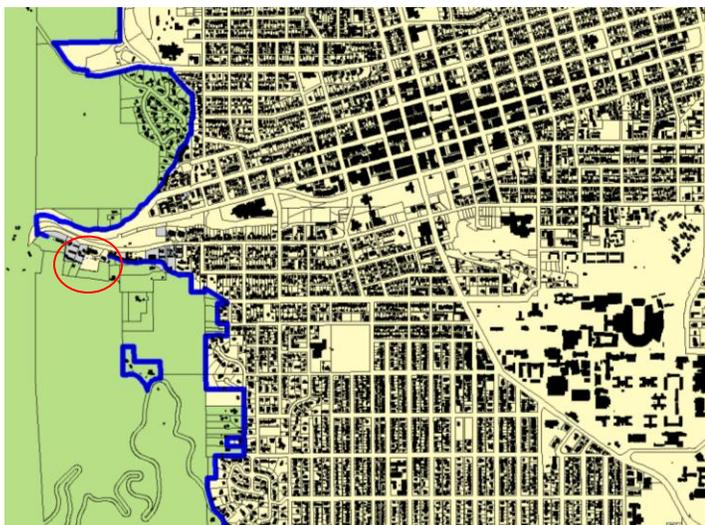


**Figures 12a and 12b:  
Recently developed medium density Park Gables Development located further east of site**

- (2) **Community policy considerations including, without limitation, the review process and likely conformity of the proposed development with the Boulder Valley Comprehensive Plan and other ordinances, goals, policies, and plans, including, without limitation, sub-community and sub-area plans;**

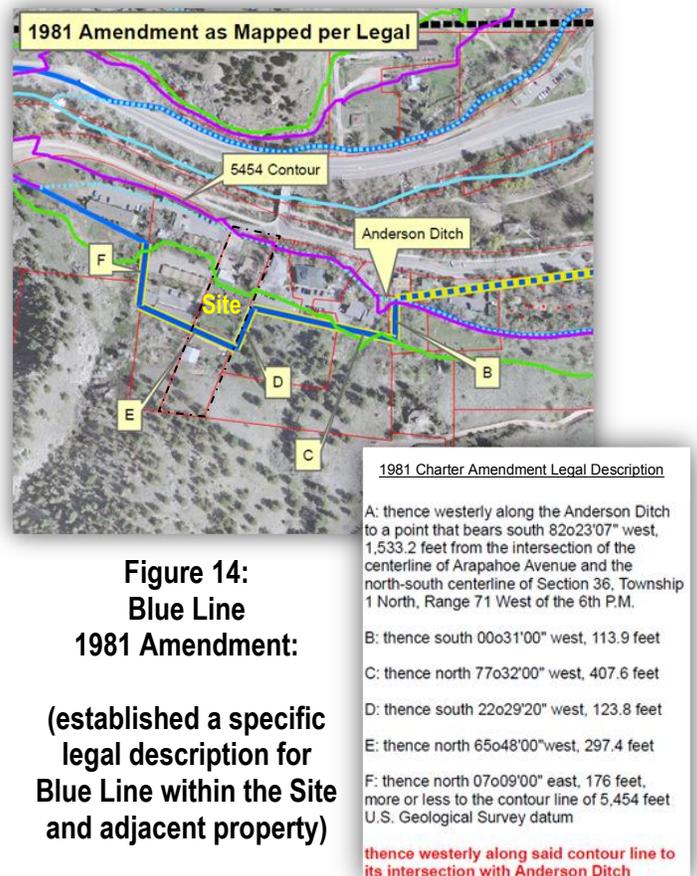
Approximately 35 percent of the site is located above the Blue Line which is a development boundary line created through a city charter amendment approved by voters in 1959. The Blue Line defines a specific topographic contour above which extension of the water utility is not permitted. As is apparent in the figure ground plane map shown in Figure 13, the Blue Line is continuous throughout most of the western portion of the city. However, in the area where the site is located, the contour wasn't well established, possibly due to grading that had occurred on the site prior to the charter amendment. In the area adjacent to the site, a 1981 amendment was approved that provided a specific legal description that was mapped for that portion. Shown in Figure 14 is the legal mapped description of the Blue Line within the property.

The Blue Line is defined per the City's Charter, Article VIII: Franchises and Public Utilities, Section 128A, "The City of Boulder shall not supply water for domestic, commercial, or industrial uses to land lying on the westward side of the following described line, except as specifically stated herein."



**Figure 13:**

**Portion of the Blue Line on west side of the City of Boulder**



**Figure 14:  
Blue Line  
1981 Amendment:**

**(established a specific legal description for Blue Line within the Site and adjacent property)**

The portion of the site that is above the Blue Line is also designated under the Boulder Valley Comprehensive Plan as, "Planning Area III Rural Preserve" shown in Figure 15 and as described on page 27 of the BVCP,

a) *The Area III-Rural Preservation Area is that portion of Area III where rural land uses and character will be preserved through existing and new rural land use preservation techniques and no new urban development will be allowed during the planning*

period. Rural land uses to be preserved to the greatest possible extent include: rural town sites (Eldorado Springs, Marshall and Valmont); existing county rural residential subdivisions (primarily along Eldorado Springs Drive, on Davidson Mesa west of Louisville, adjacent to Gunbarrel, and in proximity to Boulder Reservoir); city and county acquired open space and parkland; sensitive environmental areas and hazard areas that are unsuitable for urban development; significant agricultural lands; and lands that are unsuitable for urban development because of a high cost of extending urban services or scattered locations, which are not conducive to maintaining a compact community.

Because the intent of the Area III Rural Preserve is to preserve areas such as undevelopable steep slope and the intent of the Blue Line is to limit extension of water utility above the Blue Line, density is not intended for that part of the site. Therefore, density calculations must be limited to only the area below the Blue Line.

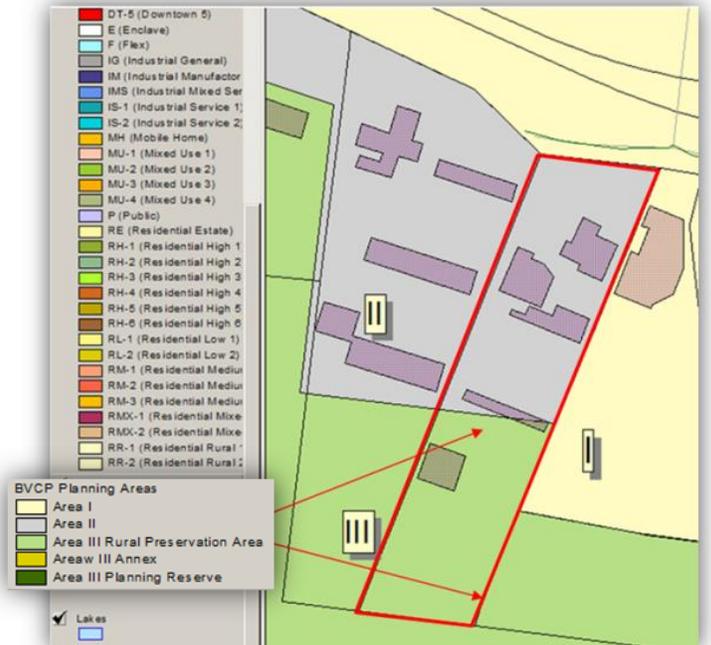


Figure 15: BVCP Planning Areas

As shown below, the Boulder Valley Comprehensive Plan (BVCP) land use map (Figure 16) identifies the property along West Arapahoe Avenue that includes the property and that to the east and west, for Medium Density Residential, which is defined as having six to 14 dwelling units per acre.

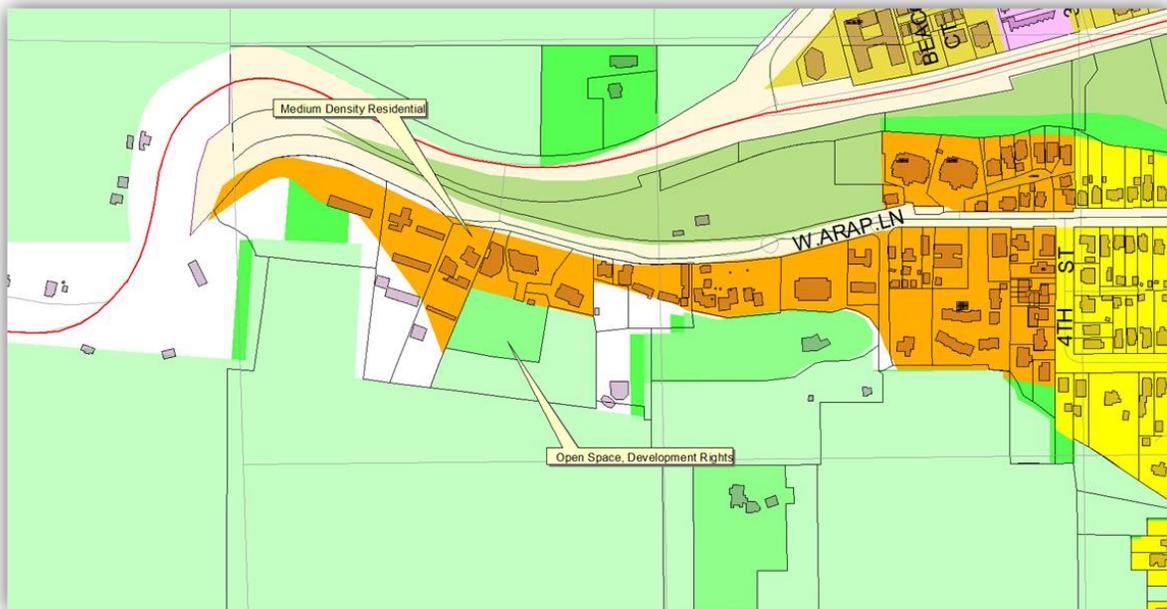


Figure 16: BVCP Land Use Designations

**(3) Applicable criteria, review procedures, and submission requirements for a site review;**

*An application for Annexation and initial zoning is also currently under consideration. Upon annexation, the application would be subject to Site Review if specific modifications to the development standards are proposed. As proposed in the Concept Plan, there is no requirement for Site Review approval.*

(4) **Permits that may need to be obtained and processes that may need to be completed prior to, concurrent with, or subsequent to site review approval;**

As currently shown, the proposed building layout may necessitate a Site Review process due to modifications to the setback standards on the site. Therefore, following annexation are the reviews and permits required as the project plans progress:

- Site Review
- Technical Document for final plans (i.e. landscape, irrigation, architecture, lighting, engineering)
- Subdivision: Preliminary and Final Plat
- Building Permits

Regarding proposed subdivision, the preliminary and final plat will be required to meet the Subdivision Standards of the Land Use Code Section 9-12-12, B.R.C. 1981 found [here](#). There are several standards that the conceptual subdivision (shown in Figure 17), currently does not meet. There is a provision for Planning Board to waive the requirements, pre section 9-12-12(b)(2), B.R.C. 1981,

“Upon the request of the subdivider if the subdivider provides an alternative means of meeting the purposes of this chapter, which the board finds: (A) is necessary because of unusual physical circumstances of the subdivision; or (B) provides an improved design of the subdivision.”

While the applicant has noted the unusual physical circumstances with the subdivision being the existing historic structures on the site along with the Blue Line encompassing a large portion of a Medium Density designated lot as well as an existing large oak tree. However, among the standards that the conceptual subdivision currently does not appear to meet are as follows:

- Each lot has access to a public street (Concept Plan illustrates a “private driveway access for Lot A)
- Each lot has at least thirty feet of frontage on a public street.
- Side lot lines are substantially at right angles or radial to the centerline of streets, whenever feasible.
- Residential lots are shaped so as to accommodate a dwelling unit within the setbacks prescribed by the zoning district. (Meets this requirement but one of the residential units will require a 3-foot adjustment)
- Placement of Open Space and Streets: Open space areas are located wherever practical to protect buildings from shading by other buildings within the development or from buildings on adjacent properties. Topography and other natural features and constraints may justify deviations from this criterion.
- Building Form: The shapes of buildings are designed to maximize utilization of solar energy. Existing and proposed buildings shall meet the solar access protection and solar siting requirements of section [9-9-17](#), "Solar Access," B.R.C. 1981.



Figure 17: Proposed Subdivision Lot Layout

Because of the current subdivision and layout of the lots (shown in Figure 17), setback modifications would likely be required. Table 1 illustrates the standards for RM-3 setbacks compared to the current proposal are as follows:

**Table 1:  
Setbacks Required and Currently Proposed**

	REQUIRED	CURRENTLY PROPOSED	
		LOT A	LOT B
<b>FRONT</b>	15 feet	18 feet	84 feet
<b>FRONT FOR PARKING</b>	20 feet	n/a	n/a
<b>SIDE ADJ. TO A STREET</b>	1' per 2' of building height, 10' minimum	7 to 12 feet (Market 6 doesn't meet minimum)**	n/a
<b>INTERIOR SIDE</b>	0 or 5 feet	3 feet**	3 feet**
<b>REAR</b>	15 feet	25 feet	27 feet
<b>REAR ACCESSORY STRUCTURE</b>	0 or 3	n/a	0 feet for garage

\* \*\*would require redesigning the proposed or approval through a Site Review or Annexation

- (5) **Opportunities and constraints in relation to the transportation system, including, without limitation, access, linkage, signalization, signage, and circulation, existing transportation system capacity problems serving the requirements of the transportation master plan, possible trail links, and the possible need for a traffic or transportation study;**

In accordance with Section 2.04(M) of the City of Boulder Design and Construction Standards (DCS), a public access easement over a portion of the private driveway will be required should the lot be subdivided. The length of the public access easement will be dependent on where the lot is subdivided and the location of the off-street parking intended to serve the subdivided lot. In addition, pursuant to Section 2.10 of the DCS, an emergency access easement will be required for the private driveway(s) in order to accommodate emergency vehicle access. Pedestrians and bicyclists must also be accommodated within the site as well as connecting to the existing multi-use path.

At time of technical document submittal, short-term and long-term bicycle parking must be provided in accordance with the requirements of section 9-9-6 of the Boulder Revised Code, 1981.

If a Site Review submittal if necessary for the project, a TDM plan in accordance with section 2.03(l) of the DCS and section 9-2-14(h)(2)(D) of the Boulder Revised Code is required to be submitted which outlines strategies to mitigate traffic impacts created by the proposed development and implementable measures for promoting alternate modes of travel. The applicant must submit the TDM plan as a separate document with Site Review submittal in addition to incorporating the TDM plan into the traffic impact study as an appendix to the study.

- (6) **Environmental opportunities and constraints including, without limitation, the identification of wetlands, important view corridors, floodplains and other natural hazards, wildlife corridors, endangered and protected species and habitats, the need for further biological inventories of the site and at what point in the process the information will be necessary;**

There are no known special status species on the property, however, there are a number of large, mature trees, and in particular there is a large oak tree that is intended to be preserved on the site. The large oak preservation will likely require a larger envelope of protection than shown. The larger and older a tree, the more sensitive it is to impacts and therefore, a licensed arborist must be consulted during the project planning.

Because the site, particularly below the Blue Line, has been terraced and developed with residential and outbuildings over time, much of the native setting has been altered. With the proposed preservation of the area above the Blue Line, in the form of a scenic easement, much of the southern part of the site has the opportunity to remain part of the greater mixed forest biome.

**(7) Appropriate ranges of land uses; and**

As indicated above, the BVCP land use designation identifies the project site as being suitable for medium density residential for up to 14 dwelling units per acre. However, the western portion of the site is above the Blue Line where density is not anticipated. Therefore, the density calculation must be made based upon the net acreage after the area above the Blue Line is removed.

**8) The appropriateness of or necessity for housing**

There is a city-wide need for housing. The comprehensive plan policy 7.06 points to provision of a variety of housing types. The applicant indicates intent to provide several types of units on site including single family and attached units both as affordable housing and market rate.

The Comprehensive Housing Strategy was initiated in 2013 when City Council recognized that the city's housing challenges require more than minor adjustments to current programs. In May 2013, Council crafted a draft project purpose statement, key assumptions, and guiding principles. As project plans move forward, the appropriateness of housing within the Concept Plan should be evaluated upon how well the plans address the guiding principles of the Comprehensive Housing Strategy (CHS) as follows:

**1. Strengthen Our Current Commitments**

*Reach or exceed Boulder's goals to serve very-low, low- and moderate-income households, including people with disabilities, special needs and the homeless.*

**2. Maintain the Middle**

*Prevent further loss of Boulder's economic middle by preserving existing housing and providing greater variety of housing choices for middle-income families and for Boulder's workforce.*

**3. Create Diverse Housing Choices in Every Neighborhood**

*Facilitate the creation of a variety of housing options in every part of the city, including existing single-family neighborhoods.*

**4. Create 15-minute Neighborhoods**

*Foster mixed-income, mixed-use, highly walkable neighborhoods in amenity rich locations (e.g., close to transit, parks, open space and trails, employment, retail services, etc.).*

**5. Strengthen Partnerships**

*Strengthen current partnerships and explore creative new public-private-partnerships to address our community's housing challenges (e.g., University of Colorado, private developers, financing entities, affordable housing providers, etc.)*

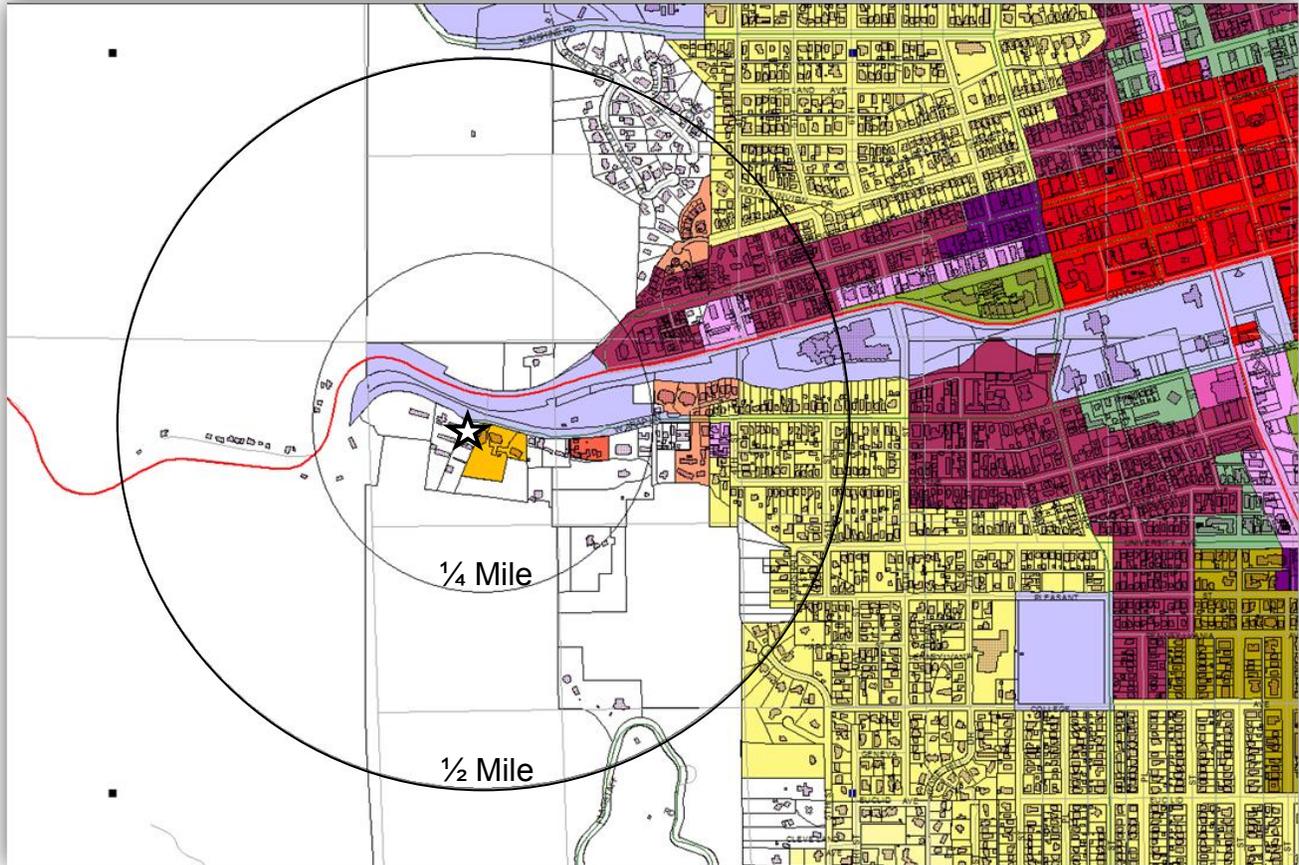
**6. Enable Aging in Place**

*Provide housing options for seniors of all abilities and incomes to remain in our community, with access to services and established support systems.*

While the specific, programmatic aspects of the housing planned on the site have not yet been finalized, the

applicant is proposing a mix of single family and attached multi-family units. The applicant will be required to meet the terms of the Inclusionary Housing ordinance, and the applicant has already begun discussions with staff in that regard on how best to achieve community benefit of IH as well as address the principles of the CHS.

The goal for creating a 15-minute neighborhood can be partially met with this site due to the ¼ to ½ mile proximity of the property (shown in Figure 18 below) to nearby bus stops and Eben G. Fine Park. The shops of West Pearl, near Spruce Bakery and others is slightly further, but still within walking distance of the site.



**Figure 18**  
**Walking Distances: ¼ and ½ mile radius around the site**

The following Key Issues are provided by staff to help guide the Concept Plan review discussion. There may be other issues that the Planning Board would want to discuss, these are suggested issues identified by staff.

**Key Issue 1. Are the preliminary plans consistent with the BVCP Planning Area, Land Use & Policies?**

**Planning Area II Property.** The proposed annexation was evaluated under a separate application and staff found that the site is eligible for annexation in that a majority of the site is located within Planning Area II, defined in the BVCP on page 13 as follows, “Area II is the area now under county jurisdiction, where annexation to the city can be considered consistent with policies 1.16 Adapting to Limits on Physical Expansion, 1.18 Growth Requirements, & 1.24 Annexation.” For reference, the policy analysis for annexation is provided in [Attachment A](#).

**BVCP Land Use.** The Boulder Valley Comprehensive Plan (BVCP) land use designation for the property is Medium Density Residential, which is defined as having six to 14 dwelling units per acre. The applicant is proposing nine dwelling units on slightly more than one acre, well within the BVCP land use limits for density in the Medium Density Residential. The maps in Figures 19a, 19b, and 19c provide a comparison of the regulatory framework for the site: 19a is the BVCP land use map; 19b are nearby annexations over time, and 19c the city's zoning map for properties that have been annexed.

As can be noted the BVCP identifies a portion of the site for Medium Density Residential and the adjacent property has the same designation along with "Open Space Development Rights." The properties to the north and east were annexed in the 1980s with an initial zoning of RM-3 while the property located at 210 Arapahoe Ave. that was constructed at a medium density, was annexed in the 2000s with an RM-2 zoning designation. The applicant is proposing RM-3 that would be one of the corresponding zoning designations for the property, consistent with the BVCP Land Use Designation. The proposed RM-3 zoning intent is defined in the Land Use Code section 9-5-2, B.R.C. 1981 as follows,

*"Medium density residential areas primarily used for small-lot residential development, including without limitation, duplexes, triplexes, or townhouses, where each unit generally has direct access at ground level.*

The proposed project with the planned single family residential along with duplex and attached residential meets the proposed zoning and land use designations.

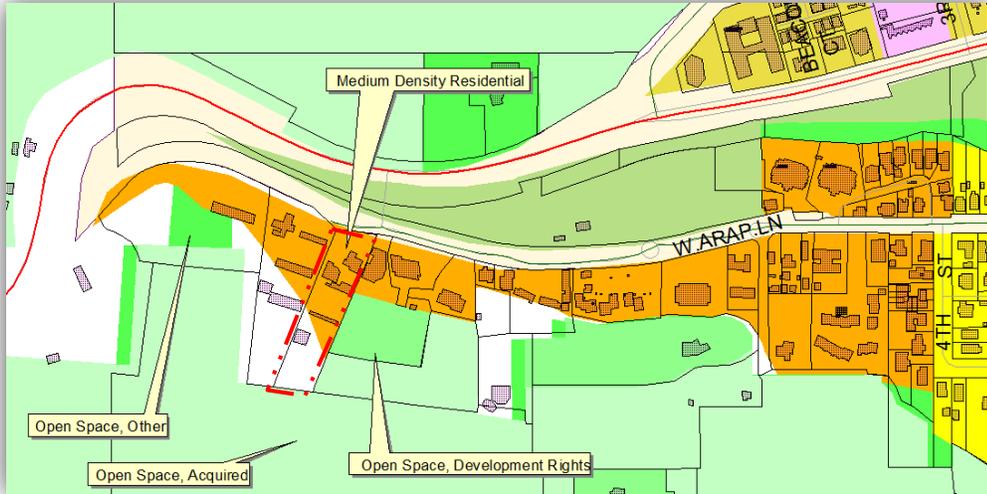
**Consistency with BVCP Policies.** There are a number of BVCP policies (found in entirety [here](#)) that the proposed project as the provision of residential in a compact form would be consistent with including:

- |      |                           |      |   |
|------|---------------------------|------|---|
| 1.19 | Jobs:Housing Balance      | 2.32 | Physical Design for People                  |
| 2.01 | Unique Community Identity | 2.33 | Environmentally Sensitive Urban Design      |
| 2.03 | Compact Land Use Pattern  | 2.37 | Enhanced Design for Private Sector Projects |

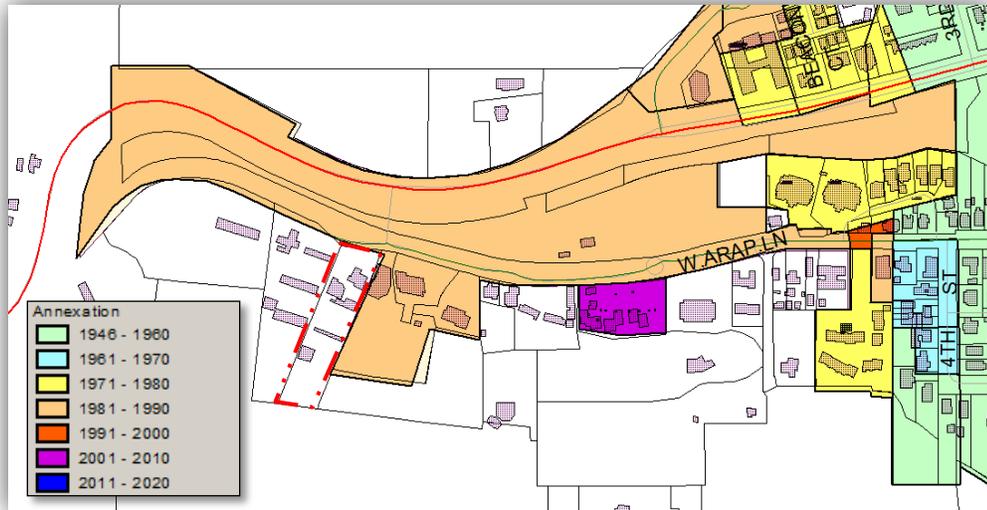
**Key Issue 2. Are the conceptual plans for an redevelopment consistent with the planned RM-3 zoning?**

The RM-3 zoning permits up to 12.4 dwelling units per acre. There's also a minimum lot area per dwelling unit of 3,500 square feet. Because the upper reaches of the site are above the Blue Line and within Planning Area III Rural Preserve that area of the site has to be deducted from the overall developable area. In addition, those areas also coincide with very steep, undevelopable slopes. As a result, the net developable area on the site, from which density can be calculated is 30,299 square feet. In dividing the required 3,500 square feet into the developable area, the resulting unit count is 8.65 units, and under the city's municipal code section 1-1-22(a), B.R.C, 1981 that figure must be rounded down to eight. The applicant is illustrating nine units and would need the unit count down by one in order to meet the RM-3 standards. There is no mechanism through Site Review to increase density in the RM-3. Opportunity to increase density through annexation is occasionally an option, however, in this case staff finds that the topographically constrained land doesn't have the carrying capacity to include additional density.

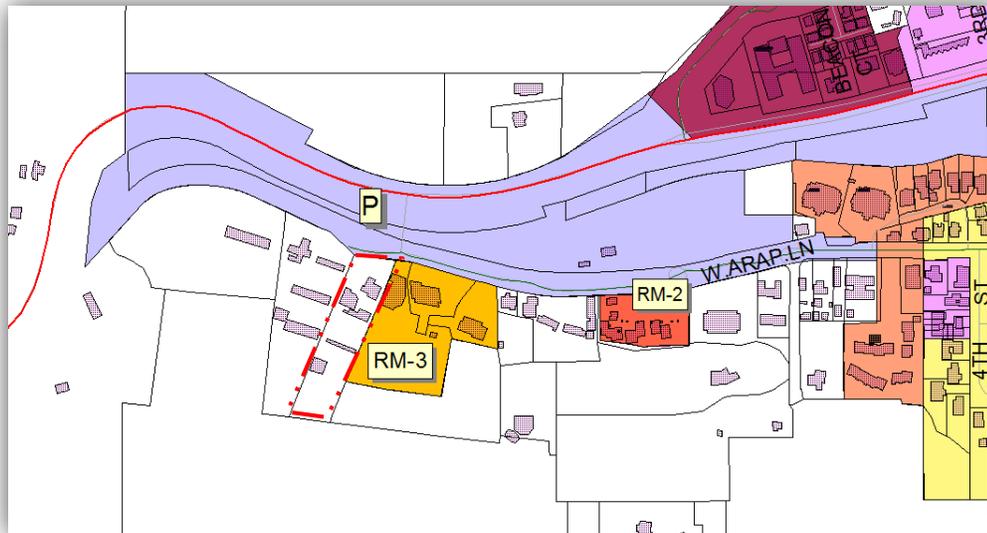
**Figure 19a  
Land Use**



**Figure 19b  
Annexations**



**Figure 19c  
Zoning**



**Key Issue 3. Is the Site Plan responsive to constraints and opportunities, and surroundings?**

**Responsiveness to Constraints and Opportunities:** As noted, the site has a fairly consistent slope of 12 percent, although it has been terraced over the years. The plan alternatives both illustrate a curvilinear street that is intended to provide a more gentle slope of eight percent which would also conform better to the sloping topography by traversing the slopes and terraces and be consistent with the Land Use Code section 9-12-12(a)(2)(B) that states, “streets are designed to bear a relationship to the topography, minimizing grade, slope and fill.” The roadway layout appears to be appropriate given the context and works better with the topography than a more grid like configuration of roadways.

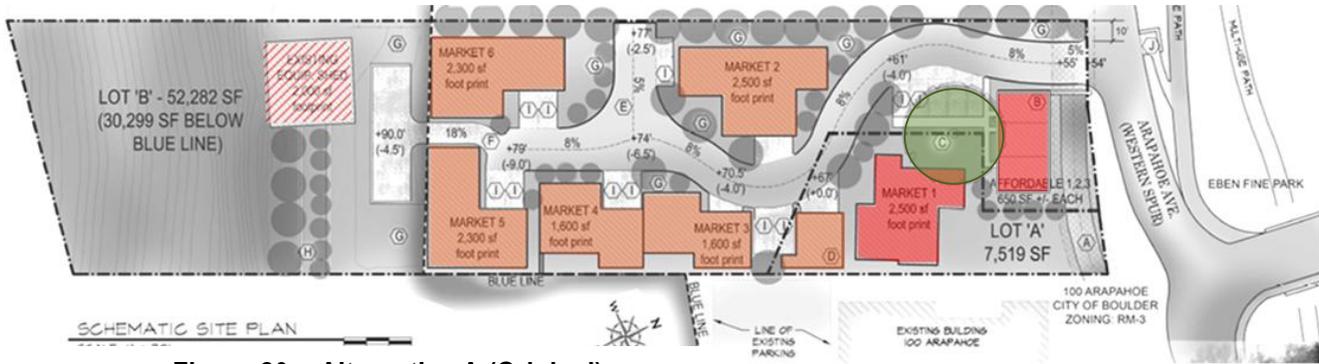
The applicant illustrates home prototypes that would utilize the terracing by stepping the building massing down the slope and also creating opportunities for roof deck amenities on the residential buildings. The applicant’s most recent concept sketch (Alternative B), provided after staff review comments, does illustrate the existing barn/warehouse retained but moved slightly to the west and still integrated into the terraced slope. While the applicant is proposing to move the barn slightly to the west, this approach would help to maintain the barn more closely in its current location, and would allow for the roadway to traverse the slope. Similarly, the approach to positioning the barn in its current location also provides better opportunity to retain and adaptively reuse the historic structure on the site and in turn, potentially requiring the applicant to seek individual landmark designation of the building through annexation.

On the second schematic (Alternative B) the applicant is also illustrating a market rate single family unit in the location where the applicant originally planned to relocate the barn (Alternative A), refer to the thumbnail comparisons in Figure 20a and 20b. Staff notes that the location of that unit would block views toward the historic residence, that staff is recommending be retained as part of the annexation, and landmarked. In addition, a large and healthy oak tree is located adjacent to the existing home. Staff finds this as an important site amenity and opportunity, and preservation of the oak would be a requisite in annexation as preservation of the historic home and barn. Therefore, staff recommends eliminating that market rate unit on the north end nearest Arapahoe Ave. to not only serve to preserve the viewshed to the potential landmark, but to also better preserve the existing oak and to meet the RM-3 density provisions.

Staff recently completed a pre-application for 90 Arapahoe located just west of this site. That property owner has expressed interest in annexation as well. In that regard, staff highly recommends the applicant look at combining efforts for access into the two sites and/or cross access between sites. As currently designed, the site access is essentially a dead-end. With the combined annexation and redevelopment of the two properties, both sites benefit from cross-access. Staff understands that the property owner for 90 Arapahoe, while interested in annexation, may not be prepared to redevelop the site. Staff’s understanding of the property to the west is that there is an existing drainage pattern on that property and that, that property owner must establish a more efficient and well defined drainage ditch close to the property line to be able to handle storm and flood water flows in the future. However, staff highly recommends that the two sites must respond to one another particularly with regard to shared access and/or cross access.

**PUBLIC COMMENT AND PROCESS:**

Required public notice was given in the form of written notification mailed to all property owners within 600 feet of the subject site and a sign posted on the property for at least 10 days. All notice requirements of section 9-4-3, B.R.C. 1981 have been met. There were no comments received on the application.



**Figure 20a: Alternative A (Original) with relocation of barn to front**



**Figure 20b: Alternative B with relocation of barn to same elevation due west**

**STAFF FINDINGS AND RECOMMENDATION:**

No action is required on behalf of the Planning Board. Public comment, staff, and Planning Board comments will be documented for the applicant's use. Concept Plan Review and comment is intended to give the applicant feedback on the proposed development plan and provide the applicant direction on submittal of the Site Review plans.

Approved By:

David Driskell, Executive Director  
Department of Community Planning and Sustainability

**ATTACHMENT:**

- A: Preliminary Evaluation of Consistency with Annexation Review Criteria**
- B: Concept Plan Submittal**

Attachment A: Review Criteria  
**PRELIMINARY EVALUATION:**  
**Consistency with State Annexation Law (31-12-101 et seq., C.R.S.)**  
**and City of Boulder Policy 1.24 for Annexations**

Meets Criteria	Specific Criteria: State Annexation Law
<u>Yes</u>	<p>(1) <b>Minimum Required Contiguity:</b> At least one-sixth of the perimeter of the area to be annexed shall be contiguous to the city limits.  <i>The property has 1/6<sup>th</sup> contiguity to the city limits on the north and east perimeter of the site.</i></p>
<u>Yes</u>	<p>(2) <b>Annexation by Petition:</b> A petition must be presented by more than half of the landowners owning more than fifty percent of the area to be annexed. For enclaves and municipally owned property, the City may take the initiative without petition.  <i>A petition was provided.</i></p>
<u>n/a</u>	<p>(3) <b>Annexation by Election:</b> Under certain conditions, an election may be held by the property owners and registered electors within the area to be annexed.  <i>Not applicable</i></p>

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Meets Criteria	Specific Criteria: City of Boulder Policy 1.24 for Annexations
<u>Yes</u>	<p>a) <b>Annexation will be required before adequate facilities and services are furnished.</b>  <i>The site will be required to pay appropriate fees and install utility line infrastructure commensurate with annexation.</i></p> <p>b) <b>The city will actively pursue annexation of county enclaves, Area II properties along the western boundary, and other fully developed Area II properties. County enclave means an unincorporated area of land entirely contained within the outer boundary of the city. Terms of annexation will be based on the amount of development potential as described in (c), (d), and (e) of this policy. Applications made to the county for development of enclaves and Area II lands in lieu of annexation will be referred to the city for review and comment. The county will attach great weight to the city's response and may require that the landowner conform to one or more of the city's development standards so that any future annexation into the city will be consistent and compatible with the city's requirements.</b>  <i>The parcel would be considered of high priority to annex since it is an Area II property along the western boundary.</i></p>
<u>Yes</u>	<p>c) <b>Annexation of existing substantially developed areas will be offered in a manner and on terms and conditions that respect existing lifestyles and densities. The city will expect these areas to be brought to city standards only where necessary to protect the health and safety of the residents of the subject area or of the city. The city, in developing annexation plans of reasonable cost, may phase new facilities and services. The county, which now has jurisdiction over these areas, will be a supportive partner with the city in annexation efforts to the extent the county supports the terms and conditions being proposed.</b>  <i>The property is not considered substantially developed because the additional development potential under an initial zoning of RM-3 through annexation.</i></p>
<u>Yes, prelim.</u>	<p>d) <b>In order to reduce the negative impacts of new development in the Boulder Valley, the city will annex Area II land with significant development or redevelopment potential only if the annexation provides a special opportunity or benefit to the city. For annexation considerations, emphasis will be given to the benefits achieved from the creation of permanently affordable housing. Provision of the following may also be considered a special opportunity or benefit: receiving sites for transferable development rights (TDRs), reduction of future employment projections, land and/or facilities for public</b></p>

**Meets Criteria**      **Specific Criteria: City of Boulder Policy 1.24 for Annexations**

purposes over and above that required by the city's land use regulations, environmental preservation, or other amenities determined by the city to be a special opportunity or benefit. Parcels that are proposed for annexation that are already developed and which are seeking no greater density or building size would not be required to assume and provide that same level of community benefit as vacant parcels unless and until such time as an application for greater development is submitted.

*w. As currently proposed, the applicant intends to seek individual landmark status for both the existing barn and the existing house; over 42 percent of the proposed residential units will be permanently affordable; and the area above the Blue Line will be offered as a Scenic Easement, Preliminarily, the proposed benefit package appears consistent with the subject criterion.*

Yes,  
prelim.

**e) Annexation of substantially developed properties that allows for some additional residential units or commercial square footage will be required to demonstrate community benefit commensurate with their impacts. Further, annexations that resolve an issue of public health without creating additional development impacts should be encouraged.**

*As currently proposed, the applicant intends to seek individual landmark status for both the existing barn and the existing house; over 42 percent of the proposed residential units will be permanently affordable; and the area above the Blue Line will be offered as a Scenic Easement, Preliminarily, the proposed benefit package appears consistent with the annexation criteria. A final analysis of the proposed impacts and benefits would occur through the annexation process.*

yes

**f) There will be no annexation of areas outside the boundaries of the Boulder Valley Planning Area, with the possible exception of annexation of acquired open space.**

n/a

*The property is within Area II of the Boulder Valley Planning Area.*

**g) Publicly owned property located in Area III and intended to remain in Area III may be annexed to the city if the property requires less than a full range of urban services or requires inclusion under city jurisdiction for health, welfare and safety reasons.**

n/a

*Not Applicable, the property is not publicly owned.*

**h) The Gunbarrel Subcommunity is unique because the majority of residents live in the unincorporated area and because of the shared jurisdiction for planning and service provision among the county, the city, the Gunbarrel Public Improvement District and other special districts. Although interest in voluntary annexation has been limited, the city and county continue to support the eventual annexation of Gunbarrel. If resident interest in annexation does occur in the future, the city and county will negotiate new terms of annexation with the residents.**

*Not applicable, property not located within Gunbarrel Subcommunity.*

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**Meets Criteria**      **Specific Criteria: City of Boulder Land Use Code section 9-2-17 policy for zoning of annexed land**

Yes

**(a) Generally: Zoning of annexed land or land in the process of annexation shall be considered an initial zoning and shall be consistent with the goals and land use designations of the Boulder Valley Comprehensive Plan.**

*The planned initial zoning of RM-3 (Residential Medium 3) is consistent with the Medium Density Residential land use designation of the Boulder Valley Comprehensive Plan.*

Yes

**(b) Public Notification: When zoning of land is proposed in the process of annexation, the city manager will provide notice pursuant to [section 9-4-3](#), "Public Notice Requirements," B.R.C. 1981.**

*A public notice was sent per section 9-4-3, B.R.C. 1981 indicating proposed zoning of the land.*

Yes

**(c) Sequence of Events: An ordinance proposing zoning of land to be annexed shall not be finally adopted by the city council before the date of final adoption of the annexation ordinance, but the annexation ordinance may include the zoning ordinance for the annexed property.**

*Appropriate sequencing will occur at the time the ordinance is prepared.*

Yes

**(d) Placement on Zoning Map:** Any land annexed shall be zoned and placed upon the zoning map within ninety days after the effective date of the annexation ordinance, notwithstanding any judicial appeal of the annexation. The city shall not issue any building or occupancy permit until the annexed property becomes a part of the zoning map.

*Relevant upon annexation.*

Yes

**(e) Nonconformance:** A lot annexed and zoned that does not meet the minimum lot area or open space per dwelling unit requirements of [section 9-7-1](#), "Schedule of Form and Bulk Standards," B.R.C. 1981, may be used notwithstanding such requirements in accordance with this code or any ordinance of the city, if such lot was a buildable lot under Boulder County jurisdiction prior to annexation.

*The lot to be annexed will not be considered non-conforming upon annexation and initial zoning.*

Yes

**(f) Slopes:** Notwithstanding the provisions of subsection (a) of this section, any land proposed for annexation that contains slopes at or exceeding fifteen percent shall not be zoned into a classification which would allow development inconsistent with policies 3.10, 3.15, and 3.16 of the Boulder Valley Comprehensive Plan.

*Approximately 0.1 acres of land on the property is contained in slopes that exceed 15 percent. The remaining lower area of the site is approximately 12 percent with some areas terraced to be somewhat flatter.*

**PROPERTY DESCRIPTION**

The existing Property is 59,801 sf (1.37 acres), contains a multi-family residence that has two dwelling units, an unconditioned building that was at one time a commercial plant nursery retail building, a covered chicken coop/animal enclosure, a large equipment and material shed and a few miscellaneous arbor structures.

The site is approximately 120' wide and 500' long and is oriented up the north slope of the hill at the entrance of Boulder Creek canyon. The bottom 2/3 of the Property has an average slope of approximately 12% and consists of a series of stone terraces. The top 1/3 of the Property is much steeper and is effectively separated from the lower portion of the site by a cut in the hillside. Boulder Open Space borders 15% of the property on the south and south-east.

To the west of the Property is the Silver Saddle Motel (in Boulder County) and to the east are 2-story office buildings (in City). On the other side of Arapahoe Ave is Eben G. Fine Park and Boulder Creek. The Property has views of Settler's Park to the north.

**PROPOSED USE**

The proposed use for the Property is for 9 dwelling units (two of which are existing), to be comprised of duplexes, attached units, detached dwelling(s) and accessory structures. The housing would be comprised of the following (including approximate square footages):

- (6) Market Rate Units (to sell for market rate, currently \$550/sf)
  - (5) New dwelling units, average size to be 3,200 sf (not including garages & accessory structures)
  - (1) existing dwelling unit, convert duplex into single-family approximately 3,000 sf
- (3) Permanently Affordable Units
  - A1 Med Income - apx 650 sf; 1-Bedroom
  - A2 Low Income - apx 650 sf; 1-Bedroom
  - A3 Low Income - apx 650 sf; 1-Bedroom
- Parking Spaces
  - (15) dedicated parking for units
  - (11) for visitors

While the allowed density of RM-3 at 3,500 sf per dwelling unit is (17) units for the entire property, or (10) below the Blue Line, it was felt that the reduced density would better suit the project.

It is also proposed that the property be sub-divided, and that Lot A be served with a shared drive.

It is proposed that the property be Annexed into the City, and that 'by-right' development under RM-3 be allowed. However, it is anticipated that the Project will seek Site Review to allow flexibility for the following development standards:

- 1) "Schedule of Form and Bulk Standards" BRC 9-7-1; where-in the east of the lot is adjacent to property which is above the Blue Line and the bulk-plane setback requirements create particular detriments to sloped sites and the intents of the bulk-plane setbacks are not applicable in this instance, there-for the Project will request modification of the RM-3 bulk plane requirements for the following locations:
  - a. On the east property line where the Blue Line runs concurrent with the property line
  - b. On the east property line of proposed Lot A, because the existing structure does not comply with the existing setback standards (could also be recognized as a non-conforming condition)
  - c. On the newly created lot line to the south and east of the Affordable dwelling units.
- 2) "Maximum Permitted Buildings on a Lot" BRC 9-9-2(b); where-in there are (9) principal buildings being proposed.
- 3) "Street Scape Design Standards" BRC 9-9-13; where-in the Anderson Ditch location adjacent to the ROW for Arapahoe Avenue creates a condition that is not conducive to strict adherence to the design standards.
- 4) "Solar Access" BRC 9-9-17; where-in the upper east portion of the property abuts land that falls above the Blue Line (which cannot be developed), the Project will request that shadows cast on the adjacent property above the Blue Line (and possibly on the existing parking lot) be exempted from Solar Access requirements.

**HOW ANNEXATION WOULD COMPLY WITH BVCP**

The Site is located in the BVCP Area II and is adjacent to City Utilities and City right-of-way. The City maps indicate that the zoning is to be Residential Medium (RM). The property immediately adjacent to the east was given RM-3 zoning, and that is the zoning requested for this parcel as well.

The Proposed development would provide the following benefits to the City:

- *Affordable Housing* will be constructed on-site concurrently with the Market Rate units, and would represent 42.9% of the new dwelling units proposed. The units would be 67% Low Income and 33% Medium Income. The proposal to reuse the existing Barn came from the perception that Landmarks want to save the building. The size of the units came from the view that the City desired units that are smaller and would respond to the current demand.
- *Environmental goals* of the City would be reflected in the design and implementation of the project. The development team is interested in incorporating some of the following technologies to exceed the anticipated Green Points requirements:
  - Passive and Active Solar
  - Electric Vehicle Charging Stations
  - Solar and/or limited Geo-Thermal
  - Energy Efficient Building Design
- *Transportation Demand Management* goals of the City would be served by development of this site, as it is ideally situated near public transit, multi-use paths, Downtown and CU. The property is also within walking distance to many of Boulder's most popular areas for outdoor activities, such as: hiking, rock-climbing, kayaking, biking, tubing, and picnicking.
- *Preserving the Existing House* is part of the Proposal in order to accommodate the judgment of the Landmarks Staff that the building is worth preserving. It has not been determined if the Project would pursue Landmark Status.
- *Preserving the specimen Oak Tree* as identified in the Annexation Application response is possible. The proposed parking area would be in the same location as the existing parking, so the tree is expected to survive.
- *City Water Resources* would increase through the purchase of Anderson Ditch rights associated with the property. It is preferred that the water rights be retained with the Property, if possible.
- *Public Health* would benefit by eliminating the use of the leach field currently serving the Property.
- *Public Infrastructure* would benefit through the payment of annexation related fees and development related PIFs. City services already border the site and preliminary review of the capacity by our Civil Engineer indicates that the existing services are more than adequate to support the proposed project.
- *Local Economy* would benefit in the form of substantial tax revenue for materials and jobs for construction, lending, and real estate professionals.

**SITE CIVIL ENGINEERING CONSIDERATIONS**

- *Drainage.* Currently the site drains into Anderson Ditch and Boulder Creek watershed. Site design for the proposed development would retain those historic flows to the highest extent possible. Some of the site strategies that will be implemented include:
  - Permeability of vehicular drive/parking surfaces in order to allow run-off to be retained on the site for longer periods
  - Detention of run-off into surface and sub-surface areas
  - Re-direction of roof run-off to the upper landscaped terrace from the top two buildings
- *Utilities.* City utilities are adjacent to the property in the City ROW and Xcel has an overhead line that runs across the middle of the property. The Engineer has reviewed the existing City services and verified that they should be adequate to serve the proposed development.
- *Access.* The property is served by the western spur of Arapahoe Avenue. The current width of the street is adequate to accommodate the increased traffic. Coordination with the City will be required to determine the best connection to the adjacent multi-use path and sidewalk system.
- *Internal Circulation.* The driveway serves the two proposed lots, with an average grade of 8%. A width of 20' is shown and minimum turning radii of 25' to the inside of the curve. A fire-apparatus turn-around meeting IFC standards is located at the mid-point of the property. Utilities will be contained under the driveway in a 25' wide easement.



# 96 ARAPAHOE ANNEXATION

## CONCEPT REVIEW - DECEMBER 1st, 2014

PROPOSAL: Annex 1.3728 acres as RM-3 Zoning  
 (9) Dwelling Units - 42.3% of new Dwelling Units to be Affordable  
 Sub-Divide property to create (2) Lots

EXISTING: Current Zoning: Transitional  
 Current Use: Multi-Family (Duplex)  
 Existing Building: (1) Duplex; (1) Nursery Barn; (1) Equipment Shed



**CWA**  
ARCHITECTS

4400 OSAGE DRIVE  
BOULDER CO 80303

t.720.936.6600  
f.866.941.8813



A - EQUIPMENT SHED



B- VIEW FROM UPPER LOT



C- FRONT OF DUPLEX



D - WEST OF DUPLEX



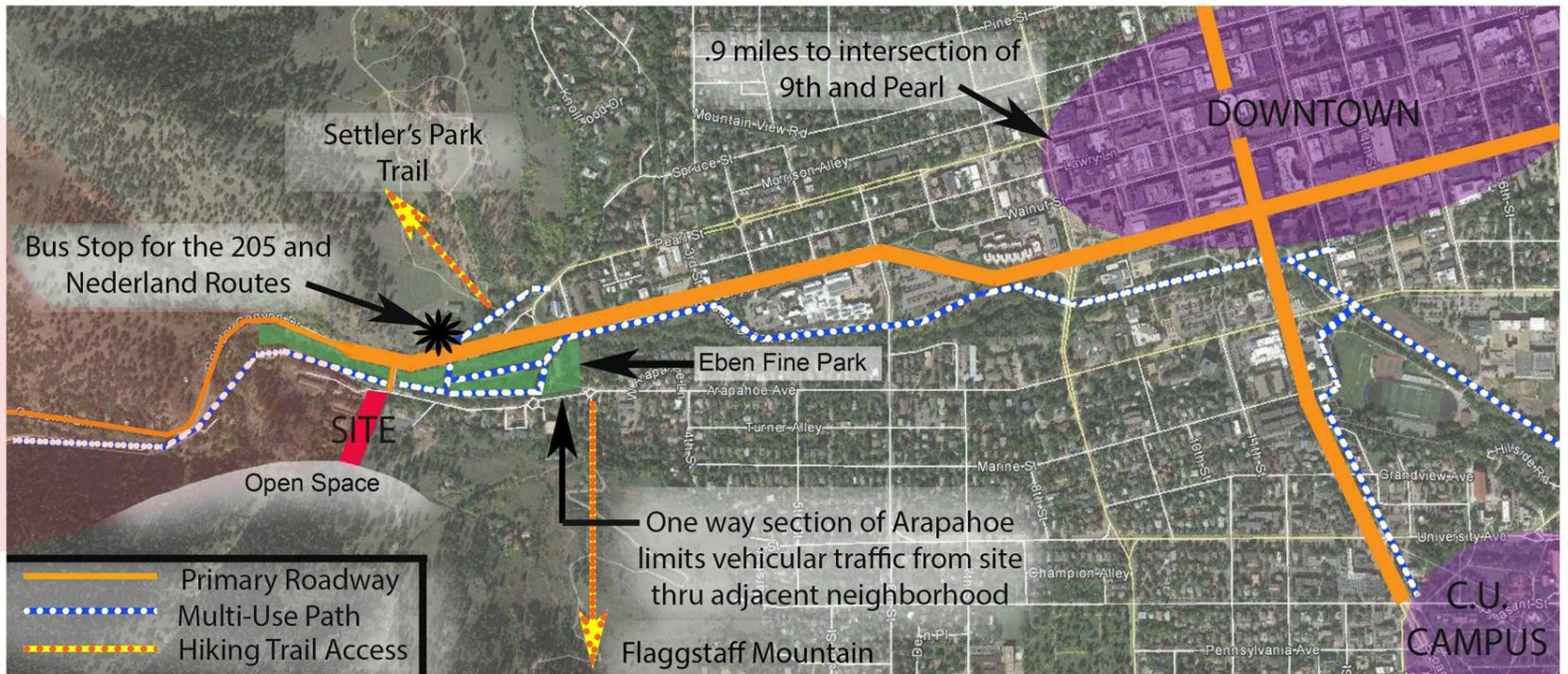
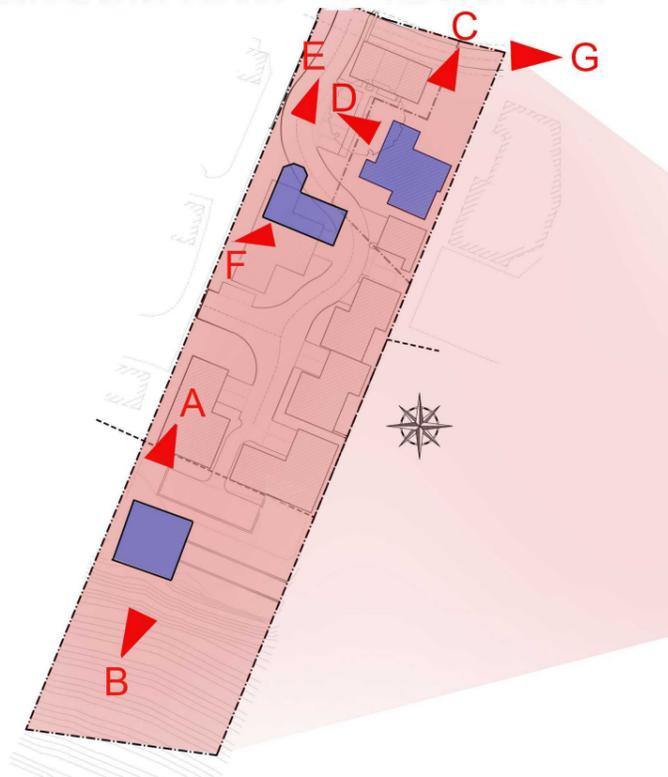
E - FRONT OF FLORAL SHOP / BARN



F - REAR OF BARN



G - ANDERSON DITCH LOOKING WEST



**PROPERTY CONTEXT AND ZONING**

- Located in Boulder County in Transitional Zoning
  - Transitional Zoning allows for:
    - Up to 9 Dwelling Units per Acre
    - Height limit of 50'
  - The Existing Duplex is an existing Multi-Family Use that may be expanded without a Presumptive Size Maximum limitation
- Existing Structures include:
  - 3,000 sf Duplex
  - 2,680 sf Barn (formally Nursery retail building)
  - 2,000 sf Equipment Shed
- Location :
  - Less than a mile from Downtown Boulder
  - Directly adjacent to the Boulder Creek Path and Eben Fine Park
  - A quarter mile from trail heads for Settler's Park and Flagstaff Mountain Trails

**96 ARAPAHOE ANNEXATION**  
**CONCEPT REVIEW - DECEMBER 1st, 2014**

**PROPOSAL:** Annex 1.3728 acres as RM-3 Zoning  
 (9) Dwelling Units - 42.3% of new Dwelling Units to be Affordable  
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 Existing Building: (1) Duplex; (1) Barn; (1) Equipment Shed



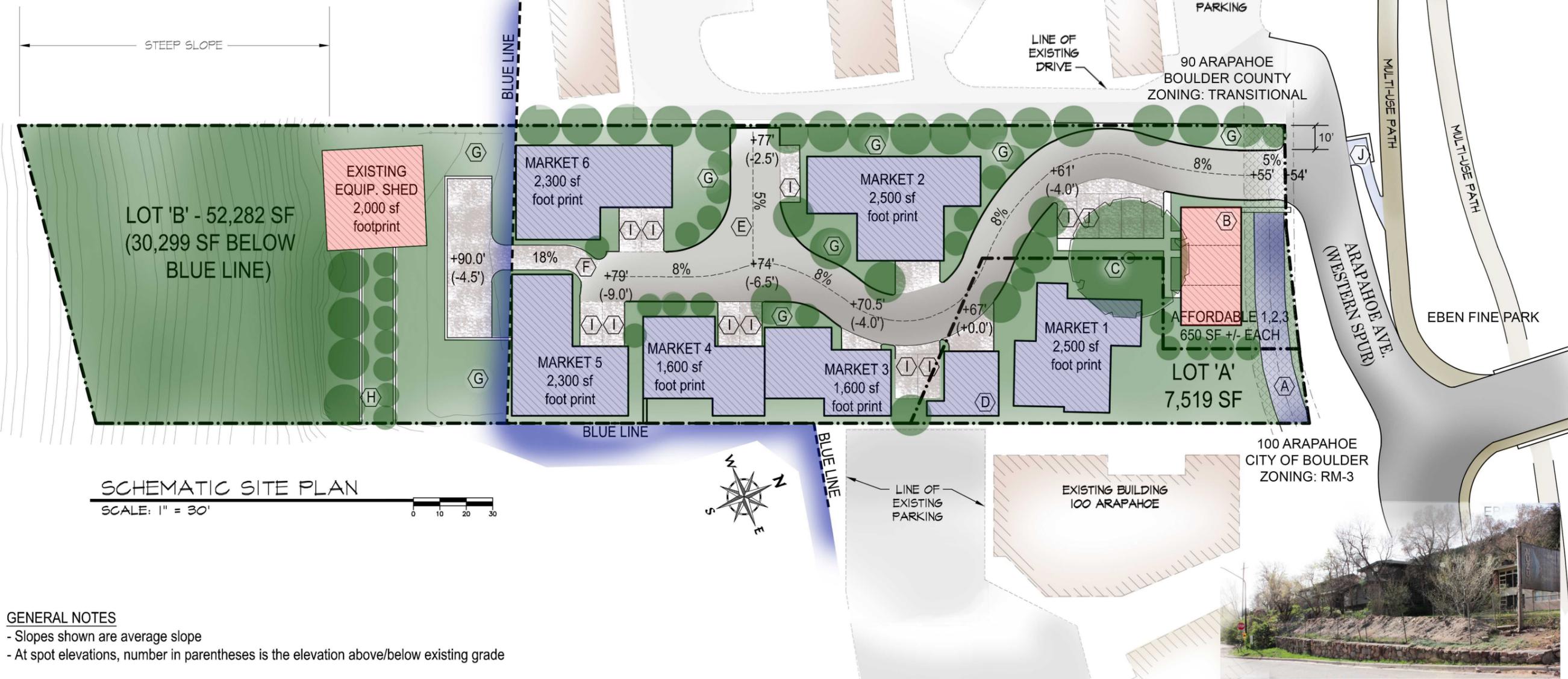
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 BOULDER CO 80303

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 f.866.941.8813

**NOTE KEY**

- A - Anderson Ditch 20' maintenance easement
- B - Relocate existing Barn for reuse or construct new attached Affordable Units
- C - Preserve existing oak (mentioned in Annexation Feasibility response)
- D - Detached accessory building for existing residential structure
- E - Fire Apparatus Turn-Around
- F - Access for upper part of lot
- G - Landscaped area
- H - Reduce slope at cut w/retaining walls and fill from site
- I - Visitor parking space (min of 1 for each building)
- J - Proposed pedestrian connection to multi-use path



**SCHEMATIC SITE PLAN**

SCALE: 1" = 30'

**GENERAL NOTES**

- Slopes shown are average slope
- At spot elevations, number in parentheses is the elevation above/below existing grade

LOT	AREA	UNIT	DESCRIPTION	EXISTING	BUILDING FOOT PRINT
A	7,519 sf	Market 1	Single Family - Convert Existing Duplex	Y	apx. 2,500 sf (existing + accessory)
B	52,282 sf	Market 2	Single Family - Detached Single Family		apx. 2,500 sf
		Market 3	Single Family - Detached or Duplex		apx. 1,600 sf
		Market 4	Single Family - Detached or Duplex		apx. 1,600 sf
		Market 5	Single Family - Detached or Duplex		apx. 2,300 sf
		Market 6	Single Family - Detached or Duplex		apx. 2,300 sf
		Affordable 1	Affordable Units - Convert Existing Barn	Y	apx. 1,200 sf (each unit 1/3 of triplex)
		Affordable 2	Affordable Units - Convert Existing Barn	Y	S/A
		Affordable 3	Affordable Units - Convert Existing Barn	Y	S/A
		Shed	Accessory - Repair Existing Equipment Shed	Y	apx. 2,000 sf
<b>TOTAL</b>	<b>59,801 sf</b>	<b>9 Dwelling Units</b>			<b>16,000 sf Building Footprints</b>

# 96 ARAPAHOE ANNEXATION

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## ROOF

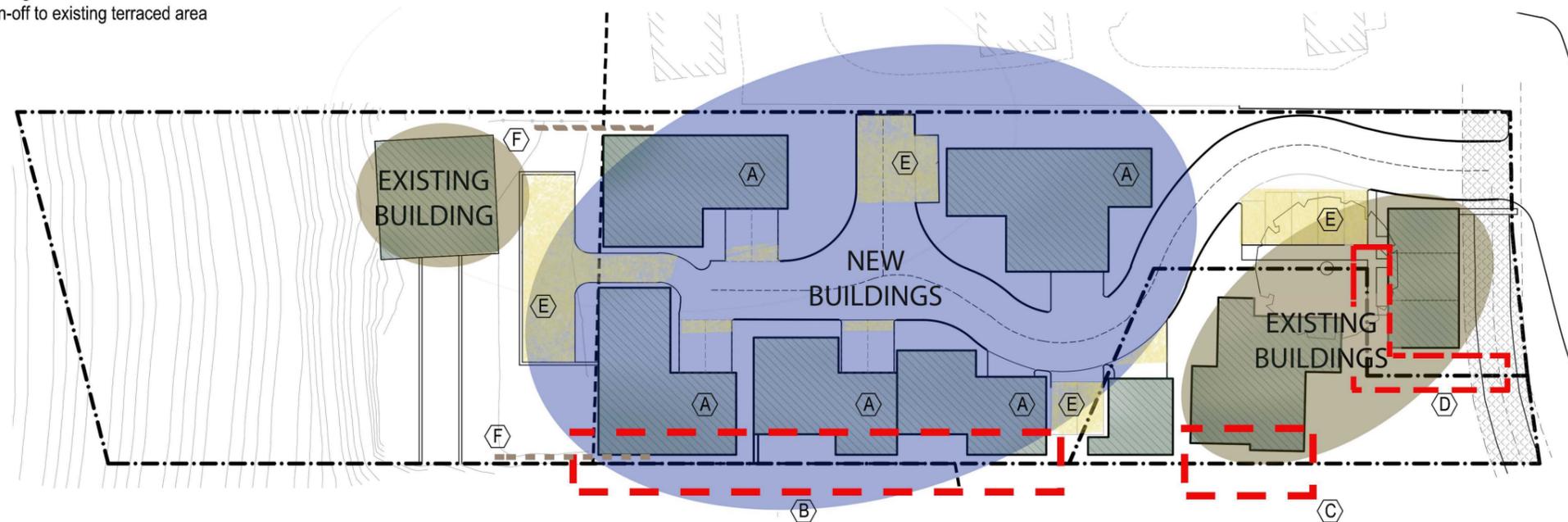


## EXTERIOR MASSING & MATERIALS



### NOTE KEY

- A - Roof decks facing downhill to maximize views and step massing
- B - Relief from 'Form and Bulk Standards' & 'Solar Access' where adjacent to 100 Arapahoe above Blue Line (and maybe at parking lot)
- C - Relief from 'Form and Bulk Standards' & 'Solar Access' where existing Duplex is non-conforming
- D - Relief from 'Form and Bulk Standards' & 'Solar Access' at newly created lot line
- E - Permeable paving areas
- F - Direct roof run-off to existing terraced area



### DESIGN CONCEPT FOR NEW BUILDINGS

- Contemporary design that integrates a solid base with lighter and more translucent materials on upper levels.
  - Base: Stone, Block, Concrete
  - Upper Section: Wood, Stucco, Composite Panels
  - Glazing: Aluminum Frame, Metal frame
- Roof decks to allow for outdoor 'rooms' and to take advantage of views and connect to the surrounding environment.
- Patios / Terraces at ground level with access to pedestrian routes to facilitate connection with parks and trails.
- Sustainability and Energy Efficiency for New Construction:
  - Energy Star Home Certified
  - Alternative Energy provided, to be either: Solar Panels, Solar Thermal, Geo-Thermal or a combination.
  - Exceed Boulder 'Green Points' requirements by 15%
  - Use 'permeability strategies' to mitigate hard surface area added to property

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VIEW AT PARKING FOR AFFORDABLES



VIEW LOOKING SOUTH



VIEW LOOKING SOUTH WEST

## 96 ARAPAHOE ANNEXATION

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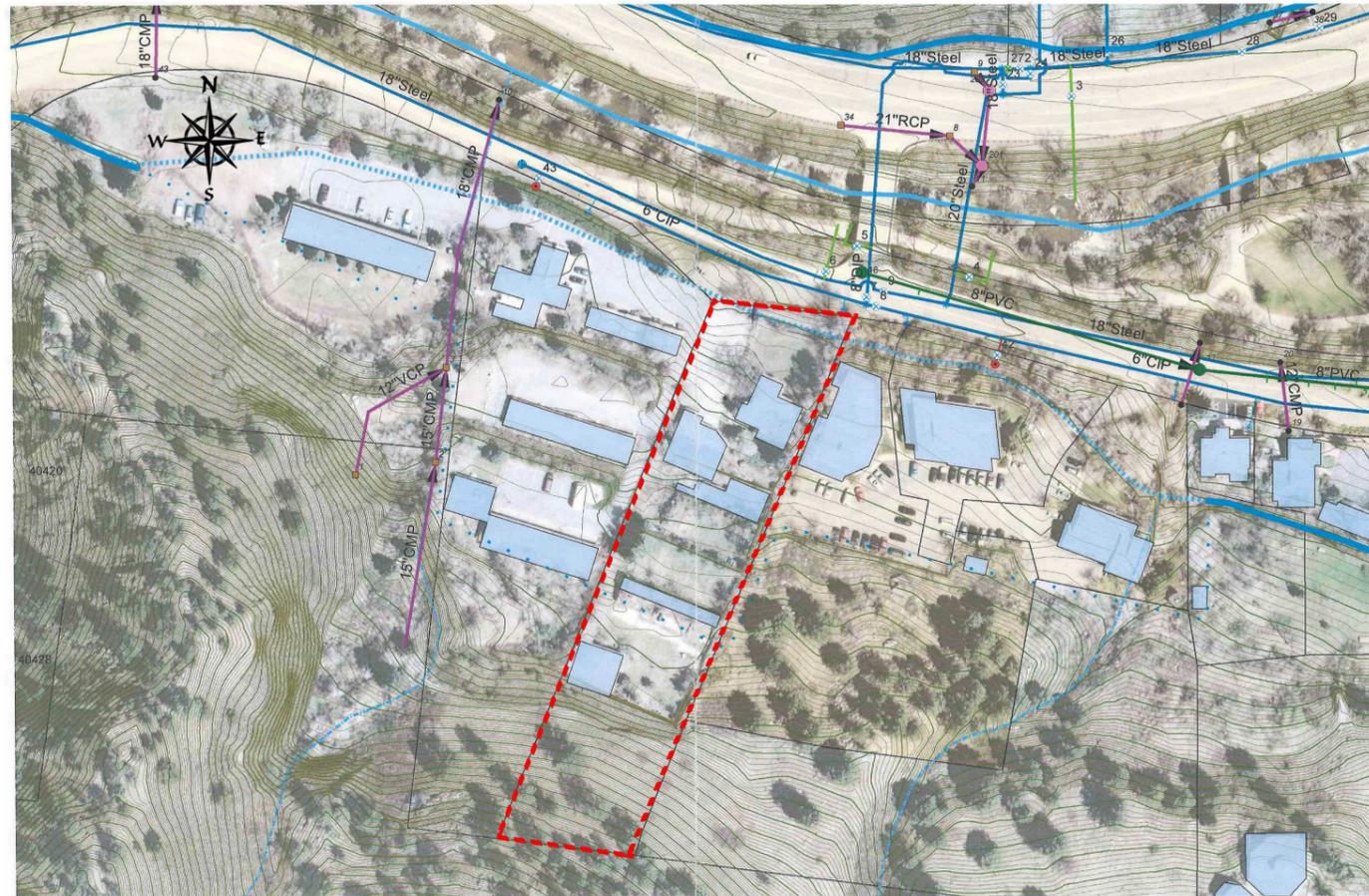
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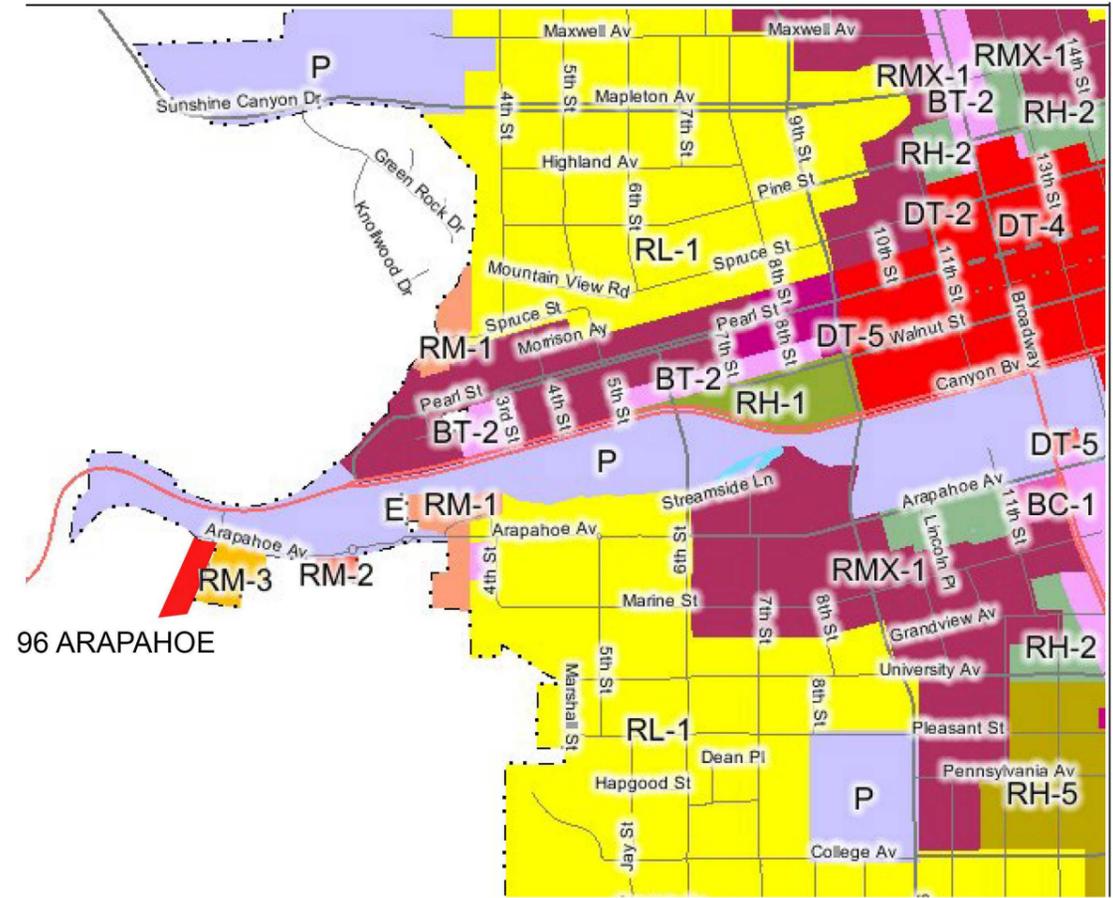
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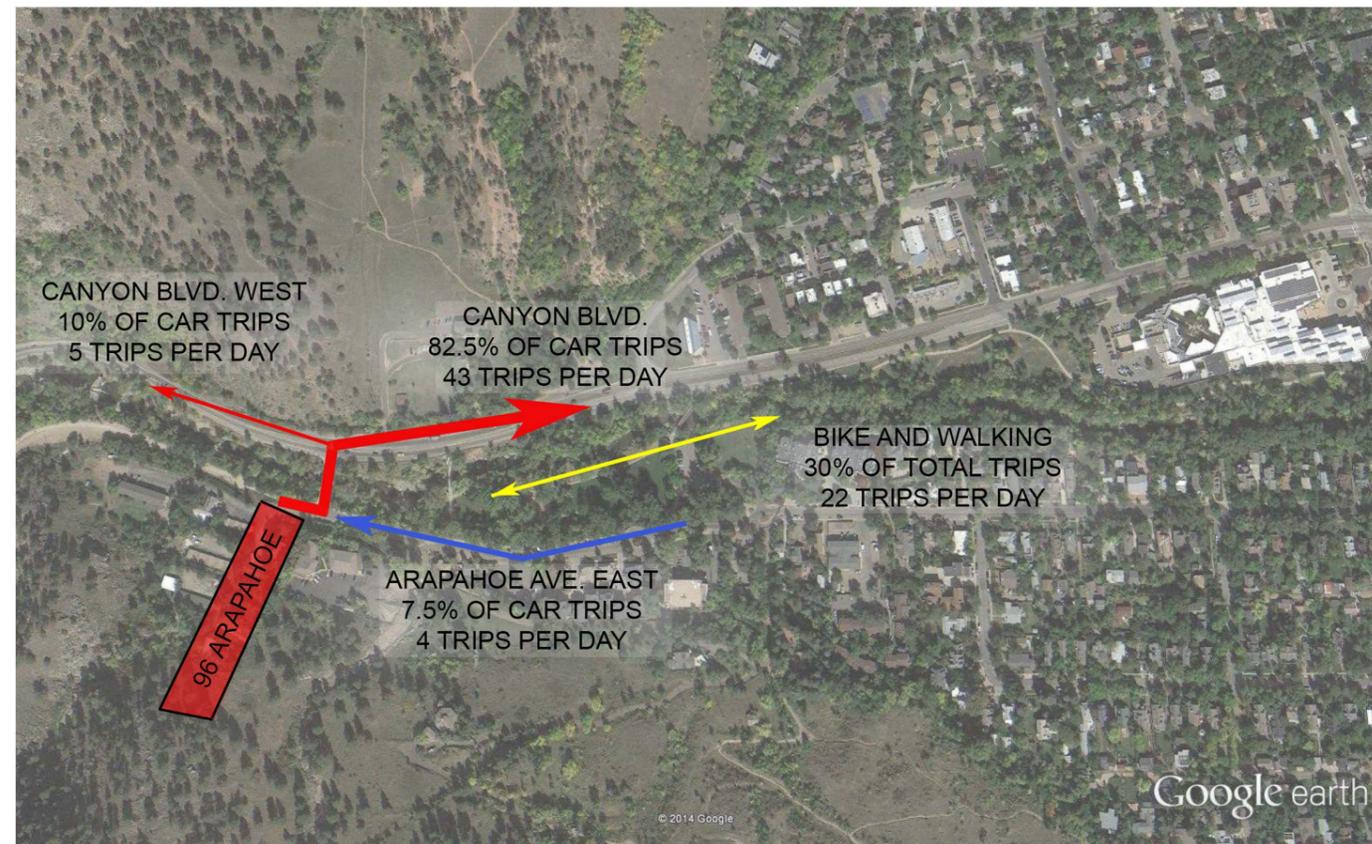


VICINITY PLAN  
SCALE: 1" = 100'



96 ARAPAHOE

ADJACENT ZONING



TRAFFIC GENERATION SUMMARY

TRIP GENERATION SUMMARY

Use Description	PM Peak Period Rate	% PM In	% PM Out	# of Units	Calculated Daily trips	PM Peak Trips - Total	PM Out	PM In
Single Family Detached	1.01	63%	37%	6	57	6	4	2
Residential Condo/Townhouse	0.52	67%	33%	3	17	2	1	1
<b>TOTAL</b>				<b>9</b>	<b>74</b>	<b>8</b>	<b>5</b>	<b>3</b>

Alternate Mode of Transportation	Vehicular Trip Reduction %	Calculated Daily Trips	PM Peak Trips - Total	PM Out	PM In
Bikes	15%	11			
Walking / Public Transport	15%	11			
<b>Automobile</b>		<b>52</b>	<b>8</b>	<b>5</b>	<b>3</b>

Vehicular Route	Depart	Return	Daily Trips
Canyon Blvd. - East	85%	80%	43
Canyon Blvd. - West	10%	10%	5
Arapahoe Ave. - East	5%	10%	4
Arapahoe Ave. - West	0%	0%	0

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**CITY OF BOULDER  
PLANNING BOARD AGENDA ITEM**

**MEETING DATE: February 5, 2015**

**AGENDA TITLE:** Public Hearing and Consideration of Recommendations to City Council regarding the University Hill Commercial District moratorium project, including:

1. An ordinance amending the BMS zoning district standards to limit new residential uses within the University Hill Commercial District, except for permanently affordable units or housing for persons 62 years or older; and
2. Other strategies to consider further as part of the on-going Uni Hill Revitalization Strategy and the Community Planning and Sustainability Work Plan.

**REQUESTING STAFF:**

David Driskell, Executive Director, Community Planning & Sustainability (CP&S)  
Susan Richstone, Deputy Director, CP&S  
Molly Winter, Director, Downtown and Hill Management Division/ Parking Services  
Sarah Wiebenson, Hill Community Development Coordinator  
Karl Guiler, Senior Planner/Code Amendment Specialist  
Ted Harberg, Planning Intern  
Jay Sugnet, Senior Housing Planner  
Hella Pannewig, Assistant City Attorney  
Ruth McHeyser, University Hill Moratorium Project Manager

**OBJECTIVE:**

Staff presentation and Questions for staff  
Public hearing  
Planning Board discussion  
Recommendations to Council on changes to the code and other strategies

## **I. Executive Summary**

The purpose of this agenda item is for Planning Board to provide recommendations to City Council regarding the Uni Hill commercial district moratorium project. In particular, this includes recommendation of an ordinance that limits new residential uses on the Hill.

The Hill commercial district, along with the university, is designated as one of Boulder's three major activity centers. The Hill has a rich historic past as a shopping and music center for the area, but in recent history, it has been widely acknowledged that it faces challenges and is in need of revitalization. Last year, City Council adopted University Hill as one of its top priorities, and staff began work on the Hill Reinvestment Strategy, which provides a framework for improving the quality of life on the Hill for residents, visitors and businesses, with the city acting as a catalyst for sustained public/ private partnerships and private investment over the long term. The Reinvestment Strategy acknowledges that there is no single solution to resolving issues for the Hill, and the city recently hired a fixed-term Hill community development coordinator, Sarah Wiebenson, to coordinate the inter-departmental Hill staff team, strengthen stakeholder relationships and develop and implement the Hill Reinvestment Strategy work program.

The moratorium project was initiated by City Council to address a specific concern that the current economic environment strongly favors student rental housing in the Hill commercial district, making it difficult for other more diverse uses to compete in the market place. Over-concentration of any single use in this small commercial district would conflict with the

community’s vision for the Hill, defined in the Boulder Valley Comprehensive Plan (BVCP) as “a safe, comfortable, and attractive place to shop, work, visit and live,” and “an activity center that serves a variety of commercial, entertainment, educational and civic functions,” and “also serves as a neighborhood center for the surrounding area [and] drawing people from the entire city as well as the region.”

In August, 2014, Council passed a temporary moratorium on new residential uses in the Business Main Street (BMS) zoning district on the Hill to allow time to analyze and present options to address community concerns. The moratorium expires on March 18, 2015.

**The project was designed to address this narrow issue in the following five phases:**

- Information gathering, issue identification, and analysis *Sept and Oct 2014*
- Public outreach on preliminary findings and possible strategies *Nov 2014*
- Refine findings and strategies and develop staff recommendations *Dec 2014 and Jan ‘15*
- Planning Board & UHCAMC hearings and recommendations *Feb 2015*
- City Council public hearing(s) and decision *Feb and March 2015*

**Findings from the analysis and public outreach are generally that:**

1. The proximity of the University provides significant economic, intellectual and cultural benefits to the city, and has influenced the Hill’s unique, student-centric and bohemian character. While it is neither desired nor necessary to change the student-focus of the Hill, diversifying the users and uses on the Hill will make it more lively year-round and attractive to the community at large as envisioned in the city’s long-term vision for the Hill.
2. There is already an over-concentration of housing in this small commercial district and adding more units will limit opportunities for non-residential uses that would attract more diverse users.
3. There are very few offices on the Hill, yet office uses could potentially play a crucial role in adding a year-round diversity of ages and professions, and benefit from the proximity to both CU and downtown.
4. Among the barriers to expanding the diversity of uses and users on the Hill are:
  - The current market favors student rental housing over all other uses allowed, and it is difficult for more diverse uses to compete.
  - Insufficient parking (or the perception of a lack), particularly for office uses and city-wide-serving retail uses;
  - Lack of another attraction or anchor that could attract a broader visitor mix;
  - Lack of other office uses and “comps” (i.e., lack of comparable sales figures), which makes attracting other office uses and financing offices difficult; and
  - The inherent student-centric market, which has resulted a somewhat run-down aesthetic in portions of the Hill, because property upkeep is not essential to stay competitive.

## **II. Staff Recommendation**

Staff analyzed eleven potential strategies to address the findings and recommends a combination of a BMS zoning code change described below. Staff also recommends implementation of a number of strategies that would encourage the addition of diverse users to the Hill, as discussed later in this memo (Section IX).

**Staff recommends that Planning Board recommend to City Council** the adoption of the ordinance in [Attachment I-A](#) revising the BMS zone district standards for the Uni Hill commercial area to limit new residential uses, except for permanently affordable units or housing for persons 62 years or older.

Under the provisions of this ordinance, all attached dwelling units and efficiency living units within the Hill's BMS zone are 'conditional uses' requiring staff level review. Like other conditional use reviews, specific standards are proposed that would require new units to be permanently affordable or senior housing units. No additional market-rate housing would be permitted, thus—over time—shifting the current market dynamic that is driven by the economics of market rate student rentals. The new criteria are added to Chapter 9-6, "Use Standards," B.R.C. 1981. Staff recommends this ordinance as it 1) does not exacerbate the current over-concentration of student rental housing on the Hill, 2) could entice other more diverse land uses like offices to locate on the Hill; and 3) continues to allow for permanently affordable or senior housing units, which address an identified housing need in Boulder.

Pursuant to Section 9-10, B.R.C., 1981, all existing residential units would be considered legal, non-conforming uses that would be allowed to remain in place, unless they were vacant for more than a year. They would also be allowed to expand a maximum of 10% of existing floor area.

The ordinance also corrects two errors uncovered during staff's analysis of the BMS zoning district standards, allowing for buildings over 15,000 square feet to be considered through the Site Review process and changing the residential use standards for areas outside the Uni Hill area back to being allowed only above or below the first floor. Further, because detached dwelling units, duplexes and townhomes are by definition, ground floor residential uses, staff is proposing to prohibit these uses in the BMS zone as part of this ordinance.

### **III. Public Input**

*The Phase Two Public Input Report* is provided at the project website - <https://bouldercolorado.gov/planning/uh-moratorium>. It contains a compilation of all public comments received to date and a chart summarizing the outreach efforts in each of the project phases. The report includes about 50 public comment forms that were submitted during an Open House and during drop-in "staff open hours" on the Hill November 19<sup>th</sup> and 20<sup>th</sup> and from a survey that was posted on the moratorium project website. The comments were in response to questions about the preliminary findings and potential strategies to address the findings that were presented at the Open House/ Open Hours and available on-line.

Although the comments and surveys are not scientifically representative of the community, they were from a cross-section of Hill stakeholders, including property owners, business owners, CU students, long-time Hill residents and nearby homeowners.

In discussions with various Hill stakeholders during this project, areas where there seemed to be the most agreement were about:

- the desire to improve the diversity of uses to make the Hill more attractive to diverse ages and professions;
- the need for an anchor use to attract and make other types of uses more viable;
- the need to improve access, particularly access to public parking for a broad range of users;
- the importance of the relationship with the University and of coordinating on Hill-related issues; and
- the importance of making students feel welcome to the Hill and ensuring that any action that limits future student housing does not mean that students aren't welcome or important to the Hill. The Hill came into being to address the needs of students, faculty and staff, and they will continue to be important to the health and vitality of the commercial district.

## IV. Other Board and Commission Input

### UHCAMC

The University Hill Commercial Area Management Commission (UHCAMC) was established as an advisory board by the City Council that combines the University Hill General Improvement District (UHGD) parking and maintenance responsibilities with other considerations of the University Hill Commercial area including health, safety, aesthetics, economic vitality and sustainability.

At its 12/10/14 meeting, the commission reviewed the *Phase One* and *Phase Two moratorium project reports* (both available at the project website - <https://bouldercolorado.gov/planning/uh-moratorium>) and had the following comments and questions:

- Asked for more information on the strategy to attract anchor uses to the districts, and what types of uses will be targeted.
- Noted that CU and the City are looking at the feasibility of a conference center and hotel that could potentially serve as an anchor use if it is located near the Hill.
- Questioned the appropriateness of attracting senior housing to the district.
- Suggested that more outreach should be done to find out what types of anchor uses would make non-student Hill residents want to patronize the Hill Commercial Area. Staff agreed to look into drafting a survey of retail preferences among Hill residents.

UHCAMC will hold a public hearing and make a recommendation to City Council on Feb 11.

### Landmarks Board

The Landmarks Board will make a recommendation regarding the historic preservation issues at their next meeting February 4. At the February 5 Planning Board meeting, staff will update the Board on the Landmark's Board's recommendation.

## V. Background

On July 29, 2014, City Council approved an emergency ordinance temporarily suspending the acceptance of building permits and site review applications that would result in adding any floor area to properties within the University Hill commercial district (specifically, properties within the BMS zoning district as shown in the *Uni Hill Moratorium Project Phase One Report*, page 6). That ordinance expired at 8:00 a.m. August 20, 2014, and affected all proposed additions of floor area in the area. On August 19<sup>th</sup>, City Council approved a substitute ordinance that more narrowly suspends applications on the Hill for residential floor area, while also allowing submittal of applications for concept plan review (a non-binding process). That ordinance expires on March 18, 2015.

The temporary moratorium was necessary to address a current economic environment that strongly favors student rental housing in the University Hill commercial district, making it difficult for more diverse uses that could revitalize and meet the city's adopted vision for the area to compete in the market place. The moratorium "hit the pause button," providing time to analyze whether this trend is likely to continue and to consider whether it is appropriate for student rental housing to dominate the area. The purpose of the moratorium is not to create a new vision for the Hill or to change the allowed density (i.e., the maximum Floor Area Ratio of 1.85).

The larger vision for the area, as described in the 1996 University Hill Area Plan, is of a commercial area that is "a safe, comfortable, and attractive place to shop, work, visit, and live,"

and its role in the community, as defined in the Boulder Valley Comprehensive Plan (BVCP), is as both a place to “entertain the daily activities of a large portion of Boulder’s population” and “a neighborhood center for the surrounding neighborhood.” (2010 BVCP, p 75-76). An over-concentration of student housing in this area would run counter to these community aspirations and could weaken the long-term economic health and vitality of the Hill commercial district.

The *Uni Hill Moratorium Project Phase One Report*, summarizes the results of the first phase analysis of the Hill’s history, existing use composition, demographics, zoning and comprehensive plan designations, future growth potential, past parking and access studies, as well as recent market and economic analysis prepared by consultants hired by the city for this project. Key aspects of this analysis are discussed in more detail in Section VI. A few highlights from the report are summarized below.

### **Hill Character and Size**

The Hill Commercial District is 11.5 acres in size. With its pizza slice shape, it is only three blocks long and one to one-and-a-half blocks wide, yet it has two primary commercial street frontages, each with its own distinct character and relationship to the public realm. 13<sup>th</sup> Street is the historic heart of the district, with its historic commercial buildings and music venues. Broadway forms the interface with the CU campus and is a heavily trafficked street with an eclectic mix of structures. The cross streets of College, Pennsylvania, and Pleasant run perpendicular to, and connect the main streets, and serve as pedestrian corridors between the university campus and the high density student neighborhoods. These areas have different parcel configurations, building character, and relationships to the public realm.

### **Uni Hill history and eligibility as a National Register Historic District**

The Hill commercial area developed in response to the demand created by the university. By 1919 the slogan “on the Hill” was already being used in advertisements for the University Hill area. During the 1920’s, University Hill experienced its most dramatic period of residential growth. The Hill commercial district also experienced significant growth, as commercial buildings began to emerge along the west side of the 1100 block of 13th Street. Faced with the changing character of the neighborhood, residents on the west side of the street began converting their dwellings to commercial uses, principally through the construction of additions onto the fronts and sides of existing houses. Concern about incompatible commercial growth on the Hill was one of the main issues that precipitated the adoption of Boulder’s first zoning ordinance in 1928.

The Hill has a rich history associated with the growth and development of the university, student life, and the political, social, and entertainment trends of different eras. Part of the area, particularly along 13<sup>th</sup> Street, retains the Hill’s unique historic character, and is potentially eligible as a local and/ or National Register Historic District. National Register designation would make properties eligible for as much as 50% federal and state income tax credits for rehabilitation. It could also highlight and celebrate the area’s history and sense of place and attract heritage tourism.

A more detailed history of the area and information about the benefits and responsibilities of local or National Register Historic District designation are provided in the *Uni Hill Moratorium Project Phase One Report*.

### **Parking District**

The University Hill commercial area has an overlay parking tax district that was created in the 1970s to supply paid, managed, shared and unbundled parking for the historic commercial district. The University Hill General Improvement District (UHGID) is similar to parking districts in the downtown and in Boulder Junction. The district owns and manages two of the

three public parking lots in the hill commercial area – one on Pleasant Street, the other on 14th Street. The third parking lot on Pennsylvania is owned and managed by the University of Colorado.

Commercial properties within parking districts are not required to provide on-site parking; new residential units are required to provide at least one space per unit. The city manages the UHGID parking as well as the on-street supply.

University Hill has a variety of access options for all travel modes. Its location along the Broadway corridor affords it excellent transit access on multiple bus routes, including the high frequency Skip service, a bike station was installed in 2014, and the city supports an Ego Car Share parking space in the 14<sup>th</sup> Street parking lot.

### **Uni Hill Reinvestment Strategy**

In 2014, the City Council adopted University Hill as one of its priorities for the 2014-15 term. The Council supports a framework for a Hill Reinvestment Strategy that includes the following six focus areas, which have been incorporated into a Hill Reinvestment Strategy Work Plan for 2014-15:

- Business/Residential Diversity;
- The Arts;
- Multi-modal Access;
- Health and Safety;
- Stakeholder Partnerships; and,
- Code Enforcement.

The multi-year Work Plan was finalized in December 2014 in consultation with a broad range of University Hill stakeholders.

A memorandum with more information and progress on the Uni Hill Reinvestment Strategy is provided in [Attachment I-C](#).

## **VI. Analysis**

### **A. Economics and Market conditions- EPS reports**

The city hired Economic Planning Systems Inc. (EPS) to provide updated market information about the Hill and to analyze various development scenarios to understand the economic factors affecting recent development and current trends on the Hill. Their two reports are provided in [Attachment I-B](#) and summarized below.

#### Demand and Perception (from EPS' Preliminary Market Assessment, Nov 18, 2014)

- **Housing:** Demand for multifamily housing is almost completely for student oriented housing. Units in the Market Area and near the University Hill area rent for higher rates on average than the city as a whole meaning renters pay a premium to be located on the Hill.
- **Retail:** The analysis for retail on the Hill found that students constitute the majority of demand for retail. The potential demand from area residents that are non-students is not sizeable enough to drive retail demand on the Hill. Parking is another barrier to non-student oriented retail, because the district is not well suited for a larger number of customers to come in cars. To increase demand for non-student oriented retail, the City can explore ways to grow the market potential from groups that are not students and address ways to make the area more accessible and attractive.

- **Office:** Several factors were cited as barriers to office users being attracted to the Hill including; lack of a professional environment, lack of parking, difficult and limited traffic access, the perception of the area as only a student area and a lack of interest from employers in the area. Despite current perceptions, some brokers identified the potential for niche office space for smaller businesses needing small or flexible spaces of less than 3,000 square feet. Creative, start-up, computer oriented, and technology firms may seek out the Hill if space is less expensive than the Pearl Street area and if their business had a nexus or benefited from locating next to campus. A market anchor or destination was cited as a way to potentially change the culture and dynamic of the Hill enough to attract some office spaces. A hotel was cited as a potential use that could be developed in concert with office space to help catalyze the market.

Development Feasibility (from EPS' Uni Hill Development Scenarios, Jan 19, 2015)

Under current market conditions, EPS analyzed the potential “feasibility” of several programs for new construction, assuming current trends and current land prices. The major findings from the feasibility analysis are that:

**1. Student housing development produces a significant return and is highly profitable.**

Student oriented rental housing on the Hill and particularly newer student oriented projects have been able to achieve higher rental rates than more conventional rental units. Typical, new student oriented housing projects include 3- to 4-bedroom units sharing a larger living space. Leases are per bedroom, not per unit, and command rents of \$1,000 per bedroom per month or higher. Within this structure, units rent for approximately \$2.50 per square foot per month. The overall average rent for apartments in the University Area is \$1.97 per square foot per month.

**2. Building student housing units with multiple bedrooms per unit (i.e., three or four bedrooms per unit) reduces the required amount of parking by zoning (1 space per unit) of a project compared to a conventional apartment project with a mixture of (unit sizes).**

This type of building program reduces parking required and therefore the cost of development. However, a developer/project owner may need to provide more spaces than required by zoning to make the units marketable. It may be helpful to modify the parking requirement to be based on a per bedroom factor instead of a per unit factor if there is a fear the projects are being under-parked and causing parking issues elsewhere on the Hill.

**3. The residential redevelopment programs (student and market) tested were found to be feasible based on the assumptions made.**

EPS modeled two housing programs to test feasibility of redevelopment on the Hill. The student-oriented housing program (ground floor retail with 2 stories of student oriented units) was found to be a feasible development program with estimated value of the program exceeding project costs by more than 10 percent. A non-student orient program (market), which includes ground floor retail with two stories of small, one and two bedroom units, was also found to be marginally feasible with average rental rates found in the area. Estimated project value for this program was approximately equal to project development costs.

**4. The office development programs tested were found to be infeasible with or without on-site parking.**

Two office development programs were tested with ground floor retail and two stories of office space above. One program had parking built on site and one with parking provided within UGHID lots. The office programs generated development values that are approximately 25 to 30 percent less than development value generated by the housing programs.

Parking was cited in the market study as a major requirement for attracting office space users to the Hill. Parking is also a major development costs that has large impact on development

feasibility if it needs to be built on-site. Assuming parking spaces can be dedicated to office users within UGHID lots the development cost for building office space reduces greatly. The office program without parking was still found to be infeasible. Development value generated by the program was approximately 6 percent less than the cost of development. The gap under the program tested was approximately \$392,000. If parking is provided on site, the gap increased to \$818,000 million and the development value was 11 percent less than development cost.

**5. A hybrid residential and office development program was found to be financially feasible based on the assumptions used but is not deemed to be a marketable development project due to an incompatible mixture of uses.**

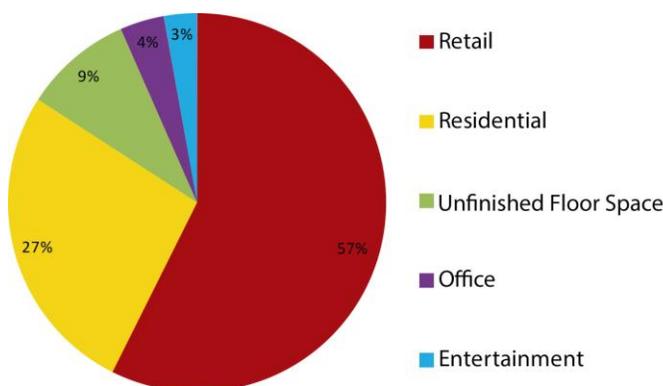
A mixed office and residential program was tested which included ground floor retail, one story of office space and one story of student oriented residential units. This program was deemed to be feasible, as development value 5 percent more than estimated development costs. However, we expect that developers would not build this type of building due to the logistics and costs of maintaining three uses within a small building and the difficulty of renting office space within a building that also includes student housing.

**6. The feasibility analysis for programs based on the Scenario 2 renovation of existing building space and the addition of new space generated similar results; the residential programs are feasible while the office programs are not feasible.**

EPS found similar findings related to renovation and expansion of existing buildings on the Hill to the redevelopment scenario. Adding additional residential units was found to provide a return to building owners large enough to support costs associated with renovating their existing building and constructing additional space. Office uses were found to not generate enough project value to cover costs of renovation and expansion.

Given the gap between what the current market would attract on the Hill and the city’s long term vision for more diverse uses, EPS also provided an analysis and description of potential approaches to achieve the vision that are incorporated into Section VIII.

**B. Existing Land Uses**



**DRAFT: 12/18/2014**

**Figure 1: Existing land uses on the Hill by percent of total building square footage**

Staff’s analysis in the Phase One report supports EPS’ assertion that the current uses on the Hill are very student-centric. As illustrated in Figure 1, retail uses occupy the largest amount of square feet, followed by residential at over 25% of occupied floor space. Office uses occupy less than 3% or less of occupied floor space. Retail in the district is student-centric – a reflection of market conditions created by the user groups who are present.

*The total building square footage in the district is as follows: Retail -173,633 sq ft, 57%; Residential - 76,428 sq ft, 25%; Unfinished Floor Space - 36,131 sq ft, 12%; Office - 9,149 sq ft, 3%; Entertainment - 8,500 sq ft, 3%.*

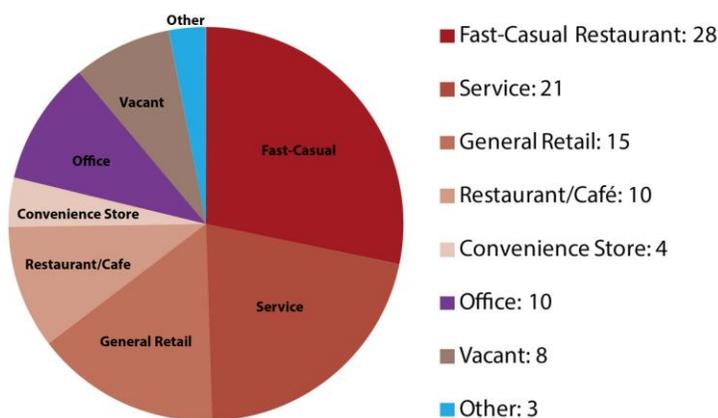
Housing

University Hill has long been known as Boulder’s primary student housing neighborhood and

today, just over 6,000 university students live within the west-of-Broadway market area of the Hill commercial district.

The university places significant demand on the Boulder rental housing market. CU requires that freshman live on campus and the university currently houses approximately 27 – 30% of its roughly 30,000 students. Although CU’s Flagship 2030 Plan establishes a goal of increasing the proportion of upperclassmen living on campus from 5 to 20% through the introduction of living-learning environments, the majority of students will continue to be housed in the private market off-campus. Today, approximately 67% of CU students live in Boulder, while 6,000 live outside the city limits. Some of these in-commuters do so by choice, while others are likely being priced out of town by the housing market.

Within the 11.5 acre commercial district alone, there are already more than 100 rental units, most if not all of which are for students. This compares to approximately 130 residences in the 100+ acre downtown commercial district.



**Figure 2: Commercial uses on the Hill by total number**

As can be seen in Figure 2, the majority of these businesses are Fast-Casual Restaurants and Services such as tanning salons, dry cleaners, etc. There are a total of 10 office businesses on the Hill. This pie chart is based on a door-to-door survey of current retailers, with each business given a classification.

Non residential uses

Student-centric retailers such as fast-casual restaurants and coffee shops dominate in the Hill commercial district due to the built-in customer base of students nearby; making them the most predictably profitable of potential uses. The larger income potential of these student-focused retailers has, over time, increased their numbers relative to other retail uses.

There are a total of 91 businesses on the Hill, and 8 vacant retail units.

Potential Role of Office Uses

Office uses have the potential to create a year-round vitality to support business retention and attract new businesses. The nature of office uses is changing and there could be a strong synergy with the university. According to Prof Richard Florida<sup>1</sup>, the “creative class” is a key driving force for economic development of post-industrial cities in the United States. Boulder, with its culture of innovation and track record of federal research labs and major technology firms like Ball Aerospace and Google, is a community that has already seen the benefits of just such a creative class. Uni Hill, with walkable proximity to campus and a vibrant mixed-use environment, could make a good home for the kind of startup companies that drive an innovation economy.

Although office uses are currently under-represented on the Hill, two relatively recent additions are examples of the types of uses that fit well in this location. Spark<sup>2</sup>, a co-working space that caters to student entrepreneurs and others looking for inexpensive office space is located on 13<sup>th</sup>

<sup>1</sup> *The Rise of the Creative Class* (2002), *Cities and the Creative Class* (2004), and *The Flight of the Creative Class* (2007), by Richard Florida

<sup>2</sup> Spark is located in the basement of the Hilltop Building at 1310 College. The Uni Hill moratorium project public open house and staff open hours were held at this location.

Street near the university. Here, workers join as “members” and have access to desk space and telecommunications technology 24 hours a day at a low price. Also on the Hill is Grenadier Advertising that, in contrast, is in the professional services industry and does not cater exclusively to younger workers. In spite of the perception of the Hill as being exclusively for students, Grenadier indicated in a recent letter to City Council that they are very happy with their location and would like to expand.

An additional idea, suggested at the last Planning Board discussion on the Hill, is that the city locate some of its own office space on the Hill. Staff has proposed that this idea be considered as part of the Civic Area office space planning and implementation. It should be noted that the city leases 814 square feet of office space on the Hill in the form of the Police Hill Annex.

It has also been suggested that the city evaluate the extent to which city services and programs currently located across the Boulder community, including those on the city’s Municipal Campus, could be a potential fit for the current Boulder Community Health facility on Broadway. An update on Civic Area implementation is scheduled to be provided under Matters at the March 17 City Council meeting. A recent update on city office space was provided in the January 20 Information Packet: [https://www-static.bouldercolorado.gov/docs/20150120\\_IP-1-201501151359.pdf](https://www-static.bouldercolorado.gov/docs/20150120_IP-1-201501151359.pdf)

### **C. Potential Future Growth at “Build-out”**

A recent build-out study of the BMS zone<sup>3</sup> reveals that the district is only around 52% built out at total 304,238 square feet. An 80% buildout of the district would result in approximately 162,000 new square feet of usable floor space, not including basements. This is based on a theoretical buildout to the maximum 1.85 FAR of 582,742 square feet –278,504 more square feet than the present day. 80% of the maximum is approximately 466,200 total square feet, a difference of around 162,000 from the existing.

The following estimates are based on the above figures and extrapolated based on the building program of the recently constructed 1350 College – assumed to be the most likely building form under current zoning and economic conditions.

#### 2nd and 3rd Floor Student Rentals (“current trends”)

Under these parameters, staff estimates that approximately 113,000 new square feet of development are possible on the 2<sup>nd</sup> and 3<sup>rd</sup> floors alone. If the current trend of residential dominating the 2<sup>nd</sup> and 3<sup>rd</sup> floors were to continue, there could ultimately be over 190,000 sf of residential space – potentially enough to rival even retail as the predominant land use in the district (today there is around 176,000 sf of retail, with a modest amount more possible in the future). Given the current trend for new residential construction of around four bedrooms per unit (or about 1,200 sf per unit), this could represent approximately 90 new three to four bedroom units, or around 300 new residents.

#### 2nd and 3rd Story as Office Use

If residential uses were prohibited and the additional 113,000 developable square feet on the 2nd and 3rd floors were developed as office space, it would equate to approximately 300-400 new year-round workers on the Hill.

### **D. Boulder Valley Comprehensive Plan**

The analysis above highlights that one of the gaps in achieving the BVCP vision for the Hill is

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<sup>3</sup> 2013 UHGID Development Projections study by RRC Associates.

the current lack of diverse commercial uses and dominance of housing. Although encouraging more diverse commercial uses and limiting future housing would conflict with BVCP Policy 1.19 of the Boulder Valley Comprehensive Plan to improve the city's current jobs:housing imbalance, the Hill has always been identified as primarily a commercial center to serve the surrounding neighborhood and the city, and the area already has a higher percentage of housing than would be typical in a regional-serving commercial center. Therefore, limiting future housing and encouraging future commercial uses here is an essential component of achieving the appropriate balance and the larger vision for the Hill.

#### **E. Role of “Catalyst” Sites, Access Management and Parking Strategy**

From as early as the 1996 Hill Plan, the role of “catalyst” sites has been a primary strategy for Hill revitalization. Catalyst sites are defined as key properties that are sufficiently substantial in size to accommodate redevelopment projects that can contribute to implementing the city's vision for a greater diversity of uses. Catalyst sites also provide the opportunity to achieve other Hill priorities such as creating public gathering areas, increasing public art and increasing parking, which has been identified as a key foundation to attracting more office use, city-wide entertainment and retail.

As in many historic areas, the existing surface parking lots present the greatest opportunity for redevelopment efforts. On the Hill, there are three surface parking lots – two are owned by the parking district (UHGID) and one by the University of Colorado. These sites and the gas station at the corner of Pleasant and 13th Street have been repeatedly identified over time as the four opportunity catalyst sites. Larger private sector sites with larger footprints, such as the former Colorado Bookstore site at Broadway and College, could also play a role as catalyst sites.

Partnerships play an essential role in the redevelopment of Hill catalyst sites for a variety of reasons. First, the size of the Hill commercial district parcels are relatively small and do not provide the economic feasibility and scale of redevelopment to accommodate underground parking. Combining multiple parcels and/or utilizing the UHGID sites enables a scale of development with the highest likelihood of economic feasibility.

Second, the need for replacing and accommodating parking, along with other multi-modal strategies, is fundamental to providing the infrastructure to create more diverse uses such as office, retail and entertainment that attracts a citywide or regional audience. Due to the confined space on the Hill and basic urban design principles, the majority of parking provided within these redevelopments would be underground which is very expensive to build and operate. Creating a large enough building footprint affords a greater efficiencies of scale and parking layout. Should the Hill remain a commercial district primarily catering to the basic needs of CU students as they travel between home and classes, then the need for additional parking would be questionable.

Thirdly, UHGID lacks the financial resources and ability to finance the construction of structured and/or underground parking, and must explore innovative public/private partnerships with other entities, including private developers. New incentives may also be needed to make such parking development financially feasible.

The Hill Revitalization Strategy work plan first pursues improved transit/bike/pedestrian access, and then investigates how to address current and projected parking demands to achieve the Council goal of Business/Residential Diversity, as follows:

##### Improve Access Options

- a. Install B-Cycle bike sharing station on College Avenue (COMPLETE)
- b. Fund an eGo car sharing space in the 14<sup>th</sup> Street UHGID parking lot (COMPLETE)
- c. Feasibility of a Hill employer master contract for an Ecopass program (IN PROCESS)

- d. Introduce a taxi stand on 13<sup>th</sup> Street
- e. Work with RTD to re-route bus lines down 13<sup>th</sup> Street

Introduce Structured Parking to Attract a Diversity of Uses and Users

- f. Pursue partnership for structured parking on the 14<sup>th</sup> Street UHGID lot (IN PROCESS)
- g. Pursue partnership for structured parking on the Pleasant Street UHGID lot
- h. Consider incentives to achieve public underground or structured parking on redevelopment sites

**F. Existing Zoning**

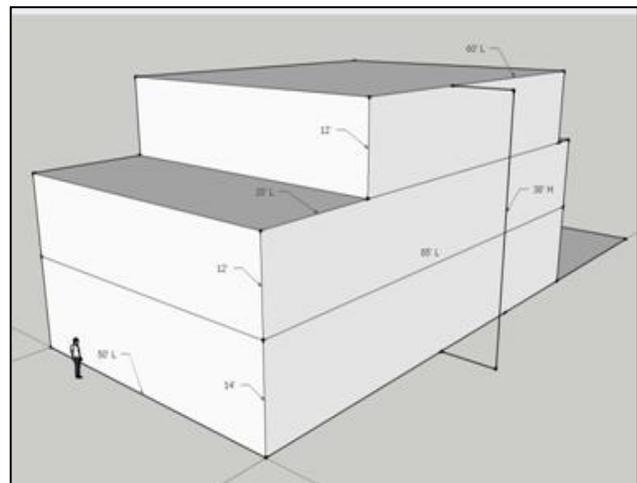
The Hill commercial district is zoned BMS (Business Main Street), a commercial mixed-use zoning district patterned after the character of historic Main Street business districts. BMS is designed as a mixed-use zone encouraging development in a pedestrian-oriented pattern, with buildings built up to the street, retail uses on the first floor, and residential and office uses above the first floor. It also allows complementary uses. It is applied to three areas of the city, including West Pearl, North Boulder and within the Boulder Junction area by Steel Yards. Zoning immediately adjacent to the Hill commercial district is RH-5 (Residential High – 5).

Recent Development on the Hill

All recent development on the Hill has occurred “by-right<sup>4</sup>” with the exception of some proposed changes of use that required Use Review. Some recent redevelopment examples are the Lofts on the Hill at 1143 and 1155 13<sup>th</sup> Street in 2009 and 1350 College in 2010, both of which include residential uses on the 2<sup>nd</sup> and 3<sup>rd</sup> floors above commercial uses within buildings up to the permitted 38-foot building height limit.

Bulk and Massing

City Council stipulated that the moratorium project would not change the vision for the Hill or the underlying maximum floor area ratio (FAR). BMS on the Hill is different from other areas zoned BMS, because it is within a general improvement district where parking for commercial uses do not rely on on-site parking, but rather managed on- and off-street parking (see “Parking District” on page 5). In the Hill BMS zone, the allowable FAR is 1.85. A representation of the total mass possible on a site within the Hill BMS zone considering the 1.85 FAR is shown in Figure 3.



**Figure 3 Typical building massing based on existing BMS zoning standards for Uni Hill**

This example shows the expected form and massing of a by-right building on a 6,250 square foot lot that meets that required setbacks of BMS. Notice the first two levels are built to the street while the upper story is set back 20 feet reducing its apparent mass and height.

As many of the issues that prompted the moratorium are more “use” related, staff is not proposing any changes at this time that would impact the form and bulk standards within the BMS zoning district. Rather, possible changes that were analyzed as part of this project relate to uses allowed on the Hill.

<sup>4</sup> By-right means those projects that meet all the zoning district standards and can be approved by submitting a building permit application (i.e., they do not require a discretionary review process such as Site or Use Review).

### Allowed Uses

Although current BMS zoning on the Hill allows a high diversity of uses, the predominate uses are student-serving retail and student rental housing, as discussed earlier. Further, residential units with multiple bedrooms within the Hill commercial district continue to be highly marketable on the Hill given its close proximity to the university and shifts in student demographics. These characteristics and the BMS zone's relatively low on-site parking requirement of one parking space per dwelling unit effectively create an incentive for a concentration of bedrooms within units. The character of the Hill commercial district as a student-oriented district is also heavily influenced by the surrounding residential neighborhood where high density residential of 14 or more dwelling units per acre (i.e., RH-5) exists.

Although the BMS zoning allows a high diversity of uses, it cannot specifically mandate any one use. Considering the current over-concentration and strong market demand for residential on the Hill and the desire for more diverse commercial uses, staff identified a range of strategies that would limit, to varying degrees, additional housing on the Hill within the BMS zone. These and other strategies, including one that provides an incentive to add office uses in the adjacent RH-5 zone, are discussed in Section VIII.

### Nonconforming Uses

Some strategies in Section VIII that propose changing the allowed uses in the BMS zone will create nonconforming uses<sup>5</sup>. The city's method of regulating nonconforming uses is relatively flexible, especially compared to many communities that require nonconforming uses to leave over time. Per Chapter 9-10 of the city's land use regulations, nonconforming uses are allowed to continue to operate unless they cease operation for one year or more. Nonconforming uses that continue operation are also permitted to expand floor area by no more than 10 percent.

### Corrections to the BMS zone standards

During analysis of the BMS standards for this project, staff found two errors in the BMS zone district that were made in recent years, possibly as part of the code simplification project. First, the maximum building size within BMS is 15,000 square feet for by-right projects, and the regulations originally allowed buildings over that size to be considered through a discretionary review process. However, the code currently does not allow a method of modifying this standard. The ability to modify this standard was inadvertently removed when the code simplification project in 2006 paired this requirement with other FAR limits that cannot be modified.

Second, the original BMS standards allowed dwelling units only if above the first floor, whereas the current code allows residential uses in any location. Staff researched all BMS-related ordinances involving substantive changes since the zone was created and did not find this change. Staff believes that it may have been incorporated inadvertently as part of a supplement ordinance, which is only limited to non-substantive, clerical error changes. Staff will continue to research this information prior to City Council consideration of the ordinance to confirm. Corrections to these errors are incorporated into staff's recommendations in Section II.

### Corrections to the "permanently affordable unit" definition

During the drafting of the BMS standards, staff noticed inconsistencies between the Inclusionary Housing definition for "permanently affordable unit" and the inclusionary housing regulations in Chapter 9-13. The proposed ordinance therefore includes revisions to the definition for

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<sup>5</sup> For example, if residential uses, which are currently allowed in the BMS zone are changed to "prohibited" uses, the residential uses that exist in the area today would become "nonconforming uses."

“permanently affordable unit” to clean up these inconsistencies. Currently, some income limits described in Chapter 9-13 are more restrictive than described in the current definition for permanently affordable unit. To fix that, the reference to specific income limits is proposed to be deleted and replaced with a reference to the limits specified in Chapter 9-13. In addition, a few years ago state law was amended to clarify that rental restrictions pursuant to “voluntary agreements” are excluded from Colorado’s prohibition of rent control. The language in 9-13 has already been revised to allow voluntary agreements as an option to meet inclusionary housing requirements. The proposed ordinance would add that option in the definition for permanently affordable units consistent with the inclusionary housing regulations.

## VII. Findings

From the analysis summarized above, staff reached the following conclusions:

1. **The proximity of the University provides significant economic, intellectual and cultural benefits** and has influenced the Hill’s unique, student-centric and bohemian character. While it is neither desired nor necessary to change the student-focus of the Hill, **diversifying the users and uses will make it more lively year-round and attractive to the community at large--** a more comfortable and attractive place to shop, work, visit and live.
2. **There is already an over-concentration of housing in this small commercial district and adding more units will limit opportunities for non-residential uses that would attract more diverse users to the Hill.** There are 103 dwelling units within the Hill Commercial District. This compares with approximately 130 units Downtown, yet the Hill is only 11.5 acres in size whereas the Downtown encompasses approximately 108 acres. While the presence of housing close to or within any commercial district adds vitality and built-in shoppers, the Hill commercial area has an abundance of high density residences on three sides already and residences account for a higher share of square footage than is traditionally expected in a commercial district. Furthermore, the recent economic analysis done by EPS concludes that the demand for residences located in the hill commercial area “is almost completely for student oriented housing.” More student rentals clustered in this small area could create a party-like atmosphere that conflicts with the Hill vision as *an attractive place to shop, work, visit, and live*. Moreover, unlike commercial spaces that adapt easily to a variety of uses over time, once residential spaces are built, they are unlikely to convert to other uses, thus reducing options for diversifying uses and attracting other users to the Hill.
3. **There are very few offices on the Hill, yet office uses could potentially play a crucial role in adding a year-round diversity of ages and professions, and benefit from the proximity to the University.** There are only 10 office uses housed in only 3% of the total building square footage on the hill, and few more in the immediate neighborhood. Although the EPS report indicates a strong market for office uses in the core area of the city, few offices have located on the Hill in recent years, despite its proximity to CU and Downtown and its location in one of the most transit-rich locations in the region.
4. **Among the barriers to expanding the diversity of uses and users on the Hill are:**
  - a. **The current market favors student rental housing over all other uses allowed, making it difficult for other uses to compete.** Student housing outperforms other uses from a cash flow perspective, with current rates at more than \$1000/ month per bedroom. Multi-bedroom units are the most attractive investments, because of the cost-savings of shared spaces such as kitchens and living rooms and because the zoning district requires one parking space per unit, irrespective of number of bedrooms.
  - b. **Insufficient public parking (or the perception of a lack of parking),** particularly for professional office uses and city-wide-serving retail uses;
  - c. **Lack of another attraction or anchor** that could change the current market perception

- of being just for students and change the market demand to attract a broader visitor mix;
- d. **Lack of other office uses and office “comps” needed for financing**, making it difficult to attract other office uses; and
  - e. **The built in student-centric market, which has resulted in a low retail vacancy rate and a somewhat run-down aesthetic in portions of the Hill**, because property upkeep is not essential to stay competitive and many properties have no debt, such that the buildings are sources of steady profit.

## VIII. Potential Strategies to Address the Findings

Staff identified a variety of possible strategies, described below, that could address the findings above. Some of the strategies involve city regulations; others would be new programs or financial incentives. Some can be combined with other strategies, or components of other strategies. Staff’s recommended strategies are summarized in Section IX.

### Use-Related Strategies

#### A. Residential Uses (Zoning Strategies)

##### A-1) Prohibit all new residential uses

This strategy addresses findings 1, 2 and 4a regarding the over-concentration of housing and current market dynamics. It would revise the BMS zoning district standards to list all residential uses as “prohibited” for the Uni Hill commercial district only. It would mean that all existing residential uses in the BMS zone in Uni Hill would become non-conforming uses. As described on page 13, existing residences would be subject to the city’s fairly flexible non-conforming use standards that allow expansion up to 10% of existing floor area. This strategy would likely change the current market condition and make office uses more attractive; however, it is also likely to affect property values in the short-term, which are currently based largely on the cash-flow assumptions related to the student rental market. If the market for office uses on the Hill changes over time, however, particularly for Class A office uses, property values might improve. Over time, future 2<sup>nd</sup> and 3<sup>rd</sup> story uses would add year-round diverse users on the Hill, such as office workers (an estimated 300-400 workers at “buildout”).

##### A-2) Prohibit new residential uses, except Permanently Affordable or Senior Housing

This strategy also addresses findings 1, 2, and 4a, and has similar benefits and impacts to Strategy A-1 above, but would allow permanently affordable or deed-restricted senior units within the BMS zone. Encouraging permanently affordable and senior housing units would be consistent with city policies to add more of these types of housing in the community, and would contribute to diversifying the residential mix of the Uni Hill commercial district. The strategy would similarly shift the current market dynamic that is driven by the economics of market-rate student rentals, but not prohibit housing all together as a use. This strategy would be accomplished by making residential uses conditional uses on the Hill, requiring staff level review to determine compliance with specific criteria, which would include deed restrictions on the units to ensure permanent affordability and/or occupancy by residents who are 62 years of age or older. While it may be unlikely that a senior-oriented housing development would occur in the near term, there have been recent trends in many university communities of housing that is marketed specifically to alumni who wish to live in close proximity to campus and its many cultural offerings. Development of permanently affordable housing, particularly if it is targeted to groups such as CU faculty and staff, may be more likely, but may require the active participation of the city and/or university in addition to private or nonprofit

development partners.

**A-3) Prohibit new residential uses, except on the 3<sup>rd</sup> floor** if in conjunction with a use or “public benefit” that helps implement the Hill vision.

This strategy addresses findings 1, 2 and 4a, but to a lesser extent than Strategies A-1 and A-2. It would allow some market rate units on the third story which would have less financial impact on property owners than Strategies A-1 and A-2 by allowing some space for market-rate units. It could also incentivize more upkeep of buildings on the Hill if requirements to “improve the appearance” of buildings is added as a criterion of approval. While this strategy may afford property owners more flexibility, it conflicts somewhat with finding 2 as it would likely result in a high number of additional housing units – units which would likely be developed as student rental housing given the market demand. As EPS notes in their Development Scenarios analysis in Attachment I- B, it is “unlikely that a developer would build a program like this considering the high maintenance costs related with three different uses, the risk associated with having to lease three different uses within one small building, and the difficulty with attracting office users to a building with student housing within it.”

## **B. Office Uses**

**B-1 Create a density bonus for office uses.**

City Council direction at the outset was that the moratorium project will not increase the allowed floor area ratio (FAR) above the current cap of 1.85 FAR within the Hill commercial district. Therefore, if a “bonus” for offices uses were created, a new lower base would need to be established, so that 1.85 FAR would remain as the maximum. This strategy addresses finding no. 1, as reducing the base FAR would limit the amount of future housing; however, it would add more likely result in more student rental house and Strategy A-3 would have about the same result, but would be regulated in a more straightforward manner without reducing the by-right FAR.

**B-2 Create an overlay zone in the adjacent RH-5 residential zone** to encourage office uses in existing residential structures.

Currently, office uses within the RH-5 zone require Planning Board approval of a use review application and are subject to a specific review criterion that discourages residential to non-residential conversions. Changing these requirements by, for instance, not requiring Planning Board review and creating an exception to allow conversions to office in the areas immediately adjacent to the commercial district, would help encourage office uses. This strategy, if successful, would meet findings no. 2 and 3 in that it increases the potential for more offices near the Hill to increase use diversity as intended by the BVCP vision for the area. While potentially a good idea to address the findings, it is expected that market conditions, which strongly favor student residential, would continue and the likelihood of such conversions would be low. Further, such a change would require significant public outreach and analysis to determine the boundaries, how to address impacts such as parking, and criteria for review and approval. The time invested may outweigh the results, but may be a strategy to consider in the future.

## **C. Parking**

**C-1 Promote public/private redevelopment of surface parking lots** for projects that provide uses that address the city’s vision and include additional parking.

This strategy addresses multiple findings from the Phase One Report: 4a insufficient parking, 2 lack of office uses, and 4b lack of an anchor use. There are three surface

parking lots in the Hill commercial district: two owned by UHGID and one owned by the University of Colorado. Surface parking lots provide excellent opportunities for mixed use developments either as a stand-alone parcel or in combination with adjacent properties by creating the opportunity for a “blank slate” project of desired uses and placing parking underground. The facility can also accommodate infrastructure that supports other modes of transportation such as car and bike share. The urban design character of the Hill is improved by adding active ground floor uses. The larger site area provides the flexibility for creating a diversity of uses that could include office and/ or other anchor uses that achieve the Hill vision. A challenge of such projects is the cost of underground parking. UHGID lacks the fiscal capacity to finance underground parking on its own. The small size of the district limits its revenue generation as well as bonding capacity. Partnerships with other entities and/or other strategies would be needed to financially implement this approach.

## Financial Incentives

- D. Explore tax policies to encourage and facilitate development of projects that address desired uses that are difficult to attract or that provide a public benefit and implement the Hill vision.**

This could include a catalytic anchor use, office uses, public infrastructure and balanced multi-modal options including parking. The tax policies could include allocation of some portion of taxes (sales, construction use, or property) from Hill projects to cover a “gap” in project financing or to invest in Hill public infrastructure; instituting a Public Improvement Fee to Hill sales tax; creating other redevelopment or revitalization district concepts such as Downtown Development Authority, Community Development Corporation and/or business improvement district.

The proposed strategy could address findings 1, 3, and 4, by seeking to attract desired uses, including potentially office uses, and breaking down various barriers to expanding the diversity of uses on the Hill. Consideration of these policies would need to be integrated into the Hill Reinvestment Strategy priority to explore sustainable, long term governance and funding for the Hill. A pilot approach could be incorporated into some of the policies, or they could be time-limited.

- E. Consider National Register Historic District designation, for portions of the Hill that are potentially eligible, allowing eligible properties to take advantage of up to 50% income tax credits.**

This strategy addresses finding 4 e, federal and state income tax credits for rehabilitation can be used for everything from routine maintenance to major interior and/or exterior rehabilitation, and could provide the needed financial incentive for property owners to rehabilitate their buildings and improve the appearance of the area. Additionally, it could be a way to highlight and celebrate the rich history of the Hill, which could make the area more meaningful to new students and residents. It could promote heritage tourism. In conjunction with other strategies, it could also address finding 4c. It would require significant public outreach and education about the benefits and responsibilities associated with historic district designation, but National Register designation can be particularly attractive to property owners given its largely honorary and does not restrict property changes unless they are in association with the tax credits.

## Programs

- F. Have the city take a lead role in working with the university and property owners in attracting one or more ‘anchor’ uses to the Hill Commercial District with the potential in turn to attract a greater diversity of uses and customers to the area.**

This strategy directly addresses three out of the four findings. Pursuing an anchor office, retail or hotel use has the potential to attract additional and more diverse users to the district to help achieve the vision for vibrant, year-round commercial activity. It would address the EPS finding that one or more anchors (and parking) are needed to attract the desired mix of uses and users to the district. A revitalized district would benefit the existing businesses and property owners. The fiscal impact to the city would depend on what strategy is used to attract the anchor uses. If an anchor retail use is attracted, it could reduce trips traveled by neighboring residents to meet their shopping, dining and entertainment uses. Positive social impacts would include a greater diversity of customers and visitors to the district.

- G. Continue to explore the creation of Innovation/Creative District.** Build on the essential, innate qualities of the Hill including creativity, youthfulness, and energy, and expand it to foster creativity in the broadest sense for a diversity of users.

This strategy addresses findings 3 and 4 e. An innovation or creative district could stimulate the office market and bring in new users, re-define the district's image and ties to CU as being rooted in innovation, or potentially revitalize interest in the history and function of the Hill as an entertainment district. Depending on the district's focus, it could also help to address findings 1, 2, and 4c. Bringing in new uses, be they cultural or economic in focus, would help balance out the high concentration of student housing that already exists and could help attract additional office space. Additionally, an innovation district could directly address the finding that the area lacks a strong anchor attraction and is limited by the market perception of being just for students.

- H. Explore the creation of a Façade Improvement Program.**

A façade improvement program could facilitate the achievement of numerous goals for the Hill such as enhancing the urban character by addressing the run down appearance of numerous buildings and supporting history district designation. The program could be a catalyst for and a component of a hill property and business owner initiative to create a district development authority, improvement district, Main Street program, or community development corporation to support the long term hill revitalization and improvement. The program could include incentives such as low interest loans, rebates, design assistance or subsidies that would encourage property owners to make an investment in their properties and enhance the historic character of the Hill. Tying the façade improvement program to National Register Historic District designation could provide an added incentive to property owners to support the creation of an historic district.

## **IX. Recommended Strategies**

As described in the staff recommendation in Section II, staff recommends BMS zoning change per Strategy A-2 above. Staff is also recommending additional strategies below, to be incorporated into the Hill Revitalization Strategy and Community Planning and Sustainability Work Plan. Staff is seeking Planning Board's feedback on these recommended strategies:

### Near Term Actions:

- The city, working with the city, the university and private sector partners, including Hill property owners, to attract an anchor use on the Hill that could change current market dynamics and entice non-residential uses that would add diverse users to the Hill.
- As part of the Uni Hill Reinvestment Strategy Work Plan and the city's Access Management and Parking Strategy (AMPS), move forward on several fronts to improve multimodal access and address concerns about lack of public parking on the Hill
  - a. Study the utilization of existing public parking to determine whether there is an

insufficient supply of parking to meet the needs of existing demand on the Hill, and the extent to which the two UHGID lots are under-utilized due to their locations and/or lack of visibility.

- b. Continue to explore public/ private partnerships to redevelop existing surface parking lots with desired uses and add more parking in the district.
- c. Continue efforts to shift Single Occupant Vehicle travel to other modes.
- Develop a public education and outreach process to explore National Register Historic District designation for the commercial district to allow property owners to receive Federal and State rehabilitation tax credits (for up to 50% of rehabilitation costs).

#### Longer Term Actions

- Depending on the success of the above actions in attracting office uses, determine whether to consider revisions to portions of the RH-5 zoning district adjacent to the Hill commercial district to encourage office uses in existing residential structures. If so, design an appropriate public outreach and analysis process before moving forward.
- Consider other strategies as part of the on-going Uni Hill Reinvestment Strategy, including:
  - Creation of Innovation/ Creative/ Arts District.
  - Creation of a Façade Improvement Program

**At the January 27th City Council study session, staff will also be asking City Council to provide policy direction** on whether staff should spend time in 2015 on a proposal for council consideration that explores tax policies to encourage and facilitate development of projects that address desired uses that are difficult to attract or that provide a public benefit and implement the Hill vision. This could include a catalytic anchor use, office uses, public infrastructure and balanced multi-modal options including parking. The tax policies could include allocation of some portion of taxes (sales, construction use, or property) from Hill projects to cover a “gap” in project financing or to invest in Hill public infrastructure; instituting a Public Improvement Fee to Hill sales tax; creating other redevelopment or revitalization district concepts such as Downtown Development Authority, Community Development Corporation or business improvement district. Consideration of these policies would need to be integrated into the Hill Reinvestment Strategy priority to explore sustainable, long term governance and funding for the Hill. A pilot approach could be incorporated into some of the policies, or they could be time-limited.

## **X. Next Steps**

The University Hill Management Commission (UHCAMC) will hold a public hearing and make a recommendation to City Council on February 11. City Council’s first reading of the proposed ordinance will occur on February 17. Second reading of the ordinance and public hearing on the overall project is scheduled for March 3. If needed, a third reading of the ordinance and City Council final decision will occur on March 17. The moratorium expires on March 18.

#### **ATTACHMENTS:**

- I-A. Draft Ordinance amending the BMS zoning district standards
- I-B. EPS Reports
- I-C. University Hill Reinvestment Strategy 1/27/15 Study Session Memo

*The University Hill Moratorium Phase One Report and The University Hill Moratorium Project Phase Two Public Outreach Report* are available at the project website - <https://bouldercolorado.gov/planning/uh-moratorium>)

ORDINANCE NO. \_\_\_\_\_

AN EMERGENCY MEASURE ORDINANCE AMENDING TITLE 9, "LAND USE CODE," B.R.C. 1981, TO LIMIT RESIDENTIAL USES WITHIN THE UNIVERSITY HILL GENERAL IMPROVEMENT DISTRICT WITHIN THE BMS ZONING DISTRICT AND SETTING FORTH RELATED DETAILS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BOULDER, COLORADO:

**Section 1.** Table 2-1 of Section 9-2-1, "Types of Review," B.R.C. 1981, shall be amended as follows:

**9-2-1 Types of Reviews.**

(a) Purpose: This section identifies the numerous types of administrative and development review processes and procedures. The review process for each of the major review types is summarized in Table 2-1 of this section.

(b) Summary Chart:

**TABLE 2-1: REVIEW PROCESSES SUMMARY CHART**

<i>I. ADMINISTRATIVE REVIEWS</i>	<i>II. ADMINISTRATIVE REVIEWS - CONDITIONAL USES</i>	<i>III. DEVELOPMENT REVIEW AND BOARD ACTION</i>
<ul style="list-style-type: none"> <li>• Building permits</li> <li>• Change of address</li> <li>• Change of street name</li> <li>• Demolition, moving, and removal of buildings with no historic or architectural significance, per Section 9-</li> </ul>	<ul style="list-style-type: none"> <li>• Accessory Units (Dwelling, Owners, Limited)</li> <li>• Antennas for Wireless Telecommunications Services</li> <li>• <u>Attached Dwelling</u></li> </ul>	<ul style="list-style-type: none"> <li>• Annexation/initial zoning</li> <li>• BOZA variances</li> <li>• Concept plans</li> <li>• Demolition, moving, and removal of buildings with potential historic or</li> </ul>

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<p>11-23, "Review of Permits for Demolition, On-Site Relocation, and Off-Site Relocation of Buildings Not Designated," B.R.C. 1981</p> <ul style="list-style-type: none"> <li>• Easement vacation</li> <li>• Extension of development approval/staff level</li> <li>• Landmark alteration certificates (staff review per Section 9-11-14, "Staff Review of Application for Landmark Alteration Certificate," B.R.C. 1981)</li> <li>• Landscape standards variance</li> <li>• Minor modification</li> <li>• Nonconforming use (extension, change of use (inc. parking))</li> <li>• Parking deferral per Subsection 9-9-6(e), B.R.C. 1981</li> <li>• Parking reductions and modifications for bicycle parking per Paragraph 9-9-6(g)(6), B.R.C. 1981</li> <li>• Parking stall variances</li> <li>• Public utility</li> <li>• Rescission of development approval</li> <li>• Revocable permit</li> <li>• Right of way lease</li> <li>• Setback variance</li> <li>• Site access variance</li> <li>• Solar exception</li> <li>• Zoning verification</li> </ul>	<p><u>Units and Efficiency Living Units in the University Hill General Improvement District</u></p> <ul style="list-style-type: none"> <li>• Bed and Breakfasts</li> <li>• Cooperative Housing Units</li> <li>• Daycare Centers Detached Dwelling Units with Two Kitchens</li> <li>• Drive-Thru Uses</li> <li>• Group Home Facilities</li> <li>• Home Occupations</li> <li>• Manufacturing Uses with Off-Site Impacts</li> <li>• Neighborhood Service Centers</li> <li>• Offices, Computer Design and Development, Data Processing, Telecommunications, Medical or Dental Clinics and Offices, or Addiction Recovery Facilities in the Service Commercial Zoning Districts</li> <li>• Recycling Facilities</li> <li>• Religious Assemblies</li> <li>• Residential Care, Custodial Care, and Congregate Care Facilities</li> <li>• Residential Development in Industrial Zoning Districts</li> <li>• Restaurants,</li> </ul>	<p>architectural significance, per Section 9-11-23, "Review of Permits for Demolition, On-Site Relocation, and Off-Site Relocation of Buildings Not Designated," B.R.C. 1981</p> <ul style="list-style-type: none"> <li>• Landmark alteration certificates other than those that may be approved by staff per Section 9-11-14, "Staff Review of Application for Landmark Alteration Certificate," B.R.C. 1981</li> <li>• Lot line adjustments</li> <li>• Lot line elimination</li> <li>• Minor Subdivisions</li> <li>• Out of city utility permit</li> <li>• Rezoning</li> <li>• Site review</li> <li>• Subdivisions</li> <li>• Use review</li> <li>• Vacations of street, alley, or access easement</li> </ul>
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	Brewpubs, and Taverns	
	<ul style="list-style-type: none"> <li>• Sales or Rental of Vehicles on Lots Located 500 Feet or Less from a Residential Zoning District</li> <li>• Service Stations</li> <li>• Shelters (Day, Emergency, Overnight, temporary)</li> <li>• Temporary Sales</li> <li>• Transitional Housing</li> </ul>	

**Section 2.** Section 9-2-14, B.R.C. 1981, is amended to read:

**9-2-14 Site Review.**

...

(b) Scope: The following development review thresholds apply to any development that is eligible or that otherwise may be required to complete the site review process:

(1) Development Review Thresholds:

(A) Minimum Thresholds for Voluntary Site Review: No person may apply for a site review application unless the project exceeds the thresholds for the "minimum size for site review" category set forth in table 2-2 of this section or a height modification pursuant to Subsection (e) below on any lot is requested.

(B) Minimum Thresholds for Required Site Review: No person may apply for a subdivision or a building permit for a project that exceeds the thresholds for the "concept plan and site review required" category set forth in table 2-2 of this section until a site review has been completed.

(C) Common Ownership: All contiguous lots or parcels under common ownership or control, not subject to a planned development, planned residential development, planned unit development, or site review approval, shall be considered as one property for the purposes of determining whether the maximum site review

thresholds below apply. If such lots or parcels cross zoning district boundaries, the lesser threshold of the zoning districts shall apply to all of the lots or parcels.

(D) Previously Approved Developments: Previously approved valid planned unit developments that do not otherwise meet the minimum site review thresholds may be modified or amended consistent with the provisions of this title pursuant to Subsections (k) and (l) of this section.

(E) Height Modifications: A development which exceeds the permitted height requirements of Section 9-7-5, "Building Height," or 9-7-6, "Building Height, Conditional," B.R.C. 1981, is required to complete a site review and is not subject to the minimum threshold requirements. No standard other than height may be modified under the site review unless the project is also eligible for site review.

**TABLE 2-2: SITE REVIEW THRESHOLD TABLE**

<i>Zoning District Abbreviation</i>	<i>Use</i>	<i>Form</i>	<i>Intensity</i>	<i>Minimum Size for Site Review</i>	<i>Concept Plan and Site Review Required</i>	<i>Former Zoning District Abbreviation</i>
A	A	a	1	2 acres	-	(A-E)
BC-1	B3	f	15	1 acre	3 acres or 50,000 square feet of floor area	(CB-D)
BC-2	B3	f	19	1 acre	2 acres or 25,000 square feet of floor area or any site in BVRC	(CB-E)
BCS	B4	m	28	1 acre	3 acres or 50,000 square feet of floor area	(CS-E)
BMS	B2	o	17	0	3 acres or 50,000 square feet of floor area	(BMS-X)
BR-1	B5	f	23	0	3 acres or 50,000 square feet of floor area	(RB-E)

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BR-2	B5	f	16	0	3 acres or 50,000 square feet of floor area	(RB-D)
BT-1	B1	f	15	1 acre	2 acres or 30,000 square feet of floor area	(TB-D)
BT-2	B1	e	21	0	2 acres or 30,000 square feet of floor area	(TB-E)
DT-1	D3	p	25	0	1 acre or 50,000 square feet of floor area	(RB3-X/E)
DT-2	D3	p	26	0	1 acre or 50,000 square feet of floor area	(RB2-X)
DT-3	D3	p	27	0	1 acre or 50,000 square feet of floor area	(RB2-E)
DT-4	D1	q	27	0	1 acre or 50,000 square feet of floor area	(RB1-E)
DT-5	D2	p	27	0	1 acre or 50,000 square feet of floor area	(RB1-X)
IG	I2	f	22	2 acres	5 acres or 100,000 square feet of floor area	(IG-E/D)
IM	I3	f	20	2 acres	5 acres or 100,000 square feet of floor area	(IM-E/D)

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IMS	I4	r	18	0	3 acres or 50,000 square feet of floor area	(IMS-X)
IS-1	I1	f	11	2 acres	5 acres or 100,000 square feet of floor area	(IS-E)
IS-2	I1	f	10	2 acres	5 acres or 100,000 square feet of floor area	(IS-D)
MH	MH	s	-	5 or more units are permitted on the property	-	(MH-E)
MU-1	M2	i	18	0	1 acre or 20 dwelling units	(MU-D)
MU-2	M3	r	18	0	3 acres or 50,000 square feet of floor area	(RMS-X)
MU-3	M1	n	24	5 or more units are permitted on the property	1 acre or 20 dwelling units or 20,000 square feet of nonresidential floor area	(MU-X )
MU-4	M4	o	24.5	0	3 acres or 50,000 square feet of floor area	-
P	P	c	5	2 acres	5 acres or 100,000 square feet of floor area	(P-E)
RE	R1	b	3	5 or more units are permitted on the property	-	(ER-E)

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RH-1	R6	j	12	0	2 acres or 20 dwelling units	(HR-X)
RH-2	R6	c	12.5	0	2 acres or 20 dwelling units	(HZ-E)
RH-3	R7	l	14	5 or more units are permitted on the property	2 acres or 20 dwelling units	(HR1-X)
RH-4	R6	h	15	5 or more units are permitted on the property	2 acres or 20 dwelling units	(HR-D)
RH-5	R6	c	19	5 or more units are permitted on the property	2 acres or 20 dwelling units	(HR-E)
RH-6	R8	j	17.5	5 or more units are permitted on the property	3 acres or 20 dwelling units	-
RH-7	R7	i	14	5 or more units are permitted on the property	2 acres or 20 dwelling units	-
RL-1	R1	d	4	5 or more units are permitted on the property	3 acres or 18 dwelling units	(LR-E)
RL-2	R2	g	6	5 or more units are permitted on the property	3 acres or 18 dwelling units	(LR-D)
RM-1	R3	g	9	5 or more units are permitted on the property	2 acres or 20 dwelling units	(MR-D)
RM-2	R2	d	13	5 or more units	2 acres or 20 dwelling	(MR-E)

				are permitted on the property	units	
	RM-3	R3	j	13	5 or more units are permitted on the property	2 acres or 20 dwelling units (MR-X)
	RMX-1	R4	d	7	5 or more units are permitted on the property	2 acres or 20 dwelling units (MXR-E)
	RMX-2	R5	k	8	0	2 acres or 20 dwelling units (MXR-D)
	RR-1	R1	a	2	5 or more units are permitted on the property	- (RR-E)
	RR-2	R1	b	2	5 or more units are permitted on the property	- (RR1-E)

...

(c) Modifications to Development Standards: The following development standards of B.R.C. 1981 may be modified under the site review process set forth in this section:

- (1) 9-7-1, "Schedule of Form and Bulk Standards," and standards referred to in that section except for the floor area requirements that the standards referred to as "FAR Requirements" may not be modified under this paragraph and are subject to Section 9-8-2, B.R.C. 1981.

...

**Section 3.** Section 9-6-1, B.R.C. 1981, is amended to read:

**9-6-1 Schedule of Permitted Land Uses.**

1 The schedule shows the uses which are permitted, conditionally permitted, prohibited, or which  
2 may be permitted through use review pursuant to Section 9-2-15, "Use Review," B.R.C. 1981.

3 (a) Explanation of Table Abbreviations: The abbreviations used in Table 6-1 of this section  
4 have the following meanings:

5 (1) Allowed Uses: An "A" in a cell indicates that the use type is permitted by right in the  
6 respective zoning district. Permitted uses are subject to all other applicable regulations  
7 of this title.

8 (2) Conditional Uses: A "C" in a cell indicates that the use type will be reviewed in  
9 accordance with the procedures established in Section 9-2-2, "Administrative Review  
10 Procedures," B.R.C. 1981. Conditional use applications shall also meet the additional  
11 standards set forth in Sections 9-6-2 through 9-6-9, B.R.C. 1981, for "Specific Use  
12 Standards," or other sections of this title.

13 (3) Use Review Uses: A "U" in a cell indicates that the use type will be reviewed in  
14 accordance with the procedures established in Section 9-2-15, "Use Review," B.R.C.  
15 1981. Use review applications shall also meet the additional standards set forth in  
16 Sections 9-6-2 through 9-6-9, B.R.C. 1981, for "Specific Use Standards."

17 (4) Ground Floor Restricted Uses: A "G" in a cell indicates that the use type is permitted by  
18 right in the respective zoning district, so long as it is not located on the ground floor  
19 facing a street, with the exception of minimum necessary ground level access, it is  
20 located above or below the ground floor, otherwise by use review only.

21 (5) Residential Restricted Uses - M: An "M" in a cell indicates the use is permitted,  
22 provided at least fifty percent of the floor area is for residential use and the  
23 nonresidential use is less than seven thousand square feet per building, otherwise by use  
24 review only.

25 (6) Residential Restricted Uses - N: An "N" in a cell indicates the use is permitted,  
provided at least fifty percent of the floor area is for nonresidential use, otherwise by  
use review only.

(7) Prohibited Uses: An asterisk symbol ("\*") in a cell indicates that the use type is  
prohibited in the zoning district.

(8) Additional Regulations: There may be additional regulations that are applicable to a  
specific use type. The existence of these specific use regulations is noted through a  
reference in the last column of the use table entitled "Specific Use." References refer to  
subsections of Sections 9-6-2 through 9-6-9, B.R.C. 1981, for "Specific Use Standards,"  
or other sections of this title. Such standards apply to all districts unless otherwise  
specified.

(9) n/a: Not applicable; more specific use applications apply.

(b) Interpretation: The city manager may decide questions of interpretation as to which category  
uses not specifically listed are properly assigned to, based on precedents, similar situations,  
and relative impacts. Upon written application, the BOZA may determine whether a specific  
use not listed in Table 6-1 of this section is included in a specific use category. Any use not

specifically listed in Table 6-1 of this section is not allowed unless it is determined to be included in a use category as provided by this section.

(c) Multiple Uses of Land Permitted: Permitted uses, conditional uses, and uses permitted by use review may be located in the same building or upon the same lot.

(d) Use Table:

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**TABLE 6-1: USE TABLE**

Zoning District	RR-1, RR-2, RE, RL-1	RL-2, RM-2	RM-1, RM-3	RMX-1	RMX-2	RH-1, RH-2, RH-4, RH-5	RH-3, RH-7	RH-6	MH	MU-3	MU-1	MU-2	MU-4	BT-1, BT-2	BMS	BC-1, BC-2	BCS	BR-1, BR-2	DT-4	DT-5	DT-1, DT-2, DT-3	IS-1, IS-2	IG	IM	IMS	P	A		
Use Modules	R1	R2	R3	R4	R5	R6	R7	R8	MH	M1	M2	M3	M4	B1	B2	B3	B4	B5	D1	D2	D3	I1	I2	I3	I4	P	A	Specific Use Standard	
<b>Residential Uses</b>																													
Detached dwelling units	A	A	A	A	C	A	A	*	*	A	U	U	A	A	<u>A*</u>	A	*	A	A	A	A	*	U	U	*	U	U	*	9-8-4
Detached dwelling unit with two kitchens	C	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	C	C	9-6-3(c)	
Duplexes	*	A	A	A	C	A	A	*	*	A	A	A	A	A	<u>A*</u>	A	*	A	A	A	A	G	U	U	N	U	*	9-8-4	
Attached dwellings	*	A	A	A	C	A	A	C	*	A	A	A	A	A	<u>A</u> / <u>a</u>	A	*	A	A	A	A	G	U	U	N	U	*	9-8-4	
Mobile home parks	*	U	U	*	U	U	*	*	A	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Townhouses	*	A	A	A	C	A	A	A	*	A	A	A	A	A	<u>A*</u>	A	*	A	A	A	A	G	U	U	N	U	*	9-8-4	
Live-work	*	*	*	*	*	*	*	*	*	*	*	*	A	*	*	*	*	*	*	*	*	U	U	U	A	*	*		

1	Cooperative housing units	C	C	C	C	C	C	C	*	*	C	C	C	*	*	*	*	*	*	*	*	*	U	U	*	*	*	9-6-3(b)	
2																													
3	<u>Attached dwelling units, fraternities, sororities, dormitories, and boarding houses outside of the University Hill general improvement district</u>	<u>n/a</u>	<u>G</u>	<u>n/a</u>																									
4																													
5	<u>Attached dwelling units and efficiency living units in the University Hill general improvement district</u>	<u>n/a</u>	<u>C</u>	<u>n/a</u>																									
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12	<u>Efficiency living units outside of the University Hill general improvement district :</u>																												
13	A. If <20% of total units	*	*	*	*	U	A	A	*	*	M	A	A	A	A	G	A	*	A	A	A	A	G	U	U	N	U	*	
14																													
15	B. If ≥20% of total units	*	*	*	*	*	U	A	*	*	U	A	A	U	U	U	U	*	U	U	U	U	U	U	U	U	U	*	
16	Accessory units:																												
17	A. Accessory dwelling unit	C	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	C	C	9-6-3(a)
18																													
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20																													
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1	B. Owner's accessory unit	C	*	*	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	9-6-3(a)	
2	C. Limited accessory unit	C	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	9-6-3(a)	
3	Caretaker dwelling unit	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	A	A	A	A	A	A	
4	Group quarters:																												
5	A. Congregate care facilities	*	*	A	A	A	A	A	A	*	A	A	A	C	A	C	A	*	A	C	C	C	*	U	U	*	U	*	9-3-2(i) 9-6-3(f)
6	B. Custodial care	*	*	U	U	U	U	U	U	*	U	U	U	*	U	*	U	*	U	*	U	U	*	U	U	*	*	*	
7	C. Group homes	C	C	C	C	C	C	C	C	*	C	C	C	C	C	C	*	C	C	C	C	*	*	*	*	*	*	9-3-2(i) 9-6-3(d)	
8	D. Residential care facilities	*	*	C	C	C	C	C	C	*	C	C	C	C	C	C	*	C	C	C	C	*	U	U	*	*	*	9-6-3(f)	
9	E. Fraternities, sororities and dormitories	*	*	*	*	*	A	A	*	*	U	*	*	*	A	<u>Gn/a</u>	A	*	A	*	*	A	*	U	U	*	*	*	9-3-2(i)
10	F. Boarding houses	*	*	U	U	A	A	A	*	*	U	A	A	G	A	<u>Gn/a</u>	A	*	A	*	*	A	*	U	U	*	*	*	
11	<u>Fraternities, sororities, dormitories, and boarding houses in the University Hill general</u>	<u>n/a</u>	<u>*</u>	<u>n/a</u>																									









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Lodging uses:																													
Hostels	*	*	*	*	*	U	U	*	*	U	A	U	G	U	G	A	*	A	G	G	U	*	U	U	*	*	*	9-3-2(i)	
Bed and breakfasts	*	*	*	*	*	U	A	*	*	U	A	A	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	9-3-2(i) 9-6-5(a)
Motels and hotels	*	*	*	*	*	*	*	*	*	*	*	*	A	U	A	A	*	A	A	A	U	*	*	*	*	*	*	9-3-2(i)	
Public and Institutional Uses																													
Airports and heliports	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	*	9-3-2(i)
Cemeteries	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	A	A	
Daycare, home	A	A	A	A	A	A	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Daycare center with ≤50 children or adults (excluding employees)	U	U	C	U	U	C	C	U	U	A	U	U	U	A	U	A	A	A	U	A	A	U	U	U	U	U	U	9-3-2(i) 9-6-6(a)	
Daycare center with >50 children or adults (excluding employees)	U	U	U	U	U	U	U	*	*	U	U	U	U	A	U	A	A	A	U	A	A	U	U	U	U	U	U	9-3-2(i) 9-6-6(a)	
Day shelter	*	*	U	*	U	C	C	*	*	U	C	U	C	C	C	C	C	C	C	C	C	C	C	C	C	U	*	9-6-6(b)	
Emergency	U	U	U	U	U	C	C	*	*	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	U	*	9-3-2(i)	



1	Public and private office uses providing social services	*	*	*	*	*	*	*	*	*	U	U	U	C	A	G	A	A	A	G	A	A	*	U	*	U	U	*	
2																													
3	Religious assemblies	A	A	A	A	U	A	A	*	*	A	U	U	A	A	A	A	A	A	A	A	A	*	*	*	*	*	*	
4																													
5	Adult educational facility with <20,000 square feet of floor area	U	U	U	U	U	U	U	*	*	U	U	U	A	A	G	A	A	A	U	A	U	A	A	A	A	A	*	
6																													
7	Adult educational facilities with ≥20,000 square feet or more of floor area	U	U	U	U	U	U	U	*	*	U	U	U	*	A	G	A	A	A	U	A	U	U	U	U	U	A	*	
8																													
9	Vocational and trade schools	*	*	*	*	*	*	*	*	*	*	*	*	A	U	G	A	U	A	U	U	U	A	A	A	A	A	U	
10																													
11	<b>Office, Medical and Financial Uses</b>																												
12																													
13	Data processing facilities	*	*	*	*	*	*	*	*	*	*	*	*	C	A	G	A	C	A	G	A	A	*	A	A	A	*	*	9-6-7
14																													
15	Financial institutions	*	*	*	*	*	*	M	*	*	M	M	M	C	U	A	A	A	A	A	A	A	*	*	*	*	*	*	
16																													
17	Hospitals	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	A	*	9-3-2(i)
18	Medical or dental clinics or offices or	*	U	U	U	*	U	U	*	*	M	U	U	C	A	A	A	C	A	G	A	A	*	*	*	*	U	*	9-3-2(i) 9-6-7
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Park and recreation uses	A	A	A	A	A	A	A	A	*	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	
Indoor recreational or athletic facilities	*	*	*	*	*	U	U	*	*	U	U	A	A	A	A	A	A	A	A	A	A	A	U	U	A	*	*					
<b>Commercial, Retail and Industrial Uses</b>																																
Service Uses:																																
Animal hospital or veterinary clinic	*	*	*	*	*	*	*	*	*	*	*	*	U	U	U	A	U	A	*	*	U	A	A	A	U	*	*					
Animal kennel	*	*	*	*	*	*	*	*	*	*	*	U	*	U	U	A	U	*	*	*	A	A	U	A	*	*						
Antennas for wireless telecommunications services	*	*	*	C	C	C	C	*	*	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	9-6-9(a)
Broadcasting and recording facilities	*	U	U	U	U	U	U	*	*	M	M	M	A	A	G	A	A	A	A	A	A	A	A	A	A	*	*				9-3-2(i)	
Business support services <10,000 square feet	*	*	*	*	*	*	*	*	*	*	*	*	A	*	A	A	A	A	A	A	A	A	U	U	A	*	*					
Business support services ≥10,000 square feet	*	*	*	*	*	*	*	*	*	*	*	*	U	*	U	A	A	A	A	A	A	U	U	U	U	*	*					

1	Industrial service center	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	C	C	*	*	*	9-6-9(j)	
2																													
3	Non-vehicular repair and rental services without outdoor storage	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	A	U	U	U	U	A	U	*	A	*	*		
4																													
5	Neighborhood business center	*	U	U	*	*	U	U	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	9-6-9(f)	
6																													
7	Personal service uses	*	U	U	U	*	U	A	U	U	A	A	A	A	A	A	A	A	A	A	A	A	*	*	*	*	*	*	
8																													
9	Retail Sales Uses:																												
10	Accessory sales	*	*	*	*	*	A	A	*	*	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	*	9-16	
11	Convenience retail sales ≤2,000 square feet	*	U	U	U	*	U	A	*	*	A	*	A	A	U	A	A	U	U	*	A	A	C	C	*	C	*	*	
12																													
13	Convenience retail sales >2,000 square feet	*	*	*	*	*	U	U	*	*	M	M	*	A	U	A	A	A	U	A	A	A	*	C	*	C	*	*	
14																													
15	Retail fuel sales (not including service stations)	*	U	U	U	*	U	U	*	*	U	U	U	C	U	C	C	U	C	*	U	U	C	C	*	U	*	*	9-6-9(d)
16																													
17	Retail sales ≤5,000 square feet	*	*	*	*	*	*	*	*	*	U	*	U	A	*	A	A	A	A	A	A	A	*	*	*	*	*	*	
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Retail sales >5,000 square feet but ≤20,000 square feet	*	*	*	*	*	*	*	*	*	*	*	*	*	A	*	A	A	A	A	A	A	A	*	*	*	*	*	*	
Retail sales >20,000 square feet	*	*	*	*	*	*	*	*	*	*	*	*	*	U	*	U	U	A	A	A	A	U	*	*	*	*	*	*	
Building material sales ≤15,000 square feet of floor area	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	*	*	*	A	A	A	A	*	*		
Building material sales >15,000 square feet of floor area	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	*	U	*	*	*	U	U	U	U	*	*		
Temporary sales	*	*	*	*	*	*	*	*	*	*	*	*	C	C	C	C	C	C	C	C	C	C	C	C	C	*	*	9-6-5(c)	
Vehicle-Related Uses:																													
Automobile parking lots, garages or car pool lots as a principal use	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	A	U	U	*	U	U	A	A	A	U	U	*	9-6-9(b)	
Car washes	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	A	U	U	U	U	*	*	*	*	*	*		
Drive-thru uses	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	U	U	U	U	U	*	*	*	*	*	*	9-6-9(c)	

1	Fuel service stations or retail fuel sales	*	*	*	*	*	*	*	*	*	*	*	*	U	U	U	C	C	C	*	U	C	C	C	*	U	*	*	9-6-9(d)
2																													
3	Sales and rental of vehicles	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	A	U	*	*	*	A	A	*	*	*	*		
4																													
5	Sales and rental of vehicles within 500 feet of a residential use module	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	C	C	*	*	*	C	C	*	*	*	*	9-6-9(i)	
6																													
7	Service of vehicles with no outdoor storage	*	*	*	*	*	*	*	*	*	*	*	*	U	*	U	U	A	U	*	*	*	A	A	A	A	*	*	
8																													
9	Service of vehicles with limited outdoor storage	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	U	U	*	*	*	A	A	*	A	*	*		
10																													
11	Industrial Uses:																												
12																													
13	Building and landscaping contractors	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	A	*	*	*	*	A	A	A	A	*	*		
14																													
15	Cleaning and laundry plants	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	A	A	A	A	*	*		
16																													
17	Cold storage lockers	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	U	U	U	U	U	A	A	A	A	*	*		
18	Computer design and development	*	*	*	*	*	*	*	*	*	*	*	*	A	A	G	A	C	A	G	A	A	*	A	A	A	*	*	9-6-7(a)
19																													
20																													
21																													





1	Mining industries	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	U	*	*	U
2	Firewood operations	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	A	A	A	*	*	*
3	Greenhouse and plant nurseries	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	A	A	A	A	A	A
4	<b>Accessory</b>																											
5	Accessory buildings and uses	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	9-16

- 9 **A:** Allowed use.
- 10 **C:** Conditional use. See Section 9-2-2 for administrative review procedures.
- 11 **U:** Use review. See Section 9-2-15 for use review procedures.
- 12 **G:** Allowed use provided that it is not located on the ground floor facing a street above or below the ground floor, with the exception of minimum necessary ground level access, otherwise by use review only.
- 13 **M:** Allowed use provided at least 50% of the floor area is for residential use and the nonresidential use is less than 7,000 square feet per building, otherwise use review.
- 14 **N:** Allowed use provided at least 50% of the floor area is for nonresidential use, otherwise by use review.
- 15 **n/a:** Not applicable; more specific use applications apply.

1           **Section 4.** Section 9-6-3, B.R.C. 1981, is amended to add a new subsection (j):

2           **9-6-3 Specific Use Standards - Residential Uses.**

3           ...

4           (d) Group Home Facilities: The following criteria apply to any group home facility:

5           (1) For purposes of density limits in section 9-8-1, "Schedule of Intensity Standards," B.R.C.  
6           1981, and occupancy limits, eight occupants, not including staff, in any group home facility  
7           constitute one dwelling unit, but the city manager may increase the occupancy of a group home  
8           facility to ten occupants, not including staff, if:

9           (A) The floor area ratio for the facility complies with standards of the Colorado State  
10           Departments of Public Health and Environment and Social Services and chapter 10-2, "Property  
11           Maintenance Code," B.R.C. 1981; and

12           (B) Off-street parking is appropriate to the use and needs of the facility and the number of  
13           vehicles used by its occupants, regardless of whether it complies with other off-street parking  
14           requirements of this chapter.

15           (2) In order to prevent the potential creation of an institutional setting by concentration of group  
16           homes in a neighborhood, no group home facility may locate within three hundred feet of  
17           another group home facility, but the city manager may permit two such facilities to be located  
18           closer than three hundred feet apart if they are separated by a physical barrier, including, without  
19           limitation, an arterial collector, a commercial district, or a topographic feature that avoids the  
20           need for dispersal. The planning department will maintain a map showing the locations of all  
21           group home facilities in the City.

22           (3) No person shall make a group home facility available to an individual whose tenancy would  
23           constitute a direct threat to the health or safety of other individuals or whose tenancy would  
24           result in substantial physical damage to the property of others. A determination that a person  
25           poses a direct threat to the health or safety of others or a risk of substantial physical damage to  
26           property must be based on a history of overt acts or current conduct of that individual and must  
27           not be based on general assumptions or fears about a class of disabled persons.

28           (4) Group home uses allowed in the BMS district shall not be located on the ground floor facing  
29           a street, with the exception of minimum necessary ground level access, otherwise by use review  
30           only.

31           ...

1 (f) Residential Care, Custodial Care, and Congregate Care Facilities: The following criteria  
2 apply to any residential care facility, custodial care facility, or congregate care facility:

3 (1) For purposes of density limits in section 9-7-1, "Schedule of Form and Bulk Standards,"  
4 B.R.C. 1981, and occupancy limits, six occupants, including staff, in any custodial, residential or  
5 congregate care facility constitute one dwelling unit, but the city manager may increase the  
6 occupancy of a residential care facility to eight occupants, including staff, if:

7 (A) The floor area ratio for the facility complies with standards of the Colorado State  
8 Departments of Health and Social Services and chapter 10-2, "Property Maintenance Code,"  
9 B.R.C. 1981; and

10 (B) Off-street parking is appropriate to the use and needs of the facility and the number of  
11 vehicles used by its occupants, regardless of whether it complies with other off-street parking  
12 requirements of this chapter.

13 (2) In order to prevent the potential creation of an institutional setting by concentration of  
14 custodial, residential or congregate care facilities in a neighborhood, no custodial, residential or  
15 congregate care facility may locate within seven hundred fifty feet of another custodial,  
16 residential or congregate care facility, but the approving agency may permit two such facilities to  
17 be located closer than seven hundred fifty feet apart if they are separated by a physical barrier,  
18 including, without limitation, an arterial collector, a commercial district, or a topographic feature  
19 that avoids the need for dispersal. The planning department will maintain a map showing the  
20 locations of all custodial, residential or congregate care facilities in the City.

21 (3) Uses allowed in the BMS district shall not be located on the ground floor facing a street, with  
22 the exception of minimum necessary ground level access~~must be located above or below the~~  
23 ~~ground floor~~; otherwise by use review only.

24 (j) Residential Development within the University Hill General Improvement District in the  
25 BMS Zoning District: The following standards and criteria apply to any attached dwelling  
units and efficiency living units within the University Hill General Improvement District in  
the BMS zoning district:

26 (1) The units meet the requirements for permanently affordable units set forth in Chapter  
27 9-13, "Inclusionary Housing," B.R.C. 1981, or

28 (2) All occupants of the units are 62 years of age or older and all requirements of the federal Fair  
29 Housing Act, 42 U.S.C. §3601, et seq., as amended, and the Colorado Housing Practices Act,  
30 §24-34-501, et seq., C.R.S., as amended, with respect to housing for older persons are complied  
31 with, and

1 (3) With the exception of minimum necessary ground level access, the use shall not be  
2 located on the ground floor facing a street, otherwise by use review only.

3 (4) Requirement for Efficiency Living Units: Where efficiency living units comprise  
4 twenty percent or more of the total number of units in the development, the use may  
5 only be approved pursuant to Section 9-2-15, "Use Review," B.R.C. 1981.

6 **Section 5.** Section 9-16-1, B.R.C. 1981, is amended to read:

7 **9-16-1 General Definitions.**

- 8 (a) The definitions contained in Chapter 1-2, "Definitions," B.R.C. 1981, apply to this title  
9 unless a term is defined differently in this chapter.
- 10 (b) Terms identified with the references shown below after the definition are limited to those  
11 specific sections or chapters of this title:
- 12 (1) Airport influence zone (AIZ).
  - 13 (2) Floodplain regulations (Floodplain).
  - 14 (3) Historic preservation (Historic).
  - 15 (4) Inclusionary housing (Inclusionary Housing).
  - 16 (5) Residential growth management system (RGMS).
  - 17 (6) Solar access (Solar).
  - 18 (7) Wetlands Protection (Wetlands).
  - 19 (8) Signs (Signs).
- 20 (c) The following terms as used in this title have the following meanings unless the context  
21 clearly indicates otherwise:

22 ...

23 *Permanently affordable unit* means a dwelling unit that is pledged to remain affordable forever  
24 to households earning no more than the income limits specified in this Chapter 9-13,  
25 "Inclusionary Housing," B.R.C. 1981, HUD low income limit for the Boulder Primary  
Metropolitan Statistical Area, or, for a development with two or more permanently affordable  
units, the average cost of such units to be at such low income limit, with no single unit exceeding  
ten percentage points more than the HUD low income limit, and the unit:

- 26 (1) ~~The unit is~~ owner occupied;
- 27 (2) Is owned or managed by the Housing Authority of the City of Boulder or its agents; or
- 28 (3) Is a rental unit in which the city has an interest through the Housing Authority of the  
29 City of Boulder or a similar agency that is consistent with § 38-12-301, C.R.S., or that

1 is otherwise legally bound by rent restrictions consistent with §38-12-301, C.R.S., or  
2 successor statutes.

3 Permanently affordable units shall be attained and secured through contractual arrangements,  
4 restrictive covenants, resale and rental restrictions, subject to reasonable exceptions, including,  
5 without limitation, subordination of such arrangements, covenants and restrictions to a  
6 mortgagee, for both owner-occupied and rental units. No unit shall be considered a permanently  
7 affordable unit until the location, construction methods, floor plan, fixtures, finish and the  
8 cabinetry of the dwelling unit have been approved by the city manager. (Inclusionary Housing)

9 ...

10 **Section 6.** This ordinance replaces Ordinance No. 7990 which temporarily suspended  
11 accepting building permit and site review applications that would result in adding residential  
12 floor area to those areas zoned BMS that are located in the general area described as the  
13 University Hill Business District until March 18, 2015 at 8:00 a.m.

14 **Section 7.** The immediate passage of this ordinance is necessary for the preservation of the  
15 public peace, health, or property. The council declares this to be an emergency measure due to the need  
16 to prevent inappropriate development and to adopt zoning regulations prior to the expiration of Ordinance  
17 No. 7990 that ensure implementation of and development consistent with the Boulder Valley  
18 Comprehensive Plan and other policies of the City. Therefore, this ordinance is hereby declared to be an  
19 emergency measure, and as such shall be in full force and effect upon its passage.

20 **Section 8.** This ordinance is necessary to protect the public health, safety, and welfare of the  
21 residents of the city, and covers matters of local concern.

22 **Section 9.** The city council deems it appropriate that this ordinance be published by title only and  
23 orders that copies of this ordinance be made available in the office of the city clerk for public inspection  
24 and acquisition.  
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INTRODUCED, READ ON FIRST READING, AND ORDERED PUBLISHED BY  
TITLE ONLY this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

READ ON SECOND READING, PASSED, AND ADOPTED AS AN EMERGENCY  
MEASURE BY TWO-THIRDS COUNCIL MEMBERS PRESENT, AND ORDERED  
PUBLISHED BY TITLE ONLY this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

## **Economic & Planning Systems, University Hill Reports**

- 1) University Hill Preliminary Market Assessment - 11/18/2014
- 2) University Hill Development Scenarios Feasibility - 1/19/2015

## **MEMORANDUM**

To: Ruth McHeyser; City of Boulder Planning Department

From: Dan Guimond and Matt Prosser; Economic & Planning Systems

Subject: University Hill Preliminary Market Assessment

Date: November 18<sup>th</sup>, 2014

*The Economics of Land Use*



The purpose of this memorandum is to summarize Economic and Planning Systems' preliminary findings regarding the market potentials for future development in the University Hill area of Boulder, CO. The intent of the summary is to highlight the market opportunities and barriers for potential development including multifamily housing, student housing, retail, and office uses.

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

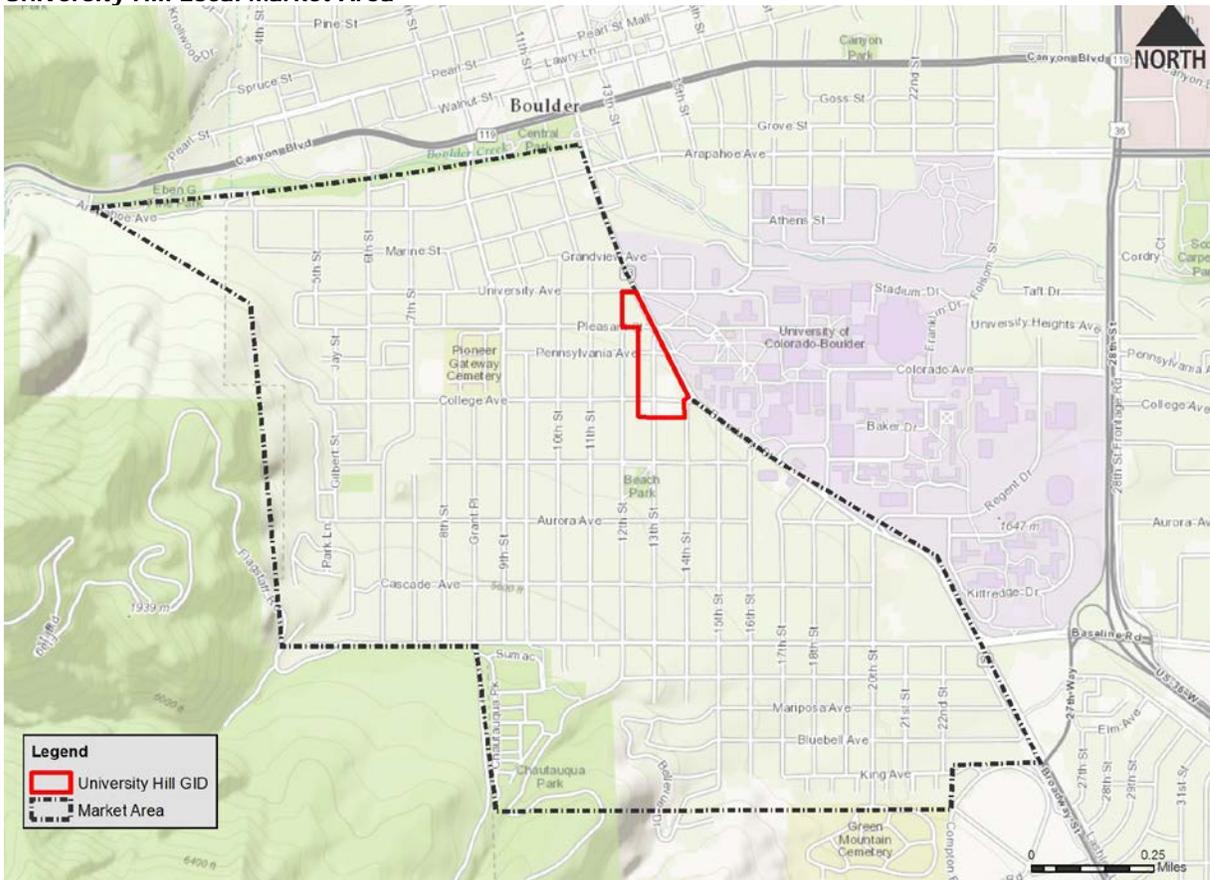
*Oakland  
Sacramento  
Denver  
Los Angeles*

**[www.epsys.com](http://www.epsys.com)**

## Demographic Framework

The socioeconomic characteristics make-up of the University Hill area was evaluated to qualify the split of student and non-student residents. The make-up of the Hill area residents was also analyzed to assess the retail market potentials in the University Hill commercial district. A University Hill Market Area (Market Area) was established and is shown in **Figure 1**.

**Figure 1**  
**University Hill Local Market Area**



The population of the Market Area is 11,343 residents in 4,305 households, as shown in **Table 1**. The majority of households (66 percent) in the Market Area are renter occupied, which is expected due to the proximity to the University of Colorado. The average household size in the Market Area is 2.44 for owner occupied units and 2.38 per renter occupied units.

**Table 1**  
**Market Area Population and Households**

	#	%	HH Size
Population	11,343		
Households	4,305		
Housing Units	4,619		
Occupied Housing Units	4,305		
Owner Occupied	1,449	34%	2.44
Renter Occupied	2,856	66%	2.38
Vacant	314	7%	

Source: ESRI; Economic & Planning Systems

H:\143073-Boulder University Hill Economic Analysis\Data\143073-Demo.xlsx\Pop and HH

The majority of residents (57 percent) of the Market Area are enrolled in undergraduate or graduate school, as shown in **Table 2**. The number of residents enrolled in undergraduate school is nearly 6,000, which is over half of the market area population and makes up the majority of enrolled students.

**Table 2**  
**Market Area Population Enrolled in School**

Enrolled in School	#
Grade School/Preschool	729
Undergraduate College	5,969
Graduate or Professional College	<u>365</u>
<b>Total in School</b>	<b>7,063</b>
% of Total Population	63%
% of Population in College	57%

Source: ESRI; Economic & Planning Systems

H:\143073-Boulder University Hill Economic Analysis\Data\143073-Demo.xlsx\school pop

The average age of residents of the Market Area is 23.5 years old. Fifty percent of the residents are between the age of 20 and 24 years old, as shown in **Table 3**. Twenty-six percent of residents are over the age of 35 years old.

**Table 3**  
**Market Area Residents by Age**

---

<b>Residents by Age</b>	<b>#</b>	<b>%</b>
Under 15	724	7%
15 to 19	1,038	9%
20 to 24	5,501	50%
25 to 34	866	8%
35 and older	2,869	26%

---

Source: ESRI; Economic & Planning Systems

H:\143073-Boulder University Hill Economic Analysis\Data\143073-Demo.xlsx]Age

The households in the Market Area have a varied economic status. The average household income of Market Area residents is \$89,489, while the median household income is \$37,461. The average household income by age of householder is shown in **Table 4**, and indicates the widely divergent income levels of residents. Households with head of householders who are between 45 and 64 years old earn on average \$131,017 annually. The college age householders, under the age of 25, have an average annual income of \$17,730.

**Table 4**  
**Market Area Household Income**

	#	
Less than \$15,000	1,114	26%
\$15,000 to \$24,999	521	12%
\$25,000 to \$34,999	378	9%
\$35,000 to \$49,999	579	13%
\$50,000 to \$74,999	517	12%
\$75,000 and greater	1,197	28%
Median HH Income	\$37,461	
Average HH Income	\$89,489	
Per Capital Income	\$34,893	
Householder Age under 25	\$17,730	
Householder Age 25 to 44	\$57,560	
Householder Age 45 to 64	\$131,017	
Householder Age over 64	\$58,219	

Source: ESRI; Economic & Planning Systems  
 H:\143073-Boulder University Hill Economic Analysis\Data\143073-Demo.xlsx\Income

The Market Area, demographically, is therefore split between college students and relatively wealthy residents generally older than 35. These two resident types have significantly different market preferences and demands. The wealth of non-student residents illustrates the high-end demand for housing in the Market Area, specifically single-family households. The current retail mix in the University Hill commercial district illustrates that the commercial uses are oriented to the student residents of the hill. The high incomes and related high spending power of non-student residents should generate demand for higher end retail uses, which are all but non-existent on the Hill.

## Housing Development

The Market Area is evenly split between single-family housing and attached/multifamily housing. Single-family detached housing is the most prevalent with 43 percent of all units. Multifamily units (buildings with 5 plus units) are the second most prevalent with 34 percent of units, as shown in **Table 5**. As shown previously, two-thirds of the households are renter occupied in the market area, which would indicate that there are likely nearly as many single-family rental units as multifamily rental units.

**Table 5**  
**Market Area Housing Units by Type**

Units by Type	#	%
Single Family Detached	1,998	43%
Single Family Attached	195	4%
2 to 4 Units	859	19%
5+ Units	1,567	34%

Source: ESRI; Economic & Planning Systems

H:\143073-Boulder University Hill Economic Analysis\Data\143073-Demo.xlsx\Units by Type

The BBC Housing Market Analysis completed in 2013 found that students occupy 30 percent of the rental units in Boulder. Within the Market Area, students are estimated to occupy about 90 percent of rental units. The BBC study estimated that 21,000 students live in Boulder and approximately 15,000 live in rental housing throughout Boulder in approximately 7,500 units. EPS' estimate of 2,800 to 2,900 student units in the Market Area would therefore account for about 35 to 40 percent of all student rental housing in the City.

The rental market in Boulder is historically one of the tightest markets in Colorado due to the student demand and lack of supply of units in Boulder. The current vacancy rate in Boulder is 3.1 percent according to the Denver Metro Apartment Association Survey of Vacancy and Rents. The Boulder University submarket vacancy rate is 2.3 percent. Boulder rental units also have among the highest average rental rates among submarkets in the Denver metro area. The average rental rate for apartment units is in Boulder (excluding the university areas) is \$1,388 and \$1,339 in the Boulder University submarket, as shown in **Table 6**.

**Table 6**  
**City of Boulder Average Apartment Rent by Unit Size**

Submarket	Studio	2 Bed		2 Bed		3 Bed	Other	All
		1 Bed	1 Bath	2 Bath	3 Bed			
City of Boulder - Except University	\$1,183	\$1,132	\$1,198	\$1,801	\$2,137	\$1,850	\$1,388	
City of Boulder - University	\$822	\$1,355	\$1,555	\$2,473	\$2,417		\$1,339	
Boulder/Broomfield Counties	\$914	\$1,147	\$1,200	\$1,517	\$1,618		\$1,287	
Metro Denver	\$893	\$1,006	\$1,078	\$1,370	\$1,592		\$1,145	

Source: Metro Denver Assoc. Apartment Survey; Economic & Planning Systems

H:\143073-Boulder University Hill Economic Analysis\Data\143073-Apartment data.xlsx]Sheet1

The newly constructed rental units built in the University Hill district are student-oriented units. These units are rented by bedroom with separate leases for each renter. The average rental rate for the new units is \$1,000 to \$1,100 per bedroom. These units are typically three or four bedroom units, which equates to \$3,000 per month for a three bedroom unit and \$4,000 per month for a four bedroom unit. These rates are significantly higher than the average for 3 bedroom and larger units in the Boulder-University submarket. A cursory analysis of rental units listed on Craigslist within the Hill area indicated that bedrooms rent for an average of \$1,000 to \$1,300 monthly. The units found vary greatly by size, quality and building configuration.

### Housing Considerations

The assessment of housing conditions in the Market Area indicates the demand for multifamily housing is almost completely for student oriented housing. Units in the Market Area and near the University Hill area rent for higher rates on average than the City as a whole meaning renters pay a premium to be located on the Hill. Multifamily housing is most typically and economically provided within larger 50 units or more buildings. Recent developments in the Hill district have been smaller but have been able to achieve top of the market rental rates. There is likely a limit to the demand of high end, student units. The majority of student housing demand is for lower cost units, which would likely need to part of larger redevelopment projects.

There is a demand for affordable housing throughout Boulder. Rental units that have rental rates below market rate are in high demand despite the location, but are even more attractive in areas near downtown or the campus. Housing restricted to non-students is possible on the Hill but would need to be rented at or below market rate. Market rate or above rental or for-sale products are not likely viable because renters/buyers would prefer options that are located elsewhere in Boulder and can likely find cheaper, higher quality options elsewhere in the City.

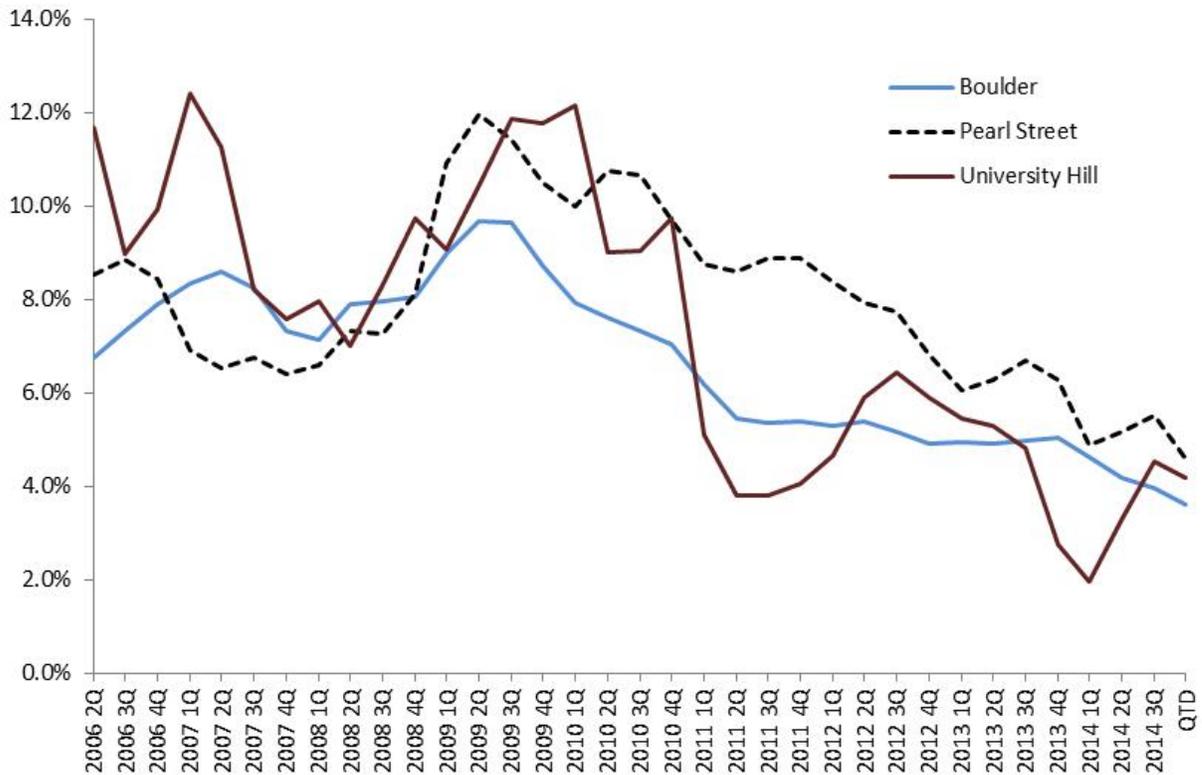
## Retail Development

The University Hill District retail development conditions and potentials are analyzed below with a focus on the demand for retail uses serving the Market Area.

### Boulder Retail Conditions

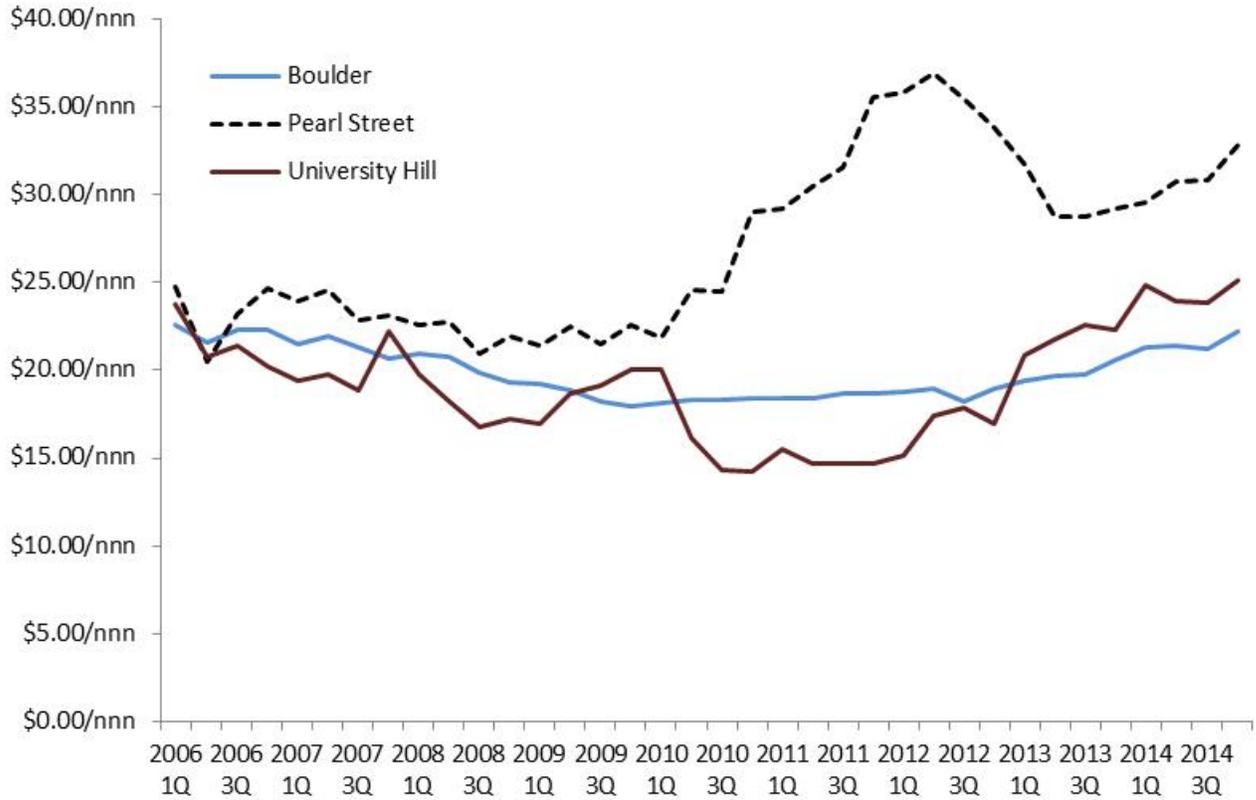
Retail conditions have been improving since the ending of the recession in 2010. Vacancy rates for retail space in Boulder have dropped from 9 percent to under 4 percent from 2009 to 2014, as shown in **Figure 2**. Vacancy rates for retail spaces along Pearl Street (7<sup>th</sup> Street to 19<sup>th</sup> Street, Canyon to Walnut) and the University Hill district were 12 percent in 2009 and higher than the City average. Vacancy rates have decreased in University Hill District to close to the City average currently.

**Figure 2**  
**City of Boulder and University Hill Retail Vacancy Rates**



Despite a slightly higher vacancy rate, rental rates for retail spaces along Pearl Street are significantly higher than retail spaces elsewhere in the City of Boulder and on University Hill. Average rental rates for spaces along Pearl Street are over \$30 per square foot (triple net) and approached \$40 per square foot in 2012. The average rental rates for space on University Hill was slightly higher than the City average from 2012 to 2014, and currently stands at about \$25 per square foot, as shown in **Figure 3**.

**Figure 3**  
**City of Boulder and University Hill Retail Rental Rates per Square Foot**



According to CoStar, the inventory of retail space on University Hill is 211,396 square feet as shown in **Table 7**. The retail vacancy rate on the Hill currently is 3.2 percent which is lower than the City average of 3.5 percent. The average rental rates is \$25.10 per square foot, which is higher than the City average but over \$7.00 per square foot lower than the Pearl Street average (\$32.80 per sf) and the average for newly constructed (retail built after 2005) retail space in the City (\$26.96 per sf).

**Table 7**  
**City of Boulder and University Hill Retail Inventory**

Retail Space	Univ. Hill	Pearl Street	Boulder
Inventory	211,396	2,762,264	6,209,974
Vacancy	3.2%	4.5%	3.5%
Average Rental Rate (NNN <sup>1</sup> )			
All Buildings	\$25.10	\$32.80	\$22.26
Built after 2005	---	---	\$26.96

<sup>1</sup> Net of taxes, insurance, and maintenance feeds

Source: CoStar; Economic & Planning Systems

H:\143073-Boulder University Hill Economic Analysis\Data\143073-Office-Retail.xlsx]Summary

Interviews with University Hill property owners and developers were completed to augment the data analysis. The property owners quoted retail rental rates between the low \$20's to low \$30's for their retail spaces. The newer or renovated retail spaces were able to achieve higher rental rates. The presence of newer retail has allowed for owners to achieve higher rates and pulled the average rates for the area higher than the City average. The turnover of retail on the Hill is higher than elsewhere in the City. The frequency of turnover does not appear to be result of building age or condition but rather the retailers/restaurants ability to achieve adequate sales volumes to cover the rental rates.

The lack of non-student oriented retail was acknowledged as a concern by some property owners. Possible reasons given for the lack of non-student oriented retail uses and restaurants included existing perception of the Hill, streetscape and aesthetic of the Hill, and lack of parking.

### **University Hill Market Area Retail Demand**

Retail expenditure potential was estimated for the four market segments that could be attracted to the Hill: Market Area Student and Non-Student residents, CU students and faculty, and Boulder residents.

#### ***University of Colorado Generated Demand***

The demand for retail generated by weekday CU students, faculty and staff was estimated based on the existing campus population and average spending patterns. The current student enrollment at CU is 30,265, as shown in **Table 8**. There are also 4,146 faculty and 3,609 staff persons employed by CU and therefore are part of the daytime campus population.

**Table 8**  
**University of Colorado Boulder Campus Population**

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**CU Boulder Population**

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Student Enrollment	30,265
Freshman Enrollment	5,869
Faculty	4,146
Staff	<u>3,609</u>
<b>Total Population</b>	<b>38,020</b>

---

Source: University of Colorado Office of Planning, Budget and Analysis

H:\143073-Boulder University Hill Economic Analysis\Data\143073-Demo.xlsx\CU Pop

EPS used average weekly spending data for national office workers from 2013 provided by the International Council of Shopping Centers to estimate demand for retail from the campus. Estimates for weekly office worker spending were used to approximate faculty/staff and student spending. The population of faculty/staff and students was discounted by 25 percent to account for students and employees who are part time and may work/study not on the main campus. The faculty/staff are estimated to generate an annual retail expenditure potential of \$13 million and the students generate an estimated retail expenditure potential of \$55 million, as shown in **Table 9**.

**Table 9**  
**University of Colorado Boulder Campus Retail Expenditure Potential**

	<b>Weekly Spending</b>	<b>Annual Spending <sup>1</sup></b>	<b>Faculty/Staff <sup>2</sup></b>	<b>Students <sup>3</sup></b>
Population			5,816	24,396
<b>Restaurants</b>	\$26.29	\$973	\$5,657,641	\$23,730,721
<b>Goods and Services</b>				
Drug Stores	\$6.13	\$227	\$1,319,184	\$5,533,257
Grocery	\$15.98	\$591	\$3,438,916	\$14,424,379
Clothing	\$3.25	\$120	\$699,404	\$2,933,619
Shoe	\$2.43	\$90	\$522,939	\$2,193,444
Sporting Goods	\$2.16	\$80	\$464,835	\$1,949,728
Electronics/Phone/Computers	\$4.86	\$180	\$1,045,878	\$4,386,889
Jewelry	\$3.92	\$145	\$843,589	\$3,538,396
Office Supplies	\$7.37	\$273	\$1,586,033	\$6,652,545
Other Goods	\$3.95	\$146	\$850,045	\$3,565,475
Personal Care	\$7.83	\$290	\$1,685,026	\$7,067,765
Personal Services	\$3.16	\$117	\$680,036	\$2,852,380
<b>Goods and Services Total</b>	<b>\$83.55</b>	<b>\$3,091</b>	<b>\$17,980,064</b>	<b>\$75,416,575</b>
<b>Total</b>	<b>\$61.04</b>	<b>\$2,258</b>	<b>\$13,135,884</b>	<b>\$55,097,878</b>

1 - Annual is estimated as 29 weeks to reflect school schedule

2 - Discounted 25 percent to reflect part time workers and persons employed off main campus

3 - Does not include Freshman who have a prepaid meal plan. Discounted 25 percent to reflect students studying part-time or abroad

Source: ICSC; Economic & Planning Systems

H:\143073-Boulder University Hill Economic Analysis\Models\143073-TPI Model 11-18.xlsx\Campus Population Spending

### **University Hill Retail Expenditure Potential**

The expenditure potential for retail and restaurants on the Hill is comprised of four consumer groups the Market Area residents (students and non-students), CU Campus students or employees, and the City of Boulder. The estimated student population in the Market Area is 6,334 people, who reside in 2,866 households. Using the median household income for the market area of \$37,000 the total personal income for this group is estimated by multiplying households by average household income. The average Colorado household spends 20 percent of their income on retail goods at neighborhood and community oriented retail centers and shops within three store categories; convenience goods, other shopper's goods and eating and drinking. The total personal income is multiplied by 20 percent to estimate retail expenditure potential for this group, which is \$22 million.

The permanent population in the Market area is estimated to be 5,009 people in 1,439 households. The average household income for householders over 25 years old is estimated to be \$107,000. The estimated retail expenditure potential is \$31 million, as shown in **Table 10**.

As shown previously, the estimated retail expenditure potential from the CU Campus is \$68 million including spending potential from staff, faculty and students. Lastly, EPS estimates the Hill area captures approximately \$10 million in sales from Boulder residents who are not students and do not live in the Market Area.

**Table 10**  
**University Hill Retail Expenditure Potential**

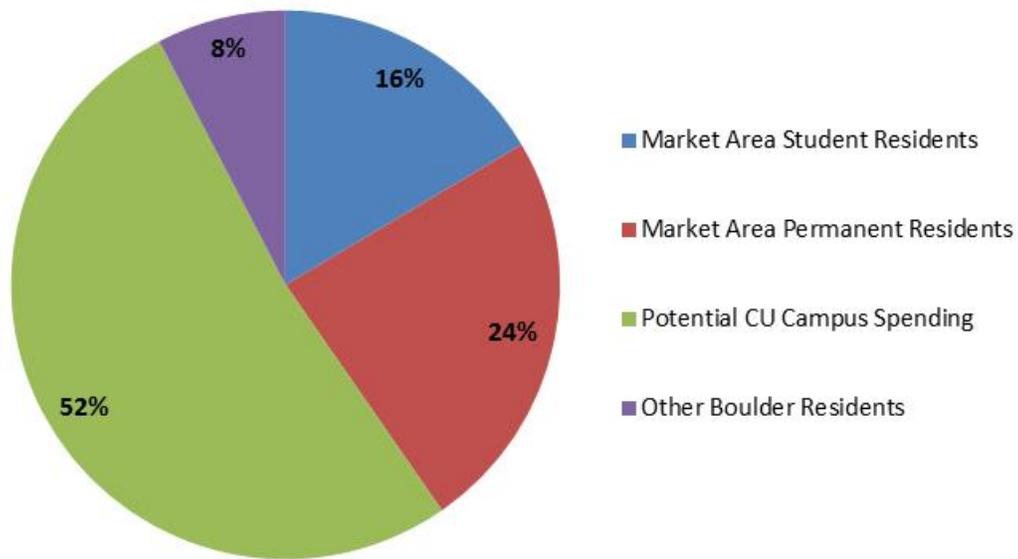
<b>Group</b>	<b>TPI / Exp. Potential</b>
<b>Market Area Student Residents</b>	
Estimated Population	6,334
Estimated Households	2,866
Estimated HH Income	<u>\$37,000</u>
<b>Student Total Personal Income</b>	<b>\$106,044,344</b>
<b>Retail Expenditures (20%)</b>	<b>\$21,587,250</b>
<b>Market Area Permanent Residents</b>	
Estimated Population	5,009
Estimated Households	1,439
Estimated HH Income	<u>\$107,000</u>
<b>Non-Student Total Personal Income</b>	<b>\$153,966,222</b>
<b>Retail Expenditures (20%)</b>	<b>\$31,342,618</b>
<b>Potential CU Campus Spending</b>	
Faculty	\$13,135,884
Students	<u>\$55,097,878</u>
<b>Total</b>	<b>\$68,233,762</b>
<b>Estimated Capture from Boulder Residents</b>	<b>\$10,000,000</b>

Source: ESRI; Economic & Planning Systems

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The percent of retail expenditure by each consumer group is shown in **Figure 4**. The retail expenditure potential from daily visitors to the campus, both students and staff, constitutes half the retail demand. The Market Area student residents are an estimated 18 percent. Combined nearly 70 percent of the potential retail demand on the Hill is from students or campus workers.

**Figure 4**  
**University Hill Retail Expenditure Potential by Consumer Group**



The estimated retail expenditure potential was translated into demand for retail space within the three major retail categories present on the Hill, convenience goods, other shopper's goods (retail goods non including general merchandise), and eating and drinking. Based on average household and office workers expenditure patterns in each retail category, the estimated demand for retail space generated by each group was estimated to further illustrate the demand from each group.

The demand from Campus weekday users accounts for 65 percent of the retail space demand, with demand for 280,000 square feet. The demand from Market Area permanent residents is 83,000 square feet, as shown in **Table 11**. This estimated demand is the total retail demand generated within store categories that could potentially located on the Hill and also does not account for existing retail on the Hill or elsewhere in Boulder and Colorado. The Hill competes with Pearl Street Mall, 29<sup>th</sup> Street and Flatirons Mall for retail sales in many of these categories. These three areas are major retail destinations with major retail anchors and attractions.

**Table 11**  
**University Hill Retail Supportable Space**

Store Type	Per Sq. Ft.	MA Students	MA Non-Students	Campus Demand	Boulder Demand	Total Demand
<b>Convenience Goods</b>						
Supermarkets and Other Food Stores	\$400	16,577	24,068	44,658	0	85,302
Convenience Stores	\$400	2,386	3,464	11,039	0	16,889
Beer, Wine, & Liquor Stores	\$300	3,216	4,669	0	0	7,884
Health and Personal Care	\$400	<u>4,454</u>	<u>6,467</u>	<u>21,882</u>	<u>0</u>	<u>32,804</u>
<b>Total Convenience Goods</b>		<b>26,632</b>	<b>38,668</b>	<b>77,579</b>	<b>0</b>	<b>142,879</b>
<b>Other Shopper's Goods</b>						
Clothing & Accessories	\$350	3,460	5,023	18,141	0	26,624
Furniture & Home Furnishings	\$250	3,266	4,742	0	0	8,009
Electronics & Appliances	\$500	1,419	2,060	10,866	0	14,344
Sporting Goods, Hobby, & Music Stores	\$350	2,078	3,016	6,899	0	11,993
Miscellaneous Retail	\$250	<u>2,961</u>	<u>4,299</u>	<u>82,274</u>	<u>1,372</u>	<u>90,905</u>
<b>Total Other Shopper's Goods</b>		<b>13,183</b>	<b>19,141</b>	<b>118,179</b>	<b>1,372</b>	<b>151,875</b>
<b>Eating and Drinking</b>	<b>\$350</b>	<b>17,090</b>	<b>24,814</b>	<b>83,967</b>	<b>7,917</b>	<b>133,788</b>
<b>Total Retail Goods</b>		<b>56,906</b>	<b>82,622</b>	<b>279,725</b>	<b>9,288</b>	<b>428,542</b>

Source: Economic & Planning Systems

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## Retail Development Considerations

The demand analysis for retail on the Hill illustrates that students constitute the majority of demand for retail. The student orientation also complicated by the seasonal nature of demand for students, with the Hill business struggling through periods when students are not on campus, especially the summer. The potential demand from Market Area residents that are non-students is a major component but not sizeable enough to drive the retail demand on the Hill. This group could generate demand for a modest commercial district embedded in the neighborhood but the sheer size and market power of the student population has driven the Hill to be predominately student oriented.

There a limited demand for non-student oriented retail or restaurants, but these retailers may not be able to overcome the stigma of the Hill as a student area and the rental rates that other retailers are able to pay. Parking is another barrier to non-student oriented retail. The majority of shoppers access the district on foot from surrounding housing and the campus. The district is not well suited for a larger number of customers to come in cars from outside the Market Area. While the UHGID does provide two lots with rates and hours that accommodate retail, the parking that supports the Hill is limited to a small number of on-street spaces, a small number of private spaces, the CU owned lot at 13<sup>th</sup> and Pennsylvania, and the two UHGID lots. The UHGID lots are both difficult to access and are not visible from Broadway, 13<sup>th</sup> Street, or College Avenue.

The Hill also lacks in attractions or "go to"/destination retailers or restaurants that are attractive to outsiders. In its past, the Hill had a collection of theatres and entertainment venues, including Tulagi's, the Flatirons Theatre, and the Fox Theatre, which drove visitation from throughout Boulder and even the region. The Fox Theatre is the only remaining entertainment venue.

Visitors to Boulder, game day CU fans, and campus visitors are not attracted to the Hill businesses with the exception of perhaps The Sink. These visitors are more often attracted to Pearl Street or elsewhere in Boulder.

To increase demand for non-student oriented retail the City can explore ways to grow the market potential from groups that are not students and address ways to make the area more easy to access and attractive. The two potential approaches are to increase the number of non-student households or increase the number of non-student visitors to the Hill. There does not appear to be ample buildable land in the Market Area to generate enough non-student households to significantly impact demand. The other approach is to generate demand from visitors. This approach could include attracting an employment base, increase the quality of retail offerings, increasing access and parking, increasing visitation to the campus, and/or increasing visitation to the Hill to the existing destinations (i.e. Fox Theatre) or a potential new attraction or anchor use.

## Office Development

### Office Trends and Conditions

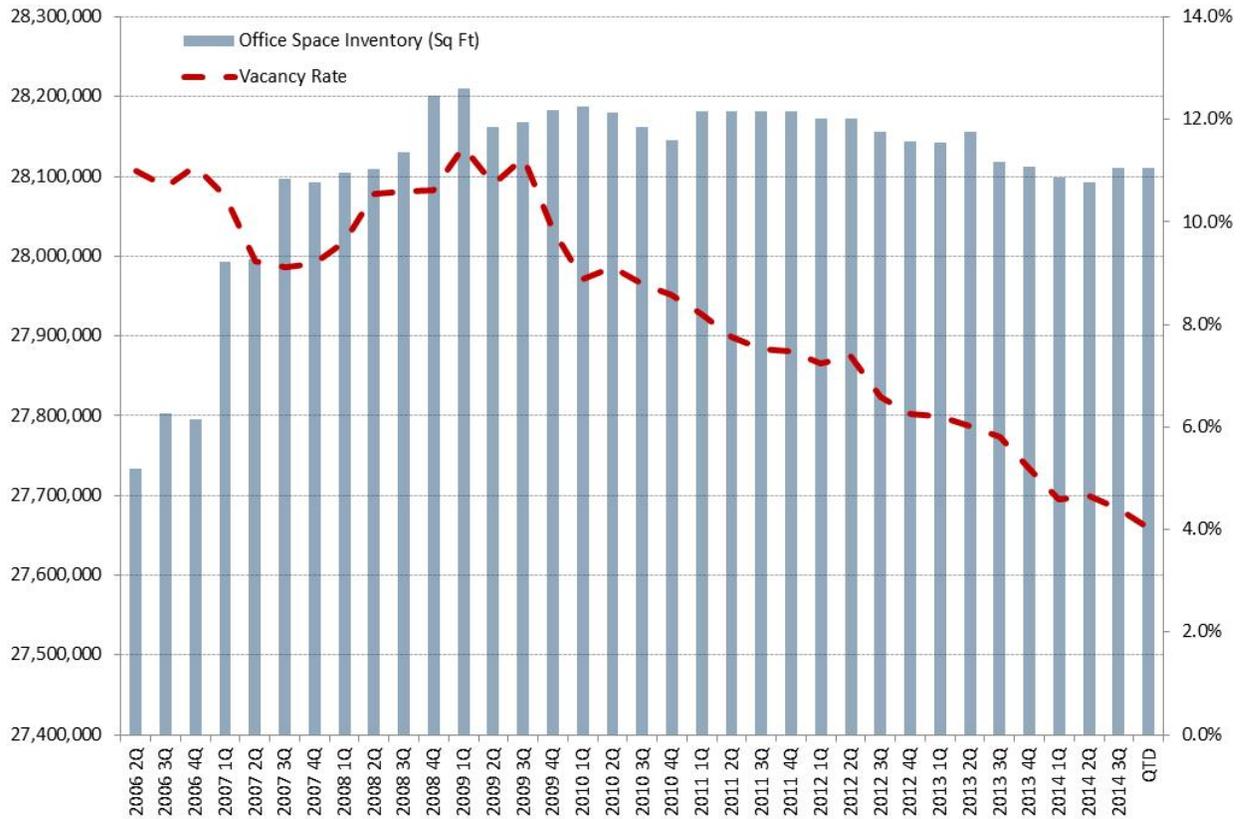
**Figures 5 and 6** below summarize office inventory, vacancy and rent trends in the City from 2004/2006 to 2014. The office space inventory in Boulder decreased from 2009 to 2014. There has been approximately 31,000 square feet per year of new Class A and Class B office space built in Boulder over the last decade. No true Class A office space has been completed in Boulder since 2008, and only 60,200 was built in the last decade. Similarly, only 36,000 square feet of Class B office space has been built since 2008.

One broker interviewed stressed the need not only for additional Class A office space in Boulder, but more specifically for large floor plate options. Such options might help retain some of the Boulder start-up companies that are being pushed out of the City to Interlocken or other metro Denver locations that can offer larger contiguous spaces.

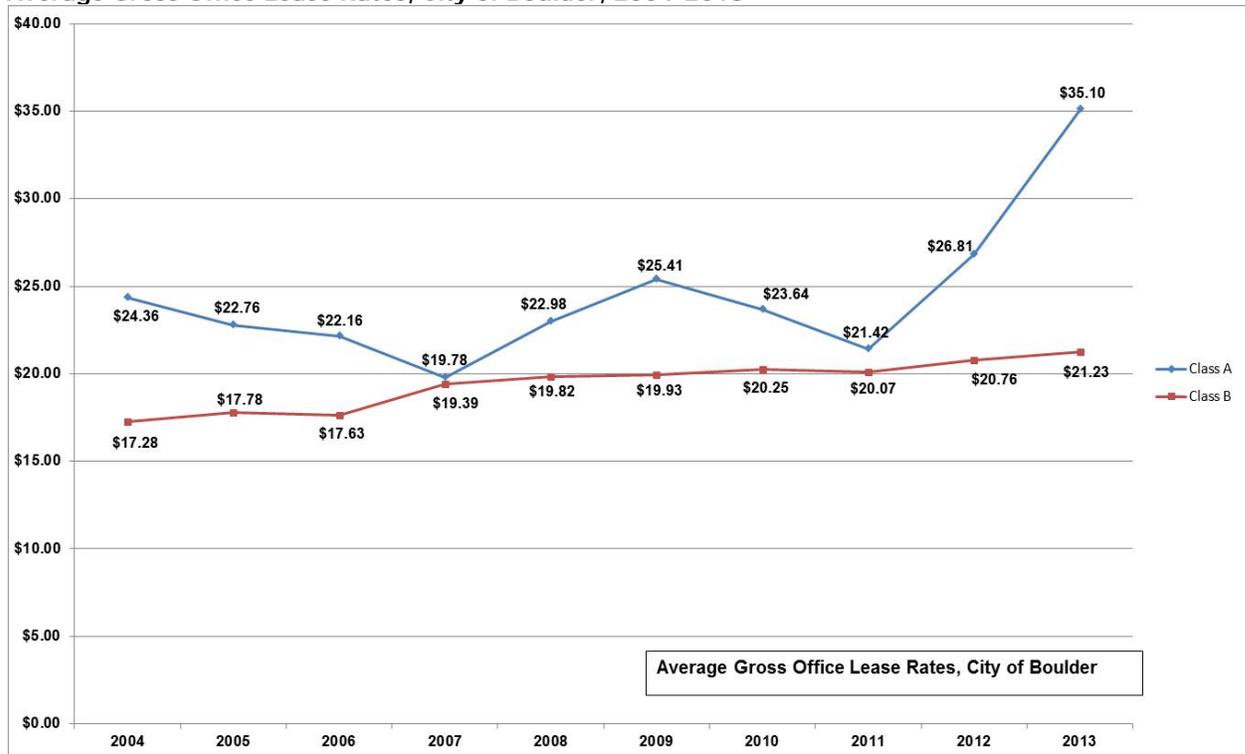
The average vacancy rate for office space has fallen from above 10 percent in 2009 to 4 percent in 2014, as shown **Figure 5**. Class A office space is essentially 100 percent occupied as of 2013 and occupancy rates have increased approximately 10 percent over the last 5 years. The current market benchmark of 100 percent occupancy is unusual for any market and is well above the equilibrium threshold. Class B occupancy rates have increased 16 percent over the last 10 years.

The average lease rate for office space in Boulder is \$23.59 per square foot (full service rent). Class A lease rates have increased \$15.32 from the bottom of the cycle in 2007, an increase of 77 percent. The average for Class A office was \$36.10 at the end of 2013, as shown in **Figure 6**. One broker interviewed even noted a \$5 per square foot increase in Class A office space in Downtown Boulder between mid-December, 2013 and late January, 2014. This recent spike in Class A lease rates shows the effects of "100%" occupancy.

**Figure 5**  
**Boulder Office Space Inventory and Vacancy Rate, 2006 to 2014**

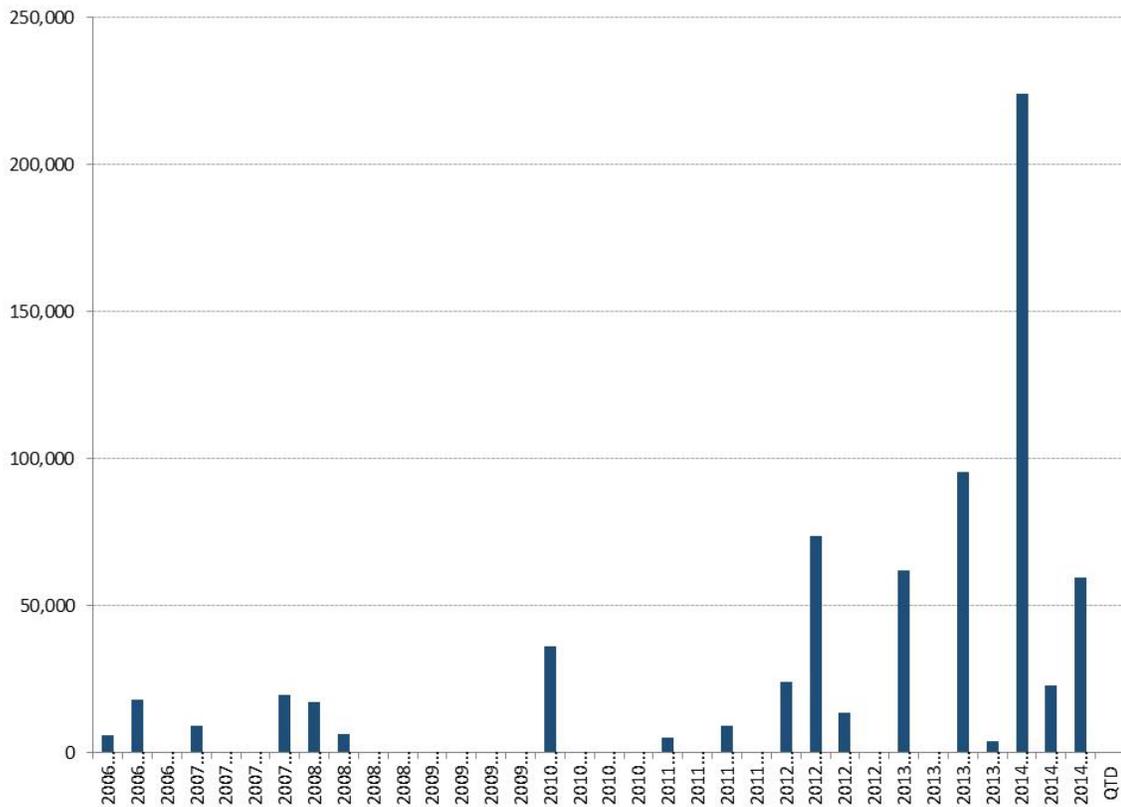


**Figure 6**  
**Average Gross Office Lease Rates, City of Boulder, 2004-2013**



**Figure 7** shows the square feet of office space built by quarter from 2006 to 2014. There was a limited amount of new office space built from 2006 to 2010. However, in the past two years the office space development in Boulder has increased significantly, with new office space brought to market in 10 of the past 12 quarters including over 200,000 square feet in first quarter 2014.

**Figure 7**  
**New Office Space Built in Boulder by Quarter, 2006-2014**



EPS analyzed office square footage along Pearl Street and the Hill to compare to the City of Boulder averages, which is shown in **Table 12**. There is 28 million square feet of office space in Boulder, with 2.1 million along Pearl Street. Both areas have a vacancy rate of 4 percent. The downtown/Pearl Street area is the most attractive office location in Boulder and office space in this area achieves the highest rental rates. The average rent for office space in Boulder is \$23.59 per square foot (full service or gross) while the average for Pearl Street is \$33.51 per square foot. New office space (space built after 2005) rents for an average \$27.54 per square foot. There were two spaces listed for lease on the Hill within the CoStar inventory, a small, 1,500 square foot space in the Buchanan’s Coffee Pub building and third floor office space in the Hilltop Building at 13<sup>th</sup> Street and College Ave. The average listed lease rate for the two spaces was \$21.00 per square foot.

**Table 12**  
**Boulder Office Space by Subarea, 2014**

Office Space	Univ. Hill	Pearl Street	Boulder
Inventory	---	2,055,922	28,110,661
Vacancy	---	4.1%	4.0%
Average Rental Rate (Full Service)			
All Buildings	\$21.00	\$33.51	\$23.59
Built after 2005	---	---	\$27.54

Source: CoStar; Economic & Planning Systems

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A review of significant office projects proposed in the Boulder development “pipeline” indicates a potential for approximately 560,000 square feet if all projects were completed (**Table 12**).

The proposed Baseline Zero and the Eleventh and Pearl redevelopment under construction at the former Daily Camera building will, together, add significant supply (320,000 square feet) to the market. The list of projects in **Table 13** illustrates an interesting divergence in office development in Boulder and nationally – large floor plate office needs in contrast with the emerging trend for “micro” office spaces and more innovative and collaborative office environments. The Daily Camera project may succeed at both ends of that spectrum with the ability to offer larger spaces, as well as housing the second Colorado outpost of Galvanize, a collaborative workspace and community. The office space at Spark is proposed to be accommodated among several smaller buildings, and the proposed The James development is included in this list not because it would add significant inventory to the Boulder market, but because it responds to the increasing demand for smaller/“micro” office spaces and collaborative work environments.

**Table 13**  
**Proposed Office Development Projects, City of Boulder**

Project Name	Location	Approximate # Sq. Ft.
1738 Pearl Street - addition		16,655
The James	1750 14th Street	8,517 Office & 1,570 Micro-Offices
909 Walnut	909 Walnut	8,900
Spark	Old Sutherland's Site	207,168
Baseline Zero	2700 Baseline Road	180,000
<u>Eleventh &amp; Pearl</u>	<u>Former Daily Camera Building</u>	<u>140,000</u>
<b>Total</b>		<b>562,810</b>

Source: Economic & Planning Systems

Note: Eleventh & Pearl Office space is an estimate out of the total 180,000 square feet

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## Office Broker Interviews

EPS interviewed office real estate brokers active in Boulder to assess the trends in office space in Boulder and to try and get an understanding of the office potentials on the Hill. The information and the data points shared in these interviews is summarized below.

Generally, the office market in Boulder is concentrated in three locations: Downtown/Pearl Street, Central Boulder, and East Boulder. The average rental rates decrease and vacancy rates increase farther east. The market for office space is fairly diversified among different businesses types including; technology companies, start up businesses in all industries, bio-technology and "clean" technology firms, the outdoor recreation industry and natural foods companies. The majority of office development is resultant of either growth of small, start up companies, or acquisition of existing Boulder companies by larger outside firms, both of which also lead to natural growth of professional services firms (i.e., lawyers, accountants). The minimum office rents need to support new office construction was estimated to be in the mid-twenty dollars per square foot range and higher.

Downtown/Pearl Street has the desired amenities for many companies including the place making and worker amenities along with a high concentration of employment, professional environment, and adequate parking within a mixture of private and public structured parking lots. However, there is limited amount of office space in the area and it is largely smaller spaces. As companies grow and expand in employment, the area and Boulder is often unable to retain employers who seek large buildings and floor plates in offices spaces in eastern Boulder or outside of the City.

The brokers interviewed all expressed that the Hill was not a good multitenant office location and generally did not think trying to attract office uses was viable. There is currently only a handful of office uses on the Hill, which are primarily campus/student oriented with few exceptions. Several factors were cited as barriers to office users being attracted to the Hill including; lack of a professional environment, lack of parking, lack of access, difficulty and traffic accessing the Hill, the perception of the area as only a student area and a lack of interest from employers in the area.

Despite current perceptions, some brokers identified the potential for Niche Office Space for smaller businesses needing small or flexible spaces of less than 3,000 square feet. Creative, start-up, computer oriented, and technology firms may seek out the Hill if space is less expensive than the Pearl Street area and if their business had a nexus or benefited from locating next to campus. Incubation space was cited as potential uses, but lower rents are needed to make it attractive to new firms. In general, to attract office users to the Hill both an attractive rental price and some sort of incentive/motivating factor is needed. Co-working or shared office space type configurations may work well to support the incubation nature of potential office users. This type of development would need to be of high quality, highly attractive, and have associated professional amenities.

A market anchor or destination was cited as a way to potential change the culture and dynamic of the Hill enough to attract some office spaces. A hotel was cited as a potential use that could be developed in concert with office space to help catalyze the market. The brokers interviewed did not think that a stand-alone office building could be developed and that any development with office space needed to be done in connection to another driving use such as a hotel or destination retail/restaurant.

## Future Market and Development Considerations

The future market potentials on the Hill can be accommodated by two types of development; redevelopment of existing buildings or rehabilitation or expansion of existing buildings. There are major barriers to both types of development.

Redevelopment of existing uses and businesses requires in most cases the purchase of an existing income producing asset whether it be a retail space, rental housing, or parking. The price for land or development sites on the Hill is generally higher than \$200 per square foot due to the relatively high rental rates even the lowest quality retail space can capture on the Hill. To support new development on these sites, the use or at least one of the uses needs to be able to achieve rental or sale prices that are higher than market averages and demand a premium. The only two uses that have shown to achieve higher than average market rates are student housing and student housing with first level retail. Retail space is limited to only street fronting, ground floor space and is not viable on basement or second story locations. Office spaces on the Hill currently are rented for less than City averages and new space would need to be priced low enough to generate demand. Market rate rental or for-sale housing that is not student housing lacks demand from the market and rates are likely more attractive in other areas of Boulder.

The rehabilitation or expansion of existing buildings also has barriers that are driven by the market for uses on the Hill. An increase in the quality of retail spaces on the Hill could generate demand for non-student oriented retailers, which could be achieved within existing buildings. However, existing rental rates for retail provide little incentive for owners to invest significantly into buildings, especially since the price premium gained from new space is not substantial. Many of the existing buildings have second floor residential units. The conversion of these spaces to office uses would be difficult because office uses likely cannot support rental rates high enough to pay for renovation costs or increase revenue for the owner. The building owners interviewed cited many functional and structural issues that become a problem once expansion is considered. The requirement to bring buildings to current building codes, and provide access needs and ADA amenities are needed and costly. Many of the buildings lack adequate parking currently, which would be exacerbated if they expanded without parking. Like redevelopment, the expansion of buildings needs new uses that can demand a price premium to support costs.

Further examination is needed to understand the feasibility of redevelopment and rehabilitation/expansion. This analysis will help identify the financing gaps present and help show potential approaches the City could take to incent or require change. This analysis needs definition and alignment with the City's planning process, but potential development forms to be tested should include:

- Expansion of existing buildings with office and housing, both student and workforce oriented, uses.
- Redevelopment projects with a mixture of either retail and office uses or retail and housing uses.
- Rehabilitation existing buildings to create better quality and functioning retail spaces.

Other issues need to be examined to determine the costs and feasibility addressing barriers. These issues include the role of parking and identification and feasibility of anchor/destination uses.

Lastly, the impact of potential land use and development policies need to be analyzed in context of the development scenarios tested to understand the pros and cons of each approach. These

policies should include incentives provided by the City, requirements or restrictions on uses, and alternative financing approaches and sources. The ultimate goal is identify potential actions the City should take to get the current condition of the Hill to better reflect the City's vision for the Hill.

## **MEMORANDUM**

To: Ruth McHeyser; City of Boulder Planning Department

From: Dan Guimond and Matt Prosser; Economic & Planning Systems

Subject: University Hill Development Scenarios Feasibility

Date: January 19, 2015

*The Economics of Land Use*



The purpose of this memorandum is to summarize Economic and Planning Systems' (EPS) preliminary findings regarding the financial feasibility of potential redevelopment and rehabilitation options in the University Hill commercial district in Boulder, Colorado. The intent of the summary is to highlight the economic barriers to development for various land uses including multifamily rental housing, retail and office. The impact of regulations or incentive options to close the feasibility gap or encourage desired uses was also examined.

### **Development Scenarios and Assumptions**

To understand the economic and financial constraints to redevelopment and rehabilitation of existing properties in the University Hill commercial district (The Hill), EPS modeled the financial feasibility of development of multifamily housing, retail, and office uses within redevelopment projects and additions to existing buildings. Two scenarios were used to illustrate the financial feasibility of different use mixes: Scenario 1 – Redevelopment, and Scenario 2 – Building and Parcel Additions, as detailed below.

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### Scenario 1 – Redevelopment

The first scenario is based on the redevelopment of a “typical” parcel(s) on The Hill and assumes the existing buildings and uses on a parcel are demolished and cleared for new construction. A set of common assumptions were used to test a variety of building programs under this scenario, as outlined below.

#### Land Price

For the purposes of this study, the estimated land price for a redevelopment site is \$200 per square foot. The parcel used for the redevelopment is assumed to contain no income generating uses or income generating uses that are providing a below average return. Properties with stable, income producing uses are less likely to sell and more likely to cost more than the estimated price used. The price for property on The Hill varies greatly depending on the value of the existing use and buildings on each parcel. The price per square foot of land for properties that were recently renovated and/or redevelopment (Flatiron Theatre, 1143 13<sup>th</sup> Street) was an average of \$220. The most recent prices per square foot achieved for properties sold since 1999 are shown in **Figure 1** and **Table 1**. The surface parking lot owned by UHGID on 14<sup>th</sup> Street recently appraised for \$180 per square foot.

**Figure 1**  
**University Hill Recent Property Sale Price per Square Foot**



**Table 1**  
**University Hill Property Sales, 1999 to 2014**

Property Address	Sales Price	Improved Sq Ft	Land Sq Ft	Price per Imp Sq Ft	Price per Sq Ft (Land)	Sales Date	Property Notes
1310 College Ave - Hilltop Plaza	\$6,046,000	27,595	9,931	\$219	\$609	April-2014	3 story retail/office building
1080 13th Street	\$1,553,500	3,785	6,250	\$410	\$249	April-2014	Residential home - multiple rental units
1350 College Street	\$12,000,000	21,433	12,850	\$560	\$934	April-2014	New build retail/residential building
1264 College Ave - Flatiron Theatre	\$2,030,000	9,375	9,365	\$217	\$217	May-2010	Retail building/former theatre
1143 13th Street (2 Properties)	\$2,598,600	9,000	11,325	\$289	\$229	March-2010	2 story retail/office building
1129 13th Street - Tulagi Building	\$3,000,000	8,377	5,998	\$358	\$500	September-2009	2 story retail building
1135 Broadway - Art Hardware Building	\$3,000,000	31,277	13,068	\$96	\$230	June-2009	2 story retail building
1111 Broadway - CU Bookstore	\$3,200,000	16,221	12,802	\$197	\$250	July-2007	2 story retail building
1155 13th Street	\$1,050,000	3,000	5,527	\$350	\$190	July-2006	1 story retail building
1119 13th Street	\$1,150,000	3,026	3,123	\$380	\$368	April-2006	1 story retail building
1320-1326 College Ave	\$1,235,000	4,339	2,570	\$285	\$481	January-2006	2 story retail building
1121 13th Street	\$1,675,000	8,000	6,229	\$209	\$269	November-2005	1 story retail building
1335 Broadway	\$1,000,000	6,235	7,405	\$160	\$135	October-2005	2 story retail building
1275 13th Street	\$1,005,000	3,108	14,278	\$323	\$70	July-2004	Gas Station
1121 Broadway	\$1,475,000	10,131	6,499	\$146	\$227	October-2001	2 story retail/office building
1313-1335 Broadway - University Hill Plaza	\$2,260,000	15,636	18,974	\$145	\$119	October-2000	2 story retail strip building
1219-1221 Pennsylvania Ave	\$1,056,000	5,782	4,800	\$183	\$220	June-2000	2 story retail/residential
1159-1165 13th Street - "The Sink" Building	\$2,100,000	11,440	9,064	\$184	\$232	June-2000	2 story retail/office building
1149 13th Street	\$295,000	2,026	1,916	\$146	\$154	August-1999	2 story retail building
<b>Average</b>	<b>\$2,512,058</b>	<b>10,515</b>	<b>8,525</b>	<b>\$256</b>	<b>\$299</b>		

Source: CoStar, Economic & Planning Systems

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### Building Size

The building program tested assumes the maximum build-out allowed for parcels in the University Hill General Improvement District (UHGID), which is a 1.85 floor area ratio (FAR). The lot sizes within the UHGID vary but are generally small and under half an acre. The most common lot size found within the District that could be redeveloped is between 0.15 and 0.31 acres (6,500 to 13,500 square feet), with average parcel size being approximately 0.20 acres (8,700 square feet). The larger lot size of 0.31 acres (13,500 square feet) was used to test feasibility. With a maximum 1.85 FAR, the maximum building program is approximately 25,000 square feet within a three story building.

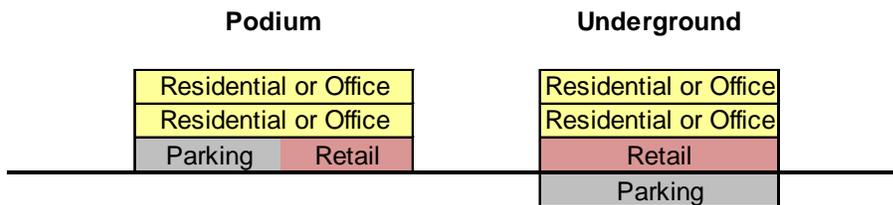
### Parking

The amount of parking provided has a major impact on the feasibility of development. The amount of parking allocated by each use is based on both zoning and market factors and estimated as follows:

- For residential uses, zoning requires a minimum of 1.0 space per unit. The number of bedrooms per unit has a major impact on required parking and therefore development cost. EPS estimates that parking spaces will be able to demand an additional \$100 per month from residents for a space.
- For commercial uses, two main assumptions were made. For retail space, no spaces are required due to the inclusion of the properties within UHGID. For office space, a minimum of one space per 1,000 square feet was used based on market inputs. However, EPS also tested the impact of no required parking for office space with the assumption that parking for office spaces could be provided within UHGID lots. Parking was cited (refer to University Hill Market Assessment memorandum) as major barrier to both retail and office development on the Hill.
- Considering the small size of most parcels on the Hill, providing surface parking or parking in a stand-alone garage is likely not possible for residential uses or for office uses requiring on-site parking. A structured parking approach is needed within the newly built building to

accommodate parking. Therefore, two main approaches can be taken which is either to structure parking underground or build parking at grade (level one) under portions of the structure, which is referred to as podium building. The two approaches are illustrated in **Figure 2**. The parking configuration assumed for this analysis is the tuck under podium approach. The costs of these approaches are different but both are expensive. EPS estimates a podium space at \$20,000 per space and an underground space at \$25,000 per space for this modeling based on average figures from comparable projects by type. Prices for underground parking have been higher for some Boulder projects due to site specific considerations including project size, location, and construction type.

**Figure 2**  
**Building and Parking Configurations**



**Other Assumptions**

Several assumptions or factors were used to test development feasibility. The majority of factors used are shown below in **Table 1** with cited sources. The factor can also be found within the feasibility models provided in the **Appendix**.

**Table 1**  
**Scenario 1 – Redevelopment Assumptions**

	Residential		Office		
	Student	Market	Parking	No Parking	Office/Res.
<b>Program</b>					
Square Feet	13,500	13,500	13,500	13,500	13,500
Acres	0.31	0.31	0.31	0.31	0.31
<b>Residential</b>					
Units	10	24	0	0	5
Number of Bedrooms	40	30	0	0	20
Average Unit Size	1,580	660	---	---	1,580
Leasable Area (Sq. Ft.)	15,800	15,840	---	---	7,900
Gross Sq. Ft.	18,588	18,600	---	---	9,300
<b>Commercial</b>					
Total Square Feet	6,750	6,750	24,975	24,975	15,700
Leasable Area (Sq. Ft.)	6,413	6,413	22,815	22,815	15,700
Retail	6,413	6,413	6,406	6,406	6,413
Office	0	0	16,409	16,409	8,054
Total Building (Sq Ft)	25,338	25,350	24,975	24,975	25,000
Gross FAR	1.85	1.85	1.85	1.85	1.85
Leasable Building (Sq. Ft)	22,213	22,253	22,815	22,815	22,344
Net FAR	1.65	1.65	1.69	1.69	1.76
Parking Spaces	20	24	21	0	24
<b>Revenue Factors</b>					
<b>Residential</b>					
Rent per Square Foot (Monthly)	\$2.50	\$2.15	\$2.50	\$2.15	\$2.50
Rent per Unit (Monthly)	\$3,950	\$1,419	---	---	\$3,950
Vacancy	5%	5%	5%	5%	5%
Rental Parking Space (Monthly per Space)	\$100	\$100	\$100	\$100	\$100
Cap Rate	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Commercial</b>					
Office Rent Rate (Gross Annual per Sq. Ft.)	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
Office Vacancy	10%	10%	10%	10%	10%
Retail Rent Rate (Gross Annual per Sq. Ft.)	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Retail Vacancy	10%	10%	10%	10%	10%
Cap Rate	7.0%	7.0%	7.0%	7.0%	7.0%
<b>Cost Factors</b>					
<b>Hard Cost</b>					
Residential (per Sq. Ft.)	\$150	\$150	\$150	\$150	\$150
Retail (per Sq. Ft.)	\$140	\$140	\$140	\$140	\$140
Office (per Sq. Ft.)	\$130	\$130	\$130	\$130	\$130
<b>Parking Cost per Space</b>					
Underground	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Podium	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Soft Costs (% of Hard Cost)	22%	22%	22%	22%	22%
Land Value	\$200	\$200	\$200	\$200	\$200

Sources: Economic & Planning Systems

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### **Building Programs**

Scenario 1 includes five building programs tested to illustrate the differences in feasibility between uses. All programs have a retail program of approximately 6,750 square feet on the ground floor along the street frontage (the tuck under/podium parking is accessed on the rear of the building via the alley). Retail spaces are assumed to lease for \$33 per square foot (NNN).

### Residential Programs

- **Student Oriented** - The student oriented development program includes 10 student oriented rental units on floors two and three. The 10 units are all four bedroom units with a shared common space and two bathrooms. The units are assumed to be rented “by the bedroom” under separate leases, which is a common practice for student oriented units on the Hill and in other college areas. The four bedroom units total 1,580 square feet in size and are assumed to be rented at average area rates which are \$988 per bedroom per month or \$3,950 per month for the whole unit. Some newer area projects are renting at up to \$1,100 per bedroom per month.
- **Market** – The market rate housing program includes 23 apartment units on floors two and three including 18 one-bedroom units and 5 two-bedroom units. This program was chosen because it most mimics types of units non-student renters might be attracted to on the Hill. The average unit size is 660 square feet, with one-bedroom units at an average of 570 square feet and two-bedroom at an average 930 square feet. The units are assumed to rent at an average of \$2.15 per square foot per month, which equates to \$1,225 for one bedroom units and \$2,000 for two bedroom units.

### Office Programs

- **Office with Parking** - The first office alternative is a three-story office building with ground floor retail space and office uses on the second and third floors. The office space totals 16,900 square feet on two floors. With a parking ratio of 1.0 per 1,000 square feet of office space, the program includes 17 spaces. Parking is not required on site for office uses but dedicated spaces for office tenants is deemed to be necessary to attract tenants. In this program, the parking is provided within the development. The office space is assumed to rent for \$27.50 per square feet (full-service), which is the City-wide average for space built after 2006.
- **Office without Parking** – This program assumes that the parking for the office space is accommodated within a UHGID managed lot. There a rental cost for the parking associated with using the UHGID lot, but the cost of this is not factored in this model and assumes the cost is the responsibility of the lessee of the office space. The intent is to illustrate the impact of decoupling the parking for the developer to reduce cost, which is possible due to UHGID.
- **Office and Residential Mix** – The last program assumes that the second floor is 8,500 square feet of office space and the third floor is five four-bedroom student-oriented rental housing units. The same assumptions for rents for both uses are used from the previous programs, including parking for the office space being provided within dedicated spaces within UHGID lot. This program requires 5 parking spaces provided within the building.

## **Scenario 2 – Building and Parcel Additions**

The second scenario is the addition of building space to a typical existing building. Under this Scenario, the existing building and uses remain but are renovated to achieve higher rent levels and the parcel is maxed out with additional building space to the allowed 1.85 floor area ratio. There are two alternative programs tested: the addition of rental housing and the addition of office space. A set of common assumptions were used to test the building programs under this scenario. These assumptions are described below.

### ***Land Price***

The estimated value for a building and parcel for this scenario is \$250 per square foot of land. The assumption is the value of the existing structures can be expected to exceed the value of vacant land, which was estimated at \$200 per square foot. The parcel used for this scenario is assumed to contain income-generating uses that are providing an average return and are in need of repair/upgrade. Properties with stable, income producing uses are less likely to sell for redevelopment and the buyer is paying for not only the expansion potential but the revenue stream that property already produces.

### ***Building Size***

The building assumed for this scenario is an existing one-story retail building totaling 6,000 square feet. Under this scenario the building is renovated and expanded to the maximum 1.85 FAR by adding 10,200 square feet of upper story uses. The existing building and space are renovated and updated to capture higher rental rates. The lot size used for this scenario is the University Hill average of 8,700 square feet.

### ***Parking***

Under this scenario, it is assumed that underground parking, built under the existing parcel will be needed for the residential and office uses. For residential uses, a minimum of one space per unit was used. EPS estimates that parking spaces will be able to demand an additional \$100 per month from residents for a space.

For commercial uses, two main assumptions were made. For retail space, no spaces are required due to the inclusion of the properties within UHGID. For office space, EPS assumed no parking is required for office space with the assumption that parking for office spaces would be provided within UHGID lots.

### ***Other Assumptions***

Several assumptions or factors were used to test development feasibility. The majority of factors used are shown below in **Table 2** with cited sources. The factor can also be found within the feasibility models provided in the **Appendix**.

**Table 2**  
**Scenario 2 – Building Addition Assumptions**

	Residential	Office
<b>Program</b>		
Square Feet	8,700	8,700
Acres	0.2	0.2
<b>Residential</b>		
Units	6	0
Number of Bedrooms	22	0
Average Unit Size	1,430	---
Leasable Area (Sq. Ft.)	8,580	---
Gross Sq. Ft.	10,094	---
<b>Commercial</b>		
Total Square Feet	6,000	16,095
Leasable Area (Sq. Ft.)	5,700	14,786
Retail	5,700	2,703
Office	0	9,082
Total Building (Sq Ft)	16,094	16,095
Gross FAR	1.85	1.85
Leasable Building (Sq. Ft)	14,280	14,786
Net FAR	1.64	1.70
Parking Spaces	11	0
<b>Revenue Factors</b>		
<b>Residential</b>		
Rent per Square Foot (Monthly)	\$2.50	---
Rent per Unit (Monthly)	\$3,575	---
Vacancy	5%	---
Rental Parking Space (Monthly per Space)	\$100	---
Cap Rate	5.0%	---
<b>Commercial</b>		
Office Rent Rate (Gross Annual per Sq. Ft.)	---	\$30.00
Office Vacancy	---	10%
Retail Rent Rate (Gross Annual per Sq. Ft.)	\$40.00	\$40.00
Retail Vacancy	10%	10%
Cap Rate	7.0%	7.0%
<b>Cost Factors</b>		
<b>Hard Cost</b>		
Residential (per Sq. Ft.)	\$150	\$150
Retail (per Sq. Ft.)	\$80	\$80
Office (per Sq. Ft.)	\$130	\$130
<b>Parking Cost per Space</b>		
Underground	\$25,000	\$25,000
Podium	\$20,000	\$20,000
Soft Costs (% of Hard Cost)	22%	22%
Land Cost	\$250	\$250

Sources: Economic & Planning Systems

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## **Scenario 2 – Building Programs**

This scenario includes two main building programs tested to illustrate feasibility differences between uses. All programs have a retail program of approximately 6,000 square feet on the ground floor front the street that was renovated to capture higher rental rates. The improved retail space is assumed to increase rents from \$25 per square foot (NNN) to \$33 per square foot (NNN).

### Residential Program

- **Student-Oriented-** The residential program includes 6 student oriented rental units on floors two and three. Five units are four-bedroom units with a shared common space and two bathrooms. One of the units is a two-bedroom unit, which was used to max out the remaining buildable area. The units are assumed to be rented by the bedroom under separate leases, which is a common practice for student-oriented units on the Hill and in other college areas. The four bedrooms units total 1,560 square feet in size and are assumed to be rented for \$975 per bedroom per month or \$3,900 per month for the whole unit. The two bedroom unit is 780 square feet and rents for \$1,950 per month or \$975 per bedroom.

### Office Programs

- **Office without Parking** – The office program is the addition of two floors of office space. The office space totals 9,000 leasable square feet on two floors. The office spaces are assumed to rent for \$27.50 per square feet (full-service), which is the city-wide average for space built after 2006. This program assumes that the parking for the office space is accommodated within a UHGID managed lot. There is likely a rental cost for the parking associated with using the UHGID lot if dedicated spaces are provided, but the cost of this is not factored in this model.

## Development Feasibility

The financial feasibility of development for the two scenarios was tested under the alternative building programs. A static pro forma analysis of the development programs for the two scenarios is used to illustrate the economic viability of the different uses in the programs. The analysis compares development value to development cost. Development value is used by estimating the total value of the property based on the revenue the rental spaces generate. The annual net operating income (NOI) that a building produces is divided by a capitalization rate to estimate the total value of the revenue stream. The development cost is estimated based on construction cost per square foot estimates derived from industry standards and other projects reviewed by EPS in Boulder (hard costs), the estimated construction soft costs, which are estimated based on industry standard percentages that estimate soft costs as a percent of hard costs, and an estimated land cost based on the research of land sales on the Hill. If the development value is within 5 percent of the estimated project cost the project is considered to be feasible. The findings from the feasibility analysis are summarized below.

### Redevelopment Scenario

#### *Residential Program*

The student housing program generates a total development value of \$9.05 million with the residential units valued at \$6.33 million and the commercial space valued at \$2.72 million, as shown in **Table 3**. The estimated construction cost of the student oriented program is \$5.44 million and land cost is \$2.70 million, resulting in a total development cost of \$8.14 million. Net revenues are a positive \$915,000, which is 11 percent higher than the development costs.

The market rate program has an estimated value of \$8.19 million based on projected revenue. The estimated construction cost is \$5.55 million and land cost is \$2.70 million. The estimated total development cost is \$8.25 million. The difference between the development value and the development costs is a negative \$60,000. Assuming positive values of 5 to 10 percent above costs are needed, this alternative is considered to be infeasible.

**Table 3**  
**Scenario 1 – Redevelopment**  
**Residential Programs Feasibility**

Description	Res. Redevelopment	
	Student	Market
<b>Project Revenue</b>		
Residential Net Sales Revenue	\$0	\$0
Residential Rental Development Value	\$6,331,000	\$5,467,000
Commercial Rental Development Value	<u>\$2,721,000</u>	<u>\$2,721,000</u>
<b>Total Development Value</b>	<b>\$9,052,000</b>	<b>\$8,188,000</b>
Total Development Value per SqFt	\$362	\$327
<b>Project Costs</b>		
<b>Hard Costs</b>		
<b>Site Costs</b>		
On-Site Costs	\$171,000	\$175,000
<b>Building costs</b>		
Shell Building Costs	\$2,779,000	\$2,780,000
Tenant Allowance Costs	\$903,000	\$905,000
Parking	\$400,000	\$480,000
Contingency	\$204,000	\$208,000
<b>Subtotal</b>	<b>\$4,286,000</b>	<b>\$4,373,000</b>
<b>Total Hard Costs</b>	<b>\$4,457,000</b>	<b>\$4,548,000</b>
<b>Soft Costs</b>	<b>\$980,000</b>	<b>\$1,000,000</b>
<b>For Sale Profit</b>	<b>\$0</b>	<b>\$0</b>
<b>Land Cost</b>		
Square feet of Land	13,500	13,500
Price per Square Foot	\$200	\$200
<b>Total Land Cost</b>	<b>\$2,700,000</b>	<b>\$2,700,000</b>
<b>Total Adjusted Development Costs</b>	<b>\$8,137,000</b>	<b>\$8,248,000</b>
Total Development Value per SqFt	\$325	\$330
<b>Difference</b>		
<b>Total (Development Value minus Cost)</b>	<b>\$915,000</b>	<b>(\$60,000)</b>
<b>% of Cost</b>	<b>11%</b>	<b>-1%</b>

<sup>1</sup> Calculated by subtracting all costs (excluding land, but including profit) from total development value.

Source: Economic & Planning Systems

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### **Office Programs**

The office program with parking has an estimated development value of \$6.41 million, as shown in **Table 4**. The development costs of the office program with parking are estimated at \$7.35 million. The difference is a negative \$818,405 (11 percent of development costs) and an indication that this alternative would not be feasible without significant subsidies.

As stated previously, parking costs have a major impact on development feasibility. Office users must have dedicated parking within or near the building to attract users. The office program without parking assumes that parking for the office space can be provided within a UHGID lot and leased by the office space users. By not building parking for the development on site and using the UHGID lot, development costs are reduced by \$426,000. The difference between development value and development costs for this program is negative \$392,000, which is 6 percent of development cost. Removing the cost of parking therefore addresses approximately one-half of the existing deficit.

The hybrid residential and office program with both office and student oriented housing generates a development value of \$7.69 million. With the development costs estimated at \$7.34 million, there is a net positive value of \$357,000. This program, based on the assumptions used in this model, would therefore appear to be marginally feasible. However, it is unlikely that a developer would build a program like this considering the high maintenance costs related with three different uses, the risk associated with having to lease three different uses within one small building, and the difficulty with attracting office users to a building with student housing within it.

**Table 4**  
**Scenario 1 – Redevelopment**  
**Office Programs Feasibility**

Description	Office Redevelopment		
	Parking	No Parking	Res/Office
<b>Project Revenue</b>			
Residential Net Sales Revenue	\$0	\$0	\$0
Residential Rental Development Value	\$0	\$0	\$3,159,000
Commercial Rental Development Value	<u>\$6,410,000</u>	<u>\$6,410,000</u>	<u>\$4,533,000</u>
<b>Total Development Value</b>	<b>\$6,410,000</b>	<b>\$6,410,000</b>	<b>\$7,692,000</b>
Total Development Value per SqFt	\$281	\$281	\$324
<b>Project Costs</b>			
<b>Hard Costs</b>			
<b>Site Costs</b>			
On-Site Costs	\$143,000	\$129,000	\$146,000
<b>Subtotal</b>	<b>\$143,000</b>	<b>\$129,000</b>	<b>\$146,000</b>
<b>Building costs</b>			
Shell Building Costs	\$2,281,000	\$2,281,000	\$2,517,000
Tenant Allowance Costs	\$799,000	\$799,000	\$862,000
Parking	\$319,405	\$0	\$100,000
Contingency	\$170,000	\$154,000	\$174,000
<b>Subtotal</b>	<b>\$3,569,405</b>	<b>\$3,234,000</b>	<b>\$3,653,000</b>
<b>Total Hard Costs</b>	<b>\$3,712,405</b>	<b>\$3,363,000</b>	<b>\$3,799,000</b>
<b>Soft Costs</b>	<b>\$816,000</b>	<b>\$739,000</b>	<b>\$836,000</b>
<b>For Sale Profit</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Development Costs</b>	<b>\$4,528,405</b>	<b>\$4,102,000</b>	<b>\$4,635,000</b>
<Less> Tax Credit Equity	\$0	\$0	\$0
<b>Land Cost</b>			
Square feet of Land	13,500	13,500	13,500
Price per Square Foot	\$200	\$200	\$200
<b>Total Land Cost</b>	<b>\$2,700,000</b>	<b>\$2,700,000</b>	<b>\$2,700,000</b>
<b>Total Development Costs</b>	<b>\$7,228,405</b>	<b>\$6,802,000</b>	<b>\$7,335,000</b>
Total Development Value per SqFt	\$317	\$298	\$309
<b>Difference</b>			
<b>Total (Development Value minus Cost)</b>	<b>(\$818,405)</b>	<b>(\$392,000)</b>	<b>\$357,000</b>
<b>% of Cost</b>	<b>-11%</b>	<b>-6%</b>	<b>5%</b>

<sup>1</sup> Calculated by subtracting all costs (excluding land, but including profit) from total development value.

Source: Economic & Planning Systems

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## Scenario 2 – Building Addition

### Residential Program

The residential student program generates a development value of \$5.86 million, as shown in **Table 5**. The estimated development cost is \$5.59 million. The difference is \$265,750, which is 5 percent above development cost. This program therefore appears to be marginally feasible based on our assumptions.

**Table 5**  
**Residential Building Addition Feasibility**

Description	Res. Addition Scenario
<b>Project Revenue</b>	
Residential Net Sales Revenue	\$0
Residential Rental Development Value	\$3,438,000
Commercial Rental Development Value	<u>\$2,418,000</u>
<b>Total Development Value</b>	<b>\$5,856,000</b>
Total Development Value per SqFt	\$371
<b>Project Costs</b>	
<b>Hard Costs</b>	
Site Costs	\$108,000
Building Costs	\$2,691,250
<b>Total Hard Costs</b>	<b>\$2,799,250</b>
<b>Soft Costs</b>	<b>\$616,000</b>
<b>Land Cost</b>	
Square feet of Land	8,700
Price per Square Foot	\$250
<b>Total Land Cost</b>	<b>\$2,175,000</b>
<b>Total Development Costs</b>	<b>\$5,590,250</b>
Total Development Value per SqFt	\$354
<b>Difference</b>	
<b>Total (Development Value minus Cost)</b>	<b>\$265,750</b>
<b>% of Cost</b>	<b>5%</b>

<sup>1</sup> Calculated by subtracting all costs (excluding land, but including profit) from total development value.

Source: Economic & Planning Systems

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**Office Programs**

The office addition program does not generate enough development value to pay for development costs. The estimated development value is \$4.46 million while the estimated development costs are \$4.91 million, as shown in **Table 6**. The difference between the development value and cost the addition and renovation is a negative \$448,000, which is 9 percent less than the estimated development cost.

**Table 6  
 Office Building Addition Feasibility**

Description	Office Addition Scenarios
<b>Project Revenue</b>	
Residential Rental Development Value	\$0
Commercial Rental Development Value	<u>\$4,464,000</u>
<b>Total Development Value</b>	<b>\$4,464,000</b>
Total Development Value per SqFt	\$302
<b>Project Costs</b>	
<b>Hard Costs</b>	
Site Costs	\$86,000
Building Costs	\$2,157,000
<b>Total Hard Costs</b>	<b>\$2,243,000</b>
<b>Soft Costs</b>	<b>\$494,000</b>
<b>Land Cost</b>	
Square feet of Land	8,700
Price per Square Foot	\$250
<b>Total Land Cost</b>	<b>\$2,175,000</b>
<b>Total Development Costs</b>	<b>\$4,912,000</b>
Total Development Value per SqFt	\$332
<b>Difference</b>	
<b>Total (Development Value minus Cost)</b>	<b>(\$448,000)</b>
<b>% of Cost</b>	<b>-9%</b>

<sup>1</sup> Calculated by subtracting all costs (excluding land, but including profit) from total development value.

Source: Economic & Planning Systems

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## Feasibility Analysis Findings

A summary of the major findings from the feasibility analysis is provided below.

### **1. Student housing development produces a significant return and is highly profitable.**

Student oriented rental housing on the Hill and particularly newer student oriented projects have been able to achieve higher rental rates than more conventional rental units. Typical, new student oriented housing projects include 3- to 4-bedroom units sharing a larger living space. Leases are per bedroom, not per unit, and command rents of \$1,000 per bedroom per month or higher. Within this structure, units rent for approximately \$2.50 per square foot per month. The overall average rent for apartments in the University Area is \$1.97 per square foot per month.

### **2. Building student housing units with multiple bedrooms per unit (i.e., three or four bedrooms per unit) reduces the required amount of parking by zoning (1 space per unit) of a project compared to a conventional apartment project with a mixture of (unit sizes).**

This type of building program reduces parking required and therefore the cost of development. However, a developer/project owner may need to provide more spaces than required by zoning to make the units marketable. It may be helpful to modify the parking requirement to be based on a per bedroom factor instead of a per unit factor if there is a fear the projects are being under-parked and causing parking issues elsewhere on the Hill.

### **3. The residential redevelopment programs (student and market) tested were found to be feasible based on the assumptions made.**

EPS modeled two housing programs to test feasibility of redevelopment on the Hill. The student-oriented housing program (ground floor retail with 2 stories of student oriented units) was found to be a feasible development program with estimated value of the program exceeding project costs by more than 10 percent. A non-student orient program (market), which includes ground floor retail with two stories of small, one and two bedroom units, was also found to be marginally feasible with average rental rates found in the area. Estimated project value for this program was approximately equal to project development costs

### **4. The office development programs tested were found to be infeasible with or without on-site parking.**

Two office development programs were tested with ground floor retail and two stories of office space above. One program had parking built on site and one with parking provided within UGHID lots. The office programs generated development values that are approximately 25 to 30 percent less than development value generated by the housing programs.

Parking was cited in the market study as a major requirement for attracting office space users to the Hill. Parking is also a major development costs that has large impact on development feasibility if it needs to be built on-site. Assuming parking spaces can be dedicated to office users within UGHID lots the development cost for building office space reduces greatly. The office program without parking was still found to be infeasible. Development value generated by the program was approximately 6 percent less than the cost of development. The gap under the program tested was approximately \$392,000. If parking is provided on site, the gap increased to \$818,000 million and the development value was 11 percent less than development cost.

**5. A hybrid residential and office development program was found to be financially feasible based on the assumptions used but is not deemed to be a marketable development project due to an incompatible mixture of uses.**

A mixed office and residential program was tested which included ground floor retail, one story of office space and one story of student oriented residential units. This program was deemed to be feasible, as development value 5 percent more than estimated development costs. However, we expect that developers would not build this type of building due to the logistics and costs of maintaining three uses within a small building and the difficulty of renting office space within a building that also includes student housing.

**6. The feasibility analysis for programs based on the Scenario 2 renovation of existing building space and the addition of new space generated similar results; the residential programs are feasible while the office programs are not feasible.**

EPS found similar findings related to renovation and expansion of existing buildings on the Hill to the redevelopment scenario. Adding additional residential units was found to provide a return to building owners large enough to support costs associated with renovating their existing building and constructing additional space. Office uses were found to not generate enough project value to cover costs of renovation and expansion.

## Potential Approaches to Achieve Vision

The above financial analysis is a reflection of the current economic market on the Hill. Student oriented housing provides the greatest financial return for developers due to the lower costs (parking and unit efficiencies) and higher rental rates. Recently built and renovated retail space has also illustrated the ability to capture higher rental rates and attract some national tenants. However, the lack of destination retail uses and parking has hindered the Hill businesses' ability to attract significant customers that are not students or campus generated. Market rate housing oriented towards the non-student market is less attractive to developers because of lower potential rental rates, difficulties attracting non-student tenants, and higher parking costs. The office development programs were not feasible under both scenarios and are unable to demand rates high enough to support new development.

The feasibility testing indicated that if new office or non-student housing uses are desired on the Hill, the City must identify ways to change the economic constraints to developers. Even if costs are reduced for office uses to the point where a project is feasible, the lack of a professional environment and office amenities are major market barriers to attracting tenants.

Below are a series of potential approaches the City could explore to try and attract a greater mixture of uses. These approaches are either focused on increasing the city-wide and regional draw of the Hill or addressing feasibility gaps of desired development programs.

### Destination Uses

The Hill was once home to three major entertainment destinations that drew visitors from all over the region. These uses served as anchors to the Hill area that drove visitation from a variety of different demographic groups. Today, only one of these uses remains (The Fox Theatre) and its destination appeal, at least anecdotally, has diminished. The Hill lacks uses that are attractive enough to non-students or campus visitors to generate additional visitation to the Hill that may increase the demand for a greater variety of mixes.

Potential uses that may generate increased visitation are a regional entertainment venue or a hotel with conference space. It is unclear what specifically the regional entertainment venue would be. A campus oriented hotel could drive increased visitation to the Hill if located there. Associated conference and meeting space would further increase visitation and increase non-student foot traffic on the Hill, which would make it more appealing to retailers and other businesses.

### Parking

The lack of easily accessible and convenient parking was cited as a barrier to additional retail on the Hill and attracting non-student oriented retailers. Any potential office uses on the Hill will need dedicated parking for the workers in the office spaces. UHGID does provide off street parking within two lots and these lots are currently well utilized, but they are somewhat difficult to access and not visible from Broadway, College Avenue or 13<sup>th</sup> Street. The City should identify ways to increase access and visibility to existing parking lots. As well, the City should explore opportunities to increase the parking supply within UHGID including spaces that can be dedicated/leased to specific uses/users.

## Land Costs

The analysis shows that land values have a major impact on development feasibility. The revenue generated by even the lowest performing retail spaces on the Hill is still enough to warrant high prices in property sales. Reducing land costs for desired uses would address gaps in development feasibility. UHGID also has the ability to leverage its land holdings to develop desired uses in conjunction with providing additional parking. UHGID should explore potential joint development projects that would generate desired uses and additional parking. Development costs can be reduced by UHGID providing the land, in form of existing parking lots, at a reduced price or zero cost.

## New Revenue Sources

The City and/or UHGID could identify additional revenue sources that could pay for district amenities, such as parking, that could increase the attractiveness of the Hill to new uses. One potential revenue stream is a retail sales fee (RSF) or public improvement fee (PIF). These two tools are basically the same but with minor differences in the way they are assessed. The Hill businesses with City support could institute a PIF or RSF that would create an additional fee on retail sales that could be used for improvements on the Hill. Cities in Colorado that allow for the use of PIFs often credit back the sales tax used within the PIF so that the effective sales tax rate stays the same.

## Tax Rebates

To offset the cost of development and reduce project feasibility gaps, the City can explore rebating or using tax increment generated by the project for property tax, construction use tax, or sales tax.

The City of Boulder assesses an 11.981 mill levy on real property. The office redevelopment program generated a development value of \$6.4 million. The development value is assumed to be the market value. Based on this market value, the assessed value is \$1.86 million. The project generates annual property tax to the City of \$22,000. The net property tax to the City would be approximately \$13,000. Rebating the City's portion of property tax for 18 years would be needed to cover the gap of \$392,000. It therefore does not appear the City property tax alone generates enough to cover project gaps.

The City could also explore using tax increment financing to cover gaps in project costs, through the creation of either an urban renewal area or downtown development authority. These districts allow the City to use the total new increment of property tax from all taxing districts generated by the project. The office program is estimated to generate total property tax of \$165,000 annually. The net property tax generated is estimated to be \$95,000. The use of TIF to incent development could generate enough increment to address project feasibility gaps. However, the City must consider if there is value in using tax dollars to incent uses that are not feasible in the market due to the high property values of the district.

The City's construction use tax is 3.86 percent as of January 2015. Construction use tax is charged to materials purchased for construction projects. EPS estimates the materials cost for the office development program to be half of hard costs, which is \$1.9 million. The use tax generated is estimated to be \$73,000, which is approximately 20 percent of the project gap.

The City could also rebate of a portion of sales tax to address project gaps. The City's sales tax rate is 3.86 percent as of January 2015. The retail portion of the office program is 6,400 square feet. This amount of retail space is estimated to generate \$1.9 million in retail sales using an average sales per square foot factor of \$300. This amount of sales would generate \$734,000 in sales tax to the City. The total City retail tax would need to be rebated for 5 years to cover the project gap.

### **Historic Preservation Tax Incentives**

The National Parks Service has an income tax credit program that incents the rehabilitation of historic, income-producing buildings that are "certified historic structures". The NPS has two programs a 20 percent program and 10 percent program.

The 10 percent program provides an income tax credit of 10 percent of eligible costs to the owner of a non-historically designated building built before 1936. The building must be rehabilitated for a non-residential use and meet three minimal criteria to be eligible.

The 20 percent program is for historically designated buildings and/or contributing buildings in a historic district. In order to qualify for the 20 percent tax credit, a structure must be depreciable. That is, it must be used in trade, business or held for the production of income. As well, the rehabilitation must also be substantial. A substantial rehabilitation is defined as the greater of \$5,000 or the adjusted basis of the building and its structural components which is the purchase price plus previous improvements minus land costs and depreciation. Qualified expenditures include the cost of the work as well as architecture and engineering fees, site survey costs, legal expenses, development fees and other construction costs.

There is a three part application process required to qualify for the 20 percent tax credit for rehabilitated commercial, industrial, agricultural or residential rental structures. Part one deals with the significance and appearance of the building. It must either be deemed a certified historic structure and listed on the National Register of Historic Places or be located within a registered historic district and certified as contributing to the historic significance of that district. Part two describes the condition of the structure and the planned work to be done to rehabilitate it. Each of these two part should be supported by photos, drawings, maps and site plans. Proposed rehabilitation work is evaluated according to the *Secretary of the Interior's Standards for Rehabilitation* and must meet these standards to qualify.

If approved, the owner of the property must return it to service in order to receive a reduction in the amount of tax owed equal to 20 percent of qualified expenditures. Excess credit can be carried forward 20 years or back one year. The owner must keep the building for five years after project completion otherwise the credit must be paid back on a prorated basis, i.e., 20 percent per year. Historic tax credits can be allocated differently to members an ownership entity like an LLC so long as the percentage allocation of the tax credits matches the members' interests in profits for tax purposes.

The State of Colorado offers an income tax credit program that mimics the Federal program. The Colorado program offers a 25 percent income tax credit for rehabilitation. The credit only applies to renovation of historically designated buildings under the criteria for the Federal 20 percent program. As well, the credit increased to 30 percent for communities located in disaster relief areas, for which Boulder qualifies. The user must be paying State of Colorado income tax.

The use of the income tax credit for rehabbing properties could be a tool used to reduce development feasibility gaps. The tax credits are difficult to include within a feasibility model because of the link to an individual state income tax return. However, EPS estimates that the use of the Federal tax credits for costs associated with the renovation of the existing building within the Building and Parcel Addition office scenario would reduce total project costs by 7.5 to 8.0 percent. The use of the tax credit program does have drawbacks. The program does require designation of the building in some form as historic, which can reduce the rehabilitation options a building owner may have. As well, the process does not provide upfront capital or directly reduce costs. The tax credit users must go through the NPS process, which likely slows down development timing, and requires the user to recoup cost through tax credits which may need to be used over several years.

### **Leveraging Student Housing Development**

The feasibility testing showed that developers are able to generate a profit by building student oriented housing on the Hill. While the City is reluctant to allow additional student housing on the Hill, allowing student housing in return for public investments could be approach to generating development activity and producing needed investments. The City could allow for student housing developments on the Hill in return for the public improvements or amenities, such as publically accessible parking spaces.



## CITY OF BOULDER

**TO:** Members of City Council

**FROM:** Jane S. Brautigam, City Manager  
David Driskell, Executive Director of Community Planning and Sustainability/Interim Housing Director  
Molly Winter, Director of Downtown/University Hill Management Division and Parking Services (DUHMD/PS)  
Sarah Wiebenson, Hill Community Development Coordinator

**DATE:** January 27, 2015

**SUBJECT:** University Hill Reinvestment Strategy Update

### I. PURPOSE

At the study session on the University Hill Residential Use Moratorium, the Council will receive a progress report on the related University Hill Reinvestment Strategy. Hill revitalization was one of the Council priorities established at their retreat in 2014 and staff was directed to prepare a Work Plan that pursues the goals of the Strategy framework.

### II. QUESTIONS FOR COUNCIL

- Does Council have questions or feedback on the University Hill Reinvestment Strategy Work Plan?

### III. EXECUTIVE SUMMARY

University Hill is one of the earliest settled areas of Boulder with a rich history as a destination for students and entertainment. The current nature of the neighborhood, however, presents unique challenges compared to other mixed use areas in Boulder. For one, the Hill Commercial Area is designated in the Boulder Comprehensive Plan as one of the city's three major business centers, yet it struggles to achieve year-round economic vitality because of its primarily student customer base. Similarly, the residential areas of the Hill enjoy beautiful tree-lined streets and an abundance of historic architecture, yet the intermingling of permanent residents and student populations presents challenges to achieving the quality of life expected in such a beautiful historic setting. Although investments in events and streetscape design in recent decades have brought short-term

benefits to the commercial district, these efforts have not resulted in the sustainable, long-term improvements desired by Hill stakeholders.

At its retreat in early 2014, the City Council made University Hill a priority for the 2014-15 term, as expressed in the Hill Reinvestment Strategy framework (see, ATTACHMENT A). The framework targets priority areas for the long-term improvements. The framework is made up of the following components:

- Business/Residential Diversity
- The Arts
- Multi-modal Access
- Health and Safety
- Stakeholder Partnerships
- Code Enforcement

Significant progress to support the Hill Reinvestment Strategy framework has already been achieved in 2014, including the hiring of the first-ever Hill Community Development Coordinator to draft and implement a related work plan; the adoption of a moratorium in the Hill Commercial Area to determine whether additional residential uses support the goal of “Business/Residential Diversity”; and funding for a two and a half year pilot Residential Service District to remove litter and graffiti from the public realm in the high-density residential areas of the Hill.

The draft Hill Reinvestment Strategy Work Plan (see, ATTACHMENT B) details the first year of tasks related to the framework, including a baseline performance measurement in Q1 2015 and periodic benchmark reporting throughout the two-year initiative.

#### **IV. BACKGROUND**

To understand current challenges with achieving the goals of the Hill Reinvestment Strategy, it is worthwhile to quickly review the district’s history and past efforts to promote investment in the Hill Commercial Area.

University Hill was first settled in the late 1800s, when the University of Colorado was established in 1876 on a “wind swept plain” (now the location of the Old Main building east of Broadway) and the Chautauqua Association’s teachers’ summer school was established at the base of the Flatirons in 1898. The activities of both the university and the association attracted families to the area, and University Hill’s first commercial building was constructed at the corner of 13<sup>th</sup> Street and Pennsylvania Avenue (now Buchanan’s Coffee Pub). In the 1920s, additional commercial buildings began to line the bases of the residential buildings on 13<sup>th</sup> street. Concern among University Hill residents about the changing character of the district gave rise to the city’s first zoning ordinance in 1928. In the 1950s, a growing student population led to the development of the Flatirons Theater and Tulagi’s, marking the beginning of the Hill Commercial Area as a destination for music and entertainment. Tulagi’s and Sommers Sunken Gardens (now

the Sink) received licenses to serve 3.2% beer, as did the entertainment venue now known as The Fox.

Over the next several decades, the Hill Commercial Area developed into a thriving retail district, despite political unrest that discouraged some private property investment. Even into the 1980s, the Hill Commercial Area was a shopping destination that attracted customers from the Hill neighborhood and citywide, with men's and women's apparel stores such as Regiments, Buchanan's, Scott's Unlimited, Kinsleys and Jacque Michelle's. In 1970, the City created the University Hill General Improvement District (UHGID) to fund parking and maintenance services along the 13<sup>th</sup> Street commercial corridor. Riots related to the Vietnam war in 1971 resulted in damage to Hill Commercial Area properties, most notably the glass windows of the Colorado Bookstore building, which were subsequently replaced with concrete block. The geographic area of UHGID was doubled in 1978 and the scope of UHGID was expanded in 1985 to include pedestrian, bicycle, transit and aesthetic improvements.

During the 1990's, businesses on the Hill started to become more student-centric as retail competition grew from Downtown Boulder and new regional shopping centers. Investments in property maintenance continued to decline, and another round of riots in 1997 damaged street poles and private property. In 2008, the Council expanded the purview of the previously parking-focused UHGID to include other aspects of the Hill Commercial Area including health, safety, aesthetics, economic vitality, and sustainability. The UHGID commission name was also changed to the University Hill Commercial Area Management Commission (UCAMC) to reflect its broader focus. The Commission is made up of five representatives: two citizens at large and three owners of real/business property in the Hill Commercial Area. UHGID currently funds two dedicated Parking Services maintenance staff and the following activities:

- Trash removal;
- Sidewalk sweeping, snow removal and occasional power-washing;
- Graffiti removal from public infrastructure;
- Pedestrian lighting maintenance and banner installation;
- Holiday decorations; and,
- Planting and maintaining flowers and monitoring public tree conditions;
- Marketing and sponsorship of events; and,
- Studies and analysis that benefit the commercial district.

In recent years, a shift toward a greater percentage of out-of-state students at CU has contributed to a strong market for student housing on the Hill (reportedly generating \$1000/bedroom per month). This financial opportunity has had a positive impact on the appearance of the Hill Commercial Area in terms of generating millions of dollars of property investment (at least two infill developments with multi-unit student housing above retail have been constructed in the past five years), but because the units are inhabited by *students*, these investments have not contributed toward achieving "Business/Residential Diversity" and year-round vitality in the Hill Commercial District; in fact, development patterns suggest that market rate student housing is being built at the

exclusion of commercial uses. Council adopted a temporary residential use moratorium in July 2014 to investigate whether residential uses should be continued to be allowed in the Hill Commercial Area.

According to the findings of the moratorium, the Hill Commercial Area houses approximately 105 dwelling units within an 11.5-acre area, while Downtown Boulder houses approximately 130 dwelling units in a 108-acre area. Added to this, the findings identified that offices make up only 3 percent of the occupied floor space in the Hill Commercial District, despite a nearly zero percent office vacancy rate citywide. To achieve the goal of “Business/Residential Diversity,” it has been suggested that office uses in the Hill Commercial Area would attract the range of ages and income diversity needed to support year-round economic vitality. The inter-departmental staff team working on the moratorium will present its findings and recommendations to the Planning Board at a public hearing on February 5, 2015.

Lastly, as an area with a high concentration of students, the broader Hill district has experienced decades of nuisances from the over-consumption of alcohol. Historically, alcohol consumption centered on the 3.2% establishments in the Hill Commercial Area, and concerns with alcohol nuisances began impact commercial investments. When Tulagi’s was seized for unpaid taxes in 2013, plans to redevelop the property into a music venue and restaurant were rejected in response to concern that such a use would negatively impact the neighborhood. In October 2013, the City Council adopted changes that included limiting the number of establishments in the Hill Commercial Area that may serve alcohol after 11 p.m. as well as rules to require restaurants to demonstrate that a portion of their revenue is from food sales. Existing 2 a.m. liquor licenses were grandfathered and may transfer to new businesses in the same location. It is a priority of UHCAMC in 2015 to have staff look evaluate the impact of the change in liquor rules.

## **V. HILL REINVESTMENT STRATEGY**

Implementation of the Hill Reinvestment Strategy began in early 2014 with immediate progress on all components of the Council framework (see, ATTACHMENT C). Specific achievements included:

- installation of a ‘Pilot Parklet’ on Pennsylvania Avenue;
- alley murals behind the Fox Theater and the former Flatirons Theater;
- a Hill employee transportation survey;
- negotiations to pursue a public-private redevelopment of the 14<sup>th</sup> Street UHGID parking lot with Del Mar Interests
- installation of a B-Cycle bike sharing station on College Ave
- funding to support an eGo car sharing space on the 14<sup>th</sup> Street University Hill General Improvement District (UHGID) parking lot;
- hiring of the Hill Community Development Coordinator;
- re-introduction of banners funded by CU on the pedestrian light poles;
- implementation of the bear-proof trash can requirement in the residential areas;

- a cleanup day in the Hill Commercial District to remove graffiti and ‘slap-tag’ stickers from the faces of all public signage on 13<sup>th</sup> Street; and,
- enhanced holiday lighting and support for The Hill Boulder ‘Light the Hill’ event.

One of the primary tasks of the Hill Community Development Coordinator was to draft and implement a two-year work plan based on the Council’s Hill Reinvestment Strategy framework. This comprehensive approach to revitalizing the district ensures that there is both significant stakeholder involvement and a focus on long-term, sustainable improvements to all areas of the Hill. The resulting Hill Reinvestment Strategy Work Plan identifies early progress on the framework goals in 2014 and the steps needed to achieve measurable progress over the remainder of the first year. The Work Plan includes establishing baseline vitality and quality of life measurements in Q1 2015 and conducting benchmark reporting throughout the Strategy’s two-year timeframe.

## **VI. HILL REINVESTMENT STRATEGY WORK PLAN**

The Hill Reinvestment Strategy both seeks to identify programs, policies and initiatives that build on the decades of work by Hill stakeholders and leverages partnership opportunities to help the Hill reach its potential as an attractive and vibrant area. The Work Plan is divided into activities specific to the Hill Commercial Area and those specific to the residential neighborhood, although efforts in the two areas are closely related and mutually beneficial.

### **A. HILL RESIDENTIAL AREA WORK PLAN**

At the start of the Hill Reinvestment Strategy, there were a number of programs in place that represented the Council’s goal of “Stakeholder Partnerships” for improving quality of life on the Hill. The Residential Area Work Plan focuses on supporting and refining the established programs rather than creating new ones.

1. Code Enforcement. Sustained and coordinated code enforcement is an integral part of the Work Plan and was discussed at a City Council study session in April 2014. Achieving quality of life in the residential areas of the Hill requires programs to ensure that noise, litter and other nuisances generated by the student populations are addressed in a strategic and proactive manner. The Building Division will increase its inspection staff in 2015 to enhance their ability to proactively address Building Code violations that are a concern to residents in the Hill residential areas. This effort will also include integration of the “Smart Regs” energy efficiency standards into rental housing licensing requirements by 2019.

Another code enforcement-based approach to improving quality of life in the Hill residential areas was the introduction of bear-proof trash cans in October 2014. This initiative has already contributed significantly to cleaner alleys.

2. Residential Service District. Concurrent with the Hill Reinvestment Strategy, the Council funded a two and a half year pilot Residential Service District (RSD) in the high density residential areas of the Hill, employing members of the Bridge

House Ready To Work (RTW) to remove litter and graffiti in the public realm. Starting in February 2015, an RSD Coordinator employed by the City will document the amount of litter removed by the RTW crews to measure the impact of the program. This effort is incorporated into the Work Plan as one means to achieve “Health and Safety” in the residential areas of the Hill. Feedback to date from Hill residents on the RSD cleanup efforts has been very positive.

The City also recently entered into a partnership with CU that will provide dozens of student volunteers per month to help with cleanup efforts in the RSD and Hill Commercial Area starting in April 2015.

3. Public Safety. For several years, the Boulder Police Department has had a dedicated Neighborhood Impact Team focused on the Hill, representing a strategic effort to proactively address neighbor concerns with nuisances from the student populations on the Hill. A number of programs representing collaborations between the BPD and the CU Office of Off-Campus Housing have successfully promoted student awareness and imposed meaningful consequences when students do not demonstrate a willingness to mitigate their own negative impacts.

Additionally, the 2A funding will provide improved pedestrian lighting throughout the Hill and along corridors to the Downtown commercial district to enhance pedestrian safety and spread out the night-time pedestrian activity so that it is not disproportionately affecting neighbors along better lit streets on the Hill. To achieve improvements along these lines while the 2A funds are being generated, representatives from BPD and the Forestry Division met to identify strategic locations where tree pruning could increase the effectiveness of existing lighting. The pruning work was completed in January 2015.

## B. HILL COMMERCIAL AREA WORK PLAN

There were fewer existing programs in place at the start of the Hill Reinvestment Strategy that focused on revitalization of the Hill Commercial Area. In early 2014, business owners on the University Hill Commercial Area Management Commission re-activated the local merchants association, now called The Hill Boulder ([www.thehillboulder.com](http://www.thehillboulder.com)), and began hosting monthly meetings to coordinate private improvement efforts and develop event/marketing programs. The Commercial Area Work Plan represents a number of initiatives that have been developed in recent months to respond to stakeholder suggestions and concerns. Over time, it is intended that the short-term initiatives will give way to more sustainable, longer term governance structures and programs.

1. Quality of Life. One of the most immediate concerns in the Hill Commercial Area is the need to make the area more welcoming to a broader customer base. With many fast-casual dining establishments, litter and food waste on the sidewalks is a perpetual nuisance that must be dealt with on a daily basis. Similarly, areas that attract both youth and transient populations invite graffiti and ‘slaptag’ sticker

nuisances, which will not be eliminated without a coordinated effort among property owners and City maintenance staff. The Work Plan includes stepping up graffiti and sticker removal with the new CU volunteer partnership beginning in April 2015. Members of the Hill Boulder also met recently with representatives from the Boulder Police Department to develop a coordinated approach to transients.

2. Beautification. Past efforts to beautify the Hill Commercial District are now looking dated and need refreshing and/or replacement. The Work Plan includes an inventory of immediate and long-term needed capital improvements as well as an effort to revisit the character of the district to pursue a comprehensive update to the 1996 public art and streetscape improvements. The 2A funding for tree irrigation will allow future investment in landscaped areas, and the businesses of the Hill Boulder and the residents represented by UHNA will partner in April 2015 to fund and maintain temporary planters until the 2A improvements are made.

Additionally, the 2A funding will support streetscape improvements on Pennsylvania Avenue to create a public gathering space on the Hill for events and other community activities.

3. Events and Marketing. With the establishment of The Hill Boulder merchants association, programming for events in the Hill Commercial Area will be driven by the businesses that will most benefit from bringing in visitors to the area. An Events Task Force includes representatives from the business community, CU and the City. Funding from UHGID will likely continue to support advertising and promotion of the events, and the 2A funding will support the creation of an “event street” public gathering space on Pennsylvania Avenue west of 13<sup>th</sup> street for smaller community events. As progress is made with implementation of the Work Plan, a stakeholder group will be convened to take a longer-term view of the marketing of the district to ensure that the streetscape and public art improvements reflect the adopted marketing strategy.
4. Multi-Modal Access. The Hill Commercial Area is one of the best served areas of the city by public transit. In addition to the progress that has already been made in 2014 to promote access by bicycle and car-sharing services, the Work Plan envisions a two-prong strategy to improve access options; first, to follow up on the 2014 Hill Employee Transportation Survey by investigating the feasibility of a district-wide employee Eco Pass program; and second, to measure current parking utilization to determine the extent to which current parking availability is an actual or perceived problem, and whether additional parking is needed to achieve the Council vision for a greater diversity of uses on the Hill.
5. Diversity of Uses. A variety of environmental, cultural and economic factors have contributed to the loss of retail diversity and the loss of a diverse customer base in the Hill Commercial District, including increased competition from a now

thriving downtown and regional shopping centers; greater transit mobility to other areas of the city; and a lack of investment in properties that still command high enough rents to be profitable. The temporary residential use moratorium will identify potential strategies for pursuing greater diversity for year-round vitality in the Hill Commercial Area, and outreach to property owners and brokers will help to determine other barriers that might be addressed in the second year of the Work Plan.

6. Governance. A key component of the strategy to achieve long-term, sustainable improvements to the Hill Commercial Area is to determine a funding mechanism for ongoing Hill improvements and an optimal governing structure for how these funds are allocated. The organization would need to represent the diverse interests of Hill stakeholders.

## **VII. NEXT STEPS**

The Council will receive an update on progress with the Hill Reinvestment Strategy at the study session on May 26, 2015. At that time, specific issues for policy guidance may be raised, as well as a request for feedback on the benchmark reporting and evaluation criteria.

## **VIII. ATTACHMENTS**

- A: Hill Reinvestment Strategy Framework (April 2014)
- B: Hill Reinvestment Strategy Work Plan (December 2014)
- C: 2014 Accomplishments Photo Summary (December 2014)