# Gold Hill Mesa

23 June 2015

**Presentation of:**

Amended Gold Hill Mesa Urban Renewal Plan
Amended Gold Hill Mesa Urban Renewal Plan County Impact Report
Gold Hill Mesa Commercial Area Conditions Survey
Urban Renewal Plan for the Gold Hill Mesa Commercial Urban Renewal Project
Gold Hill Mesa Commercial Area Urban Renewal Project County Impact Report

**Presented to:**

City of Colorado Springs Council

**Presented by:**

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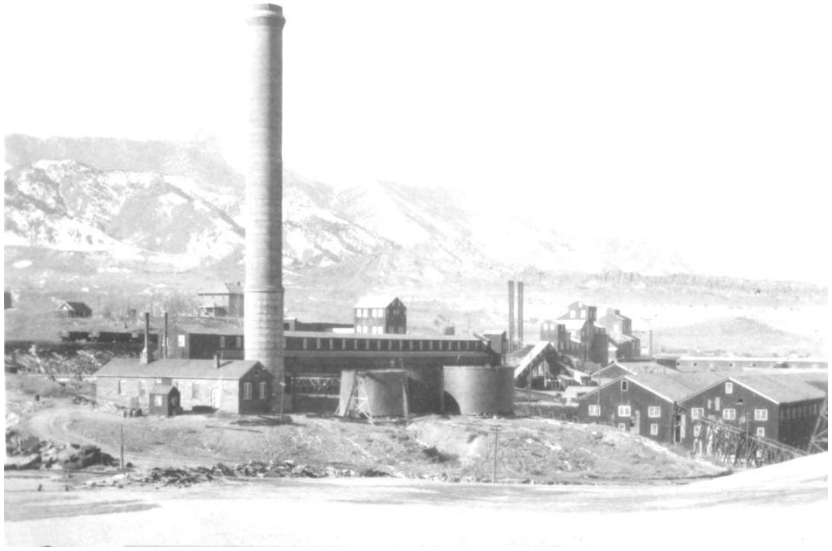
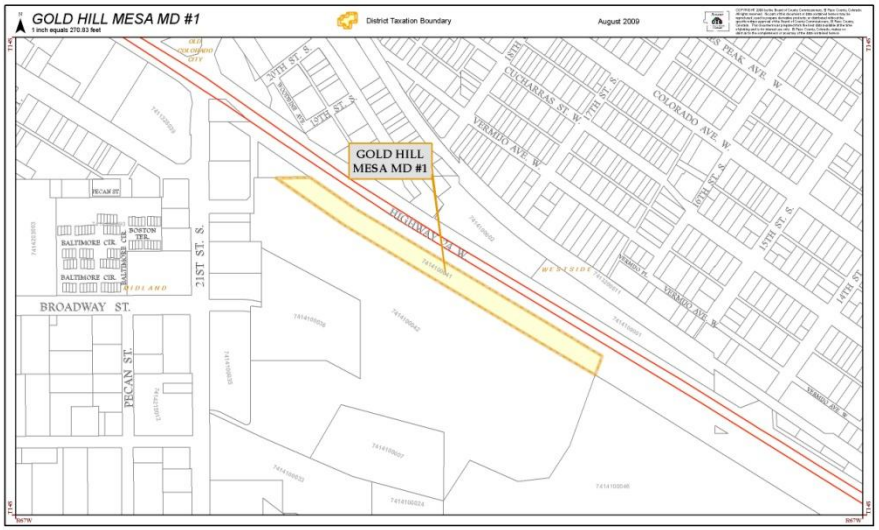
# History

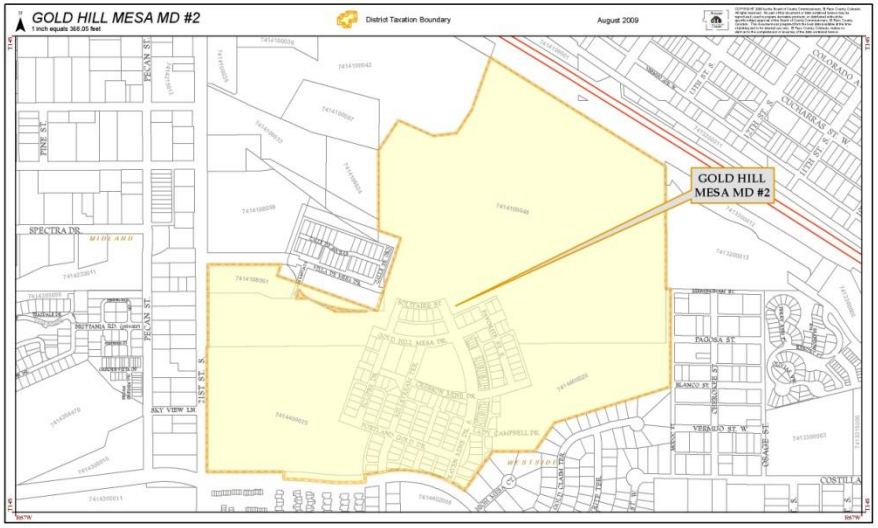
- Former site of Golden Cycle Mill – a gold processing facility
- Mill operated from 1906 to 1949
- Processed approximately 15m tons of ore and 500K pds of gold
- By mid-1900s mill had processed more gold than any other worldwide
- Environmental assessment performed under Colorado's Voluntary Cleanup Program
- Numerous failed attempts to clean and develop site



# Golden Cycle's Involvement

- **Original <u>Gold Hill Mesa Urban Renewal Plan</u> adopted 2004**
- **Metro Districts** No. 1 and No. 2 established 2004; District No. 3 in 2006
- **Planned Program (3 phases of development)**
  - 340K sf commercial retail and service space
  - 360K sf office / hotel space
  - 1,000 single family detached and attached residential units
  - 400 multi-family apartments / condominium units
- **Forecasted Development Impacts**
  - $20 - $24 m new property tax revenues
  - $10 to $12 m new sales tax revenues
  - $30 to $36 m TIF revenues



GOLD HILL MESA

# Awards

- 2011 Parade of Homes
- 2011 Partnership for Community Design Award - Green Category Fountain Creek Restoration Project
- 2011 U.S. EPA / Springs Utilities / CO Water Conservation Board Recognition - First WaterSense labeled home in Colorado
- 2011 The Organization of Westside Neighbors Spirit Awards - New Construction GOLD
- Westside Developments - Go Green Recycling Effort

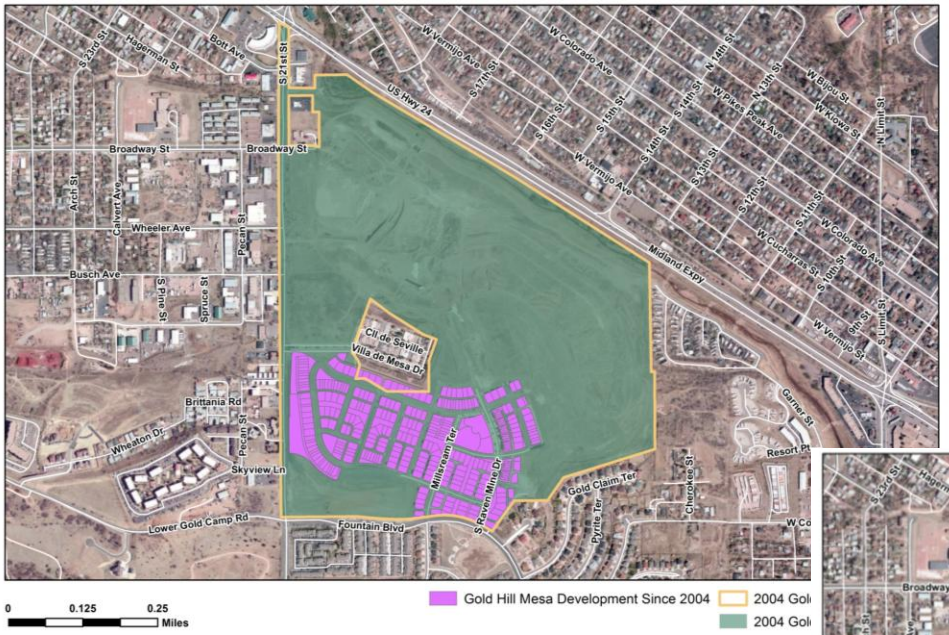
# Accomplishments To-Date

- Reclaimed valuable infill real estate
- Completed community's first traditional neighborhood development
- Proved-up market for different type of housing product
- Improved western gateway to city
- Remediated environmentally contaminated site
- Provided communications infrastructure for School District 11
- Funded regional open space improvements (Fountain Creek Restoration)

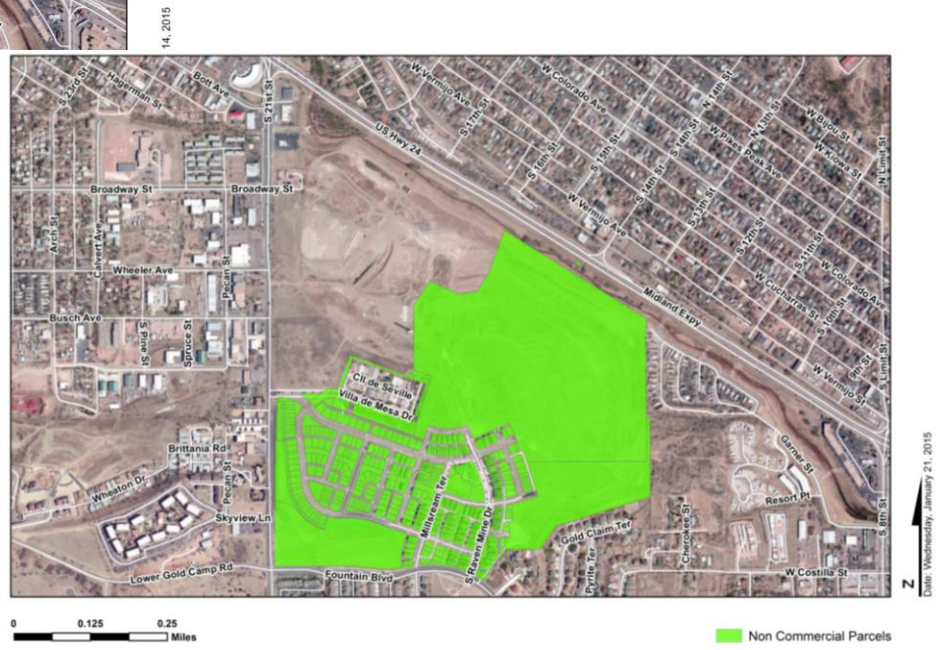
# This Request

- Separate commercial properties from existing urban renewal area
- Create a new Gold Hill Mesa Commercial Area Urban Renewal Area
- Initiate new Tax Increment Financing (TIF) District coterminous with Commercial Area
- Continue existing original Gold Hill Mesa TIF District (residential)
- Reimburse portion of increment to assist with financing eligible expenses

# Area and Plan Amendment




**2014** Original Gold Hill Mesa Urban Renewal Area - 221 acres




**2015** Amended Urban Renewal Area - 195 acres

# Study Area

Commercial Area located in the **southwestern** portion of the city, **adjacent to Fountain Creek** within existing Gold Hill Mesa Urban Renewal Area … surrounded by Villa de Mesa condominium development and **Gold Hill Mesa traditional neighborhood development** … established neighborhoods are located west and east of the Area, fronting the western edge of **South 21st Street** and **eastern border of existing urban renewal area** …

**commercial facilities** front the eastern edge of South 21st Street including a vacant bank building, restaurant, 7-11 anchored retail center, and Advanced Auto Parts store

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# COLORADO SPRINGS, COLORADO 2015 Gold Hill Mesa Urban Renewal Plan Area - Zoning

0 0.125 0.25 Miles

2015 Gold Hill Mesa Urban Renewal Plan Boundary

PBC (Planned Business Center)

TND (Traditional Neighborhood Development)

N

Date: Friday, January 16, 2015

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# Why now?

- Great Recession of 2008 (through 2012) impacted local, regional and national real estate and capital markets
- Commercial real estate industry trends have changed since 2004 when original commercial component conceived
- Remaining revenue from existing TIF in original urban renewal area fully obligated
- Too little time left in existing TIF for commercial component to generate sufficient revenue to finance eligible expenses
- Significant regional improvements needed by city and necessary to support development
- Need financial assurances in order to secure commercial tenants

# Colorado Urban Renewal Statute

**11 Qualifying Factors**

a. Deteriorated or deteriorating structures
b. Defective or inadequate street layout
c. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness
d. Unsanitary or unsafe conditions
e. Deterioration of site or other improvements
f. Unusual topography or inadequate public improvements or utilities
g. Defective or unusual conditions of title rendering the title non-marketable
h. Conditions that endanger life or property by fire or other causes
i. Buildings that are unsafe or unhealthy for people to live or work in
j. Environmental contamination of buildings or property
k5. Existence of health, safety, or welfare factors requiring high levels of municipal services or substantial underutilization or vacancy of buildings, sites, or improvements

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# Factor Thresholds

* **If there is no objection** by the property owner or owners and the tenant or tenants of such owner or owners, if any, to inclusion … **one** factor

- **If private property is to be acquired by eminent domain** … **five** factors
- Otherwise, **four** factors
- **Determination of blight based upon an area "taken as a whole,"** and not on a building-by-building, parcel-by-parcel, or block-by-block basis
- **Statute does not require a certain "quantity" of conditions within individual properties**, rather requisite number within the area as a whole

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# Survey Summary

**"Blighted area" means** an area that, in its present condition and use and, by reason of the presence of at least four of the following factors, substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare:

| | |
|---|---|
| **a** | *Slum, deteriorated, or deteriorating structures;* |
| **b** | *Predominance of defective or inadequate street layout;* |
| **c** | *Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;* |
| **d** | *Unsanitary or unsafe conditions;* |
| **e** | *Deterioration of site or other improvements;* |
| **f** | *Unusual topography or inadequate public improvements or utilities;* |
| **g** | *Defective or unusual conditions of title rendering the title non-marketable;* |
| **h** | *The existence of conditions that endanger life or property by fire or other causes;* |
| **I** | *Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidations, deterioration, defective design, physical construction, or faulty or inadequate facilities;* |
| **j** | *Environmental contamination of buildings or property;* |
| **k.5** | *The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements;* |

*Source: Colorado Revised Statute 31-25-103(2).*

## Summary of Factors Found

| Blight Qualifying Factor | Present |
|---|---|
| ***a*** | |
| ***b*** | **x** |
| ***c*** | **x** |
| ***d*** | **x** |
| ***e*** | **x** |
| ***f*** | **x** |
| ***g*** | |
| ***h*** | **x** |
| ***i*** | |
| ***j*** | **x** |
| ***k.5*** | **x** |

**8 of 11 factors are present**

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# Survey Findings

- Located within the **City of Colorado Springs** and El Paso County
- **2 ownerships** and 1**6 parcels** along with adjacent and internal rights-of-way
- **All** parcels **owned by local interests**
- **8 factors were found** within the Area (as per the Colorado Statute)
  - While environmental contamination continues to be a significant factor impacting redevelopment of the site's feasibility, so too are …
  - Suboptimal condition of surrounding roadways (South 21st Avenue)
  - Topography and steep slopes
  - Lack of infrastructure and limited capacity (**regional detention**)
  - **Three-quarters** of project-related costs associated with **regional improvements** and **environmental remediation** -- rendering cost per square foot more than 2x typical costs

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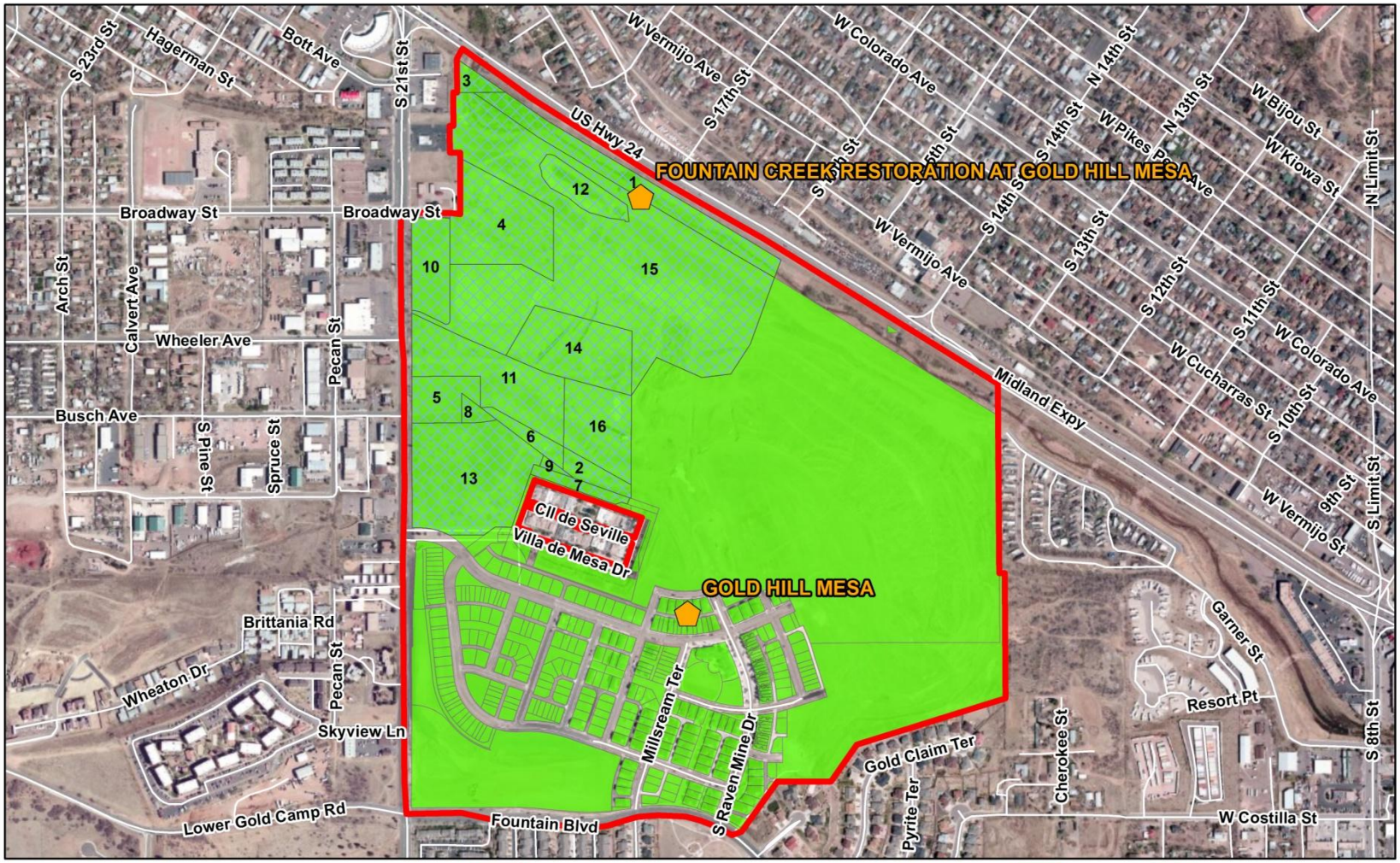
# COLORADO SPRINGS, COLORADO 2015 Gold Hill Mesa Urban Renewal Plan Area - Sites Subject to EPA Regulation




2015 Gold Hill Mesa Urban Renewal Plan Area | Parcels | Commercial Parcels | EPA Regulated Site

0 0.125 0.25 Miles

*Source: Colorado Oil and Gas Commission, May 2014*

N

Date: Friday, January 16, 2015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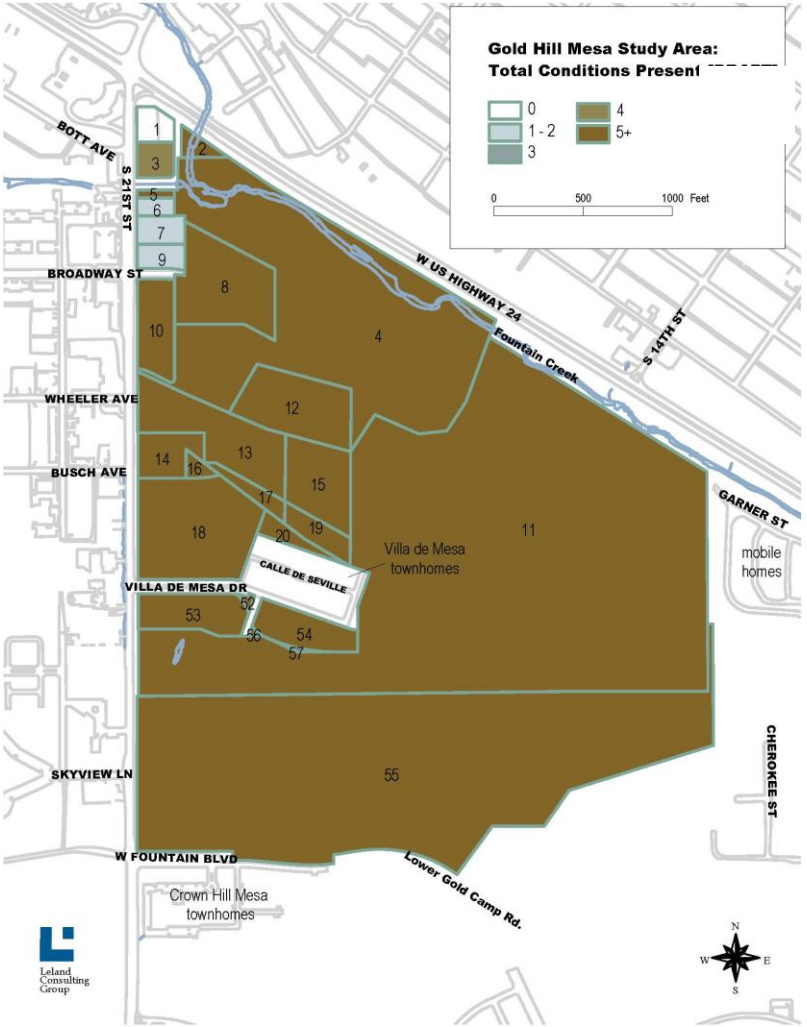
# Original Survey Findings

- 249 acres
- 61 parcels
- 9 of 11 factors found
- 87% of total land area had 4 factors
- Existing commercial uses along South 21st Avenue were the same as they are today



# Plan Powers

1. Relocation Assistance
2. Demolition, Clearance, Environmental Remediation and Site Prep
3. Property Acquisition and Disposition (by any means allowed under the Act)
4. Installation, Construction and Reconstruction of Public Improvements
5. Elimination of Unhealthful, Unsanitary or Unsanitary or Unsafe conditions
6. Prevention of the Spread of Deterioration
7. Enter into Redevelopment / Development / Cooperation Agreements

## Major Provisions

1. **Sales and Property Tax Increment**
   a. Sales with Council Approval (1% - 2%, to be negotiated)
   b. Single District – coterminous with plan area boundaries
   c. Commence at Time of Plan Adoption
2. **Power of Eminent Domain**
   a. Only with Council approval

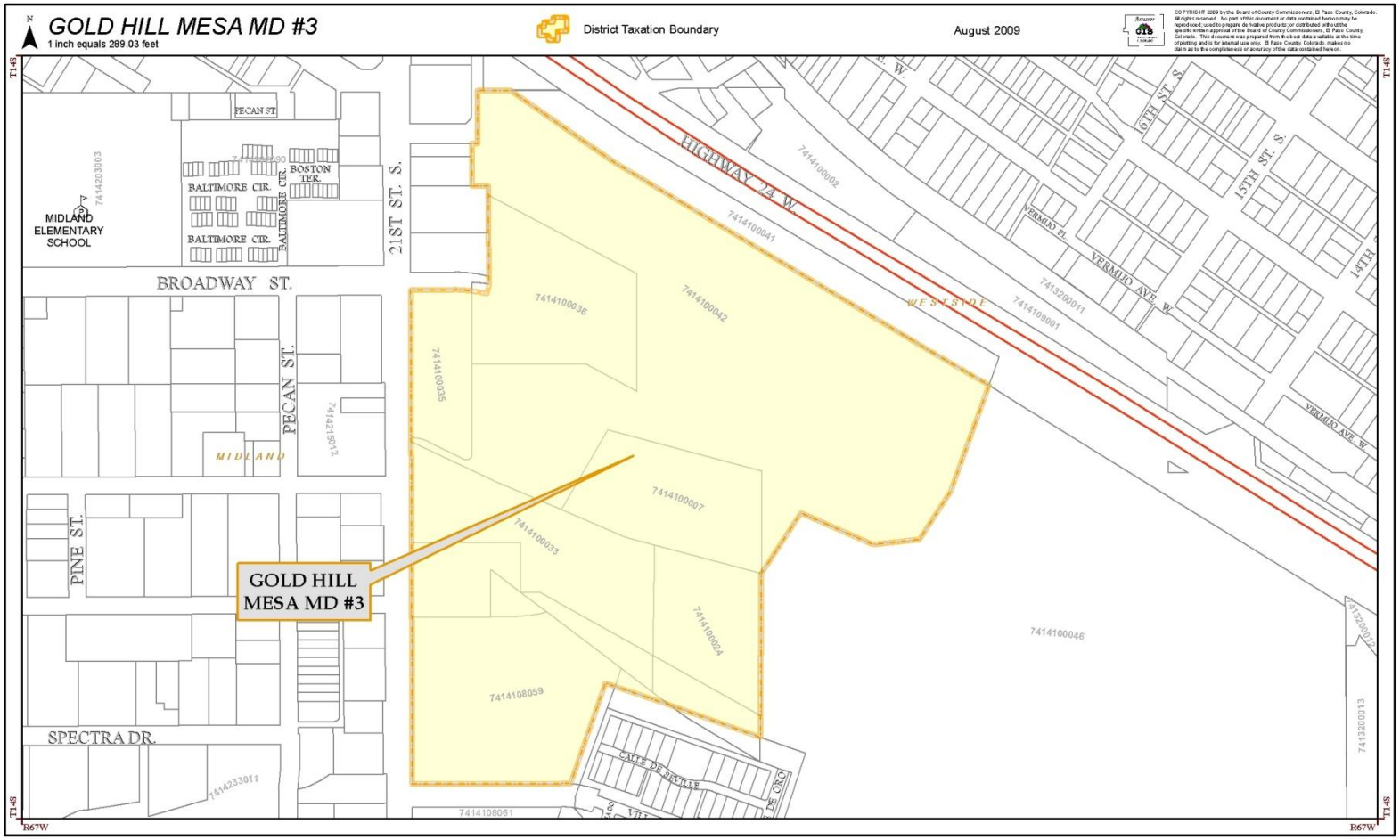
# Plan Conformance

"As **development** occurs in the Commercial Area, it shall conform to: the **Comprehensive Plan** and any subsequent updates; **building and development codes**, as well as any rules, regulations and policies promulgated pursuant thereto; any site-specific planning documents that might impact properties in the Commercial Area including, but not limited to, City-approved site, drainage, and public improvement plans, and, any **applicable City design standards**, all as in effect and as maybe amended from time-to-time."

# Proposed Program

- **43** of 70 acres (developable)
- 270K sf commercial retail and service uses
- 75 multi-family residential units
- $10.5 million in regional improvements

# Gold Hill Mesa MD No. 3



# Financial Assumptions

- Request **reimbursement** of incremental revenues **rather than have CSURA issue bonds**
- **Term of TIF only as long as needed** to address eligible expenses
- No consideration of initial **land investment**
- Revenue to fund debt service proceeds from sale of improved lots and TIF
- **Metro District No. 3 issue bonds** to finance improvements (horizontal)

- **Total costs** = $22.4 million
- **Environmental remediation + regional improvements** = 75% of total costs
- **Total site development costs** = $7.69 per square foot (**well over twice typical costs**)

# Incremental Analysis

**Development Program**

| **New Redevelopment:** | **Sq Ft/ Units** |
|---|---|
| Retail | 270,000 |
| Residential (Rental) | 75 |

| **Tax Increment** | **Cumulative Totals** | | | |
|---|---|---|---|---|
| | **10-Year** | **15-Year** | **20-Year** | **25-Year** |
| Property Tax Increment | $2,177,131 | $6,577,332 | $11,201,987 | $16,052,729 |
| Sales Tax Increment | $2,709,505 | $6,991,500 | $11,719,168 | $16,938,896 |
| Use Tax Increment | $366,978 | $366,978 | $366,978 | $366,978 |
| **Total Tax Increment Revenues** | **$5,253,614** | **$13,935,810** | **$23,288,133** | **$33,358,603** |

Source: Ricker | Cunningham

- Total **property tax increment** = $16 million
- Total **sales tax increment** = $17 million
- Total **use tax increment** = $367,000
- **Total tax increment** = $34 million

- Total **property tax increment to-date in original existing Gold Hill Mesa URA** = $1.6 million
- Total **value of development to-date** = $59 million
- **City** / authority **return on investment** = **1:37**

# Fiscal Impact to City

- Potential increase in City "service population":
  - 675 new residents
  - 113 new employees
- Potential **annual** property tax revenue = $36,000
- Potential **annual** sales and use tax revenue = $1.7 million
- Potential **annual** service expenditures = $439,000
- **Annual** operating surplus **= $1.3 million**

The Gold Hill Mesa Commercial Area should generate a significant annual operating surplus for the City for the foreseeable future.

# Amended Plan Elements

- Continue existing TIF through 2029
- Existing agreements will remain in full effect
- Recent and future efforts within original area will continue to be focused on residential development
- Metro Districts No. 1 and No. 2 will continue partnership with CSURA and Developer in completing vision for original area

Note: Metro District No. 3 will assume partnership with CSURA and Developer – to develop parcels in new commercial area

# Questions?