Basics of Urban Renewal

Rationale / Process / Current Examples

The Built Environment

Defining the Players and their Roles

Public Sector
- Big Picture Visioning
- Overseer / Occasional Builder
- Long Term View
- Safety / Equity / Predictability
- Trunk Infrastructure

Development Community
- Site Specific
- Creator / Builder
- Short Term View
- Profit / Marketability / Reputation
- In-Tract Infrastructure

Capital Markets
- Macro & Micro
- Analyzer / Gate Keeper
- Medium Term View
- Marketability / Risk
- Money
"But for..."

Defining Urban Renewal's Public Benefits

When DURA closes a financial gap, it:

Addresses a Market Failure

Makes It Happen

- Market / Use Mismatch
- Environmental Contamination
- Lack of Infrastructure

Acts as a Market Catalyst

Makes It Happen Sooner

- Reduces Risk of Pioneering
- Signals Political Importance
- Neighborhood Amenities

Enhances Market Outcomes

Makes It Better

- Affordable Housing
- Historic Preservation
- Place-making Amenities

Creates
Accelerates
Enhances

Public Revenues

What is TIF?

Creation of Value

- A financing mechanism that enables the net new tax revenues generated by a redevelopment project to provide up-front financing

- Can be used either to finance the issuance of bonds or to reimburse developers

- Must be used for infrastructure and related capital improvements that benefit the public and support the redevelopment

- Creates long-term value to the city by returning formerly blighted properties to the tax rolls
How TIF Works

- "Base" established for property and/or sales taxes prior to redevelopment
- If subsequent development increases the assessed value of property and/or sales tax receipts, the "tax increment" is used to pay off bonds or reimburse developer
- Normal taxing entities protected by continued receipt of revenues attributable to the "base"
- After DURA fulfills monetary obligations related to a project, all additional taxes created go to normal taxing entities

TIF – "Creation of Value"

![Graph showing the concept of TIF - "Creation of Value". The graph illustrates the increase in tax increment over time (Year 1 to Year 25) and the comparison with base tax. The x-axis represents the years (Year 1 to Year 25), and the y-axis represents the tax amount (0 to 200). The graph shows a steady increase in the increment starting from Year 10.]
Tax Increment Financing

How it works – Highlands’ Garden Village

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<tbody>
<tr>
<td>Vacated Eilitch's Site</td>
<td>$917,160</td>
<td>$1,293,740</td>
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<td>Redeveloped Highlands’ Garden Village</td>
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<td>Increment</td>
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Available to DURA to close financial gap

• Developer Reimbursement
• Debt Service on Bonds

Generally Two Types of Increment:
• Sales Tax Increment
• Property Tax Increment

The Mechanics – Bonds vs. Reimbursement

• Two Types of TIF Financing
  • TIF Bonds
    • Larger Dollar Investment
    • Risk born by Bond Holders
    • Equity vs Debt
  • Developer Reimbursements
    • Smaller Dollar Investment
    • Risk born by Developer
    • Credit Enhancement
Urban Renewal Projects

The Results

• Downtown
  • Denver Dry
  • Denver Pavilions
  • Pepsi Center
  • Sheraton Hotel

• Six Flags/Elitch Gardens
• Stapleton
• Lowry
• Highlands Garden Village
• Globeville/Asarco

Future Projects:
• Gates (I-25 & Broadway)
• 9th & Colorado
• Brighton Blvd

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