



## **DOWNTOWN LIVING INITIATIVE: TIF REINVESTMENT PROGRAM**

### **ABOUT THE DDA**

Voters established the Downtown Development Authority (DDA) in November 2006 to provide programs and financial incentives to encourage Downtown development. DDA is governed by a board of 11 people appointed by Colorado Springs City Council. Downtown Partnership executes the work of the DDA as a contracted affiliate. In 2016, City Council adopted the Experience Downtown Plan as the new plan of development for DDA. The DDA is funded in two ways: first, by a 5-mill tax levy within the district to support its operations, and second, through Tax Increment Financing (TIF). The latter tax is the capture of increased property tax revenues following a baseline assessment. TIF revenues go into a special fund and as it grows, the funds can be leveraged for support of Downtown projects. The DDA's TIF will expire in 2037. The DDA board meets monthly on the second Tuesday of the month.

### **MISION OF THE DDA**

To build public and private investment partnerships that promote the economic growth of Downtown Colorado Springs.

### **PLAN OF DEVELOPMENT**

The Experience Downtown Plan Volume 1 serves as the plan of development for DDA. The plan was created in 2016 as an update to the original Imagine Downtown Plan, which governed the DDA from 2007 through the newest plan's adoption in 2016. The Experience Downtown Plan consists of eight primary goals and 36 aligning action steps. The plan can be found at: [www.downtowncs.com/masterplan](http://www.downtowncs.com/masterplan).

### **DOWNTOWN LIVING INITIATIVE GOALS**

The Downtown Living Initiative's primary goal is to accelerate progress toward the near-term construction of at least 1,000 new residential units by 2020 and 2,000 total new units by 2025. Additionally, the program aims to:

- Attract private capital investment into the DDA district.
- Provide supportive policy and incentives necessary to foster a deep and diverse housing inventory.
- Support and incentivize the development of publicly accessible resident-serving amenities, to include healthy food, fitness options, pet amenities, a pharmacy, garden plots, etc.
- Lead a cohesive strategy to grow workforce and affordable housing opportunities both within and easily accessible to Downtown.

## **DISTRICT BOUNDARIES**

The DDA encompasses roughly two square miles of Downtown. A boundary map can be found at: [www.downtowncs.com/dda](http://www.downtowncs.com/dda).

## **WHAT IS THE TIF REINVESTMENT PROGRAM?**

The DDA Board of Directors considers investments in residential development projects within the DDA district boundary which increase Downtown residential population density, and increase property values. Proposals are considered on a case-by-case basis and evaluated based on the ability of the project to further the goals of the DDA. Funding is at the discretion of the DDA Board and determined based on new property tax generated by the projects – “the increment” – and constrained to reimbursement of aspects of the project which have a public benefit, known as “eligible costs.”

## **DETAILS**

For the first 600 units or until December 31, 2019, whichever is first, projects may receive 100 percent of TIF for all remaining years of the DDA (through 2037) based on eligibility and capped at the total expenditures on eligible costs. Commencing year for determining new units is 2015.

Units 601 to 2,000, or after December 31 2019, may receive 75 to 90 percent of TIF based on eligibility. Projects demonstrating extraordinary alignment with master plan goals may qualify for the higher reimbursement level (including but not limited to factors such as higher design standards and streetscapes, public-serving amenities, workforce and affordable housing, owner-occupied, catalytic locations, etc.).

For projects of 10 units or less, DDA may provide a grant of \$10,000 per unit. These units will apply toward achieving the initial 600-unit goal.

## **ELIGIBILITY**

- Applicants must be the owner or partner of a residential development project within the boundary of the DDA.
- Properties must demonstrate as current on all city, county and state property and income taxes.
- Projects must have a usable life of at least 20 years.
- Project work must be launched within one year of the date of the signed agreement, and completed within three years.
- Applicants must agree to negotiated terms within 30 days of receipt of a term sheet, and sign a final agreement within an additional 60 days or risk forfeiture of the agreement.
- All work must comply with applicable laws, ordinances, building codes and zoning ordinances.
- Projects must be structured such that private debt is maximized and developer equity yields a fair return, while not providing undue enrichment to the developer.

Through the application process, applicants must demonstrate how the project meets the goals of the Experience Downtown plan. Strong applications may also demonstrate the following:

- Improves a property in a manner that will grow the tax base of the DDA.
- A high ratio of private to public dollars, structured so that private debt is maximized and developer equity yields a fair return, while not providing undue enrichment to the developer.
- Projects which demonstrate environmental stewardship, architectural innovation, and overall community benefit.
- Projects which have sought additional private and public incentive through federal and state grants, city resources, and other avenues of support.
- Projects which create density of residents in less populated areas within DDA boundary.

### **ELIGIBLE AND INELIGIBLE COSTS**

Grant reimbursements will exceed the amount spent on eligible “public benefit” costs, which include the following:

- Extraordinary public benefit costs associated with urban development:
  - Structured parking.
  - Streetscape and alleyway public realm improvements.
  - Bike and transit improvements including bike racks, storage, and related amenities.
  - Security systems for parking garages, lobby entrances, and exterior and public space monitoring.
  - Amenities accessible to the general public.
- Extraordinary public benefit costs required for ADA accessibility.
  - Elevator/stair core systems.
  - ADA accessible ramps and parking spaces.
  - ADA accessible building entrances.
  - ADA accessible interior upgrades for lobbies, corridors, and tenant amenities.
- Exterior facing improvements and beautification efforts
  - Exterior lighting.
  - Façade improvements such as glazing, stucco, stone, fascia, balconies, signage, awnings, and other treatments.
  - Exterior public art.
  - Exterior landscaping and other public realm improvements.

Applicants will be required to provide cost estimates and report expenditures broken into eligible cost categories in order to receive reimbursement.

### **How to Apply**

1. Meet with staff. Applicants must meet with staff at least one month prior to the DDA Board meeting at which the applicant wishes to present the project for initial review.

Staff will help applicants determine if their project generally meets DDA goals and application eligibility, and start the process of determining available TIF for the project.

2. A 10-minute informational presentation with the DDA Board will be scheduled.
3. Complete the application. Applications must be received by the third Tuesday of the month. Full presentations will be scheduled within 8 weeks of application submittal. Applications must be received and confirmed by Downtown Partnership staff prior to the start of any work reflected in the grant request in order to be considered for reimbursement.
4. Make a full presentation to the DDA Board. At such time, at its discretion, the DDA may vote on the project request.
5. Projects approved for funding will be issued a letter of intent and term sheet. Applicants must agree to negotiated terms within 30 days of receipt.
6. Staff will prepare a Project Agreement for applicants, which must be executed within 60 days of receipt. Project Agreements are valid for three calendar years upon the signature date; if projects are delayed, applicants may request an extension from the board.
7. Applicants agree to provide continued updates on financing, construction costs, and other pertinent information as projected costs become actual.
8. Applicants agree to provide before and after photographs documenting the progress of the project through its completion.

**Application can be found on the following page**

**Downtown Development Authority of Colorado Springs  
Downtown Living Initiative TIF Reinvestment Grant Application**

Please submit one copy of the completed application to the Downtown Development Authority and its affiliate agent, Downtown Partnership, at 111 S. Tejon St. Ste. 404, Colorado Springs, CO 80903. One copy of the completed application should also be emailed to [sarah@downtowncs.com](mailto:sarah@downtowncs.com). Portions of the application can be kept confidential by completing a non-disclosure agreement upon request.

### **SUMMARY SHEET**

- Application date
- Business legal name
- Property address
- Property legal description
- Business owner
- Business owner address
- Business owner phone
- Business owner email
- Property owner
- Property owner address
- Property owner phone
- Property owner email

### **NARRATIVE**

A detailed project description to include a brief narrative describing the project, also addressing:

- A brief history of the site/building.
- A description of the proposed project.
- An explanation of property ownership structure.
- An explanation of how the project meets the goals of the DDA and Experience Downtown.
- An explanation of how the project aligns with the grant program priorities.
- A clear description of the eligible public benefits and extraordinary expenditures, including an outline of their associated costs related to the requested grant amount.
- Clear descriptions of the following:
  - Number of residential units and unit mix.
  - Area Median Income (AMI) and Fair Market Rent (FMR) for El Paso County at time of application, and descriptive comparison of unit and rental structure to these figures including ratio of market rate to affordable units as applicable. (<http://affordablehousingonline.com/housing-search/Colorado/El-Paso-County/>)
  - Rental and parking pricing structure.
  - Description of on or off-site phase II projects, if applicable.
  - Description of resident amenities, if applicable.
  - Description of how the project demonstrates environmental stewardship.
- List of all applied-for incentives including: federal or state housing grants or tax credits (LIHTCs, TCAPs, TCEPs), Colorado Springs Utilities economic development incentives and

rebates, City of Colorado Springs rapid response program eligibility, private activity bonds (PABs), Section 108 loans, or any other grants, tax incentives, energy use incentives and public investment.

### **FINANCIAL OVERVIEW**

- Estimated total project cost.
- Current assessed tax valuation (year; land, improvements and total valuation).
- Written verification from the El Paso County Assessor's office showing the estimated new assessed value after completion of the project. (Staff can assist with this.)
- Total amount requested.
- Amount requested reflected as a percentage of total costs.
- Evidence that all applicable taxes have been paid to date.
- Demonstration of a financial gap, whereas DDA support provides the last dollars in in order to preserve project feasibility.
- Employment information, to include:
  - Permanent FTEs to be created
  - Permanent FTEs to be retained
  - Permanent FTEs to be relocated into the district
  - Anticipated annual payroll
  - Estimated number of construction jobs to be created during construction phase

### **ATTACHMENTS:**

- A list of the development team members and their qualifications/experience.
- A development financing plan, including projected sources of funds and loan terms.
- Income structure, including commercial mixed use if applicable.
- Preliminary commitment letter(s) for financing and/or equity.
- Pro formas of at least five years indicating total project costs and revenues.
- A summary construction budget; (to allow full credit to be given to all eligible costs, a detailed construction budget will be requested later in the development process).
- Gap analysis showing DDA grant funding as the last dollars in.
- Preliminary site plans and legal description of project site.
- Preliminary agreement to maintain rental pricing structure through the term of the grant.
- Elevations.
- Construction timeline.
- If applicable, a list of public improvements to be constructed along with the project.
- Business documentation: corporation, LLC or partnership papers.
- An audited financial statement of the corporation, partnership or individual for the most recent full calendar year, or compilation or accountant-prepared financial statements.
- Current photo(s) of the property.

### **Additional attachments that may be requested**

- Market studies

- Feasibility studies
- Traffic studies
- Environmental studies
- Historic preservation documentation

**All decisions concerning aspects of the grant application process, including eligibility, are within the sole discretion of the Downtown Development Authority board.**

**Submit grant application and supporting documents electronically to:**

Sarah Humbargar, Sarah@downtowncs.com

Address questions to Downtown Partnership at 719.886.0088.