



TAX INCREMENT FINANCE TOOL BOX FOR COLORADO COMMUNITIES

COLORADO MUNICIPAL LEAGUE

Sept 23, 10:30AM

**DOWNTOWN
COLORADO**
inc.

www.downtowncoloradoinc.org

#DCIVibrantDowntowns



AGENDA

WELCOME AND OVERVIEW

COLORADO URBAN RENEWAL RESOURCES

WHAT IS TIF AND WHO CAN USE IT?

HOW TIF SUPPORTS THE COMMUNITY VISION?

UNDERSTANDING THE NEED FOR TIF

DURANGO TIF TO SUPPORT AFFORDABLE HOUSING

STERLING TIF TO SUPPORT HISTORIC PRESERVATION

QUESTION + ANSWER



WELCOME + INTRODUCTIONS



KAT CORRELL

Executive Director,
Downtown
Colorado, Inc.

ABOUT DOWNTOWN COLORADO, INC. (DCI)

We are committed to building downtowns that are prosperous, equitable, creative, and welcoming.

United in cause, we are Colorado's downtown champions.

Downtown Colorado, Inc.

- Established 1982
- 501 c3
- Annual Budget under \$400K
- 2 Staff
- 3 VISTA Positions
- 15 Board Members

**DOWNTOWN
COLORADO**
inc.

Revenue Streams

- Membership
- Events
- Contracts
- Grants

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	URA	DDA	BID
FUNDING	<ul style="list-style-type: none"> • Tax Increment Financing 	<ul style="list-style-type: none"> • Tax Increment Financing + 5 Mill Levy • Assess all affected 	<ul style="list-style-type: none"> • Mill Levy • Assess commercial only
FORMATION	<ul style="list-style-type: none"> • Ordinance 	<ul style="list-style-type: none"> • Ordinance • Vote of all affected 	<ul style="list-style-type: none"> • Electors = all commercial owners (appointee), tenants, & residents • Approval by petition of property owners representing 50% of acreage and 50% of value of proposed district • 51% vote required
GOVERNANCE	Appointed	Appointed	Vote or Appointed
PLANNING	Urban Renewal Plan	Plan of Development	Annual Operating Plan

DCI PROGRAM AREAS

DCI DDA + URA PROGRAMS



MEMBERSHIP
VISTA
IN THE GAME
COLORADO CHALLENGE PROGRAM

REGULAR PEER MEETINGS
DIRECTORY + BOARD MANUAL
ACCESS TO TIF TRAINING
OPPORTUNITIES TO LEAD

DCI DDA + URA RESOURCES

- Monthly URA Calls
- URA + TIF Board Training
- URA Resource Library
- Oct 29 Tax increment Finance + Housing Summit, Pueblo
- Nov 3 Metro West Mobile Tour: Highlighting BIDs, DDAs, + URAs
- Governor's Awards for TIF Projects
- Exploring organizational and financing models for downtown

UNDERSTANDING TAX INCREMENT FINANCE



CAROLYNNE WHITE

Brownstein Hyatt Farber Schreck
Board Member, Downtown
Colorado

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Your
choices
reflect
your
priorities

JEAN A. STEVENS

TAX INCREMENT FINANCE (TIF)

IS A FINANCING MECHANISM
THAT HELPS THE COMMUNITY
ENCOURAGE PRIVATE SECTOR
INVESTMENT AROUND
COMMUNITY VISION.

URA POLICY EXAMPLES

FAÇADE GRANT PROGRAM

FIRST SOURCE HIRING

SMALL BUSINESS ENTERPRISE POLICY

CONSTRUCTION EMPLOYMENT
OPPORTUNITIES

JOB TRAINING

GREEN BUILDING

PLACEMAKING + PROJECT ART
(Enhanced Architecture + Design)

PREVAILING WAGE POLICY

ENHANCED ARCHITECTURE & DESIGN

ANTI-DISCRIMINATION POLICIES

RELOCATION POLICY

URBAN RENEWAL PLAN OR PLAN OF DEVELOPMENT IMPLEMENTS POLICY

Tools to Use

Plan document itself
Adoption of policies/programs
Agreements
Project Specific
Grant Application/Agreement
Template



TAX INCREMENT FINANCING

Assessed Valuation

TIF Assessed Valuation

Base Assessed Valuation

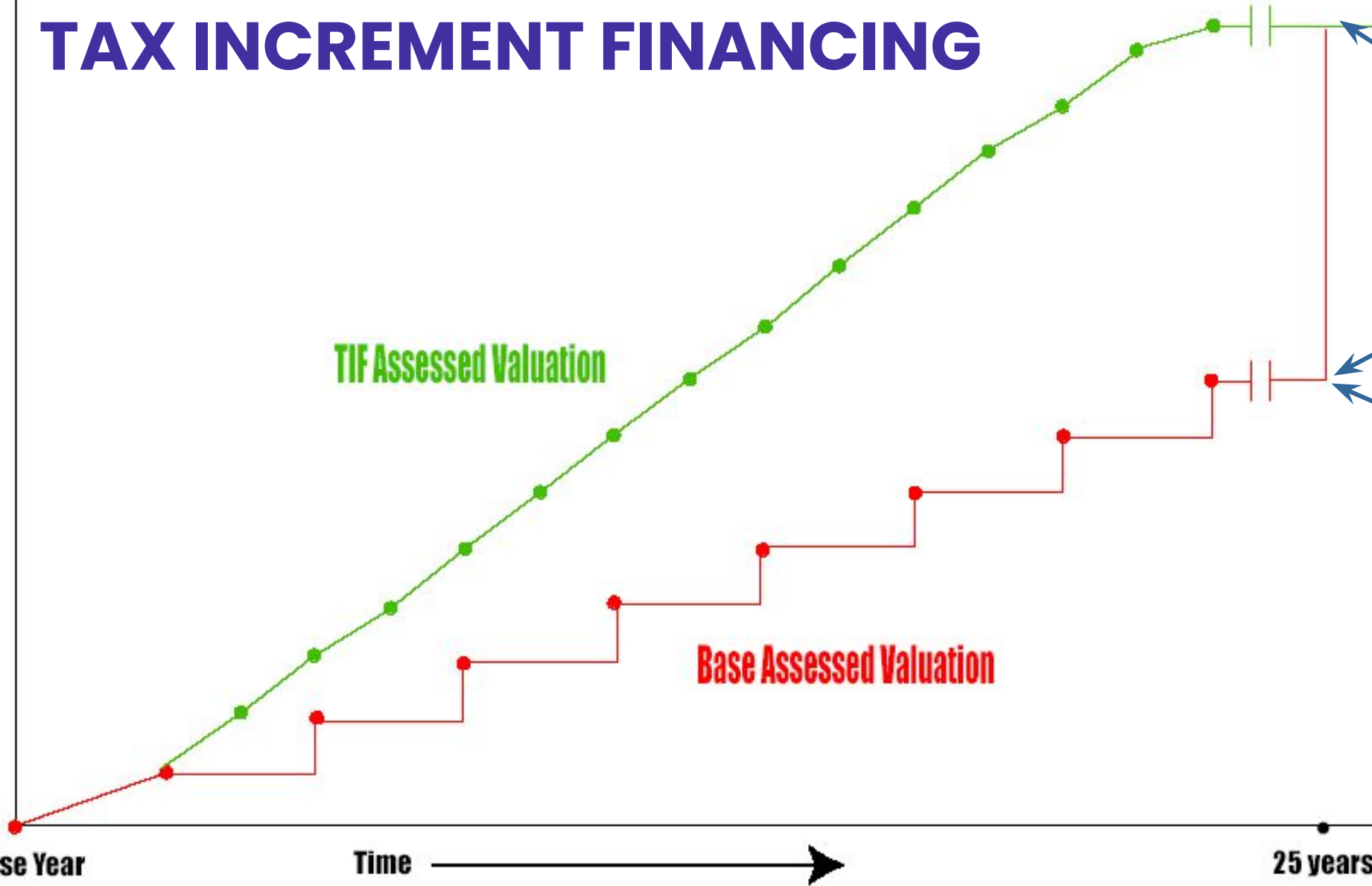
New revenue over the base is reinvested within the Area

Tax base, paid to taxing entities

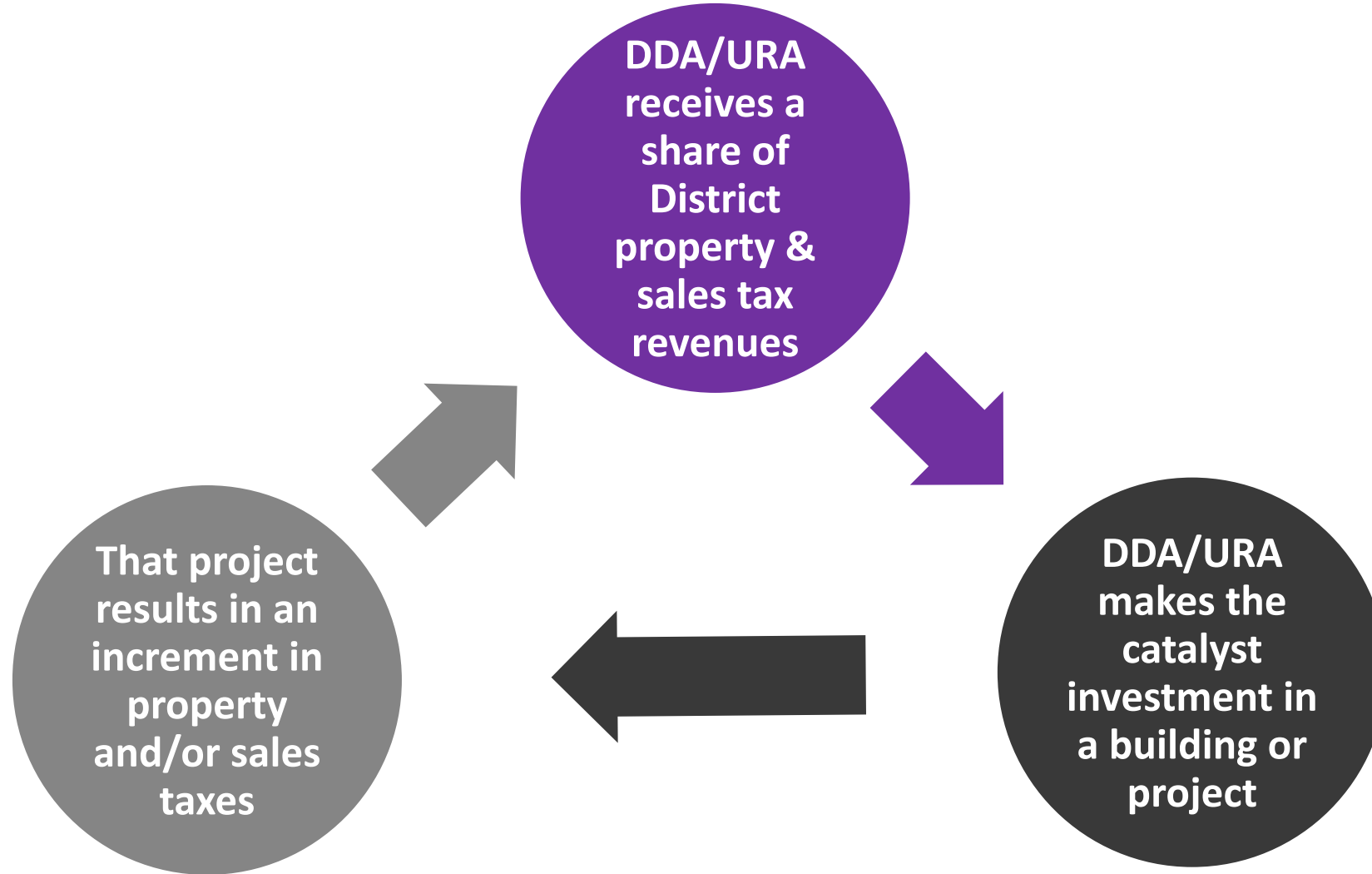
Base Year

Time

25 years



TAX INCREMENT FINANCING



WHY USE INCREMENT + TIF?

- ❑ Increment is **NOT** a new tax
- ❑ Extraordinary public improvement requirements may be needed
- ❑ Increment does **NOT** increase tax rates on existing property owners
- ❑ Increment does **NOT** require that other property owners inside or outside of Plan area contribute to activity
- ❑ Growth pays its own way/Catalyst for Improvements
- ❑ Increment captures the additional value created by private investment to put back into the activity

	URA	DDA
AREA	<ul style="list-style-type: none"> • Municipal • Can have multiple TIF Areas 	<ul style="list-style-type: none"> • One Plan Area in traditional commercial core.
CONDITIONS STUDY?	<ul style="list-style-type: none"> • Required to show 4/11 factors of existing blight conditions 	<ul style="list-style-type: none"> • Not required • Meant to deter blight
LIFE SPAN	25 years	30 Years + Can be extended
PLANNING	Urban Renewal Plan	Plan of Development
FUNDING	<ul style="list-style-type: none"> • Tax Increment Financing 	<ul style="list-style-type: none"> • Tax Increment Financing + 5 Mill Levy • Assess all affected

FILLING THE GAP FOR CHALLENGING PROJECTS



- Previously Used Sites/Contaminated
- Historic Buildings & Adjacent Development
- Meeting Community Needs/Housing, Parks, Roads, Infrastructure

Your Partners

County Assessor
Your County
Developers

School District
Other Taxing Entities
City/Town Council

PUTTING TAX INCREMENT FINANCE (TIF) TO WORK



ANDREW ARNOLD

SEH

Topics and Goals

Leveraging TIF to Achieve Community Goals

1. **Conducting Plans and Reports with TIF in Mind**
2. Understanding How **Development Type** Impacts TIF
3. **Strategically Drawing** Project/Plan Areas

Conditions Surveys and Impact Reports

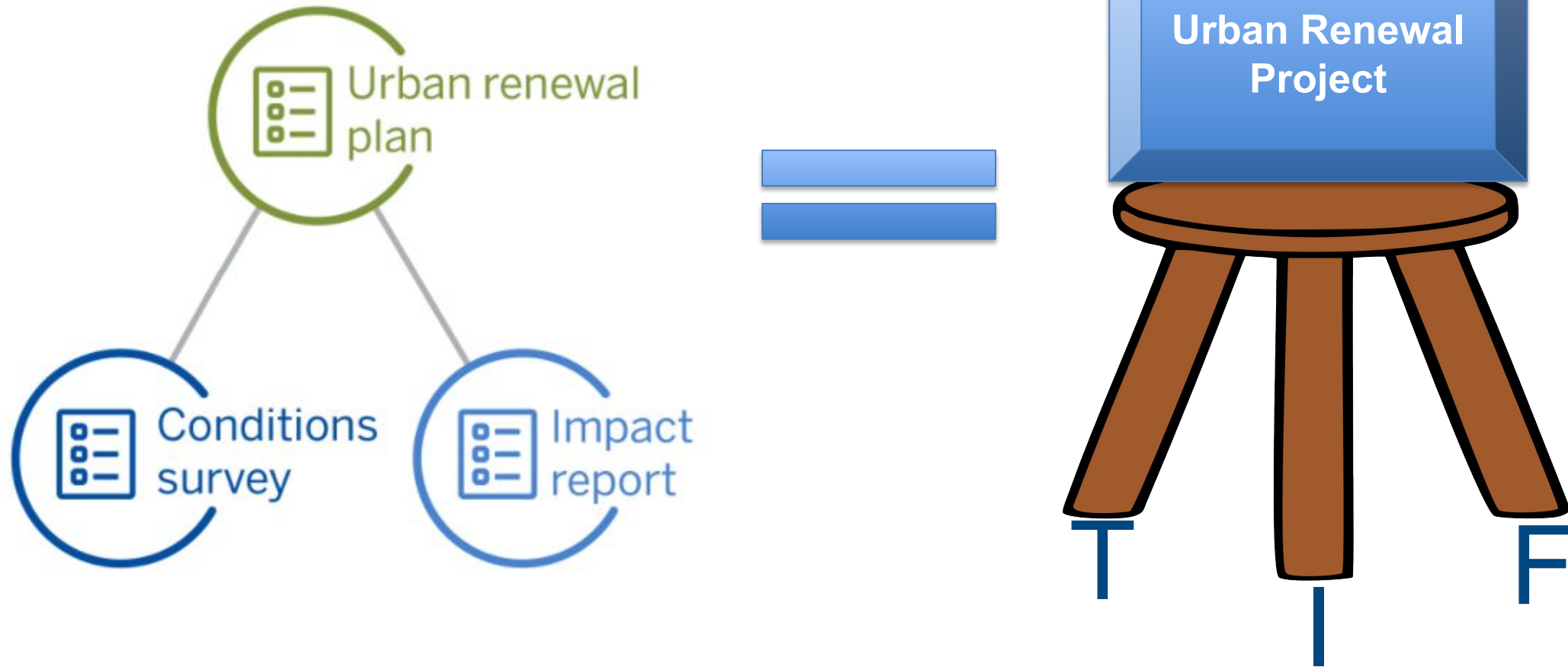
TIF Fights Blight

Disclaimer

1. The express purpose of a URA is to Alleviate Blight
2. But how can we alleviate “**conditions that arrest sound development**” without **an incentive???**
3. **TIF is the primary incentive** to alleviate blight and attract new investment

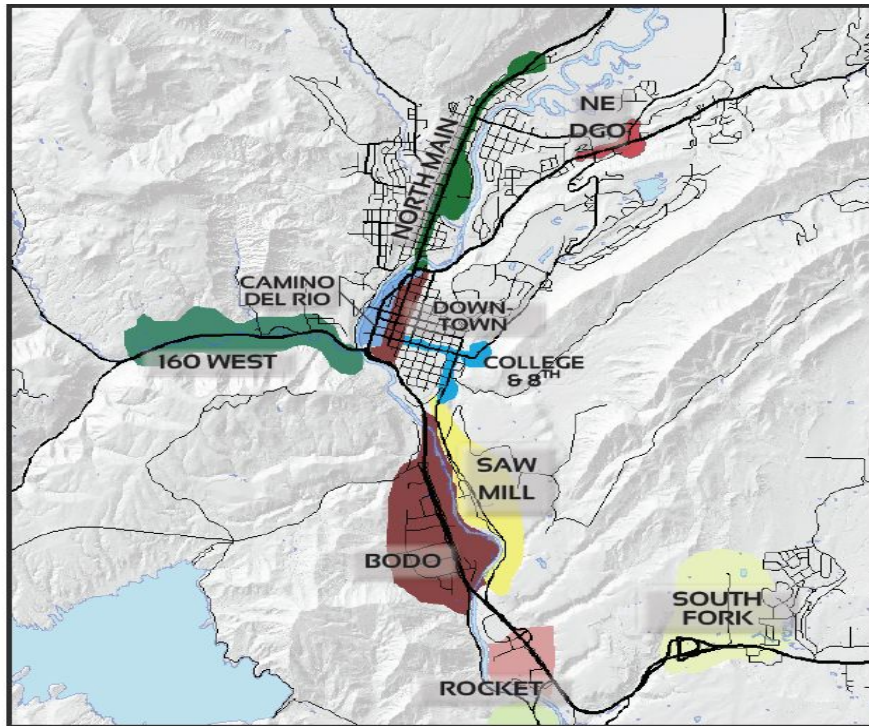


Design with TIF in Mind

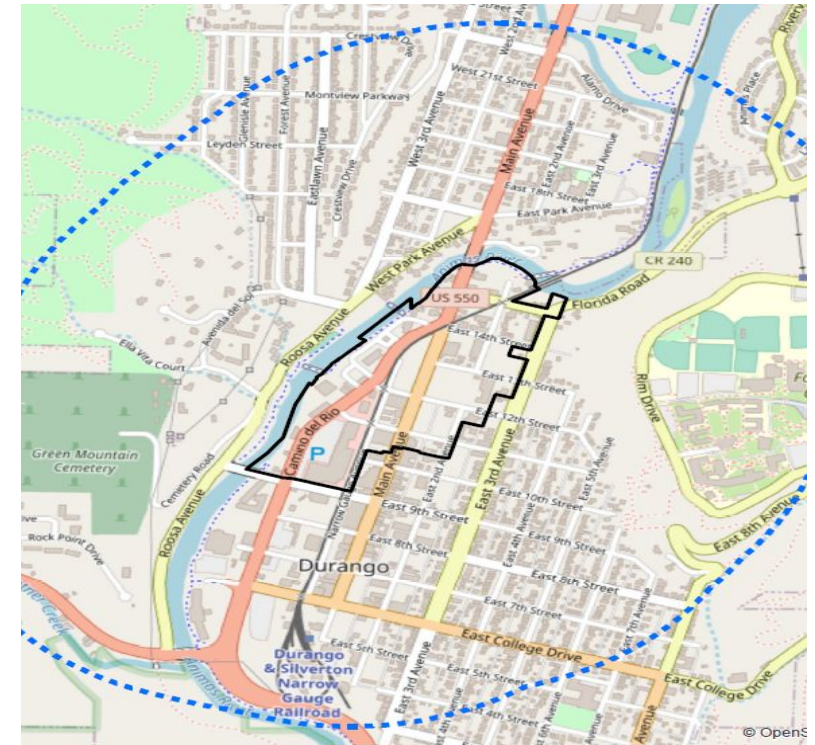
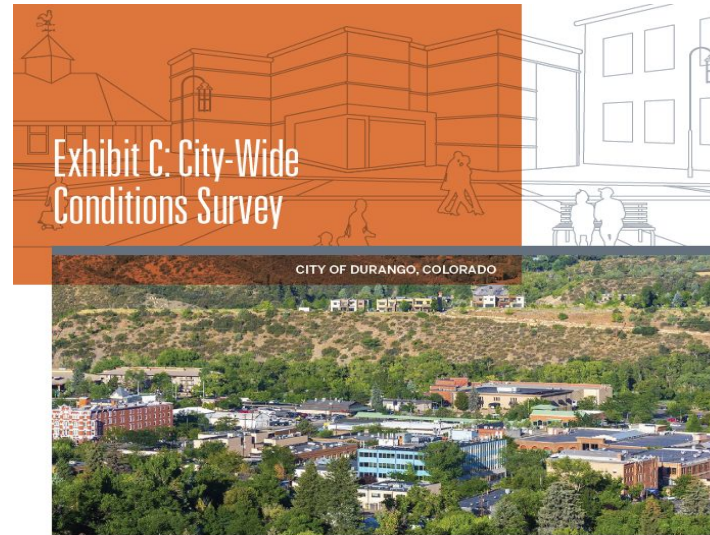


Conditions Surveys – Feasibility

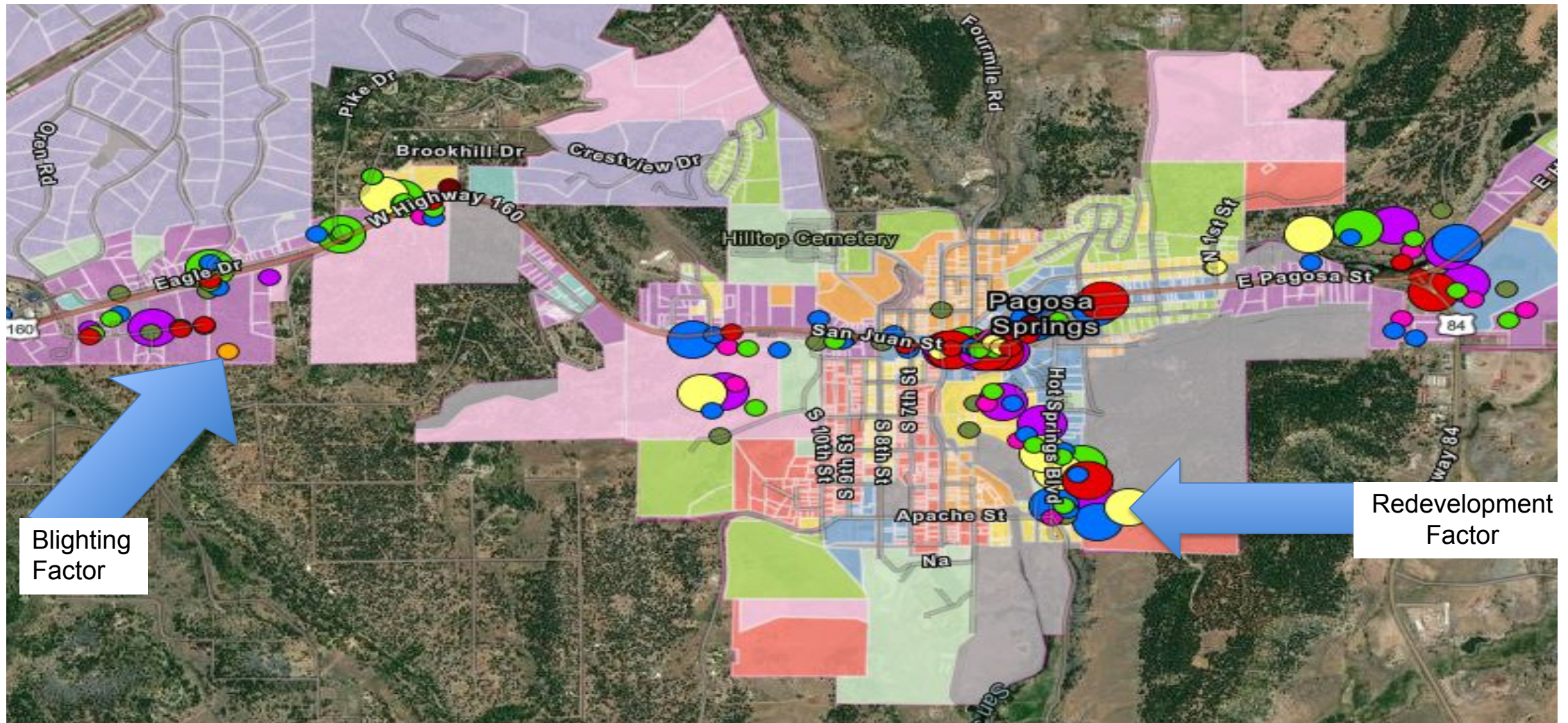
URA Project Area (MidTown)



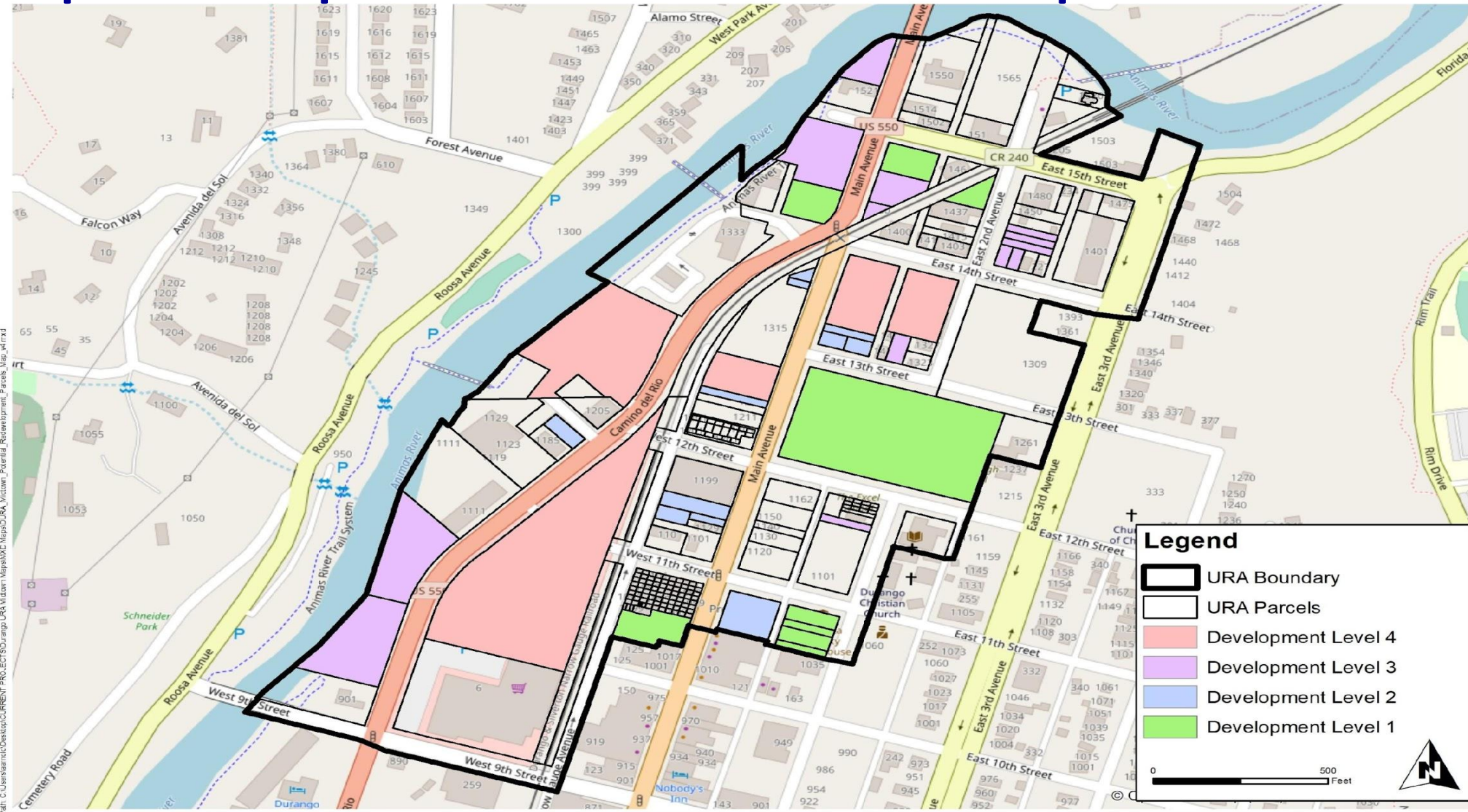
Character Districts



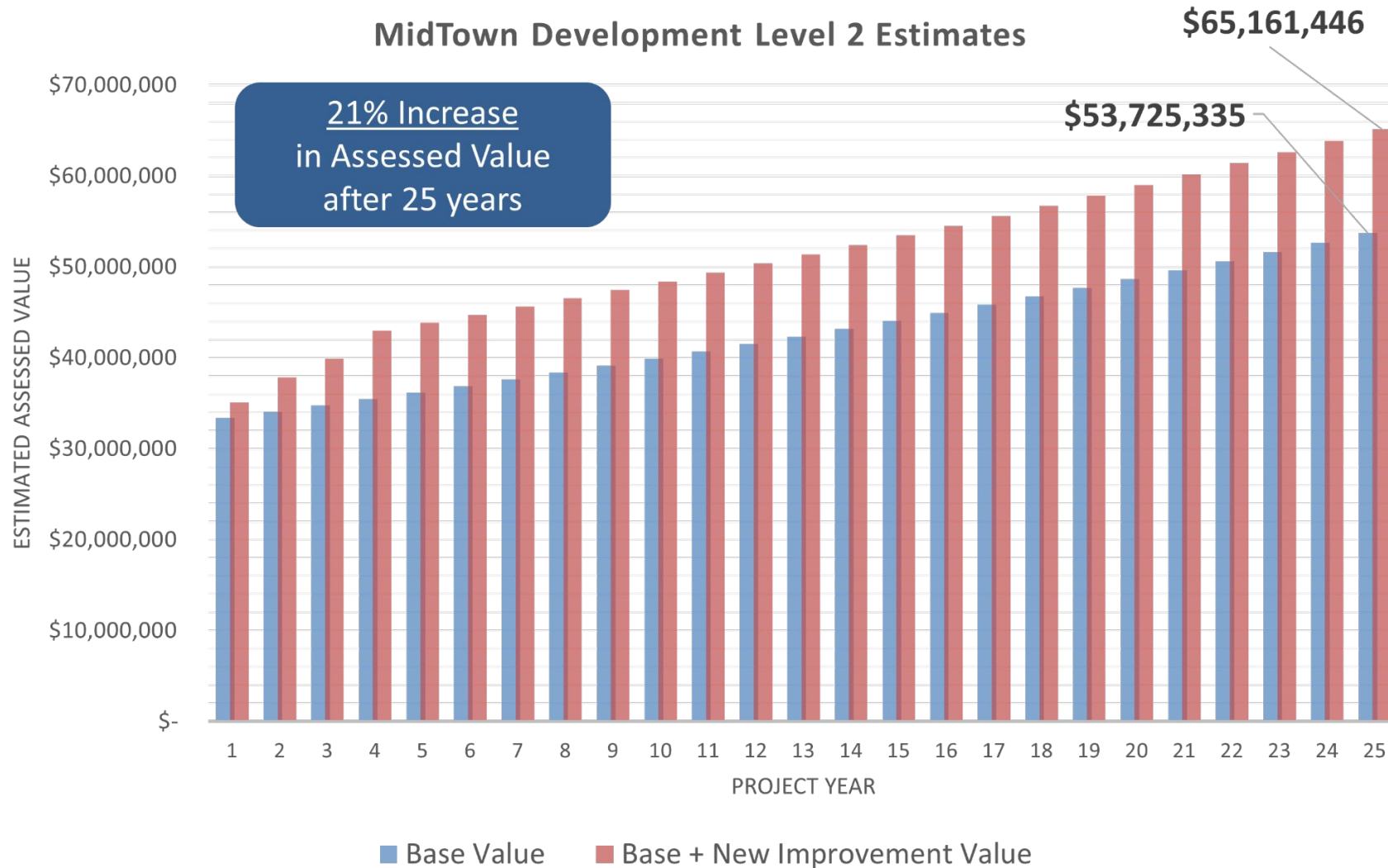
Conditions Surveys – Feasibility



Impact Reports – A TIF Roadmap



Impact Reports – A TIF Roadmap



The Impact of Different Uses

Not all TIF is Created Equal...

- TIF can be based on **Property Tax, Sales Tax (or Lodging Tax)**
- The amount of **TIF generated** based on **Taxable Value**
- **Question: On a per-square-foot basis, which property generates the most taxable revenue?**



A



B



C

Assessment is Everything

- Because of **Assessment Ratios**, the taxable value for a development can ***vary greatly***:

	Development X	Development Y
Market Value	\$ 1,000,000	\$ 1,000,000
Type of Development	Office Building	Apartment Building
Assessment Type	Commercial	Residential
Assessment Ratio	29%	7.15%
Taxable Value	\$ 290,000	\$ 71,500
Tax Area	Same	Same
Mill Levy	65.361	65.361
Annual Tax Revenue	\$ 18,954.69	\$ 4,673.31

- Lesson: Be Strategic when Incentivizing Development***

Project Area Strategies

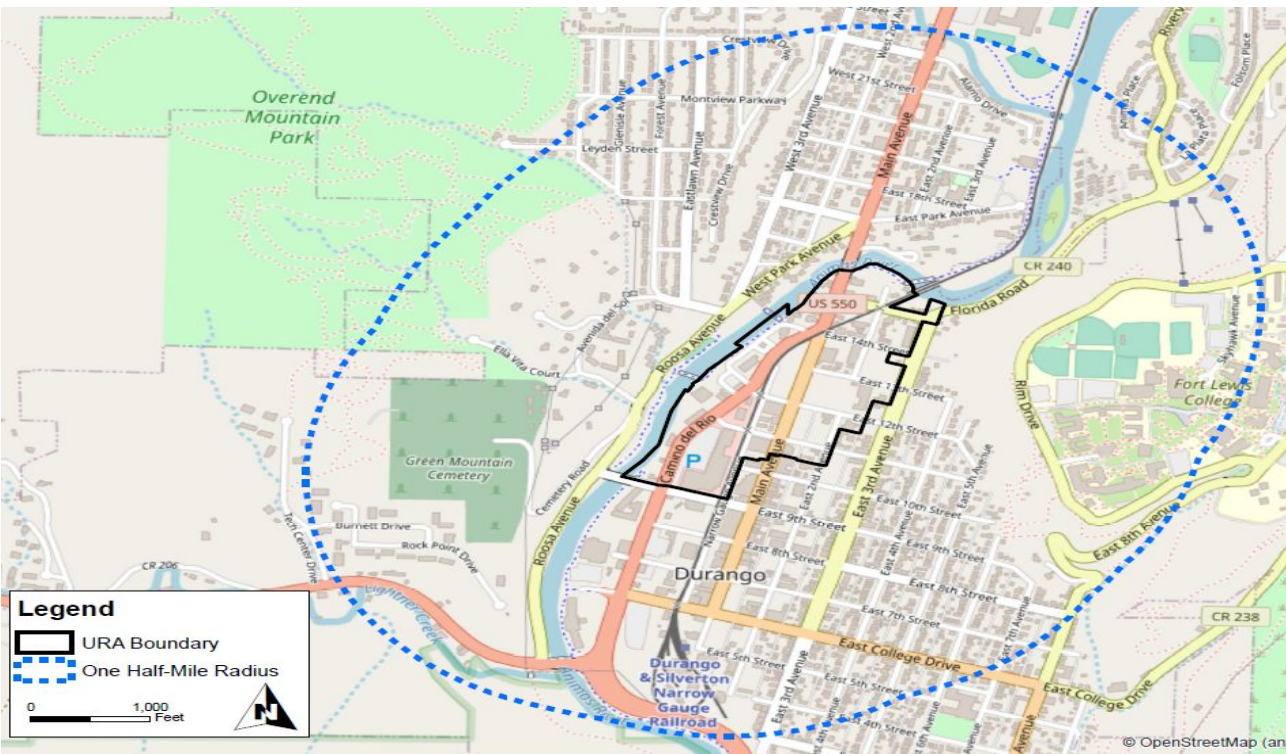
What Happens in a URA Plan Area...

IMPORTANT:

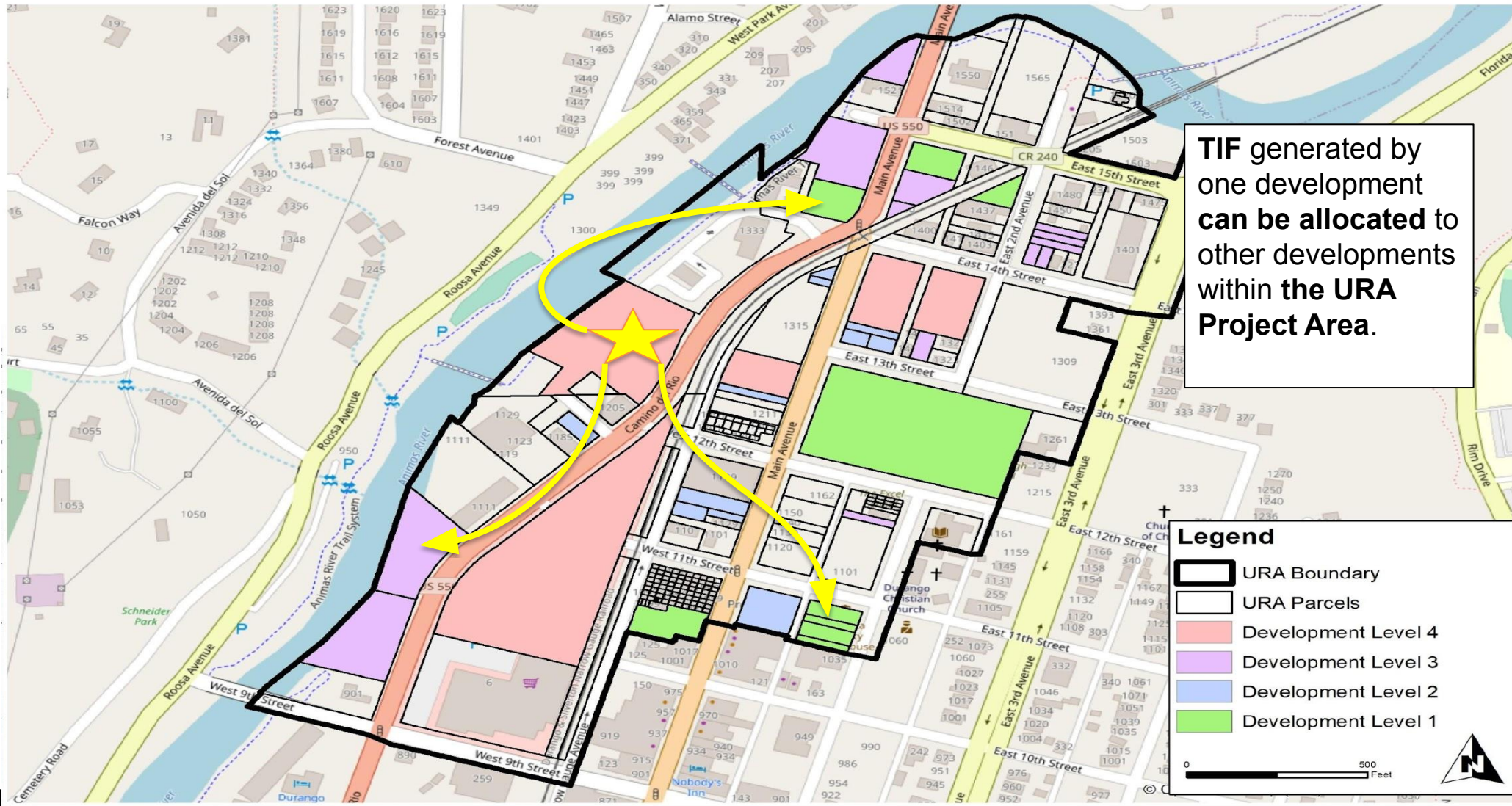
- **TIF** generated within a URA Project/Plan Area **must stay** in that Plan Area
- **2 Strategies** for drawing your project's boundaries



Territorial vs Development-Specific



Leveraging TIF for Housing





CASE STUDIES

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DURANGO + TIF FOR AFFORDABLE HOUSING

SCOTT SHINE

CITY OF DURANGO



Colorado Municipal League Annual Conference
September 2021

VISION

A **flourishing community** comprised of **diverse, attractive & thriving hubs** of activity shaped by **public-private partnerships**

MISSION

The Durango Renewal Partnership **facilitates reinvestment** in underutilized areas to **address community priorities & create thriving places.**



Durango Renewal Partnership

Priorities & Characteristics

Priorities

- Housing
- Mixed-Use, Walkable Development
- Job Creation & Support of Local Industry
- Local Partnerships
- Arts & Culture

Organizational Characteristics

- Collaborative, partnership mindset
- Nimble & entrepreneurial
- Problem-solvers
- Closing financing gaps
- Spurring reinvestment
- Improving the quality of redevelopment
- Enhancing public benefits of redevelopment
- Achieving the community vision
- Transparent & accountable

A photograph of a building under construction. The structure is made of light-colored wooden framing, including vertical studs and horizontal beams. The sun is shining brightly from behind the structure, creating a lens flare and casting long shadows across the ground. The sky is a clear, bright blue with a few wispy clouds. The ground is covered with wooden planks and debris, indicating an active construction site.

**CASE STUDIES:
CHALLENGES & OPPORTUNITIES
FOR TIF AND HOUSING**

Case Studies: Challenges & Opportunities

- 7 acres
- Vacant Land = Assessed 'Commercial'



Case Studies: Challenges & Opportunities

- 162 units
- \$28M Cost of Development
- Developed Land = Assessed 'Residential' (no commercial use)
- \$1.1M in TIF (3.9% of project costs)
- **No go.**



Case Studies: *Challenges & Opportunities*

- 0.9 acres
- Low-Density Residential = Assessed 'Residential'



Case Studies: Challenges & Opportunities

- 22 units
- \$10M Cost of Development
- Developed land = Assessed 'Residential'
- \$546K in TIF (5.5% of project costs)
- TIF used to buy down fees
- 10 deed-restricted units



Lessons Learned...so far

- URA is **more than just a financial tool**...URAs as **forums for collaboration**.
- **Be responsive & adapt** TIF to the local needs & realities.
- Set & communicate **realistic expectations**.
- Understand **property assessment** dynamics.
- URAs & TIF can be **a tool in the housing toolbox**, not a silver bullet.



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STERLING + TIF FOR HISTORIC PRESERVATION



TRAE MILLER

Logan County
Economic
Development



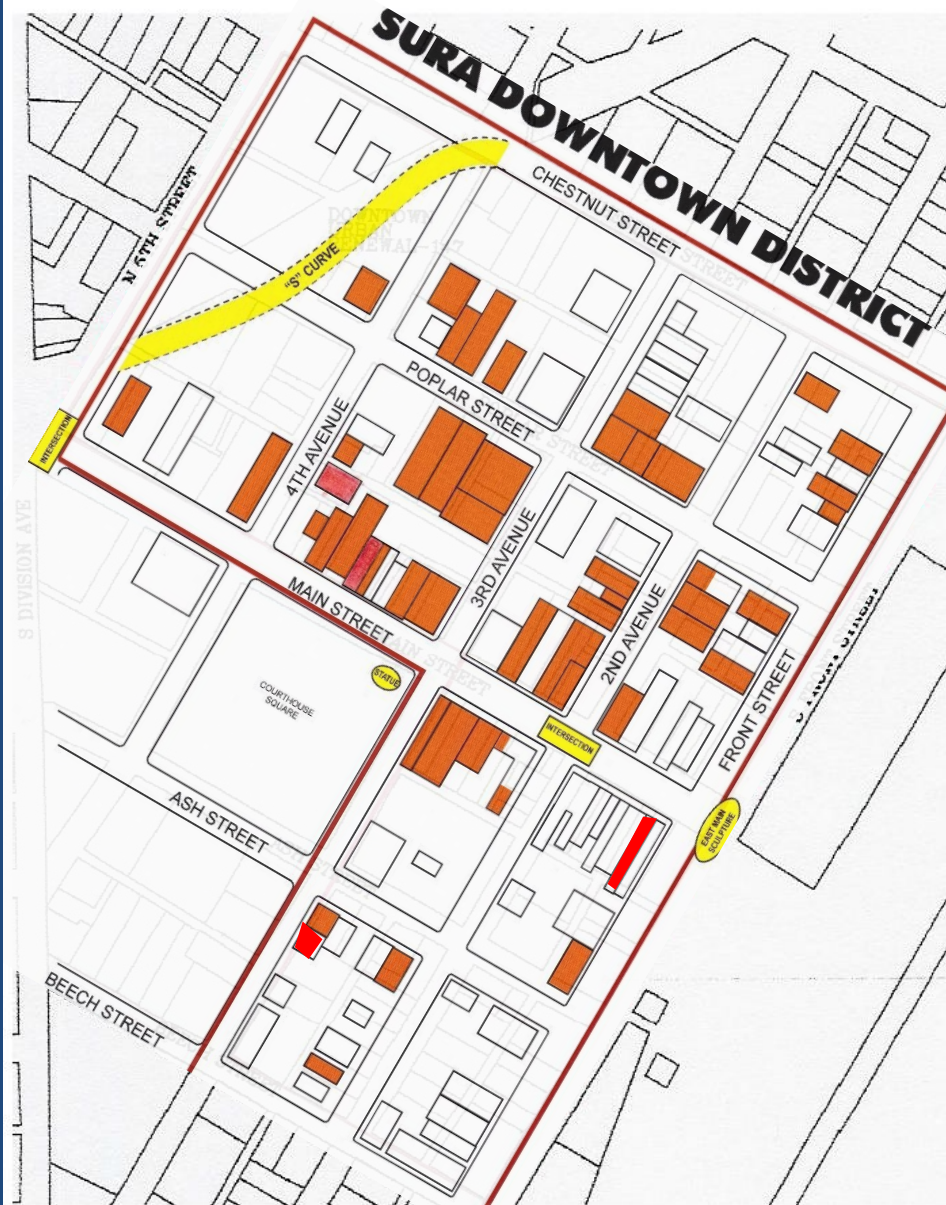
Urban Renewal for Historic Preservation

SURA Grants

Leverage TIF to reduce renovation cost

- Building Improvement Grant
- Façade Grant
- 2nd story residences

Map of Sterling, CO Downtown Urban Renewal Area
(Area is within the boundary marked in red)



SURA Grants – Equal Availability

- **Standard Application** - Clear guidelines with regularly updated and board approved
- **Outreach and Awareness** – Contact businesses/building owners, take information when activity is happening, partner w/ other entities.

Program Parameters

Building Improvement Program

Purpose: The Building Improvement Program is an incentive program designed to remedy blight by improving downtown buildings. It is available to property owners but may be used to the benefit of tenants. It is intended that the program will make downtown spaces more competitive and more usable for tenants. The grant is available on a building basis, regardless of the number of addresses or spaces of tenancies. Only those buildings paying property tax at the full assessed valuation rate are eligible for a Building Improvement grant.

Maximum Amount of Each Grant:	SURA reimburses up to 50% of approved, eligible expenses to a maximum of \$35,000 per building
Grantee Match Requirement:	Grantee is required to pay 100% of all costs. SURA will reimburse 50% of the approved, eligible expenses, as set forth in the pre approval and Grant Agreement
Pre-approval period:	The applicant shall cause all work to be completed and invoices submitted for reimbursement not later than one year from the date of pre-approval by the SURA Board.
Duration of Grant Program:	The total grant funds are available for a period of 5 years from the date of SURA Board pre-approval, on a rolling basis, subject to fund availability.
Eligible Expenses:	Hard Costs: <ul style="list-style-type: none">• Facility retrofitting• Remodeling• Plumbing Improvements• Electrical Improvements• HVAC Improvements• Items considered real property improvements for tax purposes
Ineligible Expenses:	Roofs Soft costs and personal property: <ul style="list-style-type: none">• Design costs• Items considered personal property for tax purposes• Fixtures, such as display cases, furniture, and similar items All costs not identified as Eligible Expenses













A vibrant downtown street scene with pedestrians, trees, and shops. The image shows a sunny day on a city sidewalk. In the foreground, a chalkboard sign on a wooden stand reads "Yoga", "Journey of the Self, through the Self, TO THE SELF", "- Bhagavad Gita", and "30 Gita". Two young women are walking away from the camera, one carrying a white shopping bag. To their right is a wooden display rack filled with colorful clothing. In the background, there are trees with pink and purple flower baskets hanging from them, parked cars, and a building with a sign that says "Cotton".

QUESTIONS + DISCUSSION

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DCI URA MEMBER BENEFITS

- +Monthly Urban Renewal Peer Network Meetings
- +Participation in the URA Committee
- +Reporting Tools
- +URA Education, Project, Formation Support
- +Professional Opportunities
- +Statewide URA Coalition



THANK YOU
DOWNTOWN COLORADO, INC.

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