



ARVADA URBAN RENEWAL AUTHORITY

## FAQs Regarding Arvada Town Center and Olde Town Residence

**Q: What is the project?**

**A:** Three vacant parcels of land owned by AURA, the City of Arvada, and RTD in the vicinity of Wadsworth and 56<sup>th</sup> Avenue are being combined into a larger property of 8.25 acres. When redeveloped, the project will have 256 residential units and up to 40,000 square feet of retail.

**Q: How will AURA acquire the land?**

**A:** AURA owns two parcels and RTD has agreed to transfer their parcels to the City and AURA for redevelopment.

**Q: What is the City's vision for the use of this property?**

**A:** The property will be redeveloped as a Transit Oriented Development (TOD). The development will include residential and retail uses that maximize location close to mass transit to prevent sprawl, reduce vehicle traffic, and create a vibrant downtown neighborhood.

**Q: Why not just let the free market decide what will be built and sell the land at its assessed value?**

**A:** We did open this land up to the market, and here is the process we went through.

In 2012, an Executive Oversight Committee (EOC) was formed to represent the three owners of the property – City of Arvada, RTD, and AURA. The EOC worked together for over a year before issuing a joint request for qualifications (RFQ) to the public. In April 2013, the RFQ was sent to 265 contacts and was placed on the websites of Urban Land Institute and Downtown Colorado Inc. In addition, the three organizations posted the RFQ on their individual websites.

Ten qualified private developers responded to the RFQ. The EOC invited five of those firms to respond to a Request for Proposal (RFP) and participate in an extensive interview process. Trammell Crow Company was unanimously selected by AURA, the City and RTD as the most capable developer whose ideas for use of the site matched that of the owners.

Urban redevelopment encounters greater costs and challenges. The “market” for such development is much different than the market for vacant, open land. Redevelopment of older urban areas is not easy or attractive to developers.



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**Q: What is the value of the property?**

**A:** The commercial value in an unimproved condition is approximately \$4.4 million dollars. The value does not account for the costs associated with site preparation or construction of improvements that are needed to make the site marketable.

**Q: If it's worth so much money, why would AURA 'give' the property to Trammell Crow for \$30?**

**A:** The reference to \$30 is a legal convention commonly used in a property conveyance deed. Urban renewal law permits the property to be sold at its "fair value". The fair value of the property is determined by considering the market value as well as the obligations of the developer and the objectives of the urban renewal plan to prevent or remedy blight. The developer will spend about \$70 million to develop the site. The public investment in the form of the land cost is a fraction of the project expense. Below is a list of the public improvements.

Total Public Improvements	\$26.25 million
AURA's Participation	\$13.5 million (TIF and Land)
Trammell Crow's Participation	\$12.75 million

- Environmental cleanup – water treatment and underground storage tanks.
- Demolition – utilities and paving.
- General site work – excavating, fill importing, grading and stabilization.
- Storm drainage – includes installing two underground detention and water quality vaults.
- Water – includes dewatering and treatment of water from the hill.
- Sanitary sewer – relocating an existing public sanitary line.
- Storm drainage – relocating an existing 6 foot storm sewer line.
- Electrical – relocating the electrical lines.
- Due to the 30 foot grade change, a significant amount of earth work is required, including shoring up the hill and installing large retaining walls.
- Off site improvements – percentage of intersection signal.
- Landscaping – creating large park like treatment along Wadsworth Bypass and the northern boundary adjacent to the railroad. Treatments will include trees, shrubs, grass, and flowers and will be available to the public.
- Urban recreational park – developing a wide, heavily landscaped, and welcoming pedestrian walkway along Vance Street linking "New Town" to Olde Town with spaces for spontaneous pedestrian activity.
- New 56<sup>th</sup> Avenue Streetscape – including street trees, planters, benches, pedestrian lights, bike racks, and monument signs.



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- Plazas – creating five unique public plazas for people to linger, play and/or relax.
- Garage – requirement not to surface park the residential.
- Upgraded building materials - brick, significant window glazing, and louvers to screen the parking garage. No stucco used on buildings.

**Q: Won't the development block the "grand view"?**

**A:** A lot of consideration has gone into preserving the grand view from Grandview Avenue. The City removed the buildings at the Olde Town Station platform to construct the large public plaza. The project provides a view of the mountains in the central core of Grandview where transit riders, parking users and the public will be more likely to enjoy it. Additionally, the western portion of the structure is only two stories which will preserve the important mountain view.

**Q: Isn't Trammel Crow getting a 'sweetheart' deal?**

**A:** No. As noted above, Trammel Crow was selected after an open and competitive process. The agreement between the parties is a product of the development market for urban infill projects. Also as noted, Trammel Crow will be investing over \$70 million dollars into this site, AURA discounted the property in order to make the project financially feasible. In the event Trammel Crow does not deliver, AURA will keep the property.

**Q: Isn't this a bad deal for taxpayer?**

**A:** Absolutely not, quite the opposite in fact. Urban redevelopment enhances long-term economic and social stability in project areas. The current public investment will yield long-term benefits. Outlined below is the estimated economic impact this development will have to the City of Arvada and other taxing entities over the remaining 15 years of the urban renewal area.

The long term benefit this project brings to the taxing entities far exceeds a onetime receipt of \$4 million if AURA sold the property for the appraised value.

In addition, in 2015, AURA agreed to pay the City of Arvada 25% of any excess revenue received from the project up to \$1.6 million or until 2033, whichever comes first. The \$1.6 million consists of reimbursements for the following qualified expenses:

- \$580,000 – purchase of Gun Club
- \$435,600 – construction of the Grand Plaza at the Olde Town Station
- \$584,400 – excavation, shoring, site utilities and earthwork for Olde Town Transit Hub



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Estimated development financial impact:

	<u>Total Estimated Sales Taxes Received over 15 years</u>
AURA	\$13,180,567
State of Colorado	\$12,741,215
RTD	\$ 4,393,522
Jeffco/Open Space	\$ 2,196,761
Arvada Police	\$ 2,021,020
SCFD	<u>\$ 439,352</u>
ESTIMATED SALES TAXES PRODUCED	\$34,972,438
 Estimated property tax generated over 15 years	 \$ 8,600,500
 TOTAL ESTIMATED TAXES PRODUCED	 <b>\$43,572,938</b>

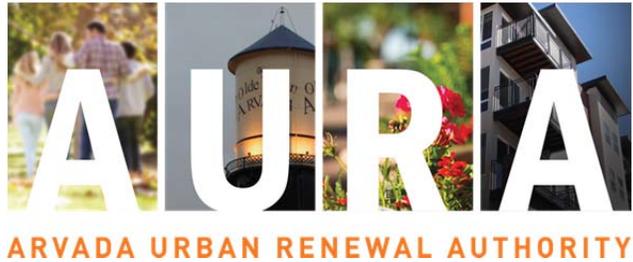
Estimated indirect residential financial impact:

The developer is constructing 256 residential units on the property. It is estimated that the new residents will spend approximately \$3 million in retail expenditures in Arvada which will benefit the shops and restaurants.

Summary:

After being selected through an open and competitive process, Trammell Crow is developing a \$70,000,000 project near the Olde Town Station G-Line; currently the property generates ZERO revenue for the City or any other taxing entity. Any revenue rebated back to Trammell Crow is generated by the development. No tax revenues are paid from the City or from existing revenues of AURA. Neither the City nor AURA has any obligation to spend any current tax dollars or future tax revenue from any other source to fund a shortfall. The financial risk of the tax rebate is on the developer as the developer pays for the cost of the improvements at the time they are constructed. If the tax increment produced by the Trammell Crow project does not cover the debt service for the public improvements, Trammell Crow is ultimately responsible.

As mentioned above, urban infill projects encounter many physical and financial challenges. Given the relative ease of development in greenfields as a business alternative, without AURA’s assistance this project would not be built and no tax revenue generated for any purpose.



The proposed project will have 256 residential units and up to 40,000 square feet of retail. The project will provide housing, employment and transportation alternatives not currently available in the area or elsewhere within the community. Financially, the development will produce approximately \$43.6 million in sales and property tax over the next 15 years. AURA is rebating sales and property taxes generated only from the project to Trammell Crow to help offset the public improvements necessary to develop the land.

City of Arvada Receipts:

Use tax – one time receipt	\$ 421,232
AURA payment of excess revenue	\$ 1,600,000 Over 15 years
Police tax receipts	\$ 2,021,020 Over 15 years

Finally, in 2034, when the urban renewal area expires the estimated sales tax generated by this development and payable to the City of Arvada is estimated \$977,950 annually.

Fundamental to the project is the renewal component. In addition to the positive economic impact, the City and AURA are looking towards the future of our community and how to take the best advantage of the arrival of the G Line. In addition to the lengthy list of site and infrastructure improvements and additional housing options, a new park-like pedestrian walkway will link the development and Olde Town; this streetscape will feature wide sidewalks, flower pots, benches, and distinctive signage. Ultimately the taxes from this high density, mixed-use development will greatly benefit the entire community for generations.

The project is not an experiment or the product of wishful thinking. AURA has been in operation since the mid 1980's and has a proven record of success with infill, urban redevelopment using the tools provided by state law. Successful projects include developments such as Costco, the SuperTarget center on Kipling, the Arvada Water Tower apartments and condominiums, Home Depot and Lowes, the Arvada Market Place, the schoolhouse in Olde Town, the Olde Town Square, and the three new mixed-use buildings on the corners at Grandview and Olde Wadsworth. In short, the City of Arvada has been very successful in its use of urban renewal. AURA's first urban renewal area is currently contributing \$15 million annually to the City's general fund, \$12.5 million to the State of Colorado, and \$4.3 million to Jefferson County in sales tax receipts alone.



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Further information can be provided by contacting AURA directly.

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