WELCOME! INTRODUCE YOURSELVES IN THE CHAT

TAX INCREMENT FINANCE FOR URA + DDA

WELCOME + INTRODUCTIONS

KAT CORRELL
Executive Director, Downtown Colorado, Inc.
AGENDA

WELCOME AND OVERVIEW
- WHO CAN USE TIF?
- HOW TIF SUPPORTS THE COMMUNITY VISION?
- HOW DOES BASE AND INCREMENT WORK? WHO ARE THE PARTNERS?

URBAN RENEWAL TERMINOLOGY AND INNER WORKINGS
- STRATEGIC DECISION MAKING AROUND TIMING + SIZING FOR TIF AREAS
- LEGISLATION + THE URA
- BOARD + GOVERNANCE
- TELLING YOUR STORY

NEXT STEPS & CLOSING

<table>
<thead>
<tr>
<th><strong>URA</strong></th>
<th><strong>DDA</strong></th>
<th><strong>BID</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>RATIONALE</strong></td>
<td>- Tax Increment Financing</td>
<td>- Tax Increment Financing + 5 Mill Levy</td>
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<td></td>
<td>- Assess all affected</td>
<td>- Assess commercial only</td>
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<tr>
<td><strong>FORMATION</strong></td>
<td>- Ordinance</td>
<td>- Ordinance</td>
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<td>- Vote of all affected</td>
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<td><strong>GOVERNANCE</strong></td>
<td>Appointed</td>
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<td><strong>PLANNING</strong></td>
<td>Urban Renewal Plan</td>
<td>Plan of Development</td>
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TAX INCREMENT FINANCE (TIF) IS A FINANCING MECHANISM THAT HELPS THE COMMUNITY ENCOURAGE PRIVATE SECTOR INVESTMENT AROUND COMMUNITY VISION.

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

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
BASE + INCREMENT

STEVE ART
Executive Director,
Wheat Ridge Urban Renewal Authority
President, Downtown Colorado, Inc.

TERMINOLOGY
- Plan and Project ... What are they and what are the differences
- Activities + Undertakings
- Blighting Conditions (12 of them)
- “If not for” proposition
- Public Improvements
- The TIF “Clock”
- Elements of your Plan/Sales, Property Tax

TAX INCREMENT FINANCING

New revenue over the base is reinvested within the Area
Tax base, paid to taxing entities
INCREMENT, BASE & ASSESSOR

- Large Plan Area vs Single Area
- What is Base ... What is Increment
- When does Increment Start
- Assessor’s Reference Library – Chapter 12

A non-reassessment event that impacts the value of property in a TIF area is attributable to the increment, whether or not such change is demonstrated to be directly caused by undertakings of the URA.

TAX INCREMENT FINANCING

URA receives a share of District property & sales tax revenues

That project results in an increment in property & sales taxes

URA makes the catalyst investment in a building or project

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
- Increment captures the additional value created by private investment to put back into the activity
- Growth pays its own way/Catalyst for Improvements
HOW TIF WORKS

Blighting Conditions

After Redevelopment

TIF District is created
Tax base is established
Captured taxable value
Increased taxable value
Regular tax levies

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
PARTNERSHIPS + NEGOTIATIONS

- Knowing Your Assessor
- Understanding Project Proforma
- Communicating Impacts
- Working with Developers & Property Owners
- Other taxing entities

STRUCTURING THE AGREEMENT

- How is your Activity Requested.
  - Formal Application
  - Activity Proforma
  - Third Party Review
  - Board Review/Executive Session
  - Sales Tax/Cooperation Agreement

How Will You Fund Your Activity

- Traditional Funding
- Third Party Lending
- Bonding
- Hybrid
STRATEGIC DECISION MAKING
FOR TIMING + SIZING
FOR TIF AREAS

CAROLYNN WHITE
Brownstein Hyatt Farber Schreck
Board Member, Downtown Colorado

Study Area Scope | Properties Included | Fictional Example

Boundaries of Urban Renewal Area must be drawn “as narrowly as possible” to achieve the goals of the Colorado Urban Renewal Law

“Tomorrow, all this will be infrastructure.”
ADOPTION OF URA PLAN

- Blight Study/Conditions Survey
  - 11 categories of blight
- Appointment of new Board Members
- Negotiation with Taxing Entities
- Public Hearing – Planning Commission
- Public Hearing – City Council
- Adoption of Urban Renewal Plan
  - Defined plan area boundaries
  - Sets goals
  - Authorizes TIF and/or eminent domain

What happens to the value of a property if it is designated within an Urban Renewal Area?

Property Values

- No studies have shown reduction
- Some studies have shown increase
- Designation of blight indicates intention of governing body to target investment to that area; increases market perception of value

Purpose:
- eliminate slum and blight

Not:
- job creation
- economic development
- increase tax revenue

URA STATUTE

C.R.S. §31-25-101 et seq.

Purpose:
- eliminate slum and blight

Not:
- job creation
- economic development
- increase tax revenue
But
The elimination of slum
and blight
almost always
results in
✓ job creation
✓ economic development
✓ increase tax revenue
TELLING YOUR STORY

- Building Enhancement Grants
- Special Project and Event Grants
- Tax Increment Financing
- Special Programs

Downtown Development Authority
Economic Vitality and Development
Project Investment Business Attraction and Retention

2013
2014
2015
IDENTITY AND PLACEMAKING

ECONOMIC IMPACTS OF URBAN RENEWAL PROJECTS

- 566,000
- $6.5 million
- 27%
- $12 million
- 27%
- $114 million
- 27%
- $566,000
- 27%
- $6.5 million

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UPCOMING EVENTS
www.downtowncoloradoinc.org

June 18  Western Slope Reinvestment Symposium
June 24  The Future of Finance
July  1  Tax Increment Financing + 2021 Budget Planning
July  8  Tax Increment Finance + The New Normal
July 15 Rural Finance + The Dynamic Downtown
July 22  Public-Private Financing for Public Spaces in Uncertain Times
July 29  Commercial District Revitalization Through Food System Finance
Aug  6  Downtown Financing Mobile Tour: West Metro
Aug 25-28 IN THE GAME, Colorado Springs
Nov  5  Southern Colorado URA Summit
Nov 13  URA Board Training 201

OPTION TO STAY FOR DISCUSSION
THANK YOU TO OUR SPONSORS

Paul Benedetti