

Amendment to Welton Corridor Urban Redevelopment Plan 2560 Welton Street Redevelopment Project



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Four Ordinance Requests:

BR16-0322– Amendment to Welton Corridor Urban Redevelopment Plan for 2560 Welton Street Project

BR16-0323– 2560 Welton Street Sales Tax Increment and Property Tax Increment Area Cooperation Agreement

BR16-0324- Intergovernmental Agreement Among City, Denver Public Schools and DURA

BR16-0325- Letter Agreement Among City, Urban Drainage & Flood Control and DURA

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Proposed project located at southern corner of Welton Street and 26th Street



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Existing Condition – 2560 Welton Street



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- **Development of currently vacant site into an 8-story mixed use building.**
- **Project with include 129 apartment units, approximately 10,000 SF of ground floor retail and approximately 15,000 SF of second floor office space.**
- **Of the 129 apartment units: 107 will be market rate and 22 will be rent restricted to 80% AMI.**
- **185 parking spaces will serve the entire project, including 24 spaces reserved for the Rossonian.**

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Unit Mix

<u>Unit Type</u>	<u>Number of Units</u>	<u>% of Total</u>	<u>Unit Size</u>
Studio/1 Bedroom	102	79%	500-810 SF
2 Bedroom	23	18%	900-1,182 SF
3 Bedroom	4	3%	1,528-1,563 SF
Total	129	100%	

<u>Affordable Unit Type</u>	<u>Number of Units</u>	<u>Max Monthly Rent – 80% AMI</u>	<u>Income Limits (1 person)</u>	<u>Income Limits (2 Persons)</u>	<u>Income Limits (4 Persons)</u>
Studio	4	\$1,051	\$44,750	\$51,150	\$63,900
1 Bedroom	16	\$1,118	\$44,750	\$51,150	\$63,900
2 Bedroom	2	\$1,343	\$44,750	\$51,150	\$63,900

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Financial Analysis

Uses

Site Acquisition / Land	1,494,375	3.7%
Hard Costs	29,700,000	74.1%
Soft Costs	8,202,580	20.5%
Interest	663,805	1.7%
Total Project Uses	\$40,060,760	100.0%

Sources

Land and Partnership Equity	7,488,228	18.7%
Construction Loan	28,042,532	70.0%
DURA TIF Reimbursement	4,200,000	10.5%
OED RAHLF Loan	330,000	0.8%
Total Sources	\$40,060,760	100.0%

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Need for Public Involvement

- \$4.2 Million DURA TIF Reimbursement
 - Requirement to provide 24 stalls of parking for the benefit of the Rossonian Hotel due to preexisting obligations from RTD
 - Additional construction costs required due to light rail proximity
 - Additional design and material requirements due to location within a historic area
 - Higher costs of construction for an eight story building as compared to wood frame buildings
 - Approximately \$0.25 per square foot below market average apartment rental income, including rents in the Ball Park and Arapahoe Square neighborhoods.
 - Rent limitations on the 22 affordable housing units
 - OED participation

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TIF Capacity – Summary

- TIF Reimbursement \$4,200,000 of eligible project costs
- Property is currently owned by the Redeveloper who is paying approximately \$31,000 in property taxes (base)
- Upon completion expected to generate approximately \$481,000 per year in net property and sales tax increment
- Tax increment used to reimburse redeveloper for eligible expenses over 25 years
- Property Tax and Sales Tax Increment Area same as Project area

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Conformance with Current and Existing Plans

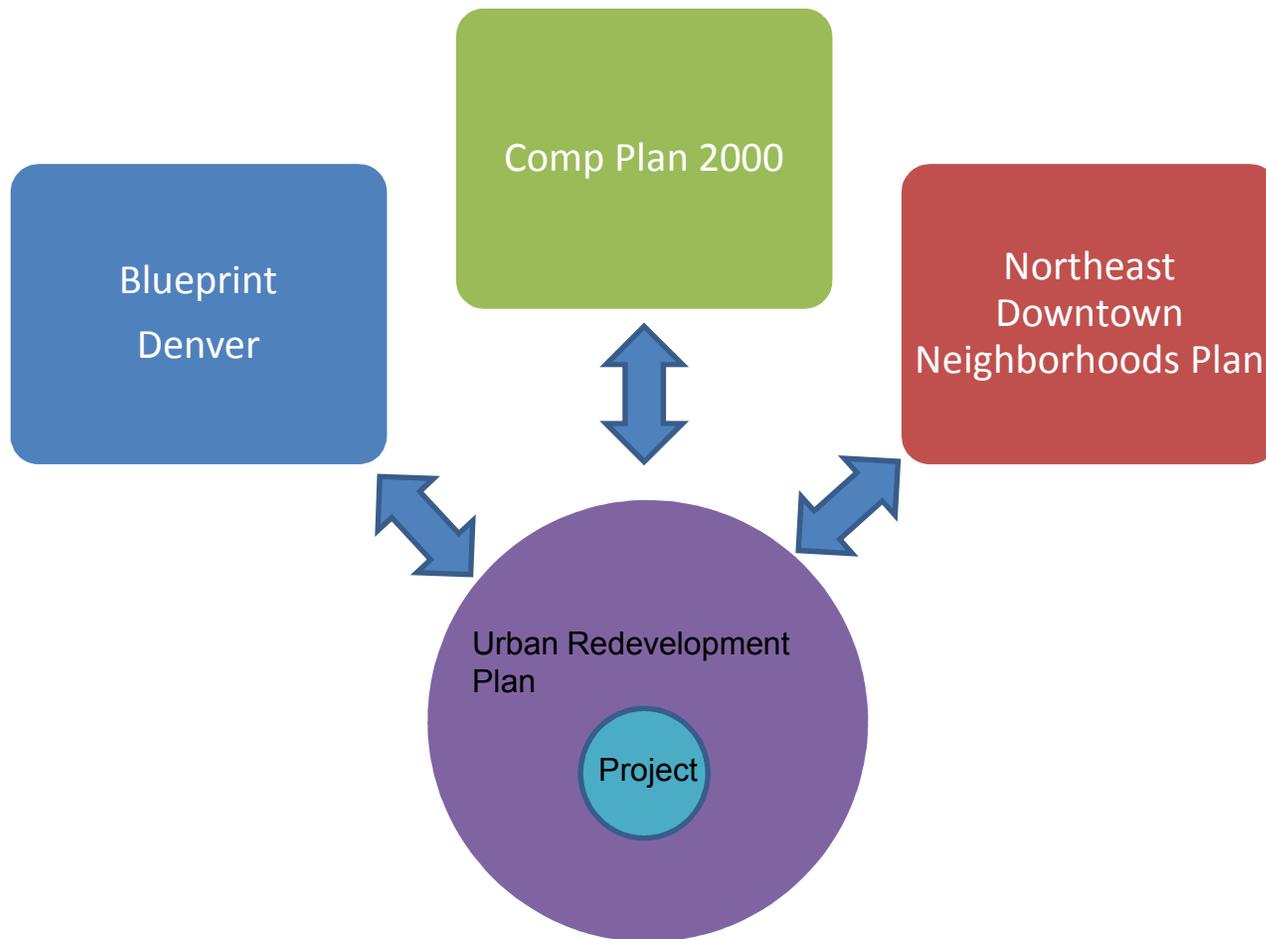
- City Council approved Urban Redevelopment Plan September, 2012
 - Urban Redevelopment Plan found to be in conformance with Denver Comprehensive Plan 2000 and its applicable supplements
- Tax Increment Financing authorized by not approved for any projects.
- Urban Redevelopment Plan Amendment does two things:
 - Approves the 2560 Welton Street Project as an approved project
 - Establishes the 2560 Welton Street Property Tax Increment Area and Sales Tax Increment Area

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Conformance with Urban Redevelopment Plan Objectives:



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Conformance with City Plans

Along with objectives stated in the Denver Comprehensive Plan 2000 and Blue Print Denver, the project will further the recommendations identified in the **Northeast Downtown Neighborhood Plan (2011)** by:

- Providing high intensity development near downtown, transit stations, and along key streets, including 21st street and Welton Street (A-1).
- Strengthen retail corridors (C-1)
- Promoting economic and housing diversity (C-2).
- Promoting housing density, including structured parking (C-3).

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Urban Redevelopment Plan Objectives

To reduce or eliminate blighted conditions and to stimulate the continued growth and development of the Urban Redevelopment Area and its surroundings. The Project will promote the following Plan objectives:

- To promote a mix of dense housing options
- More effectively use underdeveloped land within the Urban Redevelopment Area
- Encourage high and moderate density development where appropriate, including structured parking
- Encourage land use patterns where pedestrians are safe and welcome
- Encourage residential development and redevelopment that is socially and economically inclusive

Five Points Business District Vision Plan Implementation & Revitalization Strategy



LAND USE FRAMEWORK

Downtown-Welton Link
zoning: C-MX-12 and D-AS
height: up to 12 stories
priority uses: residential/office
groundfloor: services for residential or office

Residential/Civic/Live-Work
zoning: C-MX-8
height: up to 8 stories
priority uses: residential/office/civic
groundfloor: residential/service/office

Historic Cultural Core - Retail/Restaurant/Entertainment/Office
zoning: C-MX-8/C-MX-5/C-MX-3
height: up to 8 stories, primarily 5
priority uses: retail/restaurant/entertainment/office
groundfloor: commercial, existing residential excepted

Residential/Live-Work
zoning: C-MX-3/C-MX-5
height: 3 to 4 stories
priority uses: residential/live-work
groundfloor: residential/service/office



- Legend**
- Land use Subareas
 - Existing Transit Stop

Five Points Business District: Phase 2 Planning



2560 Welton Project

Five Points Business District Vision Plan

Welton/Downing Corridor

The Northeast Downtown Neighborhoods Plan Map:
Concept Building Heights Map.

- 2.5 Stories
- 3 Stories
- 5 Stories
- 8 Stories
- 12 Stories (see NEDN for more details)
- 20 Stories (see NEDN for more details)

★ 2560 Welton
Project



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Benefits of Redevelopment

- **Eliminates blighting conditions within urban redevelopment area.**
- **New construction market rate and affordable housing along Welton Street.**
- **Mix of for sale and rental product types adding to the density of neighborhood.**
- **Building design is a reflection of the existing characteristic of the neighborhood.**
- **Creation of a mixed use building consisting of ground floor activation along a commercial corridor.**

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Cooperation Agreement Between City and DURA

- **Land Use Matters:** Cooperate with DURA / Project
- **Special Program Requirements:** Project Art, SBE, First Source, Enhanced Training Opportunities
- **Project:** Redevelopment of the 2560 Welton Street Project
- **Property and Sales Tax Increment Finance:** Mechanics (base, increment defined, etc.)
- **Term of TIF:** Authorizes Property and Sales TIF for 25 years or repayment of Obligation related to project, whichever is earlier

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Coordination With Other Taxing Entities

HB15-1348 Introduced New Requirements for Approval and Material Modifications to Existing Urban Redevelopment Plans

If utilizing Property Tax Increment Financing must:

- Notice the other taxing districts of intention to utilizing property tax increment
- Other taxing districts to determine impact of project on services provided by the district
- Negotiate an agreement among the City, the taxing district and the Urban Renewal Authority regarding the allocation of taxes

Two Taxing Districts in the Welton Corridor Urban Redevelopment Area

- Denver Public Schools
- Urban Drainage and Flood Control District

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Coordination With Other Taxing Entities

- Intergovernmental Agreement Among City, DPS and DURA
 - No material impact to the services provided by DPS as a result of the 2560 Welton Street Project
 - Full allocation of available property tax increment to DURA for duration of tax increment area as defined in Cooperation Agreement
- Letter Agreement Among City, UDFC and DURA
 - No material impact to the services provided by DPS as a result of the 2560 Welton Street Project
 - Full allocation of available property tax increment to DURA for duration of tax increment area as defined in Cooperation Agreement

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Approval Process

- **Planning Board** – May 4, 2016 – Staff to recommend finding Plan Amendment to be in conformance with Comp Plan 2000
- **Denver City Council**
 - First Reading May 23, 2016
 - Public Hearing May 31, 2016

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Questions?



Denver City Council Finance & Services Committee
May 3, 2016