



Legislation Text

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South Nevada Avenue Area Urban Renewal Plan (Legislative Matter)

From:

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Summary:

This is a request to establish and create the South Nevada Avenue Area Urban Renewal Plan. The item was introduced to the City Council at the November 9, 2015 Work Session. The Plan has been updated to include the corrected Plan boundary. The proposed urban renewal plan was adopted by the City of Colorado Springs Urban Renewal Authority on September 23, 2015 and is supported by City staff as a proactive initiative to assist in the redevelopment of the South Nevada Avenue corridor.

There were a number of questions raised by some of the Council Members at the November 9th Work Session. Responses to the questions will be provided in a supplemental document and will be discussed at the Council meeting.

Previous Council Action:

No previous Council actions.

Background:

Urban renewal authorities, urban renewal plans and the use of tax increment financing (TIF) are regulated by CRS Title 31, Article 25. The intent of urban renewal plans is to encourage and facilitate redevelopment, and to eliminate blight within the designated area, ideally consistent with a city's comprehensive plan. For the purpose of urban renewal, "blighted area" is defined in Colorado Revised Statutes ("CRS"). In order for an area to be classified as blighted, it must exhibit 4 of 11 characteristics stipulated in CRS.

In accordance with CRS 31-25-107(2), prior to City Council approval of an urban renewal plan or a substantial amendment to an existing plan, the plan or amendment must first be reviewed and a recommendation offered by the City Planning Commission regarding its conformity to the City's Comprehensive Plan. If no recommendation is offered by the City Planning Commission within 30 days of submittal, the City Council may proceed to act upon the submitted plan or amendment. The City Planning Commission reviewed and found the Plan to be consistent with the 2001 Comprehensive Plan.

Pursuant to CRS, urban renewal plans sunset 25 years after their adoption. The URA has several methods it can fund eligible improvements including: issuance of bonds, borrowing, creation of indebtedness, and reimbursement. Whichever method is used the URA repays the funds or debt by using the revenue generated from the incremental increase in sales and property taxes collected

within the urban renewal area - this is commonly referred to as tax increment financing or “TIF”. It should be noted that creation of an urban renewal area does not change the tax rate - the tax increment yields are generated by the increases in property values and sales of taxable goods above the taxes collected prior to the adoption of the plan. (Typically, the year prior to or the year a plan was adopted serves as the “base year” from which the increment is determined. The “base year” rates are later adjusted every two years to establish a new base.) It should be noted that CSURA normally receives 100% of the property tax increment; however, the portion of the City’s 2% of the general sales tax increment is negotiated through a separate agreement with the City. Other special City taxes such as the newly passed road improvement tax, PPST or TOPS are not subject to the TIF.

Big Picture Analysis: The objective of this urban renewal plan is to assist several key landowners in improving the South Nevada Avenue corridor by offering TIF financing for various public improvements such as South Nevada Avenue streetscape, utilities, drainage and floodplain. The genesis of this Plan was from CSURA’s (and the City’s) new vision to become more proactive in utilizing urban renewal as a tool to eliminate blight and revitalize neighborhoods, particularly City gateway corridors. At its 2015 strategic planning meeting, the CSURA Board identified the South Nevada Avenue corridor as one of the highest priority areas ripe for redevelopment and utilization of urban renewal. City staff concurred and supported the CSURA’s effort.

In addition to CSURA’s objective to become a more proactive agency, City staff has been working with landowners on redeveloping several sections of the South Nevada area. Together, the landowners, CSURA and the City, feel that redevelopment of key commercial and residential nodes and improvement to public infrastructure will stimulate the revitalization of the entire corridor.

Staff has determined that the South Nevada Avenue Area Urban Renewal Plan complies with the requirements of Colorado Revised Statutes and recommends adoption of the Plan.

Financial Implications:

Urban renewal plans do not determine tax sharing or other financial obligations. A tax sharing agreement will be determined based upon the cost of redevelopment, financial gaps, final project design and negotiations with the City. Once the project’s financial and economic analysis is finalized, a separate tax sharing agreement will be presented to the City Council.

Pursuant to CRS 31-25-107-3.5, an urban renewal impact report has been submitted to El Paso County. The urban renewal impact report must include information pertaining to:

- Estimated duration of the urban renewal project;
- Estimated annual property tax TIF to be allocated to the project;
- Estimated impact of the project on County infrastructure and services
- A statement on how the improvements will be financed;
- Estimated impacts on County services.

No comments from the County have been received to date.

Board/Commission Recommendation:

The CSURA Board approved the conditions survey at the August 26th meeting and adopted the plan its September 23rd meeting.

The Planning Commission reviewed the Plan at its October 15, 2015 meeting and unanimously concurred with staff that the Plan is consistent with and implements the Policies and Strategies of the 2001 Comprehensive Plan. Specifically:

- a. Neighborhood Chapter Policies and Strategies, which generally state that the City should promote neighborhood revitalization, redevelopment, utilize incentives and improve infrastructure. The proposed urban renewal plan provides a mechanism to fund improvements that otherwise may not be feasible due to the blighted conditions of the area and improvements needed to redevelop in a 100-year floodplain. The area is located in a mature and highly visible corridor that has not seen redevelopment or reinvestment like other parts of the City. Eliminating blight is critical to continued successful revitalization of the Southern portion of the City.
- b. Land Use Chapter Policies and Strategies, which encourage varying neighborhood patterns and mix of land uses. In its entirety, the South Nevada Avenue redevelopment area consists of and provides an even a greater opportunity for mix of residential and commercial uses. In a larger context, the South Nevada Avenue redevelopment area is compatible with the surrounding neighborhoods and development patterns.

The Planning Commission supports the redevelopment of the South Nevada Corridor. Commissioner Donley expressed concerns regarding development/redevelopment within the 100 and 500 year floodplains which inundate the Plan area. Commissioner Donley requested that careful attention be given to floodplain and stormwater mitigation. It should be noted that neither FEMA nor City Code prohibit development (or in this case redevelopment) with the 100 and 500 year floodplains. In very brief summary, the buildings must be elevated or flood-proofed above the base flood elevation and any alteration of the floodplain boundary must be mitigated. Landowners/developers also have the option to seek a Letter of Map Revision from FEMA to modify the boundary or reduce the base flood elevation upon a site-specific analysis and site-specific improvements.

Stakeholder Process:

The Colorado Springs Urban Renewal Authority has followed the requirements of CRS 31-25-107. Notification of a blight conditions survey was sent to the property owners with the proposed urban renewal plan area. Colorado Springs Urban Renewal Authority (CSURA) held a public open house on August 18, 2015. CSURA Board held a public hearing on the conditions survey on August 26, 2015 and a public hearing on urban renewal plan on September 23, 2015.

In addition to the “official” hearings and a neighborhood meeting, City and CSURA staff have discussed the redevelopment of this area with several key property owners for quite some time; and in fact, the City’s Economic Development Office has formed an internal working group to review and address several multi-disciplinary issues including: planning/land use, floodplain, access/traffic and utilities.

Notification of the City Council public hearing was published in the Gazette from October 23 through October 29.

To date, no comments in opposition have been received.

Alternatives:

1. Adopt the plan as presented;
2. Adopt the plan with modifications;
3. Deny the plan; or
4. Postpone action for further analysis

Proposed Motion:

Move to adopt a resolution approving the South Nevada Avenue Area Urban Renewal Plan, based on the finding that it meets the requirements of Colorado Revised Statutes and is consistent with the City's 2001 Comprehensive Plan.

Not applicable.