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Boulder leaders reject Downtown Development Authority after backlash

People walk the Pearl Street Mall on October 4, 2023, in Boulder.

SETH MCCONNELL | DENVER BUSINESS JOURNAL

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Story Highlights

- Boulder City Council rejected a Downtown Development Authority proposal on Thursday night.
- Downtown office vacancies grew from 8% pre-pandemic to 29% in 2025.
- Community opposition focused on Tax Increment Financing's impact on city budgets.

Boulder leaders voted down a proposal to fix stagnation in the city's downtown on Thursday night, but City Council members did not abandon the idea for the future.

City staff proposed combating the downturn by creating a Downtown Development Authority, a special district designed to spur economic growth inside its boundaries. The decision not to put the plan on the November ballot came after community backlash over its planned funding mechanism.

Similar to national trends, Boulder has seen high office vacancies in its downtown since the Covid-19 pandemic, growing from 8% pre-pandemic to 29% in 2025, according to city data. That has contributed to a 19% decline in property values and a 10% decline in sales tax since 2019, when adjusted for inflation, data shows.

The Boulder DDA would cover the core of Boulder around Pearl Street and the commercial area of the University Hill neighborhood adjacent to the University of Colorado campus.

It would operate separately from the city, but a five-to-11-person board would be appointed by the City Council to oversee the authority, which would also approve its annual budget.

Brad Segal, a consultant brought in by the city to advise the proposal, told council before the vote that no city in Colorado, which has over 20 DDAs, had ever rejected putting a DDA on the ballot.

Both areas have had longstanding General Improvement Districts, but those do not have the same financing abilities as a DDA.

The authority would rely on Tax Increment Financing for its budget, which would divert a certain amount of future growth in sales and property tax revenue from the city and other taxing bodies such as the Boulder Valley School District and Boulder Library District. Current mill levies and off-street parking infrastructure from the two areas' GIDs would also be transferred to the authority.

The proposal was backed by the business community, which argued it was a necessity for turning around the downtown's future. But the use of TIF caused major community backlash.

“The volume of emails that we've received this past week, I've never seen in my five years on council anything like the level of opposition that we've been seeing to the DDA,” said City Council member Nicole Speer, who voted against the DDA.

The boundaries of Boulders proposed Downtown Development Authority.

CITY OF BOULDER

A draft letter of intent from the city showed 100% of sales and property tax growth would go to the DDA for five years to assist in its setup and to allow time for district economic activity to respond to investments. After that, the DDA would get 75% of new sales tax revenue, while the property tax percentage would be determined later in the process, according to the letter.

The school district, library district and county would be affected by the property tax TIF. The decision whether to negotiate revenue-sharing agreements with them would be at the discretion of the DDA board, the letter said.

The DDA would use the revenue to invest in projects designed to attract new visitors, tenants and spending inside the district's boundaries.

Other DDAs have financed projects like the creation of Old Town Square in Fort Collins and the overhaul of Denver Union Station. Denver expanded its downtown authority with voter approval in late 2024 and has since allocated hundreds of millions of dollars of bond proceeds toward revitalization projects.

While Boulder staff spent over two years working on the proposal, opponents said that staff failed to include all stakeholders in the process. Library Board President Sylvia Wirba said that the board was not briefed on the issue until May.

The largest concern from community members who spoke in opposition at the meeting was the effect the TIF would have on the budgets of the city and other taxing entities. The city expects a $6.5 million budget shortfall in 2027.

Issues were also raised about how district elections would occur. State law restricts the electorate to property owners, businesses leasing property and residents inside the DDA boundaries. The city estimates that to be a 2,500-person electorate.

In the lead-up to the vote, Boulder Chamber of Commerce President John Tayer characterized some of the claims against the DDA as myths, red herrings and fact-bending smoke screens.

“Because it is a complex framework to describe in simple terms, that gives the opponents easy, easy statements to offer as criticism, whether or not they have any validity,” Tayer told the Denver Business Journal Tuesday.

The City Council currently has only eight members due to the abrupt resignation of Mark Wallach in late July. The vote was split 4-4, with three of the four nays voicing an openness to the idea in the future if community concerns could be addressed.

After the vote, Mayor Aaron Brockett, who supported the plan, brought forward a motion for the city staff to look at what next steps would look like to continue pursuing the DDA. That vote passed 6-1.

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