



Castle Rock Downtown Alliance

A partnership between the Downtown Development Authority and Downtown Merchants Association

To: Town Council

From: Staff

Date: June 19, 2018

RE: 5th Street Apartments – Contract Extension

Executive Summary

The developer for the 5th Street Apartments Project has requested an extension of 6 months, as allowed by contract, to allow more time to seek financing for his project. The Castle Rock DDA is supportive of this request as the project has not changed and therefore the merits of people living in Downtown still exist. The DDA board has not identified specific downsides to granting this request.

Background

This project proposes a 65 unit for-rent apartment complex with 5 individual for-rent offices. The project will provide 78 on-site parking spaces.

This largely residential project increases density in Downtown Castle Rock and a creates a stronger customer base for Downtown small businesses. This project provides for-rent space to the community for young professionals, small families and empty nesters who desire to live in a walkable, vibrant place.

The redevelopment agreement for this project was approved by the DDA and Town Council in the fall of 2017 and required: (1) A building permit to be received by July 1, 2018, (2) A certificate of occupancy to be received by August 1, 2019.

The redevelopment agreement provides a reimbursement of 40% of the property tax increment generated by the project until 2037 and up to \$850,000. While it is not expected that the cap of \$850,000 would be reached, if it were fully paid out, this would mean that the project generated a total of \$2,125,000, providing the Town/DDA with \$1,275,000 for reinvestment in Downtown. In addition, 100% of the increment will go to the Town/DDA once the cap is reached.

There is not a sales tax increment component of this project, and there is not a fee and use tax component of this project.

Recommendation

This project will create more space for people to live in Downtown, thereby supporting the small businesses in Downtown. If fully paid out, it will generate \$1,275,000 for investment by the Town Council and Downtown Development Authority in Downtown projects. For these reasons, the DDA is recommending support of this request for an extension. A letter from the developer is attached.