



Ricker Cunningham

## **Amended Gold Hill Mesa Urban Renewal Plan El Paso County Impact Report**

Colorado Springs, Colorado

February 2015

**PREPARED FOR:**

**Colorado Springs Urban Renewal Authority (CSURA)  
Colorado Springs City Council**

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## **Amended Gold Hill Mesa Urban Renewal Plan**

### **El Paso County Impact Report**

City of Colorado Springs, Colorado

February 2015

This report outlines the anticipated impact of the proposed Amended Gold Hill Mesa Urban Renewal Plan on El Paso County (the 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 of Urban Renewal Plan**

Development Program

The proposed development program for the Amended Gold Hill Mesa Urban Renewal Plan is consistent with current policy documents and plans for the City of Colorado Springs. The development program is anticipated to be phased over the next 5 to 10 years, and the total build-out is summarized in Table 1. The original 25-year tax increment period was established in 2004, to extend through 2029. This amended plan is anticipated to extend from 2015 to 2029, or 15 years. Therefore, the tax increment estimates prepared herein reflect this 15-year analysis period.

Table 1  
**Amended Gold Hill Mesa Urban Renewal Plan**  
 Proposed Development Program

|                           | Sq Ft/<br>Units |
|---------------------------|-----------------|
| <b>New Redevelopment:</b> |                 |
| Single Family Detached    | 199             |
| Single Family Attached    | 70              |

Source: Ricker Cunningham.

Development Timing

The development timetable for the proposed program presented above will ultimately be determined by prevailing market conditions. A critical component of the analysis presented here is the assumption that key parcels within the planning area will be developed into a mix of residential product types, including single family homes and townhomes. For the purposes of this analysis, it was assumed that redevelopment and new development in the Amended Gold Hill Mesa Urban Renewal Area (the Area) would be substantially completed during the remaining 15-year tax increment period.



## **Summary Impacts to El Paso County**

For the purposes of this analysis, it is assumed that 100% of the total property and sales tax increment over the 15-year period would be dedicated to the Area. Table 2 at the end of this report provides a summary of property and sales tax revenues that could be generated from new redevelopment within the Area. Estimates are based on the development program outlined above and reflect the remaining 15-year tax increment period.

### Property Tax Revenue

Currently, the property tax base in the Area is approximately \$367,900. As presented in Table 2, and based on the proposed development program, the County's share of property tax revenue would be limited to its share of the property tax base -- approximately \$447,000 over the 15-year period, or \$29,800 annually (on average) adjusted for general reassessments. After the 15-year analysis period is completed, the County's share of property tax revenues would be approximately \$93,000 on an annual basis. These figures reflect the impacts of inflation, conservatively estimated at approximately 1% to 2% on an annual basis.

### Sales Tax Revenue

The current sales tax rate for the City of Colorado Springs is 2.0% and the current sales tax base in the Area is \$0. The County will retain its 1.23% rate on taxable sales in the Area. Based on the proposed development program, which does not include sales tax-generating space, the Area would not generate new sales tax revenue for the County over the 15-year period.

### County Services / Infrastructure

Because the entire 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 Colorado Springs Urban Renewal Authority, the City of Colorado Springs with increment



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revenues and/or some combination of increment dollars, general fund dollars and special district dollars (assuming future creation of an additional district layer) and developer contributions. Impacts to the County's general government services could increase due to an increase in non-residential and residential development, but such impacts should be offset by the increase in value realized by properties contiguous to the Area.

#### Net Impact to County

Table 2 also illustrates the net impact to the County over the 25-year tax analysis period. As shown, the County's net impact, in terms of tax revenue, is estimated to be a deficit of approximately \$150,300. This estimate accounts for deferred property tax revenues of \$597,300 that would be directed to the Area during the 15-year period.

#### **Conclusion**

In summary, and regarding "the impact of the reinvestment project on county revenues and on the cost and extent of additional county infrastructure and services required to serve development within the proposed reinvestment area" there do not appear to be any additional County infrastructure requirements required to serve development in the proposed reinvestment Area at this time. Further, the City does not contemplate that the County will have to provide any public improvements, police, fire, utility or other specific services to serve such development as properties in the area are 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, as well as increases in property value located in proximity to the Area.

**TABLE 2**  
**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**AMENDED GOLD HILL MESA URBAN RENEWAL PLAN**  
**TIF ANALYSIS -- EL PASO COUNTY IMPACT**  
**FEBRUARY 2015**

|   | Cumulative Total By: |                   |                    |
|---|----------------------|-------------------|--------------------|
|   | 2019                 | 2024              | 2029               |
| <b>El Paso County</b>                                 |                      |                   |                    |
| Property Tax Revenues from Existing Base              | \$145,359            | \$294,232         | \$447,006          |
| Property Tax Revenues Deferred From New Redevelopment | (\$57,083)           | (\$297,905)       | (\$597,343)        |
| Share of Sales Tax Revenues                           | \$0                  | \$0               | \$0                |
| <b>Net Tax Revenues -- 25-Year Period</b>             | <b>\$88,276</b>      | <b>(\$93,673)</b> | <b>(\$150,337)</b> |

Source: Ricker | Cunningham.

**TABLE 2 (CONT'D)**  
**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**AMENDED GOLD HILL MESA URBAN RENEWAL PLAN**  
**TIF ANALYSIS – EL PASO COUNTY IMPACT**  
**FEBRUARY 2015**

**Development Program**

|                        |                 |
|------------------------|-----------------|
|                        | Sq Ft/<br>Units |
| New Redevelopment:     |                 |
| Single Family Detached | 199             |
| Single Family Attached | 70              |

| Annual Property Tax Revenue Estimates                          | Year      |             |              |              |              |              |              |              |
|--|-----------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2015      | 2016        | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         |
| <b>Estimated Cumulative Development Demand:</b>                |           |             |              |              |              |              |              |              |
| Single Family Detached   | 20        | 45          | 70           | 95           | 120          | 145          | 170          | 199          |
| Single Family Attached   | 0         | 0           | 10           | 25           | 40           | 55           | 70           | 70           |
| <b>Estimated Development Market Value:</b>                     |           |             |              |              |              |              |              |              |
| Single Family Detached   | \$375,000 | \$7,500,000 | \$17,043,750 | \$26,777,625 | \$36,704,473 | \$46,827,180 | \$57,148,571 | \$67,671,910 |
| Single Family Attached   | \$225,000 | \$0         | \$0          | \$2,295,225  | \$5,795,443  | \$9,365,436  | \$13,006,249 | \$16,718,942 |
| <b>Estimated Development Assessed Value:</b>                   |           |             |              |              |              |              |              |              |
| Single Family Detached   | 7.96%     | \$597,000   | \$1,356,683  | \$2,131,499  | \$2,921,676  | \$3,727,444  | \$4,549,034  | \$5,386,684  |
| Single Family Attached   | 7.96%     | \$0         | \$0          | \$182,700    | \$461,317    | \$745,489    | \$1,035,297  | \$1,330,828  |
| <b>Estimated Development Property Tax Revenues (95 mills):</b> |           |             |              |              |              |              |              |              |
| Single Family Detached   | 0.095175  | \$0         | \$56,819     | \$129,122    | \$202,865    | \$278,071    | \$354,759    | \$432,954    |
| Single Family Attached   | 0.095175  | \$0         | \$0          | \$0          | \$17,388     | \$43,906     | \$70,952     | \$98,534     |
| <b>Total Property Tax Revenues from New Redevelopment:</b>     |           | \$0         | \$56,819     | \$129,122    | \$220,254    | \$321,976    | \$425,711    | \$531,489    |
| <b>Total Property Tax Revenues from Existing Development:</b>  |           | \$367,900   | \$367,900    | \$371,579    | \$371,579    | \$375,295    | \$375,295    | \$379,048    |
| <b>Total Property Tax Revenues:</b>                            |           | \$367,900   | \$424,719    | \$500,701    | \$591,833    | \$697,271    | \$801,006    | \$910,537    |
| <b>Existing Property Tax Base:</b>                             |           | \$367,900   | \$367,900    | \$371,579    | \$371,579    | \$375,295    | \$375,295    | \$379,048    |
| <b>Total Property Tax Increment:</b>                           |           | \$0         | \$56,819     | \$129,122    | \$220,254    | \$321,976    | \$425,711    | \$531,489    |
| <b>County Impact:</b>  |           |             |              |              |              |              |              |              |
| County Share of Property Tax Base:                             | 0.007461  | \$28,841    | \$28,841     | \$29,129     | \$29,129     | \$29,420     | \$29,420     | \$29,714     |
| County Share of Property Tax Increment:                        | 0.007461  | \$0         | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          |
| <b>Total County Share of Property Tax Revenue:</b>             |           | \$28,841    | \$28,841     | \$29,129     | \$29,129     | \$29,420     | \$29,420     | \$29,714     |

Source: Ricker | Cunningham.

**TABLE 2 (CONT'D)**  
**COLORADO SPRINGS URBAN RENEWAL AUTHORITY**  
**AMENDED GOLD HILL MESA URBAN RENEWAL PLAN**  
**TIF ANALYSIS – EL PASO COUNTY IMPACT**  
**FEBRUARY 2015**

**Development Program**

|                           |                         |
|---------------------------|-------------------------|
|                           | <b>Sq Ft/<br/>Units</b> |
| <b>New Redevelopment:</b> |                         |
| Single Family Detached    | 199                     |
| Single Family Attached    | 70                      |

|  | Year      |              |              |              |              |              |              |
|--|-----------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2023      | 2024         | 2025         | 2026         | 2027         | 2028         | 2029         |
| <b>Annual Property Tax Revenue Estimates</b>                   |           |              |              |              |              |              |              |
| <b>Estimated Cumulative Development Demand:</b>                |           |              |              |              |              |              |              |
| Single Family Detached   | 199       | 199          | 199          | 199          | 199          | 199          | 199          |
| Single Family Attached   | 70        | 70           | 70           | 70           | 70           | 70           | 70           |
| <b>Estimated Development Market Value:</b>                     |           |              |              |              |              |              |              |
| Single Family Detached   | \$375,000 | \$80,808,182 | \$81,616,263 | \$82,432,426 | \$83,256,750 | \$84,089,318 | \$84,930,211 |
| Single Family Attached   | \$225,000 | \$17,054,993 | \$17,225,543 | \$17,397,798 | \$17,571,776 | \$17,747,494 | \$17,924,969 |
| <b>Estimated Development Assessed Value:</b>                   |           |              |              |              |              |              |              |
| Single Family Detached   | 7.96%     | \$6,432,331  | \$6,496,655  | \$6,561,621  | \$6,627,237  | \$6,693,510  | \$6,760,445  |
| Single Family Attached   | 7.96%     | \$1,357,577  | \$1,371,153  | \$1,384,865  | \$1,398,713  | \$1,412,701  | \$1,426,828  |
| <b>Estimated Development Property Tax Revenues (95 mills):</b> |           |              |              |              |              |              |              |
| Single Family Detached   | 0.095175  | \$606,136    | \$612,197    | \$618,319    | \$624,502    | \$630,747    | \$637,055    |
| Single Family Attached   | 0.095175  | \$127,928    | \$129,207    | \$130,500    | \$131,805    | \$133,123    | \$134,454    |
| <b>Total Property Tax Revenues from New Redevelopment:</b>     |           | \$734,064    | \$741,405    | \$748,819    | \$756,307    | \$763,870    | \$771,509    |
| <b>Total Property Tax Revenues from Existing Development:</b>  |           | \$382,838    | \$382,838    | \$386,667    | \$386,667    | \$390,533    | \$390,533    |
| <b>Total Property Tax Revenues:</b>                            |           | \$1,116,902  | \$1,124,243  | \$1,135,485  | \$1,142,973  | \$1,154,403  | \$1,162,042  |
| <b>Existing Property Tax Base:</b>                             |           | \$382,838    | \$382,838    | \$386,667    | \$386,667    | \$390,533    | \$390,533    |
| <b>Total Property Tax Increment:</b>                           |           | \$734,064    | \$741,405    | \$748,819    | \$756,307    | \$763,870    | \$771,509    |
| <b>County Impact:</b>  |           |              |              |              |              |              |              |
| <b>County Share of Property Tax Base:</b>                      | 0.007461  | \$30,012     | \$30,012     | \$30,312     | \$30,312     | \$30,615     | \$30,615     |
| <b>County Share of Property Tax Increment:</b>                 | 0.007461  | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          |
| <b>Total County Share of Property Tax Revenue:</b>             |           | \$30,012     | \$30,012     | \$30,312     | \$30,312     | \$30,615     | \$30,615     |

Source: Ricker | Cunningham.