



*Section 5: Catalysts*

The proposed concept for renaissance of the Original Square Mile is based on an approach which encourages strategic investment in a compact environment containing an appropriate mix of land uses, with a greater emphasis to multiple forms of access, resulting in a unique sense of place. The *Strategic Downtown Master Plan* is intended to assist the City of Grand Junction, the DDA, property owners and other project partners with a technical framework for discussions regarding market opportunities, development programming alternatives, and partnership strategies. The vision and directives referenced herein were developed with input from the Steering Committee, property owners, representatives of the City and DDA, and guidance from the Consultant Team.

**The Vision**

*“A vision is an image of the future shared by the people of a region and comprehended in physical, social, economic, and environmental terms.”*

*Urban Land Institute*

A well-crafted vision is realistic and recognizes economic, political and environmental constraints. Successful visions must have their

roots in the community and accurately reflect the views and aspirations of those who live and work there. A vision statement should be regularly evaluated and, if necessary, modified.

Implementation of the vision requires consistent and disciplined public policy. Courage, patience, good planning, commitment, and money are also necessary in order to maintain the vision over a long period of time.

One of the key directives for this strategic plan, by participants in the process, was articulation of a vision for the Study Area. The vision statement for the Original Square Mile is presented as follows:

*Downtown Grand Junction will be the principal center for economic, entertainment and meeting activity in the community and region. Together with other locations in the Original Square Mile, the Area will be a receiving ground for the region’s growth. Uses within the Area will include a mix of commercial, residential, institutional, lodging, meeting and public spaces. The Downtown transportation network will connect to the region and support internal neighborhoods, shopping and activity districts. Infrastructure will be financed through shared funding mechanisms, proactively phased and*



*strategically located to leverage private investment. Green treatments will enhance and amenitize employment and commercial concentrations, neighborhoods and streets. Design standards will be more progressive than other areas of the community, and will be controlled by distinct guidelines and standards. Community marketing and promotion efforts will be aggressive and proactive, targeting users which advance sustainability and Smart Growth principles.*

### **Catalyst Concepts**

As explained above, the strategy for renaissance of the Study Area was based on development and targeted investment in key nodes, or “catalyst areas”, which hold investment potential despite select economic and other development challenges. These nodes (or concepts) are defined as: urbanized places with concentrations of jobs, housing units, commercial uses, public spaces, and / or pedestrian activity, which in combination create a sense of place. Predominant land uses can be residential and non-residential, institutional and public. Within these relatively compact geographic areas, different land uses are found side by side or within the same structure. The mix of uses are frequently located in taller structures with minimal setbacks and reduced parking

requirements, all in an effort to achieve rents and sale prices necessary to support higher construction costs. These “nodes” of development serve as catalysts for public and private investment and economic activity, effectively building off the strengths of the surrounding area and connecting to adjacent neighborhoods.

Experience has proven that implementable plans must maintain a high degree of flexibility. As markets change, the physical realm must change with them. Therefore, while these concepts have been identified today as offering potential for leveraged investment, evaluation criteria will provide the City and its advocacy partners with the tools to evaluate future projects which are consistent with the vision for the Study Area. *Note: Not all of the concepts are site-specific. Rather, several concepts may have application in many locations with the Study Area. These are presented as “floating concepts.”*

For the purposes of the *Master Plan*, the following were identified as potential catalyst projects for Downtown Grand Junction:

- Library / First Assembly of God Redevelopment
- Live / Work Units with Ground Floor Retail (not site-specific)
- Mixed-Use Retail / Housing (not site-specific)



- Mixed-Use Retail/Office (not site-specific)

A development economic analysis for each of these projects is summarized in the following section.

### Evaluation

In order to evaluate a proposed project’s potential as a catalyst investment, it must first be evaluated based on accepted criteria. The premise behind a catalyst investment area assumes concentrating resources in select locations that will have a positive economic “ripple effect” in surrounding areas and neighborhoods (such as Downtown Grand Junction and the Original Square Mile). In this way, public partners (e.g., the DDA, City of Grand Junction, Library District, etc.) can effectively “leverage” investment efforts to overcome barriers and achieve desired outcomes.

Implementation and management of catalyst areas is generally the responsibility of a combination of entities including business organizations, special districts, neighborhood and other interest groups, and individual property owners. Potential criteria for catalyst projects in downtowns and/or urban redevelopment areas are outlined below:

#### Criteria

- 1 Consistent with goals of plans and policy documents
- 2 Reflects findings of recent community survey <sup>1</sup>
- 3 Connects to larger community
- 4 Links sub-areas
- 5 Responds to market opportunities
- 6 Improves jobs-to-housing balance
- 7 Strengthens public realm
- 8 Reinforces key entryways or “gateways”
- 9 Communicates community identity
- 10 Encourages fiscal prudence
- 11 Leverages public investment (existing or planned)
- 12 Addresses demonstrated community needs
- 13 Builds upon prevailing strengths of downtown and community

### Economics

Project outcomes, including profitability, are influenced by variations in the above components. Because there are many “moving parts” to development, success is highly dependent on

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<sup>1</sup> The non-statistically accurate survey was conducted for the purpose of understanding community opinions and administered in the context of preparation of the update to the City Comprehensive Plan.



the elimination of as much uncertainty as possible. Challenges on the cost side of the equation include: significant variations in land prices, depending on market conditions and property owner expectations; on-site development costs, depending on existing conditions; off-site development constraints, including upgrades to existing infrastructure; and, higher financing costs due to perceptions of risk. Challenges on the revenue side include the fact that it may take longer to absorb space or achieve anticipated rents and / or sale prices as market conditions change. All of these dynamics result in a relatively high-risk endeavor for a private developer. Therefore, the level to which public sector requirements assist or impede development projects can decrease or increase some of the inherent variability and uncertainty.

Among the most significant challenges facing potential catalyst projects such as those presented here are:

- Level of market “education” required to achieve project rents at the high end of the market;
- Higher development costs associated with creating a “place” unique enough to attract tenants willing to pay a premium to live/work there; and

- Ability to overcome investor perceptions of the projects’ location as a transitional area (e.g., a revitalizing downtown).

Presented below are brief descriptions of the catalyst concepts identified for the *Master Plan*. These descriptions are presented along with a preliminary economic analysis for each concept. The purpose of this work was to provide the City, DDA and other advocacy organizations with tools to “tell the story” of the potential of Downtown Grand Junction. The economic analyses begin to quantify the order of magnitude of any financial “gap” that might result from development and / or redevelopment of these or similar projects within the Study Area. In the case of the economic analyses, since assumptions are based on findings from a market analysis which captures a moment in time, final figures associated with actual projects will likely be different as conditions and markets change. Conclusions derived to-date can best be used to understand the range and number of financing mechanisms and strategies which will be needed to deliver projects of these types to the market.



Catalyst Project #1: Library / First Assembly of God Sites

The first catalyst concept assumes redevelopment of the existing library site to include a new library building, a 300-seat auditorium for performing arts, support commercial retail space, 75 units of senior housing, and 9 units of market-rate ownership housing above the retail space. In addition, it assumes redevelopment of the existing First Assembly of God site at 402 Grand Avenue to include an urban housing project consisting of 18 rowhouses.

*Catalyst Project #1: Library / First Assembly of God Sites*

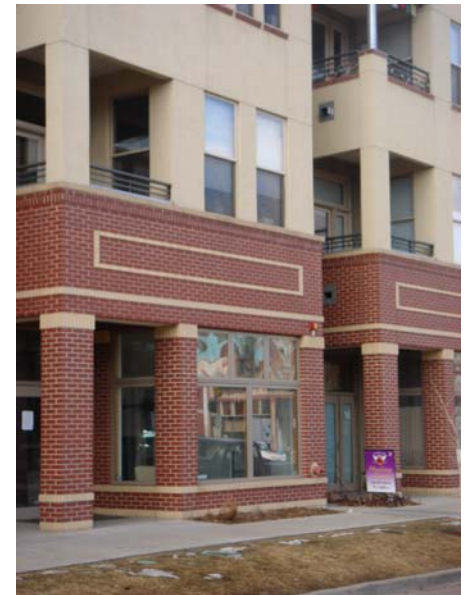
<b>Development Program</b>			<b>Assumption Factors</b>
	<i>Units/Spaces</i>	<i>Square Feet</i>	
Retail/Restaurant		14,400	
Library/Performing Arts		19,500	
Senior Housing (Rental)	75	60,000	800 SF/Unit
Residential (For-Sale)	28	59,360	2,120 SF/Unit
Gross Floor Area		153,260	
Project Land Area		135,036	3.10 Acres
Floor Area Ratio		113%	
Surface Parking	217	75,976	350 SF/Space
Structured Parking	0	0	350 SF/Space

<b>Development Economic Summary</b>		
<b>Total Project Cost</b>		<b>\$37,892,901</b>
<b>Total Project Value</b>		<b>\$15,150,825</b>
<b>Project Margin/"Gap"</b>		<b>(\$22,742,076)</b>
<b>% Project Margin/"Gap"</b>		<b>-60%</b>
<b>Potential Contributions to "Gap":</b>		
Land Writedown	\$6,076,620	100% of Land Cost
Site Improvements Contribution	\$704,222	50% of Total Site Costs
Supportable TIF (25 Years)	\$2,100,000	0.070000 Total Property Tax
Sales Tax Sharing (10 Years)	\$500,000	50% % of Local Sales Tax
Special Improvement District (20 Years)	\$900,000	0.020000 Assessment Rate
Low Income Housing Tax Credit Equity	\$4,752,000	
<b>Total Contributions to "Gap"</b>		<b>\$15,032,842</b>



*Catalyst Project #2: Live/Work Units*

This “floating” catalyst concept assumes development of “live/work” units, which would include work space (gallery, office, studio, etc.) on the ground floor and living space on the upper floors (1-2 levels).





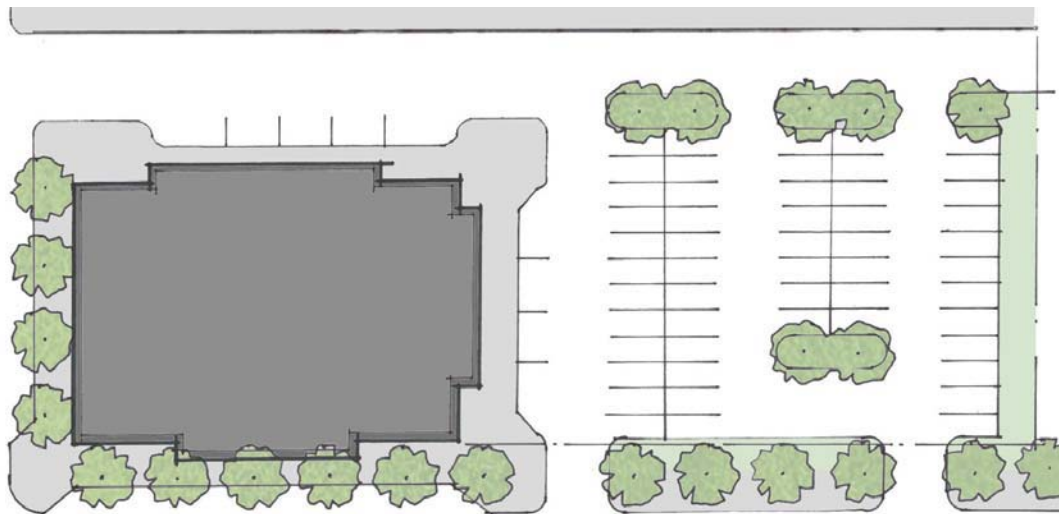
*Catalyst Project #2: Live/Work Units (Cont'd)*

<b>Development Program</b>			<b>Assumption Factors</b>
	<i>Units/Spaces</i>	<i>Square Feet</i>	
Retail/Restaurant		0	
Office		0	
Residential (Rental)	0	0	1,500 SF/Unit
Live/Work (For-Sale)	25	52,500	2,100 SF/Unit
Gross Floor Area		52,500	
Project Land Area		69,696	1.60 Acres
Floor Area Ratio		75%	
Surface Parking	40	13,825	350 SF/Space
Structured Parking	0	0	350 SF/Space
<b>Development Economic Summary</b>			
<b>Total Project Cost</b>		<b>\$13,178,578</b>	
<b>Total Project Value</b>		<b>\$8,137,500</b>	
<b>Project Margin/"Gap"</b>		<b>(\$5,041,078)</b>	
<b>% Project Margin/"Gap"</b>		<b>-38%</b>	
<b>Potential Contributions to "Gap":</b>			
Land Writedown		\$1,393,920	100% of Land Cost
Site Improvements Contribution		\$218,392	50% of Total Site Costs
Supportable TIF (25 Years)		\$800,000	0.070000 Total Property Tax
Sales Tax Sharing (10 Years)		\$0	50% % of Local Sales Tax
Special Improvement District (20 Years)		\$300,000	0.020000 Assessment Rate
Streamlined Development Approvals (6 mos)		\$0	
<b>Total Contributions to "Gap"</b>		<b>\$2,712,312</b>	



*Catalyst Project #3: Mixed-Use Retail/Residential*

This “floating” catalyst concept assumes a mixed-use development of retail space on the ground floor and a combination of rental and ownership housing on the upper floors. This concept envisions a mid-rise building up to 8 stories in height.





*Catalyst Project #3: Mixed-Use Retail/Residential (Cont'd)*

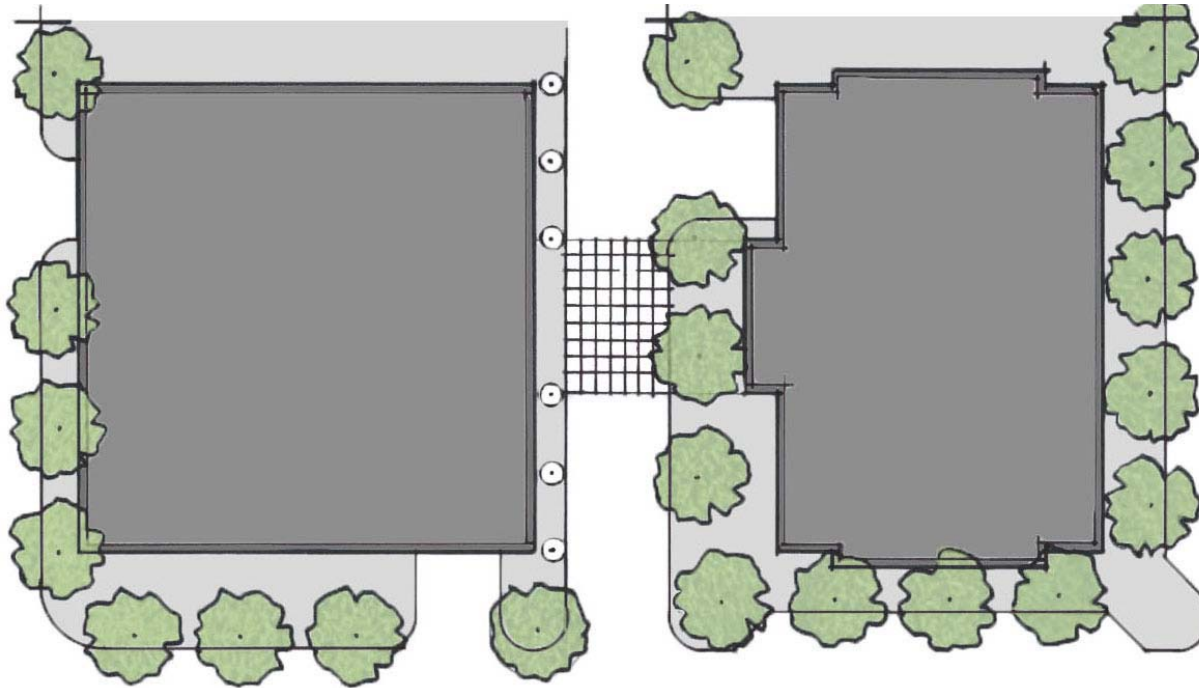
<b>Development Program</b>			<b>Assumption Factors</b>
	<i>Units/Spaces</i>	<i>Square Feet</i>	
Retail/Restaurant		7,500	
Office		0	
Residential (Rental)	30	45,000	1,500 SF/Unit
Residential (For-Sale)	40	60,000	1,500 SF/Unit
Gross Floor Area		112,500	
Project Land Area		56,628	1.30 Acres
Floor Area Ratio		199%	
Surface Parking	44	15,523	350 SF/Space
Structured Parking	84	29,453	350 SF/Space

<b>Development Economic Summary</b>		
<b>Total Project Cost</b>	<b>\$23,677,101</b>	
<b>Total Project Value</b>	<b>\$16,092,188</b>	
<b>Project Margin/"Gap"</b>	<b>(\$7,584,914)</b>	
<b>% Project Margin/"Gap"</b>	<b>-32%</b>	
<b>Potential Contributions to "Gap":</b>		
Land Writedown	\$1,132,560	100% of Land Cost
Site Improvements Contribution	\$833,081	50% of Total Site Costs
Supportable TIF (25 Years)	\$2,400,000	0.070000 Total Property Tax
Sales Tax Sharing (10 Years)	\$300,000	50% % of Local Sales Tax
Special Improvement District (20 Years)	\$600,000	0.020000 Assessment Rate
Streamlined Development Approvals (6 mos)	\$0	
<b>Total Contributions to "Gap"</b>	<b>\$5,265,641</b>	



*Catalyst Project #4: Mixed-Use Retail/Office*

This “floating” catalyst concept assumes a mixed-use development of retail space on the ground floor and office space on the upper floors. This concept envisions a 3-story building.





*Catalyst Project #4: Mixed-Use Retail/Office (Cont'd)*

<b>Development Program</b>			<b>Assumption Factors</b>
	<i>Units/Spaces</i>	<i>Square Feet</i>	
Retail/Restaurant		10,000	
Office		20,000	
Residential (Rental)	0	0	800 SF/Unit
Residential (For-Sale)	0	0	2,000 SF/Unit
Gross Floor Area		30,000	
Project Land Area		45,000	1.03 Acres
Floor Area Ratio		67%	
Surface Parking	0	0	350 SF/Space
Structured Parking	110	38,500	350 SF/Space
<b>Development Economic Summary</b>			
<b>Total Project Cost</b>		<b>\$9,075,000</b>	
<b>Total Project Value</b>		<b>\$4,886,250</b>	
<b>Project Margin/"Gap"</b>		<b>(\$4,188,750)</b>	
<b>% Project Margin/"Gap"</b>		<b>-46%</b>	
<b>Potential Contributions to "Gap":</b>			
Land Writedown		\$900,000	100% of Land Cost
Site Improvements Contribution		\$915,000	50% of Total Site Costs
Supportable TIF (25 Years)		\$1,800,000	0.070000 Total Property Tax
Sales Tax Sharing (10 Years)		\$300,000	50% % of Local Sales Tax
Special Improvement District (20 Years)		\$600,000	0.020000 Assessment Rate
Streamlined Development Approvals (6 mos)		\$0	
<b>Total Contributions to "Gap"</b>		<b>\$4,515,000</b>	



As shown, the economic analyses included evaluations of the following development components:

*Project Costs*

- Land
- On-site development (including parking)
- Building construction (hard)
- Building construction (soft)
- Other development costs (e.g., financing)

*Project Revenues*

- Rental rates for office, retail and residential units
- Sale prices for residential units
- Absorption of units
- Prevailing capitalization and investment rates to determine project value and economic returns

Table xx summarizes the economic analyses for the four catalyst concepts.

**Fill**

It is not unusual for downtown and urban redevelopment projects to generate economic gaps between 25% and 40%. The preliminary analysis summarized herein reflected gaps between

32% and 60%, most still within the reasonable range for strategic public investment. A successful public-private partnership may require the public sector (in this case, the DDA and City) to be a financial partner to this level. A 20% investment in one of these catalyst projects would “leverage” approximately \$5 in private investment for every \$1 spent by the public sector. This is the type of ratio the public sector should expect in a redevelopment partnership.

“Closing the gap” for these catalyst projects will not be accomplished through the use of one strategy or tool. Rather, many tools, used in combination with one another, will be necessary to encourage or leverage private sector investment to the level shown in the analyses presented here. As shown, potential “gap filling” tools and mechanisms could include the following:

- Contributions to Land and Site Improvements (Parking)
- Tax Increment Financing
- Special Improvement Districts
- Streamlined Development Approvals
- Low Income Housing Tax Credits (LIHTC)
- Historic Rehabilitation Tax Credits
- Market Rent/Sale Writedowns
- Others, as appropriate



A glossary of economic development tools is presented in the Appendix.

**Table xxx**  
**Summary of Catalyst Concept Economic Analyses**

<i>Project Indicator</i>	<i>Catalyst Project Concepts</i>			
	<i>Library/Assembly of God Redevelopment</i>	<i>Live/Work With Retail</i>	<i>Mixed-Use Retail/Housing</i>	<i>Mixed-Use Retail/Office</i>
<b>Private Sector Investment</b>				
<b>Development Sq Ft:</b>				
Project Land Area (Acres)	3.1	1.6	1.3	1.0
Retail/Restaurant	14,400	0	7,500	10,000
Office	19,500	0	0	20,000
Residential (Rental)	60,000	0	45,000	0
Residential (For-Sale)	59,360	52,500	60,000	0
<b>Total Private Development</b>	<b>153,260</b>	<b>52,500</b>	<b>112,500</b>	<b>30,000</b>
<b>Floor Area Ratio</b>	<b>113%</b>	<b>75%</b>	<b>199%</b>	<b>67%</b>
<b>Total Project Value (@ Build-Out)</b>	<b>\$15,150,825</b>	<b>\$8,137,500</b>	<b>\$16,092,188</b>	<b>\$4,886,250</b>
<b>Total Project Costs (@ Build-Out)</b>	<b>\$37,892,901</b>	<b>\$13,178,578</b>	<b>\$23,677,101</b>	<b>\$9,075,000</b>
<b>Project Margin/(Gap)</b>	<b>(\$22,742,076)</b>	<b>(\$5,041,078)</b>	<b>(\$7,584,914)</b>	<b>(\$4,188,750)</b>
<b>Project Margin/(Gap) %</b>	<b>-60%</b>	<b>-38%</b>	<b>-32%</b>	<b>-46%</b>
<b>Potential Contributions to Gap</b>				
Land Writedown	\$6,076,620	\$1,393,920	\$1,132,560	\$900,000
Site Improvements Contribution	\$704,222	\$218,392	\$833,081	\$915,000
Supportable TIF (25 Years)	\$2,100,000	\$800,000	\$2,400,000	\$1,800,000
Sales Tax Sharing (10 Years)	\$500,000	\$0	\$300,000	\$300,000
Special Improvement District (20 Years)	\$900,000	\$300,000	\$600,000	\$600,000
Low Income Housing Tax Credit Equity	\$4,752,000	--	--	--
<b>Total Contributions to Gap</b>	<b>\$15,032,842</b>	<b>\$2,712,312</b>	<b>\$5,265,641</b>	<b>\$4,515,000</b>

Source: Leland Consulting Group.