

URBAN RENEWAL AUTHORITY BOARD

December 20, 2018

9:00 AM

● **ROLL CALL**

PRESENT: Smith, Troxell, Cunniff, Martinez, Stephens, Summers, Johnson, Wise
ABSENT: Horak, Febvre
Staff Present: Atteberry, Coldiron
Legal Counsel: Carolynne White and Caitlin Quander (Brownstein Hyatt Farber Shreck)

● **AGENDA REVIEW**

Executive Director Atteberry reviewed the agenda.

● **DISCUSSION ITEMS**

1. **Consideration and Approval of the Minutes of the October 12, 2018 Urban Renewal Authority Board Meeting. (Adopted)**

The purpose of this item is to approve the minutes from the October 12, 2018 Urban Renewal Authority Board meeting.

Commissioner Martinez made a motion, seconded by Commissioner Stephens, to approve the minutes of the October 12, 2018, Urban Renewal Authority meeting.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Ray Martinez, District 2
SECONDER:	Kristin Stephens, District 4
AYES:	Smith, Troxell, Cunniff, Martinez, Stephens, Summers, Johnson, Wise
ABSENT:	Horak, Febvre

2. **Spradley Barr Redevelopment Overview. (No Action Taken)**

The purpose of this item is to discuss a proposed redevelopment at the southwest corner of College Avenue and Drake Road, specifically to explore support from the Fort Collins Urban Renewal Authority ("URA") in the form of Tax Increment Financing ("TIF").

Brinkman, the developer, will present details regarding the redevelopment to the URA Board. The developer has requested this opportunity to engage with the Board because they will continue to incur significant due diligence and planning costs before the Board can make a final determination on support. No Board decision will be made as a result of this discussion and the Board will not be obligated to support the project when presented to the Board in the future.

Josh Birks, Economic Health and Redevelopment Director, encouraged the Commissioners to consider whether the proposed project delivers on the URA goals and objectives for the area and to consider what additional information they need prior to acting on any tax increment support for the project. He briefly outlined the boundaries of the project.

Jay Hardy, Brinkman Construction, stated the URA is to be a tool allowing for the development and redevelopment of blighted areas. He outlined the proposed project, named Portico, which includes a Marriot hotel, 170-200 multi-family units, and retail. He discussed the importance of the pedestrian experience and having three main points of entry.

Commissioner Stephens asked about the affordable housing component of the project. Mr. Hardy replied that is being evaluated and is dependent upon its definition.

Commissioner Stephens stated the City has affordable housing definitions based on area median income and stated she would like to see an element of affordable housing in the project. She expressed concern about the retail aspects of the area bringing in jobs that may not pay enough to live in the area.

Commissioner Summers asked about the proposed timeline for completion. Mr. Hardy replied the hope is to begin construction by the end of the summer and the project will take about 16 months to complete.

Commissioner Summers asked if there is a metric used for population size versus retail square footage. He commended the project but stated he does not want to see another project that does not meet expectations in terms of retail occupancy. Mr. Hardy replied that is a concern of developers as well and noted this project has three components with a fairly low number of retail square feet. He stated he wants to ensure the retail is market-driven in order to make it successful.

Commissioner Martinez asked about the capacity of the hotel. Mr. Hardy replied there are 102 rooms which would mean an average of about 135 people at full capacity.

Commissioner Martinez asked about the capacity of the residential units. Mr. Hardy replied it will likely be 200-210 people.

Commissioner Martinez asked about security features of the site. Mr. Hardy replied each of the three uses is addressed differently, but all common spaces will be well lit within dark sky provisions. The hotel will not have ground level rooms.

Todd Parker, Brinkman Senior Development Manager, stated his group is working with staff to create the focused pedestrian connectivity while still maintaining a sense of space for the residential units. The retail and hotel will have additional lighting.

Commissioner Martinez asked about the city's AMI. Birks replied the City's definition is 80% of area median income.

Commissioner Martinez questioned how many jobs being provided by the development would meet the necessary hourly wage to meet the AMI.

Commissioner Cunniff asked if the proposed use is conceptually compatible with the zoning designation. Birks replied it is conceptually aligned with the Mid-town Plan and the site is in one of the most permissive zone districts in the city.

Commissioner Cunniff expressed concern the use of tax increment financing increases property values thereby increasing taxes for not just the affected property but for neighboring properties as well. He stated the building of the hotel being dependent on tax increment financing is concerning as it would mean the business plan analysis suggests there is not enough demand for a hotel to justify self-sustaining financing. He stated it is not government's role to subsidize that type of development and the tax increment should focus strictly on items that provide an extraordinary public benefit to citizens at large while not overly impacting the property tax for surrounding

properties. he has not seen a list of possible public amenities or benefits to the general public to support the project.

Chair Troxell stated this project is well within URA goals. Birks replied the three main goals are to create, accelerate, and enhance.

Chair Troxell stated affordability will be positively affected by an increase in housing supply. This area of the city needs a catalyst development. He asked if the housing units are rental or ownership. Mr. Hardy replied they are all rental units.

Chair Troxell stated he would like to see more ownership opportunities throughout the city but stated the project specifically meets City objectives and aligns well with the URA driving strategies.

Commissioner Smith asked about public amenities that may be included if TIF funding were provided. Mr. Parker replied the Midtown Plan calls for a strong north-south connection and pedestrian connectivity which are being provided. The project goes above and beyond requirements by providing various amenities along the north-south spine.

Commissioner Smith asked if the proposed internal street is a private drive. Mr. Parker replied in the affirmative. Commissioner Smith asked if it is intended to connect to the south in the future. Mr. Parker replied that connection is planned when the southern parcel redevelops.

Commissioner Summers asked about parking access for the MAX line. Mr. Parker replied there is no parking provided for MAX access, but the site is above TOD parking standards.

Commissioner Smith asked about the use of superior building materials. Mr. Parker replied the architecture is enhanced on all four sides of the project.

Birks stated the 80% AMI for a single individual in Fort Collins is \$47,700 per year, or \$23 per hour assuming a full work year of 2,080 hours and retail positions would likely pay considerably less than that amount.

Commissioner Martinez asked if there are any plans for on-site private security. Mr. Hardy replied they have had good dialogue with Police Services that has influenced the overall strategy on operating properties and private security could be considered.

Commissioner Martinez asked about the projected sales and use tax generation for the site. Birks replied staff is still refining those numbers, but rough estimates show \$2 million per year.

Commissioner Martinez stated areas of town should not be left blighted due to concerns over tax increases. Commissioner Cunniff replied the broader public good must be considered.

Commissioner Johnson stated the County would like to see affordable units as part of the development and suggested further evaluation of possibilities. He asked about the design consistency between this development and the development on the other corner. Executive Director Atteberry replied the URA participation can leverage discussions relating to cohesiveness.

Commissioner Johnson stated he is intrigued by Commissioner Cunniff's comments relating to the use of tax increment financing. He stated the roadway improvements that will be necessitated by the project have a nexus to the project and are therefore appropriate for TIF funding. Taxpayer funding should be used to make a project happen that would not otherwise, and this project is suitable for TIF because the property may sit vacant for a period of time without it and that is not in the interest of any of the taxing entities.

Executive Director Atteberry ensured the Commission staff will return with information on affordability and how it relates to AMI, social sustainability, cohesiveness with adjacent plans, and a clear articulation of public benefits.

3. College & Drake Plan Formation Schedule Update. (No Action Taken)

The purpose of this item is to provide the Board with an update on the College and Drake Plan formation schedule.

Birks discussed the revised schedule which includes a two-month delay in the formation of the plan area. He noted City Council is the body that acts on creating the plan and confirming blight has been found and the URA implements the plan. He stated the IGAs should be presented to the URA Board on February 27.

Commissioners, Birks, and URA Counsel White discussed the Urban Renewal Statute and notice requirements.

Commissioner Wise noted the commitment to TIF financing will likely require an analysis ensuring TIF is necessary to make the project go forward, or a "but for" analysis. That analysis does not currently exist, nor does information related to the financing gap. He stated his Board would not likely reach a conclusion without that information in the 120-day timeline.

Birks stated the first round of the "but for" analysis has recently been completed and presented to the developer for review. He stated the preliminary analysis has found a financial gap in need of TIF funding, though there is some additional work to complete.

Chair Troxell commended the collaborative process.

4. Discuss Tax Increment Allocation Process. (No Action Taken)

The purpose of this item is to discuss the process for evaluating and negotiating tax increment revenue allocations between the Fort Collins Urban Renewal Authority (the "Authority") and affected taxing entities as required by the Colorado Urban Renewal Law, C.R.S. §31-25-101 et seq. ("Colorado Urban Renewal Law")

Birks stated the Commissioners should consider whether they have questions about the legal standards for negotiating the tax increment financing allocations and whether the Board agrees with the staff-recommended approach as to how the process should work.

Counsel White stated this process derives from legislation passed in 2015 which states the agreement must address estimated impacts of the Urban Renewal Plan on county or district services associated solely with the Urban Renewal Plan. She detailed various aspects of the statute including arbitration and appropriate uses of tax increment financing. The public benefit that is required by the statute is the remedying of blighted conditions.

Birks discussed the tax increment finance study group that was created in 2014 to determine a method to analyze fiscal and economic impacts from projects, a method to evaluate the indirect impacts, and to establish a framework for agreements between the entities. He detailed the fiscal impact model created and evaluation criteria and stated he would like the Board to discuss allocations while focusing on the statute and fiscal impact analysis.

Commissioner Cunniff asked if the term “project” references the project that initiates the creation of the plan. Counsel White replied it is possible to have a large plan area with multiple properties, each of which would be an undertaking or activity within the statutory definition; however, accomplishing all the goals in their entirety is the “project”. In this case, the plan boundary coincides with the project boundary, but that may not always be the case.

Commissioner Cunniff asked about using dedicated road mill levy increments for road improvements but not facade improvements. Counsel White replied that is generally true and the statute requires the URA to follow any use restrictions placed on the increment for the underlying body. She stated she would follow up with a more detailed memo for Commissioners.

Commissioner Wise stated, from a URA perspective, the plan offers many desirable community benefits; however, as a representative of the special districts, he is unsure the plan rises to the level of critical need to impose a TIF arrangement on the special districts. He noted the mill levy is the Library District's main source of income and there is no backfill if money is diverted. He questioned whether it is good public policy to divert money from the Health District and Library District to build a hotel and retail. He requested the URA Board consider exempting the special districts from this proposed plan.

Commissioner Cunniff stated the original 2006 question authorizing the mill levy for the Library District lists four purposes, all of which are specific to operating the library.

Commissioner Johnson asked about the intent of this conversation. Birks replied the plan for today was to set a basis of understanding as to the legal standard and confirm the approach that should be taken given this is the first time this Board has gone through this process. Each of the conversations with the districts will be unique, but this conversation should determine how those discussions will be approached.

Commissioner Wise stated he agrees with the development of the fiscal impact model, but he questioned whether the Board agrees with the recommended staff position to use the impact model and formula.

Commissioner Smith stated using the fiscal impact model to start negotiations does not obligate an entity to participate. Birks agreed.

Chair Troxell discussed the importance of making the best-informed decisions possible.

- **OTHER BUSINESS**

Commissioner Cunniff commended additions to the URA website and asked if staff could make the 6-month planning calendar more obvious on the site. He suggested staff provide a memo outlining how costs are allocated between the URA and the City when a City department is asked to look at a URA item.

- **ADJOURNMENT**

The meeting adjourned at 11:07 AM.



Chair

ATTEST:



Secretary

