

LELAND CONSULTING GROUP



COLORADO SPRINGS URBAN RENEWAL AUTHORITY
CITYGATE URBAN RENEWAL PLAN
EL PASO COUNTY IMPACT REPORT
November 2006

This report outlines the anticipated impact of the proposed *CityGate Urban Renewal Plan* on El Paso County. It responds to the requirements outlined in C.R.S. 31-25-107 (3.5):

C.R.S. 31-25-107: APPROVAL OF URBAN RENEWAL PLANS BY THE LOCAL GOVERNING BODY

- (3.5) “Prior to the approval of an urban renewal plan, the governing body shall submit such plan to the board of county commissioners, which shall include, at a minimum, the following information concerning the impact of such plan:
- I. The estimated duration of time to complete the urban renewal project;
 - II. The estimated annual property tax increment to be generated by the urban renewal project and the portion of such property tax increment to be allocated during this period to fund the urban renewal project;
 - III. An estimate of the impact of the urban renewal project on county revenues and on the cost and extent of additional county infrastructure and services required to serve development within the proposed urban renewal area, and the benefit of improvements within the urban renewal area to existing county infrastructure;
 - IV. A statement setting forth the method under which the authority or the municipality will finance, or that agreements are in place to finance, any additional county infrastructure and services required to serve development in the urban renewal area for the period in which all or any portion of the property taxes described in subparagraph (ii) of paragraph (a) of subsection (9) of this section and levied by a county are paid to the authority; and
 - V. Any other estimated impacts of the urban renewal project on county services or revenues.

SUMMARY URBAN RENEWAL PLAN

Development Program

The proposed development program for the *CityGate Urban Renewal Plan* (the Urban Renewal Area) is based on the current plans of the community, property owner and prospective developer, and is subject to change. The anticipated development program is summarized in Table 1.



TABLE 1
CITYGATE URBAN RENEWAL PLAN
DEVELOPMENT PROGRAM

<u>Land Use</u>	<u>Developed SF/Units</u>
Retail/Restaurant	106,700
Office/Hotel	158,000
Entertainment/Recreation	31,000
Residential	193

Source: Griffis Blessing and Leland Consulting Group.

Development Timing

The development timetable for the proposed Urban Renewal Area will be determined by prevailing market conditions. A critical component of the development program is the potential redevelopment of existing parcels into a mix of retail/commercial, employment and residential uses. For the purposes of this analysis, it was assumed that these redevelopment opportunities would be substantially completed during the 25- year analysis period.

SUMMARY IMPACTS TO EL PASO COUNTY

Table 2 provides a summary of property and sales tax revenues that could be generated from **new** redevelopment within the Urban Renewal Area. These estimates are based on the development program outlined above and reflect the entire 25-year tax increment period. It is anticipated that the entire property and sales tax increment over the 25-year period would be dedicated to the Urban Renewal Project.

Property Tax Revenue

As shown in Table 2, based on the proposed development program, the Urban Renewal Area would generate approximately \$21.8 million in **incremental** property tax revenues over the 25-year analysis period. Approximately \$21.1 million, or 97% of this incremental revenue, will result from **new redevelopment** in the Urban Renewal Area, while the remaining \$640,000, or 3%, will result from the increase in value of existing properties. Currently, the property tax base in the Urban Renewal Area is approximately \$103,000.

During the 25-year tax increment period, El Paso County's share of property tax revenue is limited to its share of the property tax base. This averages approximately \$16,000 annually, or \$394,000 in total over the 25-year period. During this same tax increment period, the County will defer approximately \$2.7 million in property tax revenue. After the 25-year tax increment period is completed, the County's share of property tax revenues would be approximately \$180,000 on an annual basis (including revenue from both the base and new redevelopment). These figures do reflect the impacts of inflation, estimated at approximately 2% to 3% on an annual basis.



Sales Tax Revenue

As proposed, the Urban Renewal Area sales taxes that are to be allocated to the Urban Renewal Project are based on 2.00%, the current sales tax rate for the City of Colorado Springs. Currently, the sales tax base in the Urban Renewal Area is estimated to be \$0. Based on the proposed development program, the Urban Renewal Area would generate approximately \$11.9 million in **incremental** sales tax revenue for the Urban Renewal Project over a 25-year period. The County will retain its 1.0% rate on taxable sales in the Urban Renewal Area. Based on the proposed development program, the Urban Renewal Area would generate approximately \$5.9 million in **new** sales tax revenue for the County over the 25-year period. After the 25-year tax increment period is completed, the County's share of new sales tax revenues would be approximately \$340,000 on an annual basis. These sales tax revenue figures also reflect the impacts of inflation, estimated at approximately 2% on an annual basis.

County Services/Infrastructure

Because the entire Urban Renewal Area is located within the City of Colorado Springs' municipal boundaries, there is anticipated to be a minimal impact on County services. Infrastructure impacts associated with the proposed development program are assumed to be financed by the City and/or the Colorado Springs Urban Renewal Authority (CSURA) with sales and property tax increment revenues. Impacts to the County's general government services may increase due to the level of new nonresidential development, but such impacts should also be minimal.

Net Impact to County

Table 2 also illustrates the net impact to the County over the 25-year tax increment period. As shown, the County's net impact, in terms of property and sales tax revenue, is estimated to be approximately \$3.6 million. This accounts for deferred property tax revenues of \$2.7 million that will be dedicated to the Urban Renewal Area during the 25-year period.

CONCLUSION

In summary, and regarding "the impact of the urban renewal project on County revenues and on the cost and extent of additional County infrastructure and services required to serve development within the proposed urban renewal area" there do not appear to be any additional County infrastructure requirements required to serve developments in the proposed Urban Renewal Area. Further, the City and CSURA do not contemplate that the County will have to provide any public improvements, police, fire, utility or other specific services to serve such development as the property is entirely located within the municipal boundaries of the City and will therefore be served by the City. Finally, any additional demands (direct or indirect) on County services due to a general increase in population within the area should be more than offset (as are all other such costs) by increases in the base assessed value due to the periodic adjustment in the base assessment roll, increase in County sales tax revenues, and backfill provided by the State of Colorado.