



Legislation Text

File #: 21-348, **Version:** 2

Ordinance No. 21-64 amending Ordinance 07-15 to redescribe the boundaries of the Colorado Springs Downtown Development Authority so as to include additional property.

Presenter:

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Summary:

This introduces an agenda item to approve a request for inclusion of certain property into the Colorado Springs Downtown Development Authority ("CSDDA"). The property consists of a single parcel adjacent to the current CSDDA boundaries, and located east of Nevada Avenue and South of Rio Grande Street in the Lowell redevelopment project. The property is vacant and is approved for approximately 62 multifamily units.

This item was introduced at a Council Work Session on July 26, 2021 at which time there were no outstanding comments or requests for modifications/further information.

Background:

Downtown Development Authorities ("DDA") are created and operate under unique statutory authority (C.R.S. § 31-25-801 *et seq.*) to perform certain activities within the "central business districts" of municipalities. There can only be one DDA in a city. DDAs are authorized to certify a property tax mill levy of no greater than 5.0 mills and to receive tax increment financing (TIF) revenues, if available. DDAs can issue indebtedness if authorized by the municipality. DDAs are separate legal entities from the cities in which they are located; however, budgets and board appointments of DDAs are subject to approval of the governing body of the municipality that created the DDA.

The existing CSDDA covers much of the traditional Downtown area as depicted in the attached PowerPoint. The boundary expansion proposed at this time would encompass a single parcel zoned and approved to allow development of 62 multifamily one and two bedroom rental units.

The process of inclusion of additional properties into an existing DDA is set forth in C.R.S. § 31-25-822. Pursuant to C.R.S. § 31-25-822, the proceedings for inclusion must be initiated by petition to the DDA board signed by the owners of each parcel of land adjacent to the existing DDA boundary. Such petition was originally submitted by the landowner to the CSDDA board in May of 2020, with a refreshed petition and resolution provided in July of 2021. If the board approves the petition, the board must submit the petition to City Council for approval. The CSDDA board most recently approved the petition by Resolution 071321-01 dated July 13, 2021. If City Council approves the petition it will redescribe the CSDDA boundaries to include the additional properties by amending the ordinance that had created the boundary. From the effective date of the amendment, the additional properties will be included in the DDA.

The rationale for inclusion conforms with the purposes enumerated in C.R.S. § 31-25-901 and will be more thoroughly described at the Work Session, but includes the relationship of these properties with Downtown and specifically with the CSDDA's housing related goals. It is also noted that the overall Lowell redevelopment project has been in process for approximately 30 years. Completion of the final phases has been delayed, and has been challenging. Availability of DDA tools and incentives should contribute to the financial feasibility of this project moving forward.

An aspect to consider is the fact that the adopted plan for the CSDDA is the *Experience Downtown Master Plan*. This property was not included in that plan because its study area boundaries were purposefully limited to the current boundaries of the CSDDA at the time. However, the *Experience Downtown Colorado Spring* master plan and DDA plan of development clearly contemplates the Lowell project area within its influence and strategy areas.

This petition was originally discussed by the City Council Budget Committee on June 23, 2020. The Committee requested additional detail regarding the expected additional property tax revenue that would be generated for the CSDDA. The Committee also asked for information regarding potential additional inclusions of undeveloped multifamily in the Lowell area; and, also asked for an overview of the overall CSDDA Downtown housing goals and progress.

This initiative was put on hold in mid to late 2020 pending discussions among the property owner, the CSDDA and Lowell Metropolitan District. This Metropolitan District has an outstanding debt which requires a pledge of the 49.11 mills this District currently certifies for debt service. A cooperation agreement has now been executed between the CSDDA and the District essentially setting aside these revenues for debt service. A copy is attached.

This petition was discussed again by the Budget Committee on July 13, 2021. The Budget Committee requested an overall update on Downtown projects and discussed the DDA goal of supporting a full- service Downtown grocery store. Staff anticipates providing a separate comprehensive Downtown update to Council in the near future. The Committee also asked clarifying questions about potential new URAs in the area.

A CSDDA-related financial projection for this property is attached. Based on an estimate market value of \$17,800,000 as provided by the petitioner, if developed, the site would generate about \$128,000 in additional CSDDA taxes over the remaining years of the CSDDA TIF District. Assuming completion of the project, CSDDA tax increment financing (TIF) revenue generated is summarized in an attachment. The City's direct proportion of the property tax TIF might equate to somewhat less than \$100,000 annually. Details as to the determination and subsequent allocations of the TIF will be subject to future agreements with the CSDDA board. However, it is noted that there would be no negative impact to the current property tax revenue generated from this property for any overlapping taxing entity. Moreover, the TIF increment would only be realized if the project were to be successfully completed.

The 2021 State of Downtown Report demonstrates close to 3,000 housing units recently completed, under construction or announced within the CSDDA and adjacent areas. Future potential projects such as those contemplated the Weidner Homes or by Nor'wood as part of later phases of the Southwest Downtown project, are not included in these figures. A general projection of the potential for new units added in the 2022-2026 timeframe could be on order of 3,000. A summary of the DDA's

housing goals is attached. Their overall goal is to ultimately realize on the order of 8-10,000 total residential units Downtown.

Previous Council Action:

The CSDDA was originally established in 2007, following approval by Council of an establishing Ordinance No. 07-15, and November 2006 election of district property owners. In 2007 City Council adopted the *Imagine Downtown Master Plan* as the plan for the CSDDA. On February 24, 2015 Council approved Ordinance 15-20 which redescribed the boundaries of the CSDDA to include property located along Pikes Peak Avenue, including the old Gazette Building and the old Saint Francis Hospital Building. City Council annually adopts the budget for the CSDDA and periodically makes appointments to its governing board. In November 2016, City Council adopted the *Experience Downtown Colorado Spring* as the master plan and plan of development for CSDDA.

Financial Implications:

The CSDDA currently has no issued debt and none is anticipated at this time. It operates with revenues from its property tax mill levy (5.0 mills) along with tax increment financing (TIF) revenues within its boundaries. In the event development or redevelopment of the subject parcel is successful, some additional TIF revenues could be generated for use within the overall CSDDA for eligible purposes. As “new” tax revenue calculated above the current property tax base, this would not reduce the current tax revenues of the impacted taxing entities (including the general City) but would effectively provide added tax revenue for exclusive use within the CSDDA.

City Council Appointed Board/Commission/Committee Recommendation:

This request has been approved by the Board of Directors of the CSDDA.

Stakeholder Process:

The CSDDA board represents a cross section of downtown stakeholders. They originally took action by resolution (Resolution 06092020-11) to approve the inclusion on June 9, 2020. The CSDDA “refreshed” these actions at their July 13, 2021 meeting (Resolution 071321-01). As represented by the CSDDA, to date there has been no opposition to this request.

Alternatives:

City Council could choose to approve, deny or modify the proposed ordinance.

Proposed Motion:

Adopt an Ordinance amending Ordinance 07-15 to redescribe the boundaries of the Colorado Springs Downtown Development Authority to include an additional property.

An Ordinance amending Ordinance 07-15 to redescribe the boundaries of the Colorado Springs Downtown Development Authority so as to include an additional property.