



Proposed Tamarac Square South Urban Redevelopment Area

Redevelopment of the former Tamarac Square Mall

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Land Use, Transportation & Infrastructure Council Committee

March 6, 2012



Project Description

- The proposed project includes the construction of a Target store that will be approximately 135,000 square feet. Would provide a wide assortment of general merchandise with an expanded food assortment including a limited assortment of fresh produce and meat.
- This project would represent only the second Target store in the City and County of Denver (Super Target at Northfield being the first).
- Improvements Specific to the Site:
 - Improvements to the public right of way, including improved access from Hampden Avenue
 - New site infrastructure to include the relocation of a public storm water inlet.
 - Reconstructed parking configuration to improve circulation in and around the site
 - Extensive site grading



Site Location

The proposed project is located at the northwest corner of South Tamarac Drive and Hampden Ave.

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Urban Redevelopment Plan

- **City and County of Denver Legislative Findings:**

- Constitutes a Blighted Area
- Appropriate for one or more Projects
- In conformance with adopted plans
- Authorizes urban renewal powers

- **Objectives:** ...eliminate blight, more effectively utilize land, build upon present economic strengths in area, encourage and protect existing development, stabilizing and upgrading property values, provide access to employment, create local business climate that services the neighborhood.

- **Project Activities:**

- Demolition, Site Prep, Redevelopment, Etc.
- Redevelopment Agreements
- Public Improvements and Facilities

- **Project Financing:** Authorizes TIF (Sales Tax Only for 10 years)

- **DURA Programs:** Project Art, SBE, First Source, Enhanced Training



Findings of Blight

A formal blight study was completed, and the results identified evidence of more than four blight factors. Those factors are:

- Predominance of defective or inadequate street layout
- Unsanitary or unsafe conditions
- Deterioration of site or other improvements
- Unusual topography or inadequate public improvements or utilities
- The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements.



Conformance with City Plans

The Tamarac Square Redevelopment is Consistent with the Following Objectives Outlined in the Denver Comprehensive Plan 2000:

- Enhance existing business centers and establish new business centers in a manner that offers a variety of high-quality uses that support Denver’s business environment, complements neighborhood residential areas, generates public revenue, and creates jobs. (4-B, Page 135).
- Use public-private partnerships to facilitate development and redevelopment projects that advance the City’s goals and objectives. When appropriate, take advantage of the Denver Urban Renewal Authority’s powers and experience. (4-C, Page 136)
- Support development of neighborhood business centers that serve adjacent residential areas in existing neighborhoods and new neighborhoods within development areas (5-A, Page 136)
- Provide essential retail and consumer services and neighborhood-based employment to residents (5-B, page 137)
- Focus job-creation efforts for entry-level workers in neighborhoods through the metropolitan area where potential employees already live. (2-C, Page 216)



Conformance with City Plans

The Tamarac Square Redevelopment is consistent with the conceptual land uses for this Area of Change in Blue Print Denver:

- Town Center along a commercial arterial to the south and a residential arterial to the east.
- Town Center –
 - similar to neighborhood centers but meet a larger variety of shopping, entertainment, service and employment needs
 - large enough to serve several neighborhoods
 - Occur at intersections of arterials
 - Appropriate next to light-rail and regional bus stations
- Other Town Centers in Denver include:
 - 14th & Krameria
 - University Hills
 - Bear Valley Shopping Center
 - Broadway Marketplace



Financial Analysis

Development Budget ~ \$20 million

Entirely Self-financed

\$5 million TIF Reimbursement within 10 years to meet investment threshold

Estimated TIF Eligible Costs: (in millions)

Site work	\$3.90
Fire Protection System	.20
Fire Alarm System	.10
Hard Cost Contingency	.40
Architectural & Engineering	.30
Project Art	.05
Enhanced Training Opport.	<u>.05</u>
Total	<u>\$5.00</u>



TIF Capacity

- **TIF Capacity**
 - Of the total sales generated in any given year, 78% are assumed to be subject to the City sales
 - Annual Sales Tax Increment estimated between \$850,000 - \$1 million
 - Accruing a simple interest cost of 7%, the financing gap of \$5 million projected to be reimbursed in nine years.
- **Other Conditions**
 - If store closes for more than 30 days (except force majeure) repay amounts reimbursed, net of depreciation, capped at \$5 million
 - Recapture amount returned to City if:
 - Store re-tenanted
 - After 5 years



Market Feasibility

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- Only one Target store currently operates in the City and County of Denver.
- More than 720,000 people reside within 7 miles of the site.
- Given the density in the immediate vicinity, this store would be strategically located to provide needed goods and services to the immediate surrounding neighborhoods.



Cooperation Agreement

- **Land Use Matters:** Cooperate with DURA / Project
- **Special Program Requirements:** Project Art, SBE, First Source, Enhanced Training
- **Project:** Construction of a Target retail store, life safety improvements, site improvements, right of way improvements, public infrastructure and other public improvements
- **Sales Tax Increment Finance:** Mechanics (base, increment defined, etc)
- **Term of TIF:** Authorizes Sales TIF for 10 years or repayment of Obligation related to project, whichever is earlier
- **Use of Payments from Store Closing:** If Target makes a refund to DURA based on closing of store, DURA will pay remaining amounts to City after earlier of new permanent tenant or 5 years from receipt.



Public Benefits

Benefits of Redevelopment

- Eliminate blighted conditions within urban redevelopment area.
- Activate a large infill development site.
- Improvements to public right of way.
- Revitalization of this site is key to the continued vitality of the surrounding area.
- Increases the sales and property tax base collected by the City.
- Complimentary to the existing businesses in the neighborhood.
- Create 150-200 permanent jobs.
- Create 200-250 construction jobs.



Approval Process

- LUTI Council Committee – March 6, 2012
- Planning Board – March 7, 2012
- DURA Board – March 15, 2012
- First Reading – City Council – March 19, 2012
- Public Hearing – City Council – March 27, 2012
- Begin Construction Spring 2012



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