

# NEIGHBORHOOD Gazette

## TIF Money Helps Improve Longtime Local Business

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By Mike McKibbin January 16, 2018

A nearly half-century-old Wheat Ridge business hopes to welcome customers in a new building this spring, thanks partly to city urban renewal district funds and a lot of money, time, effort, number crunching and headaches for the owners.

The Swiss Flower and Gift Cottage, 9840 W. 44th Ave., is two blocks east of Kipling Street, at the intersection of Kipling and Jellison Street. Heidi Haas Sheard and her husband, Russ Sheard, bought the business from her sister 29 years ago. They acquired another building from her parents about 15 or 16 years ago, then purchased the adjacent property where the new building is under construction.

The 5,000-square-foot shop has been open since 1969. Haas Sheard and her family lived behind the building. Along with flowers, the business also houses a wedding shop, antiques, jewelry, clothes and assorted gifts.

“From the front, it doesn’t look like much but a tiny flower shop. But it’s not just a flower or gift shop,” Haas Sheard added. “We like to say that if it makes you happy, we have it here. It’s just a good energy property, so we wanted to stay here.”

### TIF money ‘very valuable tool’ for city

Tax Increment Financing, or TIF, allows an urban renewal authority or board to use net new tax revenues generated by projects within a designated area to help finance improvements. TIF is a new source of tax revenue, not an added tax, that would not be available but for new investment, according to the Denver Urban Renewal Authority.

Wheat Ridge adopted its first urban renewal plan in 1987, said economic development director and urban renewal authority executive director Steve Art.

“It’s a very valuable tool for a city like Wheat Ridge to help make sure we have a strong business economy,” he said. “For a lot of small businesses, it would be very hard to build something without a public/private partnership” such as the TIF program.

When a redevelopment project is planned, the authority or board decides how much added property and/or sales taxes may be generated. That “tax increment” is used to either finance the issuance of bonds or reimburse developers for some of their costs.

In either case, the new revenue must be used for improvements that help the public and support redevelopment, such as site clearance, streets, utilities, parks, removal of hazardous materials or conditions or site acquisition.

Renewal Wheat Ridge, the city’s urban renewal authority, has approved approximately \$15 million in TIF money for several projects, Art said.

“In Heidi’s case, they showed the return on investment and it was a perfect fit for them,” Art added.

### Proving a need can be costly

Russ Sheard wrote in a detailed email that the city requires “substantial due diligence” on potential projects to receive TIF money. If a business is in a TIF district, the business owner chooses an economic consulting firm to develop an analysis – which can last a year and cost between \$7,000 to \$10,000, Sheard noted. That helps decide how much TIF money the project might receive.

Sheard stated the couple’s new 6,600-square-foot, two-story building will cost approximately \$1.7 million. Preliminary expenses included architectural, structural, plumbing, mechanical and electrical plans for the new building, civil engineering plans to subdivide the property, tree removal and building demolition, Sheard noted.

The city’s TIF funding for the new building is approximately \$650,000, with \$500,000 of that amount directly associated with public improvements to and around a four-lot, two-acre subdivision with a large detention pond. Those include a sidewalk along Jellison, the relocation of Xcel power poles and a stop sign, plus an entrance off Jellison. The rest will be used to help cover new building construction, facade and/or curb appeal upgrades and improvements.

Sheard also wrote that he and his wife spent \$130,000 on an architect and engineer to seek contractor bids and place a “hold” on the property until they were ready to build. That process took about a year, he added.

Stating that “a project of this size is a virtual minefield of expensive scenarios,” Sheard noted a “handful of difficulties” came up, such as getting quotes to underground utilities. That took 18 months and came in at \$67,000, Sheard wrote. The couple had estimated \$50,000 to underground gas and electric utilities in their TIF application. Other utilities, such as phone and cable, wanted another \$50,000 to underground. The couple decided to spend just \$15,000 to move power poles.

Another hurdle was getting subcontractors on board, Sheard added.

“In a construction boom period, as we have been experiencing, it can be incredibly difficult to even find subs to quote the work,” Sheard wrote. “Many of them are just too busy already.”

Since work began last July, unexpected or overlooked expenses have occurred.

“We continue to find significant error along the way, things like the omission of important dimensions, to name a few,” Sheard wrote. “All of these potential problems are ours to deal with.”

Haas Sheard hoped the new building is finished in March or April.

“We’ve meticulously thought through every square inch of this building,” she said. “The challenge was not to lose the quaintness of the shop in the building next door.”

The building will feature a fireplace, two patios and a large French door. The business employs 4.5 workers and may add a few more with the new building, Haas Sheard said.

### Future TIF help lined up

The subdivision project consists of the existing Swiss Flower building and a small house of about 500 square feet that will be demolished for parking spaces. The remaining three lots of approximately a half-acre each will house the new Swiss Flower shop and two future phases of approximately 12,000 square feet of leasable space.

Those phases must be completed in three and six years, respectively. Each will cost approximately \$750,000, not including the existing property cost, Sheard noted. Each phase is to receive approximately \$3,000 in TIF money if construction happens within the timeframes, Sheard wrote.

The first phase also includes 140 parking spaces. Haas Sheard noted those spaces include the next two phases, envisioned as an art district development. The existing shop will be used as a gallery to display the artistic creations that result, she added.

“I think this is a great use of the TIF money because it’s a small project with someone who’s been here in Wheat Ridge,” Haas Sheard said. “It shows we have committed to the city.”

## Main Menu

- ▶ Home
- ▶ Latest Issue
  - ▶ What’s Happening
  - ▶ Wheat Ridge Mayor
  - ▶ Edgewater Mayor
  - ▶ Mountain Views
  - ▶ Edgewater Collective
  - ▶ Ask The Expert
  - ▶ School Crossing
  - ▶ Edgewater Business
  - ▶ Ask The Super
  - ▶ School Visitor Pass
  - ▶ Localworks Update
  - ▶ Senior Focus
  - ▶ West Colfax Sketches
  - ▶ 40 West Arts
  - ▶ Neighborhood Arts
  - ▶ Neighborhood Theater
  - ▶ Focus on Sustainability
  - ▶ Under The Dome
  - ▶ People We Should Know
  - ▶ HEALTHy Edgewater
  - ▶ Edgewater City Council
- ▶ Archive
- ▶ Online Issues
- ▶ Subscription
- ▶ News Leads
- ▶ Advertising
- ▶ Contact

