



Urban Renewal after HB 1348/SB 177



County Rights Prior to HB 1348/SB 177

- ▶ Right to receive notice and impact report
- ▶ Ability to enter into share back agreement (*but only if city agreeable*)
- ▶ Ability to show up at city council hearing on the adoption of urban renewal plan and voice issues/concerns (which could freely be ignored)
- ▶ No right to challenge urban renewal plan in court (due to Colorado Court of Appeals 1999 decision in *County of Boulder v. City of Broomfield*)

County Rights After HB 1348/SB 177

- ▶ For urban renewal plans adopted after 1/1/16 (and for certain modifications to plans adopted prior to 1/1/16)
- ▶ ***Counties, and other taxing entities, now have a right to have a representative on the urban renewal authority***
- ▶ ***Urban renewal authorities are now required to try to negotiate an agreement with counties regarding the appropriate sharing of tax increment revenues***

Shareback Agreement Negotiations

- ▶ Agreement must address, at a minimum, *the estimated impacts of urban renewal plan on county services*
- ▶ Agreement can cover other issues as well
- ▶ Note: a group of County Attorneys has put together a model shareback agreement that covers the basic issues – can get a copy from CCI

Mediation

- ▶ ***If no agreement can be reached on the appropriate shareback amount, then mediation is required before the city can adopt an urban renewal plan***
- ▶ Mediator is jointly chosen by city and other parties; if unable to agree, then each side selects a mediator, and the two mediators then select a third

Mediation (cont.)

- ▶ Once mediators(s) render a decision, city has only four choices:
 - Incorporate mediator(s) findings into the urban renewal plan
 - Direct the authority to enter into an agreement that includes the findings
 - Try to negotiate a new agreement with different terms
 - Abandon the use of tax increment financing for the project

Additional New Rights

- ▶ If there are tax increment revenues left over after the urban renewal project is completed, they have to be returned to the taxing entities
- ▶ Counties may now have standing to challenge cities in court, at least on certain issues

Important County Considerations

- ▶ Make sure to appoint the right person as representative to urban renewal authority – someone who will work well with city and who will actively participate and stick up for county's interests
- ▶ Make sure understand fully what the impacts to County services will be – need this info for shareback negotiations and for mediation if negotiations fail
- ▶ Impacts can be hard to quantify – may need to hire a consultant

Potential Services Impacted

- ▶ Assessor
- ▶ County Attorney
- ▶ Human Services
- ▶ Health Dept.
- ▶ Sheriff
- ▶ Roads
- ▶ Other?

Other Areas of Concern

- ▶ In addition to ensuring that County costs are covered, speak up about other issues of concern!
- ▶ Urban renewal has been used appropriately in many cases; but sometimes it has been used inappropriately

Potential Inappropriate Uses of Urban Renewal and Tax Increment Financing

- ▶ Where there are questionable findings of blight
- ▶ Where properties are included in the urban renewal area that shouldn't be
- ▶ Using tax increment financing on projects where development would occur anyways
- ▶ Including ag land
- ▶ Not having an actual project defined
- ▶ Delaying of the TIF clock

Why Should Counties Be Concerned?

- ▶ ***Lose ability to capture property tax revenues on new development in urban renewal area (for up to 25 years)***
- ▶ This is particularly a problem where urban renewal project was not needed to stimulate development or eliminate blight
- ▶ Or where properties are included that did not need to be included
- ▶ Loss of property tax revenues for schools requires backfilling by state – we all pay for urban renewal

Conclusion

- ▶ Counties should take full advantage of new rights granted through HB 1348/SB 177!
- ▶ This will help to:
 - Reduce inappropriate uses of urban renewal
 - Ensure that any impacts on County services are adequately funded
 - Protect the County's tax base and ensure that there are adequate funds for the future