

# LURA Discussion

Brief Outline of URA and TIF

# General Outline

❖ Basic URA Overview

❖ Composition of LURA

❖ URA Powers

❖ TIF

❖ Examples of How Development Financing Can Happen

# Basic URA Overview

## Urban Renewal Authorities

- ❖ **Enabled by Colorado State** C.R.S. 31-25-101 et seq. [CRS URA](#)  
The enabling legislation has been modified several times to improve it & address objections
- ❖ **To address “blight” conditions in specific areas of a municipality**
  - [Blight Survey Findings](#)
- ❖ **To improve conditions in these areas by promoting investment and development**
- ❖ **Tools to promote investment and community engagement**

# What a URA Can Do

The URA has a board of commissioners that acts as the decision-making body of the URA. URA's have the power to:

- sue and be sued;
- negotiate, enter into contracts, and take other actions required for urban renewal;
- develop appropriate regulations for buildings and land use;
- survey and study blighted areas;
- borrow and invest funds;
- condemn property;
- acquire, rent and lease, manage, and dispose of property; and
- compensate individuals and businesses for relocation impacts.

Colorado law provides requirements for URA finances, eminent domain, real estate sales, and other urban renewal activities.

# Benefits and Issues – Brief List

## Potential Benefits:

- ❖ Ability to apply some future tax collections to stimulate development. These are taxes that are attributed to the result of this new development. Taxing entities will not see a decrease in their current rate of tax revenue.
- ❖ Leveraging of investment made to date
- ❖ A forum for alignment of objectives across the organizations involved.

## Potential Issues:

- ❖ Complex mechanism – not simple to communicate either favorably or unfavorably
- ❖ Town not in a great position to guarantee financing
- ❖ TIF negotiations with other taxing entities not complete
- ❖ Have not identified a model for a strongly successful URA in small town in Colorado
- ❖ Taxing entities may see an increase in demand for services

# Composition of LURA

## ❖ Downtown URA Area

- Pre-2016 legislative changes
- Lyons BOT was designated as the Downtown URA Commission

## ❖ Eastern Corridor URA Area

- Expanded Commission
  - Adds, School Board, Boulder County, Fire District /Lyons Regional Library District, and another commissioner to result in an odd number.
- Negotiated share of TIF between each taxing entity and URA

# Most Significant Powers of URA

## ❖ Tax Increment Financing

- Intended to help development
- Different rules for:
  - Downtown (pre-2016 regulations)
  - Eastern Corridor (post 2016 regs.)

## ❖ Eminent Domain

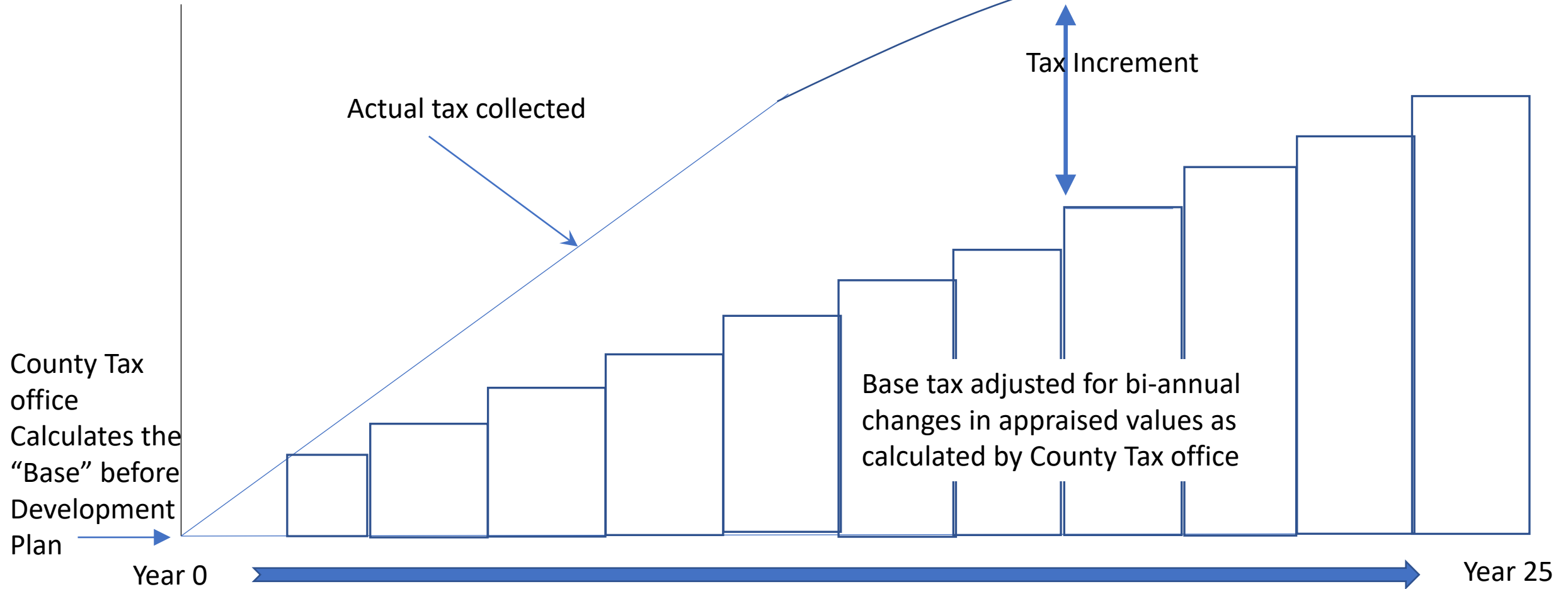
- Not particularly significant since Town has this power already
- Strong disincentives to use of this power
- Neither the Town nor the LURA are likely to use this power

# Which Taxes

- ❖ Property Tax, Use Tax, Sales Tax and Lodging Tax
- ❖ Generally, taxes that would not be there if the new development, enabled by the TIF, did not happen. (This is a bit of a Rorschach Test as different interests describe it differently)
- ❖ LURA has generally favored applying property tax and use tax. Lodging tax may also be a consideration.
- ❖ Increased Sales tax would be one of the benefits that the community could look toward in an ideal plan. While the governing statutes allow sales tax to be included in TIF, LURA has not seen an advantage to including it.  
However, it is not precluded and could be considered if the circumstances of a specific project made it beneficial...several other URAs access Sales Tax for TIF.
- ❖ The Boulder County Tax Assessor determines the Base from which to calculate the increment. That office makes adjustments to the base to recognize the Increase in base due to the County Assessor's bi-annual Property Tax reappraisal



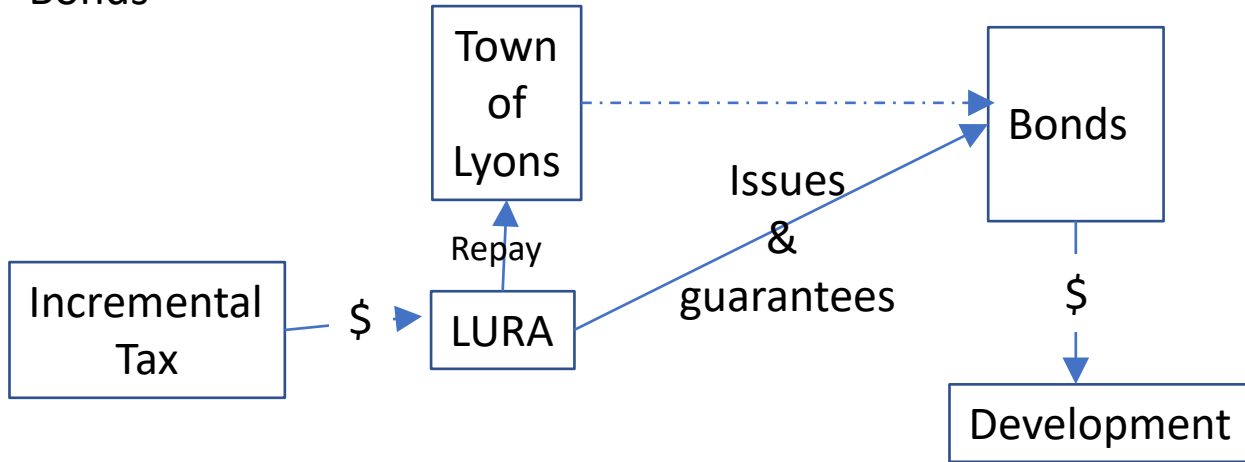
# How Tax Increments Work -- Notional



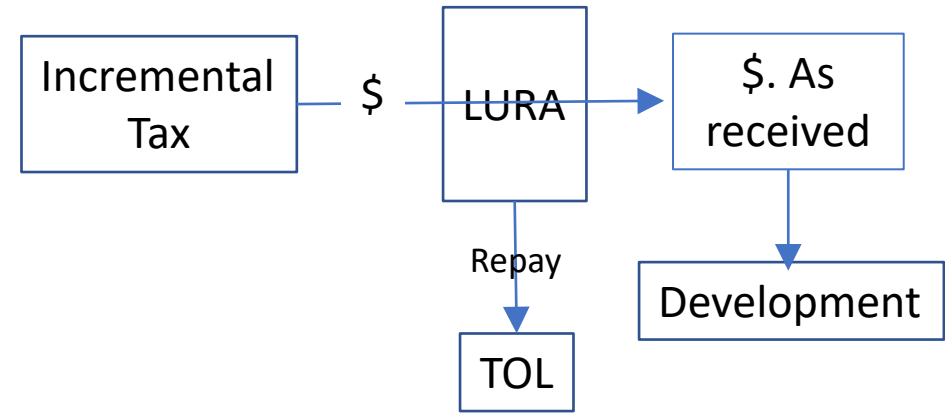
# Some Ways TIF Can Be Applied

Issue Bonds -- LURA & Potentially Town at Risk to Pay off

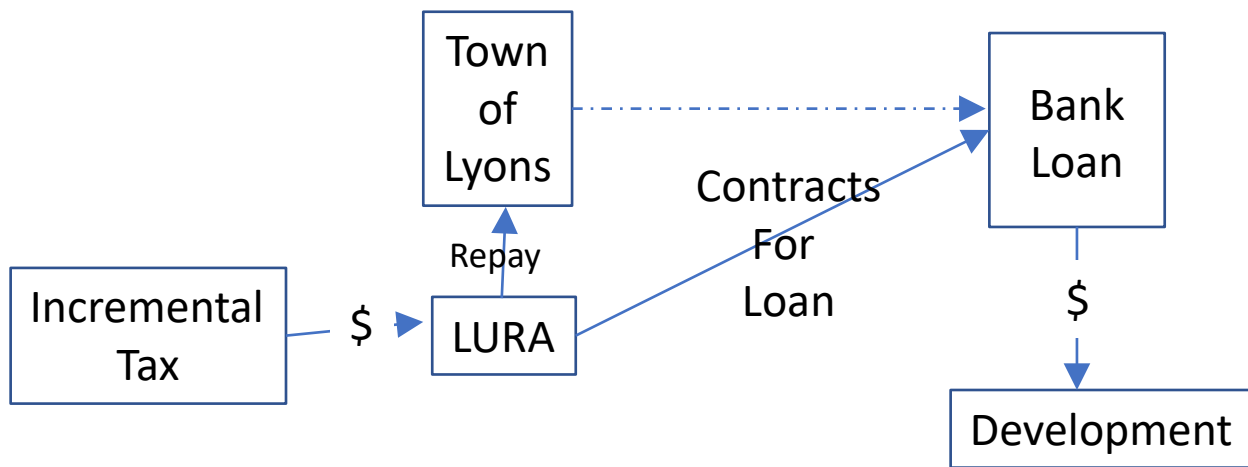
Bonds



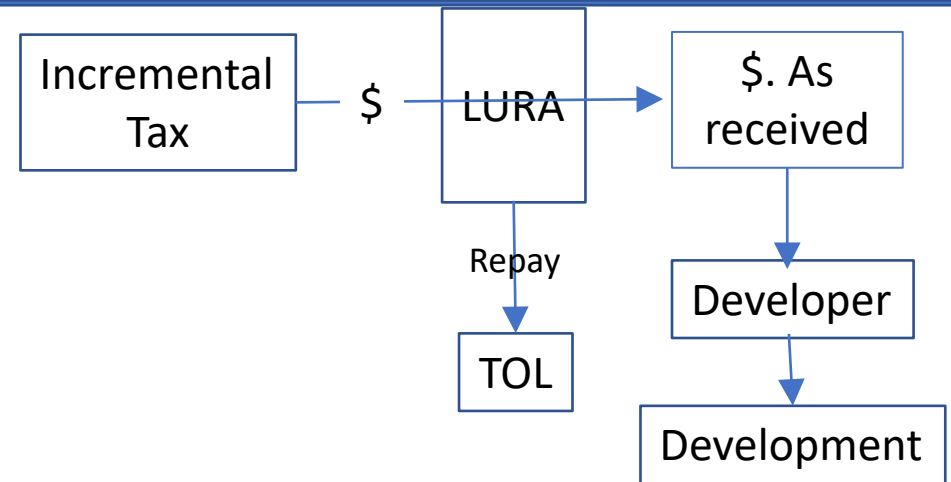
LURA invest directly in development as \$ comes in



Obtain a Loan -- LURA & Potentially Town at Risk to Pay off loan



LURA pays developer as \$ comes in



# TIF Sensitivity Tool – Variables to Consider

Increase in Actual Value	\$3,000,000	Commercial		Residential	
		Assessment	Proportion	Assessment	Proportion
Increase in Assessed Value*	\$738,900	29%	80%	7.15%	20%

\* See page 14 for basic assessment formula

Taxing Districts	Increased Property Value	Mill Levy	Percentage	Subtotals		Total Potential TIF Rev	Base Assumption - Plan 1	Subtotals	
BC GenOper	\$738,900	20.087	16.810%			\$14,842.28	100.00%		
BC Roads	\$738,900	0.186	0.156%			\$137.44	100.00%		
BC Pub Welfare	\$738,900	1.002	0.839%			\$740.38	100.00%		
BC Dev Disabilities	\$738,900	1	0.837%			\$738.90	100.00%		
BC Capital exp	\$738,900	0.862	0.721%			\$636.93	100.00%		
BC Refund abate	\$738,900	0.126	0.105%			\$93.10	100.00%		
BC Health & Human Ser	\$738,900	0.608	0.509%			\$449.25	100.00%		
BC Temp HS Safety	\$738,900	0.9	0.753%	Total BC	20.730%	\$665.01	100.00%	Total BC	\$18,303.29
SVVSB Gen Op	\$738,900	24.995	20.917%			\$18,468.81	100.00%		
SVVSB Bond Redempt	\$738,900	17.55	14.687%			\$12,967.70	100.00%		
SVVSB Overrides	\$738,900	13.59	11.373%			\$10,041.65	100.00%		
SVVSB Abatement Ref	\$738,900	0.407	0.341%	Total School	47.317%	\$300.73	100.00%	Tot SVV	\$41,778.88
TOL Gen Operating	\$738,900	17.762	14.864%	TOL	14.864%	\$13,124.34	100.00%	Tot TOL	\$13,124.34
Northern CO Water	\$738,900	1	0.837%	NorthCOWD	0.837%	\$738.90	100.00%	NorthCOWD	\$738.90
St Vrain Left Hand water	\$738,900	1.406	1.177%	LeftHandWD	1.177%	\$1,038.89	100.00%	LeftHandWD	\$1,038.89
LFD Gen Oper	\$738,900	4.152	3.475%			\$3,067.91	100.00%		
LFD Bond Redempt	\$738,900	1	0.837%			\$738.90	100.00%		
LFD Refund Abate	\$738,900	0.009	0.008%			\$6.65	100.00%		
LFD Other	\$738,900	7	5.858%	Total LFD	10.177%	\$5,172.30	100.00%	Tot LFD	\$8,985.76
Lyons Library Dist	\$738,900	5.85	4.896%			\$4,322.57	100.00%		
Lyons Regional Library	\$738,900	0.004	0.003%	Total LRLD	4.899%	\$2.96	100.00%	Tot LRLD	\$4,325.52
		119.496	100.000%		100.00%	\$88,295.59	PER YEAR	As Modified	\$88,295.59
						25 YEARS			25
						\$2,207,389.86			\$2,207,389.86

# Estimation Of Phase in:

Year	Percentage	At 100% All Dist
1	7.00%	\$6,180.69
2	11.00%	\$9,712.52
3	13.00%	\$11,478.43
4	14.00%	\$12,361.38
5	20.00%	\$17,659.12
6	25.00%	\$22,073.90
7	30.00%	\$26,488.68
8	40.00%	\$35,318.24
9	50.00%	\$44,147.80
10	60.00%	\$52,977.36
11	70.00%	\$61,806.92
12	80.00%	\$70,636.48
13	90.00%	\$79,466.03
14	100.00%	\$88,295.59
15	100.00%	\$88,295.59
16	100.00%	\$88,295.59
17	100.00%	\$88,295.59
18	100.00%	\$88,295.59
19	100.00%	\$88,295.59
20	100.00%	\$88,295.59
21	100.00%	\$88,295.59
22	100.00%	\$88,295.59
23	100.00%	\$88,295.59
24	100.00%	\$88,295.59
25	100.00%	\$88,295.59
Total		\$1,509,854.66

# Appendices

# Boulder County Assessor's Office Note on Basic Property Tax Assessment Formula

Notes: From BC Assessor site

## Assessed Value Commercial Property

The Assessor multiplies the actual value by the assessment rate of 29% to arrive at an assessed value. The assessed value is multiplied by a mill levy (tax rate) to calculate the taxes for the property.

Actual Value results from the taxpayer's Original cost factored to a Replacement Cost New, depreciated to the original year of acquisition, and factored to the base year.

Note: This assessment value does not include residential property, oil and gas lands, and producing mines. For more information, please contact the Assessor's Office Personal Property Department at 303-441-3316.

## Residential Home Example:

Actual value:	\$350,000		
Assessment rate:	<u>x 7.15%</u>	(multiply by 0.0715)	
Assessed value:	\$25,025		
Mill levy:	<u>x 86.000</u>	(multiply by 0.086)	
Property tax:	\$2,152		

# Points of View

<https://www.sehinc.com/news/how-colorado-communities-can-benefit-urban-renewal-authority>

<https://thehill.com/blogs/pundits-blog/state-local-politics/340619-coloradans-are-pushing-back-on-urban-renewal-abuse>



# Can URA Funds Be Applied to Costs Already Incurred?

Excerpt from Ft. Collins URA -- Agenda Item Summary #9 - Sept 7, 2013  
(Needs to be verified with legal counsel as to current validity)

One aspect to bring to the Board's attention is the fact that the Developer has already incurred costs associated with the line item "extend and upgrade water and sewer line". Pursuant to URA policy, TIF may be used to retroactively reimburse costs incurred prior to approval of the Redevelopment Agreement, provided such costs are hard costs associated with public improvements. In this case, the segment of Prospect Road in front of the project site was planned to be closed for **several** weeks this summer due to construction. Knowing that the extension and upgrade of the water and sewer line for this project would require closure of Prospect Road, the Developer coordinated the timing of that improvement with the planned construction in order to avoid a second closure of Prospect Road later this year. Staff recommends such costs remain eligible for reimbursement and are thus included in the Redevelopment Agreement; this decision, however, is ultimately the URA Board's.

[https://www.renewfortcollins.com/img/site\\_specific/uploads/URA\\_Finance\\_Committee\\_Agenda\\_Materials\\_Oct\\_14\\_REDUCED.pdf](https://www.renewfortcollins.com/img/site_specific/uploads/URA_Finance_Committee_Agenda_Materials_Oct_14_REDUCED.pdf)

# Excerpt from Ft. Collins URA Agenda Item Summary #9

## Sept 7, 2013 – Creative Financing Example

### **Redevelopment Agreement**

Based on an evaluation of eligible costs and blight remediation, URA staff supports the project and has negotiated a Redevelopment Agreement with the Developer. This Agreement is unique in that it blends reimbursement methodologies, but is believed to result in a compromise that provides benefit to the project while mitigating risk to the URA.

The Agreement would create a reimbursement obligation from the URA to the Developer for up to \$494,000 of tax increment. This amount would be used for approved, eligible costs that will ultimately be verified based on invoices for actual work completed. The reimbursement is structured so that half, or \$247,000, would be reimbursed to the Developer in a lump sum upon completion of the project. The remaining \$247,000 would be dispersed to the Developer through annual payments of \$11,762 until 2036. The reimbursement obligation represents approximately 60% of the total tax increment that will be generated by the project.

The URA will not have sufficient fund balance to pay the \$247,000 lump sum to the Developer, and has thus requested a loan from the City of Fort Collins. The Loan Agreement will be considered separately from the Redevelopment Agreement; it is based on current City policy in terms of interest rate, which is anticipated to cost the URA approximately \$166,515 (note this is an estimate based on what the rate would be today, which may change once it is time to execute the loan). Combined, the reimbursement obligation and financing cost to the URA represents \$660,515 or 80% of the total increment generated by the project.

# Some Additional Examples of URA Related Actions in Colorado

## **Brighton**

<http://brightonura.org/DocumentCenter/View/170/2021-Budget-Book-Final-1-1>

BURA has several “areas” each of which has a different experience with some having a net positive cash flow and some having a negative cash flow...overall positive cash flow.

## **Arvada**

<http://arvadaurbanrenewal.org/about-us/how-urban-renewal-works/>

Larger community adjacent to highway. Staffed URA. Shows how community engagement fits in their plans.

## **Firestone**

<https://firestoneco.civicclerk.com/Web/GenFile.aspx?ad=6725>

IGA between FURA and the Town of Firestone re; Staff, legal and other expenses and potential advances

## **Avon**

<https://coskitowns.com/wp-content/uploads/2020/01/Avon-URA-Jan2020.pdf>

Summary and graphs showing variations in TIF since 2007. Also illustrates situation in which URA is repaying substantial debt. Significant plans ongoing.

## **Estes Park**

<https://www.eptrail.com/2015/09/23/resident-pushing-for-return-of-urban-renewal/>

<https://www.eptrail.com/2009/07/09/why-should-urban-renewal-be-extended-another-25-years/>

Newspaper article about pros and cons of re-establishing a URA

# Composition of Post 2016 URA Commissions

Ten commissioners are to be appointed by the mayor of the applicable municipality, one commissioner is appointed by the board of county commissioners for the county in which the urban renewal area is located, one must be a board member of a special district, selected by agreement of the special districts levying a mill levy within the boundaries of the urban renewal area, and one must be an elected member of a board of education of a school district levying a mill levy within the boundaries of the urban renewal area. ... If the governing body of the municipality designates itself as the urban renewal authority, additional commission seats must be added for the counties, special districts and school districts ... If that results in an even number of commissioners, the mayor appoints another commissioner to result in an odd number.

### Criteria for Determining “Blight”. -- Pick 4

The legal term “blight” describes a wide array of urban problems, which can range from physical deterioration of buildings 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; ...*

*1.(a) Slum, deteriorated, or deteriorating structures;*

*2.(b) Predominance of defective or inadequate street layout;*

*3.(c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;*

*4.(d) Unsanitary or unsafe conditions;*

*5.(e) Deterioration of site or other improvements;*

*6.(f) Unusual topography or inadequate public improvements or utilities;*

*7.(g) Defective or unusual conditions of title rendering the title non- marketable;*

*8.(h) The existence of conditions that endanger life or property by fire or other causes;*

*9.(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;*

*10.(j) Environmental contamination of buildings or property;*

*11. (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;*

*12. (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.*