

North Avenue Advisory Committee

April 25, 2012

City Attorney John Shaver attended the meeting to discuss with the committee several different funding options for future improvements to North Avenue (Project Financing/TIF 101). These included the following:

Colorado law provides municipalities with various means to affect urban renewal/public improvements such as streets, sewers, sidewalks and other infrastructure.

Tax Increment Financing (TIF)

The primary means of financing such projects is Tax Increment Financing (TIF). In its most basic form a TIF is a means of directing a portion of the property taxes levied by all taxing authorities within a district or renewal authority area to an entity that is undertaking the project. Tax Increment Financing (TIF) provides for the allocation of tax revenues from all local governments (taxing jurisdictions) including the city, county, school district and special districts to fund projects. The financing method works best when 1) an area is blighted and 2) that area is growing and/or will be redeveloped.

A TIF is created by the City Council first designating an area as blighted and in need of or benefitting from re-development. A city can employ a TIF through an urban renewal authority (URA) or a downtown development authority (DDA). Prior to implementing a TIF plan a city must designate an area as "blighted." Because the district is "blighted" property values are often comparatively low and when redevelopment occurs, the property tax revenue (based on an increased assessed value on the improvements or the impact of improvements on neighborhood values) will go up. The difference between the "before and after" taxes payable on the property in the district is referred to as the tax increment. The increment (or a portion of it depending on the form of the entity chosen to administer the TIF) is then available to fund the project improvements.

The amount of the base taxation continues to be paid to the taxing jurisdictions that pre-dated the TIF. The tax increment funding the project continues for the term of years established when the TIF was created, often 20-30 years. Frequently TIF revenues payable over a term of years are pledged for bonded indebtedness, although some districts fund improvements on annual collections. According to Colorado law if debt is created an election must be held. Likewise the formation of a TIF is accomplished by election.

Business Improvement District (BID)

A business improvement district (BID) is an alternative to a TIF district. With a BID project revenue is generated by a voted on increase in tax or an assessment against properties in the district. Likewise, owners may form a general or special improvement district which obligates each owner to participate in the cost of improvements.

Sales Tax TIF's & Public Improvement Fees (PIF's)

Some communities have successfully created sales tax TIF's and public improvement fees (PIF's) to help fund projects. The mechanism of a sales tax TIF is similar to a real property tax TIF in that a base is established and then any growth or increment in sales tax above the base is diverted to fund project improvements. A PIF is not a tax so the implementation of it does not require a vote. A PIF is generally charged on sales of goods and is not applied on service transactions.

Other Items

The Committee was also briefed on the results of staff's meeting with the Parks and Recreation Advisory Board. The Board is very supportive of seeing improvements along North Avenue

The committee was briefed on the latest draft of the "List of Development Features" the two corridor plans include.

Updated the Committee on the latest information learned about the Lakewood – Colfax corridor.

Those committee members that participated in the Walking Audit were asked to turn in their questionnaires.