Shattuck

District Plan:

An Economic Feasibility Plan For the Redevelopment of the Shattuck Superfund Site And Context
Prepared for:
The City and County of Denver
Community Planning and Development Agency
And Mayor’s Office of Economic Development and International Trade

Prepared by:
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EXECUTIVE SUMMARY
The Shattuck District plan is adopted by City Council as a supplement to the Denver Comprehensive Plan. It addresses issues and provides guidance that is more refined and specific than can be done at a citywide level. The Shattuck District Plan provides more detail than is included in the Denver Comprehensive Plan or Blueprint Denver: An Integrated Land Use and Transportation Plan, but is consistent with and guided by those citywide plans. The Shattuck District Plan focuses on the economic feasibility of development scenarios as defined by the public involvement process. The public involvement process generated specific goals and objectives for the Shattuck site that include sustainability and livability. It provides a vision and goals for the district over the next 20 years. It acknowledges current opportunities, but is not limited to them. It includes recommendations for both short-term and long-term implementation activities.

The major elements of the district plan are:

» A list of goals and objectives the neighborhood and City would use to judge any proposed redevelopment of the Shattuck site or other sites in the context area.
» Descriptions of three redevelopment scenarios that satisfy to varying degrees the neighborhood’s goals and objectives
» A list of the existing factors that would come into play under any redevelopment scenario
» An analysis of market conditions that would influence the feasibility of each of the three scenarios
» An evaluation of the economic and fiscal impacts of each scenario
» A discussion of how the redevelopment of other adjacent properties could set the stage for the redevelopment of the Shattuck Property
» Recommended implementation activities, including public-private partnering options
» Descriptions of the development type and architectural character
considered appropriate for the major redevelopment sites in the context area.

The three scenarios that were identified are:

» Light Industrial
» Industrial-Flex
» Residential Industrial-Loft.

The economic and fiscal impacts analyses show that the industrial-flex scenario would perform the best, fiscally and economically. However, the residential industrial-loft scenario outperforms the others in terms of satisfying the social and economic welfare goals of the community.

A study of vacant sites in the neighborhood found significant opportunities for assemblage and redevelopment. There is potentially an estimated 16 acres of contiguous land in the context area that could be redeveloped to significantly change the nature, look, and feel of the area. Redevelopment of the Kroonenberg properties in particular, would enhance the feasibility of the Shattuck site redevelopment.

The Shattuck Redevelopment Area is situated between and adjacent to two corridors currently undergoing notable positive economic changes (the “Broadway” and “Santa Fe Drive” corridors). As the region continues to economically evolve, demand for smaller in-fill locations, such as the sites found in the Shattuck Redevelopment Area, will progressively increase over the next five to ten years. Broadway is a commercial backbone to many Denver neighborhoods along its length. So, too, with the Shattuck District, the revitalization of Shattuck will be synergistic with the redevelopment of Broadway.

The redevelopment scenarios outlined herein model potential uses to meet this emerging future demand. Macro development trends indicate demand pressure to
build over the next five to ten years. Based on current development trends:

» The Shattuck site will likely be ripe for development in the next three to five years. (short-term)

» The implementation plan should position the Shattuck site to capture notable development activity in a five- to ten-year time frame. (mid-range)

» The Shattuck site is likely to be a second, or even later, phase of redevelopment. (mid-range)

» Fifteen or twenty years from now should see a redeveloped Shattuck site in a productive mixed-use neighborhood emphasizing work force housing and employment opportunities. (long-range)

Public infrastructure improvements within the Redevelopment Area and along Broadway in the vicinity of the Shattuck site will greatly improve desirability. Additionally, given the relatively low intensity of uses and vacant land currently in the neighborhood, there could be a significant degree of financial leverage to implement a tax increment financing mechanism.

It appears that the time is right for planning the redevelopment of the area. The Shattuck site represents an important opportunity to develop an infill site that exemplifies sustainable-renewable urban design principles, provide viable economic and employment opportunities, and materially influence surrounding redevelopment, a satisfying conclusion to the difficult history of the Shattuck Superfund Site.

Because of the intensity of the challenges facing the Overland Neighborhood, it is expected that new development will conform with plan goals and implementation activities as well as with adopted rules and regulations. Developers and designers are expected to meet with neighborhood associations and with immediate neighbors and businesses to discuss their projects and to solicit input. Neighborhood groups are expected to give timely feedback based on adopted plans and to support development proposals that meet neighborhood goals.
Neighborhood input on new development is expected to be consistent with plan goals and guiding principles.
This plan presents a variety of future land use scenarios for the Shattuck site based on research, analysis, and a community involvement and facilitation process. The scenarios make economic sense, lead the way to highest and best use of the land, and exert a positively synergizing “keystone” influence on other development in proximity to the site. Economically and environmentally optimized land use for the site will be a valuable conclusion to the difficult Shattuck story, and one that expresses principles developed since the initial Record of Decision, including Community Based Environmental Protection, Brownfields Initiative, Environmental Justice, and the Superfund Redevelopment Initiative (SRI). The final product is a planning framework document for the site.

The City and County of Denver and other Grant Coordination group members will recognize the opportunity available after the cleanup of the Shattuck site. The site is located in relative proximity to redeveloping transportation corridors; a new federally funded light rail station, the city’s second largest green space and its major river. The 6.9-acre Shattuck site has potential, if developed intelligently, to exemplify sustainable-renewable urban design principles, provide viable economic and employment opportunities, and materially influence surrounding redevelopment transition. The plan for this site needed the sort of governmental long view the SRI grant and the local public-private visioning process has enabled. A significant precedent has been created, for appropriate sites, of Environmental Protection Agency (EPA) SRI enabling not simply redevelopment of National Priorities List (NPL) sites but providing leadership in voluntary market-driven sustainable-renewable land use that protects the environment proactively through holistic planning.
What the EPA calls the “4 Ps of Redevelopment” is well represented in this plan. As a “Pilot” the Shattuck grant would lead to specific proposals backed by sound principles, leading the Agency, the City and County of Denver, developers, and site owners to accurate predictions of highest and best use, including community acceptance of the use. Participation and information sharing with EPA staff throughout the project would inform “Policy” refinements driven by the insights and experiences encountered. This plan contains provisions for ample “Promotion” of findings, to developers, to the community, and to stakeholders of similar or related sites. This plan is also designed to build development community support for thoughtful redevelopment of the Shattuck site through expert research and modeling, the “Partnership” that the SRI Pilot Program demands.

Additionally, the City believes that such a focused cooperative visioning process will go far toward healing and unifying this previously divided community and restoring functionality and trust between EPA, local government and affected citizens – a stated goal of Assistant Administrator Fields’ year-long review process.
STUDY AREA

The Shattuck Superfund Site is a 6.9-acre area, encompassing a 5.9-acre parcel plus public right-of-ways and other associated hot spots. The focus of this analysis is the 5.9-acre parcel which is located on the northwest corner of Bannock Street and Jewel Avenue, within a mixed-use neighborhood bounded by Santa Fe Drive, Broadway, Iowa Avenue and Evans Avenue\(^1\) (referred to as the “Redevelopment Area”).

The Plan context area is a neighborhood with a mix of uses, bounded by Iowa Avenue, Evans Avenue, Santa Fe Drive and Broadway.

\(^1\) The 5.9 acre S.W. Shattuck Chemical Company, Inc. property is located at 1805 South Bannock Street, legally known as “All of Blocks A and B, Overland Park Subdivision, City and County of Denver; State of Colorado.”
In one business owner’s words “…during the 1950s and ‘60s, this used to be the heart of town.” That business, once located in the Redevelopment Area at Broadway and Jewell, has since closed and relocated. Currently, the Redevelopment Area can be categorized as an aging mixed-use neighborhood. Existing uses are primarily small scale industrial buildings and scattered residences many now converted to commercial uses. Construction predominantly dates to the mid-20th century. There is a concentrated residential district extending one block along Acoma Street from Evans Avenue to Asbury Avenue. Prevalent neighborhood conditions are aging properties in various states of repair and many empty lots. The lack of residential concentrations, and associated household incomes, is evident in the “low-overhead” types of commercial businesses on Broadway in this Redevelopment Area.

The EPA encapsulated hazardous materials on site and capped the Shattuck Superfund site in 1992/3, topping it off with a 14-foot mound of rip-rap (large rocks), commonly referred to as the “Monolith.” In June 2000, the EPA made a decision to clean the site to allow for unrestricted use, which entails the removal of the Shattuck Monolith and related soils to an off-site disposal facility.
Plan Components

Vision Statement

The vision statement describes the Shattuck site 20 years in the future, with the revitalization of major underutilized properties having taken place.

Guiding Principles

Guiding principles are the concepts that frame plan recommendations to achieve the goals of the neighborhood. They are the neighborhood and City expectations for implementation processes and the values that underlie the goals and recommendations.

Economic and Fiscal Impact Analysis

The economic and fiscal impact analysis provides the cost-benefit comparisons of development scenarios developed by the steering committee.

Implementation Plan

The implementation plan describes the ultimate redevelopment scenario for the district and its context; short-term, mid-term, and long-term objectives; implementation activities; and private-public partnering options.
The primary purpose of the plan is to establish long-range goals and objectives for the development and stabilization of the Shattuck site and neighborhood once the site is environmentally clean. It provides a framework and establishes strategies that will direct the neighborhood toward its vision as a community where people live and work.

A secondary purpose of this plan is to recommend sustainable renewable use(s) that will accommodate near-term markets and lead area redevelopment toward economically and environmentally responsible use. The plan identifies a practical range of land uses for the site that will satisfy this goal assuming trends reasonably projected from 2005 to 2020 (shorter horizons do not effectively take on the challenge of “sustainable-renewable” which includes development of economic and employment issues).

This plan is intended to model various redevelopment scenarios for the benefit of interested businesses and real estate developers who may not otherwise be aware of the potential opportunities described herein.

A third purpose of the plan is to develop the capacity of community stakeholders to fully participate in the visioning process of optimal site use alternatives by exploring both their immediate needs and the potential long-term benefits of responsible urban planning. The plan’s recommendations are based upon community visioning and participation during the planning process.
The plan is neither an official zone map, nor does it create or deny any rights. Zone changes that may be proposed as part of any development must be initiated under a separate procedure established under the Revised Municipal Code.

**Relationship To Citywide Plans**

Previously adopted plans that are supplements to the Denver Comprehensive Plan 2000, and also relevant to the Shattuck Superfund Site in Overland Neighborhood are:

- Blueprint Denver: An Integrated land Use and Transportation Plan, 2002
- South Broadway Urban Design and Transportation Study, 2001
- Overland Neighborhood Plan, 1993

All district plans are expected to comply with the citywide policies contained in the Denver Comprehensive Plan and Blueprint Denver: An Integrated land Use and Transportation Plan. The Shattuck District Plan implements the following policies from the plans:
Denver Comprehensive Plan 2000

Economic Activity

» Promote redevelopment of significant and high profile sites in a planning process that will attract the highest and best uses for the district.

Land Use and Transportation

» Recognize the proximity and importance of the commercial and transit corridors to the site, including nearby light rail stations.

» Identify, encourage and plan for quality infill development that will broaden the variety of compatible uses.

Denver's Legacies

» Promote quality in design and planning; maintaining and extending traditional Denver street character into planning for infill site and district plan development.

Neighborhoods

» Promote planning and urban design and related activities, engaging residents in collaborative processes for the improvement of their neighborhood.

Blueprint Denver: An Integrated Land Use and Transportation Plan

Every plan is expected to contribute to achieving the Blueprint Denver vision for land use. District plans are a mechanism for compiling a set of implementation
strategies tailored to the specific conditions and vision for an area.

The Shattuck district is an area of change surrounded by commercial, residential and industrial areas of stability. Areas of change are defined by the need for beneficial redevelopment of underutilized areas. Increasing economic activity and enhancing neighborhood employment and residential areas are main components of planning for areas of change. The guiding principles from Blueprint Denver as applied in this district are:

» Contribute to economic vision of the area with a mix of uses and economic opportunity.

» Respect the valued employment attributes of the area by proposing that creative redevelopment of the Shattuck site will be a part of an economic synergy for the neighborhood.

» Application of design standards to ensure implementation of the urban design vision of the site.

Overland Neighborhood Plan

In the Environmental Section of the Overland Neighborhood Plan, Action Recommendation E-3 states that for the Shattuck Chemical Company site, it is necessary to excavate and remove the identified contaminants for the purpose of potential land redevelopment. The purpose of this plan is to provide guidance for site redevelopment.

» Planning Process
The scenarios evaluated were identified through an open invitation committee process. The “Steering Committee” was comprised of Overland and Platt Park neighborhood residents, staff of the Planning Services division of Denver’s Community Planning and Development Department, and other stakeholders.

The committee first identified community, social, and economic goals, discussed later in this report. After much discussion regarding development opportunities, challenges, and market factors, the committee selected three site redevelopment scenarios for further evaluation. As a final market verification, the market analysis was discussed with a focus group of various developers active in the local market.

The steering committee met five times and one public open house presentation was held over the course of a year. The steering committee – comprised of Overland and Platt Park neighborhood residents, business owners, and representatives from the registered neighborhood associations – provided policy direction for the plan, while City staff provided professional and technical expertise.

» At the first steering committee meeting (12/13/01) the committee was introduced to the consultant team. The consultant team presented their approach to the study and the project schedule. The team also presented the concept of sustainability, as it would be applied to the project, and the group “brainstormed” development types, feasibility criteria, and long-range visions for the neighborhood.

» At the second steering committee meeting (1/10/02) the steering committee developed lists of “givens”, preferred uses, constraints to redevelopment, and a preliminary list of redevelopment concepts. The redevelopment of the Shattuck site from a developer’s perspective was presented. The committee then discussed options for redevelopment of the neighborhood around Shattuck and ranked the redevelopment concepts in order of preference. At the same time, the steering committee was asked to generate a list of goals for redevelopment of the site and surrounding neighborhood.
The steering committee understood that the viability of each property in the neighborhood is tied to its neighbors’ and that for the neighborhood to be sustainable over the long term, the goals for each property must reflect the goals of the neighborhood. The steering committee also generated a list of constraints to redevelopment of the Shattuck site. The steering committee then explored possible uses for the Shattuck property. The committee stated before starting this exercise that there were two “givens”: 1) the site would be ready (clean), and 2) all possibilities must be considered. The steering committee then ranked the redevelopment concepts they had generated in order of preference.

At the third steering committee meeting (1/31/02) land uses were evaluated relative to neighborhood redevelopment goals and the list of redevelopment possibilities was narrowed to three scenarios. The committee developed a phasing plan to maximize the value of the Shattuck property and offer the greatest possible benefit to the neighborhood. Much of the discussion had to do with creating a long-term vision for redevelopment/revitalization of the neighborhood and the Broadway corridor. Uses were sorted into conventional land use categories whose feasibility could be modeled and a matrix was created so that the steering committee could evaluate each use or mix of uses with respect to the neighborhood’s goals for redevelopment. The preliminary list of land use scenarios were reduced to the following three:

- Office Flex/Industrial
- Flex Work/Live/Retail
- Affordable Housing

It was pointed out that it would be inadvisable to locate a strictly affordable housing project on a site with such uncertainties and the stigma of contamination of the sort that “once existed” on the Shattuck site. The developer and approving agencies could be seen as dumping the economically disadvantaged on a site that is seen as undesirable to people with mid-level incomes.
The “short list” of scenarios that would be further analyzed was adjusted to include:

1. Light Industrial: often designed as office warehouse space.
2. Multi-Tenant Industrial-Flex uses: a hybrid commercial real estate product that can be designed to meet the needs of a variety of business uses.
3. A Residential Industrial-Loft component: the typical artist’s studio or craftsman’s workshop integrated with living space.

At the fourth steering committee meeting (4/11/02) the consultant team presented conceptual sketches of the first scenario for redevelopment along with descriptions of architectural character for the Shattuck, Kroonenberg and Flanagan sites. The committee discussed the “Artist District” concept and ideas for a developer’s forum for introducing the Shattuck site to the developer community.

The consultant team’s work and the first redevelopment scenario sketches were presented at a public meeting/open house held on 4/25/02 and again at the fifth steering committee meeting (7/11/02).

In addition to the steering committee meetings,

» Individual meetings on particular issues or concerns were held when requested.
» Meetings with owners of nearby properties were held.
» Several presentations to developers were made to generate interest in developing the property and to gauge interest.

In addition to the ongoing public participation, the Plan was also shaped through:

» City Council representative staff briefings and review comments.
» Community Planning and Development staff review and discussions.

As part of City Council’s adoption of the Plan as a supplement to the Denver
Comprehensive Plan, the plan document was further refined through:

» Denver’s Interagency Plan Review Committee standards of completeness, presentation and consistency with Comprehensive Plan 2000 and Blueprint Denver.

» Denver Planning Board work session and public hearing.

» City Council committee review and final action.

The cooperation between the City and the public will not end with plan adoption. Many of the implementation strategies and priorities rely on continued public involvement and partnerships between City agencies and the neighborhood.
A VISION FOR
SHATTUCK’S FUTURE
The vision for the Shattuck Site and District context, as it should appear 20 years in the future, includes: a neighborhood where people live and work, where housing is affordable, where there are sufficient employment opportunities, where wages are sufficient and public revenues are being produced, where there are households in numbers sufficient to enhance the climate for businesses on Broadway, where there is a mix of businesses, goods and services available to the neighborhood, and where the quality of life is generally good.

This vision includes a fully redeveloped Shattuck site.

This vision also includes the redevelopment of the other key properties in the neighborhood, including the Kroonenberg properties on Jewell Avenue, between Broadway and Bannock, and the Flanigan concrete batch plant property on Bannock Street, between Mexico Avenue and Colorado Avenue. The focus of the plan is the redevelopment of the Shattuck property, however, we included these descriptions to illustrate how the other key properties’ redevelopment would complete the vision for redevelopment of all the major under-utilized properties in the context area.

» Kroonenberg property, Broadway to the alley west of Broadway:

Two story brick commercial storefront buildings with retail on the first floor and residential units above. The design of these buildings would be based on and respect the style and character of the older storefront buildings on Broadway: large display windows at the first floor, awnings, brick facades, flat roofs with parapets and cornice.

» Kroonenberg property, from the alley to Acoma Street:

Live/work units. Two story, brick townhomes, commercial in appearance with potential gallery/work space on the first floor and living space above. The design of these buildings would be similar to the previous description except that the first floor would be less overtly retail in nature. Consider:
“brownstones without the steps”.

» Kroonenberg property, Acoma Street to Bannock Street:

Two story buildings, either townhomes or stacked flats with gable roofs and shiplap siding, very residential in character. Carriage homes in back over some of the parking spaces. Examples: the residential portion of One Broadway, or the residential project on the north side of 11th Avenue west of Speer Boulevard. These units provide a transition between the commercial storefront architecture on Broadway and the industrial lofts to the west, and extend the pattern of land uses found to the south of this block where residential land uses are sandwiched between the B-4 commercial zone district on Broadway and the industrial land uses that follow the railroad tracks.

» The Flanigan concrete batch plant properties, on the east and west sides of Bannock Street, W. Mexico Avenue to W. Colorado Avenue:

Multi-Tenant Industrial-Flex Uses

Plans are not regulatory tools. Plans provide a vision, which is a collective picture of a desired future and a roadmap for achieving that vision. There are few, if any, circumstances in the complex environment of neighborhoods and cities in which the planning, design, ownership, financing, and political resources align to implement a plan’s vision and guiding principles simultaneously. As a result, plans are implemented incrementally with the vision and guiding principles providing common direction to a multitude of public and private undertakings. Part of the City’s process is to evaluate every public and private undertaking, large or small, in light of each applicable plan’s vision and goals, the current situation, and the available resources. Despite this imperfect situation, plans have proven to have substantial influence on the future of a plan area.
GUIDING PRINCIPLES
Guiding Principles are the concepts that frame the plan recommendations to achieve the goals of the district. They are the district expectations for implementation processes and the values that underlie the goals and recommendations.

» Use the redevelopment of the Shattuck site to catalyze the revitalization of the surrounding neighborhood.

» Create redevelopment that is sustainable-renewable, that accommodates near-term markets and leads area development toward economically and environmentally responsible uses in the long term.

» Put underutilized commercial / industrial parcels into more productive uses.

» Create a good mix of land use types incorporating households, employers, and consumer goods and services.

» Take advantage of the neighborhood being in a stagnant life-cycle phase, with healthy market demand.

» Improve the economic conditions within the redevelopment area to support improved business mix and revitalization along Broadway.

» Capture spillover demand from retail businesses on Pearl Street.

» Provide workforce / affordable housing.

» Increase the number of jobs.

» Increase average wages.

» Increase the number of households.

» Increase home ownership.

» Improve the quality of life in the neighborhood.
ECONOMIC AND
FISCAL IMPACT
ANALYSIS
The steering committee identified community, social and economic goals. An economic impact analysis was conducted to evaluate the ability of redevelopment to help achieve socio-economic goals. Similarly, an analysis of net fiscal impacts provides guidance to public officials concerned with maximizing benefits to fiscal health. Fiscal impact analysis is conducted to enable the cost-benefit comparisons of the development scenarios and enable the identification of appropriate development incentives.

New development on the Shattuck site will take a vacant site and add new construction, households, and/or businesses. Development will impact both public revenues and the costs of servicing that new development, or fiscal impacts. New development will also increase economic activity in the city through construction purchases and jobs, creating new business locations or households, and increasing commercial or residential consumer demand, in addition to public revenues. Comprehensive analysis of these factors is provided to enable informed decisions by public policy makers.

**Assessment and Framework**

**Existing Land Uses**

Currently, land uses in the Redevelopment Area are mixed and include residential, commercial, retail, and industrial. There are three generally identifiable use areas, or “districts”:
» Broadway Retail Corridor: store front buildings for consumer, and personal service oriented businesses and several used car lots; extends _ block deep on either side of Broadway.

» Residential District: Primarily single-family (some duplex & four-plex units) on both sides of Acoma Street between Evans Avenue and Asbury Avenue.

» Industrial District: The balance of the area is comprised of a mix of freestanding light industrial and service oriented businesses. There are several multi-tenant row-type commercial buildings in the area.

**Transportation**

The Shattuck site is centrally located in the west side of the Redevelopment Area. Although there is an RTD light rail station within a quarter mile radius of the site (the south quarter of the site is within the quarter mile radius), there are no continuous accessible paths or sidewalks to connect the station to the site. The corridors between the light rail station and Shattuck are lined with industrial uses, and in most cases, street-oriented loading docks. The remaining sites are lined with head-in parking. Over the long term, the only way to get sidewalks between the station and the site is for these industrial uses to redevelop within the context of Blueprint Denver, which does allow pedestrian access through industrial sites. The majority of these uses are viable and it would appear that they are in locations that serve them well. There is no reason to expect they will move on their own even in the next twenty years. To walk from the station to the Shattuck site, one has to walk in the middle of the street. For most people, this would not necessarily be a problem, but for the elderly, children or handicapped, it most likely is a problem. In essence, there is little “transit-oriented” influence on the Shattuck site from the light rail station.

**Zoning**
The present I-2 Zone District language does not provide for new residential development on site and there are no restrictions for heavy industrial uses. This is unacceptable to the residents of the Overland Neighborhood. The C-MU-30 Commercial Mixed Use District provides for a wide range of commercial, office, residential, and industrial uses that will allow the flexibility of future property owners to respond to long term development trends. It is the recommendation of this plan that the Public Trustee assigned by the Environmental Protection Agency work with the Overland Neighborhood and the City of Denver to obtain C-MU-30 zoning for the site prior to finalizing any sale of the land.
## Demographics

### Balance of Land Uses, Property Values and Home Ownership

<table>
<thead>
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<th>Total Redevelopment Area (acres)</th>
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<th>% of Total</th>
<th>Value or Revenue Per Acre</th>
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<td>Residential</td>
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<td>7.1%</td>
<td>$8,665</td>
</tr>
<tr>
<td>Commercial/Industrial</td>
<td>$659,570</td>
<td>92.1%</td>
<td>$14,561</td>
</tr>
<tr>
<td>Vacant</td>
<td>$5,268</td>
<td>0.7%</td>
<td>$2,410</td>
</tr>
<tr>
<td>Exempt</td>
<td>$0</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>Total Revenue Excluding Exempt</td>
<td>$715,903</td>
<td></td>
<td>$13,413</td>
</tr>
</tbody>
</table>

### Residential Property

- Total Residential Units: 42
- Owner Occupied Units: 23 (54.8%)

Note: Total redevelopment area is in net acres, does not include streets and right of ways.

Source: City and County of Denver, Assessor’s records 2001 (www.denvergov.org)
**Business Mix**

**Local Businesses Within the Redevelopment Area**

- Plumbing, heating & AC contractor
- Special trade contractors
- Electrical contractors
- Carpentry & floor contractors
- Highway, street, bridge & tunnel construction contractors
- Paper products manufacturing
- Printing & related support activities
- Architectural & structural metals manufacturing
- Machine shops, turn prod, screw, nut bolt manufacturing
- Coating, engraving, heat treating & other activity
- Machinery manufacturing
- Computer & electronic product manufacturing
- Furniture & kitchen cabinet manufacturing
- Misc. manufacturing
- Motor vehicle, motor vehicle pt & supply wholesale
- Lumber & other construction materials wholesale
- Electrical goods wholesale
- Machinery, equipment & supplies wholesale
- Paper & paper product wholesale
- Grocery & related product wholesale
- Personal care services
- Automotive parts, accessories & tire stores
- Building material & supplies dealers
- Lawn & garden equipment & supplies stores
- Clothing services
- Sporting goods, hobby, musical instrument stores
- Transportation support activities
- Motion picture & video industries
- Commercial industrial equipment rental & leasing
- Architectural, engineering & related services
- Business support services
- Services to buildings & dwellings
- Remediation & other waste management services
- Schools & instruction
- Individual & family services
- Automotive repair & maintenance
- Electronic & precision equipment repair & maintenance
- Commercial equipment repair & maintenance
- Personal & household goods repair & maintenance

Source: Site inspection, Reference USA, and InfoUSA business directories, 2000
KEY OBSERVATIONS OF THE SHATTUCK SITE CONTEXT

Shattuck Site Characteristics

» The Shattuck site has good visibility from Santa Fe Drive on the west, and limited visibility from Broadway, three blocks to the east.

» Access to the site is via neighborhood streets off Broadway, Evans Avenue and Iowa Avenue. Iowa and Evans Avenues provide access to Santa Fe Drive.

» Currently, the site is mostly covered by the 14’ Shattuck Monolith, rendering the site physically unusable. It is assumed that the Monolith will be removed by the EPA within two years, in accordance with EPA’s Amended Record of Decision (ROD), and the site will be left relatively flat and buildable.

» Environmental influences on the site include:
  Noise and truck traffic from neighborhood industrial uses
  Rail traffic noise
  US 85 highway traffic noise
  Dust from open yard and “earth moving” operators in the neighborhood
  Radioactive materials in the adjacent railroad right-of-ways and S Bannock Street

» It is assumed that EPA’s remedy is complete and radioactive waste is removed, leaving a flat, vacant site ready for new development.

» A rail spur is being installed to the site to implement waste removal; this spur will be left in place providing rail access to the site.
Radioactive soils are in the adjacent Bannock Street and railroad right-of-ways; Bannock Street issues to be addressed under the “Radium Streets” program.

All utilities are available to the site including water, sewer, electric and gas; an AT&T cable modem hub is located nearby and Quest can provide T1 line cabling to the site. (no other telecomm providers were contacted)

There are currently deed restrictions that limit new construction on the site; these issues are to be addressed in the EPA consent decree.

There are no sidewalks or curbing at the site.

The site is impacted by heavy truck traffic and dust generated at the cement plant operation adjacent to Shattuck on the north.

The site is currently zoned I-2.

EPA presence in the area may influence business decisions to operate in the area.

**Redevelopment Context Features**

Signalized intersections provide full turn access into the neighborhood at Colorado Avenue; signals at Iowa Avenue and Evans Avenue provide access to the northern and southern edges of the neighborhood, respectively.

There are no through streets within the neighborhood; all traffic within the neighborhood is local and/or destination traffic.

Condition of streets varies from good to poor.

Broadway is the primary north-south transportation link to the neighborhood; east-west links are West Evans Avenue and West Iowa
Avenue, both local arterials. The primary limited access highway to the site is Santa Fe Drive, via Evans or Iowa Avenues.

» Lots along Broadway have good traffic visibility and access, with on-street parking available.

» Sidewalks exist somewhat erratically throughout the neighborhood. All east-west streets have sidewalks on at least one side. Acoma Street is the only north-south street that has sidewalks, existing sporadically.

» Dust and airborne particulates are steadily generated by the cement operations on Bannock Street.

» There is notable truck traffic throughout the industrial district, which is compatible with other similar uses.

» There is a high incidence of on-street parking, which may impede traffic movement through the neighborhood and may impact neighboring businesses.

» There is a wide range of property ages, but most are being well maintained.

» There is a significant amount of land being underutilized as junkyards, yard storage, and simply vacant lots.

» The neighborhood’s street grid pattern provides good vehicular circulation. However, on-street parking and truck loading areas creates pedestrian obstacles. This especially impacts connections to the Evans light rail station.

» Dust and airborne particulates are steadily generated by the cement plant operations, partly from onsite processes and partly from dirt stirred up on Bannock Street.

» The neighborhood is considered to be stable because:
There is extremely low vacancy in the industrial/commercial area. Older commercial-industrial properties are being well maintained. There have been no homes sold or listed for sale in the residential district during 2001. Slightly widening the search area indicates a fairly active housing market during 2001, with home prices keeping pace with those reported for previous years.

Residences are generally well maintained and show pride of ownership. There are few vacant storefronts or lots along the Broadway corridor.

While the neighborhood is considered stable by most criteria, according to Blueprint Denver the area is considered an area of change because the indications are that economic stimulus may be beneficial to revitalize the area rather than letting it slowly slide into decline.

Sixty-eight percent of the industrial district building stock was built before 1970, and predominantly built in the 1950s and 1960s. The building stock is aging which indicates increasing maintenance issues and a slowly falling ability to meet modern business needs. Many Broadway businesses are an under-productive use of potential retail sites, i.e. used car lots; Kroonenburg Lumber has closed their Broadway retail outlet which is now in use as a storage and reload yard.

**Real Estate Market Conditions**

The steering committee identified the following reuse scenarios for further evaluation:

1. Light Industrial
2. Industrial-Flex
3. Residential Industrial-Loft
Industrial Construction Types Considered

Light Industrial.

Light Industrial buildings, often presented to the market as office warehouse space, are usually designed for multiple occupancy by relatively small-space users. They are low rise buildings, often with shop door entrances. The interior typically has small finished administrative offices, but is primarily shop or warehouse space. Shop and warehouse areas are serviced by truck doors, drive-in or dock, for receiving and shipping.

Industrial-Flex.

Industrial-Flex space is a hybrid commercial real estate product which has emerged in recent years fusing particular complementary aspects of industrial and office uses together. The space is typically designed for multi-tenant occupancy. It can be designed in various ways to meet the needs of a variety of business uses, even within the same property. This type of space usually has a greater percentage of office finish than traditional light industrial or even office-warehouse products. Exteriors tend to have a higher degree of architectural features with commercial store-front windows and entrances. Flex space buildings can attract a broader range of tenants than a strict industrial style building.

Regional Industrial Market Conditions.

While showing signs of weakness given current economic conditions, the industrial market has a relatively low vacancy rate and a low level of construction
activity underway as of first quarter 2002. The industrial vacancy rate, including sublet space, has risen to 7.6%. The average industrial lease rate rose a few cents to $6.66 per square foot. The average rate is about 5% higher than the average rate last year. Nationally, the industrial vacancy rate averaged about 9.6% at the end of 2001 with an average lease rate of about $11.57.

The flex space market is showing a weak performance during 2002. While flex-space buildings are a small part of the total market, the direct vacancy rate in these buildings has skyrocketed from about 10.2% in the first quarter of 2001 to 17.2% a year later. When sublease space is included, the vacancy rate is about 19.2%. There was about 2.45 million square feet of new space completed in 2001, and there is currently about 830,000 square feet still under construction. The average lease rate has decreased in this market segment as well due to rising vacancy rates. In fact, the average lease rate of $9.68 per square feet is 2.8% lower than one year ago.

Market observations indicate much of the weakness in the flex market is in the higher-finish real estate product. Market conditions are strong for those flex product types that are close to traditional light industrial. The high tech sector was a significant demand driver for higher-finish space in the last few years; it is the current weakness in the high tech sector that appears to be trickling down and a major contributor to the current weakness in the industrial flex-space market.

**Industrial Space Users**

Industrial businesses will use their space in different ways. For instance, a tenant oriented towards storage and/or assembly might have a preference for office/warehouse space. Alternatively, a product development oriented business may use finished office area for administrative and product development activities
while using adjacent shop space to manufacture the product. A wholesaler (or possibly retailer) may desire a showroom-style finish rather than office space, with adjoining warehouse area used to store and distribute products. In summary, office/warehouse, research and development, office/manufacturing, and showroom/warehouse are different ways flex space can be used by different users.

There are many types of businesses attracted to light-industrial buildings. The following business industry sectors are often found in light-industrial settings, ranging from office-warehouse to high finish flex space, depending on the business:

**Specialty Trade Contractors**

» Apparel Manufacturing  
» Wood Product Manufacturing  
» Printing and Related Support Activities  
» Fabricated Metal Products  
» Computer and Electronic Product Manufacturing  
» Electrical Equipment and Appliances  
» Furniture and Related Product Manufacturing  
» Publishing, Non-internet  
» Internet, Publishing and Broadcast  
» Telecommunications  
» ISPs, Search Portals, Data Processing
Professional and Technical Services Residential Construction Types Considered

Residential Industrial Loft. Industrial-Loft work/live space can take many forms and is generally defined as a residential use where the resident(s) can work or make a living while physically on the same piece of property as his/her residence. Industrial-Loft development typically focuses more on a work-space component than on a residential component. This type of project can be designed to integrate well in an industrial area, so they are envisioned as a good match for the Shattuck site.

There is a demand for a more work-driven type of space in which employees and walk-in trade are permitted and more intense and/or more hazardous kinds of work are performed. For example, artists began the work/live phenomenon and require a more industrial style work/live situation than a home-based business. Given its industrial neighbors, Industrial-Loft style development provides the best work/live fit for the Shattuck site and surrounding neighborhood.

Typified by the artist's studio design, where the workplace and living area are fully integrated. Loft units are generally built on their own lots, not stacked. They are similar to townhouses in form. They can be used entirely for business, workshop, or residential use, or some combination. The conversions of old factory and warehouse buildings into low-cost studio lofts for artists were the beginnings of the loft genre. Loft units usually have no physical separation between work and

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2 As opposed to Live/Work units which emphasize living quarters and de-emphasizes the commercial component.

living space, and are built for maximum flexibility inside. The predominant use is commercial or industrial work activity, and residence is a secondary use.

**Regional Residential Market Conditions.** Sales of previously owned homes during the January-May 2002 period are 6.9% higher than the first five months of 2002, with 19,200 properties closed. While the resale market is still growing, sales of new homes fell 15% in the first quarter of 2002 according to the Meyers Group. The number of homes under contract also remains below last year’s level.

The inventory of homes on the market continues to increase. At the end of May, there were 14,200 homes on the market, a 4.8% increase in the inventory of available homes. The increase in inventory means that price increases are moderating. While the average price of a single-family home surged upward in May by $9,250 to $268,950, the average price for the first five months was 4.5% higher than last year. The average price of a condo is about 4.7% higher than last year. This moderation in home prices is welcome by potential homebuyers following four years of double-digit home price appreciation.

The median home price in the Denver metro area reached $223,800 in the first quarter of 2002, compared to the national median of $150,900. The median home price in the Denver metro area for the first quarter of 2002 is 6.6% higher than last year. At the national level, median home prices are up 8.0%. Home prices in the Denver metro area have been appreciating at rates greater than the national level since 1992, so this moderation in price increase is welcome. Still, home prices in the Denver area are the highest of any metropolitan area except those located on either coast.

Total home construction activity in the Denver metro area declined 21.6% in the first quarter of 2002 compared to the first quarter of 2001. Single-family home construction is down 17.8% with 3,139 permitted so far in 2002. The construction of two-family units, however, is still increasing.
The steepest decline in construction activity is in multi-family units. Just under 600 units have been permitted so far in 2002, less than half of the 1,300 units permitted by this same time last year. This slowdown follows two years of exceedingly strong multi-family construction activity.

Recent apartment construction activity has led to an increase in the apartment vacancy rate. The metro-wide apartment vacancy rate reached an 11-year high of 8.7% in the fourth quarter of 2001, and the rate stayed at that same level in the first quarter of 2002. In response to higher vacancy levels, the average monthly rental rate fell to $806 in the first quarter; the largest quarterly drop in the 21 years that the survey has been conducted. This was the second consecutive quarterly decline in the average apartment rental rate. Higher vacancy rates and lower rents are forcing landlords to offer incentives not seen since the mid-1980s.

Economic and Fiscal Impacts Under Each Scenario

An economic impact analysis was conducted to evaluate the ability of redevelopment to help achieve the steering committee’s identified socio-economic goals. Similarly, a fiscal impact analysis was conducted to provide guidance to public officials regarding budgetary and financial aspects of redevelopment.

Fiscal impact analysis facilitates the identification of revenue streams (associated with new development) and consequently self-sustaining sources to fund development incentives. These mechanisms may include: (1) tax increment financing based on property taxes; (2) sales tax collections rebated either back to the developer or to repay financing; or (3) personal property taxes rebates as business development incentives.

Fiscal Impacts
The industrial-flex scenario is estimated to generate the greatest initial sales and use tax from the purchase of construction materials, as well as generating the greatest sales/use tax from business purchases of those businesses located to the site, $130,000 total. Comparatively, the office-warehouse scenario is estimated at $107,000; residential industrial-loft at $111,000.

Net fiscal impact is the estimated annual public revenues generated versus the estimated annual cost of providing public services to the project. All scenarios generate a positive fiscal position for the City and County of Denver, although the industrial-flex scenario yields the greatest: industrial-flex, $53,000 annually; office-warehouse, $45,000; residential industrial-loft, $22,000.

Given the current vacant situation of Shattuck, the above impacts represent a new public revenue source as a direct result of redevelopment, and possibly represents sources of reinvestment income (incentives or other financial support).

Overall, the greatest net fiscal impact is anticipated to accrue from the industrial-flex scenario.

Economic Impacts

All scenarios provide notable demand for business-to-business goods and services, ranging from $358,000 to $540,000 annually. This demand represents economic development opportunities that could leverage the reuse of other commercial and industrial lots in the redevelopment area.

The industrial-residential loft scenario has an added benefit of generating demand for household goods. It is estimated that 25 households will create demand for close to $300,000 in demand from local retailers annually. This is particularly beneficial to retail and other businesses.
oriented toward Broadway. Increasing the amount of local household income will provide a more economically viable local market; the so-called “rooftops for retail” concept.

» Because of scaling issues, estimated wages paid to local workers at businesses locating to the site appear relatively small. However, it is estimated that these businesses will generate anywhere from $6 million to $9 million in annual payroll.

» Overall, the greatest economic benefits are anticipated to accrue from the industrial-flex scenario.

**Summary of Community Goals Under Each Scenario**

The ultimate goal of this project is to affect redevelopment that will improve the social and economic welfare of the community. The following table summarizes the anticipated impact of each development scenario on the steering committee’s consensus goals for the project.

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>Office-Warehouse</th>
<th>Industrial-Flex</th>
<th>Residential Industrial-Loft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase home ownership</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Provide workforce housing</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Increase number of jobs</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Increase average wage</td>
<td>Maybe</td>
<td>Maybe</td>
<td>Maybe</td>
</tr>
<tr>
<td>Increase public revenues</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Improve business mix</td>
<td>Maybe</td>
<td>Maybe</td>
<td>Maybe</td>
</tr>
<tr>
<td>Increase demographics for nearby retail*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Improve quality of life</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Improve goods and services mix for</td>
<td>Not Likely</td>
<td>Not Likely</td>
<td>Likely</td>
</tr>
</tbody>
</table>
IMPLEMENTATION PLAN
A study of vacant or “redevelopable” sites in the district found significant opportunities for assemblage and redevelopment. In fact, there is potentially an estimated 16 acres of contiguous land in the Development Area that could be redeveloped to significantly change the nature, look, and feel of the area.

Contiguous redevelopment opportunities within the Redevelopment Area include:

1. Shattuck at Jewell Avenue and Bannock Street (5.9 acres)
2. The former Kroonenberg Lumber properties fronting to Broadway and extending west on Jewell Avenue to Bannock Street (5.2 acres)
3. The Flanigan concrete batch plant property on Bannock Street adjacent to Shattuck on the north (4.9 acres)

In addition, there are other properties which are, or may be, on the market i.e. the Sachs-Lawler property on the west side of S. Acoma Street between W. Colorado Avenue and W. Mexico Avenue, also adjacent to the east side of the batch plant property.
The ultimate redevelopment scenario would include the redevelopment of all key properties in the neighborhood, including the Kroonenberg property and the batch plant property. Since the focus of this study is the Shattuck property, the following scenarios are provided to illustrate how other properties’ redevelopment could set the stage for the redevelopment of the Shattuck property.

**AREA 1: Jewell Avenue, Broadway to the alley _ block west of Broadway:**

This area could take advantage of its proximity to Broadway. Development might include two-story, brick, commercial storefront buildings with retail on the first floor and residential units above. The design of these buildings would be based on and respect the style and character of the older storefront buildings on Broadway: large display windows at the first floor, awnings, brick facades, flat roofs with parapets and cornice.

**AREA 2: Jewell Avenue, from the alley to Acoma Street:**

This location may be appropriate for work/live units. Two-story townhomes, commercial in appearance with potential gallery/showroom/work space on the first floor and living space above. The design of these buildings would be similar to the previous description except that the first floor would be less overtly retail in nature.

**AREA 3: Jewell Avenue, Acoma Street to Bannock Street:**

This location may support more residential oriented home-office work/live development. Two story buildings, either townhomes or stacked flats with gable roofs, very residential in character. Carriage homes in back over some of the parking spaces may fit well. These units provide a transition between the commercial storefront architecture on Broadway and the more
industrial uses to the west, and extend the pattern of residential land uses found to the south of this block along Acoma Street.

**AREA 4: Shattuck site, Northwest Quadrant adjacent to both Bannock and Jewell streets:**

This is a transitional site linking the commercial and work/live components along Jewell Avenue, with the industrial uses north of Jewell Avenue. The site could include “industrial-style” residential lofts at the Bannock Street and Jewell Avenue, transitioning to light industrial or industrial-flex space on the northern portion of the site. Appropriately designed light- or flex-industrial on the entire site is also a reasonable transition.
AREA 5: Batch Plant North of Shattuck on Bannock Street:

The dust, noise, and truck traffic on this site greatly impacts redevelopment of the area. However, the eventual removal of the batch plant use provides additional redevelopment potential, likely as a light industrial use.

Clearly, there has to be an order to the redevelopment of so many interdependent parcels. The following reflects one logical development sequence between the properties:

- **Phase One:** Redevelop Jewell Avenue properties starting at Broadway and proceeding to the west.
- **Phase Two:** Phase out the batch plant operations.
- **Phase Three:** Redevelop the Shattuck property.
- **Phase Four:** Redevelop the batch plant property.

This, or some similar phasing, would allow the “easiest” deals to be done, setting the stage for development of the remaining pieces.

**Development Prospects for the Shattuck Parcel**

Market analysis entailing an evaluation of market conditions, anticipated revenues, development costs, and investor criteria was conducted for the following Steering Committee identified reuses:

1. Light Industrial
2. Industrial-Flex
3. Residential Industrial-Loft
As modeled in the current market, there appears to be a sufficient rate of return to attract developer interest. The Redevelopment Area as an opportunity was confirmed through a focus group of developers including Wonderland Hill Development Corporation, Cherokee Fund, Denver Community Development Corp., Black Creek Communities, and Community Builders.

**Short-, Mid-, And Long-Term Objectives**

The Shattuck Redevelopment Area is situated between and adjacent to two corridors currently undergoing notable positive economic changes (the Broadway and Santa Fe Drive corridors). As the region continues to economically evolve, demand for smaller in-fill locations, such as the sites found in the Shattuck Redevelopment Area, will progressively increase over the next five to ten years. Broadway is a commercial backbone to many Denver neighborhoods along its length. So, too, with the Redevelopment Area, the revitalization of Shattuck will be synergistic with the redevelopment of Broadway.

The redevelopment scenarios outlined herein model potential uses to meet this emerging future demand. Macro development trends indicate demand pressure to build over the next five to ten years. Based on current development trends:

» The Shattuck Redevelopment Area will likely be ripe for development in the next three to five years. (short-term)

» The implementation plan should position the Redevelopment Area to capture notable development activity in a five- to ten- year time frame. (mid-range)

» The Shattuck site is likely to be a second, or even later, phase of redevelopment. (mid-range)
Fifteen or twenty years from now should see a redeveloped Shattuck site in a productive mixed-use neighborhood emphasizing work force housing and employment opportunities. (long-range)

Current market conditions are used herein to proxy future market feasibility. While each scenario modeled indicates a degree of feasibility, the physical configuration and feasibility of actual development is contingent upon market conditions and investor criteria at that time in the future. The reuse “models” contained herein are intended as a guide to future development and should be monitored to accurately gauge appropriate timing and demand for development.

**Implementation Activities**

The scenarios presented are predicated on the Shattuck site being environmentally cleaned to residential living standards, which may take several years to accomplish. Advantageously, this time frame is consistent with emerging regional land use and market trends to support redevelopment. Consequently, this study is a forward vision, looking five-, ten-, and twenty-years into the future.

However, gaining market attention may be a significant hurdle given the widely known environmental issues concerning the Shattuck site. This may be further complicated by (1) poor supporting street infrastructure, (2) an existing, but aging and deteriorating stock of commercial and industrial properties that are detrimental to attracting higher quality industrial development, and (3) the condition of existing uses being incompatible with residential use, even industrial-style loft units designed for placement in industrial districts.

Recommended actions to support revitalization of the Redevelopment Area include:
» Removing hazardous materials at the Shattuck site to meet residential health standards.

» Changes in zoning to allow mixed use development in the neighborhood.

» Evaluate, identify, and address environmental issues in the Redevelopment Area that are not necessarily Shattuck’s.

» Identify first-phase neighborhood redevelopment opportunities, such as the Kroonenburg Lumber site.

» Preparing marketing and/or a development Request for Proposal (RFP) to identify opportunities for private sector developers.

» Assemble redevelopment sites.

» Establish public-private mechanisms based on: (1) revenue streams anticipated from redevelopment and identify self-sustainable financial incentives; and/or (2) identify other financing incentives such as credit enhancement, low interest loans, tax increment financing; (3) business development and tenant attraction programs; or (4) other targeted mechanisms.

Public-Private Partnering Options

The City and County of Denver may want to consider various methods to stimulate redevelopment.

The initial modeling conducted herein identifies development costs, revenues, and rates of return for the three development scenarios (See Appendix B, Industrial Development Scenarios, and Appendix C, Residential Industrial Loft Development Scenario). These models are subject to change by development concerns evaluating the proformas with their own costing, pricing, and investment criteria.
As modeled herein, there appears to be a sufficient rate of return to attract developer interest. This suggests that the simplest form of development incentive is to:

» Introduce the investment opportunity to the investment community.

Gaining market attention may be a significant hurdle given the widely known environmental issues concerning the Shattuck site. Introducing redevelopment concepts to developers will be important and may entail the collection and dissemination of due diligence research, such as this report. This type of introduction may or may not be accompanied by a request for development proposals. Once environmental remediation at the Shattuck site is complete, a primary marketing emphasis should be to advertise the fact that it is ready for a new use.

Given the industrial history of the Redevelopment Area, the Superfund status of the Shattuck site may not be the only environmental issues in the area. Current and past businesses such as dry cleaning plants and other hazardous materials handlers may have left such environmental remnants. A development incentive to help with this issue may be to:

» Investigate and identify other environmentally impaired sites in the Redevelopment Area. Pay particular attention to the areas closest to Broadway- those with the greatest near-term redevelopment potential;

» Invest in Brownfields mitigation.

Other incentives that address difficulties in the redevelopment and tenanting process may include:

» Land assemblage

» Public infrastructure improvements
» Business recruitment
» Façade improvement and remodeling loans for existing businesses
» Financial assistance or direct investment such as loans, grants, sales/use
tax rebates, fee waivers, tax increment financing
» Rezoning.

Rezoning the site would add value to the property. And, although rezoning the
property is the responsibility of the property owner, The City and County of
Denver would be willing to work with the public trustee to rezone the property to
C-MU-30, the zone district most appropriate for the development models
described in this plan.

Zoning is the primary land use regulatory mechanism and, thus, and important
tool for implementing plans. The land use-related elements of a plan’s vision
statement are easiest to achieve when zoning reinforces the vision through its
provision for allowed uses and permitted structures. If the plan area’s zone
designations do not reinforce the plan vision, changing the zoning to be
compatible is the primary implementation mechanism. When these regulatory
changes are not accomplished in a timely manner, it is more difficult to achieve
the vision because zoning takes precedence over a plan. The plan vision and
guiding principles are used during negotiations at the development review stage
and often assist in creating greater consistency with the plan. A development
application cannot be denied for lack of conformance alone.

Public infrastructure improvements within the Redevelopment Area and along
Broadway in the vicinity of the Redevelopment Area will greatly improve
desirability. Additionally, given the relatively low intensity uses and vacant land
currently in the neighborhood, there could be a significant degree of financial
leverage to implement a tax increment financing mechanism.
APPENDICES
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A. Opportunities and Challenges

The following chart summarizes revitalization opportunities and challenges for the Redevelopment Area.

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Opportunities (Redevelopment Area)</td>
<td>Economic Challenges (Redevelopment Area)</td>
</tr>
<tr>
<td>Increase home ownership</td>
<td>Displacing existing businesses</td>
</tr>
<tr>
<td>Provide workforce/affordable housing</td>
<td>Educating businesses and developers about the opportunity</td>
</tr>
<tr>
<td>Increase number of jobs</td>
<td></td>
</tr>
<tr>
<td>Increase average wage</td>
<td></td>
</tr>
<tr>
<td>Increase public revenues</td>
<td></td>
</tr>
<tr>
<td>Improve both the business mix and/or increase the number of households to enhance Broadway businesses</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Opportunities</th>
<th>Market Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proximity to the Evans Light Rail station</td>
<td>Shattuck is a relatively small site</td>
</tr>
<tr>
<td>Santa Fe redevelopment is generally moving north—Aspen Grove Center, Englewood CityCenter, General Iron Works, Gates</td>
<td>Pedestrian connections to the Evans light rail station are incongruous and limit locational benefits from the station</td>
</tr>
<tr>
<td>The Shattuck Redevelopment area not yet “ripe” for redevelopment, have not missed the opportunity yet—after Gates (3 - 5 years)</td>
<td>There are no direct connections to the South Platte River corridor as an amenity to the neighborhood</td>
</tr>
<tr>
<td>New development (residential or non-residential) within the neighborhood will support Broadway businesses</td>
<td>Ownership issues are keeping the site unavailable for redevelopment (pending consent decree is anticipated to address this issue)</td>
</tr>
<tr>
<td></td>
<td>The above issues leave the Shattuck neighborhood as a sub-prime development opportunity in the Santa Fe corridor.</td>
</tr>
</tbody>
</table>
### Redevelopment Area Opportunities

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>There are underutilized commercial/industrial parcels that can be put into a more productive use: new housing; create jobs; increase tax base; cleanup neighborhood appearance.</td>
</tr>
<tr>
<td>b.</td>
<td>There is a good mix of land use types incorporating households, employers, and consumer goods and services.</td>
</tr>
<tr>
<td>c.</td>
<td>The neighborhood is in a stable life-cycle phase, with good market-demand.</td>
</tr>
<tr>
<td>d.</td>
<td>Improving the economic conditions within the redevelopment area will support an improved business mix and revitalization along Broadway. Close proximity to revitalized segment of Pearl Street; may be able to capture spillover demand.</td>
</tr>
</tbody>
</table>

### Redevelopment Area Challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>The industrial building stock is aging.</td>
</tr>
<tr>
<td>b.</td>
<td>The locational advantage provided by Broadway to retailers may be waning.</td>
</tr>
<tr>
<td>c.</td>
<td>Pedestrian linkages through the neighborhood are poor and inconsistent, particularly with north and south travel.</td>
</tr>
<tr>
<td>d.</td>
<td>There is heavy truck traffic throughout the neighborhood.</td>
</tr>
<tr>
<td>e.</td>
<td>The central-west side of the neighborhood can be dusty and gritty, primarily due to activity at the cement plant site. Permit to operate 24 hours per day.</td>
</tr>
<tr>
<td>f.</td>
<td>Business visibility and exposure is limited to local traffic that may not support traffic-count dependent businesses.</td>
</tr>
<tr>
<td>g.</td>
<td>The lack of street connections on the west side of the neighborhood limits traffic.</td>
</tr>
<tr>
<td>h.</td>
<td>Traffic maneuvering is somewhat difficult due to on-street parking and loading.</td>
</tr>
<tr>
<td>i.</td>
<td>New retail development within the redevelopment area may compete with Broadway revitalization efforts</td>
</tr>
<tr>
<td>j.</td>
<td>Broadway is a physical and psychological barrier to the east side of Broadway.</td>
</tr>
</tbody>
</table>

### Site Opportunities

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>The site has sufficient size and dimensions to support a variety of development types.</td>
</tr>
<tr>
<td>b.</td>
<td>Utilities available to the site, including modern telecommunications, can support a variety of uses.</td>
</tr>
<tr>
<td>c.</td>
<td>Rail spur to the site.</td>
</tr>
<tr>
<td>d.</td>
<td>Visibility from Santa Fe Drive.</td>
</tr>
<tr>
<td>e.</td>
<td>Proximity/access to both the Santa Fe and Broadway corridors.</td>
</tr>
</tbody>
</table>

### Site Challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>Community concerns over radioactive wastes in the streets and railroad rights-of-way can deter potential developers.</td>
</tr>
<tr>
<td>b.</td>
<td>The site is not on the market nor available for development (pending consent decree is anticipated to address this issue).</td>
</tr>
<tr>
<td>c.</td>
<td>Deed restrictions currently preclude development of the site (pending consent decree is anticipated to address this issue).</td>
</tr>
<tr>
<td>d.</td>
<td>Zoning, lack of sidewalks, heavy truck traffic, airborne dust and dirt, and conformity with surrounding uses may limit demand to specific types of users.</td>
</tr>
</tbody>
</table>
SHATTUCK REDEVELOPMENT PLAN

»»»»

BBBB    ....        IIII    NNNN    DDDD    UUUU    SSSS    TTTT    RRRR    IIII    AAAA    LLLL        DDDD    EEEE    VVVV    EEEE    LLLL    OOOO    PPPP    MMMM    EEEE    NNNN    TTTT

SSSS    CCCC    EEEE    NNNN    AAAA    RRRR    IIII    OOOO    SSSS

This redevelopment analysis for the Shattuck site projects future market conditions. While current market conditions (i.e. rent and occupancy) are considered herein, it is assumed that positive economic conditions will prevail at the time the site is environmentally clean and ready for a new use.

Redevelopment Area: Competitive Industrial Market

Prevailing market conditions determine the lease rate and occupancy for a property. Current market conditions are estimated by surveying competing properties in the same market. The following details a Development Research Partners survey of properties that are competitive with potential light industrial redevelopment on the Shattuck site.
1) 229 South Vallejo Street

This 12,845 square foot building has 54% finished for office use, and is currently for lease at an asking rate of $7.00 per square foot (NNN⁴). The main entrance to the building is through the office space, making that the primary focus of the structure. While the different components of this flex space appear to have been constructed at different times, creating a disordered appearance, the office component presents a high level of exterior finish, with glass and brick on the building. The property is zoned I-1 and is surrounded by industrial uses, such as outdoor storage facilities and distribution centers.

The property is located near the intersection of Bryant Street and 2nd Avenue, roughly one mile north of the Shattuck site, on the west side of the Santa Fe corridor. The site has effectively no visibility from major traffic corridors, and access to nearby regional arterials, I-25 and Highway 6, is somewhat convoluted due to its location relative to the access points on these roadways. The Shattuck site presents similar access difficulties, being located on a street that does not provide direct access to Santa Fe Drive. However, the Shattuck site is located very near other streets that do provide direct access to Santa Fe.

2) 1590 South Acoma Street

This 1,750 square foot unit with 28% office finish was leased for $8.90 per square foot (Modified Gross: tenant pays gas and electricity) in April 2002.

⁴ NNN, a common notation for “triple net” means a lease where the tenant is responsible for all property expenses.
The expenses paid for by the landlord are estimated to be worth $1.00 per square foot. The equivalent NNN rent is therefore estimated to be $7.90 per square foot. The uses surrounding the property are industrial in nature, including an outdoor car storage facility. The building’s architecture is simple and without ornamentation. Off street parking is minimal at this site, which is not generally considered a disadvantage for industrial users, whose operations are usually service-oriented, and not customer driven.

The property is located on the corner of Iowa and Acoma Streets. Iowa Street provides access across the railroad tracks to Santa Fe Drive, via an underpass. This is an asset in terms of direct access to major thoroughfares and passer-by visibility, but not significantly different than the situation at the Shattuck site to warrant much higher rents. Given this property’s location relative to the Shattuck site, this location will likely compete directly with the redeveloped Shattuck site for potential users.

3) 1667 South Acoma Street

This unit has 34% office finish and is listed for lease at $7.75 per square foot (NNN). The building has an updated look, although it is of simple concrete and metal construction. The front façade has glasswork and awnings at each tenant entry space, which creates an appealing “store front” look. The site is minimally landscaped, and there appears to be ample off-street, as well as on street, parking.

The property is located on the corner of Acoma and Mexico Streets. While Mexico Street does not provide access across the railroad tracks, the site is only one block south of Iowa Street, which does provide access across the tracks via an underpass. A 12,540 square foot unit in this building, with 35% office finish, leased in August 1999 for $7.75 per square foot (NNN).
for a 5-year term. The building's clean and inviting appearance offers a finished look, while providing a functional design for a variety of use types. This location will also likely compete directly with the redeveloped Shattuck site for potential users.

4) 1385 South Inca Street

This 4,067 square foot unit has 55% office finish and leased in November 2000 for $7.50 per square foot (NNN). The building has one drive-in bay that is accessible from the front and the rear of the building. The site is zoned I-1 and enjoys great visibility and access from South Platte River Drive. Mississippi Avenue is the next closest major access route, but is three blocks to the north and therefore provides no pass-by traffic visibility.

Summary of Industrial Properties Competitive with Shattuck

<table>
<thead>
<tr>
<th>Address</th>
<th>% Office Finish</th>
<th>NNN Rent Per Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td>229 South Vallejo Street</td>
<td>54%</td>
<td>$7.00</td>
</tr>
<tr>
<td>1590 South Acoma Street</td>
<td>28%</td>
<td>$7.90</td>
</tr>
<tr>
<td>1667 South Acoma Street</td>
<td>34%</td>
<td>$7.75</td>
</tr>
<tr>
<td>1385 South Inca Street</td>
<td>55%</td>
<td>$7.50</td>
</tr>
</tbody>
</table>

Source: Development Research Partners survey, spring 2002

The lease rates for the above listed properties range from $7.00 per square foot to $7.90 per square foot (NNN). The two properties closest to the Shattuck site have
actual leases of $7.75 per square foot and $7.90 per square foot. Based on the current market, it is estimated that an industrial development project on the Shattuck site would command a lease rate per square foot ranging from $7.00 NNN for a traditional office-warehouse design to $8.00 NNN for a higher-finish industrial-flex design.

Market vacancy rates range from about 7.6% for industrial properties to over 19% for the flex market alone, including sublease space. In modeling market occupancy for Shattuck office-warehouse redevelopment, an 8% vacancy is used for the model. The industrial-flex model is closer to traditional industrial space rather than higher-end office-flex space and therefore a 10% market vacancy is assumed. An additional 1% credit loss is assumed for both scenarios to account for additional collection loss and other financial shortfalls.

Solicited comments from the steering committee indicate a concern that the industrial-flex property already located at Mexico Avenue and Acoma Street has been struggling to lease-up. This weakness can be due to many factors including management, leasing efforts, and impacts from location and surrounding properties. Of major concern in the entire redevelopment process is that the Development Area gain a reputation as an attractive location rather than an aging, environmentally impacted neighborhood. Shattuck cleanup and a well implemented area redevelopment should greatly enhance the marketability; this analysis assumes that a progressive course of action is implemented to upgrade the desirability of the Redevelopment Area.

Office-Warehouse Development Model and Feasibility

Office-warehouse buildings are usually designed for multiple occupancy by relatively small-space users. They are typically low rise buildings, often with shop door entrances. The interior space often has small finished administrative offices, and is primarily shop or warehouse space. Shop and warehouse areas are serviced by truck doors for receiving and shipping.

Some projects have walkup second-floor mezzanines. In some instances, the 1.5 story face of the building can be detailed to blend into an urban setting.

Scenario: Light Industrial/Office-Warehouse

Target Market: Small businesses needing minimal office or display space; light manufacturing and/or small scale distribution

General Description: Multiple occupants; low-rise construction; minimal demising walls; minimal interior finish; individual occupants may upgrade interior finishes; individual entrances and identities

Frame: Can range from pre-engineered steel structural members to masonry or reinforced concrete load-bearing walls, possibly tilt-up

Exterior Walls: Minimum 14’ high; siding or masonry/brick veneer; shop door or small storefront entry

Interior Finish: Minimal subdivisions and finish space; 5% to 10% office area; unfinished slab floor; open shop area; lower-cost interior finish; forced air heat in office, space heater in warehouse/shop area
### STABILIZED PROFORMA: Proposed Office-Warehouse

**Assumptions:**
- **Property type:** Office-Warehouse
- **Site Size:** 5.9 acres (257,000 SF)
- **Building Square Feet:** 100,000 SF
- **Market Rent per SF:** $7.00 NNN
- **Vacancy/Credit Loss:** 8% + 1%
- **Expenses per SF:** $3.00
- **Capital Reserves per SF:** $0.15

### Annual Cash Flow:
- **Potential Rental Income:** 100,000 SF @ $7.00 = $700,000
- **Potential Expense Recovery:** 100,000 SF @ $3.00 = $300,000
- **Potential Gross Revenue:** $1,000,000
- **Effective Gross Income:** $910,000
- **Less: Vacancy and Credit Loss:** @ 9% = ($90,000)
- **Net Operating Income:** $595,000

**Market Pricing Indicators:**
- **Overall Capitalization Rate:** 10.0%
- **Market Pricing (to nearest $50,000):** $5,950,000
- **Per Square Foot:** $59.50
### DEVELOPMENT COSTS: Proposed Office-Warehouse

<table>
<thead>
<tr>
<th>Description</th>
<th>Area (SF)</th>
<th>Cost Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site Assemble and Acquisition:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site Purchase</td>
<td>257,000</td>
<td>$4.00</td>
<td>$1,028,000</td>
</tr>
<tr>
<td><strong>Building Construction:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Shell</td>
<td>100,000</td>
<td>$22</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>Interior Finish</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Finish (10.0%)</td>
<td>10,000</td>
<td>$20</td>
<td>$200,000</td>
</tr>
<tr>
<td>HVAC</td>
<td>100,000</td>
<td>$5</td>
<td>$500,000</td>
</tr>
<tr>
<td>Fire Protection/Sprinklers</td>
<td>100,000</td>
<td>$3</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>Site Work:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscaping/Paving</td>
<td>157,000</td>
<td>$4</td>
<td>$628,000</td>
</tr>
<tr>
<td>Improvements Reserve</td>
<td></td>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Leasing Costs:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leased SF @ 92%</td>
<td>92,000</td>
<td></td>
<td>$138,000</td>
</tr>
<tr>
<td>Leasing Commissions</td>
<td>92,000</td>
<td>$1.50</td>
<td>$138,000</td>
</tr>
<tr>
<td>Miscellaneous Tenant Costs</td>
<td>10,000</td>
<td>$0.50</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Development Costs:</strong></td>
<td></td>
<td></td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Total Development Costs (to nearest $50,000)</td>
<td></td>
<td></td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Per Square Foot</td>
<td></td>
<td></td>
<td>$50.00</td>
</tr>
<tr>
<td><strong>RATE OF RETURN</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Cost:*</td>
<td></td>
<td></td>
<td>19%</td>
</tr>
</tbody>
</table>

*market value less development costs, as a percentage of total development costs*
**Industrial-Flex Development Model and Feasibility**

Flexible commercial space, or “flex space,” is a hybrid commercial real estate product that can be designed in various ways to meet the needs of a variety of business uses. Some of the basic characteristics of a flex space building include a low-rise profile typically 1-story, an open floor plan, high ceilings, loading dock facilities, and a higher level of property and building finish, such as brick work, glass, awnings and landscaping.

Flex space can be developed with an emphasis on either an industrial component or an office component. Market analysis suggests that a lower-finish, industrial flex product would be well suited for a Shattuck location.

<table>
<thead>
<tr>
<th>Scenario:</th>
<th>Industrial-Office Flex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Market:</td>
<td>Small businesses needing administrative office space, office or display space; users range from light manufacturing to small service or professional firms</td>
</tr>
<tr>
<td>General Description:</td>
<td>Multiple occupants; low-rise construction; generally have finished customer service areas and storefront style entrances; individual entrances and identities</td>
</tr>
<tr>
<td>Frame:</td>
<td>Can range from pre-engineered steel structural members to masonry or reinforced concrete load-bearing walls, possibly tilt-up</td>
</tr>
<tr>
<td>Exterior Walls:</td>
<td>Minimum 14’ high; siding or masonry/brick veneer; storefront entry</td>
</tr>
<tr>
<td>Interior Finish:</td>
<td>Small office, reception, and/or display area finish, 15% to 50% finish area; separate shop area; forced air; lower-cost interior finish, tenant pays any upgrades; forced air heat in office. forced air or space heater in</td>
</tr>
</tbody>
</table>
### STABILIZED PROFORMA: Proposed Industrial-Flex

<table>
<thead>
<tr>
<th>Assumptions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property type</td>
<td>Industrial Flex</td>
</tr>
<tr>
<td>Site Size</td>
<td>5.9 acres (257,000 SF)</td>
</tr>
<tr>
<td>Building Square Feet</td>
<td>100,000 SF</td>
</tr>
<tr>
<td>Market Rent per SF</td>
<td>$8.00 NNN</td>
</tr>
<tr>
<td>Vacancy/Credit Loss</td>
<td>10% + 1%</td>
</tr>
<tr>
<td>Expenses per SF</td>
<td>$3.00</td>
</tr>
<tr>
<td>Capital Reserves per SF</td>
<td>$0.15</td>
</tr>
</tbody>
</table>

#### Annual Cash Flow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Rental Income</td>
<td>100,000 SF @ $8.00</td>
</tr>
<tr>
<td>Potential Expense Recovery</td>
<td>100,000 SF @ $3.00</td>
</tr>
<tr>
<td>Potential Gross Revenue</td>
<td></td>
</tr>
<tr>
<td>Less: Vacancy and Credit Loss</td>
<td>@ 11%</td>
</tr>
<tr>
<td>Effective Gross Income</td>
<td></td>
</tr>
<tr>
<td>Less: Operating Expenses</td>
<td>100,000 SF @ $3.00</td>
</tr>
<tr>
<td>Less: Capital Reserves</td>
<td>100,000 SF @ $0.15</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td></td>
</tr>
</tbody>
</table>

#### Market Pricing Indicators:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Capitalization Rate</td>
<td>10.0%</td>
</tr>
<tr>
<td>Market Pricing (to nearest $50,000)</td>
<td>$6,600,000</td>
</tr>
<tr>
<td>Per Square Foot</td>
<td>$66.00</td>
</tr>
</tbody>
</table>
## DEVELOPMENT COSTS: Proposed Industrial-Flex

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Details</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site Assemblage and Acquisition:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site Purchase</td>
<td>257,000 SF @ $4.00</td>
<td>$1,028,000</td>
</tr>
<tr>
<td><strong>Building Construction:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Shell</td>
<td>100,000 SF @ $23</td>
<td>$2,300,000</td>
</tr>
<tr>
<td>Interior Finish</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Finish (30%)</td>
<td>30,000 SF @ $20</td>
<td>$600,000</td>
</tr>
<tr>
<td>HVAC</td>
<td>100,000 SF @ $6</td>
<td>$600,000</td>
</tr>
<tr>
<td>Fire Protection/Sprinklers</td>
<td>100,000 SF @ $3</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>Site Work:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscaping/Paving</td>
<td>157,000 SF @ $4</td>
<td>$628,000</td>
</tr>
<tr>
<td>Improvements Contingency</td>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Leasing Costs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leased SF @ 90%</td>
<td>90,000 SF Occupied</td>
<td>$135,000</td>
</tr>
<tr>
<td>Leasing Commissions</td>
<td>90,000 SF @ $1.50</td>
<td>$135,000</td>
</tr>
<tr>
<td>Miscellaneous Tenant Costs</td>
<td>30,000 SF @ $0.75</td>
<td>$22,500</td>
</tr>
<tr>
<td><strong>Development Costs:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Development Costs (to nearest $50,000)</td>
<td></td>
<td>$5,650,000</td>
</tr>
<tr>
<td>Per Square Foot</td>
<td></td>
<td>$56.50</td>
</tr>
<tr>
<td><strong>RATE OF RETURN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Cost*</td>
<td></td>
<td>17%</td>
</tr>
</tbody>
</table>

*market value less development costs, as a percentage of total development costs
C. Residential Industrial - Loft Development Scenario

The redevelopment analysis for the Shattuck site projects future market conditions. Current market conditions are the basis of these projection and it is assumed that favorable economic conditions will prevail at the time the site is environmentally clean and ready for a new use.

Redevelopment Area: Competitive Residential Market

The Shattuck site is located in the south central Denver Overland neighborhood. With a few exceptions, homes in the Overland neighborhood were built in the early 1900s in either a traditional frame construction or brick bungalow style. Recent sales activity includes a variety of home sizes and prices:

<table>
<thead>
<tr>
<th>Address</th>
<th>YOC</th>
<th>SF</th>
<th>Sold</th>
<th>Price</th>
<th>Price/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 S. Acoma St.</td>
<td>1908</td>
<td>1,068</td>
<td>2/19/2002</td>
<td>$100,000</td>
<td>$82</td>
</tr>
<tr>
<td>2398 S. Galapago St.</td>
<td>1937</td>
<td>1,310</td>
<td>1/4/2002</td>
<td>$129,300</td>
<td>$99</td>
</tr>
<tr>
<td>124 W. Harvard Ave.</td>
<td>1908</td>
<td>708</td>
<td>12/12/2001</td>
<td>$88,500</td>
<td>$125</td>
</tr>
<tr>
<td>2129 S. Fox St.</td>
<td>1938</td>
<td>1,133</td>
<td>9/27/2001</td>
<td>$157,500</td>
<td>$139</td>
</tr>
<tr>
<td>2208 S. Acoma St.</td>
<td>1911</td>
<td>833</td>
<td>12/5/2001</td>
<td>$134,900</td>
<td>$162</td>
</tr>
<tr>
<td>2300 S. Galapago St.</td>
<td>1997</td>
<td>864</td>
<td>2/19/2002</td>
<td>$155,000</td>
<td>$179</td>
</tr>
<tr>
<td>2489 S. Bannock St.</td>
<td>1911</td>
<td>895</td>
<td>10/26/2001</td>
<td>$170,000</td>
<td>$190</td>
</tr>
<tr>
<td>406 W. Jewell Ave.</td>
<td>1925</td>
<td>674</td>
<td>1/11/2001</td>
<td>$123,000</td>
<td>$193</td>
</tr>
<tr>
<td>1990 S. Fox St.</td>
<td>1972</td>
<td>950</td>
<td>11/29/2001</td>
<td>$184,500</td>
<td>$194</td>
</tr>
<tr>
<td>Address</td>
<td>YOC</td>
<td>SF</td>
<td>Sold</td>
<td>Price</td>
<td>Price/SF</td>
</tr>
<tr>
<td>----------------</td>
<td>-----</td>
<td>-----</td>
<td>------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>2201 S. Acoma St.</td>
<td>1949</td>
<td>793</td>
<td>1/21/2002</td>
<td>$158,000</td>
<td>$199</td>
</tr>
<tr>
<td>2202 S. Fox St.</td>
<td>1961</td>
<td>814</td>
<td>9/12/2001</td>
<td>$165,000</td>
<td>$203</td>
</tr>
<tr>
<td>2365 S. Cherokee St.</td>
<td>1951</td>
<td>720</td>
<td>1/18/2002</td>
<td>$153,000</td>
<td>$213</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>1939</strong></td>
<td><strong>897</strong></td>
<td><strong>1/18/2002</strong></td>
<td><strong>$143,225</strong></td>
<td><strong>$160</strong></td>
</tr>
</tbody>
</table>

Source: MetroList, Inc. Multiple Listing Service

Sales prices range from $82 to $213 per square foot and averaged $160. The home sold at 2001 S. Acoma Street is within the Redevelopment Area and had the lowest sales price per square foot in the Overland neighborhood. It is logical to assume this reflects some value impairment due to the area being more industrial in nature, and aging at that. Overall, given a revitalization effort for the entire Redevelopment Area, residential pricing should tend toward that of the overall neighborhood, or around $160 per square foot.

The work/live redevelopment scenario envisions attached rowhouse style units. In this regard, both the market niche and pricing will also be competitive with other, more traditional condominium or townhouse projects targeted to the general working workforce. The following listings and recent sales represent attached ownership-housing in the south Santa Fe Drive market. In that the finish and appointments in Shattuck industrial lofts will be minimal, older properties were selected as representative of those appealing to the middle-market, buyers seeking less than the newest and trendiest units, and possibly requiring additional capital improvements by a new owner.
Recent Townhouse Comparable Sales

<table>
<thead>
<tr>
<th>Address</th>
<th>Size</th>
<th>YR Built</th>
<th>Price</th>
<th>Per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2929 W. Floyd Ave.</td>
<td>920 SF</td>
<td>1982</td>
<td>$89,900</td>
<td>$97.83</td>
</tr>
<tr>
<td>670 Winona Ct.</td>
<td>936 SF</td>
<td>1983</td>
<td>$119,900</td>
<td>$128.10</td>
</tr>
<tr>
<td>677 North Vrain St.</td>
<td>936 SF</td>
<td>1979</td>
<td>$120,000</td>
<td>$128.21</td>
</tr>
<tr>
<td>4593 S. Lowell Blvd.</td>
<td>1,104 SF</td>
<td>1971</td>
<td>$127,000</td>
<td>$116.39</td>
</tr>
</tbody>
</table>

These comparables indicate a range of around $98 to $128 per square foot. The range of value for other work/live projects in the Denver area is $171 to $246 per square foot. Based on recent townhome and condominium sales it seems reasonable that pricing for a new development project would trend to an average pricing somewhere around $125 to $150 per square foot.

Work/Live Projects in Denver

Most work/live space currently being built or in existence in the Denver metro area is in the lower downtown area north of the Denver central business district. With the completion of the Coors Field baseball stadium in 1995, the lower downtown area experienced a revitalization of its old buildings and warehouses. Developers have been converting warehouses and factories into residences to meet the demand for urban housing.
Lower downtown represents the high-end residential work/live loft market. Work/live space in the lower downtown area is in demand and commands top dollar. As illustrated below, current asking prices range from $154,900 to $325,000 for 854 to 1,900 square feet. Prices per square foot range from $171 to $246. The average price is $247,900 for a 1,138 square foot unit, or $210 per square foot. Work/live units at the Shattuck site will be well outside of downtown, targeted to workforce affordability, and oriented more to craftsman, artists and shop space than trendy residences. Shattuck units will likely command a price below the lower range of lower-downtown lofts.

*SF=Shop Front  
Source: Denver Metro Commercial Association of Realtors

Industrial-Loft Pricing in the Redevelopment Area

A loft-style work/live project as envisioned for the Redevelopment Area would likely be of average construction, minimal interior finish, and designed for craftsman, artisan, or other utility in mind. A buyer would likely expect to spend additional moneys for after-market interior design.

Higher-end loft projects indicate a price less than $170 per square foot, single-family home sales indicate a pricing less than $160 per square foot, and
townhouse/condominium sales indicate a price range of $125 to $150 per square foot. Given the industrial-loft configuration described, a lower-range pricing of $125 per square foot is estimated for Shattuck Industrial-Loft units.

At $125 per square foot a 1,000 square foot unit would price for $125,000. Average attached-unit sales in Shattuck’s MLS market area is around $180,000. Given new construction, but with a less than complete interior finish, an estimated price of $125,000 for an average 1,000 SF unit appears to be reasonable in the current market.

**Residential Industrial-Loft Development Model & Feasibility**

This is the typical artist’s studio design, where the workplace and living area are fully integrated. Loft units are generally built on their own lots, and not stacked as in a loft apartment building. They are similar to townhouses in form. They can be used entirely for commercial, residential, or a combination of the two. Loft units usually have no physical separation between work and living space, and are built for maximum flexibility inside. The predominant use is commercial or industrial work activity, and residence is a secondary use. This type of work/live space works well in an industrial neighborhood.

The conversions of old factory and warehouse buildings into lofts for artists were the beginning of loft development. The Shattuck scenario modeled envisions "soft loft" construction, that is a new building shell that suggests an industrial heritage and allows buyers to sculpt raw spaces into their own living space. Raw space may include high ceilings, concrete floors, and exposed beams, brick walls and duct work.
Scenario: Residential Industrial Loft

Target Market: Industrial style building shell and allows buyers to sculpt raw spaces into their own design.

General Description: Multiple occupants, one- to two-story row house style units with individual entrances; interior plumbing; first-floor relatively unfinished for flexible use as workshop, studio, or living area depending on occupant's use; second-floor interior minimally finished for residential use, with few demising walls; interior finish primarily left to individual tenant.

Frame: Wood and/or steel stud construction.

Exterior Walls: Siding or masonry/brick veneer.

Interior Finish: Two lavatories plumbed with residential grade bathroom fixtures, demised with drywall over wood stud; average to good quality residential kitchen plumbing fixtures and appliances; one or two (bed)rooms demised with drywall over wood stud; forced air heat.

STABILIZED PROFORMA: Proposed Residential Industrial-Loft

Assumptions:
- Property type: Residential Industrial Loft
- Site Size: 2.0 acres (87,120 SF)
- Number Units: 25 units
- Average Unit Size: 1,000 square feet.
- Retail Price per Unit: $125,000
- Retail Price per SF: $125
- Cost of Sale: 7% sales commission

Revenue from Unit Sales:
- Gross Sales Revenue: 25 units @ $125,000 = $3,125,000
- Less: Cost of Sale: $3,125 million @ 7% = ($218,750)
- Net Sales Proceeds (to nearest $50,000): $2,900,000
### Site Assemblage and Acquisition:

<table>
<thead>
<tr>
<th>Description</th>
<th>Area</th>
<th>Unit Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Purchase</td>
<td>87,120</td>
<td>$4.00</td>
<td>$348,480</td>
</tr>
<tr>
<td>Building Construction:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial-Style Shell</td>
<td>25,000</td>
<td>$25</td>
<td>$625,000</td>
</tr>
<tr>
<td>Residential Upgrades(^1)</td>
<td>25,000</td>
<td>$20</td>
<td>$400,000</td>
</tr>
<tr>
<td>Interior Finish</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% interior finish</td>
<td>6,250</td>
<td>$20</td>
<td>$125,000</td>
</tr>
<tr>
<td>Residential Upgrades, plumbing</td>
<td>25,000</td>
<td>$10</td>
<td>$250,000</td>
</tr>
<tr>
<td>Kitchen finish, appliances</td>
<td>25</td>
<td>$2,500</td>
<td>$62,500</td>
</tr>
<tr>
<td>Porches/Balconies</td>
<td>25</td>
<td>$1,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Site Work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscaping/Paving</td>
<td>74,620</td>
<td>$4</td>
<td>$298,480</td>
</tr>
<tr>
<td>Improvements Contingency</td>
<td></td>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td>Developers Profit</td>
<td>10%</td>
<td></td>
<td>218,446</td>
</tr>
<tr>
<td>Development Costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Development Costs (to nearest $50,000)</td>
<td></td>
<td></td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Per Unit</td>
<td></td>
<td></td>
<td>$96,000</td>
</tr>
</tbody>
</table>

### RATE OF RETURN

- **Development/Sellout Period**: 2 years
- **Annual Cash Flow (net sales proceeds over sellout period)**: $967,000
- **Internal Rate of Return\(^2\)**: 14%

1. to bring "industrial construction" to residential living and building code standards
2. $2,400,000 initial outlay; $1,450,000 annual cash flow for 2 years
D. Economic and Fiscal Impact Analysis

New development on the Shattuck site will take a vacant site and add new construction, households, and/or businesses. Development will impact both public revenues and the costs of servicing that new development, or fiscal impacts. New development will also increase economic activity in the city through construction purchases and jobs, creating new business locations or households, and increasing commercial or residential consumer demand, in addition to public revenues. Economic and fiscal impacts estimated for each development scenario are presented below. This comprehensive analysis, looking at direct and indirect impacts related to site development, is summarized on the following pages.

The SiteStats© economic and fiscal modeling tool utilized in this analysis and all underlying modeling assumptions were developed by Development Research Partners.
### ECONOMIC AND FISCAL IMPACTS

**City and County of Denver**

**SCENARIO**

<table>
<thead>
<tr>
<th>Light Industrial: Office/Warehouse</th>
<th>Light Industrial: Industrial-Flex</th>
<th>Industrial Loft plus Industrial Flex</th>
</tr>
</thead>
<tbody>
<tr>
<td>DESCRIPTION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,000 SF on 5.9 acres</td>
<td>100,000 SF on 5.9 acres</td>
<td>25 Work/Live units on 2.0 acres</td>
</tr>
<tr>
<td>66,000 SF Lt Ind on 3.9 acres</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**INITIAL FISCAL IMPACTS FROM CONSTRUCTION**

<table>
<thead>
<tr>
<th></th>
<th>Light Industrial: Office/Warehouse</th>
<th>Light Industrial: Industrial-Flex</th>
<th>Industrial Loft plus Industrial Flex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales/Use Tax on Building Materials</td>
<td>$80,400</td>
<td>$98,800</td>
<td>$89,500</td>
</tr>
<tr>
<td>Sales/Use Tax on initial Business Equipment</td>
<td>$26,500</td>
<td>$31,900</td>
<td>$21,000</td>
</tr>
<tr>
<td><strong>TOTAL INITIAL REVENUE</strong></td>
<td>$106,900</td>
<td>$130,700</td>
<td>$110,500</td>
</tr>
</tbody>
</table>

**DIRECT ANNUAL FISCAL IMPACTS FROM BUSINESS OPERATIONS ON-SITE**

<table>
<thead>
<tr>
<th></th>
<th>Light Industrial: Office/Warehouse</th>
<th>Light Industrial: Industrial-Flex</th>
<th>Industrial Loft plus Industrial Flex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Real Property Tax</td>
<td>$15,000</td>
<td>$16,700</td>
<td>$11,000</td>
</tr>
<tr>
<td>Total Personal Property Tax</td>
<td>$3,600</td>
<td>$4,000</td>
<td>$2,500</td>
</tr>
<tr>
<td>Sales Tax Revenue, Purchases for Operations</td>
<td>$75,900</td>
<td>$75,900</td>
<td>$50,100</td>
</tr>
<tr>
<td>Sales/Use Tax Revenue, Capital Replacements</td>
<td>$4,300</td>
<td>$4,800</td>
<td>$3,200</td>
</tr>
<tr>
<td>Sales Tax Revenue, Consumer Sales</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Employee Occupational Tax</td>
<td>$21,500</td>
<td>$21,500</td>
<td>$14,200</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL REVENUE</strong></td>
<td>$170,200</td>
<td>$172,800</td>
<td>$113,900</td>
</tr>
</tbody>
</table>

**DIRECT ANNUAL FISCAL IMPACTS FROM RESIDENTS ON-SITE**

<table>
<thead>
<tr>
<th></th>
<th>Light Industrial: Office/Warehouse</th>
<th>Light Industrial: Industrial-Flex</th>
<th>Industrial Loft plus Industrial Flex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Real Property Tax</td>
<td>$0</td>
<td>$0</td>
<td>$2,500</td>
</tr>
<tr>
<td>Sales Tax Revenue, Local Household Purchases</td>
<td>$0</td>
<td>$0</td>
<td>$10,100</td>
</tr>
<tr>
<td>Other Fees and Miscellaneous Revenues</td>
<td>$0</td>
<td>$0</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL REVENUE</strong></td>
<td>$0</td>
<td>$0</td>
<td>$27,600</td>
</tr>
</tbody>
</table>

**INDIRECT ANNUAL FISCAL IMPACTS FROM DENVER RESIDENTS EMPLOYED AT ON-SITE BUSINESSES**

<table>
<thead>
<tr>
<th></th>
<th>Light Industrial: Office/Warehouse</th>
<th>Light Industrial: Industrial-Flex</th>
<th>Industrial Loft plus Industrial Flex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes, Denver Residences</td>
<td>$13,500</td>
<td>$14,900</td>
<td>$9,900</td>
</tr>
<tr>
<td>Sales Tax Revenue, Resident Local Purchases</td>
<td>$54,200</td>
<td>$60,200</td>
<td>$39,700</td>
</tr>
<tr>
<td>Other Fees and Miscellaneous Revenues</td>
<td>$37,500</td>
<td>$37,500</td>
<td>$24,700</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL REVENUE</strong></td>
<td>$105,200</td>
<td>$112,600</td>
<td>$74,300</td>
</tr>
</tbody>
</table>
### NET Annual Fiscal Impacts

<table>
<thead>
<tr>
<th>Category</th>
<th>First Year</th>
<th>Second Year</th>
<th>Third Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Operation, on-site (Direct Impact)</td>
<td>$170,200</td>
<td>$172,800</td>
<td>$113,900</td>
</tr>
<tr>
<td>Residents, on-site (Direct Impact)</td>
<td>$0</td>
<td>$0</td>
<td>$27,600</td>
</tr>
<tr>
<td>Local Employees, offsite (Indirect Impact)</td>
<td>$105,200</td>
<td>$112,600</td>
<td>$74,300</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$275,400</td>
<td>$285,400</td>
<td>$215,800</td>
</tr>
<tr>
<td><strong>Cost of Government Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Businesses, on-site ($710 per employee)</td>
<td>$131,000</td>
<td>$131,000</td>
<td>$86,500</td>
</tr>
<tr>
<td>Residents, on-site ($790 per person)</td>
<td>$0</td>
<td>$0</td>
<td>$39,500</td>
</tr>
<tr>
<td>Local Employees, off-site Denver residents</td>
<td>$98,300</td>
<td>$98,300</td>
<td>$65,900</td>
</tr>
<tr>
<td><strong>Total Service Cost</strong></td>
<td>$229,300</td>
<td>$229,300</td>
<td>$191,900</td>
</tr>
<tr>
<td><strong>NET FISCAL IMPACT</strong></td>
<td>$44,800</td>
<td>$52,600</td>
<td>$21,800</td>
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</table>

**Direct Economic Impacts**

<table>
<thead>
<tr>
<th>Category</th>
<th>First Year</th>
<th>Second Year</th>
<th>Third Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Creation, on-site</td>
<td>184 jobs</td>
<td>184 jobs</td>
<td>121 jobs</td>
</tr>
<tr>
<td>Average Wage</td>
<td>$45,000</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Total Payroll</strong></td>
<td>$8,280,000</td>
<td>$9,200,000</td>
<td>$6,000,000</td>
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<tr>
<td>Business Purchases from Local Vendors</td>
<td>$540,000</td>
<td>$541,000</td>
<td>$357,600</td>
</tr>
<tr>
<td>Housing Units, on-site</td>
<td>0</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>Residents, on-site</td>
<td>0</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Household Purchases from Local Retailers</td>
<td>0</td>
<td>0</td>
<td>$288,800</td>
</tr>
</tbody>
</table>

---

**SHATTUCK REDEVELOPMENT PLAN**