

Legislation Text

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Subject:
Urban Renewal

Presented By: Mike Braaten, Deputy City Manager

POLICY QUESTIONS:

Does city council want to repeal any or all of the four adopted urban renewal plans? Does city council wish to abolish the Littleton Invests For Tomorrow (LIFT) urban renewal authority? If council abolishes LIFT, is the loan from the city to LIFT forgiven?

BACKGROUND:

At the July 5 city council meeting, city council postponed the first reading of an ordinance to abolish LIFT and repeal the four urban renewal plans in order to obtain additional financial information. Council also wanted to consider separating the original ordinance into separate actionable items - i.e., to take action on each plan separately.

STAFF ANALYSIS:**Abolishment of LIFT/Urban Renewal Authority:**

Staff has provided separate ordinances to consider each plan individually and on LIFT, as well as the original ordinance to abolish LIFT and all of the plans simultaneously. Should council decide to keep one, some or all of the plans in place, then LIFT needs to remain intact to administer the plans. Council also has the option to become the urban renewal authority. Per state statute, C.R.S. 31-25-115 (1), this may only be accomplished through a majority vote at a regular election (November, 2017).

Per state statute, C.R.S. 31-25-115 (2), "The governing body of a municipality may by ordinance provide for the abolishment of an urban renewal authority, provided adequate arrangements have been made for payment of any outstanding indebtedness and other obligations of the authority. Any such abolishment shall be effective upon a date set forth in the ordinance, which date shall not be less than six months from the effective date of the ordinance."

Urban renewal is a tool available to address statutorily-defined blight and can be used as a funding mechanism to address needed public improvements. Should council consider retaining an urban renewal authority, it could be an option to use the increment generated in the plan areas to address infrastructure improvements in those areas.

According to the Colorado Municipal League, three communities have abolished their urban renewal authorities in recent years and all by popular vote. The communities include Estes Park, Windsor and Castle Pines.

Urban Renewal Plans:

The city has four urban renewal plans: Santa Fe, Littleton Boulevard, North Broadway and Columbine Square. The increment base was set for each plan as the last day of the previous month prior to each plan's adoption. The Santa Fe plan has only property tax increment available, whereas the other three plans have property tax and sales tax increment available.

Council has the authority to repeal all, some, or none of the plans. Council has provided direction to the Planning Board and the Community Development staff that corridor plans for Santa Fe and Belleview should be a high priority with plans for Littleton Boulevard and Broadway to follow. Portions of these areas are also addressed within the four adopted urban renewal plans. If council decides to keep any of the plans, urban renewal could assist in addressing public infrastructure needs within those corridors/plan areas. Conversely, the community has voiced concerns with urban renewal and public improvements could be addressed through other mechanisms available to the city.

LIFT Finances:

Attachments to this communication include the check book register/spreadsheet of LIFT since its reactivation in 2014 and the special fund revenues broken out by the plan areas.

In late 2015, there was an account breach of LIFT's checking account (in other words, the account was "hacked") that required LIFT to open a new account. All funds have been returned from this incident, except \$1,358.89 (and an additional \$101.00 deposit, assumingly made by the hackers to test fund transfers, remains in the account). According to LIFT's Vice Chair, Gary Thompson, this is still under investigation by Wells Fargo.

The property tax increment for all four plans is received monthly from the county. The city's Finance Department matches the property tax increment amounts with county reports and then forwards the funds to the executive director of LIFT for deposit in LIFT's ColoTrust account (ColoTrust is a statewide government banking entity for local governments).

The sales tax increment is calculated/collected by the city's Finance Department within the boundaries of the tax increment area in the 12-month period ending the last day of the month prior to the effective date of the approval of the plan.

Should council repeal some or all of the plans and decides to forgive the loan and return the remaining property tax increment to the affected local governments, LIFT and the city Finance Department will coordinate with the county to return the property tax increment based upon mill levy ratios and amounts collected. There will be additional fees, charged by the county, to assist in this process that will be the responsibility of LIFT.

If council chooses not to forgive the loan, the collected increment can be used to satisfy some or all of LIFT's debt with the city.

FISCAL IMPACTS:

In addition to legal fees and staff time, the primary fiscal impact to the city would be if council chose to forgive the loan to LIFT.