

# AGENDA ITEM SUMMARY

Urban Renewal Authority



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## STAFF

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Andy Smith, Redevelopment Manager  
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## SUBJECT

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**North College Plan Area Finance Strategy**

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## EXECUTIVE SUMMARY

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The North College Urban Renewal Plan (“Plan”) revenue stream from tax increment financing (“TIF”) will end in 2030. Several potential projects seeking financial investment may be considered by the URA Board in that timeframe, and to better prepare for those discussions, URA staff seeks strategic direction from the URA Board regarding priorities.

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## STAFF RECOMMENDATION

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None.

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## BACKGROUND / DISCUSSION

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In 2018, the Fort Collins URA commissioned a professional third-party analysis of opportunities for potential investment within the Plan Area. The analysis culminated in a report, and in 2019, the report was followed and considered by key community stakeholders in two series of workshops facilitated by CSU’s Institute for the Built Environment (IBE) and The Family Center/La Familia (TFC/LF).

Nearly sixty community members participated in the workshop process between the two groups. Overarching themes both groups identified included:

- Increase vibrancy through maintaining and adding services and amenities that the community wants.
- Enhance and celebrate cultural needs and opportunities, including artistic expression.
- Increase access to a variety of recreation options.

From there, IBE produced a report synthesizing the findings of both series of workshops. The report highlights four key areas of investment. These four categories of investment are:

1. Complete, vibrant neighborhood
2. Latinx community hub
3. Stormwater improvements

#### 4. Recreation and connectivity

The final steps in the process consolidated those four categories into three summary categories that were then analyzed in terms of targeted allocation levels during the short-term, medium-term, and long-term time horizons (see exhibits from the 2020 Community Investment Plan below)

#### Recommended Revenue Allocation

	Complete, Vibrant Neighborhood	Community Hub	Infrastructure Improvements
<b>Short Term</b> 2021 - 2022	Cultivate partnerships Small business support	Community based design process	Continue existing projects
<b>Medium Term</b> 2023 - 2024	Pilot community hub programs	Forge development partnerships	Complete existing projects
<b>Long Term</b> 2025 and beyond	Acquire property Repayments fund community objectives	Develop community hub	Fund legacy projects
<b>Total Allocation</b>	<b>25%</b>	<b>50%</b>	<b>25%</b>

#### Recommended Revenue Allocation by Timeframe

	Short Term 2021 - 2022	Medium Term 2023 - 2024	Long Term 2025 and beyond	Total
<b>Complete, Vibrant Neighborhood</b>	<b>10%</b> \$238,849	<b>25%</b> \$424,480	<b>30%</b> \$2,914,064	<b>\$3,577,393</b>
<b>Community Hub</b>	<b>10%</b> \$238,849	<b>25%</b> \$424,481	<b>60%</b> \$5,828,127	<b>\$6,491,457</b>
<b>Infrastructure Improvements</b>	<b>80%</b> \$1,910,791	<b>50%</b> \$848,961	<b>10%</b> \$971,355	<b>\$3,731,107</b>
<b>Total</b>	<b>\$2,388,489</b>	<b>\$1,697,922</b>	<b>\$9,713,546</b>	<b>\$13,799,957</b>

The Community Investment Plan recommended that 50% of forecasted future TIF revenue be dedicated to the “Community Hub”, 25% go toward “Complete, Vibrant Neighborhood” initiatives, and the remaining 25% go toward “Infrastructure Improvements”. It should be noted that approximately 70% of the recommended allocations were assigned to the “long term” of the year 2025 and beyond.

## **FINANCIAL UPDATE**

Since 2020, much has changed in terms of factors relied upon for the financial forecast used for the Community Investment Plan. Specifically, property values and associated tax revenues have increased more rapidly than anticipated, and tax assessment rates have been dynamic. As such URA staff have updated the model used to forecast revenues that are expected to be collected before the sunset of the TIF collection period. At this time, staff is forecasting that approximately \$27 million in unencumbered TIF revenue will be collected and available to the URA for selected undertakings.

## **MISCELLANEOUS POLICY & OPPORTUNITY UPDATE**

Since the Community Investment Plan was completed, an assortment of new opportunities, challenges, and policy objectives have emerged. Below are a few examples the URA Finance Committee and Board may consider.

### ***Albertsons***

When the Community Investment Plan was completed, acquisition of the vacant former Albertsons was only a concept. Now that it is probable, a unique opportunity to replace blight with a vibrant community hub, neighborhood focal point, and potentially much more is suddenly possible. Does the URA want to make more resources available to ensure that the opportunity is fully explored and maximized?

### ***Affordable & Middle-Income Housing***

The housing crisis has led the URA to consider additional affordable housing supply as a critical element to be included in supported projects whenever possible. Additionally, several middle-income housing projects have been proposed in the North College Plan Area and are beginning to explore potential assistance from the URA, which would be relatively unusual. Does the URA want to make more resources available to support affordable and middle-income housing.

### ***24/7 Shelter Impacts***

If built, the Fort Collins Rescue Mission's proposed new 24/7 shelter may create a series of undetermined impacts on the neighborhood and URA plans, such as stormwater improvements and urban design. Does the URA want to be in a position to make more resources available as opportunities emerge?

### ***15 Minute City***

Both the City and the URA are committed to advancing a "15-Minute City", and the Albertsons property may present a rare opportunity for a demonstration project to inform other neighborhood shopping center redevelopments.

### ***Nuisance Properties***

URA Staff has become aware of several properties along North College that have been plagued with ongoing and significant criminal activity and are now subject to the City's Public Nuisance Ordinance program. Because these properties have also been identified as environmental liabilities, would the URA be interested in making more resources available for environmental remediation, demolition, and potential redevelopment?

### ***Infrastructure: West Side of College Ave and North College Mobility Hub***

City efforts to improve the stormwater infrastructure on the west side of College Ave have moved slower than anticipated and as a result will likely cost more to complete due to more sophisticated solutions and inflation. The URA has historically been a champion and financial supporter of these improvements in order to make that side of College Ave more suitable for redevelopment activity. Additionally, a mobility hub is planned for an area near the vacant, former Albertsons. Does the URA remain committed to these efforts, even if they cost more and take longer than originally anticipated? Does the mobility hub present a new opportunity for the URA?

### ***Powerhouse 2***

The URA was interested in providing financial support to the expansion of the CSU Powerhouse campus across Vine Drive into the North College Plan Area. That expansion, known as Powerhouse 2, stalled at the end of the pandemic due to rapid major cost increases, but their leadership has recently indicated they will soon restart the effort. Would the URA be interested in making resources available for this major project?

### ***Property Tax Volatility***

Property values have increased significantly since the Community Investment Report was completed, which has led to proportional increases in property tax and TIF revenues. While the URA has benefited directly from the increase in TIF, many property owners, small business tenants, and potential redevelopment/renovation projects have been challenged. In response, the State of Colorado continues to consider both temporary and permanent changes to the property tax system, making revenue forecasting more challenging and less reliable.

## **SCENARIOS FOR DISCUSSION**

To stimulate a high-level discussion that is both strategic and philosophical, URA staff have prepared three simple conceptual scenarios for URA Finance Committee and Board consideration. Based on the discussion, questions, and concerns expressed by the Finance Committee and Board, staff will prepare a draft recommendation to reaffirm and/or update the financial allocation strategies originally described in the Community Investment Plan. That recommendation will be presented to the URA Finance Committee and Board very soon, prior to anticipated project support requests coming to the Board for consideration.

### **SCENARIO 1: *Stay the Course***

#### **SUMMARY**

No change. Follow the strategy, allocations, and priorities identified in the Community Investment Plan.

#### **PROJECT EXAMPLES**

50% of forecasted future TIF revenue be dedicated to the “Community Hub”, 25% goes toward “Complete, Vibrant Neighborhood” initiatives, and the remaining 25% go toward “Infrastructure Improvements”.

## SAMPLE QUESTIONS

- Will we need more money for North Mason infrastructure projects?
- What is meant with “Complete, Vibrant Neighborhood” and can that category serve as a “catch-all” for initiatives that do not fit well in “infrastructure” or “community hub”

### **SCENARIO 2: *Shift Focus to Albertsons Center***

## SUMMARY

As mentioned in the Community Investment Plan, catalyze a vibrant cultural “focal point” for the North College neighborhood by creating a cohesive mixed-use “15-minute” village.

## PROJECT EXAMPLES

- Leverage and support planned North College Mobility Hub
- TBD assemblage for vertical and horizontal mixed-use program, with housing emphasis
- Central gathering place anchored by the community hub and expressed with authentic music, art, and food
- Conversion of heat island to greenspace
- Enhanced pedestrian and bike connectivity
- Civic partnerships
- High performance buildings

## SAMPLE QUESTIONS

- What will ownership cost during the hold period?
- Can we offset costs by leasing out a portion or all of the building(s)?
- Do we want to pay all cash or use some leverage?
- Who are the partners, and how do these concepts translate to a future development RFP and partnership agreement?

### **SCENARIO 3: *Shift Focus to Acquisition of Key Properties***

## SUMMARY

By seeking and mitigating blight throughout the plan area, the URA may create potential future redevelopment and land banking opportunities for affordable housing and/or other desired uses. May also serve unique governmental function for environmental remediation.

## PROJECT EXAMPLES

- Nuisance motels (emergent)
- Properties with underground storage tanks (UST)
- Properties that hinder desired access
- Logical assemblage for housing

## SAMPLE QUESTIONS

- How many properties are there?
- Beyond blight, what other criteria is important to evaluate opportunities?
- And are there willing Sellers?
- What is the exit strategy?

## **GENERAL QUESTIONS TO BE FURTHER EXPLORED**

- What happens to the URA general budget when we stop collecting TIF from North College TIF?
- Can/should we explore renewal of the North College Plan?
- Can the URA own, maintain, operate (lease) real estate after the sunset?
- Should the URA target a specific contingency/savings goal, and if so, how much?
- What happens to cash on-hand upon sunset?
- Can the URA make commitments and obligations that survive the sunset?
- Should we consider refinancing our current bond to get cash now rather than later?
- Is the URA willing to provide financial support to desired projects in unusual ways? For instance, the URA has normally provided annual reimbursement payments to approved projects as TIF revenue is actually collected; would the URA be willing to provide “up-front” support to housing projects that will never be fully recovered due to the sunset and limited residential property tax revenue?

## **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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The URA Finance Committee discussed this strategy at their meeting on September 12, 2024 and recommended consideration by the full URA Board. Their questions and comments include, but are not limited to, the following:

- Are Scenarios 1 and 2 much different?
- Provide an update and more detail regarding the community hub, its programming, and history.
- Is the community hub a blight mitigator?
- Remain committed to what we heard from the community when we conducted the Community Investment Plan outreach, especially the need for a Latinx community hub open to everyone.
- The “Complete, Vibrant Neighborhood” investment category may function well as a “catch-all” for opportunities that arise.
- Additional (or extra) revenue should be prioritized for affordable housing.
- Investments should be considered in a holistic manner and approach.

## **AUTHORITY FINANCIAL IMPACTS**

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None.

## **PUBLIC OUTREACH**

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None.

## **ATTACHMENTS**

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1. Community Investment Plan for North College (2020)
2. Presentation