

DMCAR Government Affairs Newsletter January 2009

The following information is designed to provide DMCAR members with recent news regarding local and statewide government affairs issues that impact commercial real estate. DMCAR encourages you to ask questions, share opinions, and suggest additional topics you would like your team of experts to explore further. For more information, please contact Ryan Mousel at DMCAR, 303.75.DMCAR (3-6227). We need your participation and input.

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- Aurora budget issues may lead to property tax increase – DMCAR Speakers' Bureau scheduled Tuesday, February 3, 2009, 10 am at the DMCAR office to address this issue
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Draft Zoning Code Release Date Announced for Denver Zoning Code Update

By this time next year, every piece of property in Denver will be legislatively rezoned. Shocked? You should be. Denver's Zoning Code Update is one of the nation's largest and most comprehensive form-based zoning code revisions. The update is an initiative of Mayor Hickenlooper and the mayoral-appointed Zoning Code Task Force, which has been working to update Denver's 50-year old zoning code and implement the goals of [Blueprint Denver](http://www.denvergov.org/Default.aspx?alias=www.denvergov.org/Blueprint_Denver) (http://www.denvergov.org/Default.aspx?alias=www.denvergov.org/Blueprint_Denver), the City's comprehensive land-use and transportation plan.

After four years of work, the Task Force is set to complete the Zoning Code Update by the end of 2009. The first draft of the new zoning code will be distributed by the Task Force in February 2009, and made public shortly thereafter.

In addition, the most important – and likely contentious – aspect of the Zoning Code Update will be the remapping (aka rezoning) process of the entire City & County of Denver. **This means every piece of property in the City & County of Denver will be legislatively rezoned and potentially have different uses and regulations!** The City will have preliminary rezoning maps of the City by April or May 2009.

Visit <http://www.denvergov.org/Default.aspx?alias=www.denvergov.org/ZoningSimplification> for the [Zoning Code Update Website and Timeline](#)

DMCAR is committed to educating and representing the interests of commercial real estate brokers as this important initiative moves forward. Furthermore, by getting involved and becoming educated on this issue, DMCAR members will have a competitive advantage of knowing what lies ahead for all types of real estate in Denver.

Aurora Budget Issues May Prompt Property Tax Increase

The City of Aurora is exploring potential solutions to its long-term budget problems. Aurora's budget issues stem from, among other things, over-dependence on declining sales tax revenues and the rising costs of city expenditures, service delivery, and transportation projects.

Aurora has discussed the following options to address its budget issues:

- Use of special districts (i.e. library, recreation, public safety)
- Property tax increase
- Sales tax increase (i.e. for alcohol or food)
- Taxes for specific programs
- Regional Transportation Authority
- Leveraging city assets
- Outsourcing of services with irregular demand
- Job creation

Aurora is working with the public to gather input and prioritize city services, programs, and projects – and potentially eliminate others. However, even after this re-prioritization is complete, some form of a property tax increase may move forward in 2009 or 2010.

DMCAR has scheduled a special DMCAR Speaker's Bureau with representatives from the Aurora City Council and the Aurora budget office for Tuesday, February 3, 2009, 10 am at the DMCAR office. All DMCAR members are invited, and this is an opportunity for you to provide direct input on this important issue. You will receive additional details about this event soon, or you can call 303-300-8500 to register for this event.

Lend Lease Communities Officially Withdraws from the Lowry Range Project

Lend Lease Communities LLC announced last Friday, January 9th, that it has terminated its agreement with the Colorado State Land Board to develop the Lowry Range in Arapahoe County. Plans for the 30-year, multibillion-dollar project collapsed because Lend Lease said it was unable to secure a sustainable and economical source of water for the proposed 3,800-acre development north of Quincy Avenue.

The plan called for 13,000 energy-efficient residential units, 105 acres of commercial and retail space, and 1,100 acres of parks, open space and trails adjacent to 17,000 acres of open space. The development of the Colorado State Land Board property was projected to provide the Colorado School Trust with approximately \$334 million in revenues from the project.

Colorado Association of REALTORS® Legislative Update

With the Colorado General Assembly back in session, DMCAR members are well represented through the efforts of the CAR Legislative Policy Committee. The 41-member committee is already monitoring more than 140 bills with real estate implications. Key issues in this year's session range from private property rights and eminent domain issues to the greening of real estate and the overall economic stability and growth of Colorado.

Governor's State of the State

Governor Ritter is focused on finding ways to provide tax credits for new jobs while looking to the Federal government for additional assistance on road construction, Medicaid, and much more. Due to the State's budget crisis, the focus will be on making cuts to balance the 2009 and 2010 budgets.

Budget Crisis in Colorado

The Office of State Planning and Budgeting (OSPB) and Legislative Council Staff released their economic forecasts. While OSBP predicted a \$70 million shortfall, less than even the \$100 million that has been widely anticipated for some time, Legislative Council predicted a \$600 million shortfall. In recent days, the Governor's office announced that Legislative Council used a more current data source for its capital-gains projections, which resulted in the discrepancy, and have adjusted the projected shortfall to \$230 million.

Governor Ritter has asked each Department to submit proposed cuts to the tune of 10 percent. Another proposed idea is for the state to borrow money, circumventing the TABOR requirement for voter approval. The proposal, raised by the Governor's Committee on Job Creation and Economic Growth, stems from certificates of participation sold to fund higher education and construction projects. If allowed, the Committee wants the money used for highway construction projects, generating jobs, and addressing transportation needs.

Economic Development

Governor Ritter announced his job-creation and economic-development proposals for the upcoming 2009 legislative session. The package includes four proposals intended to stimulate the state economy and protect Colorado jobs and businesses:

- Job Growth Incentive Program: the creation of a new tax-credit program to incentivize businesses to create jobs in Colorado. To qualify, the company must apply to the Economic Development Commission and meet specific criteria to be eligible for a tax credit of up to 50 percent of its annual FICA taxes on new employees.
- Colorado Credit Reserve Program: Colorado Credit Reserve is a pool guaranty program originally established and administered by the Colorado Housing and Finance Authority. Gov. Ritter is proposing that this program be restored and expanded to generate small business loans throughout the state. The revitalized program is designed to encourage lenders to extend credit amounts up to \$500,000 to Colorado businesses.
- New Energy Jobs Program: a proposal to increase funding by \$1 million per year to this program, targeted for new energy job training programs.
- Clean Energy Fund: a proposal to increase current funding to the Clean Energy Fund by \$1.4 million, with priority given to economic development incentives for clean energy companies.

For more information on legislation affecting REALTORS®, political affairs, and other current events, visit the CAR Government Affairs Home Page at http://coloradorealtors.com/car_gov_affairs_main.asp.

Denver Considers Legislation to Reorganize Community Improvement Districts

An ordinance establishing the requirements for Community Improvement Districts (CIDs) is being considered by the Denver City Council and may return for committee discussion in January 2009.

The CID measure would create a mechanism for certain areas (i.e. downtown, business districts, etc.) to fund neighborhood "improvements" **through additional tax assessments on property owners**. Neighborhood, or CID, improvements include capital improvements, parking management, maintenance services, and public-space improvements. The ordinance would replace existing Local Maintenance Districts (LMDs) and Local Improvement Districts (LIDs).

At a committee meeting in December, City Council decided that the ordinance shall require 50 percent of residential and 50 percent of commercial property owners in an area to consent to the district's creation via petition. The original draft required only 35 percent. The proposed requirement to pay prevailing wage on CID projects remains unresolved.

This issue is important to all commercial REALTORS ® because potential tax assessments and improvements have an impact on investors, landowners, buyers, sellers, and tenants.

Denver City Council Approves Development Plan and Tax-Increment Financing for Denver Union Station

On December 22, 2008, the Denver City Council approved the development plan, and authorized the use of public financing in the form of tax-increment financing (TIF), for the redevelopment of Denver Union Station.

This approval is a step towards establishing the framework for transit improvements, renovation, and private development on the 19.85 acre site of the Denver landmark. The [Denver Union Station Master Plan](http://www.denverunionstation.org/master_plan/) (http://www.denverunionstation.org/master_plan/) includes a projected total of 1,351,000 square feet of office, residential, retail, and potentially hotel space, on six development parcels, along with a 685-space parking garage. The City believes an estimated 1,200 jobs per year will be generated during the four-year construction project.

Union Station Neighborhood Company, a partnership between Continuum and East West Partners, was selected as the Master Developer for Union Station in November 2006, and has signed a letter of intent with the partnership agencies for the project (City & County of Denver, CDOT, RTD, DRCOG). The letter of intent also allows the Union Station Neighborhood Company to acquire Market Street Station for private development. The Denver Union Station Project Authority, created by City Council, will be the primary financing and governing authority for the project.

Jefferson Parkway Public Highway Authority

Jefferson County, the City of Arvada, and the City of Broomfield have formed the [Jefferson Parkway Public Highway Authority](http://www.jppha.org/) (<http://www.jppha.org/>) in an attempt to construct the last remaining portion of the Denver metropolitan beltway system between Broomfield and Golden.

The Highway Authority is working on the right-of-way and permitting necessary for the beltway link, and plans to issue a "Request for Expressions of Interest" for the design, finance, construction, and operations of a Jefferson Parkway tollway. The main opponent of the Jefferson Parkway is the City of Golden.

The Jefferson Parkway Public Highway Authority Board of Directors includes: Kevin McCasky (Chairman, Jefferson County Commissioner); Robert Frie (Vice Chairman, Mayor of Arvada); Patrick Quinn (Treasurer, Mayor of Broomfield) and Bill Ray (Interim Executive Director, Arvada Deputy City Manager).