

**DOWNTOWN
COLORADO**
— inc.



DURANGO

URBAN RENEWAL HOUSING STRATEGY



OVERVIEW

The rising costs of land and labor have led to an increase in housing prices and inhibited real estate development in key areas of Durango. In most cases, the private sector alone cannot overcome the challenges to build the supply of housing necessary for the students, workers, seniors, and others who want to live in Durango. The City of Durango has taken steps to form an Urban Renewal Authority largely to facilitate affordable and attainable housing development in convenient locations. Durango intends to use a strategy for public-private partnerships and the use of creative financing tools, most notably Tax Increment Financing (TIF), to increase affordable and attainable housing options and achieve the community's shared vision for the future. With funding support from the Colorado Department of Local Affairs (DOLA) the City of Durango, Durango Renewal Partnership (Partnership), Downtown Colorado Inc., (DCI), Development Research Partners, and SEH, Inc. jointly developed a process to engage the community and create a Urban Renewal Authority (URA) Strategy and maximize the potential of focusing TIF to address housing challenges.



FRAMEWORK

The Durango Urban Renewal Housing Strategy builds a replicable procedural framework which can be replicated by the City of Durango and the Partnership to identify and quickly act on high-priority redevelopment areas. The procedural framework will also be available to other communities looking to take action on redevelopment and housing initiatives. The framework summarized here will guide this project and future urban renewal efforts in Durango.



SHORT GUIDE TO REDEVELOPMENT

The Urban Renewal Housing Strategy includes a Short Guide to Redevelopment developed by Jesse Silverstien from Development Research Partners as part of this project. The guide is intended to inform local governments and redevelopment agencies about the context and process for positioning sites for sale to developers. The concepts and approaches presented include high level components that are important to effectively understand all the parameters of a negotiation and anticipate obstacles and solutions.

- 1) Community Vision and Reuse Plan
- 2) Communications Plan
- 3) Site Redevelopment Analysis
- 4) Transaction Strategy
- 5) Public Investment Analysis

It is a guide to developing a well-grounded internal “Term Sheet” to summarize important points and desired terms and conditions for public property sale to a private-sector developer and form the basis of a strong and effective development agreement. The high-level components should be considered in creating a development or redevelopment strategy and are worth becoming familiar with to choose which are applicable to a particular situation.

UTILIZATION PROCESS

The primary challenge for the strategy is to provide guidance as to how the Partnership can quickly and effectively focus its resources on creating equitable, sustainable and profitable progress that addresses identified community priorities. This requires some uniform and community-wide guides and some that are adapted and built for each project. The current effort has focused on building the first three steps for broad usage, while establishing a framework for utilizing the specifics of each project site to understand the incentives/concessions to shape agreements and project-specific partnerships over time. The strategy is built on a continuous cycle that includes Education and Outreach for the Partnership Board and community members. This review looks at the detailed steps which are community-wide and uniform.

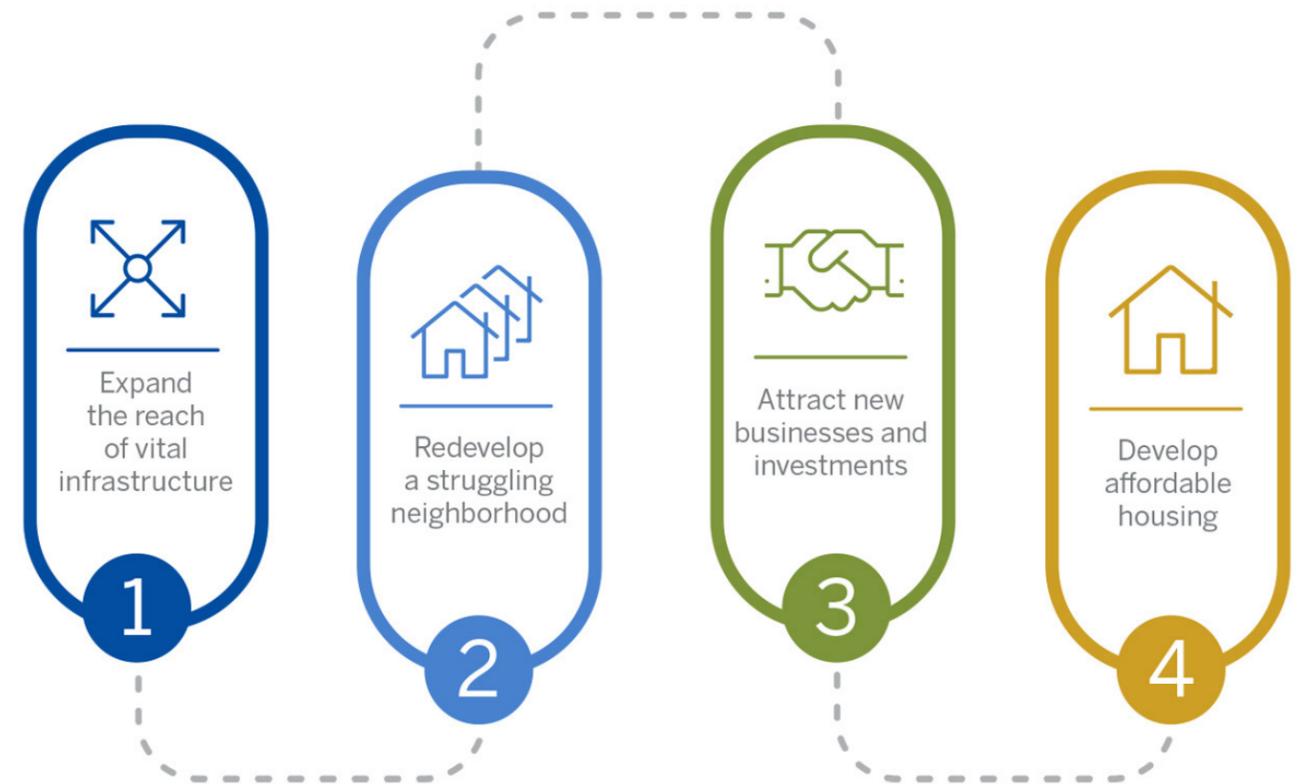
With this overarching framework as a guide, this project provides an Urban Renewal Housing Strategy as well as Durango's first urban renewal plan all while engaging citizens in identifying ways to realize more affordable and attainable housing development through urban renewal. The Durango Redevelopment partnership has established a roadmap for other communities to use in the future.

The project tasks + deliverables include resource creation, citizen engagement, training, and communications to shape the Durango Urban Renewal Housing Strategy over the past year.



URBAN RENEWAL HELPS THE CITY AND DEVELOPERS WORK TOGETHER

The urban renewal housing strategy demonstrates how public-private partnership is the name of the game. Its charge is to adopt plans for alleviating blight and targeting redevelopment in a community. Urban renewal takes the public's vision and adds incentives to attract private developers. An URA is authorized to issue grants, bonds, loans and other financial mechanisms to help produce public improvements and redevelopment. These incentives allow the public to partner with a developer to make the project more feasible – and to shape the project to better meet community needs.



¹ Adapted from "How URA Can Help Your Community" by Andy Arnold, SEH.

“Urban renewal takes the public’s vision and adds incentives to attract private developers.”

SAMPLING OF CASE STUDIES

Arvada City Center

The City Center Urban Renewal Area was created in 1981 and was the first project by AURA. Arvada's City Center District is only the second district to "sunset" in Colorado, and "is widely regarded as one of the most successful examples of Urban Renewal in the state." As a result, AURA increased the tax revenue in the district by over \$13.7 million each year, resulting in significant increases to services in Arvada. Redevelopment occurred in three phases.



Phase 1: Power Center

In the space along Wadsworth that was home to used car lots, a lumber yard, motels, and neglected homes and apartment buildings, AURA worked to attract various major retailers to Arvada, including Costco, Sam's Club, Home Depot, Office Max, Lowe's, Starbucks, and Texas Roadhouse throughout the 1980's and 90's. Now, according to AURA, this center brings in over \$30 million each year to various taxing entities.

Phase 2: Restoration of Historic Olde Town

During this phase of the Urban Renewal Area redevelopment, AURA restored various public-owned buildings. Through façade restorations and grant programs, Historic Olde Town Arvada signs, and redevelopment of the Olde Town Square including the construction of a library, AURA acted as the developer for this large community project.

Phase 3: Water Tower Village

This city-owned property consisted of 16 deteriorating apartment buildings and 15 single family houses. When AURA purchased the 250 housing units and two businesses, the area had an abundance of crime. AURA then offered residents each \$5,250 to assist with relocation expenses and began working with NorStar Development and Carmel Partners on construction. In 2006, 270 for-sale units and 326 rental units became available to residents. The development also included the

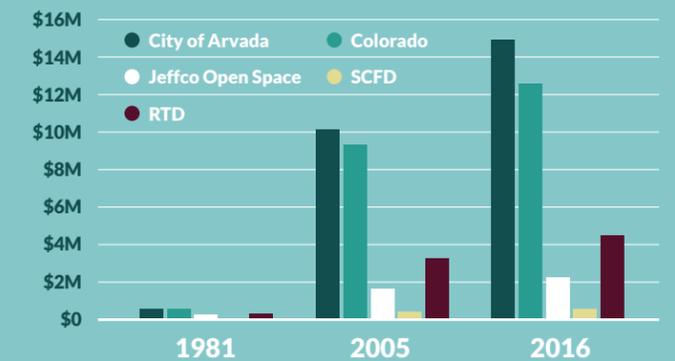
"Water Tower Active Pavilion," two swimming pools, two small parks, and brought approximately 1,200 people near Olde Town and RTD light rail transportation. This project cost AURA roughly \$66 million.

IMPACT REPORT

Arvada City Center

The City of Arvada loaned AURA \$10,369,879 in the 1980's to fund these projects until TIF revenue could be produced. AURA ultimately repaid the City, including nearly \$12 million in interest. Furthermore, the TIF collections from this project paid the salaries for three non-AURA Arvada City employees for the years 2001 to 2008, or \$1,141,828. In 2016, City Center generated over \$34 million in sales tax, nearly \$15 million of which went directly to the City of Arvada, and accounting for 27% of all sales tax received by the City that year.

City Center Sales Tax Revenues



Source: Arvada Urban Renewal Authority; Development Research Partners, Inc.

Continued >>>

City Center ultimately added 600 residential units to the City’s housing stock and employed nearly 900 Arvada residents in 2017. Prior to AURA’s intervention, City Center generated less than \$1 million in sales tax revenues. In comparison, City Center generated nearly \$15 million in revenues for the City, \$12.5 million for the State, over \$2 million to Jefferson County Open Space, \$431 thousand to SCFD, and \$4.3 million to RTD.

SAMPLING OF CASE STUDIES

Terraza Del Sol

This mixed-use development will redevelop a vacant 56,000 square ft lot into affordable housing building with ground floor commercial space that will house local nonprofit, Mi Casa, a resource and advocacy center for Latino and working families.

The developed 71,000 square ft building will be energy efficient and support the healthy lifestyles of the low-income residents. The 42 affordable units will provide housing for residents earning 30-60% of the AMI.

Fiscal support for this \$14.7 million project comes from Colorado Housing and Finance Authority, State of Colorado Department of Local Affairs, Denver Office of Economic Development, Citibank and Enterprise Community Partners, Inc., and \$2.5 million in TIF reimbursement from DURA.

Findings: Teraza Del Sol

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PROJECT TASKS

Project Preparation:

- Scope planning meeting with SEH
- Drill down on Community Profile and define ways to create organizational capacity to complete tasks
- Prioritization Exercise with Partnership Board

Creation of a Urban Renewal Area Plan for MidTown Area

- Establish collaborative team and coordinate planning meetings
- Draft of first Area Plan
- Public Process to Review & Approve Area Plan
- Area Plan Adoption

Develop marketing messaging content and strategy.

- Create messaging for engaging property owners, developers, residents and business owners
- Establish outreach events and platforms

Develop a Short Guide to Redevelopment.

- Identify best practices for URAs working on housing.
- Highlight the niche role. Identify metrics to consider, typical acreage or parcel, topography, density, and parking averages.

Analysis of publicly owned properties

Assess potential public-private partnership. Financial and development feasibility assistance

Establish Processes Forms & Criteria

- Research and develop templates for developer application forms. Identify needed policies and review criteria.
- Establish clear timeline and description of the review and decision-making process

Outreach Workshops

- Training for City Council
- The MidTown Property and Business Meeting
- Developer Interest Forum

PROJECT DELIVERABLES

- Combined Timeline and Work Plan
- Portfolio of Opportunities presented to Board
- Priorities identified by Board

Partnered with SEH to provide:

- Financial and Development Feasibility Study
- Conduct TIF Forecasts on Project Areas
- Public Meeting with DRP Board, Planning Commission, City Council
- Conducting Impact Report Analysis
- Finalizing URA Plan

Marketing materials produced include:

- “Making More of MidTown” Event Flyer and Promotion
- MidTown Walking Tour Survey
- Durango Development Opportunities Forum Promotion
- Durango Development Opportunities & Developer Questionnaire

Partnered with Jesse Silverstein, Development Research Partners for guide content and production.

Partnered with Jesse Silverstein, Development Research Partners for:

- Review Durango top priority publicly-owned sites to consider which would be best for housing
- Develop Draft Term Sheets

- Application for Developers on Durango’s URA webpage
- Review Criteria established for evaluating proposals
- Development Agreement template created
- Review and Decision-Making Flow Chart

- Workshop Presentation
- Identification of Interested Parties
- Durango MidTown Developer Questionnaire
- Recording of session
- Increased Interest

“Urban renewal takes the public’s vision and adds incentives to attract private developers.”

PROJECT DELIVERABLES

The following list of documents was created and can be provided upon request.
Urban Renewal Affordable Housing Case Studies Report

- ▶ **A Short Guide to Redevelopment**
- ▶ **Durango Renewal Partnership Formation Report**
- ▶ **Durango Renewal Partnership Opportunity Areas**
- ▶ **MidTown Urban Renewal Plan**
- ▶ **MidTown Walking Tour Survey Questions**
- ▶ **MidTown Walking Tour Survey Responses**
- ▶ **Durango Development Opportunity Questionnaire**
- ▶ **Durango Development Event Marketing Materials**

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