

Memorandum

Date: August 1, 2025
To: Douglas County Planning Commission
From: DJ Beckwith, Principal Planner
Lauren Pulver, Planning Supervisor
Kati Carter, AICP, Assistant Director of Planning Resources *K EC*
Subject: **SV2025-005 Sundown Oaks Metropolitan District New Service Plan – Supplemental Information**

UPDATED MARKET STUDY

Since the submission of the staff report dated July 24, 2025, the applicant has provided an updated Market Study to address comments from BBC related to absorption timelines. BBC has also provided an attached revised Market Study Review letter assessing the changes made. BBC concluded that if the assumptions prove accurate, the District will be well-positioned to generate sufficient property tax and fee revenues to support the proposed debt structure.

ADDITIONAL REFERRAL AGENCY AND PUBLIC COMMENT

Franktown Citizens Coalition II provided additional comment related to concerns of the impacts of Metropolitan Districts. Bannockburn HOA provided an additional comment letter stating concerns over density, groundwater use, and traffic impacts. Russellville Home and Property Owners Association provided a comment letter in opposition to the District stating concerns of the impacts of Metropolitan Districts and impacts to groundwater.

Additional public comments received have also been included.

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RESIDENTIAL MARKET AND ABSORPTION ANALYSIS



SUNDOWN OAKS METROPOLITAN DISTRICT

Franktown, Colorado

PREPARED FOR:
SUNDOWN OAKS METROPOLITAN DISTRICT



Economic & Market Research / Land & Development Planning
Landscape Architecture / Community Planning & Design
Golf Feasibility Analysis

RESIDENTIAL MARKET AND ABSORPTION ANALYSIS

Sundown Oaks Metropolitan District

Franktown, Colorado

**PREPARED FOR:
SUNDOWN OAKS METROPOLITAN
DISTRICT**

**JULY 24, 2025
THK REFERENCE #9183-000**

PREPARED BY:



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Economic & Market Research / Land & Development Planning
Landscape Architecture / Community Planning & Design
Golf Feasibility Analysis

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EXECUTIVE SUMMARY

Executive Summary

The Sundown and Oak Bluff community is located at the intersection of Burning Tree Drive and East Tanglewood Road in Franktown/Douglas County. Sundown is located on the eastern side of East Tanglewood Road southeast of Burning Tree Drive. The Sundown subject lots are located 34.0 miles south of Denver International Airport, 31.5 miles southeast of downtown Denver, 18.0 miles southeast of Centennial Airport, 15.8 miles south of E-470, 11.0 miles east of I-25, and 4.0 miles east of Highway 83. The Sundown subject sites are very strategically positioned parcels located approximately 18.6 miles southeast of the rapidly expanding interchange of E-470 and I-25. Oak Bluff is located south of Burning Tree Drive and west of East Tanglewood Road.

The Oak Bluff subject lots are located 32.5 miles south of Denver International Airport, 28 miles southeast of downtown Denver, 14.5 miles southeast of Centennial Airport, 13.2 miles south of E-470, 7.35 miles east of I-25, and 1.6 miles east of Highway 83. The Oak Bluff subject sites are very strategically positioned parcels located approximately 14.00 miles southeast of the rapidly expanding interchange of E-470 and I-25.

This study assessed the market demand for planned and anticipated development within the Sundown Oaks development along with reasonable market and assessed values created from this project, which is located within the Sundown Oaks Metropolitan District.

The Sundown Oaks Metropolitan Community is proposed for:

- 37 Residential Units

This report analyzes each of the proposed land use types outlined above and determines the market demand and expected absorption period for each land use type based on historical, current, and projected area market conditions. This report also analyzes market values for each of the proposed land use types, which are based on market values of comparable properties for sale as provided by Douglas County assessor's offices.

The tables on the following pages summarize the Sundown Oaks Metropolitan District absorption and market values. THK has determined to be supportable by historical, current, and projected area market conditions.

EXECUTIVE SUMMARY

Sundown Oaks Proposed Land Use by Product Type

Unit Type	Total Homes	Anticipated Year of Completion	Value per Unit - 2025	Value per Lot - 2025
Single Family Detached	37	2030	\$2,200,000	\$500,000

Total	37
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Source: THK Associates, Inc.

Sundown Oaks Attached Residential Absorption Schedule

Year	PTA Annual Market Demand	Single-Family Attached			
		Site Annual Market Demand (20%/ 25% Capture)	Site Cumulative Market Demand	Sundown Oaks	
				Annual Absorption	Cumulative Absorption
2025	187		**** Planning and Development****		
2026	191		**** Planning and Development****		
2027	195	9	9	9	9
2028	199	9	18	9	18
2029	204	9	27	9	27
2030	209	10	37	10	37
Total	1,185	37	37	37	37

Source: THK Associates, Inc.

EXECUTIVE SUMMARY

Sundown Oaks is proposing a single-family detached development. All residential single-family detached homes are projected to be built-out by 2030. Average supportable market values for single-family detached homes are \$2,200,000. It is THK's opinion that the metro district's values are reasonable in the marketplace. The Sundown Oaks Primary Trade Area has seen an annual inflation rate of 2.5% in home prices between 2021 and 2025 year-to-date. THK expects interest rates to decrease in the near future, which will increase the home inflation rate over the years to come, therefore in our market and assessed value calculation over the next 30 years THK utilized a 3.0% inflation rate.

I. INTRODUCTION

I. Introduction

The purpose of this market analysis has been to determine future absorption by product type for the Sundown Oaks community. The Sundown and Oak Bluff community is located at the intersection of Burning Tree Drive and East Tanglewood Road in Franktown/Douglas County. The entirety of the Sundown Oaks subject community is 177-acres. The Sundown property is approximately 73-acres and is planned for 17, 2-acre sites. The Oak Bluff property is approximately 104-acres and is planned for 20 home sites, averaging 4.71-acres in size.

The study examines the absorption and market and assessed values for the proposed residential uses in the community. THK's research includes market projections for a variety of residential product types. At the conclusion of THK's analysis, an absorption estimate of the proposed residential product type at the Sundown Oaks Community is detailed.

In order to estimate future residential construction absorption and market and assessed values for the Sundown Oaks site, THK has undertaken the following research:

- Prepared an economic base analysis of the Ten County market area (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Elbert Counties, Jefferson, Larimer, and Weld).
- Profiled submarkets within the regional environs including population and household growth, employment growth, income characteristics, permit data, housing supply, and other relevant statistics.
- Inspected the Sundown Oaks site.
- Reviewed any documents related to the Sundown Oaks Metropolitan District.
- Inventoried active and upcoming single family home communities in the Sundown Oaks Primary Trade Area.
- Identified sales of single-family homes and lots within the Sundown Oaks Primary trade area over the past four years.
- This assessment of supply and demand allowed THK to estimate the absorption and pricing of the proposed homes.
- Estimated value estimates based on competitive communities.
- Researched and opined on a reasonable bi-annual inflation rate.

II. SITE AND AREA DESCRIPTION

II. Site and Area Description

The Sundown subject sites are located 34.0 miles south of Denver International Airport, 31.5 miles southeast of downtown Denver, 18.0 miles southeast of Centennial Airport, 15.8 miles south of E-470, 11.0 miles east of I-25, and 4.0 miles east of Highway 83. The Sundown subject sites are very strategically positioned parcels located approximately 18.6 miles southeast of the rapidly expanding interchange of E-470 and I-25.

The Oak Bluff subject sites are located 32.5 miles south of Denver International Airport, 28 miles southeast of downtown Denver, 14.5 miles southeast of Centennial Airport, 13.2 miles south of E-470, 7.35 miles east of I-25, and 1.6 miles east of Highway 83. Due to the decreasing availability of affordable and available land in Metro Denver, demand for housing continues to expand beyond Denver's core. The Oak Bluff subject sites are very strategically positioned parcels located approximately 14.00 miles southeast of the rapidly expanding interchange of E-470 and I-25.

Two miles east of I-25 and E-470 and 13 miles northwest of the Sundown Oaks subject sites, is the Compark Business Campus. It has added 312 homes, an 85,000 square foot data center, 425,000 square feet of retail space, and 220,000 square feet of office space. Near the interchange of E-470 and Highway 83, 10.5 miles north of the subject site, Ryland Homes has built 500 homes in Whispering Pines, Kings Point has plans for 3,000 homes, Toll Brothers and Standard Pacific built 1,800 age 55+ homes at Inspiration. Attractions include the Rueter-Hess Reservoir 9.0 miles northwest, and the Outlets at Castle Rock shopping destination located 9.4 miles west of the Sundown Oaks community. The Outlets at Castle Rock have over 100 stores and restaurants.

Area maps, aerials, and site photos are shown on the following pages.

Figure 1- Denver Metropolitan Area Regional Location

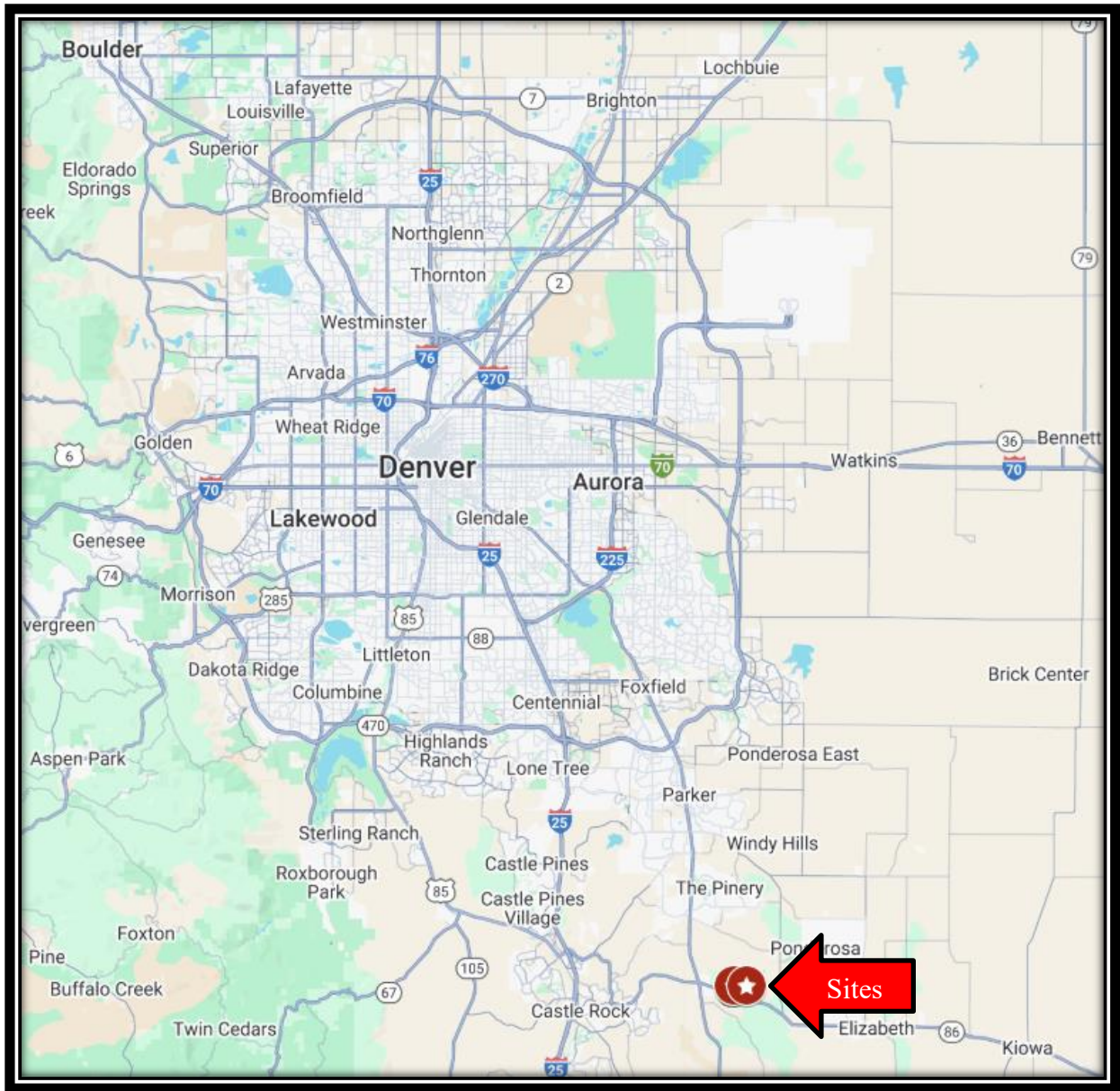


Figure 2- Sundown Oaks Regional Location

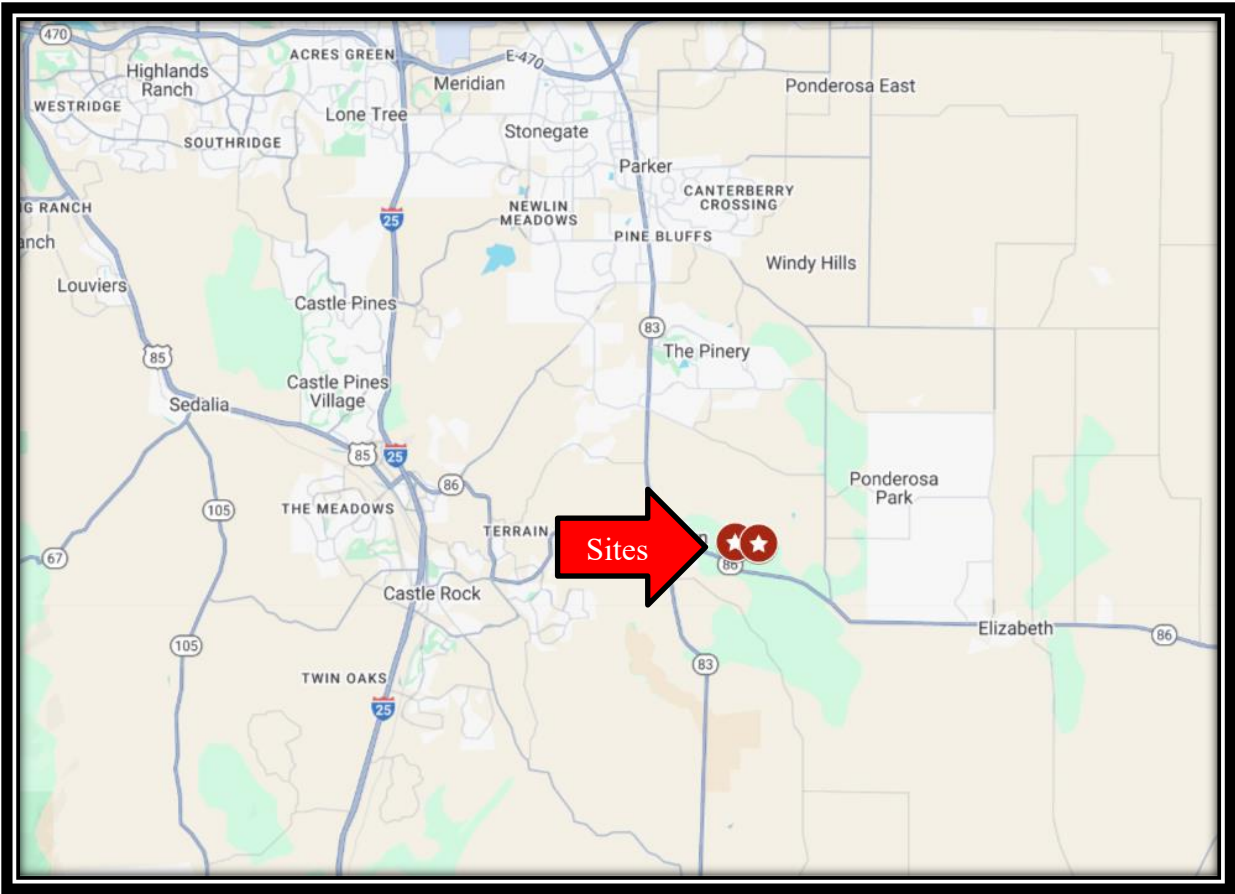


Figure 3- Sundown Oaks Site Aerial



Sundown Oaks Site



SITE PHOTOS



SITE PHOTOS



III. ECONOMIC BASE ANALYSIS

III. Economic Base Analysis

A. HISTORICAL EMPLOYMENT GROWTH

Table III-1 on the following page shows historical employment growth by year for The Ten County market area (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Elbert, Jefferson, Larimer, and Weld counties).

Employment trends are prime indicators of the economic growth of an area. Increases in employment generate growth for most sectors of the local economy and dictate the rate at which it will expand.

Total full- and part-time employment in the Ten County market area grew from 1,152,005 in 1980 to 3,122,322 in 2025, for an average annual increase of 43,736 jobs. Over the last decade, 58,310 jobs per year were added, for an average annual growth rate of 2.3%.

ECONOMIC BASE ANALYSIS

Table III-1A: Ten County Market Area Employment Trends, 1980-2025

Year	Total Employment	Annual Change	
		Numerical	Percent
1980	1,154,201	44,258	5.0%
1981	1,200,155	45,954	4.0%
1982	1,235,985	35,830	3.0%
1983	1,261,477	25,492	2.1%
1984	1,333,901	72,424	5.7%
1985	1,358,267	24,366	1.8%
1986	1,355,191	-3,076	-0.2%
1987	1,342,433	-12,758	-0.9%
1988	1,380,346	37,913	2.8%
1989	1,400,210	19,864	1.4%
1990	1,427,162	26,952	1.9%
1991	1,461,635	34,473	2.4%
1992	1,489,065	27,430	1.9%
1993	1,554,164	65,099	4.4%
1994	1,616,520	62,356	4.0%
1995	1,664,596	48,076	3.0%
1996	1,727,334	62,738	3.8%
1997	1,802,354	75,020	4.3%
1998	1,875,518	73,164	4.1%
1999	1,932,678	57,160	3.0%
2000	2,017,042	84,364	4.4%
2001	2,031,859	14,817	0.7%
2002	2,009,483	-22,376	-1.1%
2003	1,997,978	-11,505	-0.6%
2004	2,032,097	34,119	1.7%
2005	2,081,074	48,977	2.4%
2006	2,129,635	48,561	2.3%
2007	2,205,927	76,292	3.6%
2008	2,232,453	26,526	1.2%
2009	2,179,125	-53,328	-2.4%
2010	2,171,930	-7,195	-0.3%
2011	2,223,202	51,272	2.4%
2012	2,277,947	54,745	2.5%
2013	2,358,217	80,270	3.5%
2014	2,449,602	91,385	3.9%
2015	2,539,227	89,625	3.7%
2016	2,617,497	78,270	3.1%
2017	2,683,484	65,987	2.5%
2018	2,759,187	75,703	2.8%
2019	2,832,375	73,188	2.7%
2020	2,676,036	-156,339	-5.5%
2021	2,822,839	146,803	5.5%
2022	3,006,286	183,447	6.5%
2023 Estimate	3,032,439	26,153	0.9%
2024 Estimate	3,062,197	29,758	1.0%
2025 Estimate	3,122,322	60,125	2.0%
Annual Change			
1980-2025		43,736	2.2%
1990-2025		48,433	2.3%
2000-2025		44,211	1.8%
2010-2025		63,359	2.5%
2015-2025		58,310	2.3%
2020-2025		74,871	3.4%

ECONOMIC BASE ANALYSIS

B. PROJECTED EMPLOYMENT GROWTH

Table III-2, illustrates the projected job growth for the Ten County market area, which is expected to add approximately 69,582 jobs annually on average from 2025-2035.

Table III-2A: Ten County Market Area Employment Projections, 2025-2035

Year	Total Employment	Annual Change	
		Numerical	Percent
2025	3,122,322	-	-
2026	3,184,259	61,937	2.0%
2027	3,247,749	63,490	2.0%
2028	3,312,843	65,094	2.0%
2029	3,379,593	66,751	2.0%
2030	3,448,056	68,462	2.0%
2031	3,518,288	70,232	2.0%
2032	3,590,348	72,061	2.0%
2033	3,664,301	73,952	2.1%
2034	3,740,210	75,909	2.1%
2035	3,818,142	77,933	2.1%
Annual Change 2025-2035		69,582	2.0%

Source: Bureau of Economic Analysis and THK Associates, Inc.

ECONOMIC BASE ANALYSIS

C. POPULATION AND HOUSEHOLD GROWTH TRENDS

Employment, population, and household growth drive demand for residential real estate development.

Table III-3 shows that in the Ten County market area, population and households have increased since 1980 by 2.0% and 2.0%, respectively. Since 2010, population has increased by 83,506 people per year to 4,612,340 in 2025, for an average annual growth rate of 2.0%.

Households in the Ten County market area have grown by 1.9% per year over the last fifteen years. Since 2010, households in the region have increased by 29,085 annually to 1,756,007 in 2025.

ECONOMIC BASE ANALYSIS

Table III-3A: Estimates of Population and Households in the Denver Ten County Market Area, 1980-2025

Year	Adams County		Arapahoe County		Boulder County		Broomfield County		Denver County		Douglas County		Jefferson County		Larimer County		Weld County		Ebert County		Ten County Total	
	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH	Pop	HH
1980	245,944	84,219	293,621	106,018	189,625	68,964	--	--	492,365	211,566	25,153	7,857	371,753	129,778	149,184	54,086	123,440	42,750	6,850	2,380	1,897,935	707,618
1990	257,874	93,914	391,902	155,367	208,913	82,510	25,032	8,992	467,229	210,943	60,406	20,786	437,056	166,520	186,137	70,575	131,729	47,533	9,644	3,351	2,175,922	860,491
2000	347,987	122,803	487,900	190,892	269,625	106,485	39,434	14,251	554,688	239,242	175,792	60,938	525,287	205,408	251,493	97,163	180,795	63,194	19,872	6,670	2,852,873	1,107,046
2010	441,603	153,764	572,003	224,011	294,567	119,300	55,889	21,414	600,158	263,107	285,465	102,018	534,543	218,160	299,630	120,295	252,825	89,349	23,068	8,380	3,359,751	1,319,798
2020	533,501	192,087	677,136	262,519	348,828	133,340	82,077	32,015	759,214	336,152	369,347	131,260	615,579	240,109	369,347	144,065	348,828	129,179	27,313	8,853	4,131,170	1,609,579
2025	578,829	208,407	740,631	280,204	369,771	140,720	101,496	35,008	863,616	371,470	430,487	151,573	644,683	249,695	402,029	157,289	448,881	151,364	31,916	10,345	4,612,340	1,756,077
(1980-2025):																						
Numerical	7,400	2,760	9,930	3,871	4,000	1,595	--	--	8,250	3,553	9,010	3,194	6,070	2,665	5,620	2,293	7,230	2,414	560	177	60,320	23,299
Percent	1.9%	2.0%	2.1%	2.2%	1.5%	1.6%	--	--	1.3%	1.3%	6.5%	6.8%	1.2%	1.5%	2.2%	2.4%	2.9%	2.8%	3.5%	3.3%	2.0%	2.0%
Percent of 10-County Total	12.3%	11.8%	16.5%	16.6%	6.6%	6.8%	--	--	13.7%	15.3%	14.9%	13.7%	10.1%	11.4%	9.3%	9.8%	12.0%	10.4%	0.9%	0.8%	100.0%	100.0%
(1990-2025):																						
Numerical	9,170	3,271	9,960	3,567	4,600	1,663	2,180	743	11,330	4,586	10,570	3,737	5,930	2,376	6,170	2,478	9,060	2,967	640	200	69,612	25,588
Percent	2.3%	2.3%	1.8%	1.7%	1.6%	1.5%	4.1%	4.0%	1.8%	1.6%	5.8%	5.8%	1.1%	1.2%	2.2%	2.3%	3.6%	3.4%	3.5%	3.3%	2.2%	2.1%
Percent of 10-County Total	13.2%	12.8%	14.3%	13.9%	6.6%	6.5%	3.1%	2.9%	16.3%	17.9%	15.2%	14.6%	8.5%	9.3%	8.9%	9.7%	13.0%	11.6%	0.9%	0.8%	100.0%	100.0%
(2000-2025):																						
Numerical	9,234	3,424	10,109	3,572	4,006	1,369	2,482	830	12,357	5,289	10,188	3,625	4,776	1,771	6,021	2,405	10,723	3,527	482	147	70,379	25,961
Percent	2.1%	2.1%	1.7%	1.5%	1.3%	1.1%	3.9%	3.7%	1.8%	1.8%	3.6%	3.7%	0.8%	0.8%	1.9%	1.9%	3.7%	3.6%	1.9%	1.8%	1.9%	1.9%
Percent of 10-County Total	13.1%	13.2%	14.4%	13.8%	5.7%	5.3%	3.5%	3.2%	17.6%	20.4%	14.5%	14.0%	6.8%	6.8%	8.6%	9.3%	15.2%	13.6%	0.7%	0.6%	100.0%	100.0%
(2010-2025):																						
Numerical	9,148	3,643	11,242	3,746	5,014	1,428	3,040	906	17,564	7,224	9,668	3,304	7,343	2,102	6,827	2,466	13,070	4,134	590	131	83,506	29,085
Percent	1.8%	2.0%	1.7%	1.5%	1.5%	1.1%	4.1%	3.3%	2.5%	2.3%	2.8%	2.7%	1.3%	0.9%	2.0%	1.8%	3.9%	3.6%	2.2%	1.4%	2.0%	1.9%
Percent of 10-County Total	11.0%	12.5%	13.5%	12.9%	6.0%	4.9%	3.6%	3.1%	21.0%	24.8%	11.6%	11.4%	8.8%	7.2%	8.2%	8.5%	15.7%	14.2%	0.7%	0.5%	100.0%	100.0%

Source: Bureau of Census and THK Associates, Inc.

D. TEN-COUNTY INCOME LEVELS

Table III-4 illustrates the per capita personal income level and annual change over the last 36 years for Ten County Market Area, by county, and the United States as a whole. Table III-4 illustrates an increase in wealth for the Ten County area, which will positively impact both residential and commercial real estate within the county over the next several years.

ECONOMIC BASE ANALYSIS

Table III-4: Per Capita Personal Income by County for the Ten County, 1990-2025

Year	Adams County		Arapahoe County		Boulder County		Broomfield County		Denver County		Douglas County		Jefferson County		Larimer County		Weld County		Elbert County		United States	
	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change	Income	Annual Change
1990	\$16,330	--	\$24,379	--	\$22,416	--	--	--	\$23,320	--	\$25,072	--	\$21,661	--	\$17,978	--	\$15,533	--	\$17,809	--	\$19,621	--
1991	\$16,796	2.9%	\$24,876	2.0%	\$23,149	3.3%	--	--	\$23,438	0.5%	\$30,328	21.0%	\$22,760	5.1%	\$18,583	3.4%	\$16,077	3.5%	\$18,507	3.9%	\$20,030	2.1%
1992	\$17,074	5.2%	\$25,840	3.9%	\$24,790	7.1%	--	--	\$24,376	4.0%	\$32,436	7.0%	\$23,623	3.8%	\$19,581	5.4%	\$16,988	5.7%	\$20,603	11.3%	\$21,090	5.3%
1993	\$18,522	4.8%	\$26,998	4.5%	\$25,987	4.8%	--	--	\$25,277	3.7%	\$35,653	9.9%	\$24,781	4.9%	\$20,606	5.2%	\$18,168	6.9%	\$22,588	9.6%	\$21,733	3.0%
1994	\$19,377	4.6%	\$28,637	6.1%	\$27,401	5.4%	--	--	\$26,430	4.6%	\$37,723	5.8%	\$25,474	2.8%	\$21,442	4.1%	\$18,787	3.4%	\$23,813	5.4%	\$22,575	3.9%
1995	\$20,154	4.0%	\$30,209	5.5%	\$29,080	6.1%	--	--	\$28,277	7.0%	\$39,511	4.7%	\$27,051	6.2%	\$22,754	6.1%	\$19,323	2.9%	\$24,273	1.9%	\$23,607	4.6%
1996	\$20,910	3.8%	\$32,314	7.0%	\$30,835	6.0%	--	--	\$29,666	4.9%	\$39,551	0.1%	\$28,585	5.7%	\$24,327	6.9%	\$20,547	6.3%	\$25,371	4.5%	\$24,771	4.9%
1997	\$22,347	6.9%	\$33,388	3.3%	\$32,791	6.3%	--	--	\$31,002	4.5%	\$39,282	-0.7%	\$30,751	7.6%	\$25,754	5.9%	\$21,467	4.5%	\$24,671	-2.8%	\$25,993	4.9%
1998	\$23,811	6.6%	\$36,261	8.6%	\$35,192	7.3%	--	--	\$34,097	10.0%	\$39,853	1.5%	\$33,830	10.0%	\$27,099	5.2%	\$23,155	7.9%	\$26,372	6.9%	\$27,557	6.0%
1999	\$25,270	6.1%	\$38,739	6.8%	\$37,436	6.4%	--	--	\$35,915	5.3%	\$41,387	3.8%	\$35,172	4.0%	\$28,273	4.3%	\$24,333	5.1%	\$28,038	6.3%	\$28,675	4.1%
2000	\$27,118	7.3%	\$42,831	10.6%	\$41,817	11.7%	--	--	\$39,489	10.0%	\$44,194	6.8%	\$38,710	10.1%	\$31,041	9.8%	\$25,552	5.0%	\$31,240	11.4%	\$30,657	6.9%
2001	\$27,864	2.8%	\$41,679	-2.7%	\$42,333	1.2%	--	--	\$40,041	1.4%	\$42,852	-3.0%	\$41,783	7.9%	\$32,229	3.8%	\$26,116	2.2%	\$32,788	5.0%	\$31,589	3.0%
2002	\$27,982	0.4%	\$41,180	-1.2%	\$41,489	-2.0%	\$41,621	--	\$40,230	0.4%	\$38,955	-9.1%	\$40,929	-2.0%	\$31,997	-0.7%	\$24,871	-4.8%	\$31,518	-3.9%	\$31,832	0.8%
2003	\$28,307	1.2%	\$41,502	0.8%	\$42,260	1.9%	\$41,593	-0.1%	\$40,892	1.7%	\$37,614	-3.4%	\$41,040	0.3%	\$31,878	-0.4%	\$25,200	1.3%	\$31,570	0.2%	\$32,681	2.7%
2004	\$28,551	0.9%	\$40,776	-1.7%	\$43,232	2.3%	\$43,741	5.2%	\$42,033	2.8%	\$41,266	9.7%	\$42,632	3.9%	\$32,759	2.8%	\$26,905	6.8%	\$34,989	10.8%	\$34,251	4.8%
2005	\$28,932	1.3%	\$41,791	2.5%	\$46,245	7.0%	\$47,412	8.4%	\$46,511	10.7%	\$46,527	12.7%	\$43,338	1.7%	\$34,106	4.1%	\$28,569	6.2%	\$36,645	4.7%	\$35,849	4.7%
2006	\$29,751	2.8%	\$44,957	7.6%	\$49,090	6.2%	\$53,431	12.7%	\$50,786	9.2%	\$51,151	9.9%	\$44,926	3.7%	\$35,926	5.3%	\$29,898	4.7%	\$37,341	1.9%	\$38,114	6.3%
2007	\$30,849	3.7%	\$46,420	3.3%	\$50,834	3.6%	\$57,868	8.3%	\$52,270	2.9%	\$54,897	7.3%	\$46,169	2.8%	\$37,874	5.4%	\$32,016	7.1%	\$40,282	7.9%	\$39,844	4.5%
2008	\$31,761	3.0%	\$43,602	-6.1%	\$52,114	2.5%	\$62,872	8.6%	\$54,509	4.3%	\$56,270	2.5%	\$46,753	1.3%	\$38,191	0.8%	\$33,762	5.5%	\$42,293	5.0%	\$40,904	2.7%
2009	\$30,815	-3.0%	\$39,767	-8.8%	\$46,942	-9.9%	\$57,309	-8.8%	\$47,126	-13.5%	\$55,031	-2.2%	\$44,500	-4.8%	\$36,870	-3.5%	\$32,573	-3.5%	\$41,876	-1.0%	\$39,284	-4.0%
2010	\$30,754	-0.2%	\$40,980	3.1%	\$50,465	7.5%	\$54,157	-5.5%	\$49,040	4.1%	\$53,727	-2.4%	\$45,302	1.8%	\$37,455	1.6%	\$33,092	1.6%	\$39,126	-6.6%	\$40,547	3.2%
2011	\$32,392	5.3%	\$46,782	14.2%	\$52,309	3.7%	\$56,309	4.0%	\$54,236	10.6%	\$56,700	5.5%	\$47,361	4.5%	\$39,105	4.4%	\$35,055	5.9%	\$48,200	23.2%	\$42,739	5.4%
2012	\$33,917	4.7%	\$48,429	3.5%	\$54,984	5.1%	\$58,467	3.8%	\$57,896	6.7%	\$60,614	6.9%	\$49,331	4.2%	\$40,922	4.6%	\$37,088	5.8%	\$44,851	-6.9%	\$44,605	4.4%
2013	\$34,811	2.6%	\$49,668	2.6%	\$56,706	3.1%	\$55,036	-5.9%	\$61,732	6.6%	\$62,501	3.1%	\$51,347	4.1%	\$42,550	4.0%	\$38,793	4.6%	\$47,758	6.5%	\$44,860	0.6%
2014	\$36,809	5.7%	\$53,215	7.1%	\$60,575	6.8%	\$57,640	4.7%	\$68,076	10.3%	\$66,067	5.7%	\$54,588	6.3%	\$45,152	6.1%	\$42,283	9.0%	\$50,141	5.0%	\$47,071	4.9%
2015	\$38,452	4.5%	\$54,455	2.3%	\$64,287	6.1%	\$58,798	2.0%	\$67,037	-1.5%	\$67,678	2.4%	\$56,959	4.3%	\$47,007	4.1%	\$43,925	3.9%	\$52,011	3.7%	\$49,019	4.1%
2016	\$39,565	2.9%	\$55,207	1.4%	\$65,363	1.7%	\$60,556	3.0%	\$64,209	-4.2%	\$68,823	1.7%	\$57,921	1.7%	\$48,422	3.0%	\$43,745	-0.4%	\$54,434	4.7%	\$50,015	2.0%
2017	\$41,321	4.4%	\$57,116	3.5%	\$69,968	7.0%	\$63,349	4.6%	\$74,573	16.1%	\$70,383	2.3%	\$60,265	4.0%	\$51,748	6.9%	\$44,479	1.7%	\$56,017	2.9%	\$52,118	4.2%
2018	\$43,544	5.4%	\$61,906	8.4%	\$73,518	5.1%	\$68,038	7.4%	\$79,023	6.0%	\$75,255	6.9%	\$63,319	5.1%	\$54,207	4.8%	\$48,035	8.0%	\$60,057	7.2%	\$54,606	4.8%
2019	\$45,481	4.4%	\$64,477	4.2%	\$76,527	4.1%	\$70,996	4.3%	\$81,405	3.0%	\$78,455	4.3%	\$66,017	4.3%	\$55,884	3.1%	\$50,198	4.5%	\$62,554	4.2%	\$56,490	3.5%
2020	\$46,115	5.8%	\$66,691	3.4%	\$79,649	4.1%	\$67,495	-4.9%	\$85,411	4.9%	\$78,980	0.7%	\$68,829	4.3%	\$58,725	5.1%	\$52,054	3.7%	\$65,795	5.2%	\$59,510	5.3%
2021	\$49,983	3.9%	\$70,178	5.2%	\$83,544	4.9%	\$72,544	7.5%	\$91,695	7.4%	\$82,895	5.0%	\$71,541	3.9%	\$61,220	4.2%	\$54,403	4.5%	\$71,818	9.2%	\$61,556	3.4%
2022	\$52,257	4.6%	\$73,346	4.5%	\$86,626	3.7%	\$73,839	1.8%	\$94,611	3.2%	\$85,818	3.5%	\$74,412	4.0%	\$63,395	3.6%	\$56,994	4.8%	\$76,264	6.2%	\$63,990	4.0%
2023 Estimate	\$54,447	4.2%	\$76,437	4.2%	\$89,955	3.8%	\$75,624	2.4%	\$98,674	4.3%	\$88,693	3.3%	\$77,219	3.8%	\$65,741	3.7%	\$59,381	4.2%	\$79,801	4.6%	\$66,368	3.7%
2024 Estimate	\$56,648	4.0%	\$78,752	3.0%	\$93,267	3.7%	\$75,842	0.3%	\$103,015	4.4%	\$90,507	2.0%	\$79,908	3.5%	\$68,171	3.7%	\$61,186	3.0%	\$83,969	5.2%	\$68,765	3.6%
2025 Estimate	\$58,887	4.0%	\$82,456	4.7%	\$96,793	3.8%	\$78,339	3.3%	\$107,855	4.7%	\$93,894	3.7%	\$82,798	3.6%	\$70,747	3.8%	\$63,928	4.5%	\$89,232	6.3%	\$71,278	3.7%
1990-2025	\$1,216	3.7%	\$1,659	3.5%	\$2,125	4.3%	-	-	\$2,415	4.5%	\$1,966	3.8%	\$1,747	3.9%	\$1,508	4.0%	\$1,383	4.1%	\$2,041	4.7%	\$1,476	3.8%
2015-2025	\$2,043	4.4%	\$2,800	4.2%	\$3,251	4.2%	\$1,954	2.9%	\$4,082	4.9%	\$2,622	3.3%	\$2,584	3.8%	\$2,374	4.2%	\$2,000	3.8%	\$3,722	5.5%	\$2,226	3.8%
2020-2025	\$2,154	4.1%	\$3,153	4.3%	\$3,429	4.0%	\$2,169	3.0%	\$4,489	4.8%	\$2,983	3.5%	\$2,794	3.8%	\$2,404	3.8%	\$2,375	4.2%	\$4,687	6.3%	\$2,354	3.7%

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, & THK Associates, Inc.

E. RESIDENTIAL CONSTRUCTION TRENDS

Tables III-5A on the following pages show the quantity of single family and multifamily permits by year in the Ten County market area. The number of building permits being issued in the Ten County market area slowed with the economic downturn in the late 2000s. Permits issued within the Ten County market area over the last forty four, ten, and five-year periods have averaged 22,833, 28,456, and 29,898 respectively. From 1980 to 2024, single family permits accounted for 65.1% of the total permits issued. Over the last three-year period, this ratio has lowered slightly to 52.8%, indicating a slight market shift towards more multi-family housing.

ECONOMIC BASE ANALYSIS

Table III-5A: Residential Building Permits Issued by County in the Metro Ten County, 1980 - 2024

Single Family																					
	Adams		Arapahoe		Boulder		Broomfield		Denver		Douglas		Jefferson		Larimer		Weld		Elbert		Ten County Total
Year	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits
1980	1,658	13.5%	4,367	35.5%	1,093	8.9%	0	0.0%	1,023	8.3%	377	3.1%	1,997	16.2%	1,309	10.6%	469	3.8%	111	0.9%	12,293
1981	951	8.3%	4,648	40.8%	825	7.2%	0	0.0%	808	7.1%	989	8.7%	2,061	18.1%	900	7.9%	210	1.8%	86	0.8%	11,392
1982	1,125	9.0%	4,753	38.1%	1,464	11.7%	0	0.0%	951	7.6%	938	7.5%	2,173	17.4%	840	6.7%	243	1.9%	117	0.9%	12,487
1983	2,139	9.8%	6,643	30.5%	2,451	11.2%	0	0.0%	1,943	8.9%	1,594	7.3%	4,632	21.2%	1,895	8.7%	507	2.3%	153	0.7%	21,804
1984	2,614	15.4%	3,546	20.9%	1,848	10.9%	0	0.0%	1,185	7.0%	1,910	11.2%	3,638	21.4%	1,794	10.6%	461	2.7%	158	0.9%	16,996
1985	2,152	15.5%	3,019	21.7%	1,359	9.8%	0	0.0%	757	5.4%	1,731	12.4%	2,777	20.0%	1,633	11.7%	486	3.5%	184	1.3%	13,914
1986	1,931	14.8%	1,778	13.6%	1,558	11.9%	0	0.0%	736	5.6%	2,171	16.6%	2,806	21.5%	1,711	13.1%	356	2.7%	225	1.7%	13,047
1987	826	9.5%	1,133	13.0%	1,259	14.5%	0	0.0%	404	4.6%	1,817	20.9%	1,748	20.1%	1,204	13.8%	317	3.6%	161	1.8%	8,708
1988	504	8.0%	565	9.0%	915	14.5%	0	0.0%	133	2.1%	1,626	25.8%	1,208	19.1%	1,085	17.2%	275	4.4%	137	2.2%	6,311
1989	413	6.9%	561	9.4%	889	14.9%	0	0.0%	149	2.5%	1,471	24.7%	1,171	19.7%	1,047	17.6%	254	4.3%	100	1.7%	5,955
1990	433	6.4%	656	9.8%	1,014	15.1%	0	0.0%	168	2.5%	1,587	23.6%	1,549	23.1%	1,053	15.7%	258	3.8%	97	1.4%	6,718
1991	691	7.5%	1,099	12.0%	1,531	16.7%	0	0.0%	278	3.0%	1,916	20.9%	2,026	22.1%	1,288	14.1%	336	3.7%	102	1.1%	9,165
1992	1,379	10.1%	1,814	13.2%	2,416	17.6%	0	0.0%	311	2.3%	2,586	18.9%	2,930	21.4%	1,772	12.9%	509	3.7%	194	1.4%	13,717
1993	1,947	11.5%	2,246	13.2%	2,864	16.9%	0	0.0%	375	2.2%	3,295	19.4%	3,060	18.0%	2,316	13.6%	868	5.1%	368	2.2%	16,971
1994	2,537	13.9%	2,348	12.9%	2,263	12.4%	0	0.0%	584	3.2%	4,042	22.2%	2,767	15.2%	2,564	14.1%	1,096	6.0%	558	3.1%	18,201
1995	2,416	13.8%	2,069	11.8%	2,154	12.3%	0	0.0%	501	2.9%	4,073	23.3%	2,707	15.5%	2,272	13.0%	1,310	7.5%	488	2.8%	17,502
1996	2,625	14.1%	2,500	13.4%	1,774	9.5%	0	0.0%	718	3.9%	4,812	25.9%	2,039	11.0%	2,458	13.2%	1,687	9.1%	416	2.2%	18,613
1997	2,667	13.2%	2,668	13.2%	2,401	11.9%	0	0.0%	1,028	5.1%	4,991	24.7%	2,294	11.4%	2,299	11.4%	1,839	9.1%	316	1.6%	20,187
1998	2,939	12.5%	3,029	12.9%	2,969	12.7%	0	0.0%	1,654	7.0%	5,286	22.5%	2,105	9.0%	2,659	11.3%	2,827	12.0%	295	1.3%	23,468
1999	3,280	12.8%	4,306	16.8%	2,383	9.3%	0	0.0%	1,966	7.7%	5,569	21.8%	2,016	7.9%	2,643	10.3%	3,403	13.3%	287	1.1%	25,566
2000	2,979	12.0%	4,246	17.1%	2,526	10.2%	0	0.0%	1,677	6.8%	4,760	19.2%	1,932	7.8%	2,748	11.1%	3,970	16.0%	317	1.3%	24,838
2001	4,446	19.0%	3,531	15.1%	1,960	8.4%	0	0.0%	1,271	5.4%	4,048	17.3%	1,524	6.5%	2,658	11.3%	3,982	17.0%	301	1.3%	23,420
2002	4,044	18.2%	3,294	14.8%	1,358	6.1%	514	2.3%	1,763	7.9%	3,516	15.8%	1,334	6.0%	2,586	11.6%	3,837	17.2%	185	0.8%	22,246
2003	4,081	19.5%	2,397	11.4%	1,165	5.6%	423	2.0%	2,122	10.1%	3,499	16.7%	1,237	5.9%	2,368	11.3%	3,682	17.6%	154	0.7%	20,974
2004	4,418	17.1%	3,071	11.9%	1,147	4.4%	615	2.4%	4,098	15.9%	4,227	16.4%	1,629	6.3%	2,758	10.7%	3,854	14.9%	219	0.8%	25,817
2005	4,197	17.1%	3,185	13.0%	824	3.4%	658	2.7%	2,081	8.5%	5,483	22.4%	1,641	6.7%	2,313	9.4%	4,120	16.8%	258	1.1%	24,502
2006	2,796	16.2%	2,747	15.9%	477	2.8%	918	5.3%	1,952	11.3%	3,279	19.0%	1,019	5.9%	1,496	8.7%	2,603	15.1%	244	1.4%	17,287
2007	1,453	13.5%	1,657	15.4%	407	3.8%	584	5.4%	1,407	13.1%	1,835	17.1%	702	6.5%	1,126	10.5%	1,556	14.5%	150	1.4%	10,727
2008	674	11.8%	755	13.2%	307	5.4%	190	3.3%	981	17.1%	926	16.2%	384	6.7%	657	11.5%	852	14.9%	57	1.0%	5,726
2009	487	12.6%	564	14.6%	142	3.7%	160	4.1%	559	14.4%	580	15.0%	296	7.7%	363	9.4%	718	18.6%	39	1.0%	3,869
2010	626	11.8%	802	15.2%	284	5.4%	232	4.4%	762	14.4%	822	15.5%	473	8.9%	499	9.4%	789	14.9%	33	0.6%	5,289
2011	537	10.0%	614	11.5%	195	3.6%	199	3.7%	852	15.9%	1,011	18.9%	440	8.2%	710	13.3%	794	14.8%	30	0.6%	5,352
2012	797	9.6%	961	11.6%	270	3.3%	162	2.0%	1,218	14.7%	1,698	20.5%	858	10.3%	1,153	13.9%	1,182	14.2%	45	0.5%	8,299
2013	1,025	9.7%	1,198	11.4%	350	3.3%	356	3.4%	1,526	14.5%	1,993	18.9%	977	9.3%	1,507	14.3%	1,611	15.3%	79	0.7%	10,543
2014	1,091	8.8%	1,260	10.1%	606	4.9%	439	3.5%	1,990	16.0%	2,224	17.9%	1,142	9.2%	1,705	13.7%	1,997	16.0%	116	0.9%	12,454
2015	1,463	10.6%	1,687	12.2%	739	5.3%	403	2.9%	1,981	14.3%	2,183	15.8%	1,431	10.3%	1,770	12.8%	2,181	15.8%	149	1.1%	13,838
2016	1,875	13.0%	2,031	14.1%	697	4.8%	533	3.7%	2,259	15.7%	2,014	14.0%	1,516	10.5%	1,650	11.5%	1,820	12.6%	120	0.8%	14,395
2017	1,874	11.9%	2,362	15.0%	710	4.5%	398	2.5%	2,560	16.3%	2,386	15.2%	1,229	7.8%	2,040	13.0%	2,166	13.8%	163	1.0%	15,725
2018	2,467	14.6%	2,186	13.0%	825	4.9%	587	3.5%	2,526	15.0%	2,723	16.2%	1,070	6.3%	1,729	10.3%	2,742	16.3%	217	1.3%	16,855
2019	2,283	14.4%	2,357	14.8%	658	4.1%	337	2.1%	2,257	14.2%	2,651	16.7%	830	5.2%	1,610	10.1%	2,911	18.3%	196	1.2%	15,894
2020	2,735	16.6%	2,918	17.7%	542	3.3%	223	1.4%	1,167	7.1%	2,816	17.1%	823	5.0%	2,193	13.3%	3,046	18.5%	296	1.8%	16,463
2021	2,823	15.0%	3,028	16.1%	343	1.8%	268	1.4%	1,550	8.3%	3,722	19.8%	1,073	5.7%	2,149	11.4%	3,814	20.3%	413	2.2%	18,770
2022	2,046	13.9%	1,552	10.5%	648	4.4%	179	1.2%	1,323	9.0%	3,219	21.8%	1,074	7.3%	1,395	9.5%	3,319	22.5%	252	1.7%	14,755
2023 Estimate	1,863	14.4%	2,265	17.5%	800	6.2%	119	0.9%	1,174	9.1%	1,988	15.4%	980	7.6%	1,266	9.8%	2,493	19.3%	349	2.7%	12,948
2024 Estimate	1,956	15.2%	2,359	18.3%	439	3.4%	57	0.4%	872	6.8%	2,120	16.4%	931	7.2%	1,370	10.6%	2,805	21.7%	780	6.0%	12,909
*2024 Permits are through December																					
44-Year Average 1980-2024	2,007	13.5%	2,373	16.0%	1,214	8.2%	193	1.3%	1,289	8.7%	2,645	17.8%	1,666	11.2%	1,709	11.5%	1,767	11.9%	203	1.4%	14,864
10-Year Average 2014-2024	2,052	13.5%	2,165	14.2%	657	4.3%	349	2.3%	1,879	12.4%	2,593	17.0%	1,117	7.3%	1,751	11.5%	2,649	17.4%	227	1.5%	15,210
5-Year Average 2020-2024	2,350	14.9%	2,424	15.4%	598	3.8%	225	1.4%	1,494	9.5%	2,879	18.3%	956	6.1%	1,723	10.9%	3,117	19.8%	301	1.9%	15,766
3-Year Average 2022-2024	2,244	14.5%	2,282	14.7%	597	3.9%	189	1.2%	1,349	8.7%	2,976	19.2%	1,042	6.7%	1,603	10.4%	3,209	20.7%	338	2.2%	15,491

ECONOMIC BASE ANALYSIS

Table III-5A: Residential Building Permits Issued by County in the Metro Ten County, 1980 - 2024

Multi-Family																					
	Adams		Arapahoe		Boulder		Broomfield		Denver		Douglas		Jefferson		Larimer		Weld		Elbert		Ten County Total
Year	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits
1980	189	3.1%	2,443	39.5%	480	7.8%	0	0.0%	1,459	23.6%	33	0.5%	1,045	16.9%	434	7.0%	104	1.7%	0	0.0%	6,187
1981	264	4.8%	2,611	47.1%	416	7.5%	0	0.0%	1,008	18.2%	0	0.0%	910	16.4%	272	4.9%	58	1.0%	0	0.0%	5,539
1982	550	6.2%	3,083	34.9%	647	7.3%	0	0.0%	2,059	23.3%	82	0.9%	1,926	21.8%	297	3.4%	202	2.3%	4	0.0%	8,846
1983	1,577	11.6%	5,412	39.9%	1,905	14.0%	0	0.0%	1,856	13.7%	296	2.2%	1,884	13.9%	528	3.9%	116	0.9%	8	0.1%	13,574
1984	1,857	13.9%	4,768	35.7%	2,076	15.5%	0	0.0%	1,240	9.3%	243	1.8%	1,976	14.8%	1,091	8.2%	107	0.8%	4	0.0%	13,358
1985	1,328	14.6%	2,988	32.8%	699	7.7%	0	0.0%	882	9.7%	431	4.7%	1,345	14.7%	1,009	11.1%	441	4.8%	0	0.0%	9,123
1986	1,592	18.7%	2,468	29.0%	543	6.4%	0	0.0%	2,004	23.5%	189	2.2%	1,135	13.3%	240	2.8%	344	4.0%	0	0.0%	8,515
1987	268	6.7%	992	24.9%	493	12.4%	0	0.0%	922	23.2%	8	0.2%	808	20.3%	347	8.7%	144	3.6%	0	0.0%	3,982
1988	4	0.2%	1,293	55.3%	72	3.1%	0	0.0%	539	23.0%	0	0.0%	206	8.8%	199	8.5%	26	1.1%	0	0.0%	2,339
1989	96	7.1%	15	1.1%	254	18.8%	0	0.0%	477	35.4%	3	0.2%	458	34.0%	26	1.9%	20	1.5%	0	0.0%	1,349
1990	0	0.0%	0	0.0%	446	59.9%	0	0.0%	30	4.0%	0	0.0%	73	9.8%	183	24.6%	13	1.7%	0	0.0%	745
1991	46	9.1%	0	0.0%	19	3.8%	0	0.0%	137	27.2%	0	0.0%	25	5.0%	255	50.7%	21	4.2%	0	0.0%	503
1992	12	0.6%	476	23.0%	383	18.5%	0	0.0%	195	9.4%	360	17.4%	472	22.8%	156	7.6%	12	0.6%	0	0.0%	2,066
1993	542	20.4%	741	27.9%	203	7.7%	0	0.0%	623	23.5%	0	0.0%	145	5.5%	302	11.4%	97	3.7%	0	0.0%	2,653
1994	525	9.4%	2,032	36.4%	360	6.4%	0	0.0%	1,257	22.5%	0	0.0%	706	12.6%	638	11.4%	68	1.2%	0	0.0%	5,586
1995	944	14.0%	1,487	22.1%	940	14.0%	0	0.0%	285	4.2%	711	10.6%	1,675	24.9%	525	7.8%	160	2.4%	6	0.1%	6,727
1996	269	4.2%	1,221	19.1%	970	15.1%	0	0.0%	714	11.1%	918	14.3%	1,115	17.4%	1,033	16.1%	169	2.6%	2	0.0%	6,409
1997	1,414	19.2%	1,463	19.9%	858	11.7%	0	0.0%	1,233	16.7%	572	7.8%	1,068	14.5%	478	6.5%	278	3.8%	0	0.0%	7,364
1998	1,344	12.2%	1,428	13.0%	2,167	19.7%	0	0.0%	3,035	27.5%	1,156	10.5%	1,088	9.9%	563	5.1%	242	2.2%	16	0.1%	11,023
1999	450	6.1%	1,493	20.2%	609	8.2%	0	0.0%	1,413	19.1%	1,595	21.5%	747	10.1%	948	12.8%	154	2.1%	4	0.1%	7,409
2000	2,500	20.0%	3,894	31.1%	254	2.0%	0	0.0%	1,972	15.8%	1,635	13.1%	1,084	8.7%	776	6.2%	399	3.2%	0	0.0%	12,514
2001	1,684	11.4%	4,404	29.9%	1,361	9.2%	0	0.0%	3,187	21.6%	2,004	13.6%	785	5.3%	1,006	6.8%	319	2.2%	4	0.0%	14,750
2002	1,787	18.8%	1,511	15.9%	359	3.8%	368	3.9%	2,863	30.2%	987	10.4%	590	6.2%	450	4.7%	574	6.0%	12	0.1%	9,489
2003	597	14.1%	959	22.6%	263	6.2%	214	5.0%	914	21.5%	194	4.6%	189	4.5%	635	15.0%	281	6.6%	12	0.3%	4,246
2004	640	14.5%	777	17.7%	225	5.1%	119	2.7%	0	0.0%	870	19.8%	715	16.3%	494	11.2%	560	12.7%	0	0.0%	4,400
2005	375	9.4%	837	21.0%	317	7.9%	113	2.8%	1,083	27.1%	80	2.0%	453	11.4%	574	14.4%	159	4.0%	0	0.0%	3,991
2006	112	1.9%	787	13.1%	269	4.5%	164	2.7%	1,900	31.6%	690	11.5%	1,025	17.1%	744	12.4%	319	5.3%	0	0.0%	6,010
2007	356	5.2%	2,224	32.5%	228	3.3%	476	6.9%	2,275	33.2%	428	6.2%	360	5.3%	215	3.1%	291	4.2%	3	0.0%	6,853
2008	108	1.8%	1,009	16.6%	715	11.8%	637	10.5%	2,199	36.2%	467	7.7%	205	3.4%	608	10.0%	128	2.1%	0	0.0%	6,076
2009	6	0.4%	608	37.3%	203	12.4%	0	0.0%	329	20.2%	271	16.6%	83	5.1%	88	5.4%	43	2.6%	0	0.0%	1,631
2010	36	1.6%	477	20.9%	373	16.4%	0	0.0%	470	20.6%	93	4.1%	104	4.6%	654	28.7%	74	3.2%	0	0.0%	2,281
2011	12	0.4%	192	5.6%	114	3.4%	0	0.0%	1,698	50.0%	284	8.4%	524	15.4%	480	14.1%	95	2.8%	0	0.0%	3,399
2012	220	2.4%	754	8.2%	479	5.2%	1,848	20.1%	4,360	47.4%	590	6.4%	172	1.9%	711	7.7%	57	0.6%	0	0.0%	9,191
2013	4	0.0%	1,881	18.7%	861	8.5%	540	5.4%	4,346	43.1%	520	5.2%	736	7.3%	870	8.6%	315	3.1%	0	0.0%	10,073
2014	24	0.2%	637	6.6%	765	7.9%	381	3.9%	3,968	41.1%	1,006	10.4%	1,377	14.3%	793	8.2%	711	7.4%	0	0.0%	9,662
2015	123	1.2%	1,143	11.4%	425	4.2%	44	0.4%	5,959	59.2%	714	7.1%	420	4.2%	664	6.6%	576	5.7%	0	0.0%	10,068
2016	171	1.2%	2,636	18.4%	1,116	7.8%	13	0.1%	5,559	38.9%	1,318	9.2%	1,096	7.7%	1,874	13.1%	514	3.6%	0	0.0%	14,297
2017	522	3.7%	395	2.8%	844	6.1%	18	0.1%	7,965	57.1%	1,309	9.4%	1,147	8.2%	888	6.4%	853	6.1%	0	0.0%	13,941
2018	289	2.1%	1,375	9.9%	2,043	14.8%	198	1.4%	5,352	38.7%	1,342	9.7%	1,070	7.7%	1,211	8.8%	958	6.9%	0	0.0%	13,838
2019	381	3.5%	1,140	10.4%	906	8.3%	6	0.1%	5,073	46.5%	508	4.7%	986	9.0%	931	8.5%	986	9.0%	0	0.0%	10,917
2020	1,111	10.6%	1,188	11.3%	998	9.5%	204	1.9%	3,892	37.0%	573	5.5%	1,338	12.7%	400	3.8%	805	7.7%	0	0.0%	10,509
2021	1,864	9.2%	2,491	12.3%	894	4.4%	233	1.2%	8,450	41.8%	2,337	11.5%	1,442	7.1%	1,072	5.3%	1,454	7.2%	0	0.0%	20,237
2022	765	4.4%	1,774	10.1%	973	5.5%	359	2.0%	6,973	39.7%	1,548	8.8%	1,132	6.5%	1,202	6.9%	2,818	16.1%	32	0.2%	17,544
2023 Estimate	954	6.3%	3,199	21.1%	846	5.6%	1,158	7.7%	4,551	30.1%	1,580	10.4%	205	1.4%	1,415	9.3%	1,226	8.1%	0	0.0%	15,134
2024 Estimate	343	4.0%	1,568	18.1%	1,249	14.4%	348	4.0%	3,122	36.0%	1,011	11.7%	240	2.8%	416	4.8%	365	4.2%	0	0.0%	8,662

*2024 Permits are through December

44-Year Average 1980-2024	634	7.9%	1,652	20.5%	690	8.6%	161	2.0%	2,425	30.1%	635	7.9%	819	10.2%	643	8.0%	393	4.9%	2	0.0%	8,053
10-Year Average 2014-2024	620	4.6%	1,598	11.7%	981	7.2%	261	1.9%	5,774	42.4%	1,224	9.0%	1,021	7.5%	1,045	7.7%	1,090	8.0%	3	0.0%	13,615
5-Year Average 2020-2024	1,015	6.8%	1,958	13.2%	923	6.2%	392	2.6%	5,788	38.9%	1,309	8.8%	1,021	6.9%	1,004	6.8%	1,458	9.8%	6	0.0%	14,868
3-Year Average 2022-2024	1,194	6.8%	2,488	14.1%	904	5.1%	583	3.3%	6,658	37.7%	1,822	10.3%	926	5.3%	1,230	7.0%	1,833	10.4%	11	0.1%	17,638

ECONOMIC BASE ANALYSIS

Table III-5A: Residential Building Permits Issued by County in the Metro Ten County, 1980 - 2024

Total																				Ten County	
	Adams	Arapahoe	Boulder	Broomfield	Denver	Douglas	Jefferson	Larimer	Weld	Elbert		Total									
Year	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits		
1980	1,847	10.0%	6,810	36.9%	1,573	8.5%	0	0.0%	2,482	13.4%	410	2.2%	3,042	16.5%	1,743	9.4%	573	3.1%	111	0.6%	18,480
1981	1,215	7.2%	7,259	42.9%	1,241	7.3%	0	0.0%	1,816	10.7%	989	5.8%	2,971	17.5%	1,172	6.9%	268	1.6%	86	0.5%	16,931
1982	1,675	7.9%	7,836	36.7%	2,111	9.9%	0	0.0%	3,010	14.1%	1,020	4.8%	4,099	19.2%	1,137	5.3%	445	2.1%	121	0.6%	21,333
1983	3,716	10.5%	12,055	34.1%	4,356	12.3%	0	0.0%	3,799	10.7%	1,890	5.3%	6,516	18.4%	2,423	6.8%	623	1.8%	161	0.5%	35,378
1984	4,471	14.7%	8,314	27.4%	3,924	12.9%	0	0.0%	2,425	8.0%	2,153	7.1%	5,614	18.5%	2,885	9.5%	568	1.9%	162	0.5%	30,354
1985	3,480	15.1%	6,007	26.1%	2,058	8.9%	0	0.0%	1,639	7.1%	2,162	9.4%	4,122	17.9%	2,642	11.5%	927	4.0%	184	0.8%	23,037
1986	3,523	16.3%	4,246	19.7%	2,101	9.7%	0	0.0%	2,740	12.7%	2,360	10.9%	3,941	18.3%	1,951	9.0%	700	3.2%	225	1.0%	21,562
1987	1,094	8.6%	2,125	16.7%	1,752	13.8%	0	0.0%	1,326	10.4%	1,825	14.4%	2,556	20.1%	1,551	12.2%	461	3.6%	161	1.3%	12,690
1988	508	5.9%	1,858	21.5%	987	11.4%	0	0.0%	672	7.8%	1,626	18.8%	1,414	16.3%	1,284	14.8%	301	3.5%	137	1.6%	8,650
1989	509	7.0%	576	7.9%	1,143	15.6%	0	0.0%	626	8.6%	1,474	20.2%	1,629	22.3%	1,073	14.7%	274	3.8%	100	1.4%	7,304
1990	433	5.8%	656	8.8%	1,460	19.6%	0	0.0%	198	2.7%	1,587	21.3%	1,622	21.7%	1,236	16.6%	271	3.6%	97	1.3%	7,463
1991	737	7.6%	1,099	11.4%	1,550	16.0%	0	0.0%	415	4.3%	1,916	19.8%	2,051	21.2%	1,543	16.0%	357	3.7%	102	1.1%	9,668
1992	1,391	8.8%	2,290	14.5%	2,799	17.7%	0	0.0%	506	3.2%	2,946	18.7%	3,402	21.6%	1,928	12.2%	521	3.3%	194	1.2%	15,783
1993	2,489	12.7%	2,987	15.2%	3,067	15.6%	0	0.0%	998	5.1%	3,295	16.8%	3,205	16.3%	2,618	13.3%	965	4.9%	368	1.9%	19,624
1994	3,062	12.9%	4,380	18.4%	2,623	11.0%	0	0.0%	1,841	7.7%	4,042	17.0%	3,473	14.6%	3,202	13.5%	1,164	4.9%	558	2.3%	23,787
1995	3,360	13.9%	3,556	14.7%	3,094	12.8%	0	0.0%	786	3.2%	4,784	19.7%	4,382	18.1%	2,797	11.5%	1,470	6.1%	494	2.0%	24,229
1996	2,894	11.6%	3,721	14.9%	2,744	11.0%	0	0.0%	1,432	5.7%	5,730	22.9%	3,154	12.6%	3,491	14.0%	1,856	7.4%	418	1.7%	25,022
1997	4,081	14.8%	4,131	15.0%	3,259	11.8%	0	0.0%	2,261	8.2%	5,563	20.2%	3,362	12.2%	2,777	10.1%	2,117	7.7%	316	1.1%	27,551
1998	4,283	12.4%	4,457	12.9%	5,136	14.9%	0	0.0%	4,689	13.6%	6,442	18.7%	3,193	9.3%	3,222	9.3%	3,069	8.9%	311	0.9%	34,491
1999	3,730	11.3%	5,799	17.6%	2,992	9.1%	0	0.0%	3,379	10.2%	7,164	21.7%	2,763	8.4%	3,591	10.9%	3,557	10.8%	291	0.9%	32,975
2000	5,479	14.7%	8,140	21.8%	2,780	7.4%	0	0.0%	3,649	9.8%	6,395	17.1%	3,016	8.1%	3,524	9.4%	4,369	11.7%	317	0.8%	37,352
2001	6,130	16.1%	7,935	20.8%	3,321	8.7%	0	0.0%	4,458	11.7%	6,052	15.9%	2,309	6.0%	3,664	9.6%	4,301	11.3%	305	0.8%	38,170
2002	5,831	18.4%	4,805	15.1%	1,717	5.4%	882	2.8%	4,626	14.6%	4,503	14.2%	1,924	6.1%	3,036	9.6%	4,411	13.9%	197	0.6%	31,735
2003	4,678	18.5%	3,356	13.3%	1,428	5.7%	637	2.5%	3,036	12.0%	3,693	14.6%	1,426	5.7%	3,003	11.9%	3,963	15.7%	166	0.7%	25,220
2004	5,058	16.7%	3,848	12.7%	1,372	4.5%	734	2.4%	4,098	13.6%	5,097	16.9%	2,344	7.8%	3,252	10.8%	4,414	14.6%	219	0.7%	30,217
2005	4,572	16.0%	4,022	14.1%	1,141	4.0%	771	2.7%	3,164	11.1%	5,563	19.5%	2,094	7.3%	2,887	10.1%	4,279	15.0%	258	0.9%	28,493
2006	2,908	12.5%	3,534	15.2%	746	3.2%	1,082	4.6%	3,852	16.5%	3,969	17.0%	2,044	8.8%	2,240	9.6%	2,922	12.5%	244	1.0%	23,297
2007	1,809	10.3%	3,881	22.1%	635	3.6%	1,060	6.0%	3,682	20.9%	2,263	12.9%	1,062	6.0%	1,341	7.6%	1,847	10.5%	153	0.9%	17,580
2008	782	6.6%	1,764	14.9%	1,022	8.7%	827	7.0%	3,180	26.9%	1,393	11.8%	589	5.0%	1,265	10.7%	980	8.3%	57	0.5%	11,802
2009	493	9.0%	1,172	21.3%	345	6.3%	160	2.9%	888	16.1%	851	15.5%	379	6.9%	451	8.2%	761	13.8%	39	0.7%	5,500
2010	662	8.7%	1,279	16.9%	657	8.7%	232	3.1%	1,232	16.3%	915	12.1%	577	7.6%	1,153	15.2%	863	11.4%	33	0.4%	7,570
2011	549	6.3%	806	9.2%	309	3.5%	199	2.3%	2,550	29.1%	1,295	14.8%	964	11.0%	1,190	13.6%	889	10.2%	30	0.3%	8,751
2012	1,017	5.8%	1,715	9.8%	749	4.3%	2,010	11.5%	5,578	31.9%	2,288	13.1%	1,030	5.9%	1,864	10.7%	1,239	7.1%	45	0.3%	17,490
2013	1,029	5.0%	3,079	14.9%	1,211	5.9%	896	4.3%	5,872	28.5%	2,513	12.2%	1,713	8.3%	2,377	11.5%	1,926	9.3%	79	0.4%	20,616
2014	1,115	5.0%	1,897	8.6%	1,371	6.2%	820	3.7%	5,958	26.9%	3,230	14.6%	2,519	11.4%	2,498	11.3%	2,708	12.2%	116	0.5%	22,116
2015	1,586	6.6%	2,830	11.8%	1,164	4.9%	447	1.9%	7,940	33.2%	2,897	12.1%	1,851	7.7%	2,434	10.2%	2,757	11.5%	149	0.6%	23,906
2016	2,046	7.1%	4,667	16.3%	1,813	6.3%	546	1.9%	7,818	27.2%	3,332	11.6%	2,612	9.1%	3,524	12.3%	2,334	8.1%	120	0.4%	28,692
2017	2,396	8.1%	2,757	9.3%	1,554	5.2%	416	1.4%	10,525	35.5%	3,695	12.5%	2,376	8.0%	2,928	9.9%	3,019	10.2%	163	0.5%	29,666
2018	2,756	9.0%	3,561	11.6%	2,868	9.3%	785	2.6%	7,878	25.7%	4,065	13.2%	2,140	7.0%	2,940	9.6%	3,700	12.1%	217	0.7%	30,693
2019	2,664	9.9%	3,497	13.0%	1,564	5.8%	343	1.3%	7,330	27.3%	3,159	11.8%	1,816	6.8%	2,541	9.5%	3,897	14.5%	196	0.7%	26,811
2020	3,846	14.3%	4,106	15.2%	1,540	5.7%	427	1.6%	5,059	18.8%	3,389	12.6%	2,161	8.0%	2,593	9.6%	3,851	14.3%	296	1.1%	29,972
2021	4,687	12.0%	5,519	14.1%	1,237	3.2%	501	1.3%	10,000	25.6%	6,059	15.5%	2,515	6.4%	3,221	8.3%	5,268	13.5%	413	1.1%	36,007
2022	2,811	8.9%	2,555	8.1%	1,621	5.1%	538	1.7%	8,296	26.3%	4,767	15.1%	2,206	7.0%	2,597	8.2%	6,137	19.5%	284	0.9%	31,528
2023 Estimate	2,817	11.2%	2,555	10.1%	1,646	6.5%	1,277	5.1%	5,725	22.7%	3,568	14.2%	1,185	4.7%	2,681	10.7%	3,719	14.8%	349	1.4%	25,173
2024 Estimate	2,299	11.4%	2,556	12.7%	1,688	8.4%	405	2.0%	3,994	19.8%	3,131	15.5%	1,171	5.8%	1,786	8.8%	3,170	15.7%	780	3.9%	20,200
*2024 Permits are through December																					
44-Year Average 1980-2024	2,641	11.6%	3,942	17.3%	1,904	8.3%	354	1.6%	3,714	16.3%	3,280	14.4%	2,486	10.9%	2,352	10.3%	2,160	9.5%	206	0.9%	22,833
10-Year Average 2014-2024	2,672	9.4%	3,394	11.9%	1,638	5.8%	610	2.1%	7,653	26.9%	3,816	13.4%	2,138	7.5%	2,796	9.8%	3,739	13.1%	230	0.8%	28,456
5-Year Average 2020-2024	3,365	11.3%	3,646	12.2%	1,522	5.1%	617	2.1%	7,282	24.4%	4,188	14.0%	1,977	6.6%	2,727	9.1%	4,574	15.3%	308	1.0%	29,898
3-Year Average 2022-2024	3,438	10.8%	3,543	11.1%	1,501	4.7%	772	2.4%	8,007	25.1%	4,798	15.0%	1,969	6.2%	2,833	8.9%	5,041	15.8%	349	1.1%	31,903

Source: U.S. Department of Commerce, HUD, C-40 Reports and THK Associates, Inc.

ECONOMIC BASE ANALYSIS

F. HISTORICAL POPULATION AND HOUSEHOLD GROWTH TRENDS

The following Table III-6 is the projected growth in employment, population and households in the Ten County market area. By way of comparison, the Ten County area currently has an employment participation rate of 67.7%. Proportionally, average annual employment growth from 2000 to 2010 was less than population growth, effectively causing the employment participation ratio to decrease over the 2000 to 2010 time period. The drop may be attributed in large part to the Great Recession which occurred over the late to middle part of the 2000 to 2010 decade. Even though employment participation dropped from 2000 to 2020, household and population growth still remained strong. Employment, population and households in the Ten County area are projected to grow by 69,582 jobs, 78,483 people and 29,858 households, respectively, on average annually from 2025 to 2035.

ECONOMIC BASE ANALYSIS

Table III-6: Projected Permanent Population and Households in Ten County Market Area, 2025-2035

Year	Total Employment	Employment Participation Ratio	Permanent January 1, Population	Annual Population Change	Population in Group Quarters	Permanent Population In Households	Permanent Population Per Household	Households	Annual Household Change
1980	1,154,201	0.608	1,897,935	---	35,112	1,862,823	2.6325	707,618	--
1990	1,427,162	0.656	2,175,922	27,800	39,167	2,136,755	2.4832	860,491	15,290
2000	2,017,042	0.707	2,852,873	67,700	49,901	2,802,972	2.5319	1,107,046	24,660
2010	2,171,930	0.646	3,359,751	50,690	56,735	3,303,016	2.5027	1,319,798	21,280
2020	2,676,036	0.648	4,131,170	77,140	56,155	4,075,015	2.5317	1,609,579	28,980
2025	3,122,322	0.677	4,612,340	102,463	56,124	4,556,216	2.5945	1,756,077	36,625
2026	3,184,259	0.680	4,683,160	70,821	56,138	4,627,022	2.5950	1,783,033	26,956
2027	3,247,749	0.683	4,755,543	72,383	56,152	4,699,391	2.5955	1,810,581	27,548
2028	3,312,843	0.686	4,829,537	73,994	56,166	4,773,371	2.5960	1,838,739	28,158
2029	3,379,593	0.689	4,905,194	75,657	56,180	4,849,014	2.5965	1,867,527	28,788
2030	3,448,056	0.692	4,982,566	77,372	56,194	4,926,372	2.5970	1,896,964	29,437
2031	3,518,288	0.695	5,061,709	79,143	56,208	5,005,500	2.5975	1,927,072	30,108
2032	3,590,348	0.698	5,142,680	80,971	56,222	5,086,457	2.5980	1,957,872	30,800
2033	3,664,301	0.701	5,225,538	82,859	56,236	5,169,302	2.5984	1,989,387	31,515
2034	3,740,210	0.704	5,310,347	84,809	56,250	5,254,096	2.5989	2,021,641	32,254
2035	3,818,142	0.707	5,397,170	86,823	56,265	5,340,905	2.5994	2,054,657	33,016
Average Annual Change (2025-2035)									
Numerical:	69,582		78,483		14	78,469		29,858	
Percent:	2.0%		1.6%		0.0%	1.6%		1.6%	

Source: Dept of Commerce, Bureau of the Census and THK Associates, Inc.

G. TEN-COUNTY HOUSING TRENDS

Table III-7 on the following page compares data among the 2000, 2010, and 2020 U.S. Census regarding total housing units in the Ten-County market area. The table also includes an estimate for the housing stock in 2025. The total housing units are separated into total occupied housing units and of those housing units which are occupied by renters. There is also a breakdown based on unit type.

Total housing units in the Ten-County market increased from 1,145,879 to 1,826,777 during the 2000-to-2025-time frame, while simultaneously owner-occupied units went from 67% to 65% over that same period. About 69% of the housing market in the Ten-Market area was made up of single-family residents in 2000, 28% of housing was multifamily and 3% was miscellaneous. In 2025, it is estimated that 69% of the housing stock is single family, 29% is multifamily and 2% is miscellaneous.

ECONOMIC BASE ANALYSIS

Table III-7: Total Housing Units and Type, 2000, 2010 US Census & 2020 US Census, 2025 Estimate, in the Denver Ten County Market Area

	2000 US Census			2010 US Census			2020 US Census			2025 Estimate			
	Ten County Total	% of Total		Ten County Total	% of Total		Ten County Total	% of Total		Douglas County	% of Total	Ten County Total	% of Total
Total # of Housing Units	1,145,879	100%	Total # of Housing Units	1,409,063	100%	Total # of Housing Units	1,675,041	100%	Total # of Housing Units	157,041	9%	1,826,777	100%
Occupied Units	1,100,376	96%	Occupied Units	1,311,418	93%	Occupied Units	1,600,726	96%	Occupied Units	151,573	97%	1,745,732	96%
Owner Occupied	733,342	67%	Owner Occupied	869,596	66%	Owner Occupied	1,139,275	71%	Owner Occupied	119,841	79%	1,139,275	65%
Renter Occupied	367,034	33%	Renter Occupied	441,822	34%	Renter Occupied	606,458	38%	Renter Occupied	31,733	21%	606,458	35%
Unit Type Breakdown			Unit Type Breakdown			Unit Type Breakdown			Unit Type Breakdown				
Single-Family	756,403	69%	Single-Family	916,019	70%	Single-Family	1,200,684	75%	Single-Family	124,003	82%	1,200,684	69%
Multi-Family	308,576	28%	Multi-Family	361,161	28%	Multi-Family	506,758	32%	Multi-Family	26,680	18%	506,758	29%
Miscellaneous*	35,397	3%	Miscellaneous*	34,239	3%	Miscellaneous*	38,242	2%	Miscellaneous*	890	1%	38,242	2%
1 Unit - Detached	675,915	61%	1 Unit - Detached	815,638	62%	1 Unit - Detached	1,058,592	66%	1 Unit - Detached	116,422	77%	1,058,592	61%
1 Unit - Attached	80,488	7%	1 Unit - Attached	100,380	8%	1 Unit - Attached	142,092	9%	1 Unit - Attached	7,581	5%	142,092	8%
2 Units	20,385	2%	2 Units	19,271	1%	2 Units	19,119	1%	2 Units	217	0%	19,119	1%
3-4 Units	37,924	3%	3-4 Units	40,521	3%	3-4 Units	51,719	3%	3-4 Units	2,070	1%	51,719	3%
5-9 Units	53,912	5%	5-9 Units	67,454	5%	5-9 Units	82,562	5%	5-9 Units	5,755	4%	82,562	5%
10-19 Units	71,009	6%	10-19 Units	90,994	7%	10-19 Units	110,479	7%	10-19 Units	6,326	4%	110,479	6%
20+ Units	125,346	11%	20+ Units	142,920	11%	20+ Units	95,631	6%	20+ Units	12,312	8%	95,631	5%
Mobile Homes	34,862	3%	Mobile Homes	33,737	3%	Mobile Homes	147,248	9%	Mobile Homes	747	0%	147,248	8%
Boat, RV, Van, etc.	535	0%	Boat, RV, Van, etc.	502	0%	Boat, RV, Van, etc.	36,258	2%	Boat, RV, Van, etc.	144	0%	36,258	2%

*Miscellaneous housing includes mobile homes, RVs, vans, boats, etc.

Source: US Census Bureau and THK Associates, Inc.

IV. RESIDENTIAL MARKET ANALYSIS

IV. Residential Market Analysis

A. Projected Residential Demand by Unit Type

The potentials for new residential development are subject to a variety of pressures including interest rates, inflation, and social, political, and other economic influences. These influences coupled with overall growth in population and household formations create the aggregate demand for new housing. Historical trends and housing permits for new housing construction were also examined to show how past construction levels and trends have coincided with population, demographic changes, and economic conditions.

Figure 4 on the following page depicts the Sundown Oaks Primary Trade Area (PTA), which consists of an approximate 15- to 20-minute drive time from the subject site. The Sundown Oaks PTA is the geographic area where a majority of potential residential buyers at the subject site would also be expected to search.

Tables IV-1 and IV-2 highlight the historical and projected population and household growth trends in the Two County market area and the Sundown Oaks PTA. From 1990 to 2025, the population within the Two County market area rose from 60,406 to 374,074, while households climbed from 20,786 to 133,090. Since 1990, population within the Two County area averaged 5.3% annual growth, while households averaged 5.4% annual growth. During the same period, the population within the Sundown Oaks PTA grew from 10,426 to 43,863, or 4.2% annually, while households rose from 3,353 to 15,193, or 4.4% per year.

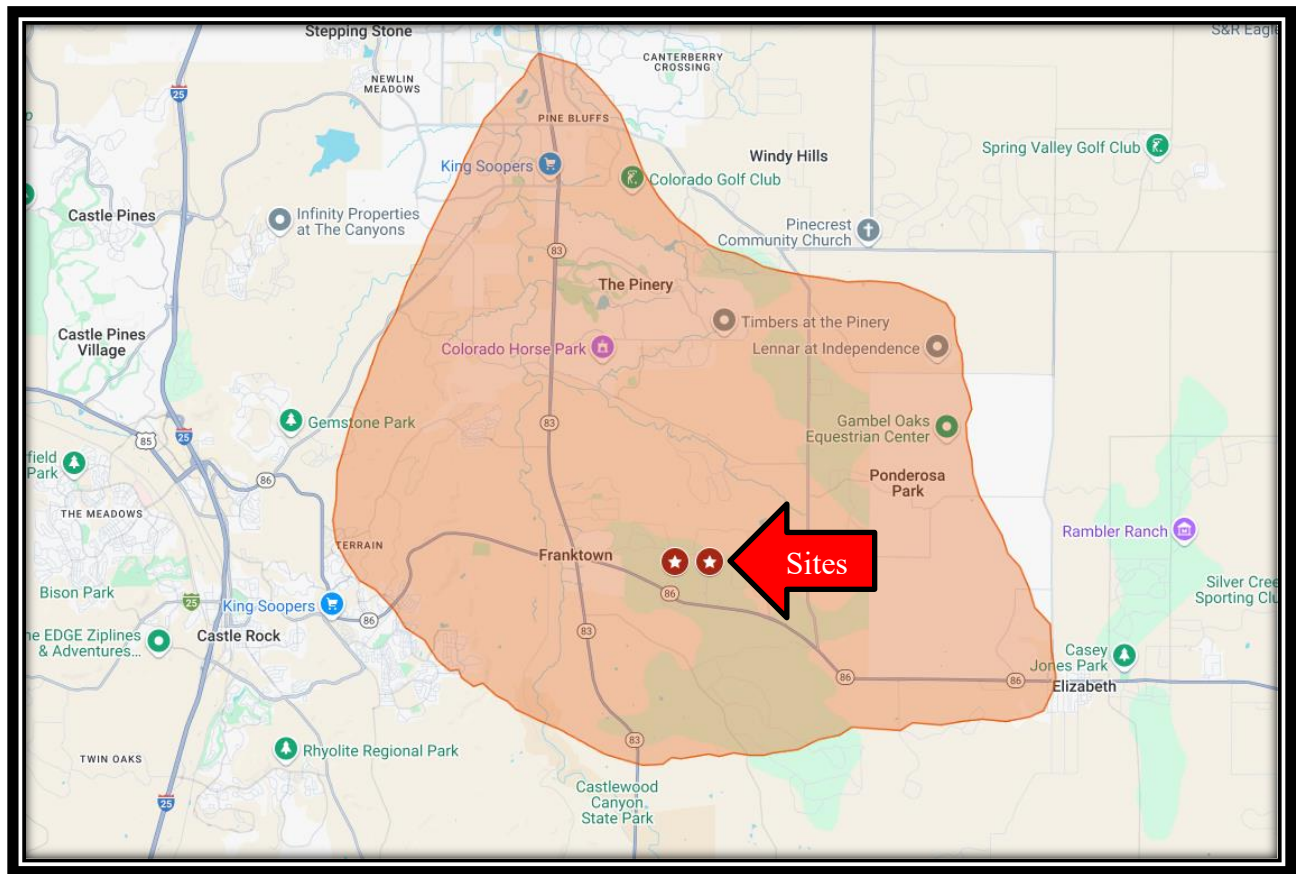
From 2025 through 2035, THK forecasts population and households within the Two County area to grow to 481,846 and 173,217, respectively, or by 2.6% and 2.7% per year, respectively. During the same timeframe, the Sundown Oaks PTA is projected to increase to 55,387 people and 19,259 households, for an average growth rate of 2.4% and 2.4% respectively, per year.

Table IV-3 summarizes the projected demand for specific residential housing types for the Two County Market Area based on annual household growth from 2025 to 2035. During this period, THK projects demand for residential housing to grow 4,116 dwellings annually, including 2,881 ownership housing units and 1,235 rental housing dwellings.

Table IV-4 summarizes the projected demand for specific residential housing types for the Sundown Oaks PTA based on annual household growth from 2025 to 2035. During this period, THK projects demand for residential housing to grow by 419 dwellings annually, including by 335 ownership housing units and 84 rental housing dwellings. Based off market trends in the PTA and historical building permit activity, THK projects that 50% of new ownership demand will be for single-family detached units and 30% is projected for attached (townhome and condominium) dwellings, for an average of 210 and 125 units per year, respectively.

RESIDENTIAL MARKET ANALYSIS

Figure 4- Sundown Oaks Primary Trade Area (PTA)



RESIDENTIAL MARKET ANALYSIS

Table IV-1: Population and Household Trends in the Two County Market Area and Sundown Oaks PTA, 1990-2025

Two County Market Area	1990	2000	2010	2020	2025	Annual Average					
						1990-2025		2000-2025		2010-2025	
Population	60,406	175,792	285,465	366,888	374,074	8,962	5.3%	7,931	3.1%	5,907	1.8%
Households	20,786	60,938	102,018	130,534	133,090	3,209	5.4%	2,886	3.2%	2,071	1.8%
Sundown Oaks PTA											
Population	10,426	19,182	29,290	38,339	43,863	955	4.2%	987	3.4%	972	2.7%
Households	3,353	6,442	10,169	13,290	15,193	338	4.4%	350	3.5%	335	2.7%
Sundown Oaks PTA as a percent of Two County Market Area											
Population	17.3%	10.9%	10.3%	10.4%	11.7%	10.7%		12.4%		16.4%	
Households	16.1%	10.6%	10.0%	10.2%	11.4%	10.5%		12.1%		16.2%	

Source: U.S. Bureau of the Census and THK Associates, Inc.

Table IV-2: Population and Household Trends in the Two County Market Area and the Sundown Oaks, 2025-2035

				Annual Average			
				2025-2030		2025-2035	
Two County Market Area	2025	2030	2035	Numerical	Percent	Numerical	Percent
Population	374,074	423,536	481,846	9,892	2.5%	10,777	2.6%
Households	133,090	151,505	173,217	3,683	2.6%	4,013	2.7%
Sundown Oaks PTA							
Population	43,863	49,289	55,387	1,085	2.4%	1,152	2.4%
Households	15,193	17,106	19,259	383	2.4%	407	2.4%
Sundown Oaks PTA as a percent of Two County Market Area							
Population	11.7%	11.6%	11.5%	11.0%		10.7%	
Households	11.4%	11.3%	11.1%	10.4%		10.1%	

Source: U.S. Bureau of the Census, Pcenus & THK Associates, Inc.

RESIDENTIAL MARKET ANALYSIS

Table IV-3: Two County Market Area Market Projected Residential Demand, 2025-2035

Year	Households	Annual Household Growth	Total Housing Unit Demand*	Ownership Units			Rental Housing
				Total Ownership Units	Detached Single Family	Attached Single Family	
2025	133,090	3,335	3,474	2,432	1,581	851	1,042
2026	136,538	3,448	3,591	2,514	1,634	880	1,077
2027	140,099	3,561	3,709	2,596	1,687	909	1,113
2028	143,778	3,678	3,832	2,682	1,743	939	1,150
2029	147,578	3,800	3,959	2,771	1,801	970	1,188
2030	151,505	3,927	4,091	2,864	1,862	1,002	1,227
2031	155,564	4,059	4,228	2,960	1,924	1,036	1,268
2032	159,759	4,195	4,370	3,059	1,988	1,071	1,311
2033	164,096	4,337	4,518	3,163	2,056	1,107	1,355
2034	168,580	4,484	4,671	3,270	2,126	1,144	1,401
2035	173,217	4,637	4,830	3,381	2,198	1,183	1,449

**Average
Annual Demand
2025-2035**

152,164

% of Total

4,116

2,881

1,873

1,008

1,235

100.0%

70.0%

45.5%

24.5%

30.0%

**Total Demand
2025-2035**

45,273

31,692

20,600

11,092

13,581

* Assumes 96% Occupancy in 2025 Remains Constant

Source: THK Associates, Inc.

RESIDENTIAL MARKET ANALYSIS

Table IV-4: Sundown Oaks PTA Market Projected Residential Demand, 2025-2035

Year	Households	Annual Household Growth	Total Housing Unit Demand*	Ownership Units			Rental Housing
				Total Ownership Units	Detached Single Family	Attached Single Family	
2025	15,193	357	372	298	187	111	74
2026	15,558	365	380	304	191	113	76
2027	15,931	373	389	311	195	116	78
2028	16,313	382	398	318	199	119	80
2029	16,705	392	408	326	204	122	82
2030	17,106	401	418	334	209	125	84
2031	17,517	411	428	342	214	128	86
2032	17,937	420	438	350	220	130	88
2033	18,367	430	448	358	225	133	90
2034	18,808	441	459	367	230	137	92
2035	19,259	451	470	376	236	140	94

**Average
Annual Demand
2025-2035**

17,154

% of Total

419

335

210

125

84

100%

80%

50%

30%

20%

**Total Demand
2025-2035**

4,608

3,684

2,310

1,374

924

* Assumes 96% Occupancy in 2025 Remains Constant

Source: THK Associates, Inc.

RESIDENTIAL MARKET ANALYSIS

B. Residential Purchasing Capacity, Rental Capacity and Demand by Price Range

To better quantify the demand for new residential units in the PTA, THK breaks down the existing households by income range and then converts those income ranges into monthly purchasing and rental capacity. In determining housing affordability, THK estimates that households that purchase a home will spend approximately 30% of their gross income on housing on average, and renter households will spend approximately 30% of their gross income on housing. According to SiteWise, the median household income within the Sundown Oaks PTA is \$151,529. Based on this median household income, residents in the Sundown Oaks PTA could afford a \$700,920 home, or monthly rental payments of \$3,790. Roughly 55% of households can afford a home priced above \$700,920. This is shown in Table IV-5 below.

Table IV-5: Residential Purchasing and Rental Capacity in the Sundown Oaks PTA

Income Range		Percent of Households	Number of Households	Home Purchasing Capacity		Estimated Monthly Payment (P&I)*	Monthly Rental Capacity**	
Under	\$24,999	3%	413	Under	\$120,400	\$620	Under	\$625
\$25,000	- \$39,999	4%	604	\$120,500	- \$192,700	\$1,000	\$625	- \$999
\$40,000	- \$49,999	2%	301	\$192,700	- \$240,900	\$1,250	\$1,000	- \$1,249
\$50,000	- \$59,999	3%	462	\$240,900	- \$289,100	\$1,500	\$1,250	- \$1,499
\$60,000	- \$74,999	5%	776	\$289,100	- \$361,400	\$1,880	\$1,500	- \$1,874
\$75,000	- \$99,999	11%	1,645	\$361,400	- \$481,800	\$2,500	\$1,875	- \$2,499
\$100,000	- \$124,999	11%	1,708	\$481,800	- \$602,300	\$3,130	\$2,500	- \$3,124
\$125,000	- \$149,999	10%	1,577	\$602,300	- \$722,700	\$3,750	\$3,125	- \$3,749
\$150,000	- \$174,999	12%	1,813	\$722,700	- \$843,200	\$4,380	\$3,750	- \$4,374
\$175,000	- \$199,999	11%	1,599	\$843,200	- \$963,600	\$5,000	\$4,375	- \$4,999
\$200,000	& Above	28%	4,295	\$963,600	& Above	\$6,250	\$5,000	& Above
Median Income*	\$151,529	100%	15,193	\$700,920			\$3,790	

* Assumes 30% of income used for housing (before taxes and insurance), 20% down payment, 30 yr term, 6.75% interest rate

** Assumes 30% of income used for rental payment

Source: Sitewise and THK Associates, Inc.

RESIDENTIAL MARKET ANALYSIS

C. Home Sales in the Sundown Oaks PTA

THK inventoried lot sales and detached single family home sales, per REColorado, in the Sundown Oaks PTA from January 1, 2021, through June 11, 2025. The sales showed a total of 30 and 262 sales respectively.

Table IV-6A discusses lot sales by price in the Sundown Oaks PTA between the years of 2021-2025. Approximately 16.7% of lot sales during the period were for units priced below \$299,999, with the \$300,000 to \$399,999 price range comprising a further 13.3% of sales. Lots sold in the \$400,000 to \$499,999 price range comprised 56.7% of total sales, lots sold in the \$500,000 to \$599,999 price range comprised 10% of total sales. Finally, lots sold in the price range of \$600,000 and above comprised 3.3% of total sales.

Table IV-6A: Lot Sales by Price in the Sundown Oaks PTA, 2021-2025 YTD

Lot Sales - Sundown Oaks PTA									
Year	Under \$299,999	Percent of Total	\$300,000 to \$399,999	Percent of Total	\$400,000 to \$499,999	Percent of Total	\$500,000 to \$599,999	Percent of Total	\$600,000 and Above
2021	1	8.3%	3	25.0%	8	66.7%	0	0.0%	12
2022	0	0.0%	0	0.0%	2	66.7%	1	33.3%	3
2023	1	50.0%	0	0.0%	0	0.0%	0	0.0%	2
2024	1	11.1%	1	11.1%	6	66.7%	1	11.1%	9
2025 YTD *	2	50.0%	0	0.0%	1	25.0%	1	25.0%	4
TOTAL	5	16.7%	4	13.3%	17	56.7%	3	10.0%	30

* 2025 YTD, 6/11/2025

** 2-5 acre lot sales

Source: REColorado and THK Associates, Inc.

Table IV-6B discusses detached single family home sales in the Sundown Oaks PTA between the years of 2021-2025. Approximately 14.9% of homes sales during the period were for units priced below \$749,999, with the \$750,000 to \$999,999 price range comprising a further 17.9% of sales. Homes sold in the \$1,000,000 to \$1,749,999 price range comprised 50.4% of total sales, whereas homes sold in the \$1,750,000 to \$2,499,999 price range comprised 9.5% of total sales. Finally, homes sold in the price range of \$2,500,000 and above comprised 7.3% of total sales.

Table IV-6B: Detached Single Family Home Sales by Price in the Sundown Oaks PTA, 2021-2025 YTD

Detached Single Family - Sundown Oaks PTA									
Year	Under \$749,999	Percent of Total	\$750,000 to \$999,999	Percent of Total	\$1,000,000 to \$1,749,999	Percent of Total	\$1,750,000 to \$2,499,999	Percent of Total	\$2,500,000 and Above
2021	17	23%	15	20%	32	20%	7	9%	75
2022	8	14%	13	22%	33	56%	1	2%	59
2023	6	13%	7	15%	29	60%	3	6%	48
2024	7	13%	6	11%	28	51%	9	16%	55
2025 YTD	1	4%	6	24%	10	40%	5	20%	25
TOTAL	39	14.9%	47	17.9%	132	50.4%	25	9.5%	262

* 2025 YTD, 6/11/2025

** 2-5 acre home sales

Source: REColorado and THK Associates, Inc.

It should be noted that REColorado does not report all home sales, only sales that are in the REColorado system. Most home builders have an on-site sales office and while they generally cooperate with Realtors and Brokers, their sales are not included in the REColorado database. For example, from January of 2021 to July of 2025, REColorado reports 4,570 sales of new homes. Based on the building permit data shown earlier in this report (see page 20), in Douglas County 11,099 single family building permits were issued. As of July 2025, 11,819 permits have been issued. The REColorado data only includes approximately 38% of actual homes constructed.

RESIDENTIAL MARKET ANALYSIS

Furthermore, in larger or luxury communities it is typical for a home buyer to purchase a lot and then have a custom home built. This also is not reflected in REColorado records. This is reflected in the Tallman Gulch community, which has experienced 10.8 home sales per year (see page 37).

D. Representative Comparable Communities in the Sundown Oaks PTA

THK looked at representative comparable communities in the Sundown Oaks PTA. THK found three similar communities, Arrowpoint Estates, Colorado Golf Club, and Tallman Gulch.

Arrowpoint Estates

Arrowpoint Estates is a luxury large-lot residential community located in Franktown, located near the intersection of highways 83 and 86. They offer both individual lots and detached single-family homes. Each lot comprises approximately two acres and includes well and septic systems. There are 19 total lots.

Between January 1, 2021, and June 11, 2025, all 19 lots have been sold which is an annual absorption of 6.3 lots per year, with prices ranging from \$400,000 to over \$600,000. Of these, nine lots sold within the \$400,000 to \$499,000 range. The remaining thirteen sales were evenly divided, with seven lots selling between \$500,000 and \$599,999, and six exceeding \$600,000.



RESIDENTIAL MARKET ANALYSIS

Colorado Golf Club

The Colorado Golf Club is a luxury large-lot residential community located in Parker, near the intersection of Parker Road and Stroh Road. The community offers both individual lots and detached single-family homes. There are 169 total lots.

Between January 1, 2021, and June 11, 2025, a total of thirteen lots were sold within the community, with prices ranging from \$300,000 to over \$600,000. Of these, one lot sold in the \$300,000 to \$399,999 range, while ten lots sold between \$400,000 and \$499,999. The remaining two sales were divided between the \$500,000 to \$599,999 range and above \$600,000, with one sale in each category.

During the same five-year period, thirteen homes were sold in the Colorado Golf Club community. All homes sold for prices exceeding \$2,500,000.



RESIDENTIAL MARKET ANALYSIS

Tallman Gulch

Tallman Gulch is a luxury lot community located in Parker, near the intersection of Mainstreet and Hilltop Road. Residential home sales in the community began in 2017. As of January 2025, a total of 82 homes had been completed, with an additional 14 lots sold and currently under construction.

Cardel Homes has acquired the remaining lots and is constructing high-end, custom residences. The community consists of 121 total lots, with full lot sales anticipated by the end of 2026. In 2024, the average home sales price was just under \$1,850,000. At the beginning of 2025, 72 homes have been constructed with an additional 14 homes sold and under construction, with an average sales price of approximately \$2.05 million. Since the beginning of development at Tallman Gulch the annual sales pace has been 10.8 homes per year.



RESIDENTIAL MARKET ANALYSIS

E. Projected Detached Single Family Home Demand by Price Range

The projected demand for detached single family homes, broken down by price range, is illustrated in Table IV-7 below. Based on market trends, historic building permit activity, and analyses of REColorado detached home sale data in the Sundown Oaks PTA. THK projects the following for attached homes. 7.5% of the total demand for new homes will be under \$749,999, 7.5% of the total demand for new homes will be between \$750,000 and \$999,999, 45% for homes between \$1,000,000 and \$1,749,999, 30% for homes between \$1,750,000 and \$2,499,999 and the remaining 10% of the total demand will be for homes above \$2,500,000. Based off annual average demand for detached single family homes of 210 units, as previously determined in Table IV-4, the aforementioned price ranges should have average annual demands of 16, 16, 95, 63, and 21 units per year, respectively.

Table IV-7: Average Annual Demand by Price Range Based On Income in the Sundown Oaks PTA

Price Range	Number of Units	Percentage
Detached Single Family		
Under - \$749,999	16	7.5%
\$750,000 - \$999,999	16	7.5%
\$1,000,000 - \$1,749,999	95	45.0%
\$1,750,000 - \$2,499,999	63	30.0%
\$2,500,000 & Above	21	10.0%
Total Annual Average SF-Attached Demand	210	100%
10-Year Total SF-Attached Demand	2,310	

Source: THK Associates, Inc.

Based on the preceding analysis of residential supply and demand in the PTA, the following illustrates the recommendations for single family detached uses at the Sundown Oaks site.

RESIDENTIAL MARKET ANALYSIS

F. Single Family Residential Potentials for the Sundown Oaks PTA

Based on the preceding analysis of residential supply and demand in the PTA, the following illustrates the recommendations for single family detached uses at the Sundown Oaks site.

As demonstrated in Table IV-8, the PTA is reported to have up to 4 competitive single-family detached properties in the sole price segment.

In the \$1,750,000 to \$2,499,999 price segment, there are four competitive subdivisions, which indicate a generic capture rate of 20%.

In the Sundown Oaks environs, a 20% capture rate on units priced between \$1,750,000 and \$2,499,999, the proposed 37 single-family detached units at the site should be fully absorbed by the year end 2030. This projected absorption pace is reasonable and consistent with the Tallman Gulch and Arrowpoint Estates communities' performance.

Overall, these capture rates are based on the number of competitive properties within the market area and factor in demand generated from the subject sites' location as well as projected development of other supporting land use types in the region.

Table IV-8: Projected Single Family Detached Unit Demand and Absorption at Sundown Oaks, 2025-2035							
Unit Prices:	Under \$749,999	\$750,000 - \$999,999	\$1,000,000 - \$1,749,999	\$1,750,000 - \$2,499,999	\$2,500,000 - Above	Annual Total	Cumulative Total
Percentage Demand	7.5%	7.5%	45.0%	30.0%	10.0%	100.0%	
Annual Avg. Unit Demand in the Competitive Market Area	16	16	95	63	21	189	189
Number of Competitors:	8	10	9	4	10	41	41
Generic Site Capture Rate:	N/A	N/A	N/A	20.0%	N/A	--	--
Projected Site Capture Rate:	N/A	N/A	N/A	15.0%	N/A	--	--
Annual Absorption (Units)							
2025				***** Planning and Development *****			
2026				***** Planning and Development *****			
2027	N/A	N/A	N/A	9	N/A	9	9
2028	N/A	N/A	N/A	9	N/A	9	18
2029	N/A	N/A	N/A	9	N/A	9	27
2030	N/A	N/A	N/A	10	N/A	10	37
Total	N/A	N/A	N/A	37	N/A	37	37
Annual Average	N/A	N/A	N/A	9	N/A	9	
Monthly Sales Average	N/A	N/A	N/A	0.8	N/A	0.8	

*N/A - Price Range Not Applicable to the Subject

Source: THK Associates, Inc.

V. ABSORPTION AND VALUE SUMMARY

V. Absorption and Value Summary

THK Associates, Inc. has prepared an absorption schedule based on the preceding market analysis, as well as an estimate of market values that would result from the development of the 177-acre Sundown Oaks Metropolitan District community in Franktown, Douglas County, Colorado. The overall Sundown Oaks property is 177-acres, with Sundown being 73-acres and Oak Bluff being 104-acres.

The Sundown Oaks community is proposed for:

- 37 Residential Units, Including:
 - 37 Single Family Detached Homes

Based on the proposed land uses detailed above, and the market supportable absorption by land use type previously detailed in this analysis, THK was able to determine the expected build-out year.

Table V-1 on the following page details the absorption schedule for the proposed land use type at the Sundown Oaks community.

ABSORPTION AND VALUE SUMMARY

Table V-1: Sundown Oaks Detached Single Family Residential Absorption Schedule

Year	PTA Annual Market Demand	Single-Family Detached			
		Site Annual Market Demand (20% / 25% Capture)	Site Cumulative Market Demand	Sundown Oaks	
				Annual Absorption	Cumulative Absorption
2025	187			**** Planning and Development****	
2026	191			**** Planning and Development****	
2027	195	9	9	9	9
2028	199	9	18	9	18
2029	204	9	27	9	27
2030	209	10	37	10	37
Total	1,185	37	37	37	37

Source: THK Associates, Inc.

ABSORPTION AND VALUE SUMMARY

With the absorption schedule for the Sundown Oaks Community, THK has estimated market values that would result from the development of the Sundown Oaks site. These values are based on the representative records for residential communities of Arrowpoint Estates, Tallman Gulch, and Colorado Golf Club. THK's estimated values do not allow for personal property.

Table V-2 below summarizes the estimated market values of each land use type within the Metropolitan District making up the Sundown Oaks Metropolitan District.

Table V-2: Sundown Oaks Proposed Land Use by Product Type

Unit Type	Total Homes	Anticipated Year of Completion	Value per Unit - 2025	Value per Lot - 2025
Single Family Detached	37	2030	\$2,200,000	\$500,000

Total	37
--------------	-----------

Source: THK Associates, Inc.

All residential single-family detached homes are projected to be built-out by 2030. Average supportable market values for single-family detached homes are \$2,200,000 per unit. It is THK's opinion that Sundown Oaks Metropolitan District's values are reasonable in the marketplace. Sundown Oaks Primary Trade Area has experienced a softened residential real estate market due to high interest rates, therefore the PTA has seen an annual inflation rate of 2.5% in home prices between 2021 and 2025 year-to-date. THK expects interest rates to decrease in the near future, which will increase the home inflation rate over the years to come, therefore in our market and assessed value calculation over the next 30 years THK utilized a 3.0% inflation rate.

End of Report

Prepared by:



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MEMORANDUM

To: DJ Beckwith and Lauren Pulver, Douglas County Department of Community Development
From: Michael Verdone
Re: Sundown Oaks Metro District Market Study Review
Date: June 27, 2025 [Revised July 29, 2025]

Findings

BBC Research & Consulting reviewed the assumptions, methodology, and findings of the referenced Residential Market and Absorption Analysis prepared by THK Associates, as well as the Service Plan prepared by Spencer Fane. BBC's review analyzed the study's conclusions regarding market price, price appreciation, and absorption, with attention to the financial feasibility of the proposed Sundown Oaks Metropolitan District in Douglas County, Colorado.

- The study assumes an average home price of approximately \$2.2 million. This estimate is based on pricing data from comparable developments in the primary trade area. While the comparable sales lack specific detail on home characteristics, the developments provide a reasonable market reference. BBC found the assumed pricing to be plausible, contingent upon the builder delivering a product of comparable quality and positioning.
- The analysis also assumes an average annual price appreciation rate of 3 percent. While forecasting appreciation is inherently uncertain, BBC found this assumption reasonable given current market conditions and recent U.S. Census data (as of June 2025), which supports the expectation of continued, though moderate, home price growth.
- The absorption analysis in the study consists of two components: first, an estimate of overall demand for new detached single-family homes in the Primary Trade Area (PTA), and second, an estimate of the share of that demand that will be captured by the subject development. The study projects average annual demand for approximately 210 single family detached homes in the PTA, based on demographic and housing trend data. However, BBC found this estimate to be somewhat optimistic when compared to actual home sales reported in the REColorado database and County building permit records, which suggest a lower volume of market activity. The second part of the analysis assumes that the subject site will capture approximately 9 to 10 of those annual sales. While this projection ultimately relies on the absorption history of a single comparable development (Tallman Gulch, which saw strong sales during the 2021–2022 housing boom) it is broadly consistent with the performance of other similar developments in the area. As such,

although the overall demand assumptions may overstate market conditions, the projected annual absorption rate for the subject site appears to fall within a reasonable range.

If the assumptions in the original Residential Market and Absorption Analysis prove accurate, the district would be well-positioned to generate sufficient property tax and fee revenues to support the proposed debt structure. Based on BBC's review, the analysis appears reasonable overall, but lies near the edge of plausibility. The projected absorption rate of 9 to 10 homes per year at the subject site is supported by the experience of a comparable development—Tallman Gulch—which saw strong sales during a recent period of market strength. However, because the projection ultimately relies on a single development as precedent, there remains some uncertainty. As such, while the study's conclusions are defensible, they reflect an optimistic scenario that may not allow much margin for slower-than-expected absorption.

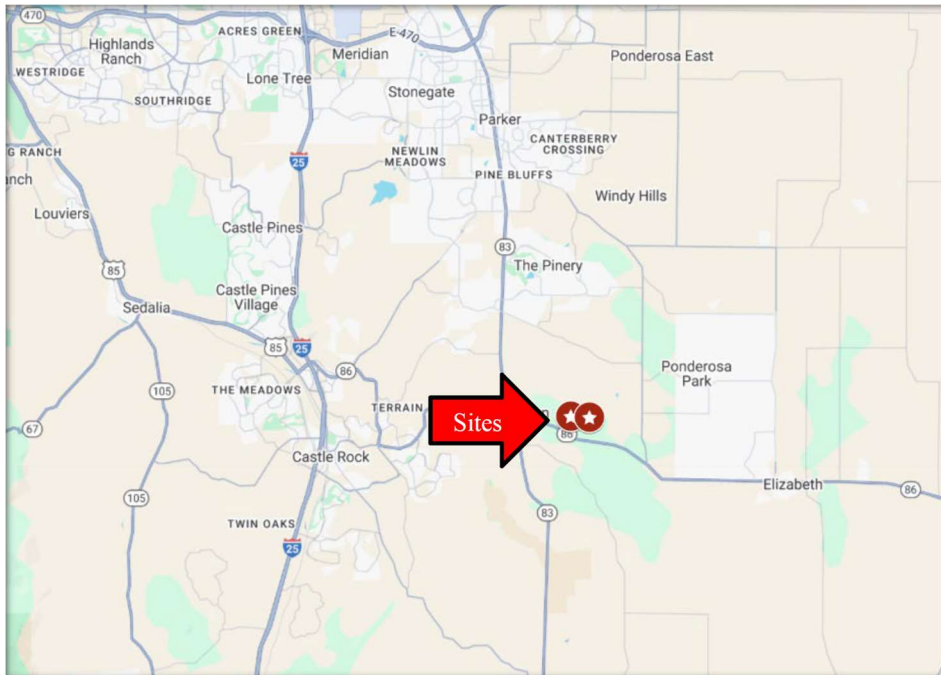
Background

BBC Research & Consulting (BBC) has been asked to review the assumptions, methodology, and findings of the referenced Residential Market and Absorption Analysis prepared by THK Associates dated June 23, 2025. In addition, BBC also reviewed information in the Service Plan for the Sundown Oaks Metropolitan District, prepared by Spencer Fane. The review is intended to provide a third-party objective evaluation to inform the creation of the proposed Sundown Oaks Metropolitan District in Douglas County, Colorado. Figures 1 and 2 provide additional financial and geographic context.

Figure 1.
Overview of Proposed Sundown Oaks Metropolitan District in Douglas County, Colorado

Developer:	Northstar Custom Homes Inc.
Organizer:	Northstar Custom Homes Inc.
Housing Product Mix:	37 large lot, detached single family lots
Average Home Value Assumptions:	\$2,200,000
Aggregate Home Value Assumptions:	\$81,400,000
Planned Public Improvements:	\$9,057,551
First Issuance Anticipated	\$3,625,000
Home Construction Start:	2026

Figure 2.
Overview of Proposed Sundown Oaks Metropolitan District in Douglas County, Colorado



Source: THK Associates

Scope of Review

BBC reviewed the data and assumptions used to estimate housing values and absorption rates in the Residential Market and Absorption Analysis prepared by THK Associates as well as the Service Plan prepared by Spencer Fane. The review centered on three primary factors that directly influence the metro district's capacity to service its debt obligations: market price, price appreciation, and absorption. Each of these parameters plays a distinct role in shaping the financial feasibility and timing of revenues tied to property sales, which in turn affect the district's ability to meet its bond or loan payments over time.

Market price is a function of both product positioning and prevailing market conditions. Developers can influence price to some extent through the quality, design, and features of the units, but these factors must be evaluated within the broader competitive landscape. Understanding where a given product sits relative to comparable offerings in the market helps establish realistic expectations for achievable sales prices. A project may aim for premium pricing, but if market demand or nearby alternatives constrain buyer willingness to pay, the actual selling price may fall short of projections. This comparative analysis is critical to ensure financial projections align with the market reality.

Price appreciation is more complex to assess because it involves forecasting future market behavior. While historical trends and supply-demand dynamics can inform these projections, the exercise is inherently speculative. Future home values are subject to a range of variables, including interest rates, inflation, employment, consumer confidence, and broader

macroeconomic shifts. Even with sound modeling, predicting appreciation is an uncertain process, and overly optimistic assumptions can expose a district to financial strain if revenues fall short of expectations.

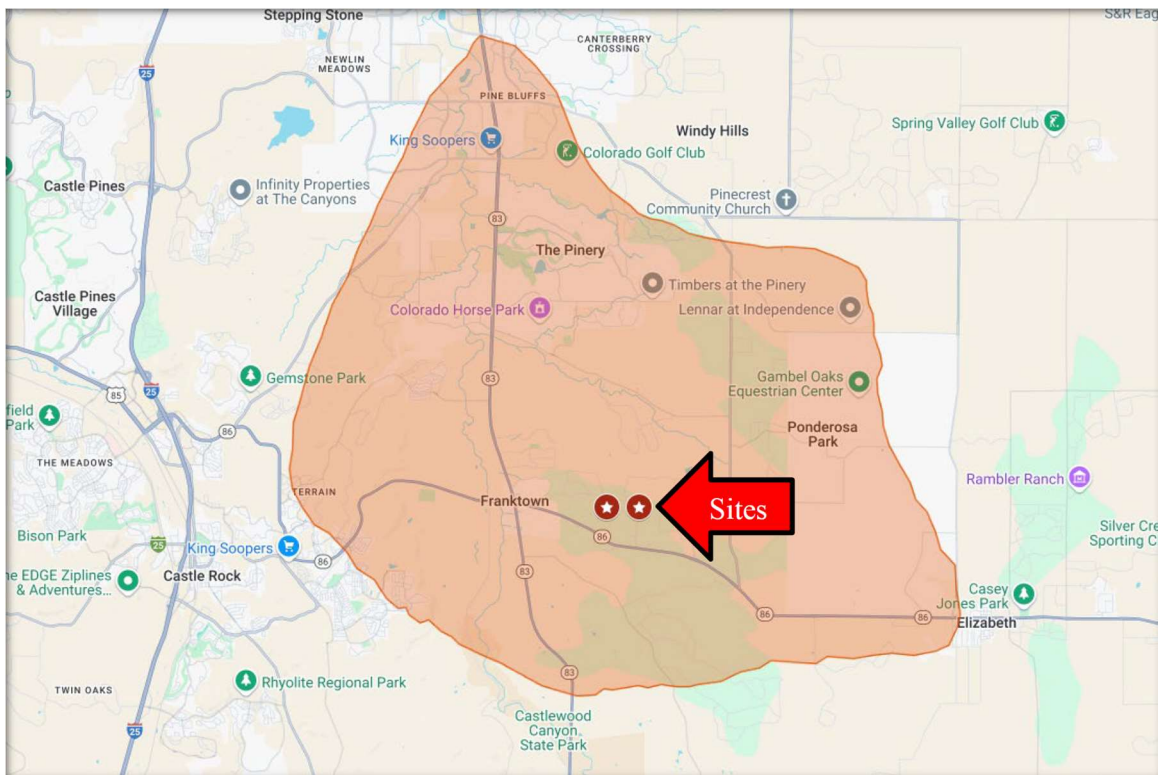
Absorption, or the rate at which homes are sold over time, is similarly challenging to forecast. While past absorption trends and current housing inventory levels provide some basis for estimates, actual sales pace is influenced by future buyer demand, competing developments, and overall market health. A slower-than-expected absorption rate can delay revenue realization, which could impair the district's ability to meet debt service schedules. For this reason, the analysis requires cautious interpretation, balancing ambition with grounded assumptions to ensure fiscal responsibility.

The remainder of this memorandum summarizes BBC's review and findings.

Competitive Market Area (Primary Trade Area)

The Residential Market and Absorption Analysis defined the primary trade area (PTA) as the area within a 15- to 20-minute drive of the subject site (Figure 3).

Figure 3.
Overview of Primary Trade Area Used in the Residential Market and Absorption Analysis of the Sundown Oaks Metropolitan District, Douglas County, Colorado



Source: THK Associates

Pricing

Unit prices. The Residential Market and Absorption Analysis compiled four years of lot and home sales data from 2021 through the first quarter of 2025 for three developments featuring homes similar to those proposed in the Sundown Oaks Metropolitan District: Tallman Gulch, Arrowpoint Estates, and Colorado Golf Club. While many parts of Douglas County include large-lot single-family subdivisions, these three developments were selected based on their recent construction activity within the PTA.

Figure 4 summarizes the sales prices of lots and newly constructed homes in each of the three developments, along with the average prices assumed for lots and completed homes in the proposed Sundown Oaks project. Over the past four years, a total of 30 homes sold across these developments, with prices ranging from a low of \$1,750,000 in Arrowpoint Estates to over \$2,500,000 in the Colorado Golf Club.

Figure 4.
Lot and Home Sales from 2021 – 2025 for Comparable Developments in the Sundown Oaks Metropolitan District Primary Trade Area

Development Name	Lots Sold	Lot Price Range	Homes Sold	Home Price Range
Sundown Oaks	-	\$500,000	37*	\$2,200,000
Arrowpoint Estates	19	\$400,000 - \$600,000	3	\$1,750,000 - \$2,499,999
Colorado Golf Club	13	\$300,000 - \$600,000	13	\$2,500,000+
Tallman Gulch	14	-	14	\$2,050,000+

Source: THK Associates

Note: *Reflects the number of units that will be brought to market.

While the comparable sales data presented in Figure 4 offers helpful context for understanding market activity in nearby luxury and semi-luxury developments, it should be interpreted with some caution due to limited detail. The analysis does not include key information such as lot sizes, home square footage, architectural style, interior finishes, or other product characteristics that significantly influence home values. As a result, while the pricing data from Arrowpoint Estates, Colorado Golf Club, and Tallman Gulch provides useful benchmarks, it does not offer a precise indication of achievable prices at the subject site.

That said, builders typically design homes to align with specific price points and target buyer segments. If the builder at Sundown Oaks delivers a product comparable in size, quality, and finish level to those in the three reference developments, it is reasonable to expect that similar price points could be attained. In this context, the comparable data serves as a meaningful reference point to inform product planning and support pricing assumptions. Based on these considerations, BBC finds the assumed average home price of \$2,200,000 to be reasonable.

Price appreciation. In addition to average home prices, the rate of home price appreciation is a core component of the Sundown Oaks Metro District's financial projections. The Residential Market and Absorption Analysis analyzed historical rates of home price appreciation and found that detached single-family homes have appreciated at an annual rate of about 2.5 percent per year since 2021. Based on that analysis, and the expectation of lower federal funds rates in the

near future, the report determined that a future rate of home price appreciation of 3 percent per year was reasonable.

It is always a difficult exercise to accurately forecast future economic conditions. However, recent data released by the U.S. Census Bureau on June 25, 2025, supports the price appreciation projections used in the Residential Market and Absorption Analysis. According to the U.S. Census release on new housing sales, the average sales price of new houses sold in May 2025 was 2.2 percent above the April 2025 price and 4.6 percent above the May 2024 price, indicating that while down from its peak in 2021, home price appreciation remains positive.¹

Absorption

The Market Study assumes an average annual absorption rate of nine units over a four-year buildout period (Figure 5). To support this estimate, the Residential Market and Absorption Analysis calculates demand for new single-family homes in the PTA based on the existing population and an assumed annual population growth rate of 2.4 percent. Based on these inputs, the analysis estimates annual demand for approximately 210 new single-family homes in the PTA.

The study then evaluates recent sales activity within the PTA from 2021 through 2025, focusing on both the volume and price distribution of new home sales (Figure 5, below). During this period, approximately 262 new homes were sold, averaging about 52 homes per year. Of those, 15 percent sold for less than \$750,000; 18 percent for \$750,000 to \$999,999; 50 percent for \$1 million to \$1.749 million; 10 percent for \$1.75 million to \$2.49 million; and 7 percent for more than \$2.5 million.

Figure 5.
Table IV-6B from THK Associates' Residential Market and Absorption Analysis Showing the Distribution of New Home Sales by Price

Table IV-6B: Detached Single Family Home Sales by Price in the Sundown Oaks PTA, 2021-2025 YTD										
Detached Single Family - Sundown Oaks PTA										
Year	Under \$749,999	Percent of Total	\$750,000 - \$999,999	Percent of Total	\$1,000,000 - \$1,749,999	Percent of Total	\$1,750,000 - \$2,499,999	Percent of Total	\$2,500,000 and Above	Total Sales
2021	17	23%	15	20%	32	20%	7	9%	4	75
2022	8	14%	13	22%	33	56%	1	2%	4	59
2023	6	13%	7	15%	29	60%	3	6%	3	48
2024	7	13%	6	11%	28	51%	9	16%	5	55
2025 YTD	1	4%	6	24%	10	40%	5	20%	3	25
TOTAL	39	14.9%	47	17.9%	132	50.4%	25	9.5%	19	262

* 2025 YTD, 6/11/2025

**2-5 acre home sales

Source: THK Associates and REColorado

Using historical sales data, market trends, building permit activity, and ReColorado home sales within the Sundown Oaks PTA, the Residential Market and Absorption Analysis projects future demand for detached single-family homes by price segment. The projection estimates that 7.5 percent of new homes will be priced below \$750,000; another 7.5 percent between \$750,000

¹ <https://www.census.gov/construction/nrs/pdf/newressales.pdf>

and \$999,999; 45 percent between \$1 million and \$1.749 million; 30 percent between \$1.75 million and \$2.49 million; and 10 percent above \$2.5 million. While this segmentation provides a clear framework for estimating absorption, aspects of the analysis raise questions about the underlying assumptions and their implications for the district's financial outlook.

For example, the analysis estimates an annual demand for approximately 210 new detached single-family homes in the PTA, as shown in Table IV-4 of the Residential Market and Absorption Analysis. However, actual sales data from 2021 through 2025 (Table IV-6B of the Residential Market and Absorption Analysis) shows that an average of only 52 new detached single-family homes were sold per year in the PTA during that period.

The report attempts to reconcile this discrepancy by noting that REColorado data may capture only about 38 percent of all home sales. This estimate is based on a comparison between the number of building permits issued in Douglas County from January 2021 to July 2025 and the number of sales recorded in the REColorado database. If this 38 percent ratio holds, the 52 home sales reported in Table IV-6B would correspond to approximately 140 actual home sales per year. However, this adjusted figure is still roughly 70 sales short of the 210-home annual demand projected in Table IV-4. The report further suggests that luxury builders often do not report sales to REColorado, but since they presumably obtain building permits from the County, it remains unclear how the analysis derives an average annual sales estimate of 210 homes given the underlying data.

The report estimates annual absorption by referencing historical sales activity in three comparable developments: Arrowpoint Estates, Colorado Golf Club, and Tallman Gulch. However, it ultimately relies exclusively on Tallman Gulch to support its projected absorption rate. While this approach is reasonable, it has two notable limitations. First, the absorption forecast is based on a single development's experience, which may not fully capture the variability of market conditions across the area. Second, the sales activity at Tallman Gulch contains the housing boom of 2021 and 2022, a period marked by unusually rapid home sales. In contrast, the 2025 market is experiencing a contraction in home closings, raising questions about how representative past sales volumes are under current market conditions.

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FRANKTOWN CITIZENS COALITION'S OPPOSITION TO SUNDOWN OAKS PROPOSED METROPOLITON DISTRICT

ARE METRO DISTRICTS JUST SCAMS TO PUSH THE FINANCIAL BURDEN DOWN THE ROAD TO RESIDENTS?

I. STATUTORY REQUIREMENTS NECESSARY FOR APPROVAL OF METRO DISTRICT

Colorado statutes delineate ALL the requirements that are necessary to approve a metro district in “Action on a Service Plan,”

C.R.S. 32-1-203 (2)

(2) The board of county commissioners ***shall disapprove*** (*Emphasis added*) the Service Plan unless evidence satisfactory to the board of each of the following is present:

(a) There is sufficient existing and projected ***need*** (*emphasis added*) for organized service in the area to be serviced by the proposed special district.

A METRO DISTRICT IS DEFINITELY NOT NEEDED.

THEREFORE, REQUIRED DOUGLAS COUNTY SERVICE PLAN REVIEW PROCEDURES IN XVIII STATUTORY FINDINGS AND CONCLUSIONS NUMBER 1 AND 5 HAVE ALSO NOT BEEN MET. (SEE ANALYSIS BELOW AT II)

(b) The existing area to be served by the proposed special district is inadequate for the present and projected needs.

THE EXISTING AREA IS MORE THAN ADEQUATE FOR PRESENT AND PROJECTED NEEDS.

THEREFORE, REQUIRED DOUGLAS COUNTY SERVICE PLAN REVIEW PROCEDURES IN XVIII STATUTORY FINDINGS AND CONCLUSIONS NUMBER 2 HAVE ALSO NOT BEEN MET. (SEE ANALYSIS BELOW AT III)

(c) The proposed special district is capable of provided economical and sufficient service to the area within its proposed boundaries.

THERE IS NOTHING ECONOMICAL ABOUT THE SERVICES THEREFORE, REQUIRED DOUGLAS COUNTY SERVICE PLAN REVIEW PROCEDURES IN XVIII STATUTORY FINDINGS AND CONCLUSIONS NUMBER 3 HAVE ALSO NOT BEEN MET. (SEE ANALYSIS BELOW AT IV)

(d) The area to be included in the proposed district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

**THE DISTRICT DOES NOT HAVE THE ABILITY TO
DISCHARGE THE PROPOSED INDEBTEDNESS ON A
REASONABLE BASIS.**

**THEREFORE, REQUIRED DOUGLAS COUNTY SERVICE PLAN REVIEW
PROCEDURES IN XVIII STATUTORY FINDINGS AND CONCLUSIONS
NUMBER 4 HAVE ALSO NOT BEEN MET. (SEE ANALYSIS BELOW AT V)**

II. DEVELOPER MUST PROVE:

C.R.S. 32-1-203 (2)(a)

**(a) There is sufficient existing and projected *need*
(*emphasis added*) for organized service in the area to be
serviced by the proposed special district.**

A METRO DISTRICT IS DEFINITELY NOT NEEDED.

The Service Plan describing the "Need for the District," page 2, is vague, ambiguous, disingenuous and conclusory. It has no facts or evidence to support any need for a metro district. There are large developments all over rural Franktown that meet Douglas County's Article 5 (Subdivision and planned Developments) and meet infrastructure requirements, traffic control/safety requirements, deceleration lanes, fire protection

requirements, surface drainage requirements, street improvements, parks and recreation, covenant design and enforcement, and television relay and translation **WITHOUT** a metro district. Developer/builders advanced the funds to pay for the infrastructure, including supportive projects outside the district boundary (i.e., sidewalks, intersections, roads, ditches, culverts, water lines, sewer lines, deceleration lanes out onto highways, etc.). The developer/builders were paid back the costs (and received a handsome profit) of building these infrastructure items with the proceeds from selling the now "developed lot" (connected to the infrastructure and supported by the other improvements inside and outside the district boundary) to homebuilders or homeowners. By purchasing homes, the homeowners ultimately repaid those costs and profits just as they repaid the costs and paid profits for the person building the home on the developed lot.

WITH A METRO DISTRICT, IT'S DIFFERENT. IN A METRO DISTRICT THE HOMEOWNER WOULD BE "STUCK" WITH EVER CONTINUING EXTRA TAXES OVER AND ABOVE COUNTY PROPERTY TAXES, EXTRA OPERATION AND MAINTENANCE FEES AND AN EVER BURGEONING DEBT AS THEY ARE IN A METRO DISTRICT. THIS DEBT CONTINUES EVEN AFTER THEY'VE PAID OFF THEIR MORTGAGE!

SIGNIFICANT: A SPECIFIC EXAMPLE OF A DEVELOPMENT IN FRANKTOWN CALLED ARROWPOINT ESTATES IS IRREFUTABLE EVIDENCE THAT THIS DEVELOPER/BUILDER'S REQUEST FOR A METRO DISTRICT IS NOT NEEDED. ARROWPOINT ESTATES IS AN ALMOST IDENTICAL, POINT FOR POINT, DEVELOPMENT MIRRORING THE PROPOSED METRO DISTRICT BUT IS NOT A METRO DISTRICT. IT IS VESTED IN BY THE SAME DEVELOPER/BUILDER¹ THAT IS PROPOSING A METRO DISTRICT FOR SUNDOWN OAKS .

Arrowpoint Estates Subdivision is at Hwy 83 and 86 in Franktown.

The very **SAME VESTED DEVELOPER/BUILDER** (Northstar Custom Homes) of that Arrowpoint Estates is the very **SAME VESTED DEVELOPER/BUILDER** for the development in the proposed Sundown Oaks Metro District. **It's important to note** that an advertisement for a home in Arrowpoint listed for \$2.697 million has an even **lower purchase price** than the advertised homes in the proposed metro district, (1.8 million to 3.5 million for Sundown and 2 million to 4 million for Oak Bluff))² but still lists very similar development plans,

¹ Website for Vision Commercial Development and Residential, 2023, Owner Mr. Steve Gage, "Vision is proud to be responsible for the land acquisition of this project. We manage the entitlements and oversaw the infrastructure development.

² Advertised by Vision Commercial Development and Residential, Owner Mr. **Steve Gage**.

infrastructure and amenities as Sun down Oaks proposal and Arrowpoint is NOT a metro district! **IN FACT**, the advertisement for Arrowpoint uses, and emphasizes, the fact that there is no metro district to sell the homes. It states: "Arrowpoint Estates is a gated community with **NO Metro District** (Emphasis added), low property taxes and deeded water rights."³ There is no basic difference with Sundown Oaks' plans!

IT SHOULD BE NOTED THAT on June 30, 2025 the president of the FCC II, Inc., Diana Love and the member-at-large of the FCC II, Richard Love, met with the vested Builder/Developer of the proposed Sundown Oaks Metro District, Mr. Steven Gage. When Mr. Gage was asked the reasons for proposing a metro district when the community was against it, Mr. Gage only gave one reason. He responded: "I don't like metro districts either. But the County has required a deceleration lane at Tanglewood and 86. Of the four estimates I got, \$2.4 million was the least amount. If you can get me \$800,000, I will pull the request for a metro district."

Mr. Gage also stated that he "planned to ask \$700,000 for some of the large back, five acre lots with a gorgeous view of Pikes Peak." It appears (See analysis in (d) below) that the prices for the lots and the

³ Advertisement for home in Arrowpoint Development, 1555 Arrowpoint Cr., Franktown, Builder and owner, Northstar Custom Homes, Date February 28, 2025,. **Megan Gage** at Brokers Guild Real Estate, Zillow

homes will more than pay for the infrastructure, the home buildings and the turn lane for \$2.4 million plus a very large profit over and above ALL the costs.

IT IS INTERESTING THAT MR. GAGE SAID HE NEEDED A METRO DISTRICT BECAUSE THE COUNTY REQUIRED A DECELERATION LANE ON TO HWY 86. BECAUSE, ON THE COUNTY’S WEBSITE FOR ARROWPOINT ESTATES, THE CONCLUSION OF THE BUILDER/DEVELOPERS’ PROJECT NARRATIVE MAKES CLEAR THAT NO METRO DISTRICT WAS NEEDED EVEN THOUGH A DECELERATION LANE WAS REQUIRED JUST LIKE IN THIS METRO DISTRICT PROPOSAL.

“CONCLUSION Arrowpoint subdivision will provide secluded home sites with quick access to the county road network. Homeowners will enjoy vistas of the Cherry Creek valley as well as some mountain views within their own lots or along the trails within the open space tracts. The Arrowpoint Home Owners Association will be responsible for maintaining the roadway, open space, trails, and drainage facilities within the development. **The developer plans on constructing all of the roads, private and *CDOT turn lane*, [emphasis added] and drainage features in one phase.”⁴**

So even though the Builder/Developer constructed/will construct almost the same scenario for both developments, including a

⁴ Douglas County Planning Pro, SB2020-032

deceleration lane/left turn lane and there's no metro district in Arrowpoint, and EVEN THOUGH HE IS CHARGING MUCH MORE FOR SOME OF THE SUNDOWN OAKS HOMES, he's still asking for a metro district for Sundown Oaks. What's the catch? Money.

One more very notable point: The Builder/developer has known about, and showed his intention to apply for, the aforementioned deceleration lane as far back as, at least, 2021, or farther. This is laid out in his engineer's report to the County⁵ as part of the construction for the underlying *development projects*, Sundown Oaks, that was started in 2019. But despite all of this time, he did not apply for a metro district to the County until June 2025, over six years from the start of the development project at Sundown Oaks. **This significant lapse in time between the start of the development project and the application for a metro district appears to show the proposal for a metro district was only an afterthought not a "need."**

To underscore that evidence, in this proposed metro district, the Developer has not shown that the land within the District cannot/and or will not be sold at a substantial profit to cover the costs of the proposed improvements. The Developer/Builder is currently pre-marketing the fully completed houses and properties within the District

⁵ "A left turn deceleration lane for eastbound Highway 86 will be applied for and constructed per CDOT standards." Canyon Creek Engineering, 11-15-21, SB2019-038

between \$1.8 million and \$4 million.⁶ There are 37 home lots planned between the two areas to be developed. The anticipated infrastructure cost is \$9,057,551 in the service plan, Exhibit D. That is \$244,799⁷ per lot to recover 100% of the Developer's investment. Is that cost, plus a substantial profit, already built into the \$1.8 - \$4 million anticipated price of the homes? Are the homeowners then going to be obligated to pay a metro tax of \$9,009 for the 1.8 million dollar home per year, and \$20,020 for the 4 million dollar home per year at the maximum 70 mills levy rate, to reimburse the developer for those SAME costs?

The Developer has provided a cost estimate for the infrastructure, but the Commissioners should require the Developer to also provide an estimate for all costs the Developer will incur such as the cost of the lots, and if the Developer is also the Builder this disclosure should also include the estimated costs of constructing the house on the lot, landscaping, and other costs incurred to fully develop the lot. Then they should be required to disclose how much the homebuilder or home buyer will be expected to pay for the developed lot. Without an estimate of anticipated profit margins apart from any revenue from the metro district, there is no way to determine the need criteria for the

⁶ Advertised by Vision Commercial Development and Residential, Owner Mr. Steve Gage, See Exhibits Nos. 11 & 12

⁷ It should be noted that in Exhibit 3 from Charles Wolfersberger this calculation is based on the Douglas County Assessor's valuation of the land at \$2, 901, 500. Here we used the developers own valuation of \$0. Service plan at VII, page 2.

proposed metro district. A very large profit here would not be surprising as studies have shown that “developers routinely pay themselves 200 to 1000% profit in metro district development, when the industry average nationwide is 15 – 30% profit.”⁸ The Board of Douglas County Commissioners has the authority to require additional disclosures. See below under Board of County Commissioners Authority.

There is no evidence in the service plan showing any need for a metro district. In fact, it is patently obvious, that comparing the facts between Sundown Oaks and Arrowpoint, coupled with the finances (see also (d) below), will completely undermine the service plan's supposed "Need for District.”

The statute is clear that for ANY approval for a metro district the service plan MUST MEET the statute’s requirements for “NEED.” The service plan does not meet that requirement.

III. THE BUILDER/DEVELOPER MUST PROVE:

C.R.S. 32-1-203 (2)(b)

⁸ See Exhibit 6, John Henderson, founder of Coloradans for Metro District Reform

The existing area to be served by the proposed special district is inadequate for the present and projected needs.

THE EXISTING AREA IS MORE THAN ADEQUATE FOR PRESENT AND PROJECTED NEEDS.

A. NO WATER SYSTEM NEEDED

Because of the topography and location, water systems cannot even be built at this location!

The service plan, VIII, page 4, requests the "power and authority" to provide services that are *unattainable* in Franktown, e.g. distribution systems, treatment facilities, etc. The Service Plan then states: "It is anticipated that each individual home within the Project will receive water service from its own (*emphasis added*) groundwater well."

This is the same as Arrowpoint Estates that has no metro district because it's not needed. Wells are attainable for every individual home therefore, water systems are NOT needed.

B. NO SOLID WASTE DISPOSAL FACILITY NEEDED.

There are numerous private companies in the Franktown area, separate from a metro district, that handle solid waste disposal that homeowners would have, and should have, the ability to choose from instead of being forced to use the metro district's choice.

C. NO SANITATION AND WASTEWATER TREATMENT FACILITY NEEDED.

Only individual septic tanks can be installed to handle this. Private companies pump out the septic tanks. Because the treatment of wastewater in this area is through septic systems and private company sanitation pumpers, sanitation and wastewater facilities are absolutely not necessary.

Regardless that these are not necessary, nor can they even be built in this area because of the topography, the service plan, still says it "shall have the power and authority . . . to assess tap or other facility FEES (emphasis added)...to transport wastewater to an appropriate wastewater treatment facility." (VIII, page 5) This sentence, as do many throughout the service plan, underscores the developer's only reason for their request for a metro district, *MONEY*, not the need for a metro district.

The same as no water system needed, this is also the same as Arrowpoint Estates that has no metro district because it's not needed. Septic system, i.e. each homeowners on-site wastewater treatment

system, are attainable for every individual home, therefore, sanitary sewers and wastewater treatment systems re NOT needed.

D. FIRE PROTECTION NOT NEEDED TO BE PROVIDED BY A METRO

DISTRICT. The service plan acknowledges that Franktown Fire Protection District will provide "fire protection services" NOT the metro district. Under "Service to be Provided by Other Government Entities, the service plan states "The Project is located within and fire protection will be provided by the Franktown Fire Protection District." This is in direct conflict with the service plan's Executive Summary which states, the "District shall be authorized to provide the following services: fire protection . . ."

IV. THE BUILDER/DEVELOPER MUST PROVE:

C.R.S. 32-1-203(2)(c)

The proposed special district is capable of provided economical and sufficient service to the area within its proposed boundaries.

THERE IS NOTHING ECONOMICAL ABOUT THE SERVICES.

How is charging a resident twice for the cost of the same infrastructure "economical"?

How is financing the cost of the infrastructure through developer advances with high interest rates and then re financing that debt with a second level of debt - paying interest on the interest on the advances where there is no marketplace control or accountability for developer government spending (metro districts) and adding the high cost of management companies, lawyers, consultants, accountants?

How is all this more "economical" than simply adding it to the cost of the home (which is done anyway - see first point)?

V. THE BUILDER/DEVELOPER MUST PROVE:

C.R.S. 32-1-203(2)(d)

The area to be included in the proposed district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

THE FINANCIAL DESIGN IN THE SERVICE PLAN SHOWS THAT THE METRO DISTRICT DOES NOT HAVE THE FINANCIAL ABILITY TO DISCHARGE THE PROPOSED INDEBTEDNESS ON A REASONABLE BASIS.⁹

“Colorado metro districts and developers create billions in debt, leaving homeowners with soaring tax bills.”¹⁰

A. The Service Plan at Section XVIII(4) incorrectly states the District has, or will have, the financial ability to discharge the indebtedness on a reasonable basis. As will be shown, the District does not have the financial ability to discharge the debt the Developer proposes to advance. The Financial Plan also clearly shows that the District can only barely afford to pay off a \$3.625 million debt. The Service Plan is completely silent on any reasonable basis for discharging the amount of debt allowed by the Service Plan and anticipated by the Developer.

There are also, in general, multiple contradictions and ambiguities scattered throughout the Service Plan. The interest rate on Developer advances changes several times throughout the Service plan. There are

⁹ Contributed by Debbie Bowman, FCC II, Secretary and Hyla Jenks, FCC II, T+reasurer

¹⁰ The Denver Post, 6/26/2020

multiple references to the debt the District is obligated to pay to the Developer, such as debt limitation, repayment of debt, debt service, debt shall be considered any outstanding bonds, notes, contracts, or other financial obligation of the District, and the interest rate on debt. Yet Exhibit J, Reimbursement Agreement, at number 5, states that the Reimbursement Agreement does not constitute a debt or other financial obligation of the District. Why is this financial obligation suddenly not a debt? The Financial Plan Exhibit F Page 1 shows the property tax revenue is based on a Douglas County residential assessment rate of 6.7%; however, that rate was a temporary rate for the year 2024, and the assessment rate as of 2025 is 7.15%. The revenue that can be obtained through fees and miscellaneous other sources has no limit, and appears to be at the discretion of the District when and how much they chose to inflict on the future home owners. And there is no accounting for the \$75,000 annual anticipated organizational and maintenance costs.

B. COSTS

The Developer estimates the costs of the infrastructure or public improvements for the District to be \$9,057,551. Service Plan Section VIII(B) and Exhibit D.

There is also a litany of administrative, operational, maintenance and organizational costs which include, but are not limited to, legal fees,

engineering services, accounting services, bond issuance costs, compliance with state budgeting, audit and reporting costs, other administrative and legal requirements, financial consulting fees, general operations and maintenance costs. See Service Plan Section VIII(B) and Exhibit J (1). Section X(F) estimates the organizational costs for the District for legal, engineering, surveying and accounting services to be \$75,000; however they estimate the first year's operating budget to be \$50,000. It is unclear if the other services and costs besides legal, engineering, surveying and accounting are in addition to the estimated \$75,000 annual operating expenses.

C. DEVELOPER ADVANCES AND REIMBURSEMENTS Section XI

The developer anticipates advancing the funding to the District for both capital and ongoing administrative expenses. The District is obligated to reimburse all the Developer's advances, which may be repaid from "bond proceeds or other legally available sources of revenue" Section XI, page 10. These other available sources of revenue "may include the power to assess fees, rates, tolls, penalties or charges," Section X(C). All advances shall count against the maximum allowable debt limit of the Service Plan.

Section XI also states that refinancing of the advances "shall not require County approval." Do the homeowners have a say in the refinancing of the debt they are responsible for?

The Developer anticipates advancing approximately \$9,000,000. However, the cost of the infrastructure alone is \$9,057,051. The miscellaneous administrative, operational, organizational and maintenance costs are a minimum of \$75,000 annually; however there appears to be no limit on the fees, nor other sources of revenue, that can be assessed.

D. DEBT

The maximum debt limit is \$10,000,000, which is all financial obligations of the District.

The Service Plan Section X(G) states that the interest rate on any debt is limited to the market rate, yet Section XI states that Developer reimbursements shall not exceed current Bond Buyer GO Index plus 4%. However, Exhibit J, Reimbursement Agreement, states that reimbursements shall be made at the annual rate of 8% simple interest, but shall not exceed the AAA 30-year MMD (Municipal Market Data) index interest rate by more than 400 Base Points. It is unclear at what interest rate the Developer expects to be reimbursed, but at a minimum of 8%.

Even though the Developer expects to advance about \$9,000,000, the Financial Plan is based on a total debt for project funds of only \$3,625,000. This amount is expected to be acquired through the

issuance of 30 year bonds at 6.25% interest. This debt will be repaid by imposing a maximum mill levy on taxable property in the District of 50 mills. The primary source of revenue to support operations and maintenance will be a maximum mill levy of 20 mills. They are imposing an initial levy of 10 mills for operations and maintenance, which leaves another 10 mill levy available to them, which can be assessed at any time. Additionally, the bond yield is at 6.25% interest, yet the Developer is expecting to be reimbursed at the rate of at least 8% interest.

The total bond interest on the \$3,625,000 debt is \$5,360,808 for a total debt service of \$8,985,808. The projected revenue from the 50 mill property tax is \$10,470,785. The projected tax revenue for operations and maintenance at 10 mills is \$2,838,332. This is assuming that all 37 homes are built, and sold, and the average value of all the homes is the minimum value of \$2,200,000, with a consistent 3% growth rate.

Since the Developer anticipates advancing about \$9,000,000 for the proposed improvements of the District, yet is only issuing \$3,625,000 of debt, that leaves a deficit of \$5,375,000. The total debt limit is \$10,000,000, which is available at any time with no one's permission or approval. This would allow for another \$6,375,000 of debt. Yet they have maximized the revenue available through the 50 mills property tax levy, which just barely pays off the \$3,625,000 debt. They have initial

infrastructure costs of \$9,057,551 plus an unknown amount of miscellaneous operations and maintenance costs. Despite their claims otherwise, they have no ability to repay any additional debt above the \$3,625,000. How do they plan on funding any such additional debt? Are they planning on using the unlimited fees, rates, tolls, penalties and charges available to them?

The Developer also states that the total anticipated assessed value of the District at full build out is approximately \$6,205,653. Service Plan Section VI. The debt limit is \$10,000,000. That is a debt to assessed value ratio of approximately 161%, well above what is considered a safe ratio.

Subordinate Debt There is also a type of debt that creates even more potential financial disaster. That type of debt is called subordinate debt. Subordinate debt, also known as junior or subordinated debt, is a type of debt that has a lower priority for repayment compared to senior debt.¹¹ The catch is that “payments on Subordinate debt **cannot be made** until the General Obligation bonds are paid off.”¹² Subordinate debt is repaid after senior debt. This means it carries more risk for investors, and as a result, it typically has a higher interest rate. Subordinate debt in metro districts is often structured

¹¹ AI Overview

¹² Larry Gable, Wild Point Metro District, Exhibit 6

as cash flow bonds, meaning principal and interest payments are not scheduled until maturity, and unpaid interest may compound.¹³ A big problem for these debts is that investors in subordinate debt face a higher risk of non-payment if the district's revenue is insufficient to cover all debt obligations. **And if a metro district struggles to repay its debt, it may need to increase taxes on residents to meet its obligations.**¹⁴

**VI. SECTION 18A, WATER SUPPLY COMPLIANCE IS
NECESSARY TO COMPLY WITH THE DOUGLAS COUNTY
MASTER PLAN.**¹⁵

**THE SERVICE PLAN DOES NOT COMPLY WITH SECTION 18A,
THUS, IT DOES NOT COMPLY WITH THE COMPREHENSIVE
MASTER PLAN.**

**THEREFORE, REQUIRED DOUGLAS COUNTY SERVICE PLAN REVIEW
PROCEDURES IN XVIII STATUTORY FINDINGS AND CONCLUSIONS
NUMBER 7 HAVE ALSO NOT BEEN MET. (SEE ANALYSIS HERE)**

¹³ AI Overview

¹⁴ AI Overview

¹⁵ Section 1503-10 of Section 18 A. AI Overview

The particular part of the zoning regulations that this information is most closely related to would be Section 1503-10 of Section 18A.

The Service Plan states: “The District has met the requirements of Section 18A, Water Supply – Overlay District, of the Douglas County Zoning Resolution, as amended, as described in the Water Supply Plan in Exhibit H. “ In reviewing Exhibit H, the problems with proper augmentation of the Upper Dawson prevent the service plan from meeting the requirements of Section 1503-10 of Section 18A.

Therefore, the service plan has NOT shown that Section 1503-10 of Section 18 A has been met. This Douglas County Zoning Resolution is “intrinsically linked” to and part of the implementation of the Douglas County Comprehensive Master Plan (CMP). “The CMP serves as a basis for regulatory actions, including the zoning regulations. Therefore, the Water Supply Overlay District (Section 18A) helps implement the CMP's goals regarding water conservation and management, according to the Colorado Division of Local Government.”¹⁶ Without complying with Section 1503-10, Section 18A, there also is NO compliance with the Douglas County Master Plan.

¹⁶ Colorado Department of Local Affairs, Colorado Division of Local Government., AI Overview

**IMPORTANT: THE WATER PLAN FOR THE SUNDOWNOAKS
DEVELOPMENT IS A SIGNIFICANT PROBLEM FOR BOTH THE
DEVELOPMENT AND THE PROPOSAL FOR A METRO DISTRICT.**

The water plan for this development requires augmentation for the Upper Dawson as per law. Unfortunately, the Service Plan in the Canyon Creek Engineering report, page 1, states that the augmentation is reserved from the Laramie Fox Hills Aquifer (LFHA). See, also, Court Order 95CW288. That is untenable. The LFHA is extremely toxic. To use it to augment the Upper Dawson would poison wells in the Upper Dawson. The developer will need to go back to the water court, which has retained jurisdiction to determine adequacy, for a hearing on the water plan for the development. That hearing would be necessary in order to prevent the use of the LFHA and to have another adequate aquifer decreed as the only one allowed for use to augment the Upper Dawson.

The reasons are myriad and supported by all of the scientific literature, and corresponding media literature and the reactions of several different municipalities to the problems manifested by water from the LFHA would seem to indicate definitively that this water is, if not sufficiently treated and diluted (but not just diluted), unfit for human

consumption. Additionally, in most parts of the Denver Basin (including the Sundown-Oaks development area), LFHA is somewhere between 2500 and 3000 feet below the surface, which would require wells costing considerably over one million dollars each, with pumps equally prohibitive in cost to the average homeowner. This is an absurd choice as part of an augmentation agreement for the Upper Dawson aquifer if Upper Dawson is to be used for human drinking and bathing water.

LARAMIE-FOX HILLS WATER QUALITY AND ACCESSIBILITY¹⁷

a) The Laramie-Fox Hills lies in the Denver Basin system of aquifers, and is the deepest of the 4 major aquifers (2 of which may be further subdivided). Its furthest vertical reaches are almost directly under Franktown, at nearly 2400 feet. A well drilled to that depth can easily cost over one million dollars; the pumps alone can be in the hundreds of thousands. This great depth also makes the water physically hot, once acquired.

(b) It is depleting very fast where it is being used. While it does recharge, this process is infinitesimally slow and nowhere near as fast as the use rates – slower than that of all the aquifers above it, from

¹⁷ Contributed by Malcolm Bedell, Franktown, 80116, Is a published paleontologist with training in geology and other hydrology related subjects.

which it is sealed-off by impermeable rock layers. Essentially, once it is gone, it is not replaceable.

c) It is the least potable water of any Denver Basin Aquifer, and the oldest. It is also associated with coal deposits as much as 10 feet thick in the confining rock, which has been extensively mined (over 300 known mines). Heat and bacteria working on the coal form noxious compounds like Hydrogen sulfates and sulfides, methane, and nitrites – all exceeding EPA standards. Manganese, selenium and iron are also present in large quantities, the iron staining clothes; the other metals having other detrimental effects. Hydrogen sulfide is corrosive to iron, steel, copper, brass, and silver cooking utensils. Coffee and cooked food are affected. Ion bases of water softening systems are destroyed, producing black slime. Sulfates can have a strong laxative effect on both people and livestock, leading to dehydration – a special maximum allowable level of 250 mg. per liter. Levels hundreds of times that have been found in L-FH wells.

d) Only 5-10 percent of Elbert and Douglas County wells (as of 2014) were L-FH, used mostly for livestock and industry. Mathematical models devised to show what should be found in many of these wells have not corroborated well with actual findings – it can be far worse.

e) The process of cleaning this water is more difficult than with any other in the Denver Basin. This involves treatment with acids, dilution with water from other aquifers in a continuous process over time. Sometimes, expensive “shock treatment” of wells becomes necessary. Simple chlorination is inadequate.

f) Robson and Banta (1995) describe “putrid odor and little value for most uses, such as drinking water.” Douglas County says, “In the deeper portions of the basin, high water temperatures and sulfur content in the coal beds makes this water less desirable for municipal supply.” Highlands Ranch blends water from other aquifers with the Laramie-Fox Hills (20 % L-FH) but had to build an entire treatment plant to do so which involves adding sodium hypochlorite, ammonia and other chemicals to clear the water of poisons of various kinds, then restore disturbed pH balances with caustic soda. While this is for human consumption, it is very expensive and is only allowed at peak water use times in the middle of summer. The town of Bennett found also that it had to build an entire treatment plant (theirs over 2.5 million dollars in 1990s currency value) and, once again, could only use it sparingly. The town of Castle Rock will reduce development credit to 1/3 of normal if Laramie-Fox Hills water is being proposed as part of a plan due to the “speculative yield and exceptional production and treatment costs of

this resource.” If L-FH is “encumbered under a not-non-tributary augmentation plan,” then no development credit will be allowed at all.

g) Laramie-Fox Hills water is proposed to be part of the augmentation plan for the “not-non-tributary “Upper Dawson water at Sundown-Oak which, in turn, is proposed as the subdivision’s primary water supply.

To our best knowledge, no test wells have been drilled there to the L-FH which would result in an inadequate well field analysis. Further, there are no L-FH wells in anything like the immediate vicinity.

Everything about this part of the proposal is supposition and surmise. In court, that would be called “hearsay.”

h) How exactly could this water practically be considered for its designated purpose when it is the dirtiest, deepest, most expensive to drill, and most difficult to treat and clean?

Therefore, this service plan is NOT credible in order to prove required compliance with 1503-10, Section 18A either as part of an augmentation plan for the use of the Upper Dawson, nor as any sort of back-up for future well failures in the Upper Dawson.

Parenthetically, using maybe the Lower Dawson as a source for the 38,000 gallon cistern offered as a solution to the needs of firefighters who would be charged with protecting the new subdivision might, also,

not be a best choice considering the high use rate for this aquifer both in terms of how fast measurements at known sensing stations have seen decreases in the height of its water table as well as its popularity among homeowners in surrounding subdivisions, thus, the needed water court's review for an adequate augmentation aquifer for the Upper Dawson

VII. THIS PROPOSED SPECIAL DISTRICT IS NOT IN THE BEST INTERESTS OF THE AREA TO BE SERVED

C.R.S. 32-1-203

2.5) The creation of the proposed special district will be in the best interests of the area proposed to be served.

THIS PROPOSED METRO DISTRICT IS NOT IN THE BEST INTERESTS OF THE PEOPLE TO BE SERVED.

THEREFORE, REQUIRED DOUGLAS COUNTY SERVICE PLAN REVIEW PROCEDURES IN XVIII STATUTORY FINDINGS AND CONCLUSIONS NUMBER 9 HAVE ALSO NOT BEEN MET. (SEE ANALYSIS HERE)

The Service Plan makes the bold claim that the proposed District is in the best interest of the area to be served and also that the financial agreements are in the best interest of the current and future taxpayers, but is it actually in the future taxpayers best interest to have all this debt burden placed on them before they even purchase property in the District? Who is actually looking out for the future tax payers? **They have no voice in the formation of the proposed District, nor the financial agreements that create the debt that they will ultimately be responsible for repaying.**

“Colorado law permits developers to elect themselves to serve on a district’s board of directors, then use that position to approve tens of millions of dollars in public financing for their businesses, and leverage the property taxes on homes they haven’t yet built. No regulations stop these developer-controlled boards from approving arrangements that are financially advantageous to their business, allowing them to finance overly ambitious plans without fear of liability, knowing future homeowners ultimately shoulder the burden.”¹⁸

In fact, in this proposed metro district, the future homeowners will be subject to the following exorbitant tax rates for the combination of the

¹⁸ EDITORIAL: An Unsettling Story About Colorado Metro Districts, Part Two, Bill Hudson, 4/30/2025

district taxes (70 mills maximum) and the County taxes for Franktown (86.184 mill levy):

For the minimum priced 1.8 million dollar home, the district property taxes are \$9009. The county property taxes are \$11,092, for a total of \$20,101 per year.

For the maximum priced \$4 million dollar home, the district property taxes are \$20,020. The county property taxes are \$24,648 for a total of \$44,668 per year.

A metro District Board can add these property taxes and any fees (no limit on these in the service plan) to each home even before there are any buyers!

VIII. ENFORCEMENT OF METRO DISTRICT

MISHANDLING:

A. More often than not, metro districts which are mishandled ***generally have no enforcement for violations***. “Colorado's 2,000+ metropolitan districts remain one of the least regulated forms of government in Colorado. “¹⁹ “The Colorado Division of Local Affairs (DOLA) strengthens local communities by providing resources, funding, and technical assistance in areas like housing, property tax, and community

¹⁹ Wolfersberger, LLC

development. DOLA works with local governments and community leaders to enhance governance, address housing challenges, and improve property tax administration,”²⁰ but it does not have regulatory oversight over metro districts. “There is no state agency or division that has regulatory oversight over metro districts,”²¹ so there is no oversight or enforcement for violations of C.R.S. 32, fraud, breached contracts, violations of the service plan, TABOR election violations, misuse of public funds, noncompliance with voter imposed borrowing limits, and ethical violations by Metro Districts and their developers.²² “Colorado voters passed Amendment 41 which added Article XXIX “Ethics in Government” to the State of Colorado’s constitution. Amendment 41 created the Colorado Independent Ethics Commission (CIEC). . . [But, even though Metro Districts are quasigovernment entities],. . . Per Section 2 of Article XXIX, the definition of “local government” includes counties and municipalities **but “it excludes special districts created under the Special District Act”**²³(emphasis added) And A Denver Post investigation into the inner workings of the state’s 1,800 metro districts found a “governmental system that operates without the usual oversight of voters, without the usual restrictions on conflicts of

²⁰Colorado Division of Local Affairs, AI overview

²¹ Colorado Department of Local Affairs, Jacob Miler, Administrative Assistant II, 7/22/2025, See Exhibit No. 1

²² See Exhibit No. 2

²³ Wolfersberger, LLC

interest, and without the usual checks and balances to ensure communities won't spiral into insolvency.”²⁴

AN EXAMPLE HAPPENING RIGHT NOW: Mount Carbon Metro District.

A developer in that district has no water connection which leaves the homeowners with no water at all, yet the developer is still selling homes! “Re: More Red Rocks Ranch homeowners left high and dry. And around the Denver metro area and beyond, a reported 30 prospective Red Rocks Ranch homeowners are living in hotels, Airbnb’s and with family members, waiting to close on new homes that have no water taps to serve them. . . . Mount Carbon Metro District agreed to build the town infrastructure required to meet the development’s needs, but hasn’t yet completed all that work or finished a required update to its intergovernmental agreement with Morrison. . . . David O’Leary, an attorney for Mount Carbon, said in October 2024 that he believed the new IGA would be ready in about a month. **Nine months later,** [emphasis added] it remains unfinished and unapproved. . . . Meanwhile, Lennar’s Red Rocks website says it is “actively selling” and offering “incredible deals.”²⁵

²⁴ The Denver Post, 6/26/2020

²⁵ Colorado Community Media

B. BECAUSE THERE'S NO STATE ENFORCEMENT, MUNICIPALITIES ARE PROHIBITING OR RESTRICTING METRO DISTRICTS

Municipalities dealing with metro district problems are increasing in number. Because of the problems with metro districts for the municipalities, and, especially the homeowners, municipalities across Colorado are either ending metro districts in their municipality or putting significant restrictions on them. Just some examples are:

1. Pagosa Springs.

At a town council meeting, April 29, 2025, “Planning Commission member Mark Weiler begin to open the discussion to the most crucial question: why would the Town want to allow a problematic form of government that can end up doubling the property tax burdens for homeowners?”²⁶ On June 3, 2025, the city of Pagosa Springs passed a law prohibiting metro districts in the town limits.

2. Aurora

“Limits mill levy for debt repayment to 50 mills and sets a maximum term for mill levy imposition at 40 years. Financial Restrictions:

- Mill Levy Cap:

Metro districts are limited to a maximum mill levy of 50 mills for debt repayment, with adjustments allowed for the Gallagher Amendment.

²⁶ EDITORIAL: An Unsettling Story About Colorado Metro Districts, Part Two, Bill Hudson, 4/30, 2025

- Mill Levy Term:

The term for imposing a mill levy for debt repayment is capped at 40 years.

- Debt Limitations:

Restrictions are placed on the structure and interest rates of privately placed debt, requiring external financial advice.

- Taxation Oversight:

The City of Aurora requires developers to provide written notice to homebuyers about the maximum debt mill levy and the district's taxing authority”²⁷

3. Loveland

“Established Title 20 of the Loveland Municipal Code to regulate metro districts, including 18 requirements for service plans covering taxation, debt management, transparency, and ongoing oversight. . .

.amendments to the city's metro district code, including expanded disclosure requirements for homebuyers, mandatory signage in metro district neighborhoods, and the requirement for intergovernmental agreements between metro districts and the city. These changes aim to enhance transparency and accountability for metro districts, addressing concerns about debt management and mill levies.

Here's a more detailed breakdown:

²⁷ Aurora Metro District restrictions, AI overview

- **Disclosure Requirements:**

New amendments require developers to disclose more information to prospective homebuyers, including a notation in online property listings about the property being within a metro district and the potential for additional tax assessments.

- **Signage:**

Mandatory signage will be required in metro district neighborhoods to further alert potential buyers about their status.

- **Intergovernmental Agreements:**

Metro districts will now be required to enter into intergovernmental agreements with the city to ensure better coordination and enforcement of regulations.

- **Ongoing Refinement:**

The city is continuing to refine its metro district policies, including the service plan.”²⁸

4. Fort Collins

“Key Aspects of Fort Collins Metro District Policies:

- **Transparency and Disclosure:**

The City requires that residents buying homes in a metro district understand how it will impact their property taxes, including the mill levy and debt term.

- **Public Benefits:**

²⁸ Loveland Metro District restrictions, AI Overview

The city prioritizes metro districts that offer extraordinary public benefits, such as affordable housing, and may award points to development proposals meeting certain criteria in areas like housing and infrastructure.

- **Council Discretion:**

City Council retains the authority to approve, conditionally approve, or reject service plans for metro districts on a case-by-case basis.

- **Review Process:**

The city reviews metro district service plans, and there's an automatic review in two years to assess the policy's effectiveness and make necessary adjustments.

- **Limitations:**

The maximum mill levy for a metro district is 50 mills, and debt terms are typically limited to 40 years.”²⁹

5. Commerce City “Their municipal code outlines sanctions for metro districts that violate service plans or applicable laws.”³⁰

6. Berthoud . . . “has restrictions related to property development, including specific rules for subdivisions, driveways, and public improvements. Additionally, there are regulations for parking, vehicle storage, and even pet control in parks and open spaces.”³¹

7. Longmont “Longmont City Council has placed restrictions on the creation of metro districts, particularly those focused on residential

²⁹ Fort Collins metro district restrictions, AI overview

³⁰ Commerce City metro district restrictions, AI overview

³¹ Berthoud Metro District restrictions, AI overview

development. These restrictions include limits on the number of residential units in mixed-use developments and require increased oversight by the council. Additionally, Longmont has ordinances regulating activities in commercial areas and addressing noise levels, among other things.”³²

IX. COLORADO STATUTES AND CASE LAW ALLOW THE TAKING OF PRIVATE PROPERTY BY METRO DISTRICTS UNDER EMINENT DOMAIN

(C.R.S. 32-1-1004, C.R.)

Pursuant to certain restrictions by statute, a metro district does have the power of eminent domain. This power gives metro districts the ability to reach OUTSIDE its boundaries and, USING EMINENT DOMAIN A METRO DISTRICT, CAN affect surrounding properties for certain purposes.

The statute reads.

“A metropolitan district may have and exercise the power of eminent domain and dominant eminent domain and, in the manner provided by article 1 of title 38, may take any property necessary to the exercise of the powers granted, both within and *without the special district*

³² Longmont Metro District restrictions, AI overview

(*Emphasis added*), only for the purposes of fire protection, sanitation, street improvements, television relay and translator facilities, water, or water and sanitation, except for the acquisition of water rights, and, within the boundaries of the district, if the district is providing park and recreation services, only for the purpose of easements and rights-of-way for access to park and recreational facilities operated by the special district and only where no other access to such facilities exists or can be acquired by other means. A metropolitan district shall not exercise its power of dominant eminent domain within a municipality or the unincorporated area of a county, other than within the boundaries of the jurisdiction that approved its service plan, without *a written resolution approving the exercise of dominant eminent domain* (*Emphasis added*) by the governing body of the municipality in connection with property that is located within an incorporated area or by the board of county commissioners of the county in connection *with property that is located within an unincorporated area*(*Emphasis added*).”

In 2019 “the Colorado Supreme Court confirmed that the exercise of condemnation authority by a developer-formed metropolitan district constitutes public use, so long as the purpose of the taking is for some public benefit.”³³ *Carousel Farms Metropolitan District v. Woodcrest*

³³ News and Events, Otten Johnson Robinson Nef and Raganetti, 2019

Homes, Inc. “The Colorado Supreme Court’s decision reverses a Colorado Court of Appeals decision that had stymied many metropolitan districts’ efforts to condemn public right of ways, utility easements, and parks and trails in connection with new development projects.” Thus, if the proposed Metro District is approved, any of these that fit within the statute that Sundown Oaks wishes to use eminent domain to accomplish will now be allowed!

The question then is; do any of the areas delineated in the proposed metro district fit within the statute? The service plan states at POWERS AND RESPONSIBILITIES, VII, page 5, Parks and Recreation, “The District SHALL [emphasis added] have the power and authority to . . .construct, acquire, install . . . public park and public recreation centers . . .bike trails, pedestrian trails, pedestrian bridges . . . and other services, programs and facilities, . . land and easements, together with extensions and improvements thereto.”

Based on the requested POWERS AND RESPONSIBILITIES service plan request and the case law, IF APPROVED, the proposed metro district can use eminent domain for the taking of private property outside the boundaries of the proposed metro district!

The areas around this proposed metro district are rural residential HOAs and should **NOT** ever be subject to eminent domain from a metro district.

X. BOARD OF COUNTY COMMISSIONERS AUTHORITY.
THE BOARD OF COUNTY COMMISSIONERS HAS THE
AUTHORITY TO REQUIRE INFORMATION IN THE SERVICE
PLAN, TO APPROVE THE SERVICE PLAN, TO DISAPPROVE
THE SERVICE OR TO CONDITIONALLY APPROVE THE
SERVICE PLAN.

Because of the service plan's significant deficiencies, this service plan should be denied. In the alternative, the Board has authority to request further information.

1. C.R.S. 32-1-202 states:

2) The service plan shall contain the following:

(h) Information, along with other evidence presented at the hearing, satisfactory to establish that each of the criteria set forth in section 32-1-203, if applicable, is met;

(i) Such additional information as the board of county commissioners may require by resolution on which to base its findings pursuant to section 32-1-203;

2. C.R.S.32-1-203 STATES:

1. . . . WITH REFERENCE TO THE REVIEW OF ANY SERVICE PLAN, THE BOARD OF COUNTY COMMISSIONERS HAS THE FOLLOWING AUTHORITY:

(c) To conditionally approve the service plan subject to the submission of additional information relating to or the modification of the proposed service plan.

For the BOCC to accurately assess if the service meets the statutory and County requirements, in addition to the financial disclosures required above, the BOCC should also require the following:

a) The Commissioners should require prior approval of the TABOR election ballot measures, to ensure the following:

(1)The total amount of authorized debt in the TABOR election is no more than the amount of debt authorized in the Service Plan, and preferably no more than the \$3,625,000 proposed in their financial plan that can be repaid. If the developer needs to issue more debt, they must come back to the County for permission until the residents begin to arrive and can provide checks and balances on issuing debt they will be obligated to pay.

(2) The TABOR ballots do not eliminate the right of future residents to vote on issuing bond debt and expressly expire in 3 years.

AND:

(3) No fees may be assessed by a board which includes persons affiliated with or receiving any income from the developer without first submitting the question to a vote of the residents who will be paying the fees, and any fees must be re-approved annually.

(4) The price paid for each developed lot must be confirmed with affidavits from the homebuilder or homeowner.

(5) The Developer must provide monthly documentation of all money received, the source of the income, and the costs paid to any vendor for operations related to the metro district.

(6) Any financial agreement entered into by the developer on behalf of the future residents should expire once the residents begin to arrive, and may only be validated by a ballot measure presented at an election of the residents by more than 10% of home-owning residents who have no financial interest in such agreement.

XI. CONCLUSION

For all the reasons stated above, and as has been shown, the Service Plan has failed to show that a metro district is necessary to serve the future residents of the area. The District does not have the ability to discharge the proposed indebtedness on a reasonable basis, and there is also no evidence that the proposed District is in the best interest of the future residents. Profit alone is definitely NOT sufficient to meet the statutory requirements.

A. DENIAL OF THE PROPOSED METRO DISTRICT:

Based on all of the above, the Franktown Citizens' Coalition respectfully requests that Douglas County deny the developer's request for the Sundown Oaks Metropolitan District.

B. FURTHERMORE, in the interest of ALL of the citizens of Douglas County, the Franktown Citizens' Coalition requests that the Douglas County Board of Commissioners takes a public position that the creation of anymore metro districts in Douglas County **Will Not** be approved. **Because metro districts at least DOUBLE the homeowners' tax burden, plus uncontrolled fees, they are not in the best interests of the citizens of Douglas County. "Financing through a metro district is more expensive because in most cases the developer is double dipping . . ."** With a metro district "financing there are two loans, two

sets of interest and paying interest on interest.” ³⁴ With a position of not approving any more metro districts in Douglas County, the Commissioners will protect their citizens of Douglas County from the over burdensome, financial problems that metro districts create. See a prime example, Exhibit 2, Two Bridges Metro District. Also, supporting this request is the potential damage caused by metro districts clearly explained by John Henderson, a published expert on metro district abuse in his letter to the County included herein. ³⁵

Respectfully submitted by,

FRANKTOWN CITIZENS’ COALITION II, INC., BOARD AND STEERING COMMITTEE

Diana Love, President

Troy Dayton, Vice President

Debra Bowman, Secretary

Hyla Jenks, Treasurer

Richard Love, Member-at-Large

Steering Committee

Malcolm Bedell

Bob Skowron

Kimberly Adams

³⁴ See Exhibit 6, page 2. John Henderson, founder of Coloradans for Metro District Reform

³⁵ See Exhibit 6, John Henderson, founder of Coloradans for Metro District Reform

XII. EXHIBIT LIST

- 1. Email from the Colorado Department of Local Affairs**
- 2. Opposition Letter and timeline from Korin Barr, past President of Twin Bridges Metro District.**
- 3. Letter from Charles Wolfersberger LLC, President**
- 4. Letter from Chuck Howell, past board member. Fox Hills Metro District**
- 5. Letter from John Henderson, founder of Coloradans for Metro District Reform**
- 6. Opposition letter from Larry Gable, Wild Point Metro District**
- 7. Opposition letter from Dave Delgado, President, Bannockburn HOA**
- 8. Opposition Letter from Alan Erickson, President, Fox Glen HOA**
- 9. Letter from Bob Speaker, Broker Owner, Keller Williams Action Realty**

10. Vision Commercial and Residential advertisement, Mr. Steven Gage, Owner

11. Vision Commercial and Residential advertisement, Mr. Steven Gage, Owner



Outlook

Subject: Bannockburn HOA updated and amended input to Douglas County Board of County Commissioners regarding proposed new Sundown Oaks Metropolitan District

From Dave Delgado <DDelgado@bannockburnhoa.org>

Date Tue 7/29/2025 5:21 PM

To DJ Beckwith <dbeckwith@douglas.co.us>

Cc: Jack Shuler <jshuler@bannockburnhoa.org>; Diana Love <rllove1@msn.com>

 1 attachment (51 KB)

Douglas County Board of County Commissioners Input Letter (vFinal).pdf;

To whom it may concern,

Please find attached a letter to the Douglas County Board of County Commissioners on behalf of the Directors of the Bannockburn HOA, communicating our updated and amended comments and concerns regarding the proposed Sundown Oaks Metropolitan District, Project no. SV2025-005, which will be near our HOA. Thank you, in advance, for forwarding this to the Board of Commissioners and for the opportunity to state our position on this matter.

Please feel free to contact me with any questions you may have.

Best regards,

Dave Delgado
Bannockburn HOA - President

July 29, 2025

To: Douglas County Board of County Commissioners via "DJ Beckwith"
<dbeckwith@douglas.co.us>
Subject: Subject: Bannockburn HOA updated and amended input to Douglas
County regarding proposed new Sundown Oaks Metropolitan District

On behalf of the Directors of the Bannockburn HOA, we appreciate this opportunity to provide our **updated and amended comments** and concerns regarding the proposed Sundown Oaks Metropolitan District, Project no. SV2025-005, which will be near our HOA. Our concerns include the following:

1. After further review, it is our understanding that because of the application of the bonus density regulation that was requested and approved, Douglas County has already provided approval for lot sizes less than the minimum size of five acres on a portion of the development. We are disappointed since a minimum five-acre lot size for all lots would be more consistent with current resident preferences to support and maintain the lifestyle already in place for current residents. Another concern is that their consultant, Canyon Creek Engineering, indicated that the larger lot will be "roughly 4.5 to 5 acres". Under Franktown's rural residential zoning, 5 acres is the minimum.
2. The Sundown Oaks Metropolitan District asserts that water to households will be provided by private wells and that there is sufficient ground water for each lot to have an individual well for both home and outdoor use. This alone should negate the need for a Metropolitan District. However, there is a significant concern among Franktown residents, including those in the Bannockburn HOA, that the ground source of water, the Upper Dawson aquifer, is already potentially oversubscribed/over-tapped to assure long term availability to current residents. Specifically, if new residents access this water source based on a higher density calculation, current homeowners could be required to pay costs associated with drilling deeper wells in the short term and potential future public water service connection and provision fees by a neighboring city. We find this to be an untenable financial burden to place on current homeowners in Franktown and surrounding cities and counties. We recommend that a different water source other than the Upper Dawson aquifer be identified and applied to the Project. Further, it is our understanding that a water source for augmentation of the Upper Dawson is the Larimer Fox Hills Aquifer, which we understand to be highly toxic. The potential use of that aquifer, in combination with the Upper Dawson aquifer or another water source, could literally poison and contaminate the water sourced from the Upper Dawson aquifer or to another water source, and should be avoided entirely. Lastly, since a wastewater treatment facility is not

allowed or feasible in Franktown, this is another reason there is no need for a Metropolitan District regardless of the water source.

3. Access and roads will be impacted when considering the planned Sundown Oaks Metropolitan District and other planned subdivisions in the immediate area. Costs for any road enhancements and improvements are likely required to accommodate increased traffic on Tanglewood and Highway 86 that the developers should be responsible to pay in advance of development activities. This does not necessitate the need for a Metropolitan District as those costs could be incorporated into lot and development costs paid by future homeowners as a one-time cost. For example, the nearby Arrowpoint development did not require a Metropolitan District, and it too required enhancements to roads to the subdivision.
4. We are concerned that this Metropolitan District will introduce, amplify and perpetuate known issues and concerns about said "districts" since they are well documented widely across Colorado as imposing long-term and, in some cases, indefinite negative financial impacts to new residents and the broader community.

In summary, your consideration of our concerns is appreciated. Please feel free to contact me with any questions you may have.

Best regards,

Dave Delgado

Dave Delgado
Bannockburn HOA - President



July 30, 2025

Douglas County Board of County Commissioners
Attn: dbeckwith@douglas.co.us
100 Third Street, Castle Rock, CO 80104

Re: Proposed Formation of the Sundown Oaks Metropolitan District (SOMD)

From: Russellville HomeOwners and Property Owners Association (RHPOA),
Franktown, CO.

To Whom It May Concern:

After reviewing the planned development at Burning Tree Dr and Tanglewood, the impacts on the Franktown area, and the potential impacts upon the residents of our Russellville neighborhood, we OPPOSE the formation of the SOMD, for the following reasons:

- The proposed SOMD does not meet the Statutory Requirements necessary to approve a Metro District in "Action on a Service Plan," C.R.S. 32-1-203 (2).
- Disproportionate additional taxes and costs to the individual lot purchasers as well as for the potential impact on taxes to established homes in the Franktown area.
- Potential reduction or loss of water to the current users, and / or the contamination of the Dawson Aquifer.

A Metropolitan District is definitely not needed. There is insufficient project need for organized service in the area to be serviced by the proposed special district. The existing area is more than adequate for present and projected needs. There is nothing economical about the services that would be provided by the Special District.

A bond for this purpose will place long-term financial harm to the individual lot purchasers — purchasers and Realtors would not be aware of the scheme due to inadequate disclosure. The problem with Metro Districts is there is not adequate disclosure, nor does the statute adequately protect them. Metro Districts have gravely harmed their people financially. There is no state agency that investigates or enforces the requirements of the law or the service plans that have been approved in Colorado by cities and counties. Should the SOMD be approved and the 37 lots sold as described above using a bond issue, this would cause a terrible financial impact on the individual land purchasers. Each may likely be required to pay additional property taxes and SOMD's administrative costs of thousands of dollars per year for the 30–40 years life of

the bonds. These additional taxes would result in additional annual cost of living expenses.

Even more, upon the subsequent sale of their home, they may encounter reduced selling prices due to this clever addition to their property taxes. This is a very adverse financial position for the land purchasers. In Addition, we understand the applying Developer is planning to provide water to the 37 lots from the Upper Dawson Aquifer. Russellville neighborhood residents and many of the surrounding long-established Franktown residents have been granted rights to use the Upper Dawson Aquifer. Due to the addition of many new subdivisions over time, this has resulted in dramatic and excessive use of this critical resource. Allowing the Developer to access this resource for an additional 37 lots threatens loss of water to our established residents. We of the RHPOA oppose the formation of the SOMD for these reasons:

- The proposed SOMD does not meet the Statutory Requirements necessary to approve a Metro District in "Action on a Service Plan," C.R.S. 32-1-203 (2).
- Disproportionate additional costs and taxes to individual lot purchasers due to the new bonds requiring landowners to finance the subdivision infrastructure and incur the SOMD's administrative costs.
- Potential reduction or loss of water to current users, and / or the contamination of the Dawson Aquifer.

We, the Board of Directors of the RHPOA, ask the Douglas County Commissioners to disapprove the proposed Sundown Oaks Metropolitan District.

Respectfully Submitted,

ER Hayden

Edward R Hayden
President
Russellville HomeOwners and Property Owners Association

Opposition to the formation of a Metro District in Sundown Oaks, Franktown, CO

July 30, 2025

My husband and I are residents in Foxhill, which is near to the planned Sundown Oaks development. I am on the board of a residential metro district. I oppose the formation of the Sundown Oaks metro district. This opposition is solely as an individual and in no way represents the position of the metro district I serve on. While I oppose the formation of the Sundown Oaks metro district, I am not opposed to the proposed development.

While the legislation enabling Metro Districts had good intentions and allows for communities and infrastructure to support them, without the appropriate oversight and accountability, unintended outcomes potentially placing a tremendous burden on the community can occur. The major issues with metro district financing today are:

- Conflicts of Interest – While the developer and board members can declare conflicts of interest, they do not have to take steps to ensure the community will not be adversely impacted by said conflicts.
- Oversight – No government agency is responsible for enforcing a developer's requirement to file audited financials. This lack of oversight can create a tremendous burden on the community. There are no checks and balances to ensure the developer or developer led board allows for residential representation.
- Enforcement – If a developer does not adhere to the IGA or the Service Plan, the residents' or taxing board's remedies are arduous or non-existent. One example of this is no government agency is responsible for enforcing developer's requirements to file audited financials in a timely manner.

I am sure you would agree that the egregious situation the Meadows homeowners are in today is a result of the issues outlined above. I am sure you are also aware of the handful of municipalities that have restricted or eliminated metro districts because of these issues. Without proper and knowledgeable oversight of metro districts, I urge you to deny the aforementioned metro district for the benefit of the future residents of Sundown Oaks. The developer has other alternative financing options for infrastructure development.

Thank you for your consideration.

Martha Mortell

11455 Evening Hunt Rd, Franktown, CO 80116

Opposition to the formation of a Metro District in Sundown Oaks, Franktown, CO

July 30, 2025

My wife and I are residents in Foxhill, which is near to the planned Sundown Oaks development. I am on the board of a residential metro district. I oppose the formation of the Sundown Oaks metro district. This opposition is solely as an individual and in no way represents the position of the metro district I serve on. While I oppose the formation of the Sundown Oaks metro district, I am not opposed to the proposed development.

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- Oversight – No government agency is responsible for enforcing a developer's requirement to file audited financials. This lack of oversight can create a tremendous burden on the community. There are no checks and balances to ensure the developer or developer led board allows for residential representation.
- Enforcement – If a developer does not adhere to the IGA or the Service Plan, the residents' or taxing board's remedies are arduous or non-existent. One example of this is no government agency is responsible for enforcing developer's requirements to file audited financials in a timely manner.

I am sure you would agree that the egregious situation the Meadows homeowners are in today is a result of the issues outlined above. I am sure you are also aware of the handful of municipalities that have restricted or eliminated metro districts because of these issues. Without proper and knowledgeable oversight of metro districts, I urge you to deny the aforementioned metro district for the benefit of the future residents of Sundown Oaks. The developer has other alternative financing options for infrastructure development.

Thank you for your consideration.

William Mickle

2375 Fox View Trail, Franktown, CO 80116

July 30, 2025

Department of Community Development Planning Services
Attn: DJ Beckwith, Principal Planner
100 Third Street
Castle Rock, CO 80104

RE: Proposed Organization of Sundown Oaks Metropolitan District SV25-005
COMMENTS ON SERVICE PLAN FOR PLANNING COMMISSION HEARING AUG. 4, 2025

Dear Commissioners and Mr. Beckwith,

I recently was asked by several residents of Douglas County to review and comment on the proposed service plan for the organization of Sundown Oaks Metropolitan District. I am a licensed Colorado attorney who has more than 19 years of experience in the area of Colorado metropolitan district law. I have served on the Board of Directors of a metropolitan district for 18 years, and represented numerous metropolitan districts as general counsel. I have also represented several homeowner groups (including some in Douglas County) challenging abusive practices and excessive taxation by several metropolitan districts. The Special District Association selected me as runner-up for Distinguished Board Member of the Year in 2012. I was selected by the Colorado Legislature in 2023-24 to serve on the Metropolitan District Task Force to recommend improvements in metropolitan district policy. I have testified as an expert witness in depositions and court proceedings, and been accepted by courts as an expert witness.

I have serious concerns about the proposed Sundown Oaks Metropolitan District service plan and in particular, the excessive proposed debt for this district. As you should know, Douglas County has received extensive **negative publicity** in recent years due to the failed debt structure of a group of metropolitan districts in the Castle Rock area (Meadows at Castle Rock) in which original debt issued nearly 40 years ago has ballooned to about **half a billion dollars** so that taxpayers cannot even service the debt interest, and therefore the principal grows by millions of dollars each year. This debt may never be paid off, resulting in perpetual excessive taxation of homeowners for improvements that are long obsolete.

The proposed Sundown Oaks Metropolitan District also has excessive debt structure built into the service plan.

Legal Standard for Approval/Disapproval

The criteria for approval of a service plan is in statute, CRS 32-1-203. In particular, Subsection 2 provides that the County **shall disapprove the service plan** unless evidence satisfactory to the board of **each** of the following is presented:

- (a) There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district.
- (b) The existing service in the area to be served by the proposed special district is inadequate for present and projected needs.
- (c) The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries.
- (d) The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

It can be demonstrated that the requirements of clauses 2(c) and 2(d) cannot be met.

Factual Basis

- 1) The proposed district would consist of only 37 residential units. Service Plan at 3.
- 2) The estimated assessed value of the proposed district at full build out would be only \$6,205,653. Service Plan at 2. And that is based on a residential assessment ratio of 6.7% - the current residential assessment ratio is 6.25%.
- 3) The proposed cost of the infrastructure improvements to be constructed is \$9,057,551. Service Plan at 6.
- 4) In spite of the estimated cost of improvements limit, the service plan allows the cost of improvements to increase up to 20% without any action by the County, and up to 40% with only administrative approval. Service Plan at 6-7. Therefore, the cost of the improvements could be as much as \$12,680,571 without the need for an amendment to the service plan by the County Commissioners.
- 5) The service plan authorizes the District to issue up to \$10 million of debt. Service Plan at 9.
- 6) The service plan authorizes the District to issue debt at interest rates of up to 12% per annum. Service Plan at 10.
- 7) The service plan authorizes reimbursement to developers for funds advanced at a rate of 4% above the Bond Buyer 20-year GO Bond Index. Service Plan at 10. As of today that index is 5.3% which would allow developer advances to accrue interest at 9.3%.

- 8) The proposed reimbursement agreement attached to the service plan uses a different index (the AAA 30-year MMD(Municipal Market Data) index interest rate) than the service plan (20-year GO Bond Index).
- 9) The service plan authorizes the District to levy up to 70 mills property taxes, 50 mills for debt service and 20 mills for operations. Service Plan at 9.
- 10) The financing plan proposes issuing \$3,625,000 of bonds at 6.25% interest to generate \$2,703,802 of cash to pay for improvements. District Financial Analysis at 1. The remaining \$921,192 would be borrowed by the District to pay for debt issuance costs and reserve funds to protect the bondholders, for which the District would be forced to pay interest. This corresponds to 34% of the cash generated.
- 11) The financial plan only shows the ability to pay \$3.625 million of the \$10 million authorized debt. The financial plan does not show how the remaining authorized debt of \$6,375,000 including developer advances would be repaid.
- 12) The financial plan is based on a residential assessment ratio of 6.7%. The current Colorado residential assessment ratio is 6.25%.

Concerns About Service Plan

1. One of the most important ratios to determine whether a district has the ability to service its debt is the debt-to-assessed value ratio. You obtain this number by dividing the District's authorized debt by the assessed value of the district at full buildout. Colorado statutes recognize that when the debt-to-assessed value ratio exceeds 50%, there is a significant risk that the debt will be unsustainable and therefore limits the ability of a district to borrow above this limit. A district **cannot in general issue general obligation debt above 50% of its assessed value.**

Yet, this district's authorized debt-to-assessed value ratio at full buildout is \$10,000,000/\$6,205,653 or 161.14%. That is a truly outrageous and unsustainable ratio for a district. It invites issuance of debt that can never be repaid.

2. Another important ratio is the pro-rata debt burden per home. With \$10 million authorized debt and only 37 homes, this translates to \$270,270 of debt burden per home. At 6.25% interest, the interest burden per homeowner per year would be \$16,892 per home per year. And in addition, homeowners would be required to pay down principal and pay up to 20 mills per year for operations, which together could mean an additional \$5,000 to \$10,000 per year per home. In other

words, the service plan would impose a tax burden on an individual homeowner of perhaps \$21,000 to \$27,000 per year.

3. The cost of the improvements per lot to be paid by the District also appears to be uneconomical. Based on an estimated \$9,057,551 cost for 37 lots, the cost of improvements per lot is \$244,799. If the 40% allowed cost increase is included, the estimated cost could be as high as \$342,718. By contrast, the homebuilders association estimates the typical cost of infrastructure per lot in Colorado as of 2022 was approximately \$40,000. Even assuming an inflationary increase to \$50,000, the estimated cost of improvements is 5-7 times as much as is typical in this area.
4. Although the service plan sets an “initial” 70-mill limit (consisting of 50 mills debt service and 20 mills operations), this limit may be increased each year depending on how the residential assessment rate is set. As you know, the residential assessment rate has been decreasing significantly in recent years and is now 6.25%. If that rate is further adjusted, the mill levy could increase significantly.
5. The financial plan does not show how the developer advances would be repaid, if ever. It only demonstrates the ability to satisfy the \$3,625,000 of initial bonds.

Conclusion

The Commission should not approve the service plan as submitted because it does not satisfy the requirements of CRS 32-1-203. In particular:

- The District is unable to provide economical service because the proposed cost of improvements would be \$245,000 - \$340,000 per lot, far in excess of typical improvement costs per lot of \$40,000 - \$50,000 per lot
- The Financial Plan does not demonstrate the ability of the District to service \$10 million of authorized debt as it only shows the ability to service \$3.625 million of debt which would generate only \$2.7 million of cash to the District
- The Financial Plan does not demonstrate the ability to repay developer advances at interest rates of 8% (under the proposed draft reimbursement agreement) or 9.3% (based on the service plan limit of 4% above the Bond Buyer index).

- The proposed additional tax cost per home would be \$21,000 to \$27,000 per year which appears excessive.

Thank you for considering these comments.

Very truly yours,

A handwritten signature in black ink, appearing to read "Brian K. Matise". The signature is fluid and cursive, with the first name "Brian" and last name "Matise" clearly distinguishable.

Brian K. Matise

5378 S Harvest Way

Aurora CO 80016

brian@bkmatise.com

Opposition to the formation of a Metro District in Sundown Oaks, Franktown, CO

July 29,2025

My wife and I are residents in Foxhill, which is near to the planned Sundown Oaks development. I am the President of two metro districts, one commercial and one residential. I also am employed by a large commercial real estate services firm. My opposition to the formation of the said metro district is solely as an individual and in no way represents the position of the two metro districts I serve on nor my employer. In addition, I have no issue with said proposed development, only with the proposed financing utilizing a metro district.

While the legislation enabling metro districts had good intentions, what has occurred over time has led to outcomes I am sure were unintended by the legislature. The major issues with metro district financing today are:

- Conflicts of Interest – While the developer and board members can declare conflicts of interest, they do not have to take steps to insure and provide evidence that future and existing residents are represented. This is a big problem given the time period between when a development begins and when residents finally arrive.
- Enforcement – If a developer does not adhere to the Service Plan and/or the IGA, the residents or taxing board's remedies are arduous or non-existent. One example of this is no government agency is responsible for enforcing developer's requirements to file audited financials in a timely manner.
- Unjust Enrichment – As a result of the two aforementioned issues, developers can manipulate the cost of infrastructure and the placement of revenue bonds in a way that their return is significantly above what their risk adjusted return should be.

I am sure you would agree that the egregious situation the Meadows homeowners are in today are a result of the three issues outlined above. I am sure you are also aware of the handful of municipalities that have restricted or eliminated metro districts because of these issues. Unless you are ready to make significant changes to the Service Plan and IGA to address these three issues, I urge you to deny the aforementioned metro district for the benefit of the future residents of Sundown Oaks. The developer has other alternative financing options for infrastructure development.

Thank you for your consideration.

Steve Schwab

2740 Morning Run Court, Franktown, CO 80116

DJ Beckwith

From: Larry Gable <larrythegableguy74@gmail.com>
Sent: Tuesday, July 29, 2025 10:12 AM
To: DJ Beckwith
Subject: Metro District Opposition

Commissioners,

My name is Larry Gable and I live in Elbert County. I was an Accountant for 40+ years and currently live in a Metro District. Knowing what I know today, I would never buy a property in a Metro District. Their use by Developers is egregious and abusive. After 16 years, myself and 4 neighbors took control of our Metro District and immediately saved our community \$20,000 per year in annual costs. Unfortunately, the majority of the damage to our community was already done.

I would like to address the topic of "Subordinated Debt". When Developers create a Metro and issue the general obligation bonds, interest and payments begin immediately with interest payments every 6 months. The first two or three years there are no homes to assess, so the Developer must make the payments accordingly. These payments are "expensed" by the Developer and end up on the Balance Sheet as a receivable known as "Developer Advances".

I will use the Ritoro Metro District as a classic example. The General Obligation bonds were issued in 2019 for \$13,000,000. In 2022, the Developer, his wife and children controlled the Metro District and decided to convert the "Developer Advances" of \$3,100,000 into Municipal "tax-exempt bonds", aka, Subordinated Debt at 7.50%. The prevailing interest rate was around 4.50%.

Here is the catch, payments on Subordinated Debt **cannot be made** until the General Obligation bonds are paid off. In this case, that will be 2049. Compound interest will accrue until the first payment is made in 2050. The balance of the Debt in 2050 with principal and interest will be \$22,600,000. Payments of principal and interest over the next 13 years will total \$36,300,000, completely tax free to the bondholder, the Developer or his family in this case. The average annual Metro District property tax for this will be a minimum of \$8,335 for the 13 years on top of their customary property taxes.

Developers use the Metro District to literally rip their consumers off. They are the only ones who benefit at the expense of the homeowner. There is no oversight by DOLA. An ethical Developer will pass the "infrastructure costs" on to the home buyer upfront and all of this nonsense will go away.

Developers will tell you the average cost per home is \$30,000 to \$35,000 for the infrastructure. I would bet money they do not reduce the price of their homes by this amount. The long term cost to the homeowner after 30 years will be in the neighborhood of \$150,000 when Metro District Management fees are included.

Should you require additional input, please feel free to contact me.

Respectfully,

Larry Gable

33265 Wyndham Cir
Elizabeth, CO 80107

303-632-6140



Opposition to a new Metro District in Douglas County

From Chuck Howell <chowell1949@gmail.com>

Date Tue 7/29/2025 4:02 PM

To DJ Beckwith <dbeckwith@douglas.co.us>

Cc Diana Love <rlllove1@msn.com>

Mr. Beckwith,

Please see below. I have a 5 year history of living in a Metro District in Douglas County. I have also served as a resident board member in Fox Hill Metro District #2.

I appreciate the opportunity to share my experience with Metro Districts.

Chuck Howell
3095 Red Kit Rd.
Franktown, CO 80116

Metropolitan Districts (MD's) perspective points

- **All** Metro Districts in Colorado lack any real government oversight as stated by the Attorney General of Colorado's office...Kurtis Morrison, Asst. Attorney General of Colorado, 7-10-2025.
- Metro Districts have a lack of timely enforcement and mechanism for enforcement of issues for residents when there are issues. Example is audited financial. There is no government agency that has authority to enforce the audit laws for MD as stated by the State of Colorado's Auditor's office. Marissa Edwards officials in the state auditor's office. In the Fox Hill development the developer is two years behind in required state audits with no penalty for lack of compliance.
- In MD's with only a single board that is controlled by the developer by that time residents are allowed to be elected to the board the developer board has already imposed on residents financial conditions through their property taxes conditions that they had no voice in and no recourse action.
- In the Metro District structure of a Service District and a Taxing District (Master – Servant) as in Fox Hill (Douglas County) this structure is actually inefficient, contrary to what service plans outline. Service plans are confusing and contradictory as written by the legal team of the developer. In the case of Fox Hill the service plan was written by David O'Leary, the attorney for the developer. The Developer initially and controls both boards and selects its members. In Fox Hill those two boards were made up of the same members. The taxing district board is now made up of residents but based on the service

- County Commissioners are not knowledgeable about MD's and the legal staff of the county also is not very knowledgeable about MD's so you see how legal teams of developers dictate the conditions for MD's in Douglas County.
- In MD's you have taxation without the representation of residents. Developer controlled boards set the mill levies that MD residents will pay. NO resident input is required or allowed by these developer controlled boards.
- MD's hide the financial debt that future residents will be responsible for through their Douglas County property taxes. There is not full disclosure to property owners who buy property in a MD. Once a buyer purchases property in a MD they are indebted to the district for the repayment of debt issued by the developer. This in essence is a "Tax for Profit" scheme allowed by Colorado MD laws.
- The majority of home buyers are not fully informed of the taxing authority of a MD and most real estate agents are not aware of what a MD is and in fact fail to disclose to their potential buyers what a MD is. A third party real estate listing more often than not does not disclose that a property is in a MD example....In Fox Hill all third party listing list the for sale property has having HOA fees when in fact Fox Hill has no HOA or HOA fees but does have MD quarterly fees above and beyond MD property taxes.
- The bottom line is that MD's are not resident friendly and allow Developers to make millions in profit by using Douglas County property taxes to repay them for infrastructure that is already paid for through the sale of lots within the MD.
- MD district housing is NOT more affordable in fact the housing in a MD is more expensive as shown by many studies. Example: Metro District Impacts on Housing Costs, Anderson Economic Group, March 2021
- This spring of 2025 the Town Council of Pagosa Springs, Colorado voted to not allow the creation of MD's in their jurisdiction after months of study on the subject.

former Treasure Fox Hill Metro District #2

July 25, 2025

Douglas County
Department of Community Development
Planning Services
100 Third Street, Castle Rock, CO 80104

Re: Proposed formation of the Sundown Oaks Metropolitan District

To whom it may concern:

I have been asked by certain citizens within the County to share information and my professional experiences that may be useful in evaluating whether a need exists for the proposed formation of the Sundown Oaks Metropolitan District (District) in Franktown.

I am the president and owner of Wolfersberger, LLC, which specializes in providing management and accounting services for Colorado metropolitan districts. Wolfersberger, LLC serves over 35 metropolitan districts in Colorado and its clients are comprised solely of homeowner-controlled metropolitan districts.

I am a CPA and, prior to starting my firm in 2011, worked 9 years for the Public Company Accounting Oversight Board, an agency formed by the US Government to oversee the work and conduct of CPA firms that audit the financial statements of companies that are publicly traded on the US stock markets.

For the past three years, I have testified at the State Capital in favor of a bill (that has failed three years in a row) that would cause metropolitan district boards to become subject to the oversight of the Colorado Independent Ethics Commission (which was created by Colorado voters in 2006 through an amendment to the Colorado Constitution).

Home Lot Sales Analysis

Per the Douglas County Assessor's website, the current assessed value of the four undeveloped land tracts (totaling 177.3 acres) that comprise most, or substantially all, taxable land within the District is approximately **\$2,901,500**.

Per Exhibit D to the District's proposed service plan, the total estimated cost to install public improvements within the District is **\$9,057,551** – which includes a cost contingency totaling \$1,256,250 or 13.8% of the total cost estimate.

Per the proposed service plan, the total number of home lots within this District totals **37 home lots**.

Between 2012 and 2021, annual operating profits of the seven largest home builders in the United States ranged between **(2.0%) and 23.9%** and the 10-year average operating profit margins of these builders ranged between **8.3% and 18.5%**.

If home lots within this proposed District sold for an average of \$400,500 per lot, such lot sales would generate revenue of approximately \$14,818,500 – which is 23.9% above \$11,959,051, which is the combination of the current assessed value of the land plus 100% of the total estimated cost to install public improvements within the District. 23.9% is the highest annual operating profit margin achieved among the seven largest national home builders between 2012 and 2021.

Generally, land developers should be allowed to earn a reasonable rate of return on their land development activities or else it will be difficult for land to be developed. However, governments should not be used to assist private companies with earning extraordinary rates of return on their investments. **If the landowner is projecting the average lot price to be greater than \$400,500, then it is likely the formation of the Sundown Oaks Metro District and subsequent issuance of debt by this District will force homeowners of the District to pay property tax assessments for the next 30 years to fund extraordinary profits realized by the developer of this project.**

Undeveloped home lots between 1.5 areas and 2 acres (half the size of the average 4-acre sized lots within the proposed District) within the Fox Hill subdivision – which is less than 2 miles east of this undeveloped land – sold in the approximate range of **\$235,000 and \$399,000 between 2018 and 2022**. Based on the home lot sales history in Fox Hill, it appears reasonable that the landowner within the District could sell vacant lots at or above \$400,500 per lot, which would likely result in the landowner not only recovering most or all costs incurred to install the public infrastructure but also earn a reasonable profit from such construction activities.

Conclusion: If the average home lot sales price within the District **exceeds \$400,500**, it may be difficult for the petitioner of the proposed District to reasonably support its claim and conclusion (per XVIII of the proposed Service Plan) that “sufficient need” exists for government-financed public infrastructure within the District.

Proposed Borrowing Limit of Proposed District

Section X.G.1 of the proposed service plan establishes a maximum borrowing limit of **\$10 million**.

Exhibit F (Financial Plan) to the Service Plan contains a payoff projection for the District issuing \$3,625,000 in debt. The payoff projection assumes the District levies the maximum allowed debt levy (50 mills) over a 30-year period.

Based on the financial assumptions provided in Exhibit F, the proposed District will not generate sufficient tax revenue under a 50-mill debt levy to repay a debt greater than \$3,625,000.

Conclusion: The proposed \$10 million maximum borrowing limit provided in the proposed District’s service plan is **275% higher** than the maximum amount of debt the District is able to repay per the Financial Plan in Exhibit F to the Service Plan.

The General Economics of Current Land Development Does Not Support the Need to Create Metro Districts

I have evaluated the purchase and sales of land developed for residential use over the past 10 years in Colorado by reviewing deeds filed with the Clerk & Recorder's Office of several counties that document the price of raw land purchased by developers and, subsequent to the installation of public infrastructure on such land, the prices of vacant home lots on such land sold by developers to home builders.

I have also evaluated the cost of public infrastructure constructed by such developers by reviewing the financial statements of developer-controlled metro districts that provide the developers with debt-funded subsidies that are equal to all or a majority of all public infrastructure construction costs such developers claim they have incurred to develop their raw land.

I am aware of numerous instances over the past 10 years where land purchased by a developer is developed and then subsequently sold by the developer to home builders at substantially higher prices than the developer's land purchase cost and the developer's claimed costs to construct the public infrastructure on such land. In many cases, the revenue from home lots sales collected by developers has been well over 100% higher than the developers' original land purchase prices and public infrastructure construction costs.

Based on land purchase and sales data I have collected, funds from debt issued by metro districts and provided to such developers in most cases cause the net profits realized by developers from home lot sales to exceed 200% (and as high as 1,500%).

The County should consider the following two basic facts related to land development:

Fact #1: Generally, developed land is more valuable than raw, undeveloped land.

Fact #2: Generally, developed land (which enjoys the benefits of public infrastructure) can be sold for a higher price than raw undeveloped land.

Conclusion: The County should consider NOT approving the creation of this proposed district unless the developer can demonstrate home lot prices will be substantially lower than \$400,500 and the construction of the public infrastructure on this land is not financially viable without receiving tax-funded subsidies from a metro district.

Respectfully submitted,



Charles Wolfersberger, CPA
Wolfersberger, LLC