Economic & Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

FINAL REPORT

MASON CORRIDOR ECONOMIC ANALYSIS
FORT COLLINS, COLORADO

Prepared for:

City of Fort Collins

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December 28, 2007

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I. INTRODUCTION & SUMMARY OF FINDINGS

The City of Fort Collins retained Economic & Planning Systems (EPS) to conduct an economic analysis of the proposed Mason Corridor project. This report summarizes the analysis and conclusions of EPS regarding development conditions and opportunities along the corridor as well as the economic and fiscal benefits of the project to the city. The final chapter addresses the potential financing options for the local funding component to build the project, as well as to provide funding for ongoing operations and maintenance costs.

BACKGROUND

The Mason Corridor is a five-mile, north-south byway within the City of Fort Collins which extends from Cherry Street on the north to south of Harmony Road. The corridor is centered along the Burlington Northern Santa Fe (BNSF) Railway property, located a few hundred feet west of College Avenue (US 287).

The Mason Corridor includes a new bicycle and pedestrian trail as well as a future Bus Rapid Transit (BRT) system in a fixed guideway for the majority of the corridor. The BRT service will operate nearly twice as fast as auto travel along College Avenue, as well as provide high frequency service every 10 minutes. Stations will incorporate new high-quality amenities that are similar to light rail, with low floor boarding platforms, sleek new buses, next bus arrival information, and pre-pay fare machines.

The Mason Corridor will link major destinations and activity centers along the corridor including the Downtown commercial, cultural, and business centers, Colorado State University (CSU), Foothills Mall, and South College Avenue retail areas.

Nearly 60 percent of all Fort Collins jobs are located within one-mile of the corridor. In addition, the hope is that the Mason Corridor investment will encourage economic development along its length. The City is evaluating zoning changes that will encourage high density development around the stations.

The project will cost an estimated $72 million. The City has applied for Small Start Funds though the Federal Transit Administration (FTA) that will provide approximately $58 million or 80 percent of the funds. The City must match the federal funds with $14 million of local funds. Currently, the Colorado Department of Transportation (CDOT) has pledged $8.5 million in SB-1 funds, and the Fort Collins Downtown Development Authority has pledged $600,000. The City will therefore need to pledge an additional $4 to $5 million to leverage the full $72 million project.

PROJECT GOALS

Over the last 20 years, the North Front Range area has grown at a rapid pace. The rapid growth within the region caused the historic role of communities within the area to shift. The City of Fort Collins now exists at the center a developing metropolitan area. Adjacent towns, such as Loveland and Windsor, have grown into significant suburbs of the City with shopping and employment of their own. This changing dynamic has and will continue to have an effect on Fort Collins.

However, Fort Collins has a number of unique assets that serve the entire metro area (including neighboring communities such as Loveland and Windsor), including CSU and a diverse and multifunctional downtown district which includes employment, retail, and entertainment uses. The addition of the Mason Corridor enhances the attractiveness of the City by providing additional multimodal access to these destinations.

The transportation corridor also has the potential to generate transit-oriented development (TOD) opportunities through the redevelopment of underutilized land along the corridor. TOD concentrates jobs, housing, and daily conveniences around transit stations. The theory behind TOD is that by locating walkable, higher-density, mixed-use areas around transit connections, this reduces the need to drive for daily convenience errands and commuting, which reduces the number of automobile trips on area roadways. TOD can also create attractive vibrant urban spaces and activity centers.

TOD differs from traditional suburban style development in that it is more compact, more pedestrian than automobile oriented, and includes a variety of land uses. There is a greater emphasis on the design of public spaces and streetscaping to make the area more appealing to pedestrians, in contrast to many suburban areas where walking is unsafe or unpleasant. Sidewalks and public spaces are integrated into transit stops and streets. TOD can also provide a focal point for a community through design and human activity, which occurs throughout the day due to the mix of land uses. Residents in these types of development often experience a greater sense of community and place because of the increased human interaction.

SCOPE OF WORK

This economic study provides a market analysis, financial analysis, and economic impact analysis of the proposed Mason Street Corridor Plan in the City of Fort Collins. The study includes the following major tasks:

- Development potentials for vacant and underutilized land along the corridor.
- Economic and financial benefits of the City's local share investment in the estimated $72 million project.
- Potential financing mechanisms for generating funds for the local match as well as for ongoing operations and maintenance costs.
- Market and real estate based economic inputs to the Mason Corridor Environmental Assessment.

SUMMARY OF FINDINGS

1. ***The Mason Corridor will capture an estimated 18 percent of the forecasted higher density housing demand between 2006 and 2031, subject to land availability.***

   The City of Fort Collins continues to have vacant land available at the periphery for residential development. However, this vacant land supply is expected to be largely built out over the next 25 years. Therefore, the residential development mix is expected to shift towards a greater amount of higher density housing products including single family attached (e.g. duplexes and townhouses) and multifamily (condominiums and apartments). This analysis includes a modest increase in higher density housing products to reflect this shift in the residential market. The forecast demand for higher density housing products is estimated to be nearly 15,600 units between 2006 and 2030. Assuming land continues to become available for redevelopment, the Mason Corridor has a potential to capture approximately 2,800 higher density housing units or nearly 18 percent of the total demand.

2. ***The Mason Street project provides additional accessibility to the downtown area and enhances the appeal of the area for residential development.***

   The current Mason Corridor plans includes five stops along the downtown segment between Laurel Street and the Downtown Transit Center near Cherry Street. The relative frequency of the proposed transit stops will provide access to nearly all of the downtown area within a quarter-mile walking distance. Therefore, residential projects will be able to locate where vacant land becomes available throughout downtown and not necessarily adjacent to station locations and still enjoy the transit benefits of the Mason Corridor project. Furthermore, the presence of freight rail on Mason Street may continue to be a potential locational deterrent for residential projects fronting the street.

3. ***The Downtown residential market is expected to grow modestly over the next 15 years building on the success of early higher density developments.***

   Nearly 100 residential units have been constructed in the Downtown area in the past five years. These units have been marketed to and largely purchased by affluent empty nesters and second homeowners, including parents of CSU students or graduates seeking a second home in the Fort Collins area. There are plans for an additional 215 residential units currently on the books. Additionally, there are nearly 15 acres of land identified with redevelopment potential both along the Mason Corridor and elsewhere. The momentum for downtown housing will grow if a range of housing products and pricing are developed to appeal to other market segments including young professionals and students.

4. ***The Colorado State University segment of the Mason Corridor is expected to provide TOD opportunities on both university and private land holdings and act as a catalyst for future redevelopment along the corridor.***

   The need for a transit connection between the University and downtown is one of the strongest from a demand perspective. This enhanced transit service will provide an opportunity for students to access downtown for shopping and entertainment. In addition, the Mason Corridor will allow students to access the College Avenue for potential housing and shopping and entertainment. The corridor will also provide CSU employees an opportunity to commute via transit either from a downtown residence or from park-n-ride lots at other stations.

   The CSU Master Plan Update will be evaluating new development opportunities on key redevelopment blocks at Prospect Road and College Avenue. The master plan should address the President's goal of expanding enrollment and the demand for additional on-campus housing. The potential to focus additional housing around transit stops is a new opportunity that should be considered in the update process. In addition, the private market is expected to take advantage of the opportunity to build university oriented housing on key redevelopment sites near the transit stops.

5. ***Development in the southern segment of the corridor is expected to concentrate on key redevelopment parcels at the Drake Road Station and South Transit Center.***

   The analysis identified nine sites with nearly 100-acres of land with high redevelopment potential in the southern segment of the Mason Corridor. However, many of the parcels highlighted currently contain viable businesses. Therefore, short-term redevelopment will be isolated to a few key redevelopment parcels along the corridor near the Drake Road Station and South Transit Center. These potential redevelopment sites have the potential to become catalyst projects for redevelopment elsewhere along the corridor. The existing Big K-Mart at the northwest corner of Drake Road and College Avenue provides nearly 18-acres of land for the development of a TOD village. The nearly 14-acres of vacant land adjacent to the South Transit Center provides and additional opportunity to construct a TOD village.

6. ***The City's potential investment of $4 to $5 million as local match funds could leverage $58 million in Federal transit funding, as well as generate an estimated $6.1 million in property tax revenue and $14.4 million in sales tax revenue over the next 25 years. Additionally, the project construction is estimated to generate $108.3 million in one-time benefit.***

   The City of Fort Collins needs to pledge $4 to $5 million in local match funds for the Mason Corridor to project to move forward. These funds will not only leverage over $67 million in funding from other sources but will also stimulate additional economic impacts. The anticipated redevelopment along the Mason Corridor will generate approximately $6.1 million in property tax revenue between 2006 and 2031, an average of $266,000 annually. In addition, the redevelopment will generate approximately $14.4 million in retail sales tax revenue an average of $578,000 annually (exclusive of sales transfers). Finally, construction of the $72 million Mason Corridor will generate an estimated $108 million in direct, indirect and induced economic impacts.

7. ***The Mason Corridor is expected to provide a positive climate for TOD, which creates a clear nexus between the transit improvements and enhanced development opportunities and higher land values on surrounding sales. This nexus provides a basis to implement a corridor specific financing mechanism, such as a GID, to fund a portion of the transit improvements. However, the City as a whole also benefits from the new improvements and, therefore, should share in a portion of the cost.***

   In the next 20 years, the corridor will include the development of an estimated 2,800 housing units. These units will be located at significant transit stations and take advantage of the new facility. Therefore, a reasonable nexus exist to support a corridor specific financing approach; a GID could generate $9.6 million over 20 years or $482,000 on average annually (assuming a 30.000 mill levy). However, a corridor specific special district is hard to implement because of the large number of property owners involved and the fact that they can have vastly different real estate and financial objectives and different time horizons for the development or redevelopment of their properties. The fact that the downtown area is already a TIF district complicates the creation of an urban renewal area for the corridor. A TIF district (excluding downtown) could generate $33.5 million over a 20 year period or an average of $1.7 million annually. Finally, the Mason Corridor improvements benefit the larger community; therefore, the City as a whole should pay for a portion of the improvements. Furthermore, the leverage of federal dollars as well as the overall economic benefits of the project justifies the investment of local dollars to build and operate the system.

II. ECONOMIC & DEMOGRAPHIC FRAMEWORK

This chapter presents an overview of economic and demographic growth trends for Fort Collins and Larimer County. The regional employment forecast provides a basis for forecasting office and industrial development potential. The market area population and household forecasts provide a basis for an estimate of housing demand. The additional household growth also provides the demand for retail growth for existing or future retail uses.

EMPLOYMENT TRENDS

Larimer County has experienced significant employment growth over the last decade. Nearly 25,000 jobs in Larimer County were added between 1990 and 2000, which fueled associated population and household growth. Although employment declined in 2002 and 2003, along with the rest of the nation, the region's economy has rebounded in 2004 and 2005 with healthy employment gains (approximately 20 percent), and declining unemployment rates. Job growth averaged 1.0 percent growth between 2000 and 2005, adding nearly 1,200 jobs per year, as shown in **Table 1**.

The strongest growth in employment sectors during this time period was seen in the Professional & Technical Services category, with approximately 700 jobs added per year, and Health Care & Social Assistance, which added an estimated 600 jobs per year. Major contractions were seen in Manufacturing, which experienced a loss of approximately 1,000 jobs per year, for a total of just over 5,000 jobs, and Administrative & Waste Services, which saw a loss of over 200 jobs per year during the same time period.

Table 1
Larimer County Employment, 1995–2005
Mason Corridor Economic Analysis

Industry Sector	1995	2000	2005	Change 2000-2005 Total #	Ann. #	Ann. %
Agriculture	711	737	772	35	7	0.9%
Mining	259	286	383	97	19	6.0%
Utilities	606	620	661	41	8	1.3%
Construction	6,394	9,757	10,085	328	66	0.7%
Manufacturing	14,993	17,588	12,464	-5,124	-1,025	-6.7%
Wholesale Trade	2,121	2,880	2,973	93	19	0.6%
Retail Trade	13,183	15,533	16,429	896	179	1.1%
Transportation & Warehousing	2,396	2,767	2,866	99	20	0.7%
Information	1,802	2,812	2,436	-376	-75	-2.8%
Finance & Insurance	2,216	2,796	3,241	445	89	3.0%
Real Estate, Rental, & Leasing	1,705	1,949	2,142	193	39	1.9%
Professional & Technical Services	4,310	6,054	9,388	3,334	667	9.2%
Management of Companies & Enterprises	143	184	544	360	72	24.2%
Administrative & Waste Services	4,527	8,109	6,947	-1,162	-232	-3.0%
Educational Services	596	849	1,018	169	34	3.7%
Health Care & Social Assistance	8,016	9,745	12,616	2,871	574	5.3%
Arts, Entertainment, & Recreation	1,595	1,813	2,076	263	53	2.7%
Accommodation & Food Services	10,414	12,509	13,710	1,201	240	1.9%
Other Services	2,322	2,848	3,143	295	59	2.0%
Government	5,678	6,434	7,046	612	122	1.8%
Total	**94,896**	**119,093**	**124,999**	**5,906**	**1,181**	**1.0%**

Source: Bureau of Labor Statistics; Economic & Planning Systems

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All employment sectors experienced an increase in wages from 2000 to 2005, as shown in **Table 2**. The average wage in Larimer County in 2005 was approximately $36,600, up from $32,400 in 2000, an increase of approximately 2.5 percent. Several industries experienced significant annual wage growth, including Professional & Technical Services, with 7.9 percent annual average increase, and Administrative & Waste Services, with 5.4 percent annual increase in wages. The industries with the lowest increase in wages were Manufacturing at 0.5 percent, Educational Services at 0.6 percent and Finance & Insurance at 1.9 percent annual growth. These wage numbers are not inflation adjusted; therefore, there has been little to no real income growth since 2000.

Table 2
Larimer County Wages, 1995–2005
Mason Corridor Economic Analysis

				Change 2000-2005		
Industry Sector	**1995**	**2000**	**2005**	**Total #**	**Ann. #**	**Ann. %**
Agriculture	$17,852	$20,824	$25,481	$4,657	$931	4.1%
Mining	28,419	33,748	40,308	6,560	1,312	3.6%
Utilities	40,256	48,315	60,316	12,001	2,400	4.5%
Construction	27,388	34,160	39,015	4,855	971	2.7%
Manufacturing	40,978	60,348	61,859	1,511	302	0.5%
Wholesale Trade	28,760	37,169	43,453	6,284	1,257	3.2%
Retail Trade	16,059	20,412	22,996	2,584	517	2.4%
Transportation & Warehousing	23,008	29,250	33,954	4,704	941	3.0%
Information	27,559	39,091	43,656	4,565	913	2.2%
Finance & Insurance	27,671	40,294	44,269	3,975	795	1.9%
Real Estate, Rental, & Leasing	16,418	23,370	29,364	5,994	1,199	4.7%
Professional & Technical Services	34,929	41,393	60,399	19,006	3,801	7.8%
Management of Companies & Enterprises	43,474	41,269	52,364	11,095	2,219	4.9%
Administrative & Waste Services	17,226	21,295	27,734	6,439	1,288	5.4%
Educational Services	15,335	19,688	20,250	562	112	0.6%
Health Care & Social Assistance	24,906	31,117	37,071	5,954	1,191	3.6%
Arts, Entertainment, & Recreation	12,982	14,724	18,683	3,958	792	4.9%
Accommodation & Food Services	8,477	10,925	12,361	1,436	287	2.5%
Other Services	15,873	20,614	25,261	4,647	929	4.1%
Government	31,375	38,607	48,236	9,629	1,926	4.6%
Total	**$25,096**	**$32,424**	**$36,602**	**$4,178**	**$836**	**2.5%**

Source: Bureau of Labor Statistics; Economic & Planning Systems

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DEMOGRAPHIC TRENDS

Population & Households

The City of Fort Collins reached a population of 132,000 in 2006, growing by 1.8 percent per year from 2000 to 2006, as shown in **Table 3**. Households in the City of Fort Collins are growing at a slightly higher annual rate than population, at 3.1 percent per year. The City has approximately 54,000 households, accounting for approximately 50 percent of all households in Larimer County, up from 47.2 percent in 2000.

This increase in household capture indicates a higher percentage of growth in the City than in the remainder of the County. This trend is also evident in the slower growth rate in both population and households in the County, at 1.8 percent and 1.6 percent per year, respectively, relative to the 1.8 percent population growth and 3.1 percent household growth in Fort Collins.

Table 3
Population and Households, 1990–2005
Mason Corridor Economic Analysis

				Change 2000 - 2006		
Location	**1990**	**2000**	**2006**	**Total #**	**Ann. #**	**Ann. %**
Fort Collins [1]						
Population	87,758	118,652	132,162	13,510	2,252	1.8%
Households	33,689	45,882	53,944	8,062	1,344	3.1%
% of County	47.8%	47.2%	49.9%			
% of State	2.6%	2.8%	2.9%			
Larimer County						
Population	186,136	251,494	280,475	28,981	4,830	1.8%
Households	70,472	97,164	108,040	10,876	1,813	1.6%
% of State	5.5%	5.9%	5.8%			
State of Colorado						
Population	3,294,473	4,301,261	4,815,859	514,598	85,766	1.9%
Households	1,282,489	1,658,238	1,854,446	196,208	32,701	1.8%

[1] Excludes the growth management area

Source: City of Fort Collins; Economic & Planning Systems

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Income

Median household income within the City of Fort Collins grew to approximately $53,600 and average household income grew to approximately $69,000 by 2006, as shown in **Table 4**. The median household income grew by 3.2 percent per year and the average income grew by 3.5 percent per year, both growing at the same rates as Larimer County's median and average, respectively, and higher than the 2.9 percent median and 3.0 percent average growth seen in the State as a whole. However, both County and State average and median incomes exceeded those of the City of Fort Collins.

Table 4
Household Income Trends, 2000–2006
Mason Corridor Economic Analysis

Characteristics	2000	2006	Change 2000 - 2006 Total	Ann. %
Fort Collins				
Household Median	$44,518	$53,642	$9,124	3.2%
Household Average	$56,037	$69,027	$12,990	3.5%
Larimer County				
Household Median	$48,831	$58,826	$9,995	3.2%
Household Average	$60,516	$74,306	$13,790	3.5%
State of Colorado				
Household Median	$47,394	$56,146	$8,752	2.9%
Household Average	$61,437	$73,440	$12,003	3.0%

Source: Claritas; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-Claritas.xls]Income Trends

Table 5 shows the number of households in Fort Collins by income bracket. While the growth in households was estimated at only 2.8 percent, the growth in households earning $75,000 or more was approximately 8.3 percent, or the addition of approximately 1,200 households per year. Furthermore, the percentage of those earning $75,000 or more increased from approximately 25 percent in 2000 to an estimated 34 percent in 2006. Retailers prefer to locate in market areas with high concentrations of households earning $75,000 or more annually.

Table 5
Households by Income Bracket, 2000–2006
Mason Corridor Economic Analysis

Household	2000		2006		Change 2000 - 2006	
Income Category	# HH	% HH	# HH	% HH	Ann. #	Ann. %
Less than $10,000	3,913	8.5%	3,841	7.1%	-12	-0.3%
$10,000 - $25,000	11,334	24.7%	11,063	20.4%	-45	-0.4%
$25,000 - $50,000	10,257	22.4%	10,535	19.4%	46	0.4%
$50,000 - $75,000	9,053	19.7%	10,563	19.5%	252	2.6%
$75,000 - $100,000	5,628	12.3%	7,181	13.2%	259	4.1%
$100,000 - $150,000	3,835	8.4%	7,533	13.9%	616	11.9%
$150,000 - $250,000	1,433	3.1%	2,648	4.9%	203	10.8%
$250,000 - $500,000	307	0.7%	663	1.2%	59	13.7%
Over $500,000	117	0.3%	246	0.5%	22	13.2%
Total	**45,877**	**100.0%**	**54,273**	**100.0%**	**1,399**	**2.8%**
$75,000 or more	**11,320**	**24.7%**	**18,272**	**33.7%**	**1,159**	**8.3%**

Source: Claritas; Colorado Department of Labor; Economic & Planning Systems

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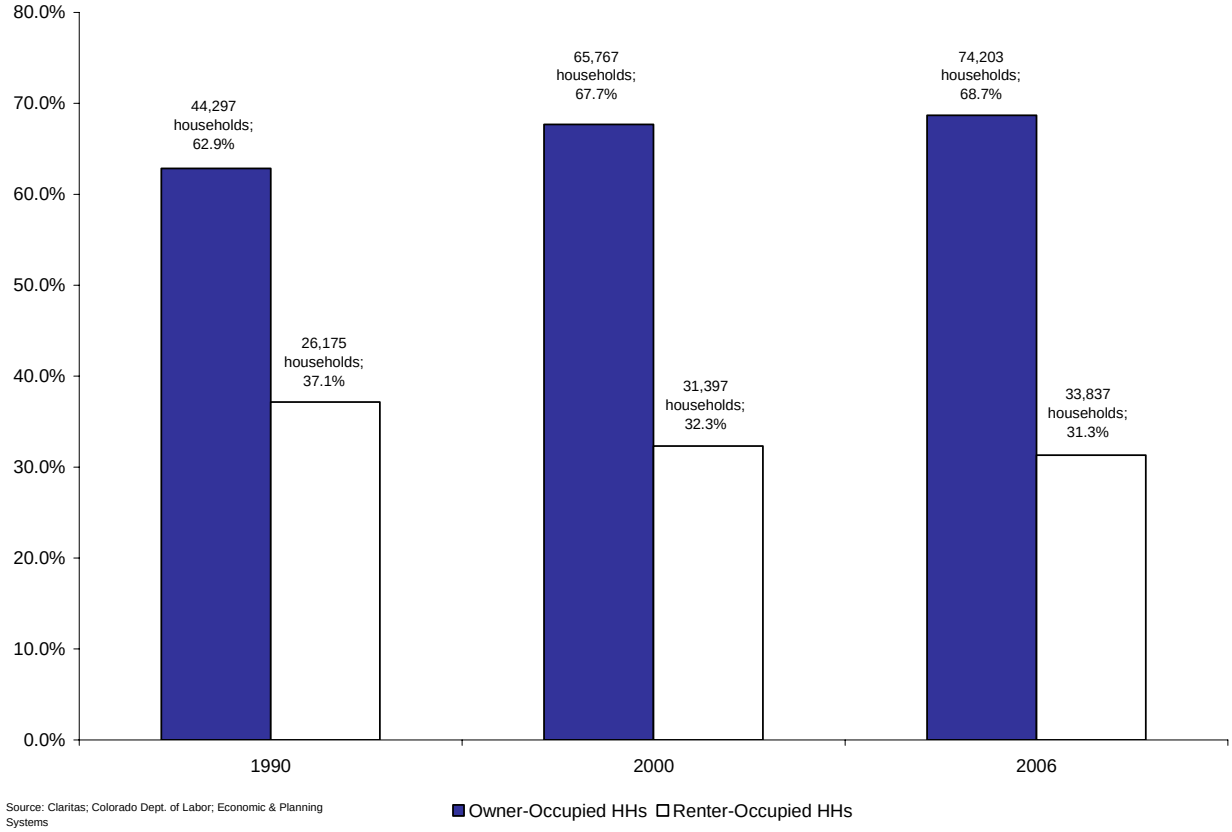
Tenure

There has been a trend toward a higher percentage of owner-occupied households in Larimer County between 1990 and 2006, as shown in **Figure 1**. In 1990 62.9 percent, or approximately 44,300 households, were owner-occupied. By 2006, however, 68.7 percent, or 74,200 households, were owner-occupied. Renter-occupied households comprise 31.3 percent of total households in Larimer County in 2006.

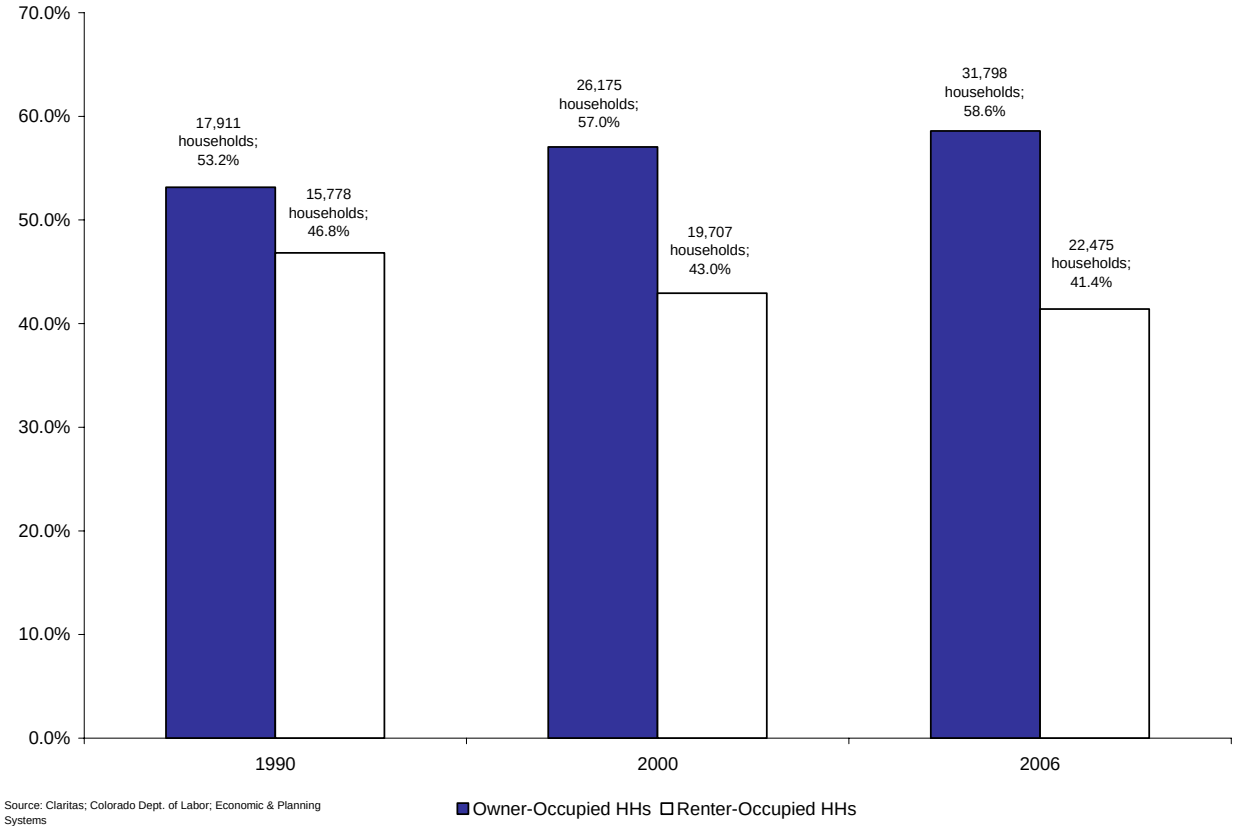
Figure 1
Larimer County Tenure, 1990–2006
Mason Corridor Economic Analysis



Source: Claritas; Colorado Dept. of Labor; Economic & Planning Systems

Figure 2 shows housing by tenure in the City of Fort Collins. Similar to Larimer County, Fort Collins experienced an increase in owner-occupied households from 1990 to 2006, growing from 53.2 percent of households to 57.0 percent. Renter-occupied households accounted for approximately 22,500 or 41.4 percent of households in the City in 2006. The higher proportion of renter households is expected in the central city of an urban area. The presence of CSU is the single largest demand factor for rental housing in the city.

Figure 2
City of Fort Collins Tenure, 1990–2006
Mason Corridor Economic Analysis



Source: Claritas; Colorado Dept. of Labor; Economic & Planning Systems

HOUSING CONSTRUCTION

Housing construction is estimated based on new unit building permits. From 2000 through 2006, there were a total of approximately 9,400 permits issued in Fort Collins, which equates to just over 1,300 per year. Housing start activity in 2006 was down considerably from previous years in the City of Fort Collins, as shown in **Table 6**. An estimated 600 permits were issued in 2006, a reduction of approximately 40.5 percent from 2005, when approximately 1,000 permits were issued. This decline in permit activity is seen across all residential permit types. Furthermore, this trend can be seen across the entire North Front Range. This downward trend in housing construction coincides with rising mortgage interest rates and the implosion of the sub-prime lending market.

TOD housing opportunities will be estimated as a share of higher density housing including single family attached and multifamily units. The last seven years recorded an average increase of over 100 single family attached units and nearly 400 multifamily units, for a total of approximately 500 units per year, or 38 percent of total construction.

Table 6
City of Fort Collins Building Permits, 2000–2006
Mason Corridor Economic Analysis

								2000/01[1] - 2006		
Type	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**Total #**	**% of Total**	**Avg. #**
Single Family Detached	985	902	1,055	822	892	677	432	5,765	61.2%	824
Single Family Attached [1]	---	212	169	151	85	58	26	701	7.4%	117
Multifamily	597	738	312	425	308	244	127	2,751	29.2%	393
Mobile Home	85	87	9	15	1	4	0	201	2.1%	29
Total Units	**1,667**	**1,939**	**1,545**	**1,413**	**1,286**	**983**	**585**	**9,418**	**100.0%**	**1,345**

[1] Single Family Attached Total and Average taken from 2001 through 2006

Source: City of Fort Collins; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-ResBuildingPermits.xls]ResPermits '00-'06

POPULATION AND HOUSEHOLD FORECASTS

Estimating the future population and households for the City of Fort Collins requires an understanding of buildable land capacity and the influence of the growth management area. In 1980, the City of Fort Collins designated a growth management area (GMA) surrounding its incorporated boundaries. The GMA identifies land for future annexation and development. Every community in Larimer County has defined a growth management area. The purpose of these GMAs is to preserve open space between communities allowing each municipality to remain unique and distinct.

The forecast of population and households within the City of Fort Collins is based on not only the currently incorporated boundary but the GMA as well. The recently updated the Buildable Land Inventory, compiled by the City of Fort Collins' Planning Department, estimates the capacity of the remaining buildable land within the GMA. The inventory of vacant land is estimated to accommodate 13,491 additional housing units based on current residential densities of five units per gross acre, as shown in **Table 7**. There are also 6,613 units in approved development projects plus an additional 5,158 units in proposed projects. The total Buildable Land Inventory is therefore 25,262 units, as shown.

Table 7
City of Fort Collins Housing Capacity
Mason Corridor Economic Analysis

Item	Amount	% of Total
Existing Housing Units [1]	**57,670**	**64.1%**
Buildable Land Inventory [2]		
Vacant Land	13,491	15.0%
Approved Units	6,613	7.4%
Proposed Units	5,158	5.7%
Subtotal	**25,262**	**28.1%**
Redevelopment		
Mason Corridor	3,500	3.9%
Elsewhere in Fort Collins	3,500	3.9%
Subtotal	**7,000**	**7.8%**
Forecast Build Out (Units)	**89,932**	**100.0%**
Forecast HH [3]	85,435	---
Existing GMA HH [4]	8,736	---
HH at Buildout	**94,171**	---
Pop at Buildout	**230,720**	---

[1] Based on City of Fort Collins planning estimate through August 2007
[2] Based on preliminary revisions dated September, 2007
[3] Assumes a 5.0 percent stabilized vacancy rate
[4] Based on City of Fort Collins estimate
Source: US Census; City of Fort Collins; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Data\[17830-Forecast-100107.xls]Forecast Inputs

Redevelopment will also account for a share of future residential development capacity. The subsequent analysis (Chapter III and VI) estimates the Mason Corridor will have the capacity for approximately 3,500 residential units through redevelopment. However, the Mason Corridor is not the only corridor that has redevelopment potential. Several Other arterial corridors with redevelopment capacity, including North College, Mulberry, and South College (south of Harmony), are likely to capture some portion of future development before 2030.

The Mason Corridor is assumed to constitute approximately 50 percent of the overall redevelopment potential within the City. The redevelopment capacity is therefore estimated at 7,000 units, as shown. The total residential buildable capacity of the City is then estimated at 32,262 based on the Buildable Land Inventory plus redevelopment potential. The City will therefore contain an estimated 89,932 units at build out plus the existing residential units within the GMA (estimated at 8,900 units or 8,736 households). Assuming a vacancy rate of 5.0 percent and adding the existing GMA units, the City of Fort Collins will contain approximately 94,171 households at build out for a total population of approximately 230,720 (assuming an average household size of 2.45).

Building permits for residential units have averaged approximately 1,300 units since 1990. This average includes single-family detached, single-family attached, and multifamily units. The population and households in the City are assumed to grow at a similar rate to the historic average. Therefore, the population is estimated to reach 204,780 by 2030 an average annual growth of 3,026 people and 1,235 households, as shown in **Table 8**.

Table 8
City of Fort Collins Population and Household Forecast, 2006-2030
Mason Corridor Economic Analysis

Location	2006	2010	2020	2030	Ann. Avg.
Fort Collins					
Population	132,162	144,265	174,523	204,780	3,026
Households [1]	53,944	58,884	71,234	83,584	1,235
Growth Management Area					
Population	21,403	21,403	21,403	21,403	---
Households	8,736	8,736	8,736	8,736	---
Fort Collins w/ GMA					
Population	153,566	165,669	195,926	226,184	3,026
Households	62,680	67,620	79,970	92,320	1,235

[1] Growth based on historic building permit trend of 1,309 units annually since 1990

Source: City of Fort Collins; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-Forecast-100107.xls]FTC Pop&HH Forecast

The City of Fort Collins estimates the existing population of the GMA at 21,403 or approximately 8,736 households, as shown. These households will slowly be annexed

into the City and, therefore, affect the future population and household estimates for the City. By adding the GMA residents the population estimate increases to 226,184 or 92,320 households by 2030, approximately 98 percent of the anticipated build out capacity.

Larimer County households are expected to grow faster than Fort Collins from an estimated 108,000 in 2006 to approximately 198,400 in 2030, as shown in **Table 9**. The population of the county is expected to exceed 500,000 by 2030 based on an average household size of 2.6 persons. As a result, the City of Fort Collins, including the GMA, will represent a smaller share of the County total in 2030 at 46.5 percent compared to the existing share of 58.0 percent.

Table 9
Population and Household Forecast, 2006–2030
Mason Corridor Economic Analysis

Location	2006	2010	2020	2030	Ann. Avg.
Fort Collins [1]					
Population	153,566	165,669	195,926	226,184	
Households	62,680	67,620	79,970	92,320	1.6%
% of County	58.0%	56.6%	51.9%	46.5%	
Larimer County					
Population	280,475	310,039	399,629	514,089	
Households	108,040	119,428	153,939	198,422	2.7%
State of Colorado					
Population	4,815,859	5,254,784	6,551,444	8,168,066	
Households	1,854,446	2,023,463	2,522,769	3,145,283	2.3%

[1] Inludes the existing population within the growth management area

Source: Colorado Department of Local Affairs; City of Fort Collins; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-Forecast-100107.xls]Regional POP&HH Forecast

III. RESIDENTIAL DEVELOPMENT

This chapter of the report reviews competitive residential development trends in Fort Collins with a focus on higher density, for-sale and for-rent housing in the larger market, and specifically in the Mason Corridor and the downtown area. Apartment lease rates, unit mix and vacancy rates are included for all of Fort Collins.

HOUSING TRENDS

For-sale average home prices over the past ten years have steadily increased in the Fort Collins market (which includes the Town of Wellington), as shown in **Table 10.** The average residential sales price in 1996 was $147,500, increasing to approximately $248,800 by 2006. The ten-year price appreciation was an estimated 5.4 percent annually. Prices appreciated at a higher rate from 1999 through 2001, averaging approximately 10 percent annually for the three-year boom.

Throughout the ten-year period, from 1996 to 2006, the number of residential sales, including both attached and detached products, remained fairly steady. Despite a national housing market decline in 2006, sales in Fort Collins remained strong, at 3,700 sales, near the ten year average of approximately 3,800 sales per year.

Table 10
Residential Sales and Average Price, 1996-2006
Mason Corridor Economic Analysis

Year	# Sold	Avg. $	% Price Change
1996	3,109	$147,503	3.0%
1997	3,165	$153,725	4.2%
1998	3,834	$159,686	3.9%
1999	3,855	$175,036	9.6%
2000	3,674	$194,042	10.9%
2001	4,059	$213,042	9.8%
2002	4,175	$217,314	2.0%
2003	3,821	$228,541	5.2%
2004	4,087	$230,589	0.9%
2005	4,008	$245,494	6.5%
2006	3,701	$248,767	1.3%
Average	**3,772**	**---**	**5.4%**

Source: The Group, Inc; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Data\[17830-FT Collins Res Market.xls]Summary

Apartment Market

The competitive apartment market for the Mason Corridor includes the Fort Collins and Loveland markets. The data on current conditions is from the Von Stroh apartment survey, and reviews vacancy, rental rates and product mix for multi-family for-rent housing.

The Fort Collins/Loveland market has over 4,500 rental units, as shown in **Table 11**. Of these units an estimated 200, or 4.1 percent, are studio units. The majority of the units available are one- and two-bedroom units, totaling 82.1 percent, or approximately 3,700 units. The remaining units, 3 bedroom and other rental types, comprise 13.7, or just over 600 units.

Studio apartments rent from $400 to $700, and one bedroom units range from $400 to $900 per month. The two bedroom units range from $500 to $900 per month, and the three bedroom units rent from $600 to $1,200 per month. The other types of rental units have a broader range of rent, from $700 to $1,500 per month. Eighty five percent of all units in the Fort Collins/Loveland rental inventory, or approximately 3,900 units, rent between $500 and $900 per month.

Table 11
Number of Units by Type & Price
Mason Corridor Economic Analysis

			2 Bedroom					
Price Range	**Studio**	**1 Bed**	**1 Bath**	**2 Bath**	**3 Bed**	**Other**	**All Units**	**% of Total**
$401 to $500	78	70	---	---	---	---	148	3.3%
$501 to $600	99	278	368	---	---	---	745	16.4%
$601 to $700	10	650	306	90	98	---	1,154	25.4%
$701 to $800	---	83	365	470	3	9	930	20.5%
$801 to $900	---	91	341	323	156	120	1,031	22.7%
$901 to $1,000	---	---	135	165	10	18	328	7.2%
$1,001 to $1,100	---	---	---	---	---	1	1	0.0%
$1,101 to $1,200	---	---	---	---	103	---	103	2.3%
$1,201 to $1,300	---	---	---	---	---	3	3	0.1%
$1,301 to $1,400	---	---	---	---	---	---	---	---
$1,401 to $1,500	---	---	---	---	---	104	104	2.3%
$1,500+	---	---	---	---	---	---	---	---
Total	**187**	**1,172**	**1,515**	**1,048**	**370**	**255**	**4,547**	100.0%
% of Total	4.1%	25.8%	33.3%	23.0%	8.1%	5.6%	100.0%	

Source: Fort Collins Area Aparment Vacancy and Rent Survey; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-Rental.xls]2007 # Units

Table 12 shows the differences between the vacancy rates of the various apartment types in the Fort Collins/Loveland market area from 2003 to 2007. One bedroom units show the lowest average vacancy rate across all five years, ranging from 7.8 percent at its peak in 2003 to 2.8 in 2006. The vacancy rate increased again for the one bedroom units to 6.5 percent in 2007. Three bedroom units typically have the largest vacancy rates, ranging from 19.5 percent in 2003 to 12.9 percent in 2007. While there have been some fluctuations in the vacancy rate across the five year period, the average vacancy rate for all units has decreased from 12.2 percent in 2003 to 8.8 percent in 2007.

Table 12
Fort Collins/Loveland Vacancy, 2003–2007
Mason Corridor Economic Analysis

Type	2003	2004	2005	2006	2007
Studio	17.1%	7.4%	6.5%	8.5%	12.7%
1 Bedroom	7.8%	6.5%	5.8%	2.8%	6.5%
2 Bed, 1 Bath	14.0%	12.3%	7.9%	7.6%	9.4%
2 Bed, 2 Bath	12.8%	10.9%	7.2%	5.6%	7.5%
3 Bedroom	19.5%	18.9%	19.3%	19.5%	12.9%
All Units	**12.2%**	**11.2%**	**8.9%**	**8.1%**	**8.8%**

Note: 2007 is partial year only

Source: Fort Collins Area Aparment Vacancy and Rent Survey; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-Rental.xls]Vacancy

Table 13 shows rent by unit type for the Fort Collins/Loveland area. The overall rent for all unit types increased by approximately $36 per year, or 5.8 percent annually from 1996 to 2001. The overall rent increased by $4 per year, or 0.6 percent annually from 2001 to 2006. Growth in the rental rates for one bedroom and two bedroom, one bath units was negative from 2001 to 2006, growing by -0.5 percent and -0.8 percent, respectively.

Table 13
Fort Collins/Loveland Rent, 1996–2007
Mason Corridor Economic Analysis

					Change 1996 - 2001		Change 2001 - 2006	
Type	**1996**	**2001**	**2006**	**2007**	**Ann. #**	**Ann. %**	**Ann. #**	**Ann. %**
Studio	$239.26	$366.17	$449.32	$539.61	$25.38	8.9%	$16.63	4.2%
1 Bedroom	$517.49	$630.74	$615.80	$656.98	$22.65	4.0%	($2.99)	-0.5%
2 Bed, 1 Bath	$587.07	$710.63	$682.96	$724.88	$24.71	3.9%	($5.53)	-0.8%
2 Bed, 2 Bath	$626.70	$817.40	$846.24	$812.58	$38.14	5.5%	$5.77	0.7%
3 Bedroom	$520.08	$781.84	$884.21	$919.70	$52.35	8.5%	$20.47	2.5%
All Units	**$548.52**	**$726.72**	**$748.88**	**$758.27**	**$35.64**	**5.8%**	**$4.43**	**0.6%**

Note: 2007 is partial year only

Source: Fort Collins Area Aparment Vacancy and Rent Survey; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-Rental.xls]Rent

Rent per square foot for all apartment types in the Fort Collins/Loveland area grew by $0.03 per square foot per year, a rate of 4.1 percent annually from 1996 to 2001, as shown in **Table 14**. This growth rate dropped from 2001 to 2006 to 0.7 percent across all unit types, with slightly negative growth in the one bedroom units. Studio units, unlike all other unit types, grew by a higher percentage from 2001 to 2006, at 7 percent, than it did from 1996 to 2001, at 4.3 percent.

Table 14
Fort Collins/Loveland Rent per Square Foot, 1996–2007
Mason Corridor Economic Analysis

					Change 1996 - 2001		Change 2001 - 2006	
Type	**1996**	**2001**	**2006**	**2007**	**Ann. #**	**Ann. %**	**Ann. #**	**Ann. %**
Studio	$0.73	$0.90	$1.26	$1.48	$0.03	4.3%	$0.07	7.0%
1 Bedroom	$0.84	$0.98	$0.96	$1.04	$0.03	3.1%	($0.00)	-0.4%
2 Bed, 1 Bath	$0.72	$0.85	$0.86	$0.88	$0.03	3.4%	$0.00	0.2%
2 Bed, 2 Bath	$0.70	$0.83	$0.91	$0.84	$0.03	3.5%	$0.02	1.9%
3 Bedroom	$0.51	$0.79	$0.79	$0.86	$0.06	9.1%	$0.00	0.0%
All Units	**$0.72**	**$0.88**	**$0.91**	**$0.94**	**$0.03**	**4.1%**	**$0.01**	**0.7%**

Note: 2007 is partial year only

Source: Fort Collins Area Aparment Vacancy and Rent Survey; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-Rental.xls]$ per SF

DOWNTOWN SALES MARKET

Fort Collins has only recently begun to see the development of higher density, infill condominium projects. To date, virtually all of these projects are in and around the downtown core. Eleven for-sale residential construction projects have been recently completed or are underway in the downtown area. Six of the eleven residential projects have been completed, with a total of 100 units. There are 25 units under construction, and an additional 290 units planned, as shown in **Table 15** and summarized below.

Table 15
Downtown Fort Collins Residential Projects
Mason Corridor Economic Analysis

Project	Location	Units
Completed		
Cherry Street Lofts	Cherry, West of Mason	10
Cortina	SWC Canyon & Howes	21
Magnolia Lofts	NWC Mason & Magnolia	18
Mason Street North	Mason & Cherry	20
Old Town Lofts	College and Oak	17
Pine Street Lofts	SWC Jefferson & Pine	14
Subtotal		**100**
Under Construction		
Penny Flats (Building 5)	NWC Mason & Maple	25
Entitled		
Cherry Street Station	College and Cherry	17
Penny Flats (Buildings 1-4, 6-8)	NWC Mason & Maple	122
Subtotal		**139**
Proposed		
Block 23	NEC Mason & Maple	---
Willow Street Lofts	Willow St; Between College and Linden	20
Belle Claire	College and Olve	31
Subtotal		**51**
Total		**315**

Source: Economic & Planning Systems (Stakeholder Interviews)
H:\17830-Mason Corridor Economic Study\Data\[17830-ResDevInv.xls]Inv

Cherry Street Lofts – The three story building, built in 2005, is located at the corner of Cherry Street and Meldrum Avenue. There are a total of 10 residential lofts located on three floors, with 4,000 square feet of office/retail space on the ground floor. The residential lofts range in size from 700 to 1,300 square feet.

Cortina – The high-end, mixed-use building, completed in 2005, is located at the corner of Howes Street and Canyon Avenue. The first two floors offer over 20,000 square feet of office and retail space. The upper four floors contain 21 residential lofts ranging in size from 1,100 to 2,800 square feet. This is the most expensive project in downtown, but all of the residential units have been sold. There are several first and second level commercial suites remaining.

The Urban Living Lofts at Magnolia – The four story high-end loft building is located just west of Mason Street on Magnolia Street. The 18 residential units range in size from 950 to 1,750 square feet. The building contains a central atrium, exposed brick walls and beams, 12 foot ceilings, radiant heat, hardwood floors, and a rooftop observatory. A small amount of ground floor office/retail space is included in the building. The building was completed in early 2007 and all but two units sold before the completion of construction. This project has been the most successful in terms of sales to-date.

Mason Street North – The mixed use project features three buildings with ground floor office/retail space and 2nd and 3rd story lofts. In total there are 20 residential units and 18,000 square feet of office/retail space. The project is located on the Northwest corner of Mason Street and Cherry Street and overlooks a 50-acre park along the Poudre River to the north. The residential units are one or two stories, ranging in size from 650 to 1,500 square feet. During the two-year construction phase 15 of the 20 units sold as pre-sales, however, five of these pre-sales fell through. The project was completed in 2006 and has eight residential units remaining which are primarily two-level units.

Old Town Lofts – The four story building is located at the corner of College Avenue and Oak Street. The ground floor contains almost 10,000 square feet of office space, and 17 residential loft units located on the remaining three floors. The project was completed in early 2006, and one unit remains.

Pine Street Lofts – The three story building is located at the corner of Pine Street and Jefferson, just a block away from Old Town Square. The building has 14 total residential lofts ranging in size from 800 to 2,600 square feet. The building was completed in 2005 and all but two lofts, both two-level units, have sold. The units in this building sold at a rate of between 5 and 6 per year.

Penny Flats – This mixed use project, built on a City-owned parcel, is located on a full half-block facing Mason Street between Maple Street and Cherry Street. It features eight buildings with multifamily housing in all and ground-floor office and retail space in four of the eight buildings. Penny Flats will have a total of 147 residential units and 30,000 square feet of office/retail space when complete. Construction began on the project this summer and pre-sales for the first planned building (Building 5) have started. Building 5 will have 25 for-sale residential units ranging in size from 1,000 to 1,500 square feet. Building 5 is expected to open fall/winter of 2008, with the rest of the buildings to follow. Seven of the 25 units have been sold in pre-sales to-date.

The product mix of the 125 for-sale units, which are either completed or under construction, are summarized in **Table 16**. Six of the total seven projects are building one bedroom units for a total of 47 units, or approximately 38 percent of the total. The Magnolia Lofts is the only project that does not include one bedroom units; by contrast, 100 percent of the Old Town Lofts are one bedroom units. Two bedroom units total 61 units or approximately 49 percent, and the three bedroom units make up the remaining 14 percent, or 17 units.

Table 16
Downtown Fort Collins Residential Product Mix
Mason Corridor Economic Analysis

	Number of Units			
Project	**1 BR**	**2 BR**	**3 BR**	**Total**
Completed				
Cherry Street Lofts	5	5	---	10
Cortina	4	11	6	21
Magnolia Lofts	---	16	2	18
Mason Street North	6	9	5	20
Old Town Lofts	17	---	---	17
Pine Street Lofts	7	4	3	14
Under Construction				
Penny Flats (Building 5)	8	16	1	25
Total	**47**	**61**	**17**	**125**
% of Total	**37.6%**	**48.8%**	**13.6%**	**100.0%**

Source: Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Data\[17830-ResDevInv.xls]Loft Unit Mix

One bedroom for-sale units in Downtown Fort Collins average $286,000, or $287 per square foot, as shown in **Table 17**. These units range from approximately $190,000 at Mason Street North to $514,000 at Cortina. Two bedroom units average $415,000, or $286 per square foot, a price that is equal to the average price per square foot of the one bedroom units. Three bedroom units in the Downtown Fort Collins market are priced at $592,000 on average, or $306 per square foot, and range from $460,000 at Penny Flats, to $851,000 at Cortina.

Table 17
Downtown Fort Collins Residential Price by Product
Mason Corridor Economic Analysis

	1 BR		2 BR		3 BR		Unit Average	
Project	**Price**	**$/SQFT**	**Price**	**$/SQFT**	**Price**	**$/SQFT**	**Price**	**$/SQFT**
Completed								
Cherry Street Lofts	$215,886	$244.16	$298,563	$231.96	---	---	$255,827	$247.05
Cortina	$513,637	$413.42	$552,085	$349.10	$850,949	$392.04	$619,111	$372.69
Magnolia Lofts	---	---	$477,218	$355.78	$497,524	$344.19	$479,475	$354.49
Mason Street North	$189,900	$248.72	$291,775	$259.64	$364,900	$234.90	$288,900	$266.35
Old Town Lofts	---	---	---	---	---	---	---	---
Pine Street Lofts	$284,676	$252.20	$442,625	$220.58	$560,667	$226.55	$388,945	$237.67
Under Construction								
Penny Flats (Building 5)	$287,400	$274.56	$358,573	$296.03	$459,900	$313.07	$339,070	$289.48
Average	**$285,510**	**$286.61**	**$415,326**	**$285.51**	**$592,185**	**$306.34**	**$406,390**	**$301.57**

Source: Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Data\[17830-ResDevInv.xls]Loft $

COLORADO STATE UNIVERSITY HOUSING

Colorado State University (CSU) has an enrollment of approximately 25,000 students. Currently, the administration requires 100 percent of the freshman class to reside on campus, in university-owned housing. University staff calls this living phase the "First Migration." As of the fall of 2007, there are 5,250 beds available for the entering freshman class.

The "Second Migration" is when students move from the freshman dormitories into other types of housing. Two options are available to students in their sophomore year. The first is a University-owned option. CSU owns two apartment complexes: Aggie Village and University Village with a total of 900 units. These projects were built to house upper-classmen who wished to remain in campus-controlled housing. University-controlled housing, comprised of freshman dormitories and the two complexes, total 6,500 beds and house 20 to 25 percent of the total undergraduate student body.

The University has also partnered with private developers to build two additional off-campus housing options. The first, called Ram's Village, has 1,000 beds. Students can choose a one bedroom unit for $695 per month, or can share a two, three or four bedroom unit for $460, $430, or $410 per person (or per bedroom assuming a ratio of one student per bedroom), per month, respectively. The second off-campus development is called The University House at Ram's Pointe, with an estimated 1,000 beds. Two bedroom units rent for $551 per person, per month, three bedrooms for $482 - $549 per person, per month, and four bedroom units rent for $454. All units are furnished for the students. Upper-classmen move into these buildings for more freedom, as the complexes are policed far less than the University-controlled housing.

The "Third Migration" describes when students move out of the villages and into the Fort Collins community. An estimated 66 percent, or 16,500 students are located in private housing market in the greater Fort Collins area. This housing consists of both traditional apartments as well as single family houses shared by multiple students.

Lawrence Penley, CSU's new University President, has a goal of adding an additional 5,000 students within 10 years. As a result, the 2001 Master Plan is being revised to address the additional classroom and residential needs to accommodate these students. This stretch goal will affect the amount and type of units built and controlled by the University within the near future, including the accommodation of an increasing freshman class. CSU plans to add 1,000 new beds to meet this future demand.

CSU and the City are also engaged in the UniverCity project. Funded by the Fort Collins Foundation, the UniverCity project is a major initiative to explore opportunities to improve the town-gown relationship. The project and the Blue Ribbon Steering Committee have the involvement of over 50 community and civic leaders on seven different task forces. One of the transportation committee's recommendations is support of the Mason Corridor project as an opportunity to better connect the campus and downtown.

HOUSING DEMAND FORECAST

Using the overall population and household forecast presented in Chapter II, a housing demand forecast was developed for the City of Fort Collins. According to historic construction rates, the number of households in the City is estimated at 54,000 in 2006 and forecast to grow to 84,000 by 2030, as shown in **Table 18**.

Total housing unit demand from 2006 through 2030 is estimated at 31,000 additional units at a rate of approximately 1,300 per year. Recent development trends (2000-2006) have averaged 61 percent single family detached, 7 percent single family attached, and approximately 32 percent multifamily units (for-sale and for-rent). As the Fort Collins market matures and the supply of greenfield sites is reduced, there will be a decline in single family detached construction in the City with more of these units built in the surrounding communities. There will be a related increase in higher density for-sale housing products including single family attached and stacked flats (condominium units). The single family demand is expected to remain strong but with a higher portion of attached housing (duplexes and townhouses).

The analysis forecasts a stabilized growth distribution of 65 percent single family (both attached and detached) and 35 percent multifamily. The estimated annual demand is approximately 845 single family units per year, and 455 multifamily units. Multifamily units include for sale, estimated at 10 percent of the market, and rental apartments, at 25 percent of the total Fort Collins residential market as shown.

Table 18
Housing Forecast by Unit Type, 2006-2030
Mason Corridor Economic Analysis

Factor	Growth Distribution	2006		2030		2006 - 2030 Housing Demand	
		#	%	#	%	Total	Annual
Fort Collins							
Households		53,944	---	83,584	---	29,640	1,235
Units by Type [1]							
Single Family Detached	50%	34,638	61.0%	50,238	57.1%	15,600	650
Single Family Attached	15%	3,975	7.0%	8,655	9.8%	4,680	195
Multifamily							
For-Sale	10%	3,975	7.0%	7,095	8.1%	3,120	130
Apartment [2]	25%	14,196	25.0%	21,996	25.0%	7,800	325
Total	**100%**	**56,783**	**100.0%**	**87,983**	**100.0%**	**31,200**	**1,300**

[1] Assumes 5 percent stabilized vacancy rate.

[2] 2006 Inventory estimated based on the *Statewide Multifamily Housing Vacancy and Rent Survey*

Source: Colorado Dept. of Labor; Multifamily Housing Vacancy and Rent Survey; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Models\[17830-HousingDemand101007.xls]Housing Demand - City

MASON CORRIDOR RESIDENTIAL POTENTIALS

The market for higher density for-sale residential development is just emerging in Fort Collins as evidenced by the existing and planned projects in the downtown area. Outside of downtown, the predominant development pattern is low density detached and attached housing. The market also includes a significant amount of apartment units, many in the CSU area, but also including several complexes at suburban locations. As the market matures and greenfield development sites become more limited, developers will begin to look for infill development locations. Site sizes and land values will place economic pressure to develop higher density projects.

The Mason Corridor will provide an amenity to support the development of those higher density infill projects as available vacant and underutilized land diminishes. The Mason Corridor can expect to capture a significant portion of the higher density residential development forecast for the next 24 years. The Mason Corridor is estimated to capture up to 10 percent of single family attached development and 25 percent capture of multifamily for sale and for rent development between 2006 and 2030, as shown in **Table 19.** The result is approximately 3,300 residential units supportable in the corridor with 15 percent or 500 single family attached units, 24 percent or 800 for-sale multifamily units, and 61 percent or 2,000 apartment units.

Table 19
Mason Corridor Residential Development Potentials
Mason Corridor Economic Analysis

Product	Capture	2006-2030 Total	2006-2030 Annual	Percent Total
Single Family				
Detached	0%	0	0	0%
Attached	10%	500	20	15%
Subtotal		**500**	**20**	**15%**
Multifamily				
For-Sale	25%	800	30	24%
Apartment	25%	2,000	80	61%
Subtotal		**2,800**	**110**	**85%**
Total		**3,300**	**130**	**100%**

Source: Colorado Dept. of Labor; Multifamily Housing Vacancy and Rent Survey; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Models\[17830-HousingDemand101007.xls]Corridor Capture

This analysis represents one method of estimating the residential redevelopment capacity of the Mason Corridor. In Chapter VI, the redevelopment potential of the corridor is more closely examined using a geographic information system (GIS). This subsequent analysis provides a refinement of this capture based analysis of the Mason Corridor residential redevelopment potentials.

IV. RETAIL DEVELOPMENT

This chapter evaluates the market potential for additional retail development within the City of Fort Collins. The analysis is based on the projected increase of population and households in the City. The estimates of overall demand provide a basis for determining the study area's share of growth.

RETAIL DEFINITIONS

For purposes of this analysis, retail stores are categorized based on shopping and trade area characteristics listed below.

- **Convenience Goods –** This category includes supermarkets and other grocery stores, convenience stores, as well as liquor, drug, other specialty food stores, and coffee shops. In addition, this category includes convenience services such as laundry, mail, hair/barber, and copies. These stores generally sell frequently purchased, low cost items with little product differentiation. The primary locations for convenience goods stores are the supermarket-anchored neighborhood shopping centers and smaller convenience centers, as these items are most often bought close to home.

- **Shoppers Goods –** This category includes general merchandise, apparel, furniture, appliance, and specialty goods stores. General merchandise stores include traditional department stores (Dillards, Macy's, and JCPenney) as well as discount department stores (Wal-Mart, Target, and Kmart). The product lines of these stores are generally more expensive, less frequently purchased items. In general, people are more likely to comparison shop for shoppers goods, and are often more willing to travel farther to buy them. The primary locations for regional shoppers goods are traditional downtown shopping districts, regional shopping centers, free-standing discount department and membership warehouse stores, and power centers dominated by mass merchandise tenants.

- **Eating and Drinking Establishments –** This category covers restaurants including conventional sit-down and fast food, and bars. Businesses in this category exhibit some of the characteristics of convenience stores in that many restaurant expenditures are made at establishments close to home and on a frequent basis. However, some higher quality restaurants, more unique in the marketplace, can have a regional draw.

- **Building Materials/Nurseries –** This category is made up of stores selling lumber, paint, glass, hardware, plants and garden supplies, and other retail items related to home improvement. Home improvement centers such as Home Depot and Lowe's are the largest stores in this category.

RETAIL MARKET AREAS

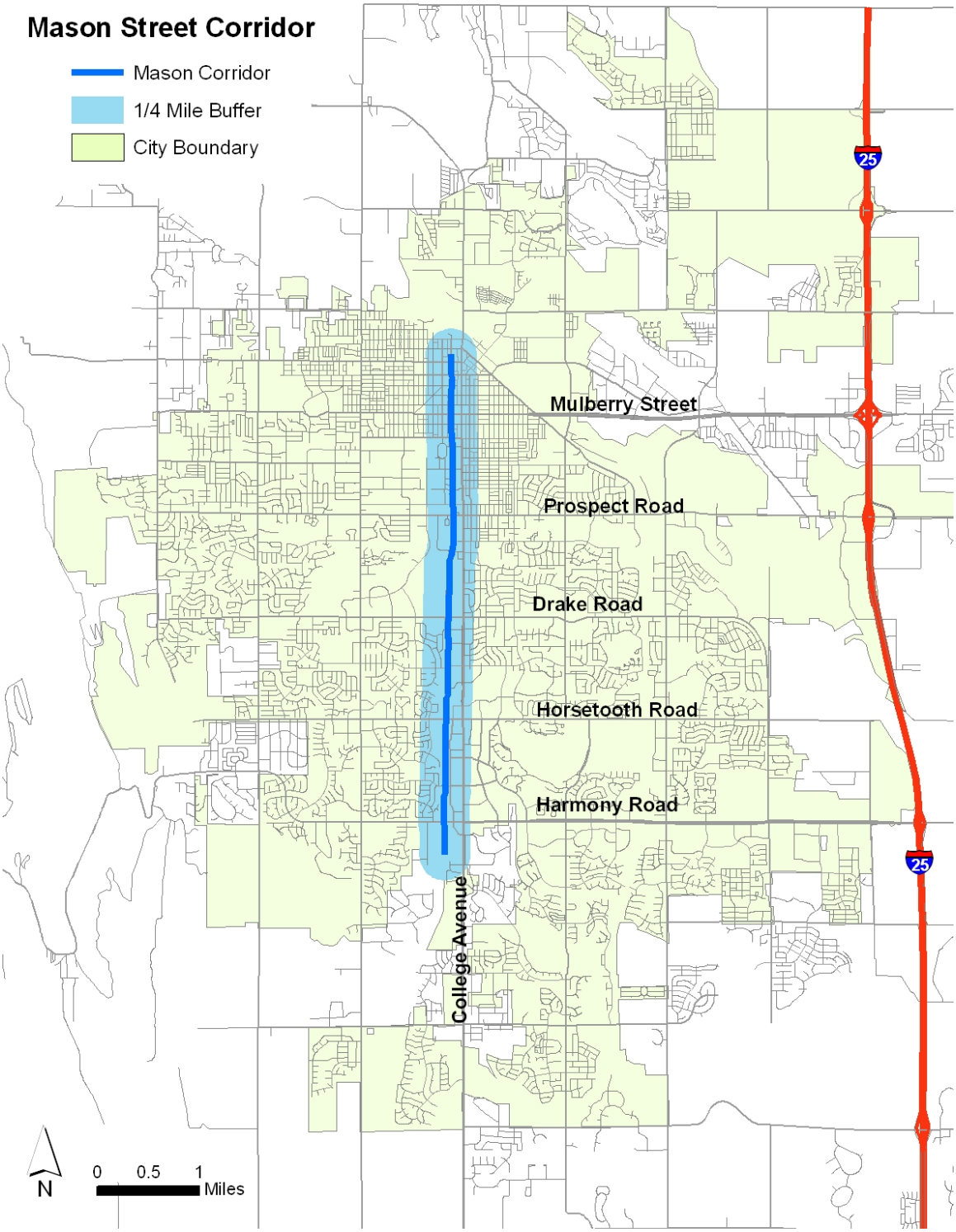
Retail businesses derive their sales from local area residents, residents of the larger region, and visitors including both tourists and business travelers. The Urban Land Institute (ULI) defines a trade area as the geographic area from which a retail facility consistently draws most (the majority) of its customers. The actual boundaries of the trade area are arbitrary and are based on logical jurisdictional and geographic boundaries. Retail sales derived from inside the trade area are considered sales to residents and sales derived from outside the trade area are considered retail inflow or sales to visitors. Residents of a trade area make purchases both inside and outside of the defined trade area. Purchases made in the trade area are considered local capture and are synonymous with sales to residents. However, purchases made outside the trade area are considered outflow or leakage.

Based on the existing distribution of sales, the primary trade area for regional retail goods is defined as the City of Fort Collins, as shown in **Figure 3**. The primary trade area includes several major existing regional retail locations such as Foothills Mall on College Avenue north of Horsetooth, additional discount department stores and power centers north and south of the Mall on College, and the historic central business district.

These retail centers attract a significant portion of their sales from the larger region. A secondary trade area was therefore defined including the remainder of Larimer County excluding Estes Park. The trade area includes communities oriented to Fort Collins for major commercial services. Residents from these communities primarily shop in Fort Collins for goods not available in their own communities. Furthermore, Fort Collins acts as an entertainment and cultural destination for the larger trade area. Visitors to Fort Collins for these alternative purposes also frequent the shops and eating and drinking establishments within the City.

Outside the City of Fort Collins, a major regional retail node has developed at the intersection of I-25 and Highway 34 in the City of Loveland. Approximately 13 miles south of Highway 14 along I-25, the intersection includes several large format retailers and mass merchandisers totaling approximately 1.5 million square feet of retail space. The initial development included a 260,000 square foot outlet mall. Target and a number of chain restaurants opened in 1998, and Lowe's opened in 2005. The most recent addition in the area is the Promenade Shops at Centerra, a lifestyle center that opened in October 2005. The project includes approximately 700,000 square feet anchored by Macy's, Best Buy, Barnes & Noble, Dick's Sporting Goods, and a range of national lifestyle and mass merchandise tenants.

Figure 3
Retail Market Areas
Mason Corridor Economic Analysis



SALES POTENTIAL

Retail expenditure potentials can be estimated based on the percent of income spent on average by store category as outlined in the steps below:

- Total personal income (TPI) within the trade area is estimated by multiplying the population times per capita income (or alternatively, households times average household income).
- Based on the Census of Retail Trade for the State of Colorado, the percent of TPI spent by store category is determined for the State as a whole. This calculation estimates current area store spending patterns, but at a level of geography large enough to negate the impacts of inflows and outflows of sales.
- The average percent of TPI spent by store category in the State is applied to the applicable Mason Corridor trade area TPI to estimate current expenditure potentials regardless of location of purchase.
- The growth in trade area expenditure potential is estimated by the same calculation applied to the estimated growth in TPI by time period. TPI calculations are made in constant dollars (no inflation).

The City of Fort Collins TPI is estimated at $4.2 billion in 2006, as shown in **Table 20**. Real income growth is forecast at 0.5 percent annually from 2006 to 2010, 0.2 percent annually from 2010 to 2020, and 0.0 percent annually from 2020 to 2030. Based on projected population growth and real income growth, the City's TPI is anticipated to grow to $4.6 billion in 2010, $5.6 billion in 2020, and reach $6.4 billion by 2030.

Table 20
Total Personal Income, 2006-2030
Mason Corridor Economic Analysis

					Avg. Ann. Increase		
Location	**2006**	**2010**	**2020**	**2030**	**2006-2010**	**2010-2020**	**2020-2030**
City of Ft. Collins [1]							
Population	153,566	165,669	195,926	226,184	1.9%	1.7%	1.4%
Per Capita Income	$27,199	$27,747	$28,448	$28,448	0.5%	0.2%	0.0%
Trade Area Personal Income ($000s)	**$4,176,832**	**$4,596,820**	**$5,573,652**	**$6,434,409**	**2.4%**	**1.9%**	**1.4%**

[1] Includes the Growth Management Area
Source: City of Fort Colilns; Claritas; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Models\[17830-TradeArea-TPI.xls]TPI

Total retail expenditure potential within the City of Fort Collins is estimated to increase to $2.1 billion in 2030 from $1.3 billion in 2006, based on the Census of Retail Trade average of 32.1 percent of TPI spent at retail stores. The retail expenditure potential is estimated to net nearly $725 million over the time period, as shown in **Table 21**. An increase of $192 million in retail expenditure potential is anticipated in Convenience Goods, a $330 million increase in Shopper's Goods, a $117 million increase in Eating and Drinking, and a $86 million increase in Building Materials and Garden categories.

Table 21
Resident Expenditure Potential, 2006-2030
Mason Corridor Economic Analysis

Store Type	Pct. Of TPI	Resident Expenditure Potential 2006 ($000s)	2010 ($000s)	2020 ($000s)	2030 ($000s)	Net New 2006-2030 ($000s)
Total Personal Income		**$4,176,832**	**$4,596,820**	**$5,573,652**	**$6,434,409**	**$2,257,577**
Convenience Goods						
Supermarkets / Grocery	6.0%	$250,610	$275,809	$334,419	$386,065	$135,455
Specialty Food Stores	0.2%	$8,354	$9,194	$11,147	$12,869	$4,515
Convenience Stores	0.1%	$4,177	$4,597	$5,574	$6,434	$2,258
Beer, Wine, & Liquor Stores	0.8%	$33,415	$36,775	$44,589	$51,475	$18,061
Health and Personal Care	1.4%	$58,476	$64,355	$78,031	$90,082	$31,606
Total Convenience Goods	**8.5%**	**$355,000**	**$391,000**	**$474,000**	**$547,000**	**$192,000**
Shopper's Goods						
General Merchandise						
Department Stores & Other General Merch.	1.5%	$62,652	$68,952	$83,605	$96,516	$33,864
Discount Dept. & Supercenters	5.1%	$213,018	$234,438	$284,256	$328,155	$115,136
Total General Merchandise	6.6%	$275,671	$303,390	$367,861	$424,671	$149,000
Clothing & Accessories	2.1%	$87,713	$96,533	$117,047	$135,123	$47,409
Furniture & Home Furnishings	1.6%	$66,829	$73,549	$89,178	$102,951	$36,121
Sporting Goods, Hobby, Book, & Music Stores	1.5%	$62,652	$68,952	$83,605	$96,516	$33,864
Electronics & Appliances	1.3%	$54,299	$59,759	$72,457	$83,647	$29,349
Miscellaneous Retail	1.5%	$62,652	$68,952	$83,605	$96,516	$33,864
Total Shopper's Goods	**14.6%**	**$609,817**	**$671,136**	**$813,753**	**$939,424**	**$329,606**
Eating and Drinking	**5.2%**	**$217,195**	**$239,035**	**$289,830**	**$334,589**	**$117,394**
Building Material & Garden	**3.8%**	**$158,720**	**$174,679**	**$211,799**	**$244,508**	**$85,788**
Total Retail Goods	**32.1%**	**$1,340,732**	**$1,475,849**	**$1,789,382**	**$2,065,521**	**$724,788**

Source: 2002 Census of Retail Trade; City of Fort Collins; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Models\[17830-TradeArea-TPI.xls]Expend Growth

Table 22 converts the estimated retail expenditure potential growth into an overall estimate of supportable retail square footage. This is determined by dividing the expenditure potential by average annual sales per square foot figures by store category. These sales per square foot figures are estimated based on sales at comparable retail centers and stores within the region.

The growth in expenditure potential from 2006 to 2030 based on population and real income growth is estimated to support an estimated 2.4 million square feet of additional retail space across all retail store categories. Expenditures are estimated to support the addition of 558,000 square feet of Convenience Goods by 2030, 1.1 million square feet of Shopper's Goods, 470,000 square feet of Eating and Drinking establishments, and 286,000 square feet of Building Material and Garden stores.

Table 22
Supportable Square Footage, 2006-2030
Mason Corridor Economic Analysis

Store Type	Sale Per SqFt	Supportable Square Footage 2006	2010	2020	2030	Net Supportable Square Feet [2]
Convenience Goods						
Supermarkets / Grocery	$400	626,525	689,523	836,048	965,161	338,637
Specialty Food Stores	$350	23,868	26,268	31,849	36,768	12,900
Convenience Stores	$300	13,923	15,323	18,579	21,448	7,525
Beer, Wine, & Liquor Stores	$250	133,659	147,098	178,357	205,901	72,242
Health and Personal Care	$250	233,903	257,422	312,125	360,327	126,424
Total Convenience Goods		**1,032,000**	**1,136,000**	**1,377,000**	**1,590,000**	**558,000**
Shopper's Goods						
General Merchandise						
Department Stores & Other General Merch.	$250	250,610	275,809	334,419	386,065	135,455
Discount Dept. & Supercenters	$350	608,624	669,822	812,161	937,585	328,961
Total General Merchandise		859,234	945,631	1,146,580	1,323,650	464,416
Clothing & Accessories	$350	250,610	275,809	334,419	386,065	135,455
Furniture & Home Furnishings	$250	267,317	294,196	356,714	411,802	144,485
Sporting Goods, Hobby, Book, & Music Stores	$300	208,842	229,841	278,683	321,720	112,879
Electronics & Appliances	$250	217,195	239,035	289,830	334,589	117,394
Miscellaneous Retail	$250	250,610	275,809	334,419	386,065	135,455
Total Shopper's Goods		**2,053,808**	**2,260,322**	**2,740,644**	**3,163,891**	**1,110,083**
Eating and Drinking	$250	**868,781**	**956,139**	**1,159,320**	**1,338,357**	**469,576**
Building Material & Garden	$300	**529,065**	**582,264**	**705,996**	**815,025**	**285,960**
Total Retail Goods		**4,483,654**	**4,934,724**	**5,982,960**	**6,907,273**	**2,423,619**

Source: 2002 Census of Retail Trade; City of Fort Collins; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Models\[17830-TradeArea-TPI.xls]Supportable SqFt

MASON CORRIDOR RETAIL POTENTIALS

The Mason Corridor project is expected to stimulate primarily residential oriented TOD, especially in the southern portion of the project. These TOD residential projects often contain pedestrian oriented retail uses, particularly as first level uses in mixed use buildings. This TOD retail tends to be small convenience oriented retailers and eating and drinking establishments that do not require large square footage amounts. In some instances, larger TOD development at regional activity centers can include larger lifestyle retail projects with specialty retail and entertainment uses. There are no major activity nodes anticipated in the corridor, with the exception of the end of line Harmony station. The availability of vacant land at this location connecting to College Boulevard increases the possibility of a larger node of retail development at this location. Because retail development is expected to be a complementary rather than leading land use, no overall top down forecast is provided.

The individual station areas and redevelopment projects will each have a different opportunity to develop retail space. Therefore, the estimate of retail development potential in the corridor relies on the specifics of redevelopment opportunities. For example, redevelopment around Foothills Mall could generate a significant increment of retail development. However, not all retail development within the corridor will be oriented to the Mason Corridor project. A fair amount of redevelopment will likely occur that continues to rely on the historic role of South College Avenue as the community's main street.

V. OFFICE & INDUSTRIAL DEVELOPMENT

This section forecasts the future demand for multitenant office and business/industrial development uses. Demand for the City of Fort Collins is forecast over the 2006 to 2030 time period based on employment growth. The share of total growth expected in the study area is also provided.

COMMERCIAL MARKET OVERVIEW

Overall, Larimer County employment has grown by approximately 4,900 jobs per year, or 4.6 percent annually from 1995 to 2000, as shown in **Table 23**. This rate decreased to 1.1 percent annually from 2000 to 2006, for the addition of 1,300 jobs annually. The strongest year for employment was 2001, with the addition of 2,800 jobs, and was followed by a period of negative job growth in Larimer County due to the post 9/11 national recession and the technology/telecommunications bust. However, by 2004 job growth began to rebound with the addition of 2,300 jobs, followed by 2,600 jobs in 2005.

Table 23
Larimer County Employment Trends, 1995-2005
Mason Corridor Economic Analysis

	Larimer County		
Year	**Employment**	**Ann. Change**	**Ann. % Change**
Total Employment			
1995	94,896	---	---
2000	119,093	-557	4.6%
2001	121,880	2,787	2.3%
2002	121,436	-444	-0.4%
2003	120,046	-1,390	-1.1%
2004	122,369	2,323	1.9%
2005	124,999	2,630	2.1%
2006	126,874	1,875	1.5%
Change			
1995-2000	24,197	4,839	4.6%
2000-2006	7,781	1,297	1.1%
1995-2006	31,978	2,907	2.7%

Source: US Bureau of Labor Statistics; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Models\[17830-empl_demand OFFICE.xls]1-Growth Rate

Larimer County is forecast to grow from approximately 127,000 jobs in 2006 to 181,000 jobs in 2030, as shown in **Table 24**. The total number of jobs added from 2006 to 2030 is an estimated 47,000, or 2,300 per year, which equates to an average annual growth rate of 1.5 percent.

Table 24
Larimer County Employment Forecast, 2006-2030
Mason Corridor Economic Analysis

					Change 2010-2030		
Employment	**2006**	**2010**	**2020**	**2030**	**Total #**	**Ann. #**	**Ann. %**
Larimer County	126,874	134,659	156,278	181,367	46,707	2,335	1.5%

Source: Bureau of Labor Statistics; NFRCOG; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Models\[17830-empl_demand OFFICE.xls]2-Empl_Fcst

The Larimer County submarket has approximately 5.9 million square feet of office inventory in 554 buildings as of the end of 2006. The inventory for industrial space is approximately 11.9 million square feet in 448 buildings in 2006, as shown in **Table 25**. Rental rates in submarket are approximately $20.00 on average for office space in 2006, up from $16.83 in 2001. Rental rates in the industrial market are significantly lower, rising from $6.13 in 2001 to $7.48 in 2006.

Table 25
Office & Industrial Historical Inventory & Rent, 2001-2006
Mason Corridor Economic Analysis

	Existing Inventory		Quoted
Period	**# Bldgs**	**Total RBA**	**Rates**
Office			
2001	357	4,318,909	$16.83
2002	373	4,551,990	$18.75
2003	379	4,583,225	$17.89
2004	516	5,533,447	$18.23
2005	535	5,747,411	$18.66
2006	554	5,940,153	$19.89
Industrial			
2001	330	8,985,141	$6.13
2002	339	9,424,002	$6.26
2003	346	9,610,678	$6.75
2004	432	11,561,084	$6.95
2005	442	11,820,148	$7.26
2006	448	11,938,050	$7.48

Note: Jump between 2003 and 2004 due to a change in reporting methodology by CoStar
Source: CoStar Group, Inc.; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Data\[17830-Industrial Historical.xls]Inventory Summary

The vacancy in the Larimer County office market has averaged 13.2 percent, and the industrial market has averaged 9.3 percent in 2006, as shown in **Table 26**. Vacancy rates peaked in 2004 for office space, at 14.5 percent with approximately 803,000 square feet of vacant space. The vacancy peak for industrial space was one year earlier, in 2003, with a vacancy rate of 10.1 percent, and 971,000 vacant square feet. Much of this vacant space was absorbed by 2004, when vacancy dropped to 5.8 percent in the industrial market. Net absorption has fluctuated greatly in both the office and industrial markets.

Table 26
Office & Industrial Historical Vacancy & Absorption, 2001-2006
Mason Corridor Economic Analysis

Period	Vacancy		Net
	Vacant SF	Vacancy %	Absorbtion
Office			
2001	261,099	6.0%	344,905
2002	609,616	13.4%	(115,436)
2003	576,720	12.6%	64,131
2004	803,329	14.5%	(35,061)
2005	674,153	11.7%	343,140
2006	786,044	13.2%	80,851
Industrial			
2001	493,010	5.5%	312,289
2002	908,228	9.6%	23,643
2003	970,554	10.1%	124,350
2004	670,911	5.8%	514,574
2005	851,337	7.2%	78,638
2006	1,110,247	9.3%	190,622

Note: Jump between 2003 and 2004 due to a change in reporting methodology by CoStar
Source: CoStar Group, Inc.; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Data\[17830-Industrial Historical.xls]Vacancy & Absorpt. Summary

OFFICE DEVELOPMENT FORECAST

The demand for office space can be estimated by analyzing the relationship between employment growth and occupied office space. The total occupied office space in 2001 was approximately 4.1 million square feet, as shown in **Table 27**. By 2006, the amount of office space had expanded to 5.9 million square feet, and vacancy rose to 13.2 percent. Total occupied office space was an estimated 5.2 million square feet.

In 2001, there was 33 square feet of occupied office space per employee (occupied office space divided by total employment). By 2006, that ratio grew to 41 feet per employee. This would imply that the percent of total employees housed in office space has grown slightly over the six year period.

Table 27
Office Space Inventory, 2001-2006
Mason Corridor Economic Analysis

Description	2001	2002	2003	2004	2005	2006
Larimer County Employment	**121,880**	**121,436**	**120,046**	**122,369**	**124,999**	**126,874**
Office Space						
Total Inventory	4,318,909	4,551,990	4,583,225	5,533,447	5,747,411	5,940,153
Vacancy	6.0%	13.4%	12.6%	14.5%	11.7%	13.2%
Occupied Space	4,057,810	3,942,374	4,006,505	4,730,118	5,073,258	5,154,109
Occupied Space / Job	**33**	**32**	**33**	**39**	**41**	**41**

Source: US Bureau of Labor Statistics; CoStar.; NFRCOG; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Models\[17830-empl_demand OFFICE.xls]3-SqFt_Job

The estimated demand for office space from 2006 through 2030 is shown in **Table 28**. The cumulative demand provides an estimate of the net demand for office space within Larimer County. A ratio of 45 feet per employee was applied to Larimer County employment growth based on the assumption that the percentage of employment housed in office space will continue to grow as the region matures. By comparison, the office space ratio in the Denver metro area is 60 square feet per employee.

Forecasting the addition of 2,300 jobs per year, and accounting for a stabilized vacancy, total cumulative office demand is estimated at approximately 1.1 million square feet in 2006, and 1.5 million in 2010 (which assumes the back-fill of existing vacant space). By 2020, the demand will be approximately 2.6 million square feet, and by 2030 the cumulative demand for office space will be 3.8 million square feet by 2030. The annual demand for office space is approximately 100,000 square feet.

Table 28
Cumulative Office Space Demand, 2006-2030
Mason Corridor Economic Analysis

Land Use	Ann. Job Growth	Occ. Sq. Ft. per Job	Total Sq. Ft. 2006	2010	2020	2030
Larimer County						
Office Space Demand	2,300	45	5,709,329	6,059,674	7,032,499	8,161,502
Cummulative Demand			1,149,020	1,527,912	2,563,675	3,765,721

Source: US Bureau of Labor Statistics; CoStar.; NFRCOG; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Models\[17830-empl_demand OFFICE.xls]4-Demand

BUSINESS/INDUSTRIAL DEVELOPMENT FORECAST

Business/industrial development demand is analyzed using a comparable methodology. Total business/industrial inventory was nearly 9.0 million square feet in 2001 with a 5.5 percent vacancy, and total occupied industrial space of approximately 8.5 million square feet. By 2006, an estimated 3 million square feet of space was added to the Larimer County business/industrial inventory and vacancy rose from 5.5 percent to 9.3 percent. The ratio of 85 feet per employee was carried forward to estimate future demand for business/industrial space, as shown in **Table 29**.

Table 29
Business/Industrial Space Inventory, 2001-2006
Mason Corridor Economic Analysis

Description	2001	2002	2003	2004	2005	2006
Larimer County Employment	**121,880**	**121,436**	**120,046**	**122,369**	**124,999**	**126,874**
Business/Industrial Space						
Total Inventory	8,985,141	9,424,002	9,610,678	11,561,084	11,820,148	11,938,050
Vacancy	5.5%	9.6%	10.1%	5.8%	7.2%	9.3%
Occupied Space	8,492,131	8,515,774	8,640,124	10,890,173	10,968,811	10,827,803
Occupied Space / Job	**70**	**70**	**72**	**89**	**88**	**85**

Source: US Bureau of Labor Statistics; CoStar.; NFRCOG; Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Models\[17830-empl_demand INDUST.xls]3-SqFt_Job

The estimated demand for industrial space from 2006 through 2030 with a ratio of 85 feet per employee is shown in **Table 30**. At this rate, accounting for a stabilized vacancy, almost no total cumulative industrial demand is estimated until 2010 given the existing vacant inventory. From 2010 to 2020 the County will support nearly 2.0 million square feet or 200,000 square feet per year. From 2020 to 2030, demand increases to 4.2 million square feet or 220,000 square feet per year.

Table 30
Cumulative Business/Industrial Space Demand, 2006-2030
Mason Corridor Economic Analysis

Land Use	Ann. Job Growth	Occ. Sq. Ft. per Job	Total Sq. Ft. 2006	2010	2020	2030
Larimer County Employment Forecast						
Business/Industrial Space Demand	2,300	85	10,784,289	11,446,051	13,283,609	15,416,171
Cummulative Demand			0	289	1,956,731	4,227,262

Source: US Bureau of Labor Statistics; CoStar.; NFRCOG; Economic & Planning Systems

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MASON CORRIDOR COMMERCIAL POTENTIALS

The Mason Corridor is expected to convert from primarily service commercial and industrial land uses to primarily residential TOD uses over time. Therefore no overall capture rates for office and business land uses are presented. Site specific development opportunities may arise based on landowner preferences. These opportunities are addressed as site specific development potentials in the next chapter.

VI. CORRIDOR DEVELOPMENT POTENTIALS

This chapter of the report evaluates the existing development conditions along the Mason Corridor and identifies development and redevelopment opportunities. The existing development pattern of the corridor was examined and stakeholder interviews were conducted with active and interested landowners and developers along the corridor. The analysis has been translated into residential, retail, and commercial development potentials along the corridor.

TRANSIT ORIENTED DEVELOPMENT

TOD concentrates jobs, housing, and daily conveniences around transit stations. The theory behind TOD is that by locating walkable, higher-density, mixed-use areas around transit connections, this reduces the need to drive for daily convenience errands and commuting, which reduces the number of automobile trips on area roadways. TOD can also create attractive vibrant urban spaces and activity centers.

TOD differs from traditional suburban style development in that it is more compact, more pedestrian than automobile oriented, and includes a variety of land uses. There is a greater emphasis on the design of public spaces and streetscaping to make the area more appealing to pedestrians, in contrast to many suburban areas where walking is unsafe or unpleasant. Rather than dead-end streets and cul-de-sacs, TOD incorporates an interconnected street network, often in a grid pattern. Sidewalks and public spaces are integrated into transit stops and streets. TOD can also provide a focal point for a community through design and human activity, which occurs throughout the day due to the mix of land uses. Residents in these types of development often experience a greater sense of community and place because of the increased human interaction.

The general principal in TOD planning is that the primary influence area of a station is within a ¼-mile radius of the station. The quarter mile radius is approximately a ten-minute walk, which is generally acceptable to pedestrians. For TOD to be successful, it is essential to have a land use pattern with connectivity and an attractive pedestrian environment to facilitate access to and from the station. Without pedestrian access, TOD becomes simply development near transit and does not have the same benefits.

Some of the impacts and benefits of TOD are outlined below:

- The benefits of transit improvements to a region consist of: increased transportation mobility, air quality, energy conservation and improved quality of life. It is theoretically possible to translate reductions in travel time and expense, air quality improvements and energy savings into dollar values and translate these dollar values into increased economic efficiency and therefore into improved industrial output.

- Economic benefits are confined primarily to the affected corridor and especially to station locations. There is general agreement that the area of impact is about a ¼ mile radius around station locations.

- The transit station can improve the real and perceived locational benefits on nearby vacant or developed property. This improvement in locational attributes is reflected in increased land values, lease rates, and/or increased absorption rates for non-residential development. For residential development, it can result in increased land values for vacant land which can increase the potential of higher density development. Higher land values also mean higher market values for existing housing.

TOD requires three market factors to take place:

- **A positive real estate market –** The increased levels of development discussed above cannot overcome other adverse market conditions. A particular station location captures an increased share of the area's overall market, rather than creating net new development to the area.

- **Supportive public policy –** The level of improvement in real estate conditions is also affected by locational and site factors other than transit, such as site access, physical characteristics, available land, and appropriate zoning.

- **Public investment and support –** Because TOD usually has a high level of public investments in streets, pedestrian connections, and structured parking, it often requires a level of public financial investment and support. Also, if the TOD project is in a redevelopment setting, it may require redevelopment planning tools for land assembly.

CORRIDOR OVERVIEW

A quarter-mile buffer was created along the length of the corridor and designated as the study area for the analysis. The proposed BRT system in the Mason Corridor is planned to include 14 stations, including stops at the CSU Main Campus and CSU Veterinary School, as shown in **Figure 4**.

The study area corridor was divided into three segments, including downtown, CSU and the surrounding area, and the southern section of the proposed corridor. Each of the segments presents unique opportunities and constraints. These conditions affect the redevelopment potentials in each of the segments. The segments are briefly described below:

- **Downtown –** The downtown (northern) segment encompasses the length of the corridor north of Laurel Street terminating at the Downtown Transit Center stop. The development pattern adjacent to the corridor within this segment can be characterized as urban in nature. The corridor passes several City of Fort Collins buildings, the Larimer County building, and the County Courthouse.

- **Colorado State University –** The CSU segment spans the length of the corridor from Laurel Street south to Drake Road. This segment of the corridor passes through and along the CSU campus, including the main campus, south campus, and veterinary school.

- **Southern Segment –** The southern segment extends from Drake Road south to the South Transit Center stop. This segment of the corridor travels along the retail dominated portion of College Avenue. The adjacent use are predominately light industrial, flex office and warehouse, and retail.

Figure 4
Mason Corridor Overview
Mason Corridor Economic Study

CURRENT CONDITIONS

County assessor records are evaluated to identify vacant sites and sites containing older commercial development that may have a potential for redevelopment. The analysis includes current land use, floor area ratio (FAR), and improvement-to-land value ratio. These conditions provide an understanding of the real estate character of the area.

LAND USE

The five mile length of the study area encompasses approximately 4,100 acres. The area is split into 2,639 parcels encompassing approximately 2,400 acres, as shown in **Table 31**. The remaining 1,700 acres is dedicated to street or rail track right-of-way (ROW) and open space. The corridor is dominated by residential and commercial uses at 39.0 and 30.3 percent of the parcel acreage respectively. Single family homes along the south western edge of the corridor comprise the majority of the residential uses. The commercial uses range from car dealerships to a regional mall.

Table 31
Land Use by Type, 2006
Mason Corridor Economic Analysis

Type	# Parcels	Acres	% Total
Private Uses			
Agricultural	4	26.13	1.1%
Commercial	808	720.69	30.3%
Residential	1,414	927.43	39.0%
Multiple Unit	85	28.07	1.2%
Subtotal	**2,311**	**1,702.32**	**71.6%**
Public Uses			
Exempt	139	465.04	19.6%
Non Taxable	15	6.45	0.3%
Partial Exempt	6	3.47	0.1%
Subtotal	**160**	**474.95**	**20.0%**
Undefined	**168**	**199.02**	**8.4%**
Total	**2,639**	**2,376.30**	**100.0%**

Source: Larimer County Assessor; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Data\[MasterCorridorParcels.xls]Land Use

The commercial uses are concentrated along southern College Avenue at the south eastern edge of the planning area, as shown in **Appendix Figure 1**. The industrial uses are concentrated along the southern length of the Mason Corridor itself. The exempt or publicly owned land is concentrated along the corridor between Laurel Street and Drake Road and in the downtown segment of the corridor.

Approximately 20 percent of the land within the area is listed as exempt, non taxable, or partial exempt; key parcels include the City of Fort Collins buildings, County Building, County Courthouse, and CSU campus. In addition, a private ditch company controls property which runs alongside the rail tracks for a portion of the corridor's length.

FLOOR AREA RATIO

FAR is a measure of the relative density of a particular parcel. The FAR of a parcel is determined by comparing the square feet of improvement (building) to the square feet of land. This ratio provides a measure of the effective usage of a given parcel. The historic use of the planning area has resulted in a wide range of FARs, as shown in **Appendix Figure 2**. The Larimer County assessor does not track detailed building information for publicly owned parcels. Therefore, an FAR was not calculated for the publicly owned, exempt, or partially-exempt parcels. The predominant FAR for each of the segments is described below:

- **Downtown –** The highest density buildings in the segment are concentrated at the intersection of Mountain Avenue and College Avenue. The majority of parcels within the downtown segment range between 0.26 and 1.00 FAR.

- **Colorado State University –** The University encompasses the majority of the parcels along the corridor in this segment; therefore, the FAR is not available for these parcels. However, the majority of privately owned parcels within the segment range from 0.01 to 0.50 FAR.

- **Southern Segment –** The commercial nature of the southern segment is evident in the FAR ratios calculated for the parcels. The majority of the parcels range from 0.01 to 0.25 FAR.

IMPROVEMENT-TO-LAND VALUE RATIO

The improvement-to-land value ratio is determined by comparing the assessed value of the improvement (building) to the assessed value of the land. Value can accrue to the land while the value of an improvement can depreciate over time. Therefore, parcels where the improvement value is less than the land value have not realized full economic potential. These parcels signify good redevelopment opportunities because there is the opportunity to add value through redevelopment.

The improvement-to-land value ratios within the planning area range from nearly 0.1 to over 4.0. Approximately 17 percent of the parcels within the planning area have an improvement-to-land value ratio of less than 2.0. Exempt, partially exempt, and non-taxable lands have an improvement-to-land value ratio of zero. The parcels with the highest improvement-to-land value ratio are concentrated along College Avenue and in the downtown segment, as shown in **Appendix Figure 3**. Parcels with the lowest ratio are concentrated in the southern segment and immediately adjacent to the corridor alignment.

REDEVELOPMENT OPPORTUNITIES

The Mason Corridor includes a variety of conditions ranging from mature downtown office and retail buildings to relatively new large format retailers. The corridor will serve this eclectic mix of activities. Furthermore, the different conditions at each station will influence the development potentials of the corridor. Therefore, the overall redevelopment impact of the corridor will depend on both larger market forces described previously and the specific parcel opportunities along the corridor. A list of development opportunities has been created relying on the preceding parcel analysis. Potential redevelopment sites were screened based on an FAR of 0.50 or less and an improvement–to-land value ratio of 1.0 or less. Specific development and redevelopment proposals obtained from stakeholder interviews were also added as development sites.

DOWNTOWN DEVELOPMENT POTENTIALS

Downtown Fort Collins has recently begun to experience redevelopment, primarily through higher density, infill condominium projects. Eleven for-sale, residential construction projects have been recently completed or are underway in downtown. Approximately 100 units have been completed with over 350 additional units either under construction or proposed for the area.

This shift towards redevelopment began with a few pioneer projects that appealed to the urban-minded local resident and attracted primarily affluent empty nesters. However, the Mason Corridor project provides another amenity expanding the attractiveness of downtown. By providing the downtown area with access to regional destinations, such as CSU, Foothills Mall, and College Avenue retail and employment, it can expand the appeal of downtown housing to a broader range of market segments including young professionals and students.

The analysis identified 11 distinct redevelopment opportunities throughout the downtown segment, as shown in **Figure 5**. These parcels total approximately 16.94 acres, as shown in **Table 32**. The Wells Fargo parcel at the northeast corner of Mulberry and Mason Street is the largest of the development opportunities at 3.69 acres. The excess 1st National Bank Parking at the northwest corner of Magnolia and Mason Street is the smallest parcel at 0.32 acres.

Table 32
Downtown Re/Development Opportunities
Mason Corridor Economic Analysis

Label	Name	Location	Acres
1	200 Block of College	SEC Jefferson & College	1.34
2	Block 23	NEC Maple & Mason	3.01
3	Oak & Mason	SEC Oak & Mason	0.42
4	Perkins Site	SEC Olive & College	0.63
5	1st National Bank Parking	NWC Magnolia & Mason	0.32
6	Safeway	NEC Mulberry & College	2.74
7	Mason & Magnolia	SWC Magnolia & Mason	0.44
8	Wells Fargo	NEC Mulberry & Mason	3.69
9	Steele's Market	SWC Mountain & Howes	1.83
10	Lee's Cyclery	NWC Laurel & Mason	1.25
11	DDA Hotel Site	SWC Oak & Remington	1.26
	Total		**16.94**

Source: City of Fort Collins; Larimer County; Economic & Planning Systems

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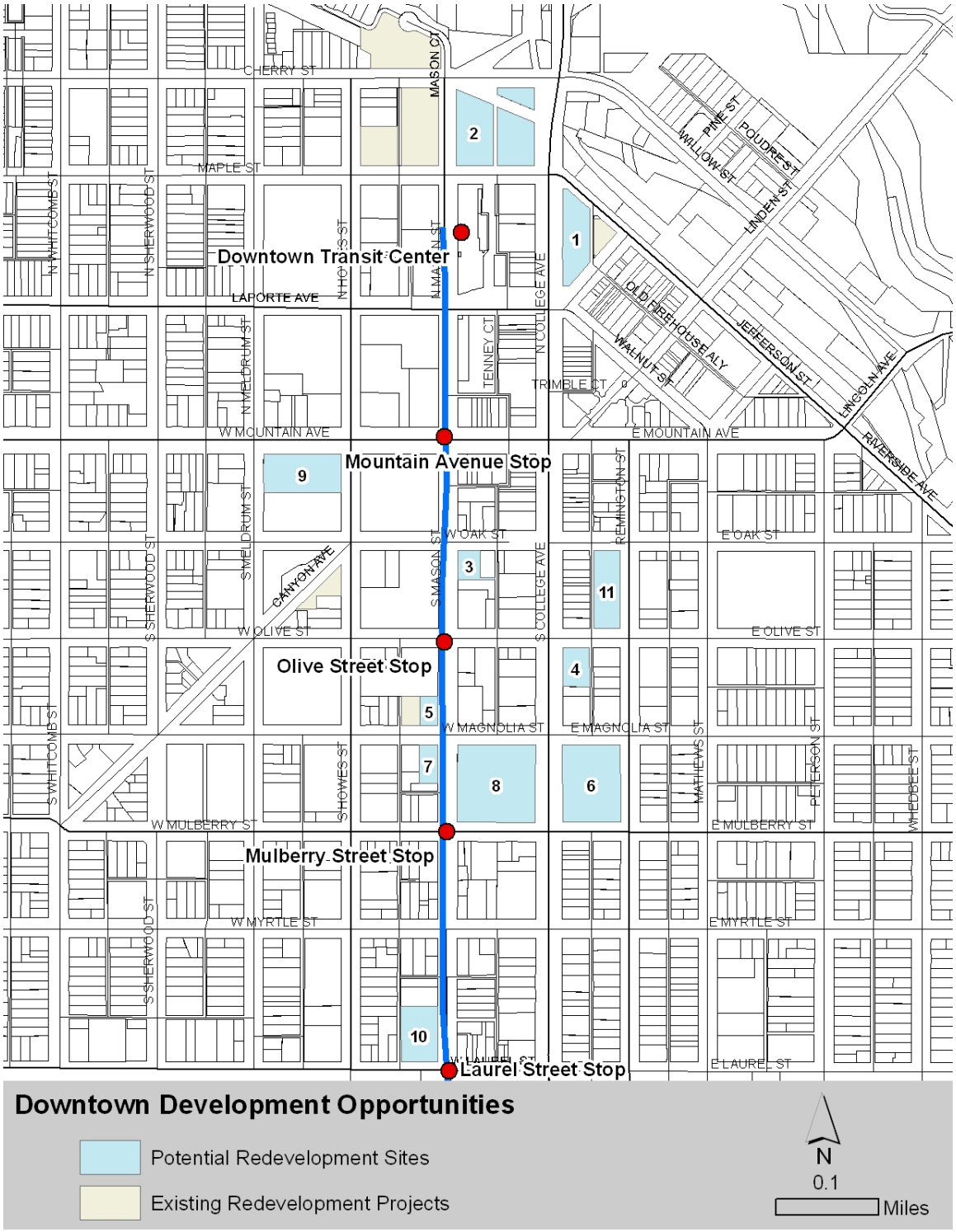
Figure 5
Downtown Re/Development Opportunities
Mason Corridor Economic Analysis



An estimate of the downtown development potential was created based on the site capacity of each of the 10 development opportunities identified above. The estimate assumes structured parking allowing the majority of the land area to be redeveloped into useable space. The estimate assumes ground floor commercial use along Mason Street and College Avenue. In addition, some amount of overhead commercial space is assumed where current landowners indicated the intention to provide additional non-residential space beside at the ground floor. The estimate constitutes the maximum anticipated development within the area.

There is a total of nearly 1,500 residential units that could be constructed within the downtown area based on existing available land for redevelopment, as shown in **Table 33.** In addition, approximately 295,000 square feet of commercial space split between retail and office could be constructed through redevelopment. At current absorption rates, it will take between 10 and 15 years for the downtown area to absorb the entire estimated stock of development opportunities. Each of the opportunities is described briefly below.

Table 32
Downtown Re/Development Potential
Mason Corridor Economic Analysis

			Residential		Non-Residential	
Label	**Name**	**Land** (SqFt)	**Stories**	**Units** (1,200 SqFt)	**Stories**	**Space** (SqFt)
1	200 Block of College	58,300	4	140	1	42,000
2	Block 23	131,000	4	300	1	40,000
3	Oak & Mason	18,300	3	30	1	12,000
4	Perkins Site	27,600	4	60	1	20,000
5	1st National Bank Parking	14,100	4	30	1	5,000
6	Safeway	119,300	4	250	2	90,000
7	Mason & Magnolia	19,300	3	30	1	6,000
8	Wells Fargo	160,700	5	350	1	40,000
9	Steele's Market	79,700	3	140	---	---
10	Lee's Cyclery	54,600	4	130	1	40,000
11	DDA Hotel Site	54,900	--	---	--	---
	Total	**682,900**		**1,460**		**295,000**

Source: Economic & Planning Systems

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- **200 Block of College –** Plans for the parcel will likely include residential development over retail space facing College Avenue. The 1.34 acre parcel is adjacent to the existing Pine Street Lofts project at the southeast corner of Jefferson Street and Pine Street and is owned by Mike Jenson. The redevelopment will likely include residential and retail or office space. The site can support approximately 140 residential units and 42,000 square feet of commercial space.

- **Block 23 –** Plans for the parcel will likely mirror the Penny Flats across College Avenue with residential or office over the retail. The 3.01 acres site is one of the largest redevelopment opportunities in the downtown area and currently owned by Mike Jenson. The parcel size is similar to Penney Flats and could hold a similar level of development or roughly 300 residential units and approximately 40,000 square feet of commercial space.

- **Oak & Mason –** A single story office building of approximately 18,000 square feet currently resides on the site owned by Les Kaplan. The current owner plans to redevelop after the Mason Corridor project becomes a reality. When renovation occurs, it will likely include a four- to five-story building with residential over retail or office. The residential development will be oriented away from the rail road tracks. The development could include approximately 30 residential units and 12,000 square feet of retail or office space.

- **Perkins Site –** The site of a former Perkins restaurant is on the market for potential redevelopment and is owned by Archie Solsky. The site has been entitled for a mixed-use building that could span six stories. Redevelopment will likely include structured parking on the lower level, office development on the second floor, and residential above. The site could include approximately 60 residential units and 20,000 square feet of office space.

- **1st National Bank –** The bank recently completed a renovation of the building strengthening its connection to Mason Street. The renovation has changed the demand for the parking lot at the northwest corner of Mason Street and Magnolia Street. The site is roughly the same size as the Magnolia Lofts previously described, and, therefore could accommodate a similar development program of approximately 30 residential units and a small amount of ground floor retail or office space approximately 5,000 square feet.

- **Safeway –** The site recently sold to a landowner and developer active in the downtown area. The 2.74-acre site located at the northeast corner of Mulberry and College will likely be redeveloped as a mixed-use site and owned by Mike Jenson. The redevelopment could include 270 residential units in several buildings and phases and approximately 90,000 square feet of commercial space split between office and retail.

- **Mason & Magnolia –** Located across the street from the 1st National Bank opportunity site and the Magnolia Lofts project, the 0.44 acre site has recently been assembled for potential redevelopment. The site will likely redevelop as a mixed use site with approximately 30 residential units and 6,000 square feet of ground floor retail or office.

- **Sports Authority –** The largest of the 10 development opportunity sites is located on the northeast corner of Mulberry and Mason Street. The 3.69 acres owned by the Wells Fargo Bank contains a drive up bank and Sports Authority store located within an older former Safeway building. The Sports Authority plans to relocate to

the retail shopping center under construction at the corner of Harmony Road and Zeigler. This parcel will likely redevelop as a mixed-use building that could span six stories. The site could support approximately 350 residential units and 40,000 square feet of commercial space.

- **Steele's Market –** This half-block site is located one-block off Mason Street on the southwest corner of Howes Street and Mountain Avenue. The site contains a former Steele's Market grocery store. The site will likely redevelop as a residential building with approximately 140 residential units over four stories.

- **Lee's Cyclery –** The northwest corner of Laurel and Mason Streets encompasses several businesses including Lee's Cyclery; Archie Solsky owns a portion of the corner. The corner has low FARs and low improvement-to-land value ratios. This corner is a long-term redevelopment opportunity and will likely include a mixture of uses. The 1.25 acres site can support approximately 130 residential units and 40,000 square feet of retail.
- **DDA Hotel Site –** The Downtown Development Authority (DDA) has selected a partner to develop the 1.26-acre site on Remington between Oak and Olive. The DDA selected Corporex Companies, LLC to assist in the development of a full-service hotel in Old Town. The hotel will be designed to cater to visitors wanting an urban environment within walking distance of restaurants and bars. No plans have been released at this time regarding the number of rooms or hotel size. The selected partner will assist the DDA in determining the right hotel size and format.

UNIVERSITY DEVELOPMENT POTENTIALS

The analysis identified five distinct redevelopment opportunities throughout the CSU segment. Two parcels fall within the main CSU campus for a total of approximately 36.57 acres, as shown in **Table 34**. The remaining three parcels are privately held land for a total of 23.69 acres. The abandoned mobile home park and adjacent strip commercial fronting College Avenue is one of the larger privately held sites at 8.64 acres.

Table 34
University Re/Development Opportunities
Mason Corridor Economic Study

Label	Name	Location	Acres
Colorado State University			
1	Proposed Gateway Development	NWC Prospect & College	24.48
2	Dorm Redevelopment	NWC Pitkin & Meridian	12.09
	Subtotal		**36.57**
Private Redevelopment Opportunities			
3	Prospect South	SWC Prospect & College	4.77
4	Mobile Home Park/Strip Commercial	NWC Stuart & College	8.64
5	NRCC/University Mall North	SWC Johnson & College	10.28
	Subtotal		**23.69**
	Total		**60.26**

Source: Colorado State University; City of Fort Collins; Larimer County; Economic & Planning Systems
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Colorado State University Redevelopment

The University has recently completed two residential dorm projects both were designed to meet the needs of the current student body. Each of the projects is described below:

- **Summit Hall –** Completed in 2004, Summit Hall provides 535 beds in suites of one single and a double or two doubles sharing a common bathroom. There are no dining facilities on-site; residents may eat at any of the eight dining halls associated with other dorms. Room and board charges cover all utilities including high-speed internet, cable television, and local phone service.

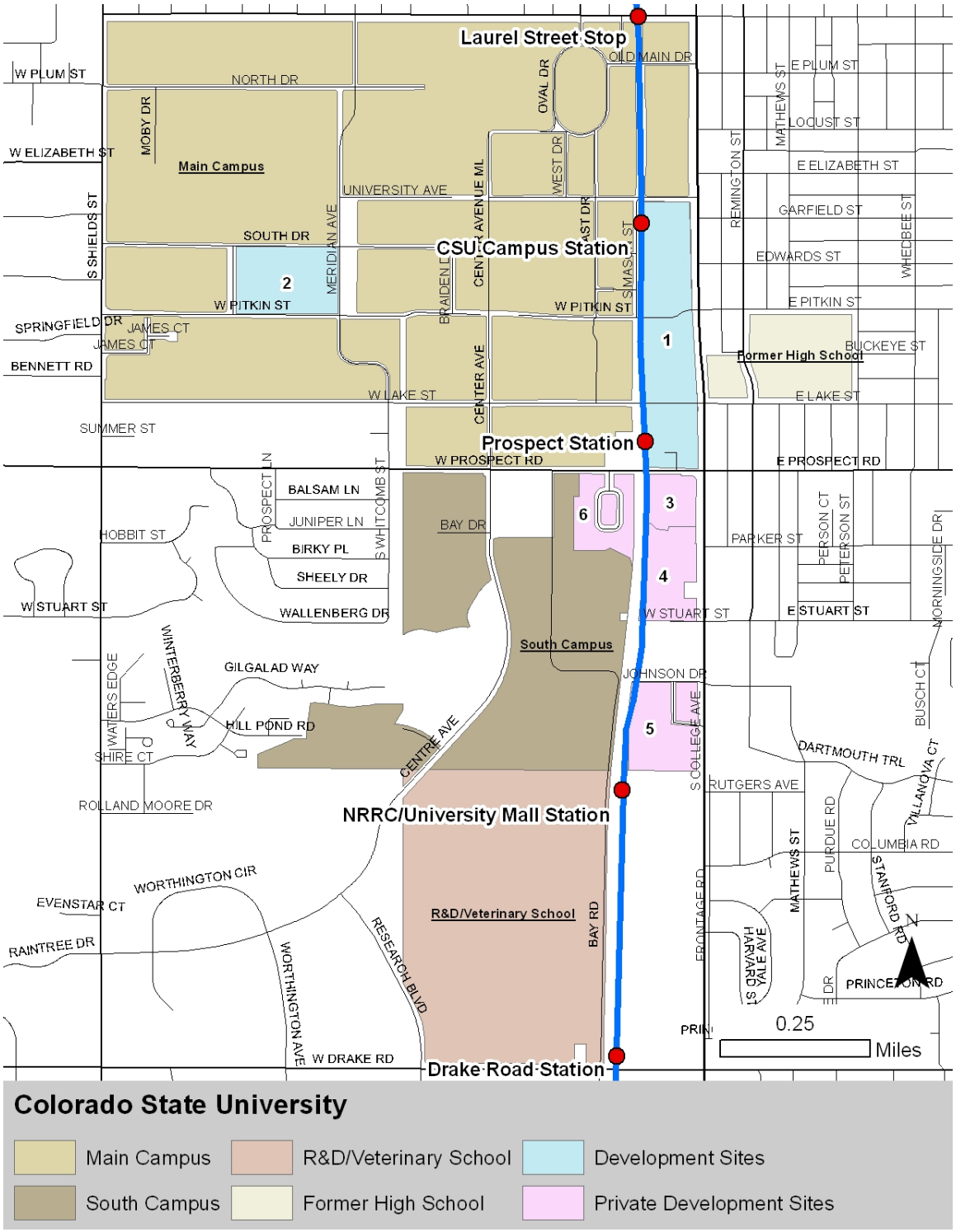
- **Academic Village –** In 2006 Ellis Hall was demolished to make way for the new Academic Village. The Academic Village will replace the 400 beds previously provided in Ellis Hall. The village is constructed to provide "Living Learning" experiences. Each building in the village is dedicated to a specific academic program and includes classroom space. The village includes 113 double rooms and 25 single rooms. The village is located on site number two, as shown in **Figure 6**.

As summarized in Chapter III CSU's president has a goal to grow the student body by more than 5,000. This increase will necessitate approximately 1,000 additional beds provided on campus. Therefore, CSU has plans to continue redevelopment of the campus. The University has recently hired a consultant team to update the master plan for the campus. Under direction of the President, the master plan will focus on changing the character of campus. The desire is for iconic architecture and higher density development to create a more traditional academic campus feel. Two projects are currently under consideration that will contribute to this shift as described below:

- **University Gateway Development –** CSU has acquired the land at the northwest corner of Prospect Road and College Avenue. The concept calls for redevelopment of the approximately 24.5 acre area into classrooms, office, and administrative space. The project is intended to establish Prospect Road as the main entry point into campus. The project will also help to announce the campus from College Avenue. Planning has not progressed to definitive square footage, buildings, or use estimates.

- **Academic Village Expansion –** The Housing and Dining Services department has plans to demolish Newsom Hall (400 beds) and replace it with an expansion of the Academic Village to include approximately 800 beds, a net increase of 400 beds. The new space will provide a similar mix of double and single rooms as the existing academic village. Redevelopment of the existing dormitories will continue as money and demand increase. The Academic Village doubles the density of the dormitory halls it replaced; the Housing and Dining Services department plans to continue to increase density on campus. Therefore, expanding to add an additional 1,000 beds will not require additional land.

Figure 6
University Re/Development Opportunities
Mason Corridor Economic Study



Private Development Sites

Three privately controlled parcels with low FARs and low improvement-to-land values were identified in the CSU Segment that can provide opportunities for private campus oriented apartment development. The redevelopment of the site could include a small amount of retail space including restaurants and other student oriented retailers. Assuming a density of 25 dwelling units per acre the four sites combined could house approximately 770 apartment units, as shown in **Table 35**.

Table 35
University Segment Re/Development Potentials
Mason Corridor Economic Analysis

Label	Name	Acres	DUs/Acre	Beds	Units
Colorado State University					
1	Proposed Gateway Development	24.48	---	---	---
2	Dorm Redevelopment [1]	12.09	---	400	---
	Subtotal	**36.57**		**400**	---
Private Redevelopment Opportunities					
3	Prospect South	4.77	25	---	120
4	Mobile Home Park/Strip Commercial	8.64	25	---	220
5	NRCC/University Mall North	10.28	25	---	260
6	Renos Cesar Site	6.64	25	---	170
	Subtotal	**30.33**		---	**770**
	Total	**66.90**		**400**	**770**

[1] Redevelopment includes 800 beds; 400 beds replace existing facility

Source: Colorado State University; City of Fort Collins; Larimer County; Economic & Planning Systems

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SOUTHERN CORRIDOR DEVELOPMENT POTENTIALS

The analysis identified ten distinct redevelopment sites totaling 107.44 acres in the southern segment, as shown in **Table 36** and described below. The site at the northwest corner of Drake and College Avenue presents the largest redevelopment opportunity with approximately 18.44 acres. The Wal-Mart anchored shopping center at the southwest corner of Harmony Road and College Avenue presents the next largest opportunity at approximately 17.68 acres.

Table 36
Southern Segment Re/Development Opportunities
Mason Corridor Economic Analysis

Label	Name	Location	Acres
Near Term Opportunities			
1	Drake North	NWC Drake & College	18.44
8	Wal-Mart Site	SWC Harmony & College	17.68
9	South Transit Center	NWC Fairway & College	13.80
	Subtotal		**49.92**
Mid-Term Opportunities			
2	Drake South	SWC Drake & College	15.31
7	Lumber Yard	NEC Harmony & Mason	4.97
10	Target Site	SWC Troutman Pkwy & College	9.68
	Subtotal		**29.97**
Long-Term Possibilities			
3	Swallow South	SWC Swallow & College	6.24
4	Monroe & College	NWC Monroe & College	8.83
5	Horsetooth North	NEC Horsetooth & Mason	1.97
6	Horsetooth South	NWC Boardwalk & College	10.51
	Subtotal		**27.56**
	Total		**107.44**

Source: City of Fort Collins; Larimer County; Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Data\[17830-DevOppSites.xls]South

- **Drake North –** The 18.44-acre site currently houses a Big K-Mart store and several additional retailers in ancillary strip commercial space. The site is owned by Southwestern Investment Group, which is considering redevelopment of the site.

- **South Transit Center –** The City of Fort Collins owns approximately 2.0 acres at the proposed transit center and has improved the parcel for trailhead parking. The Fossil Creek Trail can be accessed from the station location via the recently

completed bike and pedestrian trail along the rail corridor. The remaining 11.80 acres owned by Spradley Automotive are vacant.

- **Wal-Mart Shopping Center –** The Arbor Plaza shopping center is anchored by an older Wal-Mart discount department store. Wal-Mart has indicated that with the expansion of several Supercenters in the surrounding trade area this store may become obsolete. The FAR and improvement-to-land value analysis suggests that if the store should become vacant, the entire shopping center could present a redevelopment opportunity for TOD. The underlying ownership of the parcel is unclear and may require assemblage prior to redevelopment.

- **Drake South –** The site includes a collection of retail and office buildings on approximately 15.31 acres. The retail uses include the Spradley Auto lot, and a former Steele's grocery store. The majority of the buildings are occupied; however, the low FAR and low improvement-to-land value make the site a likely candidate for redevelopment in the future. The redevelopment area requires assemblages because of multiple current owners.

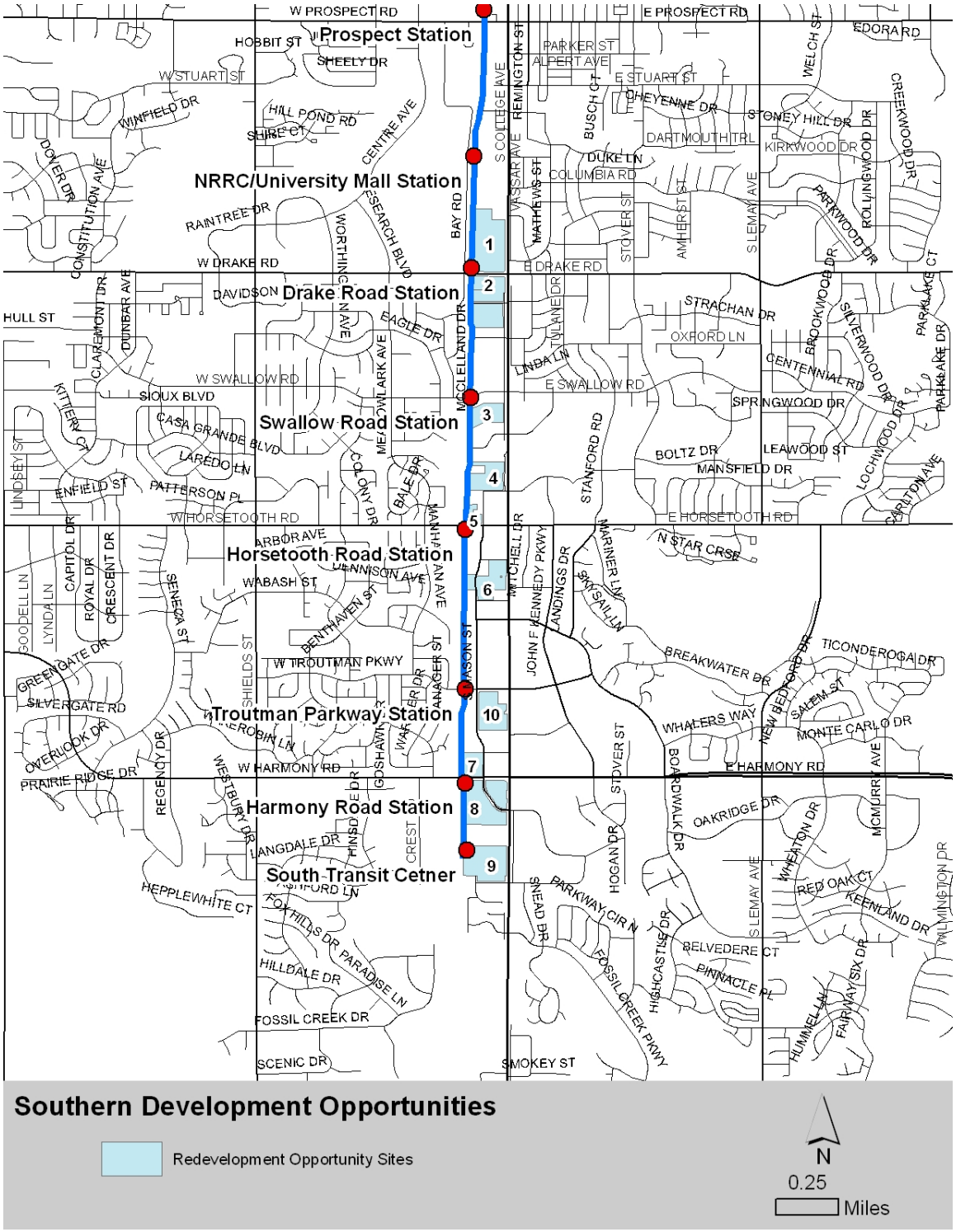
- **Lumber Yard –** United Building Centers currently operates a lumber yard on the parcel. However, the low FAR and low improvement-to-land value make the site a potential candidate for redevelopment in the future. The landowners have expressed some interest in redevelopment potentials once the Mason Corridor project becomes a reality.

- **Target Site –** A new Super Target will be opening at the Front Range Village shopping center on Harmony Road at Zeigler. This new store may result in the existing Target located along South College to close. In the event this store closes the site may be company a redevelopment opportunity. At this time, no plans exist to close the store or redevelop the site.

- **Swallow South, Monroe & College, Horsetooth South –** There are several automobile dealerships along the length of College Avenue adjacent to the corridor. These parcels tend to have low FARs and low improvement-to-land value ratios making the sites ideal redevelopment candidates. The Dellenbach, Markley, and Lithia Motors sites all currently house active and successful automobile dealerships. However, several of the dealers have expressed interest in redevelopment opportunities. It will likely take several years for land values to rise high enough to stimulate the sale or redevelopment of these sites but they are excellent future opportunities.

- **Horsetooth North –** The site includes a collection of office and retail uses that front Horsetooth Road. The parcels have low FAR and improvement-to-land value ratios making the area a likely redevelopment candidate. The redevelopment area requires assemblages because of multiple current owners. However, the current tenants and users of the buildings operate successful businesses from the existing structures. Therefore, it will likely take several years before redevelopment pressures push the land values high enough to stimulate redevelopment.

Figure 7
Southern Segment Re/Development Opportunities
Mason Corridor Economic Analysis



CATALYST PROJECTS

There are three parcels located in the southern segment that represent near term redevelopment opportunities and have the potential to become catalyst projects for redevelopment. These projects have the potential to be planned as TOD in the relatively short term and include a large increment of multifamily housing at higher densities than the surrounding area. It is unlikely that all three of these potential projects will occur in the short-term; however, these three sites constitute the strongest opportunities for redevelopment in the southern segment of the corridor in the next five to ten years.

BIG K-MART (DRAKE NORTH)

The approximately 18-acre site is owned by Southwestern Investment Group and currently houses a Big K-Mart store. The landowner has expressed interest in redeveloping the site for TOD; however, Big K-Mart still has ten years on their lease and is unlikely to terminate early. This would require the landowner to buy-out the lease in order to redevelop. Despite this hurdle, the site provides the opportunity to develop a true TOD with the benefit of the BRT and enhanced bike and pedestrian access. TOD typically includes a mixture of uses that achieves a reduction in vehicle trips for daily errands. Therefore, the site provides a strong opportunity to create a TOD village with residential and retail uses.

Southwestern Investment Group is working on a redevelopment plan for the site. In the interim, the owner may give the existing Big K-Mart store a facelift. The developer is waiting to see the Mason Corridor project funded prior to moving ahead with redevelopment plans.

The site could potentially support a four-story "Texas Wrap" style condominium or apartment development. A "Texas Wrap" building uses wood construction surrounding a parking structure to generate up to 40-dwelling units per acre. These densities will provide a strong vibrant foundation for a TOD village. At these densities, the site can support between 300 and 350 residential units. In addition, the site could include a small amount of ground floor retail oriented towards the transit station and on-site open space.

ARBOR PLAZA SHOPPING CENTER

The ownership of the approximately 18-acres site is fragmented across several entities and individuals. As a result the shopping center lacks the leadership of a single owner interested in redeveloping. However, the future of the anchor, Wal-Mart, is tenuous as several new Wal-Mart Supercenters are slated to open in 2008. These supercenters may result in the existing store at the Arbor Plaza Shopping Center closing. If the anchor closes the center will likely decline making it ripe for redevelopment.

Similar to the Big K-Mart site described above, the site could support a four-story "Texas Wrap" style condominium or apartment development. The building would provide a foundation for the development of a TOD village. The village could include between 300 and 350 residential units and a small amount of ground floor retail oriented towards the transit station and on-site open space. In addition, a portion of the retail could be developed to cater to the high traffic along South College.

SOUTH TRANSIT CENTER

There is nearly 14-acres located at the northwest corner of Fairway Lane and College Avenue. The development area fronts College Avenue on the east and will function as the southern terminus for the proposed BRT system. Therefore, the site will have excellent regional access through both the BRT and via College Avenue. The entire site is vacant, except for the gravel trail head parking recently constructed on the City portion of the site.

The site is adjacent to the proposed Red Tail Development that encompasses approximately 11.43 acres. There are two development alternatives proposed for the site: 1) a residential development of 141 dwelling units, including 8 duplexes, 37 single family homes, and 96 multifamily homes; and 2) a mixed-use project of approximately 110,000 square feet of office and 49 dwelling units, including 4 duplexes, 37 single family homes, and 8 multifamily units. The proximity of this site to the South Transit Center may enable it to support additional density in excess of the current proposal. However, the development will likely proceed prior to the construction of the Mason Corridor preventing it from fully leveraging the station's proximity.

This site provides a similar opportunity to develop a TOD village similar to the Big K-Mart site with the benefit of the BRT, regional bus connections, and enhanced bike and pedestrian access. TOD typically includes a mixture of uses that achieves a reduction in vehicle trips for daily errands. Therefore, the site provides a strong opportunity to create a TOD village with residential and retail uses.

The site could potentially support a four-story "Texas Wrap" style condominium or apartment development allowing for densities of about 40 units per acre. In addition, the site will likely include a small amount of ground floor retail oriented towards the transit station and on-site open space. Alternatively, a portion of the site may generate higher values if developed as retail oriented towards College Avenue. This alternative can coexist adjacent to a smaller TOD village project occupying the rear portion of the site adjacent to the Mason Corridor.

DEVELOPMENT POTENTIALS SUMMARY

A forecast of development by time period was developed based on the development potentials outlined in this and previous chapters. The analysis of development opportunity sites has indicated that in the short-term and mid-term there is sufficient

land to support the forecasted residential development presented in Chapter III. As redevelopment occurs land values will increase making parcels on the margin of redevelopment financially feasible for redevelopment.

The redevelopment of higher density infill residential units is anticipated to continue within downtown Fort Collins over the next five years. Currently, plans include 215 residential units in downtown; additional projects are anticipated to occur downtown in the next five years. After completion of the Mason Corridor project in 2011, residential development will likely accelerate as the development community leverages the accessibility of the new transportation facilities. Approximately 2,800 residential units are anticipated over the next 23 years in the corridor, including 400 single family attached units, 815 multifamily for-sale units, and 1,600 apartments, as shown in **Table 37**.

Table 37
Mason Corridor Development Potentials Summary
Mason Corridor Economic Study

Type	Annual Absorp.	Pre-Const. 2008-2010 (3 Years)	Short-Term 2011-2015 (5 Years)	Mid-Term 2016-2020 (5 Years)	Long-Term 2021-2030 (10 Years)	Total (23 Years)
Residential						
Single Family Attached	20	0	100	100	200	400
Multifamily For-Sale	30	215	150	150	300	815
Apartments	80	0	400	400	800	1,600
Total	**130**	**215**	**650**	**650**	**1,300**	**2,815**
Non-residential	**---**	**25,000**	**50,000**	**100,000**	**200,000**	**375,000**

Source: Economic & Planning Systems
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A total of 375,000 square feet of non-residential square footage is anticipated over the 23 year time period between 2008 and 2031. This rough estimate of square footage assumes that the TOD development occurring along the Mason Corridor will include small amounts of convenience retail and eating and drinking establishments. In addition, the estimate assumes one to two build-to-suit office developments will occur within the corridor at or near stations. These estimates are exclusive of CSU plans to expand dormitories, classroom space, and administrative facilities.

VII. ECONOMIC IMPACTS

This chapter of the report evaluates the economic impacts from forecasted development along the Mason Corridor. The economic impacts include an estimate of property tax revenue generated by development and sales tax revenue generated from new retail at or near station areas. In addition, the analysis evaluates the impact of the construction of the proposed $72 million transit project on the City of Fort Collins economy. These impacts include direct and indirect employment and direct and indirect spending related to the project.

REDEVELOPMENT IMPACTS

The Mason Corridor project is anticipated to stimulate both public and private development along the corridor. The redevelopment of existing land along the corridor by private interests will generate both new property tax and sales tax revenue for the City of Fort Collins. Estimates of revenue have been made for each of these potential revenue sources.

PROPERTY TAX REVNUE

The estimate of property tax revenue assumes that redevelopment of the area will generate added property value above the existing tax base. The estimate provides gross property tax revenue estimated based on the development potentials described in Chapter VI. The analysis uses average sales prices and rents from the current market to estimate the market value of the anticipate redevelopment along the corridor. The market value is translated into assessed value using assessment ratios defined by the State (7.96 percent for residential and 29.00 percent for non-residential).

Based on the inputs, the total property tax revenue are estimated at $6.1 million or $266,000 annually on average between 2006 and 2031, as shown in **Table 38**. The estimated average annual property tax represents approximately a 2.0 percent increase in property tax revenue based on the 2007 City of Fort Collins total of approximately $14.0 million annually. The property tax revenue increases over time as more redevelopment occurs. Therefore, the last ten years of the time period generates the majority of the property tax revenue forecast for the corridor.

Table 38
Property Tax Revenue Summary, 2008-2030
Mason Corridor Economic Analysis

Type	Pre-Const. 2008-2010 (3 Years)	Short-Term 2011-2015 (5 Years)	Mid-Term 2016-2020 (5 Years)	Long-Term 2021-2030 (10 Years)	Total (23 Years)	Average Annual
Residential						
Single Family Attached [1]	$0	$96,500	$257,500	$997,000	$1,351,000	$58,500
Multifamily For-Sale [2]	$120,500	$428,000	$638,500	$1,909,000	$3,096,000	$134,500
Apartments [3]	$0	$97,000	$258,500	$1,001,000	$1,356,500	$59,000
Total	**$120,500**	**$621,500**	**$1,154,500**	**$3,907,000**	**$5,803,500**	**$252,000**
Retail [4]	**$3,500**	**$18,500**	**$34,000**	**$114,000**	**$170,000**	**$7,500**
Office [5]	**$3,000**	**$14,500**	**$27,000**	**$90,000**	**$134,500**	**$6,000**
Total	**$127,000**	**$654,500**	**$1,215,500**	**$4,111,000**	**$6,108,000**	**$265,500**

[1] Assumes an average unit size of 1,500 square feet and sales price of $275 per square foot
[2] Assumes an average unit size of 1,200 square feet and sales price of $300 per square foot
[3] Assumes an average unit size of 900 square feet, average rent of $1.00 per square foot, vacancy rate of 5 percent, and capitalization rate of 9 percent
[4] Assumes average rent of $20 per square foot, vacancy rate of 10 percent, and capitalization rate of 9 percent
[5] Assumes average rent of $16 per square foot, vacancy rate of 10 percent, and capitalization rate of 9 percent
Source: Economic & Planning Systems
H:\17830-Mason Corridor Economic Study\Models\[17830-EconImpacts.xls]Prop Summary

SALES TAX REVENUE

The analysis assumes that 50 percent of the non-residential development potential described in Chapter VI will be constructed as retail space. The retail square footage will absorb at a rate of approximately 8,000 square feet annually for a total of 200,000 square feet over the next 25 years. The square footage is expected to generate an average of $2.0 million in new retail sales each year. Therefore, in 2031 after all 200,000 square feet of retail space has been constructed and leased the corridor will produce approximately $50.0 million in retail sales annually.

Over the 25 year period, between 2006 and 2031 approximately $481.0 million in retail sales will occur, based on an average retail sales of $250 per square foot, as shown in **Table 39**. These retail sales will generate approximately $14.4 million in retail sales tax over the time period. The average annual sales, assuming absorption, is estimated at $19.3 million generating approximately $578,000 in additional retail sales tax revenue annually. Approximately $433,000 of the new sales tax revenue will go to the general fund with the balance going to the three ear-marked accounts. This analysis makes no assumption about the transfer of sales from existing retailers and shopping centers.

Table 39
Sales Tax Revenue Summary, 2008-2030
Mason Corridor Economic Analysis

Source	Factor	Pre-Const. 2008-2010 (3 Years)	Short-Term 2011-2015 (5 Years)	Mid-Term 2016-2020 (5 Years)	Long-Term 2021-2030 (10 Years)	Total (25 Years)	Average Annual
Retail Square Footage	**50%**	**12,500**	**37,500**	**87,500**	**187,500**	**187,500**	**7,500**
Retail Sales	**$250 / SqFt**	**$6,250,000**	**$34,375,000**	**$84,375,000**	**$356,250,000**	**$481,250,000**	**$19,250,000**
Sales Tax Revenue							
General Fund	2.25%	$140,625	$773,438	$1,898,438	$8,015,625	$10,828,125	$433,125
Building on Basics	0.25%	$15,625	$85,938	$210,938	$890,625	$1,203,125	$48,125
Pavement Management	0.25%	$15,625	$85,938	$210,938	$890,625	$1,203,125	$48,125
Open Space	0.25%	$15,625	$85,938	$210,938	$890,625	$1,203,125	$48,125
Total	**3.00%**	**$187,500**	**$1,031,250**	**$2,531,250**	**$10,687,500**	**$14,437,500**	**$577,500**

Source: Economic & Planning Systems

H:\17830-Mason Corridor Economic Study\Models\[17830-EconImpacts.xls]Sales Summary

CONSTRUCTION IMPACTS

A construction project, such as the Mason Corridor, has direct, indirect, and induced impacts on the economy in which the project occurs. These impacts add up to the total estimated economic impact of the construction project. The IMPLAN economic impact model was used to estimate these impacts for the Mason Corridor project. IMPLAN (Impact Analysis for Planning) is a software application developed jointly by the USDA Forest Service, the Federal Emergency Management Agency, the Bureau of Land Management, and the University of Minnesota for use in land and resource planning. The three impacts estimated by IMPLAN are defined below:

- **Direct Impacts –** Direct impacts represent the value or impact of the action taken, in this case the construction of the transit improvements associated with the proposed Mason Corridor project. These impacts represent the entire project including supplies, worker compensation, and other spending directly associated with the project.

- **Indirect Impacts –** Indirect impacts represent the increases in economic activity by local suppliers necessary to support the direct impact of the project. The construction of the Mason Corridor project will interact with local construction companies, subcontractors, surveyors, etc. The increase in purchases from other local businesses by these suppliers and contractors represents the indirect impacts.

- **Induced Impacts –** Induced impacts represent the impact on all local industries of the wages derived by local employees from both the direct and indirect effects. The impacts, for example, include the purchase of gas, housing, insurance, and other products and services by the construction workers employed to work on the Mason Corridor project.

The IMPLAN model provides two outputs for each of the three impacts: a monetary value and an estimated number of jobs. The impacts estimated by IMPLAN are limited to Larimer County. Dollar amounts are in producer prices, and jobs are reported as Full Time Equivalents (FTE).

IMPACT MODEL RESULTS

The Mason Corridor project is estimated to cost $72 million to construct, which represents the direct impact of the project, as shown in **Table 40**. According to the IMPLAN model, this level of construction spending supports approximately 676 construction and related jobs over the construction period.

Table 40
Economic Impacts
Mason Corridor Economic Analysis

Description	Direct	Indirect	Induced	Total
Output	**$72,000,000**	**$11,974,057**	**$24,300,573**	**$108,274,630**
Multiplier	1.00	0.17	0.34	1.50
Employment	**676**	**118**	**270**	**1,064**
Multiplier	1.00	0.17	0.40	1.57

Source: IMPLAN; Economic & Planning Systems

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The indirect impacts of the project represent the increases in economic activity by local suppliers that are necessary to support the $72 million construction investment. As shown, IMPLAN estimates that the $72 million construction investment supports an additional $12.0 million in business to business purchases, and an additional 118 jobs.

The induced effects are the result of the spending of household income generated by the payroll of the employees supported by the direct and indirect impacts. The induced impact of the project is estimated at $24.3 million, which supports 270 jobs, largely in services and retail sectors.

The employment multipliers indicate that each direct construction job supports an additional 0.57 FTEs through the direct and indirect impacts, indicating a total employment multiplier of 1.57. Total direct, indirect, and induced employment impacts are estimated at 1,064 FTEs.

VIII. PUBLIC FINANCE OPTIONS

This chapter of the report evaluates a range of public financing mechanisms that could be used in the Mason Corridor. The analysis provides a summary of the available public finance methodologies, the pros and cons of each, and applicability of each to the corridor. In addition, the chapter presents an analysis of the resulting revenue from the applicable public finance mechanisms based on the formation of a corridor district based on an area of project benefit.

PUBLIC FINANCE TOOLS

The City of Fort Collins is interested in evaluating the feasibility of public financing to leverage a portion of the enhanced development value to private property along the Mason Corridor. The most applicable corridor specific financing mechanisms with the potential to generate revenue for capital construction or operations and maintenance costs include a general improvement district (GID) and tax increment financing as authorized in an urban renewal area. A business improvement district was not considered because it does not apply to residential properties, which comprise the largest portion of the TOD potential along the corridor. Citywide revenue sources to generate corridor specific funding are also evaluated separately below.

GENERAL IMPROVEMENT DISTRICT

A general improvement district (GID) is a city-initiated special district that can levy a property tax and/or levy assessments or fees to pay for specified public improvements such as roads, transit, parks, utilities, or parking. The City of Boulder has used GIDs to pay for parking improvements in the downtown area and on the Hill near the University of Colorado campus.

Formation – The district can be created by the city in response to a petition by at least 200 or 30 percent of the electors, whichever is less. The district can be governed by the city council as ex-officio board, or the mayor/council can appoint a board with at least five members.

Powers – A GID can condemn property, operate facilities and issue revenue bonds backed by fees, rates, tolls or charges. Maximum length of bonds is 20 years.

Advantages

- Allows for varied fee structure to address differential benefits among property owners.
- District can issue revenue bonds to raise sufficient funds to pay for the needed improvements in advance of development.

Disadvantages

- Fees are assessed against all properties regardless of whether they are ready to be developed or not.
- Requires a petition by at least 30 percent of the property owners in the district.

TAX INCREMENT FINANCING

Tax increment financing (TIF) allows the City to leverage the incremental property taxes resulting from new development or redevelopment within a district. The City can utilize the increase in funds from all taxing authorities (e.g., City, County, School District) for up to 25 years. Many home rule cities also utilize the incremental sales tax resources (from the City alone) as an additional revenue source to support bonds. TIF financing can be used by downtown development authorities (DDA) or urban renewal authorities (URA). A URA requires an urban renewal plan and the formation of an urban renewal district. The creation of an urban renewal area needs to meet the State's definition of blight. The City of Fort Collins has an existing URA and a district along North College. The City has also used TIF for a number of downtown residential projects through the DDA, which also has the power to use TIF. The DDA's TIF authority expires in 2011.

Formation – The creation of a new urban renewal area can be initiated by a local agency or a petition from a majority of the impacted property owners. Creation of a new urban renewal area requires a blight designation and approval of a development plan by the governing municipal body.

Powers – An urban renewal authority can condemn property, operate facilities, and issue general obligation or revenue bonds backed by the tax increment. Maximum length of bonds limited to the urban renewal authority life span is up to 25 years.

Advantages

- Does not impact the existing tax structure; there is no additional tax burden to redevelopment.
- District can issue bonds to raise sufficient funds to pay for the needed improvements in advance of development.

Disadvantages

- TIF can be used for operations; however, the tax increment reverts back to the taxing entities at the end of the district's life span.
- Requires a petition by at least 25 registered electors from the district and a blight study. The standard for determining blight has become more stringent with recent legislation.

CORRIDOR FINANCE ANALYSIS

The five mile corridor will include approximately 14 stations. Assuming an influence area of one-quarter mile around each station, a potential taxing district could encompass a one-quarter mile buffer along the entire corridor length (due to the close station spacing). However, the downtown area was deleted from the influence area under consideration for two reasons. The market analysis determined that the proposed developments in the downtown segment of the Mason Corridor are likely to happen whether or not the transit improvements are implemented. Also, the downtown area already as a downtown development authority with a 5.0 mill levy for operations and an existing TIF funding district.

The CSU and southern segments of the corridor therefore provide the basis for a logical benefit district for an analysis of the estimated revenue generated from a GID and TIF public finance structure. Each of these structures can provide funding for either bond debt service to cover upfront capital costs or ongoing revenue for operations and maintenance costs.

GID PROPERTY TAX REVENUE

A GID could be used to fund capital improvements and/or operating revenues. A capital levy could be used to assign a portion of the added value provided to properties adjacent to the proposed transit improvements to the funding of improvements. These property owners are receiving a higher land value as a result of the improvements and can afford to pay for a portion of the cost of the improvements.

The formation of a GID requires the support of either 200 or 30 percent of the registered electors within the district. The existing property owners and tenants will likely resist the formation of a new tax district given the high percentage of single family development and the lack of a strong nexus to the proposed improvements. Therefore, the property tax revenue estimate assumes that only the redeveloped properties would be included in a GID. The City could effectively implement this gerrymandered district by making membership in the district a requirement of the development approval process.

Based on projected development, a 30.0 mill GID would generate annual revenues of $45,533 in Year 1 (2011), growing to $932,000 by Year 20 (2030). If the district were to be used to raise the estimated $4.0 million local match for FIA funding, the cumulative GID revenues would reach this level on or about Year 13 (2023), as shown in **Table 41**.

Table 41
Existing Corridor Tax Base
Mason Corridor Economic Study

Product	Mill Levy	Short-Term 2011 (Year 1)	2012 (Year 2)	2013 (Year 3)	2014 (Year 4)	2015 (Year 5)	Mid-Term 2016 (Year 6)	2017 (Year 7)	2018 (Year 8)	2019 (Year 9)	2020 (Year 10)
Residential											
Single Family Attached	5.0000	$3,284	$6,567	$9,851	$13,134	$16,418	$19,701	$22,985	$26,268	$29,552	$32,835
Multifamily For-Sale	5.0000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Apartments	5.0000	$3,295	$6,591	$9,886	$13,182	$16,477	$19,773	$23,068	$26,364	$29,659	$32,954
Subtotal		**$6,579**	**$13,158**	**$19,737**	**$26,316**	**$32,895**	**$39,474**	**$46,053**	**$52,632**	**$59,210**	**$65,789**
Retail	5.0000	$378	$756	$1,134	$1,512	$1,891	$2,647	$3,403	$4,159	$4,915	$5,672
Office	5.0000	$299	$597	$896	$1,194	$1,493	$2,090	$2,687	$3,284	$3,881	$4,478
Annual Total		**$7,256**	**$14,511**	**$21,767**	**$29,022**	**$36,278**	**$44,210**	**$52,142**	**$60,074**	**$68,006**	**$75,938**
Cumulative Total		**$7,256**	**$21,767**	**$43,533**	**$72,555**	**$108,833**	**$153,043**	**$205,185**	**$265,259**	**$333,265**	**$409,204**

Product	Mill Levy	Long-Term 2021 (Year 11)	2022 (Year 12)	2023 (Year 13)	2024 (Year 14)	2025 (Year 15)	2026 (Year 16)	2027 (Year 17)	2028 (Year 18)	2029 (Year 19)	2030 (Year 20)
Residential											
Single Family Attached	5.0000	$36,119	$39,402	$42,686	$45,969	$49,253	$52,536	$55,820	$59,103	$62,387	$65,670
Multifamily For-Sale	5.0000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Apartments	5.0000	$36,250	$39,545	$42,841	$46,136	$49,432	$52,727	$56,022	$59,318	$62,613	$65,909
Subtotal		**$72,368**	**$78,947**	**$85,526**	**$92,105**	**$98,684**	**$105,263**	**$111,842**	**$118,421**	**$125,000**	**$131,579**
Retail	5.0000	$6,428	$7,184	$7,940	$8,696	$9,453	$10,209	$10,965	$11,721	$12,477	$13,234
Office	5.0000	$5,075	$5,672	$6,269	$6,866	$7,463	$8,060	$8,657	$9,254	$9,851	$10,448
Annual Total		**$83,871**	**$91,803**	**$99,735**	**$107,667**	**$115,599**	**$123,531**	**$131,463**	**$139,396**	**$147,328**	**$155,260**
Cumulative Total		**$493,074**	**$584,877**	**$684,612**	**$792,279**	**$907,878**	**$1,031,409**	**$1,162,872**	**$1,302,268**	**$1,449,596**	**$1,604,855**

Source: City of Fort Collins; Larimer County Assessor; Economic & Plannings Systems

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A 5.0 mill funding level is a typical operations and maintenance levy for many special districts. **Table 42** presents the estimated property tax revenue generated by a 5.000 mill levy on redevelopment within the district. The redevelopment assumptions have been outlined previously in Chapter VI. The associated revenue is estimated to generate approximately $7,000 in Year 1 (2011), growing to $155,260 in Year 20 92030), as shown. The property tax revenue increases with redevelopment; therefore, the majority of the additional property tax revenue is not generated until the last ten years of the study period (2021 to 2030).

Table 42
GID Property Tax Revenue Summary
Mason Corridor Economic Study

Product	Mill Levy	Short-Term 2011 (Year 1)	2012 (Year 2)	2013 (Year 3)	2014 (Year 4)	2015 (Year 5)	Mid-Term 2016 (Year 6)	2017 (Year 7)	2018 (Year 8)	2019 (Year 9)	2020 (Year 10)
Residential											
Single Family Attached	30.0000	$19,701	$39,402	$59,103	$78,804	$98,505	$118,206	$137,907	$157,608	$177,309	$197,010
Multifamily For-Sale	30.0000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Apartments	30.0000	$19,773	$39,545	$59,318	$79,091	$98,863	$118,636	$138,408	$158,181	$177,954	$197,726
Subtotal		**$39,474**	**$78,947**	**$118,421**	**$157,895**	**$197,368**	**$236,842**	**$276,315**	**$315,789**	**$355,263**	**$394,736**
Retail	30.0000	$2,269	$4,537	$6,806	$9,074	$11,343	$15,880	$20,417	$24,955	$29,492	$34,029
Office	30.0000	$1,791	$3,582	$5,373	$7,164	$8,955	$12,537	$16,119	$19,701	$23,283	$26,865
Annual Total		**$43,533**	**$87,066**	**$130,600**	**$174,133**	**$217,666**	**$265,259**	**$312,852**	**$360,445**	**$408,038**	**$455,630**
Cumulative Total		**$43,533**	**$130,600**	**$261,199**	**$435,332**	**$652,999**	**$918,258**	**$1,231,110**	**$1,591,554**	**$1,999,592**	**$2,455,222**

Product	Mill Levy	Long-Term 2021 (Year 11)	2022 (Year 12)	2023 (Year 13)	2024 (Year 14)	2025 (Year 15)	2026 (Year 16)	2027 (Year 17)	2028 (Year 18)	2029 (Year 19)	2030 (Year 20)
Residential											
Single Family Attached	30.0000	$216,711	$236,412	$256,113	$275,814	$295,515	$315,216	$334,917	$354,618	$374,319	$394,020
Multifamily For-Sale	30.0000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Apartments	30.0000	$217,499	$237,272	$257,044	$276,817	$296,590	$316,362	$336,135	$355,908	$375,680	$395,453
Subtotal		**$434,210**	**$473,684**	**$513,157**	**$552,631**	**$592,105**	**$631,578**	**$671,052**	**$710,526**	**$749,999**	**$789,473**
Retail	30.0000	$38,566	$43,103	$47,641	$52,178	$56,715	$61,252	$65,789	$70,327	$74,864	$79,401
Office	30.0000	$30,447	$34,029	$37,611	$41,193	$44,775	$48,357	$51,939	$55,521	$59,103	$62,685
Annual Total		**$503,223**	**$550,816**	**$598,409**	**$646,002**	**$693,595**	**$741,187**	**$788,780**	**$836,373**	**$883,966**	**$931,559**
Cumulative Total		**$2,958,445**	**$3,509,262**	**$4,107,670**	**$4,753,672**	**$5,447,267**	**$6,188,454**	**$6,977,235**	**$7,813,608**	**$8,697,574**	**$9,629,132**

Source: City of Fort Collins; Larimer County Assessor; Economic & Plannings Systems

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TIF REVENUE

A new urban renewal district encompassing the CSU and southern segments of the corridor area of influence would need to be formed to allow the use of TIF revenue. Formation of an urban renewal district would require the approval of at least 25 registered electors within the district and the completion of a blight study. An urban renewal district could include the net increment of both the property taxes from all jurisdictions and the sales taxes from the City of Fort Collins within the area.

Based on the redevelopment assumptions presented in Chapter VI, net new development in the TIF district would generate an estimated $138,000 in Year 1 (2011), growing to $984,000 in Year 20 (2030), as shown in **Table 43**. However, the property tax and sales tax increment increases with redevelopment; therefore, the majority of the revenue is generated in the last ten years of the study period (2021 to 2030), as shown.

Table 43
TIF Revenue Summary
Mason Corridor Economic Study

	Short-Term					Mid-Term				
Revenue	**2011** (Year 1)	**2012** (Year 2)	**2013** (Year 3)	**2014** (Year 4)	**2015** (Year 5)	**2016** (Year 6)	**2017** (Year 7)	**2018** (Year 8)	**2019** (Year 9)	**2020** (Year 10)
Property Tax	$109,814	$219,628	$329,442	$439,256	$549,070	$669,125	$789,179	$909,234	$1,029,288	$1,149,343
Sales Tax [1]	$28,125	$56,250	$84,375	$112,500	$140,625	$196,875	$253,125	$309,375	$365,625	$421,875
Annual Tax Revenue	**$137,939**	**$275,878**	**$413,817**	**$551,756**	**$689,695**	**$866,000**	**$1,042,304**	**$1,218,609**	**$1,394,913**	**$1,571,218**
Cumulative Tax Revenue	**$137,939**	**$413,817**	**$827,634**	**$1,379,390**	**$2,069,086**	**$2,935,086**	**$3,977,390**	**$5,195,999**	**$6,590,912**	**$8,162,130**

	Long-Term									
Revenue	**2021** (Year 11)	**2022** (Year 12)	**2023** (Year 13)	**2024** (Year 14)	**2025** (Year 15)	**2026** (Year 16)	**2027** (Year 17)	**2028** (Year 18)	**2029** (Year 19)	**2030** (Year 20)
Property Tax	$1,269,397	$1,389,452	$1,509,506	$1,629,561	$1,749,615	$1,869,670	$1,989,725	$2,109,779	$2,229,834	$2,349,888
Sales Tax [1]	$478,125	$534,375	$590,625	$646,875	$703,125	$759,375	$815,625	$871,875	$928,125	$984,375
Annual Tax Revenue	**$1,747,522**	**$1,923,827**	**$2,100,131**	**$2,276,436**	**$2,452,740**	**$2,629,045**	**$2,805,350**	**$2,981,654**	**$3,157,959**	**$3,334,263**
Cumulative Tax Revenue	**$9,909,652**	**$11,833,479**	**$13,933,611**	**$16,210,047**	**$18,662,787**	**$21,291,832**	**$24,097,182**	**$27,078,836**	**$30,236,794**	**$33,571,057**

[1] Only includes the General Fund (2.25 percent) portion of sales tax collections

Source: Economic & Planning Systems

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If a corridor TIF district were created, it could generate a significant revenue stream that could be applied to corridor specific projects. These revenues could be used for revenue bonds for larger public improvement projects (presumably arterial and access improvements), or alternatively could be used on a project-by-project basis to address specific feasibility hurdles of individual TOD redevelopment projects, similar to how TIF has been used by the DDA.

OTHER REVENUE SOURCES

The Mason Corridor will benefit the entire City of Fort Collins either directly through ridership or indirectly through reduced congestion. A public finance strategy that spreads the operations and maintenance cost of the project over the entire City may ultimately be more feasible than a corridor specific district. A citywide funding source requires a vote of the general electorate; therefore, the Mason Corridor would likely have to be packaged with other infrastructure improvements to appeal to a wider array of electors and have a greater chance of approval in a general election.

A citywide approach to funding the project would generate more revenue with a smaller individual increase in tax liability. This income stream could be used to offset/reimburse the capital shortfall and fund ongoing operations and maintenance costs of the project. Each of the potential citywide funding sources are described briefly below:

- **Sales Tax –** A 0.05 percent sales tax increase could generate over $1.0 million in annual revenue (based on 2006 retail sales). The City attempted a similar increase of 0.25 percent for transportation capital improvements in 2002 and 2003m but the measure failed to gain the support of the general electorate. Any increase in sales tax would require a general electorate vote of support.

- **Property Tax –** A 1.000 mill increase in property taxes could generate approximately $1.7 million in annual revenue (based on the 2006 assessed value). Any increase in property tax would require a general electorate vote of support.

- **Transit Fee –** A $1 per month or $12 per household transit fee could generate approximately $750,000 annually (includes households in the GMA). The City Council considered a similar fee during the 2006 session as a means for closing a shortfall in annual revenue. This type of revenue source does not require a vote of the electorate; however, it can have significant political capital costs.

CONCLUSIONS

The Mason Corridor is expected to provide a positive climate for TOD. An estimated 2,800 housing units are forecasted to be developed in the corridor in the next 20 years. To this end, there is a reasonable nexus with a corridor specific financing approach using a GID. However, a corridor specific special district is hard to implement because of the large number of property owners involved and the fact that they can have vastly different real estate and financial objectives and different time horizons for the development or redevelopment of their properties.

The creation of an urban renewal area for the corridor also has potential but is complicated by the fact that the downtown area is already a TIF district that would need to be excluded from the Mason Corridor district. One possibility to be explored would be to replace the downtown DDA with an URA, encompassing downtown plus the Mason Corridor in 2011.

There is also a compelling case that the Mason Corridor improvements will benefit the larger community and should be paid for by the City as a whole. The transit and bicycle improvements will be an important link in their respective larger systems. The leverage of federal dollars as well as the overall economic benefits of the project certainly justify the investment of local dollars to build and operate the system.

Economic & Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDIX

Figure A1
Mason Corridor Land Use
Mason Corridor Economic Analysis

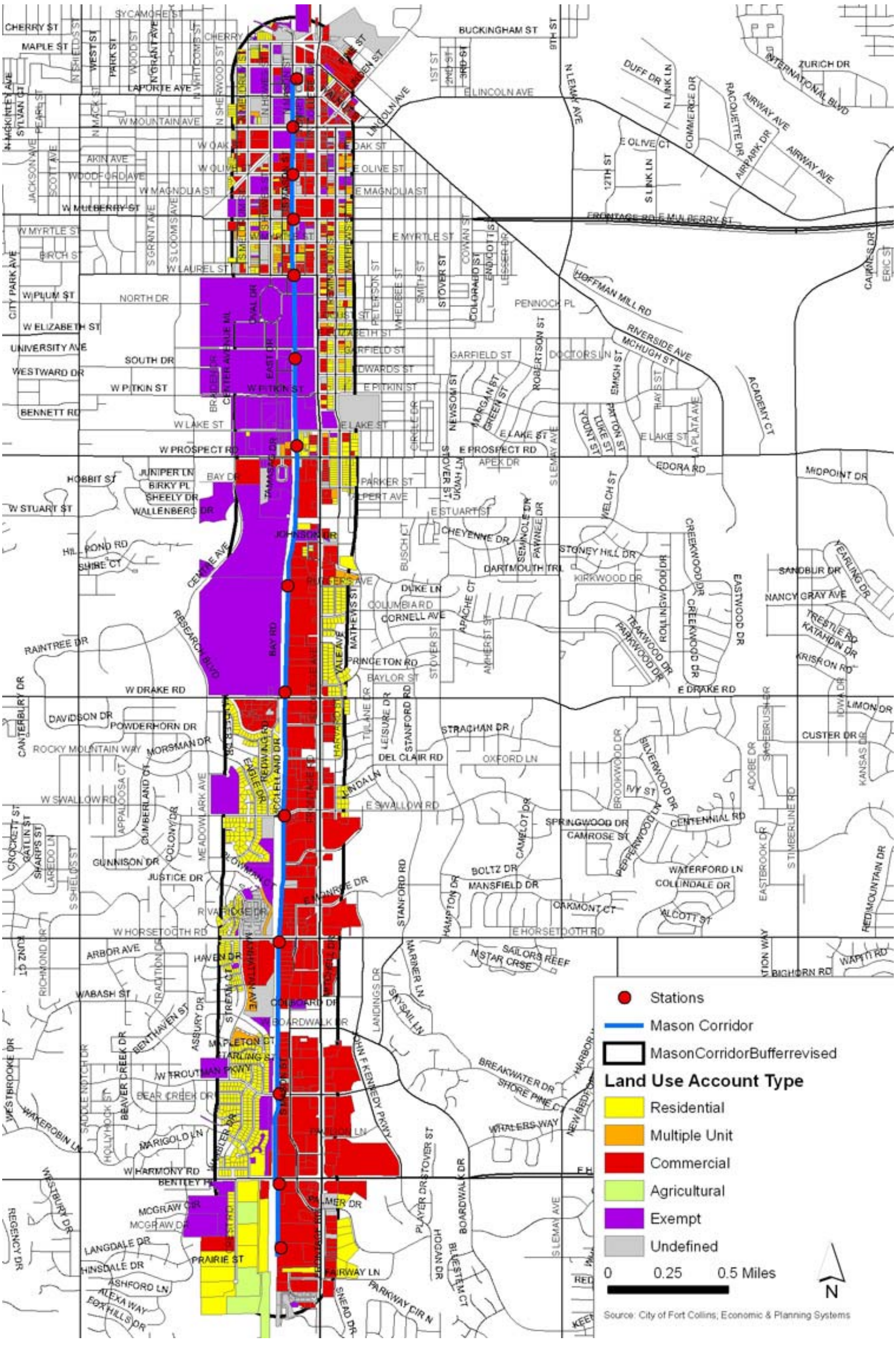

Figure A2
Mason Corridor Floor Area Ratio
Mason Corridor Economic Analysis
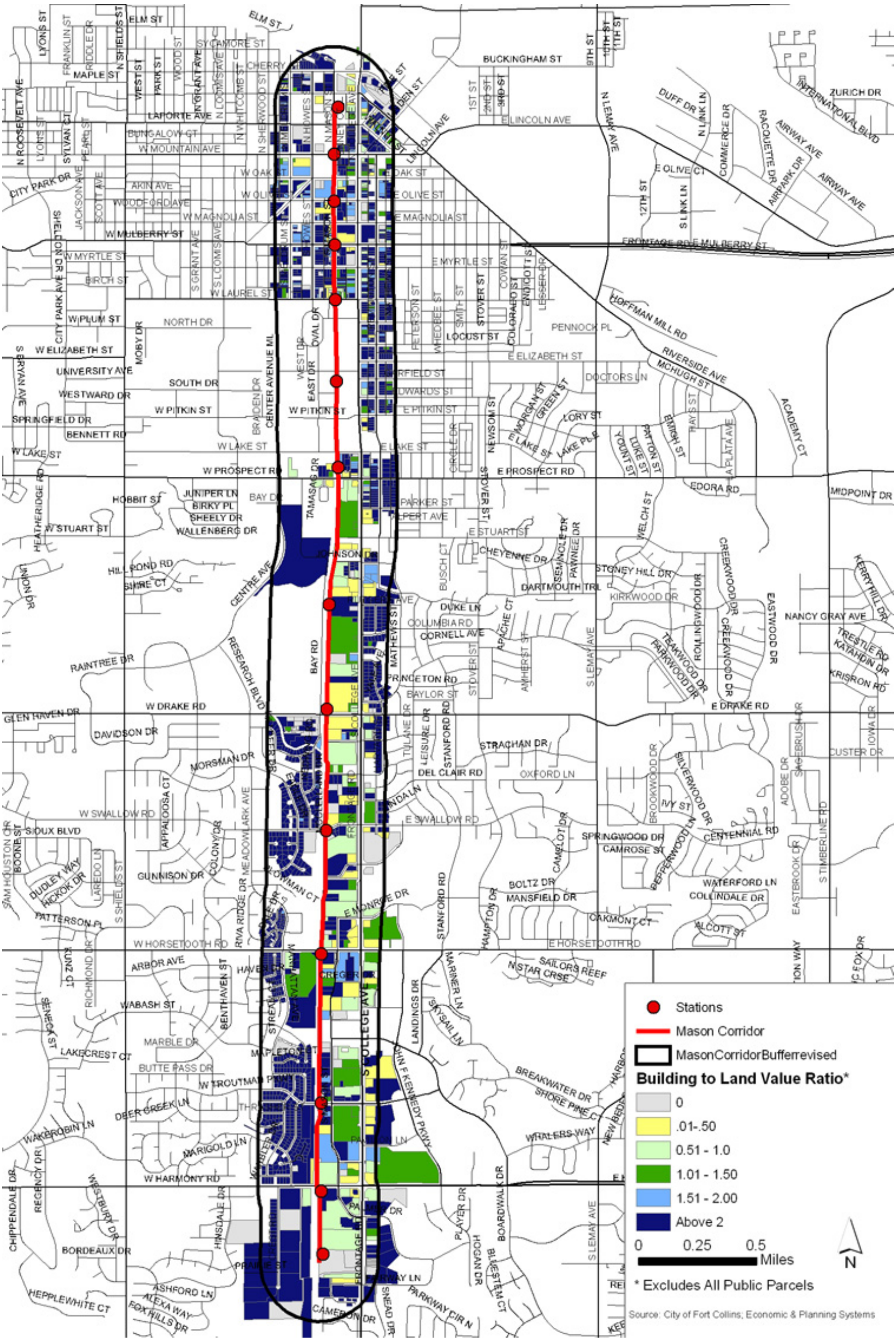
Figure A3
Mason Corridor Improvement-to-Land Value Ratio
Mason Corridor Economic Analysis