City of Louisville
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Louisville Revitalization Commission

Monday, April 8, 2019
Louisville Public Library
Library Conference Room
951 Spruce Street (Northwest entrance)
7:30 AM

I. Call to Order
II. Roll Call
III. Approval of Agenda
IV. Approval of March 11, 2019 Meeting Minutes
V. Public Comments on Items Not on the Agenda (Limit to 3 Minutes)
VI. Reports of Commission
VII. Business Matters of Commission
   a. Urban Renewal "101" discussion
   b. Develop list of items to discuss with City Council (May 14, 2019 7:00 PM)
   c. Draft UR Assistance Criteria
   d. Initial Discussion Delo Lofts East / West application
   e. May 1, 2019 Open Government Training 6:30 PM in City Hall
VIII. Items for Next Regular Meeting May 13, 2019, 7:30 am Library Meeting Room
   a. xxxxxxx
IX. Commissioners' Comments
X. Adjourn

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Louisville Revitalization Commission

Minutes

Monday, March 11, 2019
Louisville Public Library
Library Conference Room
951 Spruce Street (NW entrance)

Call to Order – Chair Steve Fisher called the meeting to order at 7:30 am in the Louisville City Library at 951 Spruce Street, Louisville, CO.

Commissioners Present: Chair Steve Fisher
Alexis Adler
Hank Dalton
Alex Gorsevski
Rob Lathrop
Mayor Pro Tem Jeff Lipton

Staff Present: Heather Balser, City Manager
Aaron DeJong, Economic Development Director
Rob Zuccaro, Planning and Building Safety Director
Kathleen Kelly, Attorney to the City of Louisville
Dawn Burgess, Executive Assistant to the City Manager

Others Present: John Leary, Bill Cordell, Jim Tienken, Steve Erickson, Dave Sinkey, Erik Hartronft, Rick Woodruff, David Starnes, Justin McClure, Mike Kranzdorf

Approval of Agenda
Approved as presented

Approval of February 11, 2019 Minutes:
Approved as presented

Public Comments on Items Not on the Agenda
Rick Kron – President of Louisville DBA. The DBA met and came up with thoughts they would like LRC to consider.

1. Completion of trail connection

2. Public restrooms
3. Information kiosk
4. Create active children's' play area

Welcome to New LRC Commissioner – Alexis Adler
Chair Fisher welcomed Commissioner Adler

Reports of Commission
None

Business Matters of Commission

- **Resolution 19-01: A Resolution approving the Property Tax Increment** Rebate agreement with 712 Main LLC and 722 Main LLC, 2 -3 stories, 22,000 sf.

  Staff presentation
  DeJong presented main details of project. It is a redevelopment of 712 and 722 Main into an office and retail building of approximately 22,000 sf.

  This is the first application seeing direct financial assistance for a redevelopment.

  Staff analysis determined the project addresses the following:

  - Removing blight – Unusual topography or inadequate public improvements, danger to life or property from fire or other causes, faulty lot layout in relation to size, adequacy, accessibility or usefulness. The applicant also sited deteriorating structure and deterioration

  - Effect on property values – The project will significantly increase the value of the property through its redevelopment.

  - Advancement of urban renewal area

  - Need for financial assistance -

  DeJong provided examples of other TIF projects. Mayor Pro Tem Lipton asked for examples from cities the size of Louisville; 15,000 – 25,000 population

  Commissioner Adler asked for community impact as a result of the projects. DeJong pointed out that, as an example, Colorado National Bank was a vacant

building. Were there additional applications following these original applications? DeJong is unsure though thinks others in Louisville may seek this assistance if desired to assist projects similar to this one.

Applicant Dave Sinkey of Boulder Creek Neighborhoods spoke. He appreciates LRC's patience. He gave a brief history of Boulder Creek Neighborhoods. They have grown to 85 employees. 35 people are downtown every day with field operations people coming to meetings weekly. They own 4 buildings downtown and have a strong desire to be downtown and remain downtown. He feels they are good corporate partners. He acknowledges they bring people downtown who also park downtown. Believes growth should happen downtown.

Sinkey stated Boulder Creek Neighborhoods has grown significantly and desires to be in one building to continue its growth.

Boulder Creek is using retail space as office space. Believes Louisville would benefit from them growing downtown. Dynamics of connecting retail, restaurants and office space. In the previous design for the Terraces project, they designed with as few waivers as possible. They received mixed feedback from Council and did not got approved. They removed the 3rd story and parking garage from the design. Would like to move forward with this new design and hope to get approved by Council.

He noted that Lafayette is using TIF aggressively. Boulder Creek Neighborhoods is working in Lafayette. Impacts of this decision will be felt in both directions. There will be a desire to increase density to make costs work. There is a lot of pressure on construction costs. He addressed the question about community impact by saying they are grappling with whether they can stay downtown. They contribute to Street faire. He brings people from around the state to Louisville restaurants.

Commissioner Comments and Questions
Commissioner Lathrop asked if the intention if for the main floor to be retail? Sinkey said yes but they don't want to be restricted to retail on main floor.

Commissioner Lipton said the interesting component is retail as it adds sales tax. Sinkey said financing is more difficult when uses are limited beyond the zoning for the property. Space will be designed for retail on main floor and upper floor will be designed for office and this is Boulder Creek Neighborhood's preferred use.

Commissioner Gorsevski asked if Sinkey could give a retail example. Restaurant and other businesses that fit within zoning. The type of shop is important to generate sales tax. Sinkey said a recession could reset costs. However, their view is long term not just next couple of years.

Commissioner Adler asked if they have been approached by potential tenants. Sinkey said there is no visibility into timing for the development so they are not talking to brokers. Commissioner Dalton said development in Louisville is slow, long and expensive.

Public Comments

Mike Kranzdorf asked if it is their intention to stay downtown. Sinkey said the current building just accommodates them, but growth will be challenged. They have looked at buying other buildings to use during a transition. If this project is approved, they will reevaluate everything. Kranzdorf would hate to see Boulder Creek Neighborhoods leave downtown. Kranzdorf said he supports the project.

Rick Kron said the DBA supports this project and the effect it will have on eliminating blight downtown. He said the one thing we have seen demonstrated is people don't want big projects; this project's scale fits downtown. He said this is a 10 year deal; once the rebate is paid there is another 40 years of tax revenues. He urges the LRC to approve the project.

Erik Hartronft said he works with the City of Lafayette. There are a dozen projects going on using TIF. He said our neighbor is drawing our tenants and actively courting businesses to core area. Louisville is not competing very hard. This creates long term tax revenue.

Commissioner Dalton said subsidizing business is slippery. However that is not the environment we live in. We created this tool for exactly this. Inasmuch as we have the tools, he believes the LRC should send the agreement to the Council. He said the LRC needs to approve and send to Council. He encourages everyone to vote yes. Let Council decide.

Commissioner Lathrop said he feels responsible for getting this "cranked up." He said the LRC has always used money given for infrastructure. In January he was uncomfortable. He said he has been in business in Louisville for 30 years and what he is hearing is that we are on an unfavorable trend – economically and politically. The LRC needs to help send a message to the business

community that we are in partnership with them. This projects sends this message. We aren't giving Boulder Creek Neighborhoods $1.1 m, they are generating it for us. He agrees with Commissioner Dalton that Council needs to decide.

Mayor Pro Tem Lipton said to not enter using public funds to support private business lightly. This needs careful consideration. Instincts tell him that this needs process at Council level. LRC will have to partner and interact with council. He believes it is ill advised to send it for Council consideration without more conversations with Council. He recommends continuing the item. Policy guidance needs to be developed and the LRC needs to align with Council to achieve goals. He distributed Business Assistance Criteria. He does not feel comfortable moving this forward today. He believes the LRC should use the upcoming Study Session with Council and LRC to develop criteria.

Commissioner Gorsevski said similar to what Commissioner Lathrop said: help has always been infrastructure but the Sam's Club UR Area takes this tool into a new direction. He is open to the Terraces project. But he is also open to further discussions. He said the LRC wants to get this right. There needs to be follow-up.

Commissioner Dalton said business assistance was developed 13 years ago which is on a smaller scale for a project like this. The Business Assistance Program is similar in that the city shares with the business the revenues generated that the city wouldn't see without the business investment. This is an extension of policy already developed. If it unleashes more applicants, terrific. What is the issue with that? Policy alignment – Council needs to provide us with guidance. There is no unified direction on Council. Council cannot hide behind LRC being more cooperative with Council. Stimulate discussion by sending this to council. Council needs to provide direction.

Mayor Pro Tem Lipton said it is important to have the tool have independence from Council. He thinks the importance of having defined policy and constructive dialogue to reach alignment. His preference is to have conversations in advance.

City Manager Balser said the LRC does have its purpose per state statute. The duty given to LRC has process. If this moves forward it does not preclude other conversations. We have done some of this work.

Commissioner Adler agrees with most of what has been said. She thinks the LRC should hone criteria. She would like more comparative cases.

Chair Fisher supports this resolution.

Commissioner Dalton moved to approve the resolution. Commissioner Lathrop seconded.

Mayor Pro Tem Lipton wants two additional conditions:

1. Require the first floor be used as retail. If not, the rebate percentage decreases proportionately to the size of the building.
2. Add a require development to be built to the approved PUD.

Add section to resolution creating condition requiring 1.

Gorsevski seconded the amendment for discussion.

Mike Kranzdorf asked if a yoga studio would fit the first floor requirement. Mayor Pro Tem Lipton said no. Sales tax revenue instead of retail. Commissioner Adler asked if this condition would be an impediment. David Sinkey said conditions add confusion and uncertainty, making it more complex. Rick Woodruff of Boulder Creek Neighborhoods said restrictions make financing more difficult.

Commissioner Lathrop said if there are two retailers in there selling $200k, of goods, they generate $14500 in sales tax to city. Uncertainty – if we put a condition in, would like a guess-estimate.

Motion to approve the amendment. Lathrop requested the amendment restated.

Planning and Building Safety Director Rob Zuccaro said from an implementation standpoint we need to clarify what is sales tax generating.

Rick Kron asked if an art gallery is precluded from sales tax. City Attorney Kathleen Kelly will research and report back. Kron would not support the amendment.

Mayor Pro Tem Lipton said he does not want an easy path to have a two story office building.

Jim Tienken said the best of intentions to limit what uses on first floor is fraught with problems. Restriction may appear small but impact will be large. This can handcuff the financial viability of development. Time to vote on it. Restricting first floor use will hinder the project.

Action

Vote on Lipton's proposed amendment to the resolution:
Mayor Pro Tem Lipton – yes
Commissioner Gorsevski – yes
Commissioner Lathrop – no
Chair Fisher – no
Commissioner Adler – no
Commissioner Dalton - no

Amendment failed 4-2.

Vote on resolution:
Commissioner Lathrop – yes
Chair Fisher – yes
Commissioner Dalton – yes
Commissioner Gorsevski – yes
Commissioner Adler – abstained
Mayor Pro Tem Lipton – no

Resolution approving the TIF Rebate Agreement was approved 4-1 with one abstention.

- **<u>Outline for TIF 101 Discussion in April</u>**
  DeJong asked if there is anything missing from list of topics in the memo for discussion in April.

  Chair Fisher asked LRC to send an email to DeJong with items for discussion.

  Discussion Items for Monday, April 8, 2019
  Discuss Delo Lofts East / West application – requesting assistance for infrastructure

Review Budget and consider addition of line item for bond sinking fund/bond retirement

Urban Renewal document refresher discussion

Develop list of items to discuss with City Council (after the TIF 101 discussion)

Commissioners Comments:

Adjourn: The meeting adjourned at 9:12 am.

SUBJECT: **URBAN RENEWAL "101" DISCUSSION**

DATE: **APRIL 8, 2019**

PRESENTED BY: **AARON M. DEJONG, ECONOMIC DEVELOPMENT**

SUMMARY:
The Louisville Revitalization Commission (LRC) has requested a "TIF 101" topic for their April meeting.

BACKGROUND:
The following is a brief description of the various topics we will discuss at the meeting.

Urban Renewal Statute
Urban Renewal Authorities are governed under Colorado Urban Renewal Law (C.R.S. 31-25-101). The statute outlines the formation, powers, plan approval process, financing options, coordination with other governing bodies, and other topics related to Urban Renewal Authorities (which the LRC is the City's designated Urban Renewal Authority). The overarching purpose of the Urban Renewal law is to remediate and prevent the spread of slum and blighted areas within Colorado municipalities.

Determining Blight
A step in the Urban Renewal Area approval process is the determination whether blighting factors exist in the Area. A conditions survey is conducted to analyze the Area related to each of the 11 blighting factors outlined in the Urban Renewal Statute. Those blighting factors include:

(a) Slum, deteriorated, or deteriorating structures;

(b) Predominance of defective or inadequate street layout;

(c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

(d) Unsanitary or unsafe conditions;

(e) Deterioration of site or other improvements;

(f) Unusual topography or inadequate public improvements or utilities;

(g) Defective or unusual conditions of title rendering the title nonmarketable;

(h) The existence of conditions that endanger life or property by fire or other causes;

(i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;

(j) Environmental contamination of buildings or property;

(k) (Deleted by amendment, L. 2004, p. 1745, § 3, effective June 4, 2004.)

(k.5) 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; or

(l) If there is no objection by the property owner or owners and the tenant or tenants of such owner or owners, if any, to the inclusion of such property in an urban renewal area, "blighted area" also means an area that, in its present condition and use and, by reason of the presence of any one of the factors specified in paragraphs (a) to (k.5) of this subsection (2), substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare. For purposes of this paragraph (l), the fact that an owner of an interest in such property does not object to the inclusion of such property in the urban renewal area does not mean that the owner has waived any rights of such owner in connection with laws governing condemnation.

Determining whether blight factors exist within such an Urban Renewal Area is a legislative determination made by the City Council of the municipality. Once such determination is made, the blighting factors are determined to exist for all properties within the Urban Renewal Area.

Urban Renewal Plans

Within Louisville, there are two Urban Renewal Areas under the jurisdiction of the LRC. They are the Highway 42 Urban Renewal Area and the 550 S. McCaslin Urban Renewal Area.

The Highway 42 Revitalization Area was established in 2006 by the City Council by Resolution 37-2006. Nine (9) blight factors were determined present for the Highway 42 area. They are:

a) Slum, deteriorated, or deteriorating structures;
b) Predominance of defective or inadequate street layout;
c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
d) Unsanitary or unsafe conditions;
e) Deterioration of site or other improvements;
f) Unusual topography or inadequate public improvements or utilities;
h) The existence of conditions that endanger life or property by fire or other causes;
i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;
j) Environmental contamination of buildings or property;

k.5) The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical and underutilization of vacancy of sites, buildings, or other improvements.

The 550 S. McCaslin Urban Renewal Area was established in 2015 by the City Council by Resolution 58-2015. Four (4) blight factors were determined present for the 55 S. McCaslin area. They are:

a) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
b) Deterioration of site or other improvements;
c) Defective or unusual conditions of title rendering the title nonmarketable;
d) 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.

Urban Renewal Plans are documents that lay out the qualifying conditions, objectives, implementation, and financing tools for the LRC to implement.

City/LRC Cooperation Agreement

When the City approved the initial Urban Renewal Plan for the Highway 42 Area the City also approved a Cooperation Agreement between the City and the LRC, which Agreement was amended and restated in 2015. Highlights of the Amended and Restated Cooperation Agreement include:

- The City provides administrative and legal support services to the LRC in connection with its operations.
- The LRC's budget must be submitted to the City Council for review and approval prior to LRC adoption each year.
- Any LRC expenditure not included in its annual budget must be reviewed and approved by the City Council.
- Prior to issuing bonds (or any other capital financial obligation or financial obligation extending beyond the end of the current fiscal year) must be approved by resolution adopted by a majority of the City Council finding the City's interests in connection with such bonds or other obligations are adequately protected.
- As provided in the Urban Renewal Plan, the City Council must approve allocation of any municipal sales tax increment.
- Also as provided in the Urban Renewal Plan, the City Council must approve by resolution any redevelopment agreement or other contract with developers or property owners.

Tri-Party Agreement with the City, LRC, and Boulder County

When the Highway 42 Urban Renewal Plan was approved, a Tri-Party Agreement among the City, LRC, and Boulder County was executed to commit a portion of the TIF revenues back to the County during the life of the TIF collection period (25 years). The original agreement committed to the LRC paying to the County 14.3% of annual TIF revenues starting January 1, 2015, not to exceed $6,150,000 in total payments to the

County. There is a renegotiation clause in the agreement that states if the County does not enter into a similar agreement with another Boulder County municipality within the first 7 years of the Plan, the County reimbursement percentage changes to 7.15% of TIF revenues and maximum payment is $3,075,000.

Property Tax Increment Financing

Tax Increment Financing (TIF) is a unique mechanism that enables an urban renewal authority or board to use the net new tax revenues generated by projects within a designated urban renewal area to help finance future improvements. TIF is new source of tax revenue, not an additional tax, which would not be available but for the increased property value that is largely attributable to the new investment. When a redevelopment project is being planned, the urban renewal authority or board analyzes how much additional property and/or sales taxes may be generated once it is completed. That "tax increment" then can be used by the urban renewal entity either to finance the issuance of bonds or to reimburse developers for a portion of their project costs. In either case, the new tax revenue that is created must be used for improvements that have a public benefit and that support the redevelopment effort by eliminating blight, such as site clearance, streets, utilities, parks, the removal of hazardous materials or conditions, or site acquisition. (Source: Denver Urban Renewal Authority)

Property tax increment financing has been implemented for the Highway 42 Area, but not for the 550 S. McCaslin area.

Sales Tax Increment Financing

Urban Renewal Law also allows for Authorities to collect the increase of sales taxes generated within an Area above the base amount established when the area was established. Similar to property tax increment, sales tax increment funds can go towards projects that meet the requirement of the Urban Renewal Plan.

Sales tax increment financing is not available in either urban renewal area in Louisville.

Eminent Domain

Another power Authorities may use is the ability to acquire private property through eminent domain if the Authority (and in Louisville, also the City Council) finds it is necessary for the "public good" and usually as a last resort. Most municipalities are extremely reluctant to use their eminent domain powers for many reasons, not the least of which is the lengthy acquisition and negotiation process.

LRC Financial Assistance

In 2013, the LRC established an application for assistance for property owners to request the LRC's help in completing a project. The application envisions two ways in which the LRC can assist a development:

- Infrastructure Projects

Assistance is generally provided to projects for public infrastructure improvements needed to facilitate the revitalization of property within the Urban Renewal Area. Typical public infrastructure investments may include but are not limited to unifying streetscape elements, improving access and circulation, improving streets and parks, providing for railroad corridor improvements and grade separation, providing for parking, completing utilities. The infrastructure can be either public infrastructure or infrastructure that is privately owned, but needed to enhance the public benefit of the project.

The LRC has completed three major infrastructure investments to date. They include the South Street Pedestrian Gateway, the Delo area public infrastructure, and the Alfalfa's/Centre Court apartments sidewalk and on-site detention project. The LRC utilizes an Urban Renewal Assistance Application for property owners to request assistance for their project.

- Direct Financial Assistance

LRC assistance can also come in the form of direct financial assistance to achieve financial feasibility for the project. If a project requests direct financial assistance, additional information is required of the applicant to determine whether the project needs it. Project seeking direct financial assistance uses the same application as for public infrastructure, except for the added requirement to provide financial information showing the project will not occur but for the assistance.

Several Colorado municipalities have provided direct assistance to private developments. Through conversations with colleagues running other authorities or doing research on websites, the following is a list of such projects spurred by TIF assistance directly:

- Colorado National Bank in Denver – Restoration and redevelopment of the historic building into a luxury hotel. $10,000,000 TIF reimbursement assistance to the project.
- 2460 Welton development in Denver – redevelopment of a vacant lot into a residential and retail mixed use building. $1,350,000 in developer reimbursement through property tax TIF.
- Marriott in Colorado Springs - $15,000,000 TIF bond to construct a parking structure for a new Marriott property.
- Cannon Mine Café and The Post in Lafayette – tenant improvement assistance through existing TIF revenues
- Hilton Garden Inn in Arvada - $3,200,000 in land contribution and lodging tax revenues
- Arvada Ridge Marketplace – $6,670,000 Sales and Property Tax Pledge to encourage the redevelopment

The decision to approve a TIF agreement for a project is not a part of the Planned Unit Development (PUD) process. The PUD process relates to whether the project meets

the regulatory requirements (e.g. zoning, design, layout) within the City's codes and ordinances. The discussion of approving financial assistance through Urban Renewal is legislative and independent of the PUD process. An assistance agreement can be considered at any time during the PUD approval process, if the project needs a PUD approval. To date, all approved assistance agreements were considered either concurrent or after a project's development/PUD process.

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Urban Renewal in Louisville

Louisville Revitalization Commission
April 8, 2019

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- Urban Renewal Law
  - Purpose
  - Formation
  - Powers
  - Tax Increment Financing

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- Determining Blight
  - Conditions Survey
  - Blighting Factors
    - **(a)** Slum, deteriorated, or deteriorating structures;
    - **(b)** Predominance of defective or inadequate street layout;
    - **(c)** Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
    - **(d)** Unsanitary or unsafe conditions;
    - **(e)** Deterioration of site or other improvements;
    - **(f)** Unusual topography or inadequate public improvements or utilities;
    - **(g)** Defective or unusual conditions of title rendering the title nonmarketable;

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- **(h)** The existence of conditions that endanger life or property by fire or other causes;
- **(i)** Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;
- **(j)** Environmental contamination of buildings or property;
- **(k.5)** 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; or

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- Highway 42 Urban Renewal Plan
  - Blight Factors
  - Purpose
  - Objectives
  - Implementation
  - Property Tax TIF
  - Eminent Domain through Urban Renewal
    - Super majority

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- City/LRC Cooperation Agreement
  - Support Services
  - Approval of LRC Budget
  - Approving Agreements, Bonds, other financial commitments
  - LRC and City Council as separate

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- Agreement with County
  - Shareback of TIF revenues
    - Originally 14.3% of revenue starting in 2015
    - Reduces to 7.15% as no other municipality did a similar agreement

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- Urban Renewal Tools
  - Tax Increment Financing
    - Property Tax
    - Sales Tax
      - (requires additional authorization by City Council)
    - Facilitating Projects
      - Infrastructure
      - Direct Financial Assistance
      - Other methods

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REVITALIZATION COMMISSION

SUBJECT: **DISCUSSION WITH CITY COUNCIL MAY 14, 2019**

DATE: **APRIL 8, 2019**

PRESENTED BY: **AARON M. DEJONG, ECONOMIC DEVELOPMENT**

SUMMARY:
The Louisville Revitalization Commission (LRC) is scheduled to have a discussion with the City Council at a Special Meeting on May 14, 2019 at 7:00 pm. Staff would like input from the LRC as to what topics you would like to discuss with the City Council at the meeting. Some ideas could include:

- Work in 2018 and 2019
- Status of Delo TIF Bonds
- TIF Projection Sheet
- Criteria for LRC Assistance (discussion topic later in the agenda)
- Areas of collaboration
- Future budget items of interest
- Other topics?

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REVITALIZATION COMMISSION

SUBJECT: **CRITERIA FOR CONSIDERING DIRECT FINANCIAL ASSISTANCE APPLICATIONS**

DATE: **APRIL 8, 2019**

PRESENTED BY: **AARON M. DEJONG, ECONOMIC DEVELOPMENT**

SUMMARY:
At the March 19, 2019 City Council meeting when they considered the TIF Rebate Agreement for Terraces on Main, City Council was interested in developing a set of criteria for the LRC to use when considering applications for direct financial assistance to projects through a TIF rebate agreement structure.

Staff, with assistance from Commissioner Lipton, prepared the attached initial draft of review criteria for TIF rebate agreements. The LRC can use this draft as an initial discussion and provide input into changes or additional items to consider in the document.

ATTACHMENTS:
1) April 4, 2019 Draft LRC Criteria

DRAFT Version 04/04/2019

LOUISVILLE REVITALIZATION COMMISSION Property Tax Increment Financing Rebate Assistance Policy

Implementation Date: _____

Introduction:
The Louisville Revitalization Commission ("LRC") is the Urban Renewal Authority for the City of Louisville, Colorado ("City"). The LRC's mission includes implementing the Highway 42 Revitalization Area Urban Renewal Plan ("Plan") which was adopted by the City of Louisville in December 2006.

The purpose of the Plan is to reduce, eliminate and prevent the spread of blight within the Urban Renewal Area ("URA") and to stimulate growth and reinvestment within the Area boundaries, on surrounding blocks and throughout the Louisville downtown business district.

Policy on Use of Property Tax Increment Rebates:
It is the principal goal of the urban renewal effort to afford maximum opportunity, consistent with the sound needs of the City as a whole, to redevelop and rehabilitate the Area by private enterprise.

However, in unique situations, and on a case-by-case basis, in the sole and absolute discretion of the LRC and the City, certain forms of financial and other economic assistance may be awarded to a private property owner to undertake projects to redevelop or rehabilitate properties contained in the Area. Projects that are awarded support must demonstrate that they would provide exceptional and unique public benefits to qualify and would not be reasonably expected to be feasible without City financial or other economic support.

Property Tax Increment Rebates for Private Development:
It is the policy of the LRC and the City that consideration may be given to requests for financial assistance by the use of property tax increment rebates to private property owners within the LRC authority to collect incremental property taxes from taxable new construction in the Area and to provide assistance to projects meeting the goals and objectives in the Highway 42 Urban Renewal Plan and which are also deemed to be in the best interests of the City.

To be considered for assistance, proposed projects must support the overall goals of the City and the Plan which specifically include promoting an environment which allows for a range of uses and product types which can respond to market conditions over time

along with furthering the goals and objectives of the Louisville Comprehensive Pan; Highway 42 Framework Plan and other relevant policies, while leveraging the community's investment in public improvement projects in the Area.

In addition, proposed projects must address at least several of the objectives outlined in the Plan. Those objectives include:

A. Eliminate and prevent blight
B. Improve relationship between the URA and surrounding areas
C. Increase property values
D. Provide uses supportive of and complementary to planned improvements
E. Encourage a mix of uses and/or mixed-use projects
F. Promote a variety of products to address multiple income segments
G. Provide ease of vehicular and pedestrian circulation and improve connections
H. Encourage continued presence of businesses consistent with the plan vision
I. Provide a range of financing mechanisms for private property re-investment and investment
J. Mitigate impacts from future transportation improvements
K. Encourage public-private partnerships to implement the plan
L. Adjust parking ratios to reflect future densities
M. Encourage shared parking among projects in the area
N. Develop higher design standards including flexible lighting and signage standards
O. Landscape streetscapes to unify uses and plan components.

As specifically related to the use of property tax increment financing, a proposed project must clearly demonstrate that the project will provide the clear and present potential to generate substantial increases to the property tax values directly attributable to the project which could support the sharing of the incremental property tax increments between the property owners and the LRC.

Criteria for Evaluation

After a property owner submits an application for property tax increment rebate assistance, the project will be evaluated on criteria that include, but are not limited to:

1. The ability to stimulate growth and reinvestment in the URA
2. The elimination or prevention of blight in the URA
3. The magnitude of positive effect caused by the project
4. The need for public assistance to complete the project
5. The economic benefits to the community from the project
6. The effect of the project on surrounding property
7. The increase in property value created from the project

In addition to the criteria listed above, the LRC will give special consideration to projects that will also provide potential sales and other forms of tax revenue increases to the City

DRAFT

and/or other significant community benefits, which might include but would not be limited to providing outdoor and indoor public spaces, public art, affordable housing, transportation infrastructure improvements, (add additional community benefits possibilities).

The LRC and the City will not typically award a property tax increment rebate towards any particular project that exceeds 50% of the tax increment for period longer than five (5) years from the first collection of the incremental property taxes attributable to the project. However, for projects that provide extraordinary community benefits and that will generate substantial additional sales and other taxes for the City, the LRC and the City may consider awarding up to a 90% property tax increment rebate for a period of up to ten (10) years.

A property tax increment award shall automatically expire if the property is sold or transferred by the applicant to a non-related entity.

Applicants for tax increment property tax rebates or other financial assistance must first obtain the City's required land-use approvals for the project prior to receiving approval by the LRC and the by the City for the financial assistance.

Applicants must submit all pertinent project financial information related to the project and the developer organization, including estimated development costs and a financing and operating plan. All financial information will be subject to a City-appointed third-party review by a qualified appraiser and/or real estate consultant.

All information submitted to the LRC or to the City is subject to public disclosure consistent with the requirements of the Colorado Open Records Act, the City of Louisville Charter, and related City, policies and ordinances.

The application for property tax increment rebate assistance may be found on the City's website at the following address:

http://www.louisvilleco.gov/home/showdocument?id=22682

Contact Information

For additional information on Louisville's Urban Renewal assistance options, please contact Aaron DeJong at 303.335.4531 or aarond@louisvilleco.gov.

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LOUISVILLE REVITALIZATION COMMISSION

SUBJECT: **DELO LOFTS WEST/EAST PUBLIC INFRASTRUCTURE APPLICATION FOR ASSISTANCE**

DATE: **APRIL 8, 2019**

PRESENTED BY: **AARON M. DEJONG**

SUMMARY:
Foundry Builders, Inc. has submitted an application for assistance from the Louisville Revitalization Commission for public infrastructure improvements to facilitate the Delo Lofts West project and a future Delo Lofts East project. This memorandum analyzes the project with the existing review structure, estimates the potential TIF revenues, discusses the relationship to existing financial commitments, and provides discussion topics for the LRC to consider.

Staff requests an initial LRC discussion about the project whether to advance the project for further discussion and review.

BACKGROUND:
Foundry Builders is working on a redevelopment of two properties within the Highway 42 Core Area boundary, Delo Lofts West and Delo Lofts East.

Delo Lofts West is a 1.85 acre project directly to the east of Cannon Street and south of Griffith Street. A Planned Unit Development (PUD) was approved by City Council on December 6, 2016 and consists of 33 apartments and 8 live-work housing units.

Delo Lofts East is a proposed redevelopment of a 2.4 acre parcel directly adjacent to Highway 42 between the Old Style Sausage and Louisville Tire Center parcels. Proposed used include a 45 room boutique hotel and 11,500 sf of retail/restaurant space and 115 parking stalls adjacent to Highway 42. The project has not submitted plans to the City of Louisville for PUD review.

Foundry Builders is requesting $1,225,500 in public infrastructure assistance by way of an increased allotment of the Core Area TIF bonds with the same terms as the original bonding (7% interest rate).

DISCUSSION:
The LRC with previous applications have reviewed projects based on it furthering the following three goals:

- Removing Blight Factors
- Effect on Property Values
- Advancement of the Urban Renewal Area

Below is an analysis of each goal.

Removing Blight Factors

The 2005 Louisville Highway 42 Revitalization Area Conditions survey identified properties that contributed to the blight conditions which were present in the area. Those blight conditions are as follows:

a. Deteriorating Structures
b. Faulty Street Layout
c. Faulty Lots
d. Unsanitary/unsafe Conditions
e. Deteriorating Site or other improvements
f. Unusual Topography or Inadequate Public Improvements
h. Danger to Life or Property from Fire or Other Causes
k.5 High Service Requirements or Site Underutilization

The 2006 Conditions Survey found several blight conditions upon the property. The factors include:

b. Faulty Street Layout
c. Faulty Lots
f. Unusual Topography or Inadequate Public Improvements
h. Danger to Life or Property from Fire or Other Causes

Staff believes the approved and proposed redevelopments eliminate the blighting conditions which were noted for the properties. Foundry Builder's application goes into detail on their reasons the projects address the blighting factors.

Effect of Project on Property Values

The projects when completed will have significant positive impact to its property value.

The following are the assumptions of valuing the property after the Delo Lofts West (residential) project is completed:

	Value per unit	Total Value
Per unit value of apartments:	$325,000	$10,725,000
Per square foot value of commercial:	$800,000	$ 6,400,000
		$17,125,000

The following are the assumptions of valuing the property after the Delo Lofts East (hotel and retail) project is completed:

	Value per sf/unit	Total Value
Per unit value of Retail:	$200	$ 2,300,000
Per hotel unit:	$350,000	$15,750,000
		$18,050,000

Staff Estimated Total Value if both projects are constructed = $35,175,000

The total annual TIF generated from Delo Lofts West at full buildout would be $94,000 per year in 2021. The total annual TIF generated from Delo Lofts East at full buildout would be $83,000 per year in 2023. Attached is staff's estimate of TIF revenue for each project. The applicant's TIF estimate is different from staff's estimate. Actual valuations, after construction, could be very different than either estimate anticipates.

After accounting for the Intergovernmental Agreements that obligate portions of the future TIF revenue of the LRC, both the West and East redevelopments are estimated to generate $161,000 per year in unobligated revenues in budget year 2023.

Advancement of the Urban Renewal Area

These projects are the following phases for the Delo redevelopment project and will complete a majority of the improvements along the new Cannon Street right of way. The new retail and hotel businesses to occupy the Delo Lofts East site will generate new sales tax revenue for the City.

Staff believes this project meets the three review criteria to be considered for assistance.

Analysis of Infrastructure Costs

Foundry Builders provided budgetary figures for the improvements to the area infrastructure needed for both projects. The cost breakdown by category are as follows:

	DeLo West	DeLo East	Total
GENERAL	$ 62,322.23	$ 45,000.00	$ 107,322.23
CONTRACTOR SUPPLIED SERVICES	$ 5,920.00	$ 6,000.00	$ 11,920.00
EROSION CONTROL	$ 20,175.00	$ 15,000.00	$ 35,175.00
EARTHWORK/REMOVALS	$ 153,921.39	$ 150,000.00	$ 303,921.39
WET UTILITIES	$ 140,081.70	$ 175,000.00	$ 315,081.70
SITE CONCRETE	$ 141,760.14	$ 21,000.00	$ 162,760.14
ASPHALT PAVING	$ 31,346.40	$ 40,000.00	$ 71,346.40
LANDSCAPING	$ 84,226.10	$ 35,000.00	$ 119,226.10
ELECTRICAL	$ 20,400.00	$ 20,000.00	$ 40,400.00
SUBTOTAL:	**$ 660,152.96**	**$ 507,000.00**	**$ 1,167,152.96**
CONTINGENCY 5%:	$ 33,007.65	$ 25,350.00	$ 58,357.65
TOTAL:	**$ 693,160.60**	**$ 532,350.00**	**$ 1,225,510.60**

The developer has not provided detailed descriptions of the specific infrastructure desired, so staff will still need to analyze the request whether the infrastructure only services this property or if the improvements are more regional infrastructure benefitting more than just the proposed developments.

Relation to the Core Area Bonds

The Core Area TIF bonds issued in 2014 have these properties as part of the subarea for repayment purposes. The TIF generated by these properties are already committed as the revenue source to pay down the bonds. Should the LRC want to provide the requested assistance, changes may be needed to the bond documents to remove these projects from the subarea.

Initial discussion topics for the LRC

For an initial discussion, staff has the following questions for the LRC to consider.

1) Should the Delo Lofts West / East projects be considered for assistance?

2) Should the West and East projects be treated separately or together, given each are on differing approval and development timelines?

3) Should the TIF assistance come upfront as requested, or through a rebate structure over time?

RECOMMENDATION:

Staff is requesting an initial LRC discussion to provide input into further information desired to fully evaluate the request.

ATTACHMENT(S):

1. Delo Lofts Application for Assistance
2. Staff TIF Analysis

Louisville Revitalization Commission

Application for Assistance

Parties interested in assistance from the Louisville Revitalization Commission must provide the following information to be considered.

Project Name: DeLo East (Apartments, Live-Work) an DeLo West (proposed Boutique Hotel and Retail)

Applicant Name: Foundry Builders, Inc.

Main Contact: Justin McClure

Address: 1209 Pearl Street, Suite 14, Boulder CO 80302

Phone: 303-475-2106 Email: justin@foundrybuilders.com

Project Location: Downtown East Louisville (DeLo) – bounded by Cannon Street to the west, Griffith Street to the north, SH 42 (Courtesy Road) to the east, and Lafayette Street to the south

Name, Address & Phone of Property Owner of Project Location (if different than Applicant): N/A

Summary of Project: DeLo East and West are located within the Core Project Area of the Highway 42 Revitalization Area Framework Plan as adopted by the City of Louisville. The project consists of public infrastructure improvements associated with the redevelopment of vacant and industrial property to effectuate the final phase of the DeLo community which includes: DeLo East - 33 apartment units (3-story building) and 8 live-work units; and DeLo West - a proposed 45-room boutique hotel and 11,560 square feet of retail / restaurant space along Highway 42. The proposed development and associated infrastructure improvements will remove blighting conditions within the Core Project Area, provide needed housing, retail and lodging supply to the market, and improve connectivity and infrastructure improvements within the DeLo community and Core Project Area that will compliment the existing integrity of downtown Louisville.

Estimated Total Cost of Project: The preliminary estimated cost of requested public improvement assistance is estimated at $1,225,500. This represents approximately 4% of the total development cost of $30 million cost to complete DeLo East and West.

Summary of Request for Assistance: Foundry Builders is requesting $1,225,500 in TIF project funds generated from real property tax increment from project redevelopment for eligible public infrastructure improvements associated with the development of the DeLo West and East properties. Foundry Builders would entertain the purchase of privately placed TIF bonds in an amount of around $2,000,000 (based on 7% interest rate) that matches the actual and final costs of eligible public improvements as determined by the City and the LRC.

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Additional Items to be submitted as Attachments:

1) Detailed description of the Project with supporting visuals (i.e. plans, designs).
2) Applicant's experience with similar projects, if applicable.
3) Detailed description of the request for assistance from the Urban Renewal Authority.
4) Description of the community benefits resulting from the Project, including the blight conditions the project will address (complete Attachment C with description).
5) Discussion of how the project improves the project property and neighboring properties.
6) Financials for the project. Applicant must provide a 10–year proforma for the project, a Sources and Uses Budget for the entire project, and assumptions for retail sales and assessed value of the Project for residential and commercial uses by year. (not required if requested assistance is only for public infrastructure)
7) Timeframe of implementation of the Project
8) Discussion of Project risks.

Applicant Signature:_____

Name: ____Justin McClure_____

Date: _____

*Submitted applications and attachments are public documents and the information provided will be provided to and used by public entities to evaluate and describe the project.

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Attachment C
Blight Conditions

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Louisville Revitalization Commission

Blight Conditions Description for Project

Project Name: DeLo West and East

Please provide a short description of how the project addresses the following blight conditions identified in the Urban Renewal Area.

a) Slum, deteriorated, or deteriorating structures;	Some of the existing industrial buildings within the project site, particularly along Cannon Street, were observed to have some level of physical deterioration, including but not limited to poorly maintained exterior finishes, and fascia and window, roof and wall deterioration.
b) Predominance of defective or inadequate street layout;	While DeLo has improved the overall street layout within the Core Project Area; however, defective and inadequate street layouts still remain for the DeLo West and East properties. For example, the most pervasive street conditions found in the project site were related to substandard vehicular access posed by insufficient or non-existent driveway definitions or curb cuts, particularly along Cannon Street, and lack of paved streets within the project site and east-west crossing opportunities. In addition, the parcels fronting Highway 42 suffer from inadequate street layout due to access problems arising from the lack of deceleration lane frontage which presents a safety risk.
c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;	Faulty lot layout in relation to size, adequacy, accessibility and usefulness still remain within the project site and Core Project Area. This includes the presence of lots that are smaller than one-half acre in size which impact the range of redevelopment options available to those lots. Poor access, a condition related to poor lot layout, as discussed above is also present and indicative of faulty lot layout.
d) Unsanitary or unsafe conditions;	DeLo West and East has several locations within the project site exhibiting unsanitary or unsafe conditions. This includes poorly lit or unlit areas, unscreened trash or mechanical equipment, and abandoned vehicles associated with the older industrial businesses.
e) Deterioration of site or other improvements;	The project site continues to exhibit a variety of blight conditions related to the deterioration of the site. This includes the presence of parking and driving surface deterioration (lack of pavement), a lack of landscaping, trash/debris/weeds, the presence of large dirt piles and overall general neglect associated with older industrial and vacant properties.

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f) Unusual topography or inadequate public improvements or utilities;	The project site area has the presence of inadequate public improvements due to street pavement deterioration and lack of paved streets interior to the properties, a lack of sidewalks, an absence of overhead street lighting, curb & gutter and overhead utilities which is an impediment to redevelopment at the site.
g) Defective or unusual conditions of title rendering the title nonmarketable;	NA
h) The existence of conditions that endanger life or property by fire or other causes;	Danger to life or property from fire is said, to exist in commercial and multi-family residential structures that lack sprinkler systems. Given the age and condition of the existing older industrial buildings within the project site they are assumed to lack sprinkler systems for fire safety, and are assumed to present a danger to life or property from fire as per the state statute.
i) Buildings that are unsafe or unhealthy for persons to live or work	Selected buildings within the subject site appear to be in various states of disrepair, based on their exterior appearance, which can be considered unhealthy or unsafe due to design or construction per the state statute.
j) Environmental contamination of buildings or property;	A Phase 1 ESA identified potential additional inspections for asbestos or lead-based paint may be required prior to demolition of the structures on the site. In addition, the site was previously occupied by Explosive Fabricators which conducted metal fabrication using explosives. A 40-diameter, 15-foot deep concrete vault filled with water was used in fabrication of metal. Any environmental contaminations found in additional testing will be treated and eliminated as part of the proposed redevelopment.
k.5) The existence of health, safety, or welfare factors requiring high levels of services	The project site area includes property that is characterized as physically underutilized which is considered as an indication of this blighting condition. This includes the presence of vacant lots and underutilized improvements (for which the value of its improvement is disproportionately small in relation to the land value).

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LRC Application Attachments

1) Detailed description of the Project with supporting visuals (i.e. plans, designs).

The DeLo West and East project sites represent the final phase of the DeLo community which, to date, has transformed a former industrial site into a $60 million, mixed use neighborhood that includes 130 apartment homes, 30,000 square feet of Class A office and retail/restaurant space, 60 townhomes, a community plaza and park area, new public parking, and a pedestrian gateway that links the community to Historic Downtown Louisville.

DeLo West

The DeLo West site has received site plan (PUD) approval from the City of Louisville and includes the following:

- 33 apartment homes
- 8 live-work units

The DeLo West project site comprises 2.39 acres bordered by Cannon Street to the west, the Boom LLC (DeLo East) property to the east, Griffith Street to the north, and Louisville Store & Lock to the south. The live-work units would be in two buildings on the northern portion of the site (Buildings A and B), with each unit on its own lot. Building A would face Griffith Street with a landscaped plaza separating the building from the street. Building B would face Cannon Street. The apartment units would be similar to the other four constructed DeLo Apartment buildings would be in one building (Building C), also facing Cannon Street on the south portion of the property, separated from Building B by a landscape area. Estimated total density at the site of the 41 total residential units is approximately 17 dwelling units per acre.

The residential design of DeLo West includes horizontal articulation and variation in materials, a well-defined entrance, significant glazing, and operable windows and doors on the ground level. The ground floor is distinctive from the upper floors, utilizing different materials and larger windows which contributes to a high-quality pedestrian environment along Cannon Street.

The ground floor residential use lends economic stability to the surrounding established DeLo and adjacent neighborhood area in that the future residents will likely become patrons of the restaurants and retail businesses found in Downtown Louisville. DeLo West and East is within walking distance of downtown via the planned adjacent South Street Gateway.

There are two vehicular accesses off of Cannon Street proposed for the DeLo West site – one at the south end of the project and one towards the north end, between Buildings A and B. The accesses would be connected by and interior drive aisle that would serve the off-street parking.

Parking would be provided primarily in covered spaces along the east side of the project. The live/work units also include garages accessed from the interior drive along with driveways / aprons that could be used for tandem parking. Covered parking carports along the east property line are proposed and would be approximately 11 feet tall and made of the same materials as the main residential structures. There is proposed to be a total of 108 parking spaces per PUD approval of the project including 14 on-street spaces on Cannon Street in the provided commercial parking. The project includes 10 bicycle parking spaces.

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DeLo West Buildings A and B (Live-Work) would three stories and 39 feet tall. Both Buildings A and B would use a mix of cement lap siding, brick, and metal panel siding. The first two floors would incorporate significant glazing and balconies would be provided on the second and third floors. The unit entrances would be recessed, providing horizontal articulation and the third floor would be stepped back, providing vertical articulation and reducing the perceived height of the buildings. All four sides of the buildings would use a similar level of materials and detailing.

Building C (Apartments) would be three stories and just under 45 feet tall. Building C would use a mix of cement lap siding, brick, and Corten or weathering steel. Ground floor units would have entrances and patios accessible from the street and upper floor units would have balconies. Horizontal and vertical articulation and variation in materials would provide visual interest and help create a pleasant pedestrian environment. The building design is similar to the four other apartment buildings for Delo Phase 2.

In terms of site plan, Foundry is proposing a 12' sidewalk in front of Building C, which would include planters, street trees, and benches. In front of Buildings A and B, the sidewalk would transition to five feet wide with an eight foot tree lawn featuring planters and street trees between the sidewalk and the street. The sidewalk would be on private property with a public access easement.

<u>DeLo East</u>

The DeLo East project site comprises 1.85 acres bordered by DeLo West site to the west, State Highway 42 to the east, Louisville Tire and Auto Care to the north, and Louisville Store & Lock to the south.

The DeLo East project site is in preliminary planning and conceptual stages and is anticipated to include:

- 45-room boutique hotel
- 11,560 square feet of ground floor retail / restaurant space

Foundry Builders is partnering with the DeLo East site's property owner through an executed Joint Development Agreement to effectuate this redevelopment.

The hotel/retail building would be a mixed use with approximately 11,560 square feet of ground floor retail / restaurant space and 45-room boutique hotel above. There would be approximately 145 parking spaces provided consistent with City requirements.

The Delo West and East development is proposed to follow intent of the City's Mixed Use Development Design Standards and Guidelines (MUDDSG) and the design themes of the original Delo development. Pedestrian walkways are proposed for all sides of buildings, providing access from both parking lots and streets to building entrances. Landscaping around the buildings, along the streets, and in the parking lot is appropriate for the development and the area. Parking areas are provided behind buildings in compliance with the MUDDSG.

See attached visuals and conceptual designs of the proposed building improvements and site design.

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2) Applicant's experience with similar projects, if applicable.

Foundry Builders is the developer of DeLo (Downtown East Louisville) and this project represents the final phase of the DeLo neighborhood. Foundry's experience includes development of DeLo Apartments (130 apartment units), DeLo Station, a 30,000 square foot Class A office building with ground floor commercial/retail space, and associated infrastructure improvements installed throughout the DeLo community. These infrastructure improvements, funded in part through approximately $4 million in TIF bonds, included, but are not limited to, new and enhanced roadway improvements (e.g. Cannon Street, Lafayette Street, South Street, Short Street), new curb and gutter, street lighting, new sidewalks and pedestrian connections, public plaza (Caledonia Plaza), greenway (Nawatny Greenway), public and private parking, and new water, sanitary sewer and storm sewer service connections.

Foundry Builders management team also designed and oversaw the construction of the very successful 70-acre Steel Ranch development just north of the Urban Renewal District off of Highway 42. This included the use of public financing for funding public improvements, such as streets, parks, and utilities, by a bond issue from the Takoda Metropolitan District.

3) Detailed description of the request for assistance from the Urban Renewal Authority.

Foundry Builders is requesting LRC assistance in the amount of approximately $1,225,510 to be used for eligible public infrastructure improvements required to complete the DeLo West and East development within the Core Project Area. These public infrastructure costs include, but are not limited to the following: required water, sanitary and storm sewer service lines, curb and gutter, roadway improvements, sidewalks and pedestrian connections, landscaping and other eligible infrastructure costs.

See table below for breakdown between DeLo West and East project site costs.

DeLo West and East
Estimated URA Public Improvements
******Preliminary and Subject to Change******

	DeLo West	DeLo East	Total
GENERAL	$ 62,322.23	$ 45,000.00	$ 107,322.23
CONTRACTOR SUPPLIED SERVICES	$ 5,920.00	$ 6,000.00	$ 11,920.00
EROSION CONTROL	$ 20,175.00	$ 15,000.00	$ 35,175.00
EARTHWORK/REMOVALS	$ 153,921.39	$ 150,000.00	$ 303,921.39
WET UTILITIES	$ 140,081.70	$ 175,000.00	$ 315,081.70
SITE CONCRETE	$ 141,760.14	$ 21,000.00	$ 162,760.14
ASPHALT PAVING	$ 31,346.40	$ 40,000.00	$ 71,346.40
LANDSCAPING	$ 84,226.10	$ 35,000.00	$ 119,226.10
ELECTRICAL	$ 20,400.00	$ 20,000.00	$ 40,400.00
SUBTOTAL:	**$ 660,152.96**	**$ 507,000.00**	**$ 1,167,152.96**
CONTINGENCY 5%:	$ 33,007.65	$ 25,350.00	$ 58,357.65
TOTAL:	**$ 693,160.60**	**$ 532,350.00**	**$ 1,225,510.60**

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Specifically, Foundry Builders is requesting that the URA use TIF revenues generated by the project redevelopment to finance the eligible public improvements. Foundry Builders is proposing to purchase a privately placed bond. Our preliminary TIF analysis projects that the DeLo West and East development projects will generate approximately $2.8 million in property tax increment over the remaining Highway 42 Urban Renewal District TIF period. Based on a request of approximately $1.28 million in project fund proceeds for eligible public infrastructure improvements the total Principal and Interest payments total approximately $2 million providing an estimated $776,000 in "surplus" TIF funds available to the LRC and City.

See preliminary summary of TIF generated and Sources and Uses of bond funds:

DELO WEST & EAST
URA TIF BOND SUMMARY
Preliminary and Subject to Change

Total Projected Tax Increment Generated	URA
DeLo West Property TIF	$818,355
DeLo East Property TIF	$1,998,367
Total Funds Available for Bond Repayment	$2,816,722

Sources of Funds	URA
Principal Amount of Bond Issue	$1,350,000
Total Sources	$1,350,000

Bond Summary	URA
Total P&I	$2,040,449
Total Principal	$1,350,000
Total Interest (7%)	$690,449
Surplus TIF Generated	**$776,273**

Uses of Funds	
Underwriters Discount (1%)	$13,500
Cost of Issuance	$50,000
Project Construction Fund Proceeds at Close	**$1,286,500**
Total Uses	$1,350,000

4) <u>Description of the community benefits resulting from the Project, including the blight conditions the project will address (complete Attachment C with description).</u>

See completed Blight Conditions Assessment in Attachment C.

Additional community benefits resulting from the project that will promote further revitalization of the Highway 42 Framework Plan Core Project Area and removal of blighting conditions within the Urban Renewal Area include:

- New public and private infrastructure improvements on-site and off-site benefits the Core Project Area at large, including streetscape and pedestrian connections, water and sewer line connections, street lighting, grading, and other infrastructure improvements to improve connectivity and access throughout the neighborhood and eliminate unsafe and unsanitary conditions
- New housing opportunities, including live-work options where residents can work where they live, that is currently under represented in the City resulting in reduced driving and impacts to the roadway network
- Proposed new boutique hotel that will provide increased visitation to Louisville as well as increased lodging tax that benefits the City as a whole to be used for operating and maintaining recreational and cultural facilities and other municipal purposes
- Future improvements include enhanced streetscape along Highway 42 / Courtesy Road

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5) Discussion of how the project improves the project property and neighboring properties.

The project transforms a blighted vacant and underutilized industrial property by providing needed infrastructure improvements within the project site and Core Project Area that permits the development of additional housing, commercial (office, retail), and lodging opportunities consistent with the vision of the Highway 42 Framework Plan. In addition, the catalyzing infrastructure improvements as part of this TIF request that are required for this inherently complex urban infill site will, not only benefit the site itself, but will also benefit the neighboring properties to the north and south of the site with improved public and private infrastructure and vehicular and pedestrian connections. This includes new roadway and streetscape improvements, pedestrian walkway connections, landscaping, new water and sanitary sewer connections, street lighting and grading to position the site for redevelopment.

In addition, we anticipate that adjacent landowners may be economically motivated to evaluate higher and better uses for their property as the DeLo community is completed consistent with the vision of the Highway 42 Framework Plan.

6) Financials for the project. Applicant must provide a 10–year proforma for the project, a Sources and Uses Budget for the entire project, and assumptions for retail sales and assessed value of the Project for residential and commercial uses by year. (not required if requested assistance is only for public infrastructure)

Not applicable as requested assistance is only for public infrastructure.

7) Timeframe of implementation of the Project

Approval of the requested TIF assistance for public infrastructure will allow us to move on an expedited schedule to commence construction on DeLo West, the 33 apartment units and 8 live-work units, whose site plan has already been approved by the City of Louisville. This approval will also permit us to finalize our partnership with the property owner of the site where the future boutique hotel and retail will be located so we can submit a PUD / Final Development Plan to the City with plans to commence construction after approvals are received.

Our preliminary schedule is as follows:

DeLo West

- Summer 2019 – submit building permits for apartments and live-work units
- Fall 2019 - horizontal site development and grading
- Spring 2020 – apartment building construction
- Summer 2020 – live-work units building construction
- 2021 – apartment building opening
- 2021/2022 – live-work units completed and sold

DeLo East

- Summer 2019 - Foundry Builders secures property control
- Winter 2020 – finalize and submit PUD, plat and development site plans for hotel / retail space
- Early 2021 – secure development financing and initiate horizontal site improvements
- Late 2021 – commence building construction
- Early 2023 – project opening

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8) Discussion of Project risks.

- Real estate market slowdown impacting leasing, sales pricing and development and financing costs
- Increasing construction costs, including labor, materials, and insurance
- Securing construction loans for live-work units and lodging with lack of comps
- Financial risk associated with rising interest rates and securing permanent loan(s) after construction is completed
- Unforeseen environmental, legal or construction delays impacting project schedule
- Ability to sell live-work units at proposed sales prices needed based on construction costs
- Potential challenges associated with lodging occupancy projections in a market with lack of lodging comparables in downtown Louisville area
- Ability to lease retail space in underperforming downtown retail market / high vacancy
- Market feasibility of proposed boutique hotel

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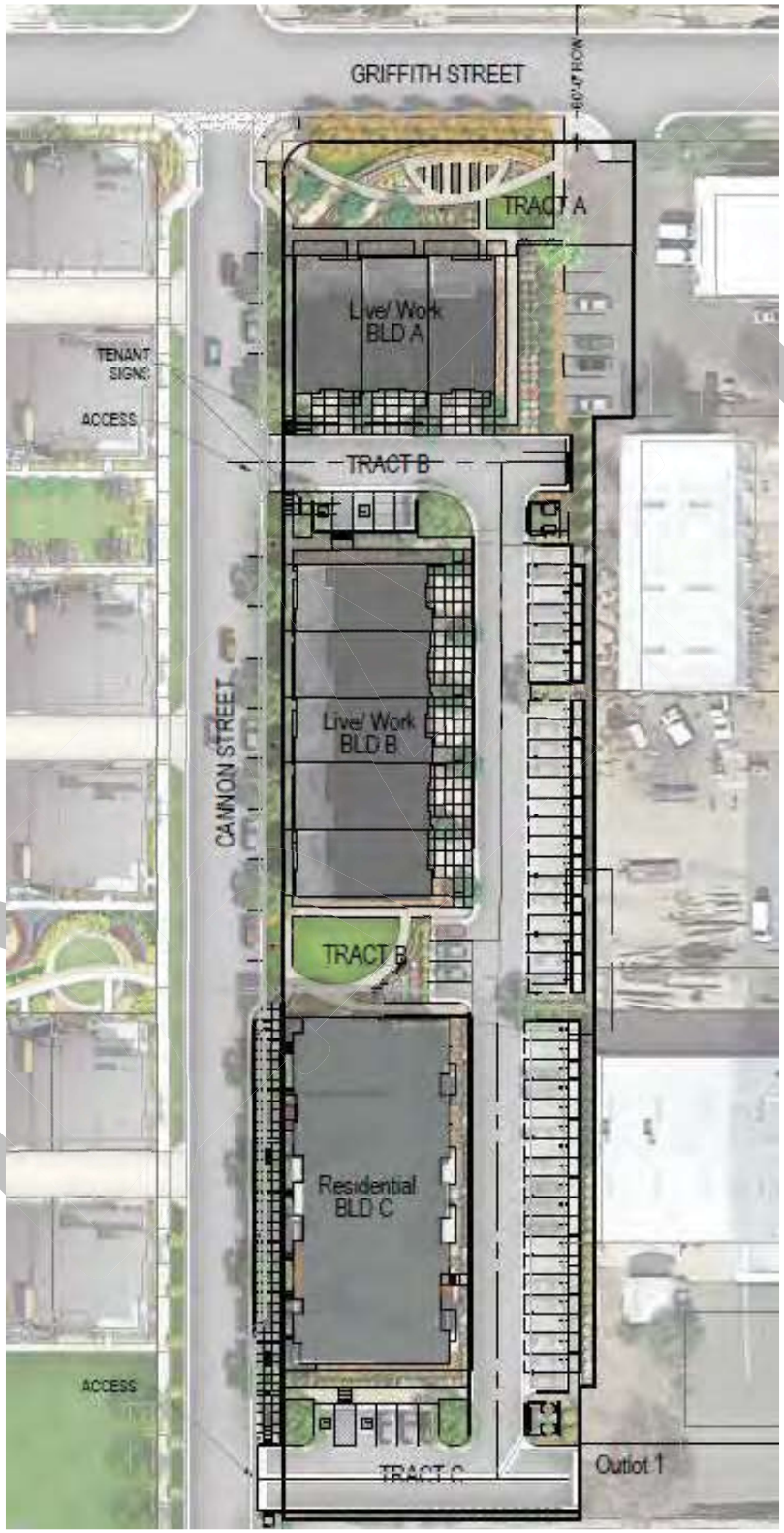
Project Location

Conceptual Visuals

DeLo West



West (Cannon Street) elevation of residential building (apartment) – DeLo West

Building B (West) elevation – Live-Work Units – DeLo West

DeLo apartment building (DeLo West)

Live-Work Units (DeLo West)

Public Space (Live-Work, DeLo West)

Interior commercial space – Live-Work units

Interior residential space – Live-Work units

DeLo East

Proposed Concept Illustration – DeLo East (Boutique Hotel and Retail)

View from Highway 42 looking south west

Intersection of Caledonia Street and Highway 42 (Retail / Restaurant below with Boutique Hotel above)

Outdoor dining area – ground floor retail

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Delo Lofts east
TIF Estimate

2017 estimated value	1,804,880	
new value	5,234,500	as of Jan 1, 2023
County Payment %	7.15%	
Staff Payment %	3%	
Mill Levy	89.339	
Organic Value Appreciation	3%	
Comm Assessment Rate	29%	
Retail value psf	200	
Hotel value per unit	350,000	
Hotel units	45	
retail sf	11,500	

Valuation Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Tax Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Base Valuation	1,804,880	1,859,026	1,914,797	1,972,241	2,031,408	2,092,351	2,155,121	2,219,775	2,286,368	2,354,959	2,425,608	2,498,376	2,573,327	2,650,527	
New Construction Valuation	1,804,880	1,859,026	1,914,797	1,972,241	5,234,500	5,391,535	5,553,281	5,719,879	5,891,476	6,068,220	6,250,267	6,437,775	6,630,908	6,829,835	
Estimated TIF Revenue	-	-	-	-	82,987	85,476	88,041	90,682	93,402	96,204	99,090	102,063	105,125	108,279	
LESS:															
County Payment	-	-	-	-	5,934	6,112	6,295	6,484	6,678	6,879	7,085	7,298	7,516	7,742	
Staff Payment	-	-	-	-	2,490	2,564	2,641	2,720	2,802	2,886	2,973	3,062	3,154	3,248	
															TOTAL
Subtotal	-	-	-	-	74,564	76,800	79,104	81,478	83,922	86,440	89,033	91,704	94,455	97,289	854,787

Delo Lofts West
TIF Estimate

2018 estimated assessed value	171,069		
new value	1,233,000	as of Jan 1, 2021	
County Payment %	7.15%		
Staff Payment %	3%		
Mill Levy	89.339		
Organic Value Appreciation	3%		
Res Assessment Rate	7.2%		
Comm Assessment Rate	29%		
Apartment Unit Value Start	325,000	33	
Live Work Unit Value Start	800,000	8	

Valuation Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Tax Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Base Valuation	171,069	176,201	181,487	186,932	192,540	198,316	204,265	210,393	216,705	223,206	229,902	236,800	243,903	251,221	
New Residential Valuation	171,069	176,201	1,233,000	1,269,990	1,233,000	1,269,990	1,308,090	1,347,332	1,387,752	1,429,385	1,472,266	1,516,434	1,561,928	1,608,785	
Estimated TIF Revenue	-	-	93,941	96,759	92,954	95,742	98,615	101,573	104,620	107,759	110,992	114,321	117,751	121,283	
LESS:															
County Payment	-	-	6,717	6,918	6,646	6,846	7,051	7,262	7,480	7,705	7,936	8,174	8,419	8,672	
Staff Payment	-	-	2,818	2,903	2,789	2,872	2,958	3,047	3,139	3,233	3,330	3,430	3,533	3,639	
															TOTAL
Subtotal	-	-	84,406	86,938	83,519	86,024	88,605	91,263	94,001	96,821	99,726	102,718	105,799	108,973	1,128,795