

Frequently Asked Questions:

What is a Downtown Development Authority (DDA)?

- A DDA is responsible for adopting and implementing a plan of development for an area within a municipality that contains the traditional downtown central business district. For many DDAs, a downtown master framework or plan forms the basis for the plan of development.
- The DDA is represented by a quasi-municipal board of five to eleven members. Castle Rock Town Council has approved a seven member Board of Directors. Town Council appoints board members from applications received. One position on the board must be a member of Town Council. Four of the appointed members must own property or reside within the district. Property owners, residents, or business lease holders or renters may fill remaining positions.
- Upon adoption of a plan of development, the DDA may capture growth in property and sales taxes above identified base values. These revenues may be collected for thirty (30) years and can only be used to help fund improvement projects within the downtown district.
- With the approval of qualified voters within the DDA district, the Town, on behalf of the DDA, may assess an ad valorem property tax of up to 5 mills. Castle Rock Town Council has approved 3 mills on the DDA formation ballot. These revenues are not restricted and can be used for operating and managing the DDA, for program development and marketing, and for public improvement projects such façade and landscaping improvements, streetscape improvements, and business attraction incentives.
- With the approval of qualified voters within the district, a DDA may incur multi-year fiscal debt to support development projects that is repayable from tax increment revenues received.
- DDA revenues can be used to increase total downtown investment by leveraging other sources of funds for downtown improvements.
- A DDA does NOT have the power of eminent domain.

How is a DDA Created?

- Under Colorado state law, the Town holds an election of the qualified voters within the identified boundaries of the DDA. A majority vote of those voting is required to approve any question on the ballot.
- If the question to form a DDA is approved, Town Council appoints the board of directors from applications received.
- The base year for tax increment capture is established upon adoption of a plan of development that is approved in the same year by the Planning Commission and Town Council.

What are the proposed boundaries of the Castle Rock DDA?

- The proposed district boundaries are Wolfensberger Road on the north, the railroad and Douglas County fairgrounds on the east, Plum Creek and the Centre on Plum Creek on the south; and Interstate 25 on the west.
- The Craig and Gould neighborhoods are specifically excluded from the proposed DDA boundaries.
- The Douglas County Fairgrounds is included.

Who gets to vote in an election to form a DDA?

- Property owners or, if a non-person corporation or partnership, a designated representative; business owners who lease, tenants, and residents within the boundaries of the district make up the universe of voters.

- Qualified voters within the universe of voters must be at least 18 years of age and a citizen of the United States of America.

How is a DDA financed?

1. Tax Increment Financing or TIF

- TIF is a financing tool that uses future growth in property and sales taxes to finance downtown improvements.
- Future growth in tax revenues due to property improvements and increases in the town's portion of sales tax revenues, constitute the "increment."
- Revenues from the increment are used solely for reinvestment in downtown improvements, thus 'tax increment' financing.
- TIF does not constitute a tax increase. It is a re-allocation of new tax revenues above a base value.
- A base year is established. Tax values established for each taxing entity (schools, county, library, town, and cemetery) continue to be allocated to each entity over thirty years. The base value can increase or decrease on appraisal and will increase with the addition of new mill levies.
- The amount of increment captured by the DDA may be negotiated with other taxing entities before the creation of the Downtown Development Authority.

2. Ad valorem mill levy

- An ad valorem mill levy is a property tax increase.
- Voters in the DDA district must approve it.
- If approved, state law authorizes up to 5 mills.
- Revenues from the mill levy may be used to operating and managing the DDA, for program development and marketing, and for public improvement projects such façade and landscaping improvements, streetscape improvements, and business attraction incentives.

3. Other ways to generate revenues

- A DDA may receive grants and gifts from other governmental agencies.
- A DDA may receive donations and gifts from the private sector.
- A DDA may buy and sell land within the district.
- A DDA may own public facilities and assess fees.
- A DDA may conduct fund-raising events.

Are there any tax-paying property owners within the boundaries that would be exempted from paying the proposed DDA mill levy increase?

No

How are people who live, own or rent property within the boundaries of the DDA financially impacted if a mill levy is approved?

- A mill levy is equal to \$1.00 per \$1000 of assessed value.
- Commercial properties are assessed at 29% of actual value.
- Residential properties are assessed at 7.9% of actual value.
- If voters approve a 3 mill property tax increase:
 - Apartment rents downtown could increase depending on property assessed value.
 - Residential properties will see an annual tax increase depending on property-assessed value.
 - Commercial properties will see a tax increase depending on property assessed value.

What happens to the proposed downtown projects identified in the DDA plan of development if tax increment is not generated?

- There must be tax-generating improvement projects over time in order to create tax increment to reinvest in downtown projects.
- There will be some years when development does not occur and increment is not generated.

How Does the DDA Work With the Town?

- Town Council appoints DDA board of directors.
- Town Council approves the annual DDA budget.
- The Town creates a special account for DDA revenues.
- The DDA must provide an annual report to Town Council.
- If approved by qualified voters within the DDA district, the Town may impose a mill levy on behalf of the DDA.
- If approved by qualified voters within the DDA district, the Town may issue bonds on behalf of the DDA.
- The DDA and the Town may develop agreements to govern investment of TIF revenues.
- The DDA and the Town may partner in investing in improvement projects.
- Town Council has the power to disband the DDA by ordinance if there is no outstanding debt.