

MEMO

TO: Michelle Metteer, Manager

DATE: April 25, 2024

FROM: James Mann, Financial Analyst

RE: Downtown Development Authority – Redevelopment Potential

In the Town's ongoing efforts to look at the creation of a Downtown Development Authority (DDA), you requested an analysis of potential redevelopment within the 100 Block. In looking at the potential development/redevelopment, I utilized the following resources:

- UMB Memo dated October 27, 2023
- Town's Historic Preservation Ordinance
- 100 Block Design Guidelines
- Eagle County Property Tax Records
- Eagle County GIS

Similar to most historic downtown areas, Minturn is not uncommon in building footprints that encroach on lot lines and established right-of-way. Those two factors will create unique challenges to redevelopment efforts within the proposed 100 Block redevelopment efforts.

The UMB memorandum indicated that there was relatively limited growth potential in property tax revenues that would benefit a DDA, as most inflationary growth would likely be added to the base value of the district. Rightly, the report did indicate that if there was redevelopment of a portion of the 100 Block that there may still be value in creating a DDA to create a thriving downtown, however the report did not delve into the potential of redevelopment impacting future property tax revenues.

In looking at future potential of development, I looked at three distinct areas within the 100 Block, plus two individual redevelopment sites as examples of potential redevelopment value. It should be noted that there may be other redevelopment potential within the proposed district, including areas along Williams Street and whether the Dowd Junction area is included. Generally, the areas that I reviewed are depicted by the map to the right.

- Redevelopment Area A (Yellow Highlighting)
- Redevelopment Area B (Green Highlighting)
- Redevelopment Area C (Blue Highlighting)
- Miscellaneous Redevelopment (Pink Highlighting)



Redevelopment Area A (yellow): This area represents the west side of Main Street from the intersection of Williams Street and Hwy 24, including 101 Main, 121 Main, 141 Main and Tax Parcel 24. The unabandoned right-of-way between Magustos (101 Main) and 121 Main is included in the A.1 scenario, with the A.2 Scenario eliminating a redevelopment of Magustos (101 Main).

Redevelopment Area B (green): This area represents the east side of Main Street from where N. Main intersects Hwy 24, including 102 Main, 132 Main and 142 Main.

Redevelopment Area C (blue): This area represents the east side of Main Street at the southern end of the study area and encompasses 172 Main and 192 Main.

Miscellaneous Redevelopment (pink): There are two separate redevelopment concepts on the southern end of the study area on the west side of Main Street, one including 161 Main and 161 Nelson, the second including 171 Main.

In looking at the redevelopment areas, I assumed that a mixed-use development would be used in Redevelopment Area A, B and C, with one lot in the Miscellaneous category being a mixed-use and the other being pure commercial. Other assumptions that were used are summarized below:

- Assume consolidations of lots in redevelopment Areas A, B, and C to enhance the redevelopment opportunity
- Value Assumptions:
 - Land value would increase to \$125/square foot, which is based on higher values experienced with lots that are more “buildable” within the study area
 - Commercial space would be valued at \$250/square foot, which is more closely reflects the value/square foot on some of the more attractive commercial parcels in the study area
 - Residential space would be valued at \$700/square foot, which is based on the average residential square foot value of the study area
- Incentive Floors – assumed that all redevelopment areas, except for one of the miscellaneous redevelopments, will try to maximize the square footage available in the redevelopment. Town Code allows for a third incentive floor to be added on Main Street if certain criteria are met.

As noted, the majority of the redevelopment concepts evaluated are assumed to be mixed use, with first floor commercial, second floor residential, and then the high-end numbers included the incentive floor. A summary of the concept development areas are as follows:

	Market Value		Assessed Value	
	Low	High	Low	High
Redevelopment A1 or A2	7,343,636	14,621,336	1,070,839	1,837,798
Redevelopment B	4,514,182	7,015,458	549,661	1,834,166
Redevelopment C	7,941,654	12,352,729	1,096,352	1,391,894
Miscellaneous 1	1,258,870	2,046,370	365,072	417,835
Miscellaneous 2	1,173,750	3,028,750	343,288	412,938
Total	22,232,092	39,064,643	3,425,211	5,894,630

Dependent upon timing of the redevelopment occurring, the redevelopment market value may range from \$22 MM to \$39 MM, with an assessed value of \$3.4 MM to \$5.9 MM. This will generate a total revenue stream available from the above redevelopment would be between \$6.7 MM and \$12.6 MM. The present value of the revenue stream would be between \$3.2 MM and \$6.3 MM. These numbers assume that the overall Mill Levy will remain stable at 72.908 Mills and that properties will appreciate 4.00% biennially. The analysis neither takes into consideration changes to the Mill Levies of the other taxing jurisdictions (up or down), nor any action by the State Legislature to adjust the assessment methodology utilized for residential and commercial properties.

In looking at the potential for creation of a DDA, the Town does have some barriers that may impact the ability of redevelopment to occur:

- First, the fact that the Town currently is operating under a development moratorium due to lack of potable water being available for growth will place a significant damper on any appetite to undertake a significant redevelopment project. Without the ability to develop additional units than are currently available will significantly impact decisions to redevelop to highest and best use.
- The Historic Preservation Ordinance adds another layer for any redevelopment initiative. While the barriers of the Historic Preservation Ordinance are not insurmountable, the additional layer may cause pause for redevelopers due to the potential of a project being stopped due to exercising of the ordinance provisions.

The above represents a view of potential development that may be very different from actual redevelopment that is proposed. As an example, Redevelopment Areas A, B and C involve essentially wiping the areas and starting over, which may or may not be something that the

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Town is willing to consider. These three redevelopment areas represent 75% to 80% of the anticipated redevelopment value in the analysis that has been prepared, so they are rather significant in the potential value derived from creation of a DDA.

Based on the above, there may be significant potential for the creation of a DDA to provide additional resources to address 100 Block infrastructure needs and aid business development, retention, and attraction for the Town.

Attachments:

1. Property Inventory
2. Redevelopment Summary
3. Redevelopment Area A.1
4. Redevelopment Area A.2
5. Redevelopment Area B
6. Redevelopment Area C
7. Miscellaneous Redevelopment