

## Memorandum

**DATE:** September 20, 2006  
**TO:** Mark Heller, Golden Urban Renewal Authority **FILE NO:** 10252.1  
**FROM:** Carolynne C. White, Holly S. Kirsner, Brownstein Hyatt & Farber P.C.  
**RE:** Scope of Projects that an Urban Renewal Authority can Support

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### I. Question Presented and Short Answer

Golden Urban Renewal Authority ("GURA") requested preparation of a memorandum addressing the type of financial support an Urban Renewal Authority ("URA") is permitted to expend for projects within the boundaries of the Urban Renewal District. Specifically, it requested information regarding the following three questions:

- A. What types of projects can GURA support, specifically addressing the issue of limiting support to public purposes?

Answer: GURA has broad flexibility to support a wide variety of projects, so long as the project can be tied to the urban renewal plan, and has a public purpose.

- B. What types of support is provided by other URAs in Colorado, and what limitations do these URAs self-impose?

Answer: Each community has a different interpretation of what the limits are, but most communities focus their support on projects, which clearly will be used by the public, and on physical, or capital-type improvements.

- C. What policy could be put into place for determining the types of projects GURA should support?

Answer: Some sample guidelines are included in this memo, and as attachments from other urban renewal authorities. This exercise might be easier once a revised plan is adopted, as the current plan is somewhat dated, and doesn't envision the wide variety of projects, which GURA might be called upon to support in the current period.

### II. GURA Background

In 1989, the Golden City Council created the Golden Urban Renewal Authority (GURA) to support the economic vitality of Downtown Golden. The organization's focus is primarily on urban renewal projects that address physical improvements, public infrastructure and public rights of way within the GURA district, a 131-acre area located generally between 6th and 19th Streets and Cheyenne and East Streets.

GURA's urban renewal projects have been numerous and diverse. GURA has taken the lead or provided support on projects ranging from its first streetscape of the early 90s, to major parking improvements, to retail/office/residential renovations and construction, to new signage and newspaper kiosks. As a result, Downtown Golden has a larger and better mix of businesses and amenities for residents, employees, and visitors, and many conditions of blight have been remedied.

### **III. Urban Renewal Authorities can support virtually any project so long as the project complies with the Urban Renewal Plan.**

The Urban Renewal Law enables URAs to operate in a broad fashion to accomplish revitalization of blighted areas. The statutes grant wide authority giving URAs "all the powers necessary or convenient to carry out the purposes" of the Urban Renewal Law. See § 31-25-105, C.R.S.

With such latitude, each URA has flexibility to determine how it distributes its funds, so long as it is pursuant to the urban renewal plan. The following identifies the law that requires an overall renewal plan, and how each project must be developed in accordance with the plan.

A. Plan and Projects pursuant to the Plan. In order to form a URA, a city council must make a finding of blight and that rehabilitation of that area was "necessary to preserve the public's health, safety, morals and welfare. See § 31-25-104(b), C.R.S. Once the URA is formed, in order to initiate projects within the urban renewal district, the council must develop and adopt an urban renewal plan. *Id.* § 31-25-107. The statutes define an "urban renewal plan" as a plan which:

conforms to a general or master plan for the physical development of the municipality as a whole and which is sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements.

Section 31-25-103(9), C.R.S. This document guides all planning and projects within the designated urban renewal district boundaries.

The URA has authority to carry out the purposes of the urban renewal law. See § 31-25-105, C.R.S. It can undertake urban renewal projects that conform to the urban renewal plan. The URA can arrange for the furnishing or repair by any

person of services, privileges or other facilities for or in connection with an urban renewal project. The URA also can appropriate and spend funds. Moreover, the URA has the authority to hold, improve, clear or prepare for redevelopment any property.

Urban renewal projects can be any type of undertaking or activity involving "redevelopment, or rehabilitation, or conservation, or any combination or part thereof," so long as it is in accordance with the urban renewal plan. *Id.* § 31-25-103(10), C.R.S. Urban renewal projects can include installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary so long as it is done in accordance with the urban renewal plan. Projects can also include carrying out plans for a program through voluntary action and the regulatory process for the repair, alteration, and rehabilitation of buildings or other improvements in accordance with the urban renewal plan. *Id.*

The URA is authorized to spend money on components of the urban renewal projects so long as the action is done in accordance with the urban renewal plan.

B. Golden's Urban Renewal Plan. The City adopted Golden's Urban Renewal Plan in 1989. As stated in the 2005 Golden Urban Renewal Annual Report, there is need for a urban renewal plan revision. Until the revision is approved, the 1989 plan must guide urban renewal in Golden.

1. General Plan Background. The 1989 Plan identifies the downtown district boundaries; explains the existing conditions of the district area and its evidence of blight as a result of many contributing factors; outlines the downtown markets and relatively untapped resources; and potential development opportunities.

These development opportunities are reflected on the proposed land use plan. Also, the plan identifies immediate development opportunities, short-term opportunities, and long-term opportunities.

The Downtown Action Plan provides guidance for GURA funding participation in projects within the urban renewal district. For instance, the plan requires that there be public/private responsibilities requiring both sectors to work together to reach the common goal of revitalizing Golden's downtown. The plan specifically allows GURA to "assist in the construction of public facilities using the various financing mechanisms described in the plan." Plan at 31. Further, GURA can "provide incentives for major new private sector redevelopment by acquiring and preparing redevelopment sites for lease or resale to qualified public or private developers." *Id.*

One of the immediate action items found in the Downtown Action Matrix requires "operation of small business assistance programs." Plan at 40.

2. Downtown Project Guidelines. The guidelines delineate GURA's constraints in administering the urban renewal plan. Specifically the guidelines address action plan financing; property acquisition; owner participation; property management; demolition, clearance and site preparation; public improvements and facilities; property disposition; and relocation program and assistance.

The public improvements and facilities section outlines GURA's responsibility of installing and constructing, or cooperation with other public or private entities to do so, public improvements, public facilities or utilities as necessary to carry out the plan. Examples of the improvements include, but are not limited to, streets, curbs and gutters, paths, street lights, and traffic signals; sanitary and storm sewers; water electrical, gas and telephone systems; parks, plazas and landscaped areas; and public transit facilities.

Also, when GURA owns property, it manages and controls the property and the property may be leased or rented until it is disposed of in accordance with the Urban Renewal Laws. Technically, GURA can prepare property for lease with its funds.

3. Revisions to the Urban Renewal Plan. In the process of revising Golden's Urban Renewal Plan, GURA may choose to specifically identify criteria that grant applications must meet in order to be eligible for GURA Funds. It is apparent from the existing plan that the GURA funds were to be applied to specific public infrastructure that the general public could enjoy. In the Plan revision process, GURA may choose to expand these criteria to include interior redevelopment.

#### **IV. Limitations on URA Grants to Private Parties for Development within the Urban Renewal District are Specific to Each URA**

Because the authority of URAs is so broad with regard to funding, individual URAs typically provides criteria for funding decisions. The Arvada URA (AURA) has adopted a broad approach, insofar as it has completed an interior remodel of a building and sold the same building to a private developer. Conversely, Boulder's URA (BURA) appears to be quite strict with its dispersals in that most of its individual plans spell out exactly how public funds may be used and the use is for a public improvement accessible to the general public.

(a) Arvada Urban Renewal Authority ("AURA"). Arvada Urban Renewal Authority was approved to redevelop properties within its district boundaries for commercial, office, retail and residential purposes. In its 2004 Annual report, AURA funded a façade granting program where it granted \$96,955 to be dispersed among eight different businesses to restore their facades in the Historic Olde Town Arvada area.

AURA also used its funds to purchase a building and invested \$73,000 in major interior renovations. It then sold the building to an investor that desired to historically renovate the exterior of the building.

While funding policies were not available on the AURA web site, it appears that much of AURA's funding goes towards purposes such as marketing the Historic Olde Town Area, lighting projects, a Main Street Designation, community event funding, and establishing design guidelines.

(b) Boulder Urban Renewal Authority ("BURA"). Boulder Urban Renewal Authority has numerous individual urban renewal plans working towards the common vision dictated in its approved Urban Renewal Plan.

Each urban renewal project contains funding sections that address how the urban renewal funds may be spent. For instance, the 9<sup>th</sup> and Canyon redevelopment plan authorizes BURA to install and construct, in cooperation with private entities or other agencies, public improvements, public facilities and other improvements that would carry out the plan. The Plan delineated improvements as streets, curbs and gutters, paths, street lights, and traffic signals; sanitary and storm sewers; water electrical, gas and telephone systems; parks, plazas and landscaped areas; and public transit facilities. These improvements are all clearly items in the public domain.

BURA funded creation of design guidelines within the Boulder Valley Regional Center (“**BVRC**”). These guidelines specifically address loans and grants within the BVRC, and limit such loans to property owners who demonstrate genuine hardship in their ability to provide public improvements that met the design guidelines. Further, BURA provides limited grants to non-profit groups that are developing a “broad-based community use” within the district. One condition of application for grants was an applicant’s ability to illustrate that a project would not be feasible without a grant from BURA. BURA requires that an applicant for a grant illustrate the following:

1. Proposed improvements are located within publicly accessible portions of the site.
2. The project will redevelop an underutilized site and/or an area that currently lacks amenities, and/or is located at a major entry to or major intersection within the planning area.
3. The proposed improvements are designed according to BURA standards and guidelines. They are of a quality that will enhance the image of the site and the planning area as a whole.
4. The project will increase sales and property revenue to the City.
5. The project will diversify land uses within the planning area.
6. The project implements high-priority recommendations in BURA area plan.

BVRC Design Guidelines, Appendix B.

In BURA’s Crossroads East/Sunrise Center Area Plan, the financing section stated that all improvements outlined in the plan would be funded by property owners/developers. If the redevelopment proceeds slowly, BURA states that public funds could be applied to construction of improvements in the public right-of-way or in publicly accessible areas. The plan identified examples of streetscaping, off-street pedestrian connections and gateway features as improvements that could be eligible for public funding.

#### **IV. Criteria that GURA may Consider when Evaluating Requests for GURA Funding**

URAs play a vital role in facilitating commercial redevelopment by assembling sites, preserving historic buildings, upgrading infrastructure, removing obsolete structures, eliminating blight, and remediation of environmental hazards. URAs can make

possible redevelopment in areas with unique constraints that the private sector may not be able to overcome to produce a new marketable product.

In response to economic downturn and downtown vacancies, Golden initiated the urban renewal process. While many of the goals of the 1989 Urban Renewal Plan have been realized, financial hurdles still exist for private developers.

When considering whether to fund requests for GURA support, beyond the public purpose aspect of the project, GURA may wish to consider the proposal's economic contributions to the Golden, such as the following criteria:

- A. Creation of new local jobs and earnings
- B. Establishing new business locations for entrepreneurs
- C. Project improving the attractiveness and desirability of the location improving the interiors and delivering modern workspace to the market
- D. Project retention of economic strength by creating local businesses and jobs
- E. Reduction of economic leakage
- F. Project employment of persons in the downtown district improving their economic prosperity resulting in greater business-to-business purchases and greater household spending to support the local economy
- G. Locating business in the district providing easily accessible goods and services to the community
- H. Preservation of an historic building while enabling interior remodeling producing up to date infrastructure.

Finally, one way to ensure that grants are tied directly to the GURA Urban Renewal Plan is to require that applicants demonstrate how the grant application supports the goals of the Plan. This places the burden on the applicant to review the Plan and make a convincing case to the Board in order to receive funds. Obviously, this will be easier with a revised Plan that spells out more specific goals than the 1989 Plan, but it could still help the Board understand how individual grants, which might seem outside the norm, are nonetheless supportable and tied to the Plan.