



FROM BLIGHT TO BEAUTY

Stephanie Edwards, Executive Vice President, Gold Hill

Samuel Small, Development Manager, Gold Hill

John Olson, Principal, Urban Landscapes (Gold Hill Planner)





Building a Smart Community from the Ground Up

Agenda

- Why 2% Matters
- Site History
- Mitigation and Site Prep
- Smart Growth / Development with Purpose
- Engaging Community
- Gold Hill Next Phase
- Fiscal Impact



Our Vision: A Plan with a Purpose

Gold Hill is a unique urban renewal, infill, Brownfield property being revitalized with intelligent land management, purposeful planning, and Smart Growth principles designed to cultivate a greater sense of connectedness, quality of life, placemaking, and to be a good neighbor to all.

Why 2% TIF Matters

- **Gold Hill Development is already receiving developer returns well below the industry standard**
- **Every portion of TIF is needed. (A traditional developer would not move forward at a 6% rate of return. A 5% rate of return is insufficient to move forward)**
 - Gold Hill Development is invested in, and committed to, the growth and prosperity of Colorado Springs
 - Value to the City has already been proven with return on investment of the existing Gold Hill Mesa TIF efforts maturing in 6 years (\$1.85M per year)
 - The new development improvements bring further value to existing property taxes for an even greater return on the City's investment
 - The TIF is not providing the developer with industry level profit; the full TIF is necessary just to continue providing long lasting value to the community and the City
- **The Net Present Value (NPV) of 2% TIF is \$6.0M**
 - If the city votes only 1.75%, the 'today savings' for the city is \$745K, but it represents:
 - A loss of over 1% in Long Term Return on investment
 - A loss of valuable improvements provided by Gold Hill Development to the city (Detailed in next slide)
- **Precedent has been set of awarding 2% TIF to projects that have shown extraordinary investment and challenges:**
 - Gold Hill as a Horizontal Development, with a Brownfield environmental overlay, is extraordinarily more complex and costly than others that were awarded 2%
 - Extraordinary effort has been dedicated, and invested, in site development and preparation
 - A tremendous burden has been lifted off the city and tax-payers through extensive environmental, fiscal, and social improvements performed by the developer

Benefits to the City at a 2 % TIF

Gold Hill Development is providing community benefits and public improvements (including on-going maintenance) that reduce the fiscal exposure of the City of Colorado Springs while implementing citywide goals and objectives to a site that would otherwise remain blighted and dormant:

- Creek restoration and water quality improvement
- Environmental contamination and soil erosion remediation
- Public space and trail connections
- Placemaking and community building efforts
- Safety and Infrastructure improvements
- Wildland fire mitigation
- Historic preservation efforts
- A mix of well-designed housing product and variety of price points
- Resolution to significant blight
 - 8 findings of blight exceeds URA requirements, and far exceeds blight factors of most URA developments
 - * Anything less than a 2% TIF means that the City will not receive the value and benefit of the above

Booming to Barren & Back



PAST:

Almost 60 years – 210 empty acres, blighted, environmental property set in the core of our city – tailings eroding into Fountain Creek and fugitive dust spreading.



PRESENT:

Redeveloping into vibrant neighborhood with 627 occupied homes. Environmental concerns successfully addressed. Fountain Creek habitat restored. Fugitive dust mitigated. Over \$250MM value created.



FUTURE:

Community with an additional 550 homes, retail, restaurants, and hotel.



The Industrial History



Highest producing mill in the nation from 1906-1949.



Produced 483,771 pounds of gold / \$200 Million of gold bullion (worth over \$12.6 Billion in today's dollars).



Burned in 1907 from coal dust explosion, reconstructed with better automation.



Processed 15 million tons of ore processed, from Cripple Creek Mining District.



A Pioneering Spirit Continues



Top payroll in the state at the time.



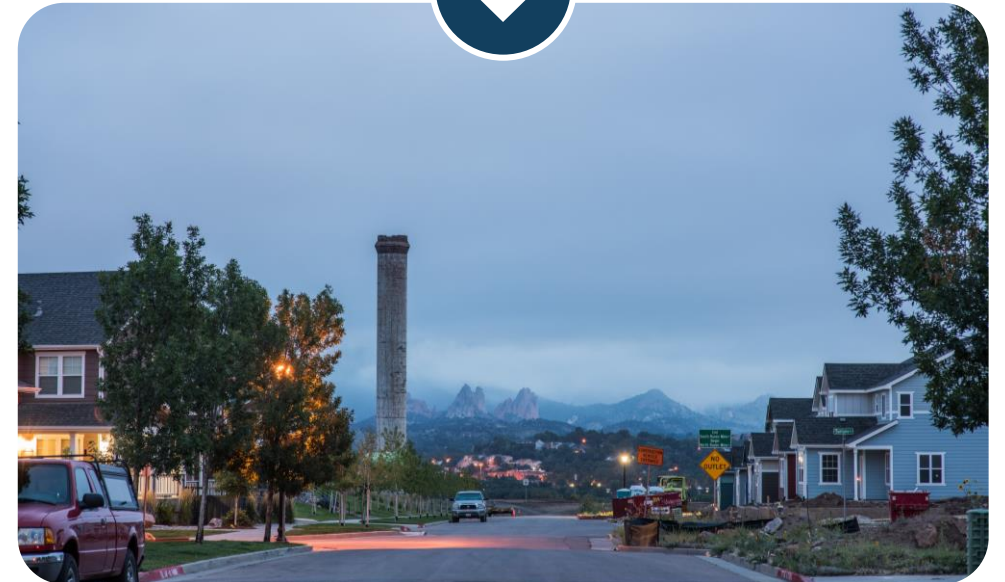
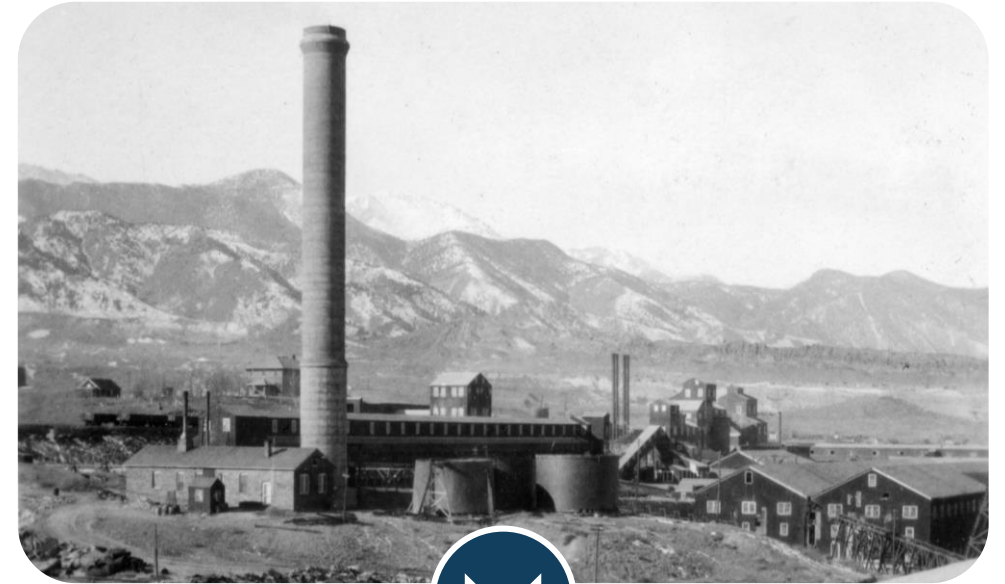
Important economic base during Pikes Peak Gold Rush.



Mill closed in 1948 due to World War 2.



Mill process entailed crushing, roasting, and chemical treatment, efficient for extracting gold from silver and tellurium-based ore, known as “salvanite” ore that was mined and delivered by rail from gold mines in Cripple Creek.



The Barren Years



210-acre site sat dormant for nearly 60 years



Subject to erosion



Underutilized land attracted vandalism and pollution



Native vegetation did not grow on blighted land depleted of topsoil



Approximately 300K cubic yards of concrete rubble

Remnants from a Past

8 of 11 Blight Factors Recognized as Opportunities for Improvement Findings of Blight

Only 1 required per State Statute



Predominance of defective/inadequate street layout



Faulty lot layout in relation to size, adequacy, accessibility, or usefulness



Unsanitary or unsafe conditions



Deterioration of site or other improvements



Unusual topography or inadequate public improvements or utilities



The existence of conditions that endanger life or property



Environmental contamination



The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements

What Are the Options for Cleaning Up an Abandoned Industrial Site?





Where Did We Start?



Geotechnical evaluation, multiple studies and peer reviews



CDPHE environmental and mitigation process, Voluntary Clean Up Plan (VCUP)



Underdrain system and detention ponds



Fiber-Optic Infrastructure

Remediation Milestones



Reclaimed Brownfield:
1998



Extensive
Geotechnical Study:
1999-2004



Environmental Studies:
1993-2005



Builder Geotechnical
Review:
2005 - date



Urban Renewal Designation:
2004



Voluntary Clean-Up Plan:
2003



Metro Districts
2007



Fountain Creek Restoration
2014

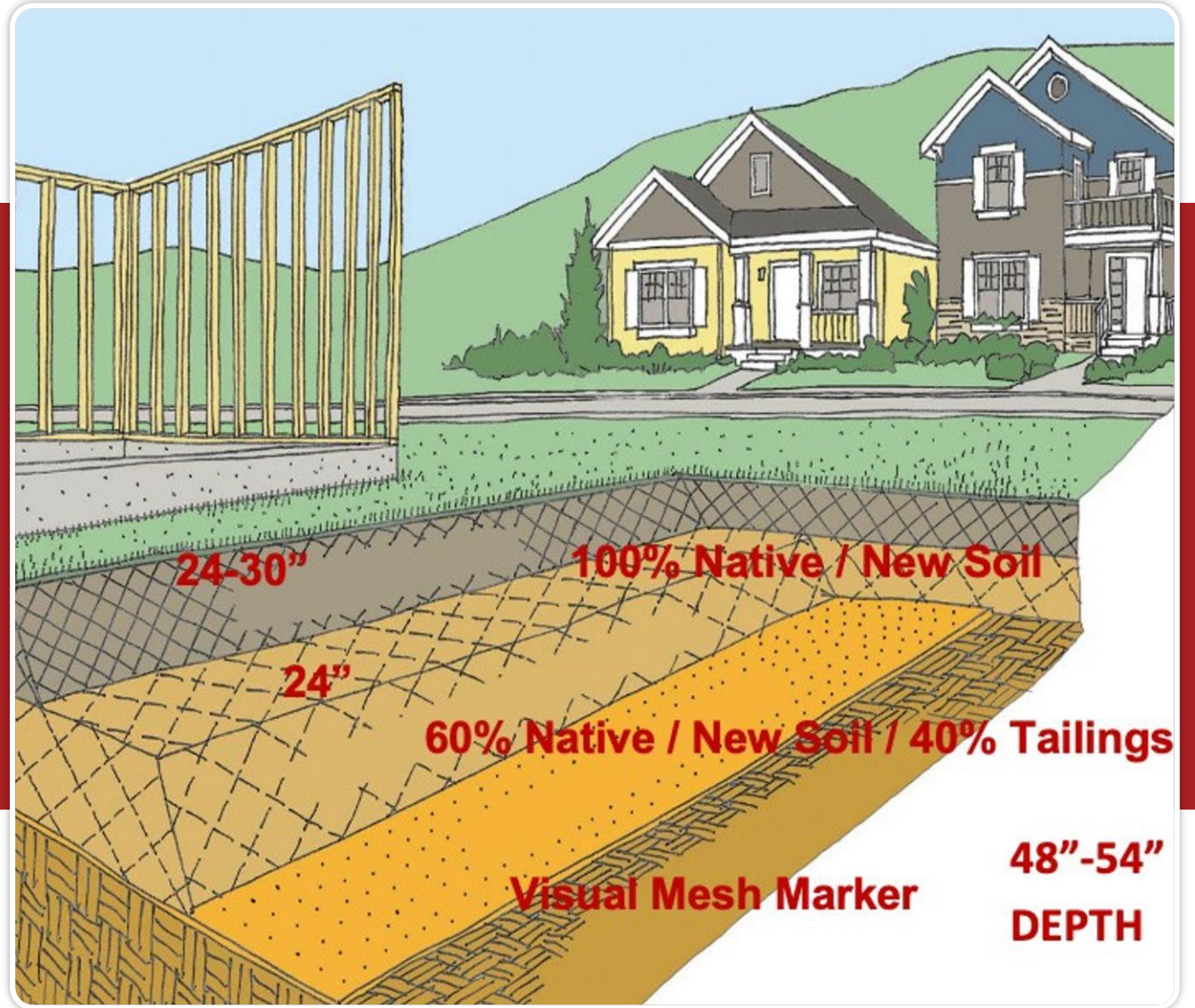


New Development
"Gold Hill" formation
2022



TIF clock reset
2023

Revitalization Begins Here: Environmental Mitigation Process (VCUP)



Responsible Stormwater Management



2006 constructed water quality ponds



2010 Fountain Creek restoration

› Nearly one mile of creek bordering Gold Hill Mesa



2018 Detention pond expansion

› Stormwater captured in two ponds

› Concrete buttress wall to expand detention pond #1



Reuse of concrete equivalent to 600 home foundations



CTL THOMPSON engineered

Invested in Protecting Our Precious Waterway:

Fountain Creek Restoration



1-Mile Stretch of Fountain Creek,
bordering commercial property
and Highway 24



Prototype of Stream
Restoration, completed in 2010.
Gold Hill Mesa neighborhood
adopts the waterway



Public / Private Partnership
among Gold Hill Mesa, CDOT,
StormWater Enterprises, and
the City of Colorado Springs



Extensive Site Preparation



Concrete mitigation



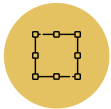
Foundation removal



75,000 cubic yards of buried concrete



150,000 cubic yards infill/old concrete



Replaced by clean fill



Total commercial site mitigation = **600,000** cubic yards



The Dirty Work

Excavating Old Mill Foundations



Heavy Lifting

Pneumatic Hammer and Large Backhoes



Pressing Forward

Tiered excavation with a D9 Dozer



An Homage to the Past

A Beacon to the Future. Preserving the Chimney.



Gold Hill Mesa Today



627 households.



Filings 1 through 10 completes the Mesa.



Over 2,000 trees planted, 15% greenways and pocket-parks.



Activated community center, Music and Art on the Mesa programs, outreach and social impact city wide.



**METRO
DISTRICT
PARKS
&
OPEN SPACE**



Dedication to Future Generations

- Catamount Institute's Water Week
- Bear Creek Nature Center Microscope Fund Raiser
- Children's Literacy Tutoring
- Seminar Series: *Gold Hill Mesa from the Ground Up*
- Art Exhibit by Cottonwood Center for the Arts
- Pikes Peak College Zoology Exhibit at Concerts
- Colorado College Geology tours at Gold Hill Mesa
- Creek Week Cleanup with the Boy Scouts
- Lunch and Learn series at Gold Hill Mesa
- Art on the Mesa
- Music on the Mesa



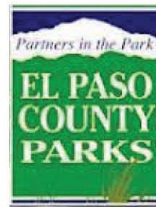
A Rich Heritage

Celebrating our history together and fulfilling a vision for the future:

- Sponsor Colorado Springs Sesquicentennial
- Smokestack restoration to preserve an iconic landmark
- Fountain Creek restoration and annual Creek Week stream cleanup
- Potential museum and sculpture garden to recognize and honor our history together
- Sponsor Old Colorado City events and Business Improvement District (BID) efforts
- Sponsor of Pikes Peak Library District's 50th Anniversary Gala



Our Social Impact



Directly Supports 6 of 6 Themes / Frameworks of URA Plan



Vibrant Neighborhoods - Newer Developing Neighborhood

- › Diversity of housing
- › Reinvest to create community and vibrancy



Unique Places - Neighborhood Center

- › Enrich livability of unique, vibrant, and walkable places
- › Changes in land use, infill, reinvestment, & redevelopment



Strong Connections - Suburban Streets and Modern Upgrades

- › More environmentally sustainable utilities systems



Renowned Culture

- › Preserve Colorado Springs history



Majestic Landscapes - Neighborhood Greenspace

- › Provide accessible, safe, sustainable parks and open space



COS Strategic Plan

- › Building Community and Collaborative Relationships and Investing in Infrastructure



Fulfilling a Vision for Colorado Springs

Prevent and eliminate conditions of blight within the City of Colorado Springs; encourage and provide incentives for the private development of housing.



Encourage the development of projects that would not otherwise be considered financially feasible without the participation of Colorado Springs Urban Renewal Authority (CSURA).



Enhance property tax revenue for the City and County through development that will increase the assessed valuation in the community.



Financial Recap

Urban Renewal Plan

Eligible Costs Incurred

\$17,500,000

Eligible Costs Reimbursed

\$4,600,000

Metro District #2

\$24,050,000

\$14,500,000

\$41,550,000

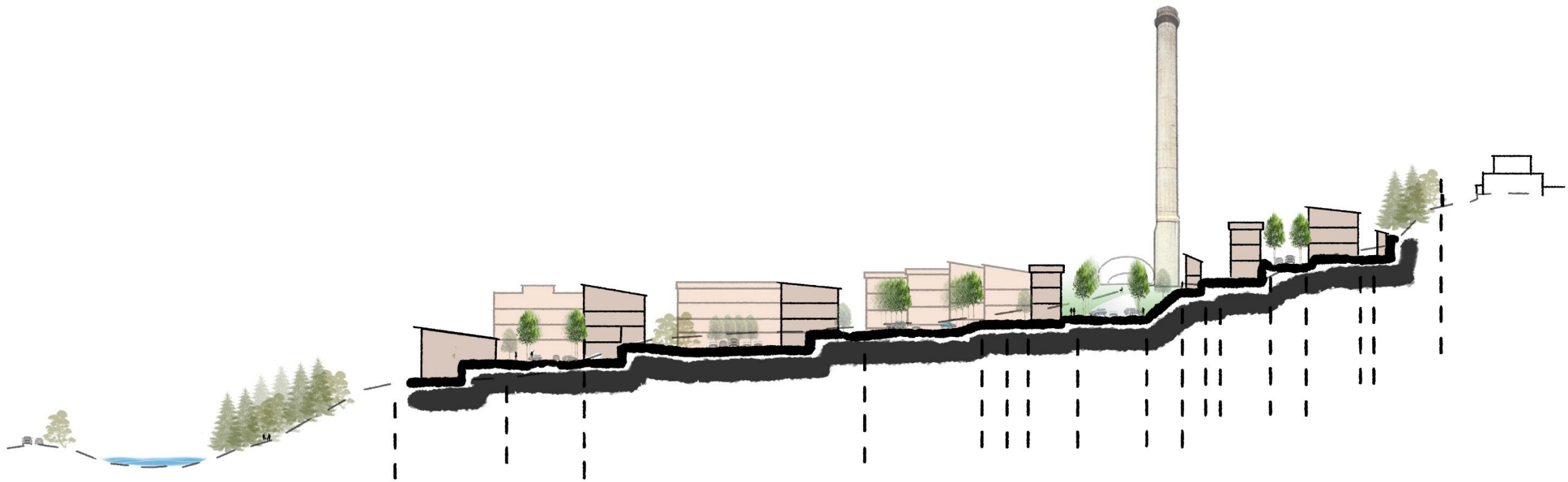
\$17,100,000

Future Residential and Retail Product

DESCRIPTION	PROGRAM/GROSS SQUARE FEET
Single Family	212 Units
Townhome/Paired Homes	148 Units
Apartments	190 Units
Hotel	100 Rooms
General Retail	10,000 Sq. Ft.
Restaurant	35,400 Sq. Ft.
Grocery/Market	25,810 Sq. Ft.







U.S.
HWY 24
(~6021')

FOUNTAIN REGIONAL
CREEK TRAIL
(~6008') (~6026')

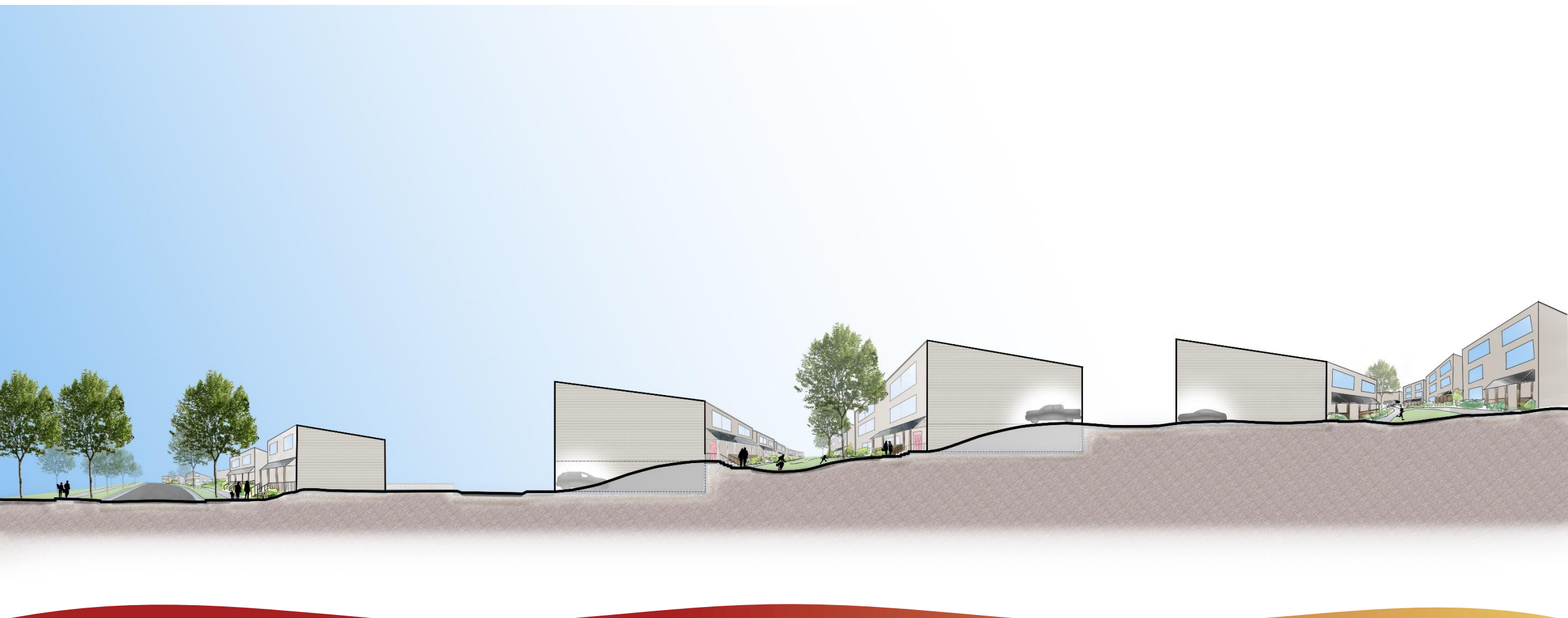
BROADWAY
STREET
(~6071')

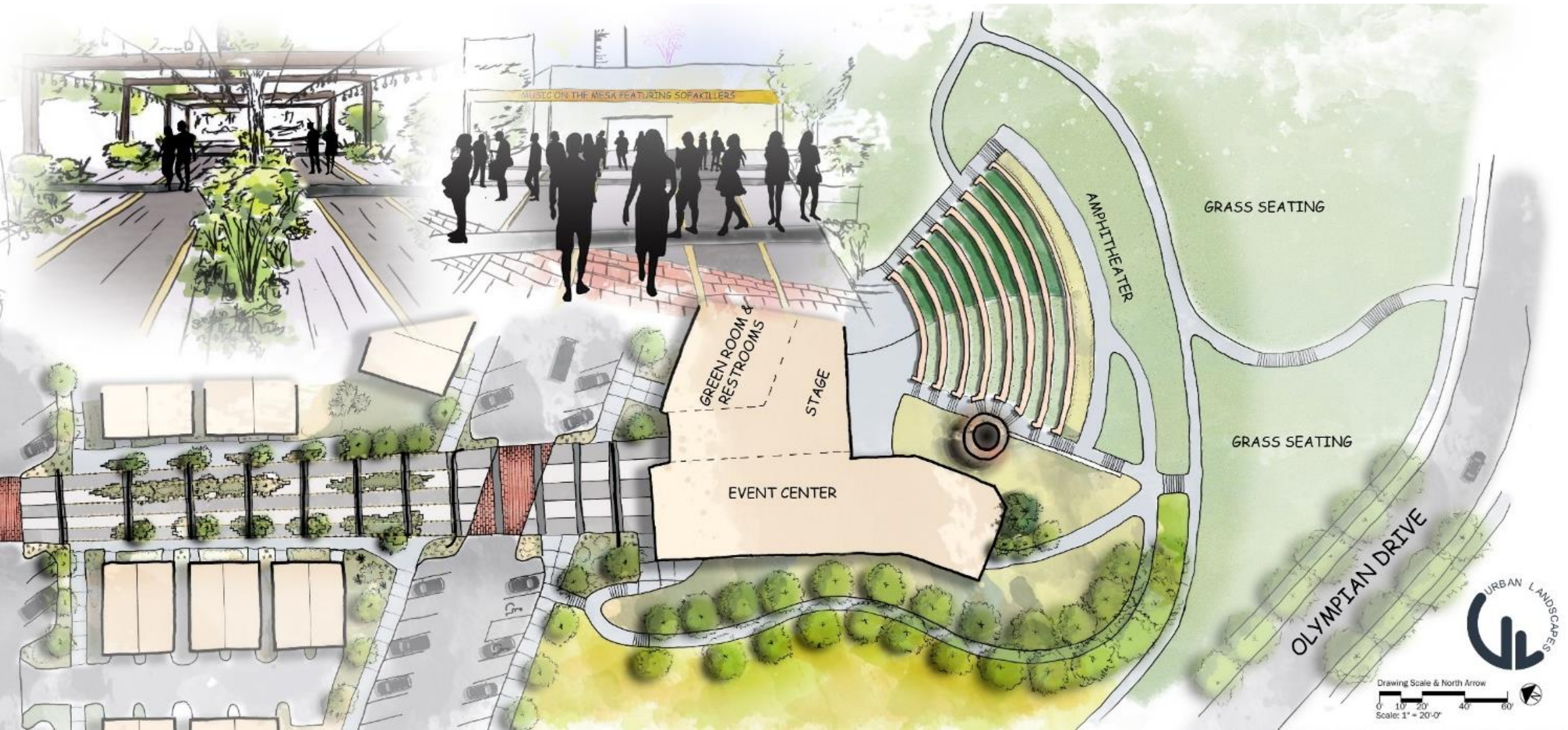
[UNNAMED]
STREET
(~6095')

AMPHITHEATER
WAY
(~6102)

OLYMPIAN
DRIVE
(~6137')

VILLA DE
MESA
(~6180.1')





Future Property Tax

Projections by Economic & Planning Systems



Year	Plan Year	Co. Springs Property Tax: 3.929 mills		
		Base	Increment 1-Yr. Lag	Total
2023	1	\$616	\$0	\$616
2024	2	\$616	\$0	\$616
2025	3	\$634	\$0	\$634
2026	4	\$634	\$0	\$634
2027	5	\$653	\$35,847	\$36,500
2028	6	\$653	\$79,271	\$79,924
2029	7	\$673	\$79,271	\$79,944
2030	8	\$673	\$87,713	\$88,386
2031	9	\$693	\$87,713	\$88,406
2032	10	\$693	\$90,364	\$91,057
2033	11	\$714	\$90,364	\$91,078
2034	12	\$714	\$93,096	\$93,809
2035	13	\$735	\$93,096	\$93,831
2036	14	\$735	\$95,910	\$96,645
2037	15	\$757	\$95,910	\$96,667
2038	16	\$757	\$98,809	\$99,566
2039	17	\$780	\$98,809	\$99,589
2040	18	\$780	\$101,795	\$102,575
2041	19	\$803	\$101,795	\$102,599
2042	20	\$803	\$104,872	\$105,676
2043	21	\$827	\$104,872	\$105,700
2044	22	\$827	\$108,042	\$108,870
2045	23	\$852	\$108,042	\$108,894
2046	24	\$852	\$111,308	\$112,160
2047	25	\$878	\$111,308	\$112,186
Total		\$18,353	\$1,978,207	\$1,996,561
Future Tax Revenue				
2048		\$878	\$114,672	\$115,550

Source: Economic & Planning Systems

Milestones

Projected Timeline

Fall 2021

Zone Change Approval (PBC to TND)

Winter 2022

Filing 11 Plat recorded

Spring 2023

Filing 12 Development Plan approved

Winter 2023 / Spring 2024

Filings 11 & 12 Amendment approvals

Spring 2024

Filing 13 Development Plan approval

Spring 2024

Broadway Street construction

Summer 2024

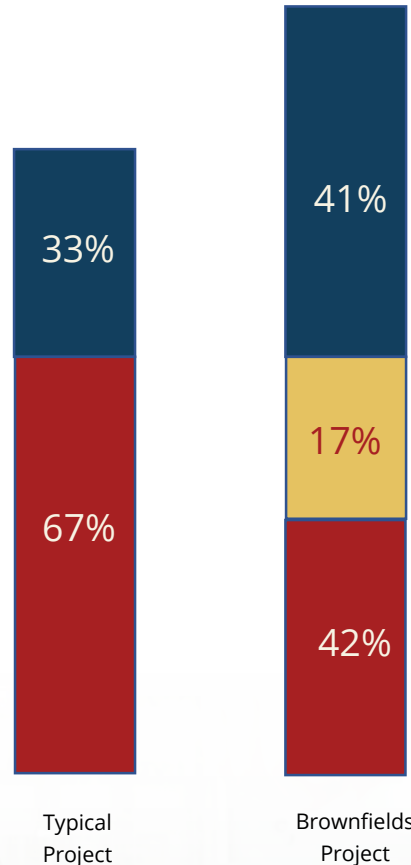
Residential Construction

How Does It Pencil? Capital Stack



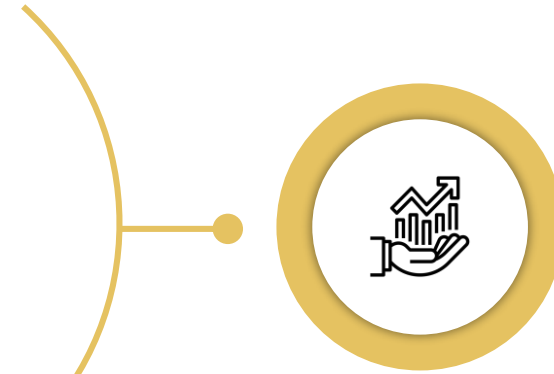
Financing Mechanisms

- › Private Investor funds
- › Lending facilities
- › Short term, low interest government loans (CDPHE / CHFA)



Typical Project Brownfields Project

■ Debt ■ Public Sources ■ Equity



Public Sources

- › Reimbursement Agreements
- › TIF - URA
- › Bonds - Metro District
- › Brownfields Revolving Fund

City Sales Tax Impact at 2.00%

- General retail estimated \$300 sales per sq. ft.
- Restaurant retail estimated at \$500 sales per sq. ft.
- 2.0% TIF Share
- TIF: \$11.6 million
- Present Value: \$6.0 million

Year	Plan Yr.	Stabilized Sales %	General Retail Taxable Sales ^[1] \$300/sf	Rest. Retail Taxable Sales ^[1] \$500/sf	Total Ann. Sales	Colorado Springs Sales Tax				City TIF Share Present Val. 5.00%
						TOPS 0.10%	PSST 0.40%	2C Road 0.57%	TIF Share 2.00%	
2023	1	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	2	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	3	25%	\$195,075	\$1,150,943	\$1,346,018	\$1,346	\$5,384	\$7,672	\$26,920	\$24,418
2026	4	50%	\$1,193,859	\$7,043,768	\$8,237,627	\$8,238	\$32,951	\$46,954	\$164,753	\$142,319
2027	5	75%	\$2,435,472	\$14,369,287	\$16,804,759	\$16,805	\$67,219	\$95,787	\$336,095	\$276,506
2028	6	100%	\$3,312,242	\$19,542,230	\$22,854,473	\$22,854	\$91,418	\$130,270	\$457,089	\$358,142
2029	7	100%	\$3,378,487	\$19,933,075	\$23,311,562	\$23,312	\$93,246	\$132,876	\$466,231	\$347,909
2030	8	100%	\$3,446,057	\$20,331,736	\$23,777,793	\$23,778	\$95,111	\$135,533	\$475,556	\$337,969
2031	9	100%	\$3,514,978	\$20,738,371	\$24,253,349	\$24,253	\$97,013	\$138,244	\$485,067	\$328,312
2032	10	100%	\$3,585,278	\$21,153,138	\$24,738,416	\$24,738	\$98,954	\$141,009	\$494,768	\$318,932
2033	11	100%	\$3,656,983	\$21,576,201	\$25,233,184	\$25,233	\$100,933	\$143,829	\$504,664	\$309,820
2034	12	100%	\$3,730,123	\$22,007,725	\$25,737,848	\$25,738	\$102,951	\$146,706	\$514,757	\$300,968
2035	13	100%	\$3,804,725	\$22,447,880	\$26,252,605	\$26,253	\$105,010	\$149,640	\$525,052	\$292,369
2036	14	100%	\$3,880,820	\$22,896,837	\$26,777,657	\$26,778	\$107,111	\$152,633	\$535,553	\$284,015
2037	15	100%	\$3,958,436	\$23,354,774	\$27,313,210	\$27,313	\$109,253	\$155,685	\$546,264	\$275,901
2038	16	100%	\$4,037,605	\$23,821,870	\$27,859,475	\$27,859	\$111,438	\$158,799	\$557,189	\$268,018
2039	17	100%	\$4,118,357	\$24,298,307	\$28,416,664	\$28,417	\$113,667	\$161,975	\$568,333	\$260,360
2040	18	100%	\$4,200,724	\$24,784,273	\$28,984,997	\$28,985	\$115,940	\$165,214	\$579,700	\$252,921
2041	19	100%	\$4,284,739	\$25,279,959	\$29,564,697	\$29,565	\$118,259	\$168,519	\$591,294	\$245,695
2042	20	100%	\$4,370,434	\$25,785,558	\$30,155,991	\$30,156	\$120,624	\$171,889	\$603,120	\$238,675
2043	21	100%	\$4,457,842	\$26,301,269	\$30,759,111	\$30,759	\$123,036	\$175,327	\$615,182	\$231,856
2044	22	100%	\$4,546,999	\$26,827,294	\$31,374,293	\$31,374	\$125,497	\$178,833	\$627,486	\$225,231
2045	23	100%	\$4,637,939	\$27,363,840	\$32,001,779	\$32,002	\$128,007	\$182,410	\$640,036	\$218,796
2046	24	100%	\$4,730,698	\$27,911,117	\$32,641,815	\$32,642	\$130,567	\$186,058	\$652,836	\$212,545
2047	25	100%	\$4,825,312	\$28,469,339	\$33,294,651	\$33,295	\$133,179	\$189,780	\$665,893	\$206,472
Total Ann. #						\$581,692	\$2,326,768	\$3,315,644	\$11,633,840	\$5,958,148
						\$24,237	\$96,949	\$138,152	\$484,743	\$248,256

^[1]Annual escalation of 2.0%
Source: Economic & Planning Systems



City Sales Tax Impact at 1.75%

- 1.75% TIF Share
- TIF: \$10.2 million
- Present Value: \$5.2 million
- Decline of about \$745,000 TIF revenue in present value dollars
 - This amount would instead go to the City's General Fund

Year	Plan Yr.	Stabilized Sales %	General Retail Taxable Sales ^[1] \$300/sf	Rest. Retail Taxable Sales ^[1] \$500/sf	Total Ann. Sales	Colorado Springs Sales Tax					City TIF Share Present Val. 5.00%
						TOPS 0.10%	PSST 0.40%	2C Road 0.57%	Gen. Fund 0.25%	TIF Share 1.75%	
2023	1	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	2	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	3	25%	\$195,075	\$1,150,943	\$1,346,018	\$1,346	\$5,384	\$7,672	\$3,365	\$23,555	\$21,365
2026	4	50%	\$1,193,859	\$7,043,768	\$8,237,627	\$8,238	\$32,951	\$46,954	\$20,594	\$144,158	\$124,530
2027	5	75%	\$2,435,472	\$14,369,287	\$16,804,759	\$16,805	\$67,219	\$95,787	\$42,012	\$294,083	\$241,943
2028	6	100%	\$3,312,242	\$19,542,230	\$22,854,473	\$22,854	\$91,418	\$130,270	\$57,136	\$399,953	\$313,374
2029	7	100%	\$3,378,487	\$19,933,075	\$23,311,562	\$23,312	\$93,246	\$132,876	\$58,279	\$407,952	\$304,420
2030	8	100%	\$3,446,057	\$20,331,736	\$23,777,793	\$23,778	\$95,111	\$135,533	\$59,444	\$416,111	\$295,723
2031	9	100%	\$3,514,978	\$20,738,371	\$24,253,349	\$24,253	\$97,013	\$138,244	\$60,633	\$424,434	\$287,273
2032	10	100%	\$3,585,278	\$21,153,138	\$24,738,416	\$24,738	\$98,954	\$141,009	\$61,846	\$432,922	\$279,066
2033	11	100%	\$3,656,983	\$21,576,201	\$25,233,184	\$25,233	\$100,933	\$143,829	\$63,083	\$441,581	\$271,092
2034	12	100%	\$3,730,123	\$22,007,725	\$25,737,848	\$25,738	\$102,951	\$146,706	\$64,345	\$450,412	\$263,347
2035	13	100%	\$3,804,725	\$22,447,880	\$26,252,605	\$26,253	\$105,010	\$149,640	\$65,632	\$459,421	\$255,823
2036	14	100%	\$3,880,820	\$22,896,837	\$26,777,657	\$26,778	\$107,111	\$152,633	\$66,944	\$468,609	\$248,513
2037	15	100%	\$3,958,436	\$23,354,774	\$27,313,210	\$27,313	\$109,253	\$155,685	\$68,283	\$477,981	\$241,413
2038	16	100%	\$4,037,605	\$23,821,870	\$27,859,475	\$27,859	\$111,438	\$158,799	\$69,649	\$487,541	\$234,515
2039	17	100%	\$4,118,357	\$24,298,307	\$28,416,664	\$28,417	\$113,667	\$161,975	\$71,042	\$497,292	\$227,815
2040	18	100%	\$4,200,724	\$24,784,273	\$28,984,997	\$28,985	\$115,940	\$165,214	\$72,462	\$507,237	\$221,306
2041	19	100%	\$4,284,739	\$25,279,959	\$29,564,697	\$29,565	\$118,259	\$168,519	\$73,912	\$517,382	\$214,983
2042	20	100%	\$4,370,434	\$25,785,558	\$30,155,991	\$30,156	\$120,624	\$171,889	\$75,390	\$527,730	\$208,841
2043	21	100%	\$4,457,842	\$26,301,269	\$30,759,111	\$30,759	\$123,036	\$175,327	\$76,898	\$538,284	\$202,874
2044	22	100%	\$4,546,999	\$26,827,294	\$31,374,293	\$31,374	\$125,497	\$178,833	\$78,436	\$549,050	\$197,077
2045	23	100%	\$4,637,939	\$27,363,840	\$32,001,779	\$32,002	\$128,007	\$182,410	\$80,004	\$560,031	\$191,447
2046	24	100%	\$4,730,698	\$27,911,117	\$32,641,815	\$32,642	\$130,567	\$186,058	\$81,605	\$571,232	\$185,977
2047	25	100%	\$4,825,312	\$28,469,339	\$33,294,651	\$33,295	\$133,179	\$189,780	\$83,237	\$582,656	\$180,663
Total Ann. #						\$581,692	\$2,326,768	\$3,315,644	\$1,454,230	\$10,179,610	\$5,213,379
						\$24,237	\$96,949	\$138,152	\$60,593	\$424,150	\$217,224

^[1]Annual escalation of 2.0%
Source: Economic & Planning Systems



Static Project Performance

- City Sales Tax at 1.75%
 - Drops net revenue to \$3.5 million
 - Previously \$4.2 million
 - Drops return on cost to 5.1%
 - Previously 6.2%



Description	Amount
Uses of Funds	
Land Acquisition	\$7,400,000
Soft Costs	\$12,931,561
Site Costs	\$15,150,067
Off-site Costs	\$1,525,750
Common Amenity Improvements	\$8,300,000
Single Family Lot Development	\$11,154,733
Townhome Lot Development	\$7,343,267
Mixed Use Lot Development	<u>\$4,202,121</u>
Subtotal	\$68,007,499
<hr/>	
Sources of Funds	
Land Sale Revenue	\$35,729,509
Property Tax Increment (PV)	\$15,191,586
Sales Tax Increment (PV)	\$8,192,453
PIF Sales Tax (PV)	\$5,758,293
District Mill Levy	\$4,485,484
BID Mill Levy	<u>\$2,120,049</u>
Subtotal	\$71,477,374
<hr/>	
Net Revenue	\$3,469,875
Return on Cost	5.1%

Source: Economic & Planning Systems

Time Series Project Performance

- City Sales Tax at 1.75%
 - Drops net present value to **-\$55,000**
 - Previously \$650,000
- Drops IRR to 4.9%
 - Previously 6.0%

Description	Amount	2022	2023	2024	2025	2026
PROJECT COSTS						
Distribution						
Land Acquisition		100%	0%	0%	0%	0%
Soft Costs		50%	50%	0%	0%	0%
Site Costs		0%	100%	0%	0%	0%
Off-site Costs		0%	100%	0%	0%	0%
Common Amenity Improvements		0%	100%	0%	0%	0%
Single Family Lot Development		0%	100%	0%	0%	0%
Townhome Lot Development		0%	100%	0%	0%	0%
Mixed Use Lot Development		0%	100%	0%	0%	0%
Costs	\$68,007,499	\$13,865,780	\$54,141,718	\$0	\$0	\$0
Land Acquisition	\$7,400,000	\$7,400,000	\$0	\$0	\$0	\$0
Soft Costs	\$12,931,561	\$6,465,780	\$6,465,780	\$0	\$0	\$0
Site Costs	\$15,150,067	\$0	\$15,150,067	\$0	\$0	\$0
Off-site Costs	\$1,525,750	\$0	\$1,525,750	\$0	\$0	\$0
Common Amenity Improvements	\$8,300,000	\$0	\$8,300,000	\$0	\$0	\$0
Single Family Lot Development	\$11,154,733	\$0	\$11,154,733	\$0	\$0	\$0
Townhome Lot Development	\$7,343,267	\$0	\$7,343,267	\$0	\$0	\$0
Mixed Use Lot Development	\$4,202,121	\$0	\$4,202,121	\$0	\$0	\$0
DEVELOPMENT REVENUES						
Distribution						
Residential Land Sale		0%	0%	50%	50%	0%
Commercial Land Sale		0%	0%	0%	0%	100%
Property Tax Increment (PV)		0%	100%	0%	0%	0%
Sales Tax Increment (PV)		0%	100%	0%	0%	0%
District Mill Levy		0%	100%	0%	0%	0%
BID Mill Levy		0%	100%	0%	0%	0%
Revenues	\$71,477,374	\$0	\$35,747,865	\$15,411,797	\$15,411,797	\$4,905,916
Residential Land Sale	\$30,823,593	\$0	\$0	\$15,411,797	\$15,411,797	\$0
Commercial Land Sale	\$4,905,916	\$0	\$0	\$0	\$0	\$4,905,916
Property Tax Increment (PV)	\$15,191,586	\$0	\$15,191,586	\$0	\$0	\$0
Sales Tax Increment (PV)	\$8,192,453	\$0	\$8,192,453	\$0	\$0	\$0
PIF (PV)	\$5,758,293	\$0	\$5,758,293	\$0	\$0	\$0
District Mill Levy	\$4,485,484	\$0	\$4,485,484	\$0	\$0	\$0
BID Mill Levy	\$2,120,049	\$0	\$2,120,049	\$0	\$0	\$0
NET REVENUE	\$3,469,875	-\$13,865,780	-\$18,393,853	\$15,411,797	\$15,411,797	\$4,905,916
PRESENT VALUE	5.0% discount rate -\$55,384	-\$13,865,780	-\$17,517,956	\$13,978,954	\$13,313,289	\$4,036,109
INTERNAL RATE OF RETURN	4.9%					

Source: Economic & Planning Systems



Project Performance at 1.75% City Sales Tax

- Reducing the City sales tax pledge by 0.25% reduces project returns to 5.0% or less
 - The project returns for this development were already low at 6.0%
- Horizontal development is riskier than vertical development
 - Therefore, requires a higher rate of return (ROC and IRR), which ranges from 15% to 25% (unleveraged)
- Hancock Commons URA was also a horizontal development
 - Achieved developer returns more aligned with industry standards but on the low side
 - ROC of 14% and IRR of 16%
- Gold Hill Commercial is already receiving developer returns well below the industry standard, every portion of TIF is needed
 - Ultimately, a traditional developer would not move forward with this project as it is receiving a 6.0% rate of return
 - A return of 5.0% is insufficient to move forward



Commercial Development Component

- Commercial Development is a significant portion of the development program, therefore reducing the sales tax pledge from the City has a larger impact on this project than others in the past
- Gold Hill Commercial includes:
 - About 71,000 sq. ft. of commercial (grocery store and retail) but only 45,000 sq. ft. of taxable retail sales (excluding grocery)
 - Generating approximately \$22.9 million annually in sales at buildout
 - County pledged 1.0% sales tax
- City Gate 2.0 URA
 - Received a 2.0% city sales tax pledge and 0.75% county sales tax pledge
 - About 37,000 sq. ft. of retail space
 - Generating approximately \$15.6 million annually in sales at buildout



Community Benefit and Responsibility

- Gold Hill Commercial is providing community benefits and public improvements (including on-going maintenance) that reduce the fiscal exposure of the City of Colorado Springs while implementing citywide goals and objectives
- Creek restoration and water quality benefit
- Environmental contamination and soil erosion
- Trail connections to Old Colorado City and Downtown
- Wildland fire mitigation
- Resolution to significant blight
 - 8 findings of blight exceeds URA requirements





**GOLD
HILL
MESA**

