

# BELMAR MIXED-USE REDEVELOPMENT

## LAKWOOD, COLORADO



### ECONOMIC AND FISCAL IMPACTS

## A COLORADO BROWNFIELDS CASE STUDY

#### Background

Belmar, a 22-block redevelopment project in Lakewood, CO is the transformation of a declining regional mall into a vibrant, mixed-use development. At full build-out, anticipated in 2012-2013, the development will have about 1.1 million square feet of retail space (including restaurant and entertainment uses), 900,000 square feet of office and hotel space (250-room hotel) plus 1,300 residential units. The development also incorporates nine acres of parks, plazas and other public spaces.

This case study reflects redevelopment through the second phase of the project, beginning in 2001 and completed in 2005, representing 665,000 square feet of retail space, 212,000 square feet of office space, and 196 residential units. Lingering environmental concerns that were mitigated to make way for the \$426 million development can be traced to former dry cleaners and automotive service shops.

#### Setting

Suburban community of Metro Denver

#### Site Size

104 acres

#### Former Use

Aging regional mall

#### New Use

Mixed-use residential, retail, office and entertainment

#### Environmental Issues

- Dry cleaners
- Automotive services
- Asbestos




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### Job Creation

- 800 full-time office employees
- 1,400 full-time retail and restaurant jobs
- One-time construction impact of 4,000 jobs

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### Housing Creation

- 87 single family homes
- 109 multi family homes
- Row homes and lofts ranging in size from 660 square feet to 2,500 square feet.
- Price points between \$180,000 and \$900,000

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### New Investment

- Construction-related costs, including labor, materials and soft costs, totaled \$426.1 million.
- It is estimated that \$25.4 million of the total construction investment was transacted with Lakewood suppliers and workers.
- The Belmar Center, a large event venue that opened in 2005, can house up to 770 people in its Grand Ballroom and 400 people on its covered terrace.

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### Fiscal Impacts

- Estimated Lakewood property tax revenues totaled \$478,100 of which the City retained \$95,800 after TIF bond repayment.
- Jefferson County tax revenues generated by the project are \$2 million in 2005.

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### Environmental Considerations

Previous uses of the 104-acre site (dry cleaners and automotive service shops) left behind contaminated groundwater and soil. In addition, demolition work involved the removal of asbestos and hazardous materials from existing buildings. In total, environmental remediation work cost an estimated \$5.0 million. Both dry cleaning solvents and petroleum from contaminated source soils were removed and successfully addressed. Injecting carbohydrates into the solvent plume has been extremely successful and has cut the anticipated remediation timeline and cost.

Site remediation, including carbon injections, was timed to integrate into site development as to not impair the construction timeline.

Successful negotiations with other responsible parties resulted in the collection of \$2.5 million dollars from these responsible parties.

### Recognition and Awards at Belmar

- 2005 Congress of New Urbanism Charter Award
- Silver LEED certification for green building
- EPA Phoenix Award 2004
- Denver Regional Council of Governments 2005 Metro Vision Award
- EPA National Award for Smart Growth Achievement 2005
- 2005 International Economic Development Council's "Public/Private Partnership Award"
- Urban Land Institute's Award of Excellence 2006

## History

In 1966 Villa Italia Mall opened to great fanfare as more than 725,000 people from 36 states visited opening weekend. At 880,000 square feet, Villa Italia was the largest indoor, air-conditioned shopping mall between Chicago and the west coast. The development also included several outer commercial structures which housed a laundromat, dry cleaner facility and auto service/repair shops. For 35 years, "Villa" was the bustling commercial and social center of Lakewood. Despite remodeling efforts, Villa Italia was unable to resist changing social trends and increasing competition. After sales peaked in 1994, the City of Lakewood became concerned over the mall's future and initiated redevelopment discussions with the community and developers. By 1999 the property was around 50% vacant, in July 2001 the mall closed. Not only was the 104 acre site nearly idle, but Lakewood's budget was significantly impacted from the loss of sales tax revenue.

<b>ANNUAL ECONOMIC IMPACT SUMMARY</b>			
<b>DIRECT IMPACTS ONLY*</b>			
	Belmar Redevelopment Phase II Completed	Former Use 2001	Increase in New Use
<b>Annual Tax Revenue</b>			
Lakewood Real Property Tax Revenue**	\$399,100	\$66,500	\$332,600
Lakewood Personal Property Tax Revenue**	\$79,000	\$13,200	\$65,800
Lakewood Sales Tax Revenue***	\$3,815,400	\$500,000	\$3,385,400
<b>Total City Tax Revenues:</b>	<b>\$4,293,500</b>	<b>\$579,700</b>	<b>\$3,381,200</b>
Jefferson County Real Property Tax Revenue	\$1,969,300	\$349,000	\$1,620,300
Jefferson County Personal Property Tax Revenue	\$93,300	\$69,100	\$24,200
Jefferson County Open Space Tax Revenue	\$635,906	\$125,000	\$168,800
<b>Total County Tax Revenues</b>	<b>\$2,638,506</b>	<b>\$543,100</b>	<b>\$1,813,300</b>
<b>Business Operations Impacts</b>			
Employment	2,200	200	2,000
Average Wages	\$29,100	\$23,700	\$5,400
<b>Total employee Earnings</b>	<b>\$64,020,000</b>	<b>\$4,740,000</b>	<b>\$59,280,000</b>
<b>Annual Household Income</b>			
Total Number of Households	196	0	196
Average Household Income	\$73,700	0	\$73,700
<b>Total Household Income</b>	<b>\$14,449,500</b>	<b>0</b>	<b>\$14,449,500</b>
<b>Investment in Construction (One-Time Impacts)</b>			
Construction	\$421,000,000	-	\$421,000,000
Environmental Services and Clean up	\$5,000,000	-	\$5,000,000
<b>Total New Investment</b>	<b>\$426,000,000</b>	<b>-</b>	<b>\$426,000,000</b>

\*Gross potential impacts; before allowing for waivers, incentives or other revenues invested back into the project

\*\*Does not reflect tax increment financing (TIF) which reduces net tax revenue to the city

\*\*\*Reflects 3% city sales tax rate, before allowing for a 1% exemption and 1% temporary exclusion



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## Financial Considerations

To address environmental issues the developer, Continuum Partners, obtained a \$1.95 million loan from the Colorado Brownfields Revolving Loan Fund and used a \$110,000 brownfields grant that the City of Lakewood secured from the federal government to help pay for the assessment and remediation.

Three Metropolitan Districts were established on the Belmar site by the developer to assist in the financing, operation and maintenance of the extensive public improvements. The districts issued bonds to fund capital improvements. Mill levies within the commercial and residential districts are used to operate and maintain public/capital improvements. Approximately 60% of the total cost of public improvements were financed through bonds, the developer will pay the remaining 40% of the cost.

Both tax increment financing (TIF) and a public improvement fee (PIF) supported revenue bonds were used. Beginning in 2002, the Lakewood Reinvestment Authority pledged \$500,000 in Alameda Corridor property tax increment toward the repayment of the bonds, plus annual growth of 3%. The agreement terminates when all bonds have been retired and the developer is fully reimbursed for public improvements, or August 1, 2027 whichever comes first. In 2003, the developer imposed a 2.5% PIF with the City of Lakewood waiving 2% of its 3% sales tax on the site. In addition, the City will rebate half of its 3% lodgers' tax toward the repayment of bonds issued for public improvements when the planned hotel is completed.

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## Community Successes

The former Villa Italia mall was the closest thing to a town center that Lakewood had. When Villa died, Belmar was proposed as a new, urban-style town center to anchor the community.

The community has played an integral role. In the mid-1990s, the Southwest Quadrant committee, a citizen's advisory group, was organized to consider the area's future and adopt guiding principles for development. In 1997, the Alameda Gateway Community Association was incorporated to address improvement plans for the area surrounding Villa. In addition, the Villa Advisory Committee was appointed by the mayor in 2000 to provide input and guidance in the redevelopment process.

The project team spent the year prior to development working closely with advisory committees, neighborhood groups, civic groups and homeowner associations. During a critical planning phase in 2001, the project team met with community groups on more than 30 occasions. Beyond seeking the community's input as to the redevelopment opportunities, the project team has been committed to keeping the community informed throughout the process.

At full build out, there will be 1,300 condominiums, row homes and lofts ranging in size from 650 square feet to 2,500 square feet with price points between \$180,000 and \$900,000. At that time, residents of Belmar will have an estimated total household income of \$14.5 million at full build-out. With sustainability in mind, Belmar's commercial buildings have flexible designs that can accommodate changing uses in the long-term. Integrating residences into the project ensures local business demand, upkeep, and long-term stewardship.



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Sources and information provided by: *City of Lakewood, Colorado Department of Labor and Employment, Colorado Department of Local Affairs, Colorado Department of Revenue, Development Research Partners, Continuum Partners LLC, Denver Regional Council of Governments, Dun & Bradstreet Marketplace, Lakewood Reinvestment Authority, U.S. Bureau of Labor Statistics, U.S. Census Bureau-* Prepared February 2006

