

Submittal Requirements for Development Projects



2004

Mission Statement: The Denver Urban Renewal Authority is a full-service redevelopment agency engaged in neighborhood and downtown revitalization, economic development, and housing rehabilitation throughout the City and County of Denver.

DURA functions as a catalyst, partner, advisor and/or participant in a variety of city-wide efforts to foster sound growth and development.

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INTRODUCTION

The Denver Urban Renewal Authority (the “Authority”) desires to encourage and support the revitalization of blighted areas of neighborhoods located in the City and County of Denver through the renovation of existing buildings and new construction. The Authority will consider Development Proposals from Property Owners and Developers (herein known as Project Developers) for projects located in Denver

Through this submittal process, the Authority intends to work with Project Developers, neighborhood stakeholders and City officials to assist in achieving feasible developments within Denver and its surrounding neighborhoods.

BACKGROUND

The Authority, enacted in 1958 by ordinance of the City Council of Denver, is governed by Colorado State Urban Renewal Law. The Authority is a body corporate and politic. Though structured independent from the City of Denver, the Authority’s urban renewal projects must be approved by various bodies of the city including Planning Board, Council Committees, City Council and the Mayor of Denver.

In addition, the following are critical benchmarks that will determine the Authority’s involvement in a proposed project:

1. The proposed project area is blighted according to Colorado Urban Renewal Law (Please see Page 14 for the definition of Blighted area).
2. The project would not be feasible without the Authority’s involvement. Feasibility gaps must be empirically demonstrated.

OBJECTIVES OF DEVELOPMENT PROPOSALS

Overall Objectives

- To carry out the objectives of the Denver Comprehensive Plan 2000 and appropriate neighborhood plan(s).
- To encourage and promote development/redevelopment.
- To increase employment opportunities within neighborhoods.
- To encourage and provide incentives for the private development of affordable housing.
- To encourage the development of, and obtain a participatory interest in projects that would not otherwise be considered financially feasible.
- To encourage the renovation of existing structures, particularly designated or eligible historic structures.

- To encourage the participation of existing Property Owners in the redevelopment of their properties.
- To encourage and promote development along current and proposed light rail corridors.
- To enhance the current sales tax base and property tax base within the City by stimulating the growth of assessed valuation and sales tax collections.
- In connection with the redevelopment activities, to satisfy the goals of the First Source Hiring program and the Small Business Enterprise (SBE) program which are set forth in redevelopment agreements adopted between the Project Developers and the Authority.

Urban Design Objectives

The following Urban Design Objectives are not intended to inhibit innovation, imagination or variety in design. Rather, the Objectives are intended to promote creative, high quality architectural solutions that will foster an active and lively neighborhood environment.

- Comply with existing, or planned, zoning requirements.
- Comply with design objectives of neighborhood plan(s) and/or design guidelines established by the City.
- Conform to the character and scale of the existing neighborhood.
- Promote excellence in architecture, including the preservation of designated and eligible historic structures.

Types of Projects to be Considered

- *Mixed-Use Projects* - Proposals, which include a mix of uses, will be considered. Projects, which include both housing and commercial uses, will be considered a desirable addition to Denver's neighborhoods.
- *Housing Projects* - For-sale and rental housing projects will be considered. Since both the City and the Authority have a stated objective to increase the amount of affordable housing in Denver, projects, which include an affordable housing component, will be considered favorably.
- *Commercial Projects* - Commercial projects, which are appropriate to the neighborhood, needs and scale.
- *Historic Preservation* - Any of the above referenced developments (Commercial/housing, housing only, commercial only), which are proposed as a renovation of a historic building, will be given preference by the Authority.
- *Industrial Projects* - Renovation or construction of industrial projects in areas appropriately zoned for such use will be considered.

ROLE OF THE AUTHORITY

The Authority's role in this process is described as follows:

- In conjunction with the Project Developer, the Authority will ascertain whether the proposed project area would qualify for City Council consideration as an urban redevelopment area.
- If the proposed project is located within the boundaries of an existing urban redevelopment area, the Authority will determine whether the proposed project fits the redevelopment objectives of that urban redevelopment area.
- The Authority may arrange for an economic/market study of the proposed project area.
- The Authority may facilitate identifying appropriate financing options for a proposed development.
- The Authority may act as a public participant in a public/private joint venture.
- If tax increment is identified as an appropriate financing option, the Authority may negotiate with the Project Developers and enter into Redevelopment Agreement(s) for selected projects.
- The Authority may finance through reimbursement of costs, costs to install, construct or reconstruct any public improvements which may include, without limitation, the following elements: streets, sidewalks, alleys, underground utility and service facilities, public parks, streetscapes, public pedestrian corridors, public parking facilities necessary for proposed development, public access ways, public gathering areas, life safety repairs and installations, ADA compliance measures, environmental remediation, rehabilitation of historic structures and facade improvements. The amount of financial assistance provided by the Authority is directly related to the type, size and need of the proposed project. The amount of Authority funds requested for a particular project must be justified by the Project Developer based on the fact that the project would not proceed without investment by the Authority.
- Financial assistance provided by the Authority may be supplied through a Reimbursement of Project Costs. The Authority may agree to a direct reimbursement of eligible project costs based on all or a portion of the tax increment associated with the development. Financial assistance structured in this fashion will require the Property Owners or Private Developers of a project to cover all costs associated with the development through completion of the project. Upon completion of the project, all or a portion of the tax increments generated by the project will be used to reimburse the Property Owners or Private Developers over an agreed upon period of years for costs that have been identified as eligible for reimbursement as part of the Redevelopment Agreement. Projects may have access to both sales and property tax increment.
- In recognition of the importance of the Authority's financial role in assisting private development, the Authority requires a financial participation in the economic success of the private development project it supports
- The Authority is committed to working with all Property Owners and/or Project Developers interested in submitting proposals. Reasonable assistance will be

made available by the Authority to those Project Developers interested in such assistance.

SUBMITTAL REQUIREMENTS

The Project Developer proposal(s), along with the fee(s), may be submitted at anytime until such time as the Authority, in its discretion, determines to discontinue acceptance of proposals.

Although it is understood that the nature and size of the project being proposed will affect the complexity of the submittal, the documentation should be at a level of detail which provides for an opportunity for an accurate evaluation of the particular proposal. In assembling the required documentation, reference should be made to the criteria outlined in the following Submittal Requirements sections. The selected Project Developers may be required to provide more detailed information during the negotiation process.

Five (5) copies of the proposal and a two-page Executive Summary of the project, including all attachments, must be submitted. The Authority reserves the right to request additional information at any time if it believes that such information is necessary for a complete evaluation of a proposal.

Proposals should be submitted and inquiries directed to:

Tracy Huggins, Executive Director
Denver Urban Renewal Authority
1555 California Street, Suite 200
Denver, CO 80202
Phone: (303) 534-3872
Fax: (303) 534-7303

Project Developers may be required to make an oral presentation following the submission of written proposals.

Those Project Developers who desire technical assistance in the preparation of responses to this document may contact the Authority directly.

Colorado Public Records Act

The Authority has determined to treat responses to this document as though they were public records under the Colorado Public Records Act. Accordingly, information submitted to the Authority is subject to disclosure to the public. Confidential commercial and financial information submitted by a Developer/Property Owner is exempt from disclosure to the public and will be retained on a confidential basis by the Authority. This exemption from disclosure is available only to the extent that disclosure would cause substantial harm to the competitive position of the person submitting such

information or impair the Authority's future ability to gain necessary information to pursue its public policy goals. All information which a Project Developer wishes to remain exempt from disclosure should be submitted separately, bound and clearly marked as follows: "Confidential Commercial and Financial Information—Exempt From Public Disclosure in Accordance with the Colorado Public Records Act". The Authority will make reasonable efforts to consult with a Project Developer prior to disclosure of information so marked which in the Authority's view is not entitled to exemption from disclosure. Upon written request of the Project Developer (and provision for reimbursement of costs to be incurred by the Authority) the Authority will seek an order of the district court granting or denying permission to restrict disclosure of information. If the Authority does not receive such request and provision for reimbursement of costs within a reasonable amount of time, a final determination of confidentiality of specific information in any difference of opinion between the Project Developer and the Authority will be made by the Authority.

Submittal Requirements – *Project Development Team*

A two-page description of the Development Team, which should include the following:

- The responsibilities, names, addresses, telephone and fax numbers of the Developer and key team members.
- The member(s) of the team who will be making decisions and with whom the Authority would negotiate. It is desirable to have a single contact point and this person should be identified.
- Length of time the Development Team and each member has been in the development business.
- Identification of consultants who will be involved in the project.
- Description of the legal relationship between the members of the Development Team and the legal entity with whom the Authority would negotiate.
- Description of the role the Developer will play, i.e., as owner or for a developer's fee.

A description of the development Team's experience and success with similar types of projects and how those projects relate to the type of development concept being proposed. Include location of projects and date completed, as well as the financing structure for the projects, size and type of public involvement, their size, total development costs and current financial status.

Submittal Requirements – *Project Developer Finance Capability*

Provide evidence satisfactory to the Authority of the financial capability of the Developer or Development Team to complete the project. Five (5) bound copies of the following information should be submitted under separate cover:

- A description of the financial capability and capital resources of the Development Team in a form and substance reasonably satisfactory to the Authority. This may

be evidenced by any sources of information as the Development Team may choose to supply and may include financial statements for the past 5 years, or such lesser period as the Developer has been in existence. References from banks and other lenders are required of all submitting Developers.

- If a new entity is contemplated among the Development Team, include the above financial information for each owner of the new entity and a statement of the manner in which the new entity will be capitalized. The Authority reserves the right to require additional information.

Submittal Requirements – *Project Financial Plan*

The following preliminary information is necessary for the Authority to evaluate the economic viability of the project and to analyze the Developer’s ability to complete and operate the project.

- **Pro Forma Statement** - Project proposals shall include a preliminary proforma statement that provides a detailed outline of the economics of the project under consideration and the requested public investment. At a minimum the proforma should include a development summary identifying the hard and soft costs associated with the development, the revenues and expenses expected from project operations, the financing structure of the development (both construction and permanent), the amount of equity and likely sources, key market assumptions relative to the development (i.e. rate of rent increases, vacancy rates, etc.), and the return on equity for the developer, with and without public investment by the Authority. This “but for” analysis must show developer’s return with and without tax increment financing from the Authority.

Submittal Requirements – *Other Information Required*

- Demonstration on a preliminary basis the level of incremental sales taxes, property taxes or other revenues that will be generated by the project and how that compares to the level of revenue necessary for the reimbursement of costs.
- If available, letters of interest from potential tenants - to indicate tenants’ interest in negotiating a tenant lease should the Authority execute a Redevelopment Agreement with the Developer (prospective tenants may choose to submit letters of intent for more than one proposed project).
- The Development Team must submit evidence of the market feasibility of the proposed project

Submittal Requirements – *Site Preference and Control*

The proposal must identify a specific site or sites for the project. The extent and nature of the Project Developer’s ownership or occupancy of the site(s) must be stated. If applicant is requesting acquisition assistance, they must provide evidence, satisfactory to the Authority, of good faith negotiations to acquire property or interests therein.

Submittal Requirements – *City Council Support*

The Project Developer shall provide a letter of support for the development from the proposed project area’s City Council representative.

Submittal Requirements – *Development Plan/Design Concept*

The Authority requires the right to approve exterior architectural and site design on all projects in which it participates. A proposal, which is submitted to the Authority for consideration, must include the following conceptual information in narrative form, at a minimum:

- General description of the theme of the project including proposed uses and locations for those uses.
- Total gross building area and total gross lease area.
- Floor to area ratio (F.A.R.) for the entire project.
- Maximum building height.
- Bulk plane information
- Existing and proposed zoning.
- Location of parking, parking access and total parking count.
- Location of proposed improvement in, over and under existing public right-of-way.
- Description of plans for any designated or eligible historic structures existing on the project site.
- A general description of the proposed Project Art component.

Should the proposal be selected by the Authority for further evaluation, additional conceptual design information or alternative presentation formats may be required to be submitted. The Authority will retain design approval throughout all phases of project development.

All design submissions must be consistent with the Denver Comprehensive Plan, applicable City Codes and Ordinances and applicable criteria by the Landmark Commission with respect to structures designated for preservation pursuant to the Landmark Preservation Ordinance.

Submittal Requirements - *Schedule of Performance*

The Project Developer must be prepared to implement the project in a logical and expeditious manner. A proposed Schedule of Performance is required which includes design, equity and debt financing, property acquisition (if any), demolition schedule, construction schedule, lease-up schedule and other critical milestones.

Submittal Requirements – *Project Art*

A Project Art component is required on all development projects receiving funding from the Authority. The minimum value of the Project Art must be equal to 1% of the total Authority funding. Depending upon the level of Authority funding, the Project Art must be approved by either the Authority’s art review staff or a Project Art Committee assembled by the Authority.

Submittal Requirements – *First Source Hiring*

The Project Developer must agree to develop a plan for participation in the Authority’s First Source Hiring Program which provides short and long-term employment opportunities for unemployed Denver residents.

Submittal Requirements – *Small Business Enterprise Utilization*

The Project Developer must agree to develop and implement a plan, in the construction of the Project, which complies with the Authority’s Small Business Enterprise Utilization Program.

Submittal Requirements – *Contingencies of Project Developer*

The Project Developer shall state explicitly in the proposal any qualifications or limitations of the proposal and any and all known or anticipated contingencies which might affect the ability of the Project Developer to perform under the terms of the proposal.

FEES, EXPENSES, DEPOSITS AND FINANCIAL PARTICIPATION BY THE AUTHORITY

The following section identifies the fees, expenses and payments, which may be required of the Project Developer with regards to project submittal, selection, implementation and operation.

Proposal Review Expenses

The Project Developer will be required to pay for any studies (e.g. parking or traffic impact studies, market feasibility studies, etc.), consultants or legal fees associated with proposal review by the Authority.

If the proposal is selected by the Authority, the Project Developer may be required to submit the following fees:

- A refundable deposit to be negotiated by the Authority. Any remaining portion of the refundable deposit will be returned to the Project Developer, upon payment of

the Authority's costs if a Redevelopment Agreement is not signed. The refundable deposit is intended to secure the obligation of the Project Developer to pay the fees and expenses of the Authority referenced below.

Administrative Fee

A monthly Administrative Fee, to be negotiated, beginning the month the Authority's Board of Commissioners selects the project and continuing through the completion of construction to cover the administrative costs required of the Authority during the negotiation and construction period.

Additional Expenses

Project Developer will be required to pay all fees and expenses associated with the following: financial advisors, blight study, market or feasibility studies, other consultants retained by the Authority and all legal costs incurred for the project.

Origination Fee

At the time a Redevelopment Agreement is executed, the Project Developer shall pay an origination fee equal to 1.5% of the tax increment reimbursement proceeds.

Financial Participation by the Authority

The Authority's financial involvement in a development is intended to bridge the gap caused by the circumstances of the site or extraordinary factors associated with a development or redevelopment that otherwise would result in the project being infeasible.

The Authority requires that all projects for which it participates shall provide a method for the Authority to share in the economic success of the project. In return for its investment, the Authority will negotiate, as part of the Redevelopment Agreement, financial participation in three distinct ways:

1. *Tax Increment Priority Payment* - the Authority will receive an annual fee, 1% of the total reimbursable costs, payable from the tax increment collected from the project. The fee will be paid prior to any reimbursement of costs to Project Developer. The fee will continue to be paid to the Authority until the reimbursement period ends.
2. *Participating Interest* - the Authority will receive a financial interest in the economic success of the project. In determining how the Authority will participate in the economic success of the project, consideration will be given to the type of development proposed. Structured arrangements may include but are not limited to: A percentage of the cash flow in excess of the amount required by the developer for a market level return on equity invested; or a percentage of the cash flow after debt service; or a percentage of the gross revenues.

3. *Proceeds on Sale or Refinancing of the Project* - the Authority will require, upon sale of the project or refinancing of the debt, a payment that will be determined as part of the Redevelopment Agreement negotiations.

Redevelopment Agreement

The Authority will enter into a Redevelopment Agreement with the Project Developers selected for projects. Redevelopment Agreements may include, without limitation, provisions regarding the following: description of the project and Authority's rights regarding design approval and access; project construction and schedules of performance; the Authority's and the Project Developer's financing; the Authority's fees and participating interest in the Project; continuing financial disclosure relating to the Project; mitigation of traffic and potential interruptions to adjacent properties; signage; commitment to project art; insurance; indemnification of the Authority; anti-discrimination; First Source hiring; default and termination; restrictions on use; restrictions on assignment and transfer; and other customary and appropriate provisions.

SELECTION PROCESS

Variations in proposed projects will dictate that the selection procedure for each project will vary. In general, the Authority intends to follow the selection procedure outlined below:

- Preliminary Review - upon receipt of the proposal, the Authority will conduct a preliminary review of the submitted material. If the proposal contains all of the requested information (Section V), the Authority will:
- Perform preliminary due diligence on the developer and submitted financial information;
- Determine if further studies are required in connection with the project, e.g., parking or traffic impact studies, market feasibility studies, etc. If required, the cost associated with conducting the studies will be paid by the Project Developer.
- When the preliminary review of the submitted material has been completed by the Authority, the proposal (excluding any confidential material) and all findings may be presented to the appropriate neighborhood advisory committee.
- The Authority Board of Commissioners will select projects a regular or special meeting.
- The Authority will request the establishment of an urban renewal/tax increment area for the selected project through the Denver City Council.

If the proposal is incomplete, the Authority will make a determination whether to consider the proposal for continued review. In its discretion, the Authority may waive any portion of the Submittal Requirements, which are not material to a specific proposal.

Criteria for Evaluating Proposals

The Authority has established the following criteria upon which it will evaluate the proposals submitted. It will select the Development Team and proposals which best meet these criteria. The Authority's determination of satisfactory compliance with the selection criteria will be conclusive.

- The project has a demonstrated financial feasibility gap.
- Relationship to General Objectives, Denver Comprehensive Plan and conformance with applicable building and zoning ordinances.
- City Council representative support.
- Support of neighborhood advisory committee (if applicable).
- Background and Experience of Development Team - Success of Developer's similar past projects, Developer's property management experience and relationships with major tenants, overall architectural and design quality of prior Developer's experience in working with public entities, Developer's history of timeliness of completion of projects, Developer's history of completing projects as originally proposed and status of litigation regarding the Developer or the Developer's past projects.
- Financial Capability of the Developer - Developer's ability to provide sufficient equity for proposed project, Developer's ability to secure any necessary debt financing and evidence of Developer's ability to fund the project until its completion, closing of permanent financing and project stabilization.
- Project Specific Criteria - Overall architectural and design quality of the proposed project, type and extent of public support, investment and involvement required for the proposed project, manner in which the proposed project responds to existing and future market needs and anticipated economic success and viability of the proposed project.
- Site Specific Criteria - The extent to which all or a significant portion of the site is in need of redevelopment and the extent to which adjacent property and businesses would benefit from redevelopment at the proposed site.

MISCELLANEOUS

Non-Reimbursement of Costs

The purpose of this document is solely to solicit proposals for development(s) within the City and County of Denver. The Authority does not agree to assume, pay or reimburse any cost, expense or fees incurred by any Project Developer in connection with this solicitation.

Authority's Right to Reject Proposals

The Authority reserves the right to reject any and all proposals submitted for its consideration.

Blighted Area

“Blighted area” means an area that, in its present condition and use and, by reason of the presence of at least four of the following factors, 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:

- (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 on the site;
- (f) unusual topography or inadequate public improvements or utilities;
- (g) defective or unusual conditions of title rendering the title unmarketable;
- (h) the existence of conditions that endanger life or property by fire and other causes;
- (i) buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deteriorating, defective design, physical construction, or faulty or inadequate facilities;
- (j) environmental contamination of buildings or property; or
- (k) 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;

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) 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.