



Meeting Date: May 16, 2023

AGENDA MEMORANDUM

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Tara Vargish, PE, Director, Development Services
Brad Boland, AICP, Long Range Project Manager

Title: **Update: Residential Unit Data (through March 31, 2023)
with Potential Buildout Estimates**

Executive Summary

The purpose of this quarterly residential unit data update is to provide an overview of development activity and estimated population projections. This update includes data through the first quarter of 2023, ending on March 31, 2023. The data outlines the maximum zoning entitlements and growth areas approved by Council and provides an update on the pace of activity in each area of Town. The official recordation of the Dawson Trails PD occurred during this period, which added 1,003 new single family entitlements and subtracted 3,053 multi-family entitlements for a net reduction of 2,050 residential entitlements Town-wide. During the first quarter of 2023, there were 167 single family units and 126 multi-family units built, for an estimated increase of 760 new residents overall. The current estimates show an approximate population of 83,078 through March 31, 2023.

For this update staff performed an audit of platted lots within the Town. A few changes were made to certain developments to correct how plat amendments were counted. The most notable item to come out of the audit was that Villages at Castle Rock subdivision was being counted in both the Castle Oaks/Terrain Planned Development and the Founders Village Planned Development. This contributed to reduction in 129 units and 392 people from the previous update.

Previous to this update, multi-family units were not recorded as built until they received a certificate of occupancy. For many legitimate reasons, most multi-family buildings first receive a temporary certificate of occupancy (TCO) which allows residents to move in while other areas of the site are finalizing construction. As the project may operate under the TCO for several months, multi-family residential projects will now be counted in this report as built when TCO is received as it reflects the fact new residents have moved in.

Staff continues to update the potential realistic buildout estimates as more information becomes available, and updates them with each quarterly report. The potential high and low buildout calculations provide more realistic unit and population estimates to aid in planning for future Town resources.

Discussion

Castle Rock, through most of its history, is a growth community. The growth we are experiencing is consistent with residential and commercial building activity across the Front Range and throughout the State of Colorado. Therefore, the pace of growth is an ongoing discussion. Growth in Castle Rock remained generally steady for 100 years between its founding in 1881 and 1980 when it grew from an original population of 88 to approximately 4,000 residents. Castle Rock did not see significant residential growth after WWII, a trend common among other Front Range communities. Instead, the opening of the Outlet Mall in 1992 coincides with an increase in the residential growth rate that continues today. The population more than doubled between 1990 and 2000 when it grew from approximately 8,000 residents to more than 20,000 residents. The population doubled again through 2010 when it reached approximately 49,000 residents and continues to grow with the current population estimated at approximately 83,078 residents as of March 31, 2023.

Castle Rock's growth rate over the past 20 years has generally exceeded the economic conditions regionally and nationally. Given the pace of growth to date, data shows that existing larger planned communities such as Meadows, Founders, Castle Oaks / Terrain, and Crystal Valley Ranch have taken decades to reach this point in development. Predicting the pace of growth is difficult because it is influenced by many factors, most notably the economy, interest rates, the homebuilding market, topography and soil conditions as well as political decisions related to development regulations.

The data outlined herein provides information through the first quarter of 2023. The analysis compares the maximum number of zoned residential units to the number of units that received a certificate of occupancy. Zoning entitlements can be amended and home building is on-going. Therefore, this report is updated quarterly to provide information to Town Council and our residents.

Development Types and Impacts

The Town's existing zoning entitlements include approximately 130 planned developments (PD) and associated PD amendments. The Town consists of very few "straight" zoned areas such as R-1 Single-Family Residence District. Single family detached residential in PD's accounts for the majority of the Town's built environment. Areas within the planned developments that allowed for higher density attached or multi-family development were built with fewer homes than the maximum allowed within any section of a planned development. Therefore, some areas may not ever reach their maximum allowed number of residential units.

Unlike other communities in the Denver metro area, Castle Rock is not flat. Factors to consider regarding potential build-out include the Skyline-Ridgeline Ordinance, severe and moderate slopes, major drainage corridors and cap rock. Many of the planned developments were zoned prior to the Skyline-Ridgeline Ordinance; therefore, parts of the Town that were zoned to allow homes now have building height and location restrictions to protect our skylines and ridgelines.

In staff's opinion, based upon discussions with the master planned community development teams and the information provided herein, staff suggests the likelihood of full buildout to reach the entitled number of units is highly unlikely.

Entitlement Data

Each planned development (PD) on **Table A** shows the PD's name, date of original zoning approval and corresponding PD number depicted on the Town's Zoning District Map to help identify the areas included with the unit counts. The map in **Attachment A** shows the geographic location of each PD area. **Table B** compares estimates since 2017.

Residential areas within the Town that are straight-zoned are primarily located within the downtown and Craig and Gould subdivision, denoted as "Central Castle Rock" in **Table A**. The "Maximum Zoned Units" and "Units Built (CO)" counts were further divided into single family (SF) or multi-family (MF) for each area. The SF numbers include single family detached and single family attached units, such as townhomes or paired homes. The multi-family numbers include single building attached units such as apartments or condominiums. In several cases, zoning for planned developments allows either single family or multi-family units within a specific planning area. In those situations, the units allowed were assigned to the multifamily category, as this represents the higher entitlement potential. If developed as single family homes, the number of units actually developed would be less.

Table A: Comparison of Maximum Zoned Units to Built Units, through March 31, 2023

Please note that these are estimates, and numbers are subject to change due to factors listed in this memo, as well as any future zoning amendment approvals.

| PD # | Planned Developments (year initially zoned) | MAXIMUM ZONED UNITS | | | UNITS BUILT (CO) | | |
|------|--|---------------------|-----|-------|------------------|-----|-------|
| | | SF | MF | Total | SF | MF | Total |
| 130 | Alexander Place (2020) | 26 | 99 | 125 | 0 | 0 | 0 |
| 5 | Arbors (2002) | 38 | 80 | 80 | 0 | 0 | 0 |
| 7,8 | Auburn Ridge (2013) | 0 | 286 | 286 | 0 | 186 | 186 |
| 12 | Brookwood (2003) | 72 | 0 | 72 | 63 | 0 | 63 |

| | | | | | | | |
|--------------------------|---|----------------------------|-----------|--------------|-------------------------|-----------|--------------|
| 16 | Cambridge Heights (2003) | 0 | 100 | 100 | 0 | 0 | 0 |
| 17 | Castle Highlands (1984) | 132 | 200 | 332 | 127 | 200 | 327 |
| 19 | Castle Meadows* (1989) | 0 | 440 | 440 | 0 | 0 | 0 |
| 3,20,21,22,23,117 | Castle Oaks /Terrain (2002) | 1992 | 775 | 2767 | 1988 | 0 | 1988 |
| 25,26,27,28,104 | Castle Pines Commercial / Promenade (1987) | 0 | 1410 | 1410 | 0 | 1062 | 1062 |
| 29 | Castle Ridge East (1996) | 30 | 0 | 30 | 28 | 0 | 28 |
| 30,31 | Castle Rock Estates - Diamond Ridge (1995) | 126 | 0 | 126 | 126 | 0 | 126 |
| 33,87,88,89,90 | Castleview Estates - The Oaks of Castle Rock (1985) | 248 | 326 | 574 | 242 | 0 | 242 |
| 34 | Castlewood Ranch (1998) | 1300 | 0 | 1300 | 1282 | 0 | 1282 |
| straight zones, downtown | Central Castle Rock (varies) NO maximum zoning** | 1538 | 3462 | 5000 | 1535 | 1188 | 2723 |
| 40 | Covenant At Castle Rock (2014) | 58 | 0 | 58 | 58 | 0 | 58 |
| 42,43,44,45,46 | Crystal Valley Ranch (2000) | 2670 | 753 | 3423 | 2549 | 0 | 2549 |
| | | MAXIMUM ZONED UNITS | | | UNITS BUILT (CO) | | |
| PD # | Planned Developments (year zoned) | SF | MF | Total | SF | MF | Total |
| 47 | Dawson Trails (2023) | 3450 | 2400 | 5850 | 0 | 0 | 0 |
| 52,9 | Founders Village - Inc. Founders 24 and Bella Mesa (1985) | 2776 | 2905 | 5681 | 2485 | 0 | 2485 |
| 54,55 | Hazen Moore (2000) | 243 | 0 | 243 | 161 | 0 | 161 |
| 56,57 | Heckendorf Ranch (1985) | 406 | 224 | 630 | 299 | 0 | 299 |
| 59 | Hillside (2009) | 120 | 0 | 120 | 0 | 0 | 0 |
| 118 | Lanterns (2003) | 1200 | 0 | 1200 | 311 | 0 | 311 |
| 62 | Liberty Village (2004) | 1245 | 0 | 1245 | 1086 | 0 | 1086 |
| 63,64,65 | Maher Ranch (1988) | 923 | 100 | 1023 | 771 | 96 | 867 |
| 70,72,73,74 | Meadows (1985) | 6867 | 4002 | 10869 | 7271 | 555 | 7826 |
| 75 | Memmen Young Infill (1985) | 559 | 476 | 1035 | 0 | 0 | 0 |
| 76,77,78,79,80 | Metzler Ranch (1996) | 1037 | 660 | 1697 | 743 | 580 | 1323 |
| 97,98,99,101,103 | Plum Creek (1983) | 3025 | 0 | 3025 | 1189 | 360 | 1549 |

| | | | | | | | |
|-----------------|---|---------------------|--------|---------|------------------|-------|--------|
| 100 | Plum Creek Ridge (2006) | 92 | 70 | 162 | 120 | 0 | 120 |
| 102 | Plum Creek South (1985) | 307 | 198 | 505 | 137 | 0 | 137 |
| 106,107,108 | Red Hawk (1996) | 660 | 268 | 928 | 821 | 0 | 821 |
| 129 | Ridge Estates (2020) | 52 | 0 | 52 | 0 | 0 | 0 |
| 110,111 | Scott II (1987) | 85 | 220 | 305 | 78 | 220 | 298 |
| 113 | Sellers Landing PD (1982) | 0 | 94 | 94 | 0 | 77 | 77 |
| 115 | Stanbro PD (1987) | 32 | 92 | 124 | 0 | 0 | 0 |
| 119 | Villages at Castle Rock / Echelon (1981) | 12 | 542 | 554 | 125 | 126 | 251 |
| 121 | Wolfensberger - formerly Graham PD (1996) | 0 | 56 | 56 | 0 | 56 | 56 |
| 122,123,124,112 | Woodlands - Inc. Scott Ranch (1983) Woodlands Crossing (1987) | 990 | 0 | 990 | 537 | 0 | 537 |
| 125,126 | Young American (1983) | 78 | 1138 | 1216 | 375 | 186 | 561 |
| | | MAXIMUM ZONED UNITS | | | UNITS BUILT (CO) | | |
| | | SF | MF | Total | SF | MF | Total |
| TOTAL UNITS | | 32,389 | 21,376 | 53,727 | 24,507 | 4,892 | 29,399 |
| | POPULATION ESTIMATES | 98,463 | 42,752 | 141,215 | 73,294 | 9,784 | 83,078 |

*Castle Meadows does not have a maximum cap in the zoning, however 440 MF units was listed in the most recent traffic study for this property. This property could develop with more or less residential units.

**Central Castle Rock includes straight zoned land as R-1, R-2, R-3, and B zone areas in the Downtown Overlay that allow multifamily. There is no maximum cap in the zoning, so land area and typical densities have been used to estimate the area could develop out at 5,000 units.

***125 units platted as part of Villages, property later rezoned and included within Founders

Table B: Total Estimates Comparison

| | MAXIMUM ZONED UNITS | | | UNITS BUILT (CO) | | |
|---------------------------|---------------------|--------|---------|------------------|-------|--------|
| End of Year | SF | MF | Total | SF | MF | Total |
| 2017 units | 31,744 | 22,800 | 54,544 | 19,444 | 3,328 | 22,772 |
| 2017 population estimates | 96,502 | 45,600 | 142,102 | 57,902 | 6,656 | 64,558 |
| 2018 units | 31,744 | 22,800 | 54,544 | 20,498 | 3,828 | 24,326 |
| 2018 population estimates | 96,502 | 45,600 | 142,102 | 61,106 | 7,656 | 68,762 |
| 2019 units | 31,744 | 22,924 | 54,668 | 21,479 | 3,924 | 25,403 |
| 2019 population estimates | 96,502 | 45,848 | 142,350 | 64,089 | 7,848 | 71,937 |
| 2020 units | 31,770 | 23,162 | 54,932 | 22,438 | 4,001 | 26,439 |
| 2020 population estimates | 96,581 | 46,324 | 142,905 | 67,004 | 8,002 | 75,006 |
| 2021 units | 31,710 | 23,204 | 54,876 | 23,439 | 4,001 | 27,409 |
| 2021 population estimates | 96,398 | 46,408 | 142,806 | 70,047 | 8,002 | 78,049 |
| 2022 units | 31,386 | 24,429 | 55,777 | 24,469 | 4,766 | 29,235 |
| 2021 population estimates | 95,413 | 48,858 | 144,271 | 73,178 | 9,532 | 82,710 |

| | MAXIMUM ZONED UNITS | | | UNITS BUILT (CO) | | |
|----------------------------|---------------------|--------|---------|------------------|-------|--------|
| End of Quarter 2023 | SF | MF | Total | SF | MF | Total |
| 1st Quarter 2023 units | 32,389 | 21,376 | 53,727 | 24,507 | 4,892 | 29,399 |
| 1st Q population estimates | 98,463 | 42,752 | 141,215 | 73,294 | 9,784 | 83,078 |
| 2nd Quarter 2023 units* | - | - | - | - | - | - |
| 2nd Q population estimates | - | - | - | - | - | - |
| 3rd Quarter 2023 units** | - | - | - | - | - | - |
| 3rd Q population estimates | - | - | - | - | - | - |
| 4th Quarter 2023 units | - | - | - | - | - | - |
| 4th Q population estimates | - | - | - | - | - | - |

Qualifiers

The data contained within **Table A** includes qualifiers, which can sometimes be difficult to predict. In some developments there is no land available to construct additional units. Examples include:

- Castle Highlands was zoned/entitled for 490 residential units in 1984. The existing number of platted lots and constructed homes is 422 with little land remaining to build the remaining homes allowed per the zoning entitlement.
- Memmen Young Infill was zoned/entitled for 1,035 residential units in 1985. The site includes severe topography, cap rock and areas that are subject to the Skyline/Ridgeline Ordinance, making it unlikely to reach full buildout. A rezoning application has been submitted for the majority of the property, which would reduce the number of entitlements.

The timing of these and other developments is unknown. Market conditions and site conditions impact development which may result in a reduction of unit counts at final development.

Several of the master planned communities have vesting rights while others do not. Some of the planned communities have vesting rights that have expired, but that does not allow for a significant change because all developments include legal agreements with the Town, referred to as Development Agreements (DA's,) that specifically outline required improvements and timing for those improvements. The agreements are a contract between the Town and the owner that would be difficult to eliminate even though the vesting expired.

Based upon review of historical data and updated data contained herein, staff noted that several themes emerged:

- Because changing market conditions result in adjustments throughout the lifetime of a development, we cannot predict a precise build-out number or year on larger planned developments or the community as a whole.
- We cannot show a reduction to the entitled number of units unless the development team requests a rezone to reduce the unit count.
- We can accurately outline known circumstances, meaning we can identify the difference between maximum entitled unit counts and the total platted lot counts, where no additional lots can be constructed, and make estimates for the "realistic" potential buildout.
- We can update the data with new information to determine how local trends are effecting the pace and location of growth in the community.

Potential Buildout Estimates

Because of the many qualifiers associated with the maximum zoned units versus units built calculations, staff analyzed the zoning entitlements further for each planned

development zoning area. Staff evaluated the potential buildout based on availability of land, site constraints, and overall feasibility of the development to realistically build the total amount of units allowed within each planned development. The high buildout and low buildout potential offers a more realistic range of units for each area when the planned development is fully built (**Attachment B**). While the current maximum units allowed per the zoning entitlements equates to a future Town population of approximately 141,215 persons, a more realistic future population would be closer to 113,000 to 121,500 persons, or about 40,000 to 44,000 total homes.

Findings

The data shows that the Comprehensive Master Plan adopted in 1999 and updated in 2002 and in 2017, was on track with projections that the Town may grow to an estimated 86,000 to 159,000 residents. The Town's current data, through March 31, 2023, is estimating a maximum zoned/entitled population of 141,215 residents. On average, given the amount of land available for development, the likelihood of the larger planned developments reaching the maximum density allowed through entitlements is low because there are a larger number of entitled units remaining than available land to build those units. Potential buildout analysis estimates a more realistic buildout population of 113,000 to 121,500 persons.

The Town of Castle Rock is an attractive community to live, work and play in, and we expect it will continue to attract residential and commercial growth for many years to come.

Attachments

Attachment A: Town of Castle Rock PD Zoning Map

Attachment B: Unit Data through March 31, 2023 with Potential Buildout Chart