

FISCAL IMPACT STUDY

1,012-ACRE INDEPENDENCE COMMUNITY ELBERT COUNTY, COLORADO

PREPARED FOR:

CRAFT BANDERA ACQUISITION COMPANY, LLC

PREPARED BY:



Economic & Market Research / Land & Development Planning
Landscape Architecture / Community Planning & Design
Golf Feasibility Analysis

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CRAFT BANDERA ACQUISITION COMPANY, LLC

PREPARED BY:

THK ASSOCIATES, INC.

DECEMBER 8, 2016

PREPARED BY:



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I: INTRODUCTION

I. INTRODUCTION

The Independence Subject Site is comprised of approximately 1,012-acres in unincorporated northwest Elbert County, Colorado, south of Singing Hills Road, west of Colorado-13, north of Hilltop Road, and east of Flintwood Road. In order to determine the annually reoccurring property tax revenues and development fees created from the proposed Independence Subject Site to Elbert County, THK has undertaken the following research:

1 Reviewed the existing market research absorption and pricing

2. Estimated construction impacts:

- Calculated construction jobs and wages
- Estimated expenditures in Elbert County of construction wages
- Determined use taxes from construction materials
- Calculated building permit, plan check, impact and other fees to Elbert County
- Used IMPLAN and other sources to estimate multiplier impacts of construction spending

3. Calculated annual revenues:

- Calculated annual property taxes to each major Elbert County fund along with estimated costs to serve resulting in net fiscal impacts
- Estimated Independence median household incomes and the amount spent on retail goods and services in Elbert County
- Used IMPLAN and other sources estimate multiplier impacts of retail spending
- Estimated the supportable retail sq. ft. generated from the Independence community
- Calculated retail sales taxes to Elbert County

4. Calculated Employment Impacts:

- Determined permanent jobs created for schools, community center, HOA, and other impacted providers
- Researched and calculated wages by job type
- Summarized permanent wage expenditures in Elbert County, supportable sq. ft. and sales taxes
- Used IMPLAN and other sources to estimate multiplier impacts of revenues

II: SITE AND AREA DESCRIPTION

II. SITE & AREA DESCRIPTION

A. Regional Description

The Independence Subject Site is located in unincorporated northwest Elbert County, Colorado, approximately 27.4 miles southeast of downtown Denver, Colorado. The Independence Subject Site is approximately 27.6 miles south of Denver International Airport, 18.1 miles southeast of the Interstate-225, 10.0 miles southeast of E-470, 11.1 miles east of Interstate-25, and approximately 5.0 miles east of Highway-83. The Independence Subject Site is further located 11.5 miles southeast of the City of Castle Pines, 11.8 miles northeast of the City of Castle Rock, 5.7 miles northeast of the Town of Franktown and 6.3 miles northwest of the Town of Elizabeth.

The Independence Subject Site is approximately 1,012-acres and is south of Singing Hills Road, west of Colorado-13, north of Hilltop Road, and east of Flintwood Road in unincorporated Elbert County. Maps of the Independence Subject Site regional and local environs are shown below in Figure-2 and Figure-2.

SITE & AREA DESCRIPTION

Figure 1- *INDEPENDENCE REGIONAL ENVIRONS MAP*



SITE & AREA DESCRIPTION

Figure 2- *INDEPENDENCE LOCAL ENVIRONS MAP*



III: FISCAL IMPACTS

III. FISCAL IMPACTS TO ELBERT COUNTY

The 1,012-acre Independence Subject Site is currently proposed and zoned for approximately 920 residential housing units. These 920 units will have an average of 2.75 residents per unit, thus adding a population of approximately 2,530 people to the Independence Subject Site and to Elbert County.

There are a number of sources and models to estimate a multiplier effect of direct impacts generated from economic activity. A well know model is IMPLAN, based upon a complex input and output model. REMI (Regional Economic Multiplier Impacts) is a model developed by the U.S. Department of Commerce. The U.S. Bureau of Economic Analysis also prepares estimates of Economic Multipliers called the RIMS II. The IMPLAN Model projects Indirect and Induced Impacts that range from 1.65 to 1.70 times the Direct Impact. The REMI and U.S. Department of Commerce Models estimate a multiplier of approximately 1.6 of Direct Impacts.

The major service providers to the 1,012-acre site are shown below and include the Elbert County General, Road and Bridge, Social Service, Retirement, and Library Districts. THK has also shown the associated mill levies and projected annual residential and retail property tax revenues by service providers at build-out. The projected annual property tax revenues at build-out are based off of current mill levies and a residential assessed value of \$31,997,544, and a retail assessed value of \$805,854. In total, approximately \$978,229 in property tax revenues from residential and \$24,637 in property taxes from retail will be realized by major service providers in Elbert County annually on average after build-out of the Independence Subject Site. The supportable retail value was determined by estimating the retail expenditures by Independence residents in Elbert County at \$6.48 million, sales per square foot at \$350 and a value per square foot at \$150. It was estimated that 18,525 square feet of retail space is supportable by Independence residents.

A 1.65 Multiplier Impact was initially applied; however, because, as later shown, only 20% of household expenditures are projected to occur in Elbert County by residents of Elbert County, THK has reduced the Multiplier Impact to 1.13 ($1.65 \times 20.0\%$). With a multiplier of 1.13, Economic Impacts from the Independence Subject Site development on the local Elbert County area is estimated to be \$1,206,506 in total annual property and retail sales taxes and \$9,305,132 in Total one-time development fees.

FISCAL IMPACTS TO ELBERT COUNTY

Table III-1: Service Providers at the Independence Subject Site

Elbert County Service Provider	Mill Levy*	Projected Annual Property Tax Revenues at Buildout
<u>Total Residential Assessed Value</u>		\$31,997,544
Elbert County General	16.3530	\$523,256
Elbert County Road and Bridge	9.5000	\$303,977
Elbert County Social Service	1.5000	\$47,996
Elbert County Retirement	0.7030	\$22,494
Elbert County Library	2.5160	\$80,506
Total Annual Residential Property Tax Revenue	30.5720	\$978,229
<u>Total Retail Assessed Value</u>		\$805,854
Elbert County General	16.3530	\$13,178
Elbert County Road and Bridge	9.5000	\$7,656
Elbert County Social Service	1.5000	\$1,209
Elbert County Retirement	0.7030	\$567
Elbert County Library	2.5160	\$2,028
Total Annual Retail Property Tax Revenue	30.5720	\$24,637

*based on most recent tax bill from 2016

Source: Elbert County Assessor's Office, and THK Associates, Inc.

If the 1,012-acre Independence Subject Site is developed with 920 residential units then Elbert County will receive new annually reoccurring property taxes as well as one-time development fees. Elbert County will receive annual property sales taxes from the 920 new residential housing units as well as from the new retail space demand created from those new housing units. Elbert County will also receive annual retail sales taxes from new expenditures created from the population anticipated to occupy the 920 new residential housing units. Elbert County will also receive one-time development fees from building permit and plan review fees, use tax, and development impact fees.

FISCAL IMPACTS TO ELBERT COUNTY

A. Annual Residential Property Taxes from the Independence Subject Site

THK has made the following assumptions regarding property taxes:

- There will be 920 residential units each with an average \$436,934 market value at build-out.
- Residential assessed values are 7.96% of market value.
- Elbert County's current mill levy is 30.5720.

Use of these assumptions results in a total market value of approximately \$402.0 million and a total assessed value of \$32.0 million. Annual recurring residential property taxes to Elbert County would equate to \$978,229.

B. Annual Retail Sales Taxes from the Independence Subject Site

Elbert County will also receive annual retail sales taxes from expenditures made by residents of the development throughout Elbert County. Assumptions are as follows:

- An average median household income of \$110,120 per household.
- The percentage of household income spent on retail is 32.0%, or \$35,238 annually.
- Residents from the development will spend approximately 20% of their retail expenditures within Elbert County.
- Elbert County has a 1.0% sales use tax rate.

These assumptions result in total annual recurring retail sales tax revenues to Elbert County from the Independence Subject Site development of approximately \$64,839.

C. Annual Off-Site Retail Property Tax from the Independence Subject Site

Though the Independence Subject Site will not contain onsite retail, there will be spurred demand for new retail as the Independence Subject Site creates additional households. The following assumptions were used in determining the increase in property tax revenues resulting from additional retail stores developed to support the retail demand of the additional Independence Subject Site residents:

- \$350 (growing at 2.0% annually) of expenditures is necessary to support each sq. ft. of retail.
- The residents at the Independence Subject Site could support approximately 18,525 sq. ft. of new retail in Elbert County.
- At a value of \$150 per sq. ft., the new supportable retail could total in value of \$2,778,806.

With the current Mill Levy of 30.5720 the new supportable retail could generate an additional \$24,637 of retail property tax revenue to Elbert County.

In total there is \$1,067,704 in total annual property and retail sales taxes or \$1,206,506 after consideration of the 1.13 Multiplier Impact.

FISCAL IMPACTS TO ELBERT COUNTY

D. One-Time Elbert County Revenues from the Independence Subject Site

Elbert County will also receive revenues from one-time development fees from building permit and plan review fees, use tax, and development impact fees. These one-time fees have been calculated as follows:

- Residential unit cost of construction is \$111.53 per sq. ft. for all unit types.
- Total residential construction costs average approximately \$323,000 per unit.
- The building permit fee is calculated at \$993.75 for the first \$100,000 in value and \$5.60 for every \$1,000 in construction cost thereafter.
- The plan check/review fee is 65% of the total building permit fee.
- Use tax is 1.00% of half of construction cost.
- Growth impact fees include impact, recreation, fire, police, and open spaces fees and are \$2,703 per unit for all unit types.
- Transportation fees are \$2,521 per unit for all unit types.

In total, there is projected to be approximately \$8,234,760 in total one-time development fees generated for Elbert County as a result of the 920-unit residential development at the Independence Subject Site, or \$9,305,132 after consideration of the 1.13 Multiplier Impact.

E. General Fund Expenditures

THK has reviewed the Elbert County Budget and identified budget items that will likely be impacted from new development on the Independence Subject Site. Elbert County currently has a total cost to serve of \$8,501,053 and 25,100 residents for an average total cost to serve each resident of \$339. With a planned new population of 2,530 people created from the Independence Subject Site, there will be an approximate increase of \$856,879 to the cost to serve budget for Elbert County. ***With a Total annual property and retail sales tax revenue of \$1,206,506, the surplus created from the Independence Subject Site development is projected to be approximately \$349,627 annually on average.***

F. Permanent and Temporary Employees from the Independence Subject Site

THK has assumed there will be .55 permanent employees and 4.32 temporary employees for every residential unit developed. A permanent employee could be in management, maintenance, etc., while a temporary employee could be in construction, cleaning, delivery, day care, etc. Accordingly, the Independence Subject Site development will likely add 506 new permanent and 3,974 new temporary jobs in Elbert County based on the 920 planned residential units. It is further assumed that 32.0% of household income is spent on retail and 20.0% of retail expenditures will occur within Elbert County. Temporary jobs will continue for approximately 10-12 years throughout the rest of the Independence Subject Site build out.

Assuming the average annual salary for permanent employees is \$48,334, Independence will generate \$1,565,248 for Elbert County each year from permanent employee retail expenditure, or \$1,768,731 after consideration of the 1.13 Multiplier Impact. Assuming the average annual salary for permanent employees is \$48,708, Independence will generate \$12,389,547 for Elbert County during development from temporary employee retail expenditure, or \$14,000,188 after consideration of the 1.13 Multiplier Impact.

FISCAL IMPACTS TO ELBERT COUNTY

Table III-2: Annually Recurring and One-Time Revenues to Elbert County From Independence

							Total	
							Total	
	Entry Lots, Patio	Entry Lots, Patio	Mid Lots	Mid Lots	Large Lots	Estate Lots 1	Estate Lots 2	
<u>Unit Type</u>	Single-Family	Single-Family	Single-Family	Single-Family	Single-Family	Single-Family	Single-Family	--
<u>Lot Type</u>	60' Standard	60' Amenity	65' Standard	65' Amenity	10,000 SF	20,000 SF	43,560 SF	--
<u>Total Units</u>	245	304	111	112	107	26	15	920
<u>Lot Sq. Ft.</u>	5,500	6,600	7,700	7,700	9,600	20,000	43,560	--
<u>Unit Sq. Ft. Range</u>	2,000 - 2,800	2,300 - 3,100	2,500 - 3,300	2,900 - 3,800	3,200 - 4,200	3,400 - 4,300	3,700 - 4,500	--
<u>Unit Sq. Ft.</u>	2,400	2,700	2,900	3,350	3,700	3,850	4,100	--
<u>Average Total Price</u>	\$380,800	\$414,400	\$442,400	\$484,400	\$532,000	\$484,400	\$655,200	--
<u>Lot Frontage</u>	50	60	70	70	80	120	150	--
Annual Property and Retail Sales Tax								
<u>Total Units</u>	245	304	111	112	107	26	15	920
Unit Value	\$380,800	\$414,400	\$442,400	\$484,400	\$532,000	\$484,400	\$655,200	\$436,934
Total Value	\$93,296,000	\$125,977,600	\$49,106,400	\$54,252,800	\$56,924,000	\$12,594,400	\$9,828,000	\$401,979,200
Assessed Rate	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%
Assessed Value	\$7,426,362	\$10,027,817	\$3,908,869	\$4,318,523	\$4,531,150	\$1,002,514	\$782,309	\$31,997,544
Elbert County General:16.353	\$121,443	\$163,985	\$63,922	\$70,621	\$74,098	\$16,394	\$12,793	\$523,256
Elbert County Road & Bridge: 9.500	\$70,550	\$95,264	\$37,134	\$41,026	\$43,046	\$9,524	\$7,432	\$303,977
Elbert County Social Services: 1.500	\$11,140	\$15,042	\$5,863	\$6,478	\$6,797	\$1,504	\$1,173	\$47,996
Elbert County Retirement: 0.703	\$5,221	\$7,050	\$2,748	\$3,036	\$3,185	\$705	\$550	\$22,494
Elbert County Library: 2.516	\$18,685	\$25,230	\$9,835	\$10,865	\$11,400	\$2,522	\$1,968	\$80,506
Annual Residential Property Tax	\$227,039	\$306,570	\$119,502	\$132,026	\$138,526	\$30,649	\$23,917	\$978,229
Unit Value	\$380,800	\$414,400	\$442,400	\$484,400	\$532,000	\$484,400	\$655,200	\$436,934
Average Household Income	\$95,973	\$104,441	\$111,498	\$122,083	\$134,080	\$122,083	\$165,130	\$110,120
Percent of Income for Retail	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Household Retail Expenditure	\$30,711	\$33,421	\$35,679	\$39,067	\$42,906	\$39,067	\$52,842	\$35,238
<u>Total Units</u>	245	304	111	112	107	26	15	920
Annual Retail Sales Created From Subject Site	\$7,524,271	\$10,160,024	\$3,960,404	\$4,375,458	\$4,590,889	\$1,015,731	\$792,623	\$32,419,401
Elbert County Capture Rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Annual Retail Sales in Elbert County	\$1,504,854	\$2,032,005	\$792,081	\$875,092	\$918,178	\$203,146	\$158,525	\$6,483,880
Elbert County Sales Use Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Retail Sales Tax	\$15,049	\$20,320	\$7,921	\$8,751	\$9,182	\$2,031	\$1,585	\$64,839
Annual Retail Sales in Elbert County	\$1,504,854	\$2,032,005	\$792,081	\$875,092	\$918,178	\$203,146	\$158,525	\$6,483,880
Retail Sales per Sq. Ft.	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00
Supportable Retail Square Feet from Subject Site Households	4,300	5,806	2,263	2,500	2,623	580	453	18,525
Retail Value per Sq. Ft.	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Market Value of Supportable Retail	\$644,938	\$870,859	\$339,463	\$375,039	\$393,505	\$87,063	\$67,939	\$2,778,806
Commercial Assessment	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Assessed Value of Supportable Retail	\$187,032	\$252,549	\$98,444	\$108,761	\$114,116	\$25,248	\$19,702	\$805,854
Elbert County Mill Levy	0.030572	0.030572	0.030572	0.030572	0.030572	0.030572	0.030572	0.030572
Annual Retail Property Tax	\$5,718	\$7,721	\$3,010	\$3,325	\$3,489	\$772	\$602	\$24,637
Total Annual Property and Retail Sales Tax	\$247,805	\$334,611	\$130,432	\$144,102	\$151,197	\$33,452	\$26,104	\$1,067,704
Multiplier (1.13)								\$1,206,506
One-Time Development Fees								
Unit Sq. Ft.	2,400	2,700	2,900	3,350	3,700	3,850	4,100	2,895
*Elbert County Cost of Construction per Sq. Ft.	\$111.53	\$111.53	\$111.53	\$111.53	\$111.53	\$111.53	\$111.53	\$111.53
Construction Cost	\$268,000	\$302,000	\$324,000	\$374,000	\$413,000	\$430,000	\$458,000	\$323,000
Building Permit Fee (chart)	\$1,935	\$2,125	\$2,248	\$2,528	\$2,747	\$2,842	\$2,999	2,245
Planning Review Fee (65.0%)	\$1,257	\$1,381	\$1,461	\$1,643	\$1,785	\$1,847	\$1,949	1,459
Building Permit and Review Fee Per Unit	\$3,192	\$3,506	\$3,709	\$4,171	\$4,532	\$4,689	\$4,948	\$3,704
<u>Total Units</u>	245	304	111	112	107	26	15	920
Total Building Permit and Review Fee	\$782,042	\$1,065,875	\$411,749	\$467,202	\$484,903	\$121,911	\$74,214	\$3,407,896
*Use Tax (1.00% of 1/2 Construction Cost)	\$19	\$21	\$22	\$25	\$27	\$28	\$30	\$22.45
<u>Total Units</u>	245	304	111	112	107	26	15	920
Total Use Tax	\$4,740	\$6,460	\$2,495	\$2,832	\$2,939	\$739	\$450	\$20,654
rowth Impact Fees (inc. impact, recreation, fire, police, open space)	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703
Transportation Fees (Taz 1)	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521
<u>Total Units</u>	245	304	111	112	107	26	15	920
Development Impact Fees	\$1,279,880	\$1,588,096	\$579,864	\$585,088	\$558,968	\$135,824	\$78,360	\$4,806,080
Total One-Time Development Fees	\$2,066,661	\$2,660,431	\$994,108	\$1,055,122	\$1,046,810	\$258,474	\$153,024	\$8,234,630
Multiplier (1.13)								\$9,305,132
Cost To Serve								
Total Budget	\$9,112,616							
Less Transfers	-\$611,563							
Total Elbert County Cost to Serve	\$8,501,053							
Elbert County Population	25,100							
Total Elbert County Cost to Serve per Person	\$338.69							
Planned Population at Independence	2,530							
Total Cost To Serve Independence	\$856,879							
Total Annual Property and Retail Sales Tax	\$1,206,506							
Total Cost To Serve Independence	-\$856,879							
Surplus Created From Independence Development	\$349,627							
Elbert County, Kyle Fenner, 303-621-3171								
Kara, TJ Steck, Fire District, 303-646-3800								
Shane Heep, Elizabeth Police, 303-621-2027								
Ron Patera, Elizabeth School District, 303-646-1836								
Source: Elbert County, and THK Associates, Inc.								

FISCAL IMPACTS TO ELBERT COUNTY

Table III-3: Projected Jobs and Payroll at Independence

Permanent Jobs:

Property Type	Units / Sq. Ft.	Permanent Employees Per Unit	Employees	*Average Annual Salary
Residential Housing	920	0.55	506	\$48,334
Total Permanent Salary Creation:	-	-	506	\$24,457,004
Salary Spent on Retail Expenditures				32.0%
***Total Employee Retail Expenditures:	-	-	-	\$7,826,241
Retail Expenditures occurring in Elbert County				20.0%
****Total Retail Expenditures in Elbert County: Multiplier (1.13)	-	-	-	\$1,565,248 \$1,768,731

Temporary Construction Jobs:

Property Type	Units / Sq. Ft.	Temporary Employees Per Unit	Employees	Salary
Residential Housing	920	4.32	3,974	\$48,708
Total Temporary Salary Creation:	-	-	3,974	\$193,586,665
Salary Spent on Retail Expenditures				32.0%
***Total Employee Retail Expenditures:	-	-	-	\$61,947,733
Retail Expenditures occurring in Elbert County				20.0%
****Total Retail Expenditures in Elbert County: Multiplier (1.13)	-	-	-	\$12,389,547 \$14,000,188

*Average annual "residential housing" salaries based on average Q1, 2016 "real estate and rental and leasing" wages from BLS.gov for El Paso and Douglas County

**Average annual "construction" salaries based on Q1, 2016 average "construction" wages from BLS.gov for Elbert, El Paso, and Douglas County

***Assumes 32.0% of average annual salary is spent on retail expenditures

****Assumes 20.0% of retail expenditures will occur in Elbert County

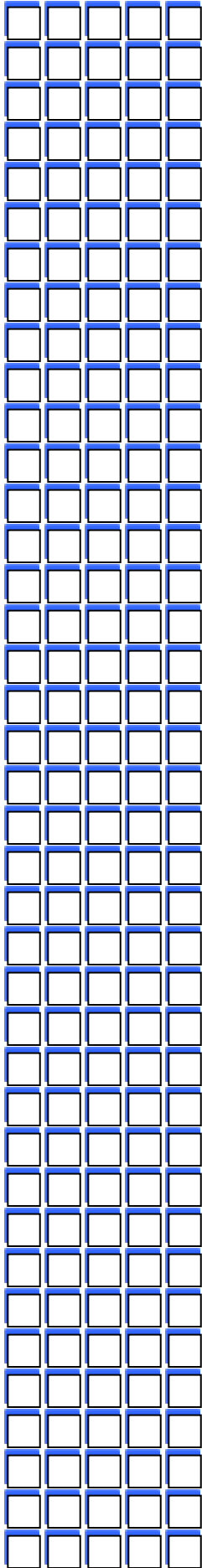
Source: 2014 Colorado Vibrant Economy Report, Bureau of Labor Statistics, & THK Associates, Inc.

END OF REPORT

PREPARED BY:



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III. FISCAL IMPACTS TO ELBERT COUNTY

The 1,012-acre Independence Subject Site is currently proposed and zoned for approximately 920 residential housing units. These 920 units will have an average of 2.75 residents per unit, thus adding a population of approximately 2,530 people to the Independence Subject Site and to Elbert County.

There are a number of sources and models to estimate a multiplier effect of direct impacts generated from economic activity. A well know model is IMPLAN, based upon a complex input and output model. REMI (Regional Economic Multiplier Impacts) is a model developed by the U.S. Department of Commerce. The U.S. Bureau of Economic Analysis also prepares estimates of Economic Multipliers called the RIMS II. The IMPLAN Model projects Indirect and Induced Impacts that range from 1.65 to 1.70 times the Direct Impact. The REMI and U.S. Department of Commerce Models estimate a multiplier of approximately 1.6 of Direct Impacts.

The major service providers to the 1,012-acre site are shown below and include the Elbert County General, Road and Bridge, Social Service, Retirement, and Library Districts. THK has also shown the associated mill levies and projected annual residential and retail property tax revenues by service providers at build-out. The projected annual property tax revenues at build-out are based off of current mill levies and a residential assessed value of \$29,250,925 and a retail assessed value of \$893,899. In total, approximately \$894,523 in property tax revenues from residential and \$27,328 in property taxes from retail will be realized by major service providers in Elbert County annually on average after build-out of the Independence Subject Site. The supportable retail value was determined by estimating the retail expenditures by Independence residents in Elbert County at \$7.19 million, sales per square foot at \$350 and a value per square foot at \$1250. It was estimated that 20,549 square feet of retail space is supportable from Independence residents.

A 1.65 Multiplier Impact was initially applied; however, because, as later shown, only 20% of household expenditures are projected to occur in Elbert County by residents of Elbert County, THK has reduced the Multiplier Impact to 1.13 (1.65 x 20.0%). With a multiplier of 1.13, Economic Impacts from the Independence Subject Site development on the local Elbert County area is estimated to be \$1,122,964 in total annual property and retail sales taxes and \$9,676,932 in Total one-time development fees.

These estimates are based on a residential assessed ratio of 6.56% versus the current actual residential assessed ratio of 7.96%.

If the 1,012-acre Independence Subject Site is developed with 920 residential units then Elbert County will receive new annually reoccurring property taxes as well as one-time development fees. Elbert County will receive annual property sales taxes from the 920 new residential housing units as well as from the new retail space demand created from those new housing units. Elbert County will also receive annual retail sales taxes from new expenditures created from the population anticipated to occupy the 920 new residential housing units. Elbert County will also receive one-time development fees from building permit and plan review fees, use tax, and development impact fees.

FISCAL IMPACTS TO ELBERT COUNTY

Table III-1: Service Providers at the Independence Subject Site

Elbert County Service Provider	Mill Levy*	Projected Annual Property Tax Revenues at Buildout
<u>Total Residential Assessed Value</u>		\$29,250,925
Elbert County General	16.3140	\$477,200
Elbert County Road and Bridge	9.5000	\$277,884
Elbert County Social Service	1.5000	\$43,876
Elbert County Retirement	0.7510	\$21,967
Elbert County Library	2.5160	\$73,595
Total Annual Residential Property Tax Revenue	30.5810	\$894,523
<u>Total Retail Assessed Value</u>		\$893,899
Elbert County General	16.3140	\$14,583
Elbert County Road and Bridge	9.5000	\$8,492
Elbert County Social Service	1.5000	\$1,341
Elbert County Retirement	0.7510	\$671
Elbert County Library	2.5160	\$2,249
Total Annual Retail Property Tax Revenue	30.5810	\$27,336

*based on most recent tax bill from 2016

Source: Elbert County Assessor's Office, and THK Associates, Inc.

A. Annual Residential Property Taxes from the Independence Subject Site

THK has made the following assumptions regarding property taxes:

- There will be 920 residential units each with an average \$484,672 market value at build-out.
- **Residential assessed values have been calculated at only 6.56% of market value in anticipation of a proposed change on the state level versus the current 7.96%.**
- Elbert County's current mill levy is 30.5810.

Use of these assumptions results in a total market value of approximately \$445.9 million and a total assessed value of \$29.250 million. Annual recurring residential property taxes to Elbert County would equate to \$894,523.

B. Annual Retail Sales Taxes from the Independence Subject Site

Elbert County will also receive annual retail sales taxes from expenditures made by residents of the development throughout Elbert County. Assumptions are as follows:

FISCAL IMPACTS TO ELBERT COUNTY

- An average median household income of \$122,152 per household.
- The percentage of household income spent on retail is 32.0% or \$39,089 annually.
- Residents from the development will spend approximately 20% of their retail expenditures within Elbert County.
- Elbert County has a 1.0% sales use tax rate.

These assumptions result in total annual recurring retail sales tax revenues to Elbert County from the Independence Subject Site development of approximately \$71,923.

C. Annual Off-Site Retail Property Tax from the Independence Subject Site

Though the Independence Subject Site will not contain onsite retail, there will be spurred demand for new retail as the Independence Subject Site creates additional households. The following assumptions were used in determining the increase in property tax revenues resulting from additional retail stores developed to support the retail demand of the additional Independence Subject Site residents:

- \$350 (growing at 2.0% annually) of expenditures is necessary to support each sq. ft. of retail.
- The residents at the Independence Subject Site could support approximately 20,549 sq. ft. of new retail in Elbert County.
- At a value of \$150 per sq. ft., the new supportable retail could total in value of \$3,082,410.

With the current Mill Levy of 30.5810 the new supportable retail could generate an additional \$27,336 of retail property tax revenue to Elbert County.

In total there is \$993,782 in total annual property and retail sales taxes or \$1,122,973 after consideration of the 1.13 Multiplier Impact.

D. One-Time Elbert County Revenues from the Independence Subject Site

Elbert County will also receive revenues from one-time development fees from building permit and plan review fees, use tax, and development impact fees. These one-time fees have been calculated as follows:

- Residential unit cost of construction is \$125.00 per sq. ft. for all unit types.
- Total residential construction costs average approximately \$362,000 per unit.
- The building permit fee is calculated at \$993.75 for the first \$100,000 in value and \$5.60 for every \$1,000 in construction cost thereafter.
- The plan check/review fee is 65% of the total building permit fee.
- Use tax is 1.00% of half of construction cost.
- Growth impact fees include impact, recreation, fire, police, and open spaces fees and are \$2,703 per unit for all unit types.
- Transportation fees are \$2,521 per unit for all unit types.

In total, there is projected to be approximately \$8,566,311 in total one-time development fees generated for Elbert County as a result of the 920-unit residential development at the Independence Subject Site, or \$9,679,932 after consideration of the 1.13 Multiplier Impact.

FISCAL IMPACTS TO ELBERT COUNTY

E. General Fund Expenditures

THK has reviewed the Elbert County Budget and identified budget items that will likely be impacted from new development on the Independence Subject Site. Elbert County currently has a total cost to serve of \$10,296,071 (Public Safety and Public Works, less transfers from the 2016 adopted budget) and 25,250 residents for an average total cost to serve each resident of \$407.37. With a planned new population of 2,530 people created from the Independence Subject Site, there will be an approximate increase of \$1,130,644 to the cost to serve budget for Elbert County. ***With a Total annual property and retail sales tax revenue of \$1,122,973, the surplus created from the Independence Subject Site development is projected to be approximately \$92,329 annually on average.***

F. Permanent and Temporary Employees from the Independence Subject Site

THK has assumed there will be .55 permanent employees and 4.32 temporary employees for every residential unit developed. A permanent employee could be in management, maintenance, etc., while a temporary employee could be in construction, cleaning, delivery, day care, etc. Accordingly, the Independence Subject Site development will likely add 506 new permanent and 3,974 new temporary jobs in Elbert County based on the 920 planned residential units. It is further assumed that 32.0% of household income is spent on retail and 20.0% of retail expenditures will occur within Elbert County. Temporary jobs will continue for approximately 10-12 years throughout the rest of the Independence Subject Site build out.

Assuming the average annual salary for permanent employees is \$48,334, Independence will generate \$1,565,248 for Elbert County each year from permanent employee retail expenditure, or \$1,768,731 after consideration of the 1.13 Multiplier Impact. Assuming the average annual salary for permanent employees is \$48,708, Independence will generate \$12,389,547 for Elbert County during development from temporary employee retail expenditure, or \$14,000,188 after consideration of the 1.13 Multiplier Impact.

FISCAL IMPACTS TO ELBERT COUNTY

Table III-2: Annually Recurring and One-Time Revenues to Elbert County From Independence

	Entry Lots, Patio	Entry Lots, Patio	Mid Lots	Mid Lots	Large Lots	Estate Lots 1	Estate Lots 2	Total
<u>Unit Type</u>	Single-Family	Single-Family	Single-Family	Single-Family	Single-Family	Single-Family	Single-Family	--
<u>Lot Type</u>	60' Standard	60' Amenity	65' Standard	65' Amenity	10,000 SF	20,000 SF	43,560 SF	--
<u>Total Units</u>	245	304	111	112	107	26	15	920
<u>Lot Sq. Ft.</u>	5,500	6,600	7,700	7,700	9,600	20,000	43,560	--
<u>Unit Sq. Ft. Range</u>	2,000 - 2,800	2,300 - 3,100	2,500 - 3,300	2,900 - 3,800	3,200 - 4,200	3,400 - 4,300	3,700 - 4,500	--
<u>Unit Sq. Ft.</u>	2,400	2,700	2,900	3,350	3,700	3,850	4,100	--
<u>Average Total Price</u>	\$426,490	\$464,130	\$495,490	\$542,530	\$542,530	\$595,840	\$733,825	--
<u>Lot Frontage</u>	50	60	70	70	80	120	150	--
Annual Property and Retail Sales Tax								
<u>Total Units</u>	245	304	111	112	107	26	15	920
<u>Unit Value</u>	\$426,490	\$464,130	\$495,490	\$542,530	\$542,530	\$595,840	\$733,825	\$484,672
<u>Total Value</u>	\$104,490,050	\$141,095,520	\$54,999,390	\$60,763,360	\$58,050,710	\$15,491,840	\$11,007,375	\$445,898,245
<u>Assessed Rate*</u>	6.56%	6.56%	6.56%	6.56%	6.56%	6.56%	6.56%	6.56%
<u>Assessed Value</u>	\$6,854,547	\$9,255,866	\$3,607,960	\$3,986,076	\$3,808,127	\$1,016,265	\$722,084	\$29,250,925
Elbert County General:16.353	\$111,825	\$151,000	\$58,860	\$65,029	\$62,126	\$16,579	\$11,780	\$477,200
Elbert County Road & Bridge: 9.500	\$65,118	\$87,931	\$34,276	\$37,868	\$36,177	\$9,655	\$6,860	\$277,884
Elbert County Social Services: 1.500	\$10,282	\$13,884	\$5,412	\$5,979	\$5,712	\$1,524	\$1,083	\$43,876
Elbert County Retirement: 0.703	\$5,148	\$6,951	\$2,710	\$2,994	\$2,860	\$763	\$542	\$21,967
Elbert County Library: 2.516	\$17,246	\$23,288	\$9,078	\$10,029	\$9,581	\$2,557	\$1,817	\$73,595
Annual Residential Property Tax	\$209,619	\$283,054	\$110,335	\$121,898	\$116,456	\$31,078	\$22,082	\$894,523
<u>Unit Value</u>	\$426,490	\$464,130	\$495,490	\$542,530	\$542,530	\$595,840	\$733,825	\$484,672
<u>Average Household Income</u>	\$107,488	\$116,974	\$124,878	\$136,734	\$136,734	\$150,169	\$184,946	\$122,152
<u>Percent of Income for Retail</u>	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
<u>Household Retail Expenditure</u>	\$34,396	\$37,432	\$39,961	\$43,755	\$43,755	\$48,054	\$59,183	\$39,089
<u>Total Units</u>	245	304	111	112	107	26	15	920
<u>Annual Retail Sales Created From Subject Site</u>	\$8,427,065	\$11,379,276	\$4,435,670	\$4,900,531	\$4,681,758	\$1,249,408	\$887,739	\$35,961,447
<u>Elbert County Capture Rate</u>	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
<u>Annual Retail Sales in Elbert County</u>	\$1,685,413	\$2,275,855	\$887,134	\$980,106	\$936,352	\$249,882	\$177,548	\$7,192,289
<u>Elbert County Sales Use Tax Rate</u>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Retail Sales Tax	\$16,854	\$22,759	\$8,871	\$9,801	\$9,364	\$2,499	\$1,775	\$71,923
<u>Annual Retail Sales in Elbert County</u>	\$1,685,413	\$2,275,855	\$887,134	\$980,106	\$936,352	\$249,882	\$177,548	\$7,192,289
<u>Retail Sales per Sq. Ft.</u>	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00
<u>Supportable Retail Square Feet from Subject Site Households</u>	4,815	6,502	2,535	2,800	2,675	714	507	20,549
<u>Retail Value per Sq. Ft.</u>	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
<u>Market Value of Supportable Retail</u>	\$722,320	\$975,366	\$380,200	\$420,046	\$401,294	\$107,092	\$76,092	\$3,082,410
<u>Commercial Assessment</u>	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
<u>Assessed Value of Supportable Retail</u>	\$209,473	\$282,856	\$110,258	\$121,813	\$116,375	\$31,057	\$22,067	\$893,899
<u>Elbert County Mill Levy</u>	0.030581	0.030581	0.030581	0.030581	0.030581	0.030581	0.030581	0.030581
Annual Retail Property Tax	\$6,406	\$8,650	\$3,372	\$3,725	\$3,559	\$950	\$675	\$27,336
Total Annual Property and Retail Sales Tax Multiplier (1.13)	\$232,879	\$314,462	\$122,578	\$135,424	\$129,379	\$34,527	\$24,532	\$993,782
								\$1,122,973
One-Time Development Fees								
<u>Unit Sq. Ft.</u>	2,400	2,700	2,900	3,350	3,700	3,850	4,100	2,895
<u>*Elbert County Cost of Construction per Sq. Ft.</u>	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
<u>Construction Cost</u>	\$300,000	\$338,000	\$363,000	\$419,000	\$463,000	\$482,000	\$513,000	\$362,000
<u>Building Permit Fee (chart)</u>	\$2,114	\$2,327	\$2,467	\$2,780	\$3,027	\$3,133	\$3,307	2,462
<u>Planning Review Fee (65.0%)</u>	\$1,374	\$1,512	\$1,603	\$1,807	\$1,967	\$2,036	\$2,149	1,600
<u>Building Permit and Review Fee Per Unit</u>	\$3,488	\$3,839	\$4,070	\$4,587	\$4,994	\$5,169	\$5,456	\$4,063
<u>Total Units</u>	245	304	111	112	107	26	15	920
Total Building Permit and Review Fee	\$854,483	\$1,166,997	\$451,749	\$513,772	\$534,337	\$134,404	\$81,837	\$3,737,579
<u>*Use Tax (1.00% of 1/2 Construction Cost)</u>	\$21	\$23	\$25	\$28	\$30	\$31	\$33	\$24.62
<u>Total Units</u>	245	304	111	112	107	26	15	920
Total Use Tax	\$5,179	\$7,073	\$2,738	\$3,114	\$3,238	\$815	\$496	\$22,652
<u>rowth Impact Fees (inc. impact, recreation, fire, police, open space)</u>	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703	\$2,703
<u>Transportation Fees (Tax 1)</u>	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521	\$2,521
<u>Total Units</u>	245	304	111	112	107	26	15	920
Development Impact Fees	\$1,279,880	\$1,588,096	\$579,864	\$585,088	\$558,968	\$135,824	\$78,360	\$4,806,080
Total One-Time Development Fees Multiplier (1.13)	\$2,139,542	\$2,762,166	\$1,034,351	\$1,101,973	\$1,096,544	\$271,042	\$160,693	\$8,566,311
								\$9,679,932
Cost To Serve								
<u>Total Budget (Safety and Public Works)</u>	\$11,393,068							
<u>Less Transfers</u>	-\$1,106,997							
Total Elbert County Cost to Serve	\$10,286,071							
<u>Elbert County Population</u>	25,250							
Total Elbert County Cost to Serve per Person	\$407.37							
<u>Planned Population at Independence</u>	2,530							
Total Cost To Serve Independence	\$1,030,644							
<u>Total Annual Property and Retail Sales Tax</u>	\$1,122,973							
<u>Total Cost To Serve Independence</u>	-\$1,030,644							
Surplus Created From Independence Development	\$92,329							

*applied rate per client instructions versus the actual rate of 7.96%

Elbert County, Kyle Fenner, 303-621-3171
 Kara, TJ Steck, Fire District, 303-646-3800
 Shane Heep, Elizabeth Police, 303-621-2027
 Ron Patera, Elizabeth School District, 303-646-1836

Source: Elbert County, and THK Associates, Inc.

FISCAL IMPACTS TO ELBERT COUNTY

Table III-3: Projected Jobs and Payroll at Independence

Permanent Jobs:

Property Type	Units / Sq. Ft.	Permanent Employees Per Unit	Employees	*Average Annual Salary
Residential Housing	920	0.55	506	\$48,334
Total Permanent Salary Creation:	-	-	506	\$24,457,004
Salary Spent on Retail Expenditures				32.0%
***Total Employee Retail Expenditures:	-	-	-	\$7,826,241
Retail Expenditures occurring in Elbert County				20.0%
****Total Retail Expenditures in Elbert County: Multiplier (1.13)	-	-	-	\$1,565,248 \$1,768,731

Temporary Construction Jobs:

Property Type	Units / Sq. Ft.	Temporary Employees Per Unit	Employees	Salary
Residential Housing	920	4.32	3,974	\$48,708
Total Temporary Salary Creation:	-	-	3,974	\$193,586,665
Salary Spent on Retail Expenditures				32.0%
***Total Employee Retail Expenditures:	-	-	-	\$61,947,733
Retail Expenditures occurring in Elbert County				20.0%
****Total Retail Expenditures in Elbert County: Multiplier (1.13)	-	-	-	\$12,389,547 \$14,000,188

*Average annual "residential housing" salaries based on average Q1, 2016 "real estate and rental and leasing" wages from BLS.gov for El Paso and Douglas County

**Average annual "construction" salaries based on Q1, 2016 average "construction" wages from BLS.gov for Elbert, El Paso, and Douglas County

***Assumes 32.0% of average annual salary is spent on retail expenditures

****Assumes 20.0% of retail expenditures will occur in Elbert County

Source: 2014 Colorado Vibrant Economy Report, Bureau of Labor Statistics, & THK Associates, Inc.

END OF REPORT

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