

DATE: January 24, 2012

STAFF: Bruce Hendee
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*Pre-taped staff presentation: available
at fcgov.com/clerk/agendas.php*

WORK SESSION ITEM URBAN RENEWAL AUTHORITY

SUBJECT FOR DISCUSSION

Revisions to the Urban Renewal Authority Policies and Procedures; Rules of Procedure for URA Board Meetings.

EXECUTIVE SUMMARY

The Urban Renewal Authority (URA) Board approved a thorough revision to the Policies and Procedures (Policies) in May 2010 from the original Policies created in 2006. At the May 17, 2011 URA Board meeting, it was discussed that the Policies should have more detail regarding green building practices and, therefore, should come back to the URA Board for more revisions. Staff also received feedback from the June 14, 2011 and October 4, 2011 work sessions to modify the language as proposed by the URA Board. These Policies are intended to give guidance regarding eligible developments and provide objectives of the URA to applicants, staff, citizens and the URA Board for decision making purposes.

Additionally, staff is seeking feedback from the URA Board about the adoption of rules of procedures governing the conduct for URA Board meetings.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does the URA Board have concerns with the revised Policies and Procedures?
2. Is the URA Board comfortable bringing these revisions back for approval in February?
3. Does the URA Board want to consider creating Rules of Procedure for future URA Board meetings?

BACKGROUND / DISCUSSION

The URA Board approved the first version of 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. The URA team and staff have felt several approved URA projects needed further clarification and direction when guiding applicants through the process.

In 2010, the URA Board approved the Policies document that is used today. The changes from the original 2006 version were significant in comparison.

2010 changes:

- Clear introduction with explanation of the purpose of the Policies and Procedures.
- Clear distinction of the objectives, goals, and eligible development and costs.
- Inclusion of green building techniques.
- Established 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.
- Inclusion of the URA application questions.
- Step-by-step process illustration.

This document has been highly successful in setting clear expectations of the type of application and project the URA will consider. That said, further clarification of the process and expectations was directed to staff by the URA Board. Those additional requirements and expectations were captured in the 2012 revision.

The 2012 revision contains the following changes:

- Assures development is consistent with City Plan and the Urban Renewal Plans, adopted Codes, ordinances, and resolutions.
- Promotes green building and above code energy and water efficiencies.
- Clarify the acceptable affordable housing requirements to meet existing standards defined in the Land Use Code.
- Includes a revised mission statement from 2006.
- Clarifies that an applicant must be in the City's development review process. More specifically must have received first round of review staff comments through a PDP, FDP, or major/minor amendment.
- Requires an applicant to state intended waste diversion and/or deconstruction methods of the project.
- Requires a Construction Waste Management Plan for both existing development and new construction projects to ensure proper methods of waste reduction, reuse and recycling will occur for all URA projects.
- Creates New Building and Existing Building criteria.
 - New Buildings greater than 15,000 square feet must achieve LEED silver certification.

- New Buildings less than 15,000 square feet must use the LEED checklist but are not required to be certified.
- Existing Buildings must have an Efficiency Assessment completed. (Attachment 3) Demonstration of completed action items from the report must be achieved to the satisfaction of the URA staff with measurable simple pay back of less than 2 years.
- Requires significant projects to have an independent financial analysis.
- Clarifies URA financial commitments.
 - No interest will be paid on an applicant's equity.
 - A portion of the approved TIF reimbursement will be retained until the URA receives official certification from the US Green Building Council that the building has achieved LEED certification.

Rules of Procedure

The URA Board does not have adopted Rules of Procedure to conduct URA Board meetings and based upon the continued growth of URA projects, it was suggested Rules of Procedure would be necessary for the future. Historically, the URA Board meetings follow the same process as the City Council has established; however, that approach has proven problematic in the past couple months with projects that needed additional consideration outside of those parameters.

ATTACHMENTS

1. 2012 Redlined URA Policies and Procedures (draft)
2. Work Session Summary, June 14, 2011
3. Work Session Summary, October 4, 2011
4. Power Point presentation

2012 URA Policies and Procedures (unformatted version)

SECTION 1 – INTRODUCTION

This policy is to provide guidance for the Fort Collins Urban Renewal Authority (URA) staff, ~~Citizen Advisory Group (North College)~~ recommending bodies, the URA Team 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. Policies are in accordance with Colorado Urban Renewal Law (C.R.S. § 31-25-101 et seq.) but have been adapted to further the City's own vision and goals for the URA. The URA Board will have the option of amending or waiving sections of this document when determined necessary or appropriate.

“The mission of the URA is to remedy blight, using Tax Increment Financing, to leverage private capital investment and stimulate sustainable development and public improvements projects.”

- The fundamental purpose for application to the URA for TIF assistance is to facilitate desirable development/redevelopment projects within the URA plan that would not otherwise occur “but for” the assistance provided through TIF.
- Examples of costs eligible for TIF assistance are listed in Section 4 – Eligible Costs.
- ~~It is the intent of the Board where financial assistance is needed~~ The Board intends to provide the minimum amount of TIF assistance needed 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
 - Demands on City services in relation to the versus potential public benefits received from the proposed project.
- Meeting policy guidelines and other criteria does not guarantee the award of TIF assistance. Furthermore, approval or denial of one project is not intended to set a precedent for approval or denial of another project.

SECTION 2 - OBJECTIVES

The URA exists to accomplish the following objectives:

- Eliminating blight.
- Improving the public infrastructure (streets, storm drainage, sewer, utilities, etc.) in areas where deficiencies exist.
- Creating a significant number of new primary jobs.
- **Removing impediments to desired development.**

- 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.
- Encouraging development projects that enhance the streetscapes and pedestrian experience and improve the vitality of commercial corridors by adding interest and activity.
- Providing a variety of quality affordable housing choices.
- Encouraging development that is consistent with *City Plan* and approved Urban Renewal Plans.
- Providing Promoting “green” building standards and/or “above code” energy and water efficiencies within buildings and developments.
- ~~North College Plan area priorities (specific to the North College Urban Renewal Plan area):~~
 - ~~— Enhancing transportation infrastructure;~~
 - ~~— Providing stormwater drainage or floodplain improvements;~~
 - ~~— Expanding or upgrading utility infrastructure; and~~
 - ~~— Providing amenities that benefit the public including but not limited to streetscapes, enhanced architecture and building materials, facade renovations, special site improvements, etc. that contribute to a positive identity and image for the North College area.~~

SECTION 3 – ELIGIBLE DEVELOPMENT

The Board may consider TIF funding for Projects that **could** include the following:

- Business Development: the retention, expansion, and attraction of business in the plan area.
- Creation of a significant number of new primary jobs.
- Creation of a destination location that will capture additional revenue to the area.
- Residential Mixed-use Development: new construction or rehabilitation of existing structures with more than one land use. Residential portions of mixed-use development may include the following: single family and/or multi family housing.
 - Affordable Housing (must meet exceed the minimum City Code definition of an affordable housing project). requirement of 20% 10% of the total units with 80% Area Median Income (AMI) or less).
 - Student housing, defined as multi-unit residential structures that are leased in whole or in part to students attending post-secondary educational institutions.
- Historic preservation and adaptive reuse of historic structures.
- Early childhood care and education centers.
- Green development which exceeds adopted code minimums (e.g. design, construction, or retrofitting of buildings and sites to be certified through an approved green building rating system).
- Protection of natural habitats and features both on the development’s site and in the vicinity of that site.

SECTION 4 – ELIGIBLE COSTS

The following are eligible costs that may be considered for TIF assistance:

- Removal of hazardous materials or conditions (sites where remediation or mitigation are required).
- Site clearance or site acquisition.
- Land assemblage.
- Parking/structured parking for the public.
- Infrastructure that is extraordinarily costly to the project and/or serves other development and redevelopment facilitating further improvements in the area. ~~to remedy (streets, stormwater, water/wastewater, light & power, gas, etc.).~~
- ~~Infrastructure that serves other development and redevelopment facilitating further improvements in the area.~~
- Sustainable and renewable energy features that greatly reduce the negative environmental impact of any project.
- Public amenities such as parks, plazas, community gathering areas and streetscapes to enhance the aesthetics of the area.
- Capital Improvement Projects (CIP) as identified by the City of Fort Collins.
- Projects listed in Infrastructure Plans related to the Plan area, e.g., *North College Infrastructure Funding Plan*.
- Other qualifying expenses as permitted by Colorado Revised Statutes (C.R.S.) § 31-25-101 et seq.

SECTION 5 – EVALUATION CRITERIA

The following basic evaluation criteria will be used to review 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.

- **Financial feasibility:**
 - 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 increase 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 **developer's internal rate of return (IRR) is reasonable** ~~request for assistance is appropriate.~~
 - An independent financial analysis will be required for projects that meet at least one of the following conditions:
 - The new or reconstructed building is greater than 15,000 square feet in size;
 - The project will generate more than \$1 million in TIF; or
 - The applicant is seeking more than 50% of the property tax increment generated from the project.

The independent analysis will be contracted for by the URA and the cost will be paid by the applicant.

- 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 **property** tax increment generated from the project, or if the applicant is asking for **requesting more than \$150,000 in financial assistance**, an independent financial analysis of the project may be required by the URA.
- 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.
- **Policy assessment:**
 - A qualitative and/or quantitative analysis should be completed in order to identify the costs associated with the project which benefit the public and achieve the broader community benefits **and goals by alleviating an existing, defined and described problem of City-wide concern**. Analysis of the benefits of the project will be measured against the expectations set in the relevant plans that may include, but not be limited by, City Plan (**the City's Comprehensive Plan**), Urban Renewal Plan, Community sub area plan, **or in an adopted policy, ordinance, or resolution of the City Council**.
 - Projects **that** do not provide sufficient public benefits may, after review, be asked for revisions such as:
 - Greater Developer contribution;
 - Reduced TIF participation; and/or
 - Redefining **tion** of the scope of the project.

Revision may lead to approval or final denial of URA participant in the project.

- 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.
- The level of TIF assistance will be determined on the merits of the project.
- **The URA will give additional consideration to the following:**
 - **Affordable housing projects that exceed the minimum City Land Use Code definition of 10% of the total units for households earning 80% or less of AMI.**
 - 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.

Section 6 – Building Requirements

In 2006, City Council adopted a resolution stating that all new construction of city-owned buildings will achieve LEED Gold certification. In keeping with that standard, the URA requires certain conditions for development/redevelopment projects containing buildings that are seeking TIF assistance. Conditions are listed by category below:

- **New Buildings:**
 - All New Buildings that exceed 15,000 square feet must achieve US Green Building Council (USGBC) LEED Silver certification, at minimum. It is recommended that applicants hire an accredited LEED development team.
 - All New Buildings that are less than 15,000 square feet must be able to demonstrate that the building could meet or exceed the above requirement through the use of the LEED checklist, without official submittal to the USGBC.

- **Existing Buildings:**
 - All development/redevelopment projects with an existing building seeking TIF must agree to an Efficiency Assessment of the existing building. This process will be conducted by trained professionals through the City of Fort Collins. The Efficiency Assessment provides historical use analysis, reviews current facility operations, and identifies opportunities to reduce operating costs and environmental impacts.
 - Once the Efficiency Assessment is completed, the applicant must demonstrate to the satisfaction of the URA staff the measures which have a simple payback of less than two years.

- **Infrastructure:**
 - Applicants seeking assistance with public infrastructure must agree to an Efficiency Assessment of their existing building or business, even if no construction is occurring to a building structure.

Section 7 – Other General Policies

- TIF assistance for land/property purchase costs will not be provided in an amount exceeding the fair market value of the property.
- **When considering the purchase of land,** the fair market value will be determined by an independent appraiser hired by the Board or **the** City of Fort Collins. The cost of the appraisal will be paid for by the applicant.
- 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** **final approval by the Board.**
- TIF assistance will be on a reimbursement basis and only after the project valuation is verified and the Certificate of Occupancy (CO) **or Letter of Completion (LOC)** is issued at completion of construction. The funds will be paid upon actual costs with verifiable

receipts. Consideration for payments prior to obtaining the CO or LOC and valuation may be made on a case-by-case basis and will require approval by the Board prior to commencement of construction.

- TIF reimbursement associated with LEED certification required by these policies, a portion of the approved reimbursement will be retained contingent upon official USGBC certification.
- There will be no interest paid on any portion of the applicant's equity.
- To be eligible to apply for TIF, the applicant must have submitted the proposed project to the City as a Project Development Plan (PDP), Final Plan (FP), Planned Development Overlay District (PDOD) Detailed Development Plan (DDP), PDOD Complete Development Plan (CDP), or a major/minor amendment and completed the first round of review with comments from City staff.
- A City of Fort Collins Construction Waste Management Plan must be submitted for both new construction projects (including, but not limited to, rehabilitation and additions) as well as existing projects that may have deconstruction onsite. Specific requirements are stated in the plan and must be accompanied in the application.

Section 8 – Application Requirements

The applicant must complete the TIF application in its entirety, including the following documentation:

- A location map
- Site plans or project drawings/perspectives/elevations
- Project Pro-forma
- Owner/Business resume
- Executive Summary with answers to the following questions:
 - What is the nature of the project?
 - Why is TIF assistance needed and how will the funds be used?
 - What sources of financing will the project secure other than TIF?
 - How will the project help improve/upgrade public infrastructure (streets, utilities, drainage, etc.)?
 - How will the project enhance the property tax base (and sales tax base, if applicable) of the area?
 - How will the project help achieve the goals of the **North College** Urban Renewal Plan and City Plan?
 - How will the project help eliminate slum and blight conditions?
 - How will this project help achieve the URA goals of sustainability through green building techniques? Please be specific how this project uses energy and water efficiency **exceeding code requirements**, renewable resources, natural resource conservation techniques, or stormwater low impact design methods.
 - **A Construction and/or Deconstruction Waste Management Plan that identifies how waste will be reduced, reused, and/or recycled appropriately.**
 - **An efficiency Assessment (please provide any summary report if one has been done in the past.)**

- Documentation and quantifiable results stating the proven methods and effectiveness of the proposed sustainable features within the project.
- ~~What is the~~ A proposed project timetable ~~(what is~~ indicating 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 9 – Process (see illustration for condensed version)

- Applications may be submitted to URA staff at any time during regular business hours.
- After URA staff has done a preliminary analysis and made suggested edits or modifications to the application, there will be a final submittal.
- Additional community-based input ~~from affected groups may~~ will be required.
 - ~~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.~~
- Feedback from community-based input (e.g., North Fort Collins Business Association, South Fort Collins Business Association) may require modifications that delay approval and even require additional financial analysis.
- ~~The final application will be reviewed by the URA Team.~~
- If the ~~fundamental~~ goals of the URA are not clearly met, ~~and staff doesn’t make a favorable recommendation to the Board,~~ the application will be denied ~~by staff~~ and will not move forward to the Board for approval. The applicant may ~~re-apply again~~ if there is a significant financial change affecting the project’s financial feasibility, or if the project changes extensively from the original application and should be considered on its own merit. ~~project changes financially, present a different project than previously submitted or with a change in the TIF calculation based on project differences.~~
- ~~Once~~ If the URA staff ~~and any community based organization have~~ recommended recommends the application, URA staff will work with the applicant to create a project specific Redevelopment Agreement (RA) that will define the terms of URA participation and TIF assistance, ~~if any,~~ for the project.
- Once a final RA is agreed to URA staff will schedule the application for consideration at a hearing before the Board. The Board typically meets bimonthly on Tuesday evenings after City Council meetings.
- Approval of the project at any point in the process, short of the Board’s approval, is no guarantee that the project will receive any TIF assistance.
- The Board will consider the application at the scheduled meeting. The Board will decide whether or not to support the application. The support may include:
 - Adoption of the RA,
 - Denial of the application, or

- Conditional approval of the RA and the Board will provide clear direction on suggested terms. The Board will also clearly indicate if the conditions are mandatory for approval or optional enhancements. **If denied, the URA Board will not allow re-application to the URA for TIF unless there are significant changes from the original denied application.**
- All Redevelopment Agreements are valid for a 12 month period beginning on the date the agreement was executed, unless otherwise stated in the agreement.

DRAFT

DT: June 17, 2011
TO: President and URA Board members
TH: Darin Atteberry, Executive Director
FM: Christina Vincent, Redevelopment Program Administrator
RE: June 14, 2011 Work Session Summary – URA Eligibility Policies

Board members present: President Weitkunat, Vice-President Ohlson, Ben Manvel, Lisa Poppaw, Gerry Horak

Staff present: Christina Vincent, Josh Birks, Mike Gebo

Discussion/Follow-up points:

- The URA policies were presented with changes from the 2010 version. The Board requested stronger language requiring Construction Waste Management Plans for both new construction and deconstruction/demolition projects.
- The Board requested that the URA policies state that any project is subject to the Green Building code effective the date of adoption; scheduled to be July 19.
- The Board requested to clarify the terminology does not only include recycling, however should state: waste reduction, reuse, and recycling methods.
- The Board also requested to remove the Construction Waste Management from eligible costs and ensure its expectation for every URA application.
- The Board requests reporting mechanisms and verification methods that are consistent with the Green Building Code to be activated with a decision of approval on July 19.

Next Steps:

July 19 – The URA Board will consider adopting the updated URA Policies and Procedures.

DT: October 7, 2011

TO: President and URA Board members

TH: Darin Atteberry, Executive Director

FM: Bruce Hendee, Assistant to the City Manager
 Christina Vincent, Redevelopment Program Administrator

RE: October 4, 2011 Work Session Summary – URA Policies and Advisory Group Options

Board members present: President Weitkunat, Vice-President Ohlson, Ben Manvel, Lisa Poppaw, Gerry Horak, Wade Troxell

Staff present: Bruce Hendee, Christina Vincent, Josh Birks

Discussion/Follow-up points:

- The URA policies were revised from both the discussion during the June 14 worksession and further revised from the discussion from the URA project The Commons, by Capstone Development Corporation.
- The Board requests that consideration be given to the Affordable Housing requirement to exceed the stated Land Use Code minimum.
- The Board gave suggestions to improve the language in several sections and remove the redundancies.
- The Board questioned the need for the additional consideration for local ownership.
- Regarding the advisory group options, some Board members wanted to see an option six created to reflect no recommending advisory group option.
- Some members of the Board would also like to consider an advisory group that could serve in an ad-hoc capacity. Staff will attempt to create that structure.

Next Steps:

December 6 – The URA Board will consider adopting the updated URA Policies and Procedures.

January 31 – The URA Board will discuss the Policies and Procedures in the greater context of tax increment financing and the best approach for awarding grant monies.

Urban Renewal Authority “Policies and Procedures” and “Rules of Procedure”

URA Board Worksession
January 24, 2012

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Questions for the URA Board

1. Does the URA Board have concerns with the revised Policies and Procedures?
2. Is the URA Board comfortable bringing these revisions back for approval in February?
3. Does the URA Board want to consider creating Rules of Procedure for future URA Board meetings?

2



POLICIES: PURPOSE

- Provide Guidance
- State the Objectives
- Specify Eligible Development
- Identify Eligible Costs
- Evaluation Criteria
- Building Requirements
- Application Requirements
- Formalize Process & Timeline

3



POLICIES: EVALUATION CRITERIA

- Financial Feasibility
 - “But For” test
 - Financial analysis of the project pro forma
 - Proven equity investment in the project
- Policy Assessment
 - Project meets goals of various plans
 - If goals are not met, additional criteria may be required
- Land purchase will not exceed fair market value

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POLICIES: EVALUATION CRITERIA

- Cannot be retroactively reimbursed
- Application must be complete
- Applicant must provide past experience
- TIF is based on project merit
- TIF assistance on reimbursement basis

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2011-2012 REVISIONS

- Inclusion of revised mission statement.
- Applicant must be in the City's Development review process.
 - Specifically complete first round of review with staff comments
- Require Construction Waste Management Plan for both new construction and deconstruction.
- Clarify the LUC Affordable Housing minimum and suggest exceeding the requirement.

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2011-2012 REVISIONS

- Require the project be consistent with City Plan and the Urban Renewal Plans.
- Promote green building; exceed adopted code minimums using LEED as a guide.
- New Buildings > 15,000 sqft. achieve LEED silver certification
- Existing Buildings must complete an Efficiency Assessment.
- Infrastructure with buildings on property must complete an Efficiency Assessment.
- Clarify the URA will not pay for interest.

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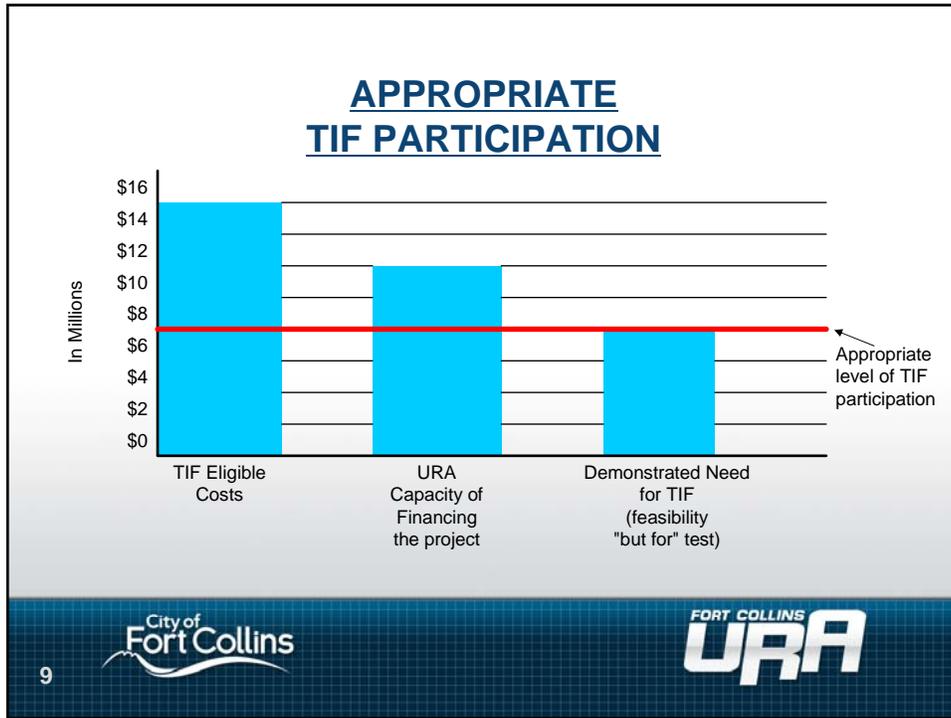


KEY BENEFITS OF TIF

- Elimination of blight
- Reinvestment of incremental tax revenues specific to that area
- Can create significant “gap financing” to make priority projects feasible
- Flexible – pairs well with other financing tools
- After plan area ends = result is increased tax base
- TIF participation is aligned with City Plan policies

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- ### TIF CAN BE LEVERAGED
- HUD Section 108 loans
 - 9% & 4% tax credits
 - New Market Tax Credits
 - SBA loans
 - USDA loans
 - CDBG/HOME funding
 - EEDBG funding
 - Bonds
 - Other tools (PIF, assessments, sales tax, etc.)
- City of Fort Collins logo and URA logo are present at the bottom of the slide.

RULES OF PROCEDURE

- Establish conduct for meetings beyond bylaws
- Increase effectiveness and efficiency
- Considerations
 - Meeting time and frequency
 - Executive Sessions
 - Special Circumstances
 - Applicant addressing the URA Board
 - Presentation by the applicant
 - Example: Planning and Zoning

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SUGGESTIONS FOR DISCUSSION

- Could the URA Board function like the Planning and Zoning Board?
- Would the URA Board like to meet at a separate time or day?
 - Examples:
 - 3rd Thursday, if needed
 - Same day but meeting starts at 4pm

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NEXT STEP

February 21, 2012:

- Final approval of Policies and Procedures
- Adoption of the Rules of Procedures