

**LOVELAND BUSINESS ROUND TABLE**

WHERE QUALITY OF LIFE AND PUBLIC POLICY INTERSECT



**Separating Fact from Fiction:**

# **Loveland Urban Renewal Authority**

---

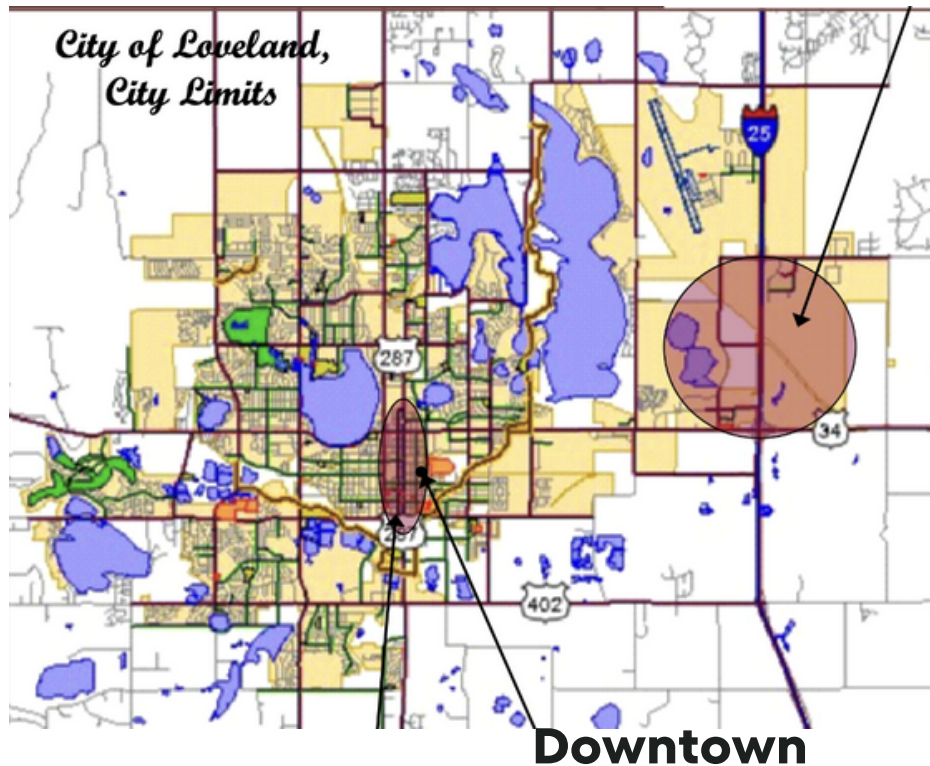
Policy White Paper

**March 2023**

---

# Where is Loveland's URA?

Centerra



## What is a URA, and why is its usage for new development so common across the Front Range of Colorado?

- URAs are governed by state statute formed under C.R.S. § 31-25-101, et seq.
- A URA may only be organized within a municipality.
- A URA is an entity formed specifically to acquire, clear, rehabilitate, conserve, develop or redevelop slums and blighted areas. Statutorily, the URA is also a tool to support economic development.
- A URA is declared to be a body corporate and politic under state law, and it exercises a variety of powers.
- The boundary of a URA is the same as the municipal boundary. However, there can be multiple urban renewal plans covering different areas within a municipality.

# Key definitions:

## URA (Urban Renewal Authority):

A local organization formed by government entities before starting an urban renewal project. Legally referred to as a “statutory body,” a URA’s singular purpose is to prevent and eliminate blighted areas. A URA provides an opportunity for your town or city to target investment, public improvements and new development. Under Colorado state statute, a URA is authorized to borrow money, issue bonds, and accept grants from public and private sources. Tax increment financing, or TIF, is the most common way that a URA can help fund an urban renewal project.<sup>1</sup>

## Blight

A designation stating that the condition of an area, in its present condition and use, substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare. There are 11 blight factors, and in order for an area to receive blight designation, at least four blight factors must be present.<sup>2</sup>

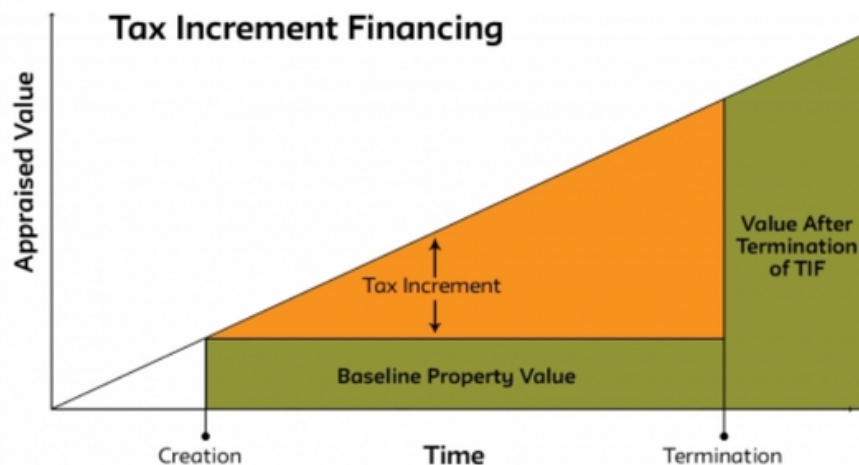
# Key definitions:

## PIF (public improvement fee):

Revenue received by a URA district from a percentage of taxable retail sales transactions occurring within the district.<sup>4</sup> Within Centerra boundaries, shoppers pay a PIF amount of 1.25% on their purchases, and the city reduces its sales tax rate by 1.25%. The PIF is reinvested into public infrastructure (roads, utilities, parks, etc.) within the URA area - along with the TIF revenue that comes from the increase in property values.

## TIF (tax increment financing):

A mechanism for capturing the future tax benefits of real estate improvements, in order to pay for the present cost of public improvements to the district including facade improvements and other public improvements including utilities, streetscapes, asbestos abatement, recreational trails, and enhanced railroad crossings. TIF is generally used to channel funding toward improvements in distressed or underdeveloped areas where development would not otherwise occur.<sup>3</sup>



Source: Planning Tank, Tax Increment Financing (TIF) / Public Financing / Types of TIF.  
<https://planningtank.com/finance/tax-increment-financing-tif-types-tif> (accessed 2018).

# Urban Renewal Authority 101:

---

- URAs have successfully been used in hundreds of municipalities over the years to redevelop blighted properties or plan areas to meet community goals. There are currently 64 Urban Renewal Authorities in Colorado with an average of 3.7 plan areas in each Authority.
- A URA plan area can be a large area such as downtown or Centerra, but it could also be as small as just one property; for example, a property similar to the now-vacant Loveland Ford property on Eisenhower Blvd.
- Historically, the URA concept has been focused on urban areas such as downtowns that have inadequate infrastructure or services, but in Colorado, it has become a valuable tool to fund large developments that aren't traditionally in the urban core of the city.
- Public funding through the growth of property and sales tax in the plan area, also called Tax Increment Financing, is invested in a plan area to ensure infrastructure, buildings, safety conditions, and other features are improved with a high-quality strategic design.
- Redevelopment work in cities is often led by a Redevelopment Official, a position Loveland does not currently have. This may explain why a URA was formed for downtown in 2002 while little growth came out of the plan area until 2017. A plan area takes leadership and strategy to develop partnerships and projects to get the tax increment stream flowing for the benefit of the entire area.
- URAs could be used in Loveland in numerous locations to achieve higher and better uses for properties by partnering with owners on a greater vision for the property.
- The goals and results from a URA benefit all the community and taxing districts by creating new development, which translates into increased property values.

---

**The goals and  
results from a  
URA benefit  
all the  
community**

---

# The History of Loveland's URA

- The Loveland Urban Renewal Authority (LURA) was established by the City Council in July 2002. It was charged with coordinating urban revitalization activities throughout the community and eliminating and preventing blighted areas. Downtown Loveland was the original focus of the LURA and the location of its first project area. Since that first project area was set up in 2002, LURA has added two additional project areas – Centerra at the City’s eastern boundary, and the downtown Lincoln Place/Finley’s Addition area.
  - In 2015, the Colorado legislature passed HB15-1348, a law requiring that up to three additional seats, consisting of one appointee each from affected counties, school districts, and special districts, be provided for on URA boards. One additional seat, a mayor-appointed board member, was also allowed in order to avoid an even number of members.
  - In 2017, the Downtown District Authority was formed, but the district remained a part of LURA because at the time, HB15-1348 made it more complicated to leave than to stay. But in 2023, the DDA will likely be removed from the LURA in order to simplify each body’s efforts and obligations.
  - In 2023, a new LURA board was formed in order to prepare for negotiations on a proposed Centerra South development. In keeping with HB15-1348, representatives from Larimer County, the emergency services district, and Thompson School District, in addition to a mayor-appointed board member, joined the LURA board so that each organization will have a say in the master financing agreement.
-

# Myth Busting

## Common misconceptions about the URA in Loveland

### Myth #1:

**The city's general fund sacrifices all the revenue generated within URA boundaries during the term of the master finance agreement.**

In most cases, prior to the URA formation, the City wasn't gaining any revenue from the targeted area. The URA is used to activate blighted areas—usually areas that currently have no economic activity, like abandoned shopping malls or open fields, so while the City's general fund receives less than it would if the development were to exist without a URA, the City as a whole gains economic activity that would otherwise not be occurring. And because revitalizing abandoned malls and open fields requires massive upfront costs, a URA is often the only practical means of generating meaningful economic activity in these areas.

### Myth #2:

**Declaring an area “blighted” and then entering a URA is a scheme that primarily benefits the developer and leaves the city out to dry.**

When the City of Loveland created the original Centerra URA, the amount of tax revenue coming from the I-25/34 area was miniscule. But in 2021, for example, Centerra generated \$4.2 million in local sales tax receipts - money that went into the city's general fund. For perspective, that amount was comparable to the entire Parks and Recreation budget for 2021.

Local and regional infrastructure has also been infused with a total to date of almost \$190 million dollars from the Centerra URA plan. I-25, the Hwy. 34 and Crossroads interchanges, Boyd Lake Road improvements, and the soon-to-open bus transfer station on I-25 have all benefited from the private-public partnership. Another public benefit is the 8500+ jobs that have been created within Centerra boundaries over the past two decades.



# Myth Busting

## Common misconceptions about URAs in Loveland

### Myth #3:

**The local school district sacrifices property tax revenue that they would have gotten from within URA territory.**

While this is true to a certain extent, the nuances matter. Colorado sets per-pupil funding at the state level and backfills whatever local property tax revenues don't cover. In addition, state law requires that one representative of the school district sit on the URA board. In the newly formed Loveland URA, Thompson School District president Barb Kruse sits on the board to make sure the interests of the school district are heard and recognized in negotiations.

Also, City leaders have done due diligence in URA negotiations to make sure school capital projects are included in land reinvestments. As a result, High Plains School and Mountain View High School have been able to fund \$32.9 million in building projects through the revenues from the 2004 Centerra URA plan.

### Myth #4:

**All the city's residents pay for a URA and are at risk with the bonds sold to fund the new development.**

The only property tax collected by the URA is in the specific URA plan area, which would not have been developed without the public-private partnership. The bonds to finance the infrastructure are sold through the metro district within the plan area, not the URA, and no one but the bond buyers are at risk. The bond buyers rely only on the property taxes generated by the development for payment, so no property owner is liable or at risk for anything more than paying their property taxes.



# One URA...Multiple Impacts on Loveland

While a single URA exists in Loveland, it is possible to have multiple URA projects in different parts of town, as is the case with Centerra and the downtown district. While the downtown URA will likely sunset soon, its impact to Loveland is significant. Different projects involve many different needs and details; for example, Centerra utilizes PIF (public improvement fee), but the downtown district does not. Downtown Loveland's focus is on boosting economic activity while maintaining historical character, and Centerra is focused on brand-new infrastructure and construction. Different projects allow for specific features and negotiations that are beneficial to all parties involved.

---

## Loveland Business Roundtable's Final Thoughts on the Loveland URA

URAs are public-private partnerships that self-fund new development with retail sales revenue and increased property value generated within designated boundaries. In areas geographically suited for economic development - such as Loveland's I-25 corridor and downtown - they result in higher tax revenues, higher property values, increased job opportunities, and more homes for residents. Because of the mechanisms that make these districts work, URAs have become a norm for ambitious development projects in Colorado. On a regional level, it is important that Loveland remain competitive with nearby municipalities by continuing to utilize the URA when appropriate.