

The Economics of Land Use



Executive Summary

Economic Development Strategic Plan

Prepared for:

Town of Castle Rock, Colorado

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EXECUTIVE SUMMARY

The Town of Castle Rock and the Castle Rock Economic Development Corporation (EDC) recently completed an **Economic Development Strategic Plan**, which summarizes vision for growing the Town's economy and provides a set of guiding principles based on the Town's economic strengths and weaknesses. The vision is for the Town to become:

The premier stand-alone front-range community with an energetic business climate, diverse economy built on Castle Rock's unique assets, and vibrant set of employment destinations.

The extensive analysis completed by EPS identified that the Castle Rock EDC and Town of Castle Rock are already doing many innovative and impactful things to support economic growth. Twenty four action steps are identified in the Strategic Plan to guide the EDC and Town's efforts over the next five years. Three major initiatives were identified as the primary focus of their efforts.

- 1. Continue to focus on attraction and growth of primary employment within the EDC's target industries.**
- 2. Improve the market position of office development in Castle Rock and continue to incentivize office development in the Town.**
- 3. Increase the number of people that live and work in Castle Rock through creating opportunities for residents to work and invest in Castle Rock and for workers to live within Castle Rock.**

The outreach to the business and development community during the formation of the strategy helped identify key opportunities and challenges that the strategy is built around. The strengths, weaknesses, opportunities, and threats identified by the community are summarized in below.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none">• Small Town Feel• Active Downtown• Natural and Recreation Opportunities• Central Location• Attractive Place to Live• Collaboration Campus	<ul style="list-style-type: none">• Expanded Recreation and Open Space• Mixed-Use Development• Public Transit• Targeted Attraction vs. "Grow Your Own"• Communication and Educational Opportunities• Diversity of Development Opportunity Areas
WEAKNESSES	THREATS
<ul style="list-style-type: none">• Cost of Housing/Housing Diversity• Breadth and Depth of Labor Force• Water Rights• Lack of Public Transit Options• Lack of Primary Employment• Lack of Office Inventory• High Development Costs and Fees	<ul style="list-style-type: none">• Over-Reliance on I-25• Growth Backlash• Role of Governing Agencies• DDA Debt Limit• Water Supply and Entitlements• Evolution of Retail• Keep Pace with Peer Communities• Lack of Resident Diversity

This executive summary highlights key initiatives of the strategy plan by guiding principle and identifies priority goals, strategies, and actions. One of the main findings of the strategy plan was the importance of primary employment and office development in reaching the Town's vision. As a result, the priorities selected focus on employment and office development and are organized around four overarching goals to enhance Castle Rock.

1. **Primary Employment Growth:** Diversify the economic base through attraction of targeted industries and by growing local businesses.
2. **Office Infrastructure:** Continue to support the growth of the office market by making strategic investments in office development and supportive infrastructure.
3. **Workforce Development:** Develop and improve Castle Rock's access to a workforce.
4. **Quality of Life:** Continue to improve quality of life as a way to attract both employers and employees.



Overall, these four goals describe a relatively simple, yet powerful four part plan. The **first** part of the strategy is attracting employment to Castle Rock through targeting specific industries outside of the Town, and by growing local businesses and a culture of entrepreneurship within the Town. This includes creating connections between entrepreneurs, investors, and the business community. The Town will need more office space to capture and house employment. As a result, the **second** part of the strategy focuses on incentivizing office and other types of infrastructure needed to attract employment. The priority here is to create a critical mass of space so that the office market in the Town is self-supporting.

In addition to employers and office space, the Town also needs to strengthen its workforce. The **third** part of the strategy focuses on building a workforce in Castle Rock by developing attainable housing for young professional and by connecting the Town to the region with public transit options. The Town can also build connections between students at the new Collaboration Campus and local businesses, including formal internship and mentorship programs, as a way to enhance the local workforce. Finally, the **fourth** part of the plan focuses on continuing to improve quality of life in the Town. Quality of life improvements like continuing to invest in Downtown amenities and programming public space not only help to attract employers and employees to the Town, but also improve the lives of existing residents.

The strategy was developed to help address Castle Rock's most pressing economic development issues. The analysis complete for the project identified the following issues:

- Compared to the aspirational communities, **Castle Rock has the lowest percent of employment in a primary industry.** In this analysis, primary employment is a business that provides a service or product that is sold to consumers outside of the community. This is a broad definition but illustrates the need for employment within Castle Rock that is not driven by the demands/spending of residents.
- **Castle Rock has the lowest amount of office space per capita of the communities analyzed.** Office inventory is a major asset that Castle Rock is lacking and that the community should continue to invest in expanding its inventory.
- **Office development is generally not feasible in Castle Rock.** Infeasibility of office development is due to the cumulative impact of a variety of factors, including higher land costs and development fees as well as higher vacancy rates. To understand the issues relating to development feasibility please refer to the *Development Feasibility and Barriers Analysis*.
- **The vast majority of employed residents work in locations outside of the Town.** From 2010 to 2015, the percentage of residents commuting outside of Castle Rock for work ranged between 81 percent and 85 percent. Because of this percentage of commuting and a lack of public transportation options, residents have a high degree of reliance on road networks generally and I-25 specifically to commute to work.

The **Economic Development Strategic Plan** was developed by EPS through analysis of the Town's economic base and SWOT analysis based on extensive outreach to local business and development community stakeholders (**Economic Base Assessment & SWOT Analysis**), an analysis to the barriers to attraction of primary employment and office development (**Development Feasibility and Barriers Analysis**), and a review of aspirational and comparable communities (**Aspirational Communities Analysis**). Together these four documents provide the detailed summary of the analysis with the Strategic Plan providing the "call to action". The actions that to achieve the high priority goals are provided below in **Table 1**.

Table 1: Priority Economic Development Goals, Strategies, and Actions

Goal	Guiding Principle	Strategy	Action
<i>Diversify the economic base through growth in primary employment through attraction of targeted industries and growing local businesses.</i>			
Attract employers to the Town	Unique to Castle Rock	Continue to focus primary employment efforts around the EDC's target industries	<ul style="list-style-type: none"> ➤ Create a list of target industries, businesses, and projects that can be provided EDC incentives without Town Council approval
Increase the percentage of residents that working in Castle Rock	Grow Your Own	Build on the culture of entrepreneurship by increasing connections between entrepreneurs, investors, and the Castle Rock business community	<ul style="list-style-type: none"> ➤ Work with the angel investor group to develop a formal process for businesses and entrepreneurs to seek funding ➤ Develop an entrepreneur, small business, and active professionals networking group by organizing monthly or quarterly networking events connected with support spaces (e.g. Connection Spot, The Move, Collaboration Campus) ➤ Track and report annually on the number and types of new and small businesses that are provided support through the EDC ➤ Continue efforts to create a business incubator program and space
<i>Continue to support the growth of the office market by making strategic investments to office development and infrastructure</i>			
Continue to support the growth of the office market to a level where office development is supportable with achievable rental rates	Places to Grow Strategies	Improve the market position of office development in Castle Rock and continue to incentivize office development in the Town	<ul style="list-style-type: none"> ➤ Continue to be aggressive in providing development incentives to office projects through DDA and URAs in Downtown and Miller's Landing ➤ Expand EDC Incentive Program to offer capital funds, permits and development and impact fee rebates, and other incentives to office developers ➤ Encourage the creation of office space through mixed-use projects and by supporting the inclusion of additional office space in build-to-suit/owner-occupied projects ➤ Explore with the Town the use of regulatory incentives such as density or height bonuses for projects that include office space
Facilitate the future growth of the employment base by proactively investing in infrastructure and amenities	Places to Grow Strategies	Focus on the development of employment districts within Castle Rock through tailored development and marketing of the district's attributes and opportunities. These include Downtown, The Meadows, and Millers Landing	<ul style="list-style-type: none"> ➤ Finance and invest in targeted infrastructure improvements in the town's primary office areas that align with the Town's Comprehensive plan ➤ Continue the use of value capture mechanisms (urban renewal, general improvement districts, special assessment districts, metro districts, etc.) to help finance and pay for the upfront costs both to the Town and developers

Goal	Guiding Principle	Strategy	Action
Develop and improve Castle Rock's access to work force			
Develop programs, assets, and amenities needed to support small business creation and entrepreneurship	Grow Your Own	Provide the bridge between local businesses, the Collaborative Campus to ensure alignment of job training educational offerings with business community workforce needs	<ul style="list-style-type: none"> ➤ Create a working group comprised of local business leaders and representatives of CSU, ACC, and DCSD focused on the implementation and monitoring of curriculum at the Collaboration Campus ➤ Explore the creation of a formal internship and/or mentoring program for students at the Collaboration Campus and local businesses
Increase the diversity of housing to increase the number of people who live and work in Castle Rock	Places to Grow Strategies	Promote housing diversity in the town's mixed-use areas by ensuring a variety of housing development types are allowed by zoning and reducing barriers to housing development	<ul style="list-style-type: none"> ➤ Work with the Town to ensure that denser housing products are allowed by zoning the town's mixed-use areas. ➤ Revisit development fees structure for multifamily housing to modify approach to fee application to ensure multifamily housing doesn't have a proportionally higher fee compared to single family housing
Create rapid transit connections to both the Denver Metro Area and Colorado Springs Metro Area	Connected but Distinct	Bring transit options to Castle Rock to ensure a variety of workers can access—and be attracted to—Castle Rock	<ul style="list-style-type: none"> ➤ Reach out to CDOT to explore the possibility of creating a Bustang stop in Castle Rock. Work with the Town to develop data that illustrates support for a stop ➤ Develop a long-term strategy to connect Castle Rock to the Denver metro area transit system. Continue to work with Douglas County in the implementation of its transportation and transit master plan efforts ➤ Explore the creation of a transportation management association (TMA)
Continue to improve quality of life as a way to attract both employers and employees and for existing residents			
Continue to improve the quality of life in Castle Rock	Unique to Castle Rock	Continue to invest in and focus on the development of Downtown as a live-work-play environment while maintaining the look and feel of a traditional western downtown	<ul style="list-style-type: none"> ➤ Continue to partner with the Town and Downtown Development Authority to support redevelopment and investment into the downtown area.
	Places to Grow Strategies	Support the use of events and festivals to increase visitation and awareness to Castle Rock and Downtown	<ul style="list-style-type: none"> ➤ Support the establishment of a community group tasked with aiding the Town in programing Festival Commons and supporting events