

# University Hill Commercial District Moratorium Project: Phase 1 Report



# Contents

I. Executive Summary	3
Preliminary Findings	4
II. History and Historic Preservation	7
University Hill History	8
National Register Historic District	9
III. Physical Form, Land Uses and Demographics	11
Visual Character and Identity	12
Size of the Area	12
Summary of Land Uses	13
Summary of Commercial Uses	13
Housing and Demographics	14
Square Footage and Floor Area Ratio	15
IV. Desired Mix of Uses - Boulder Valley Comprehensive Plan	17
Underlying Plans and Vision	18
Hierarchy of Boulder's Activity Centers	18
BVCP Land Use designations on and around University Hill	19
V. Implementing the Vision - Zoning on University Hill	21
Zoning of business district and immediate surrounding the district	22
Summary of Recent Developments	23
Analysis of How the Existing Zoning Implements the BVCP vision	23
VI. Parking Supply and Demand and Potential Catalyst Development Sites	25
VII. Existing and Potential Future Incentives	27
Existing Programs	28
Potential Incentives	28
VIII. Preliminary Findings and Potential Strategies to Explore Further	31
Preliminary Findings	32
Potential Strategies to Address the Findings	33
Appendix 1 Uni Hill Moratorium Project Background	i
Appendix 2 Detailed Parcel and Land Use Inventory	ii
Appendix 3 Historic Preservation Tax Credits Available Programs	xix
Appendix 4 BMS Zoning District Analysis	xx
Appendix 5 Hill Reinvestment Strategy Update	xxiii
Appendix 6 Overview of Past Studies and Planning Efforts in the Uni Hill Area	xxviii
Appendix 7 Economic and Planning Systems, Inc. University Hill Preliminary Market Assessment	xxix

## I. Executive Summary



## I. Executive Summary

This report summarizes the results of Phase One of the University Hill Commercial District Moratorium project. This includes background information, analysis, and preliminary findings.

The project was initiated by City Council to address a 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, providing a wide range of activities drawing people from the entire city as well as the region."

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

Revitalization of Uni Hill is one of Council's top priorities. This project will complement the larger University Hill revitalization and reinvestment efforts already underway. It is a focused effort to address a short-term economic situation and will build on past studies and recommendations to address issues in this area. It is not intended to create a new vision for the Hill.

### The goals of the project are to:

- Review and analyze University Hill business district history, current use composition, and existing zoning district boundaries, uses, and standards;
- Gain a clear understanding of current market dynamics and property owner needs and desires;
- Identify gaps and conflicts between the adopted Boulder Valley Comprehensive Plan vision for the Hill and the current situation;
- Identify options, including potential refinements to existing zoning, possible creation of new zoning, and other tools to implement the Hill vision in a way that supports larger community goals;
- Support and coordinate with concurrent efforts to implement the Hill vision.



## Preliminary Findings

**The following preliminary findings** from this phase will help shape the next phase of the project.

### One overall finding is that:

The biggest gap between the City's adopted vision for the Hill and the current situation centers around how best to provide a mix of uses to serve and attract a diversity of users. The proximity of the University provides significant economic, intellectual and cultural benefits and has influenced the Hill's existing 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.

**Specific findings include:**

1. There may already be an over-concentration of housing in this small commercial district. There are 103 dwelling units within the Hill Business District. This compares with approximately 130 units in the Downtown district (i.e., within the Central Area General Improvement District - CAGID boundary), yet the Hill is only 11.5 acres in size whereas the Downtown encompasses approximately 108 acres. While the presence of housing in close proximity to any commercial district adds vitality and built-in shoppers, the Hill Business District has an abundance of high density residences on three sides of it already and residences account for a higher share of square footage than is traditionally expected in a commercial district.
2. 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 on the Hill. There are only 8 office uses housed in only 3% of the total building square footage on the Hill, and few more in the immediate neighborhood. Although there appears to be 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.
3. The City hired Economic & Planning Systems, Inc. (EPS) to prepare an updated analysis of the market potentials for future development in the Uni Hill area and to identify market opportunities for and barriers to providing the desired mix of uses envisioned on the Hill<sup>1</sup>. The consultants' study found that among the barriers to expanding the diversity of uses and users on the Hill are:
  - a. Insufficient public parking, particularly for professional office uses, and
  - b. Lack of another attraction or anchor that could change the current market perception of being just for students and market demand to attract a broader visitor mix.

<sup>1</sup> November 18, 2014, memorandum from Dan Guimond and Matt Prosser; EPS, regarding University Hill Preliminary Market Assessment, see Appendix 1.

**Potential strategies to encourage or require change and that could address the above findings include:**

- A. Promote public/ private redevelopment on the two University Hill General Improvement District (UHGD) surface parking lots to add more parking on the Hill and provide catalyst developments to bring new uses to the Hill.
- B. Consider pilot tax rebate program for properties that add desired uses that are difficult to attract or that provide a "public benefit" that helps implement the BVCP vision
- C. Create a density bonus for office uses
- D. Create an overlay zone in the adjacent RH-5 residential zone to encourage office uses in existing residential structures.
- E. Prohibit new residential uses, but allow existing uses to remain.
- F. Prohibit new residential, except Permanently Affordable or Senior Housing.
- G. Prohibit new residential, with exceptions as in F, but only above the 1st floor.
- H. Allow market rate housing only on partial 3rd floors if in conjunction with rehabilitation of an existing building, or in new buildings when in conjunction with a use or "public benefit" that helps implement the Hill vision.
- I. Consider National Register Historic District designation, allowing eligible properties to take advantage of up to 50% income tax credits.
- J. Consider the creation of Innovation/Creative/Arts 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.

More detail on these potential strategies is provided in Sections VII. and VIII.

No single strategy will effect sufficient change to address the findings. Following public input in Phase 2 about which strategies to analyze further, city staff will work with EPS to understand the financial gaps that hinder attracting the desired mix of uses, and to analyze strategies, and various combinations of strategies that could fill the gap.

## I. Executive Summary

This Page is Left Intentionally Blank

## II. History and Historic Preservation



## II. History



1301 Pennsylvania c. 1949, Constructed in 1909. In 1930, this was J. Quine's drug store and R. Mayes Harrison's Beauty shop. Today it is Buchanan's Coffee Shop and the Mac Shack.

### University Hill History

Development in the University Hill neighborhood began in 1899 with the establishment of Chautauqua and a streetcar connecting University Hill with downtown. By 1906, steady growth of the neighborhood resulted in the construction of the University Hill School. The area attracted professors and employees of the university, families who planned to send their children to CU, business and professional workers, and university students. Boarding houses sprang up in the area due to limited dormitory space on campus, along with many fraternity and sorority houses. The connection between the university and commercial district existed from the beginning of the area's development. The first commercial building constructed in the area was the McConnell and Crane drug store at 1301 Pennsylvania Avenue. Four other buildings, including one to house the Women's Athletic Association, were constructed in the 1910's.

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 a wall of commercial building emerged 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. This "wrapping" of homes with business additions of incompatible styles engendered the desire among many University Hill residents that the business district be limited. These concerns resulted in the adoption of Boulder's first zoning ordinance in 1928. During the 1920s, the Hill became a popular site for student gatherings and celebrations. The Sunken Gardens, the Co-op and Greenman's were popular student hangouts.



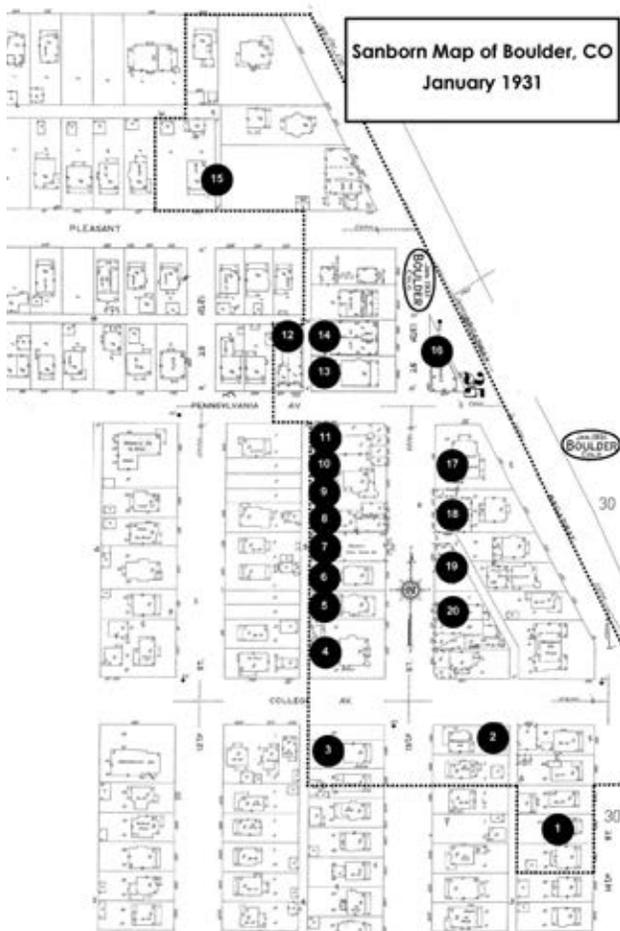
1101 13th Street c. 1950, Constructed in 1896. Originally the Phi Delta Theta Fraternity, a commercial addition was later added. This commercial addition, in the foreground, is now Yeye's Cafe.

Due to the Great Depression and the onset of World War II, there was little commercial development during the 1930s and 1940s on the Hill. The depression era brought the first reports of students causing damage to property on the Hill. The neighborhood was evolving into an area where students massed to voice concerns, celebrate news, and display anger – a home away from home. The 1940's showed little growth in the Hill commercial district. World War II brought a decrease in enrollment at CU, leaving popular student hang out areas deserted. The 1950s, on the other hand, brought booming enrollment, and with its large commercial development on the Hill, including the construction of the Flatirons Theater and Tulagi's. Both Tulagi's and the Sunken Gardens received their liquor licenses after some protest from the public, and once again, the Hill was a site for off campus celebration.

The 1960s brought the construction of six new buildings in the Hill commercial district, along with political unrest. Student activities changed from the usual homecoming parades and pep rallies to protests against the Vietnam War, resulting in confrontations, teach-ins, and mass student meetings. Police were assigned foot patrol on the Hill to enforce the new ordinances adopted to combat the increased loitering, panhandling, and vandalism on the Hill.

No commercial development occurred on the Hill during the 1970's, reflecting the reluctance of investors following the civil unrest experienced in the area during the late 1960's and early 1970's.

Over the decades, the Hill has been shaped by the interplay between the university, the business district, and the residential area. Today, the commercial district continues a legacy as a vibrant entertainment center, with nationally known musical acts and community events.



Historic map of the area. See Appendix 2 for historic photos and information for numbered properties.

## National Register Historic District

In 1996 and 2008, the University Hill Commercial District was surveyed and identified as a potential local and National Register Historic District. Additional survey and community engagement efforts would be required before consideration is given to designating the area.

### Levels of Designation:

#### National

The National Register of Historic Places is managed by the National Park Service in conjunction with the State historic Preservation Office. Unless a property is exceptionally significant, a structure must be at least 50 years old to be considered. The National Register is strictly honorary, and does not carry additional regulation or protection from demolition.

#### State

The State Register is managed by History Colorado's Preservation Office. Properties listed on the National Register are automatically listed on the State Register. Buildings can also be listed separately on the State Register. Like the National Register, buildings must be at least 50 years old to be considered, and are not protected from demolition.

#### Local

In 1974, the Historic Preservation Ordinance was adopted, providing recognition and protection for buildings and sites that are architecturally, historically and/or environmentally significant to Boulder's history. Today, Boulder has ten historic districts and nearly 170 individual landmarks, totaling over 1,300 designated properties. Exterior changes to designated properties requires review and approval through a Landmark Alteration Certificate, and the work must meet the General Design Guidelines and district-specific guidelines.

See Section VII. Existing and Potential Future Incentives for a breakdown of Historic Preservation Tax Credits.

**All photos in this section courtesy of the Boulder Carnegie Library for Public History.**

## II. History

This Page is Left Intentionally Blank

### III. Physical Form, Land Uses and Demographics



### III. Physical Form, Land Uses and Demographics

## Visual Character and Identity

University Hill is a neighborhood business district that has its earliest origins as a center of commerce for the University of Colorado. “The Hill,” as it is known, began around the intersection of 13th Street and Pennsylvania Avenue, directly across Broadway from CU’s historic Norlin Quadrangle. This model of a college-oriented business district is typical in American college towns, like Boulder, where the campus was slightly beyond walking distance from downtown in the pre-automobile era. In addition to serving students, The Hill has also served as the Chautauqua neighborhood’s local business district since its inception.

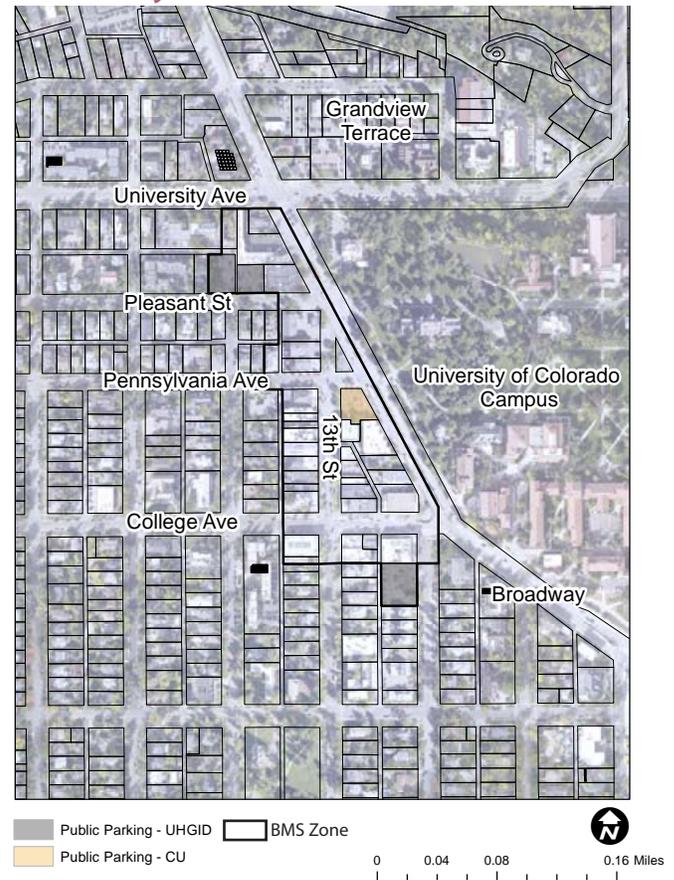
As explained in Section II. History, many properties on The Hill are in fact homes that include historic commercial additions on the front, as seen in the example below. These buildings are mixed together with the earlier commercial structures, the various music venues, and the low-rise retail structures built throughout the area’s history. The district’s buildings are currently in a wide variety of conditions, some historic and some non-historic, and some in need of basic maintenance.

The Hill has two primary commercial street frontages, each with its own distinct character. 13th 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 bustling street with an eclectic mix of structures of varying qualities. The cross streets of College, Pennsylvania and Pleasant run perpendicular to, and connect the main streets.



1226 Pennsylvania Avenue, home of The Sink, with historic commercial addition to an original residential structure.

## University Hill BMS Zone



Recently a new wave of mixed-use developments have begun to add a significant amount of residential in the form of small-scale, mixed use buildings with ground floor retail. This has happened either through adaptive reuse of historic structures, or by demolishing structures and building new ones. In addition, there are three vacant lots on The Hill under public ownership. One of these lots (14th and College) is being considered for a public-private partnership that would create underground parking for the University Hill General Improvement District (UHGD) in exchange for the ability to develop above-ground uses.

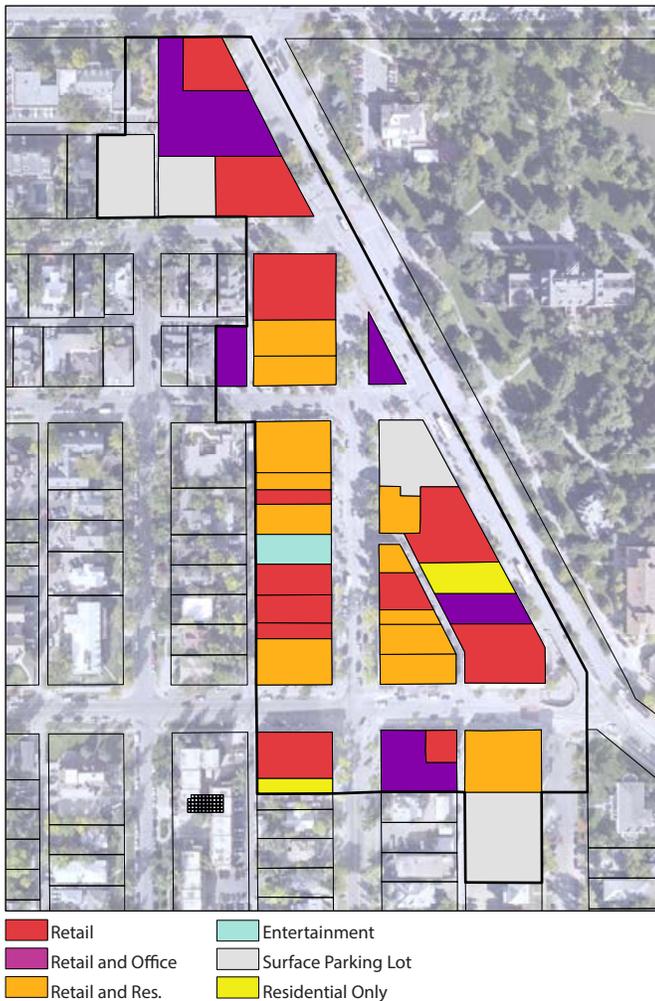
## Size of the Area

The University Hill BMS zone contains approximately 11.5 acres of land. This compares to approximately 108 acres in Downtown Boulder and 333 acres in the Boulder Valley Regional Center.

## Summary of Land Uses

There are 35 parcels in the University Hill BMS Zone. They include a mix of retail, office, residential, or a combination of these uses. The map below shows a breakdown of the mix of uses on each property in the business district. These include retail; retail and residential; retail and office; entertainment; parking/vacant; and residential only.

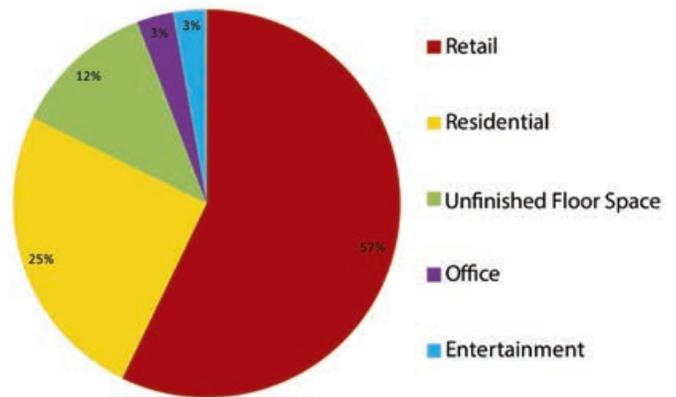
### University Hill Land Use Map



The breakdown of these uses by square footage is as follows: Retail - 173,633 sq ft; Residential - 76,428 sq ft; Unfinished Floor Space - 36,131 sq ft; Office - 9,149 sq ft; Entertainment - 8,500 sq ft. **DRAFT: 11/25/2014**

The pie chart to the upper right illustrates the percentage share that each use occupies.

### Land Use Share by Square Footage

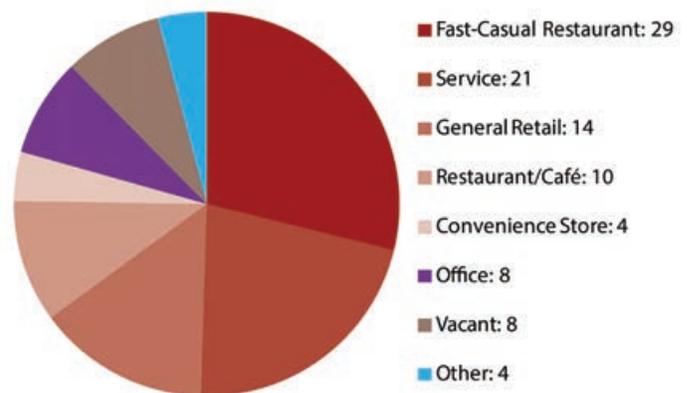


Source: Boulder County Assessor's Data **DRAFT: 11/25/2014**

## Summary of Commercial Uses

Commercial uses in the area include a mix of retail and office types. There are 97 businesses located on The Hill at the time of this report. These uses fall into a number of different commercial categories, with office uses representing a small amount in terms of both number of businesses and square footage. See pie chart below.

### Total Number of Commercial Uses by Type



Source: Current Survey of Local Businesses

**DRAFT: 11/25/2014**

For more detailed information on the breakdown of uses, including square footage and a list of businesses, see the property inventory included in Appendix 2.

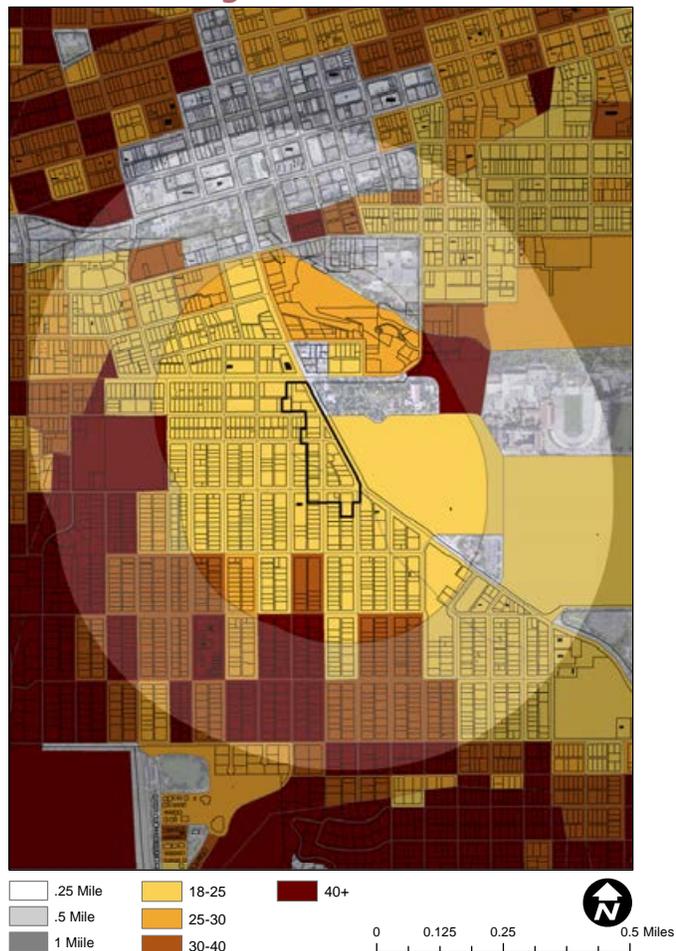
## Housing and Demographics

There are 103 dwelling units in the BMS zone. This compares with approximately 130 units in CAGID (Downtown Boulder’s improvement district).

University Hill has long been known as Boulder’s primary student housing neighborhood. Student housing uses in the area date back to the early 20th century. The Hill remains one of the most desirable locale for students due to its proximity to the historic heart of campus and the presence of fraternities and sororities; though it is by no means the only student neighborhood in 21st century Boulder. A recent housing study in Boulder estimates that approximately 21,000 of the University’s ~31,000 students live in the city limits of Boulder. 15,000 of these students find their housing in the private market (as opposed to on-campus housing), occupying an estimated 7,500 dwelling units in Boulder. The demand for housing units is likely even higher than this, as this leaves nearly 10,000 students choosing their housing in neighboring communities instead.

The maps below illustrate the demographic mix of the immediate neighborhood. The 2010 Census median age statistics for each city block depicts the high concentration of young people near CU, but also shows the relative closeness of the long-term residents near Chautauqua Park (who tend to have a higher median age). The map to the right, showing the location and relative density of rental properties near The Hill, also depicts a clustering of these properties near the University. Uncolored/transparent parcels on this map contain no rental housing.

**Median Resident Age per City Block Within Walking Distance of BMS Zone**



Source: 2000 Census Blocks

**Rental Properties Within Walking Distance of BMS Zone**



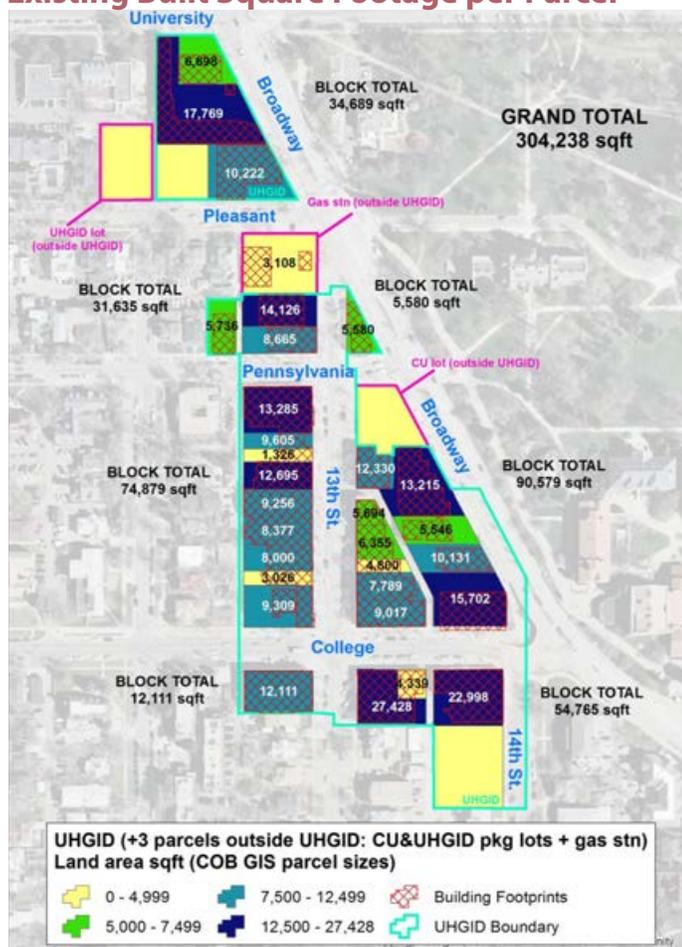
Source: City of Boulder Rental Data

## Square Footage and Floor Area Ratio

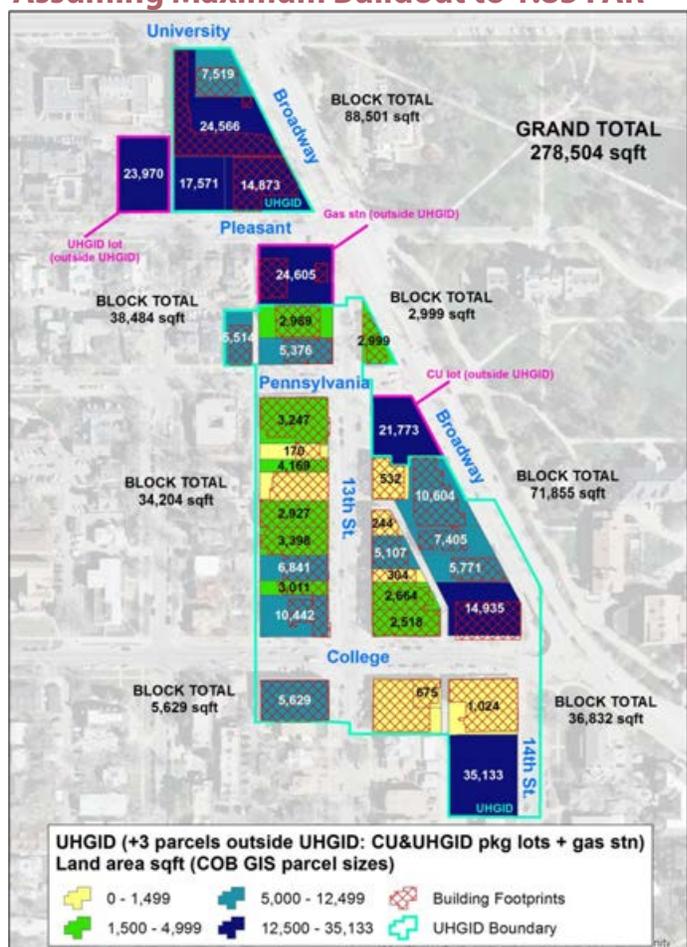
There are approximately 304,238 built square feet of floor space in University Hill Business District. This amounts to a total gross FAR of 1.04. Since the area is zoned for a maximum FAR of 1.85, this means that 278,504 square feet of built floor space could theoretically still be constructed under current regulations. The number of square feet that any given parcel could add varies depending on factors such as the parcel's existing density, historic designations, and setback requirements. The following maps demonstrate what may be possible in the BMS zone district. The map to the lower left shows a breakdown of existing built square footage per parcel, with yellow representing the least amount of existing square footage and dark blue representing the most. The map on the lower right illustrates additional buildable square footage, in other words developable sq ft "left on the table." For the most part, the parcels with the least square footage already built are the ones with the most additional potential; however there are a few notable exceptions to this trend that can be easily seen on the maps below.

The historic core of the district is closer to its maximum density than many of the parcels along Broadway; leaving less square feet on the table. This, along with the historic character of these structures, may suggest that adaptive reuse strategies such as was done with "Lofts on the Hill" are more appropriate than wholesale reconstruction in this area.

### Existing Built Square Footage per Parcel



### Additional Buildable Square Footage Assuming Maximum Buildout to 1.85 FAR



Source: RRC Associates; Boulder County Assessor; City of Boulder GIS, building permit and zoning review records.

### III. Physical Form, Land Uses and Demographics

This Page is Left Intentionally Blank

## IV. Desired Mix of Uses - Boulder Valley Comprehensive Plan



## Underlying Plans and Vision

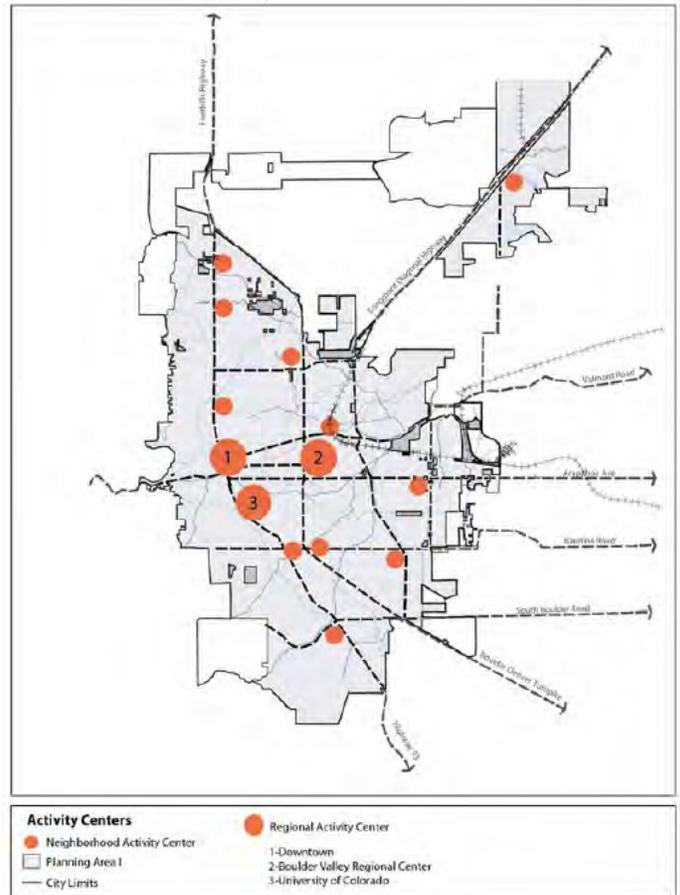
### Boulder Valley Comprehensive Plan

The Boulder Valley Comprehensive Plan (BVCP) establishes the policies, goals and visions for different areas of the city (as well as undeveloped and developed areas surrounding the city). It is updated every five years through a process that includes public outreach and input. It is adopted by the elected City Council and the appointed Planning Board. Although it is not a regulatory document, the Plan informs all city decisions on land use matters and establishes the long-term vision for specific areas.

### The Vision for University Hill

The University of Colorado (CU) with University Hill business district is considered one of three regional serving activity centers in Boulder. Boulder's Activity Centers – commercial, entertainment, educational and civic centers that concentrate activities into nodes at a variety of scales and are distributed throughout the community—play an important function in supporting Boulder's compact, interconnected urban form (see graphic below).

### Boulder's Activity Centers



## Hierarchy of Boulder's Activity Centers

As described in the BVCP:

*"at the highest level of intensity are the city's three regional centers. They form a triangle at Boulder's geographic center: the Historic Downtown, the Boulder Valley Regional Center (BVRC), and the University of Colorado with the University Hill Business District. The University Hill Business District also serves as a neighborhood center for the surrounding neighborhood. Each of these centers has a distinct function and character."*

In the more detailed Area Plan adopted for University Hill, the vision is further described 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, providing a wide range of activities drawing people from the entire city as well as the region."*

**What the Vision means in terms of the desired mix of uses**

The BVCP defines the desired land uses in an area on the Land Use Map. The Land Use Map designations that apply to the University Hill business district and surrounding areas are Mixed Use Business in the commercial area, high density residential immediately adjacent to the Hill, and low density residential farther west as shown on the map below. The University is designated as Public.

## BVCP Land Use designations on and around University Hill

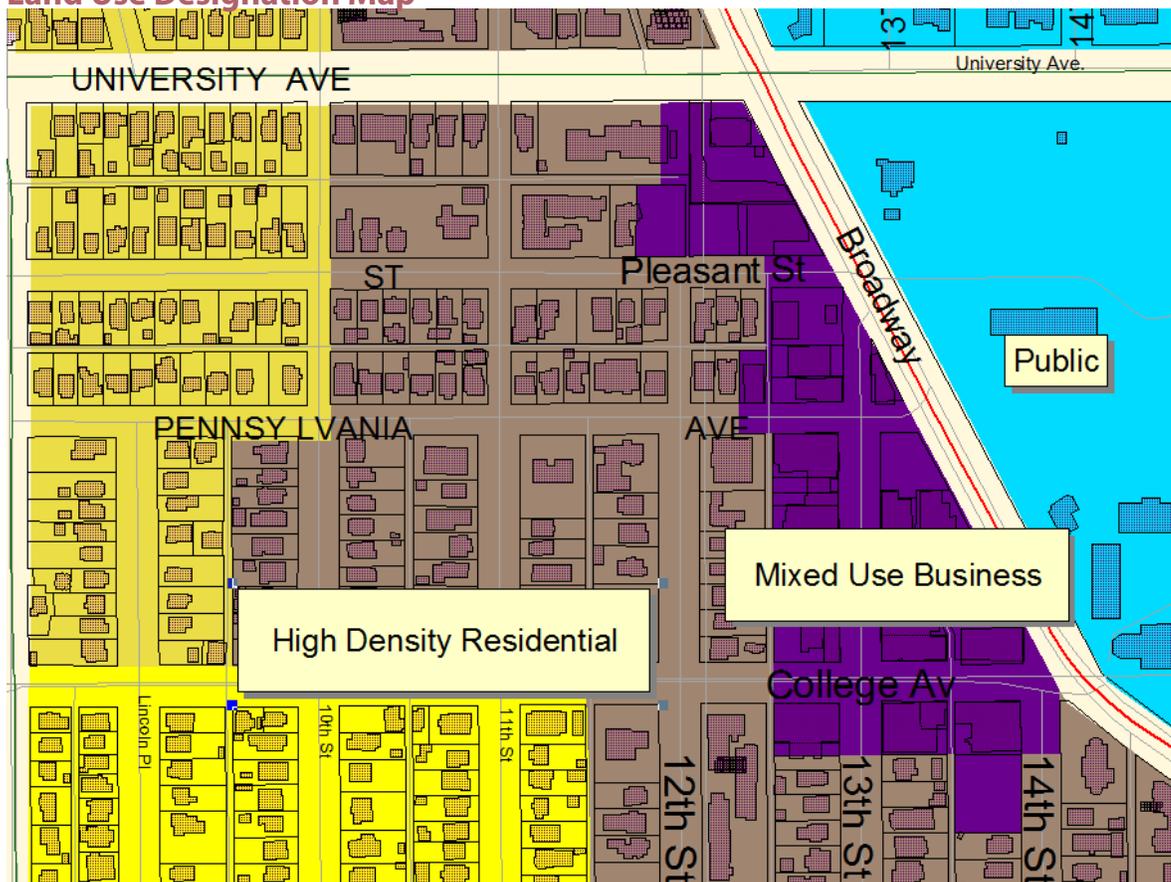
These designations are defined in the BVCP as follows:

**Mixed Use Business:** Areas where business or residential character will predominate. Housing and public uses supporting housing will be encouraged and may be required. Specific zoning and other regulations will be adopted which define the desired intensity, mix, location and design characteristic of these uses.

**High Density Residential:** High density residential areas are permitted for more than 14 dwelling units per acre.

**Public:** Areas owned and operated by the University of Colorado.

### Land Use Designation Map



#### **IV.** Desired Mix of Uses - Boulder Valley Comprehensive Plan

This Page is Left Intentionally Blank

# V. Implementing the Vision - Zoning on University Hill



## V. Implementing the Vision - Zoning on University Hill

The city's zoning regulations are one tool to implement the broader goals and policies of the community as established in Boulder Valley Comprehensive Plan (BVCP), and the desired mix of uses. The two zoning districts that apply to the core of University Hill are the Business Main Street (BMS) zoning district in the commercial area and Residential High – 5 (RH-5) zoning district as shown below.

### Zoning of business district and immediate surrounding the district

**Commercial/Mixed-Use District (BMS):** *The BMS zone is a commercial mixed-use zoning district patterned after the character of historic Main Street business districts. BMS is designed to encourage development in a pedestrian-oriented pattern, with buildings built up to the street; retail uses on the first floor, residential and office uses above the first floor; and where complementary uses may be allowed. The zoning district is applied to three other areas in the city, and although they share many similar characteristics and goals with Uni Hill (e.g., mixed-use, pedestrian-oriented land use pattern), they are quite different in other ways (e.g., primarily neighborhood-serving and outside a parking district with lower intensity standards). Because of these differences, the zoning is structured so as to call out certain separate standards for Uni Hill ("areas within a parking district"), most notably, the maximum Floor Area Ratio (FAR; total floor area divided by the lot area) for the Hill is 1.85 in comparison to 1.00 FAR for other areas. This recognizes that, because of its location in a city-managed parking district, properties are not required to provide their own on-site parking, except for residential uses.*

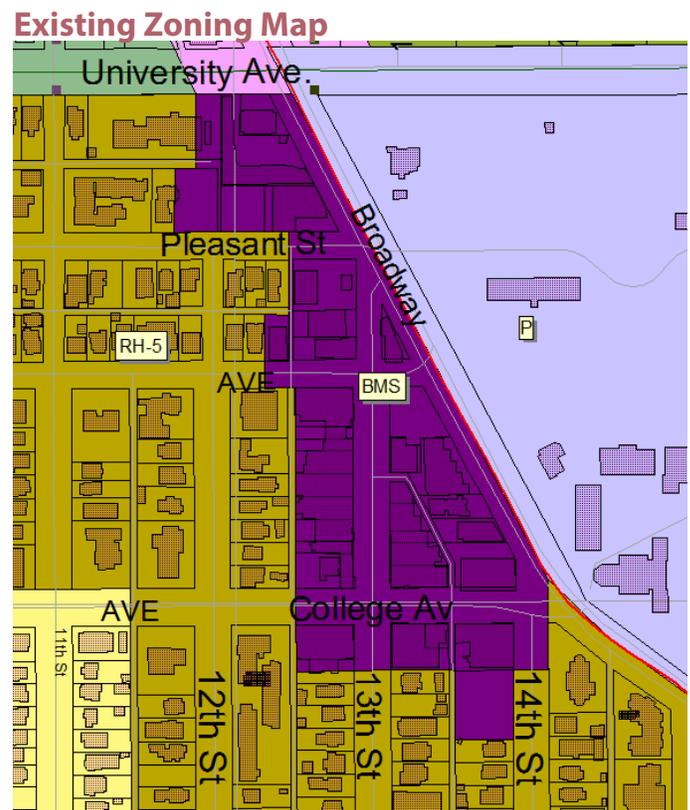
**Adjacent Residential Area (RH-5):** *Immediately surrounding the business district is the Residential High – 5 (RH-5) zoning district. RH zones are high density residential areas primarily used for a variety of types of attached residential units, including without limitation, apartment buildings, and where complementary uses may be allowed.*

*RH-5 zones permit densities of 14 or more dwelling units per acre. Residential uses are allowed by-right and non-residential uses like offices or retail can be permitted with approval of Use Review application from the Planning*

*Board. Other uses that would present more impacts on the neighborhood are prohibited.*

*The area has traditionally contained a mix of single-family and attached housing units that have been converted to student housing over time.*

*Site Review is required for any projects on a site greater than 2 acres or proposing 20 or more units. There are no FAR limits in the RH-5 zoning district. Building size limits are instead based on meeting other zoning district standards (e.g., open space, minimum lot area per unit, parking etc.).*



## Summary of Recent Developments

Most development on University Hill has occurred by-right (without Site Review) with the exception of some Use Review applications for establishments operating after 11pm. This is largely because the threshold for Site Review is relatively high at 50,000 square feet or redevelopment on a lot greater than 3 acres<sup>2</sup>. Further, because many of the design/form and bulk standards (e.g., setbacks, height, building location requirements) in the BMS zoning district are prescriptive and support the massing and context already seen on the Hill, projects have been able to be approved with a building permit.

Some recent redevelopment examples are:

*The Lofts on the Hill:* Construction of a mixed-use development at 1143 13th per approved Landmark Alteration Certificate. 3,241 square feet for ground floor retail, 8,335 square feet for residential units on 2nd and 3rd floors. Total square footage: 11,576 square feet.

*Construction of a new mixed use building at 1155 13th:* 2,458 parking area, 2072 square feet restaurant/mercantile, 6,258 sf residential; Total square footage: 9605 sf floor area. (2009)

*1350 College:* Redevelopment of Jones' Drug site at the corner of College and 14th Street. Entailed the construction of two buildings and a parking structure, retail and restaurants on the first level and 13 dwelling units on levels two and three. Total square footage of two buildings: 7,987 and 15,000 square feet. (2010)

## Analysis of How the Existing Zoning Implements the BVCP vision

An analysis of the BMS and RH-5 zoning districts for consistency with the adopted vision for the University Hill business district is provided in Appendix 4. The key findings from the analysis are summarized below.

BMS was applied to University Hill in recent history considering the zone's intent of allowing a mixture of uses and forms consistent with historic 'main street' neighborhood centers. BMS has been successfully implemented in other areas of the city, but in the case of the Hill, may be less successful given the intended vision of the area being both neighborhood and regional serving and the fact that the two primary commercial street frontages differ in building type and character. The Hill also differs in that it is within a general improvement district – UHGID – that was created to provide shared, unbundled district-wide parking and public space maintenance. This may suggest the need to create a more tailored zoning district for the Hill commercial district at some point.

Unlike other regional commercial areas, there is no transition between the Hill commercial area and the adjacent residential neighborhoods. Office uses can provide a good transition between commercial areas and adjacent residential neighborhoods; however, because of an existing Use Review criterion that discourages conversion of existing residences into offices, this use is very restricted in the existing High Density Residential zoning district next to the commercial area (i.e., RH-5). This may suggest creating a micro zone or overlay zone for a portion of the adjacent RH-5 zoning district where office uses could be encouraged.

---

<sup>2</sup> As noted in the Zoning District analysis in Appendix 3, staff believes this threshold is an error that occurred in reformatting the zoning code in recent years and should be corrected to set the Site Review Threshold in BMS at 15,000 square feet.

## V. Implementing the Vision - Zoning on University Hill

This Page is Left Intentionally Blank

## VI. Parking Supply and Demand and Potential Catalyst Development Sites



## VI. Parking Supply and Demand and Development Potential

The University Hill commercial area has an overlay parking tax district that was created in the 1970's to supply shared and unbundled parking for the historic commercial district. The district, 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.

In order to plan for future parking demand, UHGID commissions studies that project future development within the entire commercial area. A 2013 development and parking study projected a build-out scenario with a range of different uses – both commercial and residential – that anticipated a commercial parking demand of between 690 and 612 additional parking spaces that included a 20% reduction based on multi modal use. In order to meet that demand, both UHGID parking lots would need to be redeveloped adding a total of 490 spaces to the existing parking supply. Currently, negotiations are underway with a private developer for the redevelopment of the 14th Street lot into a mixed use project with affordable housing and additional parking for the district.

These sites have potential both as catalyst developments to bring new uses to the Hill, and to share the cost of introducing structured parking that will alleviate concern with parking access for office users. Should the projected use mix on the hill change and include more offices, the parking demand projections will need to be updated and will likely increase.

## VII. Existing and Potential Future Incentives



## VII. Existing and Potential Future Incentives

### Existing Programs

#### Economic Vitality

The City of Boulder's Office of Economic Vitality offers two programs that are used to support both existing businesses and business attraction efforts. The Flexible Rebate program started as a pilot program in 2007 and is now funded annually, with \$350,000 in funding budgeted in 2014. Primary employers (50% or more of revenues from outside Boulder) may apply for tax and fee rebates. The second program is a revolving loan fund operated by the City in partnership with the Colorado Enterprise Fund. The micro-loan fund targets businesses that may not qualify for conventional loans.

### Potential Incentives

#### Innovation/Creative/Arts District for the University Hill Commercial District

Building on the essential, innate qualities of the Hill commercial district including creativity, youthfulness, and energy, an Innovation/Creative/ Arts District is envisioned to transform the Hill from a primarily student-services center to an area fostering creativity in the broadest sense. This multi-faceted approach would not be confined specifically to the "arts" in the traditional sense but on the creative process producing a climate and culture of innovation, interaction, inclusion, experimentation and vibrancy within the Boulder context. A special focus could be to recapture and build on the musical tradition of the hill including such resources as the Fox Theatre, Tulagi's, and Albums on the Hill. The potential strategies include:

- Collaborate with the university's entrepreneurial, cultural, scientific and arts programs to bring these creative endeavors across Broadway, including the Conference on World Affairs and Maymester programs;
- Create community partnerships and incentives to develop facilities that would include innovative/creative/artistic components;
- Create incentives for business and redevelopment which fit this special district criteria, including

media, design, technology and web based sectors;

- Promote, fund and encourage public art and arts programming;
- Consider innovative regulations and new approaches to encourage experimentation; becoming a "test site" for new ideas;
- Create innovative public spaces that promote the arts and creativity such as the Event Street on Pennsylvania Avenue recently approved as part of the Community, Culture and Safety ballot initiative.

Several initiatives have been undertaken to explore this concept. An Urban Land Institute (ULI) Technical Advisory Panel (TAP) was commissioned which offered concepts for district arts and marketing; an application was submitted to the state of Colorado in the first year for a creative district designation which was not received; the CU Maymester workshop about civic engagement and the arts was conducted; the International Town Gown Association Conference hosted events on the Hill; and murals have been painted on the Flatiron and Fox Theaters in 2011 and 2014 by students in the CU Libby Residential/Academic program. The city's first pilot parklet was commissioned and installed for six months in 2014. And Spark, a CU student co-working space focused on innovative entrepreneurship was opened at the beginning of the 2014.

#### Financial Rebate Program

To expand upon the city's existing programs, the city could consider a pilot rebate program for properties on the Hill that add a specified amount of office use or otherwise do something that addresses the needs that have been identified to fully implement the BVCP vision. Rebates could be related to construction use tax or the city portion of property tax for a specified period (e.g., 5 years, 10 years). Exploring this option will require analysis of what criteria would be used to qualify, what level of incentive would have the needed impact that would justify the city's investment, and what an appropriate application and approval process would look like. Also, if pursued, the concept of an Innovation/Creative/Arts District role in shaping incentives that meet an agreed upon vision.

### Historic Preservation Tax Credits

The following information is provided by the Office of Historic Preservation and Archeology:

Federal and state tax laws provide tax incentives for historic preservation projects that follow the Secretary of the Interior's Standards for Rehabilitation.

See Section II. History for explanation of historic district designations.



*1089 13th Street, Constructed in 1950. Since its opening in 1951, this building has functioned as the Flatirons Theater. Courtesy of the Boulder Carnegie Library for Public History.*

### Federal Tax Credits

Federal Tax Credits are available for income-producing properties that are listed in the National Register of Historic Places: The 20% tax credit is available to properties that are either listed individually or as a contributing building to a district.

The 10% federal tax credit is available for properties built before 1936 and are not individually eligible. The minimum project cost to be eligible for credits is typically \$5,000, with no maximum credit.

A 20% reduction in the amount of income tax owed is available to owners of properties meeting specific criteria. In brief, the property must be income producing (i.e. owner occupied residential structures are not eligible) and listed or eligible for listing in the National Register of Historic Places, or a contributing

building to a National Register District. Work must follow the Secretary of the Interior's Standards for rehabilitation, be approved by the State Historic Preservation Officer, the National Park Service, and the IRS.

A 10% reduction in the amount of income tax owed is available to owners of historic properties meeting less stringent criteria than the 20% tax credit. This 10% credit is available for properties that are not eligible for the National Register and are not considered contributing to a historic district. The building must be income producing, built before 1936, and reviewed by the IRS.

### State Tax Credits

The State Income Tax Credit is available for properties that are locally designated and there is a \$5,000 minimum rehabilitation cost and a maximum credit of one million dollars. In 2014, State legislation was passed to further strengthen the tax credit programs in Colorado. Beginning in 2015, the project cap for state tax credits will increase from \$50,000 to one million dollars per property and the credits are now allowed to be transferred. Projects with qualified costs over one million dollars are eligible for a 20% state tax credit, while projects under one million are eligible for a 25% tax credit. Additionally, communities such as Boulder that have been declared a disaster relief area by the governor or president are eligible for an additional 5% tax credit available, increasing the potential State Tax Credit to 30% for projects with qualifying costs under one million dollars. Qualifying costs include work to the interior and exterior, such as re-roofing, refinishing floors and replacing or repairing the plumbing and electrical systems.

In Boulder, Tax Credit Applications are reviewed by city Historic Preservation Staff. Additional information on the available programs is available online at [www.historycolorado.org/oahp/available-programs](http://www.historycolorado.org/oahp/available-programs).

See Appendix 3 for a table of Historic Preservation Tax Credits.

## VII. Existing and Potential Future Incentives

### Other Incentives (Local Designation)

Owners of locally designated properties may be eligible for the following incentives:

- Sales tax waiver on construction materials if at least 30% of the value of materials is for the building's exterior.
- Waivers from certain provisions of the International Building Code if approved by the Director of Development and Inspection Services. For example, lower railing heights may be permitted if historically compatible and safe.
- The potential for the Board of Zoning Adjustment to grant a variance for a historic building if it is determined that the development in conforming locations on the lot or parcel would have an adverse impact upon the historic character of the individual landmark or the contributing building in a designated historic district. Section 9-2-3 (4)
- An exception to the solar access requirements for additions to properties in an historic district to encourage compatible roof designs. Section 9-8-14(6)(D)
- Eligibility for the Colorado State Historical Fund. Grants are available for projects in the following categories: acquisition and development (must be a local landmark or on the State or National Register), education projects, and survey and planning projects.

See Appendix for a table of Historic Preservation Tax Credits, Available Programs.

## VIII. Preliminary Findings and Potential Strategies to Explore Further



## Preliminary Findings

The following preliminary findings from this phase will help shape the range of options that will be developed and analyzed in the next phase of the project.

**Overall finding:** The biggest gap between the adopted vision for the Hill and the current situation is in providing a rich mix of uses to serve a diversity of users. The proximity of the University provides significant economic, intellectual and cultural benefits and has influenced the Hill's existing unique, student-centric and bohemian character, and adding diverse uses should be done so within this context.

### Specific findings include:

1. There may already be an over-concentration of housing in this small commercial district. There are 103 dwelling units within the Hill Business District. This compares with approximately 130 units in the Downtown district (i.e., within the Central Area General Improvement District - CAGID boundary), yet the Hill is only 11.5 acres in size whereas the Downtown encompasses approximately 108 acres. While the presence of housing in close proximity to any commercial district adds vitality and built-in shoppers, the Hill Business District has an abundance of high density residences on three sides of it already and residences account for a higher share of square footage than is traditionally expected in a commercial district.
1. There are very few offices on the Hill, yet they are an important component of the rich mix of uses and year-round vitality envisioned for the Hill. There are only 8 office uses housed in only 3% of the total building square footage on the Hill, and few more in the immediate neighborhood. Office uses could potentially play a crucial role in adding a year-round diversity of ages and professions on the Hill. Although there appears to be 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.
1. The City's economic consultants, Economic Planning Systems, Inc. (EPS), prepared a recent

analysis of the market potentials for future development in the Uni Hill area and identified market opportunities for and barriers to providing the desired mix of uses envisioned on the Hill (see November 18, 2014, memorandum from EPS in Appendix 1). Among the barriers to expanding the diversity of uses and users on the Hill:

- a. Insufficient public parking, particularly for professional office uses, and
- b. Lack of another attraction/anchor that could change the current market perception and demand to attract a broader visitor mix.

## Potential Strategies to Address the Findings

Following public input on this Phase 1 Report, the City will work with EPS to understand the financial gaps that hinder the development of office and other desired uses on the Hill today, and to identify potential approaches the city could take to encourage or require change. Potential strategies that could address the above findings and may be appropriate to analyze further include:

- A. Promote public/ private redevelopment on the two University Hill General Improvement District (UHGD) surface parking lots to add more parking on the Hill and provide catalyst developments to bring new uses to the Hill.
- B. Consider pilot tax rebate program for properties that add desired uses that are difficult to attract or that provide a “public benefit” that helps implement the BVCP vision. (Would need to define what constitutes “public benefit”, could be in combination with Option I.) Exploring this option would also require analysis of what criteria would be used to qualify, what level of incentive would have the needed impact that would justify the city’s investment, and what an appropriate application and approval process would look like.
- C. Create a density bonus for office uses. (Would need to determine the “base” allowable density; direction to date from city council is not to increase currently allowable FAR. Would also need to determine type of office spaces that would be eligible and what the level of bonus would be.)
- D. Create an overlay zone in the adjacent RH-5 residential zone to encourage office uses in existing residential structures.
- E. Prohibit new residential uses, but allow existing uses to stay by defining them as “conforming” uses.
- F. Prohibit new residential, except Permanently Affordable or Senior Housing.
- G. Prohibit new residential, except Permanently Affordable or Senior Housing & only above the 1st floor.
- H. Allow market rate housing only on partial 3rd floors if in conjunction with rehabilitation of an existing building, or in new buildings when in conjunction with a use or “public benefit” that helps implement the Hill vision. (Would need to define what constitutes public benefit.)
- I. Consider **National Register Historic District designation, allowing** eligible properties to take advantage of **up to 50% income tax credits** (20% for federal income tax credits plus 30% state income tax credits beginning in 2015). Can be used for maintenance and repair as well as rehabilitation.
- J. Consider the **creation of Innovation/Creative/Arts 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. Potential strategies could include:
  - Collaborate with the university’s entrepreneurial, cultural, scientific, and arts programs to bring these creative endeavors across Broadway, including the Conference on World Affairs and Maymester programs;
  - Create community partnerships and incentives to develop facilities that would include innovative/creative/ artistic components;
  - Create incentives for business and redevelopment which fit this special district criteria, including media, design, technology, and web based sectors;
  - Promote, fund and encourage public art and arts programming;
  - Consider innovative regulations and new approaches to encourage experimentation; become a “test site” for new ideas;
  - Create innovative public spaces that promote the arts and creativity such as the Event Street on Pennsylvania Avenue recently approved as part of the Community, Culture and Safety ballot initiative.

## VIII. Preliminary Findings and Potential Strategies to Explore Further

This Page is Left Intentionally Blank

# Appendix 1

## Uni Hill Moratorium Project Background

On July 29, 2014, City Council approved an emergency ordinance, to expire on August 20, that suspended acceptance of all building permits or site review applications that would add floor area of *any kind* in the Hill Business District. On August 19, 2014, City Council adopted a substitute ordinance that more narrowly suspends the acceptance of building permit and site review applications to add *residential floor area* within the University Hill business district until March 18, 2015.

The purpose of the ordinance is to provide the time 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 help to preserve and enhance the neighborhood's character to compete in the market place.

The timeframe for this project is very tight, so it is important that the scope remain narrowly focused on zoning district standards, uses, and boundaries. The project is not intended to create a new vision nor to address all of the issues surrounding implementing the larger vision for the area.

Although the project will attempt to address some issues related to market dynamics and what it will take to make implementing the Hill vision financially feasible, it will not solve them. Rather, the focus is on preventing a short-term economic situation from imposing long-term changes to the character of the Hill.

Solving the underlying issues and implementing council's goals for the Hill will require a variety of longer-term efforts, including those that are currently underway as part of the city's overall Hill Reinvestment Strategy<sup>1</sup> that consolidate the past efforts and concepts<sup>2</sup> into a three-pronged approach as directed by Council (e.g., public safety/code enforcement, beautification, pilot residential services district; redevelopment of catalyst sites, and creating organizational structures that can represent the diverse interests of Hill stakeholders and identify funding sources to sustain the vitality of the Hill over time).

The official vision for the University Hill Business District is described in Boulder Valley Comprehensive Plan (BVCP), adopted in 2010 and the University Hill Area Plan Summary, adopted in 1996. In short, both descriptions are of a an activity center that is pedestrian-oriented, with a rich mix of uses to serve the university, adjacent University Hill neighborhood, the city as a whole and the region.

The goals for this moratorium project are to:

- Refine zoning district boundaries, uses, and standards to bring them in line with the BVCP vision for the area
- Demonstrate a clear understanding of market dynamics and property owner needs and desires, as well as those in the adjacent university and surrounding neighborhood
- Identify and/ or develop incentives that make implementing the Hill vision economically feasible
- Support and coordinate with concurrent efforts to implement the Hill vision

Over the years, the University Hill Commercial district has been the subject of many plans and studies as described in Appendix 4. Therefore, this project is not starting over, but rather building on the work that has already been done.

The project includes the following phases and schedule:

- |  |                     |
|--|---------------------|
| 1. Project Start Up, Information Gathering, Issue Identification | Sept. and Oct. 2014 |
| 2. Preliminary Options and Outreach to Stakeholders              | Nov. 2014           |
| 3. Refine Options and Develop Staff Recommendation               | Dec. 2014           |
| 4. Board and Commission Public Hearings and Recommendations      | Jan. 2015           |
| 5. City Council Public Hearings and Decision                     | Feb. and March 2015 |

This report summarizes the results of Phase 1. A separate report summarizing the results of the Options and Public Outreach will be prepared at the end of Phase 2.

---

1 See Appendix 4 for a description of the components of the Hill Revitalization and Reinvestment Strategy

2 See Appendix 5 for a summary of past Uni Hill studies and planning efforts

# Appendix 2

## Detailed Parcel and Land Use Inventory

### 1) 1335 Broadway



**Year Built:** 1977

**Uses:** Restaurant, Residential

### 2) 1313 Broadway



**Year Built:** 1958

**Uses:** Fast Food, Retail, Office, Service

### 3) 0 and 1155 Pleasant



1153 Pleasant St., c. 1949



1155 Pleasant St., c. 1949



1215 Pleasant St., c. 1949



1223-1225 Pleasant St., c. 1949

Before this parking lot was constructed, this was the location of a few residential homes. 1153 Pleasant St., constructed in 1896, was the home of R. Emmett Arnett, a boulder pioneer and owner of the Arnett Hotel.

***All historic photos in this section courtesy of the Boulder Carnegie Library for Public History***

#### 4) 1301 Broadway



**Year Built:** 1925

**Uses:** Retail, Restaurant

#### 5) 1275 13th Street



**Year Built:** 1987

**Uses:** Convenience Store

#### 6) 1211 13th Street



14



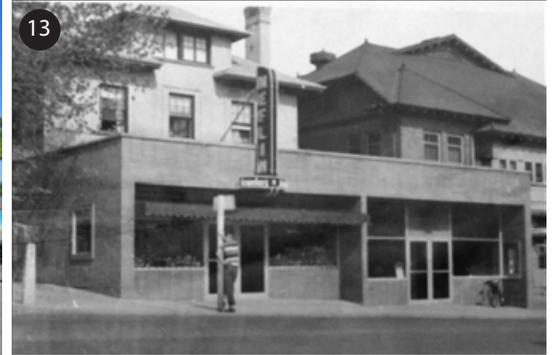
1211 13th Street, c. 1949

**Year Built:** 1912

**Uses:** Retail, Fast Food, Residential

This first opened up as the Varsity Hall in the 1910s. Later businesses in the 1930s and 1940s included the Dinner Bell Café, Banta Alf, and “Dugout” cleaners.

## 7) 1203 13th Street



1203 13th Street, c. 1954

**Year Built:** 1912

**Uses:** Unfinished Area, Retail, Residential

This building was originally a fraternity house. In the 1950s, a commercial addition was added. Businesses included Heflin's Jewelry and a dentist's office. Today it is the Innisfree Poetry Bookstore & Café.

## 8) 1219 Pennsylvania



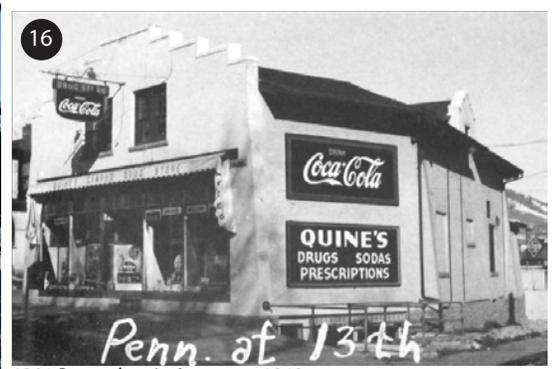
1219 Pennsylvania Ave., c. 1949

**Year Built:** 1928

**Uses:** Retail, Office, Residential

Originally the Tavern restaurant in 1928, this building was later Ross Chiver's athletic goods store in the 1950s. Today it is Al's Barber Shop.

## 9) 1301 Pennsylvania



1301 Pennsylvania Avenue, c. 1949

**Year Built:** 1909

**Uses:** Retail, Restaurant

In 1930, this was J. Quine's drug store and R. Mayes Harrison's Beauty shop. Today it is Buchanan's Coffee Shop and the Mac Shack.

## 10) 1226 Pennsylvania Avenue



1226 Pennsylvania Avenue, c. 1953

**Year Built:** 1923

**Uses:** Retail, Restaurant, Office, Residential

This was originally a house occupied by J.W. and Eva Mott in the 1910s. By 1930, this was Sommer's Sunken Gardens restaurant. Today it is the Sink restaurant.

## 11) 1155 13th Street



1155 13th Street, c. 1957

**Year Built:** 1954 - Individual Landmark

**Uses:** Restaurant, Residential

This first opened as Kinsley & Co. which was a men's clothing store and haberdashery. Today this is the Project Pie restaurant.

## 12) 1149 13th Street



1149 13th Street, c. 1949

**Year Built:** 1910

**Uses:** Restaurant

Businesses in this building during the 1930s included a barber shop and shoe shiner. In the 1940s the barber shop was renamed the University Barber Shop. Today this is Mamacita's restaurant.

### 13) 1143 13th Street



1143 13th Street, c. 1949

**Year Built:** 1920 - Individual Landmark

**Uses:** Restaurant, Residential

Originally the Silver and Gold Cleaners in the 1920s, other tenants included a shoe shop, a post office, and the Buffalo Press. Today it is a Five Guys restaurant.

### 14) 1135 13th Street



1135 13th Street, c. 1952

**Year Built:** 1926 - Individual Landmark

**Uses:** Entertainment

Originally the Rialto Theater, this building also functioned as a dance hall and night club in the 1930s and 1940s and as a cafeteria in the 1950s. Today, it is the Fox Theater.

### 15) 1129 13th Street



1129 13th Street, c. 1952

**Year Built:** 1952

**Uses:** Retail, Restaurant

This building first opened as Tulagi's, a night club and concert venue. It closed in 2003. Today this building is occupied by Boss Lady Pizza and Red Mango smoothie bar.

## 16) 1121 13th Street



**Year Built:** 1965

**Uses:** Unfinished Area, Retail

## 17) 1119 13th Street



1119 13th Street, c. 1955

**Year Built:** 1955

**Uses:** Retail

Originally Scott's Ltd. women's clothing store, today this is a Qdoba restaurant.

## 18) 1101 13th Street



1101 13th Street, c. 1950

**Year Built:** 1896

**Uses:** Restaurant, Residential

Originally the Phi Delta Theta Fraternity, a commercial addition was later added. Tenants included The Elms and McDowell's House of Photography. Today it is the Espresso Roma Café.

## 19) 0 Broadway



0 Broadway (1165 Broadway), c. 1949

**Uses:** Parking Lot

Before this parking lot was constructed, the building at 1165 Broadway was located here. It functioned as the Alpha Tau Omega fraternity. The chapter functioned from 1901 to 2002.

## 20) 1144 13th Street



1144 13th Street, c. 1952

**Year Built:** 1917

**Uses:** Unfinished Area, Retail, Residential

In the 1920's, businesses included A&B Kash-Karry Grocery, P.B. Paddock Men's furnishings, and University Hill shoe repair. Today this is the Lollicap Café, Brazil on the Hill, and Doomd Ink.

## 21) 1130 13th Street



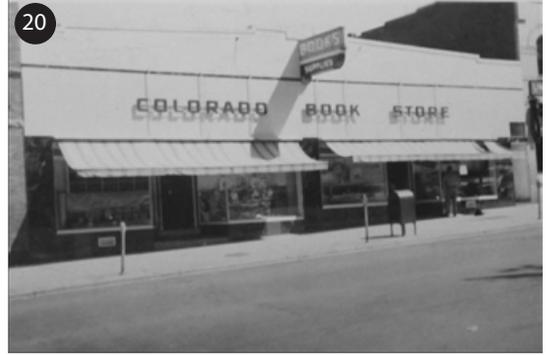
1130 13th Avenue, c. 1949

**Year Built:** 1900

**Uses:** Unfinished Area, Convenience Store, Residential

In 1916, this was the University Store. From 1920 to the 1950s, Greenman's Drug Store and University Store Booksellers occupied the building. Today this is the University Hill Market & Deli.

## 22) 1124 13th Street



1124 13th Street, c. 1949

**Year Built:** 1939

**Uses:** Restaurant, Retail

Originally the Colorado Book Store, this building is now occupied by Abo's Pizza and an album store.

## 23) 1118 13th Street



**Year Built:** 1911

**Uses:** Unfinished Area, Retail, Residential

## 24) 1110 13th Street



**Year Built:** 1913

**Uses:** Restaurant, Residential

### 25) 1321 College Avenue



**Year Built:** 1927

**Uses:** Retail, Restaurant, Residential

### 26) 1089 13th Street (Flatirons Theater)



1089 13th Street, c. 1951

**Year Built:** 1950 - Individual Landmark

**Uses:** Retail

Since its opening in 1951, this building has functioned as the Flatirons Theater. The architect Byron Hale Kaufman designed the theater with about 1,000 seats, a fireproof projection room, and a nursery.

### 27) 1083 13th Street



**Year Built:** 1979

**Uses:** Residential

### 28) 1135 Broadway



**Year Built:** 1960

**Uses:** Retail

### 29) 1127 Broadway



**Year Built:** 1925

**Uses:** Residential

### 30) 1121 Broadway



**Year Built:** 1964

**Uses:** Office, Retail

### 31) 1111 Broadway



**Year Built:** 1965

**Uses:** Unfinished Area, Retail

### 32) 1310 College (Hilltop Building)



**Year Built:** 1965

**Uses:** Unfinished Area, Restaurant, Office, Retail

### 33) 1324 College



1324 College Avenue, c. 1949

**Year Built:** 1949

**Uses:** Restaurant

Past businesses of the 1950s included the Little Polar Bar Ice Cream shop and the French Boot Shop. Today it is the Waffle Brothers, Deli Zone, and Illegal Pete's.

### 34) 1350 College



**Year Built:** 2011

**Uses:** Attached Garage, Retail, Residential

### 35) 0 14th Street



1077 14th St. c. 1958



1061 14th St. C. 1949



1069 14th St. c. 1949

**Uses:** Parking Lot

Before this parking lot was constructed, this was the location of three residential homes. In the 1950s, 1077 14th St. was the location of the Episcopal Student Center.

Number	Address	Existing Square Footage	Square Footage of Each Land Use		Dwelling Units	Projected additional square foot per RRC study	Businesses
1	1335 Broadway	6,698	Restaurant	3,530		7,519	Vacant The Rib House - 1335 Broadway
			Second Floor	2,928			
2	1313 Broadway	17,769	Fast Food	192		24,566	All Businesses at 1325 Broadway
			Retail	17,577			Bova's Frozen Yogurt Bova's Pantry Vacant Santiago's Cosmo's Pizza University Cleaners High on the Hill Glass Hookah House Kim Food to go Doozy Duds Buff Tans Ameritech Construction Dot's Diner on the Hill
3	0 and 1155 Pleasant	0	Parking Lot	N/A		23,970 & 17,571	
4	1301 Broadway	10,222	Retail	3,172		14,873	The Goose - 1301 Broadway The Fitter - 1303 Broadway Tra-Lings - 1305 Broadway You and Mee Noodle House - 1311 Broadway
			Restaurant	7,050			
5	1275 13th Street	3,108	Convenience Store	3,108		24,605	Everyday Store - 1275 13th
6	1211 13th Street	14,126	Retail	2,083	18	2,969	Full Cycle - 1211 13th Half Fast Subs - 1215 13th Peace Pipe Hookah Lounge and Smoke Shop
			Fast Food	2,083			
			Off St. Retail	2,160			
			Second Floor	7,800			
7	1203 13th Street	8,665	Unfinished Area	1,820	11	5,376	Cafe Aion - 1235 Penn Innisfree Poetry Bookstore and Care - 1203 13th Rush Bowls - 1207 13th
			Retail	1,855			
			Retail	1,750			
			Second Floor	3,240			

Number	Address	Existing Square Footage	Square Footage of Each Land Use	Dwelling Units	Projected additional square foot per RRC study	Businesses	
8	1219 Pennsylvania	5,736	Residential	987	1	5,514	Al's Barber Shop - 1219 Penn Grenadier Advertising - 1221 Penn. Ste. 10
			Office	3,383			
			Retail	1,182			
9	1301 Pennsylvania	5,580	Retail	507		2,999	K & K Piercing - 1212 13th The Mac Shack - 1301 Penn. Buchanan's - 1301 Penn. Four Star on the Hill - 1301 Penn.
			Off St. Retail	1,691			
			Restaurant	3,382			
10	1226 Pennsylvania Avenue	13,285	Restaurant	1,900	2	3,247	Sushi Hana - 1220 Penn. The Sink - 1165 13th Boulder Vapor House - 1155B 13th 1 Office (Unnamed)
			Restaurant	5,700			
			Third Floor	1,800			
			Second Floor	1,500			
11	1155 13th Street	9,605	Deck Area (X3)	74, 65, & 96	6	170	Project Pie
			Restaurant	1,894			
			Second Floor	4,332			
			Third Floor	4,243			
12	1149 13th Street	1,326	Deck Area	700		4,169	Mamacita's
			Restaurant	1,326			
13	1143 13th Street	12,695	Restaurant	2,652	8	0	Five Guys
			Second Floor	5,026			
			Third Floor	4,732			
14	1135 13th Street	9,256	Unfinished Area	756		2,927	Fox Theater
			Restaurant	8,500			
15	1129 13th Street	8,377	Retail	2,400		3,398	Boss Lady Pizza Vacant Core Power Yoga (2nd Floor)
			Restaurant	5,947			

Number	Address	Existing Square Footage	Square Footage of Each Land Use		Dwelling Units	Projected additional square foot per RRC study	Businesses
16	1121 13th Street	8,000	Unfinished Area	4,000		6,841	Vacant Jimmy John's - 1125 13th
			Retail	4,000			
17	1119 13th Street	3,026	Retail	3,026		3,011	Boulder Bowls
18	1101 13th Street	9,309	Basement	2,059	7	10,442	Yeye's Cafe - 1101 13th Salvaggio's Deli - 1107 13th Wild Side Smoke Shop - 1111 13th
			Restaurant	1,982			
			Second Floor	1,979			
			Third Floor	3,289			
19	0 Broadway	0	Parking Lot	N/A		21,773	
20	1144 13th Street	12,330	Unfinished Area	4,110	8	532	Brazil on the Hill - 1140 13th Lollicup Coffee and Tea - 1142 13th
			Retail	4,110			
			Second Floor	4,110			
21	1130 13th Street	5,694	Unfinished Area	1,898	3	244	University Hill Market & Deli - 1134 13th
			Convenience Store	1,898			
			Second Floor	1,898			
22	1124 13th Street	6,355	Restaurant	1,950		5,107	Illegal Pete's Albums on the Hill - 1128 13th
			Retail	1,405			
23	1118 13th Street	4,800	Unfinished Area	960	5	304	Meow Meow
			Retail	1,920			
			Second Floor	1,920			
24	1110 13th Street	7,789	Unfinished Area	2,000	5	2,664	The Fat Shack
			Restaurant	4,733			
			Second Floor	3,056			

Number	Address	Existing Square Footage	Square Footage of Each Land Use	Dwelling Units	Projected additional square foot per RRC study	Businesses	
25	1321 College Avenue	9,017	Retail Restaurant Second Floor	6,081 1,237 1,699	1	2,518	Shipping on the Hill Iphone Repair Off Campus Cuts - 1319 College Tribal Rites - 1309 College The Corner - 1100 13th Budget Alterations - 1106 13th
26	1089 13th Street	12,111	Retail	9,112		5,629	S&G Barber Shop - 1087 13th 7-Eleven - 1091 13th Rose Hill Wine and Spirits - 1087 13th Beat Cycle - 1262 College Cost Cutters - 1264 College
27	1083 13th Street		Basement First Floor Second Floor	2,169 1,332 1,332	4	Not Studied (Out-side UHGID)	100% Residential
28	1135 Broadway	13,215	Retail Retail	4,306 8,909		10,604	Meininger Art Supply - 1135 Broadway Cycle Urbano - 1135 Broadway Freaky's - 1135 Broadway
29	1127 Broadway	5,546	Unfinished Basement Ground Floor (Res.) Second Floor	160 2,735 2,651	13	7,405	100% Residential
30	1121 Broadway	10,131	Office Off St. Retail Retail	3,309 3,231 3,591		5,771	Gebau Engineering The Root of the Hill Terra Thai Illegal Pete's Commissary
31	1111 Broadway	15,702	Unfinished Area Retail	6,161 9,541		14,935	Colorado Bookstore

Number	Address	Existing Square Footage	Square Footage of Each Land Use	Dwelling Units	Projected additional square foot per RRC study	Businesses
32	1310 College	27,428	Unfinished Area Restaurant Office Retail	5,988 8,380 4,680 8,380	0	Spark Boulder #100 Boulder Salad #200 "Mami's Mexican Cafe" #210 Thai Avenue #220 Gurkhas on the Hill #230 Goody Monster Korean Eats #235 Vacant #250 BoCo Cafe #260 Chase Bank #300 Vacant #310 Vacant #320 Vacant #330 Princeton Review #400 Flatiron Meal Plan #475 Peterson Development Police Station - 13th Street
33	1324 College	4,339	Restaurant	4,339	675	Illegal Pete's - 1320 College Brooklyn Hero's Deli Zone - 1322 College Classic Eyebrow Threading - 1326 College
34	1350 College	22,998	Attached Garage Retail Retail Second Floor Third Floor	5,285 2,206 3,729 8,672 6,333	13 1,024	College Optical - 1350 College Silver and Gold Barbers - 1350 College Starbucks - 1352 College Aspen Tan - 1352 College
35	0 14th Street	0	Parking Lot	N/A (Size of the lot)	35,133	

# Appendix 3

## Historic Preservation Tax Credits Available Programs

	<b>Federal 20%</b>	<b>Federal 10%</b>	<b>State 20-25% (25-30% in 2015 for Boulder) <sup>1</sup></b>
Building must be:	Listed individually in the National Register; OR considered eligible for listing; OR a contributing building in a historic district listed in the National Register	Built before 1936; not individually eligible for listing in the National Register; AND not contributing to a historic district	More than 50 years old; listed in the State Register OR land-marked by a Certified Local Government (CLG)
Eligible Buildings:	Income-producing properties, including commercial, industrial, agricultural, or rental residential	Income-producing (non-residential)	All buildings meeting the requirements listed above
Minimum Cost of Rehabilitation	More than \$5,000 OR the adjusted basis of the property, whichever is greater	More than \$5,000 OR the adjusted basis of the property, whichever is greater	More than \$5,000
Maximum Credit	Unlimited	Unlimited	\$50,000
Time Limit	24 months; if in phases, 60 months total	None	24 months
Credits can be carried forward:	20 years (also back one year)	20 years (also back one year)	10 years
Rehab requirements:	Must follow the Secretary of the Interior's Standards for Rehabilitation	50-75% of the building's walls must remain	Must follow the Secretary of the Interior's Standards for Rehabilitation
Fees:	\$250 for Part 2; \$0- 6,500 for Part 3 (depending on rehabilitation costs)	None	\$250 for Part 1 (may be waived in some cases); \$250-750 for Part 2 (depending on rehab costs)
Reviewed by:	SHPO and NPS; IRS	IRS	CLG (City of Boulder); State Dept. of Revenue
Credits claimed:	The year in which the building is placed in service; for phased projects & buildings open during work, the year substantial rehabilitation test is met	The year in which the building is placed in service; if building is open during work, the year substantial rehabilitation test is met	The year work is completed; official verification (Part 2) is needed
Process:	Part 1 determination of eligibility (if needed) Part 2 reviewed; Part 3 reviewed; Project certified File IRS Form 3468	Part 1 determination of non-eligibility (if needed) Project approved File IRS Form 3468	Part 1 reviewed by CLG or SHPO; Part 2 reviewed (and project certified) by CLG or SHPO *No application needed if also claiming 20% federal credit

<sup>1</sup> Projects with qualified costs over one million dollars are eligible for a 20% state tax credit, while projects under one million are eligible for a 25% tax credit. Additionally, communities such as Boulder that have been declared a disaster relief area by the governor or president are eligible for an additional 5% tax credit available.

# Appendix 4

## BMS Zoning District Analysis

### History of zoning in the University Hill commercial area

Historically, University Hill was zoned for a mix of uses all the way back to the city's first zoning ordinance in 1928. At that time, the "D" business zone was applied to the area, which was experiencing an evolution from predominantly residential uses to commercial uses along 13th Street at the turn of the last century. After a series of "business" zones, the area was zoned CB-E (Commercial Business – Existing) in 1971.

The CB-E zone was based on a more suburban, auto-oriented land use pattern, with large front yard setbacks and parking lots inconsistent with the established character. For this reason, the University Hill Area Plan (1996) recommended various zoning changes and development of design guidelines to better reflect the Hill's unique character.

The current BMS zoning district was created to implement the North Boulder Subcommunity Plan's concept of a village center – a place with a full complement of neighborhood-scale services for residents and employees to visit and congregate. The BMS zone was applied to other areas of the city where this kind of mixed-use center was desired. These include Pearl Street west of Ninth Street and Boulder Junction on the east side of 30th near Bluff, and on 29th Street and Bluff. Because the zone supported a mix of uses and similar form and massing as the Hill, it was applied to the Hill area in 1997.

A summary of zoning changes that have affected the Hill since 1997 are listed below:

- 1997- University Hill Business District rezoned BMS-X given the contextual and use similarities to other areas zoned BMS-X.
- 2002- Ordinance passed to allow restaurants greater than 1,500 square feet but no larger than 4,000 square feet to be allowed on the Hill through staff level conditional use review instead of Use Review. Businesses operated after 11pm would still require Use Review.
- 2004- Code changed to permit buildings within the BMS-X zone to be built up to 38 feet by-right. The previous limit was 35 feet.
- 2006- Land Use Code Simplification (LUCS) project approved. BMS-X renamed BMS. Reorganization of floor area ratio and floor area standards erroneously makes 15,000 sf building maximum standard not subject to modification in the code.
- 2010- Floor area regulations updated to exempt basement space from the floor area calculation in BMS to incentivize redevelopment.
- 2013- New conditional use standards created for restaurants and taverns on the Hill. No new Use Reviews can be requested for establishments open after 11pm. New establishments without a liquor license can operate after 11pm with approval, but those with liquor licenses would have to close at 11pm. New standards on amount of food service also added.

### Existing Business Main Street (BMS) Zoning District on the Hill

The BMS zone is a commercial mixed-use zoning district patterned after the character of historic Main Street business districts. BMS is designed to encourage development in a pedestrian-oriented pattern, with buildings built up to the street; retail uses on the first floor, residential and office uses above the first floor; and where complementary uses may be allowed.

Key features of the BMS zone in terms of scale and character are as follows:

- There is a mixture of one-, two- and three-story buildings along the street with retail uses on the first floor, pedestrian interest windows lining the street, and office and residential uses above or below the first floor. Third stories must be setback 20 feet so they have limited visibility from the street. Buildings are permitted up to 38 feet by-right.
- Buildings have a pedestrian scale and are flexible to allow for changes in use over time (maximum by-right building sizes is 15,000 square feet).
- Buildings are oriented to the street, not to parking lots, and front doors face the street.
- Buildings are located up to and continuously along the sidewalk with very few gaps (parking is not allowed in front of buildings except for on-street, and a minimum of 70% of building lot frontage must have a building along it.)
- Sidewalks are wide and lined with street trees planted in tree grates.

### **BMS floor area and parking regulations:**

The total permitted floor area ratio (FAR; total floor area divided by the lot area) on BMS properties in locations other than properties within a parking districts, such as the Hill, is up to 1.0: 1. The base FAR is 0.67. However, if residential uses are proposed within a project, the FAR is permitted to increase by 0.33 FAR to a total of 1.0 in order to encourage residential uses and mixed uses.

In general improvement parking districts like University Hill, however, the allowable FAR is higher at a maximum of 1.85. This correlates to the historic character of the Hill with three story buildings built up to the street, with the third story set-back approximately 20'. Due to the proximity of city managed on-street and off-street parking, on-site non-residential parking is not required for commercial uses on the Hill.

### **BMS Analysis in relation to the BVCP vision for the Hill**

A detailed analysis of the BMS zoning district standards and uses was prepared by city staff. Below is a summary of the preliminary findings of this analysis.

1. BMS was applied to University Hill in recent history considering the zone's intent of allowing a mixture of uses and forms consistent with historic 'main street' neighborhood centers. BMS has been successfully implemented in other areas of the city, but in the case of the Hill, may be less successful given the intended vision of the area being more regional serving. The Hill also differs as it is within a general improvement district.
2. While the BMS zoning permits a diversity of uses, it does not guarantee uses that would be more regional serving or beneficial to wider neighborhood consistent with the BVCP vision for the area.
3. The size of the BMS zone as a commercial district is relatively small and without more specific use standards the diversity of uses could be impacted by an over-concentration of uses contrary to more regional and neighborhood serving uses.
4. While diversity of uses is important on the Hill, there are some uses that are permitted that are not conducive to the pedestrian-oriented setting and the intent to create streetscape activity.
5. The current BMS zoning does not necessarily protect and preserve the variety of unique contexts present in the University Hill business district as evidenced by the different character along Broadway vs. along 13th Street etc.

6. Some design standards that apply to buildings in BMS have not been successful and have resulted in low quality products that are not necessarily pedestrian friendly and harmonious with existing historic building patterns.
7. There appears to be an error in the zoning code that has hindered the option of discretionary reviews, which could have resulted in more high quality projects. The current minimum Site Review threshold of 50,000 square feet of building area was originally 15,000 square feet, was unintentionally changed, and should be corrected.

### **Adjacent Residential Area (RH-5)**

Immediately surrounding the business district is the Residential High – 5 (RH-5) zoning district. RH zones are high density residential areas primarily used for a variety of types of attached residential units, including without limitation, apartment buildings, and where complementary uses may be allowed.

RH-5 zones permit densities of 14 or more dwelling units per acre. Residential uses are allowed by-right and non-residential uses like offices or retail can be permitted with approval of Use Review application from the Planning Board. Other uses that would present more impacts on the neighborhood are prohibited.

The area has traditionally contained a mix of single-family and attached housing units that have been converted to student housing over time.

Site Review is required for any projects on a site greater than 2 acres or proposing 20 or more units. There are no FAR limits in the RH-5 zoning district. Building size limits are instead based on meeting other zoning district standards (e.g., open space, minimum lot area per unit, parking

# Appendix 5

## Hill Reinvestment Strategy Update

For 2014-15 the Boulder City Council has made it a priority to improve the quality of life on University Hill for its residents, visitors and businesses. The University Hill Reinvestment Strategy provides a framework for pursuing the improvements, with the City acting as a catalyst for sustained private investment over the long term. In the initial, or “Prime the Pump” phase, the City will provide financial support and staff resources to build momentum. In the long term, or “Sustainable Strength” phase, the City intends for Hill improvements to be driven by a self-sustaining organizational entity.

The University Hill Reinvestment Strategy is notable for its emphasis on strategic partnerships between public and private stakeholders (identified in parentheses for each initiative listed below), including the City of Boulder, Colorado University, CU Student Government, the University Hill Neighborhood Association, The Hill Boulder merchants association and Hill property owners. The Strategy is multi-pronged:

### 1. Hire a Hill Community Development Coordinator

In September 2014, the City hired its first Hill Community Development Coordinator. The Hill Coordinator role is intended to provide a dedicated City staff person to enhance and leverage existing collaborative relationships among University Hill stakeholders and make steady progress on implementation of the Hill Reinvestment Strategy.

### 2. Enhance Neighborhood Quality of Life and Safety

One goal of the strategy is to continue to address neighborhood concerns with littering and other nuisances in the high-density residential areas of the Hill. This is being pursued through multiple channels in partnership with University Hill stakeholders. Several programs already in place focus on generating positive relations between student and permanent residents on the Hill.

#### a. Move-in Orientation/Welcome Bags (CU, Property Owners, UHNA)

Since 2011, the CU Office of Off-Campus Housing and Neighborhood Relations has administered a program in partnership with University Hill landlords to engage student residents in a “Move-In Orientation” class prior to receiving the keys to their apartments. The class raises awareness among students on how to comply with City ordinances such as nighttime noise restrictions.

Additional outreach has been conducted since 2013 in partnership with the University Hill Neighborhood Association (UHNA) to provide student residents with welcome bags that introduce them to the Hill neighborhood and encourage open communications between students and their neighbors.

#### b. Party Registration (CU, Boulder Police Department)

Beginning in 2010, the CU Office of Off-Campus Housing and Neighborhood Relations has partnered with the Boulder Police Department to encourage student residents of the Hill to participate in a Party Registration Program that offers party hosts the opportunity to receive a warning call if there has been a noise complaint. The hosts have twenty minutes to shut down the party before Boulder Police dispatch sends an officer to investigate the complaint.

#### c. ‘Walk this Way’ (CU, CUSG)

In September 2014, the CU Office of Off-Campus Housing and Neighborhood Relations introduced a pilot

program called “Walk this Way” to enhance student safety and reduce noise complaints in the residential areas of the Hill. For the first month of the school year, volunteers from CU Student Government (CUSG) and other campus organizations positioned themselves at key intersections on the Hill to encourage late night pedestrians to keep noises down and travel along well-lit corridors. If sufficient funding and staff resources are available, the outreach program may be repeated at the start of each semester.

d. RSD Coordinator (DUHMD/PS, Code Enforcement, Bridge House)

Following a well-received six-week pilot program in 2011, the City Council agreed to provide initial funding for a Residential Service District (RSD) Coordinator in the high-density residential areas of the Hill. Under the supervision of the City’s Downtown and University Hill Management/Parking Services (DUHMD/PS) division, the part-time RSD Coordinator will work closely with the City’s Code Enforcement Division to quickly address maintenance concerns in the public right-of-way. After a bidding process to identify a private contractor to perform the Coordinator service, a part-time RSD Coordinator was hired in November 2014. Part of the RSD funding will continue to go toward the existing cleanup efforts by the Ready-to-Work team from Bridge House, a Boulder organization dedicated to helping the homeless and working poor transition back to paid employment. An RTW team of one supervisor and two crew members currently collect trash on the Hill 3-4 days per week. The results of the RSD effort will be carefully measured to determine if area property owners wish to privately fund the RSD Coordinator role going forward.

e. Pedestrian Lighting Improvements

In November 2014, Boulder voters adopted a ballot measure (2A) that will generate funds for a range of capital improvements citywide, focusing on “community, culture and safety.” On University Hill, the ‘pay-as-you-go’ improvements will include enhanced pedestrian-scale lighting on frequently used pedestrian corridors throughout the district. In the short-term, the Hill Coordinator is working with the Boulder Police Department’s Neighborhood Impact Team and the City’s Urban Forestry Section to enhance the effectiveness of existing lighting in the areas targeted for lighting improvements.

f. Smart Regs

In \_\_, the City Council adopted a requirement that all rental properties ... by 2019. As part of the effort to improve quality of life on the Hill (and conformance with the City’s Sustainability Framework), the City will encourage property owners to meet the requirements as quickly as possible by conducting an educational outreach program to make sure they are aware of all available rebates and other forms of assistance.

### 3. Commercial District Revitalization

The City Council vision for University Hill revitalization includes making the commercial district more attractive to visitors and residents and to promote a greater diversity of uses.

a. Multi-Modal Access

A major concern among Hill businesses is the availability of parking for customers and employees. The Hill is well-served by local and regional bus transit and in summer 2014 a B-Cycle bike sharing station was installed on College Avenue. The perception of access issues persist, however, leading to several approaches currently under discussion.

- i. Master Contract for Eco Passes: In an April 2014 intercept study of travelers to the Hill commercial district, it was determined that only 22% of employees were CU students and therefore eligible for subsidized RTD bus passes. About 22% of employees did not drive to work, while of those that did drive to work, 25% said that they parked in the two City-owned pay parking lots located at College/14th

Street and at Pleasant/Broadway, and 21% said they parked in the residential areas. The City currently oversees a 'master contract' for subsidized EcoPass RTD bus passes for employees in the Downtown commercial area. One means to alleviating problems with parking on the Hill may be to pursue a similar program for Hill businesses.

ii. Taxi Stand: Another approach to reducing parking demand currently under discussion is whether to locate a taxi stand in the commercial district of the Hill, similar to the one located on 11th Street in the Downtown commercial area. The stand would provide a safe ride home for nighttime visitors to the Hill and eliminate a portion of the nighttime parking demand.

iii. Structured Parking : The City's University Hill General Improvement District (UHGID) owns two surface parking lots within the commercial district of the Hill. These sites have potential both as catalyst developments to bring new uses to the Hill, and to privately fund the introduction of structured parking to alleviate business owner concerns with parking access for their customers and employees. The two lots currently provide \_\_\_ parking spaces, \_\_ of which are utilized by monthly pass holders. [Do we have a parking DEMAND study to know what the gap is?].

The City is currently looking at whether development incentives are needed to attract a public-private partnership for redevelopment of the two UHGID lots such that the amount of parking is sufficient to support the vibrant commercial area envisioned by the City Council.

#### b. Cleanliness/Safety

A common perception of the Hill commercial district has been that it is not properly maintained. In 2014, the City dedicated additional staff resources to increase Code Enforcement and DUHMD/PS maintenance to seven days a week. With the Hill Coordinator in place, a new emphasis is also being placed on establishing public-private partnerships to pursue specific cleanliness and safety initiatives.

i. Graffiti/Sticker Removal (CU, Hill Boulder): In October 2014, the City coordinated a pilot cleanup effort with volunteers from CU Student Government to remove graffiti and stickers from City signage along 13th Street. Graffiti removal wipes were distributed to Hill Boulder business members to encourage them to immediately address any graffiti concerns on private property. After the success of the pilot cleanup, the Hill Coordinator is working with CU organizations to develop an ongoing program that will organize student volunteer cleanup efforts each month to keep graffiti and stickers in the Hill Commercial district to a minimum.

ii. Sidewalk Pressure Washing (DUHMD/PS, Hill Boulder): The City currently funds pressure-washing of the entire Hill commercial district twice a year. With a large number of eating establishments in the district, sidewalk maintenance is a major component of the perception of the lack of cleanliness. At a recent meeting of The Hill Boulder, businesses discussed the possibility of expanding current pressure-washing efforts through private funding. No decision has yet been made whether to pursue this option.

iii. Transients (Hill Boulder, Code Enforcement, Boulder Police Department): At the first meeting of The Hill Boulder, businesses expressed a desire to craft a coordinated response to problems with transients who may deter customers or otherwise present a nuisance to their establishments. The Hill Coordinator is currently working with a Hill Boulder task force to identify if any additional measures are required than those already utilized by City Code Enforcement and the Boulder Police Department.

#### c. Diversity of Uses

In August 2014, the City Council adopted a seven-month moratorium on additional residential uses in the Hill commercial district. The temporary suspension of permits and site plan review requests grew from a concern that the strong market for student housing in the district would present a barrier to achieving the City Council's vision for a better balance of uses in the district such that it can achieve a sustainable vitality twelve months a year, not just when the CU student population is present.

i. Moratorium (CP&S, City Council): Prior to the end of the moratorium period (March 2015), a inter-departmental staff team from the City's Department of Community Planning & Sustainability will present to the City Council a range of potential Zoning Code and other policy changes that could help achieve the diversity of uses desired to achieve a more vital Hill commercial district. A thorough analysis of existing conditions and potential barriers to achieving the vision for the Hill is presently being conducted to inform the recommendations.

ii. Redevelopment Incentives: Depending on the findings of the Moratorium inquiry, it may be necessary to provide additional development incentives to promote the desired mix of uses. The City is currently looking at opportunities for Historic Preservation tax credits to encourage redevelopment of existing properties, and possible tax rebates to encourage development of the catalyst UHGID parking lot sites.

iii. Tenant Attraction: The City is currently speaking with brokers and property owners to determine if redevelopment incentives and other policy changes under discussion are sufficient to attract the vibrant mix of uses to the Hill commercial district envisioned by the City Council.

#### 4. Beautification

In addition to improvements to the cleanliness of the Hill, a longer term goal is to update the current streetscape design and to create a public gathering space for Hill visitors.

##### a. Tree Irrigation

With the passage of the 'pay-as-you-go' tax measure in November 2014, \$520,000 in funding will be available within the next 2-3 years to install irrigation systems that will improve the survivability of trees and other plantings in the commercial area of the Hill.

##### b. Adopt-A-Planter (DUHMD/PS, Hill Boulder, UHNA)

In the short term, the Hill Coordinator is working with The Hill Boulder to develop an Adopt-A-Planter program to support temporary flower installations throughout the Hill commercial district in spring 2015. Hill businesses would be responsible for upkeep of the planters and volunteers with UHNA would help to raise funds and install the plantings.

##### c. Event Street

Also funded in part by the 'pay-as-you-go' tax measure (\$750,000) is the re-design of the block of Pennsylvania Avenue adjacent to 13th Street to create a public gathering space that can revert to an functioning street and parking when not in use for public functions. The idea for an event street on the Hill was informed in part by a pilot 'parklet' installation in the same location from May-October 2014. A follow-up survey identified support for a public open space on the Hill, preferable in a manner that would not eliminate any customer parking spaces. The current design of the event street would maintain all existing parking.

## 5. Marketing/Events

One goal of the City Council's vision for the Hill is for a coordinated marketing program and brand identity to provide ongoing support for a vibrant commercial district. An Urban Land Institute Technical Assistance Panel in \_\_\_ found that the Hill had a strong potential as a creative district, with a variety of arts and innovative uses in a 'bohemian' setting.

### a. The Hill Boulder

In 2014, the merchants of the Hill commercial district came together to create a new organization called The Hill Boulder. A logo and website for the business district were created ([www.thehillboulder.com](http://www.thehillboulder.com)) and the organization began holding regular monthly meetings in September 2014. Members of The Hill Boulder have formed an event planning team, and the City is helping the businesses to craft coordinated approaches to a variety of issues faced by the district users.

### b. Hill Brand Identity

A longer term goal of The Hill Boulder will be to generate a comprehensive brand identity for the Hill commercial district. This may include integrating the brand identity into other Hill initiatives such as attracting a diverse mix of tenants and working with the City to revisit existing signage and streetscape elements that were developed in past decades.

## 6. Long-Term Governance and Funding

### a. Signage District

### b. EDD

### c. Public-Private Partnership (BID combo)

## Appendix 6

# Overview of Past Studies and Planning Efforts in the Uni Hill Area

**1996 University Hill Area Plan** adopted by Planning Board and City Council: established goals to make the area comfortable, safe, and attractive and resulted in a package of civic improvements and land use regulation changes in the business district.

**2001 Market Based Study** sponsored by the University Hill General Improvement District (UHGID): included a competitive analysis, niche strategy and recommendations for the Hill commercial district.

**2004 Ross Consulting Report** sponsored by UHGID: studied redevelopment from the property owner/developer perspective noting specific issues that could facilitate development.

**Boulder Valley Comprehensive Plan:** revised in 2005 to reflect the Hill's unique role as a neighborhood center and - with the adjacent University of Colorado (CU) - an area that also provides education, culture, and entertainment to a large portion of Boulder's population

**2007 New Hill Company's Hill Commercial Context Study (HCCS):** A privately sponsored urban design study that involved residents, businesses, and property owners.

**2008 University Hill Commercial Area Historic District Re-evaluation:** produced for the Planning Department: an analysis of the Hill's historic and cultural resources.

**2011 Urban Land Institute (ULI) Technical Advisory Panel (TAP):** Urban Land Institute convened a Technical Advisory Panel to review and assess revitalization strategies for the University Hill commercial area. The ULI TAP recommendations are organized in three areas: programming, organization, and bricks and mortar, and provide a road map for Hill revitalization. Generally the panel urged Boulder "to revitalize, don't reinvent" the Hill as it is not completely broken and does not need a sweeping fix.

## **Appendix 7**

Economic and Planning Systems, Inc.  
University Hill Preliminary Market Assessment

**See Document Attached to the Following Pages**

## **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 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.

*The Economics of Land Use*



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

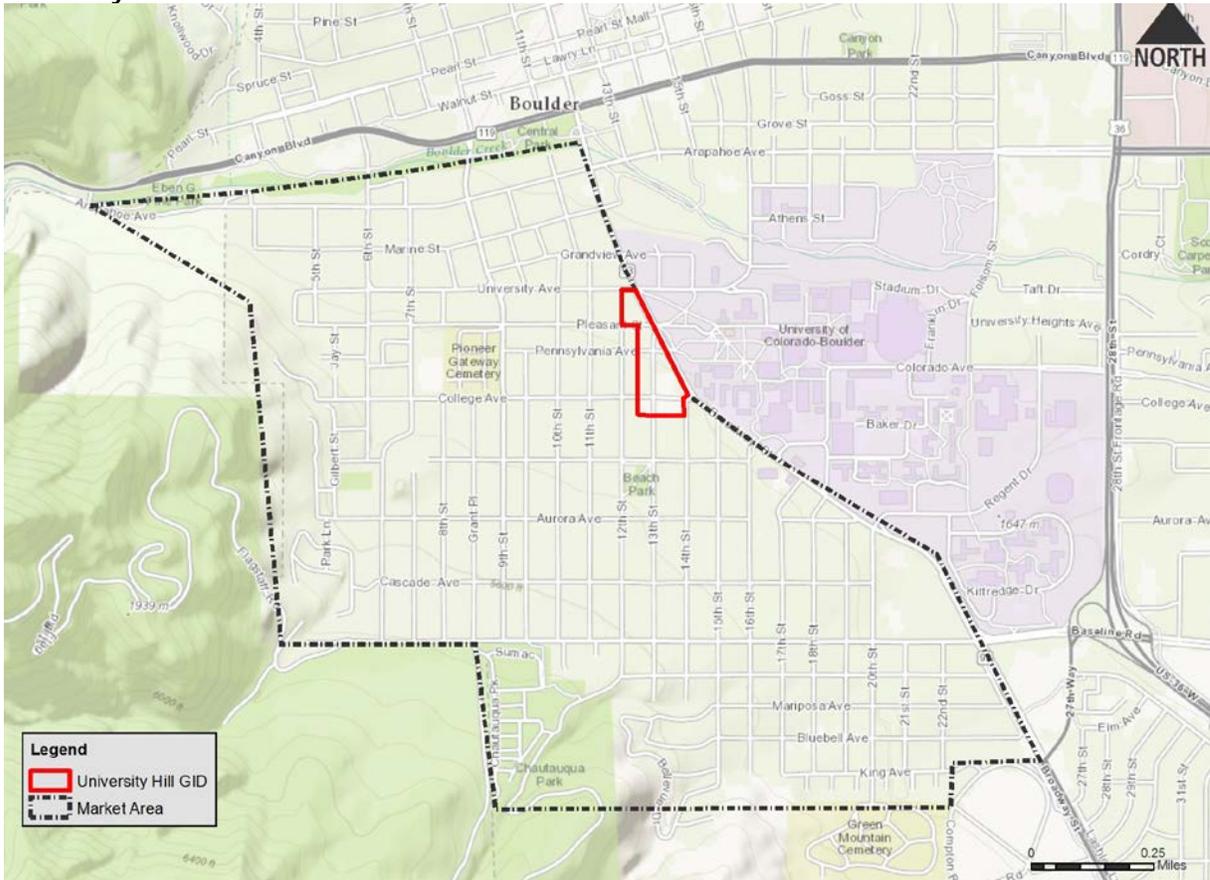
*Oakland  
Sacramento  
Denver  
Los Angeles*

**[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		3 Bed	Other	All
		1 Bed	2 Bath			
City of Boulder - Except University	\$1,183	\$1,132	\$1,198	\$1,801	\$2,137	\$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.

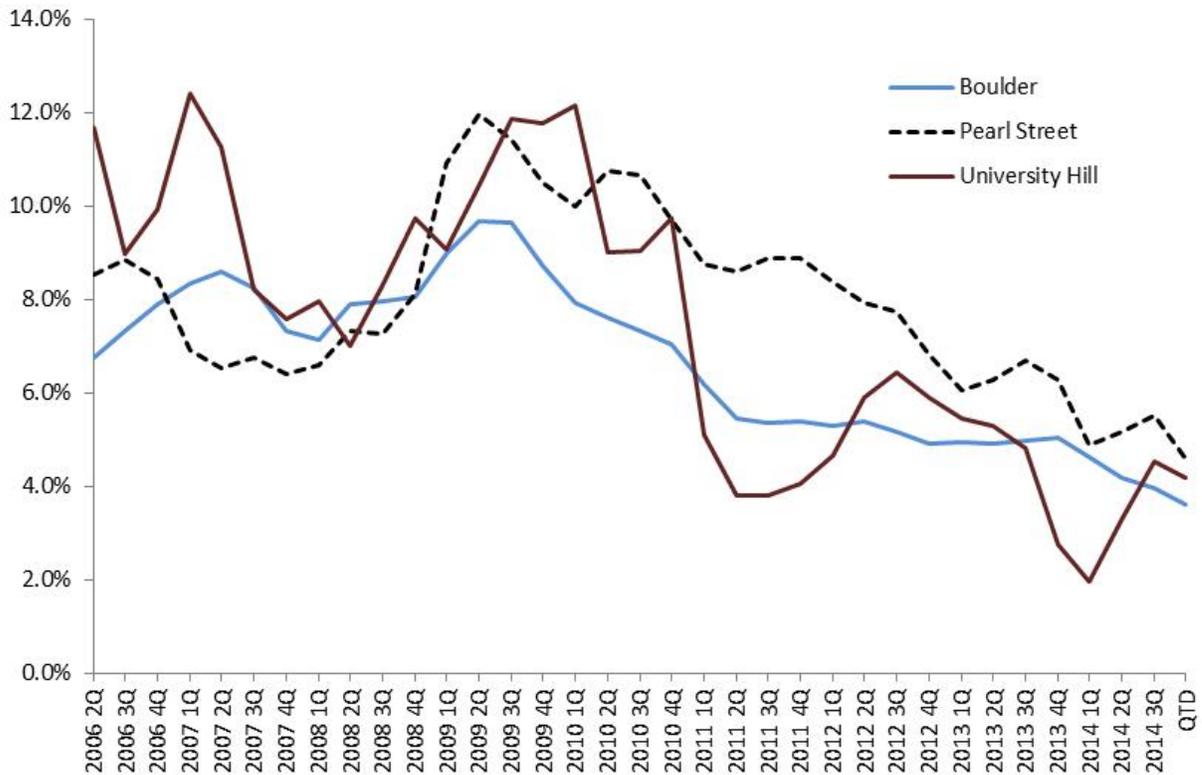
## Retail Development

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

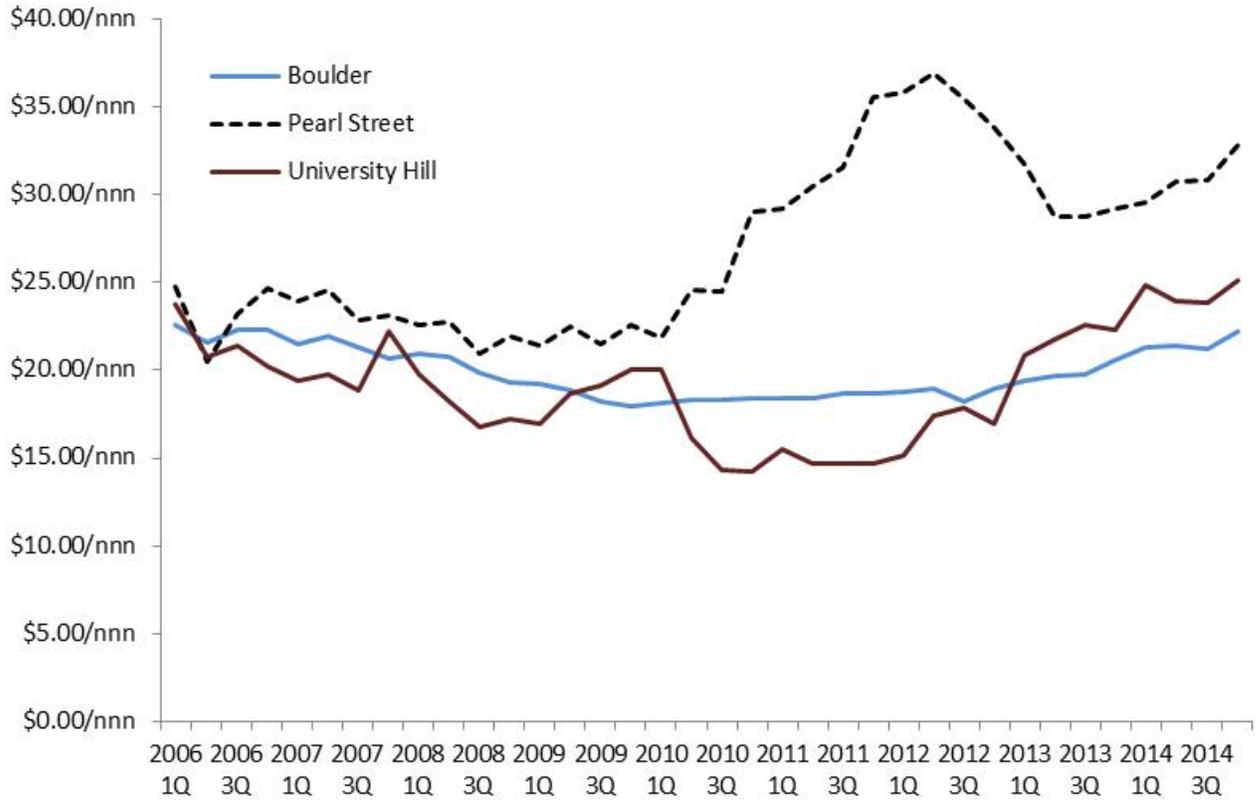
Retail conditions have been improving since the ending of the recession in 2010. Vacancy rates for retail space in Boulder have dropped from 9 percent to under 4 percent from 2009 to 2014, as shown in **Figure 2**. Vacancy rates for retail spaces along Pearl Street (7<sup>th</sup> Street to 19<sup>th</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**

---

**CU Boulder Population**

---

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**

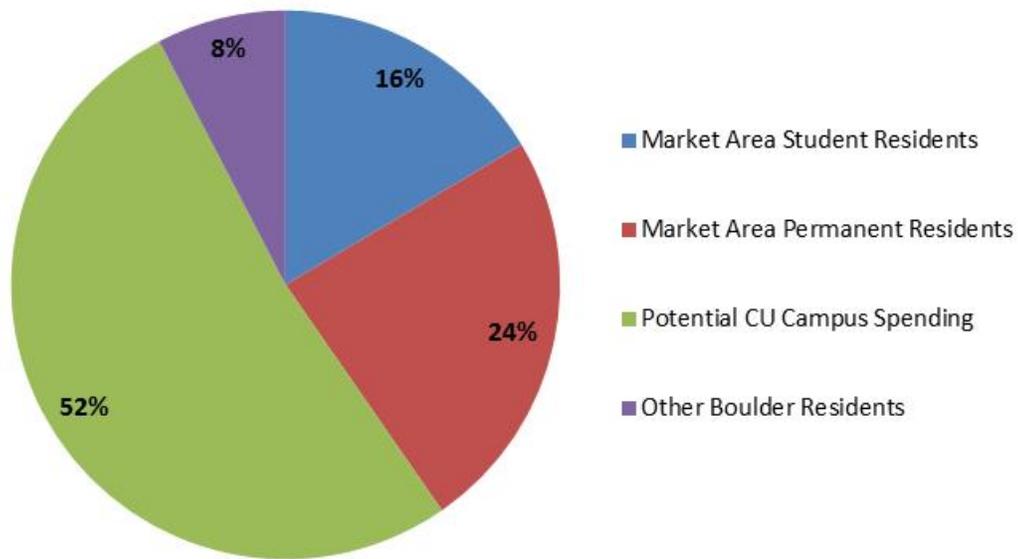
<b>Group</b>	<b>TPI / Exp. Potential</b>
<b>Market Area Student Residents</b>	
Estimated Population	6,334
Estimated Households	2,866
Estimated HH Income	<u>\$37,000</u>
<b>Student Total Personal Income</b>	<b>\$106,044,344</b>
<b>Retail Expenditures (20%)</b>	<b>\$21,587,250</b>
<b>Market Area Permanent 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

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

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

H:\143073-Boulder University Hill Economic Analysis\Models\143073-TPI Model 11-18.xlsx\Supp. Sq. Ft.

## 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

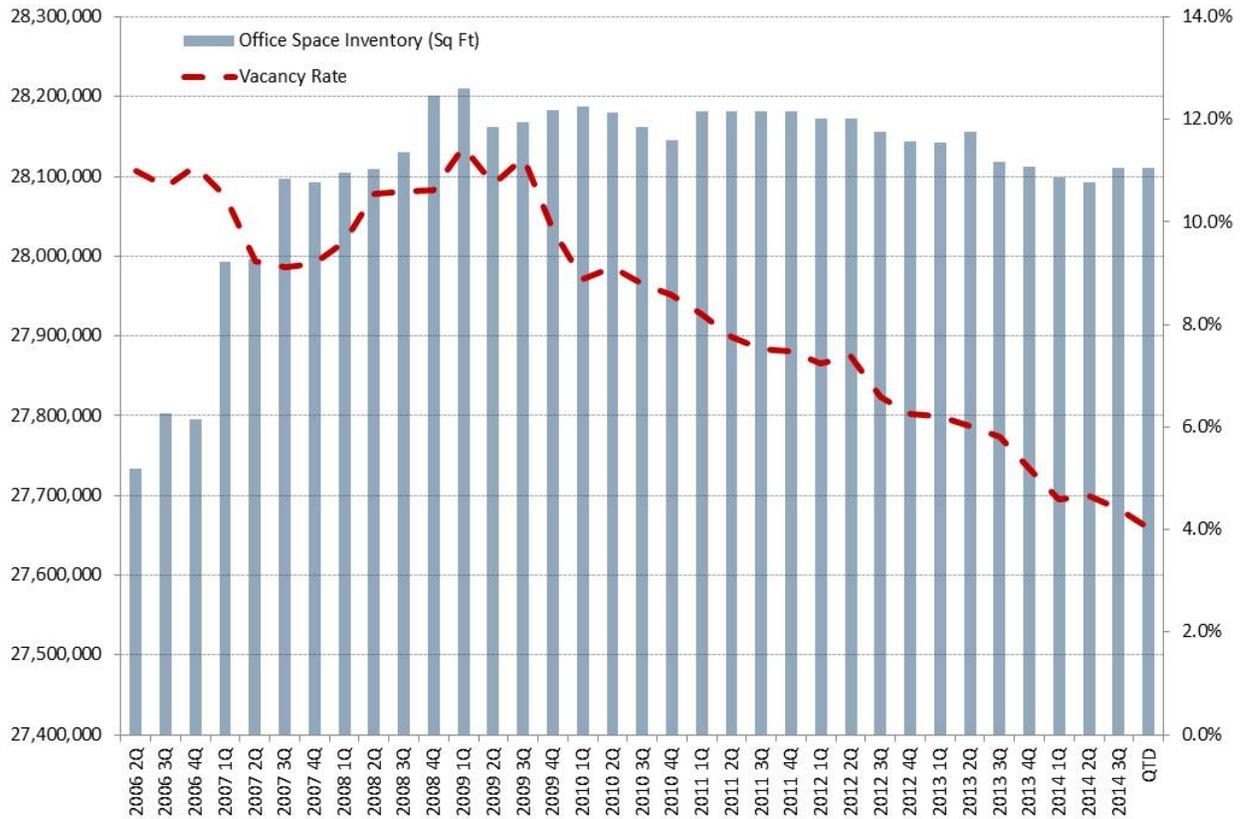
**Figures 5 and 6** below summarize office inventory, vacancy and rent trends in the City from 2004/2006 to 2014. The office space inventory in Boulder decreased from 2009 to 2014. There has been approximately 31,000 square feet per year of new Class A and Class B office space built in Boulder over the 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.

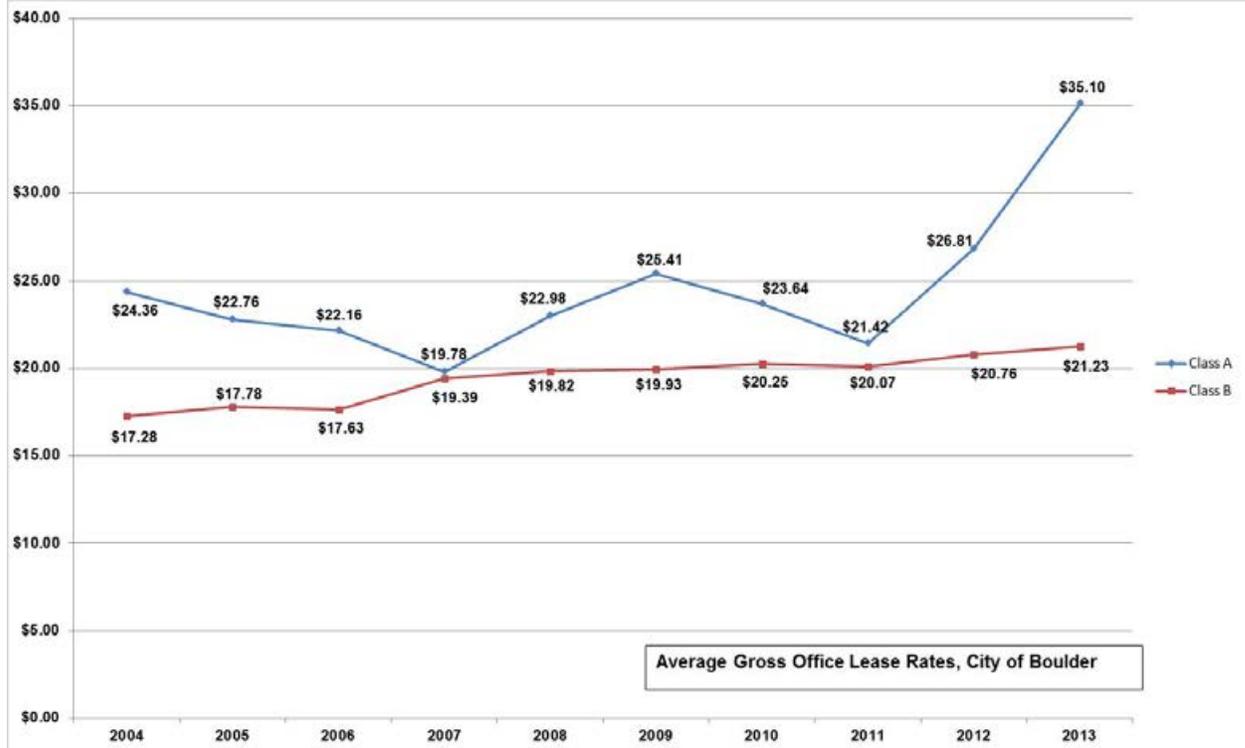
The average vacancy rate for office space has fallen from above 10 percent in 2009 to 4 percent in 2014, as shown **Figure 5**. Class A office space is essentially 100 percent occupied as of 2013 and occupancy rates have increased approximately 10 percent over the last 5 years. The current market benchmark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

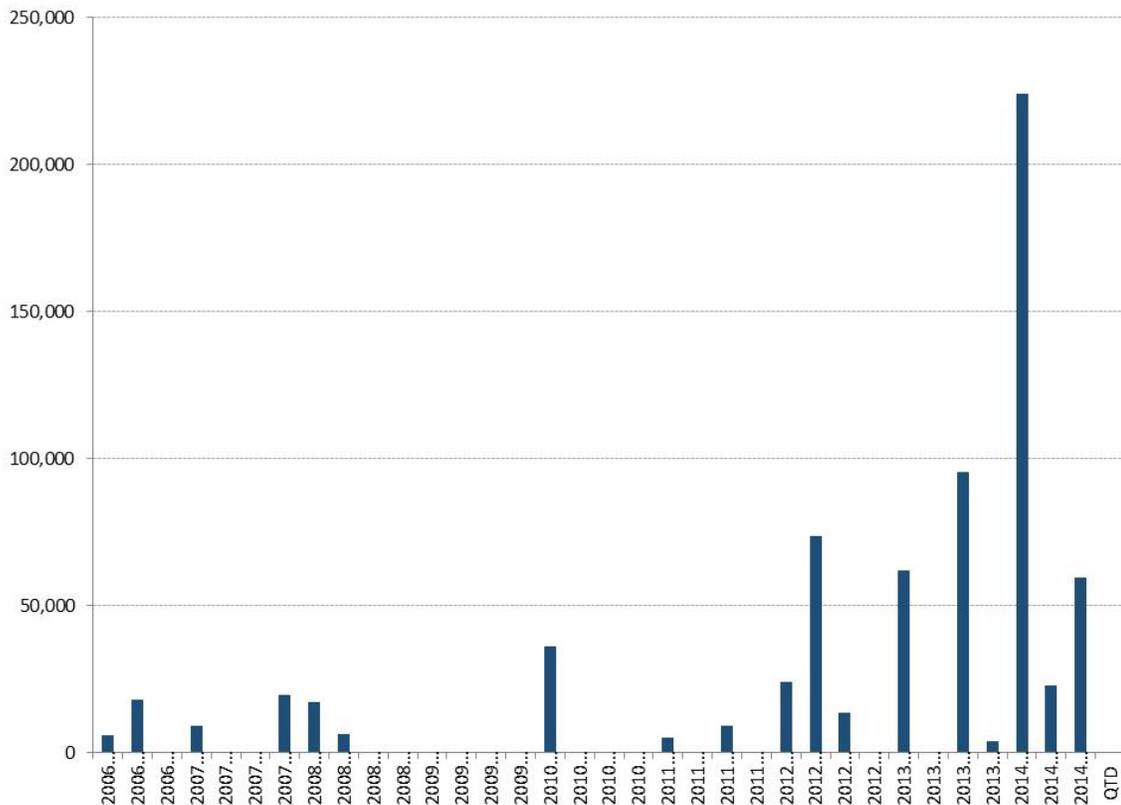


**Figure 6**  
**Average Gross Office Lease Rates, City of Boulder, 2004-2013**



**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

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

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

H:\133043-Boulder Foothills and Pearl Redevelopment Market and Feasibility\Data\Task 2-6 - Uses Analysis\133043-Boulder Project Pipeline.xlsx\Office

## 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.