

**LOVELAND BUSINESS ROUNDTABLE**

WHERE QUALITY OF LIFE AND PUBLIC POLICY INTERSECT



# Downtown Loveland Redevelopment

Policy White Paper

**April 2023**

# Why does Downtown Loveland matter?



- A century ago, the core of Loveland's economic activity was in the area we now call "downtown." The train depot, hotels, banks, businesses, and government offices on and around Fourth Street were Loveland's business, hospitality, and entertainment hub. (Photo source: Loveland Museum)
- As in countless communities across the U.S., population growth and increased mobility have decentralized the functions that once defined the downtown area. So why should we continue to invest in our downtown?
- Downtowns provide a sense of history, local flavor, and place. Downtown Loveland is known for showcasing the arts scene that sets Loveland apart. In a strong downtown, residents and tourists can all enjoy the experience of diverse and unique businesses, amenities, and historical elements within a compact district. Investing in downtown means nurturing Loveland's roots and investing in Loveland's future, creating and maintaining a sense of community pride in the public square.

**Loveland Business Roundtable examines and summarizes what is happening in downtown Loveland: what community development tools are being used, and what are downtown's current challenges and opportunities?**

# Key definitions

## LDP (Loveland Downtown Partnership):

a Loveland organization created in 2015 as a 501(c)(4) nonprofit. At its inception, LDP entered into a 10-year service contract with the City of Loveland to provide for the economic revitalization, development, and redevelopment of the physical downtown Loveland area. This includes the coordination of activities, projects, and programs to enhance and promote the downtown and its business interests. The LDP is tasked with building a coalition of both public and private resources for development and redevelopment, and for creating favorable marketing of Loveland Downtown District businesses. (Source: [Loveland Downtown District](#))

## DDA (Downtown Development Authority):

a quasi-governmental agency charged with continued reinvestment and improvement of a downtown area. Each municipality may have only one DDA. Loveland's DDA has been in place since 2015 and has been funded since 2017. (Source: City of Loveland)

# Key definitions:

## URA (Urban Renewal Authority):

A local organization formed by government entities before starting an urban renewal project. Legally referred to as a “statutory body,” a URA’s singular purpose is to prevent and eliminate blighted areas. A URA provides an opportunity for a town or city to target investment, public improvements and new development. Under Colorado state statute, a URA is authorized to borrow money, issue bonds, and accept grants from public and private sources. Tax increment financing, or TIF, is the most common way that a URA can help fund an urban renewal project.

(Source: Short Elliott Hendrickson)

## BID (Business Improvement District):

A statutory body often used to improve existing commercial centers and to develop a new area. BIDs are different from any other form of government or business organization in Colorado. They have the power to provide economic development activities that could include security, events, marketing and advocacy, plus any physical capital improvements along with operation and maintenance of public improvements. (Source: Downtown Colorado Inc.) In 1999, Loveland voters approved a BID for historic preservation, but did not approve the funding initiative.

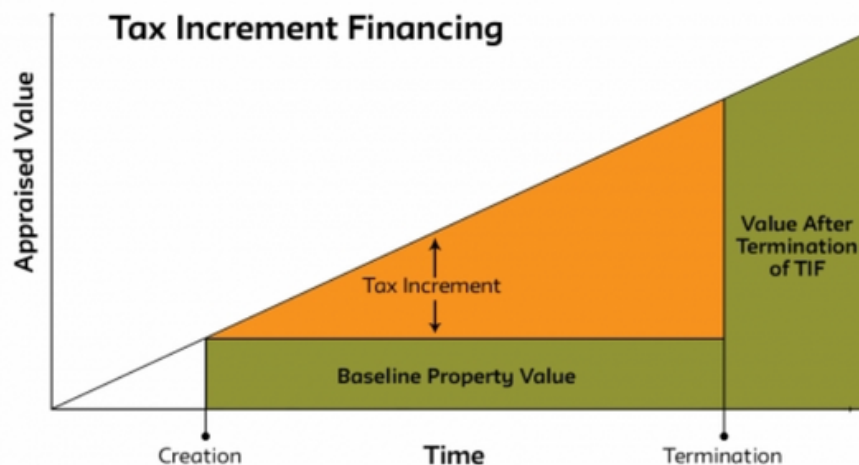
# Key definitions:

## GID (General Improvement District):

Within GID boundaries, properties can forgo on-site parking requirements in the city's land use code in exchange for an annual tax that is used by the city to maintain public parking. Fund revenues are restricted to construction of parking and pedestrian improvements within the District. Downtown Loveland's original general improvement district was established in 1967, with properties added and excluded over the years since then. (Source: Reporter-Herald)

## TIF (tax increment financing):

A mechanism for capturing the future tax benefits of real estate improvements, in order to pay for the present cost of public improvements to the district including facade improvements and other public improvements (e.g. utilities, streetscapes, asbestos abatement, recreational trails, and enhanced railroad crossings). TIF is generally used to channel funding toward improvements in distressed or underdeveloped areas where development would not otherwise occur. (Source: [Council of Development Finance Agencies](#))



Source: Planning Tank, Tax Increment Financing (TIF) / Public Financing / Types of TIF, <https://planningtank.com/finance/tax-increment-financing-tif-types-tif> (accessed 2018).

# Loveland DDA History (it's been a long road)

- Loveland's first DDA was formed in **1979**. But the economic conditions of the early 1980s, in addition to rapid commercial growth in other parts of the city, limited downtown progress. Most early DDA investments focused on parking lots and walkways.
- In **1987**, Loveland's DDA identified the old Rialto Theater as a cornerstone project to help revitalize the historic downtown area. (photo source: [Loveland by Heart](#))



- In **1996**, after many years of restoration work, the Rialto reopened as a community performing arts center. The DDA turned over Rialto operations to the City of Loveland in **1998**. (photo source: [Reporter-Herald](#))
- In **1999**, Loveland City Council voted to dissolve the DDA after the owners of downtown businesses and commercial properties failed by two votes to fund the Loveland Historic Business Improvement District.
- In **2002**, the Loveland Urban Renewal Authority (LURA) was established by City Council to act as the governing body for urban revitalization. The sole revitalization focus at that time was downtown Loveland.
- In **2004**, private citizens formed the Downtown Loveland Association (DLA).

# Loveland DDA History (cont'd)

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- In **2005**, the DLA appealed to the City unsuccessfully for \$150,000 to pay for program costs, including a \$3000 annual fee and the salary for a full-time program director or downtown manager.
- In **2007**, Loveland City Council created an advisory committee called the Loveland Downtown Team.
- In **2014**, the Loveland Downtown Team created the Loveland Downtown Partnership, a 501(c)4 nonprofit, and presented a draft and \$500,000 proposal to City Council. Councilors authorized \$500,000 in DDA funding per year, for 10 years.
- In February **2015**, district stakeholders voted to approve the formation of a DDA.
- In Novembers of **2015** and **2016**, DDA voters voted against funding the newly created DDA.
- In December **2015**, the DDA launched the facade improvement program, working with downtown business owners to improve the downtown aesthetic. (Since then, at least 20 downtown facades have been renovated).
- In December **2016**, Loveland City Council approved a lease financing agreement to develop two-and-a-half blocks into The Foundry, a mix of residential and commercial units, movie theater, parking garage and movie theater. (photo source: Reporter-Herald)
- In **2017**, the DDA removed many residential properties from its boundaries and asked voters once again to approve a bond issue. Voters approved the bond issue, which allowed the DDA to borrow money and then pay it back through TIF.
- In **2018**, Sean Hawkins was hired as the executive director of the Loveland Downtown District.
- In **2020**, the DDA approved a rent assistance program for 31 downtown businesses struggling during the COVID-19 shutdown. The program covered more than \$140,000 in June, July, and August rent payments for the businesses.
- In **2022** and **2023**, downtown redevelopment efforts continue under the DDA with the approval of the Cleveland Station and Draper Heartland projects, along with many other new businesses and building and facade improvements. (photo source: [LC Real Estate Group](#))



# Next steps for downtown development

- **Dissolving the Downtown URA Plan:** The Loveland URA, which predates the current DDA, is likely to remove the downtown area from its boundaries this month. With the DDA up and running, the area's inclusion in the URA is now redundant and unnecessary.
- **HIP Streets:** With the downtown area long overdue for major improvements to its century-old infrastructure, the DDA has requested that City Council consider implementing HIP (Heart Improvement Plan) Streets, which would take Fourth Street aesthetics to the next level. The updated HIP Streets concept calls for paving enhancements, extended sidewalks, streetscape furnishings, and enhanced landscaping, decorative lighting, and pedestrian street crossings. It also eliminates diagonal parking. Funding HIP Streets implementation at the same time as the infrastructure work would allow street construction to be consolidated into one project, rather than once for infrastructure and again later for redesign efforts. (Image source: [City of Loveland](#))





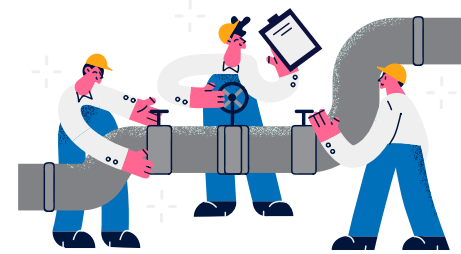
# Opportunities for the future of downtown Loveland

- **Business Improvement District (BID):** Some communities, including Grand Junction and Colorado Springs, have at least one BID operating alongside their DDA (Source: Downtown Colorado Inc.). Loveland created a BID by statute in 1999, but it has never been funded. In the coming years, particularly as the city's \$500,000 annual DDA funding expires in 2025, it would be possible to revisit ways for downtown businesses and properties to utilize the BID for events, security, marketing/advocacy, and capital improvements.
- **Ongoing infill development:** One of the roles of the DDA is encouraging infill development that will increase property values and amenities within the district. One example of a successful project is the 2022 agreement with Natural Grocers to build a store south at the intersection of Lincoln and Eighth, south of the downtown Safeway. The DDA recruited Natural Grocers to increase the value of that parcel of land, in terms of economic value and as a new offering within the downtown district. Loveland City Council agreed to allow Natural Grocers a sales tax rebate on the first \$500,000 in sales tax revenue, in exchange for infrastructure improvements and aesthetic requirements required by the DDA (Source: Reporter-Herald). The Natural Grocers deal is a perfect example of how the DDA works to optimize the downtown economy, increasing property values and raising revenues that create a self-sustaining cycle in the downtown district.



# Challenges for the future of downtown Loveland

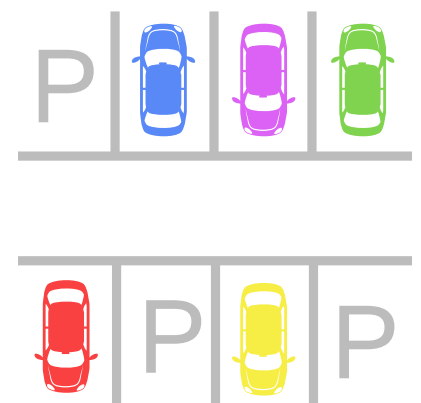
**Adequate infrastructure investment.** While new facades, lighting improvements, and other aesthetic changes are great, downtown Loveland's most critical issues are beneath the surface. All of the downtown utilities are old, fragile, and in need of serious investment.



**An increasing homeless population.** A recent survey showed that individuals and businesses alike have named the “homeless issue” their top concern for downtown Loveland. Like countless other communities across the country, the City of Loveland has struggled to respond effectively to an increase in the homeless population in and around the downtown area. In 2022, the city passed an urban camping ban and began construction of a city-run tent-based encampment. Many residents believe the city encampment's proximity to downtown will cause continued problems for downtown homeowners and businesses - and that it will lead to increased social issues that could threaten a decade of progress in the downtown district.



**Parking availability and enforcement.** Demand for parking continues to increase as downtown Loveland draws more foot traffic for shopping, dining, and special events. In 2022, Loveland City Council contracted with a parking consulting company to determine how best to update parking strategies and enforcement in the downtown district. The consultants' recommendations will be presented to Council in the coming months. In the past, Loveland has never implemented paid parking or been consistent with enforcing time limits on temporary parking. While the implementation of paid parking and/or increased enforcement would represent a major shift in how Lovelanders have grown accustomed to parking downtown, this parking availability “problem” is the result of years of work in downtown revitalization.



# Final thoughts from Loveland Business Roundtable

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Public and private efforts to revitalize and advance downtown Loveland date back to mid-20th century. Meaningful progress in the past 10 years has occurred thanks to the dedication of those who knew revitalization would be challenging but worthwhile. Unlike developments in other areas of Loveland, downtown investment is focused on preserving historical character while providing desirable and unique amenities for residents, professionals, and visitors.

Loveland Business Roundtable maintains that ongoing support of the Loveland Downtown District is critical to our city's sense of identity and cohesion. While the 2015 creation of the DDA and the 2017 approval of funding were game-changers, we know that much work remains to be done. We encourage public support for investments that will ensure reliable utilities and a safe, pleasant atmosphere for downtown businesses and events.

Above all, we know healthy downtowns rely on human resourcefulness! We look forward to seeing what is possible for downtown Loveland as the public and private sectors work together in the decades to come.