

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 56th 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 one parcel, and the City and RTD have agreed to transfer their parcels to 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.

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.

- There is a 35-foot hill on the north side of the site. A cost of \$13 million will be invested in excavating into the hill, building retaining walls, and developing a two level parking garage on the site. The project requires no surface parking for residential. The proposed development includes four levels of housing above a two level parking garage.
- This \$13 million parking garage equates to \$51,000 per residential unit for the 256 unit residential building – twice the cost of any other residential project in Arvada.
- There is an existing 6 foot storm sewer line that runs diagonally through the south side of the property. Building structures cannot be built on top of the line, making a good portion of the property unusable and the site difficult to build upon, which makes the property less valuable. It is estimated that it will cost up to \$1 million to relocate the storm sewer line. It hasn’t been determined whether the grade of the site will even allow for the relocation.

- Wadsworth Bypass is owned by CDOT, and they have a 100-150 foot right-of-way on the east side of both the north and south sites, further reducing the developable property.
- Due to these property constraints, the site's water detention has to be constructed under the residential building, which is extremely expensive.

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, Trammell 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 Trammell 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.

Estimated development financial impact:

	Total Estimated Sales Taxes <u>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	\$43,572,938

Estimated **indirect** residential financial impact:

The developer is constructing 256 residential units on the property. Spending by residents of the new project will benefit the community. Colorado residents spend 35% of their total earnings on retail expenditures, of which 54.2% of that is spent in Arvada.

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 of \$13.5 million to help offset the public improvements necessary to develop the land.

Private and Public Investment:

Trammell Crow	\$70,000,000	Development Costs
AURA - Land improvements	4,000,000	Offset public
AURA - Tax Rebate	13,500,000	Offset public improvements

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.

AURA Receipts:

Excess tax receipts to be used on additional public improvements	\$ 6,400,000
--	--------------

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.