

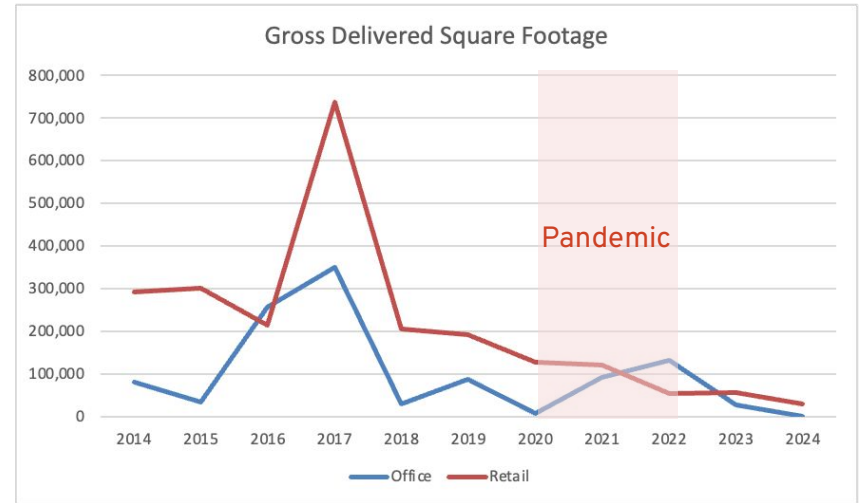
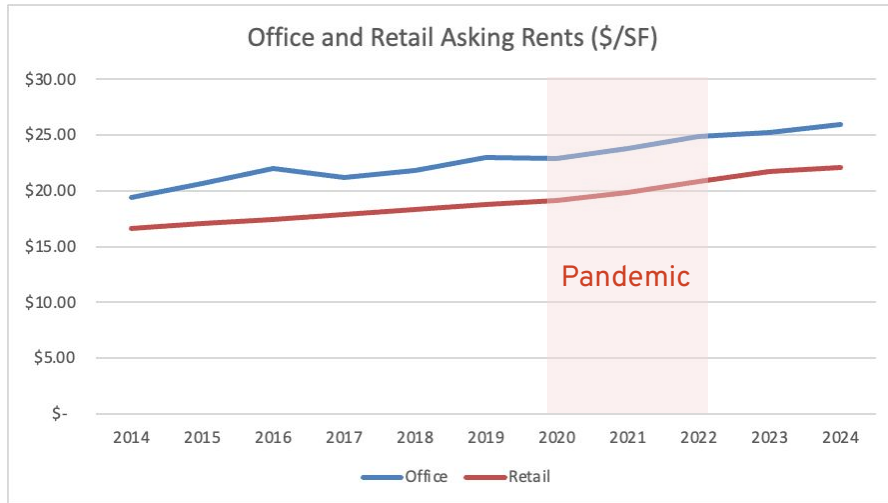


# Commercial Code Sensitivity Analysis

Fort Collins Commercial Zoning Code Update  
March 31, 2025

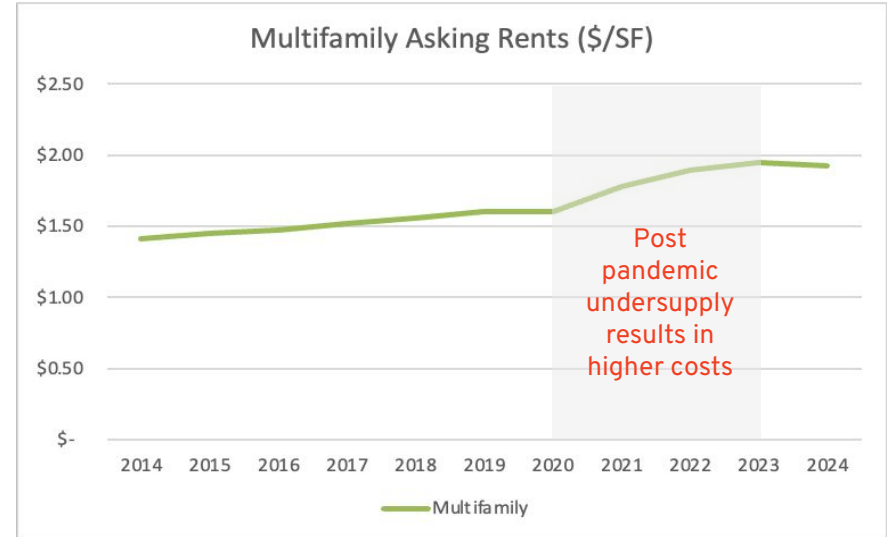
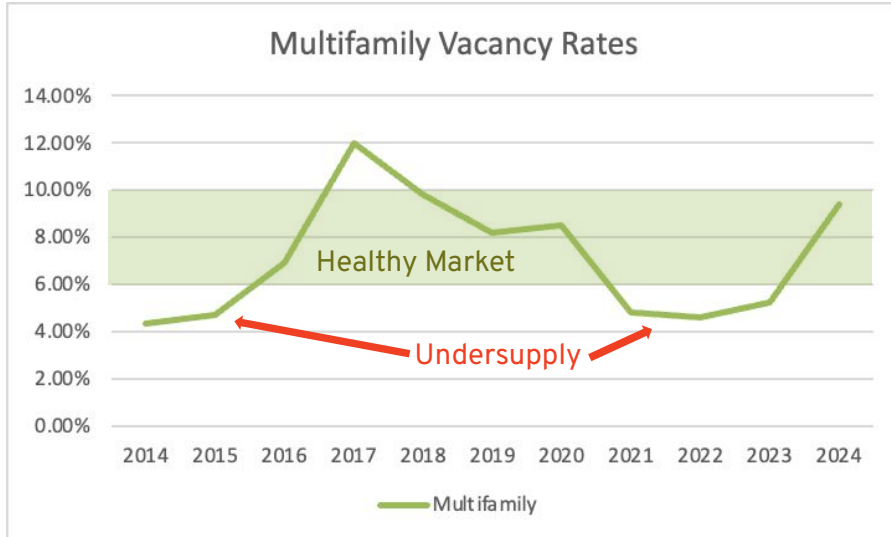
## Ft. Collins Office and Retail Markets

While office and retail rents have remained stable in Ft. Collins (relative to nationwide trends), demand for new office and retail space has continued to decline following the COVID-19 Pandemic.



## Ft. Collins Multifamily Market

Meanwhile, housing demand and costs have increased since the pandemic and just started to stabilize in 2024.



## Key Concerns & Code Issues Evaluated

1. **Flexibility for Secondary Uses in Employment Districts:** Should primary/secondary use requirements be re-considered to support 15-minute city goals in the Harmony Corridor and Employment Districts?
2. **Transit Oriented Development (TOD) Incentives:** How effective are existing incentives at encouraging TOD development types?

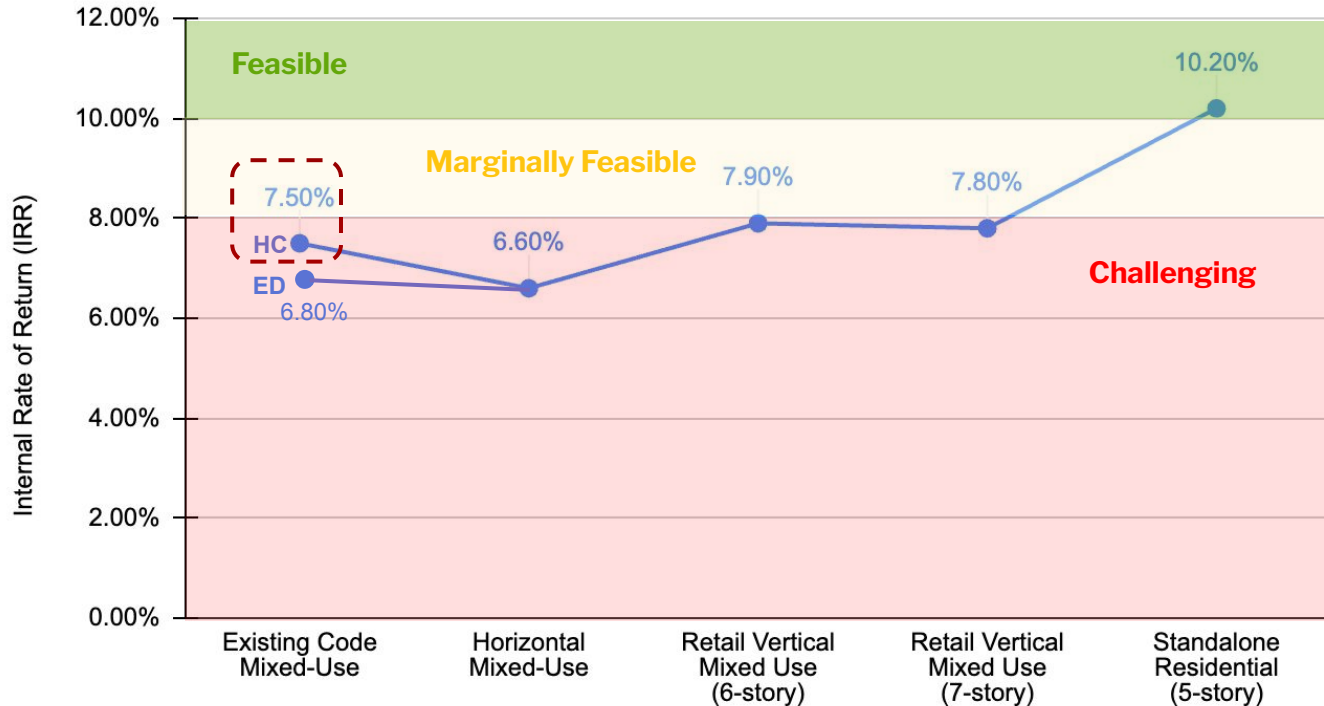
## Concept #1: Flexibility for Secondary Uses

### Sensitivity Tests:

- **Test 1A: Existing Code**
  - HC: 6 story (5 story wood frame over 1 podium) residential with ground floor office
  - ED: 4 story (3 story wood frame over 1 podium) residential with ground floor office
  
- **Test 1B: Horizontal Mixed Use**  
3 story apartments & 1 story free standing retail/commercial
  
- **Test 1C & 1D: Retail Vertical Mixed Use**
  - 1C: 6 story (5 story wood frame over 1 podium) mixed-use with partial ground floor retail
  - 1D: 7 story mixed-use with partial ground floor retail
  
- **Test 1E: Standalone Residential**  
5 story wood frame apartment building



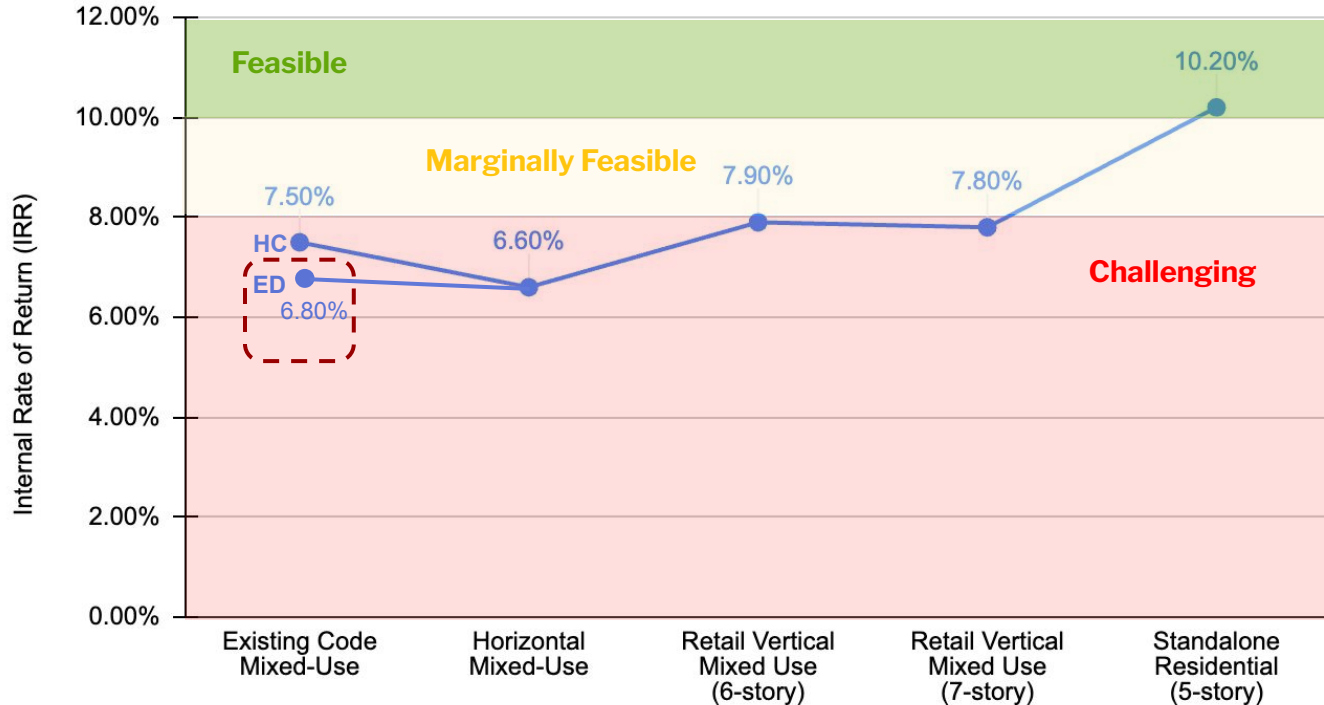
## Concept #1: Sensitivity Analysis Results



### Test 1A- Harmony Corridor

Office lease rates not high enough to justify construction costs. This is a drag on the pro-forma. Parking and ground floor requirements for office reduce leasable area for residential.

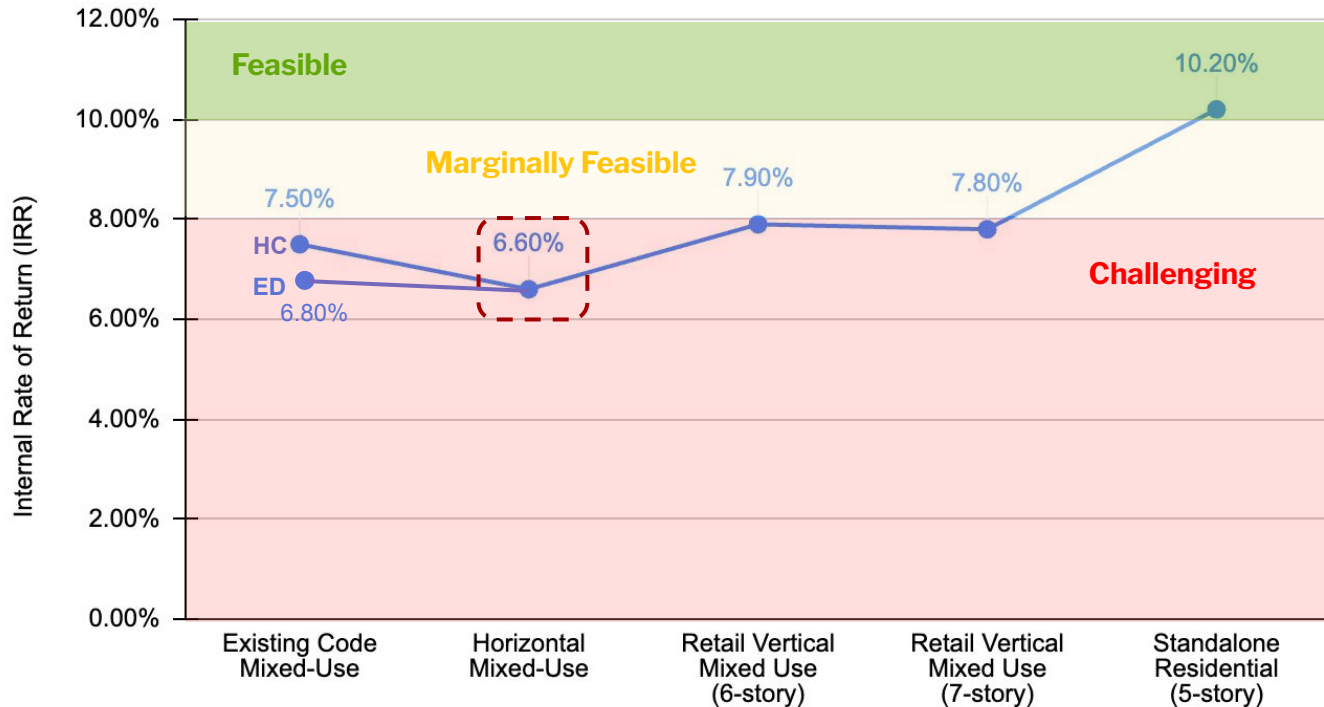
## Concept #1: Sensitivity Analysis Results



### Test 1A- Employment District

Similar concerns to Harmony Corridor regarding office lease rates and ground floor primary use requirements. Employment District only allows for four stories in height further reducing project feasibility.

## Concept #1: Sensitivity Analysis Results

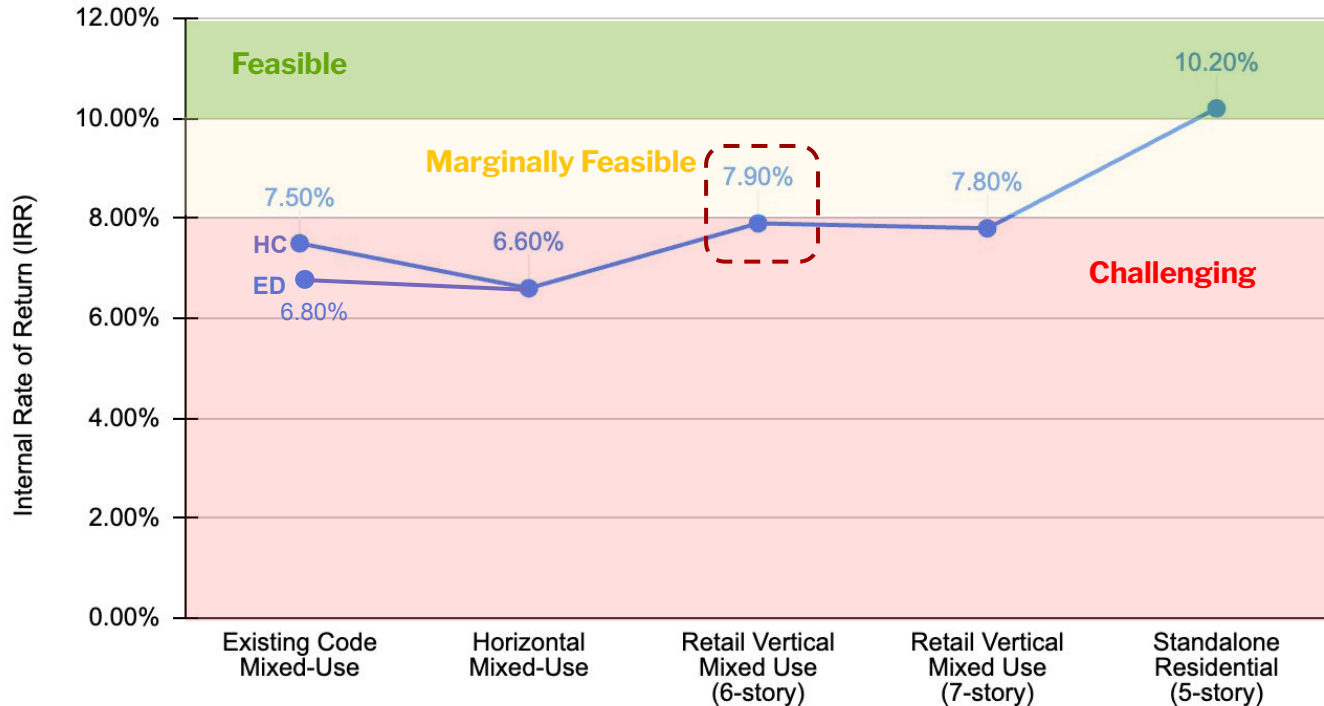


### Test 1B

Inefficient use of land. Smaller residential walk-up apartment and 1 story commercial result in two relatively small buildings with much less leasable area.



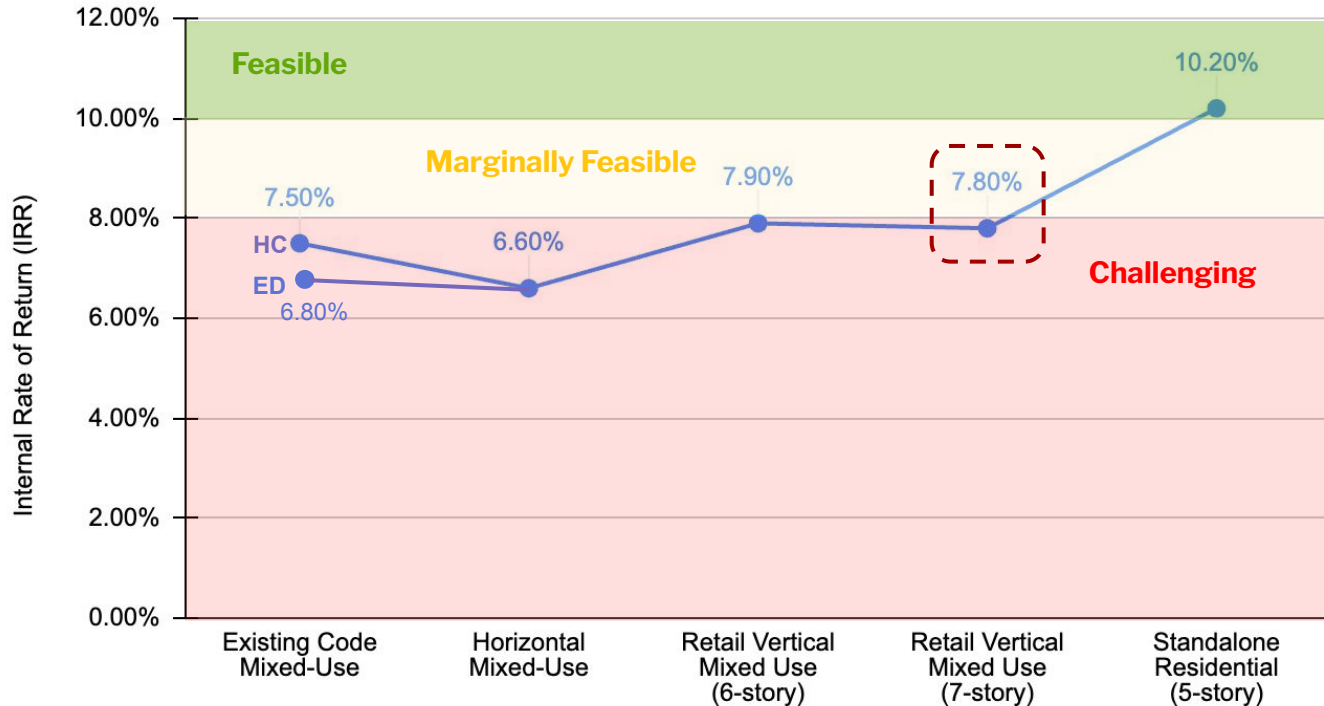
## Concept #1: Sensitivity Analysis Results



### Test 1C

5 stories of wood frame residential over retail and tuck under parking. Retail has higher lease rates than office and provides amenity for residential units.

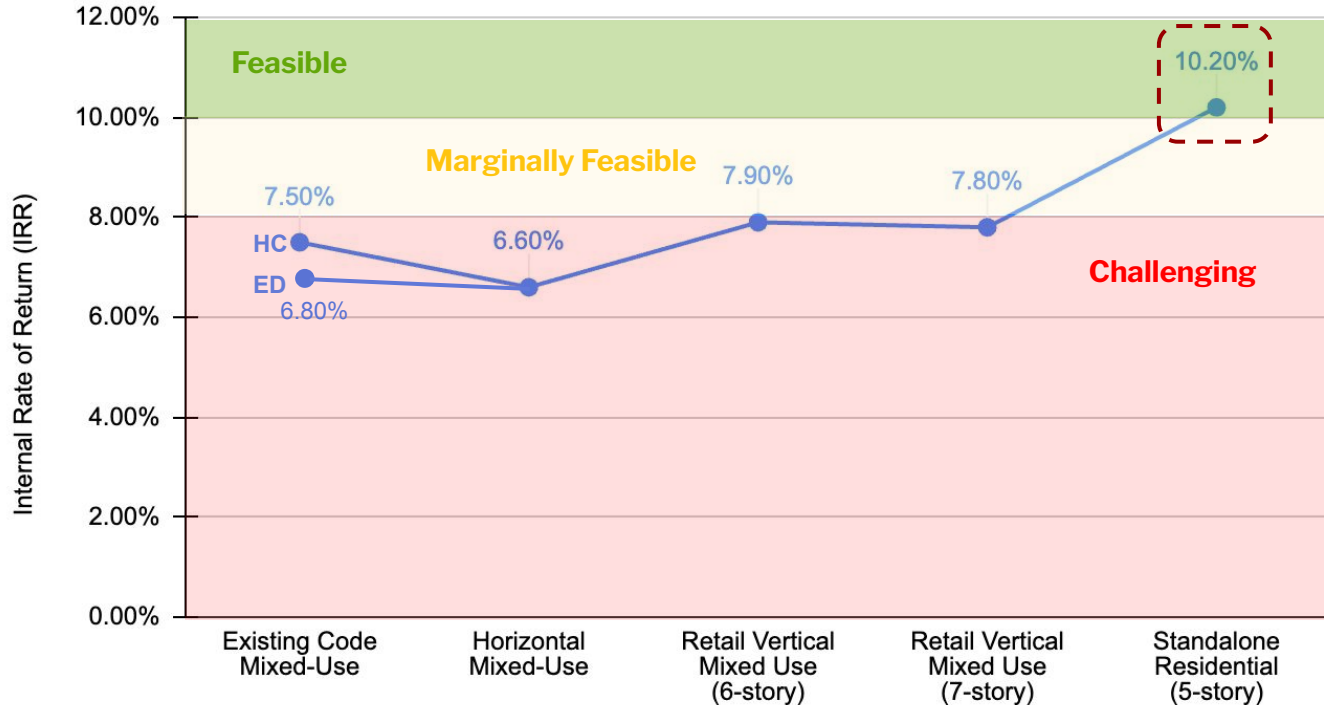
## Concept #1: Sensitivity Analysis Results



### Test 1D

5 stories of wood frame residential over retail over 2 floors of concrete. Even with parking reductions for retail, there is a disincentive to building an additional floor due to higher construction costs.

## Concept #1: Sensitivity Analysis Results

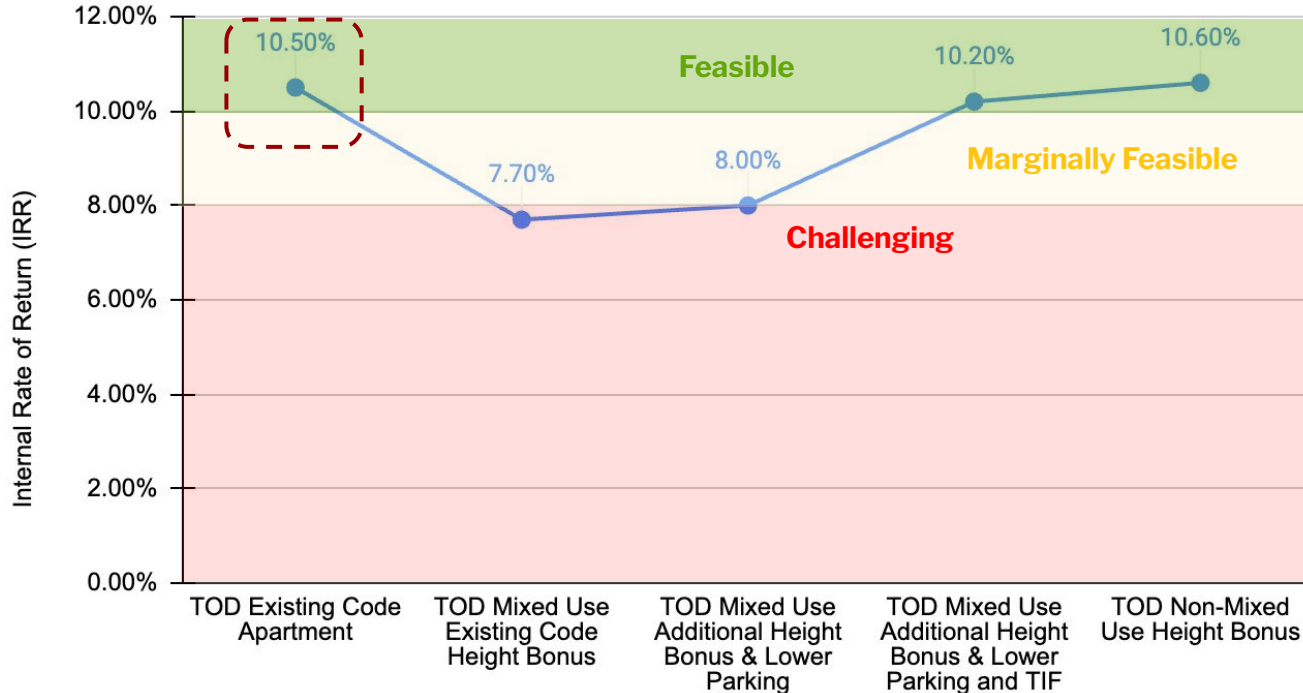


### Test 1E

5 stories maximizes wood frame construction type. Residential revenue potential is higher than commercial.



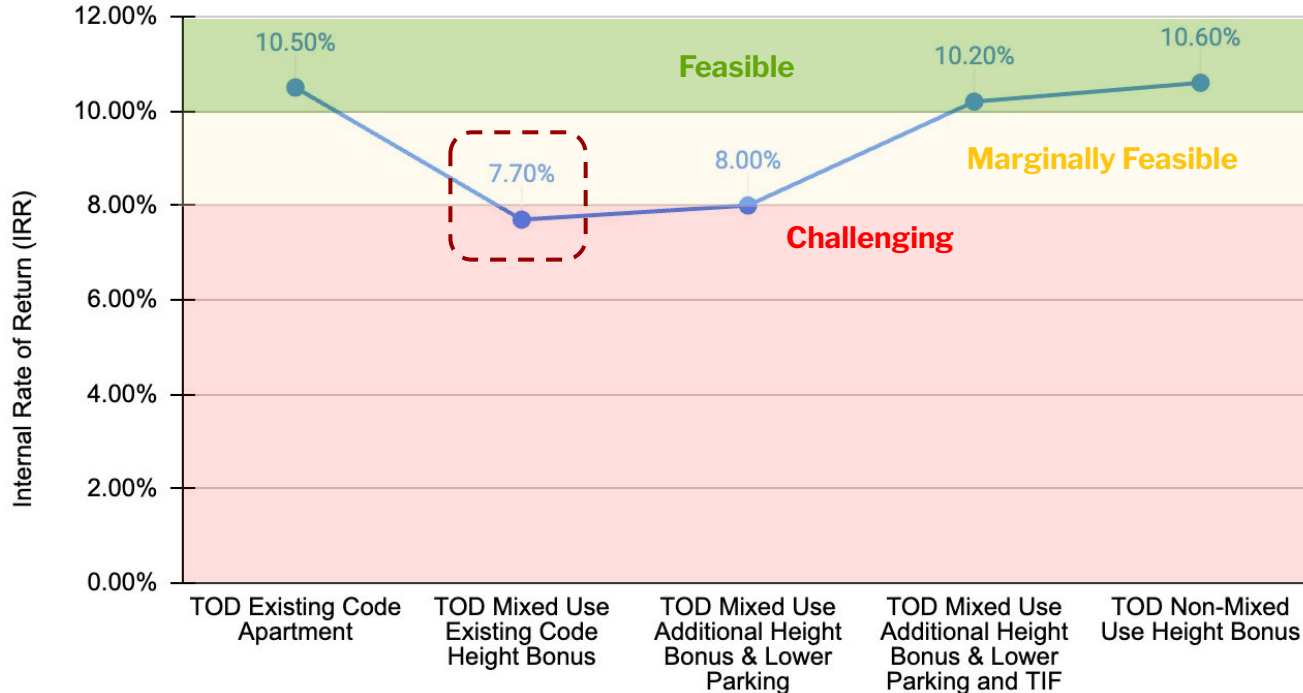
## Concept #2: Sensitivity Analysis Results



### Test 2A

Existing code allows a 4-story elevator-served residential building. This building type is cost-efficient and dense enough to pencil given typical land costs.

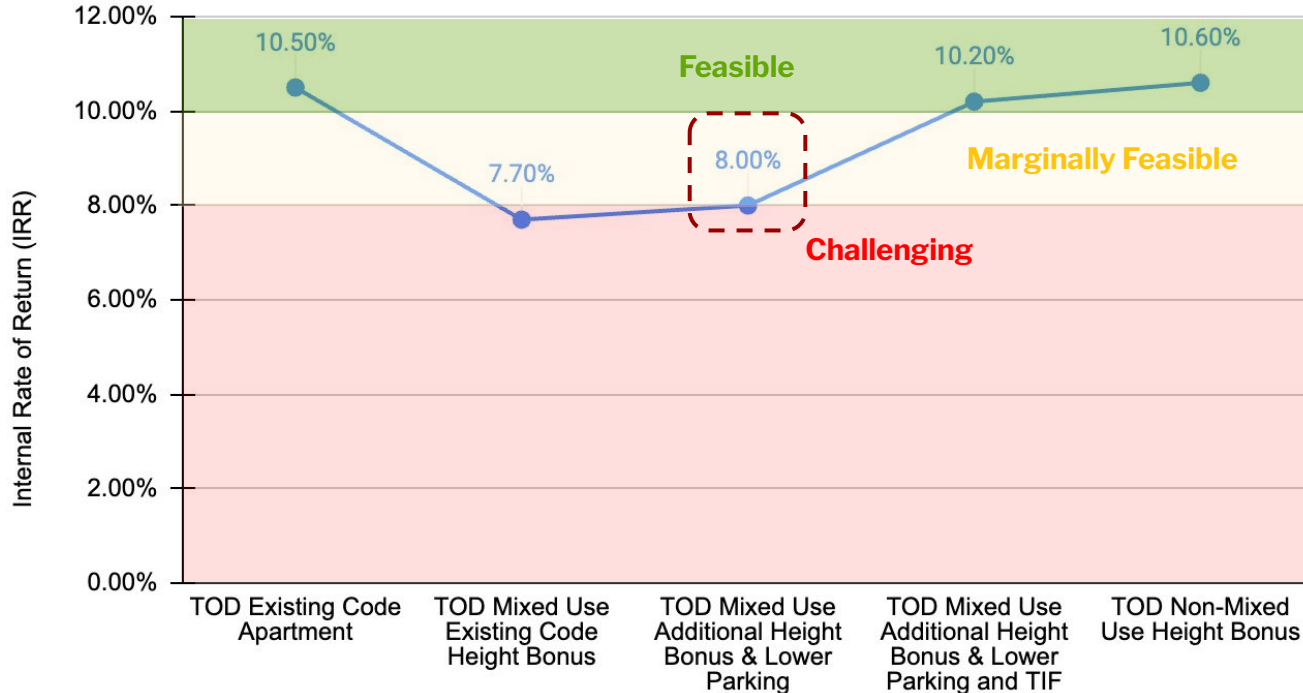
## Concept #2: Sensitivity Analysis Results



### Test 2B

The TOD overlay provides 1 additional floor and reduced parking requirements in exchange mixed-use. Costs and soft commercial rents make this unattractive.

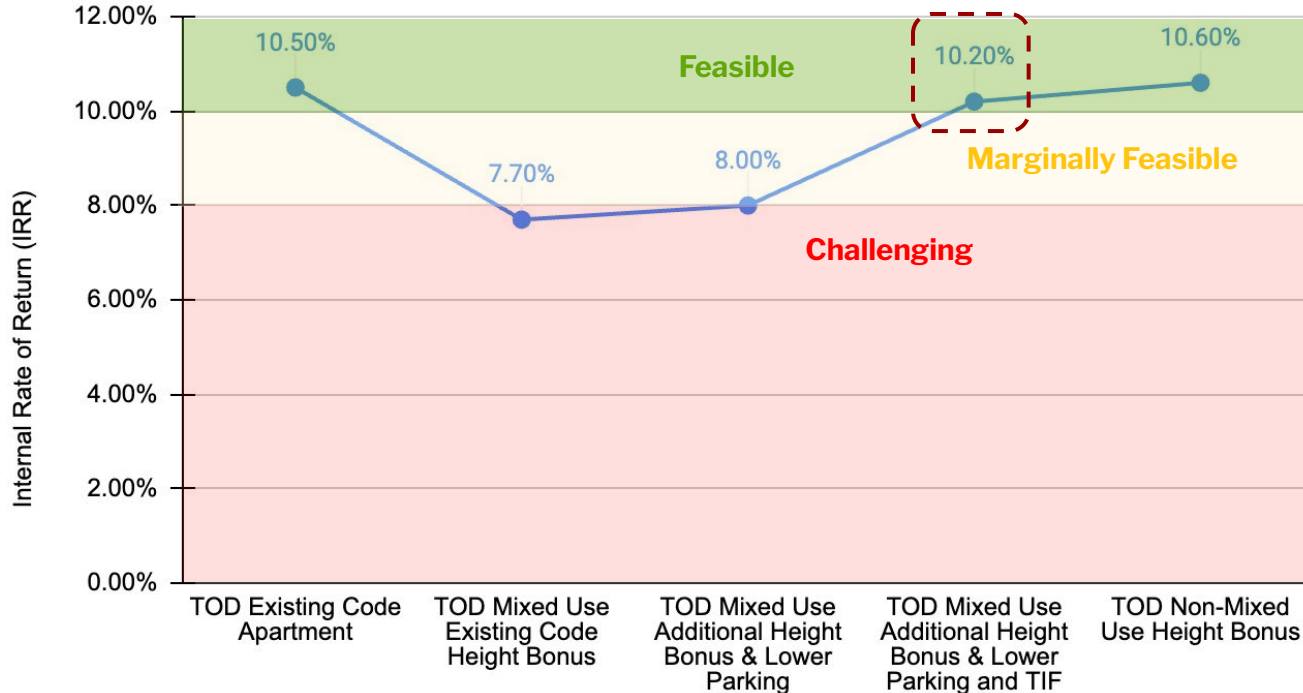
## Concept #2: Sensitivity Analysis Results



### Test 2C

Even if we maximize the stick built / podium building type at 7 stories and provide minimal parking, there is a disincentive to building more floors.

## Concept #2: Sensitivity Analysis Results

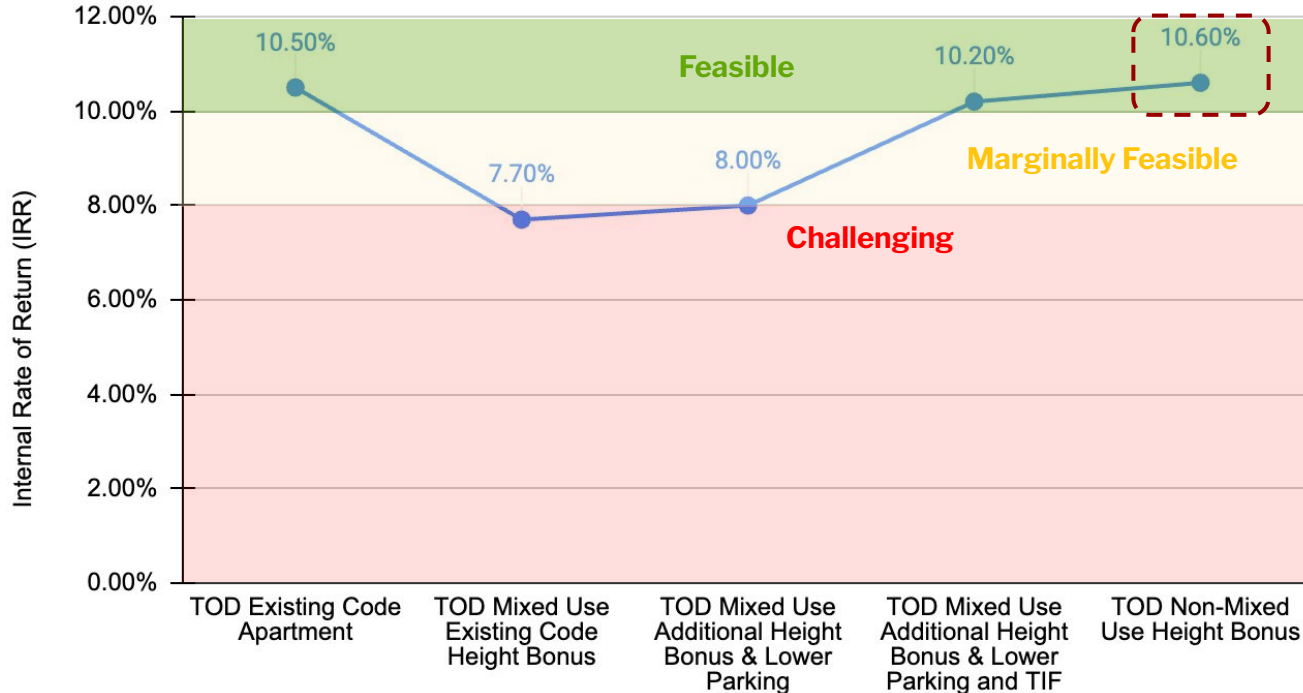


### Test 2D

Only with a 100% 10-year tax incentive does the prospect of adding 3 floors with a commercial component begin to make sense.



## Concept #2: Sensitivity Analysis Results



### Test 2E

This assumes 1-story additional height allowance is allowed in the TOD, without a mixed-use component. This is the most market feasible development type available today.

\*A 6-story apartment was also tested and resulted in an 8.8% IRR.