



Meeting Date: July 1, 2025

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, Development Services

Title: **Downtown Overlay District Proposed Height Changes**

Executive Summary

On June 17, 2025, Town Council directed staff to prepare an ordinance for consideration that would establish a uniform maximum building height of four stories throughout the Downtown Overlay District. In response, Town staff has drafted an ordinance reflecting this direction. To support Council's review, background information on the origin and purpose of the Downtown Overlay District, as well as its existing height regulations, has been included. Additional considerations have also been provided to aide potential discussions regarding downtown building height regulation.



Background

History of Downtown Overlay District

In 2002, following adoption of the 2020 Vision and Comprehensive Master Plan, Town Council created the theme that Castle Rock is a “world class community with small town character.” As Castle Rock continued to grow at a rapid pace, Town Council recognized that downtown represents “small town character” in Castle Rock. To place emphasis on that theme, in the summer of 2006, Town Council appointed the Downtown Advisory Commission (DAC) with the goal to identify and recommend options and opportunities to improve the downtown environment. The Commission consisted of representatives from Town Council, Town staff, downtown property owners, downtown business owners, and representatives from Douglas County, the Douglas County School Board, and the Douglas County Library Board. A series of meetings occurred where numerous options and recommendations arose and the group consensus was that a strong effort was needed to encourage investment and reinvestment to improve downtown character.

In 2008 the DAC led an effort for downtown property owners to vote and form a downtown district boundary and create the Downtown Development Authority (DDA) including an additional 3 mills of property tax within the boundary. The DDA was identified as the leadership group using Tax Increment Financing (TIF) authority under State Statute to encourage and assist with ongoing investment, reinvestment and improvements in downtown. Along with the formation of the DDA, Town Council approved the Downtown Plan of Development to be implemented by the DDA. Significant progress occurred following creation of the DDA with several high-profile projects sharing TIF.

In the spring of 2009, Town Council created the Downtown/Historic Team to propose regulations in the downtown area that would assist in the implementation of the Town’s Downtown Master Plan, the DDA’s Downtown Plan of Development, and the Town’s Historic Preservation Plan. The Downtown/Historic Team was comprised of representatives from the Chamber of Commerce, the Castle Rock Historical Society, representatives from Craig and Gould, Castle Rock Economic Development Council (Castle Rock EDC), Downtown Development Authority, Downtown Merchants Association, the Historic Preservation Board, Town Council and the Planning Commission. All Downtown/Historic Team meetings were publicly noticed meetings. Public presentations were made to the Castle Rock EDC Board, Castle Rock EDC Policy Committee, Downtown Development Authority, Historic Preservation Board and a community outreach/input meeting was held

After approximately one (1) year, over twenty (20) meetings, and numerous public outreach efforts the Downtown/Historic Team developed the Downtown Overlay District, which Town Council adopted in 2010. The Downtown Overlay District established architectural, landscaping, building design, and site development guidelines to encourage compatible land uses and ensure higher quality development in downtown to

protect property values and to provide safe and efficient pedestrian and automobile access. The Downtown Overlay District encourages mixed-use within the same structure or block and high-intensity commercial development, and created building height regulations for this overlay. The adoption of the Downtown Overlay District established the Design Review Board, with members from a variety of other town boards and downtown property owners.

Regarding building height within the downtown area, the Downtown/Historic Team engaged in multiple discussions aimed at identifying a balanced approach. The team worked to establish height standards that respect the historic character of the downtown, support an inviting and walkable pedestrian environment, protect existing property rights, and provide the flexibility needed to attract vibrant, future development. These considerations ultimately informed the height requirements currently in the Town's downtown regulations.

The Historic Preservation Board, Planning Commission, and Downtown Development Authority all held public hearings in which they recommended approval of the Downtown Overlay District. In July of 2010, Town Council adopted the Downtown Overlay District.

Over the years, the Downtown Overlay District has undergone several amendments. Two of the more significant changes include the adoption of parking standards in 2018 and the introduction in 2025 of the requirement that projects exceeding 10,000 square feet undergo a public hearing before Town Council for review and final approval.

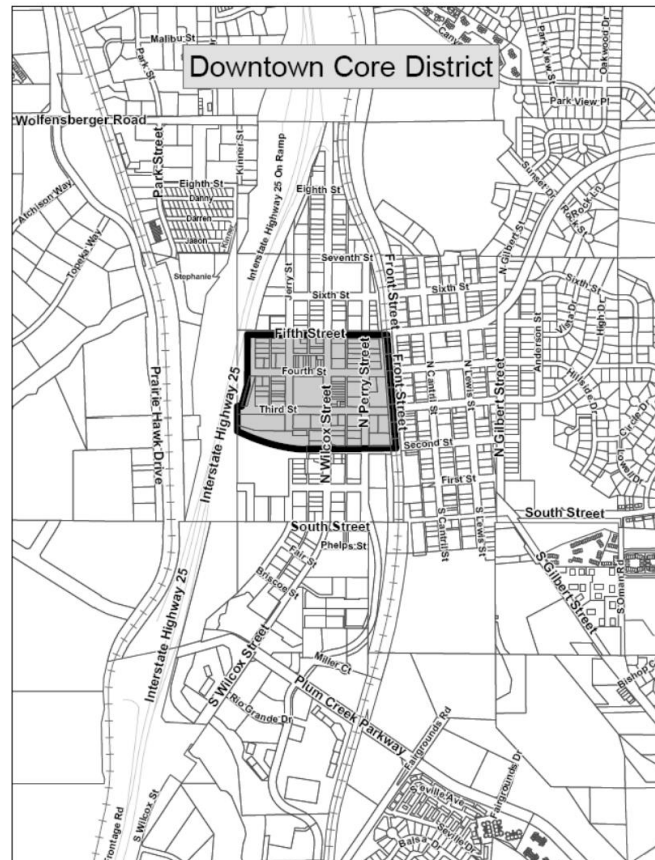
Discussion

DOD Building Height Standards (CRMC 17.42.070)

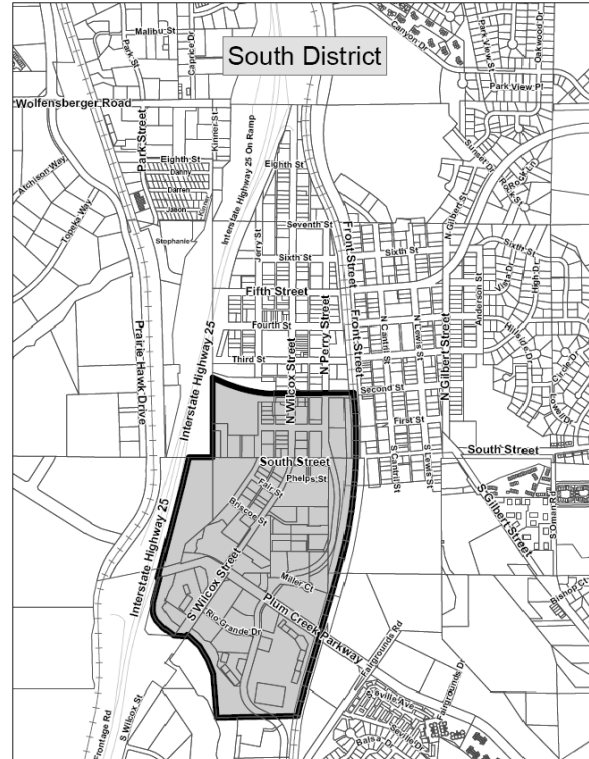
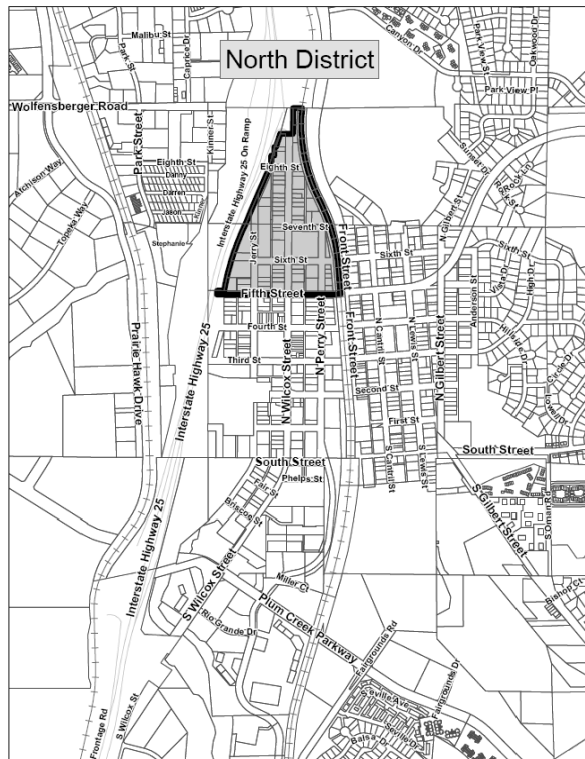
The DOD's intent is to establish design and development standards that encourage quality development, that provide safe and efficient mobility of pedestrians and automobiles, and that encourage a wide range of economic development opportunities. The chapter identifies the "usual" zoning criteria: allowable uses, development standards, and design standards. However, a building's crown design and allowable building height are specifically addressed in a separate section of the DOD, highlighting the importance of how tall a building may be and the look of the "top" of a building in how those elements affect the Downtown character. The Design Review Board (DRB) and Town Council must review a building's crown design based on aesthetic design, conformity with the Downtown Master Plan, and whether appropriate view sheds are maintained.

For building height regulations, the DOD is broken down into three smaller sub-districts that have different building height allowances. The Downtown Core District, shown in the image below, currently limits a new building to four stories with a maximum building height of 60 feet. The code allows a landowner to request additional floors, and corresponding increase in height, in all three Districts. Within the Downtown Core District, a landowner could request one additional floor, to allow up to 5 floors total with

a corresponding increase in height. The DRB and Town Council evaluate additional floor requests at the same public hearings for the Site Development Plan application, and takes into consideration how the project proposes to incorporate design elements found in adjacent landmark structures and how the additional floors may impact adjacent properties.



The remaining areas of the DOD are separated into the North and South Districts. Both of these districts limit a new building to six stories with **no maximum** height limitation. The DOD code allows the North and South Districts properties the ability to request up to two additional floors, for a maximum potential of 8 floors of building height. The DRB and Town Council evaluate additional floor requests at the same public hearings for the Site Development Plan application, and takes into consideration how the project proposes to incorporate design elements found in adjacent landmark structures and how the additional floors may impact adjacent properties. The North District extends north from Fifth Street up to the Wolfensberger interchange with I-25. The South District extends south generally from 2nd Street past the Plum Creek Parkway interchanges along I-25, ending just south of the Safeway shopping center. These two districts are shown in the images below.



The following table shows a summary of each district and the current building height requirements, along with the additional height allowances in Town code:

Downtown Area	Building Height Regulations		Additional Height Allowance	
	Max. Floors	Max. Height (ft)	Floors	Height (ft)
North District	6	None	2	None
Core District	4	60	1	Corresponding increase in building height
South District	6	None	2	None

The height limit in the Downtown Core is intentionally set lower than in the North and South Districts to preserve the unique character and scale of this central area. The Downtown Core includes Wilcox Square and a significant concentration of the Town's historic buildings, many of which are one to two stories in height. These structures contribute to the identity and charm of Castle Rock's historic downtown. Setting a lower allowed height was meant to maintain the prominence of historic landmarks and ensure that new development remains compatible with the established architectural context. This approach supports the preservation of the area's heritage while allowing for thoughtful infill that reinforces a walkable and vibrant town center.

Current Building Heights

During the Council discussions on downtown building heights in 2021, staff researched the existing building heights in the downtown core area, as well as some recently approved projects outside the core. Building height data was obtained from building permits and approved site development plans or approximated from the “Nearmap.com” online measuring tool.

The buildings along the 300 block of N. Wilcox Street range from approximately 17 to 45 feet tall, with the exception of the Douglas County building in the courthouse square, measuring 55 feet at the tallest. Other buildings around the Courthouse Square are roughly 17 to 63 feet. The 200 block of Third Street includes the tallest buildings on Courthouse Square with Mercantile Commons at 55 feet, Riverwalk Lux at 63 feet, the Douglas County Third St building at 75 feet and the garage at 40 feet. Within the Downtown Core District along N. Perry Street, buildings range from one-story, or about 15 feet tall, to several stories measuring 50 to 52 feet tall (buildings at Fourth and Perry and Reyn Rock respectively).

Outside of the Core area, newer built buildings include Riverwalk North at 59 ft, Riverwalk South at 70 ft, Encore at 88 ft, Mirage Dental at 54ft, and the View at 85 ft. Generally, existing one story buildings are 15 to 25 feet tall, two stories at 30 to 35 feet, three stories over 40 feet, and four or more stories over 45 feet.

Areas of Downtown that are not regulated by the DOD

Within the downtown area, most properties have an underlying zoning district in addition to the DOD zoning. Most properties in downtown are zoned B (business commercial) with a few zoned R-1 (single-family residential), R-3 (multi-family residential), I-1 (light industrial) or a custom PD (Planned Development). The DOD is zoning “on top of” the underlying straight zoning districts. The DOD zoning regulations govern if there is a conflict between the DOD entitlements and the underlying zoning entitlements, per CRMC 17.42.030. Also, per CRMC 17.42.030, the DOD does not apply to properties within the downtown that have a planned development (PD) zoning. Within the DOD, there are five PD zoning districts. Consequently, the DOD regulations, including the height allowances, do not apply in these areas. Any code changes proposed with the attached ordinance will not apply to these properties. Below is the list of the five PD zoning districts and their allowed height.

PD Zoning Districts in Downtown	Building Height
18 Wilcox PD (office building at 18 S. Wilcox Street_	50'
Castle Manor PD (Reyn Rock at 403 N. Perry Street)	silent
Centre On Plum Creek (Big O Tires at 750 S. Perry Street)	50'
Miller Ranch PD (The Center at Plum Creek shopping center with Safeway, at 714 S. Perry and the US Post Office at 300 Miller Court)	50'
Q-Petroleum PD (7-Eleven at 810 N. Wilcox Street)	35'

Analysis

Downtown Character

Limiting building height in downtown could offer several benefits that support the Town's long-term planning goals. Maintaining lower building heights helps preserve the visual integrity and traditional scale of the area's historic architecture, ensuring that new development does not overwhelm existing landmarks. Height limitations encourages new development to be more contextually appropriate, aligning in form and scale with surrounding structures. This approach also supports a more comfortable and engaging pedestrian environment, as human-scale buildings—typically three to four stories—foster walkability and enhance street-level activity, in addition, shorter buildings reduce shadows and allow more natural sunlight to reach sidewalks and adjacent properties, contributing to a more livable and inviting streetscape.

Economic Viability

A vibrant concentration of people, businesses, and activities is essential for a successful and resilient downtown. Mixed-use buildings play a key role in achieving this by integrating residential, commercial, and office spaces within a single structure or block, allowing more individuals to live, work, and spend time in close proximity. This mix creates a steady flow of daily activity that sustains local shops and restaurants throughout the day and evening, generating vibrancy to the area and local sales tax dollars. The consistent presence of people enhances public safety, encourages walkability, and helps build a strong sense of community. Additionally, a well-utilized downtown makes more efficient use of existing infrastructure and reduces the need to expand development into surrounding open lands.

Developing and constructing a mixed-use building presents several significant challenges, particularly in historic or small-town downtown contexts. From a financial perspective, mixed-use projects often involve higher upfront costs and greater risk due to the complexity of combining residential, commercial, and office uses within a single structure. Securing financing can be difficult, as lenders may view these projects as less predictable than single-use developments. Building codes also add complexity—different uses within the same building can trigger multiple occupancy classifications, requiring additional fire separations, mechanical systems, and accessibility accommodations. Building height can directly affect project feasibility. While four stories may support limited residential units above commercial space, adding one or two additional floors can significantly improve a project's financial viability by increasing leasable or sellable space. This additional floor area can help offset the high costs of land, structured parking, and enhanced construction materials, ultimately making the project more feasible.

Proposed Ordinance

Council directed staff to prepare a code amendment that would establish 4 stories as the maximum height for new buildings in downtown. The attached ordinance amends Section 17.42.070 of the Castle Rock Municipal Code to establish a uniform maximum building height within the Downtown Overlay District (DOD) to four stories. Under the revised ordinance, all new construction within the DOD—regardless of subdistrict—will be subject to the Downtown Core’s existing height restriction of four stories. The changes apply to new applications within the DOD and will not impact previously approved development projects. Additionally, the 5 existing PD areas in downtown are not regulated by the DOD code change and they will retain the maximum building heights established with their current zoning.

This amendment also removes the current reference to a maximum building height in feet (it is currently 60 ft in the Core), and removes the options for property owners to request additional floor height. If Council would like to consider establishing a set maximum height in addition to floors, or allowing a property owner to request additional floors with an site development plan approve by Council, those alternatives are discussed below.

Additional Considerations/Possible Amendments

Public Outreach

The adoption of the Downtown Overlay District in 2010 was preceded by significant public outreach and engagement. Given that a reduction in allowed building height could have meaningful implications for downtown property owners, public outreach prior to adopting the proposed ordinance may be appropriate to help identify potential concerns or unintended impacts. Additionally, previous downtown height discussions at Council in 2021 raised concerns from property owners losing development rights if the height requirements were reduced.

If Council wanted to engage the community further on the subject, they could direct staff to conduct open houses and stakeholder outreach meetings to collect feedback on the proposed building height changes and bring that back to a future Council meeting.

Establishing a Maximum Height in Feet

The current Downtown Core District is the only area in the DOD that regulates both the number of building floors, at four stories, and sets a maximum height to not exceed 60 feet. The North and South districts only regulate the number of floors.

During the 2021 Council discussions on potentially changing downtown building heights, although the consensus was to not change the current building heights, there was some discussion that in the future the Town may want to establish a set maximum height for

the north and south districts, as regulating simply the number of stories did not guarantee what the maximum height of the buildings.

If Council wants to set all of the DOD area to four stories AND establish a maximum building height in feet, they may want to consider amending the proposed ordinance to set a maximum building height. Staff would recommend consideration of the current Core District building height regulations of “four stories, with a maximum height of 60-feet”. An example motion could be “I move to approve the Ordinance as introduced by title, with the amendment to include a set maximum building height of 60 feet, and bring it back to Council for 2nd reading.”

As mentioned in the proposed ordinance section above, these changes would only apply to the areas of downtown regulated by the DOD code, and not to the 5 PD zoning regulated areas.

Additional Floor/Height Allowance

Currently, the Downtown Overlay District provides the opportunity for applicants to request up to one additional floor in the Downtown Core, and up to two in the North and South Districts, subject to review and approval by Town Council. During the Downtown/Historic Team’s discussions on building height in 2009, the opportunity to request additional floors was created to help make mixed use redevelopment projects less risky and more financially viable with additional floors. Additionally, a key concern raised was the potential risk and cost to applicants associated with seeking additional stories or building height. Specifically, applicants may face costs, uncertainty, and delays if required to wait until a public hearing for a final decision after completing the full review process.

If Council wanted to maintain an avenue for property owner to request additional floors, the code could be amended to allow some level of additional floor options with Council approval. This could either have the additional building height allowance considered at the site development plan public hearing, much like the DOD allows today, or could allow a project to come before Council for a building height decision prior to finalizing their site development plan. The creation of this type of early building height determination would allow applicants to receive a building height determination from Town Council early in the design process. This would provide valuable guidance and allow applicants to proceed with greater clarity and confidence when preparing a formal application with final architectural designs and project costs.

In any of these scenarios, if Council wants to allow the flexibility to allow additional floors, the code criteria can be amended to indicate the allowance is only for mixed use buildings or in cases where Town Council determines the project has significant benefit.

Building Step-backs for Different Floors

To promote a pedestrian-friendly environment and ensure compatibility with Castle Rock's historic downtown character, implementing graduated building setbacks, also called step-backs, for buildings could be considered. The ground floor should maintain a zero setback from the front property line to reinforce the traditional downtown development pattern and encourage active street-level uses such as retail and dining. Beginning at the third story, a minimum step-back of five feet could be required to reduce perceived building mass and maintain the prominence of existing one- and two-story historic structures. For buildings exceeding three stories, upper levels could incorporate additional step-backs of 10 to 15 feet to protect key viewsheds, enhance visual interest, and preserve a comfortable scale for pedestrians. These step-backs could help balance new development with the surrounding built environment and support the continued vitality of the downtown core.

Proposed Motion

Option 1: Approval

If Council would like to approve the proposed ordinance that adjusts all building heights within the Downtown Overlay District to four stories, the following motion is recommended:

"I move to approve the ordinance, as introduced by title."

Option 2: Approval with Conditions

If Council would like to approve the proposed ordinance that adjusts all building heights within the Downtown Overlay District to four stories, and make a straight forward amendment, the following motions may be helpful:

"I move to approve the Ordinance, with the following amendment(s):

- *(to include setting a maximum building height of 60 feet), and/or*
- *(to include allowing _____ additional floors with special Council approval related to mixed use buildings or with step-backs), and/or*
- *(to _____),*

and bring back to Council for 2nd reading.

Option 3: Continue item (need more information to make decision)

If Council would like to have staff gather further information or draft other options for a first reading consideration, the following motion may be helpful:

"I move to direct staff to:

- *(conduct outreach with the community and downtown property owners), and/or*

- *(modify the ordinance to allow additional building height consideration with an early building height determination by Council and recommend criteria for this consideration), and/or*
- *(modify the ordinance to require building height step-backs for floors 3 and higher), and/or*
- *(modify the ordinance or provide additional information on _____),*
and bring that back to Council for further discussion.”

Attachments

Attachment A: Proposed Ordinance