



URBAN RENEWAL

Restoring the *heart* of Colorado's Communities



Frequently Asked Questionsⁱ About Colorado Urban Renewal Authorities

What is urban renewal?

Urban Renewal is a process authorized under Colorado law that enables municipalities to revitalize blighted areas in their jurisdictions. Working together, cities and urban renewal authorities develop a plan and can sometimes provide initial funding to catalyze revitalization efforts and private investment within identified areas. In doing so, urban renewal authorities encourage and attract private sector investment that otherwise wouldn't occur.

Why is urban renewal needed?

There are many communities throughout Colorado with buildings, neighborhoods and business districts that are struggling economically and socially. The abandoned gas station, historic building with disinvestment from an absentee owners, dilapidated housing project, or a vacant strip mall that is continually vandalized are all classic examples of deteriorated and blighted areas. Revitalization of these areas often does not and would not happen on its own. The private sector may be reluctant to invest in such areas because the risk and costs associated with doing so outweigh the benefits. Urban renewal serves as a catalyst for private investment by providing the focus and sometimes seed or matching money that sparks interest into areas in need of revitalization and blight removal.

What does it mean to be "blighted"?

The legal term "blight" describes a wide array of urban problems, which can range from physical deterioration of buildings and the environment, to health, social and economic problems in a particular area. According to Colorado State Statute (CRS 31-25-103) (2), a "blighted area" is defined as follows: "Blighted area" means an area that, in its present condition and use and, by reason of the presence of at least four of the following factors, substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare; (Source: Colorado Revised Statute 31-25-103(2).)

1. Slum, deteriorated, or deteriorating structures;
2. Predominance of defective or inadequate street layout;
3. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
4. Unsanitary or unsafe conditions;
5. Deterioration of site or other improvements;
6. Unusual topography or inadequate public improvements or utilities;
7. Defective or unusual conditions of title rendering the title non- marketable;
8. The existence of conditions that endanger life or property by fire or other causes;
9. Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;
10. Environmental contamination of buildings or property;
11. The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements;
12. If there is no objection of such property owner or owners and the tenant or tenants of such owner or owners, if and, to the inclusion of such property in an urban renewal area, "blighted area" also means an area that, in its present condition and use and, by reason of the presence of any one of the factors specified in paragraphs (a) to (k.5) of this subsection (2), substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public. For purposes of this paragraph (1), the fact that an owner of an interest in such property does not object to the inclusion of such property in the urban renewal area does not mean that the owner has waived any rights of such owner in connection with laws governing condemnation.

How do urban renewal authorities work?

State law gives a municipality the authority to form an urban renewal authority with the specific goal of blight removal. There are close to 60 urban renewal authorities throughout Colorado (not all are active), all of which are overseen by either the local

city council or a separately appointed board -- all accountable to the public. New urban renewal authorities formed after 2016 also include representatives of other taxing bodies, such as counties, school districts, and special districts. Because they are locally governed and their boards are comprised of local elected or appointed officials, urban renewal authorities are in the best position to work with local citizens and businesses to identify community needs and to work with private investors on local projects to meet those needs.

What types of projects do urban renewal authorities take on?

Urban Renewal Authorities breathe new life into specific project areas in need of revitalization, economic development and new opportunity by:

- Building or rehabilitating housing for affordable or market rate projects;
- Building and upgrading roads, water systems and other public works and infrastructure;
- Building and rehabilitating community centers, parks, libraries, public safety buildings and other community facilities;
- Helping small businesses by revitalizing downtowns and injecting new life and economic activity into older retail and downtown shopping districts;
- Revitalizing rundown or blighted neighborhoods, which can help reduce crime and increase opportunity for struggling communities;
- Beautifying communities through landscaping, improvement of neighborhood streets and creation of greenbelts; and
- Taking ownership of or remediating contaminated buildings, land, or water

How does redevelopment encourage private sector investment?

Restoring blighted areas is often economically infeasible for the private sector to do on its own. The initial community improvements made by urban renewal authorities, sometimes partnered with a commitment of funds and/or low-cost financing, can reduce the cost and risk factors associated with these activities. In essence, urban renewal authorities make these projects more attractive and economically feasible for the private sector to undertake. Specifically, urban renewal authorities can encourage private investment by:

- Assembly/acquisition of project sites and making those sites ready for private redevelopment;
- Building or rehabilitating area infrastructure such as streets, sewers and water lines in order to make revitalization projects attractive and feasible;
- Issuing low-cost loans or grants to small businesses that pay for physical improvements to their properties;
- Clearing an area of existing blight or environmental hazards that make projects too costly or unattractive to the private sector;
- Making quality of life improvements by building libraries, parks and community centers.
- Improving public safety and reducing crime by building police and fire stations; and
- Building affordable housing, helping low- and moderate-income individuals become new homeowners, or funding rehabilitation of existing housing for working families.

How are urban renewal authorities funded?

Urban Renewal Authorities do not levy taxes and do not have the ability to raise taxes. They simply receive a portion of the property and/or sales tax revenues generated when property values rise as a result of new investment or new or improved business activity. When urban renewal authorities improve deteriorated areas, property values within those areas rise, which in turn increases property tax revenues. The increased property tax revenues resulting from redevelopment activity are referred to as "tax increment." State law allows urban renewal authorities to pledge future tax increment so that they can repay bonds and other types of debt incurred to make investments in project areas. In essence, urban renewal authorities fund themselves when they make improvements to their communities. They stimulate increases in property values that otherwise would not have occurred.

ⁱ Information for Frequently Asked Questions has been collected over time from a variety of sources and discussions and is meant to be a general guide. To the best of our knowledge, the information contained herein is accurate and reliable as of the date of publication; we do not assume any liability whatsoever for the accuracy and completeness of the above information.