

Littleton Invests for Tomorrow Development Proposal

Funding Request Requirements for Proposed Urban Renewal Projects

INTRODUCTION

Littleton Invests for Tomorrow (LIFT) promotes projects that supply public benefit, provide quality sustainable places, create jobs, promote public art, offer affordable housing and raise the standard of development in Littleton. These projects are achievable through the coordinated partnerships of private and public entities, civic leaders, financial institutions and the use of tax increment financing. The objective of LIFT is to facilitate development of balanced, sustainable environments where people, live work and come together as a community. The Authority will consider Development Proposals from Property Owners and Developers for projects located in Littleton.

LIFT intends to work with Project Developers, property owners and the City of Littleton to assist in achieving feasible developments within Littleton.

BACKGROUND

The Littleton Urban Renewal Authority was established by the Littleton City Council in 1980. LIFT is a body corporate and politic. Though structured independent from the City of Littleton, LIFT is not a land use regulatory body and all development projects must comply with the City of Littleton development review process.

LIFT's urban renewal plans must be approved by various bodies of the city including Planning Board and the Littleton City Council. The Planning Board must determine if the urban renewal plan is in conformance with the Littleton Comprehensive Plan. City Council provides the final approval of all urban renewal plans.

In March 2015 Littleton voters approved a ballot issue that will require any new urban renewal plans or substantial modifications of existing urban renewal plans that are approved by City Council to also be ratified by the registered voters of the City of Littleton if the plan proposes the use of or change to eminent domain, condemnation, tax increment financing, revenue sharing or cost sharing.

OBJECTIVES OF DEVELOPMENT PROPOSALS

Development Objectives

- To implement the Littleton Comprehensive Plan.
- To prevent and eliminate conditions of slum and blight within the City of Littleton.
- To encourage and promote development/redevelopment.

- To increase employment opportunities.
- To encourage and provide incentives for the private development of affordable housing.
- To encourage the development of projects that would not otherwise be considered financially feasible without the participation of LIFT.
- To provide opportunities for public art to be included in redevelopment projects.
- To enhance the current sales tax and property tax revenue within the City by developments that increase the assessed valuation and provide additional sales tax collections.

Design Objectives

Specific design objectives will be developed for individual urban renewal areas and will include:

- Comply with existing, or planned, zoning requirements (as per the City of Littleton land use review process)
- Comply with design guidelines for the urban redevelopment area established by the City or the Authority.
- Encourage the provision and installation of public art in project areas.
- Include elements that are pedestrian friendly and safe.
- Promote high quality urban design and architecture.

Project Types

Littleton Invests for Tomorrow wishes to encourage the submittal of residential, commercial, industrial and mixed-use projects that meet the objectives and reflect the overall mission statement of LIFT. Projects that create new or enhance existing neighborhoods are encouraged. In order to be considered, a project must comply with the Colorado state statute requirements for blighted conditions as well as demonstrate that it would not be financially viable without the assistance of LIFT. Consideration will be given to projects that provide employment opportunities, increase the local tax base as well as provide public benefits and exhibit high quality urban design.

ROLE OF LIFT

LIFT typically fulfills the following role in the process:

- LIFT will analyze the proposed project area to determine if it will qualify as an urban renewal area according to the state urban renewal statute.
- If the proposed project is located within the boundaries of an existing urban renewal area, LIFT will determine whether the proposed project meets the redevelopment objectives established in the urban renewal plan.
- LIFT will arrange for a conditions study, economic/market study and the urban renewal plan for the proposed project (if one has not been prepared by LIFT). The project proponent/developer will be required to cover the costs associated with the preparation of all of the studies and plans.
- LIFT in cooperation with the project developer will analyze alternative financing options for the proposed development.

- LIFT may participate financially and/or provide project management services as part of a public/private joint venture.
- LIFT will negotiate with the Project Developers and enter into Redevelopment Agreement(s) for selected projects.
- LIFT may finance through reimbursement of costs or through the sale of bonds, costs to construct or reconstruct any public improvements and infrastructure such as streets, sidewalks, landscaping, public parking facilities, environmental remediation efforts and rehabilitation of historic structures.

The amount of financial assistance (Gap Financing) provided by LIFT 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 LIFT.

- In lieu of the sale of bonds, LIFT may agree to reimburse qualified project expenditures incurred by the developer as the project elements are completed and as tax increments become available, LIFT may agree to a direct reimbursement of eligible project costs based on all or a portion of the tax increment associated with the development.

This option will require redevelopers to pay all costs associated with the development through completion of the project.

Upon completion of the improvements, all or a portion of the tax increments generated by the project will be used to reimburse the redevelopers over an agreed upon period of years for costs that have been identified as eligible for reimbursement as part of the Redevelopment Agreement.

- LIFT will require the payment of administrative fees to provide the services outlined above. These may be in the form of an annual payment, an allocation from the tax increments and/or a percentage of any bond sales that will be required for LIFT's participation in the project financing.

SUBMITTAL REQUIREMENTS

The Project Developer proposal(s), along with the predevelopment fee(s), may be submitted at anytime or as outlined in a request for proposals that LIFT may solicit.

The scope of the project being proposed will affect the extent of the submittal. The information supplied must provide 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. Project Developers will also be required to make an oral presentation to LIFT Board following the review of the proposal. Those Developers who have questions about the process or desire technical assistance in the preparation of proposals should contact LIFT directly. As each project is unique, LIFT encourages pre-submittal meetings to clarify submittal requirements.

Three (3) copies of the proposal and a two-page Executive Summary of the project, must be submitted to:

The Littleton Urban Renewal Authority
2255 West Berry Avenue
Littleton, CO 80120
Phone: 719-651-3136

Submittal Requirements

Project Overview

All proposals that are submitted to LIFT for consideration must include the following information:

- Narrative description of the development objectives of the project including proposed land uses and locations for those uses. Include a discussion as to how the project furthers LIFT's objectives and Mission Statement.
- A vicinity map.
- Total gross building area and total gross lease area. Office (sf), Restaurant (sf), Retail (sf)
- Number and type of housing units (single family, multi-family, etc)
- Conceptual site plan, elevations and perspectives (if available).
- Known environmental conditions (hazardous materials, etc)
- Existing and proposed zoning.
- Location of parking, parking access and total parking count.
- Description of proposed site improvements, landscaping, materials and colors including the public right-of-way streetscape.
- Description of plans for any designated or eligible historic structures existing on the project site.
- A general description of the proposed project art component and affordable housing component where applicable.

Should the proposal be selected by LIFT for further evaluation, additional conceptual design information or alternative presentation formats may be required to be submitted. LIFT maintains the right to require the development of design standards that control exterior architectural and site design on approved projects.

All design submissions must be consistent with the Littleton Comprehensive Plan, City Codes and Ordinances. The City of Littleton's entitlement process will govern all final land use and development requirements.

Schedule

Once an urban renewal plan has been approved by the Littleton City Council, the plan will be in effect and tax increments available for no longer than twenty-five years. A proposed project schedule is required with the submittal that includes:

The design and engineering period, equity and debt financing, property acquisition (if any), demolition schedule, construction schedule, lease-up schedule and other key elements.

Project Development Team Description

- The names, addresses, email addresses, telephone and fax numbers of the development team and the contact person who will be making decisions and with whom the Authority would negotiate.
- Length of time the development team and each member has been in the development business and a list of completed projects similar to the type of redevelopment project being proposed.
- Identification of consultants who will be involved in the project.
- 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, total development costs and current financial status.

Financial Capability

Provide evidence satisfactory to LIFT of the financial capability of the Developer or Development Team to complete the project. Three (3) 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 LIFT. Refer to the Confidential Financial Statement for detailed requirements.
- 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.

Project Financial Plan (Marked as Confidential)

The developer will submit as much financial information as available in a preliminary pro forma in order to demonstrate the economic viability of the proposed project. A complete pro forma will be submitted prior to the signing of a Redevelopment Agreement that will include sufficient information regarding acquisition and development costs, financing costs, operating costs, net operating income and the operating income shown as a percentage of the project cost, estimated 5 years of stabilized cash flows for the project, the amount of equity and likely sources, key market assumptions relative to the development (i.e. rate of rent increases, vacancy rates, etc.), return on equity for the developer, with and without public investment by LIFT. The analysis must show developer's return with and without the proposed tax increment financing from LIFT.

Additional Required Information

- Preliminary calculation of incremental sales taxes and property taxes that will be generated by the project. Any proposed revenue generated from a special district mill levy to be used to construct improvements.

- Letters of interest or intent from potential tenants - to indicate tenants' interest in negotiating a tenant lease and or property sale commitments should LIFT execute a Redevelopment Agreement with the Developer.
- Market feasibility reports for the proposed project.
- Other additional information as required by the LIFT Board

Site 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 LIFT, of good faith negotiations to acquire property or interests therein.

FEES and EXPENSES

Proposal Review Expenses

In addition to the costs to prepare the Conditions Study and the Urban Renewal Plan (if required), the redeveloper will be required to pay for any studies (traffic, engineering, market analysis, etc.), consultants or legal fees associated with LIFT's review process.

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

- A predevelopment fee that will be used by LIFT to pay the fees and expenses of LIFT in the review of the proposal, the urban renewal plan submittal process and the preparation of the redevelopment agreement.

Administrative Fee

The redeveloper will be assessed an annual Administrative Fee, to be established in the redevelopment agreement, beginning the month LIFT's Board of Commissioners approves the redevelopment agreement and continuing through the completion of the project. The fee may be considered an expenditure that is eligible for reimbursement through the tax increment revenues.

Additional Expenses

The redeveloper will be required to pay all fees and expenses associated with the following: financial advisors, project management consultants and legal advisors retained by LIFT to implement its responsibilities as detailed in the redevelopment agreement.

Financial Participation by LIFT

Should the project involve the sale of bonds by LIFT in order to obtain the upfront funds necessary to construct the improvements, LIFT will require a onetime fee of 1-1/2% of the total bond amount which will be paid from the bond proceeds immediately upon sale of the bonds. This fee is to compensate LIFT for the additional administrative, accounting and payment processing expenses associated with the bond payment and reporting requirements.

Redevelopment Agreement

LIFT will enter into a Redevelopment Agreement with the Project Developer selected for project. Redevelopment Agreements may include, without limitation provisions regarding the following: description of redevelopment and public improvements; project financing (including a detailed development proforma); tax increment collection and disbursement, plan review procedure; construction; representations and warranties; restrictions on assignment and transfer; termination; indemnity requirements and other customary and appropriate provisions.

DESIGNATION PROCESS

The following is the general process that will be utilized in the review of potential projects that are submitted for LIFT's consideration for urban renewal area designation.

1. Initial Staff Review - upon receipt of the proposal, LIFT will conduct a preliminary review of the submitted material. If the proposal contains all of the requested information (*see Submittal Requirements*), the staff will:
 - Perform preliminary due diligence on the developer and submitted financial information and conduct a review meeting(s) with the proponent.
 - Determine if further studies are required in connection with the project, such as parking analysis or traffic impact studies, market feasibility studies, etc. If required, the cost associated with conducting the studies will be paid by the Project Developer.
 - Authority Board will schedule a presentation of the project by the Developer at a regular monthly Board meeting to allow public comment and provide an opportunity for Board members to have questions answered.
2. Requirements for Projects that are not within existing urban renewal areas:
 - Complete a Conditions Survey, if the initial review is approved by the Board, and present the findings during a regularly scheduled Board meeting. The Board may accept the findings of the Conditions Survey and authorize the development of an Urban Renewal Plan.
 - Undertake the Urban Renewal Plan, if approved by the Board, and present the draft plan to the Board and the public during a regularly scheduled Board meeting. The Board may accept the Urban Renewal Plan and forward it to the Littleton City Council (after review by the Planning Commission for compliance with the *Comprehensive Plan*). A 30 day public notice is required prior to the public hearing.

- The urban renewal plan and county impact report must also be submitted to the Board of County Commissioners a minimum of 30 days prior to the public hearing.
 - Once adopted by City Council, the approval of the plan must be ratified by the registered voters of the City of Littleton if the plan proposes the use of or change to eminent domain, condemnation, tax increment financing, revenue sharing or cost sharing.
3. Sales Tax Increment: If the project requires the use of sales tax increment financing in order to be viable, LIFT will request the establishment of an urban renewal/tax increment area for the selected project through the Littleton City Council and enter into a tax sharing agreement with the City of Littleton.
- LIFT will negotiate and enter into a Redevelopment Agreement with the developer(s) as outlined above (*Redevelopment Agreement*)

EVALUATION CRITERIA

The following criteria will be used to evaluate the development proposals submitted.

- The project has a financial feasibility gap (through the pro forma).
- Conformance with LIFT's mission statement and development objectives as well as the City of Littleton Comprehensive Plan, other applicable plans for the proposed area and the provision of other public benefits of the project.
- Support of owners of property that will be included if the URA (if applicable).
- Experience of the Developer on similar past projects, property management experience and relationships with major tenants, overall architectural and design quality of prior projects, experience in working with governmental entities, timeliness of completion of previous projects, history of completing projects as originally proposed.
- Demonstration of the Developer's Financial Capability - ability to provide sufficient equity for proposed project, ability to secure any necessary debt financing and evidence of 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, extent of public support and involvement proposed for the project, project marketability and anticipated economic success and viability of the proposed project, proposed development schedule and lease up time frame.
- Site Conditions - The extent to which all or a significant portion of the site appears to meet the conditions of blight set forth in the Urban Renewal Statute.

MISCELLANEOUS

The purpose of this document is to outline the criteria for the submittal of development proposals (s) within the City of Littleton. LIFT does not intend to pay or reimburse any cost, expense or fees incurred by any Project Developer in connection with the preparation of the proposal. LIFT reserves the right to reject any and all proposals.