



To: Jefferson County - County Manager's Office/Board of County Commissioners

From: Wheat Ridge Urban Renewal Authority

Date: August 1, 2024

Re: Lutheran Legacy Campus and Clearvale Urban Renewal Plans – County Benefits

Thank you for the opportunity to further detail the benefits of the utilization of property tax increment financing (TIF) for two newly proposed urban renewal plan areas within the City of Wheat Ridge. The Conditions Survey, Impact Report, and Draft Plan for both the Lutheran Legacy Campus and Clearvale Urban Renewal Plans have been shared with County staff.

As per your request, this memorandum will attempt to detail, to the best of our knowledge, the advantages to the County if the Wheat Ridge Urban Renewal Authority (Authority) retains 100% of the TIF increment from these plan areas to assist in the remediation of blight.

In general, TIF increment will be necessary in both plan areas to offset costly demolition, environmental remediation, infrastructure and construction costs. As a result of the remediation of blight in these two areas, significant economic impacts will be generated impacting these areas of Wheat Ridge, surrounding neighborhoods and Jefferson County as a whole.

LUTHERAN LEGACY CAMPUS URBAN RENEWAL PLAN

The Lutheran Legacy Campus Master Plan was approved by City Council on October 25, 2021. The site is currently zoned as a Planned Hospital District (PHD), and permitted uses include only hospitals, hospice care, and accessory uses customarily associated with a medical campus.

The vision for this campus, as expressed in the Master Plan, is to create a flexible mixed-use development with medium to higher density in the center of the campus and a buffer along the periphery of the site with a mix of lower density residences and/or open space, integrated with bicycle and pedestrian pathways that can connect residents to the center of the site. Further, the Plan aims to preserve and repurpose viable existing assets including several medical office buildings, a portion of the main existing hospital building for potential civic uses, certain sites of historic significance, and the campus' highly valued open spaces, including the Rocky Mountain Ditch that traverses the campus from the southeast to northwest. Lastly, the Master Plan encourages high urban design quality and sustainability integrated into any potential future development.

Affordable Housing - The City envisions a majority of the campus will evolve into various types of market-rate and affordable housing options including single-unit homes, townhomes and multi-unit homes. On June 9, 2023, the Wheat Ridge City Council adopted an Affordable Housing Strategy. A key action item from the strategy is to set clear expectations that the site will include a substantial amount of affordable housing serving households with incomes of \$75,000 to \$150,000.

Civic Campus – The City envisions relocating municipal and other civic services to a portion of the existing structures creating a new civic campus. Portions of the new site may include a new public library, county services, and cultural arts opportunities. Civic, cultural and community-focused programs were key uses discussed throughout the Master Plan engagement process. The provision for these types of uses and spaces will require a significant investment and funding. Pending the financial viability and interest from the City and other civic partners, a civic campus could include uses such as: city hall and city offices; Jefferson County branch library; recreation center; cultural facility; art and/or history museum; theatre, visual, and performing arts space; and educational institutions.

Blight Remediation – The current site has a predominance of defective or inadequate street layout, faulty lot layout, unsafe or unsanitary conditions, deterioration of site and improvements, inadequate public improvements, and environmental contamination of existing buildings. These factors would need to be remediated prior to any occupancy or construction, and development of the site based on the conditions identified in the report is not feasible without TIF, based on the costs associated with remediation of the property. Estimates for demolition of existing buildings alone is \$15 million. The need for maximum use of TIF is vital in this process which enables the developer to provide more affordable housing for Jefferson County residents.

Property Tax Generation – While the Authority seeks 100% of the TIF increment, this site will generate additional property tax to the County over the 25-term of the Lutheran Plan. Additionally, each year this base of property tax will increase.

As identified in the Impact Report: *“Existing property taxes refer to the “Base” and will continue to be collected by Jefferson County. The County’s share of the current property tax base is \$96,064. This base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$136,964 for Jefferson County in year 25 and generating a total of approximately \$2.9 million over the 25-year period. After the 25-year period is complete, the County’s share of property tax revenues will increase to between \$1.2 million and \$2.1 million annually.*

Retention of historic structures (see Final Conditions Survey) – Through the Master plan engagement process, the Chapel and Blue House located on the campus were identified as key community assets with historic value. City Council passed a resolution requiring that any future redevelopment of the campus will include the preservation, rehabilitation, or restoration of these assets. Doing so will require adjacent development on the campus to offset the reduced return on this investment.

Potential Jefferson County benefits from redevelopment of the Lutheran Legacy Campus:

- Employment opportunities – construction jobs will be created during the 20-year buildout of the campus; new high paying jobs may be created with the relocation of medical, research, and other office employment
- Variety of housing options including affordable housing – the development will include a portion of affordable housing serving Jeffco residents at the 80% to 120% area median income
- Additional Open Space sales tax generation – new residents to Jefferson County will increase the demand for services and goods increasing spending and tax revenues
- Increased property tax base and enhanced property values resulting in increased property tax revenues for properties in proximity to the plan area – the County will generate between \$20 million and \$33 million of property tax revenues of the 25-year life of the urban renewal plan and annually between \$1.2 million and \$2 million in subsequent years

- Recreational opportunities – portions of the existing structures and campus may provide new civic uses which may include some recreational opportunities for Jefferson County residents
- County services – the County may have the opportunity for to locate County services as part of the civic campus such as a library or other services and programs
- Remediation of blight – The removal of blighting conditions is beneficial to all residents of Jefferson County
- Historic assets that have been part of Jefferson County’s history for over 120 years will be preserved

County Impacts based on the Impact Report and to the best of the City’s knowledge:

- Assessor – Negligible
- District Attorney – Negligible
- Human Services – Negligible
- Library – For future consideration at the site
- Public Health – Negligible
- Treasurer – Negligible
- Sheriff – Negligible

CLEARVALE URBAN RENEWAL PLAN AREA

The Clearvale Urban Renewal Plan Area is comprised of 28 parcels plus adjacent right-of-way (ROW) on approximately 109 acres of land. The boundaries of the Plan Area include West I-70 Frontage Road North to the north, West 44th Avenue to the south, Garrison Street to the west, and Wadsworth Boulevard and Clear Creek to the east. This area of the City of Wheat Ridge includes some of the most heavily blighted and underutilized parcels of the community.

In April 2023, the City adopted the 44th Avenue Subarea Plan of which a portion of this Plan Area is included. The development program for the Plan Area was derived from the Subarea Plan, which included a guide for future redevelopment based on community input and market analysis. The Subarea Plan has many elements, the most applicable to this Plan Area are the recommendations that the northeast corner, which is directly south of I-70, is likely to be redeveloped as industrial employment. The commercial properties along 44th Avenue in the southern portion of the Plan Area are anticipated to be redeveloped as retail and neighborhood services. The recommendations from the Subarea Plan have been used to forecast future redevelopment potentials.

The use of TIF would benefit the City/County in the following:

Flood plain – Remediation of floodplain and floodway – most of the Clearvale neighborhood downstream of 44th Avenue is located within a federally regulated floodplain. Using TIF to implement a mitigation project, most, if not all, of the neighborhood could be taken out of the floodplain and removed from the floodway. For the non-residential properties within the neighborhood, this would provide a more efficient use of land allowing additional industrial buildings to be developed. For the residential properties, the mitigation project would also provide the residential property owners the ability to improve, expand, or rebuild their properties that are in the floodway as that is not currently possible due to the restrictions in place for properties within the floodway. The project would also reduce the need for flood insurance for those properties. With the current situation, the annual flood insurance premiums will eventually exceed the amount that many of those property owners are paying annually for their mortgages.

Blighting Remediation – the current site has a predominance of defective or inadequate street layout, faulty lot layout, unsafe or unsanitary conditions, deterioration of site improvements, inadequate public improvements, and endangerment to life or property. These factors would need to be remediated prior to any occupancy or construction. The need for maximum use of TIF is vital in this process which enables the developer to create a proposed 170,000 square foot industrial building.

Employment – a new industrial building could provide up to 400 jobs in Jefferson County

Property Tax Generation – While the Authority seeks 100% of the increment, this site will generate additional property tax to the County over the 25-term of the Clearvale Plan. As stated in the Impact Report:

Jefferson County has a 26.9780 mill levy. Existing property taxes refer to the “Base” and will continue to be collected by Jefferson County. The County’s share of the current property tax base is \$133,669. This base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$190,600 for Jefferson County in year 25 and generating a total of approximately \$4.0 million over the 25-year period. After the 25-year period is complete, the County’s share of property tax revenues will increase to between \$486,400 and \$744,200 annually due to the new development.

Open Space Sales tax generation – The retail section of the plan area contains buildings which are approaching the end of their functional existence and at some time in the next 25-years would be demolished and redeveloped into a neighborhood and regional serving retail use.

Potential Jefferson County benefits from redevelopment within the Clearvale Urban Renewal Plan Area:

- New job opportunities for floodplain mitigation work, construction of new facilities, light industrial employment for 400 employees
- Recreational opportunities in improved area along Clear Creek Trail
- Increased property tax base and enhanced property values resulting in increased property tax revenues for properties in proximity to the plan area - the County will generate between \$9 million and \$12 million of property tax revenues of the 25-year life of the urban renewal plan and annually between \$486,000 and \$744,000 in subsequent years
- Construction of an additional 170,000 sq. ft of light industrial space in Jefferson County
- Removal from Jefferson County residents and businesses from the floodplain and the elimination of or reduction in flood insurance
- Remediation of blight – the removal of blighting conditions is beneficial to all residents of Jefferson County

County Impacts based on the Impact Report and to the best of the City’s knowledge:

- Assessor – Negligible
- District Attorney – Negligible
- Human Services – Negligible
- Library – For future consideration at the site
- Public Health – Negligible
- Treasurer – Negligible
- Sheriff – Negligible

Thank you for the opportunity to address the County Board of Commissioners on the impacts of the two urban renewal plan areas. The Wheat Ridge Urban Renewal Authority would like to see both these plan areas be successful and a benefit to all the residents of Jefferson County. We recognize the Commissioners concerns on impacts to the County, but we feel without these developments, the chances for impactful property and sales tax generation will be hindered.

Sincerely,

Steve Art
Executive Director – Wheat Ridge Urban Renewal Authority

Patrick Goff
City Manager