

# Economic & Fiscal Impacts of Urban Renewal Areas in Colorado Springs



**PRESENTATION**  
**To Colorado Springs City Council**

Prepared for:  
Colorado Springs Urban Renewal  
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Summit Economics

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# Presentation

## ***Research Objective:***

***Develop an independent report to communicate the physical, economic, demographic, and fiscal impacts associated with all URAs in Colorado Springs.***

***These included 12 active URAs (1,222 acres) for past analysis and 4 additional URAs for forecasting.***

***The urban renewal process has existed across societies and time. Today, urban renewal is about stimulating and enhancing market driven investment to revitalize otherwise stagnant community assets including, but not limited to, vacant land, residential, and non-residential uses.***





# Key Findings

- URAs are highly stimulative, and sometimes catalytic, in nature.
- Not all URAs perform the same due to timing and market conditions.
- URAs demonstrating slow development often require a new URA, more tax incentives, or an extension of time to leverage the limited, but perhaps significant, development that did occur in the initial URA term.
- Sales tax increments have represented 77% of total TIF Eligible taxes since 2010. Looking forward property taxes will comprise an estimated 69% of TIF Eligible taxes.
- The Non-TIF taxes from URA development are substantial. Between 2008 and 2022 the Non-TIF taxes were 45% of TIF taxes. Over the next 15 years we expect the percentage to increase to 54%.

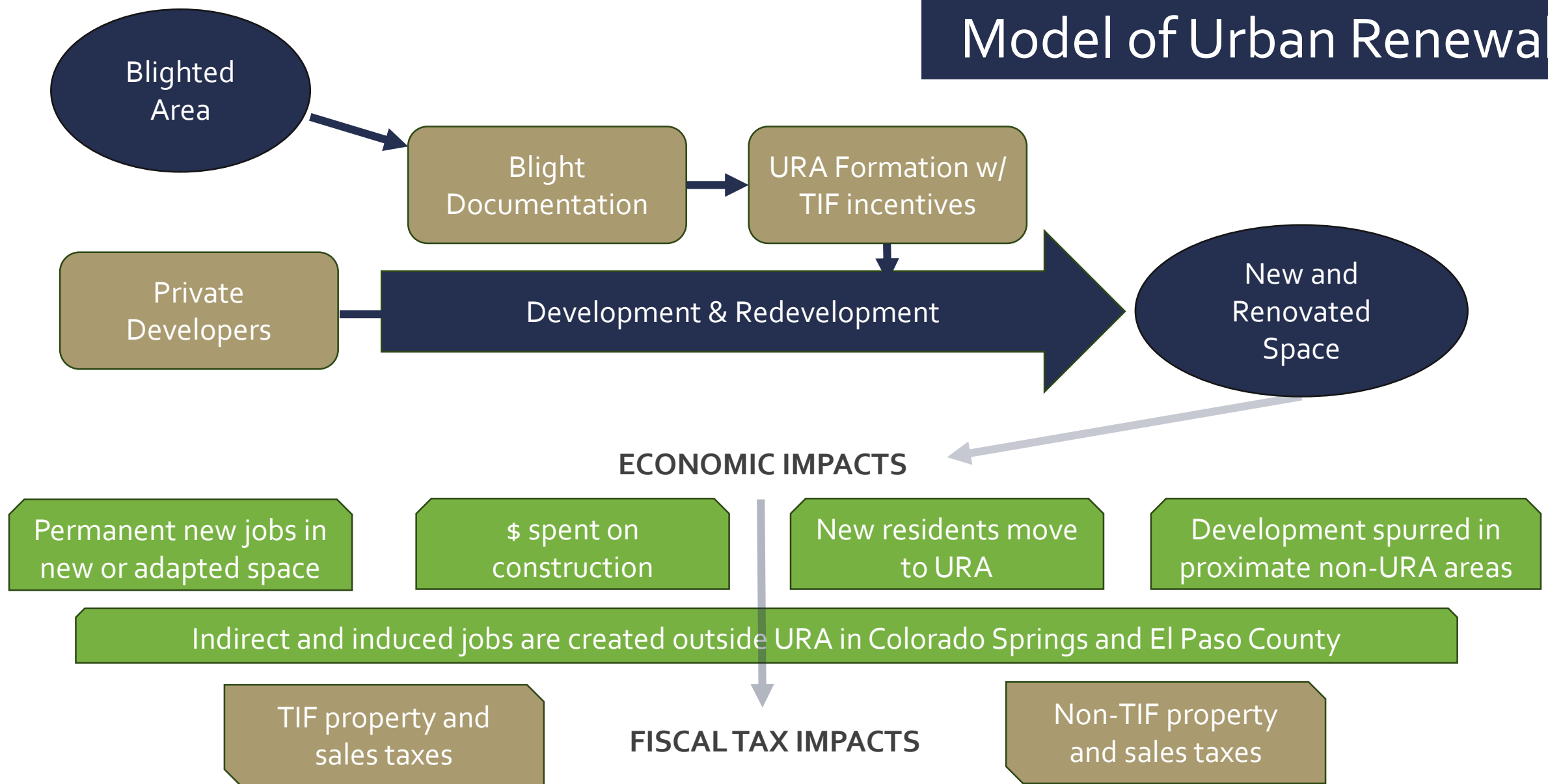


North Nevada Avenue



CityGate

# Model of Urban Renewal



The percent Assessed of Market gives a summary statistic of the land use mix in URA:

**Gold Hill Mesa** is almost entirely residential

**Museum and Park**, the developed land is largely the US Olympic and Paralympic Museum and America the Beautiful Park

**Polaris Point and North Nevada** have the highest total assessed values given those developments are largely retail and commercial

**South Nevada** is mixed-use

**Vineyards** is vacant except for a single data-center.

# Total Market vs Assessed Value

	Market Value	Assessed Value	Percent Assessed of Market
CITY AUDITORIUM	\$12,032,490	\$2,774,640	23.1%
CITYGATE	\$13,492,254	\$1,583,690	11.7%
POLARIS POINTE/ COPPER RIDGE	\$121,003,749	\$32,896,580	27.2%
GOLD HILL MESA	\$242,227,118	\$17,515,900	7.2%
GOLD HILL MESA COMMERCIAL	\$446,001	\$129,060	28.9%
IVYWILD	\$7,964,102	\$1,968,500	24.7%
MUSEUM & PARK	\$61,737,274	\$2,535,700	4.1%
NORTH NEVADA	\$226,842,404	\$32,775,490	14.4%
SOUTH NEVADA	\$104,270,248	\$18,370,030	17.6%
SOUTHWEST DOWNTOWN	\$18,070,120	\$4,313,310	23.9%
TEJON AND COSTILLA	\$6,700,601	\$1,943,170	29.0%
VINEYARD	\$29,407,624	\$8,528,220	29.0%

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Data from El Paso County Assessor's Office

# Value of Building Permits Post-URAs Creation

## New Construction vs Renovation

	Total URA dollars as % of All URAs	Renovate % of Total in URA	Total Permits Value	New Construction	Renovation & Replacements
CITY AUDITORIUM	2.4%	12%	\$ 20,872,952	\$ 18,418,290	\$ 2,454,662
CITYGATE	5.1%	3%	\$ 43,615,634	\$ 42,219,644	\$ 1,395,990
POLARIS POINTE/COPPER RIDGE	19.9%	3%	\$ 169,455,885	\$ 164,014,873	\$ 5,441,012
GOLD HILL MESA	21.6%	7%	\$ 184,004,359	\$ 170,663,677	\$ 13,340,682
GOLD HILL MESA COMMERCIAL	0.0%		\$ -		
IVYWILD	2.7%	100%	\$ 23,297,899	\$ -	\$ 23,297,899
MUSEUM & PARK	5.6%	3%	\$ 47,852,480	\$ 46,654,565	\$ 1,197,915
NORTH NEVADA	13.2%	7%	\$ 112,838,261	\$ 104,805,909	\$ 8,032,352
SOUTH NEVADA	2.4%	10%	\$ 20,354,823	\$ 18,418,290	\$ 1,936,533
SOUTHWEST DOWNTOWN	8.4%	29%	\$ 71,731,770	\$ 50,836,795	\$ 20,894,975
TEJON AND COSTILLA	8.1%	13%	\$ 69,337,424	\$ 60,018,300	\$ 9,319,124
VINEYARD	10.5%	0%	\$ 89,110,168	\$ 89,019,823	\$ 90,345
<b>TOTAL</b>	<b>100.0%</b>	<b>10%</b>	<b>\$ 852,471,655</b>	<b>\$ 765,070,166</b>	<b>\$ 87,401,489</b>

Summit Economics

Data from Pikes Peak Regional Building Department

The value of building permits issued in URAs since inception totals **\$852 million** stated in nominal dollars (dollar value at the time of construction).

Comparable number in 2015 was **\$380 million** in 2022 dollars.

10% of the total came from renovations, additions, and replacements of major components.

All URAs except Ivywild reflect investment dollars mostly for new construction.

# Total TIF Eligible Taxes vs Actual TIF

Estimated TIF Eligible Taxes 2008 to 2022 vs Audited TIF Receipts in 2022

	2022	Cumulative since 2008	Average Since 2008	2008
City of Colorado Spirngs	16,935,236	148,684,623	9,912,308	660,821
Sales Tax	16,422,580	144,593,595	9,639,573	435,233
Property Tax	512,655	4,091,029	272,735	45,705
El Paso County	7,491,273	67,085,790	4,472,386	298,159
Sales Tax	6,577,630	59,794,848	3,986,323	176,814
Property Tax	913,643	7,290,942	486,063	81,454
Districts Property Tax	6,340,012	50,593,798	3,372,920	565,232
<b>Total</b>	<b>30,766,520</b>	<b>328,339,980</b>	<b>21,889,332</b>	<b>1,524,212</b>
<b>Sales Tax</b>	<b>23,000,211</b>	<b>266,364,211</b>	<b>17,757,614</b>	<b>612,047</b>
<b>Property Tax</b>	<b>7,766,310</b>	<b>61,975,769</b>	<b>4,131,718</b>	<b>692,392</b>
<b>CSURA Audit Sales Tax</b>	<b>18,920,939</b>	CSURA 2022 Audit, City of Colorado Springs, El Paso County Assessor, Summit Economics		
<b>CSURA Property Tax Audit</b>	<b>7,524,636</b>			

The 15-year average since 2008 is 71% of the 2022 estimates.

Based on the 2022 CSURA audit, 97% and 82% of TIF eligible property and sales taxes respectively accrue to the URA

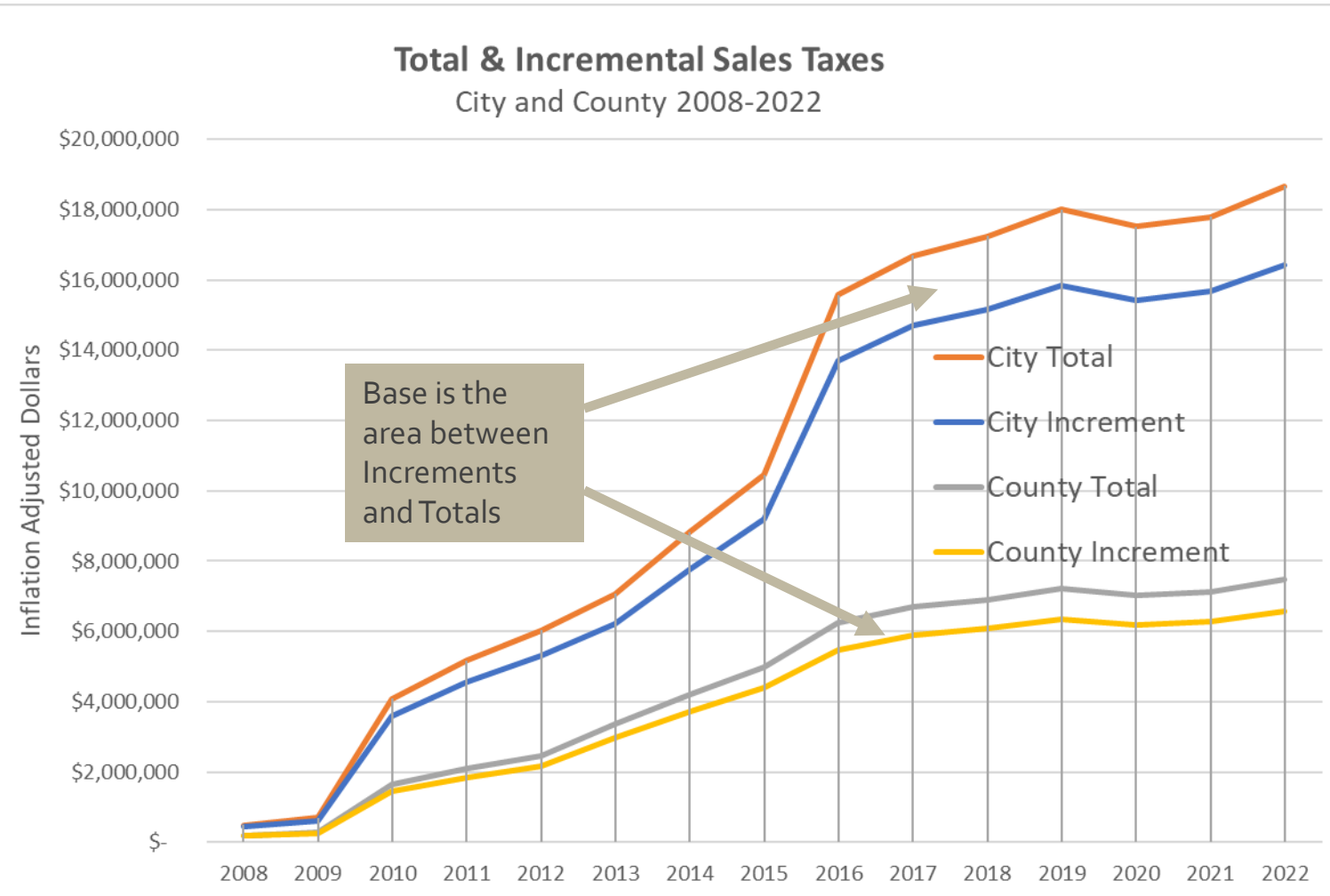
# Total URAs TIF Eligible Sales Taxes 2008-22

The increase of sales taxes and the use of that increase to offset the private and public investment put into a URAs is significant.

The TIF eligible incremental City and County sales taxes were over \$16 million \$6 million respectively in 2022

The incremental sales taxes represents about 87% of total retail sales tax collections in the URAs

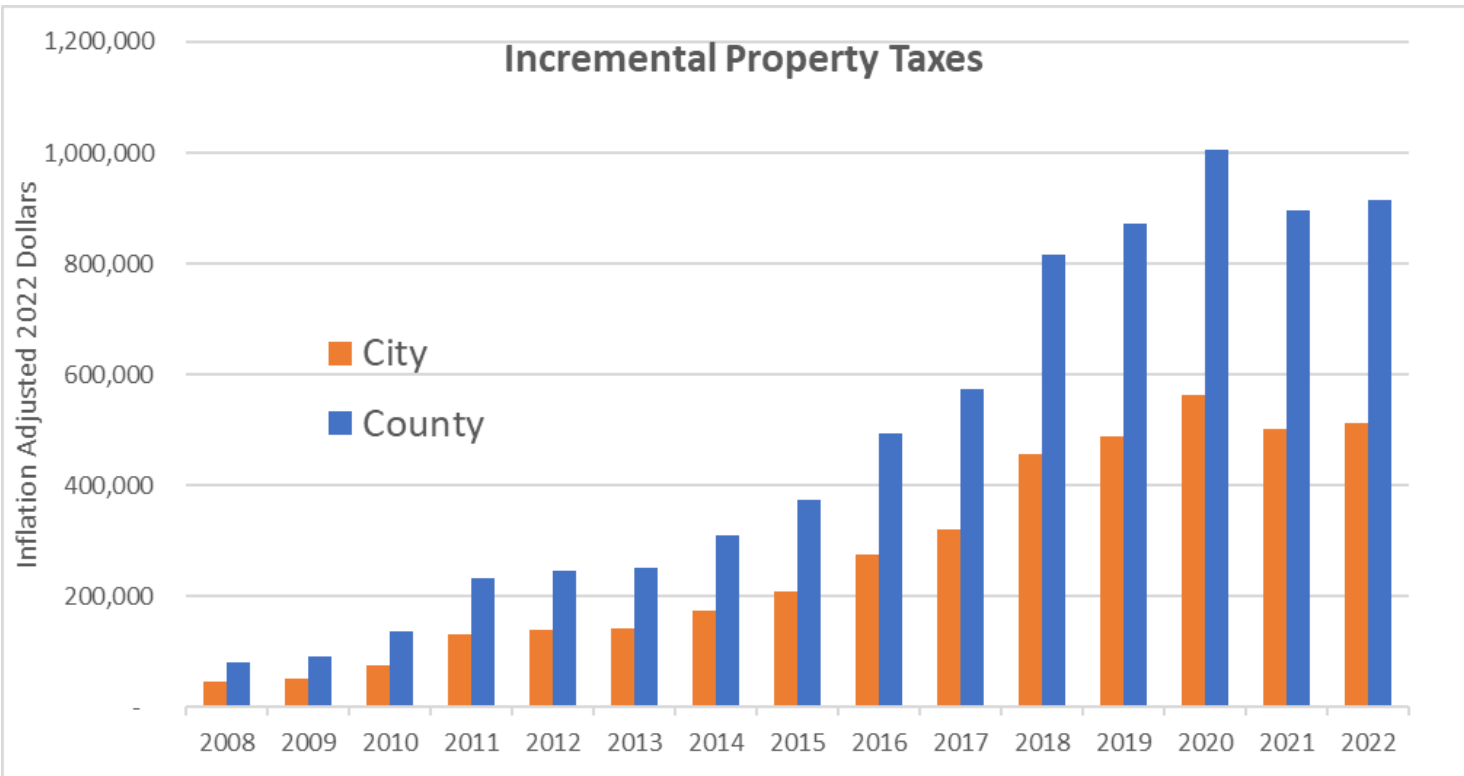
The URAs generated 3.9% of total sales tax collections in 2022.



City of Colorado Springs Finance Department, Summit Economics



Since 2008 cumulative TIF Eligible property tax receipts total \$4.09 million for City and \$7.29 million County



El Paso County Assessor, CSURA, Summit Economics

School districts and the Pikes Peak Library District had cumulative TIF Eligible receipts of \$50.93 million or \$3.4 million/year on average.

## Total URAs TIF Eligible Property Taxes

Incremental assessed values grew from 27% to 73% of total assessed valuation in 2022 after peaking at 80% in 2018.

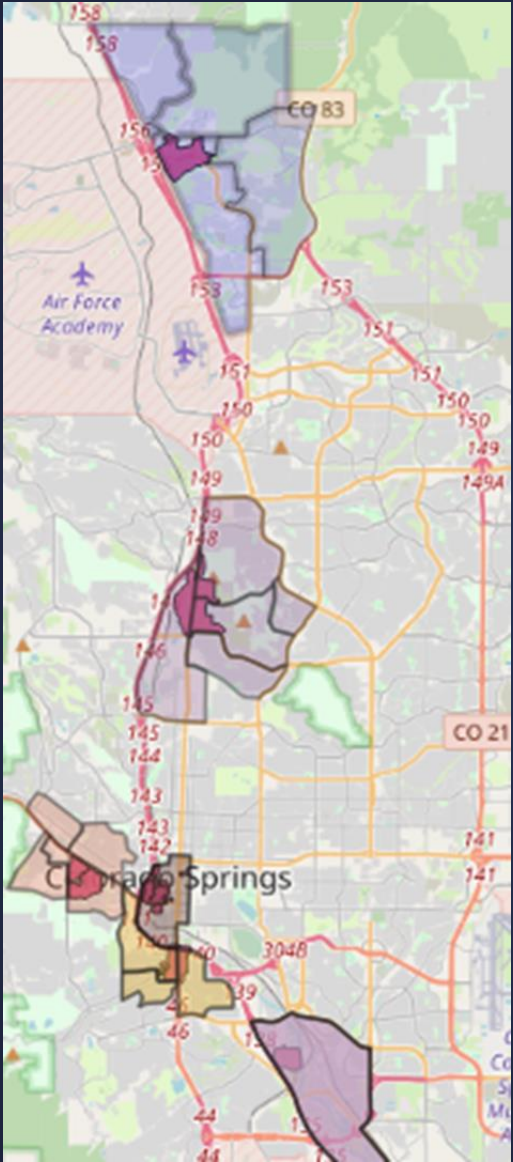
The total value less the increment equals the base assessed value, which is not TIF Eligible.

# Cumulative Non-TIF Tax Receipt Estimates

Non-TIF Tax Receipts	City of Colorado Springs	El Paso County	El Paso County Other
Sales & Use Taxes	\$ 54,046,972	\$ 24,400,296	
Property Taxes	\$ 1,890,697	\$ 4,961,662	\$ 33,727,640
Taxes from Proximate Spillovers	\$ 3,224,851	\$ 858,952	\$ 835,253
<b>Total</b>	<b>\$ 59,162,519</b>	<b>\$ 30,220,910</b>	<b>\$ 34,562,892</b>
<b>Total All</b>	<b>\$ 123,946,321</b>		

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In total, urban renewal has generated approximately \$124 million in Non-TIF local taxes since The Great Recession in 2008-09. **This is 46.6% of TIF Eligible sales, use, and property taxes** which totaled \$266.4 million during the same 15-year period. All dollars are 2022 inflation adjusted dollars.



Not included in TIF and Non-TIF estimates are the degree to which surrounding areas might be impacted based on other metrics

# Combined Table of URA Census Tracts: Percent Change 2010-2020

	Population	Median Income	Median Home Value	Housing Units
Colorado Springs	14.4%	21.6%	27.6%	8.4%
Polaris Point/Copper Ridge	72.5%	19.0%	6.9%	73.9%
Gold Hill Mesa & GHM Commercial	30.9%	42.2%	24.7%	9.5%
North Nevada Ave	23.3%	26.4%	27.4%	7.0%
South Nevada / Ivywild	21.5%	50.2%	49.9%	16.2%
Southwest Downtown / Museum_Park / Tejon_Costilla / Citygate / City Auditorium	35.1%	61.4%	43.5%	11.2%

Change about the same as city

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Data from US Census Bureau

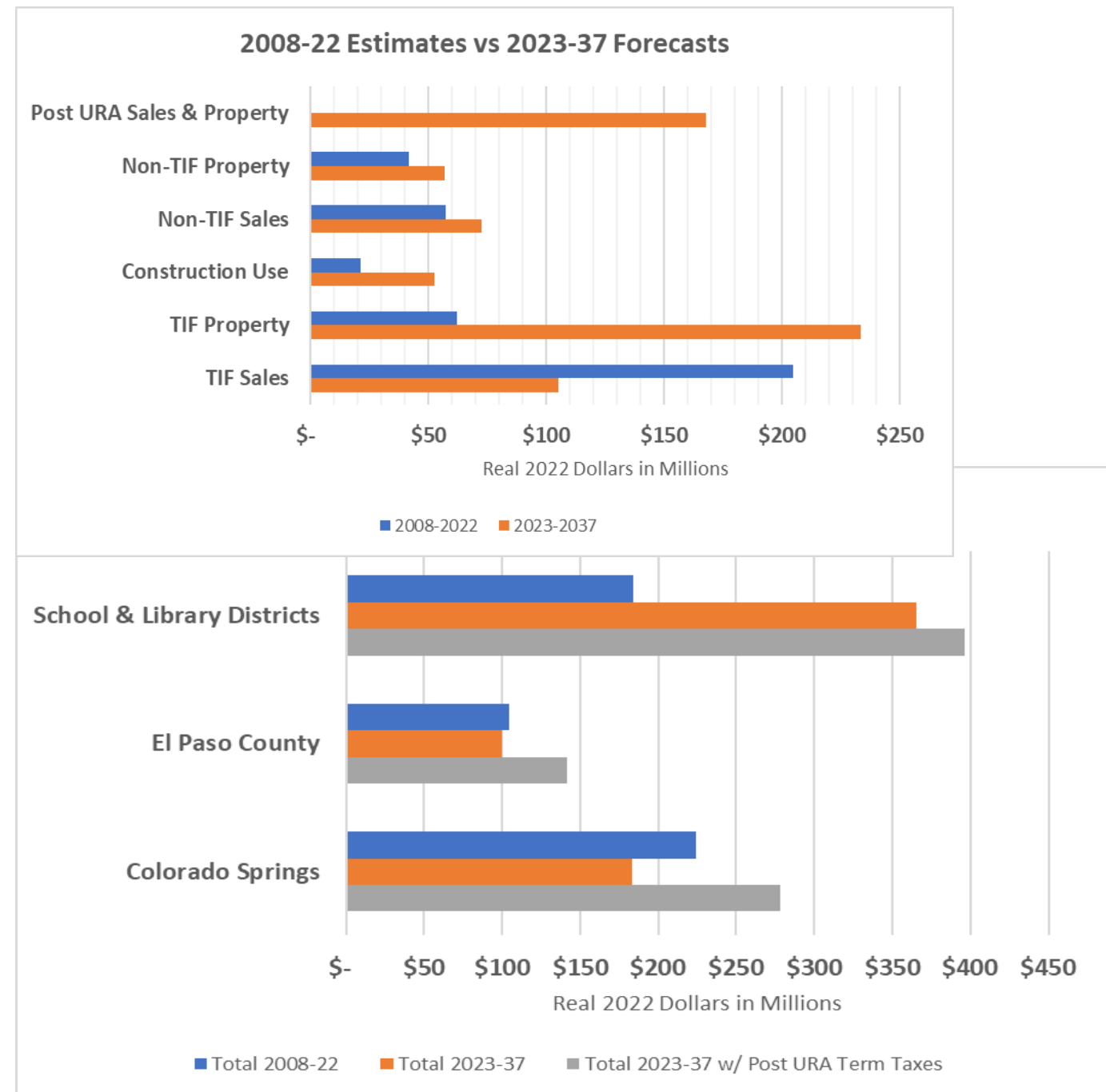
Significantly more than city

Significantly less than city

# 15 Year Past vs Future Forecasts

The streams of TIF Eligible tax benefits will change dramatically in the next 15 years from sales to property taxes.

- ✓ Colorado Springs and El Paso County will see slight declines
- ✓ The shift from sales to property taxes will most favorably impact the School Districts and Pikes Peak Library District.
- ✓ Most notable and substantial, the TIF Eligible taxes will terminate by 2037 in the N. Nevada, City Auditorium, Polaris Pointe, Ivywild, and Vineyard URAs.



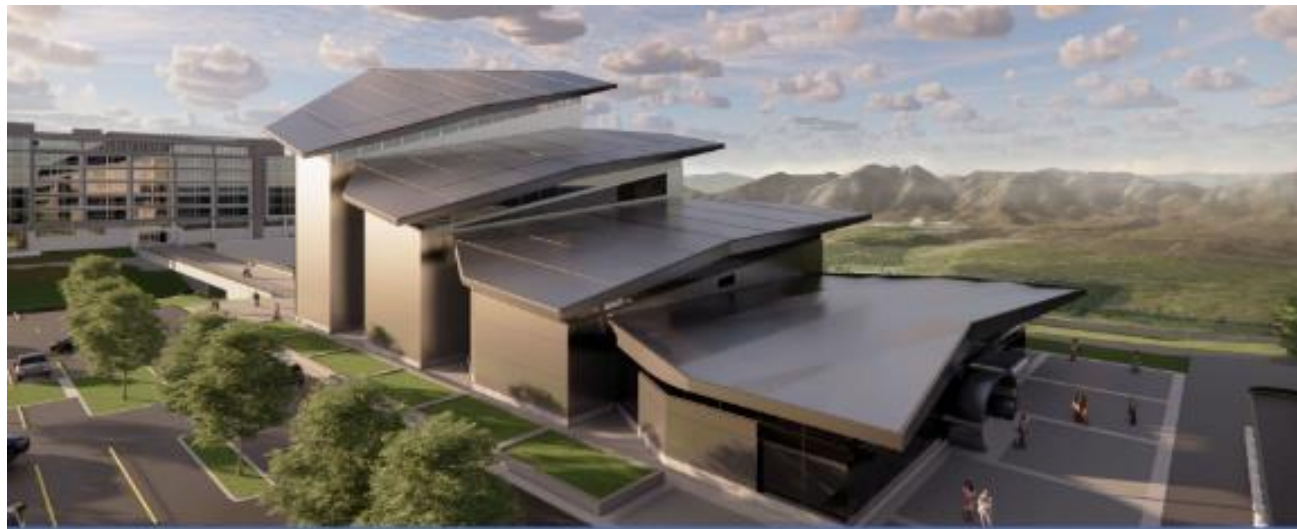


# Conclusions

**The emphasis of URA projects in Colorado Springs changes.** These changes include land uses and tax combinations used in TIF financial structures.

**When aspirational and planned development does occur, the payoffs are substantial** even after providing TIF incentives.

**Downside is virtually non-existent** to taxing jurisdictions since without the URA little, if any, market development would have occurred.





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# Notes: Development

- There are 16 active URAs in Colorado Springs
- Square feet developed post-URA designation equals 36% single family residential, 27% commercial, and 25% retail. All other land uses comprise on 12% of developed space.
- Colorado Springs has a good portfolio of URAs
- The trend in URA formation has been away from broad area or neighborhood mixed-use redevelopment to address long-term blight, and more towards fully planned development in smaller URAs which need TIF incentives due to factors such as higher land acquisition costs and the need for public infrastructure investment to make projects viable.
- Developed value per acre of land is 16 times more valuable than vacant land.
- Construction in all URAs totaled \$852.5 million since 2001 with 10% of the total being attributed to renovation and replacements of major building components.
- In total, 74% of all building space in URAs has been built post URA approval.

# Notes: Socio-Economic Impacts

- In total, the URAs have added an estimated 6,061 full-time, part-time and proprietor jobs since 2005. This includes home based businesses in new residential areas but excludes telecommuting from home.
- The URAs account for an estimated 1,190 new housing units and 2,750 additional residents living in the URAs. These estimates are primarily based upon total residential development in the URAs. It appears new population in URAs account for 13% of the 2020 census tracts' population in which the URAs are located.
- All five census tracts containing URAs significantly outperformed the City of Colorado Springs in terms of population growth. Three of the five saw median incomes increase in the census tracts by double the rate experienced in the city and two of the five saw dramatically higher median home prices and housing units developed.
- In western academic literature (the U.S. and Europe), the biggest critique of urban renewal is the prospect of displacing significantly poorer households as redevelopment addresses urban blight. This is clearly not an issue in the case of greenfield URA development. Using changes in public assistance and Gini indices in census tracts containing URAs, there is no evidence to support this concern except possibly in the S. Nevada URA. Both the Downtown census tract and N. Nevada census tract saw public assistance increase.
- Areas within ½ mile of URA boundaries do appear to be positively influenced by URA development. While research on this matter is not robust, the consideration of the timing of construction in URAs and proximate areas suggest a 1.15 multiplier might exist as URA activity spills over and stimulates additional development and redevelopment. Areas within ½ mile might experience rproperty appreciation of 4% to 15% with successful urban renewal.
- Direct jobs, labor income, and GDP occurring post-URA commencement represent 1.3% of the El Paso County economy. When these economic activities are multiplied throughout the county's economy, the impact increases to 1.9%.



# Notes: Fiscal Impacts through 2022

- The tax impacts include TIF Eligible from incremental taxable retail sales and property values resulting from development. Non-TIF fiscal impacts include use taxes on construction materials, sales taxes from expenditures in the city and county derived from jobs created either in or as a result of employment in the URAs, construction jobs, and households moving into new or renovated housing in the URAs.
- Overall TIF Eligible taxes increased from \$1.5 to \$38.5 million annually between 2008 and 2022. These are estimated increments over baseline sales and property taxes that existed in the URAs prior to formation. On an average annual basis total TIF Eligible taxes were \$21.9 million during the period. For the City and County, the bulk of the TIF Eligible taxes came from sales taxes.
- Cumulative Non-TIF Sales and property taxes related to URA development and redevelopment totaled \$123.9 million since 2008. Next to Colorado Springs receiving \$59.2 million, school districts combined with the Pikes Peak Library District were the second largest beneficiary with \$34.6 million in Non-TIF property tax receipts. El Paso County received \$30.2 million in Non-TIF taxes.
- Overall, for every dollar of cumulative TIF Eligible tax receipts there was an estimated \$0.47 in Non-TIF taxes.