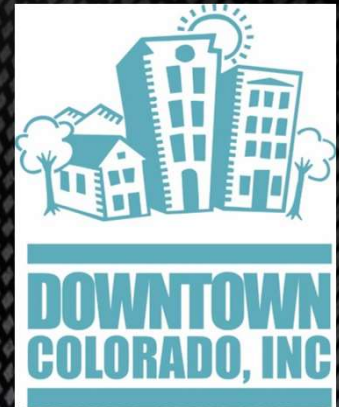


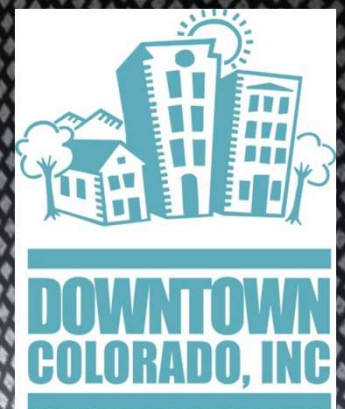
DCI, Urban Renewal, and Collaboration for Community Revitalization

Colorado Association of School Boards
February 23, 2017



Katherine Correll

Executive Director
Downtown Colorado Inc.





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Updates & News

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Legislation

Education

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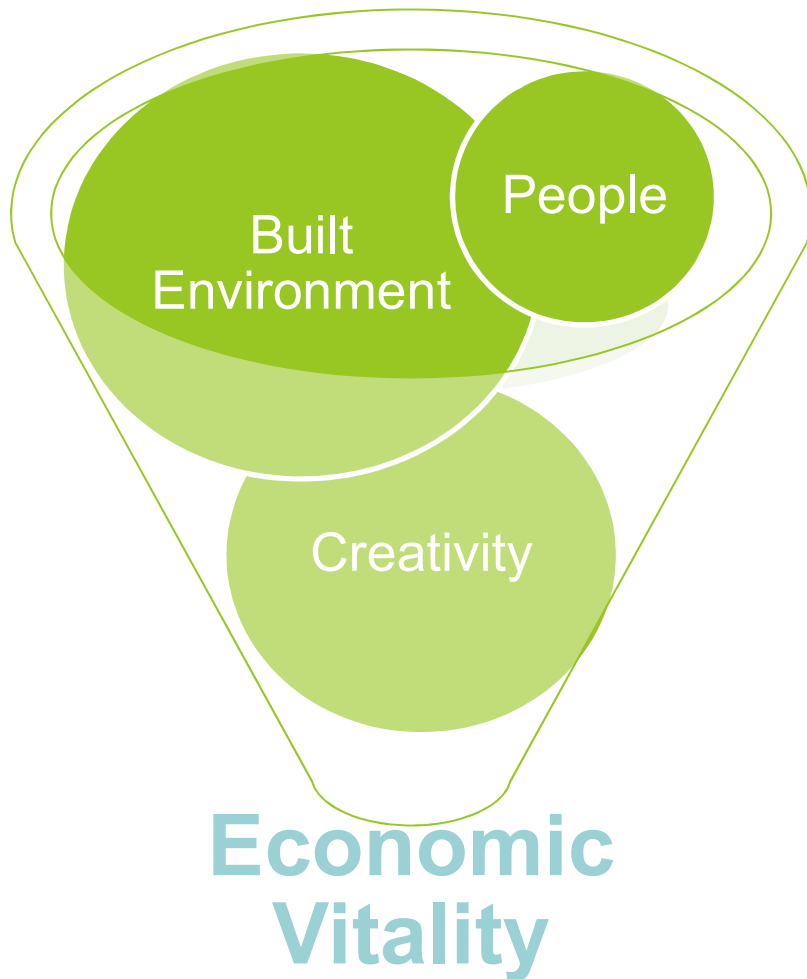
On-Site Teams

VISTA Program

Implementation
Planning

Community &
Economic
Development

Why Downtown?





Built Environment

Clean & Safe+
Accessible +
Culture & History+
=

Atmosphere
Respect
Property Value



People

Engaged Locals+
Educated+
Empowered+
=

Workforce
Spending
Participation

Creative Innovation



Invite+
Inspire+
Insight+
=

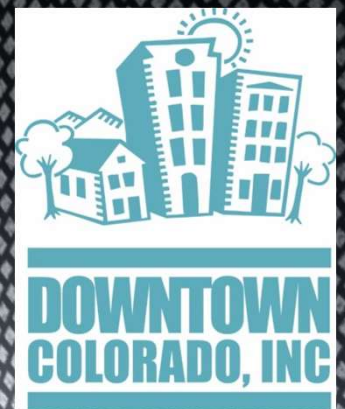
Problem
Solving

Upcoming Opportunities

Urban Renewal Impact Study

Educational Opportunities

- Rural Housing Workshop Buena Vista, March 6
- IN THE GAME, May 2-5
- URA Board Training, July 14



REIMAGINING Our Potential

1921



2008



2011

RENEW
RESTORE
REVIVE
REGENERATE
REVITALIZE
REINVENT
REIMAGINE



URBAN RENEWAL: RESTORING THE HEART OF COLORADO COMMUNITIES

Urban Renewal: History, Current Law, and Collaboration

Presented by
Carolynne C. White
February 22, 2017

 Brownstein Hyatt
Farber Schreck

Urban Renewal in Colorado - History

- First enacted in 1958, when urban renewal and slum clearance were pressing issues nationwide
- Federal Housing Act July 15, 1949 (63 Stat. 413)
- Intended primarily to enable Colorado to receive federal funds designated for slum clearance and housing construction
- TIF provisions added in the late 70's/early 80's when federal funds began to dry up



Chicago Slum – 1950's

Philosophy behind Urban Renewal

- *the prevention and elimination of slums and blight is a matter of public policy and statewide concern in order that the state and its municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization, and other forms of public protection, services, and facilities*



Statutory Authorization

- C.R.S. §31-25-101 et seq.
- purpose: eliminate slum and blight



- **Not:**
 - job creation
 - economic development
 - increase tax revenue



BUT . . .

- Elimination of slum and blight through redevelopment almost always results in
 - job creation
 - economic development
 - increased tax revenue



Recent New Urban Renewal Legislation

- HB 15-1348
 - Add new Board Members – County, school district, special district “seat at the table”
 - Negotiate/Mediate with Taxing Bodies re increment
- SB 16-177
 - “Cleanup”/“consensus” legislation
 - Address technical issues in HB 15-1248
 - Fix TABOR Language
 - Specify procedures for mediation
 - Did not change applicability language

Challenges

- Identifying appropriate **contacts/coordination** with other taxing bodies
- Identifying and gathering appropriate **data** to gather and share to facilitate negotiation
- **Time** required to initiate conversations, gather data, share data, and bring conversations to conclusion



Urban Renewal Power Tools

- Eminent Domain
- Tax Increment Financing (TIF)



What is TIF?

- TIF can be sales, property, use and/or lodging tax
- When a Plan is adopted the tax **base** for that Urban Renewal District is established
- The existing taxing agencies receive that base amount for the duration of the authorized TIF period, up to a maximum of 25 years
- If any of the taxes revenues increase over the base amount, URA receives the revenue that is in excess of the base – this is **increment**

How TIF Works

Blighted Property



TIF District is Created
Tax Base is Frozen



Regular Tax Levies

After Redevelopment

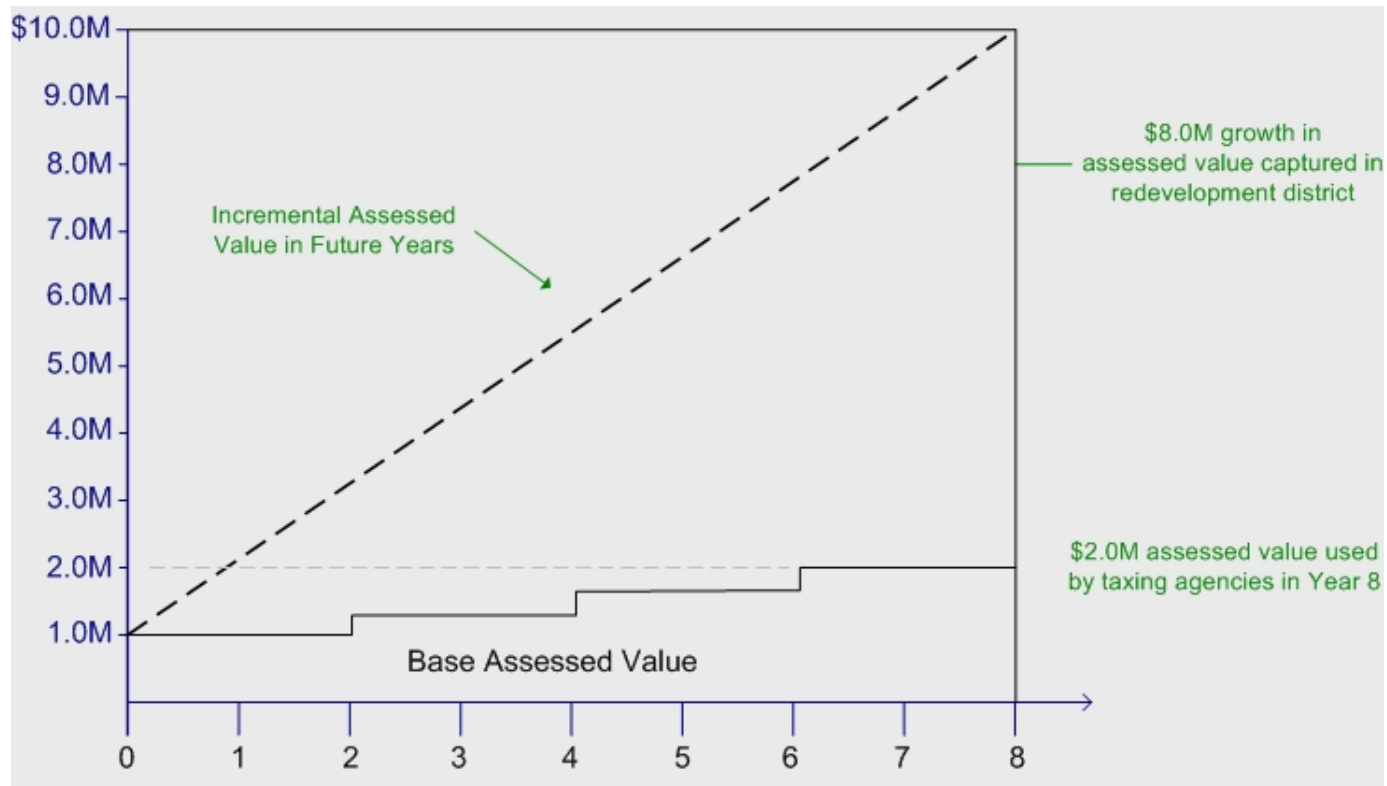


Increased Taxable Value
Captured Taxable Value



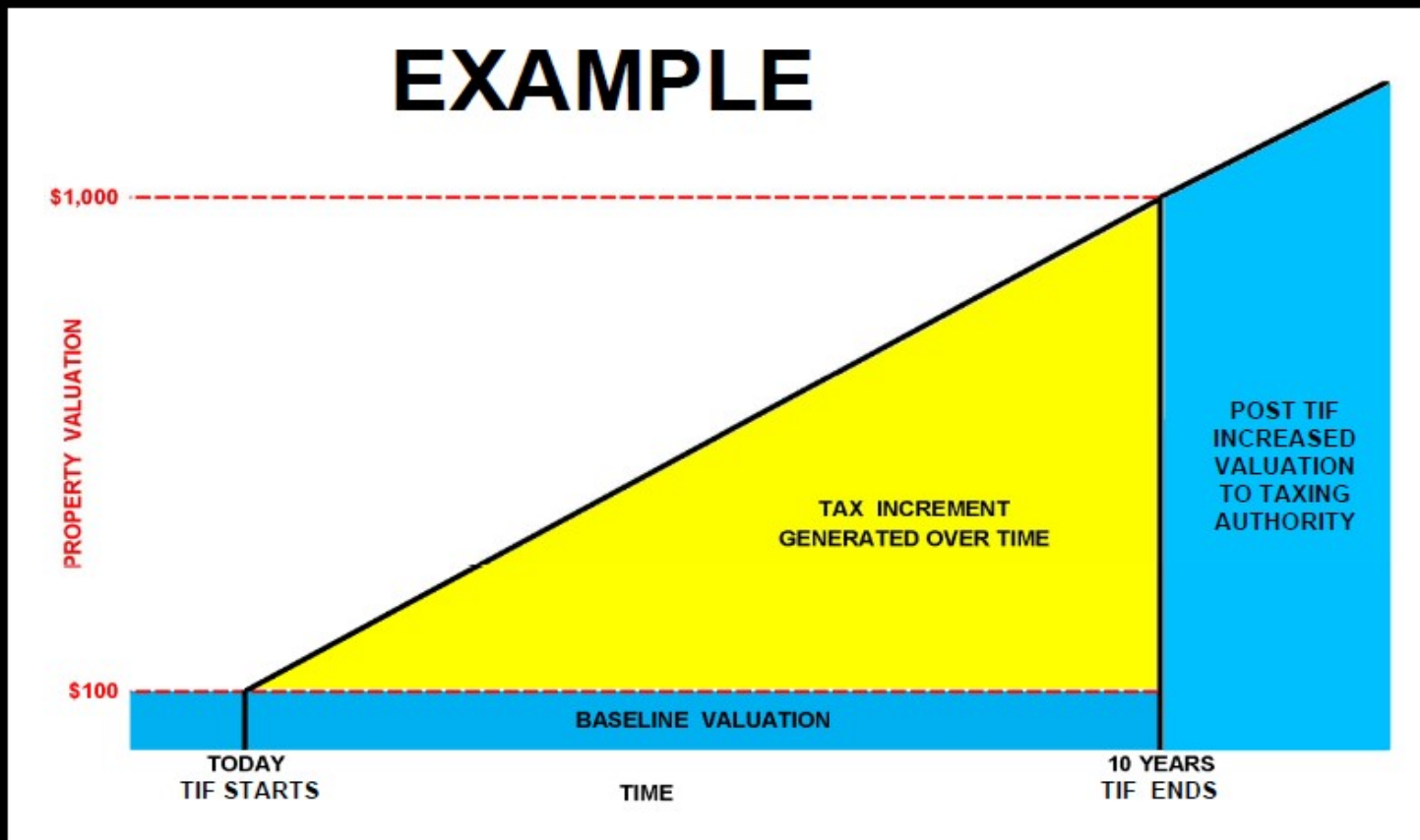
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Tax Increment Financing



Tax Increment Financing

EXAMPLE



School District/URA Interaction

- Law requires participation by school district “in advisory capacity” when redevelopment program includes residential
- Many Authorities have Intergovernmental Agreements with their school districts
 - share back of all or a portion of incremental property tax revenues generated by the school district mill levy
 - share back any future incremental property tax revenues derived from an additional school district mill levy approved by the voters as part of a mill levy override
 - construct facilities
- “School Backfill”
 - School Finance Act

Process

- Blight Study/Conditions Survey
 - 11 categories of blight
- Impact Reports for Taxing Entities
- Public Hearing – City Council/Town Board
- Adoption of Urban Renewal Plan
 - Defined plan area boundaries
 - Sets goals
 - Authorizes TIF and/or eminent domain

Congratulations, you have blight.
Now what?



Photo Credit:
Mark Heller

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Why does redevelopment need TIF?

- Environmental contamination – soil, water, building
- Complicated property assemblage
- Number of tenants
- Aging infrastructure/utilities
- Topography
- Floodplain/way issues
- City/URA requirements



The “But-For” Argument

- Absent the investment by the Urban Renewal Authority, development may not happen
- **Without** development, tax revenues stagnate or decline
- **With** URA investment, sales and property tax revenues increase
 - Incremental increase available for URA to reinvest in the district to remedy blight.

Addition of Commissioners

- Three additional commissioners representing the following taxing bodies:
 - counties
 - special districts
 - school districts
- If the boundaries of the municipality extend into multiples of any of these, then the taxing bodies decide among themselves who the appointee is

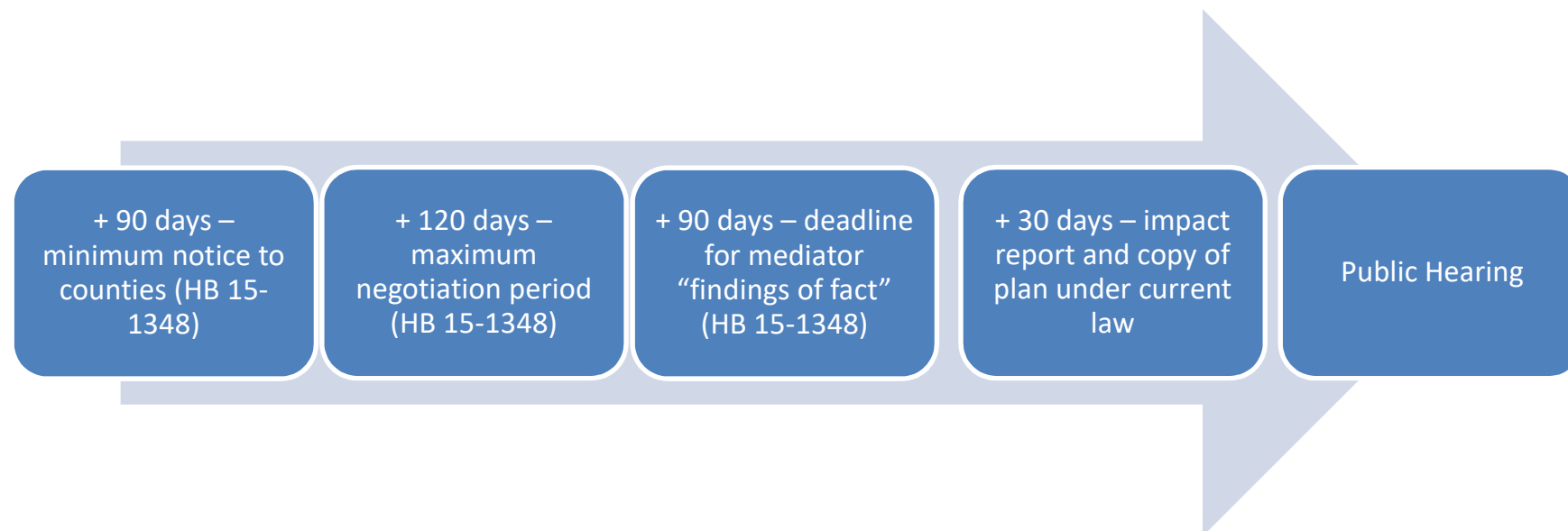
Who can sit on the Board?

- **Anyone** appointed by the Board of County Commissioners, regardless of whether the urban renewal Board of Commissioners consists of appointed citizens or the governing body.
- While the county representative may be anyone appointed by the county or counties, the special district and school district representatives must be an **elected board member**.
- If the appointment of the three taxing body representatives creates an **even** number, the Mayor may appoint an additional board member to create an **odd** number.

These Activities Require Time

- Time to initiate conversations
- Time to gather data
- Time to negotiate/discuss data and reach conclusions
- Time to draft and negotiate documents
- Time to prepare agendas and staff memos
- Time to bring new board members up to speed

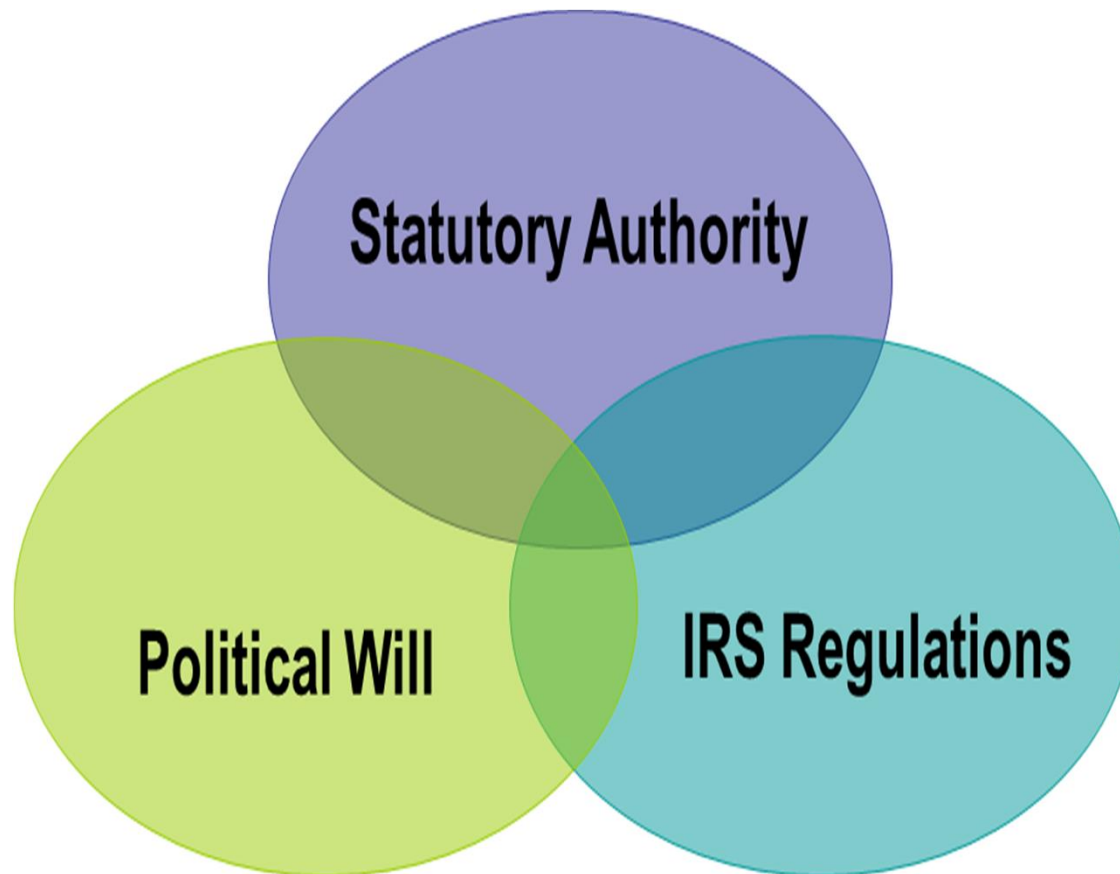
Timelines



Negotiation with Taxing Bodies

- Notice no later than 90 days prior to public hearing at which urban renewal plan is scheduled to be adopted
- Then representatives of each such governing body and the municipality “meet and attempt to negotiate an agreement” concerning what tax revenues may be included in the plan and how they will be spent
- Agreement may be in the form of a master agreement among all taxing bodies, or individual agreements with each taxing body

What is “public?”



How to ensure that tax increment is properly used?

- URA Policies
- Intergovernmental Agreements (IGAs)
- Tax Increment Reimbursement Agreements/Public Finance Agreements with Property Owner/Developer
 - list of approved “Eligible Improvements”
 - process for URA verification
 - BUT cannot include clawback – must design other penalties

URA Board Responsibilities

- Attendance
- Preparedness
- Conflict of interest/ethics
- Confidentiality (e.g. executive session)
- Fiduciary duty

Fiduciary Responsibility of URA Board

- Stewards of taxpayer funds, just as other elected officials
- Urban Renewal Conflict of Interest provisions
 - C.R.S. 31-25-104(3)
 - “No commissioner . . . shall acquire any interest, direct or indirect, in any project or in any property included or planned to be included in any project . . .”
 - Different than municipal/county/special district conflict of interest provisions

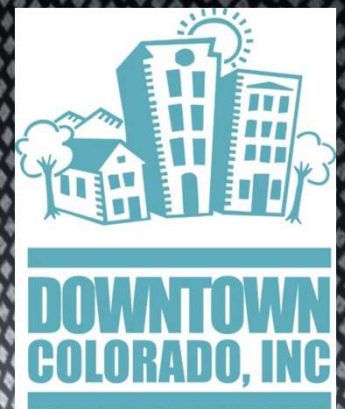
Other Governance Issues

- Colorado Sunshine Act (C.R.S. 24-6-401 et seq.) applies to urban renewal authorities
- Colorado Open Records Act (CORA) (C.R.S. 24-72-201 et seq.) applies to urban renewal authorities
- Adoption of bylaws not expressly required, but advisable
- Adoption of other policies or form documents
 - Grant Guidelines
 - Public Art
 - Grant Agreement Template
 - TIF Agreement Template
 - Relocation Policies

Steve Art

Economic Development Manager and Executive
Director Wheat Ridge Urban Renewal Authority,
and Downtown Colorado, Inc. Urban Renewal
Committee

Tax Increment Financing 101



Urban renewal was created to:

- Direct private sector investment to blighted areas
- Reduce urban sprawl
- Revitalize local economies
- Stabilize property values
- Create new jobs
- Remediate contaminated sites
- Improve overall quality of life



What is Tax Increment Financing (TIF)?

Is it a New Tax?

Is it Property Tax, Sales Tax, or Both?

Is TIF going straight into the pockets of the developer?

Does it hurt the affected taxing entities?



It's NOT just dollars given to developers



- Public/Private Partnerships are Crucial in Today's Development Arena
- There are Checks and Balances
- The 'If-Not-For' proposition

Why Do We Assist?

- Environmental contamination – soil, water, building
- Complicated property assemblage
- Number of tenants
- Aging infrastructure/utilities
- Topography
- Flood plain/way issues
- City/URA requirements



Checks and Balances

How is a Proposal Evaluated?



- Project Proforma
- Third Party Evaluation
- Finance Team
- Negotiate Terms



BUT, it's our Tax Dollars You're Giving Away!



- It's the Property Tax of that development ... not one cent of any homeowner
- URA's are not being Transparent
- It's taking dollars away from our kids
- The rules of development have changed
- Wheat Ridge Ballot Question 300

TIF Benefits All

\$31,500 Property Tax If NO Development Occurs



- \$31,500 property tax paid to Taxing Entities
- District's receives continued mill levy... low rate
- No Annual Increase
- No Jobs ... No Growth ... Continued Blighting Conditions

\$618,500 Prop & Sales If Development Occurs



- \$31,500 continues to the Taxing Entities
- Taxing entities get annual increase
- Jobs occur... jobs for students and parents
- Blight Eliminated

Questions ?

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