

What is the process for establishing an urban renewal area and advancing and urban renewal plan?

1 Determine Project Planning Area Boundaries; 2 Verify Presence and Location of Blighting Conditions; 3 Prepare Conditions Survey *; 4 Present Conditions Survey Findings to Town Council for Acceptance; 5 Identify Market Opportunities Within Area and Determine Timing; 6 Together with Stakeholders – Define Vision for the Redeveloped Area in Community; 7 Prepare Urban Renewal Plan; 8 Complete Financial Analysis (Tax Increment Finance – TIF); 9 Complete Impact Analysis (as per legislation) and Share With All Affected Taxing Bodies; 10 Present Urban Renewal Plan to Town Council for Adoption; 11 Issue Request for Projects; 12 Implement Plan

* Based on conditions survey findings, modify boundaries for urban renewal area, if necessary.

If an area is described as “blighted” what does that mean?

The legal term “blight” describes a wide array symptoms and causes of urban decline, which can range from physical deterioration of buildings, site improvements, and public infrastructure and the environment, to health, social and economic problems in a particular area. According to Colorado State Statute (CRS 31-25-103) (2), a “blighted area” is defined as follows: *“Blighted area” means an area that, in its present condition and use and, by reason of the presence of at least four of the following factors, substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare; ...*

- (a) *Slum, deteriorated, or deteriorating structures;*
- (b) *Predominance of defective or inadequate street layout;*
- (c) *Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;*
- (d) *Unsanitary or unsafe conditions;*
- (e) *Deterioration of site or other improvements;*
- (f) *Unusual topography or inadequate public improvements or utilities;*
- (g) *Defective or unusual conditions of title rendering the title non-marketable;*
- (h) *The existence of conditions that endanger life or property by fire or other causes;*
- (i) *Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;*
- (j) *Environmental contamination of buildings or property;*

- (k.5) *The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements;*
- (l) *If there is no objection of such property owner or owners and the tenant or tenants of such owner or owners, if and, 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 specified in paragraphs (a) to (k.5) of this subsection (2), substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals or welfare. For purposes of this paragraph (1), the fact that an owner of an interest in such property does not object to the inclusion of such property in the urban renewal area does not mean that the owner has waived any rights of such owner in connection with laws governing condemnation.*

Source: Colorado Revised Statute 31-25-103(2).

How many conditions are needed to declare an area “blighted”?

As per the Statute, “blighted area’ means an area that, in its present condition and use and, by reason of the presence of at least four factors...” If the Authority intends to use eminent domain for the acquisition of properties in the area, five conditions must be present. If the owner or owners and tenant or tenants consent, an area may be found to be blighted if only one blight factor is present.

How are the boundaries of an urban renewal area determined?

The Colorado Statute requires that the boundaries of the area be defined “as narrowly as feasible to accomplish the planning and development objectives of the proposed urban renewal area.” The boundaries of the conditions survey area can be defined more broadly in an effort to understand the range of factors contributing to “blight.” Blighted areas may include some vacant and under-utilized parcels and should include parcels influenced by key qualifying conditions.

Who decides what the final urban renewal plan will look like?

The Town Council designates the urban renewal area when the urban renewal plan is adopted. Input from “stakeholders” who participate in the public process to define a vision for the area is incorporated into the urban renewal plan. The plan is then presented to the Planning Commission for review and recommendation regarding the consistency of the plan with the Town’s comprehensive plan before the plan document is presented to Town Council for adoption.

Is there a deadline to adopt an urban renewal plan?

Once the Town Council opens the public hearing, it has 120 days to adopt, refuse adoption, or take no action on the plan. If it either refuses to adopt the plan or takes no action related to adoption, the Council may not consider creation of an urban renewal plan which includes the subject area for 24 months.

How long will it take to make the improvements identified in the urban renewal plan?

While the Authority continues into perpetuity, the urban renewal area is designated as blighted for a period of 25 years from the adoption of the urban renewal plan. The Authority can collect the tax increment only for that 25-year period. The length of time necessary to make improvements in the area will depend on the severity of conditions contributing to the blight conditions, market forces, and the urban renewal plan vision. The Authority must continually balance decisions related to the cost of improvements (and/or projects) and potential revenue these costs may leverage.

What determines which properties within an urban renewal area you start with first?

As stated previously, the Authority will continually balance decisions related to the cost of improvements (and/or projects) and potential revenue these costs may leverage. The strategy for implementing the urban renewal plan, which will involve spending money to make improvements, participate in projects, and encourage investment and reinvestment, will ultimately be defined by the Authority with input from stakeholders in the area. Factors to be considered include market timing, property owner interest, severity of “blighting” conditions, and other criteria.

What is Tax Increment Financing (TIF)?

Tax Increment Financing (TIF) is a statutory authorization that enables the Authority to collect the net new property and municipal sales tax revenues generated within a designated urban renewal area to help finance future improvements. TIF is not an additional tax. It is the new sales and property tax revenues that would not be available but for urban renewal projects.

When a redevelopment project is being planned, the Authority will analyze how much additional property and sales taxes may be generated once the redevelopment is completed. The additional property and sales taxes, the “tax increment,” then can be used by the Authority as revenue for the repayment of bonds or as reimbursement to developers for a portion of their project costs. In either case, the new tax revenue that is created must be used for improvements that have a public benefit and that support the

redevelopment effort, such as site clearance, streets, utilities, parks, the removal of hazardous materials or conditions, or site acquisition.

Is the Authority subject to TABOR?

Since urban renewal authorities do not have the power to impose new taxes, they are not covered by TABOR. As a consequence, the Authority can issue bonds and make multiple year fiscal commitments. Also, the Authority can collect TIF revenues that are not limited by the revenue and spending limits imposed by TABOR.

What can TIF monies be used for?

TIF revenues can be used for urban renewal projects that can include acquisition of properties; demolition and removal of buildings and improvements; installation, construction or reconstruction of streets, utilities, parks and other public improvements; and disposition of any property acquired or held by the Authority.

How can I tap into them as a landlord, business tenant, commercial property landowner, or private resident?

Qualifying expenses for TIF dollars are explained above. The method by which property owners in an area may apply for money will ultimately be determined by the Authority. The Authority may either issue a Request-for-Proposals (RFP), asking property owners to bring forward projects or wait for projects to surface with continued community education. Once projects are advanced to the Authority for consideration, they will be evaluated for consistency with the urban renewal plan and analyzed relative to their ability to qualify for funding.

Can the “base” (value) from which TIF is calculated go up or down?

Yes, the base for calculating the property tax increment can go up or down. The base is adjusted every two years to account for general increases in property values in the County. There can also be a decline if structures are demolished in advance of redevelopment.

Why would I, a property/business owner, want to be included in an urban renewal area?

By initiating the process of designating an area for urban renewal, a community is sending the message that it is 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. Urban renewal projects include improvements in public infrastructure, as well as new construction of private improvements which raise

property values. Property owners and businesses benefit from both the public and private commitments and investment through association and proximity.

Will my property taxes go up?

There is no additional assessment to properties within an urban renewal area and no increase in the mill levy with formation of the district. Any increase in tax payments by property owners would be associated with an action other than creation of the urban renewal area, or an increase in the taxable value of property because of investments that are happening in the area.

Does being in an urban renewal area affect my property values?

It can affect your property values, and more often than not, in a positive way. Frequently, when an urban renewal area is designated, property values increase. This happens because private individuals begin to purchase land in anticipation of both future development and improved public infrastructure. It also happens because properties located within an urban renewal area are often perceived by the development community as valuable because of the availability of financial incentives which are not available outside the urban renewal area.

Do I have to disclose a “blight” designation on my property when I sell it?

No. A property is not found to be “blighted,” an area is found to have conditions present which contribute to or perpetuate “blight”. The designation of “blight” in an area has a fairly short shelf life – generally limited to the time it requires to prepare and adopt the urban renewal plan. Following adoption, the emphasis tends to be on the financial opportunity provided by the availability of Tax Increment Financing (TIF).

Does being in an urban renewal area mean my property will be condemned?

No. The ability to condemn property is a right of any municipality under eminent domain, regardless of whether or not it is in an urban renewal area. The use of condemnation by government is limited to instances deemed necessary for the “public good” and usually as a last resort. Property for an urban renewal project is most often acquired by private interests in arms-length transactions at fair market value.

How will I be compensated if my property is taken in a condemnation action?

The Colorado Constitution and Colorado State Statutes specifically describe the measure of compensation in a condemnation action. A property owner is entitled to the fair market value of his property. When property is taken for an urban renewal project, the owner is also entitled to moving and relocation expenses.

If my property is in an urban renewal area, what flexibility do I have to improve it?

The same municipal regulations which applied prior to the urban renewal designation, apply after adoption of the urban renewal plan, e.g. zoning, special districts (if any), etc. The presence of an urban renewal area does not impose additional restrictions on property use. Rather, it makes available additional tools (incentives) to assist with implementation of projects which are consistent with the urban renewal plan.

What will the urban renewal plan do for property owners in the urban renewal area?

Being in an urban renewal area will mean that the Authority will be undertaking specific projects that will improve business conditions by providing updated public infrastructure and supporting new development and redevelopment of private property.

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

Being in an urban renewal area will not prevent owners or tenants from continuing existing businesses or land uses; it will not raise the property tax mill levy or the sales tax rate; it will not force owners to improve their property (especially at a higher standard than outside the area); it will not diminish the value of property; and, it will not prevent property owners from selling their property.

What are the powers and duties of Town Council and Planning Commission in urban renewal?

Town Council causes urban renewal plans and amendments to be prepared and must approve an urban renewal plan. The Town Council must also authorize condemnation of any property that is acquired through condemnation by the Authority.

Planning Commission reviews the urban renewal plan for consistency with comprehensive plan.

The Authority implements the urban renewal plan by undertaking urban renewal projects. Projects may include issuing bonds backed by TIF revenues, funding public infrastructure projects, entering in to redevelopment agreements with private developers to redevelop property and acquiring property for redevelopment.

Source: Leland Consulting Group, www.lelandconsulting.com 303.458.5800