

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 26

DATE: July 15, 2008

STAFF: Christina Vincent

SUBJECT

Resolution 2008-067 Authorizing and Directing Staff to Prepare an Urban Renewal Plan and Existing Conditions Study for the Prospect South Area.

RECOMMENDATION

Staff recommends the adoption of the Resolution.

EXECUTIVE SUMMARY

The City Council established an Urban Renewal Authority (URA) to provide assistance to redevelopment projects in specified areas of the city. The Prospect South Area is identified as a Targeted Redevelopment Area in *City Plan*. Capstone Development Corporation is proposing a mixed-use redevelopment project, including student housing on the edge of CSU's Main Campus, along with transit oriented design features adjacent to the Mason Corridor, and storm water management for an historically flood prone site. The costs of redevelopment are significant and utilization of Tax Increment Financing (TIF) from the URA is needed to make the project financially feasible. Staff is seeking Council's authorization to proceed with the preparation of an Existing Conditions Survey and draft an Urban Renewal Plan for the Prospect South Area.

BACKGROUND

In 1982, the Fort Collins City Council created an Urban Renewal Authority (URA) and designated itself as the governing board (known as the "Authority"). The boundaries of the URA are the municipal limits. The Fort Collins URA was created to prevent and eliminate conditions in the community related to certain "blight factors," as defined in the State's Urban Renewal Laws. State Statutes allow the URA broad powers to carry out its statutory mandate. Included are the powers to enter into contracts, borrow funds, and acquire property voluntarily or by eminent domain, among others. Urban renewal projects may be financed in a variety of ways. URAs are authorized to issue bonds and accept grants from public or private sources. The principal method of financing urban renewal projects is through obligations secured by property tax or sales tax increments from the project area, or "tax increment financing" (TIF). The URA exercises its powers by planning and carrying out urban renewal plans in urban renewal areas.

Urban Renewal Plan Areas have the following objectives that are consistent with *City Plan*:

PRINCIPLE GM-8

“The City will promote compatible infill and redevelopment in areas within the Growth Management Area boundary.”

POLICY GM-8.1

“Redevelopment and infill development will be encouraged in targeted locations. The purpose of these areas is to channel growth where it will be beneficial and can best improve access to jobs, housing and services with fewer and shorter auto trips...A major goal is to increase economic activity in the area to benefit existing residents and businesses and, where necessary, provide stimulus to redevelop. These areas should be defined from *City Plan*, Subarea Plans, Zoning and locational criteria such as:

- Underutilized land;
- Areas already undergoing positive change, which is expected to continue;
- Areas where infrastructure capacity exists;
- Areas where public investment is warranted from a policy perspective;
- Areas with special opportunities, such as where major public or private investment is already planned;
- Transportation opportunities:
 - along travel corridors
 - along enhanced travel corridors”

POLICY GM-8.5

“The City will consider opportunities, and the costs and benefits for targeted public investment in order to encourage redevelopment and infill development in appropriate locations.”

The area west of College Avenue and south of Prospect Road has been identified as a targeted redevelopment area in *City Plan* and directly correlates to the overall plan of the Mason Corridor enhancements.

The following are the boundaries of the area staff will study (see attached map) for the potential designation as the Prospect South Urban Renewal Plan Area:

- North: Prospect Road, beginning one-half block East of College Avenue and extending to the BNSF railroad tracks one block West of College Avenue;
- East: The north-south alley that runs between South College Avenue and Remington Street;
- South: Johnson Avenue; and
- West: The BNSF railroad tracks; however, there is one small parcel west of the railroad and south of Prospect that will also be studied

Staff will further define the boundary as the evaluation of the existing conditions survey proceeds and a more in-depth assessment regarding the needs of the area is made.

The major purpose of establishing a Prospect South Urban Renewal Plan Area would be to permit the utilization of tax increment financing (TIF) in redevelopment projects. TIF is a tool that is commonly used throughout Colorado for a variety of redevelopment and economic development purposes. Timnath, Loveland (Centerra), Westminster/Thornton, and many other Front Range communities use TIF as a principal tool for funding public improvements related to redevelopment and non-redevelopment sites. TIF has proven an effective tool by these communities to overcome significant public improvement costs to facilitate development to assist in producing a healthy economy in a competitive regional market. Given the lack of economic tools at the City's disposal and the effectiveness of TIF, staff believes that utilizing TIF is the most effective tool to help keep the targeted redevelopment areas competitive with these other communities. The obvious advantage of using TIF is that public assistance toward the development is driven by enhancements to the assessed valuation of the property and is funded through property tax revenues versus sales tax revenues.

City staff has been approached by Capstone Development Corporation who has determined this area is a key location for its proposed mixed-use redevelopment project. The proposed project includes student housing on the edge of CSU's campus, transit oriented design features along the Mason Corridor, and storm water management for this historically flood prone site. All indications are that Capstone is ready to move forward with its redevelopment plans, however, the costs of redevelopment are significant. The use of TIF is key to Capstone's redevelopment plans for the site and for making the mixed-use student housing project feasible. The use of other public and private financing mechanisms is also anticipated.

The Existing Conditions Survey (a.k.a. "Blight Study") will describe the conditions in line with statutory definitions that constitute "blight" that exist in the study area. Consideration should then be given to the creation of an Urban Renewal Plan for the area to first of all eliminate the conditions that constitute "blight" and to further promote the goals and objectives of *City Plan*.

Authorizing staff to proceed with conducting the Existing Conditions Survey and preparation of the Prospect South Urban Renewal Plan does not commit the Council to formally adopting the survey and plan at this time. City Council will, however, eventually adopt a resolution of necessity finding that blight exists within all, or a portion of, the study area and determining that the rehabilitation and/or redevelopment of the area is in the interest of the public health, safety, morals or welfare of the residents of Fort Collins, and adopt another resolution officially establishing the Prospect South Urban Renewal Plan Area. The Plan will examine the feasibility and desirability of implementing an urban renewal program and will make recommendations for correcting those conditions contributing to "blight".

Staff has discussed the need for an existing conditions evaluation as a proper process for determining if an urban renewal area is needed. Staff has notified Larimer County of the intention to evaluate the area with an Existing Conditions Survey. Staff continues to meet with the County staff to identify specific details regarding the financial impacts to the County. The public outreach will attempt to create strong community collaboration similar to that of the North College area without the need for an additional Citizen Advisory Group. This outreach includes individual

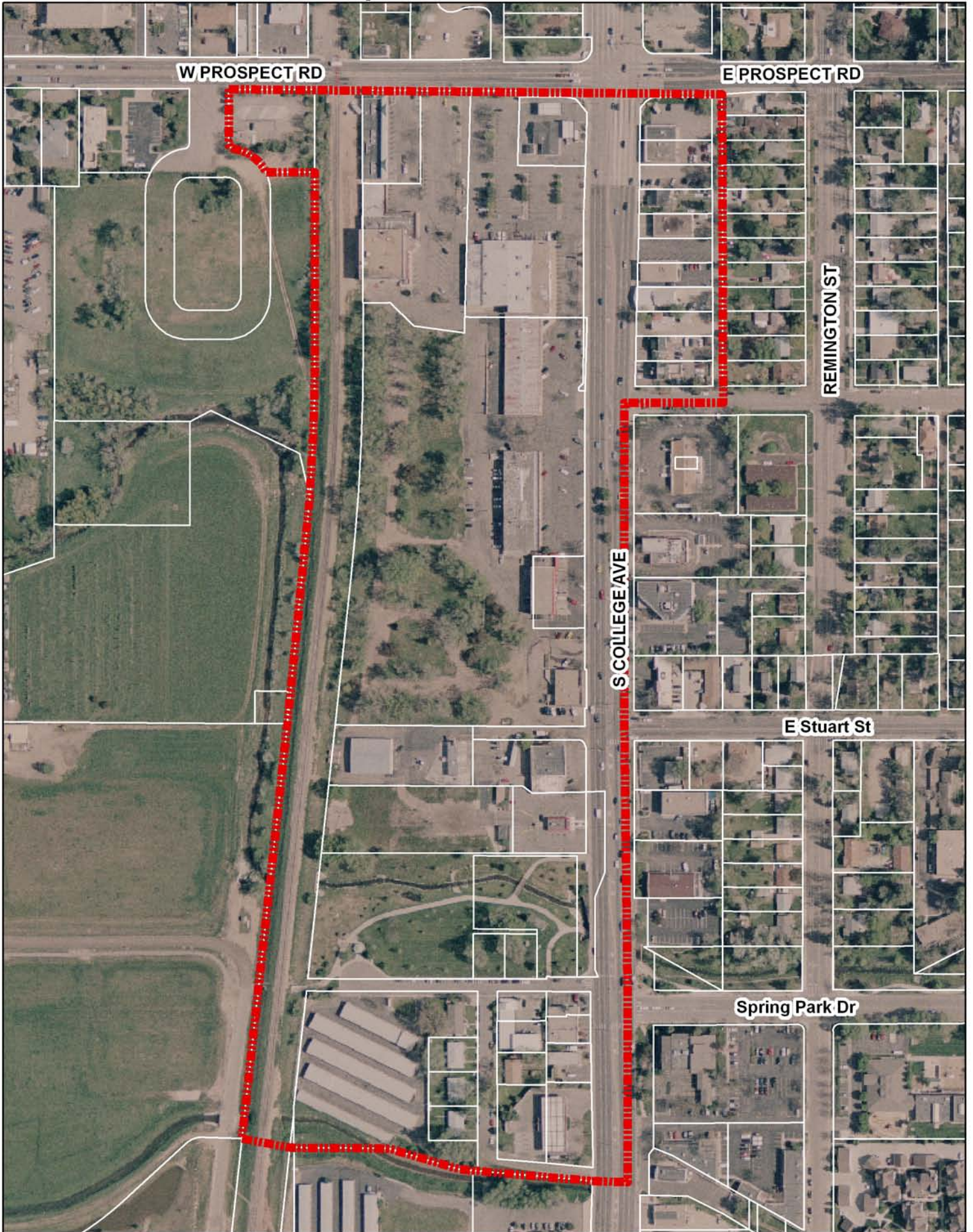
contacts with property owners, at least one public open house, and written notification has been sent to property owners and tenants in the study area.

ATTACHMENTS

1. Prospect South Urban Renewal Plan boundary map.
2. Prospect South Proposed Schedule.
3. Power Point Presentation.

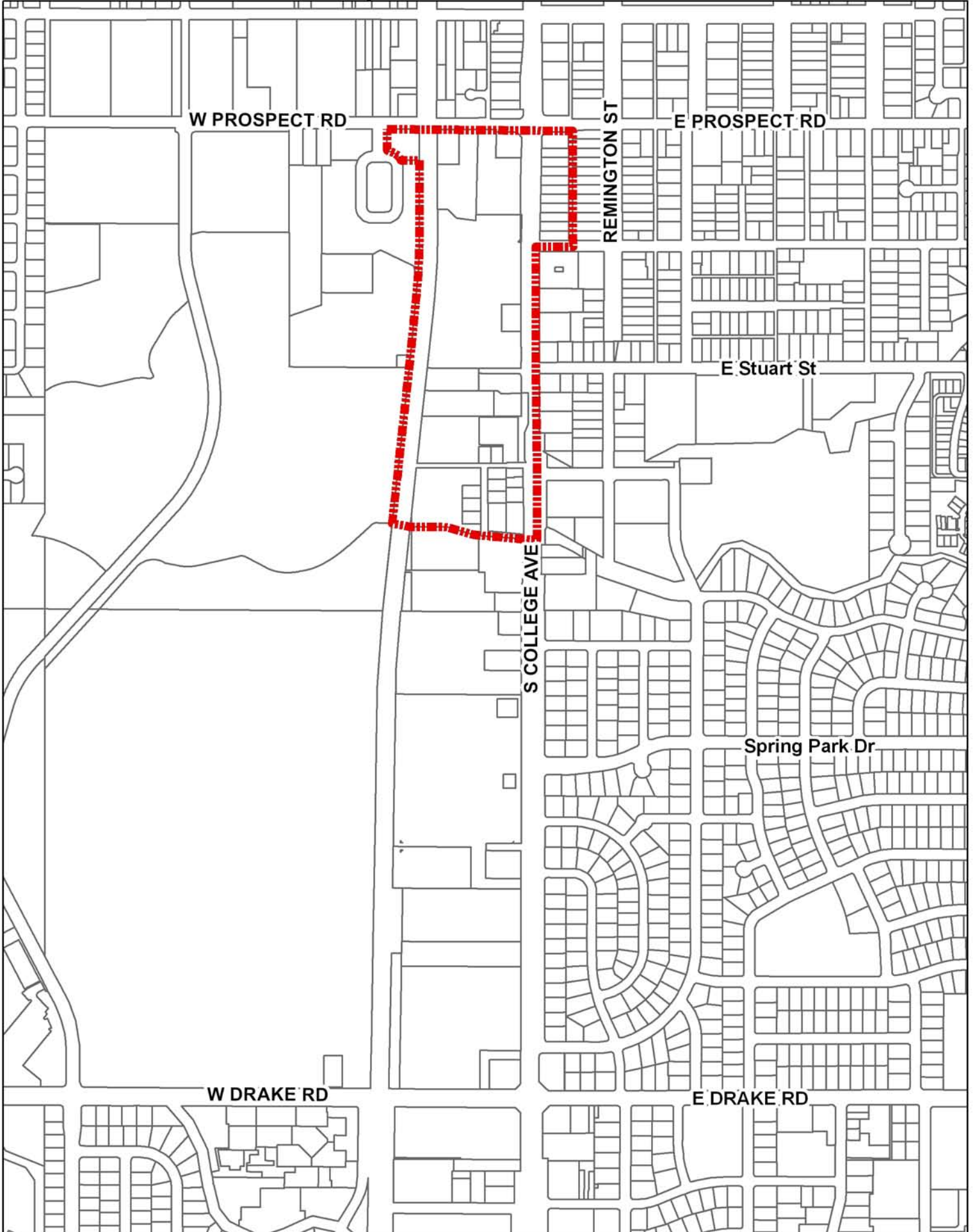
1 inch equals 250 feet

Prospect South URP



1 inch equals 667 feet

Prospect South URP



SCHEDULE for APPROVAL OF "PROSPECT SOUTH" URBAN RENEWAL PLAN by THE CITY OF FORT COLLINS																									
WEEK OF:	6/23	6/30	7/7	7/14	7/21	7/28	8/4	8/11	8/18	8/25	9/1	9/8	9/15	9/22	9/29	10/6	10/13	10/20	10/27	11/3	11/10	11/17	11/24	12/1	
Gain support from the Property Owners	*****	*****	*****																						
Completed Council AIS & Resolution to proceed		7/2		7/15																					
Council approves Resolution to proceed				7/15																					
Preparation of Blight Study/URA Plan	*****	*****	*****	*****	*****	*****	*****	*****																	
Completion of Blight Study/URA Plan								*****	*****	*****	*****														
One-on-One public education/discussions	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Establish/Maintain Project Web Page							*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****	*****
Notification of Open House										8/25															
Public Meeting (Open House)												9/18													
Completed Council AIS on Blight Study/URA Plan																10/3									
Submit Blight Study/URA Plan to Council																									
City Council Work Session																									
Council submits URA Plan to P&Z Board																									
Notification of P&Z Board Review																									
Notification to Poudre School District																									
Council Submits URA Plan to County Commissioners																									
P&Z Review of URA Plan for Conformance to City Plan																									
Publication of Notice of Council Public Hearing on Blight Study URA Plan																									
Notification to County Commissioners & PSD																									
Written Notice to Property-Owners, Residents and Business Owners																									
Completed Council AIS on Adoption of Study/URA Plan																									
Council Public Hearing to (1) determine blight, and (2); approve URA Plan																									
Council Notifies County Assessor of approval of URA Plan (if Plan provides for tax increment funding)																									
CVINCENT_Revised: June 30, 2008																									

*Initiate Existing Conditions Study in
preparation for a potential
Prospect South
Urban Renewal Plan*

**City Council Hearing
July 15, 2008**



1

Resolution

CONSIDER AUTHORIZING STAFF
TO PREPARE AN
EXISTING CONDITIONS STUDY AND
URBAN RENEWAL PLAN
FOR THE
PROSPECT SOUTH AREA




2



Why consider a URP?

- Allow the use of TIF in redevelopment projects;
- Evaluate opportunities for redevelopment;
- Create an economic stimulus; and
- Provide needed improvements and public benefit.



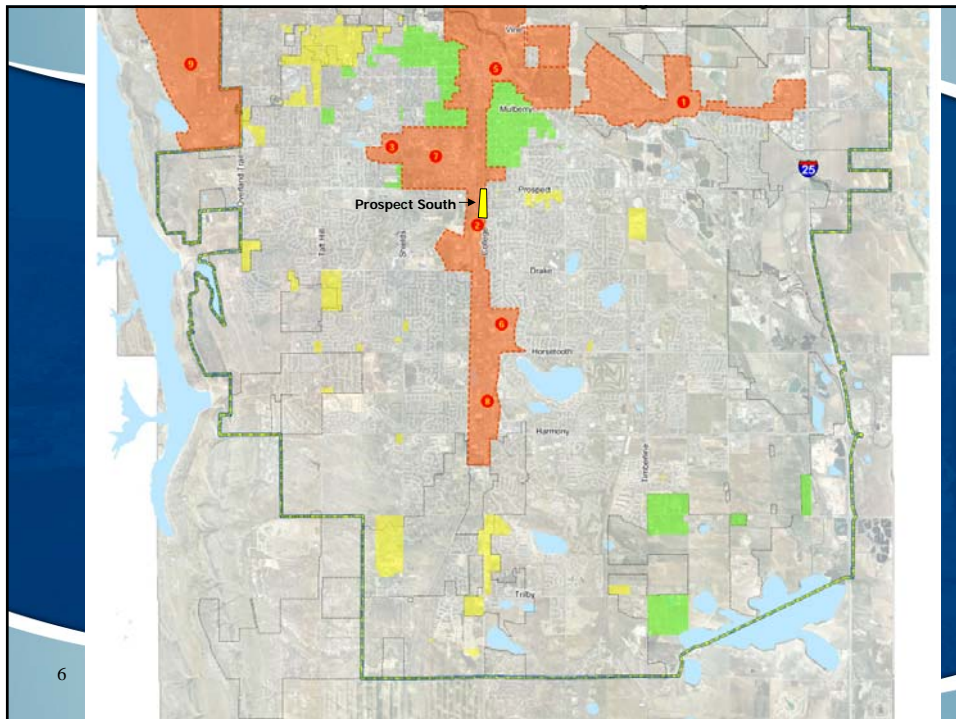
4

City Plan Principle

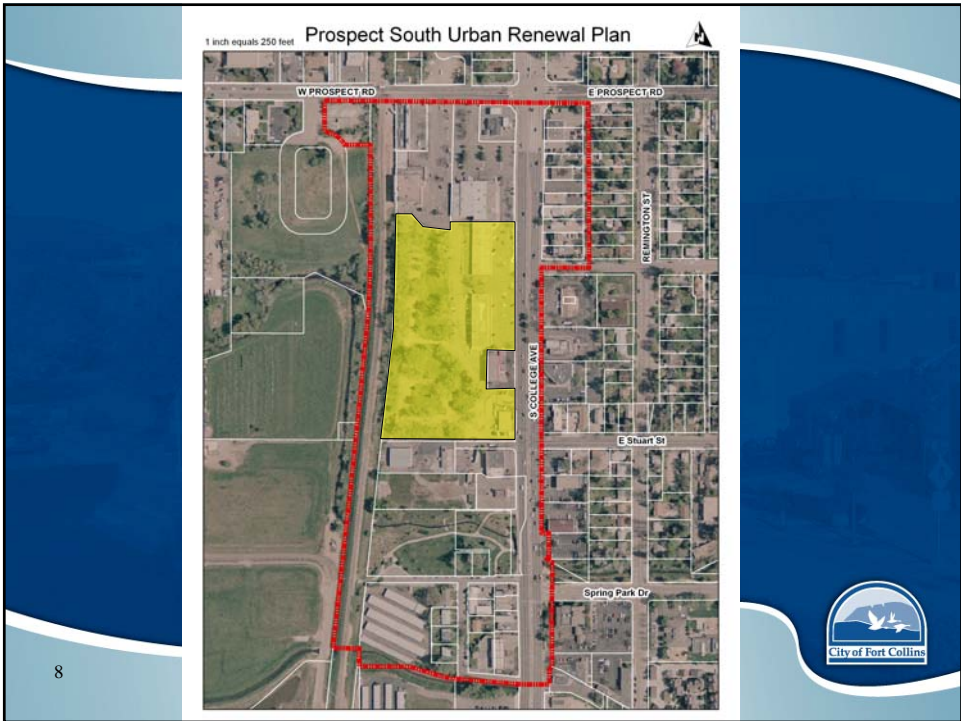
“The City will promote compatible infill and redevelopment in areas within the Growth Management Area boundary.”

PRINCIPLE GM-8

5



6



Project Background

- 10 acres at Prospect and College
 - South of Chuck E Cheese
 - West to RR tracks – former mobile home park
- Mixed use project
 - 50,000 sq feet of commercial redevelopment
 - 220 units, or 676 beds for student housing

9



Site Advantages

- Project envisioned by UniverCity connections
- Mason Corridor – Transit Oriented Development
- Relief for “near neighborhoods” to CSU
- Can reduce auto dependence – proximate to CSU
- Creative stormwater management approach
- LEED certification

10



Site Issues

- Extra-ordinary cost to develop
 - Relatively high land price
 - Modest rental rates in Fort Collins
 - Stormwater issues
 - Development fees

11



Key Barriers to Development

- \$1 – 2 Million project gap...
- Issues Capstone has requested assistance with:
 - Abatement of property taxes for five years
 - Reduction of development fees

12



Financing

- Tax Increment Financing
- No additional taxes or taxing districts
- Short falls of project viability
 - High land cost
 - Modest rental rates in the market
 - High impact, development and utility fees & charges

13



Process

1. Allow staff to analyze the existing conditions
2. Conduct study and report on plan area
3. Work session to review results and make recommendation based on findings
4. Planning and Zoning Board Review
5. Scheduled to make final review by end of year

14



Public Outreach

- Individual contacts with property owners
- Written notification to property owners and tenants
- Open House (one, at minimum)
- Notification to other districts (county, school, etc)
- Public Hearings

15



Recommendation

Staff recommends adoption of the resolution to analyze the existing conditions and consider creating an urban renewal plan

16



QUESTIONS?

17



RESOLUTION 2008-067
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING AND DIRECTING STAFF TO PREPARE
AN URBAN RENEWAL PLAN AND EXISTING CONDITIONS SURVEY FOR THE
PROSPECT SOUTH AREA

WHEREAS, in 1982, the City Council created an Urban Renewal Authority (URA) for the purpose of eliminating blight in the community, and the City Council designated itself as the Board of Commissioners of the Urban Renewal Authority; and

WHEREAS, an Urban Renewal Authority exercises its statutory powers by planning and carrying out urban renewal plans in the geographic area of the URA; and

WHEREAS, the area along College Avenue from Prospect Road continuing south to approximately Spring Park Drive (the "Prospect South Area") has been identified by the staff as an area that may be experiencing conditions of blight as that term is described and defined under the Colorado Urban Renewal law; and

WHEREAS, the purpose of exploring the possibility of establishing a URA plan for the Prospect South Area is to enable the offering of tax increment financing as a tool to stimulate and leverage both public and private sector development for the purpose of eliminating and preventing the spread of blight in the area; and

WHEREAS, it is in the best interest of the residents and businesses within the Prospect South Area and the City generally that this area become more economically viable and, in order for this to occur, a comprehensive approach to revitalization may be necessary; and

WHEREAS, the Council has determined that it is in the best interest of the City to recognize that this area may need to become an urban renewal project area and that an urban renewal plan for the area, including the statutorily required blight study, should be prepared.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS that City staff is hereby directed to prepare an urban renewal plan and existing conditions study for the Prospect South Area, which area is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference, and to present the same to the City Council, acting as the Board of Commissioners of the Urban Renewal Authority, for further consideration and potential action.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 15th day of July A.D. 2008.

Mayor

ATTEST:

City Clerk

EXHIBIT "A"

DESCRIPTION OF THE PROSPECT SOUTH URBAN RENEWAL AREA

The Prospect South Urban Renewal Area is located in Sections 23 and 24 of Township 7 North Range 69 West of the Sixth Principal Meridian, City of Fort Collins, Larimer County, Colorado, being more particularly described as follows;

Commencing at the intersection of the easterly extension of the southerly Right of Way of West Prospect Road with the east line of the Northeast Quarter of the said Section 23, the said intersection is also the TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE westerly along the said extended line and along the said southerly Right of Way of West Prospect Road, and its westerly extensions, to the easterly Right of Way of Tamasag Drive;

THENCE southerly along the said easterly Right of Way of Tamasag Drive to the southerly line of Lot 10 of the Plat of Griffin Plaza;

Thence easterly along the said southerly line of Lot 10, to the westerly Right of Way of the Burlington Northern Railroad;

THENCE southerly along the said westerly Right of Way of the Burlington Northern Railroad to a point that is perpendicular with the said westerly Right of Way to the angle point in the westerly line of Lot 17 of Spring court Subdivision;

Thence easterly along the said perpendicular line to the easterly Right of Way of the said Burlington Northern Railroad, and the said angle point in the westerly line of Lot 17;

THENCE leaving the said Railroad Right of Way, and proceeding southerly along the said westerly line of Lot 17, to the southerly line of the said Lot 17 and to the southerly line of the said Plat of Spring Court Subdivision;

THENCE easterly along the said southerly line of the Plat of Spring Court Subdivision and its easterly extension, to the easterly Right of Way of South College Avenue;

THENCE northerly along the said easterly Right of Way of South College Avenue, and its northerly extensions, to the centerline of Parker Street;

THENCE easterly along the said centerline of Parker Street to the southerly extension of the easterly Right of Way of the north-south alley connecting East Prospect Road and Parker Street lying between South College Avenue and Remington Street;

THENCE northerly along the said easterly alley Right of Way to the southerly Right of Way of East Prospect Road;

THENCE westerly along the said southerly Right of Way, and its westerly extension to the said east line of the Northeast Quarter of the said Section 23

THENCE along the said east line to the Point of Beginning.