

# Submittal Requirements for Development Projects



2015

***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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## **1. Introduction**

The Denver Urban Renewal Authority (the “Authority”) desires to encourage and support the revitalization of blighted areas located in the City and County of Denver (“City” or “Denver”) through the renovation of existing buildings and new construction. The Authority will consider Development Proposals from Property Owners and Developers (“Project Developers”) for projects located in Denver. To achieve its mission, the Authority will work with Project Developers, neighborhood stakeholders and City officials to assist in achieving feasible developments within Denver and its surrounding neighborhoods.

Project Developers pursuing redevelopment projects within Denver have the opportunity to submit a request to the Authority to utilize Tax Increment Financing (“TIF”) to financially support their project. TIF is used only when an area or property cannot be redeveloped without public investment and when it meets a public objective, and then only to fill the gap between the total project cost and the level of private financing the project can support. This document describes the submittal requirements for all applications that seek to engage the Authority to evaluate the appropriate level of TIF assistance for a project.

The Authority, enacted in 1958 by ordinance of the City Council of Denver, is a body corporate duly organized and existing as an urban renewal authority and governed by Colorado State Urban Renewal Law (C.R.S. § 31-25-104). 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.

## 2. General Information

### 2.1 Project Objectives

Urban Redevelopment projects are intended to stimulate private sector investment in and around an Urban Redevelopment Area. Accordingly, projects that meet one or more of the following objectives are generally considered desirable to the Authority:

- To eliminate the blighting conditions of the area.
- To carry out the objectives of the Denver Comprehensive Plan 2000 and its applicable supplements.
- To increase employment opportunities.
- To encourage and provide financial assistance for the private development of affordable housing.
- 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 Denver by stimulating the growth of assessed valuation and sales tax collections.
- In connection with the redevelopment activities, implement DURA Policies including: the DURA First Source Hiring and Outreach Program for Low Income Denver Residents for Urban Renewal Projects ([First Source Policy](#)), the Policy Requiring Enhanced Training Opportunities for Projects Funded with Tax Increment Financing ([ETO Policy](#)), the Policy Requiring the Payment of Prevailing Wages for the Construction of Regional Trunk Infrastructure Funded with Tax Increment Financing ([Prevailing Wage Policy](#)), ([Project Art Policy](#)), and the Guidelines for Utilizations of Small Business Enterprises in Urban Redevelopment Projects ([SBE Policy](#)).
- Have the potential to catalyze other development areas.
- To complement the character and scale of the existing neighborhood.
- To promote excellence in architecture, including the preservation of designated and eligible historic structures.

### 2.2 Role of the Authority

Redevelopment projects in which the Authority is involved are financed through a combination of public and private investment. In short, the role of the Authority is to understand the idea of the project, its stakeholders, substantiate the financing gap (if any), coordinate the City Council approval process, and monitor compliance with the terms of the Redevelopment Agreement through the Agreement's termination.

Furthermore, throughout the review and negotiation process, the Authority's role is that of a financial partner in the development and a trustee representing and protecting the

## Submittal Requirements for Developers

public objectives set forth in an Urban Redevelopment Plan. Any proposed project will be carefully evaluated in light of the public interest and the amount of tax increment the project can reasonably support. In that context the Authority's role may include:

- In conjunction with the Project Developer, ascertain whether the proposed project area would qualify for City Council consideration as an Urban Renewal Area.
- If the proposed project is located within the boundaries of an existing urban redevelopment area, determine whether the proposed project meets the redevelopment objectives of that urban redevelopment area.
- Organize settings for public input on project and monitoring compliance of approved public requirements.
- Contract for feasibility studies as well as other studies required to fully evaluate the project.
- Coordinate input, comments, and concerns received from other agencies regarding the project.
- Negotiate financing terms for the project.
- Draft all necessary documents to implement TIF participation in the project including Urban Redevelopment Plan, Cooperation Agreement and Redevelopment Agreement.
- The Authority may finance through reimbursement of costs, costs to install, construct or reconstruct 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 determination that the project would not proceed without investment by the Authority.
- Financial assistance provided by the Authority may be supplied through either a direct payment of eligible project costs from proceeds of a bond issuance or through an agreement to reimburse eligible project costs based on all or a portion of the tax increment associated with the development. Financial assistance structured in this reimbursement fashion will require the Project Developer 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 Project Developer over an agreed upon period of time 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.
- 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.

### **3. Submittal Requirements**

When partnering with a Project Developer to undertake a redevelopment project, the Authority is committing to the project for up to 25 years. As such, the Authority expects a great deal from the Project Developer in terms of time, information and transparency.

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 submittal. In assembling the required documentation, reference should be made to the criteria outlined in the following Submittal Requirements sections. The Project Developer may be required to provide additional detailed information during the underwriting process.

Three (3) hard copies of the submittal and a two-page Executive Summary of the project, including all attachments, must be provided, along with an electronic copy of the submittal package on portable electronic media. 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 submittal.

Submittals and inquiries should be 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  
[Thuggins@renewdenver.org](mailto:Thuggins@renewdenver.org)

#### **3.1 Colorado Public Records Act**

The Authority has determined to treat any submissions received as though they were public records under the Colorado Public Records Act (C.R.S. 24-72-203). Accordingly, information provided to the Authority is subject to disclosure to the public. Confidential commercial and financial information provided by a Project Developer 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/entity presenting 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 provided 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 2<sup>nd</sup> Judicial District Court/Denver County 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.

### **3.2 Description of Redevelopment Team**

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

- The responsibilities, names, addresses, telephone, email and fax numbers of the Project Developer and key team members.
- The member(s) of the team who will be making decisions and with whom the Authority would negotiate. A single point of contact should be identified.
- Experience for each member of redevelopment team.
- Identification of consultants who will be involved in the project.
- Description of the legal relationship between the members of the redevelopment team and the legal entity with whom the Authority would negotiate.
- Description of the role the Project Developer will play, i.e., as owner or for a developer's fee.

The description should include the redevelopment team's experience and success with similar types of projects and how those projects relate to the 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.

### **3.3 Financial Capabilities of the Redevelopment Team**

Provide evidence satisfactory to the Authority of the financial capability of the Project Developer or Redevelopment Team to complete the project. Three (3) bound copies of the following information must be submitted under separate cover:

- A description of the financial capability and capital resources of the Redevelopment Team in a form and substance reasonably satisfactory to the Authority. This may be evidenced by any sources of information as the Redevelopment Team may choose to supply and may include audited financial statements for the past three (3) years, or such lesser period as the Project Developer has been in existence. References from lenders are required.
- Additional information will be required, depending on the Project Developer entity, including:
  - For privately held equity investment entities:
    - Fund prospectus or offering statement
    - Audited financial statements
    - Letter representing available capital from Project Developer Affiliate

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- For publicly held equity entities:
  - Most recent 10K and 10Q forms
- For partnerships (including LLCs or LLLPs), S-Corporations or similar entity structures
  - Last three (3) years tax returns, if applicable
  - Member, partner, or shareholder financial statements
    - Must exceed 67% of ownership of proposed Redevelopment entity
- Sole proprietorships
  - Individual tax returns for the prior three (3) years
- If a new entity is contemplated as the Project Developer, 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.

### **3.4 Project Financial Plan**

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

#### 3.3.1 Pro Forma Statement

Project submittals shall include a preliminary pro forma statement that provides a detailed outline of the economics of the project under consideration and the requested public investment. Two separate pro forma statements should be included; one with the projected public investment by the Authority, and one without any public investment (see item 6 below). At a minimum the pro forma 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 Project 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, and should be expressed as an internal rate of return percentage.

The pro forma should:

- Specifically include sources and uses information taking into account time over the estimated life of the project.
- Be submitted in .xls electronic file format to assist in DURA's underwriting process.

- Indicate the Project Developer team's return hurdle, target return, comps on return expectations?

### **3.5 Other Information Required**

- Demonstration on a preliminary basis of 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 lease should the Authority execute a Redevelopment Agreement with the Project Developer (prospective tenants may choose to submit letters of intent for more than one proposed project).
- The Project Developer must submit evidence of the market feasibility of the proposed project.

The Project Developer should provide a narrative to the pro forma which describes:

- Project Developer's minimum return hurdle
- Project Developer's target return hurdle
- Comparable data supporting Project Developer's minimum return expectation
- Exit strategy assumptions (cap rate, buyer profile, etc.)
- Provide a proposed structure for the Authority to consider in regard to financial participation by the Authority. (See Section 4.6 below)

### **3.6 Site Preference and Control**

The submittal must identify a specific site or sites for the project. The extent and nature of the Project Developer's control over 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.

### **3.7 City Council Support**

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

### **3.8 Development Plan/Design Concept**

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

- 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

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- 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 (defined below) component, if known. If unknown, acknowledge the Project Art requirement and provide a preliminary description on a process to develop Project Art at a later date.

Should the submittal be selected for further evaluation, the Authority may require additional conceptual design information or alternative presentation formats 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 design guidelines, applicable City Codes and Ordinances and applicable criteria by the Landmark Preservation Commission with respect to structures designated for preservation pursuant to the Landmark Preservation Ordinance.

### **3.9 Project Schedule**

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

### **3.10 Project Art**

A Project Art component is required on all redevelopment projects receiving funding from the Authority pursuant to the Authority's [Project Art Policy](#). 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, pursuant to the Authority's policy.

### **3.11 First Source Hiring**

The Project Developer must agree to comply with the Authority's [First Source Policy](#) which provides short- and long-term employment opportunities for Denver residents.

In addition, future leases with commercial tenants must contain a clause requiring compliance with the First Source Policy. Participation is required for ten years from the commencement of construction.

### **3.12 Small Business Enterprise Utilization**

The Project Developer must develop and submit a plan to comply with DURA's [SBE Policy](#) during the construction phase of the Project. The plan must be submitted for

review and approval during the underwriting process. The approved plan will be attached to the Redevelopment Agreement as an exhibit. In order to meet the Authority's required SBE goal, the Project Developer is encouraged to utilize SBE firms in the design phase of the project.

### **3.13 Enhanced Training Opportunities**

The Project Developer must develop and submit a plan intended to increase the availability of, access to, or quality of training opportunities in the construction industry in Denver in accordance with the Authority's [ETO Policy](#). The plan must be submitted during the Authority's evaluation process with the approved plan attached to the Redevelopment Agreement as an exhibit. The cost of the training opportunities provided must be equal to at least one percent of any Authority financing proceeds or one percent of the project's maximum reimbursable project costs. A payment in lieu of a plan is acceptable for projects that receive less than \$20 million of TIF assistance. If the project's maximum reimbursable project costs are equal to or greater than \$20 million, the Project Developer is required to prepare and implement an ETO plan.

### **3.14 Prevailing Wage Policy**

In the event the project includes construction of Regional Trunk Infrastructure, as defined in the Authority's [Prevailing Wage Policy](#), the Project Developer must comply with the City and County of Denver's Prevailing Wage Ordinance, Section 20-76 of the Denver Municipal Code. The Authority will determine whether or not a cost is classified as Regional Trunk Infrastructure while evaluating eligible costs for payment or reimbursement. The Project Developer is responsible for understanding and complying with the City's prevailing wage requirement.

### **3.15 Contingencies of Project Developer**

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

## **4. 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.

### **4.1 Submittal Review Expenses**

- The Project Developer will be required to pay for any studies (e.g. conditions study, parking or traffic impact studies, market feasibility studies, etc.), consultants or legal fees associated with the Authority's review of the submittal.
- The Project Developer may be required to submit 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.

#### **4.2 Additional Expenses**

The 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.

#### **4.3 Administrative Fee**

A monthly Administrative Fee, to be negotiated, beginning the month the Authority's Board of Commissioners approves execution of the redevelopment agreement and continuing through the completion of construction to cover the administrative costs required of the Authority during the negotiation and construction period. The monthly Administrative Fee is billed in arrears on a quarterly basis.

#### **4.4 Origination Fee**

At the time a redevelopment agreement is executed, the Project Developer shall pay an Origination Fee not to exceed 1.5% of the tax increment commitment.

#### **4.5 Priority Fee**

The Authority will receive an annual Priority Fee, 1% of the total TIF commitment, payable from the tax increment collected from the project. The Priority Fee will be paid prior to any reimbursement of costs to Project Developer. The Priority Fee will continue to be paid to the Authority until the Redevelopment Agreement terminates.

#### **4.6 Financial Participation by the Authority**

The Authority's financial involvement in a project 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 in 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 two distinct ways:

- **Annual Participation**

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: (1) a percentage of the cash flow in excess of the amount required by the Project Developer for a market level return on equity invested; or (2) a percentage of the cash flow after debt service; or (3) a percentage of the gross revenues.

- **Participation Upon Sale or Refinance**

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.

## **5. Redevelopment Agreement between Authority and Project Developer**

The Authority will enter into a Redevelopment Agreement with the Project Developers selected for projects. The Redevelopment Agreement is approved by the Authority's Board of Commissioners and details the following information:

- Project description
- Project budget
- Eligible costs
- Authority's financing obligation (maximum reimbursable project costs)
- Developer's financing
- Authority's fees and reimbursement of costs incurred by the Authority
- Participating Interest
- Compliance with the Authority's First Source Policy, SBE Policy, ETO Policy, and Prevailing Wage Policy
- Assignment or transfer provisions
- Schedule of Performance
- Project Art Policy requirements
- Recorded Land Use Covenants

### **5.1 Compliance with Redevelopment Agreement**

The Redevelopment Agreement contains various obligations required of the Project Developer. The Authority will monitor these obligations to confirm compliance during the term of the Agreement.

## **6. Criteria for Evaluating Submittals**

The Authority has established the following criteria upon which it will evaluate the submittals. The Authority's determination of satisfactory compliance with the evaluation criteria will be conclusive.

- The proposed project site is within an existing Urban Renewal Area, or the Project Developer and Authority mutually agree to investigate a potential statutory finding of blight.
- 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 the local Registered Neighborhood Organization, and/or the local neighborhood advisory committee (if applicable).
- Background and experience of Redevelopment Team.
- Financial capability of the Project Developer.

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- **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.

### **7. Miscellaneous**

#### **7.1 No Reimbursement of Submittal Costs**

The Authority does not agree to assume, pay or reimburse any costs, expenses or fees incurred by any Project Developer in connection with any submittal.

#### **7.2 Authority's Right of Reject Proposals**

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

## 8. Definitions

**“Authority”** or **“DURA”** means the Denver Urban Renewal Authority, a body corporate duly organized by the City and County of Denver in 1958, and existing as an urban renewal authority under the laws of the State of Colorado.

**“Blighted Area”** means those conditions enumerated in C.R.S. § 31-25-103.

**“Cooperation Agreement”** means the agreement entered into between the City and the Authority authorizing incremental taxes to be paid to the Authority.

**“DURA Policies”** means a policy or policies adopted by the Authority from time to time to promote various goals of the Authority through projects undertaken in conjunction with the Authority.

**“Project Developer”** means the counterparty with which the Authority enters into a Redevelopment Agreement.

**“Redevelopment Agreement”** means the contract between the Authority and the Project Developer.

**“Regional Trunk Infrastructure”** means regional key collector or distribution facilities and improvements in the sanitation, water, and street categories as well as regional police and fire facilities, City parks, and City owned recreation centers. Regional Trunk Infrastructure is considered to be essential to providing primary services to the urban renewal area and/or the surrounding community that would not otherwise be required of a Project Developer in the absence of tax increment financing.

**“Statute”** means Colorado State Urban Renewal Law (C.R.S. § 31-25-101).

**“TIF”** means Tax Increment Financing as allowed under C.R.S. § 31-25-101 through -§ 31-25-107.

**“Urban Renewal Area”** means a slum area, or a blighted area, or a combination thereof which the local governing body designates as appropriate for an urban renewal project as defined under C.R.S. § 31-25-103.

**“Urban Redevelopment Plan”** means the plan or plans as adopted by the City and County of Denver related to urban redevelopment efforts undertaken by the Authority from time to time and in support of City and County of the Denver Comprehensive Plan.