

DOWNTOWN COLORADO

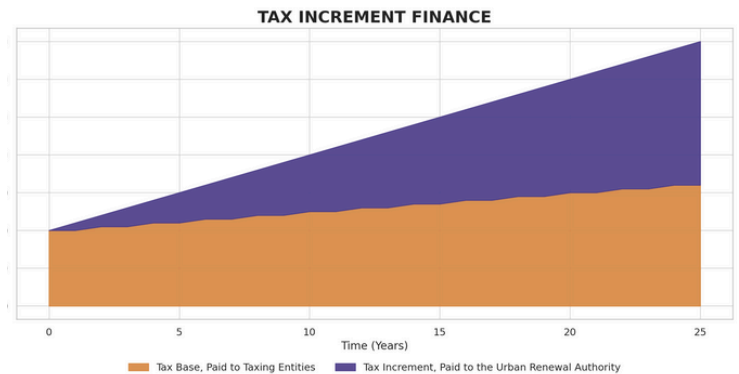
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TAX INCREMENT FINANCE (TIF) FREQUENTLY ASKED QUESTIONS

TAX INCREMENT FINANCE (TIF) BACKGROUND. Tax increment financing (TIF) is a mechanism for funding redevelopment projects in Colorado targeted at improving blighted areas or deterring blight in commercial business areas. Colorado enacted its urban renewal law in 1975. TIF was first used in Colorado by the Boulder Urban Renewal Authority for the initial development of the Crossroads Urban Renewal Project in 1979.

WHO CAN USE TIF? State law in Colorado authorizes urban renewal authorities (URAs) and downtown development authorities (DDAs) to use TIF for projects that relate to blighted areas. A County Revitalization Authority also can use TIF in a more limited capacity. TIF allows an authority to use the "increment" of increased taxes collected within the TIF district once the plan is approved and taxable improvements are made (Section (URA) 31-25-101 et seq., and Section (DDA) 31-25-801 et seq. C.R.S.). Tax increment revenue may be generated from property or municipal sales taxes.

WHERE DOES PROPERTY TIF COME FROM? For Property Tax TIF purposes, to determine the increment amount of property tax revenue, the base valuation must first be determined. The base valuation is certified by the county and is equal to the total assessed valuation within the TIF district prior to the approval of the redevelopment plan or plan of development. As public improvements are completed, the county reassesses the properties in the TIF district. Over time, improvements add to the



property tax base. The revenue that is attributed to the growing tax base becomes the incremental revenue used to finance the authority's redevelopment projects and improvements in the district. All the revenue generated by the redevelopment within an area reverts to the normal taxing entities when the urban renewal district sunsets at the close of 25 years for urban renewal and 30 years for downtown development authorities. Thus, the neighborhood benefits from the creation of revitalized, productive properties and amenities, the taxing entities, as well as the entire community, enjoy new, permanent sources of revenue that wouldn't have existed if the authority had not implemented the approved plan and enabled the redevelopment and improvements to happen.

HOW IS TIF USED? TIF revenues go into a special fund and, as it grows, the funds can be leveraged for support of projects in the geographic boundaries of the Tax Increment Finance Plan Area or to further the goals outlined in the Plan. Each authority determines the policies for using TIF. Sometimes the TIF is dedicated to projects through bond repayment, grants and/or reimbursement agreements, and an application process is developed. All applicants or developers looking to use TIF funds should demonstrate alignment with the goals and priorities of the guiding plan document. Tax Increment Financing (TIF) is a tool that allows redevelopment authorities to leverage future increased sales and/or property taxes to help finance redevelopment efforts. TIF funds can be generated using sales and/or property taxes in the redevelopment area. As redevelopment happens, any of the incremental taxes collected above that base amount are invested in the redevelopment itself, through infrastructure, environmental remediation, or other amenities for the public good.

WHY IS TIF NEEDED? The redevelopment of commercial areas and construction of public improvements can be very expensive and hard to accomplish, often requiring the involvement of local governments. It can be difficult to assemble older developed sites; the land is often subdivided into small ownership parcels without the necessary infrastructure, access or improvements. Likewise, sites are often burdened with contamination from years of neglect or by prior uses. It is far easier and less expensive for a developer to build on undeveloped land at the fringe of a city, and contribute to urban sprawl, than to tackle the issues surrounding urban infill sites. Because of these development challenges, local governments form authorities that may serve as liaisons to the sector in revitalizing areas of the community.

DOWNTOWN COLORADO, INC.

DCI is your home for understanding the types of financing tools, and districts that support downtowns, town centers, and commercial districts. Work with us to understand how to determine the right tools for your challenges, how they are formed and managed. DCI is a clearinghouse of information and a network of experts in the field working with Business Improvement Districts (BIDs), Downtown Development Authorities (DDAs), General Improvement Districts (GIDs), Urban Renewal Authorities (URAs), and other entities shaping public-private partnerships.

BECOME A MEMBER

Join DCI for monthly updates, annual data gathering and sharing, and a calendar of dynamic discussions and educational events to shape our Colorado communities.

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URBAN RENEWAL AUTHORITY (URAs)

MENU OF SERVICES

DCI's URA membership provides access to URA-specific benefits including customized collateral material, participation in monthly discussions with URA professionals, and the opportunity to highlight your URA projects on a state-wide platform.

PEER-TO-PEER EDUCATION

Stay informed on issues affected Colorado communities with planned meetings, educational workshops, and networking events.

BOARD – STAFF TRAINING

Stay current with discussions around best practices and idea sharing with planned meetings, educational workshops, and networking events.

PUBLIC RELATIONS ASSISTANCE

Promote your URA's image among public and elected officials with customized public relations material.

STATEWIDE ADVOCACY

Build awareness of the positive impacts of urban renewal with DCI by synchronizing URA project updates on a statewide level and sharing your stories with legislators.

IN THE GAME VIBRANT DOWNTOWN EVENT

DCI's annual four-day event is the premier space to gain resources, training, and ideas in all areas related to economic development and community viability in Colorado. Take advantage of our Challenge Workshops where participants worked side-by-side with leading industry experts and local peer networks to craft problem-solving plans.

STATEWIDE URA DIRECTORY

DCI maintains the State's most comprehensive list of Colorado URAs, contacts, and information about each organization.

COLORADO URA COMMITTEE

Network, share innovative approaches, review current events and project highlights, and collaboratively problem-solve at monthly URA committee meetings.

MEMBER ONLY ONLINE RESOURCES

DCI hosts a member-only URA Resource Page and Colorado Urban Renewal Partners LinkedIn Page to share news, articles, and updates from recent URA events.

TAX INCREMENT FINANCE SUMMIT

DCI hosts an annual summit in the fall to discuss innovative problem solving tactics and best practice approaches to common URA obstacles.

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URBAN RENEWAL AUTHORITY (URAs)

Downtown Colorado Inc. (DCI) works with Urban Renewal Authorities (URA) in Colorado to build a stronger network, advocate for effective and well-managed downtown tools, share information and best practices, and provide education and professional development to professionals and communities working with the URA structure.

WHAT IS A URA?

Municipalities form urban renewal authorities (URAs) when there is a blighted area of general deterioration, slums or deteriorating structures, or a need for a new street or lot layouts. The motivation is often the need for the correction of areas having an unusual topography or inadequate public improvements, as well as health, safety or welfare concerns such as unsafe or unsanitary conditions or environmental contamination.

QUICK FACTS

- 63 URAs in Colorado
- 31 combined URA plans
- Approximately 50% Commissioners are council or trustees, 50% appointed.

URAs PROVIDE TOOLS FOR REMOVING BLIGHT

- Affordable Housing
- Build New Streets
- Clean Ups
- Facade Grants
- Parks
- Playgrounds
- Public Art
- Utilities
- Remediation

EXAMPLES OF COLORADO URAs

Arvada Urban Renewal Authority has six URA plans and twelve Active TIFs. Current projects include Arvada Place, Former Kmart Site, Garrison Street Paseo, Ralston Creek Streetscape, and Residences at Old Town Station.

Canon City Area for Reinvestment Expansion (C-CARE) has one URA plan and one Active TIF, which includes a focus on Economic Development, Public Safety, Infrastructure, Attractive Built Environment, Community Investment, Opportunities, Public Trust, Transparency and Accountability.

Fort Lupton Urban Renewal Authority (FLURA) has one URA Plan and four Cooperation Agreements. FLURA has a good relationship with all tax entities and is seeking new development in its URA area.

Manitou Springs Urban Renewal Authority has one URA plan and one Active TIF. Current projects include negotiations with business owners for new development and revitalization to Manitou and Colorado Avenue.