

# AGENDA ITEM # 6

## PLANNING COMMISSION COMMUNICATION FORM

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FROM: John Eastman, AICP, Planning Services Manager (Ext 275)

THROUGH: Tom Leeson, AICP, Director of Planning Services (Ext. 244)

DATE: February 12, 2009

ITEM: West Steamboat Large Format Retail

NEXT STEP: City Council review

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- ORDINANCE
  - RESOLUTION
  - MOTION
  - DIRECTION
  - INFORMATION
- 

PROJECT NAME: West Steamboat Large Format Retail Work session

ISSUE: Provide Direction on the following questions:

1. Is large format retail a land use that should be accommodated in West Steamboat?
2. If large format retail is located in West Steamboat where is the best location?

APPLICANT: City of Steamboat Springs, Department of Planning Services, c/o Planning Services Manager John Eastman, Centennial Hall, 124 10<sup>th</sup> Street, PO Box 775088, Steamboat Springs, CO 80477 970-871-8275

**I. BACKGROUND INFORMATION**

The issue of whether large format retail aka “big box” development makes sense for Steamboat Springs has been under discussion for a long time. Over the last five years the City has made a number of changes to planning documents and land use regulations to address big box development including:

- 2004 Steamboat Springs Area Community Plan (SSACP) update adopted:** includes specific direction regarding big box development standards.
- 2004 Community Development Code (CDC) amendment:** prohibiting single tenant commercial over 20,000 sf south of Third Street and requiring Planned Unit Development (PUD) review for all new single tenant commercial over 12,000 sf and multi-tenant commercial over 20,000 sf.
- 2006 Community Development Code (CDC) amendment:** Detailed development standards for large format retail adopted.
- 2008 Steamboat Springs Economic Development Plan prepared by Economic Planning Consultants (“EPS Study”):** Surveys indicate ambivalence about whether large format retail should be allowed at all and that to be acceptable any large format retail would have to address community impacts and adhere to strict design standards. West Steamboat is identified as the preferred location for large format retail. The study estimates that development of a large format general merchandise store and home improvement store, Target and Lowes for example, would result in a net increase \$1.1 million in annual sales taxes even after accounting for decreased sales at other area businesses. (See Attachment A for excerpts from report)

Population (Are there really enough people here to support big box?):

The West Steamboat Springs Area Plan anticipates a 15 – 25 year development timeframe for the west steamboat area. The State Demographers office projects that the current Routt County population of 24,000 will grow to over 36,000 within 15 years and will be close to 45,000 by 2035. When combined with Moffat County projections the full time regional population is projected to increase from around 39,000 to over 71,000 within 25 years. These figures do not include the visitors and second home owners which contribute to an effective population which is significantly higher than the full time population. Based on population trends, employment data and visitor information the EPS study concludes that *“interest from a new discount department store and a home improvement center are moderately strong possibilities in the near future.”*

Steamboat 700 and 360 Village annexation applications:

The Steamboat 700 and 360 Village sites both contain potential locations for large format retail. 360 Village has started the process of negotiating a pre-annexation agreement with the City and Steamboat 700 LLC has recently submitted an application for a 508-acre annexation. A decision on whether to require one of the developments to reserve land for a big box site is required so that more detailed land planning can move forward. It should

be noted that reserving a site does not guarantee that large format retail will be built on the site.

## II. STEAMBOAT SPRINGS AREA COMMUNITY PLAN (SSACP)

Applicable sections of the SSACP include but are not limited to:

*Policy LU-1.2: Future development will be in compact mixed-use neighborhoods.*

The Future Land Use Plan directs new development to existing and new mixed-use neighborhoods within the UGB, while reducing the potential for dispersed growth not conducive to pedestrian and transit activity that is outside the UGB.

*Policy LU-3.2: New development will be designed to promote distinct new mixed-use neighborhoods.*

New neighborhoods should be designed as walkable, mixed-use areas. They are intended to be a setting for a variety of housing types combined with complementary and supporting non-residential uses that serve the neighborhood, including neighborhood commercial services. They shall be designed to include a network of direct and interconnected streets, pedestrian, and bicycle connections. Mixed-use development shall be encouraged within new urban residential neighborhoods. New neighborhoods should include a center that serves as a focal gathering space. Such a center may include a school, park, or other public or private recreation facility, or neighborhood services.

*Goal LU-4: Our community will promote the development of compact Commercial Activity Nodes and a mixed use corridor along US 40 between commercial nodes.*

*Goal LU-5: Our community will plan and implement land use patterns that support an efficient transportation system and alternative transportation modes.*

*Goal CD-1: Our community will preserve its small town character and the image of neighborhoods and the community.*

*Policy ED-1.6: Promote a Sustainable, Year-round Economy.*

The city and county will continue to support year-round tourism in the community and will explore new ways to create greater diversity and economic self-sufficiency for the region. The community is interested in exploring concepts and approaches for sustainable economic development that may help to create a year-round and long-term diversified economy that is more stable through economic “ebbs” and “flows.” This will require an integrated approach to economic development—one that considers social and environmental factors as well as economic benefits in the community.

*Policy ED-2.1: Support opportunities to expand and increase the number of local businesses in Steamboat Springs.*

*Goal ED-3: Steamboat Springs will maintain its role as a regional economic center.*

*Rationale*

The community's long term commitment to the continued stability and vitality of Steamboat Springs as the regional commercial, office, governmental, and cultural center for the region will continue to drive ongoing planning efforts and public and private investments.

*Policy CF-1.3: Establish a stable/sustainable funding source for essential capital projects.*

Identify and pursue all practical and equitable ways to fund the capital improvement projects necessary to serve existing and future development. Leverage and supplement city funds to the fullest extent possible to maximize limited city and county resources.

### III. LARGE FORMAT RETAIL SCENARIO

The most likely scenario for large format retail anticipated for Steamboat Springs consists of a general merchandise retailer, a home improvement center, some ancillary retail and possibly a grocery store. This is the scenario analyzed by the EPS study and is the type of development that has occurred recently in both Avon (Home Depot/Super Wal-Mart) and Glenwood Springs (Target/Lowes). Under the scenario outlined the following characteristics could be anticipated:

- 20 – 35 acre site
- General Merchandise store 80,000 – 126,000 sf
- Home Improvement Center 100,000 sf plus 22,000 sf garden center
- Grocery Store 50,000 – 65,000 sf
- Total Commercial space 250,000+ sf
- Total parking spaces 450+

#### Summary of Pros and Cons of Large Format Retail

- | <b>Pros</b>   | <b>Cons</b>  |
|---|--|
| <ul style="list-style-type: none"><li>• Capture Sales Tax leakage in excess of \$1,000,000/year</li><li>• Lower cost goods available without a drive to Silverthorne or Avon</li><li>• Maintain Steamboat Springs as “Regional Economic Center”</li><li>• New employment</li><li>• Potential funding source for Hwy 40 improvements</li><li>• ?</li></ul> | <ul style="list-style-type: none"><li>• Loss of small town character</li><li>• Decreased sales at existing stores</li><li>• New service sector jobs could exacerbate affordable housing issues</li><li>• Would significantly increase traffic on the already constrained Hwy 40 corridor</li><li>• ?</li></ul> |

### **CDC Large Format Retail Design Requirements**

In 2006 large format retail design standards were added to the CDC. Some of the more significant requirements include:

- Report that addresses impacts to housing, local businesses, transportation, emergency services, parks and recreation etc.
- Building location that requires smaller scale buildings on pads to help screen parking lots
- Requirement for Leadership in Energy and Environmental Design (LEED) certification in design, materials, and construction.
- Buildings shall have a minimum of two (2) stories above grade.
- All facades that are visible from a public street shall employ actual protrusions or recesses with a depth of at least six (6) feet. No uninterrupted facade shall extend more than fifty (50) feet. Facades/Exterior walls shall be articulated to reduce the scale and the uniform appearances of large retail buildings (e.g., horizontal facades should incorporate wall plane projections or recesses).
- Ground floor facades that face public streets shall have arcades (a series of outdoor spaces located under a roof or overhang and supported by columns or arches), display windows, entry areas, awnings, or other such features along no less than fifty (50) percent of their horizontal length. The integration of windows into building design is required, and shall be transparent, clear glass (not tinted) with sills a minimum of eighteen (18) inches above the walkway and headers no lower than eight (8) feet along any facades facing a public street.
- The entire development shall provide for safe pedestrian and bicycle access to all uses within the development, connections to existing and planned public pedestrian and bicycle facilities, and connections should link the public sidewalks with the customer entrances and to adjacent properties.

### **Parking Structure**

The CDC design standards do not require a parking structure. The use of a parking structure, or in the case of the picture below, parking on the roof is the most effective tool in making big box development fit into a walkable urban environment. It is the only way to reduce the site footprint significantly. This allows the big box development to be included within an overall mixed use pedestrian district as envisioned in the SSACP.

Based on staff research a preferred scenario for integrating big box would be to have ground floor commercial with residential above on one side of the primary arterial and the big boxes and structure on the other side with a veneer of small scale commercial. The primary arterial would include on-street parking and landscaping treatment to provide a main street character. The remaining big box frontages would be incorporated into a traditional block structure with a residential veneer as shown below.

## **NEW URBAN NEWS**

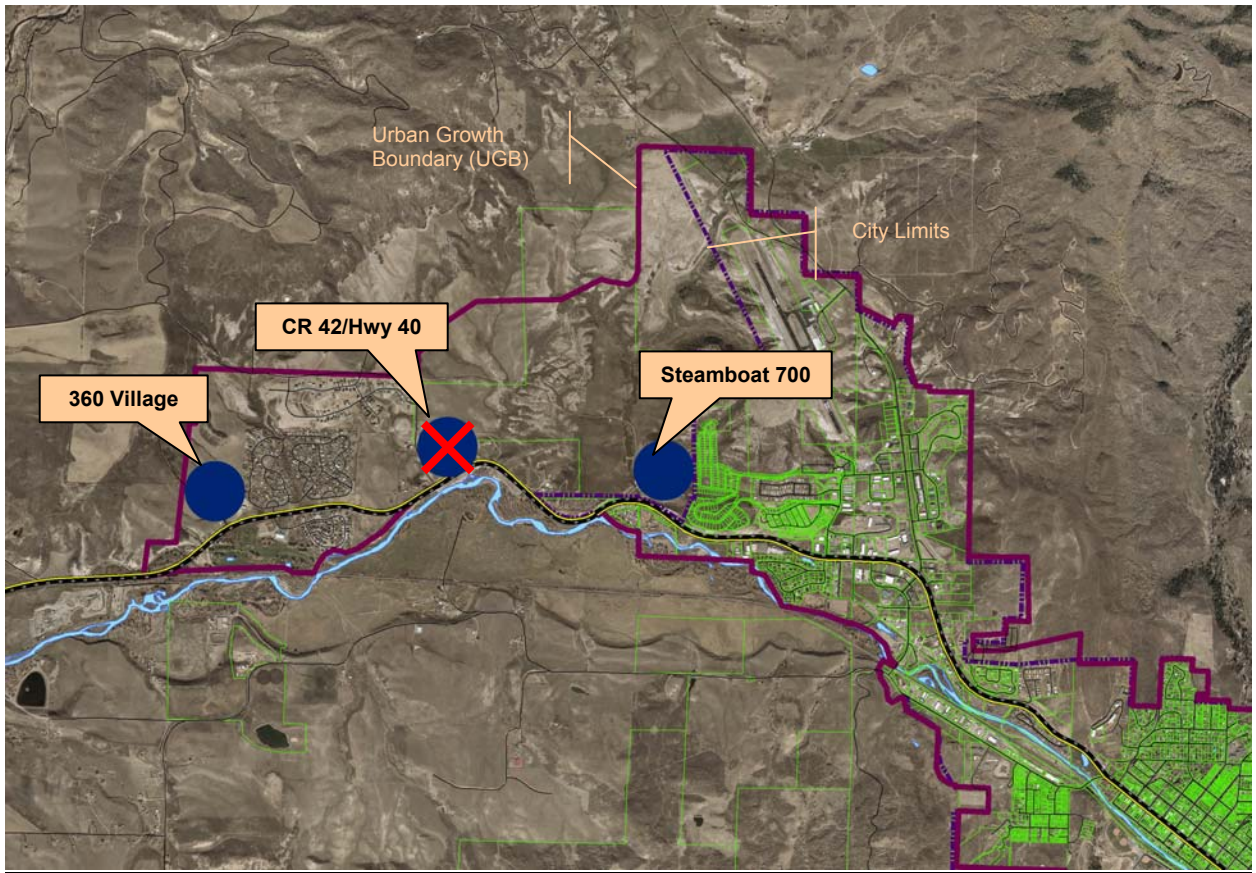


COURTESY OF CONFORMITY CORP.

**An aerial view of the Southborough townhouses and flats that line the back and side of Lowe's.**

Including a parking structure as part of a big box development typically requires some level of public/private partnership. One example in Colorado is the Belmar development in Lakewood which includes a parking structure wrapped with retail uses within a mixed use area. Sales taxes were used to provide some of the enhancements to the project. (see Attachment B). Staff will present additional information regarding public/private financing mechanisms at the public meetings.

**ALTERNATIVE LOCATIONS FOR LARGE FORMAT RETAIL**



**Large Format Retail Access Locations** (Prepared by Laura Anderson, Public Works Engineer)

Traffic impacts based on the Steamboat 700 proposal of 133,000 SF Home Improvement, 124,000 SF Discount and 54,000 SF Grocery would approximately double the existing amount of traffic on this section of US 40 (after reduction factors are applied).

The adopted Access Control Plan identifies several full movement access points along West US 40. In general we've identified 3 locations, each is roughly one mile apart, for further consideration and all will be considered signalized with a large format retail development:

- Steamboat 700 – main access across from Sleepy Bear
- US 40/CR 42 – existing roadway with primary access to Silver Spur
- 360 Village– future access west of Steamboat II

All 3 locations have adequate sight distance; all will require significant intersection improvements and all will provide primary access to residential neighborhoods in addition to the retail site.

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West Steamboat Large Format Retail Worksession

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The Steamboat 700 access may have the best visibility from US 40 with an additional north/south connection (Slate Creek Connector) for access from the north. [The other 2 locations will connect to the Slate Creek Connector via New Victory Parkway.] This location also has the shortest drive distance from the Steamboat Springs Community. The proposed intersection location probably has a slower travel speed on US 40 due to the curves and existing developments.

The US 40/CR 42 intersection currently has some safety concerns with the sight distance to the east based on the CDOT Safety Assessment Report for the West US 40 NEPA Study (50 mph speed limit). Visibility from US 40 to the retail site would be very limited. This intersection has topography issues for future development adjacent to the intersection.

A signalized intersection at 360 Village may benefit operations at the nearby US 40/Brandon Circle intersection by providing “gaps” in US 40 traffic for vehicles turning onto the highway from Heritage Park or Steamboat II. It has good sight distance with a speed limit of 55 mph.

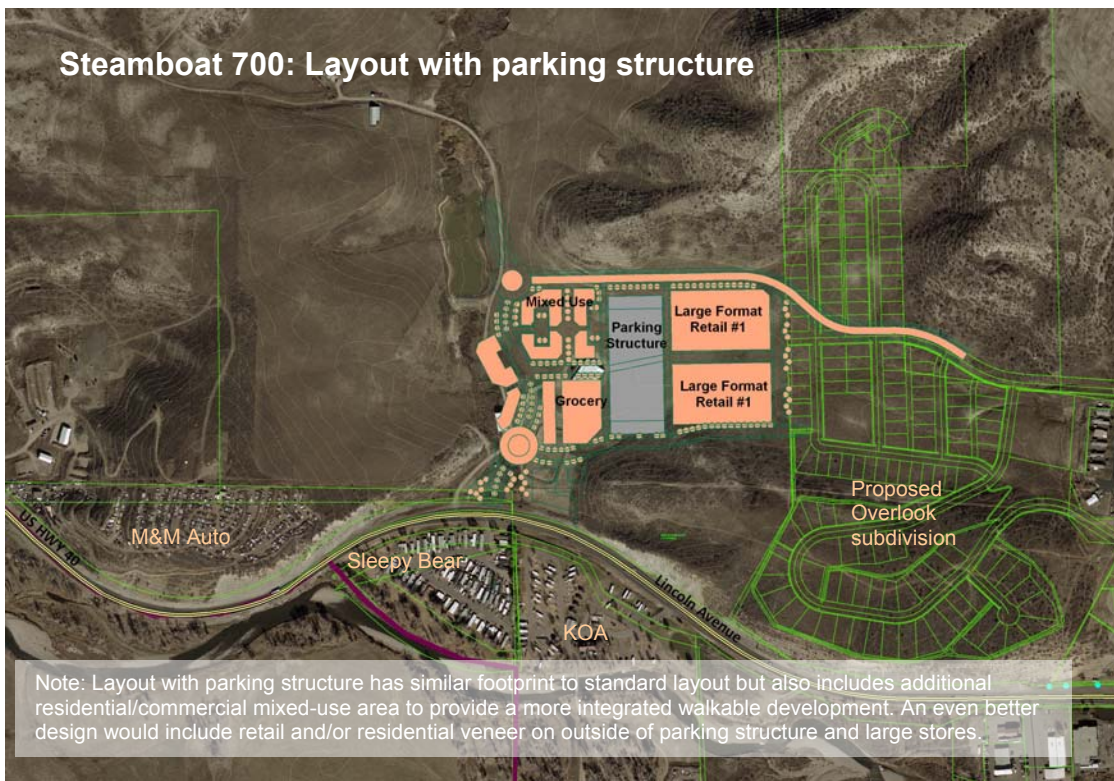
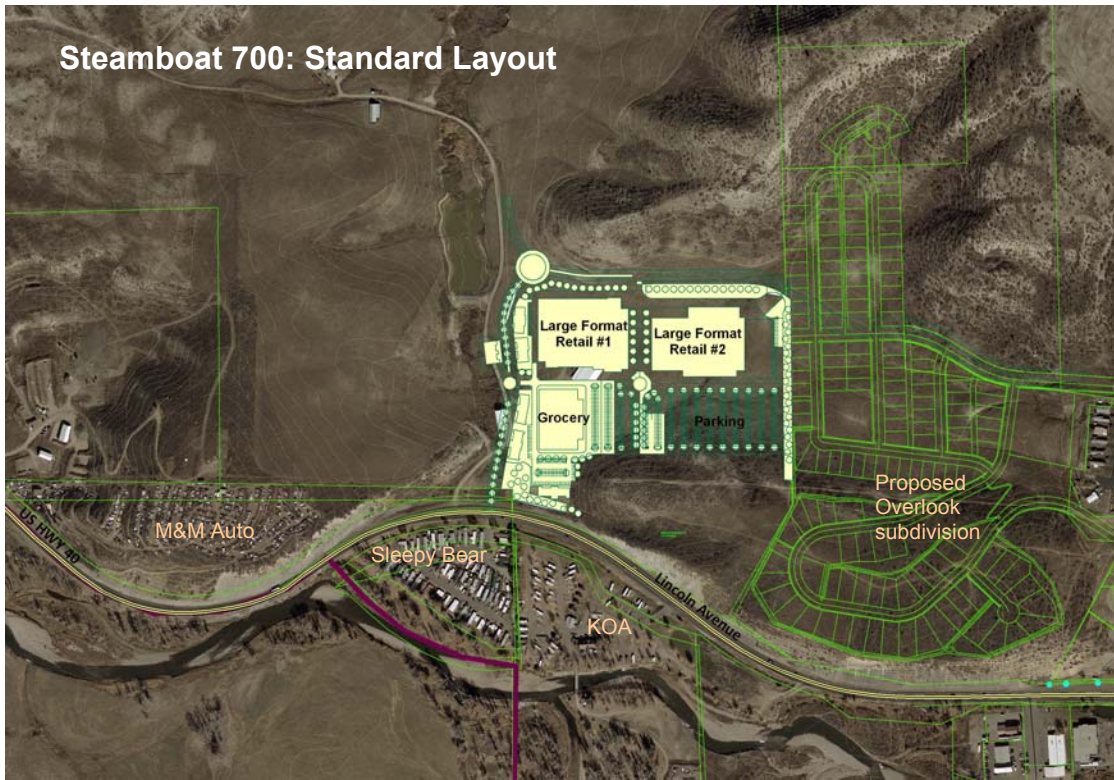
**Site Comparison Summary**

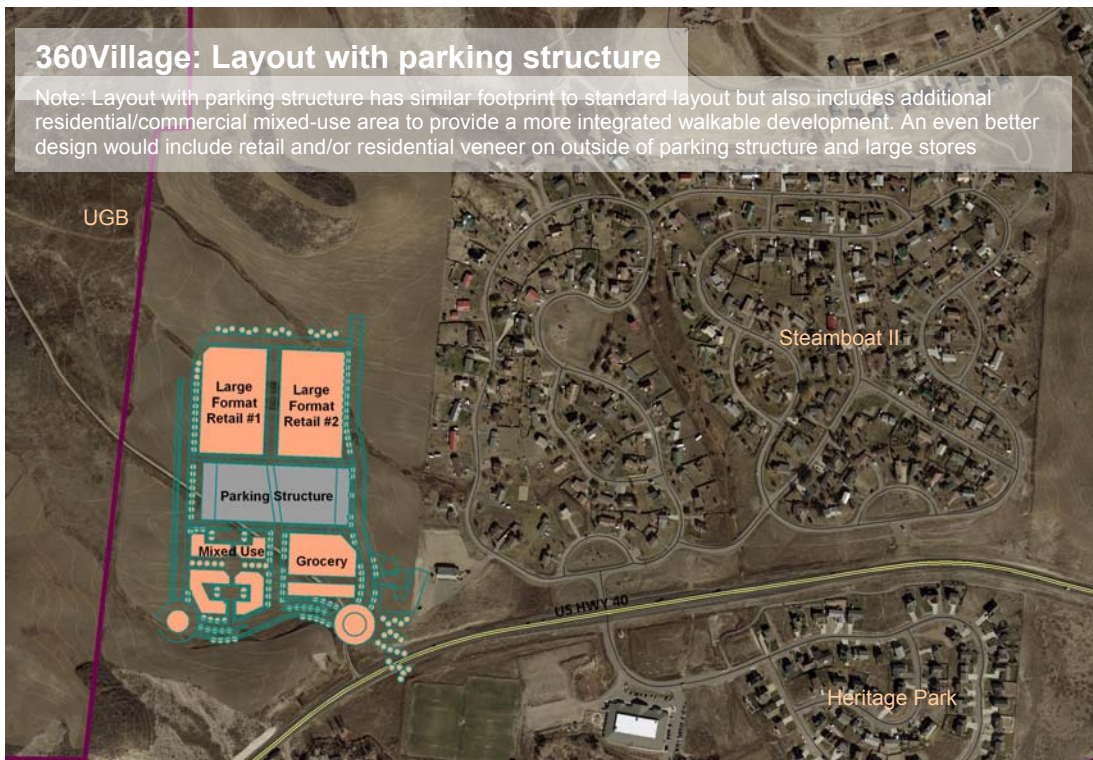
*County Road (CR) 42/ Hwy 40: Not Considered* Flat area on Northeast corner of intersection. This alternative was removed from consideration because landowner has indicated that they have no intention of developing land in the foreseeable future.

<b>Criteria</b>	<b>Steamboat 700</b>	<b>360 Village</b>
Visual Impact	The ridge between Hwy 40 and the site provides screening that will limit visual impacts	The site is highly visible from Hwy 40 and CR 33
Hwy 40 impacts	It is not clear if increased traffic would create the need for a six lane road. This is the easiest of the three sites for transit due to proximity to downtown	Similar issues to Steamboat 700 site but more expensive to serve with transit.
Emergency Services	More central location makes emergency response easier	Remote location may make adequate emergency response more difficult
Pedestrian friendly	This site provides an opportunity for achieving a “critical mass” of residents in close proximity	Adjacent subdivisions are relatively low density and it could be difficult to create functional pedestrian connections
Land Use impacts	Potential for increased traffic on Downhill Drive and local roads. Land Use impacts to adjacent developments are mitigated somewhat because new development in both Overlook and Steamboat 700 would occur with the expectation of big box in the area.	The site is adjacent to existing Steamboat II, Silver Spur, and Heritage Park subdivisions which are already built out and have established expectations regarding adjacent land uses.



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**IV. DIRECTION REQUESTED**

Provide Direction on the following questions:

1. Is large format retail a land use that should be accommodated in West Steamboat?

**Staff Recommendation: Qualified Yes** – Recent examples have shown that a sustainable, mixed use urban style large format retail development can be achieved through the use of an integrated parking structure and enhanced design. In this way the impacts to community character could be mitigated and the benefits of increased sales taxes, meeting the needs of a growing population, and meeting the Community Plan goal that “Steamboat Springs will maintain its role as a regional economic center” could be realized. Such a plan would likely require public/private partnerships to provide financing for a parking structure. It would also have to analyze and mitigate potential impacts to local businesses as required by the CDC.

Note: It is possible that traffic studies may indicate a significant incremental cost to provide adequate vehicular access such that the increased sales revenues might have to be devoted entirely to infrastructure improvements. In which case there would still be potential negative impacts to community character and no offsetting gains.

2. If large format retail is located in West Steamboat where is the best location?

**Staff Recommendation: Steamboat 700 with parking structure** – The Steamboat 700 site allows the best opportunity to mitigate visual impact and provide transit service at the most reasonable cost. This location has less potential impact on existing residences. Land Use compatibility issues would have to be addressed through the development review process and might require wrapping either the parking structure or one of the buildings with townhouses to provide an appropriate transition to the Overlook Subdivision.

**V. ATTACHMENTS:**

Attachment A – Excerpts from Steamboat Springs Economic Development Plan prepared by Economic Planning Consultants (“EPS Study”)

Attachment B – Article on Belmar development

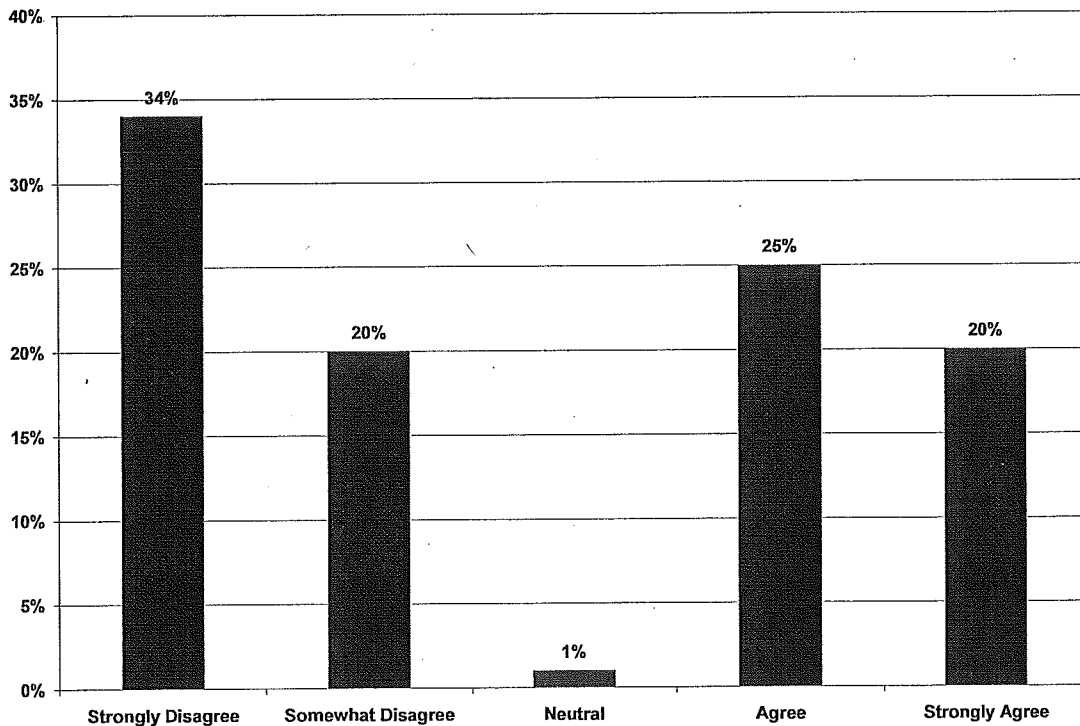
## RETAIL SHOPPING AND DEVELOPMENT OPINIONS

### RETAIL DEVELOPMENT REGULATIONS

The survey included a series of questions regarding retail shopping patterns, characteristics, and preferences. The primary purpose was to collect data to be used for the retail inflow-outflow analysis as well as to solicit opinions on City regulations concerning large format stores and formula retail.

The community is sharply divided on the issue of whether additional large format retail development should be allowed in Steamboat. In the first and most straightforward question, "New large format stores should be allowed," the agree and strongly agree responses total 45 percent while the disagree and strongly disagree responses total 54 percent. Only 1 percent of respondents were neutral on the issue as illustrated in Figure 10.

**Figure 10**  
**Survey: Large Format Stores Should be Allowed in Steamboat**  
**Steamboat Springs Economic Development Plan**



However, when conditions or criteria are added to the question, such as particular locations, design standards, or addressing community impacts, agree responses outweigh disagree responses by 15 to 20 percent, as shown in **Table 24**. Overall, the survey results indicate a community sharply divided on the issue.

**Table 24**  
**Survey: Large Format Retail with Conditions**  
**Steamboat Springs Economic Development Plan**

Question	Strongly Disagree	Somewhat Disagree	Neutral	Agree	Strongly Agree	Disagree	Agree
New Large Format Stores Should Be Allowed	34%	20%	1%	25%	20%	54%	45%
New Large Format Stores, Only in Certain Areas	27%	14%	2%	30%	27%	41%	57%
Large Format Stores, With Strict Design Standards	25%	14%	3%	27%	31%	39%	58%
Large Format Stores, If Address Community Impacts	26%	13%	3%	28%	30%	39%	58%

Source: RRC Associates, Economic & Planning Systems  
 H:\17831-Steamboat Springs ED Plan\Models\17831-Survey.xls\Large Retail

Respondents were also asked, "In your opinion, what is the best location for large format retail?" The majority indicated the West Highway 40 corridor with 62 percent of responses, as shown in **Table 25**. Only 24 percent chose the East Highway 40 corridor where most of the larger stores and formula retail currently exist. Eleven percent chose "Not in Steamboat," while 1 percent chose "Downtown."

**Table 25**  
**Preferred Locations for Large Format Retail**  
**Steamboat Springs Economic Development Plan**

Preferred Location	Responses
West Hwy 40 Corridor	62%
East Hwy 40 Corridor	24%
Other	15%
Not in Steamboat	11%
Downtown Steamboat	1%

Note: total is more than 100% as some respondents made more than one choice.

Source: RRC Associates, Economic & Planning Systems

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## STEAMBOAT RETAIL POTENTIALS

The final step in evaluating future retail potentials in the Steamboat area is to convert the expenditure potential to supportable square feet of retail space. Supportable retail space is calculated by dividing expenditure potential by the sales per square foot a retailer would expect to justify a new store. An inflow factor is also applied to reflect the current trade area sales flows described earlier. The analysis consists of two components: the amount of space supported by the level of expenditure by year, and the new demand going forward from 2006 which is the change in supportable space over time. Further interpretation and discussion is provided below.

At the current level of expenditures in 2006, the trade area (including the visitor population) can support approximately 213,000 square feet of space in Convenience Goods, growing to 310,000 square feet in 2021 at the assumed grow rates as shown in **Table 46**. The expenditures support 512,000 square feet of space in Shoppers Goods in 2006, growing by 233,000 square feet by 2021. Eating and drinking expenditures support 224,000 square feet, and 89,000 square feet of space in Building Material and Garden.

## SUPERMARKETS

The existing level of local resident expenditures supports two typically sized grocery stores, at approximately 50,000 square feet each, as illustrated by the 98,000 square feet at the bottom of **Table 46** (resident expenditures only). From 2006 to 2016, the growth in expenditures results in new demand of 60,000 square feet in all Convenience Goods categories (i.e. Supermarkets, Beer, Wine, and Liquor stores). After separating out Supermarkets and Specialty Foods, the growth in local resident expenditures supports 21,000 square feet over the next 10 years in the Supermarkets and Specialty Foods category; visitor expenditures would also reinforce this growth. This suggests that a third supermarket may be feasible in the Steamboat area within a 5 to 10 year time period.

The two existing full service supermarkets, Safeway and King Soopers, are located in close proximity to each other in the Central Park/Pine Grove Road area. Based on the current store distribution and the expected growth of West Steamboat, a potential location for a third full service supermarket would be in the West Steamboat area where a significant amount of new locally oriented housing is planned. New supermarkets are typically in the 50,000 to 65,000 square foot range. Once this area becomes more established with housing, a supermarket could become a more likely possibility.

## NATURAL FOODS GROCERS

A natural foods grocer, such as Whole Foods, could also be an opportunity in the trade area within the next five to 10 years based on the expenditure projections. This may be a more immediate possibility because it would be a new store in the market, and would need to rely as much on cannibalizing competitors' sales as a third grocery store. Whole Foods has recently announced its first store outside the Front Range in the Willits Town Center project in Basalt, in the Roaring Fork Valley. The store will be approximately 44,000 square feet with a planned opening in 2009. This initial mountain area store is expected to trigger the development of additional outlets as it is very inefficient to supply on one store within a region.

## HOME IMPROVEMENT CENTERS

Current household expenditures support approximately 89,000 square feet of space in this store category, as shown in **Table 46**. However, traditional lumber yards and home improvement centers also receive a substantial amount of sales from contractors. City sales tax records indicate that contractor sales are well more than twice retail sales to residents (the difference between gross sales and taxable sales). All together, this suggests that with contractor sales, household expenditures, and some regional inflow, a home improvement center could be feasible in the trade area in the near future.

A typical minimum size for new improvement centers such as Home Depot or Lowe's Home Improvement is approximately 100,000 square feet. They are starting to be more flexible on size and work with communities to modify their traditional format to a smaller footprint if they identify the area as a desirable market. For example, Home Depot proposed an 88,400 square foot (footprint) LEED certified building in Carbondale. This project did not move forward. (With a mezzanine the total retail floor area was still close to 100,000 square feet.)

## GENERAL MERCHANDISE

The trade area population (not including visitors) currently generates approximately \$34 million in expenditure potential for general merchandise goods. This equates to support for approximately 142,000 square feet of general merchandise space, assuming 25 percent trade area inflow, or approximately 114,000 square feet without assuming any inflow. Visitor expenditures would boost this figure higher. A potential store candidate in this category would be Target, given the frequency with which Steamboat Area residents travel to shop at the Silverthorne Target (126,000 square feet). The same principle of multiple store locations also applies to Target. They opened an initial outlet in Silverthorne and a second store in Glenwood Springs. Steamboat has reportedly been on their list of potential future locations for some time.

A typical new discount department store is 125,000 square feet. These stores can generate about \$300 per square foot in sales, or a total of \$37.5 million as shown in **Table 48**. Nearly all sales in this type of store would be taxable. The portion of net new sales comes from redirect residents' expenditures back into Steamboat. The \$12.7 million of captured leakage is approximately one-third of this store's total sales potential. However, a new store in the market area would be expected to also generate some additional inflow. Based on this qualitative and quantitative assessment, a factor of 50 percent net new sales is applied to General Merchandise. This results in \$750,000 in annual City sales tax, and \$94,000 in School District sales taxes.

Home improvement stores typically get 20 to 30 percent of their sales from contractors and the remaining retail sales from individuals. In Steamboat contractor sales expected to be on the higher side, and are estimated at 30 percent of total sales. Leakage capture of \$5.5 million in home improvement and appliances would account for approximately 20 percent of the stores sales and would be net new sales. On the other hand, a significant portion of home improvement center sales would come from existing stores. A new home improvement center would also generate some inflow. All together, these factors suggest that approximately 45 percent of retail sales would be net new, and 25 percent of contractor sales, or approximately 40 percent overall.

A further reduction is applied to taxable sales to account for material and appliance deliveries to retail customers. Taxable contractor sales are also adjusted down to account for materials subject to use tax in other jurisdictions. A new home improvement center is estimated to generate \$400,000 in City sales tax and \$51,000 in School District taxes.

**Table 48**  
**Major Retailer Sales Tax Estimates**  
**Steamboat Springs Economic Development Plan**

Store Prototype	Sq. Ft.	Sales/ Sq. Ft.	Gross Sales	% Net New Sales	% Taxable Sales	City Sales Tax 4.0%	School Dist. Sales Tax 0.5%
General Merchandise Store	125,000	\$300	\$37,500,000	50%	100%	\$750,000	\$93,750
<b>Home Improvement Center</b>							
Retail Sales		\$210	\$21,000,000	45%	90%	\$340,200	\$42,525
Contractor Sales		\$90	\$9,000,000	25%	75%	\$67,500	\$8,438
<b>Total</b>	<b>100,000</b>	<b>\$300</b>	<b>\$30,000,000</b>			<b>\$407,700</b>	<b>\$50,963</b>

Source: Economic & Planning Systems  
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## SALES TAX IMPACTS

This analysis has suggested that interest from a new discount department store and a home improvement center are moderately strong possibilities in the near future. As one consideration for policy makers, this analysis provides estimates of the potential sales tax revenues that these stores could generate.

To estimate sales tax revenues, it is necessary to distinguish between the total sales generated by a new store, and the portion of those sales that are actually *net new* sales in the trade area. New stores inevitably erode a portion of the sales from existing stores in the same store category, or from other stores which carry similar lines of merchandise. Without this refinement, sales tax revenues can be overstated.

First, the current sales leakage pattern from the Inflow/Outflow analysis provides a baseline estimate of expenditures that could be channeled back into the City if a new store were to locate in Steamboat. From the Inflow/Outflow analysis, it is estimated that residents make approximately \$17 million or 50 percent of their General Merchandise purchases outside Steamboat, as shown in Table 47. Assuming that 75 percent of this could be captured in Steamboat, this would contribute approximately \$12.7 million to new sales. Similarly, Building Material and Garden, there is currently an estimated \$5.9 million in purchases made outside Steamboat. Capturing 75 percent of this could contribute \$4.5 million in new sales. Home improvement centers also sell appliances, and capturing 25 percent of the leakage in this store category could add another \$1.0 million in sales for a total of \$5.5 million in captured leakage.

**Table 47**  
**Estimated Leakage Capture**  
**Steamboat Springs Economic Development Plan**

Store Type	Expenditure Potential (\$000s)	Existing Leakage		Potential Leakage Capture	
		%	Resident Expenditures (\$000s)	%	Resident Expenditures (\$000s)
General Merchandise	\$34,110	50%	\$17,055	75%	\$12,791
Building Material & Garden	\$19,941	30%	\$5,982	75%	\$4,487
Electronics and Appliances	\$6,822	60%	\$4,093	25%	\$1,023
<b>Total</b>	<b>\$26,763</b>		<b>\$10,075</b>		<b>\$5,510</b>

Source: Economic & Planning Systems

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NEW TOWNS  
FALL 2005

## Another Greyfield Gone Belmar in Lakewood, Colorado

By Jason Miller

One of the most successful greyfield transformations in the nation, Belmar is a mixed-use renovation and redevelopment of the failed Villa Italia Mall in Lakewood, Colorado's fourth-largest city. Even though it is still a work in progress, Belmar already has become a bustling, vibrant downtown district for Lakewood, which had no such district before the renovation effort began. It represents the cumulative will of the city of Lakewood and its residents, who clamored for a downtown, an identity for the city. The site, which covers 23 city blocks (104 acres), is already influencing development at its borders -- and drawing impressive numbers of residential buyers and renters in a soft market.

### Early Struggles

The recipient of a 2005 CNU Charter Award, Belmar's formative years brought challenges common to greyfield redevelopment, says Tom Gougeon, chief development officer with Continuum Partners LLC, the developer of Belmar.

"Initially, the property was developed on a grant lease, which had an underlying owner plus 140 subtenants. We had to figure out how to consolidate all those subinterests -- each with veto power -- into one. It was a huge undertaking that took several years and overlapped the actual development process. It was certainly different from buying 100 acres of cornfield."

Continuum had the advantage of a good site with good visibility and high-density neighborhoods nearby. "The Villa Italia Mall had a history of being a successful regional mall with hundreds of millions of dollars of sales," says Gougeon. "But it was dying; it had lost its luster. People were unsure about the site and the market. So reestablishing its viability, and bringing back the retailers and restaurants - those were real challenges."

Securing financing was rather problematic, too, says Gougeon -- a problem that never goes away. "We wanted a good mix of national and local tenants, but typically the local tenants have little value attached to them; you need retailers with solid credit, ones who can pay larger rents. I think we've managed to create a good mix that allowed us to get the project off the ground while keeping it interesting and giving the locals time to succeed."

A third challenge at Belmar is the issue of incremental development, says Gougeon. "It would be wonderful if we could have just dropped in, demolished everything, and started from scratch -- had it all done at once. It doesn't work that way; it comes in increments. It's more evolutionary. That's good, but it's a challenge. What differentiates Belmar is its market and urban experience, but you don't have all the fabric the day you open, and it will be this way for a long time. You have to manage this constantly evolving site, as well as residents' expectations. It's going to be a few years before it comes into its own."

Fortunately for Continuum, great political and citizen will exists to help drive the project forward, says Will Fleissig, former director for planning and design with Continuum.

"Early on, the community had a very clear vision about what they wanted," says Fleissig. "And now their vision has national implications. We took a 1.4-million-square-foot mall and worked with the city to downsize the retail and make the site more dense without creating a burden on the existing street

(existing transit lines allowed this)."

In order to get out of the ground, however, Belmar needed more than political and community will. "To create a downtown, you need to build some kind of structured parking, and that can be difficult to afford," says Fleissig. "The city worked with us on investment that allowed for the new sales tax revenues from the project to be garnered for the roads, the trees, the parking. It was a perfect financing solution -- and it worked."

### **The Place to Be**

Roughly 50 percent completed, Belmar is already a destination point for residents of Lakewood and beyond. Composed mostly of mixed-use buildings, it offers -- even at this stage -- more lifestyle amenities than most conventional malls.

Retail square footage runs between 550,000 and 650,000 presently, with Whole Foods and other retail coming online later this year. About 75 shops and restaurants have opened their doors, including a variety of national and local restaurants, Dick's Sporting Goods, and a Century Theaters outlet (wrapped by mixed-use buildings). Home furnishings, local boutique shops, shoe and electronics stores, a bookstore, a wine merchant, and a Sharper Image call Belmar home, as well as "a handful of banks that are in-line with the streets, not freestanding; only one has a drive-through," says Gougeon.

An events center anchors Belmar in the heart of the district. A 90,000-square-foot, mixed-use building, the center offers shops facing the street on one side and restaurants facing a plaza on the other side. The upper floor houses the event and meeting facility with a 9,000-square-foot ballroom, conference rooms, and a covered outdoor terrace overlooking the plaza. A bowling alley and a restaurant reside in the basement.

Office space checks in at 185,000 square feet in Belmar's first phase and is already more than 90 percent occupied in Lakewood's soft market. "That means there's another 600+ employees on-site every day -- eating lunch, catching dinner, seeing movies," says Gougeon.

Medical offices, additional restaurants, an ad agency, a local coffee merchant, a pizza joint -- the list of tenants is nearly exhaustive.

As for housing, Belmar offers rental units, condominiums and townhomes for residents, whom Gougeon expects will number around 700 by the end of 2006.

"The housing has been very well received," says Gougeon. "It's an urban choice -- no clubhouse, no pool. The amenity is you get to live in this 'downtown' setting. It's a soft market, so we've made concessions (one or two months rent-free) to accommodate that. But now we're getting to the point where there's no need for concessions."

A local green builder, McStain Neighborhoods, is constructing three- and four-story urban rowhomes, of which the first 70 have sold -- for prices that range from \$360,000 to \$370,000. A mixed-use building on the plaza is under construction and will offer 61 condos over a retail base. A higher-end building is also under way, geared toward older residents who are selling their houses and want a more urban lifestyle. Price points in this building are nearing \$300,000 at press time; Gougeon predicts some units will reach the \$900,000 mark. "The market pushed the prices up quickly," he says.

At the other end of the spectrum is a mixed-use building with smaller units over retail. Units here will start at around \$100,000; about six have sold so far.

Starting to sense a pattern, here? Practically every mixed-use building in Belmar has a "units offered = units sold" story to tell. In all, there are 10 housing choices in the community -- a significant departure from the status quo in the area. "In many cases, people walk in and know they want to live here -- and they don't even know what form their housing will take," says Gougeon.

"While we're trying not to overload the market with any one choice, the fact remains that each one of these choices had no precedent in Lakewood. There was no certainty in what we're doing -- people might have turned it down -- but there's been a whole lot of interest."

### **At a Glance**

Location: Lakewood, Colo.

Size: 23 city blocks, 104 acres

Developer: Continuum Partners LLC  
Designer: Elkus-Manfredi, Civitas  
Groundbreaking: 2003  
Percent complete: Retail: 60%; Office: 25%; Residential: 15%  
Population: +/- 500 residents  
Apt. rental: \$1.35/square foot (20% higher than market)  
Rowhomes: \$360,000 to \$370,000  
Condominiums: +/- \$250,000

**Getting there**

From Denver, take Colfax Avenue, Hwy 6 or Alameda Avenue west to Wadsworth Boulevard and drive south on Wadsworth. Belmar is on the east side of Wadsworth. For more information, call the Belmar Information Center at 303.742.1520 or visit the website at [www.belmarcolorado.com](http://www.belmarcolorado.com).

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