

CASE STUDY: LAKEWOOD

BELMAR MALL REDEVELOPMENT



PROJECT SUMMARY

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 (a 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.

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.

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.

QUICK FACTS

- Location:** Lakewood, Colorado
- Project type:** Declining mall to mixed-use redevelopment
- Site:** 104 acres
- Former Use:** Aging regional mall
- Renovated Use:** Mixed-use residential, retail, office and entertainment
- Environmental Issues:** Dry cleaners, automotive services, asbestos
- Reuse Partners:**
 - » City of Lakewood
 - » Colorado Department of Public Health and Environment (CDPHE)
 - » Colorado Brownfields Foundation
 - » Colorado Department of Labor and Employment
 - » Colorado Department of Local Affairs
 - » Continuum Partners LLC
 - » Denver Regional Council of Governments
 - » Dun & Bradstreet Marketplace
 - » Lakewood Reinvestment Authority

ENVIRONMENTAL CHALLENGES

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 cost an estimated \$5 million. 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 entities.

FINANCING AND DEAL STRUCTURE

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%. 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.



FINANCIAL IMPACT:

Total New Investment:

\$426,000,000

City + County Tax Revenue Added:

+\$2,478,100

Jobs Created:
(full time)

+2,200

SOCIAL IMPACT

Job Creation

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

Housing Creation

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

ECONOMIC IMPACT

- » \$2 million in Jefferson County tax revenues were generated by the project in 2005.
- » **Lakewood added tax revenue - \$478,100, \$95,800 of which the City retained after TIF bond repayment**
- » **Jefferson County added tax revenue - \$2,00,000**

HELP FOR YOUR PROJECT

Regardless of where you are in the process, the Colorado Brownfields Partnership (CBP) will help you learn about brownfields assistance for your community. We provide many types of support to communities interested in redevelopment of potentially contaminated sites. Contact info@cobrownfieldspartnership.org for more information.