

SUBJECT

Resolution No. 024 Adopting Policies and Procedures for the Fort Collins Urban Renewal Authority.

EXECUTIVE SUMMARY

The Urban Renewal Authority (URA) policies and procedures were restructured and expounded upon to fit the criteria discussed at URA Board meetings over the past 18 months. It was apparent, through the process of new URA projects, that the current policy document needed improvement and additional clarity for guidance. The guidelines are general in nature and are not as clear and concise as staff or applicants thought they should be. The lack of step-by-step process and additional information, in staff's opinion, left the URA vulnerable to loopholes in the process. This revised document is an effort to enhance the process, provide better customer service to URA applicants, create better decision-making tools for the URA Board, and allow staff a reference document for URA goals and objectives.

BACKGROUND / DISCUSSION

The URA Board approved the first version of URA policies in August 2006. Originally, the URA Board formed an ad-hoc committee to create a mission statement and develop general policies. Those policies have since guided the URA in the initial stages of preparing for future URA projects. There are now several approved URA projects that both the URA team and staff felt needed more clarification and direction when guiding applicants through the process.

This process began in fall 2009 with the URA team producing several iterations of the document. Once in final draft format, it was presented to the North College Citizen Advisory Group (CAG). The CAG is an advisory group that makes recommendations to the URA Board for North College projects. The CAG reviewed the policies in two separate meetings and made recommendations for changes, which are in the revised version of this document.

Basic changes:

- Clear introduction with explanation of the purpose of the Policies and Procedures.
- Clear distinction of the objectives, goals, and eligible development and costs.
- Establish evaluation criteria
 - Financial feasibility (establishment of a threshold for projects that need proforma analysis)
 - Policy assessment
 - Local ownership criteria changed from Larimer County to 40 mile radius from the City of Fort Collins Growth Management boundary.
 - All payments will be issued on a reimbursement basis at the issuance of Certificate of Occupancy, unless otherwise determined by the URA Board.
- Includes the questions stated in the URA application.
- Step-by-step process illustration.

This document will allow the URA Board and staff to continue guiding development to meet the overall objectives and emphasize the new process structure.

SUSTAINABILITY: ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

This proposal will increase the economic impact the URA application process can have on a proposed development. The improved process will enhance customer service to the applicants, provide sound direction through the process, and foster effective partnerships through clear communication. The additional social value will be for the staff, CAG, and URA Board to make informed recommendations and decisions based on a clear set of guidelines.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

PUBLIC OUTREACH

The North College Citizen Advisory Group (CAG) recommends the proposed URA policies and procedures to the URA Board.

ATTACHMENTS

1. URA Policies and Procedures, adopted August 15, 2006
2. North College Citizen Advisory Group minutes, March 4, 2010.
3. Summary of Joint Work Session with URA Board/CAG, July 28, 2009
3. Power Point Presentation

URA Policies and Procedures
Adopted August 15, 2006

City of Fort Collins Urban Renewal Authority

Mission Statement

The mission of the Fort Collins Urban Renewal Authority (URA) is to remedy blight by stimulating and leveraging private capital investment, using tax increment financing in private development projects and public improvement projects. The URA functions as a catalyst, partner, advisor and participant to foster sound growth and development.

General URA Policies

The URA will only assist development and redevelopment projects that meet the identified objectives of the respective Urban Renewal Plan (URP) area.

The URA will consider TIF for infrastructure needs normally required of development and redevelopment projects if one or more of the following are met:

- the infrastructure is an extraordinary or unusually costly remedy for blight factors (e.g., due to difficulties of retrofitting existing developed areas, need for assembly of multiple properties, etc.)
- the project is for affordable housing
- the project creates significant numbers of new primary jobs
- the project has great potential to capture spending that is currently "leaking" out of the market area, or is a "destination" use that will attract others from outside the area
- the infrastructure serves other development and redevelopment sites, facilitating further improvements in the area

The URA will also consider TIF for:

- enhancements and amenities that benefit the public such as streetscapes, enhanced architecture and building materials, special site improvements, etc.
- retention or expansion of existing businesses offering primary jobs or unique offerings that complement the business mix
- site clearance or site acquisition
- removal of hazardous materials or conditions
- projects that preserve and adaptively reuses historic structures
- projects that protect natural habitats and features both on the site and in the vicinity of the site
- projects that use the best available technologies and practices for renewable energy and/or energy efficiency

The URA will not retroactively reimburse projects or make payments to cover costs associated with any actions already incurred by a development or redevelopment project prior to a request for financial assistance being considered by the URA.

The URA will pursue grants and other types of financial assistance from federal and state agencies.

The URA will cooperate with other governments, entities, and agencies to accomplish redevelopment objectives.

7. URA policies and procedures was presented in January 2010 as a draft seeking corrections/comments prior to final draft. URA policies were presented in final draft and only one correction made. The local ownership component was changed from residence within Larimer County to reflect a 40 mile radius from the Fort Collins Growth Management Boundary.

The North College CAG recommends the URA policies and procedures to the URA Board for approval. Motion passes unanimously 8-0

Next meeting CAG has requested John Haakas from the City's Utilities department to discuss the sewer issue at Union Place.

CAG requested the chart be emailed in PDF form as well as the current unencumbered funds.

Adjourn: 9:00am

URA/CAG Joint Session
July 28, 2009



Discussion Points and URA Board Direction:

North College Infrastructure Funding Plan (NCIFP)

- A Board member expressed dislike and disagreement with the Realigned Vine concept and requested clarification of the \$24 million cost estimate he has seen in the past.
- Tax increment financing is not an automatic entitlement for developers.
- The CAG needs to be vigilant about the percentage of tax increment allocated to individual development projects.
- The Board relies heavily on the CAG to scrutinize proposals and make the difficult choices about saving part of the tax increment for capital projects.
- Competing needs for funding of development and capital projects are acknowledged and understood by both the Board and CAG.
- The Board will expect to see the draft materials developed into a document for adoption.

Green Building criteria

- Incorporate green building language into TIF application, score card, and agreements.
- The purpose and intent is to give attention and provide incentives for projects to go beyond basic Code requirements for energy and resource-conserving features.
- Considerations should include life cycle analysis (costs, savings, resale value, etc.)
- The Board encouraged education on this topic for the CAG, staff and TIF applicants, so that they can then discuss issues and share ideas. The suggestion was made to arrange for presentations by qualified staff working on the Green Building Code, or CSU's Institute for the Built Environment.

Other

The Union Place project was recently approved for TIF with 75 units. A Board member noticed that the unit count was changed to 89, and requested an explanation of the change to check his assumption that the plan is still as good or better than the plan the Board approved. Adding units to a plan can enhance a plan, or detract from a plan; and plans should be implemented as approved by the Board. Any substantive changes beyond minor amendments should be reviewed with the Board and probably CAG as well. A Board member asked for a description of when the URA will pay for relocation or damages to existing businesses.

Next Steps:

Staff will prepare a NCIFP document for adoption, with review by the CAG, NFCBA, and the public.

Staff will revise the appropriate forms and documents to add green building considerations.

Staff will investigate an appropriate green building presentation for the CAG and URA staff.

Staff will provide a memo to the Board and CAG explaining changes to the Union Place development plan; compensation to existing businesses; and Realigned Vine costs and reasoning.



URA Policies & Procedures

Urban Renewal Authority Board Meeting
May 4, 2010



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PURPOSE

- 1. Guidance**
Staff, CAG, URA Board, Developers
- 2. Objectives**
- 3. Eligible Development**
- 4. Eligible Costs**
- 5. Criteria**
- 6. Process & Timeline**



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DIFFERENCES

- Clearly state the financial need
- Closer linkage to goals of Retention, Expansion, and Attraction
- Highlight the green building incentive
- Give direction & set expectations
- Clearly state this is not an entitlement
- Develop an evaluation criteria

EVALUATION CRITERIA

1. Financial Feasibility
 - “But For” test
 - Independent financial analysis of the project proforma
 - Shown equity investment in the project
2. Policy Assessment
 - Project meets goals of various plans
 - If goals are not clearly met, additional criteria may result

EVALUATION CRITERIA

3. Any land purchase will not exceed fair market value
4. Cannot be retroactively reimbursed
5. Application must be complete
6. Local ownership preference (40 mi.)
7. Applicant must provide past experience
8. Level of TIF is based on project merit
9. TIF assistance on reimbursement basis

5 STEP PROCESS

STEP 1 -Talk with Staff/Negotiate/Submit Application

STEP 2 - Financial analysis

STEP 3 - Staff Recommendation

STEP 4 – CAG recommendation (if in North College)
Two separate CAG meetings

STEP 5 – Redevelopment Agreement/URA Board mtg
for decision

Questions

RESOLUTION NO. 024
OF THE BOARD OF COMMISSIONERS OF THE
FORT COLLINS URBAN RENEWAL AUTHORITY
ADOPTING POLICIES AND PROCEDURES
FOR THE FORT COLLINS URBAN RENEWAL AUTHORITY

WHEREAS, on August 15, 2006, the Board of Commissioners of the Fort Collins Urban Renewal Authority (the "Board") adopted Resolution No. 007, which approved a mission statement and general policies for the Fort Collins Urban Renewal Authority (the "Authority"); and

WHEREAS, the Authority has continued to grow and expand its role in development of urban renewal plan areas and consequently impacts the citizens of Fort Collins, affecting their quality of life; and

WHEREAS, the Authority and its work in current and future urban renewal plans may also influence the operations of the City; and

WHEREAS, the Authority staff has an interest in providing input on proposed developments to the Board of the Authority; and

WHEREAS, members of the public and potential developers of property with the current and future urban renewal plan areas seek clear direction on what to include in applications and what to expect in terms of Authority processes; and

WHEREAS, Authority staff has recommended certain changes to the Authority's policies and procedures in order to provide better customer service to members of the public, developers, and the Board.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE FORT COLLINS URBAN RENEWAL AUTHORITY as follows:

Section 1. That the policies and procedures contained in the attached Fort Collins Urban Renewal Authority Policies and Procedures accurately reflect the Board's expectations for the processing of applications for financial assistance from the Authority.

Section 2. That the Board hereby adopts the Fort Collins Urban Renewal Authority Policies and Procedures attached hereto as Exhibit "A" and incorporated herein by this reference.

Passed and adopted at a regular meeting of the Board of Commissioners of the City of Fort Collins Urban Renewal Authority this 4th day of May A.D. 2010.

Chairperson

ATTEST:

Secretary

SECTION I – INTRODUCTION:

This policy is to provide guidance for the Fort Collins Urban Renewal Authority (URA) staff, Citizen Advisory Group (North College), and URA Board (Board) in considering, reviewing and processing applications that seek to use Tax Increment Financing (TIF) assistance for development activities within the designated plan areas. The URA Board will have the option of amending or waiving sections of this document when determined necessary or appropriate.

- 1** The fundamental purpose for application to the URA for TIF assistance is to encourage desirable development/redevelopment projects within URA plan areas that would not otherwise occur “but for” the assistance provided through TIF.
 - 2** Examples of eligible project costs that an applicant may apply for TIF assistance are listed in Section IV – Eligible Costs.
 - 3** It is the intent of the Board to provide the minimum amount of TIF assistance to make the project viable. The provision of financial assistance is at the sole discretion of the Board. The Board reserves the right to reject or approve projects on a case-by-case basis, taking into account established policies, specific project criteria and the demand on City services in relation to the potential public benefit received from the proposed project. Meeting policy guidelines and other criteria does not guarantee the award of TIF assistance. Furthermore, the approval or denial of one project is not intended to set a precedent for approval or denial of another project.
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SECTION 2 – OBJECTIVES: (Applicant must satisfy one or more to qualify)

- 1** Retaining, expanding or attracting businesses for the purpose of improving the City’s economic base as demonstrated by increased jobs, creation of primary jobs, higher paying employment, installing manufacturing base, etc.
- 2** Eliminating blight.
- 3** Improving the public infrastructure (streets, storm drainage, sewer, utilities, etc.) in areas where deficiencies exist.
- 4** Encouraging development projects that enhance the streetscapes and pedestrian experience and improve the vitality of commercial corridors by adding interest and activity.
- 5** Providing a variety of quality affordable housing choices.
- 6** Creating a significant number of new primary jobs.
- 7** Providing “green” building or energy efficiencies within buildings and developments.
- 8** North College Plan area priorities:
 - a. Enhancing transportation infrastructure;
 - b. Providing stormwater drainage or floodplain improvements;
 - c. Expanding or upgrading utility infrastructure; and
 - d. Providing amenities that benefit the public including but not limited to streetscapes, enhanced architecture and building materials, facade renovations, special site improvements, etc. that contributes to a positive identity and image for the North College area.

SECTION III – ELIGIBLE DEVELOPMENT:

The Board would consider TIF funding for Projects that include the following:

- 1 Business Development: the retention, expansion, and attraction of business in the plan area.
 - 2 Residential Development: new construction or rehabilitation of single family and/or multi-family housing.
 - 3 Affordable Housing (must meet the minimum City Code requirement of 20% of the total units with 80% Area Median Income (AMI) or less).
 - 4 Creation of a significant number of new primary jobs.
 - 5 Creation of a destination location that will capture additional revenue to the area.
 - 6 Historic preservation and adaptive reuse of historic structures.
 - 7 Protection of natural habitats and features both on the development's site and in the vicinity of that site.
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SECTION IV: ELIGIBLE COSTS

- 1 Removal of hazardous materials or conditions (sites where remediation or mitigation are required).
 - 2 Site clearance or site acquisition.
 - 3 Land assemblage.
 - 4 Parking/structured parking for the public.
 - 5 Infrastructure that is extraordinarily costly to remedy (streets, stormwater, water/wastewater, light & power, gas, etc.)
 - 6 Infrastructure that serves other development and redevelopment facilitating further improvements in the area.
 - 7 Green development or Energy Efficiency features within a project.
 - 8 Public amenities such as parks, plazas, community gathering areas and streetscapes to enhance the aesthetics of the area.
 - 9 Capital Improvement Projects (CIP) as identified by the City of Fort Collins.
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SECTION V – EVALUATION CRITERIA:

The following basic evaluation criteria will be used to initiate a thorough review of applications seeking TIF funding. Since every project is unique, additional evaluation criteria may become necessary and will be determined on a case-by-case basis.

- 1 Financial feasibility:
 - a. TIF assistance will not be considered for projects that have the financial feasibility to proceed without TIF assistance. Assistance will not be provided solely to broaden the developer's profit margin on the project. Prior to consideration of a TIF assistance request, the URA will undertake a financial analysis of the project costs to ensure that the request for assistance is appropriate.
 - b. For projects that will generate more than \$1 million in TIF or create a project that is more than 10,000 sq. ft. in size there may be an independent financial analysis. The independent analysis will be contracted for by the URA and the cost will be paid for by the applicant. Additionally, if the project is seeking more than 50% of the tax increment generated from the project, or if the applicant is asking for more than \$150,000, an independent financial analysis of the project may be required by the URA.
 - c. Individuals requesting TIF assistance must demonstrate, to the satisfaction of the URA, sufficient equity investment in the project prior to seeking TIF. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project.

Examples of equity may include personal cash, letter of credit, personal investment, awarded grant monies, etc.

2 Policy assessment:

- a. A qualitative and/or quantitative analysis should be completed in order to identify the costs associated with the project benefit the public and achieve the broader community benefits and goals. Analysis of the benefits of the project will be measured against the expectations set for in the relevant plans that may include, but not be limited by, City Plan, Urban Renewal Plan, and any community sub area plan.
- b. If projects do not clearly meet stated policy goals, further review of the project financing will be undertaken, which may result in at least one of the following:
 - i. Greater Developer contribution;
 - ii. Reduced TIF participation;
 - iii. Redefining the scope of the project; and/or
 - iv. Denial of URA participation in the project.

3 TIF assistance for land/property purchase costs will not be provided in an amount exceeding the fair market value of the property. The fair market value will be determined by an independent appraiser hired by the Board or City of Fort Collins. The cost of the appraisal will be paid for by the applicant.

4 TIF will not be used to retroactively reimburse projects or make payments to cover costs associated with any actions already incurred by a development or redevelopment prior to a request for financial assistance being considered by the URA.

5 The URA will give preference to funding projects that have local ownership, which is defined to mean any home location, business, developer located within a 40 mile radius from the City of Fort Collins Growth Management boundary.

6 The applicant must be able to demonstrate to the URA and Board's satisfaction, an ability to construct, operate, and maintain the proposed project based upon past experience, general reputation, and credit history.

7 The level of TIF assistance will be determined on the merits of the project.

8 TIF assistance will be on a reimbursement basis and only after the project valuation is verified and the issuance of the Certificate of Occupancy (CO) occurs at completion of construction. The funds will be paid upon actual costs with verifiable receipts. Consideration for payments prior to obtaining the CO and valuation may be made on a case-by-case basis and will require approval by the Board prior to commencement of construction.

9 The applicant must complete the TIF application in its entirety. Below are the questions or requirements from the application seeking the following documentation:

- a. A location map
- b. Site plans or project drawings/perspectives/elevations
- c. Project Pro-forma
- d. Owner/Business resume
- e. Executive Summary with the following questions answered:
 - i. What is the nature of the project?
 - ii. Why is TIF assistance needed and how will the funds be used?
 - iii. What other sources of financing will the project secure other than TIF?
 - iv. How will the project help improve/upgrade public infrastructure (streets, utilities, drainage, etc.)?
 - v. How will the project enhance the property tax base (and sales tax base, if applicable) of the area?
 - vi. How will the project help achieve the goals of North College Urban Renewal Plan and City Plan?
 - vii. How will the project help eliminate slum and blight conditions?
 - viii. How will this project help achieve the URA goals of sustainability through green building techniques? Please be specific how this project uses energy efficiency, renewable resources, natural resource conservation techniques, stormwater low impact design methods, or any other methods not listed.
 - ix. Please provide documentation and quantifiable results stating the proven methods or effectiveness of the proposed sustainable features within the project.
 - x. What is the proposed project timetable (what is the estimated time frame for major steps including the City's planning decision, completion of financial commitments, start of construction, and issuance of Certificate of Occupancy (CO))?

SECTION VI – PROCESS: (see illustration for condensed version)

- 1** Applications may be submitted to URA staff at any time during regular business hours.
- 2** After URA staff has done a preliminary analysis and made suggested edits or modifications to the application, there will be a final submittal.
- 3** Additional community-based input and approval may be required depending on the location of the project.
 - a.** If the application is for a project located within the North College Urban Renewal Plan, the North College Citizen Advisory Group (CAG) must make a recommendation by a majority vote. The CAG meets on a monthly basis and the proposed project/TIF application will be scheduled on the agenda once the financial analyses are completed and the URA staff has adequate information and achieved a staff recommendation to present.
 - b.** Feedback from community-based input may require modifications that delay approval and even require additional financial analysis.

If approval from URA staff or the community-based organization is not obtained, the application will be denied. The applicant may apply again if the project changes financially, present a different project than previously submitted or with a change in the TIF calculation based on project differences.

- 4** If the URA staff and any community-based organization has approved the application, URA staff will work with the applicant to create a project specific Redevelopment Agreement (RA) that will define the terms of the TIF assistance for the project.
- 5** Once a final RA is agreed to URA staff will schedule the application for consideration at a hearing before the URA. The URA typically meets bimonthly on Tuesday evenings after City Council meetings.
- 6** Approval of the project at any point in the process, short of the URA Board meeting, is no guarantee that the project will ultimately receive any TIF assistance.
- 7** URA Board makes the final decision and if the Redevelopment Agreement is approved, the agreement is then executed by the Executive Director and the applicant.
- 8** All Redevelopment Agreements are valid for calendar year from the date the agreement was executed, unless otherwise stated in the agreement.

FORT COLLINS
URA APPLICATION PROCESS

STEP 1

Submit URA application

Staff review

Pls. allow 2 weeks for iterations

Final submittal

STEP 2

Financial analysis “But For” test

Pls. allow 4 weeks for completion

STEP 3

Staff recommendation

Based on determination of eligible costs

STEP 4

CAG meeting = project introduction

“CAG” Citizen Advisory Group meets once a month 1st Thursday

2nd CAG meeting = recommendation

STEP 5

**URA Board meeting scheduled* once
Redevelopment AGMT is negotiated**

*Based on availability of 6 month calendar