

Urban Renewal 101

Northglenn, Colorado



25 July 2012

Presented to:

Northglenn Stakeholders

Presented by:



Ricker | Cunningham

8200 South Quebec Street
Suite A3-104
Centennial, CO 80112-4411
Ph: 303.458.5800
Fax: 303.458.5420
rickercunningham.com

Procedure for Creating Urban Renewal Area

- Determine official survey area boundaries
- Notify property owners within those boundaries that a survey is being conducted
- Verify the presence and location of “blighting” conditions (field survey)
- Prepare conditions survey
- Present survey findings to urban renewal entity and council for acceptance (or wait and present together with the urban renewal plan)

- Define boundaries for urban renewal area (may be the same as survey area boundary or less)
- Complete market analysis or forecast of market growth for early TIF districts

Procedure for Creating Urban Renewal Area (cont'd)

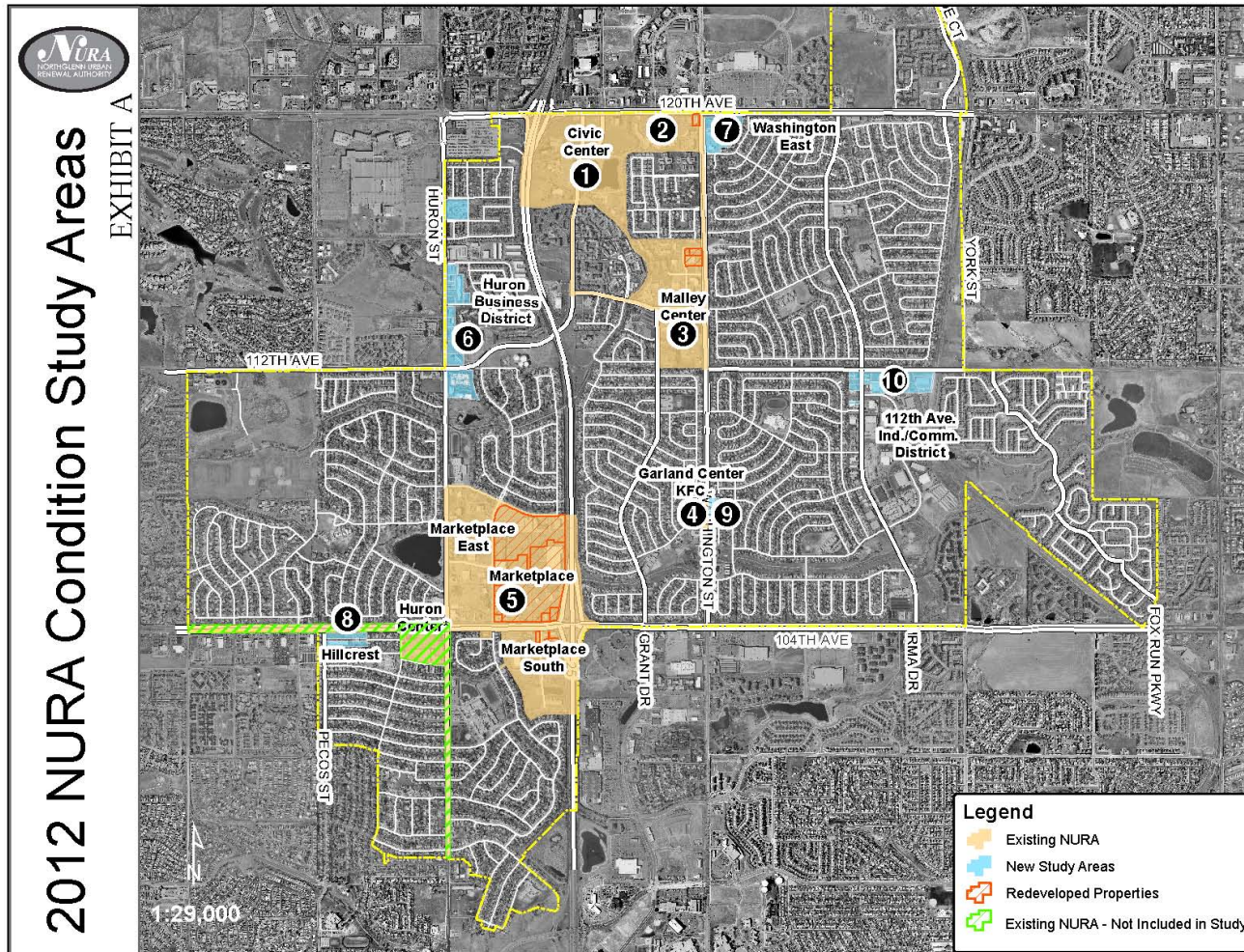
- Define future role of urban renewal area in the community
 - Prepare urban renewal plan (s)
 - Complete financial analysis (tax increment finance – TIF)
 - Complete impact analysis (es) for impacted taxing bodies
 - Notify property owners and tenants within the plan boundaries of the date of a public hearing to consider adoption of the plan (s)
 - Present urban renewal plan to urban renewal entity and council for adoption
-
- Work with owners and developers to determine possibilities for redevelopment
 - Implement plan

Conditions Survey Methodology

Survey Methodology

- “super-block” or “subarea” investigation of “blight factors” specified by Colorado Urban Renewal Law
- review of existing city, county, state, federal data sources (zoning maps, GIS parcel mapping, aerial photography, EPA databases, FEMA flood hazard maps, etc.)
- discussions with public officials and property owner(s)

City of Northglenn Survey Area



Colorado Urban Renewal Statute 11

Qualifying Factors

1. Deteriorated or deteriorating structures
2. Defective or inadequate street layout
3. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness
4. Unsanitary or unsafe conditions
5. Deterioration of site or other improvements
6. Unusual topography or inadequate public improvements or utilities
7. Defective or unusual conditions of title rendering the title non-marketable
8. Conditions that endanger life or property by fire or other causes
9. Buildings that are unsafe or unhealthy for people to live or work in
10. Environmental contamination of buildings or property
11. Existence of health, safety, or welfare factors requiring high levels of municipal services or substantial underutilization or vacancy of buildings, sites, or improvements

How much “blight” is enough?

- If there is no objection by the property owner or owners and the tenant or tenants of such owner or owners, if any, to the inclusion of such property in an urban renewal area, ‘blighted area’ also means an area that, in its present condition and use and, by reason of the presence of any **one** of the factors...
- If private property is to be acquired by eminent domain, then “blighted area” means an area that, in its present condition and use and, by reason of the presence of at least **five** of the factors...
- Otherwise, by reason of the presence of any **four** of the factors...
- Normally, a determination of blight is based upon an area “taken as a whole,” and not on a building-by-building, parcel-by-parcel, or block-by-block basis.
- The urban renewal statutes do not require a certain “quantity” of conditions within any one of the blight factors to be found in order for that blight factor to be considered present in the area.

Content of the Plan

- Plan is very general – supported by findings of blight (conditions survey) and impact report
- Elements include description of –
 - area
 - purpose
 - conditions of blight
 - relationship to comprehensive plan
 - objectives
 - implementation approach
 - financing approach
- Supplemented by - overlay plans, zoning, design standards, etc.

Community Benefit

By initiating the process of designating an area for urban renewal, a municipality is sending the message that they are interested in assisting with its revitalization. Through the planning process, market opportunities are identified and the private sector is engaged in understanding these opportunities, as well as the tools which are available to assist with project implementation. Property owners and businesses benefit from both the public and private commitments and investment through association and proximity.

Specifically ...

- Stakeholder engagement in planning for area
- Increase property values
- “Readying of the environment” for investment
- Dedicated revenue source for public improvements (fiscal prudence)
- Available tools to assist in property improvements
- Balanced growth across community

Roles and Responsibilities

City Council

- Cause urban renewal plans and amendments to be prepared, approved and implemented
- Acquire real property by eminent domain, if that is the will of Council
- Enter into agreements with urban renewal entity

Planning and Zoning Commission

- Review urban renewal plan for consistency with comprehensive plan
- Consider (and opine on) proposed projects within the urban renewal district

Roles and Responsibilities (cont'd)

Redevelopment Authority

- Make recommendations to the governing body of municipality that created district
- Prepare conditions survey, urban renewal plan and financing plan for district and present to governing body for authorization
- (By ordinance) powers relating to implementation of the project plan authorized by governing body
- Acquire blighted, deteriorated ... real property for preservation or restoration of historic sites
- Acquire construct, reconstruct or install public works or improvements
- Enter into agreements to implement plan including for – the acquisition of property, reimbursement to developer, sale of land, issuance of bonds, etc.
- Any power necessary and convenient to carry out implementation

How Can Dollars Tax Increment Financing Dollars be Used

Tax Increment Financing (TIF) is a unique mechanism that enables an urban renewal authority or board to use the net new tax revenues generated by projects within a designated urban renewal area to help finance future improvements. TIF is a new source of tax revenue, not an additional tax, that would not be available but for new investment.

- Finance the issuance of bonds
- Reimburse developers for a portion of their project costs
- Acquire property
- Make improvements -- public benefit, support redevelopment effort

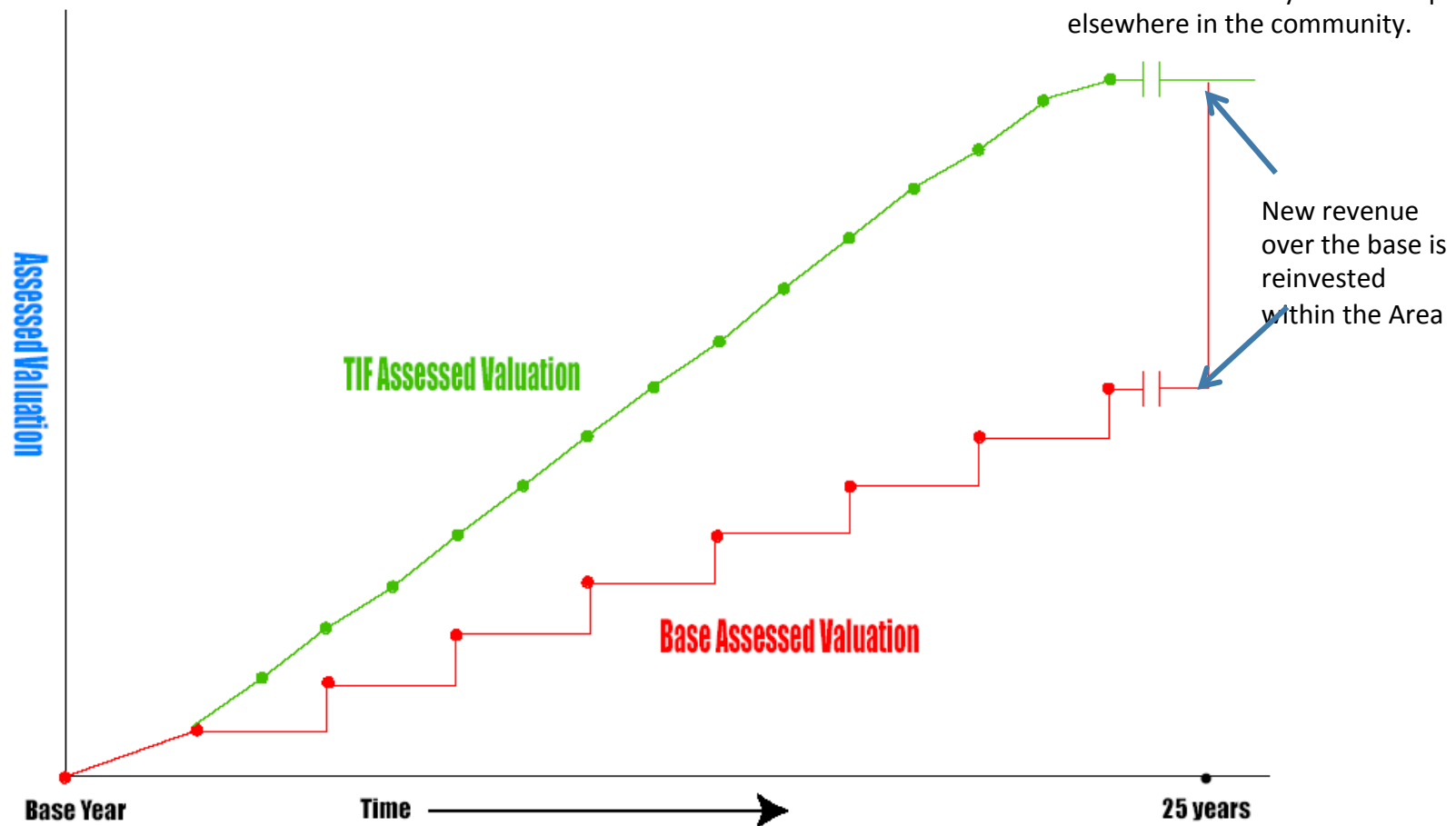
... correct problems and finance improvements ...

How is TIF calculated?

Note: If the base value declines, the Authority may not collect any increment until it returns to its original base.

TIF CHART

Council will decide if some or all of the sales tax collected in the Area is reinvested in the Area or retained by the municipality for use elsewhere in the community.



How are property owners impacted?

What will the urban renewal plan do for you?

- Allow more flexibility in what you can do with your property in the form of mixed-use opportunities (e.g., residential)
- Allow your taxes to be spent on improvements in your immediate “neighborhood”
- Address land use and transportation planning issues
- Identify capital improvements needed to accommodate future investment
- Potentially provide property redevelopment / expansion financial assistance

What won't the urban renewal plan do for you?

- Prevent you from continuing your current business or land use
- Raise property tax mill levy sales tax rate
- Force you to improve your property (especially at a higher standard than outside the area)
- Diminish the value of your property
- Prevent you from selling your property

Metro Area Examples

Stapleton – 29th and Quebec (Denver)



Metro Area Examples

Lowry – 6th and Quebec (Denver)



Metro Area Examples

Arvada Town Center – 64th and Wadsworth



Metro Area Examples

Lakewood – Belmar – Alameda and Wadsworth

before



after



Metro Area Examples

Aurora Town Center

before



after



Metro Area Examples

Broadway Marketplace (Denver)

before



after



Metro Area Examples

St. Luke's (Denver)

before



after



Metro Area Examples

Lowenstein Theater (Denver)

before



Encore Restaurant

after



Metro Area Examples

City Center Englewood

before



after



Metro Area Examples

Garden's on Havana (Aurora)

before



after



Metro Area Examples

University Hills (Denver)

before



after



Metro Area Examples

North Nevada Avenue (Colorado Springs)

before



after



Metro Area Examples

Lowell Neighborhood (Colorado Springs)

before



after



Metro Area Examples

Gold Hill Mesa (Colorado Springs)

before



after



Urban Renewal Overview

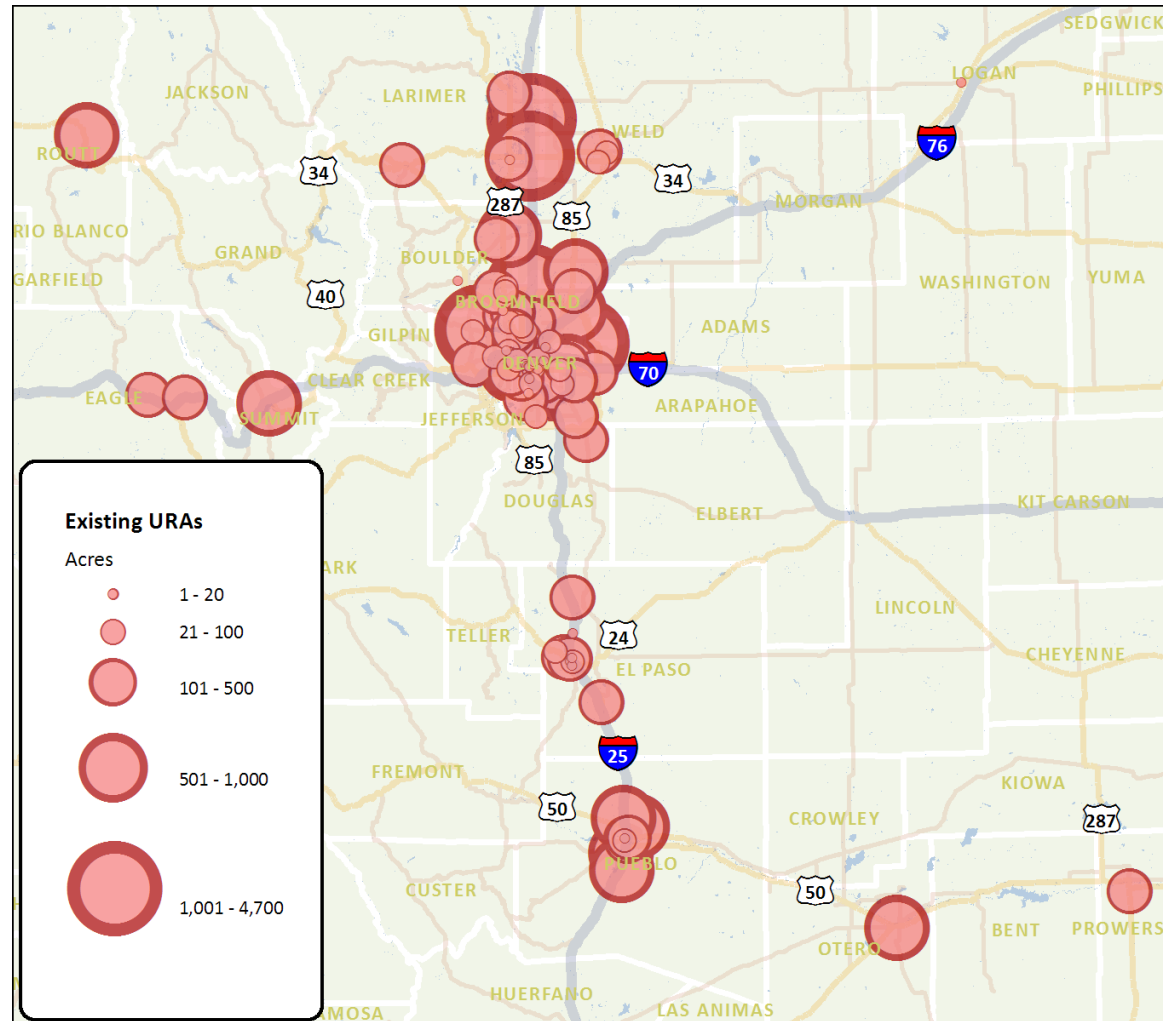
Municipalities with Urban Renewal Authorities	40 (52)
Total No. of Active Urban Renewal Areas	121
Total Acres in Urban Renewal Areas	40,448
Total 2009 Incremental Assessed Value (all URAs)	\$1.4 billion
Total TIF Revenue (all URAs)	\$113.5 million
Total 2009 Sales Tax TIF Revenue (all URAs)	\$63.1 million
Existing URAs Established in 1990s	32
Existing URAs Established in 1990s (acres)	4,448
Existing URAs Established in 2000s	85
Existing URAs Established in 2000s (acres)	35,536

Urban Renewal Planning Areas

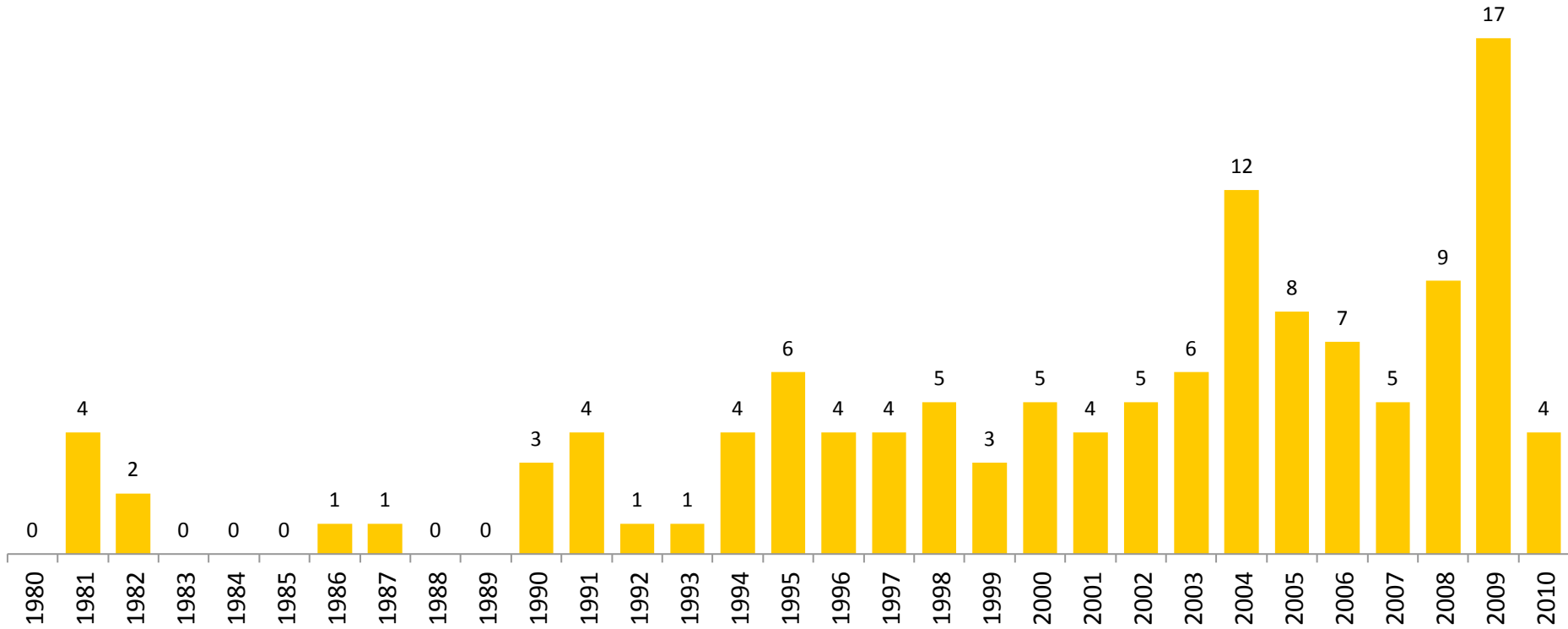
As of early 2010,
there were 121
active urban
renewal areas in
the state

Urban renewal
authorities in 40
municipalities

Ranging in size
from 1 acre to
4,700 acres (both
in Denver)



Areas by Year Established



- Initial period of urban renewal activity in early 1980's
- Ramping up again throughout 90's and 2000's
- Spikes in 2004 and 2009 primarily due to legislative threats to urban renewal statute

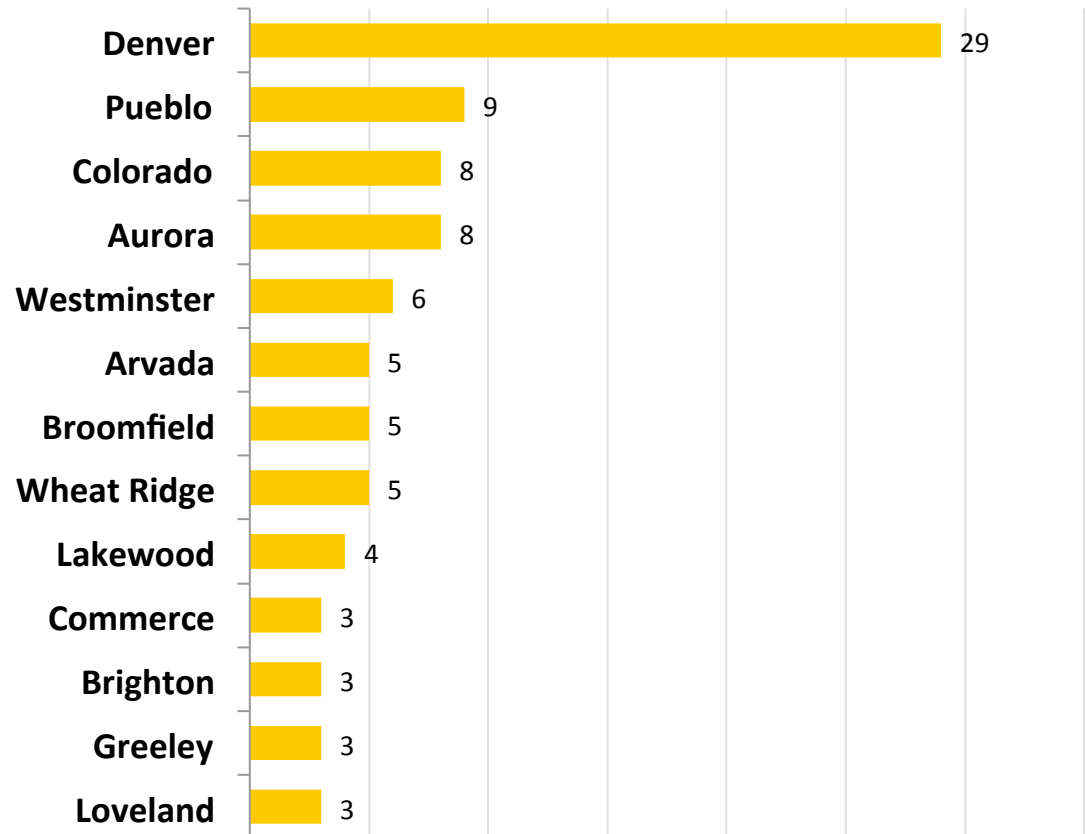
Areas by Municipality

With higher population and older urban infrastructure, it's not surprising that Denver, Pueblo and Colorado Springs lead the state in active urban renewal areas

Remainder of list generally coincides with population

Grand Junction is an exception, with older building stock, substantial population, but no urban renewal area (rather DDA)

Active Urban Renewal Areas by Municipality



Statewide Impacts (2009)

Based on data from reporting urban renewal areas, the following economic impacts were estimated . . .

New Development Market Value	\$5.0 to \$5.5 Billion
New Development Construction Value	\$2.5 to \$3.0 Billion
Estimated Construction Employment	65,000 to 70,000
Estimated Permanent Employment	90,000 to 95,000

County Dollars

County	2009 Total County Property Tax Revenue	2009 Total Property Tax TIF Revenue	2009 Total Property Tax TIF AV	2009 County Property Tax Rate (mill levy)	2009 Estimated Property Tax TIF Deferred By County	Deferred TIF % Of Total County Property Tax Revenues
Prowers	\$3,402,468	0	\$0	0.027170	\$0	0%
Summit	\$24,418,895	0	\$0	0.012602	\$0	0%
Otero	\$2,689,657	\$61,610	\$947,846	0.021948	\$20,803	1%
Weld	\$96,972,420	\$75,771	\$996,987	0.016804	\$16,753	0%
Douglas	\$96,488,003	\$125,340	\$1,474,588	0.019774	\$29,159	0%
El Paso	\$51,402,781	\$799,620	\$12,301,846	0.007531	\$92,645	0%
Boulder	\$138,148,783	\$844,011	\$10,550,138	0.023667	\$249,690	0%
Logan	\$8,188,265	\$1,205,099	\$13,098,902	0.030098	\$394,251	5%
Routt	\$16,527,716	\$1,320,761	\$26,415,220	0.011330	\$299,284	2%
Pueblo	\$41,538,356	\$1,404,230	\$15,602,556	0.031118	\$485,520	1%
Arapahoe	\$124,062,713	\$2,909,872	\$33,446,805	0.015672	\$524,178	0%
Eagle	\$30,719,133	\$3,651,651	\$73,033,020	0.008499	\$620,708	2%
Broomfield	\$18,976,845	\$6,347,886	\$76,480,554	0.017511	\$1,339,251	7%
Larimer	\$95,663,385	\$14,139,245	\$157,102,722	0.022435	\$3,524,600	4%
Adams	\$124,857,308	\$14,618,520	\$146,185,200	0.026824	\$3,921,272	3%
Jefferson	\$180,296,958	\$18,095,767	\$220,680,085	0.024346	\$5,372,677	3%
Denver	\$304,008,370	\$47,911,343	\$715,094,672	0.025308	\$18,097,616	6%
Total (all counties with URAs)	\$1,358,362,056	\$113,510,726	\$1,503,411,141	--	\$34,988,408	3%
Total (all counties with 2009 TIF revenues)	\$1,330,540,693	\$113,510,726	\$1,503,411,141	--	\$34,988,408	3%

School Dollars

County	School District	2009 Total District Revenues	2009 Total Property Tax TIF Revenue	2009 Total Property Tax TIF AV	2009 District Property Tax Rate (mill levy)	2009 Estimated Property Tax TIF Deferred By District	Deferred TIF % Of Total District Revenues
Prowers	Lamar	\$15,556,772	0	\$0	0.024967	\$0	0%
Summit	Summit	\$45,888,275	0	\$0	0.020936	\$0	0%
Otero	East Otero	\$19,000,589	\$61,610	\$947,846	0.035236	\$33,398	0%
Weld	Greeley	\$165,850,247	\$75,771	\$996,987	0.036633	\$36,523	0%
Douglas	Douglas	\$569,061,008	\$125,340	\$1,474,588	0.046681	\$68,835	0%
El Paso	Colorado Springs	\$296,218,450	\$799,620	\$12,301,846	0.042183	\$518,929	0%
Boulder	Boulder, St. Vrain	\$422,238,003	\$844,011	\$10,550,138	0.043000	\$453,656	0%
Logan	Valley	\$23,604,171	\$1,205,099	\$13,098,902	0.040571	\$531,436	2%
Routt	Steamboat	\$32,219,170	\$1,320,761	\$26,415,220	0.011555	\$305,228	1%
Pueblo	Pueblo	\$164,867,496	\$1,404,230	\$15,602,556	0.036629	\$571,506	0%
Arapahoe	Aurora	\$485,500,854	\$2,909,872	\$33,446,805	0.053455	\$1,787,899	0%
Eagle	Eagle	\$77,955,858	\$3,651,651	\$73,033,020	0.019402	\$1,416,987	2%
Broomfield	Adams 12, Jeffco	\$631,872,759	\$6,347,886	\$76,480,554	0.045000	\$3,441,625	1%
Larimer	Poudre, St. Vrain	\$197,250,685	\$14,139,245	\$157,102,722	0.047000	\$7,383,828	4%
Adams	Adams, Brighton, Westminster	\$178,776,775	\$14,618,520	\$146,185,200	0.050000	\$7,309,260	4%
Jefferson	Jefferson	\$858,424,170	\$18,095,767	\$220,680,085	0.048145	\$10,624,643	1%
Denver	Denver	\$1,021,545,444	\$47,911,343	\$715,094,672	0.039262	\$28,076,047	3%
Total (all districts)	--	\$5,205,830,727	\$113,510,726	\$1,503,411,141	--	\$62,559,798	1%