

## **Arapahoe Square Blight Study Q&A**

The following Questions and Answers are taken from Arapahoe Square Blight Study Notification Meeting on November 10, 2009. Please note that this list is not exhaustive and does not include questions that were not written down on index cards.

### **1. What is DURA?**

DURA is an urban renewal authority that serves as the City of Denver's redevelopment agency. DURA is governed by an 11 member board of commissioners appointed by the mayor and confirmed by the City Council for staggered five-year terms.

DURA's primary function is to assist the city in elimination and prevention of blighted areas. To accomplish its mission, the authority works in close partnership with the Mayor, City Council, and a variety of city agencies as well as downtown and neighborhood groups. Rather than specifying particular types of projects and activities, the law allows DURA and other urban renewal authorities in Colorado to exercise judgment in determining which projects and activities best achieve its function. DURA redevelopment plans and the use of tax increment financing (TIF) and/or eminent domain must be approved by City Council.

You've probably seen the result of DURA's work around the City. DURA has helped to revitalize and redevelop many neighborhoods, including numerous projects downtown. Examples of DURA supported projects downtown include renovating historic buildings like the Denver Dry and Mercantile Square, developing new retail centers like the Denver Pavilions, and developing new residential opportunities like the conversion of the former St. Luke's Hospital campus into Post Uptown Square apartments.

### **2. What Is an Urban Redevelopment Area?**

An Urban Redevelopment Area (URA) is the legal boundary within which DURA may work to affect redevelopment. The boundary of the URA will be approved by the DURA Board of Commissioners and the Denver City Council when they approve the Urban Redevelopment Plan. The plan provides a legal framework for planning and implementing revitalization activities in a project area. It also can establish the authority to use TIF to help finance redevelopment within the area and/or eminent domain to help assemble property for redevelopment.

### **3. What Is Redevelopment?**

Redevelopment is a process specifically authorized under the Colorado Urban Renewal Law to assist Denver and other local governments throughout the state in revitalizing their communities. In Denver, DURA uses redevelopment to address sites within communities that once served productive uses but have deteriorated or are vacant and need assistance to become viable again. To accomplish redevelopment, DURA forms partnerships with private entities and uses TIF, a tool available only to redevelopment agencies, to breathe new life into those areas. As a result, the entire community benefits from the creation of new housing, retail, jobs and tax revenues. In Colorado, more than 30 municipalities have adopted local redevelopment plans.

#### **4. Why does DURA create an urban renewal area?**

DURA's mission is the elimination of blighted areas through creative redevelopment. Before the authority may get involved in a project, the area first must be found to be blighted. A blighted area means an area which, in its present condition and use, has substantially and adversely affected or slowed the reasonable growth of the community, hindered the provision of decent housing, or constitutes a social liability to the community, and therefore is detrimental to the well-being of the citizens. Colorado urban renewal law delineates the requirements for determining blight, and if blight is not found, DURA does not get involved.

#### **5. What are the factors for determining blight?**

Blight is a legal term used solely for the purpose of determining whether the proposed area can qualify for redevelopment. DURA and the City Council must make a finding that an area suffers from adverse conditions, defined in the law as blight. There are 11 factors of blight spelled out in the law, and four of them must be found for an area to be declared an urban renewal area, unless there is no objection by the property owner(s) and tenants, in which case only one factor of blight must be present. Following are criteria used to determine if an area is blighted:

- Slum, deteriorated, or deteriorating structures;
- Predominance of defective or inadequate street layout;
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.
- Unsanitary or unsafe conditions;
- Deterioration of site or other improvements on the site.
- Unusual topography;
- Defective or unusual conditions of title rendering the title unmarketable;
- The existence of conditions that endanger life or property by fire or other causes;
- 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;
- Environmental contamination of buildings or property; or
- Inadequate public improvements or utilities.

#### **6. If a redevelopment plan is adopted that includes my home or business, does that mean my home or business is "blighted?"**

Not necessarily. Some areas that qualify for redevelopment may have well-maintained homes or businesses interspersed among deteriorating structures. Some areas qualify because they lack infrastructure or face other impediments to development. If you are included in a redevelopment project area, it simply means TIF may be used in your area to stimulate redevelopment.

#### **7. What if the area is not found to be blighted?**

You will be notified in writing by DURA and no further action will be taken by DURA.

**8. If blight is found, what happens next?**

DURA must determine if an URA is to be created and an Urban Redevelopment Plan adopted to help affect revitalization of the area. DURA is required by state law to draw the boundaries of the URA as narrowly as possible to achieve the objectives of the redevelopment plan. Additional public meetings will be held for input on the redevelopment plan and the redevelopment plan must be approved by the DURA Board of Commissioners and the Denver City Council.

Concurrent with the DURA process, the City's office of Planning and Community Development is undertaking a small area planning process for Northeast Downtown, which will further refine the planning goals for the neighborhood. For more information on plans in progress, please visit: [www.denvergov.org/planning/PlansInProgress](http://www.denvergov.org/planning/PlansInProgress).

**9. I'm concerned about the use of eminent domain. Where can I learn more?**

Eminent domain, while sometimes necessary, is rarely used – over the course of participating in more than 30 projects during the past 20 years, DURA has only used eminent domain on three occasions. For more information about the use of eminent domain by urban renewal authorities in Colorado, see the Citizen's Guide to Urban Renewal located on DURA's website: [www.renewdenver.org/about-dura/citizens-guide-to-urban-renewal.html](http://www.renewdenver.org/about-dura/citizens-guide-to-urban-renewal.html).

**10. You expanded the (area of the Blight Study) to the southwest to include Greyhound Bus Station, can you expand it north to include the Greyhound Maintenance Facility in Curtis Park?**

There is no limit on the size of the area that could be studied, however the current effort is focused on Arapahoe Square, not Curtis Park. DURA worked with the City's Planning Department and the Downtown Denver Partnership on the study area boundaries, focusing on the 2007 Downtown Area Plan (DAP) boundaries along with immediately-adjacent underdeveloped properties. The DAP did not include properties north of Park Avenue, however, due to the importance of Park Avenue in City planning efforts and the underdevelopment of properties on both sides of Park Avenue, properties on north side of Park Avenue were included in the Blight Study boundary. The study is not looking to expand further into the Curtis Park neighborhood beyond the city blocks adjacent to Park Avenue.

**11. What is the smallest project in terms of money that will make sense for TIF?**

DURA has entered agreements for amounts less than \$300,000 in TIF assistance. However, due to the time involved and legal documents required to set up an urban renewal area and establish the use of TIF, it is often not practical to use TIF for smaller projects.

**12. Is TIF only based on sales tax and therefore must contain a commercial/ retail component?**

TIF can come from any combination of property, sales and/or lodging taxes available from a project site. Accordingly, a TIF project does not require a commercial/retail component.

**13. What are you going to do with the homeless [shelters], the Salvation Army, the Rescue Mission and Good Samaritan House?**

DURA has no plans for the homeless shelters, and has no planning authority to modify the uses at these locations. The City's Community Planning & Development Department sets land use and zoning policy through city-wide plans, neighborhood plans, small area plans and site specific zoning documents.

**14. Almost every historic building in our neighborhood has either asbestos, lead paint or both, how does that play into blight?**

Matrix does not investigate the internal condition of structures on a parcel by parcel basis through the Blight Study process. Matrix investigates blight factors that are physically visible from the right-of-way and on properties accessible to the public. If a property owner offers information regarding the condition of their property as having one or more blight factors internal to a particular structure, Matrix will document this information in the blight study.

**15. Do DURA and the City consider a post-fossil fuel future in planning?**

Yes. DURA looks to City approved planning documents for guidance when redeveloping an area. The City has numerous planning documents, which are either under development or already approved, that encourage redevelopment within Denver to take advantage of alternative energy sources, alternative transportation options and construction of energy-efficient buildings. These planning documents include Greenprint Denver, the Strategic Transportation Plan, Blueprint Denver, numerous Station Area Plans surrounding current and future light-rail and commuter train stations, the Denver Living Streets Initiative, the Pedestrian Priority Master Plan, to name a few.

**16. What was the 2<sup>nd</sup> instance DURA used eminent domain (in the downtown Urban Redevelopment Area)?**

DURA has utilized eminent domain twice in the downtown 53-block Urban Redevelopment Area. The first use of eminent domain mentioned at the meeting was the acquisition of the remaining land ownership parcel (separate from the building parcel) underneath the Colorado Business Bank, in order for the building owner to redevelop the former Denver National Bank/ Ideal Building at 17<sup>th</sup> and Champa Streets. The second use of eminent domain was the acquisition of the 25' wide parking lot immediately to the southwest of the Rio Grande building (1531 Stout Street), thereby preserving access for the fire department, as well as windows, and enabling the residential uses in the Rio Grande building, critical to the downtown revitalization efforts at the time.

**17. We own vacant land; would we be told what we have to do with this land?**

No. DURA's role if an urban renewal area is created will be help incentivize and finance redevelopment and revitalization in the area. The urban renewal plan will look the City's planning documents for direction about what the area should be.

**18. Non-profit organizations do not create revenue (under the concept of Tax Increment Financing). How does that come into play (how can a non-profit organization utilize TIF)?**

TIF from property taxes is dependent upon the taxable status of real property parcels, and this taxable status is set by the City Assessor's Office. If a real property parcel has a taxable status, then it generates property tax and is able to utilize TIF, to the extent tax-increment is/will be produced at this particular site. If a real property parcel has a tax-exempt status, then the property owner does not pay property tax and TIF is not an option for this site.

**19. How long is the blight study expected to take?**

The Blight Study should be completed around the end of the year. DURA expects to report back to property owners with results from the study in early 2010.

**20. If (Arapahoe Square area is) determined for blight, what is the expected timeline for TIF to be established?**

At this point in time, we have engaged Matrix to determine if the area meets the statutory definition of blighted. If that is found to be true, DURA will likely wait for the City Planning Department to complete their study of Northeast Downtown and then set the urban renewal area at the same time. Once that is approved by City Council, a TIF area can be created. The City currently believes that the planning effort will be completed by the end of the year.

**21. If you are informed of a contaminated site, say (contaminated) soils, does (DURA) get a soil sample to verify the 3<sup>rd</sup> party info?**

As part of the Blight Study, Matrix will investigate environmental conditions on its own. Rather, they rely on public databases for that information. Matrix would accept environmental site assessments for parcels in the Arapahoe Square Blight Study area that are provided by the current land owners.

**22. Please explain the times at which and the mechanism and processes available to property owners to stop (a) blight determination or the creation of an Urban Renewal (Area).**

The determination of blight and the creation of an Urban Renewal/Redevelopment Area are set by the City Council. During the council process, there are multiple opportunities for property owners to speak before City Council and share their opinion as to whether or not a blight determination should be made or if an Urban Renewal Area should be set.

**23. In the Lowenstein Theater example (provided at the meeting), equity and lenders come up with \$11.1 million and DURA (provides) \$3.9 million for a total project cost of \$15 million. So essentially DURA is financing the project's profit. What level of profit is considered reasonable? For example, what if lenders and equity could only come up with \$10 million in this example?**

Just to be clear, DURA does not pay 'profit' directly to the developer, but rather reimburses the developer for eligible public improvements (life safety, street improvements, etc.) associated with the project. The point you make is a good one though, in that the developer will not undertake the project if there is not enough revenue for them to make a profit. DURA looks to the typical rates of return that are expected by

developers in projects that do not receive subsidy through TIF or other means, and negotiates with developers on a project by project basis.

To be clear, DURA's participation is necessarily limited by the expected amount of TIF available. If the equity and lenders at Lowenstein could only come up with \$10 million, then the project would have required \$5 million in TIF, which it may or may not have been able to generate. The amount of TIF available from a project is dependent on the planned redevelopment of the site and the ability of the future TIF capacity (property, sales and/or lodgers) to repay the developer obligation.