DDA TENANT OWNERSHIP LOAN APPLICATION

ABOUT THE DDA

Voters established the Downtown Development Authority (DDA) in November 2006 to provide programs and financial incentives to encourage Downtown development. DDA is governed by a board of 11 people appointed by Colorado Springs City Council. Downtown Partnership executes the work of the DDA as a contracted affiliate. In 2026, City Council adopted the Elevate Downtown Plan as the updated plan of development for DDA. The DDA is funded in two ways: first, by a 5-mill tax levy within the district to support its operations, and second, through Tax Increment Financing (TIF). The latter tax is the capture of increased property tax revenues following a baseline assessment. TIF revenues go into a special fund and as it grows, the funds can be leveraged for support of Downtown projects. The DDA's TIF will expire in 2037. The DDA board meets monthly on the second Tuesday of each month.

MISSION OF THE DDA

To build public and private investment partnerships that promote the physical and economic growth of Downtown Colorado Springs.

PLAN OF DEVELOPMENT

The Elevate Downtown Plan serves as the plan of development for DDA. The plan was created in 2026 as an update to the Elevate Downtown Plan, which governed the DDA from 2016 through the newest plan's adoption in 2026. The Elevate Downtown Plan consists of eight primary goals and 36 aligning action steps. The plan can be found at: downtowncs.com/elevate

DISTRICT BOUNDARIES

The DDA encompasses roughly 1.1 square miles of Downtown. For a map, click here.

WHAT IS THE DDA LOAN PROGRAM FOR TENANT OWNERSHIP

The DDA Loan Program for Tenant Ownership (LPTO) was created in 2024 to assist Downtown storefront business owners in purchasing their existing location or another property within the Downtown Development Authority boundaries, thereby increasing retail stability through the number of owner-occupied buildings and allowing Downtown storefront business owners to stabilize by growing equity. This addresses Goal 1 of the Experience Downtown Master Plan: Economic and Cultural Heart of the Region.

The DDA LPTO offers loans intended to supplement private investment and requires an applicant to secure at least 60 percent of the cost of property acquisition through other private sources excluding the DDA LPTO loan; typically, a primary lender. Loan amounts shall be determined by the board of the DDA but in general are not likely to exceed $250,000; loans may be used either for acquisition and/or construction and outfitting necessary for the operations of the primary business.

Approved loans typically may be offered below market rate. The lower limit of the rate will be set by the current long-term loan IRS Applicable Federal Rate (AFR), and the upper limit of the rate will be the prevailing rate for a 10-year or 15-year fixed-rate mortgage. (As of April 2024, these rates are 4.40% and

6.60%, respectively.) Rates shall not exceed 7.0% or the current IRS AFR; whichever is higher. The rate will be adjusted on a yearly basis on January 15, unless that date falls on a weekend or holiday, in which case the adjustment will occur on the first working day thereafter.

The loan repayment period may be up to 15 years in length and the payment schedule will follow a normal amortization schedule.

ELIGIBILITY

- Applicants must be current majority owners and operators of a commercial business within the Downtown Development Authority boundaries for a minimum of three years, and the property acquisition must be for purposes of the furtherance of operations of said business.
- Applicants (business owners) must have a primary residence in the Pikes Peak region.
- Eligible business types are primarily food/beverage; traditional retail such as clothing, shoes, jewelry, gift items, housewares, art, furniture, etc.; arts and entertainment venues; personal services such as hair salons, spas, etc.; markets/delis and food products.
- Ineligible business types primarily include office uses as well as automotive, human service establishments, sexually oriented businesses or marijuana dispensaries. For properties of more than one story, upper floors may be office, residential or other uses, but the primary eligible business type shall be located at street level.
- Applicants must have a bank or other financial partner(s) in the transaction to perform underwriting. This loan program is not intended to assist cash-only transactions.

Applicants must submit the following information, which will be the criteria for consideration for loan approval:

- Date of application
- Applicant name (business name, nonprofit name, etc.)
- Contact name, title
- Contact email, phone number, mailing address
- An explanation of the transaction, including:
    - Property address, and if this address is the location of the current business operation or a new location
    - A copy of the sales contract / purchase agreement (if available)
    - Purchase price and terms
    - Inspection reports
    - Property appraisal (within last six months)
    - Any relevant property restrictions, encumbrances, liens, and easements
    - Actual proposed owner/ownership structure of the property per Title
    - Closing date
    - Certificate of Property / Liability Insurance
- Proposed financing structure for the purchase and any immediate necessary improvements of the property:
    - Down payment
    - All other debt financing required, including private investors, bank loans, etc.
    - Financing commitment from all other financing sources
    - Contact information for all other financing sources
    - Any property improvements necessary to resume ordinary business operations, including construction / build-out budget
- Business Information and Business Plan for the owner-occupant, including:

    - Mission statement / business description, to include hours of operation
    - Brief description of products and services offered, including pricing if applicable
    - Description of customer base and demographics
    - Names and short biographies of key owners and operators (the applicants) and any key investors
    - Number of employees
    - Years in operation, notable awards or recognitions
    - Articles of Incorporation
    - Certificate of Good Standing
    - Overview of finances. This should include:
        - Most recent three years of full business tax returns
        - Most recent three years End of Year Financial Statements
        - Three-year Pro Forma Cash Flow Statements
        - Three-year Personal Tax Returns of Principals
    - Marketing / outreach strategies
    - Credit history
    - Any relevant business licenses, permits (such as a liquor license)
- Proposed debt position of the DDA loan (i.e., first position, second position, etc.) and acceptance of a personal guarantee for the loan
- Total amount requested of DDA
- Total amount requested reflected as a percentage of the total purchase/project cost
- Total debt, including DDA loan and all other debt secured by the property, as a percentage of the total purchase/project cost
- Length of repayment period requested (up to 15 years).

Loan terms, cure period:

- Loan approval or denial and loan terms are determined by a majority vote of the board of the DDA.
- If a loan is approved, applicants must sign a promissory note within 30 days of approval and close on the property within 90 days.
- Proof of property insurance must be submitted before loan proceeds can be disbursed.
- Upon the occurrence of an Event of Default or missed payment, the non-defaulting party will give written notice to the defaulting party specifying the alleged default. The defaulting party will then be entitled to 90 days from receipt of such notice within which to cure such default by delivering that amount owed to the Downtown Development Authority in the form of good funds into the bank account of the Downtown Development Authority.
- Should the loan recipient change business concept, the loan may still be valid so long as the new concept qualifies as a priority storefront usage. If the loan recipient sublets the space to a different operator, the balance of the loan will become due in full within 60 days. If the loan recipient sells the property or there is a change in majority ownership, the balance of the loan will become due in full at the time of closing of the sale transaction.

Submit grant application and supporting documents electronically to:
Austin Wilson-Bradley, Austin@downtowncs.com
Address questions to Downtown Partnership at 719.886.0088.