

DATE: June 14, 2011

STAFF: Mike Freeman
Christina Vincent

*Pre-taped staff presentation: available
at fcgov.com/clerk/agendas.php*

WORK SESSION ITEM URBAN RENEWAL AUTHORITY

SUBJECT FOR DISCUSSION

Revisions to the Urban Renewal Authority Policies and Procedures.

EXECUTIVE SUMMARY

In May 2010, the Urban Renewal Authority (URA) Board approved a thorough revision to the Policies and Procedures (Policies) from the original policies created in 2006. At the May 17, 2011 URA Board meeting, it was discussed that the Policies should have more detail regarding green building practices and therefore should come back to the URA Board for more revisions. Staff has prepared the requested revisions to the Policies. These Policies are intended to give guidance to the eligible developments and objectives of the URA to applicants, staff, citizens and the URA Board for decision making purposes.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the URA Board have concerns with the revised Policies and Procedures?
2. Is the URA Board comfortable bringing these revisions back for consideration in July?

BACKGROUND / DISCUSSION

The URA Board approved the first version of Policies in August 2006. Originally, the URA Board formed an ad-hoc committee to create a mission statement and develop general policies. Those Policies have since guided the URA in the initial stages of preparing for future URA projects. There are now several approved URA projects that both the URA team and staff felt needed more clarification and direction when guiding applicants through the process.

In 2010, the URA Board approved the Policies document that is used today. The changes from the original 2006 version were significant. Both versions are attached to this Agenda Item Summary for review (Attachments 2 and 3).

2010 changes from the 2006 version:

- Clear introduction with explanation of the purpose of the Policies and Procedures.
- Clear distinction of the objectives, goals, and eligible development and costs.
- Inclusion of green building techniques.

- Establish evaluation criteria
 - Financial feasibility (establishment of a threshold for projects that need proforma analysis)
 - Policy assessment
 - Local ownership criteria changed from Larimer County to 40 mile radius from the City of Fort Collins Growth Management boundary.
 - All payments will be issued on a reimbursement basis at the issuance of Certificate of Occupancy, unless otherwise determined by the URA Board.
- Inclusion of the URA application questions.
- Step-by-step process illustration.

This document has been highly successful in setting clear expectations of the type of application and project the URA will consider.

The 2011 revision (Attachment 1) contains the following changes:

- Assuring development is consistent with City Plan and the Urban Renewal Plans.
- Promote green building and energy efficiencies that are above Code requirements.
- Green development which exceeds adopted Code minimums; using the various available rating systems.
- Inclusion of revised mission statement from 2006.
- Applicant must be in the City's Development review process.
- Applicant must state intended waste diversion and/or deconstruction methods of the project.

Staff is seeking direction on the proposed revisions to be included in the 2011 revised Policies.

ATTACHMENTS

1. 2011 Proposed URA Policies and Procedures
2. 2010 URA Policies and Procedures
3. 2006 URA Policies
4. URA Annual Report – 2010
5. Tax Increment Financing Memo 2008
6. Powerpoint presentation

DRAFT 2011 URA Policies with revisions/edits.

SECTION 1 – INTRODUCTION

This policy is to provide guidance for the Fort Collins Urban Renewal Authority (URA) staff, Citizen Advisory Group (North College), and URA Board (Board) in considering, reviewing and processing applications that seek to use Tax Increment Financing (TIF) assistance for development activities within the designated plan areas. The URA Board will have the option of amending or waiving sections of this document when determined necessary or appropriate.

The mission of the URA is to remedy blight, using TIF, to leverage private capital investment and stimulate sustainable development and public improvements projects.

- ❖ The fundamental purpose for application to the URA for TIF assistance is to facilitate desirable development/redevelopment projects within the URA plan that would not otherwise occur “but for” the assistance provided through TIF.
- ❖ Examples of costs eligible for TIF assistance are listed in Section 4 – Eligible Costs.
- ❖ It is the intent of the Board to provide the minimum amount of TIF assistance to make the project viable. The provision of financial assistance is at the sole discretion of the Board.
- ❖ The Board reserves the right to reject or approve project on a case-by-case basis, taking into account:
 - Established policies;
 - Specific project criteria; and
 - Demand on City services in relation to the potential public benefit received from the proposed project.
- ❖ Meeting policy guidelines and other criteria does not guarantee the award of TIF assistance. Furthermore, approval or denial of one project is not intended to set a precedent for approval or denial of another project.

SECTION 2 - OBJECTIVES

The URA exists to accomplish the following objectives:

- ❖ Eliminating blight.
- ❖ Improving the public infrastructure (streets, storm drainage, sewer, utilities, etc.) in areas where deficiencies exist.
- ❖ Creating a significant number of new primary jobs.
- ❖ Removing impediments to development.

- ❖ Retaining, expanding or attracting businesses for the purpose of improving the City’s economic base as demonstrated by increased jobs, creation of primary jobs, higher paying employment, installing manufacturing base, etc.
- ❖ Encouraging development projects that enhance the streetscapes and pedestrian experience and improve the vitality of commercial corridors by adding interest and activity.
- ❖ Providing a variety of quality affordable housing choices.
- ❖ **Encourage development that is consistent with *City Plan* and approved Urban Renewal Plans.**
- ❖ **Providing Promote “green” building standards and/or “above code”** energy efficiencies within buildings and developments.
- ❖ North College Plan area priorities (specific to the North College Urban Renewal Plan area):
 - Enhancing transportation infrastructure;
 - Providing stormwater drainage or floodplain improvements;
 - Expanding or upgrading utility infrastructure; and
 - Providing amenities that benefit the public including but not limited to streetscapes, enhanced architecture and building materials, facade renovations, special site improvements, etc. that contribute to a positive identity and image for the North College area.

SECTION 3 – ELIGIBLE DEVELOPMENT

The Board may consider TIF funding for Projects that include the following:

- ❖ Business Development: the retention, expansion, and attraction of business in the plan area.
- ❖ Residential Development: new construction or rehabilitation of single family and/or multi-family housing.
- ❖ Affordable Housing (must meet the minimum City Code requirement of ~~20%~~10% of the total units with 80% Area Median Income (AMI) or less).
- ❖ Creation of a significant number of new primary jobs.
- ❖ **Development which employs “green” standards beyond adopted code minimums.**
- ❖ **Student housing, defined as multi-unit residential structures, whether publicly or privately owned, that are leased in whole or in part to students attending post-secondary educational institutions.**
- ❖ Creation of a destination location that will capture additional revenue to the area.
- ❖ Historic preservation and adaptive reuse of historic structures.
- ❖ Protection of natural habitats and features both on the development’s site and in the vicinity of that site.

SECTION 4 – ELIGIBLE COSTS

- ❖ Removal of hazardous materials or conditions (sites where remediation or mitigation are required).

- ❖ Site clearance or site acquisition.
- ❖ Land assemblage.
- ❖ Parking/structured parking for the public.
- ❖ Infrastructure that is extraordinarily costly to remedy (streets, stormwater, water/wastewater, light & power, gas, etc.)
- ❖ Infrastructure that serves other development and redevelopment facilitating further improvements in the area.
- ❖ Green development which exceeds adopted code minimums (e.g. design, construction, or retrofitting of buildings and sites to be certified through the U.S. Green Building Council's LEED rating program, Energy Star, Sustainable Sites Initiative, or through an equivalent green building rating system such as the International Green Construction Code; or completion of a Construction Waste Management Plan for the project detailing proposed recycling, reuse, and disposal of waste products not currently required to be recycled).
- ❖ Public amenities such as parks, plazas, community gathering areas and streetscapes to enhance the aesthetics of the area.
- ❖ Capital Improvement Projects (CIP) as identified by the City of Fort Collins.
- ❖ Projects listed in Infrastructure Plans related to the Plan area, i.e. *North College Infrastructure Funding Plan*.

SECTION 5 – EVALUATION CRITERIA

The following basic evaluation criteria will be used to review applications seeking TIF funding. Since every project is unique, additional evaluation criteria may become necessary and will be determined on a case-by-case basis.

- ❖ **Financial feasibility:**
 - TIF assistance will not be considered for projects that have the financial feasibility to proceed without TIF assistance. Assistance will not be provided solely to broaden the developer's profit margin on the project. Prior to consideration of a TIF assistance request, the URA will undertake a financial analysis of the project costs to ensure that the request for assistance is appropriate.
 - For projects that will generate more than \$1 million in TIF or create a project that is more than 10,000 sq. ft. in size there may be an independent financial analysis. The independent analysis will be contracted for by the URA and the cost will be paid for by the applicant. Additionally, if the project is seeking more than 50% of the property tax increment generated from the project, or if the applicant is asking for requesting a grant for more than \$150,000, an independent financial analysis of the project may be required by the URA.
 - Individuals requesting TIF assistance must demonstrate, to the satisfaction of the URA, sufficient equity investment in the project prior to seeking TIF. Equity is

defined as cash or un-leveraged value in land or prepaid costs attributable to the project. Examples of equity may include personal cash, letter of credit, personal investment, awarded grant monies, etc.

❖ **Policy assessment:**

- A qualitative and/or quantitative analysis should be completed in order to identify the costs associated with the project which benefit the public and achieve the broader community benefits and goals. Analysis of the benefits of the project will be measured against the expectations set in the relevant plans that may include, but not be limited by, City Plan, Urban Renewal Plan, and any community sub area plan.
- Projects do not provide sufficient public benefits may, after review, be asked for revisions such as:
 - Greater Developer contribution;
 - Reduced TIF participation; and/or
 - Redefining the scope of the project.

Revision may lead to approval of final denial of URA participant in the project.

- ❖ The URA will give preference to funding projects that have local ownership, which is defined to mean any home location, business, developer located within a 40 mile radius from the City of Fort Collins Growth Management boundary.
- ❖ The applicant must be able to demonstrate to the URA and Board's satisfaction, an ability to construct, operate, and maintain the proposed project based upon past experience, general reputation, and credit history, and equity investment.
- ❖ The level of TIF assistance will be determined on the merits of the project.
- ❖ The URA will give preference to affordable housing projects that exceed the minimum City Land Use Code requirement of 10% of the total units for households earning 80% or less of AMI.

Section 6 – Other General Policies

- ❖ TIF assistance for land/property purchase costs will not be provided in an amount exceeding the fair market value of the property.
- ❖ The fair market value will be determined by an independent appraiser hired by the Board or City of Fort Collins. The cost of the appraisal will be paid for by the applicant.
- ❖ TIF will not be used to retroactively reimburse projects or make payments to cover costs associated with any actions already incurred by a development or redevelopment prior to a request for financial assistance being considered by the URA.
- ❖ TIF assistance will be on a reimbursement basis and only after the project valuation is verified and the Certificate of Occupancy (CO) or Letter of Completion (LOC) is issued at completion of construction. The funds will be paid upon actual costs with verifiable

receipts. Consideration for payments prior to obtaining the CO or LOC and valuation may be made on a case-by-case basis and will require approval by the Board prior to commencement of construction.

- ❖ To be eligible to apply for TIF, the applicant must have submitted the proposed project to the City as a Project Development Plan (PDP), Final Development Plan (FDP), or a major/minor amendment and completed the first round of review with comments from City staff.

Section 7 – Application Requirements

The applicant must complete the TIF application in its entirety, including the following documentation:

- ❖ A location map
- ❖ Site plans or project drawings/perspectives/elevations
- ❖ Project Pro-forma
- ❖ Owner/Business resume
- ❖ Executive Summary with the following questions answered:
- ❖ What is the nature of the project?
- ❖ Why is TIF assistance needed and how will the funds be used?
- ❖ What sources of financing will the project secure other than TIF?
- ❖ How will the project help improve/upgrade public infrastructure (streets, utilities, drainage, etc.)?
- ❖ How will the project enhance the property tax base (and sales tax base, if applicable) of the area?
- ❖ How will the project help achieve the goals of the **North College** Urban Renewal Plan and City Plan?
- ❖ How will the project help eliminate slum and blight conditions?
- ❖ How will this project help achieve the URA goals of sustainability through green building techniques? Please be specific how this project uses energy efficiency **exceeding code required**, renewable resources, natural resource conservation techniques, stormwater low impact design methods, or **any other methods not listed**—**recycles construction or deconstruction waste diversion/recycling techniques**.
- ❖ Please provide documentation and quantifiable results stating the proven methods and effectiveness of the proposed sustainable features within the project.
- ❖ What is the proposed project timetable (what is the estimated time frame for major steps including the City’s planning decision, completion of financial commitments, start of construction, and issuance of Certificate of Occupancy (CO)?

Section 8 – Process (see illustration for condensed version)

- ❖ Applications may be submitted to URA staff at any time during regular business hours.

- ❖ After URA staff has done a preliminary analysis and made suggested edits or modifications to the application, there will be a final submittal.
- ❖ Additional community-based input will be required.
 - If the application is for a project located within the North College Urban Renewal Plan, the North College Citizen Advisory Group (CAG) must make a recommendation by a majority vote. The CAG meets on a monthly basis and the proposed project/
 - TIF application will be scheduled on the agenda once the financial analyses are completed and the URA staff has adequate information and achieved a staff recommendation to present.
 - Feedback from community-based input may require modifications that delay approval and even require additional financial analysis.

If the goals of the URA are not clearly met and staff doesn't make a favorable recommendation to the Board, the application will be denied and will not move forward to the Board for approval. The applicant may apply again if the project changes financially, present a different project than previously submitted or with a change in the TIF calculation based on project differences.

- ❖ Once the URA staff and any community-based organization have recommended the application, URA staff will work with the applicant to create a project specific Redevelopment Agreement (RA) that will define the terms of the TIF assistance for the project.
- ❖ Once a final RA is agreed to URA staff will schedule the application for consideration at a hearing before the Board. The Board typically meets bimonthly on Tuesday evenings after City Council meetings.
- ❖ Approval of the project at any point in the process, short of the Board meeting, is no guarantee that the project will ultimately receive any TIF assistance.
- ❖ The Board will consider the application at the scheduled meeting. The Board will decide whether or not to support the application. The support may include:
 - Adoption of the RA,
 - Denial of the application, or
 - Conditional approval of the RA and the Board will provide clear direction on suggested terms. The Board will also clearly indicate if the conditions are mandatory for approval or optional enhancements.
- ❖ All Redevelopment Agreements are valid for a 12 month period beginning on the date the agreement was executed, unless otherwise stated in the agreement.

FORT COLLINS **URA** **POLICIES & PROCEDURES** **FOR APPLICANTS**

MAY 18, 2010

SECTION 1 – INTRODUCTION

This policy is to provide guidance for the Fort Collins Urban Renewal Authority (URA) staff, Citizen Advisory Group (North College), and URA Board (Board) in considering, reviewing and processing applications that seek to use Tax Increment Financing (TIF) assistance for development activities within the designated plan areas. The URA Board will have the option of amending or waiving sections of this document when determined necessary or appropriate.

- 1** The fundamental purpose for application to the URA for TIF assistance is to facilitate desirable development/redevelopment projects within the URA plan that would not otherwise occur “but for” the assistance provided through TIF.
- 2** Examples of costs eligible for TIF assistance are listed in Section 4 – Eligible Costs.
- 3** It is the intent of the Board to provide the minimum amount of TIF assistance to make the project viable. The provision of financial assistance is at the sole discretion of the Board. The Board reserves the right to reject or approve projects on a case-by-case basis, taking into account established policies, specific project criteria and the demand on City services in relation to the potential public benefit received from the proposed project. Meeting policy guidelines and other criteria does not guarantee the award of TIF assistance. Furthermore, the approval or denial of one project is not intended to set a precedent for approval or denial of another project.

SECTION 2 – OBJECTIVES

The URA exists to accomplish the following objectives:

- 1** Retaining, expanding or attracting businesses for the purpose of improving the City’s economic base as demonstrated by increased jobs, creation of primary jobs, higher paying employment, installing manufacturing base, etc.
- 2** Eliminating blight.
- 3** Improving the public infrastructure (streets, storm drainage, sewer, utilities, etc.) in areas where deficiencies exist.
- 4** Encouraging development projects that enhance the streetscapes and pedestrian experience and improve the vitality of commercial corridors by adding interest and activity.
- 5** Providing a variety of quality affordable housing choices.
- 6** Creating a significant number of new primary jobs.
- 7** Providing “green” building or energy efficiencies within buildings and developments.
- 8** North College Plan area priorities (specific to the North College Urban Renewal Plan area):
 - a. Enhancing transportation infrastructure;
 - b. Providing stormwater drainage or floodplain improvements;
 - c. Expanding or upgrading utility infrastructure; and
 - d. Providing amenities that benefit the public including but not limited to streetscapes, enhanced architecture and building materials, facade renovations, special site improvements, etc. that contribute to a positive identity and image for the North College area.

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 - 3 Affordable Housing (must meet the minimum City Code requirement of 20% of the total units with 80% Area Median Income (AMI) or less).
 - 4 Creation of a significant number of new primary jobs.
 - 5 Creation of a destination location that will capture additional revenue to the area.
 - 6 Historic preservation and adaptive reuse of historic structures.
 - 7 Protection of natural habitats and features both on the development's site and in the vicinity of that site.
-

SECTION 4 – ELIGIBLE COSTS

- 1 Removal of hazardous materials or conditions (sites where remediation or mitigation are required).
 - 2 Site clearance or site acquisition.
 - 3 Land assemblage.
 - 4 Parking/structured parking for the public.
 - 5 Infrastructure that is extraordinarily costly to remedy (streets, stormwater, water/wastewater, light & power, gas, etc.)
 - 6 Infrastructure that serves other development and redevelopment facilitating further improvements in the area.
 - 7 Green development or Energy Efficiency features within a project.
 - 8 Public amenities such as parks, plazas, community gathering areas and streetscapes to enhance the aesthetics of the area.
 - 9 Capital Improvement Projects (CIP) as identified by the City of Fort Collins.
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 - b. For projects that will generate more than \$1 million in TIF or create a project that is more than 10,000 sq. ft. in size there may be an independent financial analysis. The independent analysis will be contracted for by the URA and the cost will be paid for by the applicant. Additionally, if the project is seeking more than 50% of the tax increment generated from the project, or if the applicant is asking for more than \$150,000, an independent financial analysis of the project may be required by the URA.
 - c. Individuals requesting TIF assistance must demonstrate, to the satisfaction of the URA, sufficient equity investment in the project prior to seeking TIF. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project.

Examples of equity may include personal cash, letter of credit, personal investment, awarded grant monies, etc.

2 Policy assessment:

- a. A qualitative and/or quantitative analysis should be completed in order to identify the costs associated with the project which benefit the public and achieve the broader community benefits and goals. Analysis of the benefits of the project will be measured against the expectations set in the relevant plans that may include, but not be limited by, City Plan, Urban Renewal Plan, and any community sub area plan.
- b. Projects do not provide sufficient public benefits may, after review, be asked for revisions such as:
 - i. Greater Developer contribution;
 - ii. Reduced TIF participation; and/or
 - iii. Redefining the scope of the project.

Revision may lead to approval or final denial of URA participant in the project.

3 TIF assistance for land/property purchase costs will not be provided in an amount exceeding the fair market value of the property. The fair market value will be determined by an independent appraiser hired by the Board or City of Fort Collins. The cost of the appraisal will be paid for by the applicant.

4 TIF will not be used to retroactively reimburse projects or make payments to cover costs associated with any actions already incurred by a development or redevelopment prior to a request for financial assistance being considered by the URA.

5 The URA will give preference to funding projects that have local ownership, which is defined to mean any home location, business, developer located within a 40 mile radius from the City of Fort Collins Growth Management boundary.

6 The applicant must be able to demonstrate to the URA and Board's satisfaction, an ability to construct, operate, and maintain the proposed project based upon past experience, general reputation, and credit history.

7 The level of TIF assistance will be determined on the merits of the project.

8 TIF assistance will be on a reimbursement basis and only after the project valuation is verified and the Certificate of Occupancy (CO) is issued at completion of construction. The funds will be paid upon actual costs with verifiable receipts. Consideration for payments prior to obtaining the CO and valuation may be made on a case-by-case basis and will require approval by the Board prior to commencement of construction.

9 The applicant must complete the TIF application in its entirety, including the following documentation:

- a. A location map
- b. Site plans or project drawings/perspectives/elevations
- c. Project Pro-forma
- d. Owner/Business resume
- e. Executive Summary with the following questions answered:
 - i. What is the nature of the project?
 - ii. Why is TIF assistance needed and how will the funds be used?
 - iii. What sources of financing will the project secure other than TIF?
 - iv. How will the project help improve/upgrade public infrastructure (streets, utilities, drainage, etc.)?
 - v. How will the project enhance the property tax base (and sales tax base, if applicable) of the area?
 - vi. How will the project help achieve the goals of the North College Urban Renewal Plan and City Plan?
 - vii. How will the project help eliminate slum and blight conditions?
 - viii. How will this project help achieve the URA goals of sustainability through green building techniques? Please be specific how this project uses energy efficiency, renewable resources, natural resource conservation techniques, stormwater low impact design methods, or any other methods not listed.
 - ix. Please provide documentation and quantifiable results stating the proven methods and effectiveness of the proposed sustainable features within the project.
 - x. What is the proposed project timetable (what is the estimated time frame for major steps including the City's planning decision, completion of financial commitments, start of construction, and issuance of Certificate of Occupancy (CO))?

SECTION 6 – PROCESS (see illustration for condensed version)

- 1** Applications may be submitted to URA staff at any time during regular business hours.
- 2** After URA staff has done a preliminary analysis and made suggested edits or modifications to the application, there will be a final submittal.
- 3** Additional community-based input will be required.
 - a.** If the application is for a project located within the North College Urban Renewal Plan, the North College Citizen Advisory Group (CAG) must make a recommendation by a majority vote. The CAG meets on a monthly basis and the proposed project/TIF application will be scheduled on the agenda once the financial analyses are completed and the URA staff has adequate information and achieved a staff recommendation to present.
 - b.** Feedback from community-based input may require modifications that delay approval and even require additional financial analysis.

If the goals of the URA are not clearly met and staff doesn't make a favorable recommendation to the Board, the application will be denied and will not move forward to the Board for approval. The applicant may apply again if the project changes financially, present a different project than previously submitted or with a change in the TIF calculation based on project differences.

- 4** Once the URA staff and any community-based organization have recommended the application, URA staff will work with the applicant to create a project specific Redevelopment Agreement (RA) that will define the terms of the TIF assistance for the project.
- 5** Once a final RA is agreed to URA staff will schedule the application for consideration at a hearing before the Board. The Board typically meets bimonthly on Tuesday evenings after City Council meetings.
- 6** Approval of the project at any point in the process, short of the Board meeting, is no guarantee that the project will ultimately receive any TIF assistance.
- 7** The Board will consider the application at the scheduled meeting. The Board will decide whether or not to support the application. The support may include:
 - a.** adoption of the RA,
 - b.** denial of the application, or
 - c.** conditional approval of the RA and the Board will provide clear direction on suggested terms. The Board will also clearly indicate if the conditions are mandatory for approval or optional enhancements.
- 8** All Redevelopment Agreements are valid for a 12 month period beginning on the date the agreement was executed, unless otherwise stated in the agreement.

FORT COLLINS **URA** APPLICATION PROCESS

STEP 1

Submit URA application

Staff review

Pls. allow 2 weeks for iterations

Final submittal

STEP 2

Financial analysis “But For” test

Pls. allow 4 weeks for completion

STEP 3

Staff recommendation

Based on determination of eligible costs

STEP 4

CAG meeting = project introduction

“CAG” Citizen Advisory Group meets once a month 1st Thursday

2nd CAG meeting = recommendation

STEP 5

**URA Board meeting scheduled* once
Redevelopment AGMT is negotiated**

*Based on availability of 6 month calendar

City of Fort Collins Urban Renewal Authority

Mission Statement

The mission of the Fort Collins Urban Renewal Authority (URA) is to remedy blight by stimulating and leveraging private capital investment, using tax increment financing in private development projects and public improvement projects. The URA functions as a catalyst, partner, advisor and participant to foster sound growth and development.

General URA Policies

The URA will only assist development and redevelopment projects that meet the identified objectives of the respective Urban Renewal Plan (URP) area.

The URA will consider TIF for infrastructure needs normally required of development and redevelopment projects if one or more of the following are met:

- the infrastructure is an extraordinary or unusually costly remedy for blight factors (e.g., due to difficulties of retrofitting existing developed areas, need for assembly of multiple properties, etc.)
- the project is for affordable housing
- the project creates significant numbers of new primary jobs
- the project has great potential to capture spending that is currently “leaking” out of the market area, or is a “destination” use that will attract others from outside the area
- the infrastructure serves other development and redevelopment sites, facilitating further improvements in the area

The URA will also consider TIF for:

- enhancements and amenities that benefit the public such as streetscapes, enhanced architecture and building materials, special site improvements, etc.
- retention or expansion of existing businesses offering primary jobs or unique offerings that complement the business mix
- site clearance or site acquisition
- removal of hazardous materials or conditions
- projects that preserve and adaptively reuses historic structures
- projects that protect natural habitats and features both on the site and in the vicinity of the site
- projects that use the best available technologies and practices for renewable energy and/or energy efficiency

The URA will not retroactively reimburse projects or make payments to cover costs associated with any actions already incurred by a development or redevelopment project prior to a request for financial assistance being considered by the URA.

The URA will pursue grants and other types of financial assistance from federal and state agencies.

The URA will cooperate with other governments, entities, and agencies to accomplish redevelopment objectives.

North College Corridor URA Policies. In addition to the general URA policies on the previous page, the following specific policies apply to the North College Corridor Urban Renewal Plan (URP) area.

The URA Commission will only consider TIF in a development or redevelopment project within the North College Corridor URP area after the proposal has been reviewed by the Citizens Advisory Group (CAG). The URA Commission is the final authority on all TIF requests.

The URA will give preference to funding projects that have local ownership (Larimer County).

The URAs priorities for providing TIF to development and redevelopment projects within the North College Corridor URP area are:

- enhancing transportation infrastructure
- providing stormwater drainage or floodplain improvements
- expanding or upgrading utility infrastructure
- providing amenities that benefit the public including but not limited to streetscapes, enhanced architecture and building materials, façade renovations, special site improvements, etc. that contributes to a positive identity and image for the North College area.

Last Revision: May 10, 2006



FORT COLLINS URA

2005-2010 OVERVIEW OF THE FIRST FIVE YEARS



FORT COLLINS
URA
URBAN RENEWAL AUTHORITY

Letter from the Mayor

Welcome to the Fort Collins Urban Renewal Authority (URA) Overview. It has been my pleasure to watch and guide the URA from its humble beginnings in 2005 through its current state of tremendous momentum.

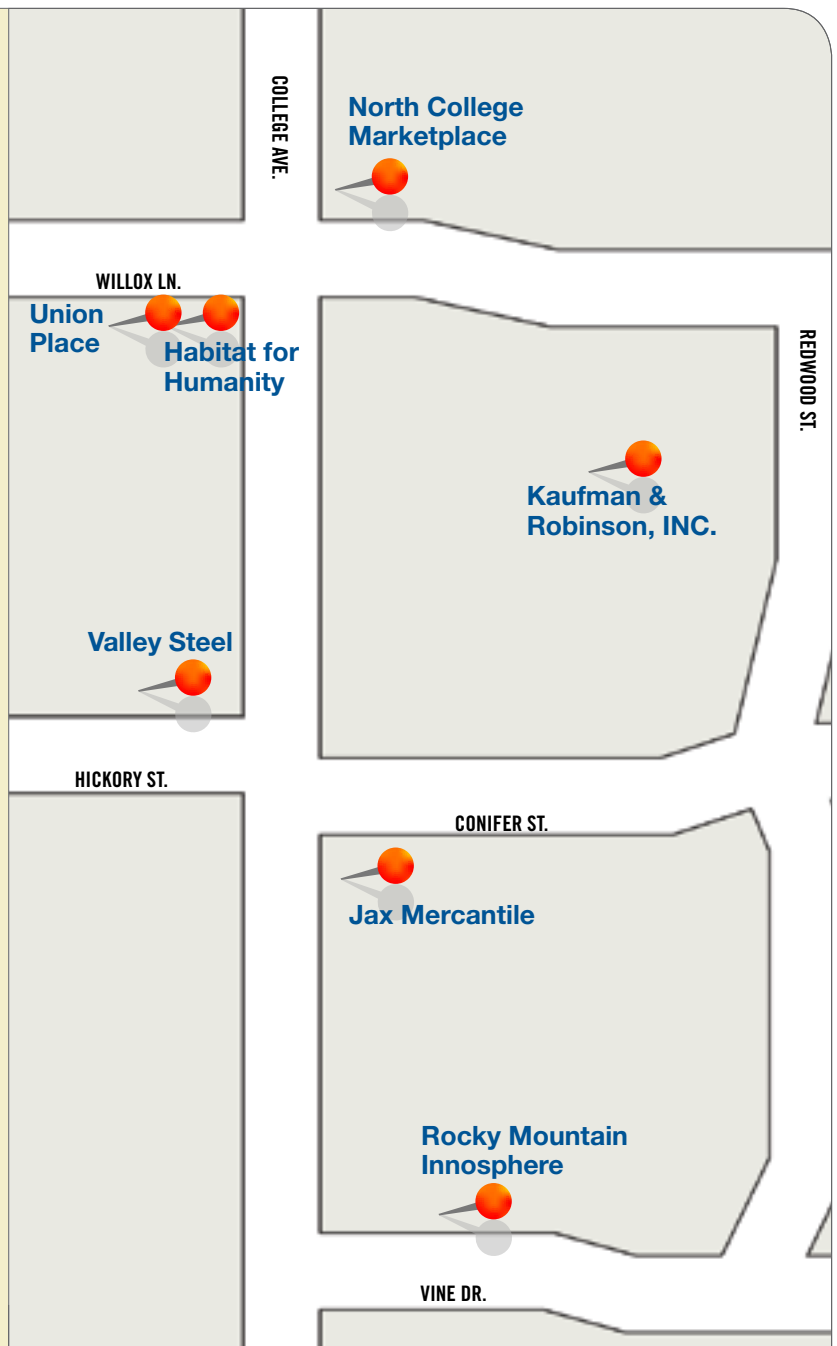
This annual report highlights the progress made by the Fort Collins URA over the past five years.

Without partnerships with the City, community, business owners, property owners and citizens, the URA would not be successful. We strive for ultimate excellence in projects that meet or exceed the objectives of the URA policies. We are proud to be the catalyst of change—to eliminate blight and foster redevelopment, creating jobs and inviting projects that are ultimately for the public good. These long-term investments will result in more than \$80 million in public/private partnerships in the North College Plan Area alone. We dare to think of the future and the possibilities ahead as we study potential plan areas in Midtown and Foothills Mall.

As I exit my term as the President of the URA, and Mayor of the City of Fort Collins, I'd like to recognize the success of the Urban Renewal Authority and our community's desire to be world-class, innovative and sustainable. Through infrastructure investments and redevelopment of our business corridors, we can achieve long-term economic vitality in Fort Collins together.

Mayor Doug Hutchinson

City of Fort Collins Mayor 2004-2011



Commitments

\$80M in public/private funds within North College Plan Area

\$14M in TIF granted, not all funded yet

\$26.4M predicted project TIF generation over next 20 years

Granted TIF funds committed to:

- Landscaping/trees/wetland enhancements
- Stormwater improvements
- Streetscapes
- Sidewalks
- Utilities
- Sewer infrastructure
- Green Building components
- Demolition/site prep
- Transportation infrastructure
- Facade enhancements

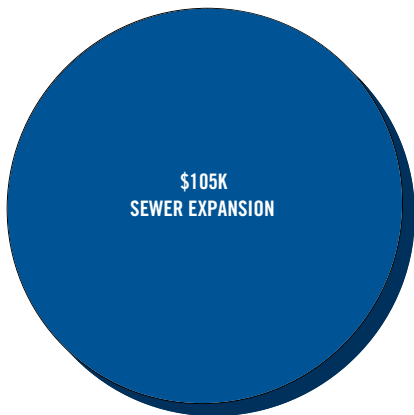
▶ Valley Steel



Valley Steel and Wire Company
The first project funded by URA financing, Valley Steel and Wire Company is a wholesale operation primarily receiving steel products by rail and then distributing those products to various construction companies and other users by truck. They built an additional 19,000-square-foot distribution and warehouse facility expansion at 280 Hickory Street, adjacent to their existing facility. The URA-funded sewer expansion also benefits adjacent property owners and future redevelopment projects along this block by eliminating a significant obstacle to redevelopment.

FACT SHEET

Project: Valley Steel and Wire Company	URA Participation: \$105,578 in TIF reimbursement
Developer: Valley Steel and Wire	Project Location: 200-280 Hickory S.
Total Project Cost: \$900,000	Completion Date: October 2006



▶ North College Marketplace



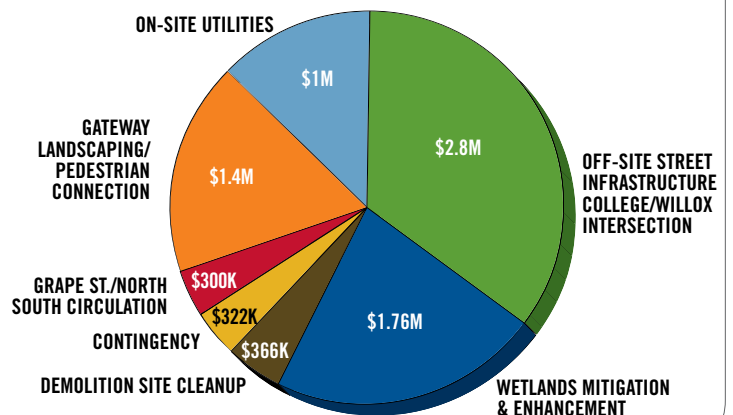
Slated to open in June 2011, the North College Marketplace will bring a new King Soopers grocery store-anchored shopping center to the north gateway of Fort Collins. Originally approved by the URA Board in September 2008, North College Marketplace celebrated its groundbreaking in October 2009. Steady construction through 2010 has kept this project on time and constantly moving forward. The URA granted its largest tax increment grant to date in the amount of \$8 million to aid in the infrastructure requirements, wetlands mitigation and site preparation.

URA funds supported the intersection and roadway improvements on College Avenue and Willox Lane, including a landscaped median on the north half of the intersection on College and a roundabout on Willox. Improvements and development of the North College Marketplace will cost \$40 million to construct and will generate \$15.5 million in property tax increment.

Wetlands surrounding the development have been enhanced and replanted allowing native species to survive. When complete, a vacant 26-acre parcel will be transformed into a destination location for Fort Collins residents and visitors.

FACT SHEET

Project: North College Marketplace	URA participation: \$8 million
Developer: Loveland Commercial	Project Location: NE corner N. College and Willox Lane
Total Project Cost: \$40 million	Completion Date: June 2011



▶ Union Place



Union Place is the first approved residential project for the URA. The development plans forecast 89 housing units with more than 40 percent of the units designated as affordable housing. Union Place broke ground in late 2009 and worked through 2010 to create buildable lots. In the past year, Union Place has made a tremendous effort to construct all needed infrastructure for this housing project to begin vertical home construction in 2011.

Geothermal pumps, roadway improvements, new sidewalks and public utilities have been successfully installed. URA funding has enabled new bike lanes and landscaping on Willox Lane. Prior to these improvements, the site was a 10-acre alfalfa field.

Using innovative building practices, with an eye toward energy efficiency and reduced waste, Union Place is slated to be a LEED-New Development community upon completion. The partnership between the URA, Merten, Inc. and Habitat for Humanity contributes to the community enrichment and progress being made on Fort Collins' northern gateway.

FACT SHEET

Project:
Union Place

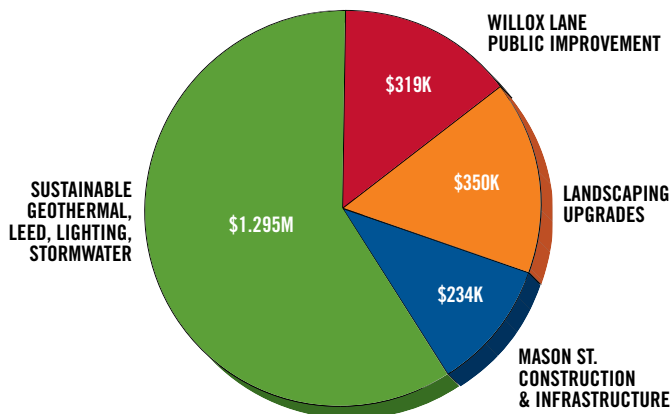
Developer:
Merten, Inc.

Total Project Cost:
\$27 million

URA participation:
\$2.2 million

Project Location:
SW corner Willox Lane and N. College

Completion Date:
Phased/End of 2012



▶ Rocky Mountain Innosphere



The Rocky Mountain Innosphere building is complete. Client companies and tenants moved in January 2011. The 31,000-square-foot, three-story office building is the new location for the regional technology incubator. The Innosphere was previously known as the Rocky Mountain Innovation Initiative, and from 1998-2008 as the Fort Collins Technology Incubator.

The \$7.2 million project was granted \$2.8 million from the URA for Tax Increment Financing (TIF) to help leverage other funding sources. In keeping with building standards adopted by the City of Fort Collins and other major organizations in Fort Collins, the new building incorporates green building practices in order to save energy and money, and to provide a healthy work environment for its staff and client companies. The Innosphere is seeking United States Green Building Council (USGBC) LEED Gold - New Building certification.

The new facility provides ample office space at reduced lease rates. Startup companies within the Innosphere also have access to conference room space, a shared reception area, training rooms for educational and community events, and 3,000 square feet of wet laboratory space for bioscience companies.

FACT SHEET

Project:
Rocky Mountain Innosphere

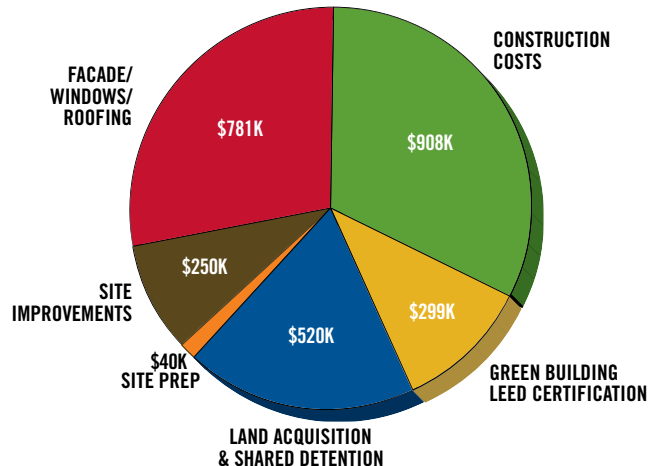
Developer:
RMI/Verde, LLC

Total Project Cost:
\$7.2 million

URA participation:
\$2.8 million

Project Location:
320 E. Vine Dr.

Completion Date:
December 2010



▶ Kaufman & Robinson



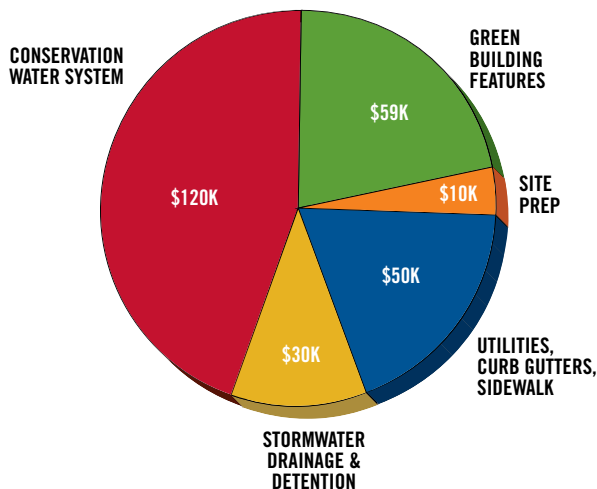
Construction is underway of a new 10,000-square-foot building for existing business, Kaufman & Robinson, Inc.(KRI). Capitalizing on the opportunity to expand their operations on a nearby vacant parcel, KRI is using tax increment financing to fund their expansion, integrate green building techniques, and improve street and stormwater infrastructure along Blue Spruce Drive.

Financing for the project will come from a loan from the City of Fort Collins to the URA in the amount of \$269,000.

The project allows a viable, growing business to build a new facility with sustainable features, expand their primary employment and retain jobs. KRI is leading by example by incorporating many green building methods in the new construction and utilizing water conservation technology in their manufacturing process.

FACT SHEET

Project: Kaufman & Robinson, Inc. (KRI®)	URA participation: \$269,000
Developer: KRI	Project Location: 1330 Blue Spruce Dr.
Total Project Cost: \$1.6 million	Completion Date: Spring 2011



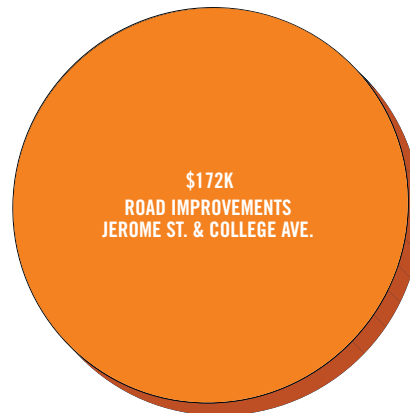
▶ JAX



Local outdoor outfitter, Jax Mercantile, applied for URA funding to assist with an expansion project in spring 2010. They completed the project just six months later; it was the first completed project in the North College Urban Renewal Area in three years. The expansion project increases their retail capacity by 25 percent, allowing for more product lines and amenities for customers. The URA participated by escrowing the funds needed for the local street improvements associated with the expansion, as well as the street design of the adjacent Jerome Street and its future street oversizing costs. JAX held its grand opening in late November to showcase the improvements and additional space.

FACT SHEET

Project: JAX	URA participation: \$172,000
Developer: JAX	Project Location: 1200 N. College Ave.
Total Project Cost: \$1.2 million	Completion Date: November 2010



Habitat for Humanity

In 2010, the Fort Collins Habitat for Humanity received approval for URA funding to help purchase four single-family lots within the Union Place development. At the time of this publication, construction details have not been determined, although all partners are

interested in moving forward in the near future. For updates on this and all projects within the Fort Collins Urban Renewal Authority, visit renewfortcollins.com.

Policies and Procedures

In 2010, the URA Board and staff streamlined the URA Policies and Procedures process.

The easy to follow, updated documents make applying for URA support even more user-friendly. The Policies and Procedures document, as well as the Step-by-Step process (as shown on right), encourages interested investors to participate in the URA application process and provides an improved decision-making tool for the URA Board.

The Urban Renewal Authority is excited to partner with developers, businesses, property owners and investors to revitalize the North College Urban Renewal Area, and other areas of town, where the need for redevelopment exists..

STEP 1

Submit URA application

Staff review

Pls. allow 2 weeks for iterations

Final submittal

STEP 2

Financial analysis "But For" test

Pls. allow 4 weeks for completion

STEP 3

Staff recommendation

Based on determination of eligible costs

STEP 4

CAG meeting = project introduction

"CAG" Citizen Advisory Group meets the 1st Thursday each month

2nd CAG meeting = recommendation

STEP 5

URA Board meeting scheduled* once
Redevelopment AGMT is negotiated

*Based on availability of 6-month calendar

RenewFortCollins.com

—URA projects and updates, just a click away

The URA made significant revisions to its website in 2010 in order to showcase the amazing work in the North College Plan Area. Authority administrators refreshed the site to increase the visibility of the URA and its mission to stimulate long-term investment and redevelopment in targeted areas for economic vitality. The site

chronicles the progress of approved projects. It also serves as a cache of official Urban Renewal Authority documents.

RenewFortCollins.com serves as the main information hub for developers, real estate brokers, the media and general public for all things Fort Collins Urban Renewal Authority.

What's Next? Midtown Existing Conditions Survey

A Midtown Redevelopment Study was completed by the City of Fort Collins in 2010 to identify the current conditions of land use and ownership, and to offer potential redevelopment scenarios on College Avenue, between Prospect and Harmony Roads. The study has several recommendations and action items for moving

forward. First: prepare an existing conditions report by the Urban Renewal Authority to evaluate any finding of blight and establish a basis for the formation of a plan area.

The Urban Renewal Authority staff will begin this process in the first quarter of 2011.

Fort Collins Urban Renewal Authority

Christina Vincent, Redevelopment Program Administrator
300 Laporte Ave.
Fort Collins, CO 80522

970.416.2294

cvincent@fcgov.com

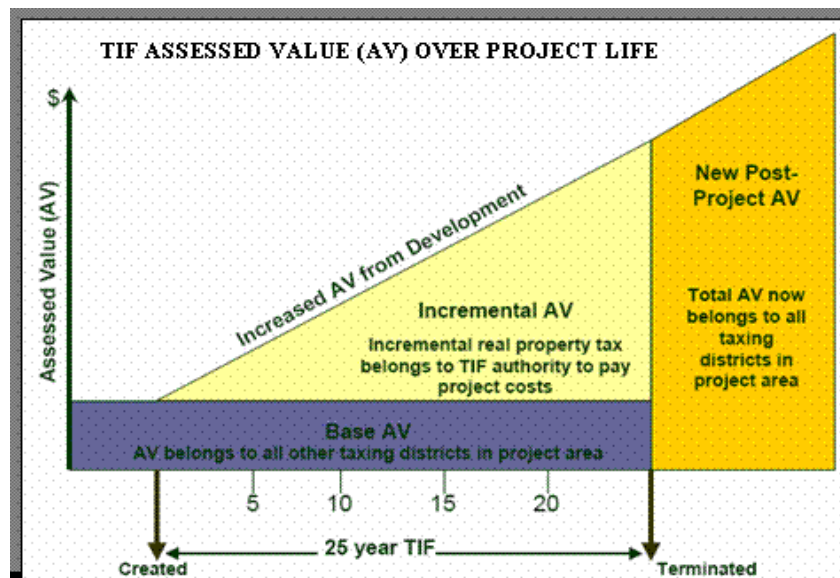
renewfortcollins.com

INTEROFFICE MEMORANDUM

TO: JOE FRANK, DIRECTOR, ADVANCE PLANNING
FROM: EMMA MCARDLE, PLANNING TECHNICIAN
SUBJECT: TAX INCREMENT FINANCING
DATE: 08/04/08
CC:

Background

Tax Increment Financing (TIF) is a finance tool utilized by Downtown Development Authorities (DDAs) and Urban Renewal Authorities (URAs) (§ 31-25-101 C.R.S). TIF captures the incremental property or sales tax revenue increase in designated areas, as properties in that area are redeveloped or developed. TIF districts typically last 25 years and revenue builds up in the area for redevelopment over time. The revenue generated from the TIF is used by the URA or DDA to finance redevelopment in the designated area. Once a DDA's or URA's 25-year period ends, the money generated from the TIF is transferred proportionally, based on mill levies, to the taxing entities in that area. Please see diagram clarifying TIF.



The calculation of TIF has come into question as the Larimer County Assessor utilizes differing computations for the Fort Collins Downtown Development Authority and the Urban Renewal Authority. According to §31-25-107 C.R.S., authorities shall submit a statement setting forth the method of financing to their Board of County Commissioners prior to the public hearing for

the urban renewal plan. There is not set a formula to calculate TIF, so authorities and counties have flexibility in determining their tax increment calculation. Fort Collin’s DDA and URA only use the revenue generated from property tax, not sales tax, as other communities do, but they have very different computations to determine their tax increment.

Downtown Development Authority Tax Increment Calculation

To determine the DDA’s tax increment, the County Assessor subtracts the value of the new construction from the new assessed value of the DDA area and then adjusts it according to the previous year’s base and increment percentage. The adjusted increment is then added to the new construction value to determine the total new increment. To determine the change in one year’s increment to the next, the County subtracts one increment from the other.

Please see the example calculation.

Urban Renewal Authority Tax Increment Calculation

To determine the URA’s tax increment, the County Assessor apportions “any change in valuation that occurs between reassessments to two categories: reappraisal and redevelopment. The change in valuation attributed to redevelopment will assign exclusively to the increment’s valuation” (AIS URA, December 5, 2006). This method excludes any increase in value due to appreciation from the increment.

A summary of the URA calculation process is as follows: First the County subtracts the previous year’s assessed value from the total new assessed value of the URA area. Then the Countywide Market Appreciation of that value is deducted, equaling the value increase due to redevelopment. The second step is to break the appreciation value down by the previous year’s percent base and increment. The adjusted base appreciation is then combined with last year’s base to equate the new base. Then last year’s increment is added with the increase due to redevelopment and the percentage of increase due to reappraisal to equal the new increment. To determine the change in one year’s increment to the next the County subtracts one increment from the other.

Please see the following example calculations for both the DDA and URA.

Example Calculation

Assumptions:	URA or DDA Total Assessed Value (Hypothetical)
	2005 \$19,347,870
	2006 \$21,345,260
	2007 2006 value +3%
	Countywide Market Appreciation (Hypothetical)
	2007 5.27%
	Cost of New Construction/Redevelopment (Hypothetical)
	2005 0
	2006 0
	2007 \$100,000

Downtown Development Authority Calculation:

2006		Percentage of 2006 Assessed Value
	2006 Assessed Valuation	\$21,345,260
	(-)2005 base value	- \$19,347,870
	(=)2006 Increment	<u>\$1,997,390</u>
		90.64%
		9.36%

2007

Step 1: Calculate Increment

Changes in value in current year due to redevelopment:

New Construction – Buildings (+)	\$100,000
Previously Exempt, Now Taxable (+)	0
Demolition (-)	0
Prior Taxable, now Exempt (-)	<u>0</u>
Net increase/decrease due to redevelopment	\$100,000

Step 2: Percentages Attributed to Prior Base and Prior Increment

2006 Base Percentage	90.64%
2006 Increment Percent	9.36%

Step 3: Determine Adjusted Base and Increment

2007 Total Valuation after Reappraisal	\$22,000,000
(-)Less Increase due to Redevelopment	<u>- \$100,000</u>
(=) 2007 Adjusted Reappraised Valuation	\$21,900,000

Step 4: Apportionment for Adjusted Reappraisal Valuation

2007 Adjusted Reappraised Valuation	\$21,900,000	
Adjusted New Base (90.64%) of \$21,900,000	\$19,850,700	90.64%
Adjusted Increment (9.36%) of \$21,900,000	\$2,049,300	9.36%

Step 5: Determine Total Increment for 2007

Adjusted Increment (step 4)	\$2,049,300
(+)Plus Increase due to Redevelopment (step1)	<u>+ \$100,000</u>
(=)Total Increment for 2007	\$2,149,300

New Base for 2007	\$19,850,700
(+)Increment for 2007	<u>+ \$2,149,300</u>
(=)Total TIF area valuation for 2007	\$22,000,000

Change in Increment Value from Previous Year \$151,910

Urban Renewal Authority Calculation:



2006		Percentage of 2006 Assessed Value
2006 Assessed Valuation	\$21,345,260	
(-)2005 Base	<u>- \$19,347,870</u>	90.64%
(=)2006 Increment	\$1,997,390	9.36%

2007

Step 1: Determine Value Increase Due to Redevelopment

(2007) New Total Assessed Value of URA	\$22,000,000
(-)(2006) Last Year's Total Assessed Value of URA	<u>- \$21,345,260</u>
(=)Total Value Change	\$654,740

Total Value Change	\$654,740
(x) (2007)Countywide Market Appreciation 5.27%	<u>x 5.27%</u>
(=)Value Increase due to Reappraisal	\$34,505

Total Value Change	\$654,740
(-)Value Increase due to Reappraisal	<u>- \$34,505</u>
(=)Value Increase due to Redevelopment	\$620,235

Step 2: Apportion Reappraisal Increase & Calc New Base & Increment

Value Increase due to Reappraisal	\$34,505	
2005 Base Percentage of 2006 Base (90.64%) of \$34,505	\$31,276	90.64%
2006 Increment Percentage of 2006 Base (9.36%) of \$34,505	\$3,229	9.36%

Last Year's Base (2005)	\$19,347,870
(+) Percentage of Increase due to Reappraisal	<u>+ \$31,276</u>
(=) New Base	\$19,379,146

Last Year's Increment (2006)	\$1,997,390
(+) Increase due to Redevelopment	\$620,235
(+) Percentage of Increase due to Reappraisal	<u>+ \$3,229</u>
(=) New Increment	\$2,620,854

2007 Base	\$19,379,146
2007 Increment	\$2,620,854

Change in Increment Value from Previous Year \$623,464



2011 Policies & Procedures

URA Worksession
June 14, 2011

1



DIRECTION SOUGHT

- Does the URA Board have concerns with the revised Policies and Procedures?
- Is the URA Board comfortable bringing these revisions back for approval in July?

2



PAST ACTIONS

- 2006 – Original Policies created by URA Board based on recommendations from ad hoc committee. Adopted August 2006
- 2010 – Complete revamp of URA policies and Procedures. Adopted May 2010
- May 2011 - Direction given by URA Board to revisit Policies

3



2010 POLICIES: PURPOSE

1. Provide Guidance
2. State the Objectives
3. Specify Eligible Development
4. Identify Eligible Costs
5. Develop Specific Criteria
6. Formalize Process & Timeline

4



2006 vs 2010 DIFFERENCES

- Clearly state the financial need
- Closer linkage to goals of Retention, Expansion, and Attraction
- Introduce a green building incentive
- Give direction and expectations to applicants
- Clearly state TIF is not an entitlement
- Develop an evaluation criteria

5



2010 POLICIES: EVALUATION CRITERIA

- Financial Feasibility
 - “But For” test
 - Financial analysis of the project pro forma
 - Proven equity investment in the project
- Policy Assessment
 - Project meets goals of various plans
 - If goals are not met, additional criteria may be required
- Land purchase will not exceed fair market value

6



2010 POLICIES: EVALUATION CRITERIA (con't)

- Cannot be retroactively reimbursed
- Application must be complete
- Local ownership preference (40 mi.)
- Applicant must provide past experience
- TIF is based on project merit
- TIF assistance on reimbursement basis

7



2010 POLICIES: 5 STEP PROCESS

STEP 1 - Discuss with Staff/Negotiate/Submit Application

STEP 2 - Financial analysis

STEP 3 - Staff Recommendation

STEP 4 – CAG recommendation (if in North College)

*Two separate CAG meetings

STEP 5 – Redevelopment Agreement/URA Board Action

8



2011 REVISIONS

- Encourage the Development to be consistent with City Plan and the Urban Renewal Plans.
- Promote green building and above code energy efficiencies.
- Green Development which exceeds adopted code minimums; using the various available rating systems as a guide
 - LEED
 - Sustainable Sites
 - Energy Star

9

2011 REVISIONS (con't)

- Inclusion of revised mission statement.
- Applicant must be in the City's Development review process.
 - Specifically complete first round of review with staff comments
- Track the waste diversion and/or deconstruction methods of the project or other project recycling techniques.
- Clarify the Land Use code Affordable Housing minimum and suggest exceeding the requirement.

10

DIRECTION SOUGHT

- Does the URA Board have concerns with the revised Policies and Procedures?
- Is the URA Board comfortable bringing these revisions back for approval in July?

11



Questions?

12

