

Downtown Colorado, Inc. (DCI)
October 25, 2011 Urban Renewal Breakfast
Meeting Summary

- **Welcome and Overview.** Presented by Katherine Correll, Downtown Colorado, Inc.: Review of the Development & Improvement District (DIDs) program and discussions that have evolved throughout the year looking at the image of urban renewal in Colorado and finding a way to quantify and proactively promote the work of urban renewal in the state.
- **2010 URA Impact Report Findings.** Presented by Anne Ricker, Ricker-Cunningham. Discussion of the quantifiable impact of urban renewal and how the findings need to be used. Major findings:
 - There is no standard for reporting and it is difficult to collect information.
 - Revenue-sharing practices are already happening.
 - The numbers show that urban renewal is a significant industry in the state, over \$5.5 billion in investment.
 - Impacts on other taxing entities including schools have not really been quantified previously; by the survey's estimates the percentage of dollars retained for urban renewal from school districts is on average less than 1% of any individual district budget and less than 3% for counties with the highest being 6-7% in Broomfield and Denver where they are City-Counties). In most instances the amount is fractional or very minimal.
 - Ricker-Cunningham will be sending out the survey for 2011, and DCI making it available on their website, in an effort to complete the baseline data set and begin to establish a trend in the information. The survey will be expanded to include questions received over the last year, as well as modified to include questions targeted at other districts including DDAs.
- **Lessons from California Redevelopment.** Presented by Anna Jones, Progressive Urban Management Associates. (PUMA). Review of the dismantling of redevelopment in California and look at ways to better protect this tool in Colorado.
- **Legislative Update.** Presented by Erin Goff, Axiom Strategies. Discussion of current events and potential legislation that could further impact URAs in Colorado. In summary:
 - Representatives Fisher and Carol have been talking in the newspaper about the Gaylord Project as a "loophole" in the urban renewal statute, but this is not a loophole as much as the wording in the statute. Regardless, as the project goes forward, both the environmental groups and others in the legislature might be thinking that urban renewal is problematic. One issue is that people may think that urban renewal is taking money that would otherwise go to schools. We need to have a better annual reporting process, review of expenditures spent and siphon of revenues for which other taxing districts benefit.
 - If we can head them off with standardized reporting and then translate into job creation language, we will be better placed to re-cast the image of this tool.
 - Other legislation is looking at mandating certain language that could be put into the urban renewal statute.
- **Open Discussion.** Led by Vicki Mattox, Stifel Nicolaus:

Which types of projects are folks working on?

George Thorn, Mile High who has served on DURA board and is a developer who has worked with various URAs commented. There is no problem for developers with URAs in fact they bring a lot to the table. Developers are looking for gap financing and most URA folks are really good at understanding that need. The bigger threat to a private developer is the lack of private finance dollars. Most developers just don't have money to bring to the table. residential projects, developers are seeking sources including CHFA assistance. The same level of machinery and tax credit support is there but coming in at a lower percentage of financing. Developers will position and package, but they need assistance from a sponsor like CHFA, HUD, or other money source to support and assist them in

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getting through the process -- accessing tax credits and maneuvering the bureaucratic puzzle. URAs can be really helpful in this regard.

With developers having limited access to capital, there is more pressure on URAs to become the developer even though URAs are also facing challenges in securing capital. There is also a move by local governments to utilize URAs to start new developments instead of redevelopment. If URAs are meant to bring investment to difficult to develop areas (blight, inner city, etc.) then there must be prioritization.

Financing is really difficult right now, but driving retail is also a challenge. Now the tenant demands and concessions that the larger retailers used to make are trickling down to the small tenants, too. One thing that would help is a loosening up the requirements so that developers and URAs have the full range of tools in the toolbox to make deals. Office projects are dead, but housing is not and with HUD the development community is doing amazing things with the tools available. The most important thing is the timing of the market in the whole process. Reducing and streamlining the timeline for approval are also an important key to success.

Which urban renewal authorities have gotten re-assessments?

Two URAs who had received their reports from their respective counties reported increases in their TIF revenues after the 2011 reassessment. Others didn't know, yet.

Which groups have an appointed URA board versus Council serving as the board?

Anne Ricker reported having recently updated this data for the 2011 survey and found that 51% have Council boards while 49% have appointed boards. However, two of the Council boards have appointed advisory boards and one other is actively considering changing their format to an appointed board. Erin Goff suggested that the Council board format makes it's challenging to negotiate at the legislature since the argument is that URA work separately from cities is only partially true.

When boards are appointed there is a better opportunity to have practitioners on the board, due diligence, people who have signed on construction loans, etc., and that may be more useful in moving economic development forward.

DCI can take a stance and develop momentum: (Comments):

- Larger URAs could pledge their increment, but not be the issuer or the borrower. DCI could encourage URAs to be the issuer and get money into the developers' capital stack.
- When a developer is working with a city and URA, the jurisdiction often says, "Oh this is our chance to get that extra thing or build that new plaza" which can fly in the face of the "but for" argument. Maybe DCI could encourage jurisdictions to understand that these additional items can discourage or even kill projects.
- Find ways to get the URA Impact Snapshot and case study information into the hands of the right individuals.
- Expand the survey analysis to reflect the economic spin-off and larger impacts -- ripple effect. The clean energy bill was well done because it showed exponential impacts. This might serve as a good model for packaging the URA Survey information. Everyone is articulating that there is very little market for the types of projects that developers want to do ...some folks have walked away from URA deals because the URA was asking too much. Recently there has been an influx of new financing (HUD 108, tax credits, etc.) but there are no predevelopment dollars... Perhaps DCI could provide these dollars or services. (Note: The larger asks from developers are legitimate, because there is a gap).

A meeting of the minds is required. We need the common denominator and everyone sitting at the table. We must separate fact from fiction -- what the developer does, what the URA does, how TIF works. No one has money right now. Municipalities must streamline, but the fact is that resources and capacity are limited across the board.

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- Legislators might prefer to hear from various groups rather than just CML, DCI and other advocacy groups. Some like developers, some like small business, some like communities... Each of us have a discussion with legislator and help them to understand what this tool does? Education and the needs of the community are the language that they understand.

Summary of What Colorado URAs Need Next

- Fast responses for the URA Impact Survey
- Testimonials and Case Studies (DCI will work with URA reps to provide standardized forms for soliciting case study information.)
- Develop a format for standardized reporting – using
 - DURA, AURA, GURA, BURA annual reports as examples. Send existing reports to DCI.
 - Enlist the participation of the development community and educate them about DCI's efforts related to URAs.
 - Continue this dialogue – scheduling similar forums at strategic times during the year.
 - Look to sample reports including the Impact of Historic Preservation in Colorado as formats for packaging the URA Survey information.