



*Residential and Commercial
Preservation and Renewal*

1555 California Street, Suite 200
Denver, Colorado 80202
(303) 534-3872 FAX (303) 534-7303

MEMORANDUM

Date: May 13, 2015

To: City Council Finance & Services Committee
Robin Kniech, Chair
Charlie Brown, Vice-Chair

From: Denver Urban Renewal Authority
Tracy Huggins, Executive Director

Subject: Amended and Restated Ironworks Foundry Urban Redevelopment Plan and Amended and Restated Ironworks Foundry Cooperation Agreement related to the Source Hotel Project

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Introduction

Presented for the Committee's consideration is the Amended and Restated Ironworks Foundry Urban Redevelopment Plan (the "Plan") and the Amended and Restated Ironworks Foundry Urban Redevelopment Area Cooperation Agreement (the "Agreement") for the project known as the Phase Two Urban Redevelopment Project (the "Project") located within the Amended and Restated Ironworks Foundry Urban Redevelopment Area (the "Area").

Background

In 2012, the Denver Urban Renewal Authority (the "Authority") prepared the Ironworks Foundry Urban Redevelopment Plan (the "Original Plan") which described the contemplated project in the Ironworks Foundry Urban Redevelopment Area (the "Original Area"). The Original Plan was approved by City County and the Original Project, The Source, was undertaken and substantially completed in late 2013.

3330 Brighton Boulevard LLC (the “Redeveloper”) has requested the Authority to consider expanding the existing Original Area to allow for tax increment assistance for the Project. The Project, in conjunction with the Original Project, will complete the redevelopment of the amended Area.

Amended and Restated Urban Redevelopment Plan

In order to accomplish the redevelopment of the Project, located at 3330 Brighton Boulevard, with tax increment assistance, an amendment and restatement of the existing Ironworks Foundry Urban Redevelopment Plan is required. The amendment and restatement will accomplish the following:

- Expand the Urban Redevelopment Area
- Maintain conformance with Denver Comprehensive Plan 2000 and its relevant supplements
- Add the Phase Two Urban Redevelopment Project
- Create the Phase Two Property Tax Increment Area
- Create the Phase Two Sales Tax Increment Area

Expand the Urban Redevelopment Area

The Plan may be amended, by City Council approval, to expand the boundaries of the existing Area. To recommend this expansion, the newly added area must be determined to be blighted. A conditions (blight) study was prepared in 2012 to evidence the blighting conditions necessary to allow for the approval of the Original Plan. Similarly, a conditions study of the 3330 Brighton property was prepared in February 2015 by Matrix Design Group. After the necessary field work and collection of relevant data from public agencies and other knowledgeable parties and sources, the following four factors were found:

- (i) Deterioration of site or other improvements
- (ii) Unusual topography or inadequate public utilities
- (iii) High levels of municipal services or underutilization or vacancy of sites, buildings or other improvements.
- (iv) Environmental contamination of buildings or property

Factors (i) through (iii) were also found to be present in the 2012 study.

Maintain Conformance with Denver Comprehensive Plan 2000

The Plan must maintain its conformity with the Denver Comprehensive Plan 2000 (Plan 2000) and its relevant supplements. In addition to the previously identified strategies in which redevelopment of the Area will advance the goals and objectives contained in Plan 2000, Blueprint Denver and the River North Plan, strategies related to the 38th and Blake Station Area Plan were also identified.

The 38th and Blake Station Area Plan states that “The Brighton corridor is envisioned to have more intense development with a greater mixture of commercial and employment uses and taller building heights than the area south of the station. The

Project furthers a number of objectives of the 38th and Blake Station Area Plan including the following:

- The urban neighborhood typology was tested with stakeholders through the public process and deemed appropriate for the station area, provided that it is also acknowledged that more intense development, taller building heights, and a greater mixture of commercial and employment uses are appropriate along the Brighton Boulevard corridor.
- Urban neighborhood station areas have predominantly residential uses along with about 50,000 square feet of neighborhood-serving retail; multi-family, townhome, and single-family residential development; and building heights of 2-7 stories. However, the Brighton corridor section of the station area north of the UP tracks is envisioned to have more intense development with a greater mixture of commercial and employment uses and taller building heights than the area south of the station.
- Promote infill within the station area to create development that supports transit ridership, residential, and neighborhood-serving retail and services.
- Brighton Boulevard is also the front door to the River North district. It should be a place where pedestrians find interesting shops and galleries and feel welcome to walk or visit.

As required by state statute, the Planning Board is charged with reviewing an urban renewal plan and any major amendments for conformity to the City's adopted comprehensive plan. On May 20th, City Planning and Development staff, along with Authority staff, will present the Plan to Planning Board and ask for their finding that the Plan is in conformance with Plan 2000.

Addition of the Phase Two Urban Redevelopment Project

The Redeveloper currently owns and intends to develop the Project on the property located at 3330 Brighton Boulevard. The Project has been designed to complement the adjacent project at The Source, while expanding upon its urban marketplace success. The Project consists of approximately 81,000 square feet of hotel, retail, restaurant and event space, and a 305 stall parking structure. The nine story hotel is expected to have 100 rooms, and 26,200 square feet of retail/restaurant space attached or adjacent to the hotel building. A courtyard will link the retail components of the Project to The Source. The development plan would help to activate a section along heavily trafficked Brighton Boulevard, bringing hotel, light industrial, dining and service options to a growing Denver community.

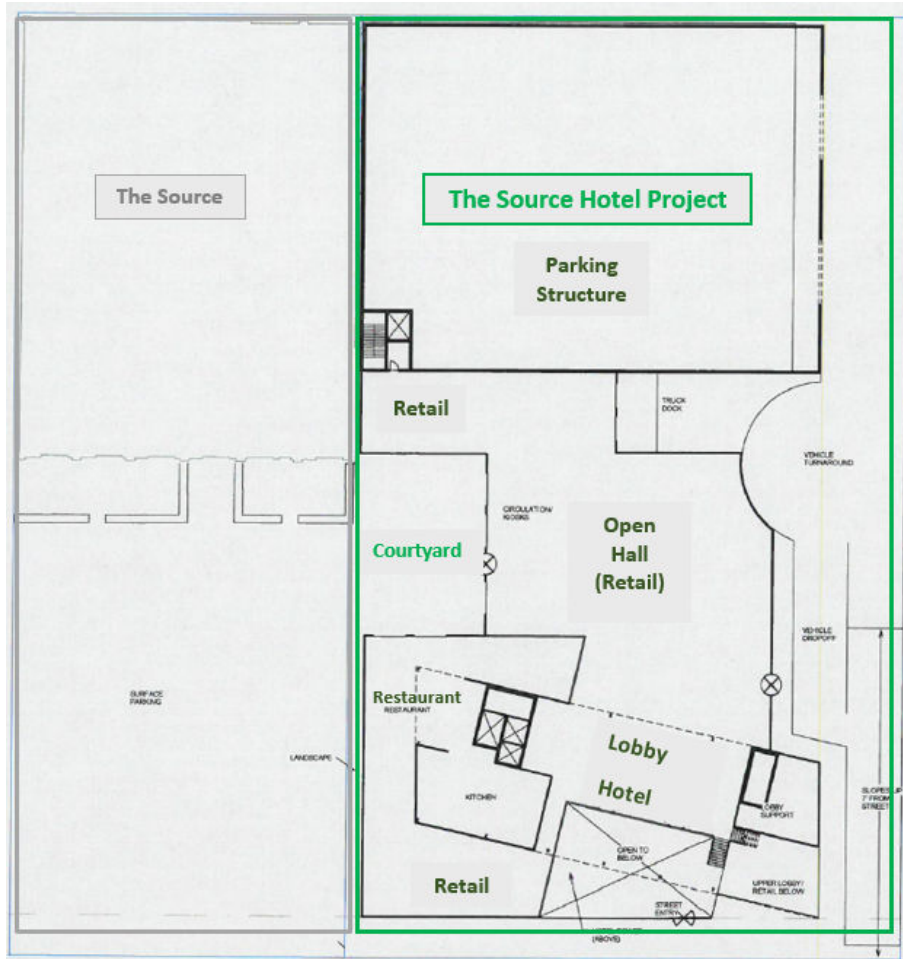
Site Location – 3330 Brighton Boulevard



Project Rendering – 3330 Brighton Boulevard



Site Plan – 3330 Brighton Boulevard



The Project meets the following objectives of the Plan:

- To eliminate the present and growing factors which contribute to the blight in the Urban Redevelopment Area. Such blighting factors are detrimental to the community and represent an economic liability to the City.
- To renew and improve the character and environment of the Urban Redevelopment Area and its surroundings by preventing or ameliorating economic, physical, and environmental deterioration.
- To encourage and protect existing development immediately adjoining the Urban Renewal Area by creating conditions from which these areas can draw new economic strength.
- To more effectively utilize the land in the Urban Redevelopment Area
- To build upon present economic strengths near the Urban Redevelopment Area.
- To improve the economy of the Urban Redevelopment Area by stabilizing and upgrading property values. To enhance the current sales tax base and property tax base within the City by stimulating the growth of assessed valuation and sales tax collections within the Urban Redevelopment Area.

- To provide access to employment opportunities for low-income and unemployed Denver residents.
- To create a local business climate that serves the neighborhood so that area residents can shop in the neighborhood which could enhance City air quality improvement efforts.

Creation of Phase Two Property and Sales Tax Increment Areas

DURA staff's underwriting has identified a financial gap in the Project development budget. This gap is intended to be addressed through a combination of the property and sales tax generated by the Project and the incremental taxes generated by The Source once the original obligation has been repaid. This structure requires the creation of the Phase Two Property Tax Increment Area and Phase Two Sales Tax Increment Area, which are coterminous with the Project area. The boundaries of these Phase Two Tax Increment Areas will be identified by their legal description in an appendix to the Plan.

Amended and Restated Urban Redevelopment Area Cooperation Agreement

The Amended and Restated Cooperation Agreement (the "Cooperation Agreement") between the City and the Authority allows for Property Tax Increment and Sales Tax Increment generated by the Project to be available for the Authority to satisfy obligations for a period of up to 25 years. In addition, the Cooperation Agreement allows for Property Tax Increment and Sales Tax Increment from The Source project be paid to the Authority to accelerate repayment of the Authority's obligation, after the Original Project reimbursement obligation has been retired, which is expected to occur in 2018. The Cooperation Agreement also includes the Authority's customary policies including First Source Hiring, Small Business Enterprise Utilization, Enhanced Training Opportunities, and Project Art.

The original Cooperation Agreement included a mechanism to ensure that future funds would be available for the construction of right of way improvements once the design of these improvements was completed by the City. As the City is now looking to make these improvements themselves, this provision is no longer applicable and has been restated.

Presentation to Committee

DURA will present the Amended and Restated Ironworks Urban Redevelopment Plan and the Amended and Restated Ironworks Foundry Urban Redevelopment Area Cooperation Agreement at the special committee meeting on Wednesday, May 13 and will be available to answer any questions.