



AGENDA
Lakewood Reinvestment Authority
VIRTUAL MEETING
March 4, 2024
6:00 PM

To watch the LRA Meeting live, please use one of the following links:

- ☐ By Computer: <https://lakewood.zoom.us/j/81447002381>
- ☐ City of Lakewood Website: Lakewood.org/CouncilVideos
- ☐ Lakewood Speaks: Lakewoodspeaks.org

The Lakewood Reinvestment Authority does not discriminate on the basis of race, age, national origin, color, creed, religion, sex, sexual orientation or disability in the provision of services. People with disabilities needing reasonable accommodation to attend or participate in a City service program, can call 303-987-7080 or TDD 303-987-7057. Please give notice as far in advance as possible so we can accommodate your request.

ITEM 1 – CALL TO ORDER

ITEM 2 – ROLL CALL

ITEM 3 – URBAN RENEWAL BASICS AND FORMING NEW URBAN RENEWAL PROJECTS

An overview of the Lakewood Reinvestment Authority and processes for forming New Urban Renewal Project Areas in Lakewood.

ITEM 4 – EXECUTIVE REPORT

Executive Director of the LRA, Robert Smith will provide a brief report updating several projects in Lakewood's Urban Renewal Project Areas.

ITEM 5 – ADJOURNMENT

STAFF MEMO

DATE OF MEETING: MARCH 4, 2024 / AGENDA ITEM NO. 3

To: Mayor and City Council
From: Donnan Smith, Economic Development Director
Subject: **URBAN RENEWAL BASICS AND FORMING NEW URAs**

SUMMARY STATEMENT: Staff will present a brief overview of how Urban Renewal processes work to mitigate blighting conditions within defined Project Areas and, specifically, the process for forming additional Project Areas within Lakewood, Colorado. The relative roles and relationships between the Lakewood City Council and the Lakewood Reinvestment Authority (LRA) Board of Commissioners will also be presented.

BACKGROUND INFORMATION:

- Urban Renewal Authorities (URA) are a tool, successfully used in Colorado since the late 1950s to focus local resources on areas in need of public and private reinvestment to revitalize communities.
- Lakewood's Reinvestment Authority (LRA) currently manages four URA areas along Colfax and Alameda Avenues.
- This 3/4/2024 Staff presentation will provide an overview of the Lakewood Reinvestment Authority, urban renewal processes, and urban renewal areas within Lakewood.
- Municipalities may create urban renewal authorities and approve urban renewal plans. An urban renewal plan may include collection of an incremental amount of property taxes resulting from the urban renewal project to be retained for a period of up to 25 years.
- Property tax revenue collected for a specific area in the year before an urban renewal plan is approved established a "base" value of revenue that taxing entities continue to receive.
- New tax revenue above the "base" amount is deemed "incremental" tax revenue. This new revenue is dedicated to the urban renewal area and must be reinvested within the area to revitalize the area and eliminate "blight".
- Taxing entities (the municipality, county, school district, etc.) receive the base tax amount, adjusted over time according to a schedule determined by the assessor. Historically, all incremental tax revenue went to the urban renewal authority.
- In 2015 Colorado's Urban Redevelopment Fairness Act made changes to both the composition of urban renewal authority boards and to the process for approving urban renewal plans. These changes give taxing entities representatives on an urban renewal authority board.
- A new reinvestment area may only be established after a condition survey/blight study has been conducted showing that the proposed area has sufficient factors of blight, according to Colorado Revised Statute 31-25-103 (2).
- A new reinvestment Project area may only be established after the Lakewood City Council has accepted and approved the condition survey for the proposed area and approved an Urban Renewal Plan for the new area. These actions are subject to notice and public hearing requirements.
- Prior to the Council's consideration of Finding of Blight Designation and approval of an Urban Renewal Plan, these documents are presented to Lakewood's Planning Commission and will carry (or not) the Commission's recommendation for approval by the Council.
- Once new Urban Renewal Project Areas are designated and an approved Urban Renewal Plan is in place, Intergovernmental Agreements (IGA) between the City of Lakewood, the LRA and the other

taxing entities must be approved by the Boards of each respective group. The IGA's dictate each entity's respective participation in the Project Area's Urban Renewal Plan.

- Urban Renewal Boards of Commissioners are responsible for the implementation of the Urban Renewal Plan for each project area.
- An independent consultant was commissioned in December 2023 to conduct a Conditions Survey (Blight Study) for properties in Lakewood collectively known as the Sheridan Boulevard Reinvestment Study Area. These are generally the properties adjacent to Sheridan Boulevard between W. 16th Avenue and W. 3rd Avenue. Some properties within the Area are bounded as far west as Marshall Street. A report of the consultant's findings is expected to be presented to the Lakewood Planning Commission and the Lakewood City Council in Spring, 2024.

BUDGETARY IMPACTS: There are no budgetary impacts associated with receiving this presentation.

STAFF RECOMMENDATIONS: None.

ALTERNATIVES: None.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood Reinvestment Authority.

NEXT STEPS: None.

ATTACHMENTS: Overview New Project Area 2024

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney



Urban Renewal Basics and Forming New Urban Renewal Project Areas

March 4, 2024

Foundation



Urban Renewal Law **C.R.S. § 31-25-101** et seq

**Lakewood City Council
RESOLUTION 1998-4**

**Lakewood City Council
RESOLUTION 2022-25**



Foundation



Urban Renewal Law **C.R.S. § 31-25-101 et seq**

Colorado's Urban Redevelopment Fairness Act

AKA HB 15-1348
Passed in 2015 Session
Enacted 1/1/2016



What is the Purpose of Urban Renewal?

**Urban Renewal Activities
are primarily focused on three things:**

- 1** Mitigating blighting conditions within project areas
- 2** Facilitating private investment within project areas
- 3** Enhancing Lakewood's ability to preserve and restore the vitality and quality of life within project areas



Lakewood Council | Lakewood Reinvestment Authority

City Council:

11 Seats

- ☐ Designates blighted Urban Renewal Areas – called Projects
- ☐ Approves Urban Renewal Project Plans
 - ☐ Colfax/Wadsworth – Creekside
 - ☐ Alameda Corridor 1 – Sheridan to Ammons/Allison
 - ☐ Alameda Corridor 2 – Belmar
 - ☐ West Colfax Corridor – Simms to Sheridan

LRA Board of Commissioners:

15 Seats

- ☐ Oversee implementation of Urban Renewal Project Plans for each Project Area
- ☐ Oversee tasks – called activities or undertakings
- ☐ Approve Resolutions
- ☐ Approve an Annual Budget (Process August – October each year)
- ☐ Submit approved Budget to DOLA



Forming an Urban Renewal Project Area

**Informally Talk
with Property
Owners**



**Informally
Observe
Areas
of the City**



Identify an Area to Formally Study



The Conditions Survey



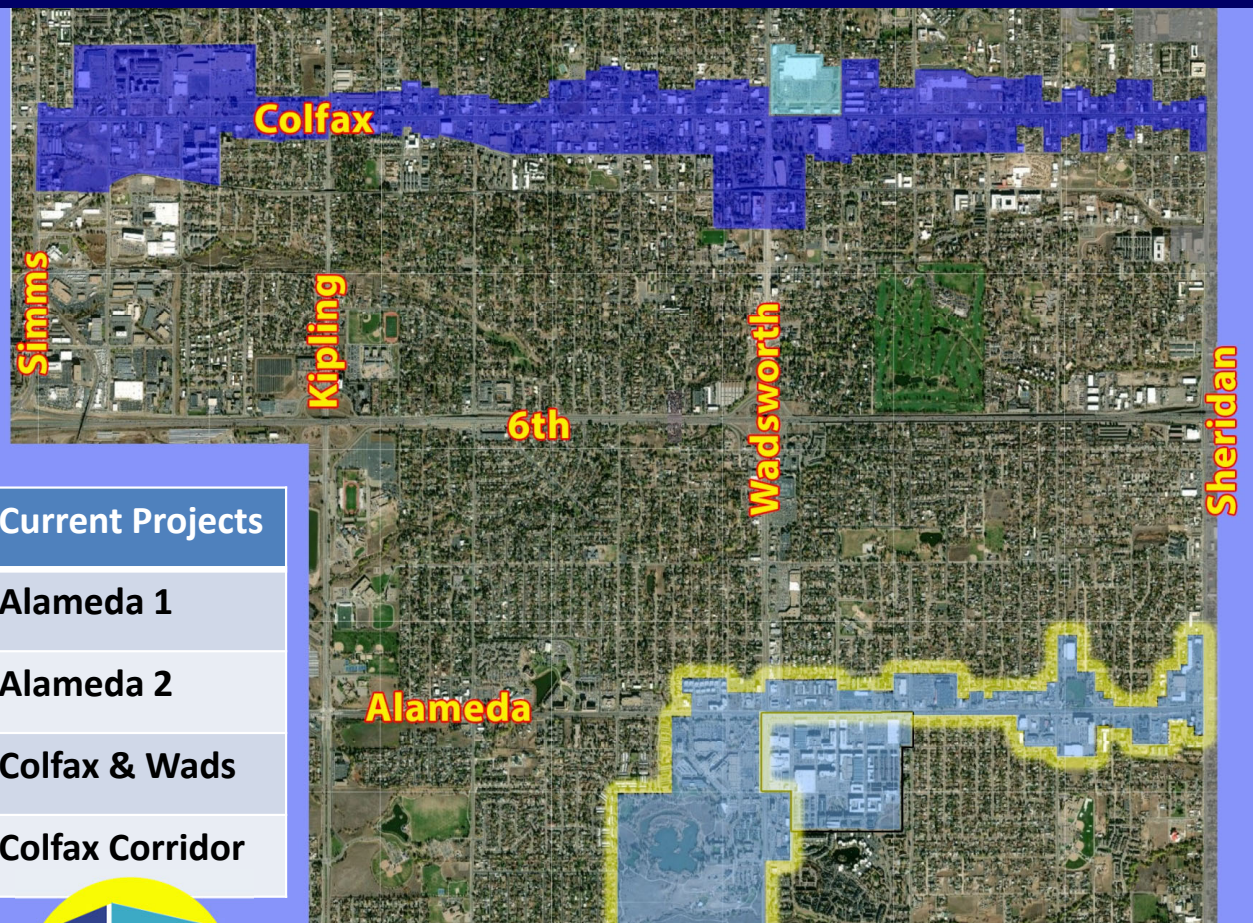
Sometimes Called the “Blight Study”

Study Area Scope | Properties Included | Fictional Example

Boundaries of Urban Renewal Area must be drawn “as narrowly as possible” to achieve the goals of the Colorado Urban Renewal Law



Forming an Urban Renewal Project Area



Current Projects

Alameda 1

Alameda 2

Colfax & Wads

Colfax Corridor



Alameda 1

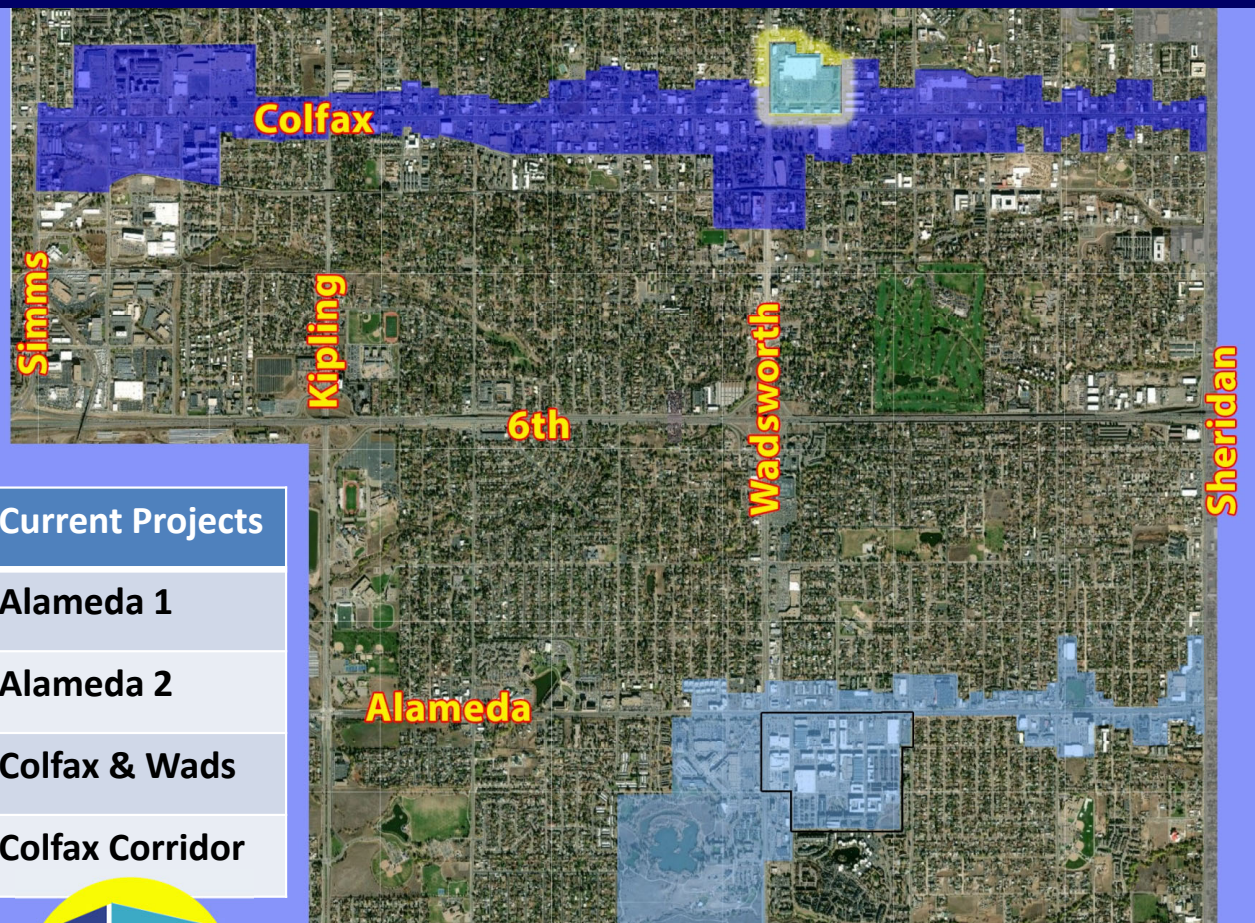
Increment Capture Ends 2023

Property Taxes Collected a
Year in Arrears

- ☐ Former Chalet Motel
- ☐ Alameda BID Grants
- ☐ Revolving Loan Fund

Maps for discussion purposes only - boundaries are not precise.

Forming an Urban Renewal Project Area



Current Projects

Alameda 1

Alameda 2

Colfax & Wads

Colfax Corridor



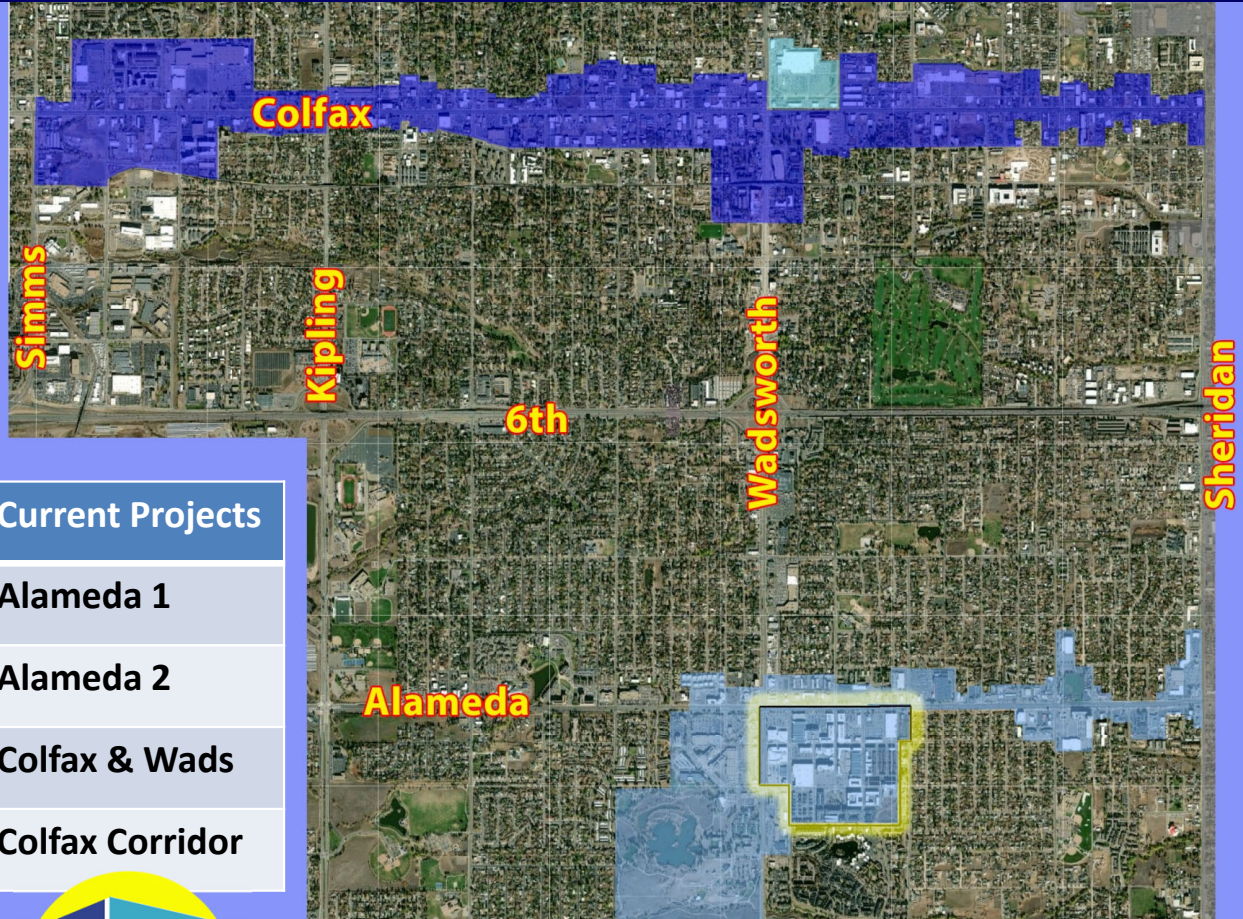
Colfax & Wads Increment Capture Ends 2024

Property Taxes Collected a
Year in Arrears

☐ Complete
Creekside undertaking

Maps for discussion purposes only - boundaries are not precise.

Forming an Urban Renewal Project Area



Current Projects

Alameda 1

Alameda 2

Colfax & Wads

Colfax Corridor



Alameda 2 Belmar

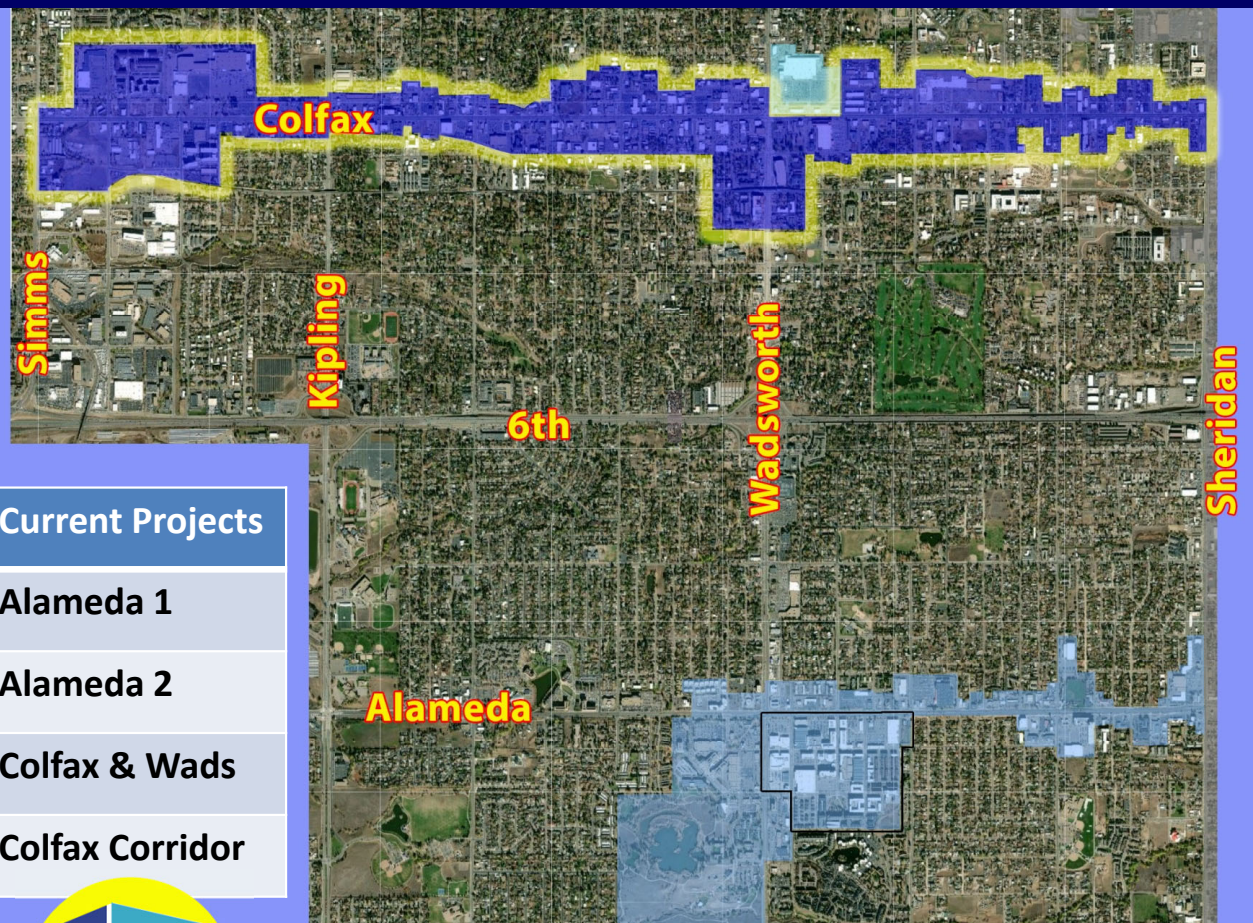
Increment Capture Ends
2025

Property Taxes Collected a
Year in Arrears

☐ Complete the
increment capture

Maps for discussion purposes only - boundaries are not precise.

Forming an Urban Renewal Project Area



Current Projects

Alameda 1

Alameda 2

Colfax & Wads

Colfax Corridor



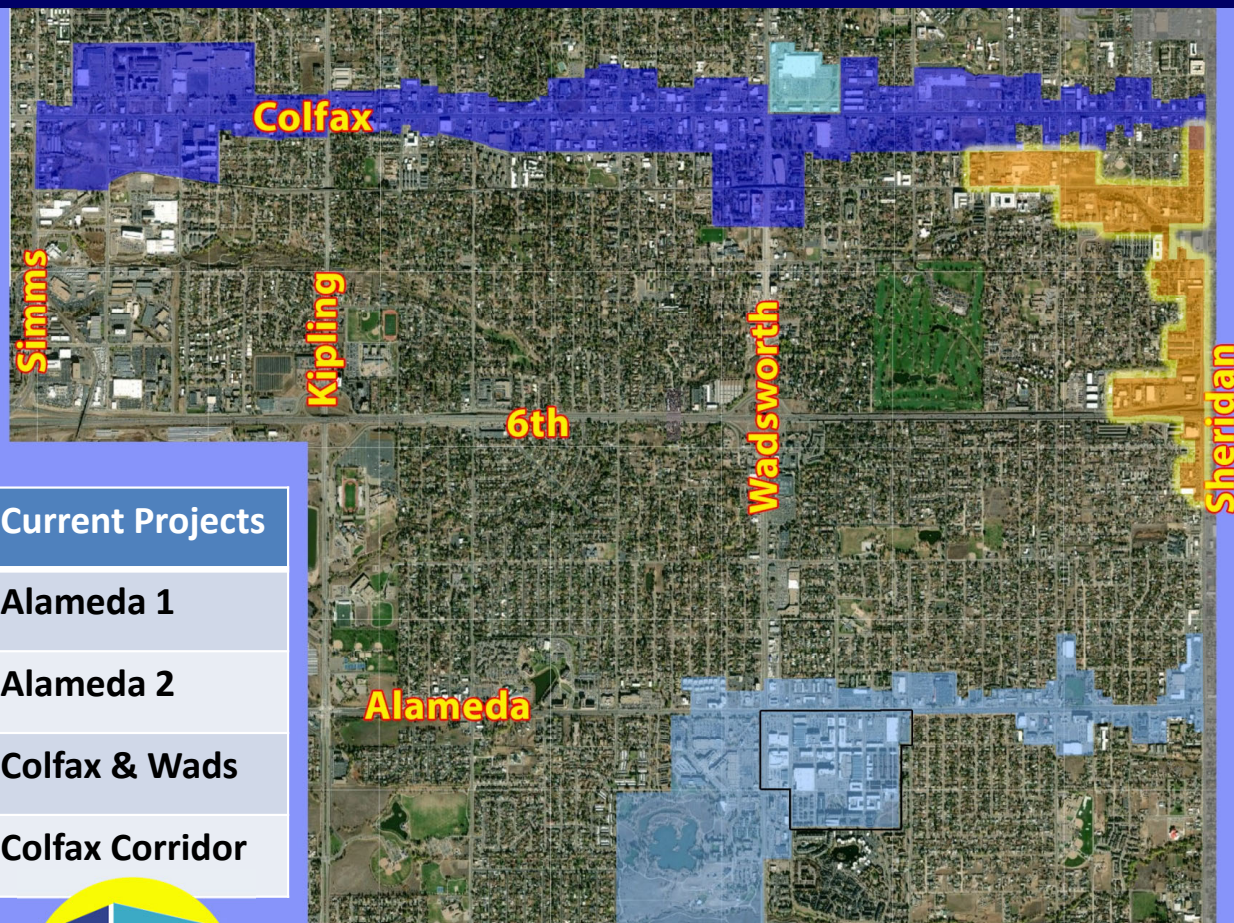
Colfax Corridor Increment Capture Ends 2030

Property Taxes Collected a
Year in Arrears

- ☐ Station Betterment
- ☐ Former Blue Sky Motel
- ☐ Potential
Westland Redevelopment
- ☐ Potential
Property Acquisition

Maps for discussion purposes only - boundaries are not precise.

Forming an Urban Renewal Project Area



Potential Sheridan Corridor Increment Capture Ends 25 Years After Findings of Blight

- ☐ Began
Conditions Survey
(Blight Study)
- ☐ Continue Talks with
Property &
Business Owners
- ☐ Potential Bonding TIF

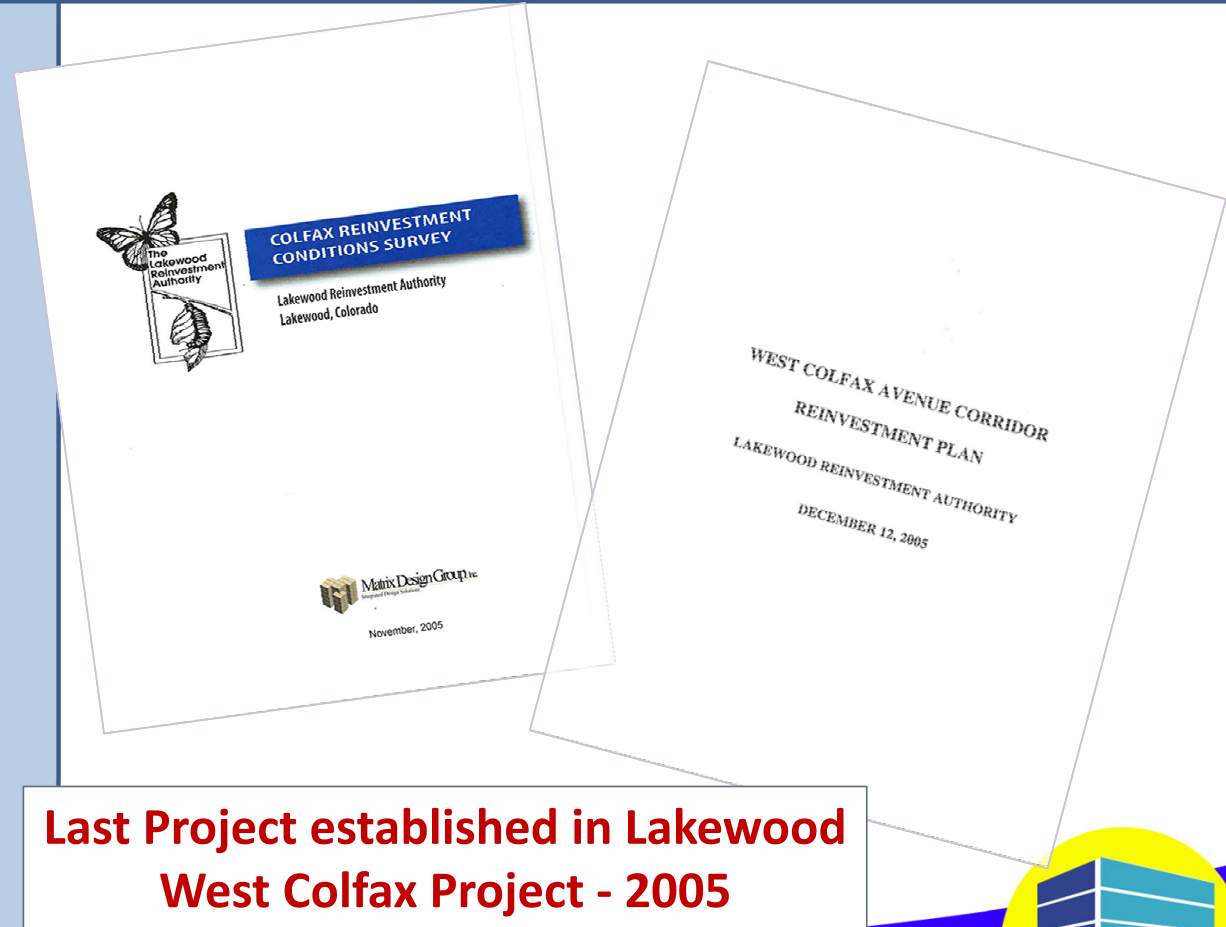


Maps for discussion purposes only - boundaries are not precise.

Lakewood Council | Lakewood Reinvestment Authority

City Council:

- ☐ Receives the report from the Conditions Survey (Blight Study)
- ☐ Approves Urban Renewal Project Plan
- ☐ **Sheridan Project** likely to come before Planning Commission in Spring 2024
- ☐ **Sheridan Project** likely to come before Council in Spring 2024
- ☐ **Sheridan Project** IGAs w/Council, LRA, Taxing Entities



**Last Project established in Lakewood
West Colfax Project - 2005**



Powers of an Urban Renewal Authority

- ☐ Sue & be sued
- ☐ Negotiate, enter into contracts & take other actions required for urban renewal
- ☐ Help develop appropriate regulations for buildings & land use
- ☐ Survey & study blighted areas
- ☐ Borrow & invest funds
- ☐ Condemn property, if authorized by City Council
- ☐ Acquire, manage, & dispose of property
- ☐ Implement plans for repair, rehabilitation and/or demolition of buildings & improvements
- ☐ Compensate individuals & businesses for relocation impacts



Statutory Authorization

Purpose:

eliminate slum
and blight

Not:

- ✓ job creation
- ✓ economic development
- ✓ increase tax revenue



C.R.S. § 31-25-101 et seq.

Statutory Authorization

But

The elimination
of slum
and blight



**almost always
results in**

- ✓ job creation
- ✓ economic development
- ✓ increase tax revenue

C.R.S. § 31-25-101 et seq



Statutory Blighting Conditions

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

Not All Conditions Need Be Present



Property Values

What happens to the value of a property if it is designated within an Urban Renewal Area?

- ☐ No studies have shown reduction
- ☐ Some studies have shown increase

Designation of blight indicates intention of the governing body to target blight mitigation efforts to that area; increases market perception of value



IGAs with Taxing Entities

**Now, if new URA's are formed,
we'll be putting together
Intergovernmental Agreements (IGAs)
with the taxing entities regarding the
blight mitigation efforts
of the new area.**



Blight Designation & Urban Renewal Plans

Historically, Lakewood has approved Blight Designation and an Urban Renewal Plan at the same time.

**Colfax &
Wadsworth
Creekside**

**Council RESO
1999-70**

8/9/1999

Alameda 1

**Council RESO
1998-49**

5/26/1998

**Alameda 2
Belmar**

**Council RESO
2000-82**

9/11/2000

**Lakewood
West Colfax
Corridor**

**Council RESO
2005-79**

12/1/2005



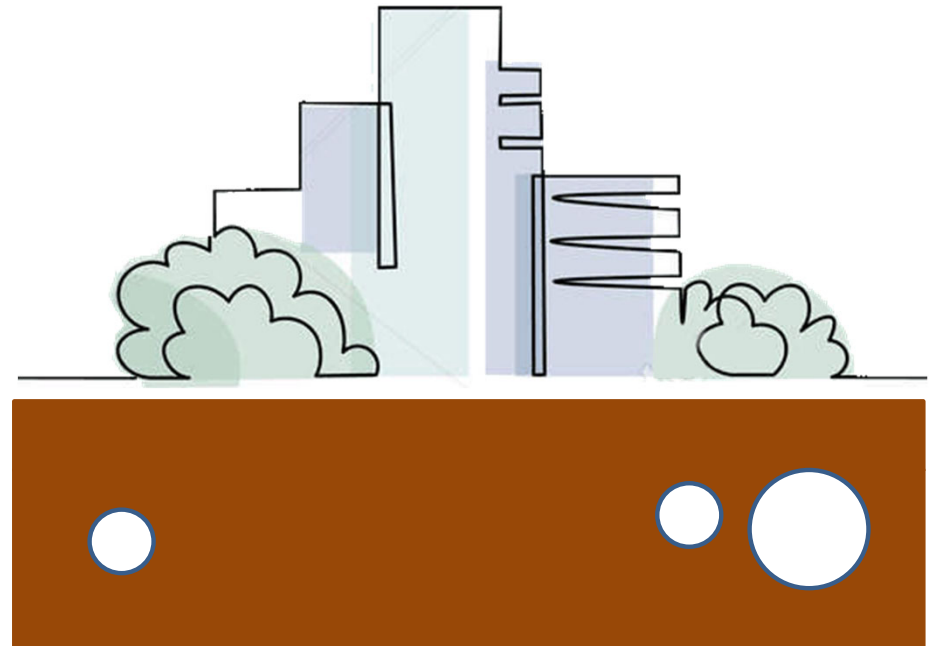
Property Valuations

Property values are made up of basically 2 things:
LAND and IMPROVEMENTS

The value of all properties
(**LAND & IMPROVEMENTS**) at the time of URA
designation is known as the **BASE**.

The improvement value - not market rise - of all
properties after the URA designation
is known as the **INCREMENT**.

Both the value of the **BASE** and the
INCREMENT increases/decreases
with the market value over time.



Base & Increment Taxes in URA Projects

Key Take Away:

It's a myth that the taxes in the base are “frozen” – in truth, they grow with the market values of the base.

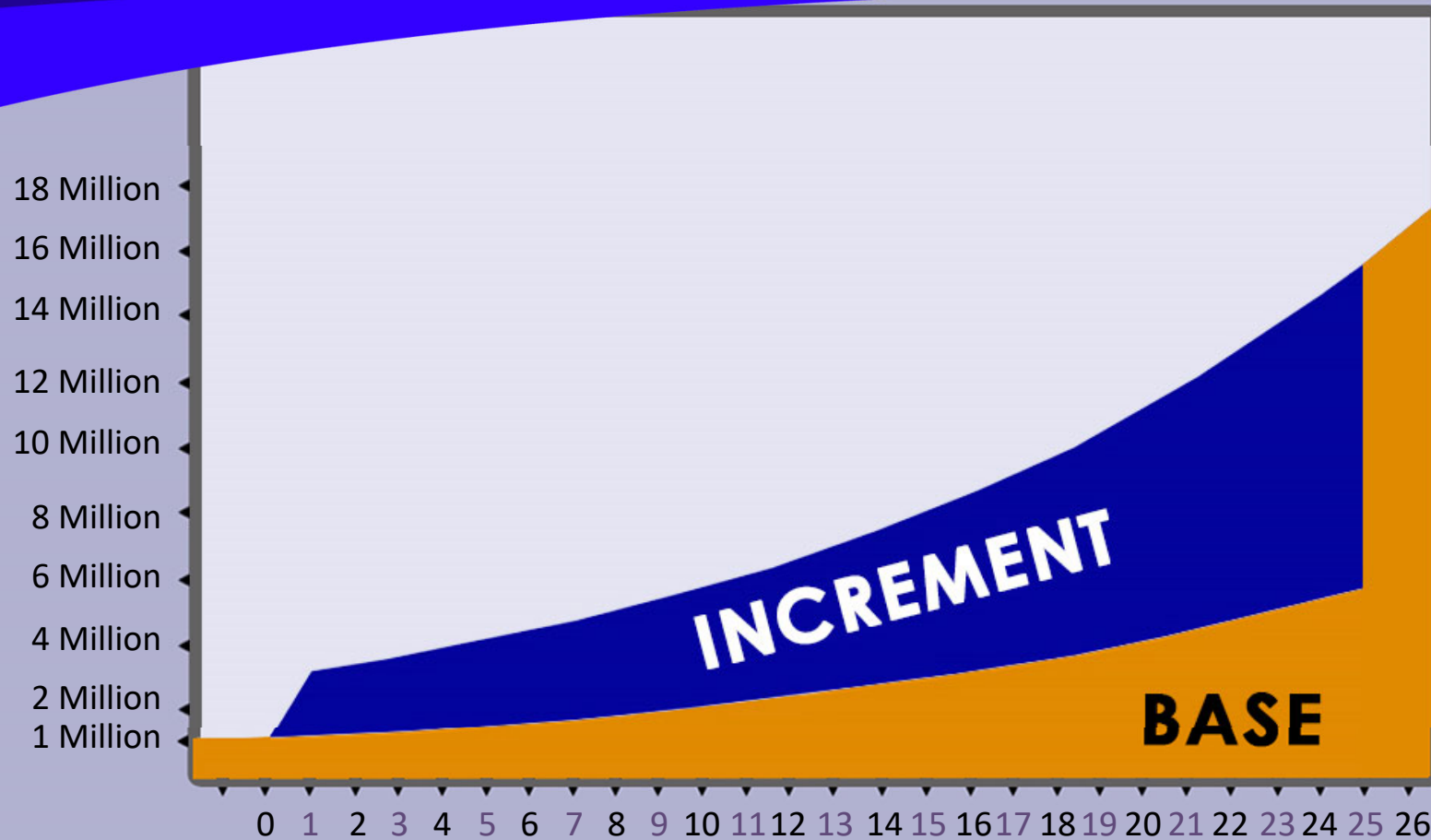
Key Take Away:

It's a myth property owners pay zero taxes or taxing entities receive zero dollars or property values go to zero.

Urban renewal simply doesn't work like that.



Hypothetical Base & Increment



Value of both Base & Increment Grow Over Time



Quick Reminder

Market Value ►► Assessed Value

Assessed Value*Mills/1000 = annual property tax



Why Use Increment & TIF?

- ❑ Increment is **NOT** a new tax

- ❑ Extraordinary public improvement requirements may be needed

- ❑ Increment does **NOT** increase tax rates on existing property owners

- ❑ Increment does **NOT** require that property owners outside of an urban renewal area contribute to project

- ❑ Increment captures the additional value created by private investment to put back into the project

- ❑ Growth pays its own way



How Increment Works



Increment Project Area is created
BASE is established



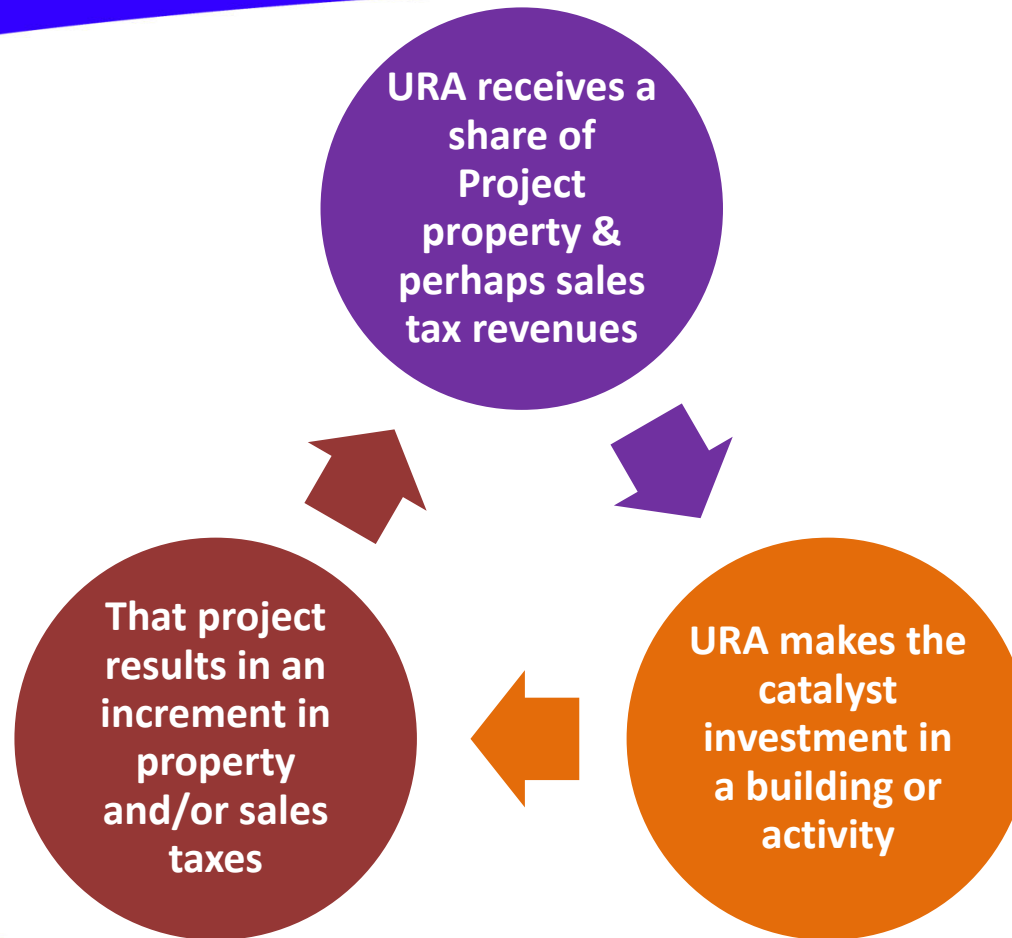
Regular tax levies

Increased taxable value
Tax from incremental value captured

Increased Property Value x Regular Tax Rate = Increment



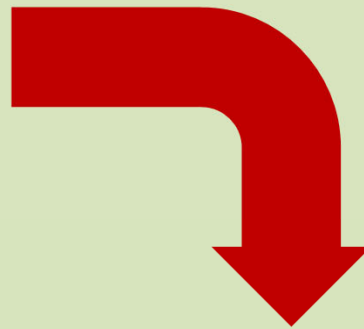
Tax Increment Financing



“But for” the URA

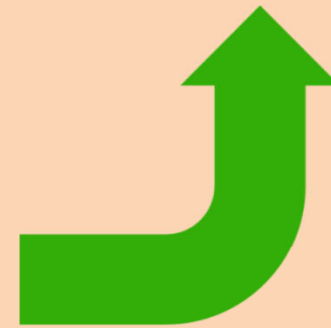
Absent the investment by the Urban Renewal Authority, development may not happen.

Without development, blighting conditions perpetuate or decay further.

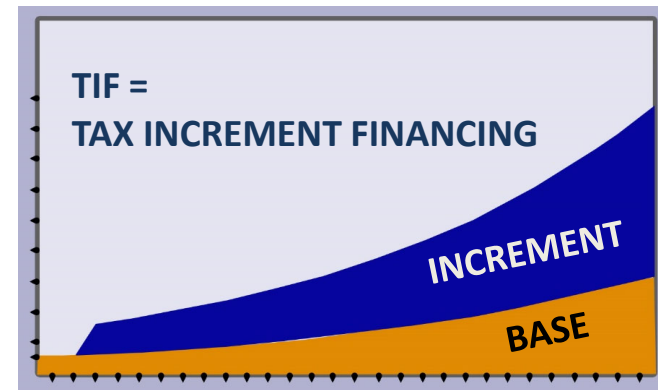


With URA investment, development occurs, and blighting conditions are mitigated.

Incremental increase available for URA to reinvest in the project to remedy blight.



Using Tax Increment Financing



- ☐ Bonding
- ☐ Reimbursement Agreement
- ☐ Other Methods

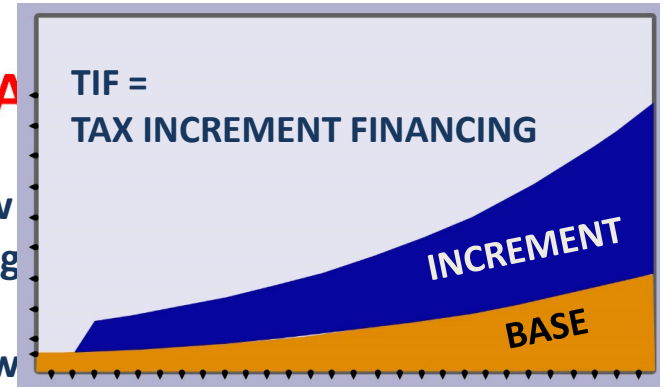


Tools for applying TIF

The But For A

How do you know
for support through

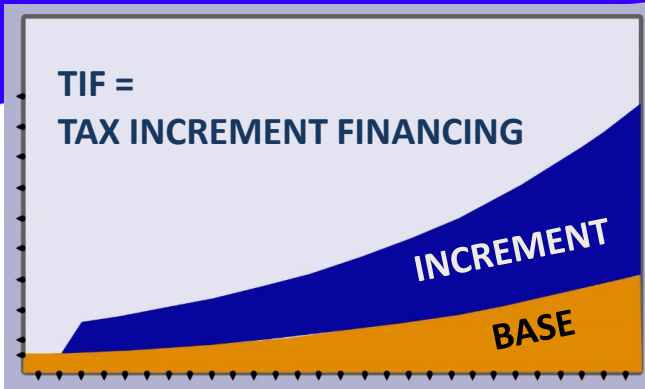
- ☐ Urban Renewal
- ☐ Proposed activity is consistent with plan goals
- ☐ Activity would not occur absent tax increment support (“but for”)



Note: Urban Renewal statute does **not** require that improvements be public in order to receive tax increment, only that they remedy blight



Tools for applying TIF



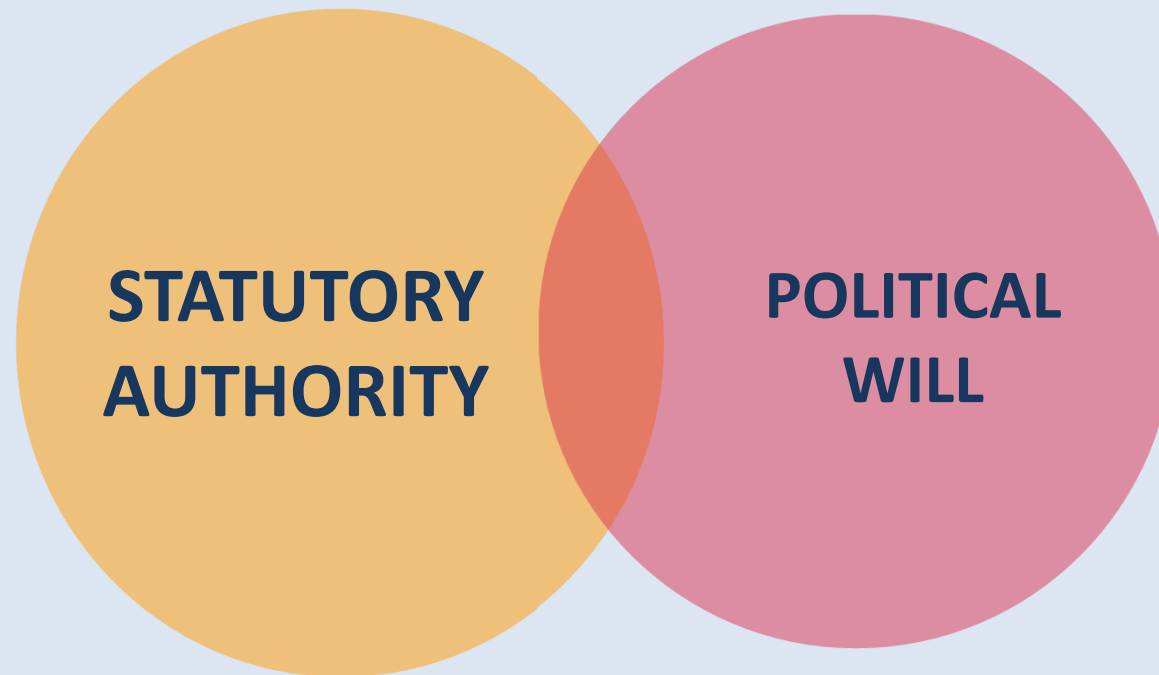
The Gap Analysis

What if the activity mitigates blight, is desired, and provides public benefit, but there is a significant gap between total project costs and anticipated returns?

- ☐ Demolition of existing structures
(eg: CU Health Center – 9th & Colo Blvd.)
- ☐ Landfill/contamination
(eg: Castle Rock, Gates)
- ☐ Oversized or regional infrastructure



LRA Investments



Questions and Discussion



STAFF MEMO

DATE OF MEETING: MARCH 4, 2024 / AGENDA ITEM NO. 4

To: Mayor and City Council
From: Donnan Smith, Economic Development Director
Subject: **EXECUTIVE REPORT**

SUMMARY STATEMENT: Executive Director of the LRA, Robert Smith, will provide a brief report updating several projects in Lakewood's Urban Renewal Project Areas.

BACKGROUND INFORMATION: None

BUDGETARY IMPACTS: None

STAFF RECOMMENDATIONS: None

ALTERNATIVES: None

PUBLIC OUTREACH: None

NEXT STEPS: None

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney