

Redevelopment Financing Mechanisms

*BUSINESS IMPROVEMENT DISTRICTS,
DOWNTOWN DEVELOPMENT AUTHORITIES,
& URBAN RENEWAL AUTHORITIES
IN COLORADO*

Introduction

Redevelopment Financing: Urban Renewal Authorities, Downtown Development Authorities, and Business Improvement Districts in Colorado is designed to:

1. Provide basic information on how three types of improvement districts function in Colorado
2. Highlight issues faced by communities attempting to form an improvement district
3. Illustrate best practices of improvement districts in Colorado.

Throughout this guide there is information and data collected by Downtown Colorado, Inc. that refers to many municipalities throughout Colorado.

Downtown Colorado Inc. first published this booklet in 2009. At that time, the Colorado Department of Local Affairs (DOLA) reported the existence of 46 urban renewal authorities (URAs), 10 downtown development authorities (DDAs), and 18 business improvement districts (BIDs) in Colorado. (See Appendix A: Resources for a website link to current list.) In 2008, Downtown Colorado Inc. (DCI) conducted a survey of all Colorado URAs, DDAs, and BIDs. Thirty-two representatives responded, identifying as either a URA, DDA or BID. The names of those organizations are listed in Appendix B: Participating Colorado Organizations.

Erin Goff, Colorado Municipal League; Rick Kron, then with Grimshaw & Haring, PC; Dianne Truwe, Aurora Redevelopment; Tim Steinhaus, Arvada Urban Renewal Authority; and Anna Jones, Progressive Urban Management Associates provided the information needed for the original publication.

Update and Republication

In 2018 work began on republishing this booklet. Current information about DDA's and URA's is found in the relevant sections below.

Lorrie Ray with Employers Council worked with Monica Rosenbluth of Butler Snow, Rick Kron of Spencer Fane, and Carolynne C. White and Caitlin S. Quander both of Brownstein Hyatt Farber Schreck to gather updated and expanded information. Much of the information regarding Urban Renewal Authorities came directly from Monica Rosenbluth, and Downtown Colorado Inc. is grateful for this contribution, as it reflects the current state of a law that had numerous changes since 2009.

About Downtown Colorado, Inc.

Established in 1982 as the Colorado Community Revitalization Association, Downtown Colorado, Inc. is a 501(c)3 nonprofit membership organization that aims to build better communities by providing assistance to downtowns, commercial districts and town centers in Colorado. Organization members represent downtown organizations, local governments, development and improvement districts, consultants, individuals and others involved in downtown and community development.

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I. Three Types of Redevelopment Organizations to Consider

**Colorado Springs Urban Renewal Authority, South Nevada Avenue Corridor | Conceptual Site Plan
Courtesy of RTA Architects*



Downtown Colorado, Inc. fields inquiries from local government officials, small business owners, legislators, and residents looking for assistance to manage their downtowns or commercial districts. Successful downtown leaders know that “getting organized” is the single most important next step in implementing a downtown plan to improve the competitive position of a commercial district. The issues in Colorado’s commercial districts are bigger than a single business can handle, but there is strength in numbers and working together. Colorado allows downtowns to use several types of public entities to help them get organized, finance improvements and services, and help businesses. Local governments that choose to utilize a district or authority to manage a downtown can provide a method to organize a downtown, structure activities, and give a downtown the same advantage

of common management enjoyed by single-owner shopping centers and large discount retailers.

Downtown Colorado, Inc. has selected three of the more common types of districts from our members who are utilizing innovative financing mechanisms in Colorado for commercial district revitalization. The districts reviewed in this report will include Business Improvement Districts (BIDs), Downtown Development Authorities (DDAs) and Urban Renewal Authorities (URAs), below is a brief review of the characteristics of these types of districts. Determining which one is the best to use in a particular situation will depend on the goal of development as briefly outlined in the below section.

A. Business Improvement Districts (BIDs)

Business improvement districts (BIDs) are often used to improve existing commercial centers and to develop a new area. Those BIDs responding to the 2008-2009 survey indicated that most often a BID was organized in order to build or repair streets, sidewalks, curbs and gutters and to improve landscape and other beautification. Other common reasons were to provide street furniture and planters, transit and lighting. Less common but still cited were marketing, parking, maintenance, event management and sanitation. One BID was created to build a pedestrian mall, another to install utilities and yet another to fight crime in the area. Another BID managed employer-based travel demand.

Colorado law provides for the creation of a business improvement district. The BID, under Colorado statutes, can make any public improvement, including but not limited to the following improvements:¹

- Streets
- Off-street Parking Facilities
- Pedestrian malls
- Sidewalks
- Curbs
- Gutters
- Street Lights
- Drainage Facilities
- Landscaping
- Statuaries
- Decorative Structures
- Fountains
- Identification Signs
- Traffic Safety Devices
- Bicycle paths
- Benches
- Restrooms
- Information booths
- Public Meeting Facilities
- All necessary, incident and appurtenant structures and improvements

The BID may also:²

- Maintain improvements
- Promote or market district activity
- Organize, promote, market and manage public events or activities in support of the BID
- Manage and develop the BID
- Secure businesses or public areas
- Remove snow and collect refuse
- Design and consult with respect to planning or managing BID activities

¹ C.R.S. 31-25-1203

² C.R.S. 31-25-1212

B. Downtown Development Authorities (DDAs)

Downtown development authorities (DDAs) are formed when redevelopment is centered in a downtown area, since the DDA must be located in the downtown area of a municipality. Typical reasons for the creation of a DDA include improvement of: public facilities, shopping and restaurants, streets, sidewalks curbs and gutters, lighting, and landscape and general beautification as well as mitigation of blight. Additional, though less common reasons include: maintenance, traffic issues, housing, primary and secondary jobs and finance assistance to achieve new goals of downtown plans.

Colorado law provides for the creation of a downtown development authority to halt or prevent deterioration of property values or structures in central business districts, or to halt or prevent the growth of blighted areas within the business districts.³ The DDA is granted the power to develop or redevelop these areas.

The central business district by definition includes the principal business, commercial, financial, service and governmental center of the municipality. Currently, there are 16 Colorado DDAs

C. Urban Renewal Authorities (URAs)

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. Additionally, the need to control noise due to growth in the area contributed to the organization of at least four URAs in Colorado.

A municipality establishes a URA for the entire municipality to eliminate a “blighted area” within that municipality. The “urban renewal project” is the plan to clear blighted areas for development or redevelopment, demolish existing structures, or rehabilitate existing structures. The urban renewal authority may then build new streets, utilities, parks, playground and other improvements. This new property may be sold at a fair value for development and redevelopment in accordance with the urban renewal plan. An urban renewal project area may be defined as “blighted” if it meets the definition in the Colorado statute.⁴ There must be a determined need for an urban renewal plan before it is adopted, and that determination or specific finding must be made by the applicable

³ C.R.S. 31-25-801

⁴ C.R.S. 31-25-103(1.5)

municipal governing body, e.g. a city council.

Currently, there are approximately 50 active URA's in Colorado. DCI has an updated directory of communities with active URA's.

II. Benefits of the Different Types of Development & Improvement Districts

**Arvada Urban Renewal Authority (AURA)-, Olde Wadsworth & Grandview Streetscape*



The three types of development and improvement districts focused on in this guide are formed with different goals in mind, and each provides different benefits. It is important to understand the differences in benefits when determining which type of authority or district will best serve the needs in a particular community.

A. Business Improvement Districts (BIDs)

In the 2008-2009 DCI survey, new public improvements were most frequently cited as the greatest benefits of a BID. Increased investments, better maintenance of areas within the BID and reduced crime were also reported. Additional noted benefits include increased sales, decreased congestion, and decreased vehicle miles traveled.

BID Organization

A BID is a quasi-municipal corporation and a political subdivision of Colorado. The BID may include both contiguous and non-contiguous tracts or parcels of commercial property. Only commercial property can be included in the BID.

A BID's board of directors may be constituted in one of four ways: (1) the municipality's governing board may constitute ex-officio the BIDs board of directors; (2) the board may be elected by the voters of the BID; (3) the mayor or the municipality's governing body may appoint a board of at least five members; and (4) if there is an overlapping DDA or URA, its board may serve as the board of the BID. Currently, there is an overlapping DDA and BID in Grand Junction and they have a single board. Anyone serving on an elected or appointed BID board must be an elector of the BID.

The organizational process for a BID begins when a petition is filed with the municipality. It must be signed by the owners of real and personal property within the service area of the proposed BID, who together, own not less than 50 percent of the value of all taxable commercial real and personal property in the proposed BID and not less than 50 percent of the acreage within the BID. The service area is defined as that area within the municipality within the boundary of the BID.

At least 50 percent of the service area must include developed land used as commercial property prior to passing the ordinance creating the BID, or the property must be designated by the municipality's governing body as a location for commercial development. The municipal clerk gives notice of the hearing organizing the BID, by publication and mailing. The municipality's governing board then holds a hearing on the BID's organization. After a finding and determination concerning the sufficiency of the petition, and a determination that the kinds of services and improvements to be provided will best satisfy the purposes of the BID, the municipality's governing body considers an ordinance to provide for the creation of the BID. The BID exists upon adoption of the ordinance, but an election satisfying the requirements of taxpayer bill of rights (TABOR) is generally necessary to approve the BID's financial powers.

Powers of BIDs

The BID has statutory authority to:

- Enter into contracts
- Acquire and operate improvements

- Provide services
- Establish rates, tolls and charges for services and improvements furnished by the BID
- Create special assessment districts and levy special assessments for improvements or services
- Levy and collect taxes against all commercial property in the BID

Eminent Domain

BIDs do not have the power of eminent domain; they do have the power to acquire property and can assist in the financing of an acquisition that is accomplished using the eminent domain power of another entity, such as a municipality.

B. Downtown Development Authorities (DDAs)

DDAs can provide a tax-increment revenue stream and bond financing just as URAs can. DDAs also have the power to impose a property tax of up to five mills for operating costs.

DDA Organization

A DDA is also a body politic and corporate. There must be at least five and no more than 11 members of the corporate board, all of whom are appointed by the governing body of the municipality. A majority of board members must reside or own property in the DDA. At least one board member must be a member of the municipality's governing body. Each member, except for the member who is also a member of the municipality's governing body, must be a resident, landowner, or business lessee within the DDA. The Greeley DDA currently has a board that is comprised of one city council representative who overlaps with the city on a board that is interviewed and appointed by the Greeley City Council.

The DDA is first created by an ordinance of the municipality's governing body, putting forth the question of establishing the DDA to a vote of qualified electors at the next general or special election. A qualified elector is a resident, landowner or lessee within the DDA. If any qualified corporate landowner or lessee is not a natural person, that entity-electror may designate a person to vote on its behalf. The municipality's governing body may provide for the submission of TABOR questions at the organizational election; if this is the case the date of the election must be one established by TABOR and must be approved by a majority voting in the election vote.

Powers of DDAs

The DDA has the power to:

- Acquire property
- Construct and equip improvements
- Lease and sell property

- Establish fees, rates and charges for the use of its property

If voters approve, a general property tax can be levied on all real and personal property in the DDA's territory. This levy cannot exceed five mills for the budgeted operations of the authority, including non-debt-funded expenditures.

Before purchasing or constructing any project, a development plan that describes the development or redevelopment of an area must be approved by the municipality's governing body. Public facilities that may be part of the plan include, but are not limited to:

- Streets
- Parks
- Plazas
- Parking Facilities
- Playgrounds
- Pedestrian malls
- Rights of Way
- Structures
- Waterways
- Bridges
- Lakes
- Ponds
- Canals
- Utility lines
- Utility pipes
- Buildings

The development plan may provide for the use of property and sales tax increment financing. Unlike a URA, the municipality is the issuer of bonds to finance projects for a DDA. Before bonds payable from the tax increment revenues may be issued, the bonds must be approved by an ordinance adopted by the governing body of the municipality and the question of issuing bonds and pledging the tax increment revenues must be approved by a majority the DDA electors who vote in the election.

Examples of current DDA key initiatives include:

- Residential development (Greeley DDA)
- Building enhancement grants (Downtown Partnership of Colorado Springs)
- Creating a pedestrian friendly and safe downtown (Woodland Park Main Street)
- Mill revitalization and backlot development (Windsor DDA)

Eminent Domain

DDAs do not have the power of eminent domain; however, they do have the power to implement any plan of development, whether physical or economic, giving the DDA great flexibility in addressing the needs of a particular downtown area. DDAs have the power to acquire property and can assist in the financing of an acquisition that is accomplished using the eminent domain power of another entity, such as a

municipality.

An example is the Fort Collins DDA, and it currently has a property tax TIF, a mill levy, with a TABOR debt limit of \$250,000,000.

C. Urban Renewal Authorities (URAs)

URAs are used in a wide variety of situations, nearly always involving the demolition of outdated or inferior structures and replacement with new structures. Without the new construction or substantial renovation, there would be no tax increment to fund the URA project. While the primary benefit of a URA is the use of tax-increment financing (TIF) (see Financing and Funding, TIF for more information), the power of eminent domain is also available to URAs to acquire property, when necessary, to alleviate slum and blight. Survey results indicate that this power is used very infrequently by most URAs.

URA Organization

An URA is a body politic and corporate, meaning it has attributes of both a political and corporate organization by law.⁵ The creation of a URA is started when a petition, signed by at least 25 registered electors of the municipality is filed. An independent consultant performs an analysis and a professional opinion is provided to the Board of Trustees determining whether the statutory requirements for forming a URA within the Municipality can be met. If the requirements are met, the Board of Trustees may form a URA, by resolution, after a public hearing. No election is required to form a URA.

The potential boundaries of the URA are coterminous with the municipality – meaning they end where the municipality ends.⁶ Under the Urban Renewal Law, the Board of Trustees has two choices with regard to the governing body of the Authority: the Board of Trustees may designate itself as the Authority governing board; or, the Mayor and Board of Trustees may appoint a separate Authority governing board. Of those responding to the question, the URA Directory currently lists 21 URAs as having the same board as the Board of Trustees.

As a result of the passage of H.B. 15-1348, the governing board of a new Authority must also include representatives of various taxing entities as follows:⁷

- 5 C.R.S. 31-25-104(1)(b)
- 6 A recent statutory change may allow some portions of the unincorporated area of a county to be included in a U.R.A. C.R.S. 31-25
- 7 East Grand County School District No. 2 v. Town of Winter Park, 739 P.2d 862 (1987).

1. One commissioner must be appointed by the Board of County Commissioners of the County. If the Authority is located within more than one county the appointment is made by agreement of the counties.
2. One commissioner must be an elected member of a board of education of a school district levying a mill levy in an urban renewal area. (Although H.B. 15-1348 does not state how this commissioner is chosen for an urban renewal area overlapping with more than one school district, it will likely be through agreement of those school districts).
3. One commissioner must be a board member of a special district selected by agreement of the special districts levying a mill levy in the urban renewal authority.

Powers of URAs

The URA has broad powers with respect to any urban renewal plan, including the power to acquire property. Property may be acquired by purchase, lease, option, gift, or by eminent domain (condemnation). If property is acquired by condemnation, this action must be approved as part of the urban renewal plan or a modification of the plan by a majority of the municipality's governing body. The URA does not have the authority to levy general property taxes or any other taxes.

After its formation, the Authority cannot yet undertake any urban renewal projects until the Board of Trustees, through another public process, designates one or more urban renewal areas and adopts a specific urban renewal plan for each urban renewal area. The municipality can approve numerous urban renewal areas, and related urban renewal plans, within the boundaries of the Authority upon compliance with the requirements set forth in Urban Renewal Law.

Eminent Domain

Of the three entities discussed in this guide, only Urban Renewal Authorities have the power of eminent domain. URAs do not use eminent domain often. In the 2008-2009 DCI survey, all respondents were either unlikely or highly unlikely to use this power. Three reported using eminent domain one to two times, and one reported to using it three to five times.

III. Determining District or Project Area Boundaries

**Montrose Urban Renewal Authority (MURA), MURA Overview*



There are many elements that should be considered when defining the boundaries of a district or choosing a project area. Two of the most important are as follows:

Geographic Considerations

It is generally best to define boundary lines for a BID, DDA or URA project area by considering political support and using natural boundaries. BIDs have the widest latitude to do this, and in Colorado include anywhere from one business to up to 500 businesses. DDAs have to be located within the downtown area. In fact, in the 2008-2009 survey, DDAs typically had only one or two geographic areas covered by the authority. URAs most often have just one to two project areas identified; although one URA surveyed in 2018 directory has 21 project areas.

Size Considerations

Size matters. In general, the larger the BID, DDA or URA project area, the larger the budget. Large budgets tend to correlate with more programs and a greater chance of success. Size also brings issues with political support because setting common goals and agreeing on programs over a larger and more diverse electorate and property owners group can be more complex and time-consuming. It is important to weigh the size of the budget and its benefits alongside the diverse interests of the electorate and property owners involved in the particular community.

IV. Financing & Funding

**Fort Collins Urban Renewal Authority, Aspen Heights*



Financing and funding are elemental to a successful authority or district. This is a complicated topic. If the community is considering an urban renewal authority, consider reviewing publications on the Colorado Municipal League website, and requesting information from DCI.

Potential Funding Mechanisms by District Type

Business Improvement Districts

The BID may acquire property (but not with eminent domain), enter into contracts, acquire and operate improvements, provide services and establish charges for those services, create special assessment districts and then levy special assessments, as well as levy and collect general property taxes against all commercial property within the BID.

The BID may issue general obligation, special assessment and revenue bonds to finance improvements, after an election has been

held and the bonds and taxes have been approved by BID voters as applicable. It can also levy taxes to pay principal and interest on bonds. The bonds are the obligation of the BID, not of the municipality. Bonds cannot be issued until the issuance is approved by the electors of the BID unless a TABOR exception applies.

An elector of a BID is a citizen of the United States who is 18 years or older, and a resident of Colorado who:

- Has a primary dwelling place in the BID; or
- Owns taxable real or personal property in the BID; or
- Has a leasehold interest in taxable real or personal property in the BID; or
- Is the only naturalized person designated in writing (filed with the BIDs secretary) by a non-naturalized person to stand in the place of the owner or lessee of taxable real or personal property within the BID.

After a public hearing, the town or city council adopts an ordinance to organize the district. The initial Board, if appointed, is often designated at this time. If the initial Board is to be elected, the election is held within 60 days. An election is usually held the following November to approve limits for revenues, expenditures, bonds, and taxes. If the Board is elected, the Board election in even-numbered years may include questions concerning limits for revenues, expenditures, bonds, and taxes.

Downtown Development Authorities

The DDA may acquire property (but not with eminent domain), construct and equip improvements, lease and sell property, and establish fees, rates and charges for the use of property. After voter approval, a general property tax can be levied on all property in the district, so long as it does not exceed five mills for the budgeted operations of the authority, including non-debt-funded expenditures.

Colorado Statutes allows the municipality, and not the DDA, to issue bonds, although the bonds are not the obligation of the municipality. These bonds are payable from the revenues of the project or facility, or from tax increment revenues.

Any plan for development may use property and sales tax increment financing. Prior to issuing bonds that are payable from the tax increment revenues, the issuance of the bonds and pledging of the tax increment revenues must be approved in an election by DDA voters. Annual budgets for DDAs in 2018 ran the gamut from \$44,700 to \$2,000,000.

The DDA must file an annual information report with Colorado Department of Local Affairs within 60 days following the end of the fiscal year. The report must list the issues of all nonrated public securities, i.e., those securities that are issued with no rating by any national rating service, that are outstanding as of the end of the current fiscal year. Those bond issues under one million dollars are excluded.

Urban Renewal Authorities

A URA may purchase property by voluntary sale or through condemnation, so long as it is authorized by the Board of Trustees. The power of eminent domain must first be approved as part of the urban renewal plan in accordance with urban renewal law. The URA cannot levy general property taxes, but it may have a plan that provides for property and/or sales tax increment financing as described above.

The URA may issue special obligation bonds payable from the tax increment or any funds derived by the URA in connection with any project. The bonds are only the obligations of the URA and not the municipality. The URA also may issue general obligation bonds backed by the full faith and credit of the URA. They may be paid by a mortgage on the project, project revenues, and monies from the Tax-Increment Financing (TIF). Because the URA issues the bonds, no statutory limits on debt of a home rule charter apply. In addition, the URA is not subject to TABOR, so there need not be any election in order to issue bonds.⁸

URAs may also seek traditional financing through a commercial lender. Many lenders do require the municipality to adopt a moral obligation resolution stating the governing body of the municipality will morally obligate themselves to repay this debt if the URA is not able to adhere to the debt servicing obligations.

Tax-Increment Financing (TIF)

From the 1950s through the 1980s, cities were able to finance neighborhood and downtown revitalization efforts with substantial federal assistance. The federal government significantly cut funding levels for urban renewal programs in the 1980s, making these endeavors more difficult. Colorado addressed this problem by modifying its Urban Renewal Law in 1975 to provide for the use of tax increment financing (TIF) and its constitutionality has been upheld by the Colorado Supreme Court.⁹ Since the use of TIF was legally authorized, it has become an important source of funding for urban renewal throughout Colorado.

It is important to understand how TIF works. The property tax base will be the assessed value of the taxable property in the urban renewal area last certified prior to the effective date of approval of the urban renewal plan, with adjustments for general reassessments. Tax revenues that are generated from mill levies imposed on an increase in assessed value above the base value are “incremental property tax revenues” that may be used by the Authority to finance or refinance urban renewal projects.

For example, if the assessed value of taxable property in an urban renewal area is \$1 million on the date the plan is

⁸ Olson v. Golden, 53 P.3d 747 (Colo. App. 2002)

⁹ Denver Urban Renewal Authority v. Byrne, 618 P.2d 1374 (Colo. 1980)

adopted, then the taxing entities also in the area (such as the County, school district, special districts, etc.) each receive tax revenue. Their amount is derived from their respective mill levies multiplied by the base assessed value of \$1 million. As the assessed value of the taxable properties in the urban renewal area increase due to the development or redevelopment efforts, the revenue derived from the increase in assessed value multiplied by the combined mill levy of the overlapping taxing jurisdictions are incremental property tax revenues that may be remitted to the Authority. There are significant exceptions included in H.B. 15-1348, which is discussed below.

If the assessed value of taxable property in the urban renewal area increases to \$10 million, then the tax revenues derived from the first \$1 million in assessed value continues all to go to the taxing entities. The tax revenues derived from the mill levies on the increase of \$9 million in assessed value is property tax increment revenue that is available to be remitted to the Authority, subject to the provisions of HB 15-1348.

Prior to the passage of H.B. 15-1348, all of the incremental property tax revenues from the various taxing entities levying a mill levy in an urban renewal area were paid to the Authority. H.B.15-1348 provides a process for new or modified plans approved on or after January 1, 2016. Any Authority formed after that date, and representatives of the other taxing entities levying a mill levy in an urban renewal area must meet and negotiate an agreement concerning the types and limits of tax revenues to be allocated. The agreement must address the estimated impacts of the urban renewal plan on county or district services. There may be separate agreements between the Authority and each taxing entity or a joint agreement among the Authority and multiple taxing entities. An outcome of this negotiation process may be that less than all of the property tax incremental revenues from taxing entities will be remitted to the Authority. If an agreement cannot be reached between the Authority and any taxing entity, H.B. 15-1348 sets forth a mediation process to be followed by the parties.

In Colorado, only URAs and DDAs are able to use TIF. For the most part, URAs and DDAs do not have the power to levy taxes. Instead they receive the tax increment for use in carrying out their plans. A DDA property tax of up to 5 mills can be levied, but only for operations.

Once a URA has fulfilled its specific monetary obligations related to a project, the tax increment created by the redeveloped project reverts to the normal tax entities. TIF may be allocated to the URA for a maximum of 25 years. The TIF for a DDA can be allocated for 30 years, and then may be extended for 20 years, subject to limitations set forth in the law.¹⁰

¹⁰ C.R.S. 31-25-807 (3)(a)(IV)(A)

Types of Funding Used in Colorado Districts Surveyed

Business Improvement Districts

Fifty of all survey respondent BIDs in 2008-2009 used the mill levy source for funding. Other sources of funding at that time spread evenly among BIDs were gifts, special assessments, fees and charges, revenues from contracts for service, interest earnings, 0.2% sales tax sharing from the municipality and an ownership tax.

Downtown Development Authorities

Mill levies are common with DDAs. 57% of all existing DDAs that responded to the 2008-2009 DCI survey, and 63% that responded to the 2018 survey imposed a mill levy. Of those, in 2008-2009, 67% had a mill levy of five mills, and 33% have a mill levy less than one mill.

Tax-increment financing is also prevalent in DDAs with 71% of DDA respondents in 2008-2009 using tax increment financing and for 60% it is a sales tax increment and for 40% it is both a sales and property tax increments. For those with tax-increment financing, the time left to receive these amounts was between 19 and 25 years. 25% of DDAs responding to the 2008-2009 survey began collecting the increment prior to 1983. The remaining respondents began in 1991 or thereafter. The survey results for 2018 showed that of those responding 36% had a sales TIF, and all had a property TIF.

Urban Renewal Authorities

In 2008-2009, 99% of existing URAs who responded to the DCI survey use tax-increment financing; 20% of all URA respondents use property tax financing; and the remainder of URA respondents use both property and sales tax increment financing. These funding mechanisms are still popular as shown in the 2018 directory.

By statute, a URA tax increment program may last for up to 25 years. In 2008-2009 survey, URA respondents the time left for the tax increment financing varied widely. 30% would expire in fifteen to nineteen years; 20% in nine or fewer years; 10% in twenty five years; and, 30% between 20 and 25 years. 10% of URAs responded that this did not apply in their case.

Once a district or authority is created and a plan developed, the next step is implementation.

V. Practical Aspects of Development and Redevelopment Organizations

**Fort Collins Urban Renewal Authority, North College Marketplace*



Managing the Authority or District

Among Colorado Authorities there is a wide range of staffing levels and approaches. Conversely, a BID is often managed by an independent organization that focuses on district management within the determined boundaries. BID boards may have a greater percentage of business and commercial property owners involved in governance. Downtown development authorities vary widely in how they are managed, usually falling somewhere between the URA and BID spectrum.

Staffing

Staffing of authorities and districts varies. 20% of all URAs, DDAs and BIDs responding in the 2008- 2009 survey had employees only, 30% had contractors only, and 50% had both employees and contractors. In the 2018 URA Directory, it appeared that 52% had staff, and of those responding to the DDA survey, 63% had staff and 37% used contractors only, of those who used staff less than 20% used contractors. It appears, that in the case of DDA's there seems to be a stronger desire to hire staff.

Advisory Boards

Authorities and districts in larger municipalities tend to have at least one formal or informal group of advisors. The advisory boards usually form around a particular project (such as a streetscape project that only covers one street in a larger district) or can be more generalized, such as a downtown property owners or business associations.

Elections

One of the most challenging tasks in creating a funding mechanism may be the election process. Often this may be because of the complexity of the voting process, or the lack of understanding of what the funds will be used for. It is strongly suggested that any community embarking on the process to form a district or authority focus on engaging and educating the community in the process of determining the type of authority or district, as well as reviewing how the funding mechanism will work. DCI encourages community forums, panel discussions, and written materials to assist in bringing community members into this process.

Once formed, URAs do not hold elections; though they are accountable to the elected officials of their municipal governments through the aforementioned management structure and advisory boards.

BIDs may hold elections to approve property taxes, bonds or revenue and spending limits. For BIDs, according to the 2008-2009 survey, the easiest aspect of the voting process was the voting administration, followed by the voting process. The petition and review of the petition were considered more difficult.

DDAs may hold elections to approve an operating mill levy of up to five mills, to approve boards, or to approve revenue and spending limits. For DDA survey respondents, the easiest aspect of the election was most often the voting process (one survey participant especially liked their choice of using mail-in ballots) followed by the petition.

Most often, elections held in Colorado for either a BID or DDA have been successful. However, according to 2008-2009 survey respondents, a loss was generally attributed to organized opposition to either additional layers of government or a new tax. In one instance, a tie in the election (resulting in failure), was largely due to the fact that one key business, who would have supporting the formation, was not included in the district boundaries.

Those who want assistance may find that consultants and attorneys that have experience in this area can be most helpful in setting up a successful election process. (See Appendix A: Resources)

Stakeholders

Stakeholders are those with a vested interest in the success of the district or authority. Persons or organizations helpful to include in the formation process are:

- Homeowners
- Major retail developers
- Restaurants and bars
- Educational facilities and school districts
- Light industrial manufacturers
- Out-of-town land owners
- Hotels
- Communication companies
- Labor
- Counties
- Special districts
- Non-profits and Community Groups.

When embarking on this formation process, consider including the following stakeholders on the board of directors:

- Local government
- Petition signatories
- Retailers
- Businesses
- Residents
- Developers
- Construction entities
- Property management firms
- Bankers

VI. Successful Development and Redevelopment

**Longmont Urban Renewal Authority, 1st & Main Transit Oriented Development*



2008-2009 survey respondents provided the following additional insights and anecdotes on the creation and maintenance of development and improvement districts.

Strategies

- Avoid condemnation. A redevelopment of an old gas station converted it into new retail. Condemnation was avoided when a private party was able to purchase and the URA subsidized construction upgrades.
- Leverage funds to create public-private partnerships. The United States Olympic Committee committed to remain in Colorado Springs and negotiated a package with private developers and city to move the staff headquarters into a new building in downtown. A DDA participated in the \$53 million package as a finance partner providing financing through a TIF, estimated to generate \$4 to \$8 million over 29 years.

- Find efficient and experienced management professionals. This can mean the difference between finishing projects on time and below budget, or not.
- Tenant recruitment is the foundation for all successful retail and mixed use projects. Establish relationships with site selectors representing retail land uses your community deems beneficial and appropriate and establish a marketing plan to prospective residential tenants that may buy/lease units within the project.
- Strive to understand the complex dynamics of private sector development, financing, and process. A myriad of risks confront a developer who wishes to partner with the public sector to establish a quality project. Projects worthy of public incentives are often times the most difficult to accomplish from the private sector's perspective, because they involve increased financing, increased time, and increased collaboration, all of which decrease opportunities to attract quality tenants.

- Maintain regular communications with stakeholders and constituents. Those BIDs responding to the 2008-2009 survey communicated with their constituents by use of a variety of methods: email, personal visits, phone calls, special meetings, board meetings, newsletter and direct mail. Respondents found the most effective were board meetings, personal visits, and sending a newsletter.
- Focus on promoting the positive impacts of development and improvement districts. In 2008-2009, URAs reported that when they communicated the benefits of having an urban renewal authority to the general community, other entities' impression of them was favorable. Competing needs for revenue can interfere with favorable impressions.

Case Studies

Survey respondents noted the success of the following projects:

Business Improvement Districts 2008-2009

- A BID in the Town of Black Hawk improved the main street, providing lighting to Highways 6 and 119.
- One BID was responsible for a free circulator shuttle which transports shoppers and employees in a retail area. The circulator connects with local and regional RTD routes to facilitate transportation in and out of the area.
- A large BID created Gateway Station and Clear Creek Commons planned unit developments. Gateway Station involved remediation of PCE pollution and resulted in a self-parked, mixed-use project with 35 residential units, 16,000 square feet of commercial, and a 268-space public parking garage. Clear Creek Square involved flood plain work and redevelopment of an elementary school site resulting in 78 residential condos, an 80,000-square-foot office/retail building, a 14,000-square-foot office/retail building, and a 315-space parking garage.
- A river walk built by one BID extends nearly the entire length of the riverfront and provides a secondary business frontage for growth in the area.
- A Lakewood BID, commissioned renowned outdoor artist Jon Stiles to design, create and install a significant kinetic median art entry feature named Flow to signify entrance into the World Class Alameda Avenue corridor. Flow, representing the flow of traffic in and out of Lakewood and the flow of energy and vitality into the community, is a contemporary "Aspen Grove" with moving kinetic features adorning 20-foot to 30-foot stainless steel columns, including a series of solar voltaic activated marine standard LEDs that light up at sunset and turn off at dawn.

- The North Nevada Project BID had significant development in its first phase. An 80-acre retail center with three anchors—Costco, Lowes and Kohl's—and other supporting retail, was built with higher than usual architectural standards.
- Another BID built a shopping center, restaurants and other retail outlets. The original building and land attracted EchoStar, who now owns the center and uses it for their call center.
- One BID built a housing project in partnership with tri-county housing. It provides affordable housing in the community.
- The Havana BID had many issues typical of an older, established business corridor. The BID board realized it needed to do something to stop the downward skid and encourage property owners to at least do deferred maintenance on their properties. After 18 months of working with the City of Aurora and CDOT, The Havana Street Overlay District was officially on the city's books. This project involved BID board members, BID ratepayers, neighbors, city planners, and CDOT staff. The new overlay district:
 - Provides a high-quality street edge
 - Provides landscape and streetscape options
 - Allows for consistency of appearance and materials so that the Havana Corridor builds a distinctive character over time
 - Adds readily definable amenities specific to the Havana Corridor that are attractive and useful
 - Features less onerous and clearly defined triggers to allow property owners to do needed deferred maintenance
 - Provides a beautiful xeriscape plant and tree palate, as well as design manual containing street furniture collections with newspaper condos
 - » Trees blocking signs: The BID was able to work with the City of Aurora to allow our business owners to group street trees away from their signs, as well as adding a hardy selection of thinner, taller trees with less of a tree canopy that businesses could select for their new landscaping. The grouping of trees and the more business-friendly narrow trees increased the view corridor into the businesses as well.
 - » Accommodating the restricted lot sizes and abundance of attached sidewalks in an older business district, yet achieving a high-quality street edge: The new Overlay District allows existing businesses to keep their attached sidewalks and add a minimum of a 3' landscaped buffer, selecting xeriscape plantings from new list. Only scrape-off projects or new development on vacant land in the overlay district are required to comply with the 10' tree lawn,

10' detached sidewalk, 20' landscape buffer standard city streetscape codes. For restricted frontages, an urban street frontage with plaza buffer option was available. The BID worked with area landscape contractors to familiarize them with the new overlay district ordinance to assist commercial property owners during the 2010 planting season.

- » District and Gateway Markers: when the Havana BID's District Identity Gateway and District Marker Program was ready to roll out, CDOT would not allow for any of the markers in their Right of Way. Plan B involved working with the individual property owners at major gateways and other strategic areas to get permission from the property owners to erect the District ID markers.
- » Street Banner Program: Holiday Banners were installed along Havana Street in December of 2009. This process took a year to get approved. Xcel Energy owns the light poles and inspects each pole and conducts wind velocity testing to ensure that the poles could withstand a 3' x 6' events banner.
- » Newspaper Ordinance and Condominium Racks: The BID worked to replace the multi-colored plastic newspaper boxes on the street with custom-made newspaper condos, as part of a streetscape overlay district plans.

Urban Renewal Authorities – 2018 please see DCI URA 2018 Directory

Urban Renewal Authorities 2008 - 2009

- The City of Pueblo partnered with Pueblo County and the Pueblo URA to attract a \$250 million wind turbine manufacturer. Incentives to attract the project were funded through the Pueblo URA.
- South Westminster is the oldest URA development in the City of Westminster. The URA took an older part of the city which had deteriorated over the years and introduced significant commercial and residential revitalization to the area.
- One urban renewal area had tax-increment financing that expired in 2007. Prior to that, work was done on commercial redevelopment in the downtown area. Street realignments, storm water updates and public space improvements were all accomplished by the URA.
- One downtown URA added streetscapes, median beautifications, and historic building facade improvements to its urban area.

- A blighted and undevelopable urban area with a 5-acre site created a commercial property with infrastructure assistance provided by the URA. A 12-plex movie theater, a retail store and the first bus-related "park and ride" was built on the site. This was a \$15 million project. After this development a senior residential community was also developed next to this site and additional retail redevelopment has occurred.
- The City of Wheat Ridge has been extremely active using TIF for the redevelopment of old shopping centers and blighted properties. They recently provided TIF for the redevelopment of an shuttered car dealership at the municipalities busiest intersection. A new grocery store, 40,000 sq. ft. of additional commercial space, and a 230 unit market rate apartment complex are now in operation. The same was done for another center, with multiple ownership entities that housed the City's original grocery store that has been used as a thrift shop and about 20,000 sq. ft. of mostly empty retail. The redevelopment now houses a new Sprouts, Starbucks, 5,000 sq. ft. retail inline store, and a senior care memory facility.
- The Wheat Ridge URA has also used excess TIF revenues to fund the placement of two new traffic signals for traffic calming and safety as well as the consolidation of an access point between two commercial buildings.

Downtown Development Authorities - 2018 please see DCI DDA 2018 Directory

Downtown Development Authorities

- A DDA was responsible for the construction of a new bus stop and transportation center for the downtown free bus system.

Appendix A: Resources

Publications

Urban Renewal in Colorado (2004.) A joint publication by CML, DCI, and Brownstein, Hyatt & Farber, P.C., the book provides an overview of the urban renewal law in Colorado, an explanation of the amendments made by the General Assembly in 2004 and some nuts-and-bolts explanations of various aspects of a successful urban renewal project. Available for purchase at www.cml.org.

Financing Public Improvements (2009). Outlines the authority to acquire and construct improvements and borrowing methods available to the municipality to finance public improvements, including the financing by other districts and authorities. Available for purchase at www.cml.org.

Professionals & Organizations

Monica Rosenbluth

Butler Snow
1801 California Street
Suite 5100
Denver, CO 80202
(720) 330-2300
www.butlersnow.com

Rick Kron

Spencer Fane
1700 Lincoln Street
Suite 2000
Denver, CO 80203
303.839.3800
www.spencerfane.com

Carolynne C. White and Caitlin S. Quander

Brownstein, Hyatt, Farber & Schreck, LLP
410 17th Street
Denver, CO 80202-4437
303-223-1100
www.bhfs.com

Colorado Municipal League

1144 Sherman Street
Denver, CO 80203-2207
303-831-6411
www.cml.org

Downtown Colorado, Inc.

1420 N. Ogden St
Denver, CO 80218
303-282-0625
www.downtowncoloradoinc.org

Progressive Urban Management Associates (PUMA)

1616 17th Street
Denver, CO 80202 www.pumaworldhq.com

Additional Resources

County, Municipality, and Special District Mailing List
Colorado Department of Local Affairs, Division of Local Government http://www.dola.state.co.us/dlg/local_governments/Docs/lg_type_list.pdf

Special District Association

225 East 16th Avenue Suite 1000
Denver, CO 80203 sdaco@sdaco.org

Appendix B: Development Improvement

District Survey Participants

Below is a list of 2008-2009 survey respondents.

Alameda Corridor Business Improvement District

275 So. Sheridan Blvd # 108 Lakewood, CO 80226
303-274-1807

Black Hawk Business Improvement District

c/o Medill Barnes, District Manager 6031 Bluebell Lane
Evergreen, CO 80439 303-674-0936

Cherry Creek Subarea Business Improvement District

1700 Lincoln Street #3800
Denver, CO 80203

City of Brighton/ Brighton Urban Renewal Authority

22 South 4th Ave
Brighton CO 80601
303-655-2050

City of Delta

360 Main St. Delta, CO 81416
970-874-7566

City of Loveland (Downtown URA)

500 E 3rd Street
Loveland, CO 80537
970-962-2579

City of Westminster

7877 West 110th Drive
Westminster, CO 80021
303-430-2400

Colfax Business Improvement District

P.O. Box 11853
Denver, CO 80218
303-779-4525

Colorado Springs Urban Renewal Authority

104 S. Cascade Ave. Suite 208
Colorado Springs, CO 80903
719-641-1964

Downtown Boulder Business Improvement District

1942 Broadway Suite 301
Boulder, CO 80302
303-449-3774

Downtown Development Authority of Colorado Springs and the Greater Downtown Business Improvement District, affiliated with Downtown Partnership of Colorado Springs

111 South Tejon, Suite 309
Colorado Springs, CO 80903
719-886-0088

Downtown Steamboat Springs Business Improvement District

1700 Lincoln Street #3800
Denver, CO 80203

Englewood Urban Renewal Authority

1000 Englewood Parkway
Englewood, CO 80110
303-762-2346

Estes Park Urban Renewal Authority

P.O. Box 1200
Estes Park, CO 80517
970-577-3704

Fort Collins Downtown Development Authority

19 Old Town Square, #230
Fort Collins, CO 80524
970-420-0537

Flatiron Improvement District

385 S Pierce Ave, Ste E
Louisville CO 80027
720-887-9583

Golden Urban Renewal Authority

922 Washington Avenue, Suite 100
Golden, CO 80401
303-279-4162

Grand Junction Downtown Development Authority

248 South 4th Street
Grand Junction, CO 81501
970-256-4134

Greeley Downtown Development Authority

710 11th Avenue, Suite L-75
Greeley, CO 80631
970-356-6775

Havana Business Improvement District

1700 Lincoln Street #3800
Denver, CO 80203

Highline Business Improvement District

141 Union Blvd., Ste. 150
Lakewood, CO 80228
303-987-0835

Historic Main Street Granby

PO Box 35
Granby, CO 80446
970-887-2858

Lafayette Urban Renewal Authority

1290 South Public Road
Lafayette, CO 80026
303-665-5506

La Junta Urban Renewal

PO Box 489
La Junta, CO 81050
719-384-3636

Littleton Riverfront Authority

2255 W. Berry Ave.
Littleton, CO 80165
303-795-3874

Main Street Louisville Business Improvement District

1700 Lincoln Street #3800
Denver, CO 80203

Town of Mt. Crested Butte

Downtown Development Authority

PO Box 5800
Mt. Crested Butte, CO 81225
970-349-6632

Wheat Ridge Urban Renewal Authority

7500 W. 29th Ave.
Wheat Ridge, CO 80033
303-235-2806

Annual IN THE GAME Downtown Conference

DCI's annual four-day conference 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 Studios workshops where participants worked side-by-side with leading industry experts and local peer networks to craft problem-solving plans that connect communities to supporting networks and resources, helping them to get the job done.

City Builder Forum

DCI hosts large and mid-sized communities and districts to help foster dialogue around innovation and problem solving for community and economic development in an urban setting. Through interactive dialogue and sharing, participants identify areas of collaboration, programming and creative solutions.

Technical Assistance

DCI will gather a team of specialists who will visit your community and outline a comprehensive plan of action to jumpstart your community's development projects. Participate in our year-long Downtown Sustainability Partnership program and receive a discount on DCI's trainings and events.

About Downtown Colorado, Inc. & District Services

Downtown Colorado, Inc. (DCI) is a nonprofit, membership association committed to building better communities by providing assistance to Colorado downtowns, commercial districts and town centers. Established in 1982 as Colorado Community Revitalization Association and now dba Downtown Colorado, Inc., our organization provides four core services to organizations and individuals engaged in downtown and commercial district development: technical assistance, education, advocacy and program participation.

Membership

Districts may join DCI as a Public or Nonprofit Partner Organization that allows all employees of your organization to use DCI membership benefits for a single payment. As a member, receive discounts on our educational events and take advantage of our networking and professional development opportunities.

Guide to Downtown Redevelopment Financing Mechanisms

Learn and understand the differences between Business Improvement Districts, Downtown Development Authorities, and Urban Renewal Authorities as well as the projects and tools that other districts have successfully implemented in their area.

District Quarterly Meetings

At DCI's quarterly meetings for Downtown Development Authorities, leaders and board members from DDAs across the state join in discussion of their latest projects, successes, and challenges and share the methods that have led to successful implementation.

Development & Improvement Districts Forums

The monthly DIDs Forums feature engaging discussions led by area specialists to provide special districts information and a space to ask questions about topics such as financing mechanisms, engagement, and communications. Forum topics are released with the events calendar each year.

COLORADO IMPROVEMENT DISTRICTS

	Business Improvement District (BID)	Downtown Development Authority (DDA)	Urban Renewal Authority (URA)	General Improvement District (GID)	Special Improvement District (SID)	Metropolitan District
Background/ Summary	Quasi-municipal organization. Is a subdivision of the state. All property assessed in a BID must be commercial. Boundary may or may not be contiguous.	Quasi-municipal corporation which is intended to halt or prevent deterioration of property values or structures in Central Business District.	Established to eliminate blighted areas for development or redevelopment by purchasing, rehabilitating and selling land for development.	Quasi-municipal corporation which is subdivision of the state. Can provide a wide range of services.	An assessment district is not a subdivision of the state, nor is it separate from the municipality.	Quasi-municipal corporation is a subdivision of the state. Boundary may or may not be contiguous. Often used in large scale new developments.
Focus	Management, marketing, advocacy, economic development. (Can issue bonds for capital improvements.)	Real estate development, infrastructure, operations.	Real estate development, rehab financing, infrastructure.	Capital improvements, public facilities, maintenance.	Capital improvements, infrastructure.	Infrastructure finance, construction and operation. Can and usually does issue bonds for capital improvements.
Formation Steps	Approval by petition of property owners representing 50% of acreage and 50% of value of proposed district; Council ordinance; TABOR election.	City ordinance subject to vote by affected property owners. TABOR election.	Finding of blight; Petition by 25 electors; Council resolution. Separate approval for projects within the authority.	At least 200, or 30 percent of, whichever is less, electors of the proposed district must sign petitions. If all taxable property owners in the district sign a petition, public hearing can be waived.	Need petitions from property owners who will bear at least 50% of the cost of the improvement; Ordinance forms district.	Approval of service plan by city or county; Petition as in GID; election.
Assessment Method	Assessment or mill levy on commercial property.	TF on property and/or sales and 5 mill property tax for operations.	TF on property and/or sales tax.	Property tax and income from improvements.	Assessments on property.	Property tax. Can also collect fees and charges for services and facilities. Special assessments possible.
Pros/Cons	Very flexible entity that can finance improvements and provide services. Can issue bonds.	Ability to finance improvements and provide services; can have a mill levy and TF.	Can generate sales and/or tax increment to finance future development. Can be controversial.	Only those in the district can authorize and pay for improvements. Requires petition and election.	Equitable; only those who benefit pay. Difficult to form - requires election. City constructs improvements.	Very flexible for both infrastructure and operations. Board independence can be a concern.
Governance	Infrastructure and operations. Board independence can be a concern.	5- to 11-member board appointed by city council.	5- to 11-member board appointed by city council.	Governing of the city is ex-officio board.	City council	5- or 7-member board elected by District voters.
Condemn property?	No	No	Yes	Yes	No	Yes
Operate facilities?	Yes	Yes	Yes	Yes	No	Yes
Levy property tax w/ Voter Approval?	Yes	5 mill property tax for operations.	No, but can use TF.	Yes	No	Yes
Levy sales tax with voter approval?	No but may create SID w/in BID.	No, but can use sales tax TF.	No, but can use TF.	No	No	Yes, but for streets, street safety, transportation only.
Assess costs?	Yes	Yes	No	Yes	Yes	Yes
Issue GO bonds w/ voter approval?	Yes	Bonds secured by tax increment.	Bonds secured by tax increment.	Yes	No	Yes
Issue revenue bonds?	Yes	Yes	Yes	Yes	Yes	Yes
Issue special assessment bonds?	Yes	No	No	Yes	Yes	Yes
CO Revised Statute Cite	31-25-1201 et seq CRS	31-25-801 et seq C.R.S.	31-25-101 et seq C.R.S.	31-25-601 et seq C.R.S.	31-25-501 et seq C.R.S.	32-1-101- et seq C.R.S.

