

# Making Way for Small Investors

EDCC – Steamboat Springs, CO  
October 22, 2021



# SPEAKERS



**Katherine Correll**  
Executive Director,  
Downtown Colorado Inc.



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Managing Director,  
Northland Securities



**Jeff Owsley**  
South Central Community  
Relationship Manager, CHFA



**Jesse Silverstein**  
Director, Development  
Research Partners





# LEARNING OBJECTIVES

- Understand factors and existing misalignment of desired use and current use of existing downtown, town center, and commercial districts in small rural Colorado towns.
- Identify the barriers to investment for small business and building renovation in Colorado towns.
- Establish an understanding of the potential tools and pathways to inviting the desired investment in downtown areas.

# Kat Correll

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## MAKING WAY FOR SMALL INVESTORS



**GET IT  
DONE.**

**DOWNTOWN  
COLORADO**  
inc.



# Small Town Profile and Needs

Do you have vacant  
buildings in your  
downtown that you  
**DREAM** of fixing up?

Are most of your  
second floors  
**EMPTY/BOARDED  
UP?**





## Small Town Profile and Needs

Do you wish  
investment would be  
funneled to your  
downtown instead  
of the HIGHWAY?





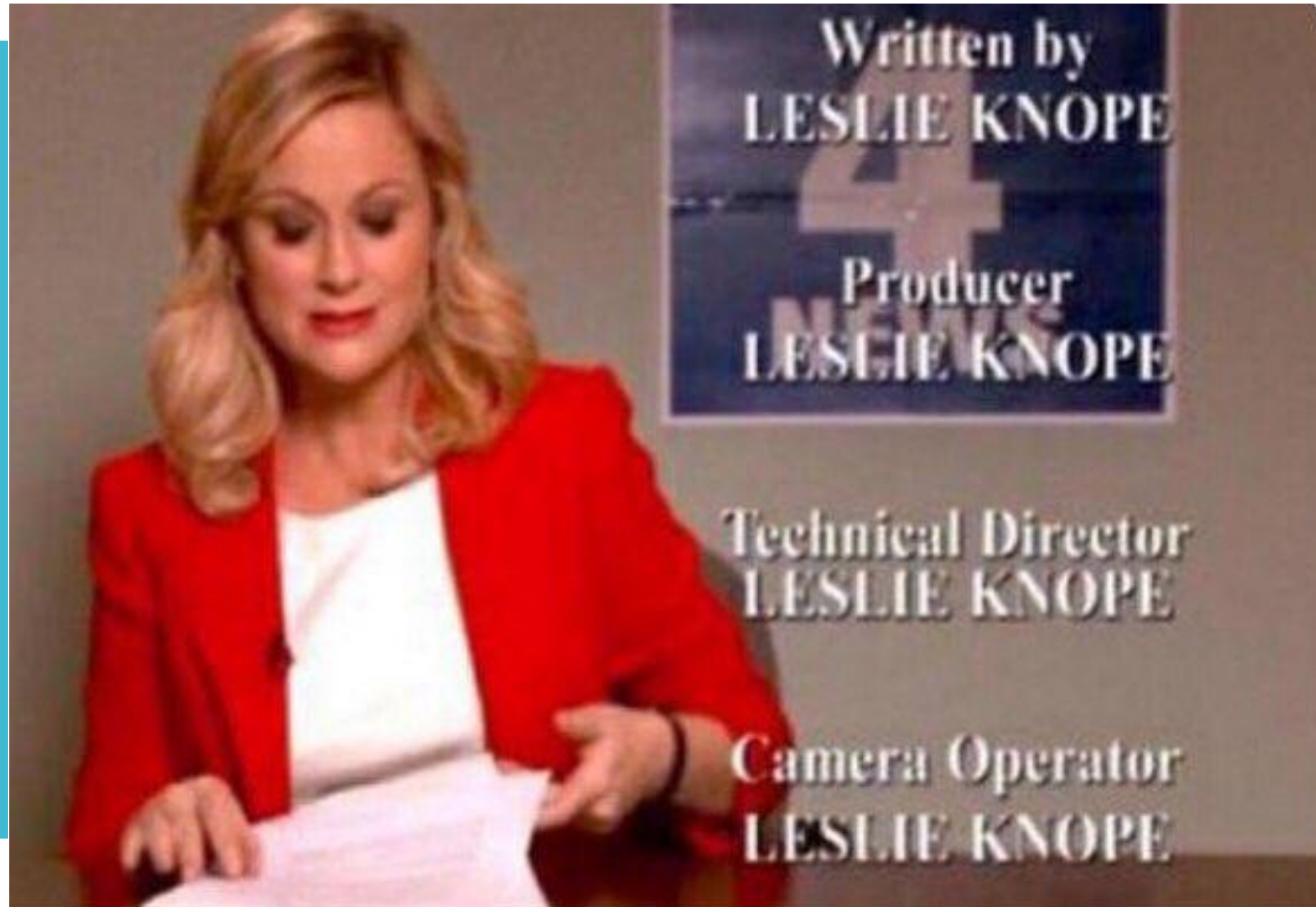
## Small Town Profile and Needs

Do many new projects die on the counter because of too many **COSTLY** requirements?



## Small Town Profile and Needs

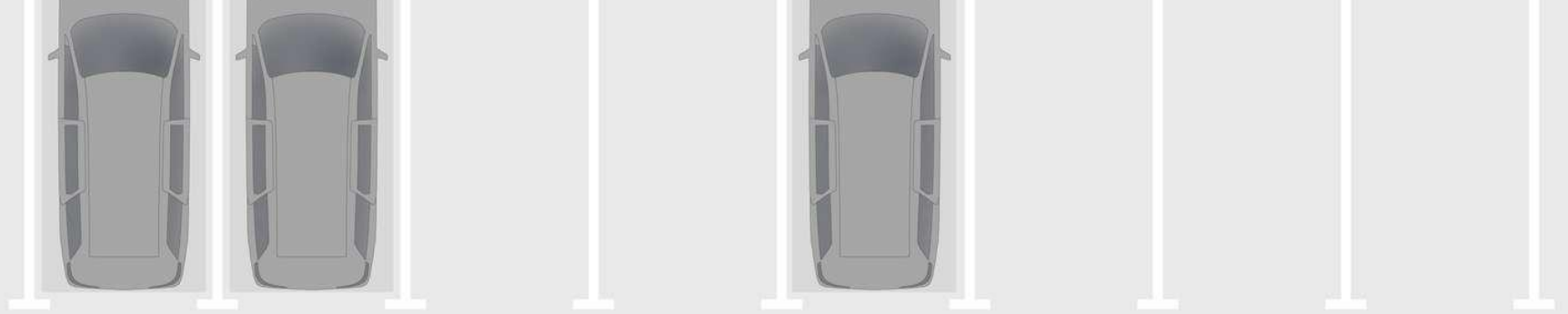
Do you have the  
VISION but lack the  
staff resources and  
power to execute  
the vision?



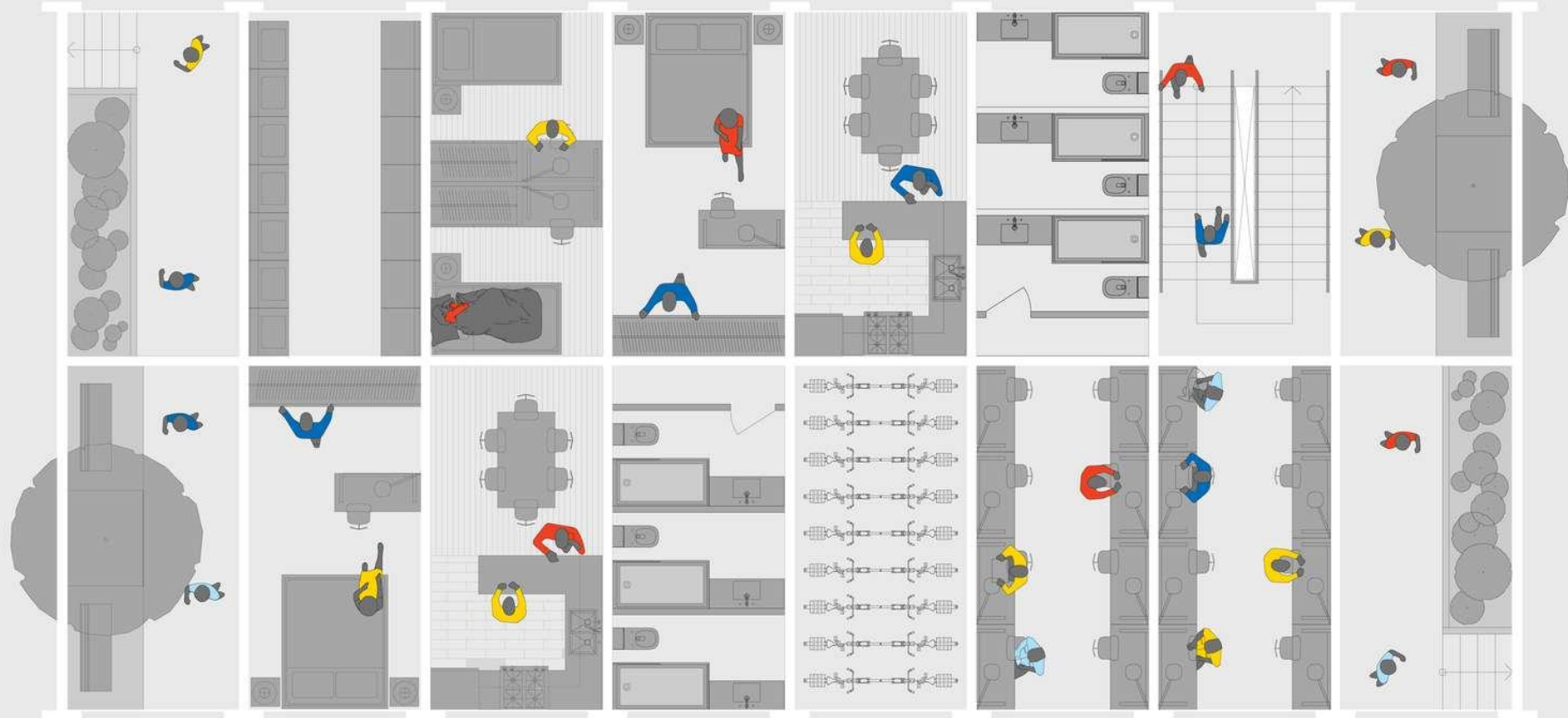


# Small Town Profile and Needs

Do you have 99 problems and PARKING is 98 of them?!



How else can 250 square feet be used?

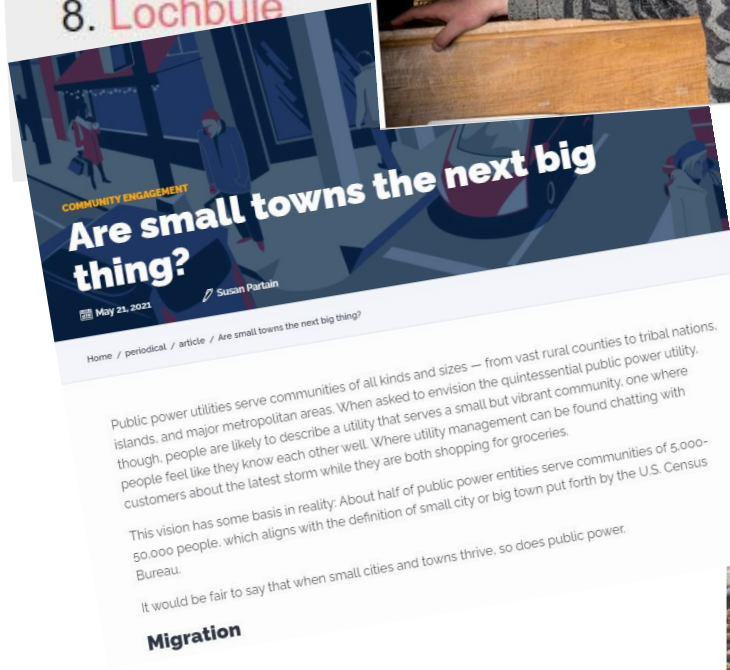
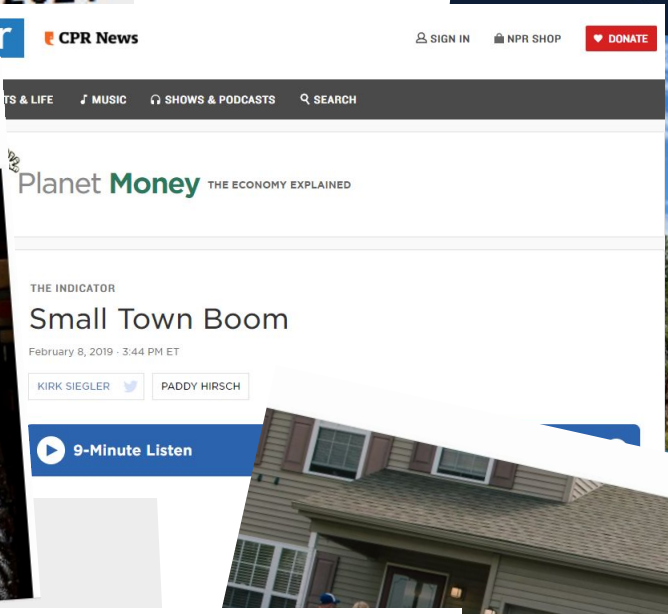




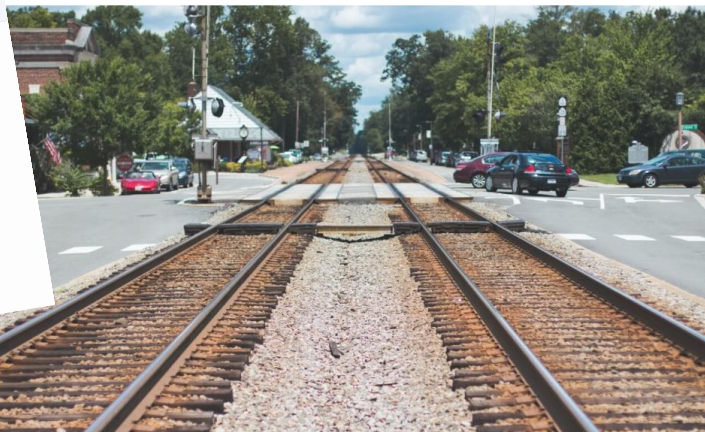
# Ready or Not, Here They Come...

## The 10 Fastest Growing Cities In Colorado For 2021

1. John
2. Frederick
3. Wellington
4. Firestone
5. Windsor
6. Monument
7. Erie
8. Lochbuie



Interest in small town and remote real estate booming





**WHY SMALL  
INVESTORS?**



# PUBLIC-PRIVATE PARTNERSHIP

Supporting community  
vision, needs, innovation,  
entrepreneurship, housing,  
etc.





# PLACEMAKING

Using the spaces we want filled

=

Downtown, small lots, historic  
buildings, unique

# PATIENT CAPITAL

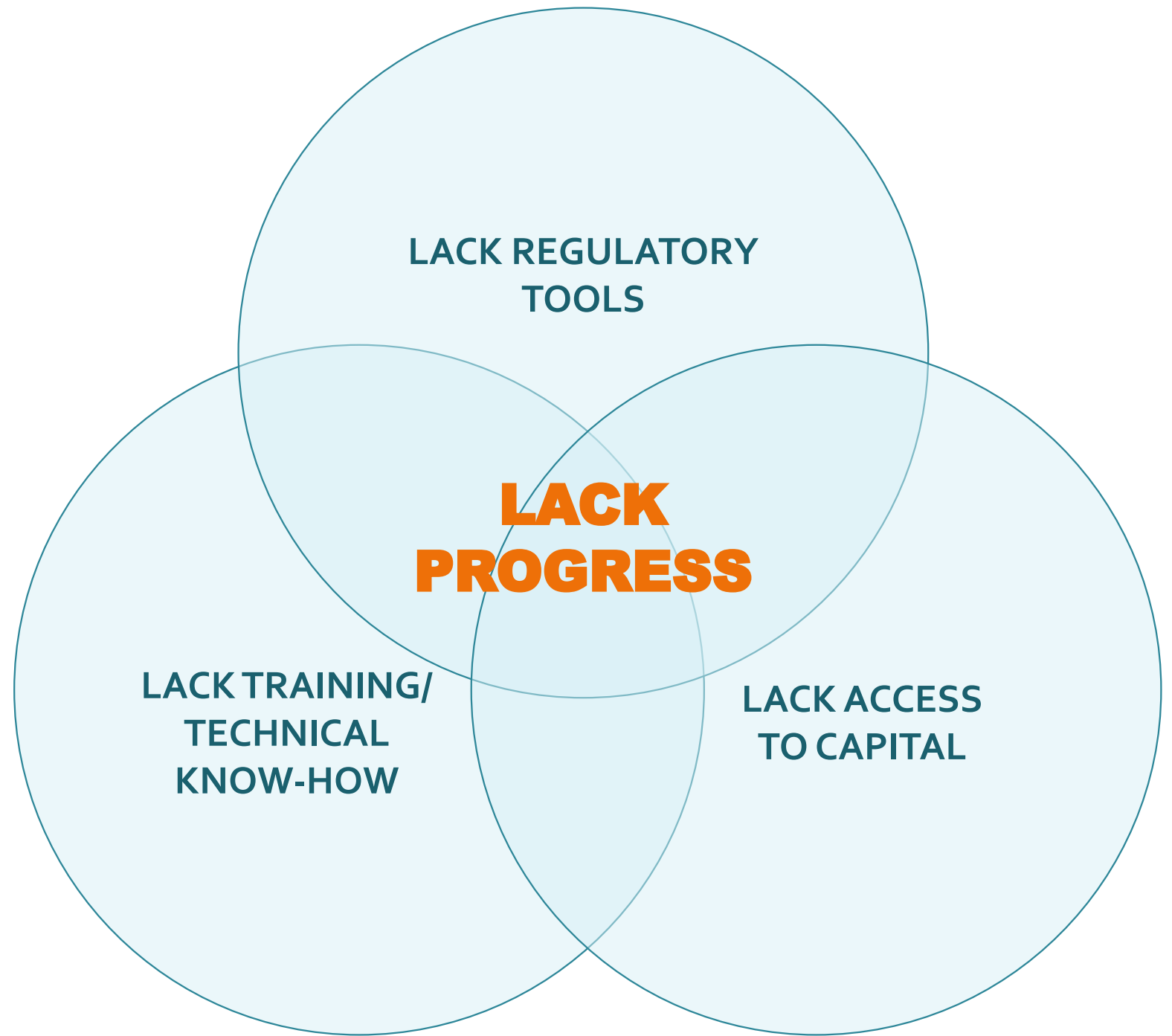
Part of the community,  
investing for longer term.

Not only seeking  
short-term profit.





# THE SMALL PROJECT STRUGGLE





# Zoning Regulations Require Two Spaces Per Apartment Unit

Historic Building One-Half Block from Main Street

Use	Parking Requirements
Single family dwellings	1 parking space per family unit
Duplexes (two-family dwellings)	1 parking space per family unit
Triplexes (three-family dwellings)	1 parking space per family unit
Apartments, multi-family dwellings, townhouses	2 parking spaces per dwelling unit
Offices, banks, health centers	1 parking space per 100 square feet of gross leasable floor area, or, for establishments with food service, 1 parking space for every 4 seats
Shopping centers, restaurants, entertainment centers	1 parking space per 100 square feet of gross leasable floor area, or, for establishments with food service, 1 parking space for every 4 seats
Public buildings, government buildings, municipal buildings	See Section 16.10.010 of the Ordinance
Facilities for sports and recreation, amusement centers, entertainment centers, theaters	1 parking space for every 4 seats
Offices and/or shops	1 parking space per 100 square feet of gross leasable floor area, or, for establishments with food service, 1 parking space for every 4 seats
Restaurants, taverns, night clubs, cafes, and/or recreational or amusement activities	1 parking space per 100 square feet of gross leasable floor area, or, for establishments with food service, 1 parking space for every 4 seats

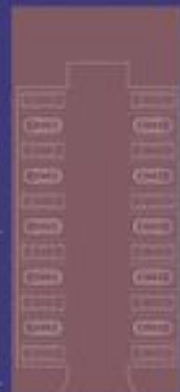


2,600 SF  
Single-Family Home  
= 1 Parking Space

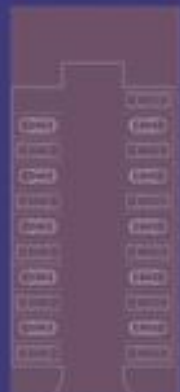
250 SF  
Apartment  
= 2 Parking Spaces



X 1



X 2



X 3

The Town's Municipal Code requires **2X** as much parking for an apartment as a single-family home. With **2** parking spaces per apartment unit and approximately **15** for the cafe, this building would **require** approximately **43** off-street parking spaces. The owner would need nearly **3X** the amount of land to satisfy these parking regulations.



On-Street City Parking



# Lacking Regulatory Tools

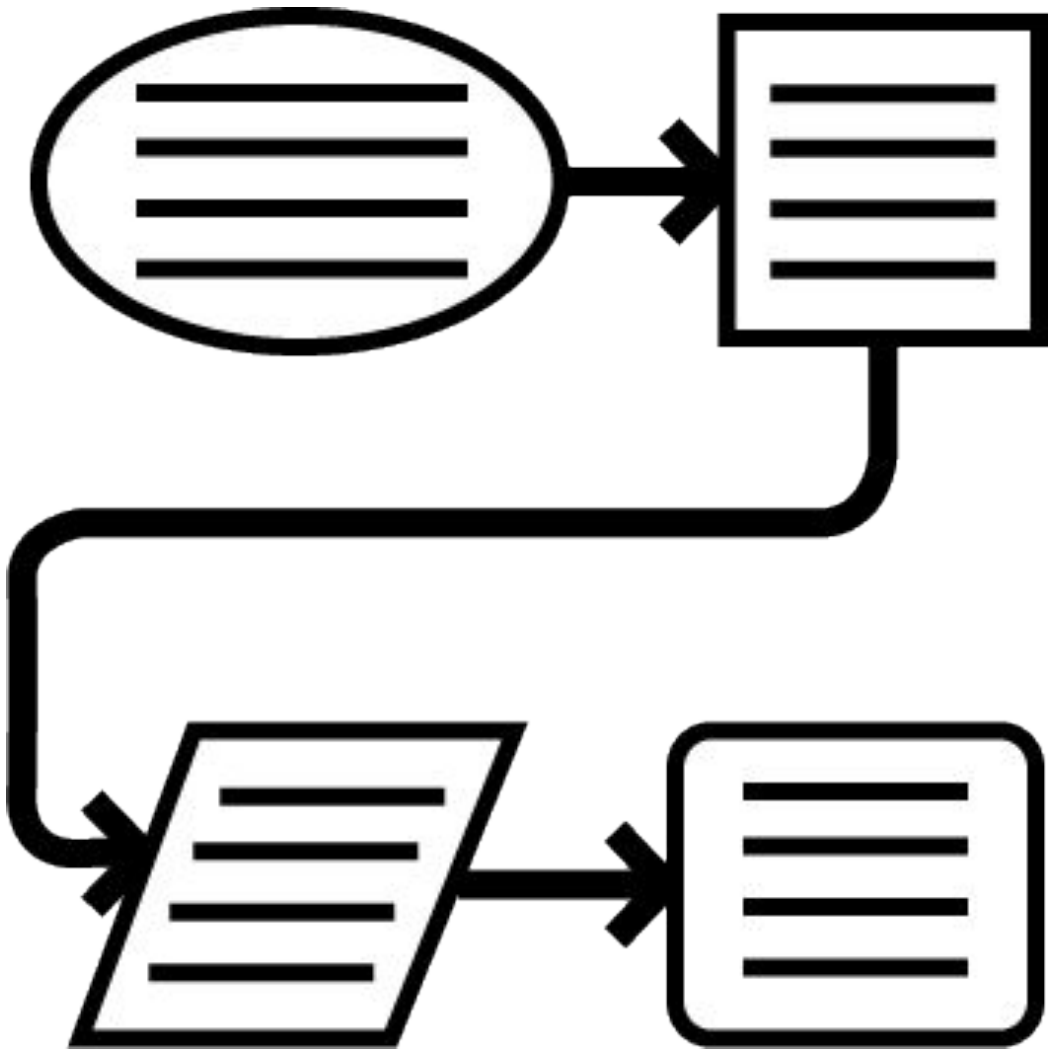


# TOOLKIT: Regulatory

CODE BARRIER(S):	CODE HACKS:
<b>Parking Requirements</b>	<ul style="list-style-type: none"><li>• Eliminate requirements for buildings of a certain age and/or size.<ul style="list-style-type: none"><li>• Reduce requirements in downtown zones.</li></ul></li><li>• Allow public lots and on-street parking to count.<ul style="list-style-type: none"><li>• Allow in lieu fees.</li><li>• Customize – first floor only exempt.</li></ul></li><li>• Parking reductions for: affordable housing, mixed use, proximity to transit, car share/bike share</li></ul>
<b>Building Codes</b>	<ul style="list-style-type: none"><li>• Building Code Officials need to be trained on economic development and importance of downtown redevelopment – give them the power to make executive decisions.</li><li>• IEBC must be adopted and used – might require training on city's behalf to interested property owners/developers on potential.<ul style="list-style-type: none"><li>• Fire suppression – NFPA 13R over NFPA 13</li></ul></li></ul>
<b>Variances and Process</b>	<ul style="list-style-type: none"><li>• Find common variance requests and either change the code or package a set of quick fix variances:<ul style="list-style-type: none"><li>• Parking reductions for building reuse</li><li>• Landscape requirements for building reuse</li><li>• Encroachments to right-of-way (awnings, etc.)</li><li>• Encroachments to height (elevator tower, etc.)</li><li>• Accessibility requirements (within reason)<ul style="list-style-type: none"><li>• Water taps</li></ul></li></ul></li></ul>



# Lacking Staff Resources and Know-How



# TOOLKIT: Administrative

BARRIER(S):	SOLUTION(S):	CASE STUDIES:
<b>Rigid requirements</b>	<ul style="list-style-type: none"><li>• Variances</li><li>• Administrative Adjustments<ul style="list-style-type: none"><li>• Encroachments</li><li>• Waivers</li></ul></li><li>• Code amendments/updates<ul style="list-style-type: none"><li>• Reasonableness</li></ul></li></ul>	
<b>Wrong development in the wrong location</b>	<ul style="list-style-type: none"><li>• Incentivize desired development in the desired location</li></ul>	
<b>New or Progressive Ideas Not Allowed</b>	<ul style="list-style-type: none"><li>• Form-based approach</li><li>• Use compatibility</li><li>• Mixed Use Buildings<ul style="list-style-type: none"><li>• ADUs</li></ul></li><li>• Conditional/Special Uses</li></ul>	



# Lacking Access to Capital



# TOOLKIT: Access to Capital

BARRIER(S):	POTENTIAL SOLUTION(S):
<p><b>Lack of Lending For Small Projects</b></p> <ul style="list-style-type: none"><li>• Rare loans for property renovation/rehabilitation.</li><li>• Lack of patient capital for building renovation with a smaller return on investment over MANY years.</li></ul>	<ul style="list-style-type: none"><li>• Redefine “startup entrepreneur” to include property owners.</li><li>• Stop separating housing from commercial with tax credits, loans. etc.</li></ul>
<p><b>Lack of Financing Education for Local Small Developers</b></p> <ul style="list-style-type: none"><li>• No first time mixed use building owner programs.</li></ul>	<ul style="list-style-type: none"><li>• Train local Investors</li><li>• Create local training programs to reduce costs for local and small investors to renovate through education and mentorship for making improvements, dealing with local permitting and policy, understanding tax implications, and managing debt.</li></ul>



# CALL TO ACTION

# COVID-19 EMERGENCY RESPONSE



NYC RESTAURANT NEWS

## NYC Restaurants Can Expand to Half Capacity Indoors Starting March 19, Cuomo Says

New Jersey restaurants will also begin operating at 50 percent capacity starting on the same day

by Erika Adams and Tanay Warekar | Mar 10, 2021, 3:02pm EST



EAT AND DRINK

## Is Indoor Dining at 25 Percent Capacity Enough to Save Local Restaurants?

The updated restrictions are a welcome reprieve for business owners, but many also say it's not enough for long-term success.

PATRICIA KADWTHUMRONG • JANUARY 5, 2021

## Some Colorado Springs restaurants remain closed rather than reopen at 25% capacity

By Rich Laden rich.laden@gazette.com Jan 25, 2021 Updated Jan 29, 2021



**COLORADO**  
Department of Revenue

Enforcement Division – Liquor & Tobacco

Physical Address:  
1697 Cole Boulevard, Suite 200  
Lakewood, CO 80401

Mailing Address:  
P.O. Box 17087  
Denver, CO 80217-0087  
Fax: 303-866-2428

### BULLETIN 20-09

**REFERENCE: EXECUTIVE ORDER NO. 20-093 -TEMPORARY MODIFICATIONS – COMMUNAL OUTDOOR DINING AREAS AND PUBLIC CONSUMPTION**

DATE: JUNE 5, 2020

The Liquor Enforcement Division recently adopted Regulation 47-302(F), allowing on-premises restaurants to temporarily modify their licensed premises to include outdoor areas in order to facilitate outdoor dining. However, the Liquor Code prohibits two or more restaurants from sharing a common outdoor area.

Home / Government / COVID-19 Information / Guidance & Resources / Businesses / Economic Relief / Temporary Outdoor License

## Temporary Outdoor License

- [Overview](#)
- [Application Process](#)
- [Submit Your Proposal](#)

### Temporary Outdoor Expansion Program Extended!

The Temporary Outdoor Expansions Program will now run through October 2021. Please see below for more information.

Si necesita ayuda o tiene preguntas en Español, por favor contacte a el Departamento por correo electrónico a [EXLSubmit@denvergov.org](mailto:EXLSubmit@denvergov.org)

The City and County of Denver created a temporary program to allow restaurants and bars to operate in outdoor settings adjacent to their businesses. The program aims to allow for greater physical distancing and safety for patrons now that the state's public health orders allow restaurants to operate at 25% capacity.

# CALL TO ACTION

SMALL BUSINESSES + SMALL PROJECTS ARE UNDER PRESSURE.COVID ACCELERATED THIS TREND.







# **Troy Bernberg**

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**GAPS + OPPORTUNITIES  
IN LENDING FOR SMALL  
PROJECTS**



# FUNDING GAPS

come in all  
shapes + sizes

Funding gaps may occur when

- Infrastructure (sewer/water/fiber) Needs update or extension to property
- An existing structure/property requires environmental mitigation or clean-up
- Interest rates and borrowing covenants limit the amount borrowed
- No contingencies for increases to labor and material construction costs
- Developers maximize their own and their investor resources



# FUNDING GAPS

in expertise +  
awareness



- Developer inexperience is a factor in approval and process management.
- Municipal inexperience – at the staff and governance level – can lead to missed opportunities.

# PARTNERSHIPS

- Developer + Government – Provides better understanding of the resources and capabilities available in a public/private partnership.
- Government + industry membership organizations to learn from your peers, their mistakes and their successes.

# GRANTS + SUBSIDIZED

- Federal (ARPA, USDA)
- state (DOLA, etc)
- Local development agencies  
URAs/DDAs/BIDs



# GOVERNMENT TOOLBOX

- Incentives
- TIF and Redevelopment + Reimbursement Agreements





# **Jesse Silverstein**

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**Guide to public  
sector working with  
small private  
investors**

A close-up photograph of a bird's nest. The nest is constructed from a messy pile of dry, light-brown straw and twigs. Inside the nest, three oval-shaped eggs are visible. The eggs are a pale blue color with numerous small, dark brown or black speckles scattered across their surfaces. The background is a solid, dark black, which makes the nest and its contents stand out.

# **Jesse Silverstein**

**Director, Real Estate Economics  
Development Research Partners**



# Take Aways

- Characterize current primary employment mix
- Define fast-return vs. patient-capital real estate investment to serve small-scale businesses
- Get ducks in a row for (re)development



# Basic Industry in the Modern Economy

## **Primary Employers**

Business that brings new dollars into the community

## **Primary Employees**

Local employees working remotely, bringing new dollars into the community

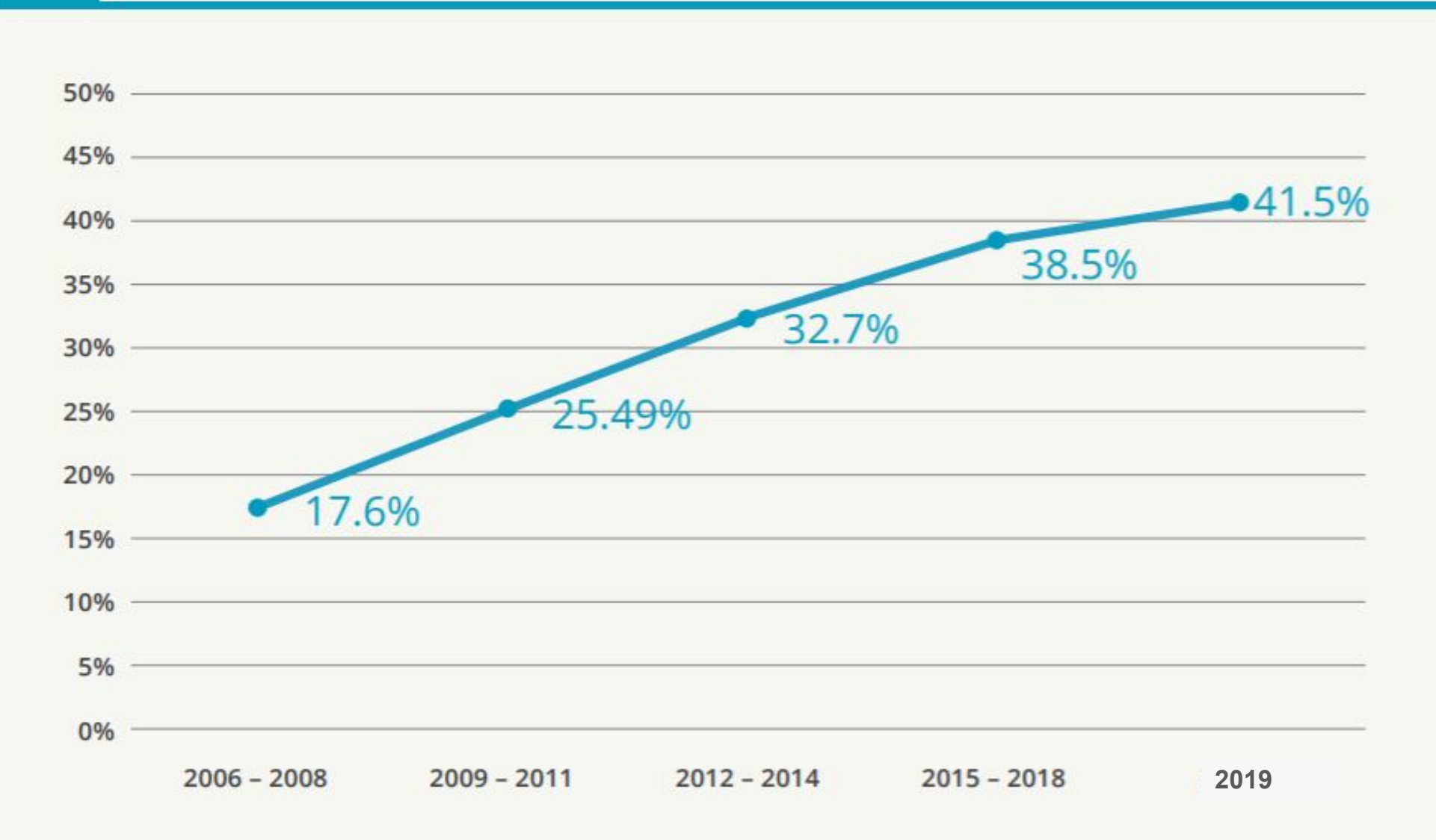
## **Local Goods and Services**

Redistribution of new dollars within the community





# Contingent Workers as Percent of Average Business Workforce



## Employees

- Hired Staff/Wages
- Physically in-house
- Telecommuter

## Contingent Workforce

- Independent Specialists
- SOW Contractors
- Outsourced Departmental Functions





赛百味

赛百味 SUBWAY 赛百味

Adams National Bank  
ATM

亞當斯銀行  
ATM

CONBERG

STARBUCKS COFFEE



# Housing Creates Demand for Walkable Business Space

## Businesses Create Demand for Walkable Space



# Public Private Partnering for Redevelopment

- Community Vision and Reuse Plan
- Communications Plan
- Site Redevelopment Analysis
- Transaction Strategy
- Public Investment Analysis

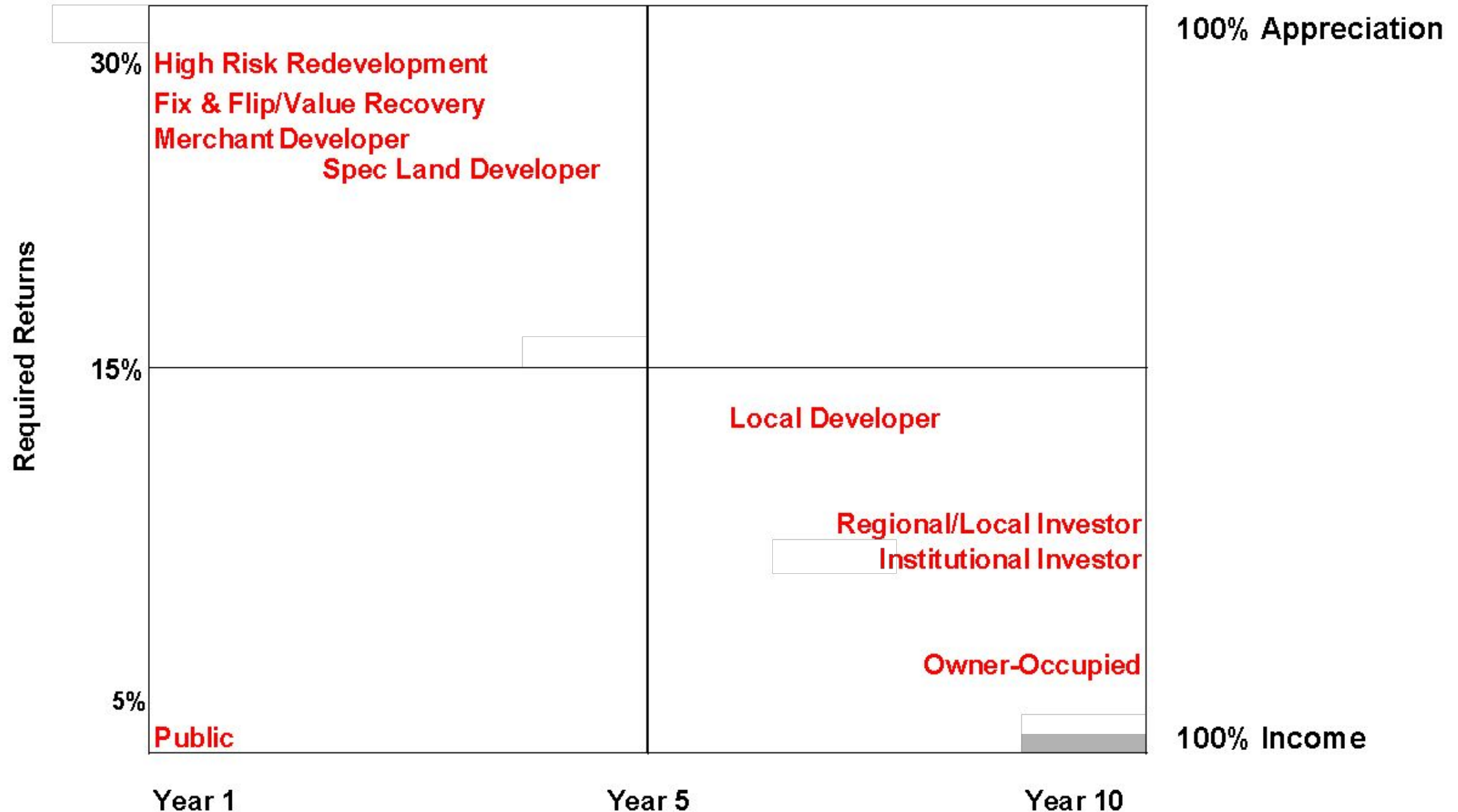


***GET YOUR DUCKS IN A ROW!***



# RATE OF RETURN: BALANCE BETWEEN PROPERTY APPRECIATION & PROPERTY INCOME

$$\text{Return} = \text{Appreciation} + \text{Operating Income}$$



# **Jesse Silverstein**

**Director, Real Estate Economics**

## **Development Research Partners**

jesse@DevelopmentResearch.net  
303.991.0074





A circular portrait of a middle-aged man with short, light-colored hair, smiling. The portrait is enclosed in a blue circular border.

# **Jeff Owsley**

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**How can housing  
champions  
support small?**

# SPURRING ON HOUSING



## Document Housing Needs

- Housing Needs Assessment
- Action Plan

## Develop a Housing Coalition

- Key Housing Professionals
- Local Gov
- ED and Chamber
- Statewide Partners
- Land/Building Owners
- Key Nonprofits
- Developers, Real Estate Agents and other Housing Champions



# OPPORTUNITIES TO LOOK FOR

## Land

- Already owned – nonprofit, public, private
- Infill, including ADUs

## Unused Buildings

- Abandoned Homes
- Vacant Buildings
- Upstairs or Back of Buildings

## Current Stimulus Programs

- ARPA Set aside of \$550M
- HB-1271 Policy Reforms
- SB21-242 Housing Development Grants for motels & other property



# SMALL SCALE HOUSING BARRIER



## Technical Assistance

- CHFA's Small-scale Housing Innovation Project
- DOH Housing Development Specialist
- Toolkits
- Developer's Guide

## Financing Problem

- Telluride Foundation Model – save on land, construction and capital
- Division of Housing Funding
- Grants
- Low-cost Loans and Collateral Support



# Q+A

THANK YOU

DOWNTOWN COLORADO, INC

[DowntownColoradoInc.org](http://DowntownColoradoInc.org)

303.282.0625

**GET IT  
DONE.**

DOWNTOWN  
COLORADO  
inc.